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UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS, LAW AND ART

Southampton Business School

Accounting, Accountability, and Cooperative Identity in Indonesia

by

Surya Raharja

Thesis for the degree of Doctor of Philosophy

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ABSTRACT

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This study has two related primary aims. The first is to investigate how accountability is embodied in practice in a specific context, namely the cooperative sector in a developing country (Indonesia). Secondly, it aims to investigate the role of accounting in the discharge of accountability in this sector.

A qualitative approach and interpretive methodology was chosen for conducting the research. Data were gathered through observations, documentary analysis and interviews. There are 32 interviewees from four case organisations involved in the cooperative movement. A thematic analysis was used to analyze data and facilitate interpretive analysis.

The findings show that identity influence accountability, particularly in terms of what should be 'accounted'. Identity orientation (Brickson, 2007) provides a stakeholder-based grounding and is employed as a framework to understand how organisational (cooperative) identity influences accounting and accountability practice. The findings highlight the use of narratives and 'implicit' accounts as a socialising form of accountability, which is used to underpin formal accountability processes such as the Annual General Meeting (AGM), or which on its own serves as accountability. 'Face to face' account is commonly used in which selected information from financial statements is conveyed. Meanwhile, the 'implicit account' exists as a form of accountability. In addition, besides its reporting function, accounting remains widely practiced to support business particularly in its system of control. It is also found that cooperatives are resistant to changes in accounting regulation.

The findings contribute to advance stakeholder theory on accountability. Identity orientation facilitates stakeholder theory to see two ways relationship and social relation.

As results, the two streams of research can be linked which provide better understanding of accounting and accountability practice. It also opens up new insights on implicit account and detail content of socialising form of accountability. In particular, it puts flesh on socialising forms of accountability and what kind of accounting information is conveyed in social interactions. In addition, this study provides insights of the application of 'implicit' account in a high trust community such as the cooperative movement.

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DECLARATION OF AUTHORSHIP

I, Surya Raharja declare that this thesis entitled Accounting, Accountability and Cooperative Identity in Indonesia and the work presented in it are my own and have been generated by me as the result of my own original research

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission

Signed:

Date:

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Definitions and Abbreviations

AGM	Annual General Meeting
Awqaf	Islamic endowment fund
Baituul Maal	Islamic term which literally means house of social fund
CU	Credit Union
Dekopin	The Indonesian Cooperative Council
<i>Mas</i>	Javanese greeting for a young man or a person who is younger than the speaker
OMOV	One Man One Vote
<i>Pak</i>	Indonesian greeting for a gentleman
ZIS	Zakah, Infaq, and Sodaqoh: Islamic terms which literary means Religious levy, Donation, and Charity
<i>Pahala</i>	Indonesian word which means reward from God for doing good deeds
SHU	Member's Shared Income
SORP	Statement of Recommended Practice
TA	Thematic Analysis
TT	is the abbreviation for 'Tanda Terima', from cooperative A transfer notes

Chapter 1: Introduction

1.1 Preamble to the Study

“Today almost everyone accepts this call to make people more accountable. Indeed, who could oppose? Who could be against accountability?” (Munro and Mouritsen, 1996, p. x).

The ubiquity and pervasiveness of accountability is a reflection of an expectation to continuously seek good governance among what seems to be unavoidable instances of misconduct in modern life. Accountability is seen to be essential for an organisation particularly as it is expected to resolve governance failures in an organisation. Any incident, from minor breaches of trust to fraud debacles, is seen as a failure of accountability which can be solved by somewhat ‘increasing’ it i.e. more accountability (Frink and Klimoski, 2004). Accountability thus a golden word, an icon of good governance (Bovens, 2007; Dubnick & Yang 2010), if not a holy grail (Hoskin, 1996, p. 266).

In spite of its iconic position, accountability is considered to be an elusive concept (Sinclair, 1995) and problematic (Joannides, 2012a) when comes to practicing it. In other word accountability cannot be fully operationalised or functional as demanded. In this situation, to evaluate the extent of accountability practice, there have been two main streams of research in accounting studies (Messner, 2009; Andon, et al., 2015). First, the main argument is that accountability demands should be accommodated, and improved accounting and reporting are essential in this respect (Gray, Owen and Adams, 1996; Gray, Bebbington and Collison, 2006). In most cases, this discourse leads to additional formal requirements and state/professional regulations. The second streams however views that accounting has inherently a limited ability to account (Roberts and Scapens, 1985; Bracci and Llewellyn, 2012; Andon, et al., 2015) due to conceptual limits (e.g. what can or cannot be included in a financial accounting statement). Thus, there is a need to understand social interaction to conceptualise accountability (Messner, 2009).

The first stream views that account should be given based on the information which is needed by users and/or the accountee (Hyndman et al. 2004; Jetty and Beattie 2009; Connolly, Dhanani, et al. 2013). It views that the extant practice is not adequate as it relies on the accounting standard which is made only based primary user’s need of information to reduce the conflict of accountability among users (Young, 2006). In this regard, in evaluating extant accountability practice, the first stream of research is promoting the

interests of broader stakeholders (O'Dwyer & Unerman 2008; Cordery & Morley 2005; Dhanani & Connolly 2012; Assad & Goddard 2010) and adjusted content of financial reporting (Williams and Palmer, 1998; Connolly and Hyndman, 2000; Palmer, et al., 2001; Jetty and Beattie (2008, 2009); Hyndman and McMahon, 2011; Connolly, et al., 2013). Ethical along with social-political concerns have been adopted as guiding principles rather than making limited assumptions about the needs of primary and secondary users. For instance, social and environmental aspects are considered to be important and accounted to the wider audience. This stream of research is salient in NGO, charities, social and environmental accounting, and seeks to regulate the content of account for enhancing accountability.

The second stream emphasises social interaction in responding to accountability demands. It views accounting as a system of accountability which acknowledges the limitation of accounting for accountability and how social interaction is central to exchange of accounts (Roberts and Scapens 1985, Westerdahl 2001, Jacobs and Walker 2004, Brown and Wing Wong 2012, Joannides, 2012a, Hardy and Ballis 2013, Van Peurse et al. 2016). Accounting is limited in the discharge of accountability due to its 'abstraction and de-contextualization of organisational reality' (Roberts 1991; Roberts 2009; Bracci & Llewellyn 2012, p.807). In this sense, accounting does not just have a reporting function; it also gives control to the organisation and power to influence individual behaviour (Roberts & Scapens 1985; Roberts 1991). This perspective thus emphasises the importance of understanding context and dialogue between accountant and accountee.

In the second stream, accountability demands should be responded 'intelligently'. By this, Messner (2009) means that a fair response for the accountant is to consider the inherent limits of accountability, as continuous demands to account can become a paradox (Dubnick 2011). In view of its status as an 'icon' of good governance, people obsessively and constantly seek to enhance accountability (Dubnick & O'Brien 2011). As a result, the demand for accountability is becoming more complex and from time to time grows into unreachable expectations (Messner, 2009; Joannides, 2012a). Instead of improving the state of affairs, the demand for greater accountability creates more problematic accountability mechanisms and practices (O'Dwyer and Unerman 2008, Dubnick 2011). A small number of authors suggest new perspectives to be more rational and reasonable with the expectation of accountability (Laughlin, 1996; Roberts, 2009; Messner, 2009; Joannides, 2012a). In this sense, intelligent accountability is required, which implies 'well-placed trust' and 'active enquiry' rather than a predetermined set of categorises' (Roberts 2009, p.965).

Both accounting and accountability are influenced by the organisation's identity (Westerdahl, 2001; Hyndman et al. 2004, Hicks et al. 2007a, 2007b). The identity gives awareness of the self-concept and who is relative to others. And in practice, the identity is constructed by a continuous conduct which 'is in line with the expectation of others' (Jonsson, 1996, p.103). In this sense identity guides to whom and what account should be made. Without knowing one's identity it is impossible to make a relation with others (Brickson 2007). It is a particular identity that influences accountability practice like 'the self-portrait that is being painted' in giving and holding accounts (Munro 1996, p.4). In this respect, Brickson (2005, 2007) adopts 'identity orientation' as a proxy of organisation identity which is influenced by the relation with stakeholders. In addition, accounting practice as one way for giving account, also reflects the organisational identity in the reported information and its disclosure (Westerdahl 2001, Hyndman et al. 2004).

With the intention of understanding accounting and accountability in practice, the cooperative sector proposes a specific context which is different from business or arguably even away from the generic not for profit organisational setting. It is centred on what is referred to co-operative identity which binds both organisation and the movement. This identity originated from The Rochdale Pioneers which started a cooperative movement in 1844 (Birchall, 1994) and nowadays, it has become an international movement. It is estimated there are 2.6 million Cooperatives, with over 1 billion members and clients (UN, 2014). However, Birchall and Simons (2010) highlight the different patterns of cooperative movement in developing countries; especially in Asia and Africa as the result of colonialization and influence from national governments.

At the organisational level, the cooperative has distinctive characteristics. According to Atherton et al. (2011), a cooperative can be identified by its democratic control, member-ownership and its cooperative ethos. In this sense, the identity has a significant influence on accountability. For instance, democratic control implies specific structures such as member representatives, and a mechanism-like forum where democratic debates and decisions can be made (Hicks et al., 2007b). In addition it also influences on accounting particularly in reporting, what information should be presented and disclosed (Hicks, et al., 2007a; Hyndman et al., 2004), as well as in the internal control functions, such as budgetary participation and target evaluation.

Little has been known about how the identity influence accounting and accountability practice as the literature on the cooperative context is relatively under researched (Hicks, Maddocks, A. J. Robb, *et al.*, 2007). A small number of first stream studies have been

conducted which focused on the critical role of identity-related information in financial statements (Hyndman & Mckillop 2004; Hyndman et al. 2004; Hicks, et al. 2007b). The studies highlight how important it might be to consider cooperatives' specific needs of for information and financial reporting. The results have been relatively conclusive in terms of a low compliance with generally accepted accounting principles (GAAP) and incomplete identity-related information. The results suggest more guidance such as the statement of recommended practice (SORP) is needed for better financial accountability (Hyndman *et al.*, 2004; Hicks, Maddocks, A. Robb, *et al.*, 2007). However, this argument is arguably flawed. If compliance to the extant accounting standards is low, then more regulation may in fact drive compliance even further down. This is because more reporting guidance leads to more burden to be accountable. This is a typical accountability demand i.e. to suspect the lack of accountability and suggest for more regulation to enhance accountability which might lead to paradoxical results (Messner, 2009; Dubnick and O'Brien, 2011).

Regarding accounting and accountability, a number of second stream studies highlighted the limited ability of accounting-based accountability and how other social aspect can strengthen or weaken accountability. Westerdahl (2001) suggests that accounting is closely bound with the social values and identity which can conflict with the business orientation. Brown & Wing Wong (2012) found that traditional reporting like oral accounts remain important even in the application of formal accounting systems. While Van Peurse et al., (2016) provides evidence of socialising accountability in the cooperative context, they also found that face to face communication is prioritised instead of 'regular reporting'.

As discussed above, accountability becomes iconic but problematic in practice. The two streams of research provide particular accounting approaches to understand accountability in practice (Messner, 2009; Andon, et al., 2015). The first stream inclines to be content-based which assumes that the content of the information can enhance accountability (Hyndman et al. 2004; Jetty and Beattie 2009; Connolly, Dhanani, et al. 2013). While the second stream tends to be context-based that assumes that accounting will be inherently limited to discharge accountability; thus its mobilisation through social interaction can enhance accountability (Roberts 1991; Roberts 2009; Bracci & Llewellyn 2012, p.807). Each stream has its own focus which might lead to partial understanding to see accountability practice. In addition, both approaches appear not to have paid sufficient attention to how identity influences cooperative accountability (Hicks, et al. 2007b). The role of identity on accountability is under researched as shown by few studies in the first stream (Hyndman & Mckillop 2004; Hyndman et al. 2004; Hicks, et al. 2007b) and even fewer in the second stream (Westerdahl, 2001). For the reason that there has been no detailed investigation of

identity influence on accountability mainly in the second stream studies, therefore this study has two related primary aims. The first is to investigate how accountability embodied in practice particularly in its specific context, cooperative in a developing country. Secondly, it aims to investigate the role of accounting for an embodiment of accountability in that particular context.

1.2 Empirical Setting

There are two reasons why Indonesia is chosen. First, it has a general pattern like many developing countries where there are considerable numbers of cooperatives 'on paper', and secondly there have been attempts to develop accounting standards and regulation for cooperatives. Both of them are expected to provide dynamic context which can facilitate understanding of accounting and accountability practice.

According to the Constitution, article 33 paragraph 1 before amended, the cooperative was expected to be one of the main national economy systems (Indonesia, Cooperative Act, 1992). This means the government has a central role in the cooperative movement, and cooperative is supposed to be familiar for Indonesian. However, based on data released by the ministry of cooperative and SME, Indonesia presumably has a significant composition of 'pseudo-cooperatives'. It refers to the cooperative which in practice it is not doing business and not applying cooperative principles. In 2014, Indonesia has 209,488 registered cooperatives with 36,443,953 members. However, only 147,249 are actively operating as cooperative and among this number, only 80,008 held an annual (general) assembly meeting (Indonesian Ministry of Cooperative and SME, 2015). Despite their considerable numbers, the cooperatives' contribution to national economy remains relatively small, estimated at only 2% of GDP (Investor Daily Indonesia, 2014). The data might arguably be 'typical' for cooperative in developing country, "... but without doing more case studies we cannot draw this conclusion" (Birchall & Simmons 2010, p.495)

In the recent years, there have been some changes which may have influenced accounting and accountability practice in cooperative. First, the cooperative act which was changed in 2013 but the the new act was annulled in 2014. The ministry claimed it took about ten years in an effort for passing the bill to be a new cooperative act (Munthe, 2014). Most critics believe this act will change cooperative structure and character to be more commercial as a usual business company.

