Accounting Development in Samoa: An Institutional View

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Abstract

This paper explores and synthesizes the development of accounting in Samoa and the possible motivations for accounting from the perspective of institutional theory. The motivation for this paper is a belief that a focus on institutional theory will help to produce a better defined theory for scholars to accumulate knowledge about the development of accounting. It considers the possible development of accounting in relation to three pillars: regulatory, normative and cognitive institutions. To explore the development of accounting, an archival documentary review of pertinent reports and legislations was employed for the data collection. The findings lead to an understanding of the development of accounting in two institutional contexts involving (i) direct regulatory pressures (including international reporting standards and aid donor requirements) and (ii) accounting profession (conformance with CPA). The differences between these institutional influences on accounting development are discussed to provide insights into the development of accounting in Samoa for policy makers, academics and the accounting profession.

Keywords: *accounting development, institutional theory and accounting profession.*

Introduction

Research into the development of accounting for developing countries has received little attention from academics in accounting and development studies. An understanding of the factors contributing to the development of accounting is required to facilitate an environment where accounting practices are developed to meet the demand of individual countries. This understanding is particularly relevant to countries that are in the process of transitioning their accounting systems to meet those demands. The development of accounting in a country will depend on a myriad of factors, which are often mismatched and misinterpreted. In most cases, the accounting ideologies and practices of the West are not easily adopted by developing countries because of factors relating to governance, interest groups and culture.

In the case of Samoa, culture has been identified as a barrier to the development of accounting. The collectivists' nature of the *FaaSamoa* (Samoan way), clashes with the individualistic accounting ideologies brought upon by the West. Culture plays a significant role in accounting development; however, there are pressures from external parties to align accounting systems with internationally accepted accounting regulation and practices. These pressures are imposed locally by foreign aid donors, multinational corporations and other parties. The need therefore arises for a proper analysis of the motivations for the development of accounting in Samoa, in order to provide some context in this area.

A more complete explanation requires an understanding of how developments in accounting and regulation emerge and change, given the social and institutional historical background of the developing countries in transition. Furthermore, the adoption of Western ideologies and accounting practices in Samoa raises a consequent and related question of how and why local accounting regulations have undergone a transition to become analogous to the International Accounting Standards (IASs). The research analyses the development of accounting in Samoa through an institutional lens and aims to identify the influences that are contributing to the development of accounting in a local context for policy makers, academics and the accounting profession.

Literature Review

Research has indicated that there are different patterns of accounting development and that the development of accounting tends to be a function of different factors. Studies have indicated that the identification of these patterns and influential factors involved is a matter of controversy (Mueller, 1967; Zeff, 1972; Radebaugh, 1975; Nair and Frank, 1980; Nobes, 1983). The existing literature in this area looks at the different aspects of accounting, analyzed through different contexts and varying theories.

Uche (2002) applied the Weberian concept of social closure to investigate the development of the accounting professions in Nigeria and found that the type of government in place, societal expectations, interest groups and government actions have impacted on the development of the accounting profession. From a different conceptual view, studies have indicated that institutional theory provides deeper insights into the institutional context of accounting systems (Fogarty, 1992; Covaleski et al., 1993; Scapens, 1994; Covaleski et al., 1996; Carpenter and Feroz, 1992, 2001). Some studies have focused mainly on managerial accounting (Lapsley, 1994; Abernethy and Chua, 1996; Etherington and Richardson, 1994; Hoque and Alam, 1999), while others have emphasized financial accounting in capitalist economies (Fogarty, 1992; Carpenter and Feroz, 1992, 2001; Touron, 2005). Hassan (2008) used institutional notions of coercive, mimic and normative isomorphic mechanisms to relate the changes in the financial accounting regulations, to the changes in the wider social and institutional context of Egypt. The findings from Hassan (2008) found that the catalyst to the formulation of national accounting standards was influenced by the major changes in the state's political philosophy, the regulators' motivations and the accounting profession processes.

