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Dear Authors,

After having carefully evaluated your article titled "**The Constitutive Role of Accounting Information In the Interactions between Politicians and Managers**" and taken the referees' advice into consideration, the editors came to the conclusion that your paper is suitable for publication in our Journal.

As part of our evaluation process, we normally ask the opinion of two referees who are experts in the relevant field of research. The paper is also read by the editor. If both of the referees and an editor concur in their view, their decision is final. We consult a third referee if there is a difference of opinion. The choice of referees and the fact that we require a consensus view between the referees and an editor ensures, however, that the process is as fair as possible.

Your article has been accepted for publication based on the reports of two referees and will be published in **European Journal of Economics, Finance and Administrative Sciences**, Issue **97**.

Thank you very much for choosing us as an outlet for publishing your research.

Yours sincerely,

Adrian Marcus Steinberg, PhD
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European Journal of Economics, Finance and Administrative Sciences

Issue 97
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Comparative Analysis of Individual Retirement System Returns with Some Different Investment Vehicles in Turkey

Cetin Ayhan Seyfullahogullari and Burcin Demirhan

Abstract:
Individual retirement system is not the alternative to Social Security System. Individual retirement system which has the nature of supplementary of state social security system depends on the desire of the contributor and also voluntary contribution principle. The aim of our study is to compare the average nominal returns of some different investment vehicles, i.e. Individual Retirement Systems return, Deposit Interests Gross), BIST 100 Index return, USD, EURO and GOLD (Bullion) returns realized in Turkey for 10 years during the period of 2004 and 2013. When the returns of BES are compared with the nominal returns of some different investment vehicles in Turkey, such as Deposit Interests (Gross), BIST 100 Index, USD, EURO, GOLD (Bullion) in Turkey for 10 years during the period of 2004 and 2013, it is seen that the first is BIST 100 Index, the second is GOLD (Bullion), the third is Deposit Interests (Gross), the fourth is Individual Retirement System, the fifth is EURO and the sixth is USD.
Keywords: Individual Retirement, Investment Vehicles, State Contribution.

Work Ethics Impact for Organizational Response Strategies of Some Institutes and Colleges in Middle Technical University

Abbas Khodther Al-Janabi

Abstract:
This paper presents the impact of work ethic in the organization response strategies of some institute and colleges in the middle technical university. The objective of the research is to identify the impact of business ethics on the strategies of organizational responses and to measure and analyze the impact of business ethics indicators on organizational responses in the study sample. According to the hypothesis, there is significant correlation between the indicators of work ethics in some colleges of the middle technical University in the Iraqi Ministry of Higher Education and Scientific Research. The rest of the verification of the hypothesis and reach the goal has addressed the subject of research through this study.
Keywords: Work ethic, organization response strategies, Middle technical university.

Legal Framework and Active Management for Non-Performing Loans of Greek Banks

Spyridon Repousis

Abstract:
Purpose - The purpose of this paper is to present main features of operational targets and new regulatory framework for Non-Performing Loans in Greek banking system, proposing the necessity for an emergent active management.
Design/methodology/approach - Non-Performing Exposures in Greece reached 105.1 billion Euros or 45.2% of total exposures at end-March 2017. New legislation and regulatory framework tries to liberate Greek banks from that, one way or another by selling or subcontracting the huge

problematic portfolio in their possession. Greek banks have set a target for a 38% reduction of their NPEs within the period from June 2016 up to December 2019 or reaching from 106.9 billion Euros end June 2016 to 66.7 billion Euros end of 2019.

Findings - Non-Performing Loans will be managed by specialized internal work out units or/and Non-Performing Loan Asset Management Companies (NPLAMCs). NPLAMCs will be regulated by Bank of Greece, central bank of Greece, which impose criteria and licensing procedures. The license will be granted within 20 business days from the day the application was submitted and the relevant file has been found to be complete. New companies' minimum paid-up capital has been set at EUR 100,000 and may grant new loans on condition that they have the prior consent of the claims' owner. New legal and regulatory framework includes protective provisions with regard to the borrowers' rights.

Up to now, restructuring tools that have taken place in Greek banking system were extensions, split balance, interest rate reduction and grace periods. These tools of restructuring are called "evergreening" or "extend and pretend" representing a way to set aside the problem, recording it as performing in the bank's balance sheet, without addressing it. An active management strategy is an emergent solution to be implemented in a timely way. Acting proactively on the loan throughout its lifecycle and carrying out work out process internally within its organization or as a separate legal entity, using more restructuring tools such as operational restructuring, partial debt forgiveness/write down, debt/equity swap, voluntary surrender, mortgage to rent/lease, and other out-of court settlements are active management restructuring solutions.

The effects of the new legal and regulatory framework and the ability to actively manage Non-Performing Loans in Greece and meet targets until end 2019 is a great challenge that is expected to have important impact on Greek banking system, in distressed assets and foreign investors and also in the economic recovery of the country in general.

Originality/value - It is the first study examining the topic with practical implications for investors

Keywords: Non-performing loans, Greek banking sector.

JEL Classification: G20, G21

A Note on the Evolution of the Automotive Industry in Central and Eastern European Countries (1995-2007) and the Flying Geese Model

Francesco Silvestri

Abstract:
This paper provides a descriptive empirical analysis aimed at providing some elements to check the appropriateness of the Flying Geese model in explaining the evolution of automotive industry in Central and Eastern European countries over 1995-2007. The inspection of export data through the Revealed Comparative Advantage (RCA) index suggests a sequence in these countries' industrial specialization, from lower to higher sophisticated goods, which is consistent with the Flying Geese model.
Keywords: Export sophistication, Specialization pattern, RCA, Flying Geese.
JEL Classification: F14, F43, L62

Organizational Routines for Understanding Managerial Innovations In Local Governments

Eleonora Cardillo

Abstract:
The study focuses on ostensive and performative aspects of an organizational routine, i.e. the process of formulation of the Executive Management Plan (EMP) in the context of local governments, with the aim to offer an understanding of why failures occur during the introduction of managerial innovations.
The research studies the organizational routine and the implications of managerial innovations that have affected it, adopting the theoretical approach of organizational routines defined by Pentland and Feldman (2005). It has been conducted an explanatory case study in the context of Italian local governments following a longitudinal approach.
The analysis of the gap between the ostensive and the performative aspect of routine allows us to identify some critical issues of managerial innovations. That could help understand the failure or the lack of implementation of some innovative management practices. The work offers an interpretation of an organizational routine dynamics, which can support practitioners to identify critical issues that can only emerge if the actors of organizational routine are encouraged to observe, deriving some relevant implications for managerial action. The paper contributes to enrich the interpretation of the theoretical approach of routine, less investigated in the context of local governments.
Keywords: Organizational routines, public organizations, managerial innovations, ostensive and performative aspects

Is Combined Assurance Associated With Internal Audit Quality and Earnings Management?

