An exploratory study of the practice of corporate planning and programme budgeting in the Government of the Kingdom of Tonga:

Evidence from a central government agency

A thesis
submitted
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Abstract

Purpose – This research explores how corporate planning and programme budgeting are practised by the Government of the Kingdom of Tonga, focussing on their application by a central government agency, the Office of the Public Service Commission (OPSC). It addresses how corporate planning and budgeting are linked in their practice by government agencies in Tonga and why.

Design/methodology/approach – A qualitative approach is used to conduct an exploratory study of how OPSC practised corporate planning and programme budgeting during the 2015/2016 financial year1 (FY). An interpretivist methodology is used to analyse both primary and secondary data that were gathered using primarily a method indigenous to Pacific research known as talanoa. Literature review, participant observation, and document analysis were used to supplement data from talanoa.

Findings – The practice of corporate planning and budgeting by the Government of Tonga varies from the extensive applications documented in Western literature. Those involved in their practice are concerned with some but not all aspects of the processes depending on their positions and roles. While external consultants continually express frustrations with slow progress, indigenous government officials are somewhat confident that a lot of progress has been made. The research highlights that in the continuation of the use of corporate planning and budgeting, it must respond to prevailing needs of the country.

Originality/value – There seems to be a lack of consideration of specific contexts (e.g. existing regulations, systems etc.) in the introduction and development of concepts, ideas and processes foreign to small island countries. An example is the practice of accounting and management practices termed corporate planning and programme budgeting into the Government of Tonga. There has not been any research conducted on this in the context of the Kingdom of Tonga. The research compares Western ideologies with Tongan indigenous views.

1 Section 2 of the Tonga Public Finance Management Act 2002 states that “financial year” “in relation to the Government and Government financial statements is a period of 12 months ending on 30th June” (Public Finance Management Act 2002, p.7).
Acknowledgments

To Christ be the glory great things He has done.

I’d like to thank everyone who has contributed in any way to this work. To my supervisors, family, friends, classmates and especially participants of this research – Malo ‘aupito e tokoni, lotu mo e hufia.

This work is dedicated to my lovely nieces and nephews.
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Acronyms

ADB  Asian Development Bank
AMP  Annual Management Plan
BCPD  Budget and Corporate Planning Division
BSFE  Budget Strategy and Funding Envelope
CEO  Chief Executive Officer
CP  Corporate Plan
CP/B  Corporate Planning and Budgeting
CSD  Corporate Services Division
DP  Development Plan
FY  Financial Year
HEC  Human Ethics Committee
HODs  Heads of Divisions
HRM  Human Resource Management
IMF  International Monetary Fund
KPI  Key Performance Indicator
LA  Legislative Assembly
MDAs  Ministries, Departments and Agencies
MFNP  Ministry of Finance and National Planning
MTBF  Medium Term Budget Framework
OECD  Organisation for Economic Co-operation and Development
OPSC  Office of the Public Service Commission
OSR  Organizational Structure Review division
PAMD  Project and Aid Management Division
PCM  Performance and Contract Management division
PD  Policy Division
PEFA  Public Expenditure and Financial Accountability
PFMA  Public Finance Management Act
PFMTI  Public Finance Management Act (Treasury Instructions) 2010
PM  Prime Minister
PPD  Policy and Planning Division
PSC  Public Service Commission
REB  Remuneration and Employment Benefits division
RQ  Research Question
SOE  State Owned Enterprise
TCB  Training and Capacity Building
TD  Treasury Division
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<th>Abbreviation</th>
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<tr>
<td>TSA</td>
<td>Tonga Society of Accountants</td>
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<td>TSDF</td>
<td>Tonga Strategic Development Framework</td>
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<td>WB</td>
<td>World Bank</td>
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<td>WPHC</td>
<td>Western Pacific High Commission</td>
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<td>WSSA</td>
<td>Western Samoa Society of Accountants</td>
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Chapter 1 Introduction

A corporate plan or an organizational plan shows the vision and the core functions of an organization whether in government or otherwise. It is a usual way of planning. It can also be referred to as a business plan, a strategic plan and various other names. It organizes the overall objective and the work of an organization. A budget on the other hand is provided to implement work that has been planned. That’s the linkage between a corporate plan and budget. (Explanation by participant SrM1)

[It] is most crucial in any ministry to have a corporate plan which will guide its work and activities in a financial year and at the same time, how its functions should be carried out. The approved budget is based on the planned activities that are proposed in the corporate plan. (Opinion by participant SrP9)

If corporate planning is only something one sits and thinks about and then type, then it is very tragic to be at that stage. (Observation by participant SrP6)

Considering whether the corporate planning and budgeting processes are linked in their practice is vital as there hasn’t been sufficient follow up of this area while participating in their practice at the same time. It would be for our benefit to consider this through research. (Opinion by participant SrM12)

Tonga adopted many western ways but somehow they always seemed to finish up being more Tongan than western. (Rutherford, 1977, p. x)

The first four of the above quotes exhibit views and concerns of government employees in Tonga regarding a collection of ideas, events and activities adopted by the Government of Tonga and practiced by government Ministries, Departments and Agencies (MDAs) in the past two decades. This collection, overarched by the terms corporate planning and programme budgeting is the focus of this research. The fifth quote predates the design and implementation of the projects being of Western origin (e.g., Ackoff, 1970; Campbell, 1999; Piercy & Thomas, 1984; Rugman,
1973; Stewart, 1973; Al-Bazzaz & Grinyer, 1980; Al-Bazzaz, Grinyer, & Yasai-Ardekani, 1986). It suggests possibilities for the way these projects may turn out.

1.1 Contribution

A series of government planning and budgeting projects led to the development of corporate planning and program budgeting projects involving central government agencies in Tonga mainly the Ministry of Finance and National Planning (MFNP) and supranational bodies such as the Asian Development Bank (ADB) and World Bank (WB) which fund these projects. It involved the recruitment of external and several local consultants by donor providers who work alongside staff of the MFNP in the implementation of corporate planning and budgeting processes.

The research is to find out what has emerged under the projects, and how the practice of corporate planning and programme budgeting in government MDAs in Tonga are turning out. The purposes of doing this fall into two categories. First, as well as being a researcher, I am also a citizen of Tonga and a civil servant in the Government of Tonga. In those roles, I have an interest in the structures, processes and other aspects of the managerial and accounting technologies to which I, and others like me, have undoubtedly been exposed by these projects, and the effects of the use of these technologies. Second, as a researcher, my aim is to contribute to knowledge and to make inquiries and report and interpret my findings.

Thus, the specific area of the literature to which my study contributes comprises a collection of studies about the introduction and/or development of accounting in sovereign states like Tonga for:

a. being islands, usually small and possibly scattered
b. being located in the Pacific
c. being informed by tradition, and having kinship as the root of societal relations
d. being former colonies or protectorate of one or other of Europe’s so-called Great Powers (or of their Dominions)
e. being in receipt of so much advice, guidance, aid-in-kind and similar from foreign governments and supranational organisations as to be experiencing neo-imperialism
f. having significant proportions of their populations involved in either circular labour migrations, or permanently in diaspora, in metropolitan areas and in other countries.

A notable study among these and involving Tonga is Prescott and Hooper (2009), although it concerns Tongans in scattered communities in Auckland, New Zealand than in Tonga. They argue that much can be gained from carrying out studies such as theirs about Pacific Peoples and the
protocols and traditions they continue to embrace. Other similar research on the accounting practiced in several jurisdictions by colonial interests of commercial, religious and governmental kinds, including Fiji (Brown, 2009; Chand, 2005; Davie, 2000; Rika, Tuiseke, Tuiloa & Finau-Tavite, 2008; Sharma & Lawrence, 2009), Kiribati (Dixon, 2004; Dixon & Gaffikin, 2014), Palau (Nero, 2009); Samoa (Masoe & Prescott, 2011), Solomon Islands (Hauriasi & Davey, 2009), Tonga (Taufu’i, 1996) and Vanuatu (Brown, 2011), and among indigenous peoples in countries of colonial settlement (e.g., Aboriginal peoples in Australia and Māori peoples in New Zealand) (Chew & Greer, 1997; McNicholas, 2009).

This research identified several issues that are addressed in this study about Tonga. Some of these issues relate to the thinking that underpins accounting from western industrialised countries having somewhat individualistic cultures, and which is of consequence when this accounting is carried into Pacific nations with traditional means of production, distribution and exchange based on collectivist culture types. Another set of issues relate to suggestions of a continuing colonial influence being effected by western interests on Pacific nations through accounting practices, accounting systems, accounting projects and accounting education, training and qualification.

A significant line of western thinking among those just referred to is associated with the term *efficiency and effectiveness*, particularly when applied to the operations of governments; delivery of public services and the control of public expenditures (e.g., see Hauriasi & Davey, 2009). Indeed, efficiency and effectiveness seems to be a prevalent theme in the public sector organisations of various countries (Hopwood, 1984), and gains popularity in writings about their member countries published under the supports of the International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), WB and ADB. These include recent publications in support of changing governmental planning and budgeting from input-focused to output-focused, seemingly to increase the cohesiveness of operations, performance and resulting benefits and to reduce complexity (Shah & Shen, 2007; ADB, 2013a).

### 1.2 Research Question

Initial inquiries into the corporate planning and programme budgeting processes recognize the regular advice, guidance, assistance, aid-in-kind etc. which the Government of Tonga regularly receive from various supranational, foreign government aid, non-governmental and management consultant organisations and were the case with these processes. However, I could find little information available to their Tongan users on their origin, or about how and why they were introduced and applied. Thus, the study is opportune for providing information from the academic and other literature whence corporate planning and programme budgeting originated, literature that
is difficult for local practitioners to access; and using data gathered from inside government departments in Tonga on what corporate planning and budgeting mean in their practice by the Government of Tonga. Furthermore, their fit with the Government of Tonga is in question as these introduced concepts or processes that seemed to be designed to ‘integrate on paper may not necessarily mean their use by its users would follow suit’ (SrP9). I decided to find out more about the origins of these labels corporate planning and budgeting and to shed light on issues identified.

Corporate planning and programme budgeting in the Government of Tonga date from the 1980’s. Government budgeting agencies in Tonga are mandated to use corporate planning as part of their budgeting process. It seems that corporate planning and budgeting are practised with very little knowledge and understanding of what they are, and how and why they are used. For instance, from first-hand accounts of the author, corporate planning seems to be a process of producing a corporate plan only for the sake of requesting a budget. The corporate plan afterwards seems to be used as a checklist of completed activities and justification of incomplete ones. In other instances, versions of a corporate plan are either printed and shelved or are printed in numerous versions and are instantly archived. From time to time emphasis from a Chief Executive Officer (CEO) is heard, ‘make this corporate plan a living document!’ but rarely, if at all, has this emphasis been the case. Thus, considering this phenomenon, this research seeks to provide evidence to describe how, in practice, corporate planning and budgeting in Government Ministries, Departments and Agencies (MDAs) in Tonga are linked and why.

This study documents how they are applied in Tonga and why they may be practiced in those ways. It aims to provide this information to contribute towards understanding of the “how” and “why” behind these practices by reviewing relevant literature and presenting collected views of participants in the corporate planning and budgeting process in a central government agency in Tonga, the OPSC, during the 2015/2016 FY. The research provides views from the inside that may assist in their contextualisation in the Government of Tonga by addressing the following research question (RQ):

**RQ:** How are corporate planning and budgeting linked in their practice by government agencies in Tonga and why?

### 1.3 Motivation

I am a Tongan, a person of Tonga, a group of islands in the South Pacific. My islands form a sovereign state, governed by the Government of Tonga. I work for the Government of Tonga and
like other persons with similar jobs in other departments I became involved in the processes widely referred to as corporate planning and programme budgeting.

I am also from an island country with a culture that is essentially oral in nature. The processes with which corporate planning and budgeting are practiced are not purposely recorded and documented, neither are the experiences of those that are involved in their practice. Generally, there is simply insufficient documentation of the experiences and views pertaining to the application of topics, and accounting is included that if one were to study for instance how a management accounting tool had been practised, there would be very little gained from documentation alone.

The lack of locally archived data on a topic is problematic in the following ways. It does not track progress or otherwise in the practice or experiences of users to allow meaningful comparison with regional or international countries which may enable for instance, decisions on the appropriateness of introducing or continuing foreign concepts, processes, and ideas in Tonga. The availability of such data is vital for the development of Tonga. Documented practices would suggest why one method might have been adopted to address the urgency of “what works now?” and what lessons were learnt. It would also facilitate a careful consideration of ways forward so that there is assurance in introducing what may have beneficial effects for the country in the long-run.

1.4 Structure of thesis

The remaining chapters of the thesis are structured as follows:

Chapter 2 provides introductory information on the Kingdom of Tonga, its government and structure. This information is to shed light on historical developments in Chapter 4.4. Chapter 3 details the research methodology used for analysing evidence and methods employed for data gathering. Chapter 4 comprise a review of relevant literature on Western ideologies on planning and budgeting. It also outlines potential Pacific themes which may relate to the adoption of corporate planning and budgeting in Tonga. Finally the chapter exhibits some of the events pertaining to the development of Tongan ideologies on planning and budgeting. Chapters 5 and 6 present findings from a synthesis of data from literature review, talanoa, participant observation and document analysis. In Chapter 7, discussions on the current literature and implications of the research both theoretically and practically are presented. Conclusions were drawn and are presented in Chapter 8 as contributions of the research. It also identifies areas for future research.
Chapter 2 The Kingdom of Tonga

Chapter 1 introduced a background of the research, its contributions, research question and motivations. This chapter relates general matters about Tonga geographically, culturally, socially, economically, and politically. Not only is this background relevant to the thesis but it is also thought appropriate because Tonga is not somewhere that most potential readers are likely to know much about. The discussions made in this Chapter will also be used to shed light the historical developments of planning and budgeting ideas in Tonga in Chapter 4.4.

2.1 Geography of Tonga

The Kingdom of Tonga, or simply Tonga, is a Polynesian archipelago in the South Pacific Ocean (Lat. 21°08’S 1Long. 75°12’W). It consists of 171 islands of which only 40 are inhabited (Tonga Department of Statistics, n.d.). The islands form three main groups, including Tongatapu (which comprises the main island of Tongatapu and the islands of ‘Eua, Niua Toputapu and Niua Fo’ou), Vava’u and Ha’apai (Taulahi, 1979). Its nearest island neighbours are the Fiji Islands, which are to the east, and Samoa, which is to the south. The capital of Tonga is Nuku’alofa, which is located on the island of Tongatapu.

2.2 Tonga Culturally

Often discussions of the Tongan culture are made in terms of observations of how things are practised at a point in time with less reference to the origin of these practices. Writers of the history of Tonga have attempted to trace back customs and values that characterise the practices and experiences of the indigenous Tongans to former days (e.g. Rutherford, 1977; Thomson, 1894). Practices of the Tongan customs were largely orally passed from one generation to the next some as fananga (myths) probably to captivate the next generation’s interest while intricately weaving in the core practices and experiences it may have primarily purported to capture. They have been proved successful in keeping several practices alive e.g. how to: cook certain delicacies; make a ngatu (tapa-cloth) from the bark of mulberry trees; or when to plant and harvest yams.

A profound hierarchical structure stratifies the Tongan society into three groups: first (and the highest), the King; second, the Nobles and chiefs; and third the commoners. This structure shapes the Tongan language, distinguishing the classes through the usage of words for each class (e.g. the general use of the word ‘go’ for commoners in the Tongan language is ‘alu. For the noble class it is me’a and to kings and queens ha’ele is used).
This hierarchy also forms the backbone of the Tongan culture that is rich in its values and strict with protocols. The royal household plays a major role in preserving the customs and legacy of Tonga thereby contributing to the social attributes and values of the Tongan people. An example was Queen Salote Tupou III, the third monarch in the current King lineage, who was referred to as a “stickler for etiquette”. She established a Traditions Committee and declared in Parliament in 1952 that ‘The customs of a people are its heritage’ (Rutherford, 1977, p. 194).

On occasions where the King and Noble groups are present, the portrayal of traditional values and protocols are observed (e.g. the officiation of a traditional taumafa kava\textsuperscript{2} ring ceremony in the installation of a new monarch). The seating arrangements are made according to ranks and the highest rank (in the case of the taumafa kava, the King) heads the ceremonial ring. However, there are also matapule (talking chiefs who speak on behalf of Kings and Nobles) that are seated close to their respective nobles which often confuses ranking for foreigners, even for novice indigenous observers. Specific pathways are indicated for those that perform duties inside the ring. The seating arrangement also portrays responsibilities of those involved. Helu (1993) suggests that taumafa kava is an example of a social structure and communicative pattern that linking different parts of the Tongan society which does not show signs of immediate change.

In the Tongan culture, the highest authority is often confused with an honoured rank. For example, the eldest sister of a King is an honoured rank to the King, but is not to be confused with the King having the highest authority.

An individual family member’s roles and responsibilities are not restricted to the nuclear family but encompass the relations with the nofo ‘a kainga (extended family). In the Tongan language responsibilities are the equivalent of fatongia and are determined by a person’s multiple roles in the nofo ‘a kainga. To know one’s fatongia (responsibilities), is to know one’s tu'u'anga (role). A Tongan’s knowledge of these two prescribes our fakangatangata (boundaries) which if exceeded do not easily escape the scolds and corrections of the elders (e.g. the Tongan funerals has protocols for receiving of gifts that are strictly followed).

Tonga embodies a culture of giving, sharing and feasting. Feasts and food in big quantities are a major part of Tongan customs where variety and more are highly regarded rather than less and quality of food. Prescott and Hooper (2009) identify that “giving in the Tongan context is related to social status” (p. 292) where for instance, prestige gifting is persistent in the Tongan society. While

\textsuperscript{2}Helu (1993) noted that kava is the national, cultural drink of Tonga as it is also of Fiji and Samoa made from the root of a plant of the pepper family (Piper methysticum) which is pulverised and mixed with water to make the beverage. Taumafa is the usage of the verb to drink or to eat to a King or Queen. Taumafa kava ceremony is the consumption of kava where the monarch presides.
true in some instances such as announcing church donations, for others it is an external pressure which cannot simply be avoided because of societal norms. For example, community *kavenga* (obligations) require that each household provide commodities and if they do not they are despised (Taufu’I, 1996).

### 2.3 Social Attributes

The 2011 population census of Tonga recorded a total population of only 103,252 (Tonga Department of Statistics, n.d.). Christianity is the dominant religion of more than 90% of the population. The Tongan people are well-known for their friendliness for which European explorers initially dubbed them the Friendly Islands.

Prescott and Hooper (2009) described Tonga’s social structures as follows:

> The complex social structure in Tonga reflects a society based on a collective, rather than individualistic, mentality that is harmonised through embedded relationships, which exist at multiple levels. Order and economic sustainability are maintained through an abundance of traditional protocols and values that are socially enforced through the recognition that each individual cannot exist outside the context of his or her family, community and society. (Prescott and Hooper, 2009, p. 290)

Although some non-Tongan historians have used words such as ‘strongly aristocratic country’ to describe Tonga, there are non-Tongan historians that claim such views as arrogant due to ignorance of other vital strands of the Tongan culture (Kolo, 1990). Often, these critiques in turn identify some other vital strands which lack indigenous meaning and seemingly undermine vital aspects of the Tongan culture. For instance, Kolo (1990) views *faka’apa’apa* (respect) as a value in terms of a cultural obligation and interprets it as a ‘cover up for authoritarian control’ (p. 2). Also, for children to show respect, he interprets *kau’italanoa* as children being discouraged from joining in adults’ conversation. These interpretations imply an outside view of autocracy, probably from a single event which has been projected as a generalisation of the Tongan culture but that undermines its values. This portrays a difficulty of interpreting Tongan customs from an outside view.

One wonders if such projections hold true when cultural values of *faka’apa’apa*, *’ofa fonua* (love of the land), *mamahi’i me’a* (loyalty; treasuring what is dear to oneself) and *lototo* (humility) were yet displayed by a monarch, Queen Salote, the third monarch of Tonga in the current lineage of Kings in Tonga.

She had come to England reluctantly, not wishing to cause expense to her people, but feeling that she owed this to a country whose protection had
been given to her own independent Kingdom for fifty years. (Rutherford, 1977, p. 190)

On the other hand, it seems that the genuineness in the expression of the value of _lototo_ in an international setting only points to the sharing of discomfort for reigning monarchs in their being shown humility by their people. While they are not privileged to participate in the manifestation of humility, they must take their place as the recipients of humility. Perhaps the actions of Queen Salote (a Tongan monarch) at the coronation of Queen Elizabeth the II of England may shed light on the misinformed outside views of prevailing authoritarian control over the established and enduring genuine Tongan values.

… The Queen [Queen Salote] would not allow the hood of the carriage to be raised against a continuous downpour… Asked by Queen Elizabeth why she had ridden unprotected, Queen Salote replied that though she was in London she still felt and thought as a Tongan. According to Tongan custom one could not cover oneself in the presence of a higher chief – the Queen of England in this case – no matter how cold or wet one might be. As well as showing respect to Queen Elizabeth she believed she should share (as she would have shared in a comparable situation with her own people) the discomforts of the crowds who had patiently waited in pouring rain for the procession, some of them throughout the previous night. (Rutherford, 1977, p. 191)

### 2.4 The Tongan Economy

Tonga is classed as a ‘less developed country’ by international bodies such as the IMF.

The Tonga 2011 census shows three main sources of income for Tongan households. First, there is reliance on income from wages and salaries of which the Government is the main employer and provider. Another source of income is from sales of local products. These local products are from farming, fishing and handicrafts. The third main source of income is from remittances from relatives abroad although it has declined over the years. Apart from remittances injected into the Tongan economy, Tonga also relies on another external source of income. This is donor funds from international organizations and overseas countries in the form of technical assistances, grants, and loans. (Tonga Department of Statistics, 2011)

Tonga faces challenges typical of many small island economies, including geographic isolation, limited human and financial resources, a small domestic market, and high costs of doing business and delivering services (ADB, 2016). Tonga’s economy depends on inflows of remittances and external assistance to supplement domestic revenue (ADB, 2015, 2016). In addition, it heavily
relies on international trade for its people’s livelihood (IMF, 2016, p. 3). It has also been characterised as highly dependent on subsistence agriculture (ADB, 2015).

In addition to sustenance of Tongan households from local sales of products from farming, fishing and handicrafts, there are also commercial products that are exported overseas. Agriculture is Tonga’s main source of export (ADB, 2015). Despite export efforts, Tonga still records a Balance of Trade Deficit with its trading partners including New Zealand, Australia, the United States of America, and Japan (Tonga Department of Statistics, n.d.).

A governor of Tonga to the WB group and IMF reported in its 2015 Annual Meeting that the Tongan economy has experienced economic growth in the consecutive 2013/14 and 2014/15 FYs of 2.0% and 2.4% respectively. A 3.5% growth was projected for the 2015/16FY (IMF, 2015).

2.5 Political Structure of Tonga and its Current Government

The Kingdom of Tonga is the only monarchy in the South Pacific with an indigenous monarch; other monarchies nearby have retained the monarch of Great Britain as theirs (e.g., Tuvalu, New Zealand, Australia). It is headed by Tupou VI a direct descendant of Tupou I who founded Tonga’s Constitution of 1875.

Since the constitution of 1875, the Government of Tonga has gone through political reforms with one recent and major reform which took place in 2010. This reform was a result of pro-democracy movements which intended to make Tonga less autocratic by incorporating democracy into Tonga’s political system. It resulted in amendments made to the Constitution of Tonga. The form of government in Tonga since the 2010 reform is a constitutional monarchy (clause 31 of the Act of Constitution of Tonga 1988, as amended by the Act of Constitution of Tonga (Amendment) (No.2) Act 2010)). Before then, it had an absolute monarchy, dating from the constitution of 1875 (see Lātūkefu, 1974, Appendix D, clause 34, p. 260). Furthermore, in Clause 31 “Government” amendments to the composition of government saw the replacement of ‘King and Privy Council and Cabinet (Ministry)’ with ‘Cabinet’ while two bodies remain unchanged (i.e. the Legislative Assembly (LA) and Judiciary). These include a change in the form of government from a ‘constitutional government’ under His Majesty the King and his predecessors to a ‘constitutional monarchy’ under His Majesty the King and his predecessors.

In retrospect, government irregularities had made their mark on the history of the Kingdom of Tonga since the establishment of the formal government in 1875 (Lātūkefu, 1974; Rutherford, 1971, 1977; Thomson, 1894). In several cases, the details of these irregularities seemed to show either a confusion over or a disregard of the concept of accounting entity, which was implicitly
stated in reporting requirements of a Treasurer (the present-day Minister of Finance) and other ministerial positions in the Constitution of 1875 (see Lātūkefu, 1974, Appendix D). These irregularities were rooted in envy of the materialistic European life (Lātūkefu, 1974). A more recent example for such movements includes the accused misappropriation of government funds by those holding high government positions. James (1994) writes that:

Since 1986, several government ministers of the kingdom of Tonga in the southwest Pacific have been increasingly subjected to criticism and threats of legal action for alleged irregularities, particularly in regard to their disbursement of public finances. At first, the criticisms came from a minority of the nine people's representatives in parliament. Now, the moves for reform come from a majority of the people's representatives, all of whom are commoners. (p. 242)

Such irregularities may have been part of the motivation behind pro-democracy movements resulting in major amendments to the Constitution of Tonga in 2010. These movements aspire to take executive power of governing the country from the King in His Privy Council to the Cabinet of Tonga and for the monarch instead to only reign. Furthermore, the members of Cabinet (the government of the day) were required to be accountable to the public for the delivery of public services.

Probably the amendment of the word ‘govern’ in Clause 41 “King's powers – Signature to Acts” of the Constitution of Tonga³, replacing with ‘reign’ is the highest extent to which the political reform aimed to achieve. That is, “He [The King] reigns the country but ministers are responsible.” Remaining is the power of the ruling monarch to enact all Acts that have been passed by the LA. The amendment to Clause 41 resembles Clause 44 of Constitution of 1875⁴ except where ‘govern’ has been replaced with ‘reign’.

Despite the political reforms which have been made, it seems the democratic movements have only achieved less than was expected by pro-democracy leaders who initiated these movements. Powles (2012) provides an overview of the Kingdom’s new political and constitutional regime:

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³ Clause 41 “King's powers – Signature to Acts” of the Constitution of Tonga (as amended) stipulates that “The King is the Sovereign of all the Chiefs and all the people. The person of the King is sacred. He reigns the country but ministers are responsible. All Acts that have passed the Legislative Assembly must bear the King's signature before they become law.”

⁴ Clause 44 of the Constitution of 1875 stated that “The person of the King is sacred. He governs the land, but his Ministers are responsible. All laws that have passed the Legislative Assembly must have His Majesty’s signature before they become law.” (see Lātūkefu, 1974, Appendix D, p. 263)
Within government, the Monarch remains very influential despite the steps taken by the late King Tupou V to cede most, but not all, of the Monarch's executive powers to the Cabinet of Ministers…Issues may arise concerning the Monarch's appointment of advisers and his relationship with certain sectors of the governmental system. (p. 1)

The observation made by Powles (2012) points to what seems to be unwavering aspirations of the ruling monarch to oversee and govern Tonga’s affairs. There may be experience behind this enduring aspiration. It seems to involve a lack of confidence on the pro-democracy leaders should they be in the executive in Tonga and its implications for the country.

2.5.1 Government of Tonga

The Government of Tonga is divided into three main bodies which are 1. the Cabinet, 2. the LA and 3. the Judiciary (Clauses 30 & 31, Act of Constitution of Tonga 1988 (as amended by Act of Constitution of Tonga (Amendment) (No.2) Act 2010). The executive branch of government is Cabinet. It comprises the Prime Minister (PM) and his Ministers. The PM is appointed by His Majesty the King, on the recommendation of the LA. The Deputy Prime Minister and Ministers are appointed by the King on the recommendation of the PM (Prime Minister’s Office Government of the Kingdom of Tonga, n.d.). The PM is responsible for ensuring that the laws passed by the LA are executed effectively and for setting policies that are beneficial to the country and its people and in accordance with the Constitution. He is authorized to appoint up to 12 Ministers (most of whom must be elected members of the LA) to form the executive government (Parliament of Tonga, n.d.). The PM and all the Ministers are referred to collectively as Cabinet. Under the Constitution, the executive authority of the Kingdom is vested in the Cabinet (Parliament of Tonga, n.d.).

The LA comprises 17 representatives of the people elected by the people and 9 representatives of the nobles elected by the nobles (Parliament of Tonga, n.d.). Furthermore, the main responsibilities of the LA are to make laws (including the annual budget laws) and to nominate a Prime Minister candidate from its members after which a general election is made of a Prime Minister to head the executive.

Each individual Minister is given a specific number of Ministries to oversee and is required to submit an annual report to the LA. This allows the LA to scrutinize and determine whether the Executive is effectively carrying out its duties.

2.6 Chapter Summary

This chapter presented introductory information about the Kingdom of Tonga. It highlights that the political and economic attributes of Tonga are strongly rooted in its cultural and social
attributes. It also provided a current structure of the Government of Tonga which exhibits the authoritative bodies and their responsibilities in the Government of Tonga.
Chapter 3 Research Design

In the previous chapter, introductory information was presented about the island Kingdom of Tonga. The research methodology and methods used for this study are detailed in this chapter. The chapter is organized as follows. First, the research question is provided; second it outlines the research framework followed by the methodology; then, the research methods are each presented, how they were chosen and used to gather data and how those data were managed and analysed; then it presents how data gathered in general were evaluated followed by the limitations of the research. The chapter ends with a summary.

3.1 Research Question

In chapter 1, it was stated that the study is to provide information from literature on corporate planning and budgeting; and use data gathered from inside government departments in Tonga on what the labels “corporate planning” and “budgeting” signify in their practice by the Government of Tonga. Little is known about the practice and experiences of those involved in the use of corporate planning and budgeting by central government in Tonga. Thus, this research aims to provide this information to contribute to understanding of the “how” and “why” behind these practices.

The study proposed that in the Government of Tonga, the central agency that carries out government corporate planning and budgeting (i.e. MFNP) places heavy emphasis on cascading national planning (at the national level) to corporate planning (at the MDAs level) through to budgeting (funding of the activities in a corporate plan (CP)). The research also suggested that the need to link government corporate planning and budgeting may have arisen because of the democratic changes that the country has recently undergone in 2010 which advocated and pursued accountability and transparency. Thus, it is important for those involved in the corporate planning and budgeting processes to understand how the processes may link in practice. As this study examined the link between the corporate planning and budgeting processes both theoretically and practically, it also considered the seeming lack of consideration of the milieu in which the Government of Tonga practices corporate planning and budgeting. The research aims to describe the ways in which corporate planning and budgeting link as practiced by government budgeting agencies in Tonga considering the context of Tonga and of the MDA under study, thus answering the research question:

RQ: How are corporate planning and budgeting linked in their practice by government agencies in Tonga and why?
3.2 Research Framework

Choosing a research framework is the first step in designing the research (McKerchar, 2010). Grix (2004) suggests that a research framework refers to the theoretical underpinning or inquiry paradigm which a researcher adopts when designing the research. Furthermore, it presents the big picture of the philosophical concept which signals the underlying assumptions that orientate the research and the way in which it is organized.

McKerchar (2010) advocates that prior to considering a research framework, focus needs to be made on the research problem as different research frameworks may be more suited to different problems. This contrasts with deciding the research framework in advance.

The research problem or the phenomenon as outlined in 3.1 is the search to understand the “how” and subsequently the “why” behind the linkages in the use of corporate planning and budgeting in government MDAs of the Government of Tonga. Thus, following due consideration of the phenomenon, an interpretivist (i.e. a non-positivist) stance (McKerchar, 2010) is adopted. Morgan and Smircich (1980) also suggest that the interpretivist stance begins as one departs from the objective to the subjective part on an objective-subjective continuum.

The interpretivist’s ontology assumes that there is no single reality. Reality is viewed as a social construction. People as social actors are involved in the construct of reality (Morgan & Smircich, 1980; Chua, 1986). Furthermore, McKerchar (2010) opines that people’s experiences in their social constructions are real to them and that these social constructions include the perceptions of the researcher in the research.

