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Mohammed Shanikat
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**Organisational Change and Accounting Information Systems: A Case Study of the
Privatisation of Jordan Telecom**

A thesis submitted in fulfilment of requirements for the award of the degree

Doctor of Philosophy

From

UNIVERSITY OF WOLLONGONG

By

Mohammed Shanikat

School of Accounting and Finance

February 2008

DEDICATION

Dedicated this effort to my father (Musa), my mother (Aminh), my sisters: Najah, Najea, Nazeha, Hind, Nawal and Ghadeer and my brothers; Omer, Barakat and Laith.

أهداء ألى:

أبي (موسى) و أمي (أمنه), و أخواتي: نجاح , ناجيه, نزيهه, هند, نوال, غدير. أخواني: عمر, بركات وليث

Certification

I, Mohammed Shanikat, declare that this thesis, submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the School of Accounting and Finance, University of Wollongong, is wholly my own work unless otherwise referenced or acknowledged. The document has not been submitted for qualifications at any other academic institution.

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List of special names and abbreviations

AIS: Accounting Information Systems.
 ASE: Amman Securities Exchange.
 CCBS: Customer Care and Billing System.
 JD: Jordanian Dinar (JD 1 = US\$ 1.42).
 JEMAA: Jordanian Euro-Mediterranean Association Agreement.
 JT: Jordan Telecom.
 JTC: Jordan Telecommunications Company.
 JTG: Jordan Telecom Group.
 FTAA: Free Trade Area Agreement.
 FT: France Telecom.
 IMF: International Monetary Fund.
 IPO: Initial Public Offer.
 IT: Institutional Theory.
 LOCM: Laughlin's Organisational Change Model.
 NTP: National Telecommunications Project.
 Pre-PE: Pre Privatisation Era.
 PEC: Privatisation Executive Commission
 Post-PE: Post Privatisation Era
 RDT: Resources Dependency Theory.
 SOEs: State Owned Enterprises.
 TCC: Telecommunications Corporation.
 TRC: Telecommunications Regulatory Commission.
 JITCO: Jordan Investment Telecommunications Company.
 WTO: World Trade Organisation.
Muassast El Etessalat (Arabic name): TCC
Wa Zeer Albareed Wa Aletesalat (Arabic name): the minister of Post and Telecommunication.
Al barlaman (Arabic name): Parliament.
Majles Al Wozara (Arabic name): The Cabinet Council.
Dewan Allmohasabah (Arabic name): The Audit Bureau.
Alhesab Alkhetami (Arabic name): The Closing Account.

Abstract

This thesis provides an attempt to better understand organisational change and its impact on accounting information systems in privatised enterprises using the particular case study of Jordan Telecom (JT), which became subject to the liberalisation of the telecommunication industry. JT would not survive in its public sector form and the privatisation of JT remains very controversial. This study aims to understand the role of the Jordanian State in stimulating the external environment of JT in order to prepare for privatisation, to understand how the internal environment responded to change in the external environment, to understand how the accounting system shaped the pathway of the organisation development, to understand the perceived changes in the accounting information system that was influenced by the privatisation of JT. The literatures of theoretical foundations of the study include the role of the state in reforming the public sector as a basic milestone necessary for preparation of privatisation, and the organisational change and in particular the accounting system changes as a result of the adaptation of privatisation.

The thesis uses a case study approach. The data collection consisted of two techniques: an intensive field study of the organisation subject to the investigation in order to explore and explain the privatisation phenomenon. Data collection involved two sources; interviews and documents. The participants that were selected depended on the recommendation of the coordinator from inside the organisation, who was appointed to help the researcher.

A combination of theoretical perspectives is adopted to understand organisational change and the accounting information system role. These perspectives are; Institutional Theory, Resource Dependency Theory and Laughlin's (1991) Organisational Change Model. The theoretical integration built provides a holistic approach to offer an alternative explanation to social phenomena. A framework was developed which demonstrates the suitability of the theoretical integration for analysing the role of the state and organisational changes during the three distinct eras in relation to the telecommunication industry, which is identified through the historical context of JT. These three eras are pre privatisation, transformation and post privatisation. They provide a foundation for the empirical analysis, which explains the role of external stimuli in disturbing the external environment of organisation. The organisation's internal elements are shown to respond to the environmental disturbance and in particular the distinct change in the role of accounting systems.

This study adds a significant contribution in studying privatisation from the context of Jordan, a developing country and a Kingdom. The study has findings at two levels. First the level of the role of the government and JT's alliance with the external party France Telecom, for the provision of resources, is reflecting the unique intersection of external stimuli and JT. The study has addressed some of the ways in which an accounting information system has been instrumental in the process of organisational change in the telecommunication industry in Jordan. It demonstrates that without a basic change in the interpretative schemes from a 'technical vision' to a 'business vision', privatisation cannot achieve its objectives. It also provides a significant demonstration that the accounting information system acts as an interpretative scheme between the regulator (TRC) and regulated (JT). Second level, the framework developed here can be practically applied in other studies investigating organisational

change. Multi layers of analysis can help inform policy such as mission level, resource level, organisation's structure, design and role of the accounting information system, the flexibility to change, the use of new technology and the use of high level of training.

Acknowledgments

I am grateful to almighty Allah who gave me the opportunity to complete this thesis. In completing this thesis, I owe a debt of gratitude and thanks to many individuals and institutions that have supported my aspirations in carrying out the project. While being thankful to all of them, I must register my gratitude to some in particular. First and foremost, I would like to express my deepest appreciation to my supervisors Associate Professor Mary Kaidonis and Dr Kathy Rudkin. I would like to thank all academics and administrative staff of the School of Accounting and Finance.

In Jordan, a special thank goes to Albalqa' Applied University for providing me with a postgraduate scholarship that enabled me to complete this thesis. Also, I would like to thank the management of Jordan Telecom and all interviewed participants who kindly gave me an opportunity to interview them. I would like also to thank the Executive Privatisation Commission for their support. In fact, they provided me with real information which was very important to my thesis. Without their help it was not possible for me to collect data during my short stay in Jordan.