Stefano Azzali and Tatiana Mazza

Abstract:
While there is a rich literature on the determinants of Internal Audit Quality and Earnings management, it is unclear whether combined assurance among control functions, affect Internal Audit Quality and Earnings Management. Using private data from Chief Audit Executive of Italian companies, we find that combined assurance through combined reporting, remediation, meeting and education is positively associated with Internal Audit Quality. We also find that that combined assurance through combined reporting and remediation is negatively associated with Earnings Management. Collectively, our empirical analysis suggests that combined assurance among control functions avoid duplication of efforts, gaps in risk coverage, improve internal audit and earnings quality toward more effective corporate governance.
Keywords: Internal Audit Quality, Combined Assurance, Earnings Management
JEL Classifications: M420

The Impact of Fair Value Measurements on the Valuation Relevance of Traditional Accounting Metrics of Earnings and Book Value

Mostafa A. Elshamy, Metwally A. Kayed and Aly M. Hewaidy

Abstract:
The main objective of this study is to investigate the impact of the new IFRSs development on the value-relevance of earnings and book values in equity valuation. During the last two decades several International Financial Reporting Standards (IFRS) have been issued that might be described as a significant movement from the use of historical cost accounting to fair value accounting. This shift provides an opportunity to examine its effect on the value relevance of the accounting numbers and more specifically on the relative value relevance of earnings and book

values. We examine the overtime change in these values over 22 years since the adoption of Kuwait to the IFRS in 1992 up to 2013. We partition the sample period into two distinct time periods. The first period includes years from 1992 to 2001 (mostly a historical cost accounting basis period) while the second includes years from 2002 to 2013 (a semi fair value accounting basis period).

The Ohlson (1995) model and a technique developed by Theil (1971) are used to measure the overall value relevance of earnings and book value, the incremental explanatory power of earnings, and the incremental explanatory power of book values. The study reports four primary findings. First, earnings and book values jointly and individually have significant explanatory power for securities prices over the twenty two year period. Second, the combined value-relevance of earnings and book values has not changed significantly over the period. Third, the incremental value-relevance of book value has increased over time while that of earnings has declined. Fourth, the combined explanatory power of earnings and book value has insignificantly decreased and that the incremental explanatory power of book values (earnings) has significantly increased (decreased) after the movement to the fair value accounting basis.

The study findings have important implications for research and standards setters and financial reporting regulators.

Keywords: Value Relevance; Equity Valuation; Fair value Accounting.

JEL Classification:

The Constitutive Role of Accounting Information In the Interactions between Politicians and Managers

Antonio Leotta and Eleonora Cardillo

Abstract:
Given the limited adoption of private-like accounting tools in Italian local authorities, we study the use of accounting information (AI) in the interactions between politicians and managers. Drawing on Robichaud, Giroux and Taylor (2004), The Metaconversation: The Recursive Property of Language as a Key to Organizing, The Academy of Management Review, the research aims to show how the role politicians and managers assign to AI constitutes the identity of politicians' and managers' communities and of the whole organization. The concept of Metaconversation has informed a case study conducted within an Italian municipality. We investigate how AI, through a discourse analysis of conversations between politicians and manager, can contribute to constitute the identity of politicians' and managers' communities.
Keywords: Accounting information,Municipalities,Interaction,Performativity,Discourse analysis.
JEL classification: M41

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THE CONSTITUTIVE ROLE OF ACCOUNTING INFORMATION
IN THE INTERACTIONS BETWEEN POLITICIANS AND MANAGERS

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Abstract

Given the limited adoption of private-like accounting tools in Italian local authorities, we study the use of accounting information (AI) in the interactions between politicians and managers. Drawing on Robichaud, Giroux and Taylor (2004), The Metaconversation: The Recursive Property of Language as a Key to Organizing, The Academy of Management Review, the research aims to show how the role politicians and managers assign to AI constitutes the identity of politicians' and managers' communities and of the whole organization. The concept of Metaconversation has informed a case study conducted within an Italian municipality. We investigate how AI, through a discourse analysis of conversations between politicians and manager, can contribute to constitute the identity of politicians' and managers' communities.

Keywords: Accounting information, Municipalities, Interaction, Performativity,
Discourse analysis

1. Introduction

In the last decades Italian local authorities have experienced institutional reforms in line with New Public Management (NPM) principles. These reforms aimed at providing administrative managers with the organisational autonomy and the managerial tools necessary to behave as rational executors of the political mandate (Demir and Nyhan 2008; Liguori et al. 2009). In this

context, even if the introduction of private-like accounting tools, such as accrual based reporting and managerial control systems was mandatory, it is still limited to few local authorities.

Various studies have attempted to explain why those systems have not been introduced analysing the content of the accounting information (AI) to be produced (Panozzo 2000; Anselmi 2001; Borgonovi 1988; Bergamin Barbato 1997; Guthrie 1998; Anselmi 2000; Borgonovi 2003; Caccia and Steccolini 2005; Annessi Pessina and Steccolini 2007). However, scant attention has been devoted to the use of AI in local government settings, characterised by frequent interactions between politicians and administrative managers. Studying the use of AI in the interactions between politicians and managers is helpful for understanding the role they collectively assign to that information, how they perceive that information to be useful for their respective organisational tasks and for the municipal organisation as a whole. In the present study we assume a "complementary" model of interaction between politicians and managers (Mouritzen and Svara 2001; Svara 2001), and argue that the actual introduction of any management accounting or accrual accounting system depends on the significance that the users of that system assign to the information to be produced by it. In this respect, Kurunmaki et al. (2003), investigating the use and role of AI in intensive healthcare units, argue: "The manner in which accounting information had assumed significance in the normal routines of (the intensive health care) unit can be assessed from its prominence in the dialogues of medical staff" (Kurunmaki et al. 2003, 130). Dialogues and conversations are thus important forms of interaction where AI is used and where it receives significance. Drawing on Robichaud et al. (2004), we investigate how AI, being the topic of conversations between politicians and managers, can contribute to constitute the identity of politicians' and managers' communities within a municipal organisation and of the organisation as a whole. We do so through a discourse analysis of conversations between politicians and managers (Ezzamel, 2007; Nordgren, 2015) where AI is the subject or is used in them.