The epistemological assumption is that “knowledge created is subjective and probably true for their given context” (McKerchar, 2010, p. 75). In seeking to understand how reality is created, the epistemology is through subjective interpretations and agreement with social actors’ interpretations (Morgan et al, 1980; Chua, 1986).

In view of the nature of the phenomenon under study, the researcher identifies with the ontology\(^5\) and epistemology\(^6\) of the interpretivist approach for several reasons. First, the concepts, ideas and processes involved under the practice of corporate planning and budgeting are a result of people’s social constructs. Second, people’s experiences from their involvement in practice are real to them and needs to be authentically articulated. Third, as the researcher, I am not detached from

\(^5\) Ontology refers to how one views the world (McKerchar, 2010, p.68).
\(^6\) Epistemology refers to how one believes knowledge is created (McKerchar, 2010, p.68).
the research (McKerchar, 2010) and am therefore included in those social constructs. For instance, the researcher’s experiences, cultural background and education all contribute to the views employed while undertaking and reporting this study. Taufu’i (1996) stated from personal experience, his being a Tongan had helped him understand and approach his study effectively and with meaning. As this study is conducted in the Tongan setting, it seems vital to have it undertaken by a Tongan researcher. Prior knowledge, experience, education and culture of the researcher contribute to understanding at least an appropriate theoretical framework from which to effectively conduct the research.

Accordingly, a variant of the interpretivist stance namely, a constructionist approach is used in this research. This approach allows the description of the collective generation and communication of meaning that people create in social exchange. Second, it emphasises the influence of culture on one’s view of the world.

3.3 Research Methodology

The research methodology is the “middle ground” which links the theoretical framework to the discussion of the research methods (McKerchar, 2010). It is influenced by the research framework and in turn they together should influence the methods chosen to conduct the research (McKerchar, 2010). Similarly, Morgan and Smircich (1980) suggest that the appropriateness of the qualitative approach (as opposed to its being viewed as a set of techniques) depends on the nature of the phenomenon under study.

In adopting the interpretivist stance in view of the phenomenon under study, a qualitative approach was considered appropriate and was adopted for this research for several reasons. First, it focusses on building theories or identifying patterns from the research. Furthermore, it allows the making of both meaningful and analytic generalisations that may be limited to the context of the population studied. Simply, this approach is concerned with the building of theories by using inductive reasoning.

Although this study takes an interpretivist approach from Western ideologies, the views are rooted and taken from the indigenous epistemological and ontological stance of the researcher developing its way into the “wider” paradigms of the interpretivist approach found in sociology literature. Adopting this approach seeks to compare the findings on the practice of corporate planning and programme budgeting from an indigenous perspective with the views portrayed in Western literature.
Furthermore, in seeking to understand the various ways in which corporate planning and budgeting are applied in the Government of Tonga and in exploring the various reasons for those practices and examining linkages, the study is to identify theories from the research findings rather than seeking to refute or contribute to a predetermined theory.

3.4 Research Methods

The methods are the means by which data is collected (McKerchar, 2010).

Bowen (2009, p. 28) opines that the qualitative researcher is expected to draw upon multiple sources of evidence to seek convergence and corroboration using different sources and methods. Denzin (1970) and Yin (1994) suggest that apart from documents, such sources include interviews, and participant or non-participant observation as a means of triangulation in the study of the phenomenon.

Since this research is conducted in Tonga, an indigenous method known as talanoa was used as the primary method, supplemented by using literature review, participant observation and document analysis. How these were completed sequentially is shown in a timeline in Figure 1. Below I briefly describe what I did in each component shown on the timeline and what they achieved or how they are incorporated in this thesis.
3.4.1 Literature Review

The review of extant literature in Chapter 4 was conducted intermittently but continually throughout the research.

Why was literature used?

The Tongan culture is oral in nature. There is lack of evidence in the form of documents recording practices and experiences of those participating in the practice of a given subject matter: for example, on the practice of accountings (Taufu’i, 1996; Prescott, 2008). Thus, the literature review was used to supplement data from talanoa, contextualize identified issues and triangulate data gathered using the other methods.

How was it used?

This research argues that the context (e.g. culture, values, existing laws and systems etc.) is an important factor to consider especially when introducing external concepts, ideas and processes into a country. There have not been any academic studies discussing the application of the corporate planning and budgeting processes in the Government of Tonga. This motivated the researcher to
review academic research from Western and Pacific literature and other literature on the history of Tonga to identify how and why various accountings might have been adopted and practiced and consider their relevance to this study.

Thus, the literature review helped in three ways. An initial desk search was conducted on themes that were common throughout scattered islands located in the South Pacific on the introduction of accountings. It identified that colonialism is the major factor in the introduction accounting into these islands and the extent to which changes were made in these countries either resulted in clashes with the culture to which accountings were introduced or a careful contextualization of those accountings to minimize the impacts they made on the host country’s culture. A common feature of these small islands apart from being categorized as third world countries is that they have distinct strongly embedded cultures. The strong sense of culture especially with a focus on community rendered any new concept introduced as intruding and demands consideration of intricate decisions by the authority holders that were involved. These insights helped the author to prepare issues for discussion in the *talanoa* sessions and increased appreciation of the views the participants employed.

Second, the review also amplified the researcher’s appreciation of historical events that led to the establishment and development of the Government in Tonga and the ideas that emerged from those events. The author also appreciated that accounting in the context of Tonga is under-researched and drew on prior work experiences for subject matter that might have been useful in the development of Tonga. This led to the focus on the accounting and managerial practices termed corporate planning and programme budgeting.

Third, a review of the extant “Western” literature specifically on the corporate planning and programme budgeting processes led to the identification of theories that were observed in the practice in Tonga’s central government, for instance, the theories on the adoption of corporate planning and programme budgeting by the Government of Tonga. Interestingly, the literature documents processes that were quite extensive and were not the case in their applications but were piloted in the small less developed island nations. Nonetheless the issues that were highlighted in empirical studies in the literature assisted in developing theoretical explanations that may underpin practices which these practices either substantiated or refuted.

The literature review is incorporated into the thesis in three sections. First, the review of Western ideologies regarding planning, corporate planning and budgeting are presented. Second, the contextual review of issues that small Pacific island countries are facing with adoption of accountings of Western origin is synthesised. Third, the contextual review of Tongan ideologies is
presented. The presentation of the reviewed literature aims to funnel the Western ideologies on corporate planning and budgeting to the issues in the Pacific and specifically into Tonga.

Apart from identifying issues that may have been relevant to this study, the review of the literature also assisted in the identification of research design for this study. This covers the theoretical underpinnings, methodology and methods that are adopted in this research.

3.4.2 Talanoa

What is talanoa?

Talanoa in the Pacific

Talanoa is one of the Pacific research methodologies that have been developed by several researchers (e.g. Farrelly & Nabobo-Baba, 2014; Halapua, 2000; Manu’atu, 2003; Otunuku, 2011; Robinson & Robinson, 2005; Vaioleti, 2003a, 2003b, 2006, 2013) in recent years. Its usage as a research method in several publications is increasing across several subjects including education (e.g. Vaioleti, 2003a; Otsuka, 2006; Otunuku, 2011), theology (e.g. Havea, 2010) and politics (e.g. Robie, 2013). A talanoa process was used by Halapua (2000, 2003) in the political arena to address challenges faced by the nation of Fiji. Talanoa has also been used as a method for business research in studies conducted by Prescott (2008) and Prescott and Hooper (2009).

Prescott (2008) writes that talanoa as a concept is a means of communication that is shared across the island nations of the Pacific, including, for instance, Fiji, Samoa, the Solomon Islands, Niue, Hawaii, the Cook Islands and Tonga, and argues that it would be wrong for any one Pacific island nation to claim talanoa as uniquely their own. It has been used in a variety of contexts among Pacific island nations which seem to uniquely vary (Vaioleti, 2006, 2013; Prescott, 2008). For instance, Vaioleti (2006) from his understanding of the application of talanoa by local people in Samoa suggests “that it is the ancient practice of multi-level and multi-layered critical discussions and free conversations” (p. 24). Additionally, it includes the way community, business and agency leaders receive information from the community for decision making about civil, church and national matters. He also describes that in Fiji, talanoa is a method proposed to distribute information by local government departments, village representatives and other local agencies and is recommended for gathering information from government agencies, villages, and leaders to formulate national policy proposals (Vaioleti, 2006).

A common characteristic of talanoa among the island nations of the Pacific is that of being a means of communication aimed at reaching understanding and establishing and building positive
relationships (Prescott, 2008). Furthermore, it is a voluntary process that involves willing participants (Robinson et al, 2005).

**Talanoa in Tongan context**

Since this research is conducted in the context of Tonga, definitions of the word *talanoa* in the Tongan language are provided. *Talanoa* is an intransitive verb which means “to talk (in an informal way), to tell stories or relate experiences, etc.” (Churchward, 1959, p. 447). Furthermore, it is also occasionally used as a transitive verb meaning “to talk about or to say” (Churchward, 1959, p. 447). It is a combination of the two Tongan words *tala* and *noa*. *Tala*, a transitive verb, is defined by Churchward (1959) as “to tell, relate…” (p. 446). *Noa* on the other hand, is an adjective meaning “any kind” (Churchward, 1959, p. 379) or “of no particular kind” (Churchward, 1959, p. 379). Halapua (2000) also suggests that *noa* means “zero or without concealment” (p. 1).

Several researchers draw literal definitions of *talanoa* based on those provided by Churchward (1979) and on their own knowledge of the word. These definitions include engaging in dialogue with or telling stories to each other absent of concealment of the feelings and experiences that resonate in one’s heart and mind (Halapua, 2000; Manu’atu, 2003); a talk about nothing and interacting without a rigid framework (Vaioleti, 2006); or “communication (not necessarily oral) about anything between or among any number of persons” (Prescott, 2008, p. 131). *Talanoa* both a verb and a noun can also mean “to talk, talking, the talk, conversing, a conversation, to say, to dialogue, a dialogue, a story, and to relate experiences” (Manu’atu, 2003, para. 20). These definitions provide important characteristics of *talanoa* for research purposes.

**Talanoa versus interview**

*Talanoa* may be like an unstructured interview. Farrelly & Nabobo-Baba (2014) suggests that ‘informal open-ended interviews’ are similar to *talanoa* but tend to ignore the empathetic understanding required in such exchanges. These empathetic understandings include the establishment of trust between or among participants so that information is openly shared.

Prescott (2008) differentiates between the two in terms of their purpose. He suggests that interviews are for seeking knowledge from participants regardless of the structure of the interview or its setting. Furthermore, the inquirer is expected to gain benefits after the interview is conducted. On the other hand, the *talanoa* is intended for the participants (the researcher included) to openly discuss their views and perceptions to gain a common understanding on a subject (Prescott, 2008). Additionally, both the researcher and the participants contribute to the discussion and therefore
mutually benefit from the understanding gained from the experience. Thus, the researcher engages in making sense of practices and identifies with the participants so that reciprocity takes place.

Halapua (2003) also distinguishes between interview and *talanoa*. He writes that the *talanoa* process of exchanging information through dialogue with each other “can and ought to be oriented towards building understanding and respect of competing claims of rights and obligations” (Halapua, 2003, p. 5) valued and shared from one’s personal life. Additionally, he suggests that it “goes beyond the linear transfer of knowledge generally associated with an interview” (Prescott, 2008, p. 132) as it allows participants to share their narrative worldviews with frankness. Thus, Prescott (2008) suggests that a *talanoa* should not simply be mistaken as a style of interview.

The manner of the *talanoa* is not restricted to the intention or the purpose of the conversation, as may be the case of an interview. Both the researcher and the participants in the *talanoa* session contribute to the conversation and seek to establish a common understanding on any subjects and therefore all benefit from the conversation. The researcher is not expected to take a neutral or distant position to pre-set a condition for the conversation to proceed smoothly. This allows confidence throughout the conversation by overcoming the limitation of both the researcher and the participants attempting to use deception in that all seek to establish a common understanding on subjects being discussed. This contrasts with an interview whose purpose is for the researcher to gain knowledge from the interviewee(s).

**Why was *talanoa* used?**

*Talanoa* is used as the primary method of data collection for this research. As an indigenous method, it was used to collect primary data regarding practices which are often not documented. Prescott (2008) notes that the written records capturing the experiences and practices of Tongan businesses in New Zealand are often not recorded or documented but are rather passed on orally through stories. Similar problems were encountered by researchers and writers of the history of Tonga (e.g. Taufu’i, 1996; Rutherford, 1977). Regardless of any subject under study or country in which Tongans reside, oral exchange of experiences rather than documentation is a common problem researchers must face. Prior inquiries to the research identified that the experiences of employees involved in corporate planning and budgeting in Tongan government agencies, also lacked documentation. Thus, *talanoa* allowed capturing some of these experiences.

Drawing from ideas of Bowen (2009) “it was vital that the voices and views of ordinary people be heard” (p. 34). Additionally, “existing documents would be a reservoir or conduit for those voices and views” (p. 34). Furthermore, “cross-cultural research must interpret the human condition in its social, cultural and historical context to understand it” (Otsuka, 2006, p.1). Prescott
(2008) also stated that maintaining the vā (the relationship between individuals and groups or communities) is one of the entrenched values in the Tongan culture. Thus, part of the rationale for having chosen the talanoa method was its consideration of the indigenous Tongan cultural values. The intention was to build understanding and appreciation of the practices of government budgeting and planning in the context of the Tongan culture. It considered the Tongan values vā (relationships), and tauhivā (maintaining good relationships).

The talanoa in the Tongan context readily accepts a Tongan’s typical approach to a casual conversation. It acknowledges the establishment of connections or common ground where a relationship is built on trust between the researcher and the participants as an important element to the disclosure of information in a frank manner. For example, during the research, Tongan participants were reluctant to talk openly if a conversation immediately proceeded to the intended subject matter for discussion, unless good rapport had already been established between the researcher and participants. Having time to develop relationships reduced the inclination of participants to hide or lie about their perceptions, rather than giving their honest opinions and views. A good rapport was vital towards building confidence in the later exchanges of perceptions and in reaching a common understanding on the subjects being discussed given the short amount of time available for face to face talanoa sessions. Talanoa with participants where vā had been established started with a lengthy amount of time re-establishing connection and establishing trust with participants with whom the researcher was not acquainted. In these ways, the talanoa overcame the issue raised by Buchanan, Boddy & McCalman (1988) regarding the need for effective establishment and maintaining of good rapport with the participants to facilitate completion of data collection and reporting.

Talanoa allows the open sharing of information as it can be used without a rigid framework (Vaioleti, 2006). Halapua (2003) suggests that it allows participants to share their narrative worldviews with frankness as opposed to a linear transfer of knowledge generally associated with interviews. Additionally, Prescott (2008) outlines that both the researcher and the participant “contribute to the discussion and therefore both benefit from the understanding gained from the experience” (p. 131). Thus, the researcher engages in making sense of practices and identifies with the participants so reciprocity takes place.

Talanoa prevents participants trying to say what the researcher wants to hear instead of their own views, one of the threats to validity and reliability in field research identified by McKinnon (1988). Prescott (2008) opines that in a talanoa, “the researcher and participants are regarded as being equal and inseparable” (p. 131).
According to Prescott (2008), “the specific context in which the word *talanoa* is used determines its meaning” (p. 131). Halapua (2003) define ‘context’ as the whole setting and circumstance, including the relationship between the participants. Robinson and Robinson (2005) extend this context to include the place where *talanoa* takes place and Prescott (2008) further extends it to include circumstance, time, topic, and social structure.

As a methodology *talanoa*’s ontology and epistemology resemble those of constructionist and interpretivist outlined by McKerchar (2010), Morgan and Smircich (1980) and Chua (1986). Halapua (2010) suggests that the *talanoa* process practically shapes and reshapes the participants’ pre-understandings and opens new perceptions, changing participants’ views of the subject matter. In contrast to a positivist stance, Prescott (2008) highlights that for a *talanoa* to take place, the condition of the conversation not that the researcher does not take a neutral or distant position. According to McKerchar (2010), “The underlying assumption of interpretivism is that the researcher cannot be detached from the subject under study” (p. 75).

In contrast to a structured response from surveys (which has been the common method used for studies of planning and budgeting in government), *talanoa* allows the gathering of rich data beyond the structured responses of a survey. It also reduces assumptions made on the “why” behind a “Yes” or “No” choice in a survey by allowing participants to reconsider their views as they elaborate, clarify and sort out misunderstandings. Literature is also filled with normative data that may not be supported by practical data; hence the collection of data through *talanoa* (and participant observation).

**How was it used?**

**Before talanoa**

*Talanoa* sessions were arranged with each participant, both face to face and via email. The time and venue for each *talanoa* session were left for the participants to decide. A session was carried out as availability was confirmed by a participant.

Prescott (2008), states that “the *talanoa* process is characterised by having no set agenda” (p. 137). However, he clarifies that for research it is appropriate to disclose the purpose of the *talanoa* and set issues to be discussed. Before conducting some of the *talanoa* sessions, some participants had asked for a set of questions. One participant claimed that a structured response for audio-recording would be enabled if a set of questions were provided beforehand. *Talanoa* might have been taken by participants as an ‘interview’ where a questioner asks questions that an interviewee responds to.
Thus, the author clarified that the *talanoa* sessions simply involves a discussion or conversation where I as the researcher am also a participant as opposed to a series of questions being asked for them to respond to. The researcher provided several themes in place of questions, such as the role of the participant in corporate planning and budgeting and the execution of the allocated divisional budget. Furthermore, I noted that potential themes could include, for instance, the various ways in which the government corporate planning and budgeting processes link. Having an established rapport with participants it seems that the concern was to do with the constructiveness of information sharing and to meet the ‘organized’ nature of the participant.

In providing themes beforehand, criticisms such as the lack of disclosure about the study and the practical benefits of the findings to the community and individual participants (Sanga & Pasikale, 2002) are addressed. Prescott (2008) also outlines that despite having announced topics or issues for discussion, the open format of the *talanoa* can be achieved through not having pre-set questions.

Participants seemed to be unaware of *talanoa* as a research method. This is not a surprise as there seems to have not been much research conducted in Tonga using this indigenous method. However, the open discussion of issues entrenched in participants allowed them to transition to a *talanoa* session smoothly.

Beginning of a session

At the beginning of each session, the researcher expressed gratitude to the participants for their time and briefly introduced the research. Although the participants were aware that the *talanoa* would be audio-recorded, they were reminded of it to avoid any misunderstandings. Despite having received confirmation of availability from participants, the researcher also expressed concern about the inconvenience which the time set aside for *talanoa* caused (Vaioleti, 2006). As aforementioned, it was a busy time; hence it was a privilege that participants made time for a session. Participants willingly made time and were committed to meeting those times. Their willingness was portrayed in their openly sharing their experiences.

One session started with a prayer, which is not only a customary practice observed at the beginning and at the end of social gatherings and meetings in Tonga, but most importantly, an expression of the roots of *faka’apa’apa* (reverence) to God in whom participants personally believe. As a Christian island nation, prayers give confidence to participants, in that praise is made to God for the safety of those gathering and request is made for guidance throughout discussions. The end would also see the giving back of praise. ‘Otua mo Tonga ko hoku tofi’a (God and Tonga are my inheritance), the national motto of Tonga readily signifies these practices.
During the *talanoa*

The *talanoa* sessions were made around the following themes:-

1. corporate planning and budgeting processes
2. understanding of corporate planning and budgeting
3. input in writing of corporate plan and budgeting and in the execution of the budget and corporate plan
4. Perception of the corporate planning and budgeting processes in government.

In all the sessions, the author was included as a participant. Only one of the sessions was a group *talanoa*. The remainder were one-on-one sessions.

Manu’atu (2003) suggests that the language of *talanoa* be the mother tongue. For this research, it is the Tongan language. She further suggests that the English language may be used to refer to educational matters. However, English and Tongan were both used as the languages in each *talanoa* session depending on the language a participant felt would clarify their ideas.

Prescott (2008) states that prior knowledge of the researcher by the anticipated participants would make the conversation easier to establish. Most of the participants are well acquainted with the researcher because of having worked with her on budgeting and corporate planning. The author established relationships with those participants as she had worked in the OPSC for two years before coming to New Zealand for further studies. There were various phrases used which implied a participant’s view of the researcher’s familiarity with the two processes. For instance, the participants used phrases such as ‘as you are aware’ or ‘as you may be aware’.

A downside of such assumptions (that the researcher had enough experience of corporate planning and budgeting processes for the OPSC) was that it limited a participant’s discussions of certain themes such as budget execution in the implementation of the corporate plan. This was addressed through requesting missing bits of information from participants.

In contrast, one out of the sixteen participants was not well acquainted with the author. During the *talanoa*, that participant seemed to focus on educating the researcher by defining and illustrating terminologies such as corporate plan and budget. Towards the end of the *talanoa*, the participant asked several questions relating to the author. Almost instantly after having been told that the researcher had worked at the OPSC for two years, the participant exclaimed ‘Oh! Then you already know these things’. The session would have turned out differently if the researcher’s experience had been disclosed in relationship building at the beginning. However, following protocols, such relationship building seems unnecessary as the setting dictates. The participant was
presumed to rarely have time as the author’s study would seem trivial alongside the participant’s work schedule.

On the other hand, an advantage gained was that this participant’s view was not marred by pre-assumptions that the researcher may have a high level of knowledge about government corporate planning and budgeting in Tonga. Hence, the initial assumption that the researcher had very little knowledge about government corporate planning and budgeting in Tonga allowed capture of data that would otherwise have not been gathered.

The disparity between the objectivity base of much traditional research and the subjectivity of the participants is often not recognised in Pacific research contexts. For example, in a research situation in a Pacific community, the participants will behave differently depending on the age, gender, cultural rank or community standing of the researcher. These variables may significantly affect results. (Vaioleti, 2006, p. 22)

The talanoa allowed participants to benefit from open sharing of ideas instead of the researcher seeking answers from participants (Prescott, 2008). Thus, with the other participants with whom I had worked, the talanoa was built on prior work relationships. These established relationships contributed to shaping the trust, assumptions and perceptions of each other and the information that was shared. It was a foundation for the mutual openness of sharing whether they were of experiences, feelings, views, etc. Ideas were used to initiate a discussion of a participant’s view, for instance, on the idea of whether planning and budgeting fit Tonga’s context (i.e. Tongan society’s way of living etc.). In other cases, the researcher’s experiences in having taken part in corporate planning and budgeting were shared. On various occasions the train of thoughts was interrupted by other thoughts or a question as participants reciprocated each other’s views. In other instances, the talanoa eventually reached common ground and mālie and māfana (Manu’atu, 2003) were experienced.

During each talanoa session, the researcher observed that participants were not attempting to say what they would have assumed the researcher wanted to hear (McKinnon, 1988). The talanoa method played a role in overcoming this limitation as it allowed frankness and open sharing of views (Halapua, 2000).

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7 “conceptualized as energy that moves and transforms the psyche, draws upon the passion and uplifts the heart and soul, and fulfils the senses” (Manu’atu, 2003, para. 21)

8 “a concept central to Tongan sensibilities that produces an inner sense of relationships and generate warmth and energy uplifting their hearts and souls” (Manu’atu, 2003, para. 22)
However, as the author was aware of her role and responsibility as a researcher (as opposed to her being viewed as an employee of the OPSC), care was taken on the researcher’s part in giving her views so that they would not be taken personally as opposed to being taken as just a point of view. Buchanan et al (1988) discuss the importance of maintaining a good rapport with participants to be able to get back into the organization being researched. This was readily considered by the author when conveying and keeping views of participants in each session confidential to those participants and focusing on ideas instead. This facilitates getting back to the OPSC after research is conducted. Furthermore, the author’s knowledge of the context of OPSC and work relationships assisted in avoiding potential misunderstandings because of differing views.

Understanding customs was the key to managing talanoa sessions. Prescott (2008) suggests that cultural values are important to be reflected in the talanoa process. Such values include tauhivā (maintaining good relationships) (see Vaioleti, 2006, p. 31), mamahi’i me’a (loyal; treasure what is dear to oneself), lototō (humility), faka’apa’apa (respect) and ‘ofa (compassion, empathy, love) (see Kavaliku, 1961).

Ending the talanoa

Ending the talanoa session should allow a way of getting back to the participants. This is to confirm their views or to reflect and clarify on their views thereby avoiding misinterpretation. Accordingly, at the end of each session, the author thanked the participants and requested their time again should further clarifications be needed. This was done through sending of transcript of each session to respective participants for their confirmation.

Additional information on talanoa sessions

All the talanoa sessions were carried out during working hours. Three of the sessions were completed in the morning hours. The rest were all conducted in the afternoon. The days on which the sessions were conducted were mostly sunny and dry like most of the days in Tonga. Without an air conditioner, the warmness of the air would have been uncomfortable. This contrasts with the experience of coolness in an air-conditioned room. Fortunately, the sessions were held in air-conditioned rooms, without which work is carried out with less focus and with many complaints about the hotness of the weather. An occasional rainy day was experienced as the author walked to a venue and completed yet another session.

As the talanoa sessions were carried out during working hours, conference rooms at the research sites were used. Small conference rooms have a rectangular table with chairs on each side. Talanoa were conducted with participants facing each other from opposite sides of the table. One of
these rooms had huge shelves and cabinets filled with files and a fax machine. Interruptions from work were expected since the *talanoa* sessions were held during working hours. None of the sessions was undisrupted because of being conducted in the workplace where office spaces and resources are shared. Some of the interruptions were due to workers walking in and out with files or using the fax machine. The disruptions were work related.

A bigger conference room had an oval shaped table. As the researcher entered from the door, she was faced by a participant seated on one of the longer sides of the oval table. Two or three chairs were on that same side. On the other longer side of the table was a single chair. The spaciousness of the room and the location of the chairs compelled a seating across from each other. It also depicted the expectation of a participant of how the *talanoa* should be, that is, an exchange of information that is rather formal. One other venue was for training sessions that were conducted in a separate room. The *talanoa* was carried out in an open room where trainees came to have refreshments. Small square student-like desks were lined up in several rows in the room. At this venue, the participants sat on chairs that were on the connecting sides of one small desk. Some of the trainees were enjoying self-served refreshments on desks close by which contributed to the ease that was felt in the *talanoa* as it started and proceeded. Other venues included some of the participants’ work spaces. In each of these spaces, there was a medium sized rectangular desk. On the desk was either a computer or a laptop with paper files neatly arranged and stacked. A few chairs were lined up against the wall for visitors. The researcher on one occasion was seated on one of these visitor’s chairs. Other times there was a seat already put in front of the owner’s desk which the researcher resolved to occupy in the first instance. The furniture and its arrangement contributed to an expectation of how seating was to be made.

All venues except for one had sufficient lighting from the sun outside. At the one venue of insufficient sunlight, the time was less than two hours before 4:30pm, the official end to a working day. The light from the setting sun was partially hidden by trees and buildings nearby. The air conditioning was less cool. The participants were worn out and uninspired to adjust the air conditioning or to turn on the light. If there was less mind-triggering information shared, the conversation was maintained. An interruption from work resulted in a change of venue (the next room), which is located on an angle that accessed more light from the sun and was cooler than the former. Nevertheless, fatigue took its toll and one participant confessed while a subject was being discussed that ‘Maybe new thoughts will come to mind tomorrow. Now, my brain is slowly switching off.’ Each session lasted for an average length of forty-five minutes.
Evaluating data from *talanoa*

Several studies on the method of *talanoa* are qualitative in nature. Otsuka (2006), Vaioleti (2006) and Otunuku (2011) provide insights into how validity and reliability are obtained in using *talanoa* as a research method. Otsuka (2006) suggests that *talanoa* often consumes much of the participants’ time, in the interest of establishing good rapport. Similarly, Otsuka (2011) writes that *talanoa* creates relationships that draw upon trust, honesty, and courage to share our stories about our experiences. *Talanoa* creates relationships that are underpinned on the values of trust, respect, integrity, honesty and courage and building on these values are important for conducting a *talanoa* well (Manu’atu, 2003; Otunuku, 2011). Otunuku (2011) suggests that:

It may be time-consuming but researchers need to ensure there is adequate time in the planning stage of the data collecting process. When carefully prepared and undertaken, however, *talanoa* has the potential to provide in-depth information in a relatively reasonable period of time. (p. 51)

Otunuku also argues that

The validity of the results also will be high, although there may be questions about the reliability of data due to chance artefacts associated with using a small number of participants……For this study, the information and data collected was of high quality because the whole process of *talanoa* was conducted in a familiar setting observing all the appropriate cultural practices of the participants. Without observing the research principles above, the process of collecting valid data of sufficient quality and quantity might not have occurred. (p. 51)

On the contrary Vaioleti (2006) makes the following suggestions:

Reliability is concerned with consistency. *Talanoa* research methodology is unlikely to yield similar results over time. Learning from *talanoa* and normal life processes means that people’s reasons and ideas about an issue will change. (p. 32)

The participants involved will be most suitable and knowledgeable for that time. If they are not, it is likely that they will direct the researchers to the most appropriate people, as dictated by a Pacific natural and cultural order of things. This is a strength of *talanoa* rather than a weakness. (p. 32)

The author compared the *talanoa* sessions to observations and documents such as the corporate plan, budgets, and records of expenditures. Prior work experience of the researcher at the OPSC built relationship with participants which helped in describing the participants’ actions. These addressed the strategy of spending a ‘substantial length of time in field’ which should counter the threat to validity and reliability in field research discussed by McKinnon (1988).
Vaioleti (2006) writes that “[w]hen Pacific peoples learn or share, much information is communicated through the sense, so it is vital that researchers understand the laumalie (essence, spirit…) of concepts, notions, emotions or expressions in the talanoa encounter.” Furthermore, “if researchers are not…[s]killed in tui kakala, they cannot accompany the participants to the cultural, contextual and spiritual depths of their sharing and theorising” (p. 32).

Analysis of data

Recording and Transcribing

The talanoa sessions were audio recorded. This freed up the researcher to observe body language and the setting while the talanoa proceeded (Fairbairn-Dunlop & Coxon, 2014). Furthermore, it helped avoid having to rely on memory to recall what was said at different parts of the sessions. There were several sessions that were not audio-recorded.

The researcher transcribed some of the talanoa sessions after their completion and others after having conducted all the talanoa sessions, so that time was made available for data gathering. Each audio recording was played intermittently while each conversation was typed onto a Word document.

Transcribing was done on several “trial and error” stages. First, a complete word for word transcription of three talanoa sessions; second, an English literal translation of all sessions; and third, an attempt to use a grammar-editing application on the transcripts. These “trial and error” stages although time consuming assisted the author in several ways. First, new information was noted while listening to audio recordings and transcribing several times reduced misinterpreting the meanings behind phrases; second, a literal translation minimized the imposition of the author’s interpretations on participants’ intended meanings; and third, they assisted in extracting of quotes from the transcripts.

Caution was taken particularly that the author’s views were not imposed on the transcripts. While transcribing, the researcher’s views, comments, questions and analysis were incorporated as separate comments on the transcript. These were noted while transcribing on different parts of transcripts as they came to mind. These comments and questions informed the researcher’s arguments.

Identifying themes

The transcripts were sub-themed at several readings and listening to corresponding audio recordings following the steps detailed by what Bryman (2008) terms as ‘coding’ (see pp. 550-552). Theming was done on several phases. Without restructuring the transcripts, sub-themes were put
directly above each paragraph or a group of consecutive paragraphs. The transcripts were restructured by combining sub-themes that were related to one main theme in an orderly manner. The organized themes and sub-themes were extracted from each participant’s transcript onto an Excel spreadsheet where they were further categorized into what the author determined as the main themes. The main themes were then used as the main categories for any new sub-themes that were found in each participant’s transcript. The process produced familiarity which assisted the researcher in identifying common themes (refer Figure 2) from the participant’s transcripts.

<table>
<thead>
<tr>
<th>1. Background of corporate planning and budgeting in Tonga</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. OPSC 2015-16FY corporate planning and budgeting:</td>
</tr>
<tr>
<td>2.1 budget preparation</td>
</tr>
<tr>
<td>2.2 approved budget and original allocation</td>
</tr>
<tr>
<td>2.3 budget execution</td>
</tr>
<tr>
<td>2.4 budget reviews</td>
</tr>
<tr>
<td>3. Corporate planning and budgeting in the context of Tonga</td>
</tr>
</tbody>
</table>

**Figure 2: Common themes from talanoa**

Interpreting and Presenting Data

Familiarity with the transcripts as the author transcribed and listened to audio-recordings several times allowed understanding of the participants’ intended views. Questions that had been noted by the researcher in earlier versions of transcripts were also addressed. All information regardless of individual assumptions was important towards addressing the RQ.