Second, some changes in cooperative accounting standards and SORP (statement of recommended practice). The establishment cooperative accounting standard started after

the enactment of Cooperative Act 1992. Before IFRS-based, Indonesian accounting standard was a combination of GAAP adoption and industry-based accounting standard (Gamayuni, 2009). For example, there was forestry accounting standard, oil accounting standard, and including cooperative accounting standard. Statement of Financial Accounting Standard (SFAS) 27 was accounting standard for cooperative. As consequences of full-adopted IFRS-SFAS 27 was revoked in 2010. Then it is replaced by IFRS-SME accounting standards which are more principle-based. In 2012, the ministry of cooperative and SME issued Cooperative Accounting Guidance. The guidance is considered more practical for cooperatives. It is more like statement of recommended practice (SROP) for cooperative accounting. The detail of accounting standard and cooperative SROP are presented below:

SFAS 27: Cooperative accounting

This cooperative accounting standard statement was made to accommodate the specific needs of the cooperative movement. In order to promote the cooperative identity and the needs of members, the financial statements should disclose all transaction with members. It also mandatory to classify cooperative expenses, those are expenditures for members and cooperative movement activities, which are not directly related to the commercial business of the cooperative.

In addition as part of the financial statement, a cooperative should present promotion of member's welfare report, it is a report to present how much surpluses result from member transactions. This report informed the member's economic participation in particular how much economic benefit for the member. The total economic benefit is total price margin plus patronage payment (dividends) distributed to members.

IFRS for SME

In 2009, the Accounting Standards Board of the Indonesian Institute of Accountants released Indonesian translation of IFRS for SME. It is expected to be effectively enacted in 2011. In 2010 Indonesian Institute of Accountant (IAI) release revocation statement (IAI, 2010) to annul the cooperative accounting standard. In the revocation statement, it is mentioned that annulment to be done because first, the member-cooperative transaction is regulated by other standards, and secondly, Indonesia will start to gradually adopt IFRS in 2009 and consequently the cooperatives will also adopt IFRS for SME effectively in 2012 instead of 2011. In 2011, IAI releases technical bulletin states that cooperative can refer to PSAK 27 although this standard has been annulled before. The technical bulletin clarifies the

standard transition before the new standard was made effective in January 2012. It can be concluded that IFRS SME accounting standards were delayed a year for cooperatives. And IFRS for SME standard is considered too general since it does not rule on disclosure, accounting and specific reports such as those required by the previous cooperative accounting standard. Additionally, during the transition period, cooperatives were not aware of changes in accounting standards. (Djumiko et al., 2013).

Cooperative accounting standard guidance

The general-purpose financial statement assumes the statement will fulfil users' needs 'in general' as opposed to those of specific users. McKillop et al. (2006) doubted that financial statement could fulfil user information needs except if it includes cooperative specific disclosures and more non-financial performance information. Moving from previously 'specific features' financial statement to general 'purpose' financial statement potentially neglect cooperative user needs and its specific features. Therefore, cooperative needs specific accounting standard or guidance which relevant to the cooperative situation (Hyndman et al. 2004; Hicks et al. 2007a, 2007b).

In the mid-2012, the ministry of cooperative and SME introduced new regulation called accounting cooperative guidance. As the previous cooperative accounting standard, this guidance emphasises cooperative identity and its specific features in financial statements. According to the guidance, the purpose of cooperative financial statement is to provide information about how cooperative is managed on the basis of cooperative identity. And as in the case of the previous cooperative accounting standard, it regulates disclosure and accounting in cooperative financial statements. The use of reserve, cooperative expense, and disclosure of member affiliated transactions needs to be featured in financial reports.

Even though it is claimed to be IFRS for SME based, it tends to use historical cost for the financial instrument as the previous cooperative standard. Nevertheless, it does not require promotion of member's welfare report and only requires a Statement of Changes in Equity instead. It only mentions any activity that promotes member's economic welfare should be disclosed. In other words, it does not need to present the report but the information content of the report should be disclosed. The replacement will limit the information, from member economic benefit information in promotion of member's welfare report to be merely member's surplus distribution in Statement of Changes in Equity. It is very pragmatic approach since members can be easily informed how much patronage payment (dividend) that will be obtained by the member. However, it is more difficult to obtain information about economic benefit and member participation.

These changes in accounting standards have been captured in cooperative accounting research. In fact this dominates, accounting research in the local context (Djanegara and Kurniawan, 2006; Sutarto, Isnalita and Habiburrochman, 2007; Khafid, 2010; Bisyara, 2012). The results are apparently conclusive in that most cooperatives do not adequately comply with accounting standards. Thus, financial reporting practice appears not to have really changed even after the accounting standards were revised (Djumiko, Wiratno and Pinasti, 2013; Luh *et al.*, 2014; Narsa and Isnalita, 2014; Warno and Setiyani, 2014).

The general pattern and the dynamic of cooperative regulation in relation to accounting standards provide insights in understanding accounting and accountability practice in Indonesia. The given situation also provides insights on how cooperative identity embodied. For instance, annual general meeting, one of the cooperative main identity that signifies democratic control and the primary accountability forum, might not be fully practiced. Such insights are central in understanding the role of cooperative identity on how it influences accounting and accountability in practice.

1.3 Significance of the Study

In both research streams, stakeholder theory is mostly used as the theoretical lens. The theory is considered to be most appropriate to evaluate accountability in practice (Gray, *et al.*, 1996; Ebrahim, 2003b). However, in seeing the accountability practice, the theory is criticised as it relies on 'hub and spoke' model in which the organisation is at the centre. As a result, although it sees the dynamic relation with stakeholders, the firm-centric view is dominant. In other words, the stakeholder is viewed from the organisation's perspective. Recently some authors (Jones, 1995; Steurer, 2006; Brickson, 2007; Berman and Johnson-Cramer, 2017) made use of the stakeholder 'perspective' instead of 'theory' to emphasise the need to develop a balanced view and adopt the perspective of the stakeholder.

Also, in the accounting literature there are a number of accountability studies in NFPO (Ebrahim, 2003b; O'Dwyer and Unerman, 2008; Dhanani and Connolly, 2012; Connolly, Dhanani and Hyndman, 2013; Connolly and Hyndman, 2017), however only a limited number studies focusing on cooperatives. Considering their number worldwide, it is argued that there is some paucity of empirical evidence in this area. Consequently a research gap remains. For example, almost all the cooperative accountability studies focused on the role of financial statements, which does not cover accounting as a wider concept. The previous results already reveal a lack of compliance but more importantly there is a lack of understanding why such low compliance persists. Also, there is limited knowledge in terms

of how accounting discharges accountability in practice and how accountability is embodied in the cooperative ethos and principles. Thus conducting research in this area addresses the research gap of accounting and accountability in cooperatives.

A number of authors warned that when the expectation of greater accountability becoming rules, there will be more counter actions in discharging accountability (Hoskin, 1996; O'Dwyer and Unerman, 2008; Messner, 2009; Roberts, 2009; Dubnick, 2011; Joannides, 2012a). Instead of increasing accountability the demand for greater accountability paradoxically generates more burden for the accountant and accountee. Some authors propose dialectical perspectives to effectively enhance accountability in practice, such as being aware of the limits of accountability (Messner, 2009), or be more intelligent with accountability demands (Roberts, 2009). However, so far, there has been very limited field oriented study to provide evidence in line with these new perspectives. Therefore, this research is expected to contribute to the new perspectives in providing empirical evidence.

This study also highlights the importance of context in research. Some authors have strong arguments in response to the bewilderment of the accountability concept. Joannides (2012) calls it, 'problematics of accountability' i.e. the problems of operationalising accountability in practice. In most cases it comes when accountability is understood without context. For instance accountability is socially constructed and changes according to the context (Sinclair, 1995). Also accountability is relational which should be understood in the context of member relationships with the organisational environment (Ebrahim 2003a; Ebrahim 2003b; Ebrahim 2005). Moreover when investigating the role of accounting in accountability, it seems appropriate to adopt a social perspective (Roberts and Scapens, 1985; Laughlin, 1988; Westerdahl, 2001).

The findings of this study are expected making novel contributions to several areas of accounting and accountability. First, it will be providing a balanced view of the 'spoke and hub' perspective to stakeholder theory as a framework of accountability, by looking at both firm orientation and accountee perspectives. Second, it provides evidence of the identity role in stakeholder relationships and accountability practice in the context of developing countries. Third, it offers some insights on the socialising form of accountability and dialectical perspective in response to more 'intelligent' accountability. Fourth, it contributes to knowledge how accounting is not just a merely technical tool but it has a role for control and is a social construct for embodying accountability. It adopts a broader scope accounting which is not limited to the role of financial statements but also considers the role of budget and accounting systems as tools of accountability. And lastly, the study captures how

regulation and accounting standard changes (or not) accounting and accountability in practice.

1.4 Thesis Structure

The remainder of the thesis is structured as follows:

Chapter 2 is a literature review of the extant work. It elaborates on the concepts of accountability, cooperative and the role of accounting in organisations. It also provides a review of the empirical findings in the area.

Chapter 3 is theoretical framework. It discusses stakeholder theory as a framework for this study. The discussion includes how stakeholder theory view regarding accountability and organisational identity. The chapter is closed with the discussion of stakeholder theory in accounting studies.

Chapter 4 is the research methodology. This chapter starts with the discussion about research paradigm and methodology. Then the rest of the chapter provides details about the research paradigm employed for this research, research method, and research strategy.

Chapter 5 presents codes basic themes and global themes which are obtained from thematic analysis. The themes facilitate the interpretive analysis for this study.

Chapter 6 presents findings and the interpretive analysis.

Chapter 7 is Discussion and Conclusion. This chapter discusses how findings answer the research questions, and how the insights from research findings contribute to the existing literature.

Chapter 2: Accounting, Accountability, and Cooperative Identity

2.1 Introduction

This chapter discusses three important related concepts: accountability, accounting, and cooperative. The discussion in this chapter cover these concepts and how they are interrelated. The beginning of the chapter starts with a discussion in understanding accountability. It discusses accountability from definition, framework and perspective. The problematic to operationalise accountability in practice also includes in this section. Then discussion continues with accounting and how it shapes accountability. Regarding cooperative identity, it starts with cooperative values and the cooperative movement that form cooperative identity are discussed. The discussion continues with how cooperative identity is related to accounting and accountability practice.

Evidence from previous research that is related to those three concepts are discussed in the final section. The discussion of the previous studies is essential for bringing theoretical and empirical foundation for this study. Two streams of studies in accountability are discussed. Since the limited studies of cooperative accountability in accounting literature hence the review begin from not for profit organisation (NFPO) studies. The last section is previous studies of cooperative accounting and its accountability including those studies conducted in Indonesia.

2.2 Accountability

There are two important questions to understand accountability concept, first is to whom an organisation should be accountable, and secondly, and into what form that account take (Munro, 1996; Hyndman et al., 2004; Connolly et al., 2013). These two simple questions can have complex answers in practice. Therefore, the next subsections discuss definition, model, and dichotomy perspective to obtain more detail understanding of accountability. The discussion then continues on problematic of accountability in practice. The problematic refers to the difficulties to operationalise accountability in practice. And lastly dialectical perspective for more reliable understanding and a way to cope with problematic of accountability.

2.2.1 Understanding accountability concept

Definition

Accountability is a term frequently used in the literature, but it is a lack of consensus about its definition (Sinclair, 1995; Goddard, 2005; Cooper and Owen, 2007). It is necessary here to clarify the definition of accountability. There are a number of definitions of accountability. Comparing and contrasting those definitions can benefit sense of understanding accountability concept. For that purpose, those definitions are listed below:

According to a definition provided by Giddens (1984, p. 30) accountability refers to:

‘[T]o be accountable for one’s activities is to explicate the reasons for them and to supply the normative grounds whereby they may be justified’.

A general and broad definition is defined by Roberts & Scapens (1985, p.47):

‘Accountability in its broadest sense simply refers to the giving and demanding of reasons for conduct’

Further Roberts (1991, p.367) sees from the social-relation perspective and puts on practice as an aspect of the definition.

“In practice accountability is a form of social relation which reflects symbolically upon the practical interdependence of action: an interdependence that always has both a moral and strategic dimension.”

Ebrahim (2003b, p.194) provides more comprehensive definition

“Accountability may thus be defined as the means through which individuals and organizations are held externally to account for their actions and as the means by which they take internal responsibility for continuously shaping and scrutinizing organizational mission, goals, and performance. “

While According to Gray et al. (2006, p.334), accountability is

“the rights of groups/stakeholders within society which emerge from the relationship between the accountable organisation (the accountant) and the accountee”.

And Bovens (2007, p.450) provides more detail consequences:

“Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences.”

From all accountability definitions there is something in common: giving account. However, some parts of definitions are different, for instance not all definitions cover subject who gives and who demands account. In this case a systematic comparison is needed to compare and contrast the accountability definition. For that purpose, Stewart’s ‘accountability framework’ is used. Stewart (1984) requires some elements that constitute an accountability process is workable, they are called ‘element of account’ and ‘element of holding account’. Both elements are conveyed in a relationship of accountability (Stewart, 1984, p. 16). Thus a comprehensive definition arguably contents this ‘framework’.

This relationship of accountability should at least consist of one party who gives account (accountor) and one party who holds to account (accountee). Both of them should have ‘bond of account’, a relationship that constitutes an account is discharged (Stewart, 1984, p. 16). Activities that should be accounted called ‘field of accountability’. And in the field of accountability there is ‘base of accountability’, which is the purpose of account, that should be defined. Base of accountability can vary depending on this purpose of the account, in this sense Stewart (1984) made the ladder of accountability which consists of various bases of accountability. And using the ‘framework’, the definition of accountability can be compared. The comparison can be seen from table 2.1

All definitions also cover action, conduct, or activities to be accounted except the definition from Gray et al. (2006). Among the definitions, Bovens (2002) covers all ‘accountability framework’. In term of the party who gives and to whom the account is given, the definition provided by Roberts & Scapens (1985) and Roberts (1991) do not cover the subjects. Without subject, the definition is centred to the activities particularly Roberts (2001) that it more emphasises social relation.