The principal contribution expected from this study is to highlight the constitutive, or performative (Ezzamel 2009; Quattrone 2004), role of AI used in conversations between politicians and managers. We see this constitutive role of AI to be relevant for understanding episodes of missed or failed introduction of NPM instruments, such as management accounting and accrual accounting systems.

After reviewing the extant literature on AI in interactions between politicians and managers (section 2), the paper outlines the theoretical framework (section 3) and, after introducing the methodological approach (section 4), adopts this framework for the interpretation of the empirical evidence (section 5). Finally, conclusions are presented (section 6).

2. The use and role of accounting information in the interactions between politicians and managers. The literature analysis

2.1 Interactions between politicians and managers from dichotomy to complementary model

Several studies have tried to investigate how, in the public context, politicians and managers may affect the managerial innovation processes and the organisational dynamics. The literature on this subject deals with the issue of interactions between politicians and managers according

to two main streams: one leads to the "dichotomy" model and the other to the "complementarity" model.

Starting from the studies of Wilson (1887), the "dichotomy" model has been examined by several authors (Goodnow 1900; Stillman 1973). Two subjects, i.e. the politicians, who are responsible for defining social goals and strategies of organisation, and the managers, who have to implement the policies, represent two separated spheres. As argued, a sharp separation is necessary because any integration would make the politicians vulnerable, as they may suffer pressures from civil servants (Christensen and Laegreid 2001)[1].

Demir and Nyhan (2008) develop a further conceptualisation of the "dichotomy" model, applied for an empirical investigation. However, the results of their study, using a survey from a nationwide sample of city managers in council-manager local governments, indicate a lack of correspondence between theory and practice. The findings highlight that the dichotomy assumptions were partly satisfied and that it is possible to conceptualise a relationship between politicians and administrators which is cooperative rather than dichotomous.

Different studies offer alternative approaches to dichotomy (Svara 1998, 1999, 2001; Montjoy and Watson 1995), suggesting a complementarity between politicians and administrators. The "complementary" model conceptualised by Svara (1999, 2001) points out that the two parties work together to pursue a common aim and therefore that it is necessary to emphasise their interdependence and mutual influence rather than separation and conflicts (Svara, 2001). The complementarity refers to the interaction process between politicians and administrators.

The logic of complementarity does not deny that the two roles are separate but it accepts that the two sides cooperate and interact to a shared purpose that is the public interest (Frederickson and Smith 2003; Svara 2001).

Liguori et al. (2009, 311) consider "interesting to further investigate whether a model of clear separation rather than one of complementarity better explains emergent relationships between politicians and managers". The authors examine the patterns of interactions between politicians and administrative managers in five departments of three Italian local governments. Specifically, the study identifies how politicians and managers perceive their relationships and respective roles. Indeed, the case evidence shows that no model of net separation between politicians and managers can be highlighted.

In line with the complementary approach, Liguori et al. (2012) analyse the different perceptions of performance information by politicians and managers. The authors conducted a survey on all Italian municipalities and the findings, far from "supporting the idea of diverging perspectives and rationalities" (904), suggest that the boundaries between politicians and managers tend to be quite blurred in relation to several aspects, which reveal a similar perception by the two parties. That identifies a "prevailing alignment" of politicians and managers in the consideration of accounting information (Liguori et al. 2012).

The present research addresses the question of the role of accounting information (AI) in the interactions between politicians and managers. In considering this interaction, we assume that the two spheres are involved in communicative and interactive processes that affect the mode of operation in local governments. Such an approach is consistent with the model of "complementarity". Indeed, most interactions among officials reflect complementarity, and evidence from local governments in 14 countries supports this generalization (Mouritzen and Svara 2001; Svara 2001). Administrators are both instruments and contributors to the political

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[1] See also Overeem (2005) for an interesting review of the "dichotomy" model.

process (Cook 1996; Svara 2001) and they "help to shape policy" (Svara 2001, 180). Thus, through the study of the interactions and the way in which they are realised, we can contribute by offering an interpretation of how this interactive process affects, and is affected by, the use and role of AI in local governments.

2.2 The use and role of accounting information in the complementary model of interaction

The use of accounting reports has been studied in order to assess the perceived usefulness of public reforms introducing new accounting systems. Brusca Alijarde (1997) examines the usefulness of financial reporting in Spain, after the public reform introducing a double-entry method in local governments' accounting practice. Several financial reports were in fact required by the Accounting Instruction for Local Government. In preparing those reports, the Financial Offices of local authorities should appropriately perceive the usefulness of these documents but, most importantly, they should interpret the usefulness perceived by the main users. A survey highlights that the usefulness recognised to each financial statement differs between the two groups of respondents, namely the Financial Directors and the Audit Offices, reflecting their different perspectives on the use of those reports. This latter point suggests that in the study of the use of financial reports, one cannot neglect the different perspectives adopted by their users.

In a further study, Jansen (2008) addresses, among other issues, the questions related to the perspectives influencing politicians' and managers' (and citizens') use of performance information.

This point has emerged from previous studies reporting the different perspectives of politicians and managers on the use of performance reports. "Politicians may focus on the organisation's strategy, whereas the focus of work floor managers will be on internal processes. This suggests that an investigation into the differences in the perspectives on performance of the various stakeholders and a comparison of these perspectives may contribute to our understanding of the use of quantitative performance indicators" (Jansen 2008, 172).

Liguori et al. (2012), as mentioned in the previous sub-section, investigate the importance attached by politicians and managers to financial (budgetary and accrual) and non-financial performance information. Surveying all Italian municipalities of at least 80,000 inhabitants (65 municipalities), they find that "politicians and managers' preferences tend to be more similar than expected, since they attach the same importance to performance information and are both very focused on external measures of performance rather than internal ones" (916).

Liguori et al.'s (2012) findings suggest that, even from different perspectives, politicians and managers, at Italian municipalities, can agree on the pieces of information to be exchanged during their interaction.

However, besides these results, the previous studies lack a deeper investigation of the interactive use of AI by politicians and managers, and therefore of the role they collectively assign to such information. During their interactions, in fact, both the parties integrate the formal reports with their informal communications and with their social context, past experience, and know-how. This has an effect on the pieces of information selected from the accounting reports they use and, more importantly for the present paper, on the role they assign to the information contained in those reports.

Kurunmaki et al. (2003) suggest examining the use and role of AI, focusing on conversational interactions. In investigating intensive healthcare units in Finnish and the UK hospitals, they argue: "The manner in which accounting had assumed significance in the normal routines of (the intensive health care) unit can be assessed from its prominence in the dialogues of medical staff. Cost reports were a frequent topic of discussion in the meetings of health care professionals" (130). Thus, the role assigned to AI by its users is constructed during interactions.