Each participant was assigned a code in their transcript to protect their identity. For instance, SrM1 is used to replace participant number 1 who holds a senior position in the MFNP.

**3.4.3 Participant Observation**

**Why was participant observation used?**

Morgan et al (1980) suggests that this method is dependent upon the orientation of the researcher. Furthermore, for non-positivists, it can be used to explore subjective meanings of social interactions. For this study, it also supplements the data gathered from talanoa. The research benefits from this method as it allows the direct observation of parts of the practices by the participants involved in corporate planning confirming discussions made in talanoa session.

Covert observation is a particular type of participant observation in which the identity of the researcher, the nature of the research project, and the fact that participants are being observed are concealed from those who are being
studied. Investigators using covert observation adopt the research role of complete participant. (McKechnie, 2008, p. 133)

There was concern that participant observation may lead to participants feeling uneasy and lessen their confidence to carry out their work in the usual manner. Also, participants may change their behaviours if they are aware they were being observed. The research benefits from participant observation as it allows the researcher to make covert observations while working alongside the participants and recording those observations at a different time and not as they were made.

There was also a possibility that if the participants behaved differently during the time of observation then data may not reflect the phenomenon studied. However, any changes in behaviour are not easily made overnight given work seemed to have followed a routine familiar to the researcher.

How was it used?

To gather data using this method, the researcher visited the OPSC, on certain days, and on several occasions, she worked alongside the employees that agreed to participate in the research. Being a current employee of the OPSC allowed the author to use covert observation of participants to an extent (because the participants were informed of the researcher, the research and that their work will be occasionally observed). The observations were not recorded as they were made but at a different time so it would not be too obvious participants were observed. Furthermore, so that the observation effect on participants is minimized and to free the author to make detailed observation by not constantly focussing on writing notes.

Observations were noted of the practices of corporate planning and budgeting as they took place in the OPSC. For instance, observations of how decisions were made in the OPSC in executing its budget and implementing its corporate plan activities helped in determining whether these decisions were made according to the corporate plan. Additionally, these observations contributed towards explaining reasons for actions, interactions, and decisions that were made.

Analysis of data

Note-taking

Probing questions from supervisors resulted in notes being taken on things that the researcher might have taken for granted while at the research site. The ‘taken for granted’ observations may be due to the author being a native and familiar with the culture and thus lacking an outside view of the indigenous Tongan culture. The supervisors' questions along with readings assisted in the researcher’s understanding of noted observations. Care was taken to separate
interpretations from recorded actual observations. Field notes were stored on the researcher’s password-accessed laptop.

### 3.4.4 Document Analysis

Atkinson and Coffey (1997, p. 47) refer to documents as ‘social facts’, which are produced, shared, and used in socially organized ways. They are also artefacts that have as their central feature an inscribed text (Scott, 1990). Payne and Payne (2004) emphasise that documents are not deliberately produced for research purposes, but naturally occurring objects with a concrete or semi-permanent existence that indirectly portray the social world of the people who created them.

Bowen (2009) defines document analysis as a systematic procedure for reviewing or evaluating documents (both printed and electronic material). Corbin and Strauss (2008) and Rapley (2007) suggest that it requires data to be examined and interpreted to elicit meaning, gain understanding and develop empirical knowledge. Document analysis produces data in the form of excerpts, quotations, or entire passages that are then organized into major themes and categories through content analysis (Labuschagne, 2003).

#### Why document analysis?

As mentioned before, the Tongan culture is oral in nature and *talanoa* method has been used to incorporate the oral nature of the culture. Document analysis is also used regardless of this nature of the Tongan culture to supplement evidence from oral discussions in *talanoa* sessions and vice versa (triangulation). Although misplacement and lack of proper filing were identified as problematic to the use of this method, it presented the opportunity to gather loosely placed files into some order to assist in studying the research phenomenon.

#### How was it used?

Since the research focusses on the application of the corporate planning and budgeting processes by the OPSC, the social actors are from key organizations involved. These include the OPSC, MFNP and international organizations such as the WB and ADB. Documents were collected from the OPSC and the MFNP as recorded evidence of the two processes, in particular for the 2015/16 FY. Other documents were accessed on Tongan government organization websites including the Crown Law, the LA and the Prime Minister’s Office sites.

There were various forms of documents that were used for systematic evaluation as part of this research. They included national plans, corporate plans, quarterly reports, books, event programmes, government acts, publications, brochures and other government records.
3.5 Evaluation of Data

Data gathered from the literature review, *talanoa*, participant observation and document analysis provide a rich base of data that required organization and management into an orderly manner. This section details how the trustworthiness of these data was determined.

Sinkovics, Penz and Ghauri (2008, p. 691), Lincoln and Guba (1985) and Denzin and Lincoln (1994) argue that “quantitative criteria, such as objectivity and validity, are not deemed applicable to qualitative inquiry”. Hence, Sinkovics, Penz and Ghauri (2008) suggest that trustworthiness in qualitative research needs to be established through the criteria of credibility, dependability, transferability and confirmability.

McKinnon’s (1998) criteria of validity for qualitative research concerns whether the researcher is studying the phenomenon that he or she purports to study. However, Guba and Lincoln (1989) identify that credibility parallels internal validity in quantitative research in that it matches the constructed realities of participants against realities represented by the researcher. Eisner (1991) suggests that one way of ensuring credibility is through the triangulation of data, where “a confluence of evidence breeds credibility” (p. 110). Patton (1990) argues that triangulation helps safeguard the researcher against the accusation that a study’s findings are simply an artefact of a single method, single source or a single investigator’s bias. Thus, the use of multiple sources of data in this research allows the triangulation of data. Furthermore, Guba and Lincoln (1989) suggest that transferability is considered parallel to external validity or generalisability in quantitative research. It depends on the degree to which striking conditions overlap or match (Crawford, Leybourne & Arnott, 2000).

McKinnon (1988) provides ways in which a researcher can ensure validity and reliability by countering the threats to these two. These include spending a substantial amount of time at the research site, using multiple observations or multiple methods, and having a good social behaviour while at the research sites.

Thus, to ensure credibility, method and data triangulation were used through the use of multiple methods to gather data and multiple *talanoa* sessions with different participants. Furthermore, the researcher’s 2 years of work experience at the research site addresses spending a substantial amount of time at the research site and established rapport with the participants ensured good social behavior. Additionally in regards to transferability, the research is conducted on a central government agency which is to model the application of corporate planning and budgeting to other government MDAs allowing the identification of general issues (e.g. the central
government agencies studied had only grasped the basics of the processes of corporate planning and budgeting hence, the trainings they conducted should reflect their understanding and the application in other government MDAs) that were faced by similar government organizations in Tonga from research data that were reported in the Findings.

*Dependability* is a criterion which is considered parallel to reliability and is concerned with the stability of the results over time (Guba & Lincoln, 1989). McKinnon (1988) stated that reliability for qualitative research concerns whether the researcher is obtaining data on which he or she can rely. Additionally, an important element of reliability is consistency in an individual’s responses. In this research, the use of *talanoa* allowed openness of participants and to re-clarify their responses to reduce any inconsistencies so that consistency in responses is ensured. The use of multiple methods also allowed checking the consistency of data presented in the Findings.

*Confirmability* is what objectivity is to quantitative research. Researchers need to demonstrate that their data and the interpretations drawn from them are rooted in circumstances and conditions outside of the researchers' own imaginations and are coherent and logically assembled (Ghauri, 2004). Hence, for this research, the use of the interpretivist approach emphasises the social actors’ experiences being real to them hence allowing the researcher to as authentically as possible present those experiences before interpreting them in discussions.

### 3.6 Limitations

Complexities and limitation of the human mind as discussed by McKinnon (1988) are a limitation of this research. Participants may be trying to be honest with the researcher. However their responses may be bounded by the natural tendencies and fallibilities of the human mind. For instance, people forget things and pay varying attention to their behaviours and the behaviours of others, and like the researcher, may base their opinions on their own biases. During *talanoa* sessions it was noted that some of discussions were hindered by a lack of memory of how things were at different times. However, triangulation using multiple *talanoa* sessions and multiple methods helped to overcome this limitation. The researcher compares *talanoa* sessions with each other and with data from document analysis and participant observation.

Another limitation of the research is that the views are limited to participants from OPSC and MFNP which may not extend the research’s applicability to the perceptions of those in other government MDAs. However, the research is focussed on a deep analysis of the context of one government MDA instead of a thin coverage of other MDA’s views which may not fully apply to
any other government MDA. Furthermore, studying a single MDA closely examines the real issues faced by the individual participants of that organization.

A limitation of participant observation is that the period in which the observations were noted may not necessarily apply to other periods of the same financial year. However, from past experiences of the researcher, participants’ behaviour towards their work did not deviate from what seemed routine during the short space of time I was physically present at the research location.

3.7 Research Process

3.7.1 Sampling

A population for this study included all the government MDAs in Tonga’s central government as they are all budgeting agencies and therefore involved in the government’s budgeting and corporate planning process. The number of government MDAs often increases or decreases due to government functional restructures. Thus, the government MDAs as at the beginning of the 2015/16 FY, a total of twenty-three government budgeting agencies in Tonga, was used as the population of the study. The MFNP categorized them under seven functions as summarised in Table 1.

Table 1: Functional classification of government MDAs in Tonga

<table>
<thead>
<tr>
<th>Functions</th>
<th>Budgeting Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constitutional</td>
<td>1. Palace Office&lt;br&gt;2. Legislative Assembly&lt;br&gt;3. Audit Office&lt;br&gt;4. Commissioner of Public Relations</td>
</tr>
<tr>
<td>External Defence</td>
<td>5. Ministry of Foreign Affairs and Trade&lt;br&gt;6. His Majesty’s Armed Forces</td>
</tr>
</tbody>
</table>
Judgement or purposeful sampling (Patton, 1990; Marshall, 1996) was used. Patton (1990) states that “the [purposeful] sampling strategy must be selected to fit the purpose of the study, the resources available, the questions being asked, and constraints being faced” (pp. 181-182). The researcher initially considered studying the phenomenon in multiple MDAs. The study was decisively narrowed to a single central government agency considering time limitations for a Masters of Commerce programme and for the research to be focussed.

Hence the OPSC was chosen. It is a central government agency that facilitates and enforces the implementation of public service mandates (e.g. Tonga Public Service legislations) and plays a leading role in modelling practices of corporate planning and budgeting to the Tonga public service. Also, each MDA is a spending organization and corporate planning and budgeting were carried out mainly for how approved budgets were to be expended. Furthermore, the author has work experience on these processes and their application in the OPSC. The research topic includes all MDAs in the local government of Tonga. This research sought to focus on one government agency to ensure that the findings are specific to that MDA and to capture a rich base of data rather than to include all MDAs and thinly cover issues that may be specific to each MDA.

Furthermore, this research focusses on a single period, the 2015/2016 FY of the OPSC. This FY was simply chosen as the researcher had not participated in the corporate planning and budgeting processes. This allows the researcher to contribute to practical discussions from her work experiences from prior FYs during talanoa sessions and make critical interpretations in reporting the research. The 2015/16 FY also captures the last year of a corporate planning and budgeting project between the ADB and MFNP which ended in December 2015. The most recent developments following the close of the project were intended to be captured following the end of the FY under study (i.e. June 2016). Thus, an additional time span of at least six months following June 2016 allowed gathering of additional data (e.g. the performance review of OPSC).

3.7.2 A pilot study

To trial the feasibility of the research methods, the author conducted the research as follows. First, a desk research through the review of several accounting literature in the Pacific led to the identification of themes that may be compared to situations faced by the Government of Tonga. Second, an initial visit to Tonga allowed an inquiry regarding the practice of corporate planning and budgeting in Tonga’s government departments. This was done through talanoa sessions with employees of OPSC, MFNP, consultants and a CEO in a non-government organization. The information from these talanoa assisted in exploring potential aspects of corporate planning and
budgeting for this research. Third, documents were collected to enrich an understanding of corporate planning in Tonga. At different times, the practice of budget execution was observed. The research methods were considered feasible.

On a different note, there were several other considerations in trialling the methods since it was only a test of their feasibility. The first talanoa sessions were neither recorded nor transcribed. Note taking of the observations was also not done. Food was offered as a token of appreciation to participants as it is a customary practice in Tonga.

3.7.3 Approvals before research was conducted

The study was approved by the Government of Tonga to be conducted in the Kingdom of Tonga (refer Appendix 1). It was also approved by the University of Canterbury Human Ethics Committee (HEC) (refer Appendix 2).

3.7.4 Participants

Participants in this study included those that were involved in the practice of corporate planning and budgeting of the OPSC during the 2015/16 FY. These participants include former and current employees from the OPSC and the MFNP and local and international consultants that provided technical assistance on budgeting and corporate planning initiatives developed by the Government of Tonga in the past two decades.

Selection criteria

All the potential participants were identified through the government websites of the MFNP and OPSC. Additionally, the researcher is current employee of the OPSC, and has worked with these participants on the two processes.

The inclusion criteria to determine potential participants were the level of involvement in the practice of the corporate planning and budgeting processes and the level of knowledge of these processes (i.e. in the 2015/2016 FY). For instance, consultants, Ministers of the MFNP and OPSC had been and are involved in the corporate planning and budgeting processes for government departments and their knowledge is deemed high. Similarly, there are different levels of knowledge and involvement for the CEOs of MFNP and OPSC, Heads of Divisions (HODs) and supporting staff that are involved in the processes.

Two exclusion criteria were used. First, the participants that were taking their scheduled annual leave during the periods of data gathering were excluded. The second criterion was when
new findings reached saturation (Morse, 1995); that is, when it was determined there were no further new findings then remaining participants were excluded.

**Recruiting participants**

The researcher invited the CEOs of the OPSC and MFNP to approve the participation of their employees in the research. They were provided information sheets and consent forms where they were informed that participation was entirely voluntary. Following their approval, they dispatched emails to their recommended employees informing them of the research. Then, the researcher used a similar procedure to invite potential participants. Each potential participant was also informed that participation was entirely voluntary as they were each provided an information sheet and consent form.

The process of formally inviting the participation in this research was slightly problematic because of the formality involved. It was a formality which the researcher conveyed to and was approved by the HEC. However, it seemed to have been a self-imposed difficulty on the author in accessing data which were to be willingly provided. Vaioleti (2006) theorised this difficulty in that the interactions guided by approved ethics do not require a personal relationship between the researcher and the participants. This would have been the case if the researcher was not well acquainted with participants. Established rapport kept restrictions on the data provided to a minimum where access was restricted to documents that were “confidential”. On personal reflection, difficulty may have been due to the practices in the Tongan culture being more orally entrenched rather than formally recorded (Prescott, 2008). While safeguarding participants is important in conducting ethical research, future researchers into practices and experiences of accounting in the context of Tonga may consider a better way of justifying the minimisation of formalities in university HEC applications.

**Participants' profiles**

Sixteen (16) participants gave consent to participate. Each participant is assigned a code to keep their identities and participation in this research confidential. A participant’s code identifies first the position level of a participant (either Sr - Senior or Jr - junior), followed by the government ministry under which that participant is/was employed (either by M – MFNP or O – OPSC). Each participant is then assigned a number from 1 to 16 (as there were 16 participants in total).

A summary of the participants that accepted the invitation is in Table 2.
Table 2: Summary of participants' profiles

<table>
<thead>
<tr>
<th>Participant Code</th>
<th>Position level*</th>
<th>OPSC</th>
<th>MFNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SrM1</td>
<td>Sr</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>SrM2</td>
<td>Sr</td>
<td>✓</td>
<td></td>
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<tr>
<td>SrM3</td>
<td>Sr</td>
<td>✓</td>
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<tr>
<td>SrM4</td>
<td>Sr</td>
<td>✓</td>
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<td></td>
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<tr>
<td>SrP6</td>
<td>Sr</td>
<td>✓</td>
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* Sr – senior position; Jr – junior position. Senior positions include a Minister, consultants and former employees of the OPSC.

3.8 Chapter Summary

To summarise, the chapter discussed the research methodology and methods that were used in this study. Literature review, *talanoa*, participant observation and document analysis were used to gather data. How they were used to gather data was explained. How data were evaluated is detailed to ensure trustworthiness of data used in this research. Limitations were identified. The chapter also provided the research process used in this study. The next chapter presents a review of literature on aspects of the corporate planning and programme budgeting, Pacific themes and planning in Tonga.
Chapter 4 Literature Review

In reviewing literature for this research, one is tempted to separately review several themes regarding the practices of corporate planning and budgeting in developed countries, usually Western countries, from those of third world Pacific island countries such as Tonga. However, the administration of these island countries, to various extents, have been influenced by Western administration especially those of colonial powers such as Britain, Germany and the U.S. Thus, to ensure a wide coverage of relevant aspects from the corporate planning and budgeting literature, the review considers themes in their context, whether in Western countries, the Pacific or specifically in Tonga. This also allows the author to make meaningful comparisons and contrasts in the findings (Chapters 5 and 6) and discussion (Chapter 7) of corporate planning and budgeting practices in the Government of Tonga.

In this chapter, I review literature starting with planning and then move to budgeting. Then I look at corporate planning, as a special connotation of planning, and then the same with programme budgeting, as a special connotation of budgeting. These literatures are of Western ideologies originating mainly from the U.K. and U.S.

4.1 Planning

Much of the planning and corporate planning is from the 1970’s and 1980’s. Little is found on more recent literature and these refer to the literature on planning referred to in this review.

4.1.1 Definitions and distinctions

Definition of planning

…planning is a process of making and evaluating each of a set of interrelated decisions before action is required, in a situation in which it is believed that unless action is taken a desired future state is not likely to occur, and that, if appropriate action is taken, the likelihood of a favourable outcome can be increased. (Ackoff, 1970, p. 3)

The above is an uncritical definition of planning which implies that it is usually undertaken, or initiated by someone or a body of persons that have governance or managerial responsibilities for an organisation or part of an organisation; it is usually they who determine or judge what is desirable and what actions are officially chosen.

This definition seems to refer to traditional long-range planning in that it does not articulate external environment scanning. Ackoff (1970) later used the term “strategic planning” for his definition distinguishing it from tactical planning in terms of the length of planning period and the
irreversibility of consequences of actions taken depending on the length of time. For example, strategic planning covers a longer period and actions it proposes will have more likely irreversible consequences than tactical planning. He states that strategic planning in that sense is long range planning and tactical planning is short-term planning.

More recent planning literature distinguishes traditional long range planning from strategic planning. For example, Boyne and Gould-Williams (2003) suggest that planning can be defined broadly “as an attempt to influence the future by assessing the organization and its environment, setting objectives and developing strategies for the achievement of these objectives” (p. 116). This definition may refer to strategic planning as opposed to traditional long range planning in that it specifies actions to be taken as not only an internal assessment of an organization but also considering the external environment in which it operates.

The word strategy, adopted from military, is the art of imposing preferred conditions, time and place of war upon the enemy (Pearsall, 1999; Lord, 1996). In business, strategies are used to gain competitive advantage over competitors. Hence, this definition captures developments from long range planning to strategic planning. However, based on their definition, Boyne and Gould-Williams (2003) seem to wrestle with distinguishing strategic planning and resolve this by stating that by contrast strategic planning is “intended to be explicit, rigorous and systematic” (p. 116) and that it “involves the application of analytical methods to policy problems” (p. 116). The distinction between their definitions of planning and strategic planning seems to be based on the level of rigour and articulation in each type of planning.

**Definition of strategic planning**

Bryson (2011) defined strategic planning as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is… what it does and why it does it” (p. 26). This is similar to Ackoff’s (1970) definition of long range planning which he also refers to as strategic planning.

On the other hand, Berry and Wechsler (1995) defined strategic planning “as a systematic process for managing the organization and its future direction in relation to its environment and the demands of external stakeholders, including strategy formulation, analysis of agency strengths and weaknesses, identification of agency stakeholders, implementation of strategic actions, and issue management.” (p. 159). They highlight an organization’s addition of outward focus to mainly an inward focus. The components of this definition are likened to Denhardt (1985) who identifies that the main concerns of a planning group once strategic planning started are: organizational objectives; environmental analysis; existing capabilities; standards of organizational leaders; and specific
action steps. However, they slightly differ in that Boyne and Gould-Williams (2003) incorporate issue management (a control aspect). Denhardt (1985) lacks a control aspect, but places importance on standards of organizational leaders (an internal assessment). Eadie (2000) suggests that the purpose of strategic planning is to maintain a favourable balance between an organization and its environment over the long run.

**Differences between strategic planning and long range planning**

Denhardt (1985) distinguishes strategic planning and long range planning in three different ways. First, whereas a long range plan is concerned mainly with the setting of objectives for performance over a period of time, strategic planning focuses on a series of actions to take now to take effect in the immediate future. This aligns with the suggestion of Drucker (1974) that the relevant question is not simply, what shall we do tomorrow, but rather what shall we do today to get ready for tomorrow? Second, strategic planning considers the complexity of the environment in which an organization operates. Here the added emphasis of environmental scanning is highlighted. Third, the level of involvement in strategic planning requires any employee at any level that is affected by strategic planning.

Similarly, strategic planning is distinguished from traditional long range planning by its emphasis on action, consideration of diverse stakeholders, focus on external opportunities and threats in addition to internal strengths and weaknesses and attention to potential and actual competitors (Bryson & Roering, 1987; Bloom, 1986; Kaufman & Jacobs, 1987).

Ackoff (1970) on the other hand outlines five basic parts of planning which are ends, means, resources, implementation and control. Ends refer to the “specification of objectives and goals” (p. 3). Means refers to the selection of policies, programmes, procedures, and practices by which objectives and goals are to be pursued. Resources involve the “determination of the types and amounts of resources required, how they are to be generated or acquired, and how they are to be allocated to activities” (p. 3). Implementation includes the “design of decision making procedures and a way of organizing them so that the plan can be carried out” (p. 3). Control refers to the “design of a procedure for anticipating or detecting errors in, or failures of the plan and for preventing or correcting them on a continuing basis” (p. 3). He further states that these parts must interact based on his definition that the decision sets are interrelated and not independent of each other. However, these parts lack an explicit scanning of the environment in which an organization operates.
Corporate planning or strategic planning

Corporate planning is one of various forms of planning which has been practiced and discussed in organisational settings, both in the private and public sector. In this review, I address in turn the following matters, bringing out their relevance to my study.

Most of the literature on planning and corporate planning in an organisational sense derives from studies in the U.K. and the U.S. However, studies of corporate planning in the U.S. do not use the term corporate planning. They frequently use the term strategic planning (e.g. Eadie, 1983; Denhardt, 1985; Bryson & Roering, 1987; Berry & Wechsler, 1995; Bloom, 1986; Hendrick, 2003; Poister & Streib, 2005). Bryson (1988) cleared up this confusion in distinguishing between the literature on corporate planning and strategic planning by noting that strategic planning is often referred to as corporate planning in the U.K. studies both in the private sector (e.g. Campbell, 1999; Al-Bazzaz et al, 1980; Al-Bazaaz et al, 1986) and the public sector (e.g. Rugman, 1973; Stewart, 1973; Cartwright, 1975; Hawkins & Tarr, 1980).

Corporate planning in the private sector

Campbell (1999) in a study of corporate planning’s use in the private sector notes that it involves the preparation of strategic plans for a corporate centre. He writes, in the context of the private sector, that every company has an action plan due to the competitive environment. In his study the idea of corporate planning is illustrated in terms of the key parties involved. For example, Campbell (1999) refers to these key parties as the corporate centre, business unit, and planners (who are the managers in a business unit). The idea of corporate planning is that of a body comprising multiple business units vying for a limited budget from a corporate centre. The corporate planning process therefore usually involves the corporate centre distributing a timetable to business units which managers follow in planning. Strategic plans are drawn for future periods, usually five years or more. Managers of business units meet with the corporate centre to discuss their plans. Finally, the corporate centre works with the business unit to convert planning efforts to operating decisions. Plans are submitted by business units to corporate centres to be scrutinized prior to appropriating each business unit budget.

Al-Bazaaz, Grinyer and Yasai-Ardekani (1986) identify four roles of corporate planning in the context of the private sector. First it allows the “corporate whole to respond to threats and opportunities presented by its environment” (p. 3) by acting as a proactive mechanism. Second, it may reduce uncertainty of the future. Third, it may organize action programmes to implement strategic decisions and may also be regarded as a more general integrative device. Finally, it may be the basis of control of lower organizational units, within a divisional structure.
Private sector corporate planning and government planning

Dominant arguments in the literature on corporate planning suggest that this idea, tool or procedure was adopted from the private sector into government (e.g. Stewart, 1973; Rugman, 1973; Ackoff, 1970), but there are some distinctive features to government planning (e.g. Weidenbaum & Rockwood, 1977; Al-Bazzaz & Grinyer, 1980; Ramamurti, 1986).

Weidenbaum and Rockwood (1977) differentiate corporate planning and government planning in terms of the purpose, orientation and strategies involved, and the groups that each are concerned with. They suggest that in the corporate sector, planning is used to attempt to persuade consumers to buy a firm's goods or services. On the other hand, the government is sovereign and government planning involves ultimately the use of its power to achieve the results it desires. Hence unlike a private organization, the government may not only plan: it can also command.

Furthermore, corporate planning is internally directed and activities aimed at implementing the plan are to do with aspects of a company's operations such as improving products and sales techniques. Government’s influence is externally oriented and extends this over the entire society including redistributing the resources of that society through taxation, regulation, subsidization and procurement. Government can also establish goals for society. Finally, corporate planning concentrates on individual sectors of the economy and on factors likely to affect their industry while government planning focuses on all economic sectors and their interrelationships.

A minor distinction between a corporate plan and government plan include the length (the number of pages) and the readability of the documents by corporate executives and government decision makers where government planning is lengthy and may not be read and fully understood by its readers. (Weidenbaum & Rockwood, 1977)

In contrast, Ramamurti (1986) is of the view that ‘as the role of government has expanded in various countries … the standard distinctions between the public and private sectors have become blurred’ (p. 62).

Denhardt (1985) suggests that the most significant difference between strategic planning in the public and private sectors involve whether strategic planning efforts are consistent with managers’ commitment to democratic or participatory processes. He clarifies that planning in the private sector is centralised and directed at the top; although it may involve many people in an organization, it is at the top that the private interests of the firm are most clearly articulated. By contrast, he explains that in the public sector, every effort must be made to involve significantly all those who play an important role in the jurisdiction or the agency. For example, a local government
planning effort should not only involve elected leadership and city staff, but also many other stakeholders such as neighbourhood associations, chambers of commerce, civic organizations, etc. Likewise, a planning effort conducted by a government agency is to involve persons from all levels of the organization, and related stakeholders such as members of constituent groups, elected officials, persons from other agencies and other levels of government, and representatives of the general citizenry.

He emphasises that strategic planning in the public sector must be a highly participatory process. This participation opens the possibility of building new understanding among various groups about the work of the organization. Many communities that have engaged in strategic planning have found that the process brought various groups together in a way not previously possible. He suggests that in this way strategic planning may be undertaken to achieve both direction and commitment.

**Corporate planning/strategic planning in the public sector**

Denhardt (1985) provides several reasons for public organizations to undertake strategic planning efforts. First, it gives clarity and direction to the organization, to choose among competing goals and activities. Second, it enables it to cope with expected shifts in the environment and brings together the thoughts and ideas of all participants in the work of the organization. Finally, planning activities in the public sector provide an opportunity for widespread substantive involvement of leaders and citizens in defining the direction of the community or the agency as it moves into the future, thus building trust and commitment.

Bryson and Roering (1987) study six of the models of strategic planning in the private sector found in literature and discuss the applicability of each method in the public sector. These include the Harvard policy model; strategic planning systems; stakeholder management approaches; content approaches; strategic issue management (portfolio models, competitive analysis); and process strategies (strategic negotiations, logical incrementalism, and strategic planning as a framework for innovation).

They suggest that “it should be clear corporate strategic planning is not a single concept, procedure, or tool” (p. 20). However, it embraces a range of approaches that vary in their applicability to the public sector and the conditions that govern their successful use.

Furthermore, public-sector strategic planning processes provide a useful framework for review and critique of the private-sector approaches to strategic planning and their applicability to the public sector. Bryson and Roering (1987) note that the “process comprises broad policy or
direction setting, internal and external assessments, attention to key stakeholders, the identification of key issues, development of strategies to deal with each issue, decision making, action, and continuous monitoring of results. The process is applicable to organizations, functions, and places or communities” (p. 20). By contrast, they note that private-sector approaches to corporate strategic planning emphasize different parts of this whole strategic planning process, and each is focussed on a given organization.

Berry and Wechsler (1995) reported that the public sector agencies on which their survey was based had adopted some form of strategic planning which were based on the Harvard policy model. The main components of this model, as has been outlined by Bryson and Roering (1987) and Bryson (2011), include: a mission statement that establishes goals and objectives; an environmental scan to identify key factors and trends important for the future; an organizational scan to identify the organization's strengths and weaknesses; identification of strategic objectives and implementation and reviews and updates to monitor implementation and assess effectiveness.

4.1.2 Role of planners

Bryson and Roering (1987) note that the role public planners play includes that of a technician, or of a politician or a hybrid. They suggest that a public planner should be a technician when using content approaches to strategic planning (e.g. in their study, portfolio models and competitive analysis) and a hybrid when all other approaches are used (e.g. the remaining approaches include Harvard policy model, strategic planning systems and stakeholder management). They also suggest that since strategic planning links with decision making, it may be helpful to consider decision makers as strategic planners and strategic planners as facilitators of decision making across functions in organizations. Finally they state, that

familiarity with strategic planning should be a standard part of the intellectual and skill repertoire of all public planners. Given the dramatic changes in the environments of public organizations in recent years, we expect elected public officials, public managers, and planners to pay increased attention to the formulation and implementation of effective strategies to deal with the changes. When applied appropriately to public-sector conditions, strategic planning provides a set of concepts, procedures, and tools for doing just that…the most effective public planners are now, and will be increasingly in the future, the ones who are best at strategic planning. (Bryson & Roering, 1987, p. 20)
4.1.3 Philosophies of planning

Ackoff (1970) proposes three main philosophies of planning which are satisficing, optimising and adaptivizing. He suggests that at the time of writing, satisficing is the approach that is normally adhered to completely. A point of distinction among his three philosophies of planning are the increasing use of technology and mathematical models as one moves from satisficing to adaptivizing. He identifies that adaptivizing seems not to be reached at all as planning models change from time to time. Ackoff (1970) views satisficing as a “remarkably useful term that was coined by Herbert A. Simon to designate efforts to attain some level of satisfaction, but not necessarily to exceed it” (p. 4). He stated that:

to satisfice is to do ‘well enough’, but not necessarily ‘as well as possible’
and … the level of attainment that defines ‘satisfaction’ is one that the decision maker is willing to settle for. (Ackoff, 1970, p. 4)

Additionally, he states that a “serious deficiency of this type of planning is that it seldom increases understanding of either the system being planned for or the planning process itself” (p. 4). Several actions that are attributed to what he calls a satisficer (i.e. a planner that is engaged in satisficing planning) are a tendency to “use only available knowledge and understanding of the system; and seldom to engage in research designed to expand such knowledge and understanding” (p. 4).

4.1.4 Counter view to planning

Wicked problems

Rittel and Webber (1973) opine that prevalent problems have made planning ‘wicked’ and are difficult to deal with. They state that “the tests for efficiency that were once so useful as measures of accomplishment are being challenged by a renewed preoccupation with consequences for equity” (p. 156). They identify three areas with which this problem can be illustrated.

One is ‘goal formulation’ where in many planning systems (e.g. systems analysis and Planning-Programming Budgeting Systems) they focus on a common quest such as asking for: “clarification of purposes; redefinition of problems; re-ordering of priorities to match stated purposes; designing of new kinds of goal-directed actions; reorienting of the professions to the outputs of professional activities rather than to the inputs into them, and then redistributing of the outputs of governmental programs among the competing publics” (p. 157). It seems that the dilemma identified concerns the internal orientation in systems of planning emphasising efficiency.
in internal processes and decisions; such systems lacking an outward-focus and thus neglect needs of the general public at large (e.g. the need for equity).