Table 2-1 Comparison based on Stewart's accountability framework

	<i>Accountee</i>	<i>Accountor</i>	<i>Bond of account</i>	<i>Field of Account</i>	<i>Base of Account</i>
Giddens (1984)	V			V	V
Roberts & Scapens (1985)				V	V
Roberts (1991)			V	V	
Ebrahim (2003b)	V	V		V	V
Gray et al. (2006)	V	V	V		
Bovens (2007)	V	V	V	V	V

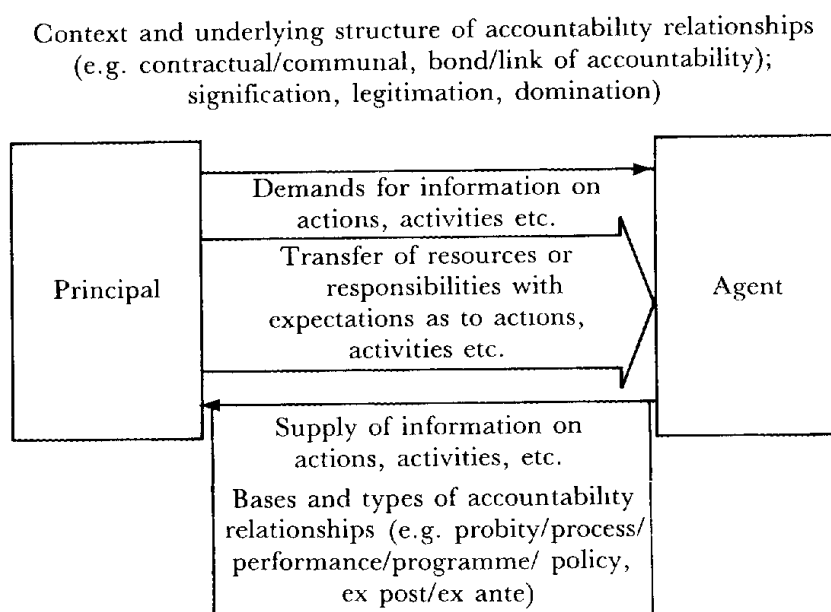
The definition from Roberts & Scapens (1985) and Roberts (1991) are the definition of accountability which can be applied in very broad context. Willmott (1996) highlights that accountability is not limited to the formal system. In this sense, accountability is universal and endemic to human lives as they are constantly giving and receiving account (Willmott, 1996). Munro (1996) concludes giving and receiving account will endlessly continue as both are results of everyday activities. Meanwhile the universal aspect of accountability is originated from 'the constitution of self' (Roberts, 1996). The self is formed from human awareness about his image, how he sees himself, and how he considers others where his social life belongs view about him. This self-conception makes human is aware of himself and the consequences of his actions on others. Such awareness is universal and central to accountability.

Accountability model

Understanding accountability in practice can involve complex situation. A framework is needed to analyse accountability in this complex situation (Stewart, 1984). It gives boundary and simplifying the accountability relationship. Accordingly, accountability relationship is one of the most crucial but complicated to understand accountability in practice. For instance, Stewart (1984) highlights the importance to distinguish between accountability bound and accountability links. And framework is useful to make model, a simplification of accountability (Gray, Owen and Adams, 1996).

Employing the framework, accountability model is developed to analyse accountability. Laughlin (1990) propose accountability model which derived from the notorious principal-agent relationship. However, Laughlin (1990) developed the principal agent in NPFO context. She put the Stewart's ladders of accountability as bases for agent to give account to principle. In addition, like Roberts & Scapens (1985) and Laughlin (1990), to analyse the context of accountability Gidden Structuration theory is employed: meaning, morality and power. As the model uses the previous framework from both authors, it is apparently Laughlin's model is more comprehensive.

Figure 1 Accountability Model Laughlin (1990, p.95)



Sinclair (1995) identified five forms of accountability in her research: political, public, managerial, professional and personal. Further, two accountability discourse also identified: structural and personal. She found CEO has tremendous pressure to be accountable. In order to deal with the pressure CEO construct accountability by 'managing meaning'.

Similar to Laughlin (1990), Gray et al. (1996) propose simpler accountability model. They suggest that a model is needed to help understanding accountability. He states, "the accountability model can be used to analyse current practice under whatever assumption one chooses to make about the organisation of society " (Gray, Owen and Adams, 1996, p. 42). Contrast from Laughlin's principle-agency model, Gray et al. (1996) believe accountability model is better fitted with stakeholder theory rather any other theory. Gray et al. (2006, p.334) propose accountant-accountee rather principal-agent because

accountability particularly in NPFO has a different concept from principal-agent which originated from the commercial sector.

Mechanism and accountability model are important to understand accountability practice. However as discussed above, since the beginning it should be acknowledged that there is the limit for accountability (Messner, 2009). It is not possible to have full accountability (Roberts, 2009). Full accountability is an obsession which is induced by embedded paranoia (of guilt) and self-narcissism. The full accountability means undermine trust, encourage deception to make possible 'proper' total visibility, and put organisation to be merely judged by performance (Messner, 2009). In this case, the greater demand for accountability can deteriorate existing accountability practice (Dubnick, 2011). In this situation Roberts (2009) propose 'intelligent accountability', this is accountability concept which emphasising the importance of trust and using active inquiries rather than continuously demanding greater accountability.

Dichotomous perspective

Most of the time there are certain dichotomous perspectives in portraying and contrasting accountability in practice. Much debate of the previous literature on accountability used dichotomy perspective, for example: formal and informal (Roberts and Scapens, 1985; Boland, 1993; Gray, Bebbington and Collison, 2006); socializing and individualizing form of accountability (Roberts, 1991, 1996); vertical/upward/hierarchical and horizontal/downward/lateral accountability (Munro and Hatherly, 1993; Edwards and Hulme, 1995; Dixon, Ritchie and Siwale, 2006); functional and strategic (Edwards and Hulme, 1995; Ebrahim, 2003a); relational and internal/identity (Unerman and O'Dwyer, 2006). This perspective however, is like seeing different angles to have a complete picture of accountability. In this regard, the dichotomy perspective gives different views to find the answer for two important questions in understanding accountability.

Table 2-2 Dichotomous approach in accountability

Papers	Dichotomy	Concept	Examples
Unerman & O'Dwyer (2006)	Broad and Narrow view	It refers to the audience who holds account, broad range or narrow range	Key stakeholders and all stakeholders
Unerman & O'Dwyer (2006)	Relational and Internal/identity	It refers to focus on accountability, whether to stakeholders or to mission and integrity which is internal to organisation/individual	NGO like Greenpeace financial report to donor and report on activities chosen related to its mission
Roberts & Scapens (1985); Boland (1993); Gray et al. (2006)	Formal and Informal	It refers to accountability in practice whether as part of formal or informal medium	Meeting and Conversation
Roberts (1991); Roberts (1996)	Socializing and Individualizing form of accountability	It refers to forms of accountability which tend to have individualizing effects or embedded in social relation	Work and interaction
Edwards & Hulme (1995); Munro & Hatherly (1993); Dixon et al. (2006)	vertical/upward/hierarchical and horizontal/downward/lateral accountability	It refers to whether accountability is accounted to higher/having power entity like donor or to other equal entity	Accountability to donor and accountability to beneficiary
Ebrahim (2003a); Edwards & Hulme (1995)	Functional and Strategic	It refers to accountability mechanism whether it focuses on short-term results (functional) or long-term assessment (strategic)	Accounting for resources used and accounting for the impacts NGO's activities on the wider environment

The first question, to whom an organisation should be accountable. Stakeholders identification is first important key to understand accountability practice (Ebrahim, 2003a; Gray, Bebbington and Collison, 2006; Unerman and O'Dwyer, 2006). The dichotomous perspective relating to this first questions are broad-narrow view and relational-internal/identity accountability. Broad-narrow view compares who is considered as the audience in giving account. In the narrow view, accountability is seen to engage only with certain key stakeholders who have 'power to influence the achievement of organisational goals' (Unerman and O'Dwyer, 2006). On the contrary, in the broad view, accountability is

viewed to account for all parties affected by organisation activities (Unerman & O'Dwyer 2006). Further O'Dwyer & Unerman (2008) suggest that becoming to focus only on certain key stakeholders, like donor in a non-governmental organisation, potentially neglect organisation mission and other important stakeholders.

While relational internal focus on who dominantly determines the account given whether stakeholder or accountor. The relational accountability is often opposed to identity (Unerman and O'Dwyer, 2006) which sometimes is called internal accountability (Najam, 1996; Ebrahim, 2003b, 2005). Relational accountability is formed by the strength of relationships with stakeholders. In other words, the external forces influence the form of accountability. While Identity accountability is embodied from internal obligation of individual and organisation to their mission, value and culture regardless the relation to other stakeholders. In this sense the form of accountability is aimed to expose the mission attainment or account organisational distinctive value. Therefore instead of being formed by relation with key stakeholders, identity accountability is primarily formed by 'value-based dimension' of organisation and individuals, where the scope accountability is determined by those individuals in the internal organisation (Unerman and O'Dwyer, 2006).

The second question: into which what form this account ought to take, is relevant to capture contradiction in forms or mechanism of accountability. The mechanism is a practical form of accountability. Accountability as mechanisms and its typology are theorised by a number of authors (Stewart, 1984; Ebrahim, 2003a). Related to the mechanism, a contradictive dichotomy is raised. Functional-strategic refers to accountability mechanism whether it focuses on short-term results (functional) or long-term assessment (strategic). Meanwhile on one hand, formal-hierarchical-individualising accountability are strongly related and most of the time replacing each other. In hierarchical accountability, that is top-down, principal/patron-agent formal relation mechanism the accountability mechanism tends to be formal (O'Dwyer and Unerman, 2008). Based on an embryonic concept from (Edwards and Hulme, 1995) and (Najam, 1996); O'Dwyer & Unerman (2008, p.802) point out:

“...hierarchical accountability is seen as embracing narrow, short-term, accountability to powerful NGO patrons, favouring the use of quantitative measures designed to assess specific aspects of NGO 'performance' “

It promotes efficiency, distant monitoring and control. And for an individual it brings a sense of 'being expected and judged' based on performance fulfilment target. This situation

leads an individual to be 'solitary and singular' (Roberts, 1996, p. 46), which is called as individualizing form of accountability.

On the other hand, the formal formal-hierarchical-individualising concept is particularly opposed to informal-horizontal-socializing accountability. Informal accountability is based on the relation among 'individual is not mediated by hierarchy and no direct functional relationship' (Roberts 1996, p.49). In this situation face to face and personal interaction out of hierarchical relation is likely to happen. And an individual can 'share and build a common understanding of work experience' (Roberts, 1996) through social interaction, this the situation is called socializing form of accountability.

The dichotomous approach could be misleading. Contrasting two concepts might lead to a conclusion that one concept is better than other, or the two concepts are a mutually exclusive contradiction. For example, broad accountability demand is not always better than narrow accountability. The demand for greater accountability will not necessarily improve accountability (Roberts 2009; Messner 2009), the effort even can turn to be a paradox, in which it creating more burden to accountor and more difficult to be accounted (Dubnick, 2011, p. 706). Hence the dichotomy is not demarcation but rather a perspective to understand accountability.

2.2.2 Problematics of Accountability

Time and again the problematics are found in operationalising accountability in practice (Joannides, 2012a). A number of authors point out that accountability definition inherently cannot cover practical aspect of accountability (Sinclair, 1995; Mulgan, 2000; McKernan, 2012). In addition, according to Joannides (2012a) the violence of accountability limit (Messner, 2009) lead to counter-action of the application of accountability. In this regard the efforts to enhance accountability can turn to contradiction of the expected results. Thus the problematics do not only cope with difficulties in applying the concept, but take in the whole efforts to ensure that the application of accountability is as expected, not a paradox. Detail discussions are presented below.

An Expanded Concept beyond the Definition

Although various definitions have been discussed before there are some problems that are not covered by accountability definition. Definition of accountability is inherently having problems for operationalisation as practice continuously demands more detail definition as

a base for action. First the concept has expanded beyond its core concepts, 'being called to account for one's actions' (Mulgan, 2000, p.555). This core concept has a number of features: the account is given to external party (accountee), social interaction for giving and demanding account; and 'right of authority' in which sanction can be imposed. In practice, the core concept has been expanded in which these features are no longer applied. For example the nature of accountability becomes more 'internal' rather than external, like personal ethic (Shearer, 2002; Dubnick, 2003); apt to control rather than social interaction (Mulgan, 2000); and loosening the 'right of authority' as being more focus on performance (Erkkilä, 2007) or virtue (Bovens, 2010).

Secondly accountability is not one-dimensional concept (Mulgan, 2000; Bracci and Llewellyn, 2012) and it has situatedness nature which can change because of the influence of culture, place or time (Dubnick, 2002). In this regards some authors highlight the importance of social relation and context to understand 'accountability'. For example, Sinclair (1995) provides evidence of chameleon-like nature of accountability, which it can change depend on the context and social construction. Goddard et al. (2016) highlight different government hierarchy and NGO result in different accountability practice in the post-colonial national context. Furthermore, Ebrahim (2003, p.73) notes:

"accountability is relational in nature and can properly be understood only in the context of a non-profit's interactions with members of its organizational environment."

Accountability is not stand alone but its very existence depends on the relation particularly among key stakeholders (Ebrahim, 2003b; Unerman and O'Dwyer, 2006). In addition, Bovens (2007) even suggests that although in the narrow definition of accountability it still needs to be more specific explain within social relation. Accordingly, it is important to have organisation context to understand accountability in practice.

Expectation, Limit and Paradox

Modern society is apparently obsessed by accountability as it has reached iconic status (Dubnick and O'Brien, 2011, p. 283). It has reached a rhetoric status where nobody can against. There are two aspects of accountability to delineate this extraordinary position, accountability is considered as cause and cure (Dubnick and O'Brien, 2011, p. 296); in post factum and pre factum (Dubnick, 2011). For example, Frink & Klimoski (2004) point out any event from ordinary misconduct to fraud debacles (post factum) is seen as accountability failure (cause) which can be solved by improving accountability (cure). To prevent fraud,

any potential misconduct should be anticipated (pre factum), accountability enable anticipating potential misconduct (cause) hence enhancing accountability will prevent fraud (cure). In such wide aspect, accountability can turn to be 'an awful idea', it becomes 'system threatening potential failure or even to who are consistently success'(Hoskin, 1996, p. 266)

The reason why modern society highly obsessed with accountability is an attention-grabbing question. A bit more philosophical, Roberts (2009) argues that the obsession comes from the guilty avoidance and narcissism. The illusion of recognition from others induces the constant demand for accountability. Another reason is that people simply have a strong belief in the power of accountability (Dubnick & O'Brien 2011, p.284). Accountability, they argue, is a symbol of good governance which spread with global economic expansion. In any situation where good governance is needed, accountability is called. The collective obsession is engrained in this idea 'accountability solutions to a wide range of problems for which they are not suited'(Dubnick, 2011, p. 705). The belief is getting stronger particularly induced by the incident of misconducts, scandals and financial collapse which call for reform (Dubnick, 2011).