Ezzamel et al. (2007) focus on discourses that can qualify an institution. The authors examine the impact that discursive practices assume in the Local Management of Schools (LMS), by building institutions of "responsibility" in a particular organisational sector. Specifically, the authors suggest that the effects of the institutional aspects introduced through regulation should be considered in relation to the organisational discourses and the institutions they express.

Campbell and Im (2015), using data from the 2010–2011 State of the Service Report conducted by the Australian Public Service Commission, examine the relationships between communication and trust and assert that organisational trust mediates the effect of constructive interaction on organisational identification. The results indicate that constructive communication climate positively influences organisational identification by creating shared meanings and building workplace communities.

Van Popering-Verkekand and van Buuren (2016), developing a theoretical framework that analyses and defines patterns of multilevel decision-making, apply it to a longitudinal in-depth case study on a water management programme in the Southwest Delta of the Netherlands. They study how informal and procedural interactions are related to each other in multilevel decision-making, and how interaction patterns influence the significance of decisions made. The authors find that "synchronization by interactions results more often in significant decisions, than synchronization by procedures".

Literature on public management offers little contribution to the effects of discursive practices on the organisational field of local governments and then this research shows that the role assigned to AI can affect AI users' discursive interactions. In what follows, we draw on Robichaud et al. (2004) to propose a theoretical perspective for examining the use and role of AI in the interaction between politicians and managers, focusing on their conversations about AI and the effects of such conversations to the construction of institutional identity.

3. The interaction between politicians and managers as a "meta-conversation" and the role of accounting information in the construction of organisation

In this section, we investigate how the use of AI and the role assigned to it affect, and are affected by, the interactions between politicians and managers.

We recognise a relevant feature that may shape organisational interactions, in general, and interactions between politicians and managers, in particular: the recursivity of communications. This means that, as organisational communications are repetitive, the exit of a given communication is influenced by the other, past communications. We draw on Robichaud et al. (2004) who assume that an organisation "emerges in the interactive exchange of its members".

Then, in considering this aspect as a key to organising, we examine the interactions under study as "meta-conversations".

The main point motivating Robichaud et al.'s study is to address the question of how an organisation can be "simultaneously pluralistic and unitary" (Robichaud et al. 2004, 618). In the present study we address the same question particularly referring to a local council, as an organisation characterised by the coexistence of politicians and administrative managers whose interactions, through conversations, are mediated by the AI they use. Besides representing organisation, accounting discourse can constitute organisation: the actors have a need to communicate experiences, perceptions and information that reflect their technical skills, and so they contribute to the constitution of their organisational identity.

The present section develops the theoretical framework for a case study of an Italian local council. Seen through this theoretical lens, the field evidence reveals how, as a particular language mediating between politicians and managers, accounting participates in the constitution of politicians' and managers' organisational identities, and thereby in the construction of the organisation as a whole. In so doing, we recognise to AI an important role in rendering a municipal organisation simultaneously pluralistic and unitary. "Accounting, as a classificatory system and as a language, plays an important role in shaping our perception of the world, thereby influencing agendas and meanings" (Pallot 1992). Accounting discourse then assumes a "performative" role in organisations (Quattrone, 2004; Ezzamel 2009; Vosselman 2014).

In what follows, we present the concept of meta-conversation reporting Robichaud et al.'s main arguments (sub-section 3.1).

3.1 The meta-conversation

Robichaud et al. (2004) investigate how an organisation is both a unitary and plural entity. They explain this by assuming organisational communication as producing, and not produced by, organisation. Language mediates in collaborations as it sustains the retrospective and reflexive character of sensemaking, which allows people to observe and understand what they do, or have done. Language does so by narrative which inculcates knowledge of what is accepted as normal within a given community, and of what is regarded as deviant. Such a distinction is made differently among the different communities of practice, according to the specific cognitive domain developed within each community. People within the same community perceive each other as helpers, while people from different communities view each other as opponents. This represents a form of closure of a given community, which is explained as the result of the reiterative interactions between people from the same community. In the oral use of language, this reiteration reflects on the recursivity of conversations within the same community. In conversations people collect memories to exchange with the others who share the same community.It is through the recursivity of conversations that relations are turn into "black-boxes": a metaconversation takes place; it constitutes a net of allies, an organisation.

Robichaud et al. derive their proposition of a meta-conversation from seven premises, which can be outlined as follows:

Language and collaborative activity. "Language is fundamental to the sustaining of cooperative interaction: to the extent that social entities or organisations persist and evolve, they do so through the mediation of language (Taylor and Giroux 2005)" (Robichaudet al. 2004, 619). Due to this role of language within some field of practice, "one comes to be a certain person in the

social world through the interaction with others" (Cronen 1995, 35 as quoted in Robichaudet al. 2004, 619).

The retrospective and reflexive character of sensemaking. Drawing on Giddens (1984) and Weick (1995), sensemaking is retrospective since "people can know what they are doing only after they have done it" (Weick 1995, 24). Thus, to become observer, one needs to step out of the stream of experience. In doing so, one is both what is being observed and the agency by which it is observed. This, as Giddens specifies, involves "discursive consciousness".

The narrative basis of sensemaking. To be the object of sensemaking, the representation of human action and interaction has to be based in narrative. Narrative is the main form of organising human experience and memory (Bruner 1991, 4). And very importantly: "Narrative inculcates knowledge both of what is accepted as normal within a community and of irregularities that are regarded as deviant" (Robichaud et al. 2004, 619). Then, as well as stepping out of the stream of experience, "Being a skilled observer implies (...) that the observer has understood the narrative frames of interpretation that are commonly used by his or her language group" (619).