Literature from a regional perspective offers insight into accounting within the Fijian context (see Alam et al., 2004; Chand and Patel, 2008; Davie, 2000a, 2000b, 2005; Irvine and Deo, 2006; Rika et al., 2016; Sharma et al., 2010, 2012). Sharma and Samkin (2020) analysed the development of accounting in Fiji and partitioned their research into four distinct time periods for analysis – Pre-colonial (1801 - 1873), Colonial (1874 – 1970), Fiji as a dominion under the 1970 Constitution (1971 – 1986) and Fiji as a Republic following the 1987 coups (1987 - 2016). The findings from their research revealed that during pre-colonial times, accounting was used to facilitate transactions between commodity exporters and those charged locally with the oversight of capital. Additionally, early practices of accounting lead to the development of what is known as the 'American debt' and subsequently resulted in the colonization of Fiji by the British Empire. The British occupation led to a drastic increase in demand for accounting expertise, to accommodate the rapidly changing economic conditions motivated by the exploitation of local commodities (e.g. cotton, sugar, crops) and introduction of taxes by the imperial power (Sharma and Samkin, 2020). Fiji gained its sovereignty in 1970, but remained a dominion of the British Empire. Fiji's self-governance increased the demand for qualified accountants in both commercial businesses and government. These pressures led to the establishment of a formal association of accountants through the Fiji Institute of Accountants (FIA) Act 1971. The Fiji Institute of Accountants (FIA) evolved to have greater regulatory power over the accounting standards and frameworks used in local financial reporting. The influence of external financing and aid organizations contributed extensively to the development of accounting through the coercive adoption of International Accounting Standards in Fiji (Sharma and Samkin, 2020). The 1987 coups in Fiji did not have a direct impact on the development of accounting. The formal provisions earlier implemented remained unchanged. The political turmoil from the coups decimated the local economy and political stability within the country, however, accounting practices continued to develop. External pressures from international accounting firms, multinational corporations and international financial agencies led to the adoption of International Financial Reporting Standards (IFRS), or equivalent versions under the Fiji Accounting Standards (FAS). The IFRS did not consider local circumstances, which often lead to accounting provisions that were inconsistent with the local customs and culture; however, this was mediated by revising IFRS to accommodate local practices, as done through FAS.

Chand and White (2007) critically analyzed the factors influencing the adoption of International Financial Reporting Standards in Fiji and identified the major stakeholders who would benefit from its adoption. Chand and White (2007) concluded that the harmonization of accounting standards served the interests of the nations affiliated with the International Accounting Standards Board, multi-national corporations and the Big 4 accounting firms. These parties are also the primary forces influencing the development of accounting regulation and practices in Fiji.

Accounting literature pertaining to the development of accounting in Samoa is limited. The *FaaSamoa* is a unique and often difficult matter to understand. The principles of the *FaaSamoa* are intricately woven into how its people carry out daily tasks, be it in a professional or informal setting. The 'faamatai' system is a hierarchical system that bestows 'matai' titles on to family members as a mark of recognition and respect (Iati, 2007). The *FaaSamoa* is based on the principles of *faaaloalo* (respect), *alofa* (love) and *aiga* (family) (Tamasese, 2009). The doctrines of the Samoan culture establish a precedent of collectivism and conflicts with the individualistic ideologies of adopted accounting practices (namely the International Financial Reporting Standards).

Masoe (2010) examined the influence of the *FaaSamoa* on accountability in the accounting profession and supported the idea that Samoa's collectivists culture, heavily affected the adoption of Western accounting ideologies and practices. Perera, Cummings, and Chua (2012) further supported the notion that a country's accounting profession is a product of its environment, and that Samoa's culture and values will contribute perversely to its development. Masoe and Prescott (2011) analyzed the development of accounting through the Embeddedness theory and concluded that the individualistic ideologies of the West often clash with Samoa's collectivist culture, but its development is further influenced by internal and external factors. Ioane (2014) applied institutional theory to identify changes in the Samoan environment that influenced the role of the Samoa Institute of Accountants (SIA). Her research identified the difficult dynamics within the association of accountants, and how reluctant members are to treat those with higher cultural backgrounds to the same degree as those who lack cultural standing, when matters of professional and ethical conduct are raised.

From the literature review, research on identifying the patterns or factors influencing accounting development in developing countries is scarce. While there have been studies addressing the development of accounting in developed countries, little is known about this topic within the Pacific region. More specifically, few studies have explicitly drawn upon the institutional theory isomorphic mechanisms and social legitimacy in order to examine the accounting development within a developing country context. This study contributes to the literature by exploring and synthesizing the development of accounting in Samoa and the possible motivations for accounting from the perspective of institutional theory in order to assist academics with future research and professionals in practice.

