

# Abstract

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## Norms and Practices

### - three non-profit organizations and their accounting

The focus of this study is the accounting of private non-profit organizations. Accounting is understood as a situated practice under specific conditions prevailing in different types of private non-profits. First, a pilot study of the financial reports of 39 Swedish non-profit organizations was undertaken. It identified similarities and differences between their reporting and the norms used in commercial accounting.

Three case studies of private non-profits of different kinds and sizes were then undertaken. The purpose was both to describe how non-profits report their activities and their financial position to external interest groups and attempt to explain what lies behind their accounting practices. A combination of an institutional perspective and a resource dependence perspective has been used. The study contributes to our knowledge of practices in non-profit organization accounting and suggests some explanations of their accounting practices. The following research question was explored: *When does institutional isomorphism and when does resource dependence determine the accounting practices in these private non-profits?*

The main findings are the following: the purpose of the annual reports of these private non-profits is to show how they have used their resources. Their income statements are more like reports of financial flows. It has been difficult to measure the efficiency of their activities and for that reason they report more about doing the "right" things. A verbal story is needed to give a fair account of their performance.

In trying to explain the accounting practices of these organizations four things were highlighted:

- They imitated conventional accounting norms when the issues had no direct influence on future resources.
- They diverged from conventional accounting norms and showed their distinctive character in that they created ways of presenting information according to what was needed by their interested parties, when the issues could influence future flow of resources. This is true even after the accounting regulations were established in 2001. However, when they were forced to follow conventional accounting norms, coercive isomorphic pressure meant that they had less freedom.
- When the organizations used other channels than their annual reports to communicate with their supporters, the accounting practices did not influence future resources. Then they applied conventional accounting norms for business organizations.
- When the organizations used their annual reports in planning for future obligations and in internal follow up, the accounting practices were also influenced by internal considerations.

As they diverged from commercial accounting their differences from commercial organizations were highlighted and their need to communicate in a somewhat different way was seen.

**Key words:** Private non-profit organizations, accounting, accounting theory, accounting norms, accounting practices, institutional theory, isomorphism, resources, resource dependence theory.

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