*Organsing the plurality of communities of practice.*The communities of practice are the contexts in which the organisational communication is grounded. In such communities people become what they do, and share the objectives they are oriented toward. Collective identities thus emerge: "salespersons are salespersons because they sell, computer programmers are programmers because they write software code, and so forth" (Robichaud et al. 2004, 620). Then, the authors specify: "It is in such communities of practice and talk (what Maturana calls "cognitive domains") that one is formed as an observer (...). And they continue: "What determines the character of a particular cognitive domain – and its associated community of practice – is how the people who are linked to each other by a common preoccupation with some object make distinctions" (620). A skilled observer is thus able to recognise what the objectives are, what the underlying contractual understandings are, and who respects them as well as who breaches them. In this sense, again, an observer is an observer to the extent that he or she is what is being observed.
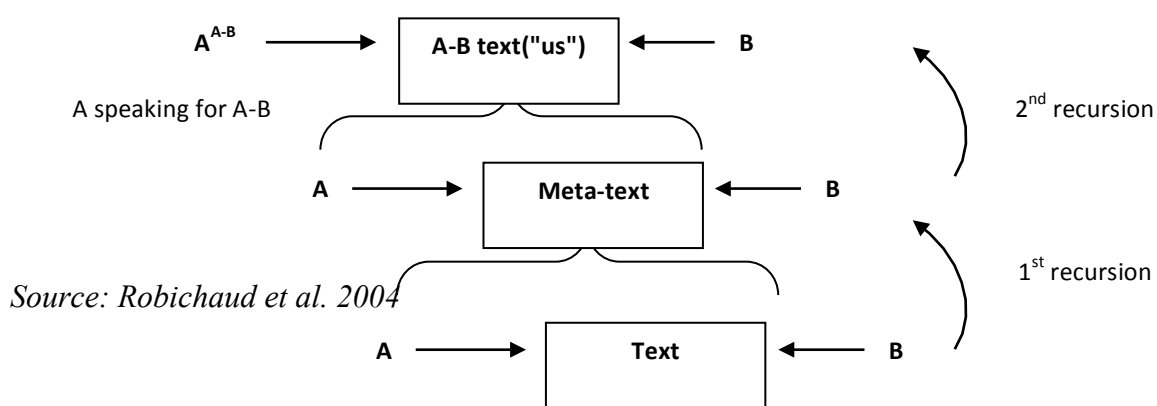
The narratives of a community of practices as a form of closure and identity. The latter argument leads the authors to specify: "The interpretations we make as observers, in other words, serve to both include (helpers) and exclude (opponents). The constitution of an "us-ness" has a correlate – a "them-ness". Not only do communities of practice differ from each other in their preoccupations and modes of interpretation of events, but they may, and frequently do, constitute each other, in their narratives, as opponents. It is this exclusionary feature of interpretation based in narrative frames of understanding that we mean by "closure". (Robichaudet al. 2004, 620-621).

Recursivity of language .Recursivity is a property of human language by which "the same conversational procedure that is operative in the construction of a text is also operative in the embedding of that text within another text (or metatext)" (Robichaudet al. 2004, 621). This recursive use of language occurs when the speaker restates what he or she has said in a previous conversation by specifying more clearly his or her attitude. Expressions like: "What I meant by that was...", or: "You weren't listening to me", are modalising expressions by means of which the speaker goes to restate a position with respect to a previous situation described, even tacitly, in a previous speech. A meta-conversation so emerges as "a conversation that embeds, recursively, another conversation" (621). Thus, in the repeated interactions between two actors, A and B, A can refer her speech to previous conversations with B, making her attitude more

explicit in saying what she said, and also pointing out B's attitude in listening and understanding the previous speech. In doing so, "a rudimentary form of closure starts to emerge, since A is speaking about the A-B relationship and presents herself as a spokesperson for this relationship. A new *us-ness* is brought into existence as a product of the metaconversation" (622). This implies the possibility for each of the two actors to speak for the "us" to others.

Figure 1 represents the recursive process of conversations, just described, which explains the constitution of the communities organising an organisation.

Figure 1 - The Recursive Embedding of One Speech Situation Within Another –

Source: Robichaud et al. 2004

Conversations of conversations. In explaining their last premise, the authors note: "a conversation can exist with respect to another conversation only if there is a voice to represent it. As Callon and Latour have argued (…), when an actor can speak for absent or silent others (be they human or nonhuman) and translate what they are, say, and want, the reality he or she speaks for is turned into a "black box" – a taken for-granted definition of reality" (Robichaud et al. 2004, 622-623). Therefore, the meta-conversation allows an actor who speaks for others, referring to his or her relations with them, to constitute a taken-for-granted entity, i.e. a black-box, and thus to represent them in further conversations.

Given these premises, Robichaud et al. state: "The constitution of organisation occurs in a metaconversation, where (1) "organisation" refers to a language based social entity composed of multiple communities of practice or cognitive domains and (2) "occurs in a metaconversation" means emerging from the recursive processes of the conversations of the members, where each "conversation narratively frames, implicitly or explicitly, the previous one" (624).

We see this conceptualisation very appropriate for examining interactions between politicians and managers for it represents a local government organisation as "a language based social

entity composed of multiple communities of practice or cognitive domains" (Robichaudet al. 2004, 624), i.e. politicians and managers.

In applying the concept of meta-conversation to the use of AI in interactions between politicians and managers, we argue that accounting is a particular language that plays a mediating role in the interactions between politicians and managers, and thereby participates in the construction of politicians and managers'communities, as their organisational identities, and of the organisation as a whole.

In what follows, we highlight the role of AI in the construction of a municipal organisation. To better clarify the constitutive role of AI, we will distinguish episodes on discourses around AI from episodes on discourses where AI is used.

4. Methodology and research site

We see the interpretive approach very useful for understanding the subjects' perceptions, assuming their points of view. In doing so, the theoretical lenses presented above are used to explain the specifics of the practices within a local government, rather than to provide generalisations (Scapens 2004).

The entity under study is an Italian local authority, sited in Eastern Sicily. The choice of our research site was the result of the following selection criteria: firstly, the availability of documentary data and the willingness of the representatives of the local body to give the researchers access to the institutional and administrative meetings, which in the selected case was favoured by good relationships between the authors and both politicians and administrators; secondly, the presence of accounting expertise within the organisation, which we considered relevant for the validity of discourses around AI. We verified this point during preliminary interviews with the Head of the Financial Control Department (FCD) and the Major; we were told that both of them, besides their roles within the municipality, have worked as practitioners in the accounting field; thirdly, good inter-personal relations and frequent interactions between politicians and managers, thanks to the small size of the local government (9,000 inhabitants), and to a political stability.

In the local council, the introduction of NPM instruments, such as accrual accounting and management control systems, has not been fully implemented, due to some organisational and cultural resistance[2].

Through the organisation chart and a interview, we found that the interaction between the politicians and administrators took place in two stages: the first, non-institutional, in which, almost always, a politician interacted with a single head of Department, trying to find an agreement; the second, institutional and represented, in most cases, by the meeting of the service centres' managers, in which the two parties confronted each other and tried to decide on the specific issue.