Institutions and Institutional Change

This study adopts the institutional theory to understand the development of accounting in Samoa. The extant literature has established that the institutional framework operates to understand influences on both international and organizational structures (Tuttle and Dillard, 2007). Institutional theory explains how social rules, norms and routines become well-developed as authoritative guidelines and how such rudiments are produced, adopted and established over time (Scott, 2004). Institutional theory is considered appropriate when one is seeking to explain organizational, administrative and accounting practices and development (Dancin et al., 2002; Osinubi, 2020; Tolbert and Zucker, 1983).

Hamilton (1932:84) defined and considered institutionalism as 'a way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people'. This notion emphasizes the importance of habitual behavior and considers 'institutions' as imposing form and social coherence upon human activity, partly through the continuing production and

reproduction of habits of action and thought (Scapens, 1994:306). Scott (2001) refers to the concept of 'institutions', as the systems of social beliefs (e.g. education, laws, politics and regulations) and socially organized practice behind every society. Accordingly, institutions are noted as 'social structures that have attained a high degree of resilience … Social structures include norms, values, expectations, procedures, standards and routines' (Scott, 2001:148).
Scott (2001) contended that social norms, rules and values are not the primary element of institutions as it is in human activities that such norms and procedures can be produced and reproduced. As purported by Zucker (1991), the process of producing meaningful behavior, connotes the process of institutionalism. It is through institutionalism that activities which comply with social rules and norms become socially accepted as 'right' or 'proper', or perceived as the only 'conceivable reality' (Oliver, 1996:166).

These social rules and norms have affected organizations - as the social actors and the 'carriers' of social structures (DiMaggio and Powell, 1983) - over time. Social rules and norms permeate the organization through influencing people in the organization, the groups it exemplifies, the vested interests it has created and the way it has adapted to its environments (Selznick 1957). Therefore, the process of institutionalization is where organizations are bounded and assessed by powerful state or institutional criteria, so that they can construct narratives of their actions that resemble socially prescribed mandates about what the organization can positively pursue and what it cannot (Meyer and Rowan, 1977). In complying with social rules and norms, organizations can be considered by society as legitimate and therefore, can exist and survive by maintaining such legitimacy.

Development of Accounting and the Institutional Context

An understanding of the history in the accounting profession is critical to analyzing the development of accounting in developing countries, such as Samoa. The accounting profession has an extensive and controversial history. The earliest records would indicate that the profession was established somewhere in the 1850's in the United Kingdom (Willmott, 1985). Initially, accounting bodies were designed to meet the growing demand from the market and changes in the environment from increased investments and globalization (Zeff, 2003). The history of accounting is well researched in extant literature, however, very limited with regard to developing countries. Gray (1988) maintained that the development of accounting, both in profession and practice, was influenced by colonial rule. During these colonial times, accounting principles, governance ideologies and systems were imposed upon the colonies. The countries, who have so far gained sovereignty, continue to mould and model their systems based on the principles introduced by former colonial powers.

In the case of Samoa, the introduction of accounting education was made during the New Zealand administration. Accounting professionals, Ministers and Priests introduced the topic of bookkeeping in local high schools. This was the beginning of accounting development in Samoa. The need for qualified accountants became increasingly apparent with the development of local trade. This resulted in the formation of the very first accounting body, the Western Society of Accountants (WSSA), by New Zealand accounting professionals and a few locals (Masoe and Prescott, 2011). The introduction of formal accounting education by WSSA reaffirmed the importance of having qualified accountants who are capable of meeting the growing demand for accounting services. The 1980's saw one of the largest international accounting firms, Price Waterhouse Cooper (PWC), establish a branch in Samoa. PWC provided study workshops, formal qualifications and mentor programs to assist interested individuals in joining the accounting profession. The National University of Samoa (NUS) created a formal qualification to assist individuals who wish to study accounting in 1984. The 1990's brought upon a rebranding of the WSSA, to the Samoa Society of Accountants (SSA). The requirements to join the SSA, were essentially modelled and designed by the New Zealand Institute of Chartered Accountants, and were administered by qualified chartered accountants (Masoe and Prescott, 2011).