Regarding expectation and accountability both can be rooted from social system construction. Frink & Klimoski (2004, p.2) define the social system as '...common sets of shared expectations for behaviour'. Without the capability to hold and conducting account, people can act 'without regard to the consequences imposed by others'(Hall, Frink and Buckley, 2015, p. n/a). In other words, without accountability, there is no basis for social order and shared expectation. In the same vein, Adam Smith (as cited in Dubnick 2011, p.711) highlight that accountability is the foundation of morality, and human is accountable being rather than rational being who primarily is driven by emphatic and sentiment. In this regard accountability functions to adhesively bind social system which is needed to preserve shared expectation in society (Frink and Klimoski, 2004). As expected, people rely on accountability when the shared expectation in society is troubled.

Although accountability demand is apparently a natural response to the distraction of shared expectations, the collective obsession demands it excessively. Mulgan (2003, p.1) states the increasing demand for accountability is a reflection of public anger to individual and institution that deceive public interest. He emphasises that accountability is not only giving and demanding account, more than, that there should be evaluation which requests remedy and sanction. In this sense the growing demand is a normal reaction.

However a number of authors consider accountability demand has been excessively burdening accountees because it exceeds the limit of accountability (Messner, 2009; Joannides, 2012a; McKernan and McPhail, 2012). Messner (2009) highlights three limits of accountability. First accountable self (accountor) is opaque that he not always capable of reflecting on the reason and purpose of his action. He gives as a simple example a brick layer that cannot systematically count the bricks during working or the purpose of brick layering. Second, the demanding self is also opaque who explosively demands accountability. In this case the demanding-self does not know precisely what he wants but assumes the accountable-self knows exactly what he wants. The accountable-self is exposed 'in a situation in which a demand has been formulated' (Messner, 2009, p. 927) which much alike interrogation (Vosselman, 2013). Third, it is the situation if accountability is mediated. There are tension and conflicting demand from the intermediary and the higher principal which could turn to be multiple demands of accountability. The accountability limits provide a sense of boundary to demand accountability. Therefore it is a 'violence' if accountor is forced to account for something which is very difficult or unreachable (Butler, 2005; Messner, 2009; Roberts, 2009)¹. Such violation undermines accountor responsibility (McKernan 2012),

The growing demand of accountability can turn to be paradoxical (Dubnick, 2011). Collective obsession is behind the constantly growing demand for accountability (Dubnick & O'Brien 2011). Obsessive accountability demand manifests in various ways, elusive concept, broaden content, ignoring of the limit. It is also manifest in changing and new procedures, rule, regulation and code of conduct for the sake of enhanced accountability. These are reformist agenda call to enhance accountability. However, the reform is not necessarily improving accountability (Roberts 2009; Messner 2009). From accountor point of view, the demands mean more burdens, either more difficult or unreachable. Consequently, these are responded by the counter acts. Besides, 'to reform' means changing the accountability socialising systems and alter the existing forms of accountability. Dubnick (2011, p. 706) emphasises 'the reformist paradox':

"..this paradox holds that any effort to improve accountability through reforms generates consequences that in fact alters and often undermines existing forms of accountability already in place."

¹ The notion of 'violence' implies challenging the mainstream accounting literature (Messner, 2009)

2.3 Accounting for accountability

Accounting in this discussion refers to accounting role to discharge accountability. Accountability is often recognised through accounting (Messner, 2009, p. 930). In this sense accounting shapes accountability through two ways. First, it provides information which is needed by users (Hyndman et al. 2004; Jetty and Beattie 2009; Connolly, Dhanani, et al. 2013). In the case of cooperative where the member is a key stakeholder, it should provide information which needed by the member as an application of democratic control (Hicks, Maddocks, A. J. Robb, *et al.*, 2007). Consequently, financial statement should contain featured information to the member. Second, accounting shapes accountability through social practice in holding and giving account as accounting is considered inherently limited. In this regard accounting has consequences among individuals and organisation (Roberts and Scapens, 1985; Laughlin, 1990). As social practice accounting shapes more formal and hierarchical accountability (Roberts, 1991, 1996).

Despite its role to shape accountability, accounting practice is inherently inadequate to discharge accountability (Roberts, 1991, 2009; Shearer, 2002). The demand and complexity of accountability are beyond accounting coverage. In other words, accounting cannot be the only way to discharge accountability because its limitation to capture reality (Roberts & Scapens 1985) and its ethical constraint (Shearer 2002; McKernan 2012). In addition, accounting mainly promotes hierarchical form of accountability (Roberts 1991; Roberts 1996), and transparency which is can be paradoxical to accountability (Roberts 2009). Bracci & Llewellyn (2012) call accounting-based accountability, referring to the limited capability of accounting to discharge accountability. By acknowledging the boundary means proportionally view the accounting role on accountability.

The next subsections discuss the role of accounting on accountability. Three accounting functions which are related to accountability is discussed. First, the discussion starts with financial statements which are part of accounting systems, as a medium to discharge accountability. Secondly, accounting as control systems, in this subsection discusses accounting as systems which are more than a just financial statement. Thirdly, accounting as social practice is discussed.

2.3.1 Financial Statements

A number of authors consider accountability as one main objective of financial statements (Bird, 1973; Velayutham and Perera, 2004). However the accountability as the main objective is marginalised as the decision usefulness objective was introduced in the 1970's (Pelger, 2016). In this regard, accountability is akin to financial statement objective; particularly the objective of

financial statement to give useful information to user is akin to accountability (Hyndman *et al.*, 2004). As accountability requires accounting to member, meanwhile the objective of financial statement is to present information that is useful to member, in a sense both are congruence. Therefore presenting financial statements to fulfil user information needs means discharge accountability (Hyndman *et al.* 2004; Jetty and Beattie 2009; Connolly, Dhanani, *et al.* 2013).

It is considered impossible to fulfil all user information needs, as the differences interest and necessity. Instead of fulfilling all users, what possible to do is making a general-purpose financial statement (IASB, 2010; Murphy *et al.*, 2013). The general purpose of financial statements assumes by focusing on the primary user needs it will also meet other users need, or at least the financial report for some degree useful for non-primary users (Laughlin, 2008). It will fulfil larger user needs but inherently creating accountability gap since certain specific user needs are not presented in the general purpose financial statement. Although it cannot cover specific user needs, the financial statement remains indispensable since member cannot directly access to cooperative, and financial statement becomes the only source to obtain cooperative financial information. For the reason that not all members have access to the organisation, financial statement has ability “to bridge physical distance” and create “distanced form of accountability” (Messner, 2009, p.551).

The quality of financial statement is important to enhance capability in discharging accountability. For that reason, Hyndman *et al.* (2004, p.259) use “normative model” in content analysis of cooperative financial statement. Besides compliance with accounting standards, financial statement should content cooperative principles in order to achieve “specific aspect of accountability” (Hicks *et al.*, 2007a, p.4). In other words, standard compliance without the content of cooperative principles will not satisfy member accountability.

And as cooperative is designed to be democratic organisation hence financial report entails important role in annual general meeting where members undertake of their autonomous rights. Hicks *et al.* (2007a) pointed out that as consequences of democratic control by member, cooperative should facilitate accountability. “Measures of accountability to members would include adherence to reporting standards, and timeliness, frequency, access to and understandability of reports” (Hicks *et al.*, 2007, p.4). Hicks *et al.* (2007b) emphasise the cooperative identity content to serve member needs of information. It is grounded on member identity there are three principles are covered: member ownership, member control and member benefit through economic participation which will influence financial report. As a consequence of member ownership identity there are some issues rising: clarity of member, reserve disclosure and member financial interest. Member control demands greater accountability in term quality

and understanding of financial statement. While member economic participation is consequently raising more information about performance in term relating to member's transaction and a clearer definition of member benefit (Hicks et al., 2007b).

Beaubien (2011) and Robb (2012) opine some cooperative distinct financial features which need to be accommodated into financial statements. First is open membership which makes cooperative has specific financial structure (Beaubien, 2011; Robb, 2012). According to (Robb, 2012) IOC stockholders favour their investment to grow and they cannot easily withdraw their equity, hence they focus mainly on monitoring income and dividend to ensure that they have enhanced wealth. In cooperative member has more flexible chance to withdraw their money. Consequently, besides reporting profit and equity redemption, cooperative must provide cash or reserve in case there is equity withdrawal (Beaubien, 2011; Robb 2012). Second is income distribution. IOC distributes income based on capital contribution, meanwhile, cooperative based on member participation which is known as patronage refund. Patronage refund is not based on "the volume of shares one owns" but transaction volume with cooperative (Beaubien, 2011, p.40). Consequently, cooperative has to make the account and report the patronage refund in financial statements.

2.3.2 Accounting as control systems

Accounting not just has reporting function, it gives control of organisation and power to influence individuals behaviours (Roberts and Scapens, 1985; Scapens and Roberts, 1993; Merchant and Otley, 2006). How accounting control power related to accountability can be explained from control principle and management control system. Controllability, as the oldest principle of control, uses accountability as its control mechanism. As regards this principle Merchant & Otley (2006, p.793) states:

"..hold people accountable only for what they can control—is one of the oldest control principles. If individuals can have no effect on an outcome, it serves no useful purpose to hold them accountable for that outcome."

While management control system encourages a strong emphasis on financial, accounting-based controls (Merchant and Otley, 2006, p. 788). In 1965 Anthony (as cited in Abdisamad Hared et al. 2013) classified three type of control: strategic control, management control, and operational control. He tried to find a universal pattern of control, and found management control can be widely generalised. This universal pattern that centred on middle management is the foundation of management control system (MCS) which rely on financial accountability for controlling

(Merchant and Otley, 2006). Traditionally there are three accounting-based control: budgeting/financial planning, performance/measurement evaluation, and reward systems (Modell, 1996; Soobaroyen and Sannassee, 2007). This classification broadens the analysis of accountability in which accounting is not only limited to financial statement. Not limiting focus accounting only as financial statement but include the whole accounting systems opens the possibility to see account giving practice in the internal organisation.

2.3.3 Accounting as a social practice

Accounting function is not only for reporting and accounting is not neutral as it is claimed (Hines, 1988), but it has the power to enable and perpetuate particular systems of accountability in practice (Roberts and Scapens, 1985). Further, Roberts and Scapens (of 1985, p.448) states “...accounting information has in shaping and maintaining particular pattern of accountability within organisation.” Accordingly, accounting cannot only be considered as number, calculation, and reporting techniques but as ‘social practices and their consequences’ (Roberts, 1996). Accounting has structure of meaning where can be medium for negotiation, the expectation from staff and legitimation of power.

Although accountability is very important for the organisation but it can backfire to the organisation (Roberts, 1991). This potential threat can be recognised through the two form of accountability: individualizing and socializing. Individualizing form is effects of hierarchical accountability which is shaped by accounting practice. Accounting is a powerful legitimate instrument to enable hierarchical accountability. As it produces an indisputable image of results that is considered being objective and neutral, like assets, profit, capital and cash flows. In this regard accounting becomes a prism that distorts “self” as an instrument to the monetary values, to only be valued in term of profit, capital or cash flow. Accountability form is seen from the hierarchy where individual focus to achieve the ladder of career. In other words, individual is seen and judged based on progress in term of monetary value. The ‘self’ becomes more individualistic and alienated from the peers as to defend his position or to step on the higher ladder. The individualising undermines collective organisation capacity, and neglect interdependence with others. This situation potentially splits and harmful to the whole organisation.

While socialising form of accountability refers to informal accountability where relation among ‘individual is not mediated by hierarchy and no direct functional relationship’ (Roberts, 1996, p. 49). The relation is indispensable particularly when the system of accountability is imposing, distant and distrust. Individual needs to share and to have a common understanding in organisational life. In some cases, the relation is individual’s responses to protect himself which

may be at the expense of formal accountability. Although it is important, where organisation experience is humanised and socialised, the socialising form is potential as source of schism and horizontal conflict (Roberts, 1996). Local and personal abuses such like and dislike, racism, personal intrusion even corruption and collusion likely happen in informal situation. In addition the socialising form of accountability is not always desirable as it can be operated as 'a structure for domination and internal surveillance' (Jacobs and Walker, 2004, p. 378).

Both socialising and individualising accountability are interdependence (Roberts, 1996). Individualising form of accountability shape fragmented mentality, defensive pattern of communication and less devoted commitment that detracts the whole organisation strategy. To effectively work, formal accountability needs rational consensus and loyalty that mostly built from informal accountability. On the other hand, informal accountability also needs bureaucracy and hierarchy to limit the conflict and personal abuse of social life into the organisation. Although the separation of formal and informal accountability is inevitable, but recognising that the dichotomy both morally and strategically detriment is important. Roberts states:

"Accountability is a form of social relation which reflects symbolically upon the practical interdependence of action; an interdependence that always has both moral and strategic dimension "(1991, p.367)"

In this respect accounting is expected to accommodate the interdependence organisational environment. It should facilitate ethical decision, and consequences of organisation action to wider stakeholders.

In order to accommodate ethical and strategical dimension, Roberts (1996) propose the importance of dialogue. It means there is not just informal but formal mechanism to exchange information and conversation, opening fragmented mentality facilitate interdependence self with others. The dialogue as a process of accountability returns the balance of accounting not merely focus on narrow measurements like profit and asset but covering wider social and environmental aspects.