The second is ‘problem definition’ wherein they view efficiency advocated by planning as originating from the industrial age which was “seen as a process of designing problem-solutions that might be installed and operated cheaply” (Rittel & Webber, 1973, p. 158). However, pervading questions have not only been made on ‘what ought to be’ and ‘what is’ but ‘how’ and ‘when’ implementations can be made so that they may be effective (i.e. respond to where a problem ‘really’ lies in a causal network).

Finally, in the area ‘planning problems are wicked problems’ they suggest that planning advocates and professionals face complaints from users of planning systems as they do not solve the problems they intended to solve largely because they are ‘social problems’. They highlight these problems as wicked in the sense that they cannot be quantified. An illustration was the irreversibility of consequences in services directly delivered to the general public involving lives (e.g. defective bridge), states of mind (e.g. education syllabus) etc. Furthermore they argue that planning professionals politically participate in planning by putting in their agendas and interests.

**Hindrance to strategic thinking**

A major Canadian critic of strategic planning is Mintzberg (1994). He critiques strategic planning after decades of its popularization by its proponents. Having followed the practice of strategic planning, he notes that it involves attempts to document and keep up with the pace of existing routine practices. In that way, it does not allow for what he terms strategic thinking. He argues that strategic planning as practiced is strategic programming, not strategic thinking.

Strategic planning as it has been practiced has really been strategic programming, the articulation and elaboration of strategies, or visions, that already exist. (Mintzberg, 1994, p. 107)

He uses the roles of those involved in strategic planning such as planners, managers and CEO to illustrate his argument. Planners do planning and are the middlemen between managers and a CEO. He observes that managers are not responsible for planning but for the execution of plans but they fight planners to include their ideas in a plan which “often spoils strategic thinking causing managers to confuse real vision with the manipulation of numbers” (p. 107). Furthermore, this confusion stems from most successful visions being visions, not plans. On the other hand, he notes that “Planners should make their contribution around the strategy-making process rather than inside it.” (Mintzberg, 1994, p. 108).
Mintzberg (1994) explains that although proponents of planning suggest that “planning fails when it does not receive the support from management or when it encounters resistance to change in the organization” (p. 109), the problem is that planning “represents a calculating rather than a committing style of management” (p. 109). He argues that calculated strategies have no value in and of themselves and drawing on Selzick (1957) states that strategies take on value only as committed people infuse them with energy.

Additionally, Mintzberg (1994) suggests that contrary to what traditional planning advocates, deliberate strategies are not necessarily good and emergent strategies are not necessarily bad. In addition to these two types of strategy making, he suggests that strategy can be developed inadvertently through a process of learning.

**Fallacies of planning**

Mintzberg (1994) identifies three fallacies of planning which are the fallacy of detachment, the fallacy of formalization and the fallacy of prediction. In the fallacy of detachment, he states that in that viewpoint, if the system does the thinking then strategies must be detached from operations (or “tactics”), formulation from implementation, thinkers from doers, and strategists from the object of their strategies. He argues that the fallacy of prediction assumes the world stands still while a plan is being developed and stays on the predicted course while the plan is being implemented. He suggests that this explains lockstep schedules that have strategies appearing on the first of June, to be approved by Board of directors on a set date. On this basis, he postulates that any company cannot know the period for which it forecasts with given accuracy.

Ackoff’s (1970) general definition of planning does not explicitly assume this fallacy. However, it implies that the future stands still, as it assumes ‘a set of interrelated decisions’ may be extracted from a point in time, while time, on the other hand is ongoing and may involve a change in ‘a set of interrelated decisions’ while it is being evaluated to determine an action to be taken. Hence, Mintzberg (1994) states that these activities are fallacious and that strategic planning as an innovation has never been institutionalised. He also draws on Frederick Taylor’s argument that work processes must be fully understood before they can be formally programmed.

**4.1.5 Lessons learnt**

In reviewing literature on the use of corporate planning (in the U.K.) and strategic planning (in the U.S.) both in the private sector and the public sector, the lesson that the studies reviewed seem to agree on is the process must be tailored to meet the needs of the organization.
Eadie (1983) advises from his experience as both an executive and a strategic management consultant in the public sector that “successful application is a matter of careful tailoring to the unique circumstances of a particular public organization” (p. 447). Bryson and Roering (1987) conclude that “every planning process should be tailored to fit specific situations and that every process in practice will be a hybrid” (p. 20).

On the other hand, Campbell (1999), who compiles case studies from the private sector, also identifies that although many companies have been refining their planning processes for over a decade, benchmarking against practices from corporations that are known to be outstanding planners is a problem as it can be misleading and distracting. He observes that it prevents managers from focussing on what is unique to their situation. Consequently, he states that “Managers design a planning process that is a model of professional planning techniques but fails to add value.” (p. 41). Similarly, Mintzberg (1994) also argues that “Sometimes strategies must be left as broad visions, not precisely articulated, to adapt to a changing environment.” (p. 112). Simply, failing to contextualize practices to meet the needs of a company may lead to the mistake of intermittently adopting various forms of planning that may not address circumstances unique to an organization, the corporate whole and the environment in which it operates.

Campbell (1999) emphasises the learning of lessons which he observed would add value to corporate planning. He emphasises that the planning processes do not work for most managers by referring to the findings of a survey reporting that three-quarters of the respondents had stated that strategic plans are documents prepared for a corporate centre and are later forgotten. He further states that typical corporate centres rubber stamp a unit’s proposal so that efforts are a lot of the time spent to no purpose. Furthermore, a common mistake is that for “many companies much of the bottom-up planning work is completed before there is any dialogue between business units and corporate centres” (Campbell, 1999, p. 42). Therefore, business unit managers become experts at second guessing what the corporate centre expects.

### 4.1.6 Summary

The literature review on planning shows that planning comes under many forms which include government planning, strategic planning and corporate planning. Corporate planning and strategic planning are noted to have been used interchangeably in academic literature in the studies which were reviewed. Corporate planning has been used predominantly in the private sector and has gained wide acceptance in the public sector. The main lesson learnt from its application in both the private and public sector, is to tailor the processes involved to meet the circumstances of the organization that adopts it.
4.2 Budgeting

Annual estimates, annual appropriations, budgets, budgetary control and reporting, and related processes have a long history in many countries where there is a constitutional principle that a government (i.e., the executive or cabinet) requires the consent of the legislature (or parliament) before it can collect taxes and spend the money collected from those taxes. However, the systems associated with these longstanding processes have come to be seen in a different light over the past few decades, as epitomised by Shah and Shen (2007), as follows:

Public budgeting systems are intended to serve several important functions. These include setting of budget priorities consistent with the mandate of the government; planning expenditures to pursue a long term vision for development; exercise of financial control over inputs to ensure fiscal discipline; management of operations to ensure efficiency of government operations; and as tools for performance accountability of government to citizens. The most fundamental function of budget is to control public expenditure, which is commonly carried out by financial control over inputs. Input controls have been more concerned with how much is spent and how it is spent than what it is spent upon. Input controls often put ceilings or caps on each category of expenditure, or even each item of expenditure. The budget is also a very significant statement of government policies, where policy objectives are reconciled and implemented in concrete terms. It sets forth policy priorities and levels of spending, ways of financing the spending, and a plan for managing the funds. (Shah & Shen, 2007, pp. 1-2)

This revised way of thinking about budgeting in the public sector owes much to the development of practices in the private business sector.

4.2.1 Private sector budgeting

Budgeting, a budget and budgetary controls are concepts which have been generally used in the private sector where the focus is profit-making. Thus, it is noteworthy to begin with uncritical textbook definitions of the terms. Horngren, Datar, and Foster (2005) describe budgeting as a common accounting tool that organizations use for implementing strategy. They describe a budget as an integral part of management control systems that aims at promoting coordination and communication among sub-units within a company. It also provides a framework for judging performance and finally motivates managers and other employees. Furthermore, Epstein (2012) states that ‘budgeting has come to be accepted as an efficient method of short-term planning and
control’ (p. 561). He asserts that ‘probably the greatest aid to good management that has ever been devised is the use of budgets and budgetary control’ (p. 561). Additionally, he states that

Budgetary Control is the process of establishment of budgets relating to various activities and comparing the budgeted figures with the actual performance for arriving at deviations, if any. Accordingly, there cannot be budgetary control without budgets. Budgetary Control is a system which uses budgets as a means of planning and controlling. (Epstein, 2012, p. 562)

Central to the use of budgeting in the private sector is its use to report performance and distribution of profits. A budget system in a business setting is influenced by the information needs of management rather than those of the organization’s investors and external users (Ingram, Petersen & Martin, 1991). On the other hand, budgeting in the public sector is used for resource allocation and performance measurement. A budget therefore is a key element in planning and performance measurement and is the major vehicle for resource allocation (Kluvers, 1999). Hence, the type of budget used can influence these processes (Kluvers, 1999).

Henley, Holtham, Likierman and Perrin (1989) note that budgeting is the link between management and control. They explain that the process of budgeting converts different plans involving the use of physical resources into monetary values expressing meaningful economic measurement and allowing the adding together of these plans. Modell (2015) notes that budgeting, as a rational practice, is a key component of management control and should provide organisational arrangements enabling employees to maximise performance with minimal unintentional consequences. He emphasises, however, that budgeting implies a formal control system, as opposed to informal arrangements, and this formal system operates in a social setting where there are key roles such as a detector, an evaluator, a director, and a communication network.

Dysfunctional Effects of Budgeting

Modell (2015) notes that budgeting has had a range of dysfunctional consequences. Examples are short-termism (myopia); creation of budgetary slack; manipulation of accounting data (gaming); lack of motivation (if budgetary targets are too difficult); and job-related tension and stress.

Contingency theory

Contingency theory contends that there is no generally accepted effective control system that would work in all situations. Hence control systems need to adapt to the context in which they operate by being matched with the contingencies of that context such as organisational strategy and
structure, environmental uncertainties and technological complexities. The purpose of doing so is to achieve “fit” and avoid “misfit” (Modell, 2015).

4.2.2 Public sector budgeting

In the literature there are four main types of budgeting used in the public sector: line item budgeting, zero based budgeting (ZBB), performance budgeting and programme budgeting.

First, Kluvers (1999) describes line item budgeting as “the traditional form of budgeting in which there is a line for each of the resources an organization intends to use in the next period. Its major function is to control inputs.” (p. 69). Similarly, Shah and Shen (2007) explain it presents expenditures by inputs/resources and is classified by disaggregated objects of expenditure and also by operating and capital expenditures. Its primary concern is controlling the budgetary process to setting aggregate spending limits or ceilings to ensure that agencies’ spending does not exceed those ceilings (Kluvers, 1999; Shah & Shen, 2007). It “facilitates a tight fiscal grip over government operations” (Shah & Shen, 2007, but does not hinder planning or the aim of achieving objectives. Planning and achievement of objectives are overt parts of the budgeting process. Its simplicity and control over public spending at the input level are its strengths.

As its control rests with inputs, it has become an obstruction to the promotion of efficient and effective public planning and the push towards results-oriented accountability in the public sector organizations. Its emphasis on inputs phases out evaluation of why those inputs were spent. Decision making accompanying this type of budgeting focusses on the item level details and it monitors spending by comparison over regular budget periods. (Shah & Shen, 2007)

The second, ZBB, is an attempt to overcome the incrementalism associated with criticisms of line item budgeting. It emphasises the justification of all expenditures and includes the examination of the effects of a change in an expenditure on performance (Kluvers, 1999). ZBB requires that each item of expenditure is justified for each period in order to reflect new policy priorities.

Third, Shah and Shen (2007) describes performance budgeting as a system of budgeting that presents the purpose and objectives for which funds are required, costs of programmes and associated activities proposed for achieving those objectives and outputs to be produced or services to be rendered under each programme. A comprehensive performance budgeting system quantifies the entire results based chain including: inputs/intermediate inputs which are resources to produce outputs; outputs defined as the quantity and quality of goods and services produced; outcomes referring to progress in achieving programme objectives; impacts on programme goals; and reach
which is the identification of people who are either beneficiaries or not from a programme. Performance budgeting can be distinguished from line item budgeting in that it places emphasis on the unit costs of activities (e.g. in terms of: productivity - outputs per hour; efficiency – cost per unit of output (Shah and Shen (2007)). Also in comparison with line item budgeting it allows for more flexible use of fiscal resources and shifts from input-focus to results-focus (Shah and Shen (2007)). This feature was a precursor to programme budgeting (Kluver, 1999).

Lastly, programme budgeting sometimes referred to as planning programming budgeting explicitly states an organization’s objectives and presents resources required to achieve those objectives. It places importance on the intended outcomes of the proposed expenditure and therefore adopts a multi-period perspective. Among the benefits of the use of programme budgeting in the U.S. is it provided a framework for rational decision making (Jones and Pendlebury, 1996), but was also noted to have encountered practical problems with its implementation and was viewed as inappropriate for use of organizations operating in complex and changing environments (Jablonsky & Dirsmith, 1978). Criticisms of the use of programme budgeting, declaring it a failure in the U.S., include: information generated by the budgeting system could not be used by managers; data required for its operation was difficult to obtain and users simply did not understand it (Wildavsky, 1978). Additionally it was viewed as inappropriate for most organizations (Wildavsky, 1978) as opposed to its ability to operate only in a simple environment where objectives were clearly defined and straightforward (Hofstede, 1981). Despite these criticisms studies have found that it has continued to be adopted by public sector organizations in the U.S. and in Australia and has continued to spread (Kluvers, 1999). Kluvers (1999) asserts that this may indicate that it has become a staple rather than a fad. However this can also imply that inconveniences may arise in introducing a new budgeting system.

4.2.3 Integration of corporate planning and budgeting

Piercy and Thomas (1984) identify that previous research has suggested the failures of implementing corporate planning are often due to ineffective integration with financial budgets. The level of corporate plan-budget integration and its form, in practical terms, is demonstrated through case evidence based on unstructured interviews with managers in three contrasting organizations. They opine that it is possible to assess how seriously corporate planning is taken in a firm by the extent to which there is integration between plans and budgets. Furthermore, the way objectives are perceived and used by managers may vary in ways which relate to plan-budget integration. They note that control aspects of budgeting may act against integration, uncovering goal differences between planners and accountants and suggesting that the problem of ineffective integration of
corporate planning and financial budgets seems to stem from the way managers perceive objectives relating to plan-budget integration and control aspects of budgets used by accountants.

4.3 Theories regarding adoption, diffusion and rejection

Corporate planning and programme budgeting may be regarded as administrative technologies. As such, the powers that be in an organisation can be said to adopt it, in which case we may apply ideas put forward by Abrahamson (1991) to the situation.

Abrahamson (1991) refers to the adoption of administrative technologies from two views; the ‘efficient-choice’ and the ‘inefficient-choice’ perspectives. First, the ‘efficient-choice’ perspective is where organizations autonomously and rationally adopt technically efficient innovations. Therefore, this perspective ‘cannot explain either the diffusion of technically inefficient innovations or the rejection of efficient ones’ (p. 606). An example can be the adoption, diffusion or rejection of a planning or budgeting model that reflect the diverse insights of planners into ways to add value (Campbell, 1999). Due to this limitation Abrahamson (1991) developed the ‘inefficient-choice’ perspective under which three additional perspectives are classified based on contrary assumptions. First, the ‘fad’ perspective is based on the assumptions that ‘organizations in a group are uncertain about both their goals and the efficiency of innovations’ (p. 606) and also experience few influences by organizations outside their group. Hence these organizations ‘can imitate each other's adoption of inefficient innovations or rejection of efficient ones’ (p. 606). Similarly, the second perspective, namely the ‘fashion’ perspective assumes ‘high uncertainty among organizations in a group’ (p. 608). However, unlike the fad perspective it ‘recognizes influences on organizations in a group exerted by organizations outside the group’ (p. 608). Thus, it asserts that ‘outside fashion setters either lead the diffusion of inefficient innovations or the rejection of efficient innovations when they introduce substitute innovations’ (p. 608). Third, the ‘forced-selection’ assumes both low outside influences by organizations and uncertainty and suggests that it may be in the interest of powerful outside organizations, such as governmental regulators, to force organizations inside a group either to adopt technically inefficient innovations or to reject efficient ones.

Although this is a normative study focussing on contrary perspectives to the efficient-choice perspective that explains how and why organizations may either adopt and diffuse inefficient innovations or reject efficient ones in the context of the private sector, it can be used to describe why and how the corporate planning and budgeting models were adopted by the Government of Tonga for its MDAs. In doing so, it also considers the ‘efficiency’ of processes or innovations from the context of the public sector.
4.3.1 Potential adoption, diffusion and rejection themes in the Pacific Literature

The purpose of identifying themes from the neighbouring island countries of Tonga in the Pacific is to build understanding around the context in which corporate planning and budgeting may have been introduced into the Government of Tonga. Various business research articles have identified issues which third world island countries in the Pacific are facing that are similar to those experienced in Tonga throughout the introduction and development of accounting ideas, concepts and processes that are foreign to these nations. In referring to the lack of studies of traditional land use in a Tongan context, Prescott and Hooper (2009) stated that much can be gained from equivalent studies carried out in other parts of the Pacific as these studies' findings are consistent with Tongan protocols and traditions (p. 290).

Colonialism

Colonialism introduced accounting into most Pacific Island countries. Sovereign states such as Britain came within the Western Pacific High Commission (WPHC), the British Pacific headquarters, which was based in Suva from 1885 to 1952 and in Honiara from 1952 to 1975. The British Consul for Tonga was appointed by the High Commissioner and sent accounting and other reports to the WPHC, which then went to the Colonial Office in London.

Colonialism was identified as the major influence/factor which led to the establishment of accounting in Tonga (Taufu’i, 1996), Western Samoa (Masoe & Prescott, 2011), Fiji (Davie, 2000) and Kiribati (Dixon & Gaffikin, 2014). Masoe & Prescott (2011) claim that accounting was introduced in these countries during the colonial period from the 1800s to the 1900s.

Davie (2000) illustrates colonialism by an example of an ‘American debt’ viewed as unfairly imposed on a Fijian chief not appropriately quantified. The debt provided an opportunity for the British to use accounting to imperialize Fiji by way of quantifying villager’s activities for monitoring purposes and assigning accounting responsibilities to village chiefs as a way of forming alliances against natives that showed resistance. Similarly, Rika, Tuiseke, Tuiloa and Finau-Tavite (2008) found in their study that accounting was used for control over indigenous peoples’ undertakings in Fiji. Similar influence of the British colonial influences has been documented for Kiribati (Dixon & Gaffikin, 2014), Western Samoa (Masoe & Prescott, 2011) and Tonga (Taufu’i, 1996). The level of awareness of imperial activities seemed quite low and natives simply lacked control due to strong influences from competing colonial powers.

Accounting continued to develop with its formal introduction into education (Masoe & Prescott, 2011; Taufu’i, 1996). It was referred to as book-keeping. The establishment of
professional bodies such as the Western Samoa Society of Accountants (WSSA) in 1959 (Masoe & Prescott, 2011) and the Tonga Society of Accountants (TSA) in 1992 (Taufu’i, 1996) played distinct roles in the development of accounting. In Western Samoa, the WSSA played an active role (Masoe & Prescott, 2011) and has developed well whereas for Tonga, the TSA seemed to have gone nowhere with developing accounting policies and practices (Taufu’i, 1996).

Although Fiji, Kiribati and Western Samoa later gained independence, the accounting introduced through colonialism has inevitably continued (Dixon, 2004; Dixon & Gaffikin, 2014; Masoe & Prescott, 2011; Taufu’i, 1996). Tonga on the other hand, was a British protectorate but was not formally colonized (Taufu’i, 1996). However there too various ways of accounting and associated new ideas, concepts, methods etc. were introduced and adopted. These concepts seemed to be ignorantly embraced and viewed by natives (including Tongans) as progress, and were rarely recognised as the result of colonialism.

**Harmonization, convergence, globalisation**

Themes such as harmonization, convergence and globalization are extensively discussed with regards to the introduction of accounting standards in various islands of the South Pacific. Such discussions include the work of Chand (2005); Chand and White (2007); Chand and Patel (2008); Rika, Tuiseke, Tuiloa, and Finau-Tavite (2008). Chand and White (2007) wrote that “Globalization is ostensibly a process whereby multinational enterprises may enter developing countries.” (p. 609). These studies identified that the goal of achieving international comparability in financial statements lacks a respect for the jurisdictions and country-specific attributes (such as culture, economic, social and legal systems) of countries in which accounting standards are being promulgated.

**Cultural differences**

Some researchers view accounting as a western concept, associated with developed countries with an individualistic culture, which has been introduced into developing nations in the Pacific which have a collectivist culture (Masoe & Prescott, 2011; Chand, 2005; Prescott et al, 2009). The misfit between the two types of culture results in challenges in the application of accounting concepts. For instance, according to the findings of Masoe & Prescott, (2011), Pacific cultures hold values which cannot be quantified. Given that one of the roles of accounting is to identify, account for and then measure and quantify the assets of a workplace, some difficulties with the application of accounting principles in that respect are encountered. In the fa’aSamoa (the Samoan culture) these values include alofa (love) and lafo (giving of gifts to show fa’aaloalo (respect)). Similarly, in a Tongan context Prescott and Hooper (2009) labelled the collectivist
culture and values of giving and sharing of Tongan entrepreneurs in New Zealand as what is ‘common’. Furthermore, the ‘commons’ do not fit with the ‘anti-commons’ of an individualism that characterises the New Zealand culture and the use of accounting in New Zealand. Tongans avoid tax obligations by trading within the Tongan community or by delaying the filing of tax returns so that more is available to give although they end up getting caught in the taxation system (Prescott and Hooper, 2009).

The impacts of accounting usage in Pacific Island countries vary depending on the extent to which the culture of accounting from where it originated merges with the culture to which it is introduced and developed. The main component that determines the impact seemed to be the culture and traditions and the impact is felt only to the extent that accounting practices are adopted by people in accordance with conflicting established accounting policies. It can also depend on the existing accounting policies themselves and the level of enforcement in different countries. For instance, Masoe and Prescott (2011) claim that in Western Samoa the impact of accounting on the culture is neutral. Accounting practices are applied so long as the Samoan culture allows the application of such policies. In other countries like Fiji, Kiribati and the Solomon Islands, accounting is viewed as conflicting with tradition and culture, and it was initially adopted without the awareness of the local natives (Chand, 2005; Dixon & Gaffikin, 2014; Hauriasi et al, 2009). Challenges and/or conflicts arise such as the struggle to adapt to the foreign accounting concepts.

4.4 Planning developments in Tonga

This section aims to portray planning and budgeting ideas practiced in the ancient days in the Tongan culture which have been developed and enhanced in present day practices. Various historical developments based on distinct events under several monarchs of ‘modern Tonga’ will be presented and discussed. This is to develop an understanding of the context of Tonga, specifically the roles of indigenous authorities and external agencies and the impacts of those roles in the adoption, diffusion and rejection of both traditional practices and foreign innovations.

4.4.1 Historical developments

This section extracts the intricate events from monarch’s eras of ruling in the history of Tonga that may help to explain the practices of planning and budgeting in Tonga.

Pre ‘modern Tonga’

Traditionally, although Tonga had monarchs with absolute rule, it was a loosely knit group of islands that was united by language and culture but separated by distance, including politically. Probably before periods of foreign intervention brought by colonialism, the Tongan traditional form
of planning and execution of plans for the obtainment and allocation of its resources (e.g.
agricultural and marine) were through practices prescribed by its own traditional calendar
(Fakasi’i’eiki, 2011; Faupula, 2015). This calendar consists of thirteen months each of 28 calendar
days. The calendar identifies the seasons and corresponding duties of men as farmers and
fishermen, women as housewives, and children both in a nuclear and extended family to sustain
families in seasons of abundance and famine. For instance, in the month of ‘O’oamofangongo
(covers the last half of October to the first half of November), food and water supply were usually
scarce. Households were to manage food supply well during this month. Another example is the
consecutive months of Hilingakelekele (covers the period 14 May to 12 June) and Hilingamea’a (13
June – 11 July) which were the harvest (usually of yam). Food was plentiful in supply. It was
usually during these months that presentation of yams was made to chiefs as it was considered
principal among root crops to be presented to chiefs.

Fakasi’i’eiki (2011) stated,

In practice, local farmers and fishermen [were] not concerned about how
many days there are in a month, because their life and livelihood is their
calendar. (Fakasi’i’eiki, 2011, p. 139)

This traditional calendar, followed closely, prepared the Tongan people for traditional
practices such as ‘inasi (ceremony of the offering of the polopolo - first fruits of the yam harvest -
to Tu’i Tonga) (Rutherford, 1977, p. xi) and hunuki (the use of a stick to mark any part of a
commoner’s banana plantation by the chiefs for themselves) (Lātūkefu, 1974).

The ancient history of Tonga’s society and culture displayed a strictly hierarchical structure.
It distinguishes three classes, the Kings, the Chiefs and the commoners. Commoners, their
properties and services were owned and were subject to the autocracy of the chiefs. The best of the
harvest and fishing were offered to chiefs and King. Commoners had as their share the remaining
catch for subsistence living. Autocratic planning and allocation of resources were commanded by
the King and chiefs and commoners carried out the plans by labouring for resources so allocated.

Opression by both the King and the chiefs often led to an outburst by commoners which
resulted in political reforms. One such reform emerged during the rule of the first line of Tonga’s
Kings, the Tu’i Tonga lineage. This resulted in the inauguration of a new chief called the Tu’i
Ha’atakalaua who was ‘…to take over the control of day-to-day affairs while allowing the Tu’i
Tonga to enjoy dignity and prestige of being the highest in the land…’ (Rutherford, 1977, p. 35).
Governors were also appointed to the four outer island groups of ‘Eua, Ha’apai, Vava’u and the
Niuas (two islands of Niua combined). A third line of chiefs was also introduced which was the
Tu‘i Kanokupolu from which the reigning King lineage and Taufa‘ahau, the founder of ‘modern Tonga’ originate.

Christianity was introduced by missionaries to Tonga during the eras of oppression of commoners by chiefs. The involvement of missionaries added complications to the authority of the chiefs and King. Chiefs who were converted submitted to the advice of the missionaries much to the dismay of unconverted chiefs (Lātūkefu, 1974). Other chiefs regretted that the conversion of the commoners under their authorities meant that their role as chiefs would decrease (Rutherford, 1977). Lātūkefu (1974) described missionaries as desperate to convert people and their lifestyle regardless of whether they were only nominal. Rutherford (1977) also wrote that,

They were also caused difficulties by their lack of formal education and proper training for the task… Their initial inability to understand the Tongan language caused much frustration in their relationship with the people. (p. 119)

Taufa‘ahau, who was a chief at the time of the missionaries’ conversions had accepted Christianity and relied on the missionaries for advice on living out his faith. He also had his own vision fostered through his upbringing in a chaotic time of civil wars and assassinations of Kings for power, to unite Tonga as one nation under one King. He was referred to as a ‘man of actions’ who had commanded and participated in executing his commands. Among his actions were his demolishing of traditional “heathen” temples and gods to demonstrate to his people the gods they were serving were items such as seashells magnified with the wrappings of layers of mats.

According to Lātūkefu (1974) the missionaries were careful to provide advice to Taufa‘ahau but let him act at his own discretion. However, they were deeply disappointed when he did not execute their advice precisely as they had given it. Taufa‘ahau also regretted that the missionaries seemed to consider him as only a disciple under their discipleship. He sought the advice of another missionary who was persistent to provide the advice Taufa‘ahau needed.

‘Modern Tonga’

Although the missionaries’ advice was not consistently executed as they had expected, they contributed significantly to developments in Tonga. These contributions included the “establishment of central government for the whole of Tonga and the introduction of rule of law in the country… [a]lthough they did not initiate the unification of Tonga…” (Rutherford, 1977, p. 132).

The conversion of Taufa‘ahau to Christianity coupled with his vision to unite Tonga led to his revolutionised ending of dictatorial practices of the Kings and chiefs, referring to such practices
as “dark” in the light of his convictions from his personal Christian faith (Lātūkefu, 1974). The removal of the autocratic practices was formalised in a reform leading to the Constitution of Tonga of 1875 which removed “slavery” of commoners to the King and chiefs and required all actions (whether of the King, chiefs or commoners) to be made in accordance with the newly established highest authority, the Constitution of Tonga (Lātūkefu, 1974). The Constitution allowed chiefs to allot lands to commoners for their ownership with the establishment of tax allotments, each to replenish his own land for himself. In executing his new belief and vision, Taufa’āhau had determined for himself on which advice to base his decisions and had acted accordingly.

Taufa’āhau became King George Tupou I after he had united the scattered islands now known as the Kingdom of Tonga. He was a planner and as an executioner of his own plans had succeeded in uniting Tonga under a Constitution that was founded on Christian principles, a nation under God, with its national motto, ‘God and Tonga are my inheritance’.

Although Tupou I’s vision was not well written and articulated in a plan, he continued to act on his own strategies against the colonial powers that had colonised Tonga’s neighbouring islands. Events including obtaining from Australia and finalising a first Constitution of Tonga. Some of his strategies inevitably failed, but emergent strategies arose, which maintained Tonga’s independence in terms of decisions finalised by indigenous monarchs and government executives (Lātūkefu, 1974).

Tupou II was the successor of Tupou I. During his reign, a British Protectorate treaty was signed in 1900. Tonga became a Protectorate, being united politically as a kingdom, with the British Consul providing governance and administrative advice, including about taxes and public administration, including annual estimates and line item budgets. Tonga remained a British Protectorate during the reign of three monarchs, Tupou II, Queen Salote Tupou III and Tupou IV.

Throughout the reign of these monarchs, numerous events highlight that they acted to some extent on the advice provided to them from the British Consul and other colonial authorities. There were cases which marked the era of these monarchs ruling. Probably the biggest case was during the era of Tupou II’s government. It was that of a local trading cooperative in Tonga, named the Tonga ma’a Tonga Kautaha (Hempenstall & Rutherford, 1984). This case highlighted important lessons which seemed to have been repeated in the years that followed. These lessons include what seemed to be an unnecessary intervention of a British consul into administrative affairs of Tonga based on terms of a supplementary agreement in 1905 to the protectorate treaty.

[a] Supplementary Agreement had been imposed on the King, Tupou II, giving the British High Commissioner in Fiji the right to nominate key
officials to the government and making it mandatory for the King to take the advice of the British Agent and Consul in Tonga on all matters of importance. (Hempenstall & Rutherford, 1984, p. 49)

The case study of the Tonga ma’a Tonga Kautaha portrayed interference in a nation's governmental affairs and its ability to administer the country in accordance with its own Constitution; it highlights the various pressures from outside the country.

Queen Salote Tupou III succeeded to the throne after Tupou II. This monarch displayed numerous acts of humility and continued to follow in Tupou I’s footsteps aspiring towards a more united Tonga. Perhaps the main issues faced by Queen Salote were those of chiefly rankings, church denominational barriers and conflicts, and her duty towards the safety of her country (Lātūkefu, 1967). In regards to external affairs, she relied heavily on the advice of the British Consul (Lātūkefu, 1967).

…the Queen remained preoccupied with meeting the needs of the present and appeared little concerned with the trend of future developments in Tonga. She believed that if the present was right, then the future would take care of itself. Although her views on some matters were quite progressive, her reign was essentially conservative. (Lātūkefu, 1967, p. 160)

Her reign encompassed World War II, when Tonga was protected by the U.S., and the post-war period until 1965.

National planning was established in Tonga during the final five-year term of the British Consul from 1965-1970. Literature has identified that that post-war period led to the establishment of national planning partly to urbanise cities that were affected by the war (e.g. Wakeman, 2014). This may not have been the case in Tonga as there were minimal effects following World War II. Nonetheless, the development of the country during this period was in terms of outreach services to urbanize and formally educate people in islands outside of the main island of Tongatapu such as Vava’u.

The drafting of a national plan led to the first national plan series starting in 1965. These plans may have replaced the British protectorate terms which had ceased in 1970 and from then, Tonga gained independence. Although Tonga was not formally colonized, it has undergone most of the effects of colonialism like other Pacific island countries. The Tongan government has also maintained reliance on external advice for its national undertakings. Additionally, the national plan and other documents reporting its implementation allow a close monitoring of the developments of
Tonga. Also, it has facilitates assistance from foreign donors who have in turn imposed their conditions on the country.