In more recent times, the introduction of the Samoa Institute of Accountants (SIA) Act 2006, reinforced and reaffirmed the roles, responsibilities and functions of the newly formed, Samoa Institute of Accountants (SIA). This act replaced the Public Accountants Act 1984 that previously established the former association of accountants, the SSA. The act aimed to establish a working relationship between SIA and the Ministry of Revenue, intended to aid the development of accounting, specifically tax and audit. The SIA remains the overarching accounting body in Samoa, but often works in close collaboration with CPA Australia for the material required in member accreditation and qualifications (Ioane, 2014).

As a developing country, reliant on bilateral aid and transnational development assistance, Samoa's development have been predominantly influenced by bilateral aid partners, donors and transnational development institutions, namely the World Bank, United Nations and Asian Development Bank. Since Samoa is affected by institutional pressures, institutional theory is appropriate for examining the institutional contexts that play their different parts in developments in accounting. Moreover, a combination of pressures to follow societal norms, accepted professional practices and alignment with other nations could affect the development of accounting in Samoa. For this reason, studies have drawn on neo-institutional theory in the study of the development of accounting in Samoa.
Institutional theory recognizes that an organization adopts structures and management practices that are considered legitimate by other organizations in their fields, regardless of their actual appropriateness. Meyer and Rowan (1977), Palmer, Jennings and Zhou (1993) and Scott (1987), indicated that information regarding socially accepted and legitimate organizational behavior can be transmitted through tradition, imitation, coercion and through normative pressures. DiMaggio and Powell (1983) and Meyer and Rowan (1977) provided the primary foundation works of the 'new' institutional theory which is based on the premise that organizations react to pressures from their institutional environments and take on structures and/or procedures that are socially accepted as being the appropriate organizational choice. Studies have also examined accounting as a symbol of legitimacy (Carpenter and Feroz, 1992; Covaleski and Dirsmith, 1988).

Scott's (2008) regulatory, normative and cognitive pillars of institutional structure are the most well-known typologies of the institutional processes. Table 1 summarizes the mechanism, logic, indicators, basis of legitimacy and line of reasons for these three institutional pillars.

Table 1: Adapted from Scott (1995:35)

	Regulatory	**Normative**	**Cognitive**
Basis of compliance	Expediency	Social obligation	Taken for granted
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules, laws, sanctions	Certification, accreditation	Prevalence, isomorphism
Basis of legitimacy	Legally sanctioned	Morally governed	Culturally supported, conceptually correct
Line of reasons	What are my interests in this situation?	Given my role in this situation, what is expected of me?	The way we do things around here

The regulatory component of a country's institutional characteristics is defined as those "existing laws and rules in a particular national environment that promote certain types of behaviors and restrict others" (Kostova, 1997:180). Enforcement mechanisms and key processes are largely coercive through rules, boundaries, laws, regulations and sanctions (North, 1990).

Kostova (1997:180) claims that the normative component of a country's institutional profile consists of "social norms, values, beliefs and assumptions that are socially shared and carried out by individuals". Scott (2008) contends that the normative component of institutions delineates what is appropriate and "right" for members of society. Hence, when an institution promotes the "correct" way of behavior (even in the absence of legal or other sanctions), that institution impacts organizational and individual actions through normative processes.

The final cognitive pillar of social institutions accentuates the idea of cognitions and actors' generally shared perceptions of what is typical or taken for granted (Busenitz et al., 2000; Scott, 2008). The cognitive component of a country's institutional profile is a reflection of the cognitive structures and symbolic systems shared among individuals (i.e shared knowledge). This cognitive component of institutions leads to an isomorphism of activities through processes that encourage imitating patterns of activities that require strong cultural support (Scott, 2008).
Studies have suggested that the majority of institutions tend to develop and legitimize platforms through one or more of the processes associated with each pillar, rather than assuming that a nation's social institutions fit neatly into regulative, normative and cognitive pillars (Trevino et al., 2008), this study assumes that the three institutional pillars can be distinguished based on their different characteristics and need to be analyzed an examined respectively.

The following section discusses the two institutional pillars that relate to the development of accounting in Samoa.

Research Method

In order to explore the development of accounting through an institutional lens, archival documents were reviewed. Archives provide a primary source of data for the relevant examination of the development of accounting in Samoa. The use of archival data for this research allowed for a more cost-efficient and time-effective method of gathering the information required for the analysis and discussion of the objectives of the research (Love, 2003; Cardno, 2018; Bowen, 2009). The information used in this research was primarily acquired from the Samoa Institute of Accountants (SIA), Legislative Assembly, Samoa Audit Office, Pacific Association of Supreme Audit Institutions (PASAI) and Ministry of the Prime Minister and Cabinet. The research paper also draws upon extant literature from other published and professional sources.