Roberts' argument of formal and informal accountability tends to only relate to internal organisation processes, therefore referred to Roberts 'dialogue conception other author called 'stakeholders engagement' which external stakeholders are embraced. Kirk & Mouritsen (1996) call 'dialectic process' which specifically refers to reporting made and the responses to performance reported. In addition Kirk & Mouritsen (1996) call the effect of the dialectic process as space of accountability. The authors believe that accounting system is important only if it is

mobilised, 'there is a number of actors who move and respond accounting'(Kirk and Mouritsen, 1996, p. 145). Even as if it is not part of system of accountability, as long as it is mobilised, accounting system is important. ' Although its importance depends on people taking it seriously and acting toward it (Kirk and Mouritsen, 1996).

2.4 Cooperative Identity in accounting and accountability

2.4.1 Cooperative identity and the cooperative movement

Cooperative identity

In 1995, International Co-operative Alliance (ICA) published Co-operative Statement of Identity. This statement is a provided general framework to understand co-operative and its identity. It consists of a cooperative definition, values and principles. Cooperative is defined:

“An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” (ICA, 1996)

The definition is purposefully broad to recognise the various types of co-operatives as member of the alliance and they must have some freedom in how they organise their businesses. The definition is expected to be useful in drafting legislation, educating members, and preparing textbooks (ICA, 1996).

Cooperative value is based on the belief that rooted from its philosophical foundation. There are two values, basic and ethical. The basic values of Co-operatives are self-help, self-responsibility, democracy, equality, equity and solidarity. Cooperative also follows ethical values which might also be found in other organisations, but historically the ethics are particularly strong and unquestionable within co-operative. As in the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

To put cooperative values into practice, the co-operative principles are needed as guidelines. The principles are originated from Rochdale Society of Equitable Pioneer in 1844 (Atherton et al. 2011; Oczkowski et al. 2013), which then the Rochdale's cooperative principles internationally recognised predominantly after International Co-operative Alliance (ICA) formulated and declared the principles in 1937, 1966 then in 1995 (ICA 1996; Zeuli and Cropp 2004;Novkovic 2008). The declarations repeated as efforts to interpret how

co-operative principles should implement in the current situation. The cooperative principles are:

a. voluntary and open membership

Cooperative is an organisation which member supports on a voluntary basis. It is fundamental that member voluntarily makes a commitment to the cooperative. Consequently, members must be given the opportunity to study and understand cooperative values. Cooperative is also open to all persons without discrimination.

b. democratic member control

Members control cooperative in a democratic manner. The control means member actively participate in setting policies and making a decision. For example, they involve in annual general meeting where performances are assessed and important actions are approved. And democratic manner refers to member's equal voting right, one man one vote.

c. member economic participation

Member decides how capital should be used and allocated. Capital contribution and surplus allocation based on members' approval. For example, surplus is allocated in certain proportion for dividend, reserves and member education. Usually dividends are distributed on the basis of member's participation.

d. autonomy and independence

If cooperatives have agreements with other organisations, including governments, or raise capital from external entities, it should be ensured under democratic control by their members and maintain their co-operative autonomy.

e. education, training and information

Co-operatives provide education and training for their members, managers, and employees so they can contribute effectively to the development of their co-operatives. Education is vital to internalise cooperative principles. Meanwhile training is particularly to enhance business skill. Information should be given to public and opinion leader about the value and benefit of cooperative.

f. co-operation among co-operatives

Co-operatives network and union enhance cooperative service to member and strengthen the co-operative movement. Cooperative can only maximise its contribution to the community by network and alliance.

g. Concern for community.

Co-operatives are tied to the community where members are from. Thus cooperatives have a responsibility to make sure the development of communities. However, the cooperative contribution to the development of their communities should be through policies approved by their members.

As discussed above, to embody cooperative value in practice cooperative principles serve as a guideline. The principles are not rules to decide whether it is right or wrong but rather a framework to be rooted in daily activities (ICA, 1996). In other words, cooperative identity is a reflection of cooperative principles in practice (Birchall, 2011, p.6). The principles are the core of cooperative identity. ICA (1996) states:

“The co-operative principles cumulatively are the lifeblood of the movement. They are inherently practical principles, fashioned as much by generations of experience as by philosophical thought. Above all, they require co-operators to make decisions: for example, as to the nature of the democracy of their institutions, the roles of different stakeholders, and the allocation of surpluses that are created. They are the essential qualities that make co-operators effective, co-operatives distinct, and the co-operative movement valuable” (ICA, 2006).²

ICA (1996) in its statement of cooperative identity contends that cooperative identity is particularly formed from cooperative values and principles. Cooperative principles are guidelines by which co-operatives put their values into practice (Prakash, 2003; Birchall, 2005; Novkovic, 2008; Fici, 2012). According to Birchall (2011) particularly first four principles which is considered as the core identity. Thus focusing on the application of the principles is a practical way to understand cooperative identity.

² It is in conclusion section of ICA Statement on Co-operative Identity Background Paper

The international cooperative movement

The principles spread around the world begin from the Rochdale Pioneers. The Rochdale Pioneers are the prototype of the modern cooperative which started the cooperative movement (Birchall, 1994). It was Robert Owen and William King who influence The Rochdale to be modern cooperative. Owen has started Owenite cooperative villages which integrated business and social mission to reach an autonomous and self-help society. Eventually his experimentation societies were failed, but not the belief of such society³. King then improved the idea of Owenite society with more practical ways. Rather than dreaming ideal society but was failed in operation, it would better starting with small steps, a cooperative shop. He also spread his idea through the publication of 'Co-operator' - a magazine which reached up to 12,000 copies for an edition. It was in 1826, the cooperative shop began. It was supported by the 'Co-Operator' publication creating first wave cooperative movement. During three years about 300 cooperatives were created then reach up to 500 cooperatives. However, it was immediately banished in 1833 because of structural failure of member's equity. There was limited membership and member's shares cannot be cashed. This failure then was improved by the Rochdale.

Nowadays the cooperative principles are sponsored and preserved by ICA. ICA has a significant role in the international cooperative movement. It was founded in London, 1895 which aims: provision of cooperative information, define and defend co-operative principles, and promote of international trading (Birchall, 1997). Since 1995, the UN General Assembly proclaimed the first Saturday of July as the International Day of Cooperatives. In 2012 it was a milestone as United Nation declared as the cooperative year which means recognising significant cooperative role internationally. According to ICA it is estimated global cooperatives have 1 billion cooperative members and employing about 250 million people. The world cooperative monitor 2015 reports 2,950.82 billion USD turnover based on a database of 2,829 listed biggest cooperatives from 76 countries. Cooperative businesses are considered more resilient during 2008 global economic crisis (Webster 2011). It might not surprise as ICA and cooperative movement has been survived from two world wars (Birchall, 1994).

³ Some Rochdale pioneers are owenites.

The Cooperative movement in developing country

Birchall (2011) argues that cooperative movement in developing countries particularly in Asia and Africa has a typical pattern. The movement was promoted by the colonial government in the early twentieth century, then largely widespread in nationalist government and end up with liberalisation period which cooperatives deal with natural selection. The colonial government considered cooperative movement as a way to modernise the developing country. Modernisation is considered important to tackle poverty but according to Develtere et al. (2008) the strongest motive is to provide the colonial government with commodities needed from rural in a cost-effective way. Then in Africa cocoa, coffee, and in Asia sugar, tea and cotton plantation imposed for cooperatives in order to lucrative crop commodities to be exported by colonial government (Develtere, Pollet and Wanyama, 2008; Birchall, 2011b). Commodities were actually produced and exported but in term of cooperative movement it is failed and continually created inherited problems for the movement. The colonial government created a single cooperative movement which what Birchall (2011) called British-Indian pattern, top-down, hierarchical, centralistic and facilitating government intervention. The pattern was not only copied in British colonies but also influence Dutch and Belgian colonies (Birchall, 2011). Such paternalistic is not beyond colonial government awareness, Birchall writes:

“There was meant to be an eventual transition from paternalistic oversight to takeover by indigenous co-operative members, but it was always being put off to another day.... Certainly, that was how the British co-operative movement saw it, but they were fooling themselves.” (Birchall, 2011b, p. 186)

After independence, the colonial government was replaced by the nationalist, the number of cooperative is significantly increased. Apart from economics objective, politic became strong motive for government involvement in the cooperative movement. Cooperative becomes tools of government (Develtere, Pollet and Wanyama, 2008) particularly in projects and jobs creation for government officials. In addition, cooperatives provide masses basis in voting support for ruling party. There was a rapid state-sponsored cooperatives development which were privileged by facilities and monopoly, but at the expense of autonomy and democratic control. Although cooperative number massively increased however, Nationalist governments are inherited paternalistic and domination from colonial administrators (Develtere, Pollet and Wanyama, 2008; Birchall, 2011b). As a result, the high growth of cooperatives is associated with inefficiency and corruption. The liberalisation period begins since the adoption of the market-oriented economy

(Wanyama, Develtere and Pollet, 2009). This economic approach spread along with the triumph of neo-liberalism after the cold war. It views that the economic development problems are rooted from inefficient government intervention and underdeveloped market (Wanyama, Develtere and Pollet, 2009), thus the approach requires less government intervention and developing market mechanism. Consequently, government should withdraw its facilitation such audit, management and training for cooperative; made a new cooperative legislation to support its autonomy and independent; and replace monopoly privilege with the competition of market mechanism. In this situation many state-sponsored cooperatives are closed because they cannot compete with other business entities.

The market inevitably pressures cooperatives as consequences of the adoption of the market-oriented economy which seems more like natural selection for cooperative movement. Without proper adaptation cooperatives cannot survive since the situation demand efficiency and business-like model to compete. Wanyama et al. (2009) claim the situation is needed for cooperative to regain its autonomy and reattached to its member. They provide evidence even in this competitive situation cooperative is still growing. However, the growing number is not linear with its economic contribution. On the contrary, Diamantopoulos (2012); Gijssels & Develtere (2008) view the market pressure changes cooperative to be more business-like and neglecting its social role. The negligence is associated with cooperative degeneration, cooperative abandoning its original character to become ordinary business entities.

2.4.2 Cooperative Identity and Accountability

As discussed above, identity accountability most of the time is compared with relational accountability for their different form and embodied process. Relational accountability views that accountability is determined by the relationship with stakeholders (Unerman & O'Dwyer 2006). Meanwhile instead of external force, identity accountability views that accountability is determined by the internal obligation of individual and organisation to their mission, value and culture. However, this concept is not a demarcation or in the opposition of relational accountability but rather a concept that helps understanding how accountability is embodied in cooperative.

The identity accountability arguably is relevant context to view cooperative identity and accountability. In particular as the cooperative identity is measured from the adherence of

the cooperative principles (Oczkowski, Krivokapic-Skoko and Plummer, 2013). Showing that a cooperative is adhered to the cooperative principles which are important aspect in accountability. It is not necessarily in the formal form but can be done informally like showing the activities that adhered to the organisational value (Gray, Bebbington and Collison, 2006). For example, knowing Greenpeace is doing an environmental project, the activity may be 'sufficient in itself' (Gray et al. 2006, p.335). In cooperative the activities can be something related to the application of the principles like hold AGM, and education to members.

2.4.3 Accountability and Cooperative Accounting

Cooperative is an organisation which member as a direct group to whom accountability is discharged. Consequently, the member has control power to direct the organisation rather than only in the certain level of influence. The control power is facilitated by a cooperative distinctive democratic mechanism called one-member-one-vote (OMOV). Accordingly, there is no individual who holds the majority of voting rights hence every member has the same position to participate in setting policy and choosing board member. However along with this privilege comes inherent problem in decision making as the voting widely spread it brings a problem to organise effective influence to management (Somerville, 2007).

Cooperative is also different from either investor-owned company or NGO because the member has a dual identity distinct position. Accordingly, it is not merely ownership that bonds cooperative and its member. Member is more than an investor, he is also a customer, a provider, or another form of business relation (Birchall and Simmons 2004; Simmons and Birchall 2004; Hicks, et al. 2007b; Simmons and Birchall 2008). For that reason, that it has to account to both owner and customer (or supplier) cooperative is considered to have a dual identity. The dual identity broadens the dimension of accountability not just commercial profit but any affairs related to member's interest. For instance, apart from pursuing financial surplus, cooperative also satisfy or serving the needs of members such as to provide service and goods, employment, or other demanded social activities (Balaguer and Castellano, 2012). Consequently, members do not only concern about income but how the cooperative serve members.

Organisation with strong specific value like cooperative arguably has specific needs of accountability relating to its identity. This particular organisation arguably needs identity accountability where actors commit and focus on implementing organisational mission and value; and based on that mission and value, image and performance are judged (Ebrahim,

2003a; Unerman and O'Dwyer, 2006). Further the narrow definition of stakeholder is likely to be formal and hierarchical form of accountability which effectuates rule-compliant behaviour that focuses on short-term and efficient criteria (Ebrahim, 2005). By merely fulfilling the account criteria, it might not fulfil moral obligation to be accounted but 'morally justified' as the account rule has been complied (Dixon, Ritchie and Siwale, 2006). Such behaviour neglects the important of ethic or value which very important in shaping identity accountability. In this sense accountability is mainly formed from mission attained or value attached. Accordingly, accountability is not just formal order but should moral order (Willmott, 1996; Dixon, Ritchie and Siwale, 2006). Accountability is not necessarily determined by power and interest but also moral, in particular value and mission. Thus in cooperative movement it is very important to deploy cooperative principles to ensure that the mission is attained and identity of cooperative exists. Mission and identity will be part of cooperative accountability. However, into what value application and mission attainment are exposed, it depends on the individuals in the cooperative who decided the scope of the identity accountability (Unerman and O'Dwyer, 2006),

Accounting has specific role relating to cooperative identity. Since the early cooperative movement accounting is important commercial knowledge for cooperative business (Birchall, 1994). Dr King, one of the cooperative movement founders required weekly bookkeeping hence report can be made at the general meeting. He also suggested accounting as part of training given in cooperative education. Ironically Brighton society, a cooperative he founded, has structure failure. Regardless of the bookkeeping for an accurate account, the society expected to accumulate surplus until their all limited members can be employed in manufacturing goods for being sold in cooperative shops. There would be a problem when some members were impatient and would like to cash their shares. The structure was also unable distributing surplus to keep member loyalty. Such surplus distribution is not a problem for cooperative nowadays. However, that fact reminds that member's equity is vital and it needs to be accommodated in proper accounting principles.

