The Great Experiment: Financial Management Reform in the NZ Health Sector

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Accounting, Auditing & Accountability Journal
ISSN: 0951-3574
Publication date: 1 September 1994

Abstract
Examines the move towards a commercialized, economically driven, health sector in New Zealand. Reforms involve extensive organizational rearrangements and the creation of profit-driven businesses in place of public hospitals. These institutional rearrangements involve the fabrication of new ways of accounting. Attempts to understand the processes involved in the development of information technologies before they become accepted "facts" of organizational life. The fabrication of new technologies cannot be understood as an autonomous sphere of activity, but has to be understood as part of a complex series of political, economic and organizational contexts. Accountants are viewed not as mere technicians reporting on what is, but as active agents contributing to change. Accounting often acts as an arbiter in social conflict. Nowhere is this more evident than in the way it is being called upon to assist in the implementation of clause 25 of the Health and Disability Services Bill, which requires hospitals in New Zealand to act as competitive profit motivated commercial enterprises while at the same time meeting unspecified social obligations. The creation of a pseudo-market for health services presents a challenge not only for accountants, but for all New Zealand citizens. The outcomes of the radical reforms are uncertain and some fear that the massive restructuring is in the form of an experiment. It is based on an ideology lacking empirical support. In the end it may be shown to have been impractical in the New Zealand context.

Keywords
Accountants  Accounting  Competitive strategy  Health care  Hospitals  New Zealand  Profit

Citation

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developing countries have experimented with performance management systems, with limited success [9]. Often the new "corporatised" hospitals have only limited management autonomy, and governments lack the capacity to manage performance in the health system [9]. Decentralisation.