The analysis of discourses drawn from conversations between politicians and managers has sought to highlight the constitutive role of AI. The latter, through the recursive practices of conversations, constitutes the identities of politicians' and managers' communities and then of

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[2]Actually, the local council had introduced some managerial tools, like the Performance Plan. But in an embryonic form. In fact, since accrual accounting was missing, the Performance Plan included performance targets mostly expressed in discursive or non-financial form.

the municipal organisation as a whole. The actors listened to were chosen according to their specific competences and skills, which were closely based on accounting expertise; they were the Head of FCD, the committee member of "Economic and financial policies" (EFP), who was the deputy major in the first political mandate, and the mayor, as shown in table 1. Specifically, the research examined the period in which two political mandates took place, with the presence of the same mayor, who was re-elected. The research period started in 2011 and ended in 2017. In 2014, the new administration was set up.

This period was characterised by several institutional reforms announced by the Italian national government, and still in progress, such as tax reforms, including local taxes, with resulting feelings of uncertainty within local councils. The data were collected during different periods: from January up to March 2012, later on from March to June 2015 and finally from April to June 2017, through documents, interviews and direct observation.

Documentary data were gathered from newspapers articles; the municipality's web site; the electoral programs; the municipality's internal protocols; the Executive Management Plan and the budgets of different years. The documentary analysis supported our understanding of dialogues between the parties involved. Reading the documents, especially the executive plan, served to map the responsibilities and organisation of the services. In addition, the usefulness of reading documents was related to the fact that their contents allowed us to better understand accounting discourses.

Nine semi-structured interviews were conducted in the form of conversations with the principal representatives of the political and managerial groups, selected according to the topic of the interview, as reported in table 1. Interviews lasted a half an hour on average.

Topic of interview	Interviewee
The role of politicians and administrative managers in local authorities.	The major
	The Head of "Financial control department"
	The Committee member of "Economic and financial policies"
	A councillor
The role of accounting information in local authorities.	The Head of "Financial control department"
	The Committee member of "Economic and financial policies"

Table 1: Interviews details

Six interviews covered both the topics about the role of politicians and administrative managers and the role of AI in local authorities. Each of these interviews involved two interviewees, one representative of the political community and the other representative of the administrative one.

Specifically, in the first political mandate: one interview was conducted involving the Head of FCD and the committee member of EFP (3 hours); three interviews involved the Major and the Head of FCD (7 hours in total). In the second mandate, two interviews involved the Major and the Head FCD (5 hours in total). The aim of such interviews was to stimulate an informal talk between the two interviewees involved, whose discourses were analysed following Robichaud et al.'s (2004) framework.

Direct observation of institutional meetings allowed us to record the conversations, which was useful for the analysis of qualitative verbal notes (Bailey 1994). Specifically, during the research period, we selected events where politicians were supposed to interact with managers. Thus, we participated in seven municipal council meetings, lasting two hours each (5 for the first political mandate and 2 for the second); eight meetings of managers of different service centres (20 hours in total: 10 for each political mandate).

The interviews and the discourses of the institutional meetings were type-recorded; the data were written down into a draft-report, organised in a discursive form and sent to all subjects involved in the interviews and meetings. All of them approved the draft. We then fulfilled a discourse analysis (Faircloughaimed, 2005; Hammersley 2003) to highlight how AI has contributed to the construction of the politicians' and managers' organisational communities and identities, and of the municipal organisation as a whole.

As empirical evidence, we reported below three selected speeches, one is a discourse around AI, another refers to the managerial use of AI and the last is a discourse where accounting performs cooperative activity. As will be shown, these speeches embedded previous conversations. We include our interpretation in the same discussion section (Ahrens and Chapman 2007).

5. Empirical evidences: the constitutive role of accounting information in "metaconversations" between politicians and managers

5.1 Discourse around accounting information

During an informal talk between the committee member of EFP, a councillor from the majority party, and the Head of (FCD), in the first political mandate, the following points emerged:

The Head of FCD: "*You and your colleagues* (talking to the committee member of EFP) *are more interested in the technical limits of your action and less in their future consequences, especially in financial terms. For example, you are much more sensitive to issues related to the Stability Pact[3] rather than to those concerning budget equilibrium. This is perceived to be less relevant by you politicians, who see it as a merely internal administrative matter, as we have discussed several times*".

The committee member of EFP: "*That's true! But it is because we politicians often need to understand how to pay off a debt and, at the same time, not to violate the Stability Pact. That's why administrative managers should support politicians in European fund raising*".

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[3]The so-called "Stability Pact" refers to a legal constraint imposed by the Italian National Government to the Local ones, especially Counties and Municipalities, to maintain the financial sustainability of the policies of local governments.

The Head of FCD: *"You know, I agree with you. I do think that fund raising could be an area where administrative policies should invest more. However, more often, we all need financial information about the cost of the services we provide, especially for efficiency appraisal. Think about the ice rink project, where the difficulties were mainly due to an underestimation of the operating costs of the rink. From this experience we should have learnt how useful cost accounting can be, especially for service pricing. Don't you see?"*

A councillor from the majority party: *"I do remember how the decision was made about that project. The Mayor decided to satisfy the community need for a sports hall that could be attractive, so as to increase inflows of domestic, sport tourists, especially in the winter time".*

The committee member of EFP *"Of course, I remember too. But, what Gaetano* (referring to the Head of FCD) *is trying to say is that we all need to have information that will help us to estimate the costs and benefits expected from a project. I can agree with him but if nobody helps us to raise funds from external sources, any cost information will be useless, since we have no resources for doing anything. You know, currently the financial balance of municipalities are so constrained that we don't need cost accounting for decision making, as we have no decision to make. Thus, first of all, we need information on cost and benefit estimations to the extent to which it can be useful for fund raising".*

The Head of FCD: *"That's why we have involved an external consultant to support our needs for fund raising. We are running the new sports hall project, you know. But what are we going to do when we get the funds? Don't we need an accounting system that can produce cost information regularly? I'm afraid of repeating the mistakes we made for the ice rink project".*

The passages reported above gave us detailed insights into several points we have discussed in the theoretical part of this paper.

Firstly, the discussion highlights how "the objectives to which organisational actors are oriented become an essential component of their collective identity" (Robichaud et al. 2004): the committee member of EFP focuses on the financial constraints characterising any municipal policy, and sees it as the main limitation on the attempt to meet the community requests; the councillor's view is more related to the community she represents, as she focuses on the requests for a sports hall coming from the community; the Head of FCD, instead, shows his administrative position and economic background in emphasising the usefulness of cost accounting for decision making and efficiency appraisal. We see behind these positions two main differing views, the politicians' and the administrators'; but also, we see the will to make a choice that can combine economic efficiency with the social purpose of the organisation. These two views are consistently represented by the Head of FCD, who in a separate interview underlined: *"Politicians have to establish the institutional guidelines, while the administrative managers are in charge of assessing the technical feasibility of the actions"*. In some cases each community realises a form of closure identifying "helpers" and "opponents". Specifically, politicians' and managers' communities in the role they assigned to AI express different modes of interpretation and managerial approaches. For example, each community defines what the other community should not do (in some cases managers criticize politicians in the use of AI as just a tool for not violating the Stability Pact) and what the other community should do (when managers invite politicians to use management tools to operate the spending review effectively). In other cases, politicians argue that managers are excessively busy handling technical issues so as not to support the political party in raising funds from external sources. We see behind these positions two main different views that identify politicians' and managers' communities.