The following section discusses the two institutional pillars that relate to the development of accounting in Samoa.

Accounting Development and the Regulatory Pillar

The first institutional process works through coercive pressures imposed by the regulatory pillars identified in this study. The regulatory pillars affecting the development of accounting include pressures from the governing body (regulatory frameworks) and pressure from international donors and funders. The second institutional pillar works through normative pressures as a way for members in an organization to conform to rules and social norms that are embedded into their professional activities (DiMaggio and Powell, 1983).

The archival review consisted of agreements between international donors and funding organizations and the government of Samoa, government reports and the legislations pertaining to accounting in Samoa.

Regulatory Framework of Accounting Practice Developments in Samoa

With respect to Samoa, prior to independence, commercial matters were enforced by the practices of the colonial British authority at the time. Accordingly, accounting practices and procedures in Samoa, followed those of the ruling governing power, namely the Companies Act 1933. The government of Samoa sought to develop the business environment post-independence, by the enactment of a new business law, Companies Act 1993. This was amended in 2001 to provide more comprehensive, detailed and clearer directions which included several articles for addressing accounting practices for companies. Amendments to the Act incorporated the director's report and the auditor's report (Companies Act, 2001) and included penalties for non-compliance of related enactments. As argued by DiMaggio and Powell (1983), such development of business laws in general, and accounting regulations in particular, can be explained by the coercive pillar of institutional theory, which emphasizes the role of governmental agencies through the enactment of legislations. More specifically, the government of Samoa introduced laws that influenced accounting development in the country.

Regulatory enforcements represent strong incentives for compliance of accounting and financial reporting practices, in both the public and private sector. The 2019 Public Expenditure and Financial Accountability (PEFA) Performance Assessment Report on Samoa provided recent recommendations for the regulatory framework for the accounting of public funds. The main legislation governing public funds consist of the Public Finance Management (PFM) Act 2001 and the Audit Act 2013. Both these Acts of Parliament have shaped and influenced accounting practices for public funds in Samoa. The PFM Act 2001 stipulates the level, frequency and types of financial reports mandatory for all government departments and corporations. In particular, section 107 to 110 of the Act provides the mandate on financial statements, quarterly summaries, receipts and payment included in the financial statements and departmental reports. The PFM Act 2001 also included provisions for disciplinary proceedings if heads of departments and executives are non-compliant with prescribed regulations.

The Audit Act 2013 has also shaped accounting practices for government departments, in terms of increasing the timing of audit processes, scope and types of audits mandatory for government departments. For example, the introduction of performance and compliance audits are some of the new requirements, previously omitted from preceding legislation, the Audit Office Ordinance 1961. This legislation was influenced by the PASAI, which Samoa is a development partner of. The PASAI was established with the vision that Pacific Supreme Audit Institutions' work contributes to improved management and use of public sector resources leading to increased transparency and accountability to the people of the Pacific. According to its website, this vision is in line with the principal objectives of regionalism in the South Pacific Region:

- Sustainable development that combines economic, social and cultural development in ways that improve livelihoods and well-being, and uses the environment sustainably
- Economic growth that is inclusive and equitable
- Strengthened governance, legal, financial and administrative systems
- Security that ensures stable and safe human, environmental and political conditions for all (https://www.pasai.org/partners)

This organization is funded by its main development partners which include: the Australian Council of Auditors General, Asian Development Bank (ADB), Australian Aid - Department of Foreign Affairs & Trade (DFAT), European Union (EU), Ministry of Foreign Affairs & Trade (MFAT), European Union (EU), United Nations Development Programme (UNDP) and the World Bank. The PASAI states on its mandate that its "relationships with development partners (DPs) and donors are crucial to its on-going success" therefore "maintaining and strengthening relationships with existing primary DPs and other critical DPs is essential" (PASAI, 2009). As stated by the current Secretary-General, "none of our work would be possible without the support of our development partners. We value each of our partners, whether they are providing expertise, funding, or other support" (PASAI, 2019:3).

