

## ACCOUNTING AND ACCOUNTABILITY IN THE FIJI RUGBY UNION (FRU)

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### ABSTRACT

This study is motivated by the need to identify suitable accountability mechanisms for non-profit organizations (Unerman et al. 2006), amidst growing calls for greater accountability by these organizations (Gray et al. 2006). Non-profit organizations increasingly adopt private sector concepts of accountability, including the preparation of International Financial Reporting Standards (IFRS)-compliant financial reports. However, by definition and unlike commercial organizations, non-profit organizations are not established as profit-making ventures (ibid). This raises important questions concerning the relevance and purpose of financial reports, as well as broader issues surrounding the applicability of business practices in the non-profit sector (Goddard et al. 2006).

In the private sector, audited financial reports are intended to facilitate economic decision making, predominantly by investors whose decisions are influenced largely by an entity's profit. Investors hold management accountable for business profits on the basis of their principal-agent relationship. However, in the non-profit sector, management is more likely to be held accountable for other dimensions of performance, including their actions towards achieving the organizational mission (Gray et al., 2006). Therefore it is interesting to examine *what* non-profit organizations are held accountable for, *to whom* they are held accountable and *how* they discharge that accountability. Previous studies suggest that such organizations can discharge their multiple accountabilities in different ways (Dixon et al., 2006, Goddard and Assad 2006, Gray et al., 2006). In particular, donors are likely to require formal "upward" accountability whereas beneficiaries or members may be better served by less formal accountability based on closer involvement in the operations of the organization (Dixon et al. 2006).

In light of the above, this study examines the purpose of financial disclosures in the non-profit sector. It also examines alternative structures and mechanisms through which non-profit organizations discharge accountability to their various stakeholders.

The Fiji Rugby Union (FRU) provides a rich setting for a study of accountability given its extensive relationships with domestic and international stakeholders. First, FRU is well-known throughout Fiji where rugby is the "national sport." It is also the umbrella body for rugby unions in all parts of the country. Therefore, it could be argued that FRU is accountable to the entire country for the performance of Fiji rugby. Second, FRU attracts substantial sponsorship and funding from government and other strategic partners. Third, FRU prepares audited financial reports which are IFRS compliant and publicly accessible. The first stage of this study involves archival analysis of FRU's financial reports from 2000 to 2011. The second stage employs semi-structured interviews of FRU personnel, as well as its donors and beneficiaries.

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