Most information from accounting systems is considered important to discharge accountability (Hyndman *et al.*, 2004). However as exemplified by member's equity and the history of structure failure, accounting necessarily accommodates cooperative specific character. For example a number of authors (Goodin, 2003; Hyndman *et al.*, 2004; Hicks, Maddocks, A. J. Robb, *et al.*, 2007) believe that financial statement accounts and disclosures should contain specific cooperative identity like member's equity, patronage dividend, member's transaction and contribution to the

community. That information is needed by members as the key stakeholders in cooperative. And by presenting that in financial statements arguably discharge accountability.

2.5 Two Streams of Accounting Studies on Accountability

Accountability in accounting studies can be viewed in two streams (Messner, 2009). The first stream promotes accommodating accountability demand through expanding stakeholder audience and accounting information in financial statement. The second stream promotes social interaction as accounting is inherently limited to shape accountability. The next two sections discuss each stream of accounting studies on accountability.

2.5.1 First stream of accounting studies on Accountability

According to Messner (2009) in the first stream, using socio-political approach which focusing on extended account. It is manifested in the increasing items and disclosure in financial statement. However, as mentioned at the beginning of this chapter, because the limited studies of cooperative accountability in accounting literature thus insights from previous NFPO/charity studies are needed. The studies give insight particularly not for profit orientation and the stakeholders. The discussion in this section includes the use of statement of recommended practice (SORP) in improving annual reports as a medium to discharge accountability. Next it continues with the cooperative identity-related information in financial statement for enhancing member-based accountability. And the last section for in this first stream of studies is accounting standard compliance in Indonesia.

Statements of Recommended Practice in Charity

Several key studies have documented the evidence in this financial accountability area. Bird and Morgan-Jones (1981) (cited in (Hyndman & McMahon 2010) have undertaken a landmark study in the UK NFPO sector. It has provided evidence of a 'the substantial poor reporting practice' in this sector and the findings became a catalyst for the first Statement of recommended practice (SORP). After the publication of SORP in 1988, most charities prepared financial reporting based on SORP but 'dubious accounting practices' remained (Hines & Jones 1992). The findings encouraged Hines & Jones (1992) to propose, for the first time, a mandatory SORP.

After the publication of SORP (1995) which was mandatory, Williams & Palmer (1998) studies the financial statements among small, medium and large charities. They found only large charities significant changed their practices to improve the level of reporting compliance. In a further study, a detailed analysis prior and after the adoption of SORP (1995), Connolly & Hyndman

(2000) concluded that there was a significant change since the 1980s, albeit with a time-lag. The same time-lagged change likely happens after 1995 as well. Palmer et al. (2001) studied 125 major charities in the UK and found some major instances of non-compliance with the SORP and diversity in practices, even though that these items of non-compliance did not influence the audited financial statements. They raised questions about the auditors' competence in relation to the SORP, or assuming the auditors were indeed competent, why did they not report the lack of compliance with the SORP.

As a result of the mandatory adoption of SORP in 2005, the avenues of research also changed to focus on stakeholder engagement, and whether the present form reporting fulfilled user needs. Stakeholder engagement to meet user needs in essence is discharging accountability since it provides 'a means of developing a framework for the effective management of, and good reporting by, charities' (Hyndman & McMahon 2010, p.459). Using the stakeholder theory lens, (Hyndman & McMahon 2010) analyses the Accounting Standards Committee (ASC's) official publications and those of the Charity Commission during the last twenty years. They concluded that during the last twenty years of the SORP's evolution, the key stakeholders were the government and the accounting profession. They continued the research by interviewing the key actors in shaping the 'accounting and reporting regime', and found evidence that the government involvement led to 'a more accountable and healthier charitable sector' (Hyndman & McMahon 2011).

Connolly & Hyndman (2013) conducted a survey to analyse the gap between user needs and information provided in the annual report and annual review. A narrowing gap is observed, but the audited financial information is considered less useful compared to performance information from the annual review. Connolly et al. (2013) reviewed national roundtable consultations with about 1000 charity stakeholders during more than a year was undertaken by SROP Committee. The study is used as a foundation for 2015 SORP reviews. They found the needs to have more engagement with other less salient stakeholders, like funder and beneficiaries in 'the SORP making process'. As thus far only salient stakeholder like government and accounting profession dominated the SORP making process.

In order to obtain in-depth understanding from their previous research in 2013 Connolly & Hyndman (2013b) conducted semi-structured interviews. It investigated accountability from the perspective of charity donors. Six donor respondents which consisted of 3 small donors, two large donors and one corporate donor were interviewed. The results suggest that large donors have the potential power to demand information needed particularly relating to their funding. While small

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donor does not have such power and mainly depend on formal reporting such annual report (dependent user). However, the evidence reveals both large and small donors did not demand individual report. Even though mandated reports viewed limited relevant and difficult to understand but overall annual reports are still considered as an important medium to enhance trust and reputation.

Table 2-3 SROP studies: methods and theories

<i>Research by</i>	<i>Sample/subject</i>	<i>Method</i>	<i>Theory</i>	<i>Results</i>
Hines & Jones (1992)	40 large charities	Longitudinal Study, content analysis	No specific theory	Dubious accounting practice remained, mandatory SORP is needed
Williams & Palmer (1998)	83 (25 large and 58 medium charities)	Content analysis	User-needs model	only large charities significant changed their practices to improve the level of reporting compliance
Palmer et al. (2001)	125 large charities in England and Wales	Content analysis	No specific theory	Some major instances of non-compliance with the SORP but those did not influence audit results
Connolly & Hyndman (2000)	151 financial statements of large fundraising charities in England and Wales	Content analysis Comparison analysis, before and after SORP2 (1995)	User-needs model	A significant change since the 1980s, albeit with a time-lag around SORP 1995
Connolly & Hyndman (2013)	219 respondents 99 annual reports, 53 annual reviews of top 100 UK charities	Survey Content analysis	Stakeholders theory	During the last twenty years of the SORP's evolution, the key stakeholders were the government and the accounting profession. Government involvement has positive impact

Connolly et al. (2013)	28 roundtables 685 respondents (9 academics, 364 auditors, 40 funders, 272 preparers)	Focus discussion groups (round tables) Questionnaire Survey	Stakeholders theory	The needs to have more engagement of other less salient stakeholders, like funder and beneficiaries in 'the SORP making process'
Connolly & Hyndman (2013b)	6 subjects	Semi-structured interview	Stakeholders theory	Large donors have potential power to demand information needed but both large and small donors did not demand individual report

It can be concluded from the SROP studies before 2005 the focus is compliance in reporting to improve information given in financial statement. However, after mandatory SORP in 2005 compliance is assumed inherent thus the focus expanded to wider stakeholder engagement. Accordingly, there was increasing demand of accountability from standard compliance to wider user or stakeholder.

Cooperative accounting standard compliance in Indonesia

Sutarto et al. (2007) investigate the implementation of the statement of financial accounting standard (SFAS) no.27 in Indonesia. The statement regulated financial statement for cooperative. It has particular features which are related to specific nature of cooperative. Cooperative is an entity that has a dual identity of member; the member is both an owner and a user. In other words, cooperative is user-own oriented firm that its main mission is promoting the members' welfare (Accounting Standards Board of the Indonesian Institute of Accountants 1998, par. 3). Consequently, instead of presenting statement of owner's equity, the cooperative financial statement presenting statement of member economic promotion which content of member's economic participation. It is obliged for cooperative to have members' transaction account to mainly support member's economic participation as a base for distributing member's patronage fund (Sutarto et al. 2007).

Sutarto et al. (2007) test three variables: accountability, technical difficulties and measurement difficulties on the implementation of SFAS no 27 as the dependent variable. The data are from a sample of 93 accounting and financial manager from 31 cooperatives in East Java province. The

result shows accountability and technical difficulties are significantly influence the implementation of the cooperative accounting standard. However, the author does not provide detail operational definition for each tested variables. Furthermore, the abstract concept like accountability and implementation of SFAS no 27 is simplified with interval scale. As a result, it seems possible that the results have some validity issue. Despite that, this study gives an insight as it is reported that among 31 cooperatives only one cooperative present statement of members' economic promotion as obliged by the standard.

Khafid (2010) studies accounting standard compliance and cooperative performance in Semarang, Central Java. The results provide important insight for cooperative accounting standard compliance. Among 29 cooperatives investigated there are only 4 cooperatives presented cash flow statement. Six cooperatives separated cooperative expenses from operational expenses. Cooperative expenses are specific expenses for social and cooperative movement and obligated by the standard to present separately in the income statement. This study also provides evidence that there is only one cooperative that classified member and non-member transactions. The classification is mandated by the standard. And it helps to measure member economic participation, the calculation for patronage distribution and base for presenting statement of member's economic promotion. The study also found during 2007-2008 the cooperatives did not present statement of member's economic promotion. This report as it is obliged by standard, present member economic benefit information. The benefit is from patronage distribution, discount, gift, facilities and price difference. As suggested by Sutarto et al. (2007) the findings are an indication that there is a problem with accountability and technical difficulties in cooperatives.

Table 2-4 Studies of previous accounting standard in Indonesia

Research by	Sample/subject	Method	Theory	Results
Sutarto et al. (2007)	93 respondents	Questionnaire Survey Quantitative analysis	Agency Theory	Accountability and technical difficulties significantly influence the implementation of the cooperative accounting standard
Khafid (2010)	62 cooperatives	Questionnaire Survey Quantitative analysis	No specific theory used	Low compliance of Standard and Member's economic promotion statements were not found
Bisyara 2012; Adi 2011; Purba 2013; Djanegara & Kurniawan 2006	1 Cooperative	Case Study	No specific theory used	The implementation of cooperative accounting standard SFAS no.27 is relatively low

Besides two studies from Sutarto et al. (2007) and Khafid (2010) all previous studies for implementation of the accounting standard for cooperative (SFAS no.27) are case studies. In most cases cooperatives do not classify member and non-member transaction. And statements of member economic promotion are also not presented. In general, it can be concluded that the implementation of cooperative accounting standard SFAS no.27 is relatively low (Bisyara 2012; Adi 2011; Purba 2013; Djanegara & Kurniawan 2006).

After revocation SFAS 27, the implementation of SME-IFRS based cooperative accounting becomes new research avenue. Some research compares implementation before and after the new standard enacted. And other simply investigates how the new standard implemented in cooperative.

Multiple case study that conducted by Djumiko et al. (2013) suggest in 2012, the year that SME-IFRS based cooperative accounting started to be applied, all the cooperative still used previous cooperative accounting standard. However even they used the previous standard, the cooperatives did not consistently present statement of member's economic promotion. The study also reveals the evidence that one cooperative that audited by a public accountant have a relatively better standard implementation. This study is important since this is the first study that investigates the implementation the new cooperative standard using in-depth multiple case study.

Narsa and Isnalita (2014) study implementation of IFRS for SME cooperative accounting. It surveys both co-operators and accounting academic. The results show the new standard is less implemented. Although majority of respondents agreed the implementation of new accounting standard but the study also provides evidence that co-operators' level of knowledge for the new standard is relatively low. Both co-operators and accounting academics mostly is not aware of cooperative accounting guidance from the ministry.

Warno and Setiyani (2014) study factors influence to the application of the new cooperative accounting standard. They hypothesise three variables which influence the accounting standard application: human resources response, level of knowledge and readiness. The results show level of knowledge and human resource readiness statistically influence the accounting standard application. The study also provides findings for the low level of accounting standard application. All respondents are reporting balance sheet and income statement whilst cash flow, statement of member's economic promotion and notes to financial statement is rarely presented by cooperatives

Kusuma et al. (2013) investigate the relation of accounting knowledge and financial planning on both cooperative and SME performance. Using sample from 163 cooperatives and 379 SMEs the results suggest accounting knowledge and financial planning are related to cooperative and SME performance. In the accounting knowledge, the study found that most respondents have relatively low accounting knowledge.

Other implementation of the new standard for cooperative studies mostly conducted in case studies. For example, Yulinartati (2013) and (Luh et al. 2014) provide evidence that cooperative only presents two financial statement balance sheet and statement of income. Both cooperative in the studies are relatively small. It is apparently size and cost along become constraints to present complete financial statements

Reporting change and cooperative specific account become issues grown in importance from previous research. The evidence shows some cooperatives did not change its reporting practice both before and after the enactment of the new standard. It raised question it is due to technical difficulties as mentioned in some studies. Or any other aspects beyond technical difficulties, like value and social structures that prevent to report according to the standard.

Table 2-5 Studies of new accounting standard in Indonesia

Research by	Sample/subject	Method	Theory	Results
Djumiko et al. (2013)	Six cooperatives	Multiple case studies, Interview	No specific theory used	All the cooperative still used previous cooperative accounting standard
Kusuma et al. (2013)	163 Co-operatives, 379 SMEs	Quantitative analysis	No specific theory used	Most respondents have relatively low accounting knowledge
Narsa and Isnalita (2014)	150 respondents	Questionnaire Survey Quantitative analysis	Agency Theory	the new standard is less implemented
Warno and Setiyani (2014)	33 Cooperatives	Questionnaire Survey Quantitative analysis, Content analysis	No specific theory used	the level of knowledge and human resource readiness statistically influence the accounting standard application
Luh et al. (2014)	1 cooperative	Descriptive Case Study	No specific theory used	Small cooperative likely to presents only two financial statement balance sheet and statement of income

Accountability relating to Cooperative Identity

Hyndman et al. (2004) study the role of annual report of Irish Credit Union in discharging accountability. One of the main information in the annual report which considered very important is financial statement. According to the authors financial statements discharges most accountability information. Therefore, in their research Hyndman et al. (2004) developed a normative model to assess the quality of financial statement. They hold the view that the quality of financial statement is equivalent with its function to discharge accountability. The quality of financial statement basically is into what extent the statement can fulfil useful information needed by users. Whilst 'accountability' requires to provide information of action to member (user), hence both are highlighting member (user) needs of information. In other words, presenting financial statement based on standard and regulation will fulfil user information needs which mean discharge accountability (Hyndman et al. 2004).

The normative financial statement model is formed based on CICA previous research, legislation and accounting standard. Accounting standard becomes the main aspect in considering financial statement quality as it is assumed that the compliance with the standard will enhance the information usefulness. The normative model consists of sixteen type of information within two categories, the broad content, and specific policy and notes content. (Hyndman et al. 2004) point out that this is the first model that can be used as a 'yardstick' in the credit union financial statement analysis.