Since Samoa's independence, these donors have played an important role in shaping and funding the development of Samoa. The PASAI has played an important role in strengthening the Public Finance Management (PFM) systems of Samoa through the work of its Supreme Audit Institutions (SAIs) as well as its regional programmes (PASAI, 2018). The SAI Samoa 2018 report provides further evidence of the institutional strength and building capacity of the PASAI which has been spread over three overlapping phases: the ISP (Institutional Strengthening Project) of 2006 – 2011, Capacity Supplementation through the model Development Needs Analysis 2012 – 2014 and the 10 Year Strategic Plan of 2014 – 2024. (PASAI, 2018: 4). The ISP comprised of eight major technical components namely:

1 – Overhaul and Implementation of Audit Office Management & Governance Systems
2 – Rebuilding / Strengthening of Financial Auditing Capability
3 – Establishment of an I.T Auditing Function
4 – Establishment of a Performance Audit Function
5 – Revision and updating of the Legislative Framework governing the Audit Office
6 – Strengthening of Human Resources / Organisational Structure
7 – Implementation of Audit Office computer network and I.T Infrastructure.
8 – Project Management. (PASAI, 2018:4)

In addition to the PFM Act 2001 and the Audit Act 2013, the Samoa Audit Office's legislative mandate is also laid out in the Audit Regulations 1976, Public Bodies (Performance and Accountability) Act 2001 and Public Bodies (Performance and Accountability) Regulations 2002. As such, the mechanism for conforming to the regulative framework set by the government of Samoa is coercive through the laws, rules and sanctions that can be seen as the indicators of the regulative pillar.

The establishment of the Samoa Institute of Accountants (SIA) Act 2006 is evidence of an institutional process that worked through coercive pressures imposed by the government. As noted by Ioane (2014), the SIA Act 2006 was established upon the request of the government of Samoa to create an interaction and relationship between the Ministry of Revenue and the Samoa Institute of Accountants. The government's request was also evidenced in the SIA 2005 annual report. The SIA 2005 and 2006 annual reports provided the rationale for the SIA Act 2006. According to these reports, the SIA executive body had put forward a proposal to review the Public Accountants Act 1984 for strengthening the institutes power and mandate for its members and accounting practice. It was also the intention of the SIA Act 2006 to rebrand the society from the Western Samoa's Institute of Accountants to the current SIA (SIA, 2005). The government legislation provided SIA with the power to regulate all accounting practices in Samoa (SIA Act, 2006, s.34b). This finding is similar to Sharma and Samkin (2020), which found that the established legislation for the accounting institute was created formally to recognize the power of the profession in governing all accounting aspects and practices in Fiji.

As indicated by the profession, the SIA Bill 2006 proposed to firstly change the change the name of the accounting profession from Western Samoa Society of Accountants to the Samoa Institute of Accountants (SIA, 2006). It then looked at establishing formal rules to govern memberships, in terms of professional conduct, discipline and a code of ethics. It was also proposed to provide a formal protection for professional memberships from non-membership claims. Appendix 1 provides an extract of the SIA Bill 2006 for details regarding the purpose of the bill.

In terms of strengthening the SIA's power, the SIA Act 2006 created an interaction through the regulative element which, according to Scott (2008), stresses the rule setting, monitoring and sanctioning activities, both formal and informal. A major change proposed in the SIA Bill 2006 included new sanctions for its members and to emphasize the code of professional conduct and ethics (SIA, 2005). The Act also stipulated that while SIA will have the power to monitor all accounting practices in Samoa, there exists a clause whereby the government is able to enforce sanctions if any of the provisions of the SIA Act 2006 is breached. As indicated by Scott (2001), the regulatory process refers to the capacity of regulators to establish rules, inspect others' conformity to them and to manipulate sanctions (punishments or rewards) as necessary in an attempt to influence individual organizations.

The changes applied to the regulatory framework on financial reporting were found to have been influenced by international funding organizations which impacted on government financial reporting practices in Samoa. The influence of international funding organizations on accounting practices was also noted by Sharma and Samkin (2020). As Samoa and Fiji are both categorized as developing countries, by the United Nations, developments in terms of economic trade have received considerable financial aid from international funding organizations. The changes to accounting and financial reporting practices in Samoa were notably evident in the extensive public management sector reforms promoted by bilateral donor partners and international funding organizations in the 1990's. These changes included budget reform, privatization and performance budgeting (Cuthbertson, 1999).