Examined from Robichaud et al. (2004) theoretical lens, the piece of conversation reported highlights the "collaborative" nature of language. The role assigned to AI, as a technical language, is to guide the choices of the institution towards the success of its public initiatives. That emerges, for example, in the previous expression *the mistakes we made for the ice rink project*" for a lack of an economic analysis of investment. Moreover, the "retrospective and reflexive character of sensemaking" (Robichaud et al. 2004, 619) emerges when actors report previous experiences and events that have determined a specific way of thinking about the same events "(….) *From this experience we should have learnt how useful cost accounting can be…*", as mentioned by the Head of FCD. In some speeches, managers thought that the lack of financial information for costs and benefits estimates has contributed to the failure of some institutional initiatives carried out in the past years. Previous experiences become relevant to understand which aspects had a negative impact and then need to be modified or developed to improve public action. "Narrative" is frequent in the structure of dialogues about AI. Experiences reported by politicians and managers identify situations that often refer to past episodes, which aims to highlight some critical aspects such as partial use of data and AI, undeveloped potentials of managerial tools, necessary improvement of economic and financial analysis of programmes and projects. These critical aspects often emerge from specific episodes reported by subjects, such as the "ice-rink project" as a significant story for the new "sports hall project". Such episodes are described as "stories" of unrealised projects or failed initiatives bringing out controversial and questionable reasons.

Another point regards the recursivity of the conversations. Many conversations we heard report arguments and reflections presented in previous conversations. In the conversation reported earlier such expressions as *"I do remember", "As we have discussed several times"* denote the recursive practice of language. The arguments pointed out through the conversation have facilitated our interpretation of the politicians' and managers' points of view, since they help us to recognise the identity of the respective communities, what Rabichaud et al.(2004) define "the plurality of communities of practice" (619). A sense of "us-ness" is highlighted in different conversations we listened to. For example, from the first passage of the speech, the committee member of EFP said: "*we politicians often need to understand how to pay off a debt and, at the same time, not to violate the Stability Pact."* Similarly, politicians' patterns of behaviour are described by the councillor, when she told the others how the decision about the ice rink project was made, as reported earlier. Differently, a new "us-ness" emerges in the Head of FCD's speech, when he tried to interpret the information needs of the Municipality as a whole, as he said: *"we all need financial information about the cost of the services we provide"* and *"we should have learnt how useful cost accounting can be".*

Such expressions, often used by both politicians and managers, underline that, despite their different views, they share a common idea: to be part of the same organisation.

A third point refers to the constitutive role of AI that emerges during the conversation. As reported, both the parties agree on the relevant role of AI for project financing. Information should be as such to provide estimates on the costs and benefits expected from an investment project. However, no full agreement has been reached on the role of a cost accounting system to produce regular AI.

The discourse around AI, which occurs in conversations about projects to realise and results to be obtained creates a context of collaboration among the actors, making them parts of the same organisation.

5.2 Discourses where accounting information is used

Further information needs emerged during a managers' meeting occurred in the first political mandate, which involved the City Manager, the Deputy Major as the committee member of EFP and others heads of department. We report some passages from the meeting:

The City Manager: *"For approval, we attached to the last budget statement the annual plan of public works as well as those for the next three years. But, to access European funds for the promotion and sustainability of the urban development, we need some variations to the public works plans, which entail variations to the last budget".*

The Head of Department VI "Taxation and remuneration of staff" (Department VI): *"Currently, we are unsure about the amount of our revenues, especially from taxes, since the introduction of IMU (Municipal Tax) is still in progress. How can we talk about budget variations?".*

The Head of Department V "Public contract work and technical services" (Department V): *"As I said in the last managers' meeting, the design of the tax mechanism has not been completed yet, especially in terms of tax deductions, and this makes our revenue estimation very approximate".*

The Committee Member of EFP: *"Yes, but we can just formulate some alternative scenarios about the amount of tax revenues, taking account that we are not sure about the additional municipal income tax, which will probably be suspended. Moreover, we are unsure whether the municipalities are required to pay municipal tax on their own buildings employed in non-institutional functions".*

The Head of Department VI: *"For additional income tax, we can look through the past financial reports to get insights into the amount of tax revenues we may lose, and we can do the same for tax deductions".*

The Head of Department V: *"Yes but we need to read some comments to understand what is meant by a building devoted to institutional function. What about a school building, for example?"*

The Head of Department I "General affairs, social, educational and cultural services, sports and tourism promotion, demographic services" (Department I): *"Anyway, we don't have the information to decide yet. When the National Government deliberates about IMU we can estimate our tax revenues and the amount of tax we have to pay, then we can decide what expenses should be cut. But, right now we are only aware of the weight of consolidated expenses we cannot vary, and so we need to focus on the development expenses. But I do think that's a political matter, since what should be cut or not is up to you* (talking to the the Committee Member of EFP) *as it requires making a political choice. So, I think that, as soon as we know more about IMU, it's up to the committee to consider this point. We just need you* (talking to the Committee Member of EFP) *to concentrate on development expenses, what should be cut and not. We need to have a formal deliberation on that".*

The reported passages offer further insights to gain a more complete "narrative" description of the use and role assigned to AI during interactions between politicians and managers. It shows the main role assigned to AI as the estimation of the expected revenues and expenses needed to implement political actions. It is so for the variations to the budget, required to access European funds; it is so again for the variations required from the introduction of the new municipal tax. The production of such information presupposes the search for other sources of information,

like past financial reports and regulatory texts. As the Head of Department VI said, in response to the Committee Member of EFP's request to make alternative scenarios on the amount of tax revenues, *"For the additional income tax, we can look through the past financial reports to get insights on the amount of tax revenues we may lose"*. This matter involves interactions between politicians and managers, since it requires a joint administrative and political interpretation as a necessary precondition for a subsequent political decision. In fact, as noted by the Head of Department I, *"I do think it's a political matter, since what should be cut or not is up to you* (addressing the Committee Member of EFP). As in the reported passage, when an actor, (namely the Head of Department I) speaks for others (namely the politicians) and translates "what they are, say, and want, the reality he or she speaks for is turned into a "black box" – a taken for-granted definition of reality", which will represent them (politicians and their matters) in further conversations. This passage offers further insights into how administrative managers play their function to support politicians in their decisions and, very importantly, into how administrative managers and politicians mutually recognise their organisational identities.