The results show based on the normative model Irish credit union financial statement mostly do not provide 'incomplete and inadequate' information. Among the credit union not all credit union present balance sheet and income statement, and they are only 31% that publish cash flow statements. The average of disclosure items is also only 64% of the total basic normative model and the overall average is 72%. This situation, as interview evidence provided, is likely because manager undermines the interest and ability of users, mainly members (Hyndman et al. 2004). Although financial statement main stakeholder is member but manager generally consider members have low financial statement readership. They perceive the reports are 'rarely read and of limited important'. This is one important finding that may explain why credit unions are not fully complied standard.

Using the same normative financial statement model Hyndman & Mckillop (2004) study credit union in the UK. Comparing Ireland UK credit union industry is relatively undeveloped and there is an increasing number of credit union with financial difficulties. The results show almost similar results. In average it is 74%, it slightly higher than Irish credit union. However, since the author

develops the basic normative model that should exist in the credit union financial statement, the result can be concluded that in average financial statements have a lack of quality. The author also has the same conclusion that manager undermines the ability of member and only has 'limited interest' to the financial statement. In addition, the authors depict this situation as 'under accounting', where credit unions are not willing to enhance the quality of reporting because there are multiple overlaps for accountability. And remaining in status quo is favourable considering the risk of rejection and cost of reporting.

Despite the first model use as a 'yardstick' in analysing credit union financial statement as it is claimed by Hyndman et al. 2004, the model still considered not specifically emphasise cooperative identity. GAAP does not provide adequate information to cooperative member and the content is not well-matched with the cooperative purpose and identity. For instance, the member is not just an owner but also a customer, in that so profit is not shared based on ownership share but member economic activities hence it needs information about member transaction. Hicks et al. (2007) suggest for more specific contents of cooperative identity which is developed based on cooperative principles. The principles give specific characteristic that distinguishes cooperative with other organisation(Hicks, et al. 2007). Cooperative identity basically is these specific characteristics which is sourced from the application of the cooperative principles. Further, the application of the principles is expected to be expressed in financial statement which in this sense they reflect the cooperative identity. Hick, et al. (2007) suggest certain information that mainly related to cooperative identity such like members' equity, patronage dividends/returns, economic dependence (co-operative and members, or co-operative and other co-operative), link with other cooperatives and education, training or information for members. The table below summarises the cooperative principles and the 'identity' which is expressed in the financial statements.

Table 2-6 Cooperative Identity content by Hicks et al. (2007)

No	Cooperative Principles	Expressed 'identity' in the financial statements
1	Open Voluntary Membership	<ul style="list-style-type: none"> Nature of operations
2	Democratic Member Control	<ul style="list-style-type: none"> Members' shares
3	Member Economic Participation	<ul style="list-style-type: none"> Nature of operations Patronage dividends/returns Economic dependence (co-operative and members, or co-operative and other co-operative)
4	Autonomy and Independence	<ul style="list-style-type: none"> Related party
5	Education, Training and Information	<ul style="list-style-type: none"> Education, training or information
6	Co-operation among Co-operatives	<ul style="list-style-type: none"> Links with other co-operatives
7	Concern for Community	<ul style="list-style-type: none"> Donations Volunteers Social & environmental reporting

The results show that cooperatives vary in compliance and reporting practice. Despite the size, Hicks et al. (2007) also classify the cooperatives data based on cooperative type: consumer, producer and worker. The type of cooperative did not prove the difference in reporting practice. Size, however had shown significant difference only in the cooperative which has asset under \$100,000. In this size category, there are only 7% which has presented cash flow statement and 24% notes of financial statements. Meanwhile for cooperative identity, nature of operations is the most frequent information disclosed (38%). Despite the fact, social and environmental information only disclose by one cooperative. Surprisingly patronage dividend is only disclosed by 5% of the cooperatives, and member's share disclosed by 28%. These findings on patronage and member's share indicate that cooperative does not use patronage as an approach to reward member. It is interesting since income distribution mechanism in cooperative mainly based on patronage.

Table 2-7 First stream of cooperative studies: method and theories

Research by	Sample/subject	Method	Theory	Results
Hyndman et al. (2004)	20 respondents 178 Co-op annual reports	Semi-structured interview Content analysis	Stakeholders Theory	Irish credit union financial statement mostly do not provide 'incomplete and inadequate' information and manager generally consider members have low financial statement readership
Hyndman & Mckillop (2004)	120 Co-op annual reports The number of respondent is not specified	Semi-structured interview Content analysis	Stakeholders Theory	In average financial statements have lack of quality
Hicks et al. (2007)	253 co-op financial statement	Content analysis	Stakeholders theory	The type of cooperative did not prove the difference in reporting practice. The results vary but relatively low compliance for both standard and cooperative identity content

2.5.2 Second stream of accounting studies on Accountability

The second stream takes critical stand on greater accountability. It views that accounting inherently limited to discharge accountability and broadening the content of the account is not necessarily enhancing accountability. Therefore instead of relying on specific content of accounts, this stream support 'a different procedure of how accounts should be produced and exchanged' (Messner, 2009, p. 922). A number of author highlight social interaction is used to produce and exchange account (Roberts and Scapens, 1985; Sinclair, 1995; Roberts, 2009). In this regards the accountability is not shaped by pre-determined content of account but through communication and social interaction. Accordingly, accountability is viewed as dialectical process in which social interaction is necessary. For that reason, to portray accountability practice some studies focus on particular social context like cooperative and religious organisation. More detail discussion is presented below.

Toward Dialectical Perspective

A number of authors have called improved rational perspective to cope with problematics of accountability in practice. Earlier accounting literature highlights the importance of social context in accountability studies (Roberts and Scapens, 1985; Laughlin, 1990; Sinclair, 1995; Ahrens, 1996). Relying on definition and concepts are not adequate in understanding and operationalising accountability in practice. Accountability is chameleon-like which changing depends on its context (Sinclair, 1995). Putting it in its context is the best way to understand accountability.

Regarding the perspectives to understand accountability, Laughlin (1996) highlighted angle of seeing accountability from accountee as accountability is always formulated from the audience which has an absolute right to hold an account. Accountor in this regard is less studied particularly how he can reject the formulated account. He proposes a 'higher principal' which is not necessarily individual or institution (e.g. God, higher institution or his belief). It is the concept where accountor accounts to 'the higher' in which he possibly more bounded rather than his direct principal (accountee). Hall et al. (2015) suggest 'felt accountability' to view individual personal experience. However Dubnick (2011) criticises this perspective as a reduction strategy for 'complexity of accountability'. Meissner's 'limit of accountability' is also used accountor perspective. It adopts Butler's view (2005) that forcing accountor to discharge accountability which either very difficult or unreachable is a violence.

The accountor's view is required for dialectical perspective in regard to problematics of accountability. This view is regarded more proportional and comprehensive approach particularly seeing accountability problem from both sides and prefer 'dialogue' rather than imposing pre-

determined accounts. Kirk & Mouritsen (1996) and Dubnick (2011) suggest 'accountability space'. Dubnick (2011) believes that accountability problem is not an analytic, conceptual, or theoretical problem but a matter of ontology. He suggests understanding social reality from religionist view which sees the world as 'manifestations of the relationships, interactions, and contexts' (Dubnick, 2011, p. 708). Accountability in this sense is an important element that preserves and builds social order within which structure (e.g. organisation) operates. While Kirk and Mouritsen (1996) address it in an ordinary simple way that accountability space refers to 'where there is a dialectical process'.

Roberts (2009) highlights the importance to be intelligent in dealing with accountability. Rather than pre-determined account, he emphasises active inquiry (talking, listening, questioning) even face to face communication which is more authentic and effective. In addition rather than snapshot performance report, communication and extended time not just in the reporting moment are preferable. Responding Roberts' (2009) call to find this concept in practice. In response to that call, Joannides (2012) claims counterability, is expression intelligent accountability in practice. It counters the unreachable accountability and transforms that into practical rather than ideal accountability into day to day activities. McKernan (2012) recommends the other dialectical perspective, testimony and gift in accountability. Testimony is a statement that should be trusted because of adequate no evidence. It requires trusting rather than demanding more evidence. He argues this will open trust relationship. While gift is given (account) voluntarily. It is a response without calculating the yields which are a reflection of virtue, an active responsibility.

This perspective is not without criticism. The concept is apparently akin to Habermas' situation of ideal speech' which is too idealistic (Andon, Baxter and Chua, 2015). They argue the implementation dialogue will be difficult as the situation is depending on contexts like organisational culture, regulation, perception of business and professional secrecy. In addition, socialising form of accountability in which dialectical perspective is relied on, can be source of schism and horizontal conflict (Roberts, 1996). It also can be used as 'a structure for domination and internal surveillance' (Jacobs and Walker, 2004, p.378). However, that does not undermine the benefit of the perspective. In short, dialectical perspectives put emphasis on the importance of dialogue and relationship among agent and principals. It has balanced perspective particularly exploring more from accountee point of view. Given greater stakeholders orientation mainstream, the perspectives imply on the opposite direction (Andon, Baxter and Chua, 2015). Another key point to remember is the perspectives also acknowledge context and limit of accountability. Significantly it provides a more comprehensive approach for problematics of

accountability. In this regard it can be expected that this perspective help to solve ethical violence and paradox of accountability.

Accounting and Accountability in Religious Organisation

A number second stream of researches have religious background context that affluence how accountability formed. Jacobs & Walker (2004) investigated accounting and accountability in Iowa Community, a group Christian community. They found the group was more restricted to individualising form of accountability. Socialising form of accountability was considered more positive and empowering, however it is potentially medium to dominate.

Jayasinghe & Soobaroyen (2009) provided evidence that the accountability was formed in a different way from common rational concept. Religious structural element formed the accountability practice in Buddhist and Hindu temples. Accountability mechanisms are perceived “ceremonial rituals” in which its existence implicitly account to people. People did not focus on the content of account nor interested to scrutiny it but its very existence is accepted as an expression of trust to the accountable person.

Hardy & Ballis (2013) conducted a case study in a church commercial-charity. The study found that the organisation has crafted accountability practice through informal reporting. The findings imply that accountee perspective is important particularly to determine ‘what counts as accountability’. In this sense accountability can be implicit or symbolic.

Yasmin et al. (2013) found religious-based charity in lower and middle rung of Steward’s accountability leaders. They suggest the lack of communicated accountability due to strong trust by donors, informal concentrated internal power, lack of reporting expertise and high cost.

Accounting and Accountability in Cooperative

Westerdahl (2001) studied accounting practice in a rural cooperative using interpretive approach. He concluded that accounting is closely bound with cooperative value and identity which can be conflicted with formal reporting. Real economy and good life of society are more important than accounting. In the situation that conflicting with the business orientation, narratives likely more preferred to discharge accountability, rather than accounting formal reporting. Wasterdahl (2001) highlights that in real life, particularly in the decisive situation, people tend to prioritise operational problem rather accounting. In other words, if accounting cannot be seen as a business problem then it would have been undermined.

Brown & Wing Wong (2012) investigated accounting and accountability in indigenous cooperatives. Traditional and modern types of reporting are used to account to members. They

found that traditional reporting like oral accounts remains important even in the application of formal accounting system.

While VanPeurse, et al., (2016) provides evidence of socialising accountability in cooperative context. They found that face to face communication is prioritised instead of 'regular reporting'. It communication is facilitated by socialising context and relatively free asymmetry of power in relation with farmer-member.

Table 2-8 Second stream of cooperative studies: method and theories

Research by	Sample/subject	Method	Theory	Results
Westerdahl (2001)	Byssbon Community Co-op	Case Study, Ethnomethodology approach	Institutional Theory Structuration Theory	Accounting is closely bound with cooperative social value and identity which can be conflicted with formal reporting
Brown & Wing Wong (2012)	Three indigenous cooperatives	Multiple case studies, Observational, textual and narrative analysis	Indigenous Theory Structuration Theory	traditional reporting like oral accounts remains important even in the application of formal accounting system
VanPeurse et al.	23 cooperative board director in Australia and New Zealand	Case study Interpretive approach	Socialising Accountability; Structuration Theory	Accountability practice through face-to-face negotiation and symmetries of power

2.6 Concluding Remark

Accountability is iconic yet problematic. Apart from its definitions, frameworks and perspectives, accountability remains problematic in practice. Problematics of accountability, the difficulties applying accountability concepts in practice, is seemingly inevitable. Accountability concept and definition inherently cannot cover practical aspect of accountability (Sinclair, 1995; Mulgan, 2000; McKernan, 2012). To understand the problematic and its application in practice there are two streams of studies regarding accountability. First, it focuses on the extending of the account to

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include more demanded information and the second is enriching how to account (Messener, 2009).

The first is mainstream in accounting research. The previous research, including accounting cooperative in Indonesia, shows accounting standard compliance is relied to shape financial accountability. The results for cooperative accounting compliance are arguably conclusive either in international context and Indonesia. The findings show that compliance to accounting standard relatively low (Hyndman & Mckillop 2004; Hyndman et al. 2004; Hicks, et al. 2007). In addition, the results in Indonesia suggest that cooperative relatively does not change the accounting although the standard has been changed and SORP is enacted. SORP is recommended in most studies suggested SORP as a solution 'incomplete and inadequate' financial statement reported. It is expected to guide cooperative presenting information to the member to enhance the quality of the financial statement. The research use qualitative approach might give an alternative explanation for this low accounting standard compliance.

The second stream focus on how account can be made as accounting is not adequate for accountability. The stream implies taking critical position, rather than supporting mainstream for enhancing or greater accountability (Vosselman, 2013). A fit and rational perspective is required to cope with problematics of accountability. Accountability space (Kirk and Mouritsen, 1996; Dubnick, 2011), intelligent accountability (Roberts, 2009), accouterability (Joannides, 2012b), and gift-testimony (McKernan, 2012) have something in common, a dialectical process. Dialectical which refers to the dialogue and interaction, is arguably able to cope with the problem. In other words, 'dialectical' perspectives put emphasis on the importance of dialogue and relationship among agent and principals. They have balanced perspective particularly exploring more from accountant-accountee point of view. In addition, the perspectives acknowledge context and the limit of accountability.