While the PFM Act 2001 provided sanctions and requirements for the accounting of public funds, international funding organizations imposed greater requirements for transparency for the projects they funded. As per the loan/financing agreements between the government of Samoa and the funders, the accounting practices were required to meet the standards of international funding organizations in terms of timeliness and quality of information reported. For instance, the World Bank's financing agreements have more stringent requirements for borrower countries to adopt and utilize specific accounting practices such as budgeting, auditing and financial reporting practices. In Samoa, the Ministry of Finance is the authority responsible for ensuring all departments' compliance with the financial reporting requirements set by international funding organizations (Public Finance Management Act, 2001). Therefore, it is the regulatory pillar that provides organizations with a force for compliance as well as rules, schemes and inferential sets which organizations use when selecting and interpreting information for their further development (DiMaggio and Powell, 1983).

Along this line, the mechanism for conforming to the regulative frameworks set by the government and regional and international institutions are coercive and the laws, rules and sanctions can be seen as the indicators of this pillar. The underlying logic of regulatory compliance is instrumentality (Scott, 1995), which motivates the organization to respond to its most immediate audiences. Coercive influence from international donor and funding organizations is combined with the government of Samoa's regulatory framework to support the regulatory pillar present in the development of accounting practices in Samoa.

Normative Pressures in the Development of Accounting

While the regulatory pillar is easily understood, observable and often formalized in laws and regulations, normative influences are tacit and less identifiable. As indicated in Table 1, the normative pillar refers to shared social belief and values between organizations (Scott, 1995). In contrast to the case of the regulatory pillar, organizational members conform to normative rules and values given their individual interests. Scott (1995) argues that the normative pillar assumes that organizations conform because they feel obliged to. The logic on which the normative pillar is grounded is appropriateness which involves the matching of a situation to the demands of a position.

Moreover, the social norms and values commonly emanate from cultural changes or expectations of the society within which organizations function, including the professional developments through which social norms are embedded into professional activities (DiMaggio & Powell 1983). Consequently, in relation to the development of accounting in Samoa, the normative pillar discussed in this study is from the perspective of the accounting profession and accounting education.

Accounting Profession and Education

The quality of financial reporting rests on the adequacy, competence and effectiveness of the accounting profession (Ali and Ahmed, 2007). The accounting profession was established in 1959 as the Western Samoa Society of Accountants. The first regulation for the accounting profession was issued under the Public Accountants Act 1984, to identify the requirements which had to be met for those who wish to legally engage in accounting practice. A review of the SIA Act 2006 reveals that laws governing the accounting profession and its mandate have been reorganized to accommodate the Ministry of Revenue requirements. As the Act states, its main objectives are building competence and independence amongst its members and adopting accounting and auditing standards that are relevant to the needs of the country. The accounting profession has played an important role in facilitating the adoption of International Financial Reporting Standards and providing accounting education.

The quality of accounting education also plays an important part in the development of the accounting profession. The SIA has recently changed its education curriculum, which now requires interested individuals to undertake its Chartered Accountants program, as part of the prescribed qualification to becoming a full member (SIA, 2006). The Chartered Accountants program was established in affiliation with the Chartered Accountants of Australia and NZ.
According to DiMaggio and Powell (1983), the normative pillar recognizes how professions diffuse shared orientations and organizational practices. Therefore, education and creation of professional networks create the foundation of values and routines within specific occupational areas. A general understanding and development of the social norms and routines among professionals is institutionalized over the period of education and professional development. Professionalization, in relation to the institutionalization process, signifies the collective struggle of members of an occupation to define conditions and methods of their work in order to form a cognitive base and some legitimization for their occupational autonomy (DiMaggio and Powell 1983). As the outcome of professionalization, professionally trained accountants create a powerful set of voices to influence and legitimize the routines and activities of accounting practice.

DiMaggio and Powell (1983) argue that normative modes and rules of professional behavior can be disseminated through the two channels of (i) formal education and growth, and (ii) elaboration of professional networks that span organizations. The conventional education centres for building up occupational and management norms include universities and professional training institutions (DiMaggio and Powell 1983). Professionals (with academic credentials) who undergo a socialization process through university studies before they undertake work, are more likely than others to have internalized reigning social norms and dominant organizational models (DiMaggio and Powell 1983). Professional work in organizations is therefore subject to pressures to conform to a set of norms and rules developed by universities and professional groups.