4.4.2 Discussion of recent developments

In the historical developments of planning ideologies in Tonga, the literature is divided into two headings. First, pre-modern Tonga comprising the period before Tonga became recognized as a Constitutional government united under a monarch. Second, ‘modern Tonga’ comprising the later periods in which Tonga became a constitutional monarchy. These divisions assist in the discussion of these events in regards to the development of planning and budgeting ideas.

Two planning and budgeting ideas are seen in the pre-modern Tonga period. One is to do with the traditional Tongan calendar. It can be seen that this calendar operated well in the oral Tongan society in periods where there were rarely any written documents. This calendar governed planning of activities in every season and the allocation of local resources among different levels of society. Management of planning in practice followed cultural and societal hierarchical structures. The allocation of resources at the national level was commanded by kings and chiefs in tyrannical terms such as in calendar events of hunuki, polopolo and ‘inasi. As the economy was non-monetised, subsistence was the main concern where agricultural and marine resources had to provide food for the community and village (Bascom, 1970). The events and activities around the traditional calendar portray the strong collectivist culture and underlying values such as faka’apa’apa, mamahi’i me’a and tauhivā. Second is to do with the events leading to and following the political reform of Tonga into a constitutional monarchy. During this reformation, the oral nature of the Tongan culture transitioned into a formal form of government where undertakings had to be documented. Also, a monetised economy was enforced as the Constitution required government budgeting and taxation. The slavery system where commoners were not allotted land for ownership was removed and Tongan society split from predominantly having men and women as labourers to chiefs to having several types of employment. Furthermore, the accumulation of wealth in the western context was introduced and natives were drawn towards ownership of material possessions (Prescott & Hooper, 2009; Lātūkefu, 1974).

The written constitution replaced the traditional calendar in government but was maintained by society. Government planning and budgeting were established in the written constitution and were managed by government bodies. The culture saw the introduction not only of ‘prestige’ gifting where produce were for the purpose of ceremonial gifting and community feasts but also ‘commercial’ where produce were sold to meet basic needs (Bascom, 1970; Prescott & Hooper, 2009). In the Tongan context, prestige gifting maintained the practice of polopolo and ‘inasi, but in
different forms such as church donations and for different levels in the Tongan societal and hierarchical structure. Relational obligations increased from paying homage to kings and chiefs to additionally occasions involving family, church and community.

The political reform of Tonga into ‘modern Tonga’ involved the vision and strategies of Tupou I, Tonga’s first monarch resulting in a formal form of government. An oral civilized society was already in place but it seemed hard to maintain it because of oral agreements and unsure obligations that could easily be broken and which led to many civil wars. Tupou I’s involvement highlights the concepts of strategic thinking which Mintzberg (1994) preferred over strategic programming. Although there was no written plan involved in this reform, Tupou I had his vision for Tonga and acted on emergent strategies by advancing on the opportunities presented to him, for instance, by the missionaries. Events involving the intervention and advice provided by missionaries show the reliance on external advice in administering the new formal government. Strategic thinking is highlighted as beneficial to strategic programming (although the words for the concept was probably non-existent at the time) as learning takes place when planning is less rigid and allows for this flexibility of pursuing a vision that may not be articulated and programmed in a plan. It also allowed new strategies to be implemented as they emerged through experiential learning.

In contrast the case of the *Tonga ma’a Tonga Kautaha* displayed the extremity of intervention by the British colonial power in governmental affairs of Tonga. It points to similar roles of supranational bodies which the Government of Tonga continues to rely on for expert advice. Hau’ofoa (1994) referred to international aid as causing increased dependence on foreign countries.

In our region, two levels of operation are pertinent… The first is that of national governments and regional and international diplomacy, in which the present and future of Pacific island states and territories are planned and decided on. Discussions here are the preserve of politicians, bureaucrats, statutory body officials, diplomats and the military, and representatives of the financial and business communities, often in conjunction with donor and international lending organizations, and advised by academic and consultancy experts. Much that passes at this level concerns aid, concessions, trade, investment, defence and security, matters that have taken the Pacific further and further into dependency on powerful nations… Moreover, academic and consultancy experts tend to overlook or misinterpret grassroots activities because they do not fit with prevailing views about the nature of society and its development. (Hau’ofoa, 1994, p.148).
On the contrary, Queen Salote Salote Tupou III relied on the British Consuls for advice on ‘external matters’. Hence, interventions seemed only harmful to the extent that monarchs allowed them in managing foreign relations.

4.5 Chapter Summary

In summary, the objective of this chapter was to give context to this research by exhibiting from current literature the practice of corporate planning and budgeting in the private sector and in various local governments and public sectors. It also provided a contextual review of the literature on the introduction of accounting in other Pacific Island countries.
Chapter 5 Government of Tonga planning and budgeting processes

In the previous chapter, the literature on corporate planning and budgeting is in various contexts (Western, Pacific and Tonga) was reviewed.

Chapters 5 and 6 present the findings in order to answer the research question of how and why corporate planning and budgeting are linked in practice by government agencies in Tonga.

The RQ is divided into two parts as follows:

(a) What corporate planning and budgeting processes have been adopted by the Government of Tonga?

(b) How has corporate planning and budgeting been linked in their practice by the Government of Tonga and why?

This chapter focusses on addressing part (a), by identifying the planning and budgeting processes that have recently been adopted by the Government of Tonga.

5.1 Background

The first formal Government of Tonga operated under its Constitution of 1875 and the particulars of treaties under the British authority which started in 1900. Historically, planning seemed to have been largely a function of the King in His Privy Council which comprised the ruling monarch and his appointed Cabinet ministers who were the government’s executive (see Thomson, 1894; Lātūkefu, 1967, 1974, 1975; Rutherford, 1977). This was intervened in as necessary by the British authority until the cessation of the British Protectorate in 1970.

However, in 1965 (i.e. before Tonga gained independence) the Government of Tonga produced its first national plan. The first series of national plans were each entitled Development Plan (DP), each for a five-year term. Sevele (1973) in his study based on two of these plans namely DPI and DPII stated that "

[t]he Plans [DPs] were formulated largely by experts seconded to Tonga by the British Ministry of Overseas Development" (p. 3).

However, “

[t]heir execution… was, and is, largely in the hands of the Tongan Government” (p. 3)

Several developments in the planning and budgeting functions led to the realisation that government planning and budgeting needed integration, resulting in the introduction of programme budgeting and corporate planning. These developments are outlined in the remainder of this section.
while the rationales for the adoption of programme budgeting and corporate planning are detailed in 5.2.

To begin with, national planning was established as a function of the Prime Minister’s Office. A separate Treasury Department conducted government budgeting, mainly in the traditional line item format.

Then, the national planning function was established under a separate Central Planning unit from the Prime Minister’s Office, but it reported directly to the Prime Minister. The Treasury Department continued operating with traditional line item budgeting and was renamed the Ministry of Finance to reflect changes made to its functions. It initiated programme budgeting and corporate planning. Finally, the Central Planning Department was merged with the Ministry of Finance and formed the current MFNP. It conducts national planning, programme budgeting and corporate planning amongst other functions.

The following are evidence of the development of events from participants in separate *talanoa* sessions:

The Central Planning Department was established in the 1980’s which conducted national planning and reported directly to the Prime Minister while budgeting was carried out by a separate Ministry of Finance. (SrP14)

Another participant confirmed this event.

In the past, a national planning department which focussed on the country’s national plan was separate from the then Ministry of Finance. The MOF initiated program budgeting and corporate planning. (SrM1)

In 2006, the Central Planning Department merged with the then Ministry of Finance mainly because of links to budgeting. Also, the goal was to bring together related functions (e.g. national planning, government budgeting, aid coordination, corporate planning etc.) which were termed fragmented in the sense that they were conducted in separate government departments. (SrP14)

SrM1 added,

The MFNP now conducts national planning, corporate planning and budgeting for government MDAs. (SrM1)
5.2 Rationale for adoption of programme budgeting and corporate planning

The previous section presents the events resulting in the bringing together of budgeting and planning functions of the Government of Tonga under the MFNP. This section outlines the rationale for programme budgeting and corporate planning innovations being considered, introduced and adopted by Tonga’s central government.

SrM1 stated that the movements toward a more efficient, productive and accountable government framed the introduction of programme budgeting and corporate planning. It was believed that corporate planning, a management tool from the private sector, would help achieve these aims. SrP8 added that proper planning in practice minimises a lot of expenses that cost the government and use taxpayers’ money.

SrM1 recalled that national planning was conducted prior to this. However, government ministries used traditional line item budgeting where they prepared estimates based on their purpose as stated in their respective legislation without the preparation of any work plans. This was done through considering basic statistics where for instance, salary was determined by the number of staff responsible for various functions in a ministry.

Furthermore, in preparing estimates using traditional line item budgeting, there was no outline of intended results and how their achievements were to be later monitored and evaluated. This led to the change to programme budgeting in about the late 1990’s. SrM1 explained programme budgeting as a budgeting process that identifies the purpose of each ministry, what it will do and how it will achieve its purpose in, say, a year. This led to the introduction of the idea of corporate planning.

The same participant clarified that one of the reasons for introducing corporate planning was that the emphasis before was only on financial compliance. This was due to the input focus of the traditional line item budgeting where it only monitored whether the budget granted was correctly utilised in accordance with relevant legislation. On the other hand, there was no reference point that would have accommodated the tracking of whether results were achieved. The change to programme budgeting allowed questioning of the results that were achieved so that accountability is not only pursued in terms of financial compliance but also in terms of performance or accountability for results. SrM1 reiterated, whereas before traditional line item budgeting had an input focus and only addressed whether budgets were expended in compliance with relevant legislation, programme
budgeting maintains compliance with mandates but also incorporates a ministry’s intended results and monitoring and evaluation of those results.

Furthermore, the introduction of corporate planning addresses the question of “how” to achieve the organization’s objectives considering the “what” and “why” of a ministry (i.e. what the ministry is and its purpose as outlined in its mandate) and its vision. It provides ways of implementing its vision in order of priority and corresponding costs. In a nutshell, an MDA’s corporate plan outlines a ministry’s purpose, its planned work programmes, intended results and accompanying costs (budget). This is assessed before an MDA is provided with a budget for its corporate plan. At the end of the year, this budget is monitored and evaluated against results.

Another vital aspect that was expected was regarding the monitoring and evaluation of results. This involved the setting of targets and performance indicators for activities in a plan. *Talanoa* participants identified the efforts invested in assisting ministries to compile data that provides evidence from which results can be measured.

### 5.3 Programme budgeting

Programme budgeting was used prior to the introduction of corporate planning, and improvements made to the budgeting resulted in various corporate planning models adopted by the Government of Tonga. A previous corporate planning format used was the Balanced Scorecard. In 2012 the Balanced Scorecard was replaced by an enhanced corporate planning model introduced through a recent project by the ADB. This project is discussed in 5.4.

The use of programme budgeting in Tonga involved a degree of integration with corporate planning. For instance, the information in an MDA’s corporate plan was coded into a budget structure so that they were presented under programmes and subprograms in the budget templates. Programmes and sub-programmes in an MDA’s budget were governed by the information in its corporate plan. However, its use as a control device was applied at the level of line items and was input-oriented.

### 5.4 The Project – Enhanced corporate planning model

The rationales outlined in 5.2 were partly derived from projects that were undertaken on government planning function and the budgeting function while they were in separate MDAs.

Extensive work on corporate planning and budgeting (CP/B) in the Government of Tonga was carried out by consultants. According to SrM13 the final project labelled CP/B began as two separate projects which were a national project focusing on budgeting and a regional one focussing
on corporate planning. However, over the years, the original projects developed to the point where they were merged under the title *Corporate Planning and Budgeting*, emphasising support for the integration of the corporate planning and budgeting processes for government MDAs.

This was a detailed project that evolved over time, starting as two separate projects - sometimes called a ‘process’ project rather than ‘blue print’ with a set out design. This final project evolved from two separate projects - national project focusing on budgeting and a regional one focusing on corporate planning. Each was in different divisions with different consultants. It took time to align the approaches under the two projects into the final joined project. (SrM13)

The same participant added that a question was raised on which was to lead: budgeting or corporate planning. This was based on two views. One was that the budget leads and all the corporate plan does is justifying the funding allocations. In the other, the corporate plan leads, and the budget funds the corporate plan. The processes, this participant noted, were as fragmented as the divisions of the MFNP.

Throughout the rest of the findings of this research “The Project” only refers to the most recent CP/B project, or rather aspects from a series of projects which had developed over time resulting in the most recent project (at the time of this research the Project was between the Government of Tonga and the ADB).

The remaining sections detail the undertakings in the Project’s inception, progress and close. The Project was sponsored by the ADB. In official documents of this agency the project is described as follows, with reasons for its initiation, its aims, and related costs.

### 5.4.1 Inception

In a fact-finding stage of the Project by the ADB in 2009, real and steady economic growth had been highlighted for Tonga pointing to its having faced the impacts of the global economic crisis while reviving its own economy. Amid this revival, the Government of Tonga agreed to the Project being introduced and developed as part of fiscal consolidation.

**Aim**

The main aim of the project was as follows.

The intended impact of the capacity development TA is enhanced resource allocation to foster economic growth and achieve national development priorities. The impact will be monitored through demonstrated improvements in the country performance assessment ratings in macroeconomic management and the quality of budgetary and financial
management. The expected TA outcome will be the adoption by the Government of Tonga of improved economic and strategic management processes. The achievement of this outcome will be reflected in improvements in public expenditure and financial accountability (PEFA) ratings. (ADB, 2011, p. 2)

Tonga’s 2010 PEFA assessments ratings were used by the project from which to mark its achievements.

According to the 2010 public expenditure and financial accountability (PEFA) assessment, the Tongan public financial management system is, overall, operating at average or above average levels when compared to international best practice. However, some areas are worthy of continued attention, especially in light of the difficult fiscal situation that the government faces over the medium term. Tonga, already at high risk of debt distress, requires ongoing budget support grants to fund its development priorities, while at the same time achieving fiscal consolidation through lower fiscal deficits and no additional borrowing. The areas requiring continued attention include maintaining budget credibility, the need to embed multi-year perspectives in budgeting, and presenting the budgetary impacts of policy changes (a symptom of weak links between the corporate planning and annual budget process). (ADB, 2013a, p.3)

The Expected Outputs were as shown in Figure 3.
### Expected Cost

The project was costed at US$675,000 with more than 80% to be expended on international and national consultants with less than 20% for training, support costs and contingencies. The roles international consultants vied for included Medium-term budget specialist and team leader, Economic modelling specialist and Policy advisors. A national consultant was to fill the role of Budget adviser. The Government of Tonga was to provide counterpart support in the form of counterpart staff, office accommodation, office supplies, and secretarial assistance.

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**Figure 3: Expected Outputs (Source: ADB, 2011, pp. 5-6)**

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Performance Targets and Indicators with Baselines</th>
<th>Data Sources and Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A strategically aligned medium-term budget framework (MTBF)</td>
<td>Comprehensive and accurate multyear budget estimates published in annual budgets. PEFA PI-12 rating improves to C+ by 2016 (2010 baseline: PEFA rating of C for PI-12, which relates to policy-based budgeting)</td>
<td>Monthly in-year budget reports</td>
<td>Assumption: Strong and timely support from all stakeholders</td>
</tr>
<tr>
<td>2. An MTBF that is used by the whole of government</td>
<td>Annual budget includes monies from all sources. PEFA ratings for D2 and D3 improve to C by 2016 (2010 baseline: PEFA rating of D for C2 and D3, which relate to donor practices) Reporting on fiscal ratios in FY2013 budget (2010 baseline: Capital expenditure and maintenance to be maintained at a level of no less than FY2010. Capital expenditure of 5% of the total government funds. Sovereign debt to be maintained within levels that are sustainable over time, which is less than 40% of GDP. No new debt will be taken on. Debt service will be maintained at up to 15% of government funds</td>
<td>FY2013 budget (and future budgets)</td>
<td>Risk: Staff turnover in key ministries</td>
</tr>
<tr>
<td>3. A strengthened gross domestic product (GDP) and revenue forecasting model</td>
<td>Notes to file of meetings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.4.2 Progress

The project initially piloted the usage of the enhanced corporate planning process in a single government MDA. This enhanced corporate planning process was to replace a previous corporate planning approach, the Balanced Scorecard. Towards the end of 2012, government MDAs commenced using the enhanced corporate planning process accompanied by many training sessions conducted by external consultants. The corporate plan produced was translated into the existing programme budget templates. The emphasis conveyed in these trainings was in regards to the move towards a more performance-based public service.

The project originally intended to end on 31 December 2013 but had continued. Progress was partly documented by the ADB in published policy briefs (ADB, 2013a & 2013b) based on the undertakings of the Project in the government of Tonga. ADB (2013a) states that

Corporate planning is concerned with improving government efficiency and effectiveness, i.e., delivery of higher standards of service while improving value for money of citizens. (p. 2)

Several problems were also identified. An example is provided.

A core problem in implementing performance improvement in government organizations is the legacy of previous performance levels and expectations… government organizations already have assumed standards of performance, which are accepted by staff and which are underpinned by a system of attitudes, beliefs, values, decisions, and cultures. The organizational processes and capacities are already perfectly aligned with the current results, even if the results being delivered are neither effective nor efficient. The old “organizational machine,” while being 100% capable of delivering the old services, may be completely incapable of bringing new, higher standards of performance without considerable reform. (p.2)

This report highlights a problem with organization culture, that is, with the values and beliefs that guide assumptions, behaviours and decision-making, etc. External consultants identified two alternatives from this problem. First, the organizational culture remains the same and planned outputs are not delivered. Second, the organizational culture changes and enables delivery of planned outputs. Hence, the corporate plan was intended as a process of changing existing organizational culture into one that is in tune with the delivery of planned outputs.

The policy briefs (see examples in ADB, 2013a) are useful only to the extent that sufficient details from practice are provided to substantiate the problems it identified. For instance, they do not provide the views or experiences of those that participated in their practice. However, they only provide general “Do’s” and “Don’ts” lists with no practical explanations or experiences that users
had with application. Second, they do not provide a detailed follow up study of the implementation of their projects in these countries. Thus, the policy briefs may only represent the views of those who introduced corporate planning to Tonga.

Towards the end of 2015, the progress with which the CP/B process was applied was compiled. The results show numerous problems and gaps under four categories: performance, human capacity, management capacity and system capacity.

Performance problems centred on the analysis which links and aligns CP to TSDF and budget to the outputs in the CP. The report also identifies the incompleteness of information such as monitoring and evaluation and performance expectations. Furthermore, it highlights the lack of coordination of priorities of roles for those involved in the processes. In every stage of the process were problems that needed to be addressed.

Among the human capacity problems were the lack of skills (e.g. technical planning and budgeting skill; analytical skills for assessment of CPs and budget submissions; negotiation skills to address budget requests; and decision making skills), not enough staff, no position specifically dedicated for planning and budgeting and insufficient understanding of the processes. Potential solutions to address human capacity problems were more training, work attachments, retaining and maintaining of trained staff and creating a manual of the processes.

Problems with systems capacity identified include an unclear budget system, low e-government infrastructure to support processes, no links to existing systems, no reconciliation of data from disparate existing systems, and obsolete features of existing systems. Solutions suggested include more funds to upgrade existing systems to fit the new system and to train ICT personnel for every MDA to work on those systems, an upgrade of existing equipment (e.g. computers that can run high capacity systems), simplification of budget templates, and making policies enforcing accuracy of data.

Management capacity gaps include weak coordination and cooperation, lack of management, leadership and supervisory skills, irregular monitoring of planned against actual results, lack of staff management, lack of commitment, and unclear organizational structure and channels of communication. Solution themes include training (management, leadership, supervisory roles), establishing a management team for the planning and budgeting processes, recruitment of senior level staff, extra training to avoid interruptions when staff leave, HODs' active involvement in processes, more policy decisions based on evidence from distribution of resources as a result of integrating budget and corporate planning, and a merger of divisions of the MFNP to share staff.
Issues were also identified regarding the use of the ‘one process tool’ that was compiled towards the end of the project in the same year (refer to details of the ‘one process tool’ in 5.3.3). These include unreliable internet/intranet access, one process tool’s late introduction towards the end of project rather than at the beginning, dependence of the tool on existing ICT systems, the need for more practice of the tool, no communication strategy in its use, due to time taken to get access to the tool, and users not having the time to wait or to navigate through the document without a guide e.g. a printed copy of the Tool.

5.4.3 Completion

Evaluation of aims

At the completion of the project, the evaluations of expected outputs and outcomes reported that outcome and outputs generally met their targets.

ADB’s country performance assessment (CPA) for Tonga in 2016 shows strong results in the ratings for “economic management” and “public sector management and institutions”. Tonga’s scores for both are better than the regional average for Pacific developing member countries (DMCs) and better than Tonga’s CPA scores against these indicators at the time the TA were approved. The Tongan economy also rebounded and Tonga’s macroeconomic and fiscal performance also steadily improved – although obviously not solely from TA inputs. The fiscal position has been transformed and the government now has significant fiscal buffers to respond to shocks. Domestic revenue as a proportion of GDP has increased every year, rising more than 5% between FY2014–FY2016. The pre-grant budget deficit has fallen from 12% to 5% of GDP. The government has refrained from any new external borrowing aside from highly-concessional ADB and World Bank credits, and external debt to GDP has fallen. Overall, the TA can be assessed as achieving the intended outcome. (ADB, 2017, p. 4)

The output targets were reported as partly met. A summary is presented in Table 3.
Table 3: Output targets report

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Targets met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1: A strategically aligned medium-term budget framework (MTBF)</strong></td>
<td>i. a results-based national development plan (the Tonga Strategic Development Framework II 2015–2025) was formulated as an integral part of government’s planning and budgeting system; ii. a comprehensive “One Process Tool” for integrated results-based corporate planning and budgeting was designed and tested; iii. Extensive training was provided to staff from MFNP and Line Ministries (LM) on the technical aspects of corporate planning and budgeting.</td>
</tr>
<tr>
<td><strong>Output 2: An MTBF that is used by the whole of government</strong></td>
<td>Detailed manuals and guidance were provided to support all corporate planning and medium-term budgeting tools. Training was provided to all the Budget and Corporate Planning Team members of MFNP on managing the MTBF. Finally, the upgrade of the RMS was successfully completed. Still, outreach to Parliamentarians, civil society, and the public to create awareness and build demand for reform was less than originally envisaged and several line ministries reverted to old processes and systems when under time pressure—such as during the budget preparation processes.</td>
</tr>
<tr>
<td><strong>Output 3: A strengthened gross domestic product (GDP) and revenue forecasting model</strong></td>
<td>A GDP forecasting framework was developed and implemented. MFNP staff was trained in use of the framework through a mixture of workshops, one-on-one training, and a forecast update exercise. By December 2015, the Planning Division in MFNP had completed two full GDP forecasting rounds. (Source: ADB, 2017, p. 4)</td>
</tr>
</tbody>
</table>

**Revised Costs**

By the end of the project, the total cost was revised through additional funds amounting to US$2,975,000 including funds from the Government of Australia and others.

The costs involved may be an indication that the ideas being introduced in Tonga in the past few years are rather old, as seen in the literature review and perhaps past their sell by date.

**Lessons learnt**

Key lessons were outlined of what would seem to be for the successful implementation of ADB-supported medium-term budget reforms. They were: (i) the need to build inter-agency ownership and coordination, particularly amongst the central agencies of Government (MFNP, Office of the Public Service Commission and the Office of the Prime Minister); (ii) the importance of ensuring knowledge transfer and embedding changes (the Minister for Finance and some of his senior managers viewed the TA as a means of providing capacity missing from MFNP, i.e. “to do the job” rather than “assist staff to do the job” through capacity building; (iii) the need for close management by ADB to support TA consultants and engage senior political and official level staff; and (iv) avoiding the risk that TA tries to be “everything to everyone”, leading to significant scope creep. (ADB, 2017)
One process tool

As the project closed on 31 December 2015, a final draft of a ‘one process’ tool was produced. The document combined the corporate planning process introduced by the Project and its integration with the existing programme budgeting process.

The following are comments from several participants on the one process tool which indicates that while it was viewed as a favourable document processing tool, there were also difficulties associated with its understanding and continuing its use.

It’s an online database that stores all the information about how to write a corporate plan through to budget. Its purpose was to store those instructions following the end of the consultants’ contracts in December 2015. Also so that MDAs can access it and follow how to prepare a corporate plan and budget. (SrM11)

The process was digitized and made available as an online template to be filled in by MDAs. Difficulties were experienced in accessing the online tool. Thus, hard copies were printed and distributed to MDAs. (SrP5)

The intention of this tool is to merge the process so that the plan marries the budget. From observation, ministries haven’t quite grasped this idea. MFNP has also started an online computerised process that takes you through planning to budget. That’s how it should be. (SrP6)

A consultant from Britain conducted trainings on this tool. I think it should take a whole year to be familiar with the whole system. (SrP6)

If the budgeting staffs of MFNP are not able to grasp what the online process manual is about, then imagine the difficulty that staff in MDAs who are involved in planning must face. The MFNP therefore seeks to develop a simpler format for MDAs to utilize. (SrM2)

I believe one of the problems is with employees exiting the public service. For instance, as an employee becomes familiar with training on corporate planning, he/she leaves so a new employee must be trained. I think a major problem is when one who has just grasped the ‘know how’ leaves. There has been some sort of system in place to ensure that in such instances, work is not disrupted. For example, a system that documents everything so that one can refer to it and follow what had been done and not refer to others, so that work flows smoothly. But also, to make that system easy to follow through, so that it considers those that don’t like reading so they don’t walk out on day one. (SrP6)
A final draft of the one process tool was a 121 pages’ document that provides detailed steps to drafting a corporate plan and budget proposal for government MDAs. It comprises seven key components which the external consultants outline in Figure 4. It provides details of these components.

![Figure 4: components of a corporate plan (Source: MFNP, n.d., p. 21)](image_url)

The one tool process specifies seven major components in developing a corporate plan for government MDAs. The components and their main parts are tabulated as follows:
Table 4: One process tool components and parts

<table>
<thead>
<tr>
<th>Components of ‘one tool’ process</th>
<th>Main parts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Defining mandate, impact and outcomes: Why does organization exist?</td>
<td>Mandate Operating Environment Stakeholders</td>
</tr>
<tr>
<td>2. Defining outputs</td>
<td>Writing output statements Structure of MDA and budget Organization Chart The Results chain The Results Map</td>
</tr>
<tr>
<td>3. Working with outputs: Monitoring and measuring, Risks and Assumptions</td>
<td>Measuring and monitoring Identifying Risks and Assumptions</td>
</tr>
<tr>
<td>5. Finding solutions to Performance gaps: Solutions and alternative analysis</td>
<td>Identifying solutions to problems Renegotiating the level of Outputs with your Customers</td>
</tr>
<tr>
<td>6. Bringing it all together: The three year ‘one process’ planning matrix</td>
<td>The Layout of the Planning Templates Steps for Filling out Planning Templates Revising Planning Templates to balance with your Budget Templates</td>
</tr>
<tr>
<td>7. Establishing budget</td>
<td>Chart of accounts Updating the Development Budget Template Updating MDA Recurrent Budget Templates</td>
</tr>
</tbody>
</table>

Certain terminologies are used with the above components as follows:

1. **Impact**: the ultimate effect of the use of the output of the organisation.

2. **Outcomes**: are produced through the actions of the customers of the organisation. Customers combine the outputs provided by the organisation with those of other organisations to deliver their outcome. The delivery of the organisation’s outcomes can be influenced by the organisation but not controlled by it. Outcomes are how the outputs are used. If the outputs are not used or are not suitable in terms of contributing to the outcome they cannot be said to have been delivered. The organization may layer outcomes from close to more distant ones.

3. **Outputs**: are produced by the organisation, are controlled by the organisation, and are delivered to customers of the organisation who use them to assist in delivering the outcomes. The organisation is directly responsible and accountable for the delivery of outputs.

4. **Activities**: are the actions of the organisation, which are designed to create the identified outputs. Activities combine the inputs using the precise definition of the output as the driving force.

5. **Inputs**: are the resources, from all sources, (local and development), brought into your organisation and combined in the right way to produce the clearly defined outputs. Without clear outputs it is impossible to design the combination of inputs correctly.

Figure 5: Cascading results terminologies (Source: ADB, 2013a, p. 3)

A cascading result-framework illustrates these terminologies in Figure 7.
Two logics associated with the result chain were detailed in the ‘one process tool’ guide. First the ‘bottom to top’ logic beginning with inputs to activities, to outputs, to outcomes, then to impacts. In this direction, the logic of the chain is one of ‘if…then’. For instance, If the activities are completed in a particular way, then the outputs will be delivered as required, if the required outputs are delivered, then the outcomes are possible. Second, the ‘top to bottom’ starting with impacts to outcomes, to outputs, to activities, to inputs. In this direction, the logic of the chain is an explanation of ‘how’. For example, how will impacts be delivered by the outcomes and how will outcomes be delivered by the outputs. The MFNP, (n.d.) also stressed that getting this logic right is essential for good planning and budgeting. However, if the logic is wrong, an MDA is likely to seek the wrong inputs and wrong budget and to deliver the wrong outputs, thus, wasting scarce resources.

SM13 opined that had the use of corporate planning and budgeting in the government MDAs of Tonga been embedded, “it could have been a good basis to develop projects in other countries, especially the use of sound results framework and clear integration from the strategic level down to the JDs”. Furthermore, overseas consultants were disappointed and viewed that corporate planning had not been sufficiently embedded (SrM13). In that way, the same participant asserted that the corporate planning will not be fully embedded for various reasons including the lack of training at the latter stages of the project, the unfinished drafting of Standard Operating Procedures as training continues to be ‘lost’ and trainees fall back on old routine ways of doing things. The same participant also commented that ‘It was a pity that the project came to an end when there was still more work to be done’.
Kluvers (1999) suggests that the longevity of a method may depend on understanding and familiarity with the method e.g. line item budgeting. SrM2 and SrM4 conveyed that there has been confusion among budget officers over the application of the corporate planning process published in the guide provided by consultants. Also, it has been evident following trainings provided by consultants to budgeting officers that the concepts had not been well grasped because of the lack of contextualisation of concepts. The examples were drawn from experiences of Britain and Africa even Fiji and Samoa. However, in contrast to Tonga, all these countries are rather developed with their systems. A need identified was for trainings to consider the situation of Tonga and similar countries such as Palau (SrM4).

On the other hand, some participants are confident that progress has been made. Among the progress noted were, “after years of training each MDA has finally produced its own corporate plan” (SrP8). Workshops are continued to be carried out by regional consultants from the IMF to simplify the enhanced corporate planning introduced through ADB projects (SrM2). The MFNP continues from preparation of CPs to reviewing the results that MDAs put down in their CPs for themselves to deliver. It is also attempting to train MDAs to gather valid data to confirm those results (SrM1).

Yet another participant was concerned with making meaningful contributions to add value to the public service provided feedback on the enhanced corporate planning. SrP5 referred to moving through Abraham Maslow’s hierarchy of needs theory. The same participant illustrated that if basic needs are satisfied then can pursue self-actualization and used this to contrast with an experience of an earlier format of corporate planning to the enhanced corporate planning process.

The current process is very good. It’s logical and provides clarity on what needs to be delivered and the budget that is needed. Before it was like an attempt to inspire an employee to perform to an unspecified target. But I think this one is more realistic and logical and when you achieve you have that good feeling that you have achieved something (SrP5)

It seems that the actual results of the Project’s progress were not consistently and regularly monitored during the Project period. However, it could not have been done without careful and more detailed planning before outlining results and indicators right from the beginning of the Project. The planning stages before the inception of the project, the inception and the implementation of the project reflects on the tool that it was to sell. Confusions of the donors seem to stem from a lack of planning on their part in conducting an initial study of existing systems and capacities. Inceptions and implementation may have progressed too far and problems may have been recognized too late to stop implementation. The new enhanced corporate planning system has
been introduced into existing programme budgeting systems. Consequently capacities that do not “fit” with the new system were identified for improvement when the “misfit” implied that it would not have been effective no matter how good it had been advocated.