During the conversation, the use of AI is influenced by past interactions between politicians and managers, which are referred to in the passage reported above (conversation of conversation).

Attending this managers' meeting we observed how in interactions the topics discussed often led back to previous issues which were enriched with additional details. In fact, discussions were often preceded by verbal agreements on previous conversations that had taken place in the offices or in informal talks and may have affected the next debate on the issue. An example of that is shown in the passage reported earlier, when the Head of Department V specified: *"As I said in the last managers' meeting, the design of the tax mechanism has not been completed yet..."*. This shows how a conversation on a given issue embeds "recursively" another previous conversation.

Also, during the meeting under discussion, administrative actors emphasize the usefulness of cost accounting for decision making and efficiency appraisal. They stress that one of the critical points is the estimation of the economic value of the resources employed for service provision.

Finally, from the speech of the Head of Department I a sense of "them-ness" emerges in acknowledging politicians' community. This is the case of the Head of Department I's speech, where she specifies: *"I do think that's a political matter, since what should be cut or not is up to you* (talking to the Committee Member of EFP)*"*. Whereas, very often, various expressions reveal a sense of "us-ness", referring to the Municipality as a whole, as already shown in the passages from the talk reported earlier. Politicians and managers are the two communities, each of which has its own identity built through conversations. The dialogue between the two parties recognises different approaches in the use of AI, and their goals and ways of interpreting the phenomena depend on what they do in the organisation. The context in which subjects are moving becomes critical to understand their points of view.

5.3 Discourses where accounting information is used as a collaborative activity

The third speech reported is that between the Mayor and the Head of the FCD nominated in the second political mandate. This discourse is significant as it links the role of accounting to collaborative activity. As expressed by Robichaud et al. (2004), language performs a mediation,

so accounting as a language helps the processes of interaction and dialogue. Such a mediation is discussed in what follows.

The Head of the FCD: *"My experience in private companies has shown that AI expresses the feasibility of the actions ... ..so we need to conversate by means of the numbers to understand what we are doing and what direction we must undertake"*.

The Mayor: *"Understanding the feasibility of the actions has been improved in this council thanks to the different issues the Major and the Head of the FCD can talk about; the debate on financial resources; the costs of various services, the management trends, all are based on accounting reports that become a concrete basis for interaction and discussion"*.

This discourse assumes accounting as a collaborative activity (Robichaud, 2004) that supports cooperation between the Mayor and the Head of FCD. It thus becomes a common language and a basis for cooperation.

Cooperation is effective because the Head of FCD assumes his retrospective knowledge and action that makes sense of its activity. In fact, the Head of FCD knows the effect of using AI because of his experience, so he knows the potential of accounting. In the second mandate, the ways of interaction between the Mayor and the Head of FCD changed as a result of the improved dialogue between the two parties. This entailed a common vision that has been reinforcing through repeated discourses on the use of reliable AI. However, this path has created a detachment of the Head of FCD from the other managers. In the previous mandate, the Head of FCD and the other managers seemed to take part in the same community that assumed distinctive perceptions with respect to the community of politicians. Differently, in the second mandate, the new Head of FCD, talking to the Major, presents the other managers as new opponents:

"The interaction with the other managers is a bit problematic. The other managers are not accustomed to using AI in a concrete way. They do not use management tools to evaluate services economically. This is mainly due to their past experience mostly related to cash accounting tool. So it's not easy to talk to them in these terms".

The reported passage highlights how the use of AI creates a link of intents between the Mayor and the Head of FCD. In fact, both these subjects, through the discourse on AI, have formed a cognitive domain based on accrual accounting as a specific language. The effort they strive to accomplish is therefore to share the language of accrual accounting with the other managers, in order to improve the cooperative dynamics and bring the institution toward a common identity.

6. Concluding remarks

The study has investigated how the use of AI in the interaction between politicians and administrative managers can contribute to constituting the identity of politicians' and managers' communities within a municipal organisation, and of the organisation as a whole. By interpreting the interaction between politicians and managers through the complementarity model (Mouritzen and Svara 2001; Svara 2001), we have considered that their different perspectives influence their use of AI (Jansen 2008; Liguori 2012).

The theoretical framework is based on Robichaud et al.'s (2004) propositions that assume organisational communication as producing organisation identity on its both unitary and plural composition. We have considered this conceptualisation appropriate for examining interactions between politicians and managers since we see the local government organisation as "a

language based social entity composed of multiple communities of practice or cognitive domains" (Robichaudet al. 2004, 624). In this context, the oral use of language leads to the "recursivity" of conversations within the organisation.

We have presented the results of a case study aimed at developing a deeper understanding of how AI mediates in interactions between politicians and managers, contributing to the construction of the politicians' and managers' organisational communities and of the whole municipality. Then, a discourse analysis has been fulfilled drawing on Robichaud et al. (2004). The recursive practices of conversations create the identities of politicians' and managers' communities, and of the whole municipality.

In the recursive processes of conversations, politicians and managers represent two communities that compose the organisation as a whole, which therefore "emerges in the interactive exchanges of its members" (Robichaud et al. 2004, 618). Specifically, talks about accounting help to define the two communities, politicians and managers, expressing different approaches and ways of interpreting the use of AI and the reasons for different purposes. Within these communities, the conversations dealing with the accounting system highlight objectives related to what politicians and managers do and realise during their job. Despite the different meanings of "helpers" or "opponents", the two communities, especially in the first political mandate, converge on assigning AI the role of estimating the costs and benefits expected from public projects. AI participates in the constitution of organisational identities; in fact, through the use of AI, administrative managers and politicians mutually recognise their organisational identities and communities. In the second mandate, this path is modified by the presence of an improved dialogue between the Mayor and the Head of FCD. The accrual AI mediates between these subjects, promoting their cooperation and creating a new cognitive domain.

Future research in the public sector may be carried out in further settings in order to identify and analyse different episodes where the role assigned to AI by politicians and managers is constitutive of politicians' and managers' communities and of the organisation as a whole. In addressing these lines of inquiry, researchers may distinguish episodes around failure from episodes around success in the use of AI. We believe that these further investigations can contribute to a better comprehension of the relevance of AI in public administrations, overcoming the current obstacles to the introduction of NPM instruments.

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