In line with the work of Scott (1995), normative pressures stem primarily from the professions. The educational training programs delivered through university teaching and the accounting profession's rule of conduct, assume institutional pressure to normalize accounting practice amongst different agencies working in the same area. For example, professional education and training programs influence the potential members' education, who will ultimately become members of the accounting profession. The SIA has facilitated many activities in the interest of promoting better accounting practices and supporting the adoption of International Financial Reporting Standards.

This research article considered both the regulatory and normative pillars of institutional theory for examining the development of accounting in Samoa. From this examination, there is no indication of the influence of culture on accounting development. The institutional pressures impacting the development of accounting regulations and practices highlighted that absence of provisions for the *FaaSamoa*. As a Pacific island nation with unique cultural values and beliefs which permeates every aspect of the way of life in Samoa, it would be expected that the *FaaSamoa* plays an important role in shaping practices such as accounting. For instance, Masoe (2010) emphasised that the SIA perceived accountability from the cultural lens of collectivism. However, for the current study, there was no evidence to suggest that the *FaaSamoa*, in terms of *alofa*, *aiga* and *faaaloalo*, factored into any of the accounting developments from the lens of institutional theory.

Conclusion

From the institutional theory perspective, this paper analyses the different influences of two institutional pillars on the development of accounting in Samoa. It is argued that accounting practices are developed through institutional relationships, involving regulatory and normative pressures. Based on the discussion of the institutional contexts, this paper argues that the regulatory institution provides direct pressure on the development of accounting, as it is directly regulated by the government. Moreover, it is argued that professional networks and development organization associations are vehicles that promulgate normative rules about accounting practice in Samoa. This is possible through formal and informal network contacts between the SIA and its members, and result in the formation of accepted modes and rules of behavior that develop and change (as indicated by the establishment of the SIA Act 2006).

In summary, the findings indicate that the regulatory framework of government has been a key player in developing accounting practices in Samoa. This has been achieved through the introduction of a number of business laws (regulatory frameworks), which seek to protect the rights of stakeholders in general, and shareholders in particular. Motivations for the establishment of the SIA Act 2006 legislation was in line with Sharma and Samkin (2020), in terms of increasing the formal power of the accounting institute. The study explored the demands by international funding organizations for increased accountability and transparency in Samoa, in terms of providing more accounting and reporting. The findings reveal that pressures from international funding organizations and multinationals (political-economic factors) contributed heavily to the development of accounting practices in Samoa. Similar also to the findings of Sharma and Samkin (2020), these developments took place as a result of collaborations with international funding organizations (e.g. World Bank, Asian Development Bank).

In addition, another important finding from this study indicated the lack of incorporation of the *FaaSamoa* in the development of accounting. From the analysis of the two institutional pillars, there was no evidence to suggest that the Samoan legislations (namely the Audit Act 2012 and SIA Act 2006) contained provisions for the cultural values of *aiga*, *alofa* and *fa'aaloalo*. This paper provides a contribution to both the accounting literature and practice. The interpretations, explanations and theorizations articulated in this work provides us the opportunity, where the evidence allows, to reflect upon the accounting development in Samoa in its complex and messy reality and to see what clues it offers for assessing future possibilities and for informing judgements about accounting practice today (Previts et al., 1990; Previts and Bricker, 1994; Carnegie and Napier, 1996; Oldroyd, 1999; Gomes et al., 2011).

Exploring accounting developments in the Samoan context offers precedents, probabilities and choices from reflections upon what has worked in the past, and what has not, and what was missing and why. The findings from this study also indicated how the *FaaSamoa* was ignored when institutional pressures worked to influence and shape the accounting practices and developments in Samoa. To conclude, the contributions and findings from this study provide a baseline for future research.

Limitations

The limitation for this study is that it is based only on secondary data. However, this provides a basis for further investigation using interviews in the future, to achieve a deeper understanding of institutional actors and institutional pressures in the development of accounting in Samoa.

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Appendix

The SIA 2006 Act was proposed to:

a. continue the Western Samoa Society of Accountants under the name "Samoa Institute of Accountants"; and
b. require the Institute to have rules governing membership, discipline, and other matters and a code of ethics governing the professional conduct of its members; and
c. prohibit the use of terms implying membership of the Institute by persons who are not members; and

d. provide for related matters; and
e. repeal the Public Accountants Act 1984. (p.4, SIA Bill 2006)