Consequently, following the completion of ADB project, the Government of Tonga had considered other corporate planning processes which may simplify concepts and formats. However, there has not been support for this project from the BCPD of MFNP. There has been much effort committed to the Enhanced corporate planning process that budget officers probably did not expect what the project was to bring before they found themselves committed to it.

5.5 Summary

This chapter addressed part (a) of the RQ. It outlined the activities leading to the inception of the Project, progress made and its completion. It showed that most of the issues were discovered at implementation. Thus, as the project ended, only parts of the corporate planning process had been adopted while the Government of Tonga considered other alternatives. The next chapter addresses part (b) of the RQ: how has corporate planning and budgeting been linked in their practice by the Government of Tonga and why.
Chapter 6 OPSC’s Corporate Planning and Budgeting process: 2015/16FY

The previous chapter focussed on addressing part (a) of the RQ regarding the planning and budgeting processes that have been adopted by the government of Tonga. It identified that the Government of Tonga uses an enhanced corporate planning process and systems that is cascaded into an existing programme budgeting systems and processes. It also identified that budget control was made by line item and transition was made towards a result-oriented government. This chapter addresses part (b) of the RQ: how has corporate planning and budgeting been practiced by the government of Tonga and why?

Chapter 3.7.1 highlighted that the phenomenon is studied in one government department, the OPSC, with a specific focus on practices during and following the 2015/16 FY. Thus, from the onset, the key government MDAs that are involved in the practices are the MFNP (which includes the international donors of funds and their conditions (ADB, WB etc.)) and the OPSC. The participants in the research as outlined in Chapter 3.7.4 are employed by these two central government agencies.

In this chapter, the OPSC’s application of the corporate planning and budgeting process is presented along with each part of the process. The participants’ roles are also incorporated and their experiences and views (of the process, their role etc.). Chapter 6.1 presents the mandates outlining instructions for corporate planning and budgeting for government MDAs in Tonga. Then it provides evidence from how corporate planning and budgeting processes were practiced by the OPSC in the 2015/16 FY.

The corporate planning and budgeting processes cover 3 main aspects. First, the preparation of corporate plan and budget is covered in 6.3 (which also include consideration of budget and approved budget); second in 6.4, the implementation of corporate plan and execution of the approved budget allocations by the budgeting agency10 concerned; and third the monitoring of implementation by the OPSC and the MFNP detailed in 6.5. Various persons involved in corporate

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9 A mandate of an MDA is generally used and understood to consist of the framework of law, legislations, acts regulations, policies and instructions which define the MDA’s functions that uniquely and ultimately contribute to the government’s national objectives.

10 The PFMTI states that a budgeting agency means all government entities that benefit or claim vote in the central budget appropriation. A vote refers to a specified sum of money authorised under an Appropriation Act to budgeting agencies (Public Finance Management Act (PFMA), 2002). The term has been interchangeably used with Ministries, Departments and Agencies in the same instructions and manuals of the MFNP. In talanoa sessions it is referred to as ‘ministries’ and ‘line ministries’. The same interchangeable usage is adopted in this thesis.
planning and budgeting expressed their own views on their expectations of the processes. Their views portray that each places significance on at least one part of CP/B process but not the whole process.

6.1 Mandates – corporate planning and budgeting

Two central government agencies in Tonga provide requirements in their respective mandates regarding corporate planning and budgeting and how they should be conducted. These are the MFNP and the PSC. These mandates include the MFNP’s Public Finance Management (Treasury Instructions) 2010 (PFMTI) and the Public Service Commission’s (PSC) Public Service Policy Instructions 2010 (PSPI). This section provides details of these central government agencies and these mandates.

6.1.1 MFNP - Public Finance Management (Treasury Instructions) 2010

The Tonga MFNP is a central government agency that issues instructions in its Public Finance Management (Treasury Instructions) 2010 (PFMTI) to government MDAs regarding standardized corporate planning and budgeting processes (refer Appendix 3). In Section 9 “Corporate Plan and Annual Management Plan” of the PFMTI, government MDAs are instructed to submit their respective corporate and annual management plans to the MFNP as part of their annual budget preparation process. Subsection 9(1) of this instruction provides the minimum components of a corporate plan. These include (a) the role and responsibilities of the MDA; (b) the policy objectives of the National Government that the MDA shall contribute to; (c) the specific outcomes that the ministry aims to achieve; (d) the outputs contributing to these outcomes; (e) outcome indicators and targets; (f) output measures and targets; and (g) any other relevant information. Subsection 11 (2) (a) of the same instructions stipulates that ‘annual corporate plans’ are to accompany budget submissions of budgeting agencies to MFNP.

In accordance with subsection 11 (1) of the Public Finance Management Act (Treasury Instructions) 2010, the MFNP plays an ongoing role in preparatory stages before a budget preparation timeline is issued to the budgeting agencies. It also continues to carry out a facilitating role through the budget preparation, its submission to LA for approval and in monitoring the execution of budgets by budgeting agencies. The role of MFNP is stated in a ‘One Process’ manual that is to guide the corporate planning and budgeting processes. This role is ‘as a facilitator of the corporate planning and budgeting process’ (MFNP, n.d., p.3).

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11 Government MDAs are interchangeably used with ‘budgeting agencies’. The ‘public service’ MDAs in the context of Tonga is a subset of the government MDAs that are under the mandate of the Tonga Public Service Act.
In every budget agency’s proposal, there is a recurrent component (locally funded) and a donor funded component (funded from overseas). A Budget and Corporate Planning division (BCPD) of MFNP is responsible for facilitating the corporate planning and budgeting processes for the recurrent components of an MDA’s budget. In accordance with subsection 12 of the PFMTI it is currently the Project and Aid Management division (PAMD) which attends to the donor-funded components of an MDA’s budget and not the BDPD. The divisions of the MFNP referred to in the PFMTI may be subject to divisional restructures of the MFNP. An organisational structure of the MFNP at the time of the research shows its divisions which may help clarify its functions is in Figure 7.

![Figure 7: Organizational structure of the Tonga MFNP](image)

6.1.2 Public Service Commission - Public Service Policy Instructions 2010

Similarly, in section 7A “Corporate and Annual Management Planning” of the Public Service Policy Instructions 2010 (PSPI), Chief Executive Officers\(^1\) of government MDAs under the Tonga public service\(^2\) are required to submit to MFNP and the Tonga PSC\(^3\) through their Minister an updated three-year corporate plan on a date to be specified by Cabinet (refer Appendix 4). Furthermore, that the procedures and format for corporate plans shall be specified by the PSC with the approval of Cabinet.

Despite the above instructions in the PSC’s mandate, evidence in Chapter 6 from *talanoa* sessions shows that OPSC relies on MFNP’s instructions, expertise and advice to conduct its

\(^1\) A CEO is used to refer to any person in charge of the administration of an MDA (Public Service Act 2002).

\(^2\) Public service refers to all persons employed by MDAs that are under the Public Service Act.

\(^3\) The Public Service Act 2002 interprets “Commission” to mean the Public Service Commission and “Commissioner” to refer to a member of the Public Service Commission. For this research, the Public Service Commission is distinguished from the OPSC in terms of composition and responsibilities. The PSC or the Commission comprises the Commissioners. The OPSC consists of employees that facilitate the execution of the Commission’s functions. This distinction is used in this research.
corporate planning and budgeting processes. It seems the OPSC has not been actively engaging its role in the corporate planning and budgeting processes while MFNP BCPD are actively involved in carrying out its role as per its instructions for corporate planning. For instance, the MFNP participants share a common view on the CP/B processes from preparation stages through to monitoring and evaluation of results and reporting those results in annual reports.

SrP14 stated that from the view of a non-central government agency, there is frustration regarding the application of corporate planning instructions. The MFNP and the PSC both have instructions requiring the submission of corporate plans to each of them at different times. The confusion therefore is from a lack of coordination between the two central agencies of their needs from corporate plans of government MDAs. Thus, the same participant placed higher importance on the MFNP’s requirement over the PSC’s requirements as it likely yields increase in budget allocations. The same participant also viewed this lack of coordination as time consuming and reducing time which could have been used for the implementation of the MDA’s core functions and postulated that this view is shared among government MDAs.

6.2 OPSC

Prior to describing the processes, in this section, I address the question, what is the OPSC? The section makes a distinction between the OPSC and the PSC and has been adopted throughout this research.

The Tonga OPSC’s mandate (the Public Service Act 2002 (as amended) and related legislations) are administered by the Prime Minister of Tonga. This mandate establishes the functions of the Tonga Public Service Commission which can be summarised in the organizational structure of the OPSC (refer Figure 8). The OPSC delivers services the Tonga public service by providing human resource management services, conducting functional reviews of government MDAs, determining appropriate remuneration and benefits schemes, providing training and capacity development, enhancing performance management systems and public service policy matters. The PSC has core functions which are carried out by these divisions of the OPSC: Training and Capacity Building (TCB); Human Resource Management (HRM); Remuneration and Employment Benefits (REB), Performance and Contract Management (PCM), Organizational Structure Review (OSR) and Policy (PD). Like all other government MDAs, the OPSC has a corporate services division (CSD) and an ICT division that enable the carrying out of its core functions.
6.3 Corporate plan and budget preparation

The MFNP issued a ‘budget preparation timetable’ for the 2015/16 – 2017/18 to MDAs outlining the activities to be carried out and expected deadlines (refer Table 5). It began in mid-November, 2014 and ended with the approval of budget proposals by the LA in early July, 2015 (MFNP, 2015a).
Table 5: Budget preparation timetable

<table>
<thead>
<tr>
<th>Budget activity</th>
<th>Responsibility</th>
<th>Submitted to</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. First indicative budget Envelope E1 for MDAs 2015/16-2017/18</td>
<td>MFNP</td>
<td>MDAs via email and hardcopy</td>
<td>15 Nov 2014</td>
</tr>
<tr>
<td>2. Draft CP</td>
<td>MDAs</td>
<td>Internal documents</td>
<td>Dec 2014</td>
</tr>
<tr>
<td>3. Mid-year review of budget, TSDF and economy</td>
<td>MFNP</td>
<td>Internal documents</td>
<td>19 Jan 2015</td>
</tr>
<tr>
<td>5. Distribution of E3 and budget strategy</td>
<td>MFNP</td>
<td>MDAs</td>
<td>9 Mar 2015</td>
</tr>
<tr>
<td>7. Consultations with MDAs</td>
<td>MFNP</td>
<td>MFNP</td>
<td>20 March - 10 Apr 2015</td>
</tr>
<tr>
<td>8. Revised draft budget and CP in balance</td>
<td>MDAs</td>
<td>MFNP</td>
<td>10 - 17 Apr 2015</td>
</tr>
<tr>
<td>10. Draft budgets and CPs; Draft budget statement and budget speech</td>
<td>MFNP</td>
<td>LA</td>
<td>24 Apr 2015</td>
</tr>
<tr>
<td>11. Approve budget and budget statement</td>
<td>LA</td>
<td>LA</td>
<td>30 Jun 2015</td>
</tr>
<tr>
<td>12. Distribute approved budget and budget statement</td>
<td>MFNP</td>
<td>MDAs</td>
<td>3 Jul 2015</td>
</tr>
</tbody>
</table>

(Source: Budget Strategy and Funding Envelope 2015/16-2017/18)

SrM1 detailed that, generally,

Budget preparations are to end on the last week of March so that on the first week of May, we start distributing the budget submissions in the Legislative Assembly. A month is needed for the LA members to prepare for deliberations, by going through the submissions so that they may understand. On several occasions, we do presentations to assist the members with understanding the background of budget submissions and to address their queries. (SrM1)

According to SrM4 the first activity involved the BCPD of the MFNP adjusting the approved budgets of MDAs from the previous FY (i.e. 2014/15 FY) to determine their indicative baselines for the 2015/16 FY budget preparation. For instance, if the OPSC had one-off expenditures from 2014/15 FY, they will be deducted from the total amount of recurrent budget of the same FY to determine an indicative baseline for the OPSC’s budget preparation for the 2015/16 FY. This applies to all government MDAs.
This indicative baseline was presented in a revised budget template outlining the revised estimates to a contact person in the OPSC in November 2014. The OPSC requested that the 2014/15 FY total recurrent budget be maintained as its indicative baseline for the 2015/16 FY budget preparation.

In the second activity, the OPSC was expected to revise its corporate plan in December 2014. However this was not the case. This activity was later conducted in activity 6 following the receipt of budget strategy from MFNP in March 2015.

The third to fifth activities were conducted by the MFNP, following which MDAs are distributed the budget strategy approved by Cabinet from which MDAs are to base activity 6.

SrM1 outlined these activities,

The government budgeting process begins with proposing to Cabinet the budget strategy. The budget strategy is the plan for an upcoming budget preparation, wherein the priorities are outlined and how they are linked to the national plan and it suggests the total amount of funds for the next financial year’s budget proposals. It is based on an economic assessment of the amount of incoming funds from various sources to fund the next budget. These funds are divided among ministries [MDAs] and are suggested as their indicative baseline. The budget strategy is also based on reviewing the current estimates and looking at future needs. Inflation is considered and the priceings of goods and other factors that are noted in the quarterly review of ministries [budgeting agencies], what is their priority, resulting in that indicative amount. (SrM1)

SrM4 stated,

It’s clear that the budget strategy is the start of budget preparation. It provides the overall theme for budget preparation and the priorities of government which form the basis for preparation of budget. It also updates work that is conducted in the current FY and prior FYs whether they achieve the outcomes stated in TSDFII. (SrM4)

SrP5 also provided similar details.

The budget strategy should be aligned to the TSDF but is a separate Cabinet decision. The TSDF is still there but perhaps they are more refocussed in the budget strategy. The TSDF may be too broad as it covers the nation’s plans, so Cabinet would say, ‘for the next financial year we will only focus on these’. Every government focusses on the budget strategy. Hence, there are priorities of government that has been set by Cabinet. These are the areas that the Cabinet members agree to focus on and they will form the basis for distribution of the total funds. A budgeting agency will apply for part of this
total fund through new policies or new initiatives to implement those new initiatives, if they [the new initiatives] are in line with the budget strategy of the government for the financial year concerned. (SrP5)

Here, the MFNP presented to Cabinet in March, 2015 its ‘Budget Strategy and Funding Envelope 2015/16-2017/18’ (BSFE) for the Cabinet’s consideration. SrM3 conveyed that the BSFE are prepared by the BCPD and the PPD of the MFNP.

The purposes of this budget strategy include presenting the principles that will guide the 2015/16FY budgetary process and the economic and fiscal outlook of government and its priorities within the three-year Medium Term Budget Framework (MTBF); and proposing budget strategies drawing on the TSDFII to deliver core priority services for the people to improve their quality of life. Following these purposes, the MFNP states

[that] government ministries should consider that strong link should exist between their corporate plans and budget to the national outcomes for a progressive Tonga leading to better quality of life. Any programs failing in connection should not be considered. (MFNP, 2015a, p. 4)

SrM1 conveys that indicative baselines and the budget strategy are then provided to budgeting agencies.

One month is given to the Ministries to prepare their estimate. MFNP distributes the budget strategy and the guideline on how to do their requests. (SrM1)

The same participant also stated,

There is a need to strongly apply the budget strategy to MDAs’ planning and budgeting so that corporate plans can justify budget requests from MDAs. (SrM1)

SrP9 was sceptical of the indicative baseline and stated

it seems the baseline already predetermines it will be the amount of budget given to a ministry (SrP9)

However, the same participant viewed that corporate planning is not carried out in a perfect world and acknowledged there are limitations on MDAs’ budget preparation.

The budget strategy is the starting point of the CB/P. This indicates it may be a flaw. The CP/B process is expected to be driven by corporate plan instead of the budget. However, to start with a budget strategy simply implies that the budget is driving the corporate planning process. On the other hand, if the corporate plan is to drive the budget, balancing planning priorities and budget

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in this case would be more demanding than if budget drives the corporate plan. However, this may risk decision makers being accused of biased allocations as they may make more value judgments rather than if they had the corporate plan document as a basis for budget allocation.

The OPSC engaged in the budget preparation process covering activity 3 involving the drafting of its corporate plan and activity 6 involving the drafting of the budget and corporate plan in balance in March 2015.

SrM1 generally outlined what would have been activities 3 and 6 of the timetable as follows:

They cover three main parts that corporate planning and budgeting preparation processes for government MDAs in Tonga. These include establishing an MDA’s link to the national plan, and drafting of corporate plan and budget. (SrM1)

All these parts are explicitly stated in Part III of the PFTI (refer Appendix 3).

SrM1 explained that in the first part of corporate planning and budgeting process, government budgeting agencies is to establish its link to the national plan.

The current national planning processes of the Government of Tonga develop its national plans under a series titled the Tonga Strategic Development Framework (TSDF). A second national plan of this series, the TSDFII with the national impact ‘a more progressive Tonga and quality life for all’ is for a period of ten years, 2015-2025.

SrM1 detailed that the national plan categorises budgeting agencies under five main pillars which are the political, social, economic, environment and infrastructure and technology, so that they each find its link to one of these pillars e.g. the MFNP is under the economic pillar.

The second part is preparation of a budgeting agency’s corporate plan. This continues from establishing link to TSDF. It involves looking at the objectives and functions of a budgeting agency provided in its mandates (legislations etc.), developing of its vision and detailing plans under its specified functions. The final part is the preparation of budget. SrM1 clarified that staff and resources are needed to implement plan hence budgeting agencies will need funds. However, because funds are limited, a budgeting agency must prioritise its plans that are related to its purpose and eliminate those that do not have a clear link to its core functions.

The 2015/16FY corporate planning and budgeting preparation in balance for the OPSC commenced in the month of March 2015 following receipt of the approved funding envelope with budget strategy from the MFNP.
The CEO position of the OPSC was vacated about the same time that budget preparation process commenced. This had resulted in the taking up of the CEO position through acting appointments from time to time by Heads of Divisions of the Office. Thus, in the budget preparation a HOD meeting was convened where HODs agreed to not to make much deviation from the existing plans in its corporate plan for the 2014/15FY. Each HOD agreed to prepare their respective division’s output in the OPSC’s corporate plan. (SrP9). However, initially, the HODs established the OPSC’s contribution to the national plan of Tonga, the TSDFII. (SrP6)

Noteworthy is the lack of oversight in the preparation process due to CEO position being vacated. SrP9 and SrP16 reported their views and experiences.

There was a lot of operational work requiring time from division and meetings to attend and additionally the CEO role. There was hardly time to think strategically and to monitor as operational tasks required as much attention. The challenge in budget preparation was for any HOD taking up the role to depart from divisional level thinking and not consider own division’s benefit. (SrP9)

The role as acting CEO is to convey to HODs the work that they are supposed to do in budget preparation. If they are still retaining the same activities from the 14/15FY, that does not justify additional funding. Only if they propose new initiatives and revise their plans accordingly can those plans be considered for new funding allocated from the budget approved for a ministry. Although the direction is given as acting CEO, it will apply to all HODs. If they made changes then they will automatically justify additional budget. Not only do you have to issue instruction consistently to every HOD but as an acting CEO you also have to note that you are also in a different capacity, a HOD. No one should complain I’m not getting additional budget because you didn’t do your best as HOD to justify why you should get additional. They were told to propose new initiatives, or different activities from existing activities to justify additional in those areas. (SrP16)

The above views imply that the decision-making process regarding what may be approved in the OPSC’s budget began in the OPSC.

The ‘one process tool’ developed during the project was to be used by MDAs in the preparation of their CPs and budgets. The OPSC’s revisions of its CP were conducted without the ‘one process’ preparation guide hence, was not completely guided by the manuals and ‘one process tool’ guide. However, trainings were provided to MDAs.

There were trainings on the one process tool but not all the HODs attended. The tool was computerised but there were issues with accessing it online so Finance had to print out copies and distribute to MDAs to assist with
preparation. The tool already provides the instructions from beginning of the process. (SrP5)

Thus, the components of the one process tool were used to highlight how the OPSC prepared its corporate plan and budget. In *talanoa* sessions, HODs relayed that their core role in the preparation process was the review of their individual division’s part in the 2014/15FY’s corporate plan. This involved their getting together with the staff of their divisions and discussing and revising their corporate plans.

**Component 1: Defining of mandate, impact and outcomes: why does the MDA exist?**

Component 1 comprises 3 activities:

- **C1.1** provide an overview profile of why an MDA is required and its *operating environment*.

- **C1.2** identify the *mandate* of an MDA, the impact and outcomes it supports as determined by the Constitution, legislation, TSDFII, sector and district plans and relevant international agreements and conventions.

- **C1.3** identify *stakeholders* and the various relationships they can have with the MDA (customer, supplier, partner and oversight) and what they expect from their relationship with an MDA, and vice versa. (MFNP, n.d.)

Trainings on establishing an MDA’s link to the TSDF were conducted by the MFNP during March 2015 for all government MDAs. This could have been actively conducted prior to activity 3 regardless of whether the revision in activity 6 was a part of the budget preparation. It would have reinforced the intention that the corporate plan preparation is to lead and budget follows. SrP8 referred to these trainings as a good check of understanding of links between the national plan and the OPSC’s outputs. On the other hand, SrP5 felt strongly of HODs’ cooperation in attending any corporate plan and budget preparation trainings as these trainings would have provided opportunity for HODs to be on the same page in the preparation of the corporate plan. For instance, the changes in definition of terms used in corporate plan such as output should be well-grasped by the HODs.

In TSDFII, the OPSC is to ultimately contribute to the national impact ‘A more progressive Tonga; Enhancing our inheritance’. The national impact cascades to national outcomes, one of which is national outcome D ‘A more inclusive, sustainable and responsive good-governance strengthening rule of law’. TSDFII then lists five pillars which are identified at least once under the national outcome that each one supports. Two of these pillars support National Outcome D. Of
these two pillars, pillar numbered 3, namely, ‘political pillar’ lists seven organizational outcomes.

**TSDF Organizational outcome 3.1 aims to pursue:**

A more efficient, effective, affordable, honest and transparent Public Service, with a clear focus on priority needs, working both in the capital and across the rest of the country, with a strong commitment to improved performance and better able to deliver the required outputs of government to all people. (MFNP, 2015b, pp. 70-71)

**In a talanoa session, SP8 outlined understanding of this link:**

TSDFII has the national impact ‘a progressive Tonga and good quality of life of all’. It then comes down to around seven national outcomes under which line ministries are grouped. The PSC can follow its link to the TSDFII from there. OPSC’s link is to National Outcome D which has inclusive sustainable growth and good governance mainly because of good governance and strengthen rule of law or law and order. From there the organizational outcome. There are three pillars out of five that are under institutional pillar, and two which are environment and infrastructure are under Input pillars. The other three are economic, social and political. OPSC is under Political which is 3.1. They identified OPSC as political pillar because of good governance. 3.1 has efficient, effectiveness, transparent, honest public service and apolitical. (SrP8)

SrP8’s outline is in line with links identified in the TSDFII (for details see MFNP, 2015b, pp. 17-19).

SrP8 also detailed how the OPSC’s divisions were to contribute to its organizational outcome in the TSDFII.

TCB is to train the public service so that they become more efficient and effective in carrying out their duties as a public service. HRM in terms of recruitment continues with the use of a panel of three members so that it is based on merit and contribute towards honesty. REB ensures that the remuneration structure is fair and equitable and affordable in accordance with the duties they are to carry out. PCM so that employee’s raises and bonuses are performance based contributing to more efficient and effective public service. OSR to reduce duplication of functions among government MDAs and focus on core functions in their mandates. PD ties the other functions ensure that public service values are in check. The OPSC’s reform programs (divisions) link to 3.1 of the TSDFII which are efficiency, effectiveness, honest, affordability, transparent, and apolitical public service. So OPSC is currently working in parallel with the TSDF to achieve all these. (SrP8)
The OPSC included several of these requirements in two sections of its CP, the Foreword and the Introduction. The Foreword briefly mentions that the production of the plan were the combined efforts of those that will also be involved in its implementation. It also points out the specified sections of the national plan which the OPSC’s outputs are to contribute. It then states that it continues to refocus efforts towards continued reform of the Tonga public service. The Introduction lists the outputs which are identified by the OPSC “as the priority areas to contribute to the national impact and national outcome”. The outputs include one internal output and six external outputs depending on whether stakeholders are within or external to the OPSC. The single internal output is to be delivered by the Leadership and Program Administration. Seven external outputs include TCB, REB, HRM, PCM, OSR and Policy.

In an assessment of the OPSC’s corporate plan by MFNP it commented that there needs for a greater discussion of the role of the PSC in relation to national outcomes and impact and to clarify the critical role the PSC plays in facilitating the outputs of all other MDAs.

Discuss: The sovereignty of government allows its role as to command what is to be planned and may involve the use of its power to achieve the results it desires (Weidenbaum & Rockwood, 1977). The commanding role of government is evident in that the MDA’s link to the TSDFII has already been established in the national plan. Regardless of this role of government, government sector planning involving MDAs may be of this nature as legislations readily sets this commanding role.

**Component 2: Defining MDA’s output**

This component is to contain the core of the analysis and decision-making for the MDA and for its operating divisions. It is to identify the *Outputs* the MDA is to deliver and the required *Activities* to produce them to contribute to the Outcomes and Impacts the MDA supports. Therefore this component is to include: clear analysis and description of the *results chain* from activities, to outputs and outcomes; identification of the needs of stakeholders - drafted as clear *output* statements explaining what they expect from you; clear mapping of the relationship between MDA outputs produced, the outcomes influenced and the high level sectoral/national impacts sought in a results map; justification and explanation of choices made between different ways of meeting what stakeholders require, and anticipating the consequences of making the choices and communication of the management actions required; allocation of outputs to divisions.

It followed from having established a link to the national plan that each division of the OPSC (refer Figure 8) revised its output(s) in its part of the corporate plan which each was to deliver. Participants outlined their various roles regarding this component.
When you think about the PSC you think about improving efficiency, effectiveness of the public service. And it only begs the question what is efficiency and what is effectiveness? How can you measure efficiency and effectiveness and performance of the public service? So we considered that the broad thing about improving the performance of the public service, almost always the thought is to improve service delivery, to improve performance and so considered improvements to be made to the remuneration structure considering affordability and so forth. (SrP9)

There was a need to include a person from the accounts section so that the estimates for the budget proposal are made more realistic. The budget will depend on the activities that the division plans to carry out in the next financial year. The division completed revising its plans and passed it to the accounts staff to fill the budget templates however can check back for confirmation prior to submitting to Finance. (SrP7)

We had eight outputs. When we went to Finance, Finance combines CSD and other divisions. Our ICT and CSD were separate divisions but BCPD advised our Outputs are not aligned with their budget structure and they said to align. Thus in our current budget, ICT is combined with CSD and leadership all under leadership. But it's a separate output in the plan so in reality, they are not aligned. There should only be one output support service if they are in one sub-program in the budget. (SrP9)

This was not the case in the OPSC’s corporate plan as SrP9 explained. The CP had already been revised to account for the suggestion from Finance. However, the ICT’s output highlights the external component of its output delivered to the public service not just within the OPSC (i.e. a HRM system is developed to assist MDAs in managing HR).

This indicates a compliance with format over the structure of the OPSC. The format seems too rigid to comply with rather than its reflection of the reality of OPSC’s structure. This is important to participants who want to add value to the public service. SrP5 and SrP6 were concerned with setting of the right Outputs and KPIs so that approved budgets are ultimately not ‘thrown out to sea’.

Furthermore, the OPSC’s CP provided a results map (MFNP, 2015, p.5) where it draws an organizational linkage of the OPSC’s outputs to outcomes and overall impact of the Kingdom of Tonga that are outlined in TSDFII. It summarises that the OPSC was to deliver seven outputs including six external outputs that are delivered to the public service and one internal output that for the internal management of the OPSC’s staff and processes.
The MFNP assessed the OPSC’s details of its Outputs, its results map and organizational chart in the CP as follows:

**Outputs:** Good analysis of outputs, KPIs, Risk & Assumptions [R&A], Gaps and performance improvement measures. For KPIs, need to facilitate quarterly and annual performance monitoring at the program and sub-program levels requires a timeline at the program level, a definition of delivery quality and a statement of how the budget is to be used throughout the year (does every quarter = 25% of the budget?) Lot of detail provided in pages 6-31 – maybe too much for an external reader. Maybe need a table summarising R&A per output, gaps per output, causes and solutions.

**Organizational chart:** need to link output discussion with the decisions surrounding the organizational chart where the output should drive the organizational chart.

**Results Map:** needs to explain its results map.

The OPSC’s presentation of its outputs in the CP covered: the output for each division and key performance indicators for each output; and a performance gaps analysis where it compares ‘what is’ to ‘what ought to be’ and propose ways to fill the gaps identified. It also identifies risks and assumptions and how risks may be mitigated. From first glance, each division’s output provides long lists of bullet points under each heading. Hence, the MFNP’s suggestion for the OPSC to simplify presentation of these sections in the CP.

As earlier mentioned, the OPSC had not the training manual to conduct its corporate plan preparation. Failure to produce explanations behind its results map may not indicate that the corporate planning discussions pertaining to the map was poorly conducted. Enforcing that the links should be written departs from the purpose of a guide and therefore reduces strategic thinking (Mintzberg, 1994). Furthermore, a thorough understanding of the OPSC’s environment would include engagement of stakeholders. The worst case scenario in an internal discussion is a situation where planners conduct CP preparation detached from reality. If the enhanced corporate planning emphasises a process rather than a focus on documents, then references to documents over real people to construct a CP endorses the fallacy of detachment (Mintzberg, 1994). Fulfilling guidelines to complete documents also enforces emphasis on format over content where formats to be followed is more important than the thinking behind the task.

**Component 3: Working with Outputs – Monitor and measure, Risks, assumptions**

This component provides further tools for working with an MDA’s outputs. First is Monitoring and evaluation where it is to include a set of Key Performance Indicators (KPIs) on how to measure the level and quality of the outputs, and associated activities, to determine their
current level and to measure improvements. This is to provide the basis for the quarterly and annual monitoring reports, as well as guide the indicators for assessing performance of the CEO and staff. Second is *Risks and Assumptions* where it conducts an analysis of the risks and assumptions lying behind the proposed activities and outputs, what the consequences are for improving performance, and actions needed to *mitigate* these risks and enhance these assumptions.

While KPIs were already in the corporate plan of the office, they were viewed as “too vague” and therefore do not link very well to the country’s national plan.

The targets in the planning itself were not clear as there was no monitoring evaluation plan to track outputs and their indicators. The whole process was very generic and historical. The measures were very vague and were hard to monitor. And the whole link to the TSDF was not clear. (SrP15)

SrP5 recalled that past formats of corporate planning seemed to allow the setting of a series of unrealistic dreams. SrP6 also conveyed that the same is experienced in this component of the current enhanced corporate planning in what seems to be setting dreams with key performance indicators that does not account for current capacity and resources.

We set a KPI too high and state we only have two staff. How can you achieve that within a FY with two staff? We must balance these. If we only have two staff, we set a KPI for two staff because the plan is important as it is to cater for the public service. It is unrealistic to put a KPI in the sky and try to reach it with one staff. The underlining issues must make sense. It’s not drawing up a dream and leaves it there. (SrP6)

Rugman (1973) stated that “A major difficulty in setting down standards is the acceptance of a realistic base. There is a tendency, for example, to accept nothing but the best.” (p.19). Hence, regardless of a format that has been used for corporate planning, the rationale of setting realistic standards is largely ignored. It is also in this consideration of reality that gaps analysis is conducted in enhanced corporate planning. Rugman (1973) stated that “to produce in a document a yard-stick of this kind would show an enormous gap which there is no prospect of filling within the present availability of resources except over a very long term” (p. 19) and supported therefore that “there needs to be a balance between the rival claims of philosophy and realism.” (p. 19).

SrP6 also identified that, there are other factors that can impact planning. These include high level directions adding to the scope of the plan and change in management.

There are other factors that can affect planning, for instance, having a new CEO recruited in March about the same time the plan needs to be finalised. I suggest that no new CEO recruitments made in March because it will impact planning. (SrP6)
The reviewing the public service remuneration structure has been a challenge because legislation states it’s a function of the PSC while a Cabinet decision removes the function to another body. Planning wasn’t easy as there was uncertainty in determining factors that would indicate how results were to turn out and ways forward because the review was done by another body. (SrP6)

Outputs analysis in corporate planning allows the identification of Risks which may counter the achievements of proposed outputs and which may be out of the OPSC division’s or the OPSC’s control. However, these Risks need to be mitigated and not used as excuses not to implement plan. SrP15 made the following comment.

The risks are identified but it’s never planned how to mitigate. Mitigation is not addressed in the budget and activities. They’re left there as improvements in the documents to meet requirements of the format. But those risks need to be in the monitoring and evaluation. If they can be mitigated then mitigate. Sometimes they are just left there as excuses for not delivering the plan. For example, having not enough staff should be low budget because there are ways around to addressing it. (SrP15)

Figure 9 exhibits an Output that the OPSC included in its 2015/16 FY. It shows the main parts of Component 3.

<table>
<thead>
<tr>
<th>OUTPUT:</th>
</tr>
</thead>
<tbody>
<tr>
<td>That mechanisms are identified developed and implementation is facilitated to ensure line ministries focuses on its core functions, improve coordination, service delivery and optimized use of resources.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key Performance Indicators:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timeliness of organizational review of line ministries;</td>
</tr>
<tr>
<td>Timeliness of implementation of the Organizational Review Report;</td>
</tr>
<tr>
<td>Accuracy of analysis of Organizational Review Report;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risks:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of commitment of line ministries towards the Organizational Review;</td>
</tr>
<tr>
<td>Acceptance of line ministries of the Organizational Review Report;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assumptions:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line ministries are committed to the Organizational Review;</td>
</tr>
<tr>
<td>The Organizational Review Report is accepted by line ministries to ensure implementation is facilitated</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brief line ministries on the benefits of an organizational review with clear linkage to the Performance Management System;</td>
</tr>
<tr>
<td>Ensure an in depth preparation is conducted before the review in terms of literature review of Corporate Plan, Budget and all relevant reports;</td>
</tr>
<tr>
<td>Include relevant stakeholders of line ministries to consider feedback and views of services provided by line ministries;</td>
</tr>
</tbody>
</table>

Figure 9: Sample KPIs, Risks, assumptions from OPSC’s corporate plan
Component 4: Assessing the ability to deliver outputs: Performance Gaps Analysis

This component concerns the assessment of the ability of an MDA to deliver its outputs by: comparing the planned level of outputs (quality/quantity) with the level of outputs currently produced; identifying the gaps in performance between planned and actual; identifying the effects of these gaps of stakeholders (looking at outcome level); diagnosing why a performance gap exists – identifying the problems with the systems/process, human capacities and organisation management and structures which cause the performance gaps. It also cautions that lack of budget is not a cause, the budget is a constraint, the planned outputs (and any reforms identified in component 5) must be aligned with the available budget.

When planning, in my view it’s most important to look at the Gaps. This is your Output, okay, then what are the resources and what do I have in place that could deliver the output. If I don’t have staff etc. that’s the gap identified. I can include those in the plan and request Finance the funds I need to implement. There were staffing gaps for HR because monitoring was missing because I had to step down and carry out operational activities. (SrP9)

Several participants of the OPSC outlined how they had conducted this component.

We discussed the current activities that could still be continued from the previous FY that helped in achieving the division’s output but at the same time contributed towards the outcome of the office. A lot of activities that we focussed on were our training needs analysis, and also scrutinising our internal development of the officers within the PSC. So at that time that we looked at our plan we considered new activities and at the same time there were activities that were supposed to be carried out but we did not put in the plan because I considered staff’s capabilities to carry out the work. For example, there should have been a tracer study within the activity which is part of the cycle of training that is supposed to be conducted. (SrP9)

Figure 10 shows one of the outputs and the performance gaps analysis conducted in Component 4. It reflects how well Component 4 is understood and applied.
That mechanisms are identified developed and implementation is facilitated to ensure line ministries focuses on its core functions, improve coordination, service delivery and optimized use of resources.

**Current Situation:**
- Review report for 3 MDAs had been completed;
- Implementation process on reviewed ministries have yet to be conducted;
- Review report for MOI currently in progress;

**Future Intended:**
- To ensure line ministries under the PSC Act are reviewed and implemented within the next three years;
- To facilitate implementation of organizational review;
- To conduct organizational reviews on a regular basis;

**Performance Gap Analysis:**
- Lack of right skilled and committed staff to assist with the organizational review;
- Limited training available for current organizational review staff;
- Organizational development currently has 1 staff committed to the review;
- Timeline of Organizational review for line ministries are unrealistic taking into account the number of staff;

**Component 5: Finding solutions to performance gaps: Solutions and alternative analysis**

It involves identifying potential solutions to the gaps identified in Component 4 and the improvements needed over the three years to close the output performance gaps; or in some cases what adjustment to the planned outputs must be negotiated with customers where it is not possible to make the improvements as rapidly as might have been wished.

HODs consistently conveyed that the improvements needed were the recruitment of additional staff to implement their plans.

Figure 11 shows the application of Component 5 following completion of Output 4.

That mechanisms are identified developed and implementation is facilitated to ensure line ministries focuses on its core functions, improve coordination, service delivery and optimized use of resources.

**How to bridge the Gaps:**
- Establishment of the Public Service Reform Committee (consisting of Central Agencies) to drive the Organizational Review of line ministries;
- To engage right skilled and committed staff across line ministries to assist with the organizational review considering the freeze in recruitment in 2015/2016;
- Engage Technical Assistance to assist with the organizational review and to transfer knowledge to local counterpart;
- To ensure staff committed to the organizational review are trained and attached to regional organizations for professional development in the area;
Component 6: Bringing it all together: The three year ‘one process’ planning matrix

This component involves the bringing of Components 1-5 together into an:

- Output Planning Template which sets out the improvements in outputs over the three year MTBF, and the activities required both for maintaining and in particular improving the outputs; and
- Input Planning Template which identifies the inputs (including summary details of staffing) required for these activities, sourced from both local and aid funding.

These templates are to provide the justification for ongoing funded and any changes to the budget in Component 7.

The OPSC CP did not have an Output Planning Template, however had detailed its activities in an AMP for three consecutive FYs.

Component 7: Establishing an MDA’s budget

This component is to provide the detailed staffing needs over the three years and a three-year rolling budget (both local and aid) to fund ongoing operations and maintenance to maintain the current level of outputs, plus the funding for the reform activities to build up the capacities for improved output performance based on the activities and inputs identified in Component 6. The tables are based on the resource needs by division/subprogram (which may group more than one output), the details of these subprogram tables are summarized by programmes and over the whole MDA.

During the 2015/16 FY, the corporate planning process produced two documents which were the CP and an AMP. Preparation of the budget involves costing of the plan which is done on the Annual Management Plan and filling in of budget templates provided by the MFNP.

SrP8 focussed on aligning structure of the budget in the budget template to that of the CP and AMP.

A restructure of the budget was done to align it with the budget format from Finance. This is different to the 2014/15FY where there were three sub-programs and divisional outputs in the corporate plan became activities in the budget structure. The divisions were elevated from activity to subprogram in the budget structure. There’s also a leadership and program administration where that includes the CEO and office, the Commission and office, committee of enquiry and internal support services which include the ICT and the corporate service. The remaining divisions, TCB, HRM, REB, OSR, PD and PCM all became subprograms. That was the major restructure that was done to our budget in order to be more aligned with budget format.
One program was maintained but activities were elevated to become subprograms. (SrP8)

The budget structure reflects the outputs in the OPSC’s corporate plan. The outputs in the OPSC’s corporate plan are the divisions of the OPSC (i.e. each division has an output to deliver). Under each output are several sub-outputs that are to enable the delivery of each output. The number of sub-outputs that are under each output except for the HRM division corresponded with the number of activities (equivalent of sub-outputs in the corporate plan) under each sub programme (the equivalent of output in the corporate plan) in the approved budget of the PSC Office.

A budget structure often referred to as a vote structure is a combination of codes that identifies a line item in an MDA’s budget. It is also used to translate information from a corporate plan. Each vote consists of a combination of 16 digits. To illustrate, the 16 digits are sequenced alphabetically as “AB-C-DE-F-GH-IJKL-MN-OP-Q” along with their details in a budget template and their equivalence in a corporate plan in Table 6:
Table 6: Translation of CP and AMP to codes in budget structure

<table>
<thead>
<tr>
<th>16 digits</th>
<th>Description in budget templates</th>
<th>Equivalence in a corporate plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>Name of Government MDA</td>
<td>Same as in a budget template</td>
</tr>
<tr>
<td>C</td>
<td>Program(s) (within an MDA)</td>
<td>A grouping of (sub-programs) divisional outputs</td>
</tr>
<tr>
<td>DE</td>
<td>Sub program(s) (within each program)</td>
<td>A division or other major organisational unit</td>
</tr>
<tr>
<td>F</td>
<td>Activity(ies) (within each sub program)</td>
<td>Note that there is a term ‘Activities’ in corporate plan. Activities in budget structure are not defined in the same way as activity for planning purposes. Identify multiple sub-outputs under a division’s output (facilitates the linking of outputs produced and the budget funding to produce those estimates very direct and simple) among other management purposes uses.</td>
</tr>
<tr>
<td>GH</td>
<td>Function (within each activity)</td>
<td>Identifies the sector of the economy impacted upon by the expenditure</td>
</tr>
<tr>
<td>IJKL</td>
<td><strong>Item code</strong> (as per chart of account) The first two digits represent a categorical classification and the last two identifies item code in government’s chart of accounts.</td>
<td>Identifies item or the name of a vote e.g. salaries vote or domestic travel vote, etc.</td>
</tr>
<tr>
<td>MN</td>
<td>Location of allocated budget.</td>
<td>Indicates the island (or island group) that benefits from particular expenditures</td>
</tr>
<tr>
<td>OP</td>
<td>Funding source</td>
<td>Distinguishes between items funded through the Recurrent controlled budget and development budget sourced by development partners</td>
</tr>
<tr>
<td>Q</td>
<td>Cash / In kind</td>
<td>For donor-funded projects, a distinction is also made between cash funding (where the money goes through Treasury accounts) and in-kind funding (where the funds are managed by the development partner).</td>
</tr>
</tbody>
</table>

In the practice of corporate planning and budgeting in Tonga a budget has two main classifications. Votes in a ministry’s estimate are either classified as salary or operation. Salary votes include remuneration and benefits of permanent/established employees. Operational votes are all other votes which encompass operational costs of a ministry.

Every MDA’s budget structure is to align with its organizational structure,

where each division is directly associated with one sub-program in the budget structure; grouping of subprograms by program in the 2015 budget structure (this may change after future modifications to the Chart of Account); the structure and governance of the MDA (note the organizational structure and budget structure must align - with each subprogram funding one division or similar large unit) (MFNP, n.d., p. 25)

In the OPSC’s 2015/16 FY budget, the codes which represent its budget structure were linked to the corporate plan,
The first five (5) digits of the OPSC’s budget code represent its organizational structure by its outputs as detailed in its corporate plan. To illustrate, the first 5 digits are alphabetically sequenced “AB-C-DE-F” in Table 7.

<table>
<thead>
<tr>
<th>Budget code</th>
<th>Description of budget code</th>
<th>Corporate plan equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB</td>
<td>Name of MDA</td>
<td>OPSC</td>
</tr>
<tr>
<td>C</td>
<td>‘Programs’ No. within the MDA (usually one)</td>
<td>Public Service Management</td>
</tr>
<tr>
<td>DE</td>
<td>‘Sub-programs’ No. within a Program</td>
<td>‘Output’ No. within OPSC’s program</td>
</tr>
</tbody>
</table>

Hence, to further illustrate, the structure of the OPSC extracted from its budget code is as follows:

![Figure 12: Organization structure in CP and budget code translation](image)

It was noted that most of the OPSC participants (who were HODs) did not pay much attention to Components 6 and 7 of the processes. SrP6 conveyed that they were not interested and recommended that the tools (e.g. budget templates) used in these components should be tailored for divisions as they are too general to inspire a HOD to take ownership of those tools.

Another participant explained role in the processes,

I was tasked with allocating costs to each division’s corporate plan except several divisions which were done by their HODs. I was instructed by Head of CSD to use the 2014/15FY figures as the initial cost and slightly increase or decrease those costs as appropriate. These were sent back to each HOD for their final amendments. (JrP10)
One of the difficulties was the unclear division of roles in budgeting and planning. Part of this difficulty may have arisen from having no operational manual within the OPSC to guide administrative roles of the office. For instance, there were concerns that the compilation of corporate plans and budgets has followed the routine that Corporate Services Divisions of each MDA are to do them.

A CEO can delegate preparation of corporate plan and budget to account officers but it is his/her call to do that by determining the ministry’s purpose from its mandates before delegating. Even when they are provided the corporate plan and budget for comments, only check grammar then submit to Finance. (SrM4)

Expenditures are usually prepared by accounts officer in CSD. Sometimes the CEO does not clarify directions about priorities so that accounts officer can prepare. CEO can be busy at the top and accounts officer’s complete task to meet the deadline. Before CEOs notice, the budget has already been submitted to Finance and a lot of changes had to be made. (SrP8)

It may the case that the corporate plan and the budget are prepared by the CSD of a ministry. Preparations are made in isolation of other divisions – whatever little input they use to prepare the budget proposal and corporate plan – it’s very minimal. That’s an area that needs to be improved because most staff that attends corporate plan trainings is from CSD. But it should be all HODs so that they understand the processes. CSD staff may not communicate with HODs so whatever they prepared in the plan, they present to HODs asking for their feedback and if there’s none then that’s it. (SrP5)

It seems normal in every ministry to let accounts staff and Head of CSD produce the whole corporate plan document and only refer to HODs if needed. (SrP6)

The same participant suggested,

Maybe we need to look ways to engage HODs from beginning to end, throughout the whole process so they feel committed to scrutinize and ensure that allocated funds are worth it. Instead of being unsure of some parts of the process and choosing to focus on other parts so that participation is fragmented. It seems that the preparation process was not done well from the beginning so that as it reaches decision makers, cuts reduce budget requests to almost nothing. (SrP6)

We need to walk through the whole process together. BCPD and divisions of MFNP and whoever is involved from OPSC. I’m sure if it’s complete from the first step then there won’t be any unjustified cuts from the top.
There’ll be more clarity to decision makers on the priorities, e.g. how cut in one area affects another area. Thus, making their decisions easier. (SrP6)

The above quote points to value judgments that decision makers in the processes may be making considering information that are presented to them. For example, the completeness of information decision makers is presented within a short amount of time. It raises the question of how well communications (e.g. consultations, presentations etc.) are made to decision makers. SrM1 has conveyed that Parliament members are given a month to prepare for their deliberations. Also that MFNP provide power point presentations of budget requests for clarity. However, by the time budget requests reach Parliament, majority of the decisions and considerations have been sorted by MFNP and Cabinet in consultation with MDAs so that Parliament rarely adjusts the budget proposals. The majority of the decisions then are made by MFNP in consultation with OPSC and the Cabinet in consultation with MFNP.

These concerns extend from compiling role of CSD’s staff to having been delegated the role of preparing the corporate plan and the budget templates without the CEO’s or HODs’ assistance. On the other hand, HODs may not agree that this should be the case at all. Their reluctance seems to be a result of their exclusion by the CEO in not being directly delegated the role so that they are motivated to participate. Yet there was also the observation that fully engaging in corporate planning and budgeting may be time consuming compared to seemingly more important tasks demanding the CEO and HODs attention (e.g. implementing current divisional plans).

One reason identified was the lack of interest to join in the filling in of budget templates as it is a general template that is not tailored for each division so they can feel responsible to do it.

The CSD mostly handles the budget templates. HODs are fully hands on in preparing the corporate plan. The budget templates are usually handled by one or two staff. HODs were not interested because the budget template is for the office in general. If it had parts for each division, HODs would feel responsible to doing it before these parts are compiled into one budget template. (SrP6)

The same participant also stated,

I didn’t quite understand the budget template. Maybe this can be improved so that HODs are engaged in that part of the process and to foster an overall understanding of the process. I’m sure it’ll help make preparing budget easier but also implementing. (SrP6)

The above quotes imply that there seem to be in general ignorance over who should responsible for certain components of the corporate planning and budgeting preparation process.
SrP6 suggested,

Corporate planning and budgeting templates from MFNP should be simplified to capture information from each division so HODs ensure they fill in all the required information. For example, justifications etc. Then have divisional templates sent to one or two staff to compile. Any way that can make the process more coordinated and to ensure that the right people work on the right parts of the processes. The consequence of doing it wrong from the first step is getting the later parts all wrong and ultimately unnecessary cuts from the top. Seems then we had just been blindly going about with budget preparation. (SrP6)

Furthermore, the same participant suggests that if HODs are involved from beginning to end of the preparation of corporate plan budget processes, it should reduce misunderstandings with MFNP when the OPSC’s budget requests are queried.

Sometimes MFNP query budget submissions from MDAs. Some of the queries seem right, but most queries seem to not make much sense. This can be due to the disjointed manner in the preparation of corporate plan and budget. (SrP6)

SrM1 conveyed that budget staff of the MFNP works closely with each MDA on technical difficulties that the MDAs encounter. These technical difficulties refer to issues arising from components of the corporate planning and budgeting preparation process. However, issues relating to allocation of responsibilities within a budgeting agency have been raised for the MFNP to resolve. SrM2 viewed,

There are internal issues and some of the ministries complain that something be done about those issues but most of those issues are within ministry. The HODs do not work together. It’s not BCPD’s job to direct who needs to work together with whom. (SrM2)

SrM1 also conveyed that budget staff while working with MDAs also notes issues each MDA may have to be discussed with that MDA. The issues are compiled prior to MDAs submitting their budget requests to MFNP for scrutinization. The same participant stated the MFNP arranges consultation with those MDAs which have exceeded their indicative baseline, relatively larger MDAs and those that may have critical issues for discussion, to agree to a final amount for their budgets.

6.3.1 Consideration and decision making

In the case where there was no CEO to make the final decision on priorities of the OPSC, a HOD acting in the CEO position may decide to compromise to prioritise.
Sometimes there are different ideas across HODs of where we are supposed to be heading. I may think our focus should be on OSR because of these reasons, another thinks it should be TCB because of these, they can have opposing views. At the end of the day, only the HOD acting as CEO has to make the decision. (SrP16)

This quote highlighted that the consideration of budgets is a process that starts within an MDA. Prioritising the corporate plan may result in compromising at least one division’s proposed plans. Although the OPSC had no substantive CEO it had HODs acting in the position. This may be a factor that other HODs within the OPSC may not have been aware of.

SrM1 had conveyed that the MFNP’s consideration of budget submissions from budgeting agencies includes economic analyses of the status of the Tonga’s economy amongst other important economic indicators. They contribute to their consideration of how much needs to be allocated to each budgeting agency.

After we receive the ministries’ requests we look at the merit of these requests if they exceed the baseline that we gave them and then we do our analysis and our assessment and then we schedule consultations especially with ministries that exceed the baseline. Or a ministry that we see has a problem that needs to be discussed then we meet with them. (SrP1)

SrP7 shared the same view that there is awareness that the budget process would end in a decision in light of the corporate whole instead of focussing on the dilemmas facing a single division within a single MDA.

When we prepare the budget, what we submit to Finance is the reality of the work but the budget approved by government is through prioritising government functions and funds because besides the PSC government funds will also be allocated to the rest of the ministries. Budget that is submitted to finance is almost the reality of the work of a ministry in order for it to fully implement. Budget cuts are made in view of the amount budget that can be allocated to each function of government. Budget that is approved is always less than the budget that is requested. (SrP7)

SrM1 also conveyed that the justification for an increase in budget in the FY concerned is also based on an MDA’s delivery of results as promised in the CP; or an MDA’s plan to counter its failure to deliver promised results.

One of the grappling issues for OPSC’s participants is having planned and detailing budgets according to those plans and not being provided with the resources for those plans. SrP6 was of the view that,
If you want to add value to the public service… the decision makers must ensure that there is a valid reason behind a decision to cut funds from an area and allocate those funds to another. (SrP6)

It was for this reason that the same participant also viewed the MFNP’s timeline for the budget preparation as lacking sufficient time that for budgeting agencies to work on their plans and budgets. Also, there’s no ample time to discuss structural changes (e.g. mandatory changes resulting in additional scope to an MDA’s function) that may render necessary the allocation of additional funds.

Campbell (1999) had noted that the design of planning process that is a model of professional planning techniques lacks consideration of insights of what adding value means to planners (e.g. CEO and HODs). Thus, unless the planning process reflects those differences it is unlikely to add value. Although this was a lesson from the private sector, it is applicable to the concern raised by this participant.

Furthermore, SrP6 identified that the time constraint does not allow for a thorough participatory process such as conducting surveys to capture and incorporate views of stakeholders into the plan. Denhardt (1985) emphasised that strategic planning in the public sector should be highly participatory so that it opens the possibility of building new understanding among various groups about the work of the organization and may result in achieving both direction (from the top e.g. Cabinet ministers, CEO etc.) and commitment (from stakeholders).

Moreover, it does not allow assessment of issues from PSC offices in other Pacific island countries and how they may have used similar structures. That may determine whether they are worth it or not. Also, whether direction the office is heading is the one. However, because of limited time whatever status of the plan by the deadline is submitted.

SrP6 also identified that the tragedy of a design process that does not allow enough time for planning is allowing the sitting behind a desk and typing up a plan based on one’s own view. Mintzberg (1994) referred to this as the fallacy of detachment where planners plan from their offices detached from those that are to execute those plans.

Another related issue that was conveyed was the lack of consideration of an MDA’s interrelated functions in the decision to reduce its budget. SrP6 illustrated this using the OPSC’s functions,

Decision makers seems to decide to cut without considering implications of cuts made in one function on the rest of the functions. I suggest that to improve this, they should engage those that drew the plans for those
functions to clarify their plans. For example, in the public service reform programs of OPSC, if a decrease is to be made on one reform program, it will substantially affect the other reform programs because they need to operate in parallel with each other. Like OSR, PCM, REB, TCB etc. – they must go hand in hand. (SrP6)

Thus, the same participant also suggested,

There needs to be communication especially on budget cuts. It would be better to alert a Ministry so they may identify potential areas that will have fewer impacts before making those decisions. More coordination is needed so that budgets allocated to MDAs are worth it. Deciding to decrease budgets is like throwing budgets out to sea. If you want to add value to the work of government, then we must ensure we have sound reasons for budget cuts. (SrP6)

On the other hand, another participant opined that,

Most influence on the budget proposals are discussions between a CEO and Minister then to Minister of Finance then it’s submitted to Cabinet and approved. For this government, one of the major frustrations is because no Minister has said, follow due procedures. The questions that need to be asked of them are they doing it for the greater good or are they doing it for themselves? (SrP16)

The OPSC participants were more concerned with the core functions of the PSC and rely on corporate planning and budgeting to facilitate the delivery of public services under those functions. This highlights that while the participants from MFNP are forward looking with the use of corporate planning, the participants of OPSC are concerned that what they had proposed to be funded in the OPSC’s corporate plan should be fully approved.

The MFNP participants seem more strategic than OPSC’s participants in that their views are not bounded by concerns for a single MDA but the allocation of limited means among all MDAs. The fact that there is limited resources were not entirely disregarded by OPSC participants however, dissatisfaction arose because of the determination to deliver what had been written in the CP and care taken to implement the office’s reform programs in parallel as they are interrelated.

In regards to the consideration and decision making processes on MDAs’ corporate plans and budget proposals several points are noted. First there is generally a lack of awareness on the decision making processes. The lack of awareness of decision making process is highlighted in the talanoa sessions. Consequently, participants perceive blames without communication. Second, decision making and considerations are made at different levels, not just MFNP. It commences
within an MDA on decisions to prioritise the reform programs of an MDA, how well it has planned and establish links to its budget proposals. Third, there are factors that may need to be considered in the decision making process. Such factors include the interrelated functions of an MDA where budget cuts may impact on its core services. Whereas the impacts may not be directly and instantly measured in the delivery of OPSC’s core services, it may be quite detrimental in social services such as Health and Education.

Furthermore, the decisions made are based on best value judgments of decision makers. This allows ambiguity in the decision making process but also adds to the possibilities of politicising and lobbying decisions. It may also be manipulated in favour of elected members of the LA who may be Ministers of the Cabinet given that the MDAs are under their administration.

6.3.2 Approved budget

The LA following its deliberations passes government MDA’s estimates and finally must bear the King’s assents to the Appropriation Bill before it becomes an Act. The Constitution of Tonga outlines that the reigning monarch has the highest authority in regards to bills passed by the LA and can even veto any bills which the LA had passed.

The approved budget of the OPSC exceeded the indicative baseline initially used to begin the budget process. The MFNP had compromised the increase because of additional activities directed from higher authorities in government such as the initiation of a committee of enquiry.

Talanoa sessions revealed that less than half of the HODs were familiar with the allocation of budget to their respective divisions.

The approved budget didn’t include additional staffing requests for Remuneration Division. That’s very unrealistic for one to implement plan if funds required are not given. But it is only our responsibility from OPSC to clarify our plans and budget needed to implement. That’s one of the challenges of this process. Although plans have been laid out, it is a different body that decides whether budget will be granted. (SrP6)

The approved budget was almost the same as the baseline that we were given long time ago. We had increase but it didn’t seem like there was that much increase or much improvement although we were given staffing etc. When we received the budget it looked like it was going to be bigger than usual. But in the donor funds Finance stated the possibility of setting up a training centre. We did include this in the CP but there was no donor proposal discussed about the training centre. An amount was included that would have potential donor funding for it. But it’s in kind for us so we did
not get any cash to manage. One division had the most vacancies. There were a lot of disappointments among the HODs because of that. (SrP9)

This section indicates the extent to which preparers of plans namely HODs are aware of their budgets. It implies the importance placed on linking their plans to the resources. It also plays a vital role in the later executing of budgets according to plan.

6.3.3 Independent assessments OPSC’s corporate plan

MFNP’s assessment

The OPSC’s corporate plan was rated “Good” on a five-criteria rating scale that has “Very Good” as the highest and “Very poor” as the lowest. The particulars of these ratings are provided as follows:

**Very good:** Good analysis and presentation. No significant omissions. Very good identification of outputs, improvement areas and links to the budget.

**Good:** Most areas included and analysed. Some areas for improvement. Good identification of outputs, improvement areas and links to the budget.

**Very poor:** No real attempt on part of the MDA to adopt the corporate planning structure. Confused/perfunctory analysis and poor understanding of the requirements of the planning process. No attempt to understand and define needs or to identify outputs. No understanding of results structure, absent analysis and diagnosis of performance problems. Very weak linkages to the budget.

The assessment which resulted in this rating further provided comments specifically for the OPSC to improve on its 3-year 2015/16FY corporate plan. Generally, improvements required the insertion of a front-end overview template which presents outputs in sub-programs and programs and with its budget, quality and timeliness indicators. A timeline for programs and sub-programs to be included was also needed. Furthermore a “Budget” section of the corporate plan was noted as absent under which should have been the “organisation of outputs into sub-programs and programs”.

SrP5 viewed the feedback provided on preparing corporate plan as good progress.

It’s good to be provided feedback from the planning division of MFNP because the corporate plans prepared in past years we were not sure if they were correctly prepared. It’s good we’re getting feedback now so that we work on alignment. We should have done an internal assessment as well but we’ve only received the manual for corporate plan preparation. It’s a very big document. (SrP5)
It may be noteworthy that OPSC’s corporate plan was assessed by the MFNP on work that were conducted without the ‘one process tool’ and manual.

6.4 Corporate plan and budget execution

SrM1 had emphasised that the need to execute budgets according to the corporate plan was the rationale of the transition from a traditional line item budgeting to program budgeting. This was, so that government MDAs are not just accountable for how budgets were utilised or financial compliance but also question what the outcome was or accountability for result. (SrM1)

Participants outlined the initial activities done after receiving the OPSC’s budget.

We had a retreat where we revised the approved budget. We had to work with that budget. If a division’s staffing needs was very critical, they had to present those needs and we shared vacant positions across divisions from those that could manage. I had to determine the priorities in terms of projects that needed to be implemented, for example, both the remuneration and performance management system projects were vital to be implemented. Operational budget was delegated to head of CSD to manage in light of decisions made when budget was prepared. (SrP9)

SrP5 conveyed that because unapproved budget results in forgoing time that could have been focussed on more important implementation of plans. Furthermore that temporary solutions were used in anticipation of requested funds.

Following receipt of approved budget, we had to rebalance what was planned with the budget allocated to the division. Like the ICT project which had been requested since 2011, again in 2012, 2013, 2014 and had just been granted in 2015. ICT had to leave out the work needed to develop software and other works that could have been carried out had the budget been given. Instead ICT put up systems that were like band aid solutions because of ICT related issues that arose. For example, the firewall that protects the organization’s website on the internet from hack and attack. That was included in the ICT project’s proposal. As this was not yet granted they had to research how to use a free firewall and how that is set up etc. That was done in a few months. This time could have been used to carry out other vital work. So that was what was done. See what budget is approved and rebalance and adjust the plan on what needs to be carried out. (SrP5)

SrP16 was concerned with the lack of consideration with which ad-hoc directions are made from higher authorities and the consequences faced in executing plans because of those directions.
You can do a very well written plan. But with a government where additional work is directed by Cabinet, then that’s when we feel sorry for employees. When directions are made to implement by a deadline, they don’t have any consideration of who is going to do it nor is there any money for it. They don’t care about those things they just want implementation. When cases like that happen, they will probably prompt neglect of divisional activities. Will have to look at the core activities otherwise they are all going to be exhausted. Those are options that need to be treated within the division. (SrP16)

SrP9 outlined a similar concern.

One of the challenges in implementation of plan was the interference of Cabinet with what would have been functions of the PSC to decide on staffing matters. For example, the decisions to merge functions of MDAs involve staff movements that should involve consultation with the PSC. (SrP9)

SrP16 noted that problems with implementing projects are at times intentional and BCPD should have picked up a trend after years of proposing the same donor budget.

With implementation I think it was good for those divisions that progressed something. There are divisions that don’t progress but like to tell everyone they have a lot of budget. I noticed that for these divisions because they don’t want to execute fully their work plans they don’t bid for funding. They don’t vie and they don’t push. If we have discussions about budget, they won’t participate. Their logic is, if they don’t give me anything then I don’t have money to do anything. There’s lack of integrity and they are not accountable people so get them out of the public service. But we often have pity and say just leave them there because of this. Considering the overall benefit of the ministry and for the programs to work then that’s the problem. They don’t want to ask for recurrent budget they ask for donor. To me BCPD should note the trend between divisions who have core roles in an organization but the estimation of what they have achieved in a financial year is basically less than 50%. Then start asking is there anything in the budget structure of that division that changed? The donor component has been there for how many FYs. If those divisions progressed well, they would help other work programs instead of implementing incomplete parts of the reform programs. (SrP16)

Another participant conveyed that the division’s budget was managed by CSD.

OPSC is very small so it is mainly the CSD that monitors spending and they alert HODs if an excess spending has been made. But most of the expenditures are centralised to corporate vote. Maybe 90% of budget remuneration division’s budget was salaries with a small percent for
operation. Thus, there is not that much funds to monitor so that ceilings are not exceeded etc. (SrP6)

SrP8 was concerned with issues regarding execution of plans and budgets that do not contribute to the organizational outcome of the OPSC such as efficiency, effectiveness, honesty etc. One is with the personal commitments that are often covered through office budget. The same participant also conveyed that often employees may not be blamed as it may be the culture. For instance, a government employee may be perceived to earn a very high salary to meet family, church and community obligations. Once a person becomes an employee, he/she is under the pressure of many obligations to give more than he/she has.

Maybe the major problem is in terms of savings. We can’t save because of commitments. There are church, family and even community obligations and then you have kids at school. There are a lot of obligations that we have every day they exceed our affordable means to cover them. Sometimes take a loan etc. Maybe it’s our culture which we can’t escape from… when it comes with the mind-set to encourage and introduce savings. We don’t blame them, the commitments are too many. So its savings, budgeting and proper planning. If they can be done at home then you can do it at the workplace. If they can’t be done at home then at work, we try very hard to budget and plan and end up using the resources at work to cover personal obligations at home. That’s why we have overtime. Because of improper planning but then they’ll just say leave that to have overtime work so that they can get extra cash only so that I can meet a personal commitment. (SrP8)

Another case was regarding improper planning resulting in the sharing of budgets across different divisions of OPSC. Improper planning was described as a situation where a division had set its plan however did not consider its planning carefully so that additional budgets which should have been requested were not requested. This led to interference with another division’s work plan for which its budget may be needed.

Several transfers and reallocation of budgets from one division to another were made during the year. For example we have had savings in the CSD transferred to another division. One of the sub-outputs of this division was to pilot one of its tools in the outer islands, raise awareness and follow up as it was to be implemented soon. This FY the savings identified from CSD, not sure, all were transferred to fund travel to outer islands. What arises from that is lack of proper planning when the budget proposal was prepared. Even though there are savings, proper planning should have been carried out involving appropriately costing the outer islands travels. That should have not been the case because it was already in a sub-program, it was already a
sub-output in the corporate plan and AMP and it was supposed to have a very good budget. But the retransfer was made. That’s where you come across such improper planning in budget execution. (SrP8)

Furthermore that unforeseen expenditures are those that were not included in a corporate plan and may arise due to a special direction from a higher authority (such as the Cabinet) to the OPSC. Such expenditures were out of the OPSC’s control and would therefore deserve allocation of extra funds.

A retransfer that is acceptable during the year are for directions to conduct work that was not planned. Work that was not in the CP, and there was no awareness of that work, so we could reallocate funds where we have savings in our budget to carry out that work. But this one here, it was already stated as one of the sub-outputs of a division but it was not planned properly. (SrP8)

Moreover, there were cases of CP and budget execution where a division had conducted proper planning but its budget proposal was not prioritised by the OPSC when it made it prioritised its overall budget requests. Consequently the OPSC had to share budgets with that division.

One division had spelt out in their plan its work that will be implemented and had requested a large amount of budget but unfortunately the increase in the office’s budget did not include those plans. The office’s priorities were different. This increase shows the office had prioritised other plans of the office and forgot about this division which did propose for funds. As such when we started off this FY this division required additional staff to assist as it is a critical time to implement a new structure. Another division was affected because the implementation of its plan was slow but was willing to give up funds. So that’s a case where planning is distorted when budget preparations and where OPSC did prioritise properly so that the increase in budget – new initiatives can be utilised for the right plan. These are the kind of things that should have been communicated among staff the office’s priorities at the time of budget preparation. So that when fresh money is given it can be allocated to things that have more priority and go on from there. (SrP8)

6.5 Corporate plan and budget review

Another essential part of the corporate planning and budgeting process is the review. This part has been identified as under-developed by the participants in this research. It also indicates the stage of infancy of the corporate planning and budgeting process. Figure 13 exhibits the result driven activities that were to be fostered in all parts of the corporate planning and budgeting processes including monitoring and evaluation.
Review aims to monitor performance both financially and output delivery. We use corporate plan that was passed in Parliament to check outcomes, KPIs, targets for the year for the review. We move away from focussing only on the financial to also monitoring what was achieved. This is the first time they have conducted this kind of review where we ask for the financial and also what has been achieved. People are asking what has been done as the government is becoming more democratic so they have to answer questions from the public. Reviews aims for accountability in terms of showing the public the results achieved with their tax money instead of querying how much was used for fuel. It is a bit new. (SrM2)

We try and track budgets that were allocated to MDAs to implement their work so that they are spent according to the plan they provided. That’s important to monitor every quarter the execution budgets. (SrM4)

SrM4 stresses the importance of commitment of CEOs and HODs to the budget reviews.

We really need the commitment of CEOs and HODs. We use consultation because we note it’s better to meet with MDAs so that we can discuss with HODs and the CEOs. Most of the time it’s only the CEO and one HOD from CSD and an accounts officer attend. To me, if top management are committed then working together will be easy. There are also non-core functions that MDAs are focussing on. Most continue with routine without finding from their mandates what they should do. Some are surprised when we inform them during the reviews non-core functions they are doing which
shouldn’t be funded. It indicates that CEOs do not first study their mandates and corporate plans and initiate improvements within their MDAs. (SrM4)

SrM1 conveyed that delivery of results is an important factor which MFNP considers in allocating government funds to ministries. However ministries are ignorant of the importance of delivering results.

Ministries do not often consider that MFNP stresses results because it is part of the basis for decisions to allocate budget to a ministry in future budgets. We exert effort in this area so ministries can have databases that can compile results from planned work and have evidence-based review of results that can be viewed, for example, a customer satisfaction survey that provides feedback on how well work was done. (SrM1)

The same participant stated that the reviews will determine a revision to the format of Annual reports for ministries so that annual reports present results.

Finance is working on revising the format of the annual report from old formats that the government is still using to align contents to the plan so that results are presented alongside what was planned. Ultimately in Parliament, what are to be reported are the approved budget, planned work and results provided that the government audit office has also already verified those results. (SrM1)

Finally, an essential part that was identified was the accountability of a CEO of a ministry for its results. Trainings were to be conducted in ministries regarding the delivery of outcomes so that in an estimation of two years, results are measured. Elaboration and illustration were provided:

Ministries may be presented with their plans, their results and asked to provide reasons for those results. A CEO is to be accountable for the ministry. For example, if target was 70% and result is lower, then provide reasons. That way it’s easier to question achievement of results much like profit in private sector setting. (SrM1)

Two concerns were also expressed (SrM1 and SrM2) regarding the review of budget and plan execution. That is at the end of the day, that not only had an MDA complied with financial regulations in the utilisation of funds but that it was also utilising those funds to deliver results. This contrasts with having financial compliance without delivering any results or achieving any objectives of the MDA. This indicates that the government of Tonga is moving towards a performance-based public service.

However, it seems that the idea of such a review was to consult each other’s ideas and decisions that were made behind the processes. MFNP seemed to have completed the task through
the evaluation of numbers disparate of the results although SrM1 and SrM2 advocate that in the review it is the result that matters given that financial compliance is not compromised. While this case highlights that for consultation to work, attendance of HODs may be of importance as there are issues which may not readily be understood while engaging in the tasks of consultation.

We [OPSC] were told that quarterly report is due, and they [BCPD] made comments. Finance uses a traffic light system. Red, orange and green are used to indicate progress of a division. Green is good and red is bad. I’m not sure how divisions that had implemented their work plans got red because sometimes they ask us what our new initiatives in the CP mean. I don’t understand how they allocate budgets without understanding. If they need their work to be successful, they must read the CPs. It’s their responsibility to review the plan and the progress according to plan. I don’t think they [BCPD] are seriously doing it. (SrP16)

SrP7 explained the internal monitoring and evaluation which the OPSC internally conducts.

The monitoring of the plan is carried out in the reporting and updates during the HOD meetings. But mainly the monitoring is that we just look at the plans and put the activities there on weekly, monthly basis and then the AMP is used to do the weekly reporting of the status of each activity. That’s the monitoring of the plan. It’s mostly weekly that we look at the status of the activities and check whether they are completed or carried forward. (SrP7)

SrP15 noted that monitoring and evaluation aspects of the corporate plan were absent and drew from previous working experience the importance of having it in place.

Because of the lack of leadership in the OPSC, the monitoring was not there... For me my impression was that it was quite a very busy office in the processes but documenting and accounting for the result with evidence, it was not there. What I looked for when I first came was a monitoring and evaluation plan – how to monitor the results. There were no targets. I’m used to a planning system where you have quarterly milestones and targets to meet. But there was nothing like that... It was just a low level focus on activities rather than a focus on the link to higher end results. How are those results translated into the national outcome of a more transparent, affordable, accountable or good governing system? That was my impression. (SrP15)

Quinn (1980) stated that ‘successful executives announced relatively few goals to their organizations. These were frequently broad and general, and only rarely were they quantitative or measurably precise’ (p. 66). Boyne and Gould-Williams (2003) noted that this case implies that planning has simply been a routine or ritual and having no impact on performance.
SrM1 specified that funds are allocated to assist areas which need strengthening and will essentially have to contribute to delivering results. However, that there are a lot of activities that are conducted but there is no data to validate the results of those activities.

There is no data to ascertain the results from plans that have been implemented. For example, Education sets a 90% passing for entrance examination to high school and was allocated budget for that. At the end of the year the review checks whether 90% passing is met. We are dealing with results, whether ministries can deliver. (SrM1)

The same participant conveyed that the way forward is to counter this problem. Furthermore, MFNP has provided a template which facilitates the collection of data to measure results at the end of a financial year. A second step is through conducting of quarterly reviews.

The template shows the overall impact of the TSDF, then the national outcome for an MDA, its core activities and KPIS. This is an attempt to assist ministries to collect data that measures the results of their plans at the end of the year. We start with quarterly reviews to track progress of MDAs during the year. That’s one of our goals. (SrM1)

SrM2 had expected those involved in corporate planning in MDAs (e.g. CEO, HODs, accountants) to tease out their individual differences within themselves instead of passing that responsibility to the MFNP. Instead of inter-competition among MDAs of which will be appropriated more, the intra-rivalry among HODs in an MDA is appalling. SrM2 and SrM4 also expected that an MDA should be able to organise its own involvement in the processes themselves.

A different person prepares budget and a different person prepares the plan but they should communicate so that the plan and budget allocation are aligned. When we come and do the review that’s when it shows. HODs haven’t looked at our plan so that when we discuss their outputs they don’t understand but it’s from their corporate plan. That indicates lack of coordination. (SrM2)

SrM2 suggested it would be better for the PSC to decentralise leave management and small matters for efficiency purposes and instead focus more on policy rather than administrative matters.

PSC may need to decentralise for more efficiency reasons. In a way that reduces the work of the PSC so they are more at the policy level rather than administrative. That’s my view. The OPSC budget is small in relation to the other ministries but its central function maybe it should be streamlined to let go of administrative and focus more on policy related matters. For example, assessing the ministries on the appropriate level of staffing instead of HRM like management of public service staff’s annual and special leaves etc. (SrM2)
One of the main weaknesses in conducting the review is its being based on a CP that was submitted to the LA with the budget proposal. This CP may have been reprioritised if budget approved was less than budget requested since it was prepared in balance with the CP.

6.6 Integration of corporate planning and budgeting

The one process tool states that,

[a] good, integrated corporate plan and budget helps to deliver outputs in more effective, efficient and affordable ways by guiding a program of performance improvement, while helping to ensure that the level of outputs, including reforms, are in balance with the funds available. (MFNP, n.d.)

Generally, participants of the OPSC shared similar views on the integration of budgeting and corporate planning recalling their views as the projects progressed. Participants conveyed that

Emphasis was placed on linking budgeting and corporate planning but the link was not there. It was only there by name but not in practice. (SrP8)

Another participant agreed,

It is possible to have the link on paper but the two processes do not in practice as budgets may not be executed as planned. For example, some ministries would propose to have salary for vacancies but they plan to have it as savings for other expenditures. (SrP9)

SrP14 was of the view that the MFNP do not have the capacity to be able to follow through government MDAs corporate plans to their budgets. An indication is the lack of follow up of budgets execution throughout the year after MDAs complete the budget preparation and received approved budget allocation. Furthermore, that the quarterly reviews were used as an example of dysfunctional communication between BCPD with TD of MFNP. Reviews are carried out before reconciliation of their records with its own TD. She stated this means that the accuracy of the data used in review is in question.

MFNP intends for corporate planning to flow into budgeting but it does not have the capacity. Just look at BCPD, there’s only a few staff there. Once the FY’s budget has been approved, no follow up is made during the FY. For example, for quarterly review of spending, BCPD found that their numbers have not been updated from TD records so data used in the review is inaccurate. (SrP14)

This implies that for a review of expenditures to be useful, data needs to be complete to be accurate. The same participant further stated,
Sometimes the blame for not linking corporate planning and budgeting is on MDAs. However, MDAs’ concerns about linkage are justifiable. It’s all on paper. To say whether it has been applied effectively, it is not effective. More work needs to be done because year after year, corporate planning does not marry budgeting. What MDAs feel is it’s time consuming. (SrP14)

Although OPSC participants were upfront in conveying the lack of integration in the practice of corporate planning and budgeting, they support the MFNP that the two processes should be integrated.

All MDAs support having the linkage in the processes. However, when it comes to enforcement and implementation, to me it doesn’t work because monitoring and evaluation is not done well in MDAs as well as BCPD. But blames continue and remain unsorted. Well, maybe the idea is still quite new. (SrP14)

I support the idea that corporate plan should marry the budget. There’s no point drawing a plan if it doesn’t link with its budget. Sometimes plans are unrealistic and do not consider the context of Tonga and its funding sources, that our funds are limited. Many disappointments are due to planning for so much but given little budget, ending up in being uninspired to implement plan. Should be more strategic and smart in presentation of plan and new initiatives so that funds may be allocated. (SrP6)

6.7 Chapter Summary

This chapter presented the findings from the practice of corporate planning and budgeting by the OPSC during the 2015/16FY. The next chapter presents discussions of the Findings reported in Chapters 5 and 6.
Chapter 7 Discussion of Findings

7.1 Current literature

The findings of the thesis contribute to the existing literature the practises made under the label corporate planning and budgeting in the Government of Tonga. Literature has provided numerous formats of budgeting in the public sector (e.g. traditional line item budgeting, performance budgeting, zero based budgeting, program budgeting etc.) and corporate planning and many on the application of corporate planning at various settings (e.g. most are with regards to its use in the private sector). The literature on the application of corporate planning in the public sector is relatively few. Existing studies also profess that there needs to be more studies providing evidence from practice. Corporate planning and strategic planning are used interchangeably in literature. In Tonga, the Western ideology of planning originated from the British colonial power and its influence on the Government of Tonga’s administration which led to the production of national plans in 1965 and the establishment of a Central Planning Department.

The use of corporate planning in the Government of Tonga slowly developed to recognize integration with budgeting and more prevalently in response to a need for government MDAs to be accountable to the general public for the results achieved through the utilization of public funds. The Government of Tonga is also make improvements to meet international indicators (e.g. PEFA assessments and indicators) and to enforce a cascading performance-based public service from national to individual level.

The information from *talanoa* and various documents have almost interchangeably used programme budgeting, corporate planning and performance budgeting. This interchangeable usage of terminologies however measured against the rod of existing literature does not readily identify the practices of these processes in a single category in line with literature’s categorization of processes which distinguishes one process from the other. Rather the practice shows that the attempt is to integrate a form of corporate planning model and a hybrid (programme budgeting with traditional line item budgeting). It may be understandable as corporate planning does incorporate the use of KPIs and the use of programmes (outputs). What has been practiced in Tonga is an attempt to integrate various corporate planning formats (the latest being enhanced corporate planning) to programme budgeting. The new corporate planning could not merge effectively with programme budgeting that was in place.

The literature on corporate planning has developed to recognize new features. One is the extension of its focus beyond the organizations’ strengths and weaknesses to scanning of an
organization’s external environment. This has been a major weakness in the corporate planning process in Tonga as it seems to focus only on an MDA assessing its internal strengths and weaknesses to implement its plans. As demands outside of an MDA’s such as directions from Cabinet were made, an MDA had to incorporate those demands into their plans and use existing resources to manage those directions as though these were not effectively addresses in the preparation stage of corporate planning. These are especially true of directions that are made as a FY proceeds because contingent funds required in ad-hoc directions are only requested towards the end of a FY. This may result in risking the implementation of existing programmes through sharing of resources. Another is balancing the communication of an organization’s goals with stakeholders and central government’s decision makers as their awareness may mean maintaining their support of an organization’s progress. An initial way in which this may be done is through the publishing of an MDA’s corporate plan probably in an MDA’s website as a document that is available to the general public. In addition, conducting of *talanoa* forums allows the recognition of an array of the stakeholders’ needs incorporated into planning initiatives.

The practice of corporate planning in the government of Tonga fits into the satisficing philosophy discussed by Ackoff (1970). The use of corporate planning is in its early stages of development. SrM2 states that corporate planning is in its “infant stages” and the process is to be simplified while trainings are conducted towards understanding of the components of a corporate plan such as “Key performance indicators”. There is a tendency for planning and budgeting to adhere to a manual at this early stage paralyzing any room for what Mintzberg (1994) refers to as strategic thinking. Furthermore in place of research that could have been conducted independently by staff of BCPD and in various MDAs, those involved in corporate planning seem to rely on the knowledge of consultants and guidelines which they compile towards the end of the Project for drafting and revising a corporate plan and the processes involved. A ‘one tool process’ that advocates its role as a guide but enforces its use as a compliance tool defeats its own purpose of guiding toward achieving goals or delivering outputs.

It so follows that the perspectives of Abrahamson (1991) can be applied to the adoption of the enhanced corporate planning process. In regards to goal uncertainty, the Government of Tonga was clear in its intention for the government to be accountable at all levels to how public funds were utilised. Also, that it already had the programme budgeting in place that facilitates this goal as it clusters items in budgets into programmes. Hence, corporate planning had to be a process that answers the question of ‘how’ these programmes contribute to achieving objectives. As such, the corporate planning components had to be aligned with the existing programme budgeting. The findings have demonstrated that the corporate planning introduced bred more problems than real
solutions. It was clear that the result-framework from which the enhanced corporate planning was based is widely used by ADB. That indicates that the adoption was made through imitation. The assumptions were the Government of Tonga knew what it needed (an assumption of efficient-choice perspective) and has some uncertainty in the efficiency of innovation, but also recognized the influence of outside organizations (assumption of fad-perspective). In summary, the need was clear but uncertainty about efficiency of corporate planning. The efficiency-choice in this case does not explain adoption and ‘fad’ perspective does not explain diffusion of inefficient innovation as one of its assumptions was not met. A hybrid is produced.

7.2 Practical Implications

The findings of the research have many practical implications as follows:

First, that initial planning needs to be thoroughly made before undertaking a project involving the introduction of a new concept, tool, process etc. into a country. The preparation of projects (e.g. corporate planning and budgeting) to be introduced was not rigorously conducted in studying of the existing planning and budgeting systems into which new systems, approaches and tools of the new corporate planning and budgeting processes were to be introduced. Furthermore, there may have been a lack of due consideration given to the underlying environment in which existing systems operate e.g. cultural up making of people involved in their practice and their capacities; systems capacity; existing skills and capabilities. Rather the intention seemed not to fine tune the existing systems but to ‘progress’ so much that every detail in the existing systems had to be made obsolete.

On the contrary the research findings highlight from the implementation of the project that accusations made against existing systems may be incorrectly made. The introduction of the enhanced corporate planning and budgeting process identified problems in bulk based on the existing systems and practices. However, it does not succumb to the idea that the project may have been implemented too early without practicing the principles of planning that it ironically advocates. Also that because it had violated its own principles, it continued with implementation until the late realization of this violation. Hence, it identified problems in any part but the root and for consolation continued to stress addressing those problems.

Regardless of how the project may have turned out, the processes, systems and tools accompanying the need to integrate corporate planning and budgeting has been adopted by the government MDAs in Tonga. Hence there are implications from the findings on the progress of the parts which have been introduced by the project given that they have been accepted and moulded
into the existing systems. Hence, there were potential causes of disjoints in corporate planning and budgeting process in regards to preparation of corporate plan and budget.

First, a potential problem may be the lack of clarity of roles (e.g. oversight, coordination) in the corporate planning and budgeting process begins within an MDA especially in regards to its corporate plan preparation. As there is no planner position in MDAs that specialises on planning, by default in practice, budget preparation is often led (if not all) conducted by the CSD because it is responsible for internal matters contributing to the smooth running of the core functions of an MDA. This seems to presume that outliers to core functions of an MDA are taken up by CSD. It follows that in corporate plan preparation, dominant views in its practice by MDAs are that it is only conducted during the budget preparation process. Thus, CSD is again by default, delegated the preparation of corporate plans as well so that it does not distract operations of core functions. However corporate planning is essentially a responsibility of CEOs and HODs as CEOs oversee the core functions of an MDA and HODs are the specialists in those functions and therefore the corporate plans. While the planning roles of CEOs and HODs may be actively played in implementing, and probably monitoring and evaluating an MDA’s plan during a FY, the preparation of corporate plans may not be adequately tended to. Preparation of plans has therefore only developed from their being carried out by CSD to their being revised by HODs remaining a part of the activities during the budget preparation process. Consequently, CSD is still responsible for the preparation of budgets attached to all divisional plans in addition to their compilation while it requires the oversight and coordination role of CEOs and the inputs of HODs, hence, a potential cause to the disjointed process.

Secondly, underlying systems pertaining to the corporate planning and budgeting templates which compile new initiatives in preparation of corporate plan and budget may not allow flexibility and tailoring the presentation of those ideas for overall cohesiveness. Programme budgeting is the system which underlies the budgeting template while the corporate plan template was developed from the new enhanced corporate planning process. The introduction of programme budgeting preceded the more recent enhanced corporate planning. On one hand, the corporate plan preparation template on its own lacks flexibility as it forms the basis from which assessments of an MDA’s corporate plan is made. This implies conformity with form as opposed to its being intended to be used as a guide and discourages any adjustments to reflect strategic intent. On the other hand, the budgeting template lacks flexibility too. The pre-set of expenditure details into line items coupled with rigid spending legislations are used as control mechanisms to focus monitoring and evaluation on spending more than the achievement of results. Simply, while it facilitates grouping of an MDA’s plans into programmes, control of those programmes is made at the line item level rather
than at the programme level. Each template’s flaw associates a paralysis with details that seem to direct practiced assessments and controls to amount of expenditures rather than results produced by those expenditures which was the original intention.

Furthermore the templates also identify the degree to which underlying systems are integrated. To simply illustrate, the corporate plan templates use terminologies such as impacts, outcomes, outputs, sub-outputs and activities while budget templates use supposedly some parallel technical terminologies such as programmes, functions, sub-programmes (for outputs) and activities (for sub-outputs). There seems to be no compromise in the use of the terminologies so that any confusion in practice may be lessened. It also seems that the lack of compromising was intentional so that the result would be an overhaul of the existing programme budgeting system and associated legislations.

Moreover, as opposed to the intention of the enhanced corporate planning for the corporate planning to lead budgeting, it is not so in practice. The use of language by MDAs in practice implies that budgeting leads the corporate planning process. For example, employees use terms such as ‘budget preparation’ and rarely ‘corporate plan preparation’ to refer to a ‘budget preparation’ process that would include the activity of revising a corporate plan. Consequently, the only time a plan is revised is when ‘budget preparation’ approaches. This implies the mentality from which “corporate planning” is carried out. Budgets are prioritised over plans so that plan preparation is an activity that justifies numbers in a budget submission. Also, the use of language also portrays that the emphasis is on producing a document (plans ad budgets) rather than engaging in an ongoing planning process that encompass preparation to request funds at certain points.

The findings also imply that the practice of new processes introduced may gradually gain acceptance and developments. It seems that the practice of budgeting and corporate planning by those involved at the OPSC in Tonga is a gradually evolving process. The question of ‘how’ saw the practice of the two processes in several stages. In the first stage, planning was conducted for the sake of getting funds. In the second stage, corporate planning was partly used to justify budget proposals and the progress of activities written in an annual management plan (as part of the corporate plan) was subsequently monitored as scheduled. This was done in spite of whether or not the concepts and components in a prescribed standardized format of corporate planning were grasped by those involved. The third stage saw a gradual acceptance of corporate planning by those involved in its practice: to portray integrity; as a means of pursuing personal needs through achievements that increase a sense of personal fulfilment; in compliance with legislations; in the pursuit of accountability and transparency. Those that valued personal fulfilment viewed that
corporate planning played a facilitating role in shedding light on the contribution they make to the OPSC and to the Kingdom of Tonga. Others who emphasised mandatory requirements participated in corporate planning but focussed on the corporate plan document and saw it as checklist of a set of tasks to be completed by a deadline. Still others who conducted the process in the pursuit of accountability and transparency desired the gathering of data that indicates a performance level in terms of executing budget according to plan and in accordance with legislations.
Chapter 8 Conclusions

Eadie (1983) stated that “the practitioner should always keep in mind that most golden of all maxims: tailor the application to thine own organization, with its own unique conditions and needs” (p. 449). Although the public-sector strategic planning process is a useful framework to guide thought and action, it must be applied with care to any given situation, as is true of any planning process. Because every planning process should be tailored to fit specific situations, every process in practice will be a hybrid (Bryson & Roering, 1987)

8.1 Summary of Research Questions

RQ: How are corporate planning and budgeting linked in their practice by government agencies in Tonga and why?

(a) What planning and budgeting processes have been adopted by the Government of Tonga?

The process of corporate planning and programme budgeting in Tonga, reiterates Premchand’s (1983) observation that,

The implementation of the systems reveals that those in operation cannot be described as a single system but as a family of systems where selected features that are relevant and feasible are applied. (p.346)

There may be several names to the systems however they seem to exhibit similar features such as the classification and specification of objectives and evaluation of efficiency. In the government of Tonga, what has been termed programme budgeting and corporate planning is a combination of features described in literature under traditional line item budgeting, programme budgeting, performance budgeting and strategic planning (commonly referred to in the UK as corporate planning). In practice the introduction of corporate planning and programme budgeting followed incrementally developed from a long existing traditional line item budgeting-based system. The features of the enhanced corporate planning format is simply documenting an operational manual similar to what Shah and Shen (2007) has described as performance budgeting. Its introduction seems to work its way backward into overhauling the existing programme budgeting system and fostering a performance-based public service in Tonga.

(b) How has corporate planning and budgeting been linked in their practice by the Government of Tonga and why?
The findings of this research indicate that the practice of integrating the corporate planning and budgeting processes by the OPSC has been far from successful. In all stages in practice beginning with corporate plan and budget preparation, execution of plan and budget and monitoring and evaluation, the processes are not effectively linked.

However there has been progress made and participants (who are HODs) prefer the corporate planning process introduced by the Project as it fosters a sense of personal accomplishment. As the most recent project with ADB ended, problems were identified in bulk relating to systems (technical aspects of templates), human capacity and management capacity. The causes of these problems were also named by the dozens indicating how further off the idea of integration has turned out thus far in government MDAs.

8.2 Contributions

The research contributes to the literature on the application of corporate planning and budgeting in government in small island countries of the Pacific. It considers specific contexts (e.g. existing regulations, systems etc.) in the introduction and development of concepts, ideas and processes foreign to small island countries. An example is the practice of accounting and management practices termed corporate planning and programme budgeting into the Government of Tonga. There has not been any research conducted on this in the context of the Kingdom of Tonga. The research compares Western ideologies with Tongan indigenous views.

8.3 Future Research

The study focussed on the practice of corporate planning and budgeting in one government MDA which was a central government agency. However, it would be interesting to conduct studies of corporate planning in other government MDAs in Tonga that are not central agencies. One of the views that were noted is the frustration and confusion of non-central government MDAs with the manner in which supposedly parallel instructions regarding corporate planning (from MFNP and PSC legislations) are applied to the across government MDAs. The confusion seemed to stem from the inconsistent requests of corporate plans to serve different purposes of the MFNP and PSC. The inconsistencies and lack of coordination in these instructions may be an area to further look into.

The research has identified the main documents that were submitted to decision-making bodies such as the MFNP, the Cabinet and the LA in the budgeting process. It also outlines how these decisions are made but does not closely examine the decision-making processes and how presentation of documents impact on the decisions being made or whether the information contained in the documents provided contribute to the decisions that are made.
8.4 Final remarks

The research findings highlight the argument of this thesis from which these final remarks emanate:

In the introduction and adoption of corporate planning and budgeting by the central Government of Tonga, it must respond to a need that is beneficial to the government and the country of Tonga in the long-run. Although it has been stated that the scope and design of the Technical Assistance, including the terms of reference for the individual consultants, was prepared in close consultation with MFNP as the executing and implementing agency (ADB, 2017), and additionally the IMF’s Pacific Islands Financial and Technical Assistance Centre, there may be imposed conditions governing the implementation of the project. Hence, the intention of donors from supranational bodies such as the ADB in the introduction and development of corporate planning and budgeting processes should be clear-cut from the start so that it does not always require an overhaul and elimination of existing systems, but a development of those systems to respond to the long term needs of Tonga (e.g. what its existing funding capabilities can maintain as it delivers services to the general public).
References


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Vaioleti, T. (2013). Talanoa: Differentiating the talanoa research methodology from phenomenology, narrative, kaupapa maori and feminist methodologies. Te Reo, 56/57, 191-212.


Appendices

Appendix 1: Letter of approval from the Tonga Prime Minister’s Office for research to be conducted in the Kingdom of Tonga

Prime Minister's Office
Nuku’alofa, Tonga

18 January, 2016

Ref: ORG 1/8

Ana Ma’afu
Sonoda Apartments
Dovedate Avenue
Christchurch
NEW ZEALAND.

Dear Ms. Ma’afu,

Re: Research by ‘Ana Ma’afu in Tonga 2015 - 16

Reference is made to your letter addressed to the Hon. Prime Minister of Tonga dated 14 January, 2016, requesting the approval to conduct your Master’s Research Proposal on “The link between government corporate planning and government budgeting in the Kingdom of Tonga” in the Kingdom of Tonga.

Please be advised that your request has been approved.

Sincerely,

Meliseni Radrodro
Exe. Chief Secretary and Secretary to Cabinet

CC: Acting Chief Executive Officer, Ministry of Education and Training
Appendix 2: HEC approval

HUMAN ETHICS COMMITTEE
Secretary
Telephone: +64 03 364 2987, Ext 45588
Email: human-ethics@canterbury.ac.nz

Ref: HEC 2015/150

25 January 2016

Ana Ma'afu
Department of Accounting & Information Systems
UNIVERSITY OF CANTERBURY

Dear Ana

The Human Ethics Committee advises that your research proposal “Corporate planning and budgeting in the public service of the Kingdom of Tonga” has been considered and approved.

Please note that this approval is subject to the incorporation of the amendments you have provided in your email of 19 January 2016

Best wishes for your project.

Yours sincerely

[Signature]
Appendix 3: Part III of the Public Finance Management Act (Treasury Instructions) 2010

PART III: PLANNING, BUDGETING AND APPROPRIATIONS

9. Corporate Plan and Annual Management Plan

(1) All MDAs shall submit a copy of their respective Corporate and Annual Management Plans to the MOFNP [Ministry of Finance and National Planning] as part of their annual budget preparation process.

(2) The Corporate Plan and the Annual Management Plan shall be developed having regard for any outcomes in the National Strategic Planning Framework (NSPF) [TSDF]. These shall clearly specify the MDAs’ responsibilities and contributions to the NSPF.

(3) The Corporate Plan shall contain the following information: -

(a) the role and responsibilities of the MDA;
(b) the policy objectives of the National Government that the MDA shall contribute to;
(c) the specific outcomes that the ministry aims to achieve;
(d) the outputs contributing to these outcomes;
(e) outcome indicators and targets;
(f) output measures and targets; and
(g) any other relevant information.

10. Revision of Corporate and Management Plans

MDAs shall revise their Corporate Plans and their Annual Management Plans after the Annual Budget is passed to show the impact of the funding allocation.

11. Budget Process

(1) All Budgeting Agencies shall adhere to the Budget Circular processes, procedures and timeliness issued by the Minister and the accompanying Explanatory Notes.

(2) All Budgeting Agencies shall ensure that their budget submissions: -

(a) clearly link to the policy objectives and outputs outlined in their Annual Corporate Plans and Commitment with NSPF.
(b) clearly show operating and capital expenditures; and
(c) clearly specify projects and expenditures to be externally funded.
(d) anticipated revenues.
(e) include any other specific requirements instructed by the Budget Circulars or from MOFNP Budget Team.”

12. Aid Projects

All projects requiring government funding including aid assistance shall be formally endorsed by the Budget Division of the MOFNP.

/Public Finance Management Act (Treasury Instructions) 2010, pp. 4-5./
Appendix 4: Section 7A of the Public Service Policy Instructions 2010

7A. Corporate and Annual Management Planning

7A.1 Corporate Plan

(1) The Chief Executive Officer shall submit to the Ministry of Finance and the Commission through their Minister an updated three-year Corporate Plan on a date to be specified by Cabinet.

(2) The Commission, with the approval of Cabinet, shall specify the procedures and format for Corporate Plans.

7A.2 Annual Management Plan

(1) The Chief Executive Officer shall submit to his Minister an Annual Management Plan on a date to be specified by Cabinet.

(2) The Commission and Ministry of Finance and National Planning shall specify the procedures and format for Annual Management Plans.

7A.3 Annual Report by Chief Executive Officer for the Financial

The Commission shall specify the procedures and format for Annual Reports.

(Public Service Policy Instructions 2010, p. 60).