Chapter 3: Theoretical Framework and Research

Problem

This chapter discusses stakeholder theory as a theoretical framework for the study. The framework is expected to provide theoretical ground and to reveal the opportunity for contribution in the theory development. It is used to see the relationship between cooperative and its stakeholders. Identity orientation is employed to advance the theory to see detail of the relation. Identity orientation provides lens to unveil organisational self-motive and how it influences pattern of the relationship. The relationship is a basis to understand how to account, and self-motive open up both the way and what content of account. While the opportunity for research is arisen from the need to have more balanced focus on stakeholder perspective, and the use of stakeholder theory in more comprehensive view that covers both focuses of first and second research stream.

The chapter begins with the discussion of stakeholder theory and accountability that the balanced focus of the theory might provide a better perspective for accountability in section 3.1 . Then, the discussion of stakeholder theory on accountability and accounting studies in section 3.2. How stakeholder theory is applied as a framework to understand accountability practice in accounting studies. In section 3.3 is continued with the discussion of identity orientation as a link to see the influence of identity in stakeholder relation. How identity orientation concept is employed to advance stakeholder theory particularly in understanding the detail of account and how it is accounted in both formal means and social interaction. Section 3.4 is research problem which provides brief discussion as rationale for the proposed purpose and research questions. The last discussion is research problem leads to purpose and research questions in section 3.5.

3.1 Stakeholders theory and accountability

According to Gray et al. (1996) stakeholder perspective is the fittest to view accountability in practice. Stakeholder theory is used to provide the framework of accountability for two reasons: broader perspective of multiple constituencies (Ebrahim, 2003b) and capturing the dynamic of social environment (Gray, et al. 1996). Regarding the first reason, stakeholder theory is not the only theory to view accountability framework (Dhanani and Connolly, 2012). Comparing to other popular theories like principal agent theory (Laughlin, 1990; Broadbent, Dietrich and Laughlin, 1996), and legitimacy theory (Deegan, 2002), it covers wider interplays and competing interest

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among parties. The agent-principal theory mainly focuses on principal-agent relation which needs to include context and underlying structure to picture accountability (Laughlin, 1990). Whilst legitimacy theory does not specifically focus on the group of constituencies. In view of that, stakeholder theory provides broader and complete perspective of accountability in giving and holding account for multiple constituencies (Ebrahim, 2003a).

The broad perspective multiple constituencies of stakeholder theory has been extensively used, both explicitly and implicitly, to explore accountability in not-for-profit organization (NFPO) research (Ebrahim, 2003a; Dhanani and Connolly, 2012; Hyndman and McConville, 2015). As the bottom line is not the primary objective, an NFPO does not necessarily deal with stockholder but mainly with benefactors, beneficiaries and the community. The benefactor requires 'spending of designated moneys for designated purposes' (Najam, 1996, p. 342), and the beneficiary is the subject who is 'served'. It creates multiple accountability, 'upward' accountability to benefactors, and 'downward accountability to beneficiaries. Ebrahim (2003a) points out that stakeholder theory provides integrated perspective on multiple and competing accountability demand.

Regarding the second reason, it reveals the theory potential as a lens to see social context of accountability practice. Stakeholder theory is a system based view which sees the relation not just in one on one basis but the interplays and the dynamic of the organisational social environment (Gray, et al., 1996, p.45). Thus the theory provides lens in seeing accountability practice between an organisation and its stakeholders in a given social context. The social context is considered important as 'the essence of accountability lies in the relationship between the organisation and the society and/or stakeholders group of interest' (Gray et al., 2006, p. 319). The understanding of accountability practice is stemmed from 'the narratives of interactions between management and stakeholders of different salience' (Assad and Goddard, 2010, p. 278). The concept of stakeholder salience facilitates the stakeholder's identification in which is required to answer the core question in understanding accountability practice: to whom accountability is made. The identification is considered the initial step for further engagement with stakeholder (O'Dwyer, 2005).

The social perspective facilitates to see relational aspect of accountability (Ebrahim, 2003b) particularly its socialising form (Hardy and Ballis, 2013; VanPeurse, Old and Locke, 2016). It provides a framework to contextualise accountability (Dhanani and Connolly, 2012). Besides provided framework to understand what to account in wider audience, stakeholder theory might be used to see accountability from the social relation which is less employed in the extant accounting studies.

Apart from its potential to portray social relation, stakeholder theory is criticised for its unbalanced view. A number of authors consider stakeholder theory is too firm centric and normative (Steurer, 2006; Brickson, 2007; Crane and Ruebottom, 2011; Mitchell *et al.*, 2015). The firm-centric view is initially adopted from generic Freeman's 'hub and spoke' model to show the stakeholders relation (Steurer, 2006). Like a wheel, the hub can run faster based on how well the spokes around it. In this regard the firm is the hub that becomes a centre of the wheel. Consequently the relation with other stakeholder is viewed from the firm's vantage point which is become dominant in the stakeholder research tradition including in accountability studies. For instance, the relation with stakeholders is viewed based on the stakeholder identification from the firm perspective (Crane and Ruebottom, 2011). It portrays salience, who has more influence to the firm. This perspective particularises to whom and what should be accounted (Parmar *et al.*, 2010, p. 210).

This unbalanced view might influence how accountability is portrayed in which the theory is predominantly functioned as a theoretical framework in the first stream of research. Stakeholder identification as the mainstream view of stakeholder theory identifies stakeholder based on its salience from the firm perspective (Crane and Ruebottom, 2011). The stakeholder salience becomes a basis to understand the relationship between the firm and its stakeholders (Mitchell, Agle and Wood, 1997; Magness, 2008; Assad and Goddard, 2010; Neville, Bell and Whitwell, 2011). Although consider the stakeholders based on its particular salience but it is a one-way view that might not be suitable to the actual condition of the stakeholders. As results, the research move on studying more demand of accountability in which more complete reporting is considered better. This unbalanced perspective creates unfair position to the accountant. Some author call the situation as 'ethical violation' (Butler, 2005; Messner, 2009), 'illusion of transparency' (Roberts, 2009), or a-counter-ability (Joannides, 2012a; McKernan and McPhail, 2012).

As an alternative to firm-centric view, there is a growing literature which demands to move the firm as hub to stakeholder perspective (Jones, 1995; Steurer, 2006; Brickson, 2007; Berman and Johnson-Cramer, 2017). The firm is always the main actor thus it needs to give more focus on stakeholder view for two-ways perspectives. Instead of purely normative, descriptive approach can unveil the two ways relation between the firm and its stakeholders (Steurer, 2006; Brickson, 2007; Berman and Johnson-Cramer, 2017). Accordingly, a balanced view of stakeholder relation can improve the understanding accountability in practice particularly through more focus in stakeholder dialogues. Thus it requires two-ways stakeholder relationship. A number of authors

point out this for accountability (Roberts, 2009; Brown and Dillard, 2015; VanPeurse, Old and Locke, 2016).

3.2 Stakeholders theory in accounting studies

As previously discussed, there are two accountability streams of research in accounting studies (Messner, 2009; Andon, Baxter and Chua, 2015). The first stream supports enhancing accountability through expanding wider users and accounting information in financial statement. The research in Indonesia predominantly are conducted in this stream as Indonesia has specific accounting standard for cooperative. Almost all research in cooperative accounting focus on the application of cooperative accounting standard and the change after IFRS adopted (Djumiko, Wiratno and Pinasti, 2013; Minarni and Sisdiyantoro, 2014). Meanwhile the second stream promotes social interaction as accounting is inherently limited to shape accountability (Roberts and Scapens, 1985; Roberts, 1991; Andon, Baxter and Chua, 2015; VanPeurse, Old and Locke, 2016).

Regarding theoretical framework, stakeholder theory is mostly employed in the first stream of research. However, in Indonesia, the theory is not explicitly present in academic publication. In the exception, Sutarto, Isnalita and Habiburrochman (2007) and Narsa and Isnalita (2014), both of them employ agency theory. The focus uniformity and the absence of theoretical lens might be an indication of narrowness of accounting research as a result of hegemonic mainstream paradigm (Lukka, 2010). Besides, agency theory although it is a part of mainstream paradigm but it does not particularly fit for seeing accountability practice as it focuses on principal-agent relation excluding context and underlying social structure to picture accountability (Laughlin, 1990).

The first stream assumes that the current financial statement, under decision usefulness objective, is only accommodating particular stakeholders as it aims only the primary users: creditor and investor. According to Young (2006) in this situation the standard body focused on particular users and constructed financial statements based on perceived needs of the particular users. In other words, the main assumption for current financial statement is rational economic decision-maker particularly in investment and financing (Young, 2006). As the financial statements are dedicated only to primary users it neglects other potential users (Pelger, 2016; Mitchell et al., 2015). Other users are ignored because do not have political force to make their needed information is presented in the financial reports (Andon et. Al, 2015). Besides, the decision usefulness is formed by the standard body. The usefulness is predetermined based on 'hypothetical rational user' (Young, 2006, p. 596). Stakeholder theory contributed to the inclusion of stewardship or management accountability in the frame of decision usefulness of IFRS

conceptual framework (Cordery and Sinclair, 2016). Although the inclusion is still subsuming in the frame of decision usefulness (Lennard, 2007). Thus according to a number of authors the current financial statement still inherently lacks of accountability (Young, 2006; Williams and Ravenscroft, 2015; Pelger, 2016).

Regarding inherent limitation of the financial statement construction, it has encouraged the growing studies of accounting for stakeholder (Mitchell et al., 2015). To enhance accountability, the information needs of wider potential stakeholders should be accommodated. In this regard stakeholder theory facilitates accommodating stakeholder needs to construct accounting and financial statement. It expands the horizon what information and how accounting should be presented through (Messner, 2009). The theory inclines being employed as a normative approach. As a result new form of reporting is constructed through 'change and reform' the existing practice for better information quality to stakeholders (Andon et al., 2015, p.994). The 'change and reform' has been conducting in not-for-profit organisation (Connolly and Hyndman, 2013; Connolly, Dhanani and Hyndman, 2013; Connolly, Hyndman and McConville, 2013), social environmental (Capron and Gray, 2000; Gray, Bebbington and Collison, 2006; O'Dwyer and Unerman, 2008; Unerman, 2008; Gray, 2013), and accounting for stakeholders (Hall, Millo and Barman, 2015; Harrison and van der Laan Smith, 2015; Mitchell et al., 2015).

The second stream assumes accounting is inherently limited and imperfect which is not necessarily problematic (Andon et al., 2015, p.994). There is particular audience that already know the limitation and fabricated the information they need based on the imperfect information (Jordan and Messner, 2012; Andon et al., 2015). Ahrens (1996) emphasises that number cannot speak themselves, it needs interpretation to be in the process of accountability. In order to make it useful it needs to be mobilised through social relations like meeting and face to face interaction. The social engagement facilitates the financial statement situated usefulness. This stream of studies inclines seeing accountability is relational, it is embedded in social interaction. To see the social interaction and its context, structuration theory is mostly used (Roberts, 1991, 2014; Westerdahl, 2001). In particular, when theory is employed as a lens to see socialising form of accountability (Roberts and Scapens, 1985; Roberts, 1991; VanPeurse, Old and Locke, 2016).

Both research streams move to different direction and focuses. The first stream focus on 'what should be accounted' as it assumes that financial reporting is a primary mean of accountability. Thus it inclines to be normative approach which is less practical to be applied. While the second stream is a response of the unbalanced perspective and less practicality in the first

stream (Roberts, 2009; Joannides, 2012a). It assumes that financial reporting is not the only mean of accountability as it is inherently limited in discharging accountability.

According to (Hyndman *et al.*, 2004) to understand accountability in practice at least two questions involved: what to account and how to account. The first stream of research focus on 'what should be accounted' which neglect 'how to account' as financial reporting is consider the only way to account. On the other hand, the second stream focus on 'how to account' which does not cover the detail of information accounted. The separation of these two questions create partial understanding of accountability practice. For instance, the first stream neglects other ways to account except financial reporting, in fact the financial statement might be inadequate to discharge account for particular social context. On the contrary, the second stream cannot fully understand the detail of what to be accounted, particularly if it uses social theory which mainly focus on social interaction. In this regard, a comprehensive view to see the link what and how to account is central to enhance understanding of accountability in practice.

As previously mentioned, stakeholder theory has potential to be expanded to view the social context of accountability (Gray, et al., 1996, p.45). It is apparently common that stakeholder theory is employed in the first stream, and social theory i.e. structuration theory is used in second stream. It seems that stakeholder theory only considered to see 'what should be accounted' and social context only can be seen using social theory. As a result, the difference of the theories leads to dissimilar lens in understanding accountability. If stakeholder theory is expanded to see the social context of accountability, it results more comprehensive view of accountability. The main questions 'what should be accounted' and 'how to account are' seen comprehensively with one cohesive theoretical lens.

3.3 Stakeholders theory, Identity Orientation and Accountability Practice

As previously discussed there are two problems of applying stakeholder theory on accounting and accountability studies. First, the unbalanced perspective which inclines to be firm centric and normative approach (Steurer, 2006; Brickson, 2007; Crane and Ruebottom, 2011; Mitchell *et al.*, 2015). And second, instead of exploring the potential of stakeholder theory, it is considered that the theory cannot be employed to see social context of accountability. As a result, stakeholder theory is not considered as the main theoretical framework in the second stream of research. To obtain better understanding of accounting and accountability practice, advancement of stakeholder theory application is needed.

Brickson (2007) advances the stakeholder theory by employing identity orientation. She claims at least two contributions to the theory: more level of analysis on stakeholder relation, and bridging the theory taxonomies debate. In her first contribution, she promotes more analysis rather than rely on the mainstream view of stakeholder identification. The extant research has tended to focus on stakeholders' identification but less attention to the organisational identity which is also an essential part in stakeholders relation (Hall, et al., 2015). Stakeholder identification aims to answer the question who is the entity's stakeholders, in this regards stakeholder relation is formed based on the answer to who and what position is stakeholder. However, (O'Dwyer, 2005) suggests that the identification is the beginning to understand stakeholder relation. While organisation identity aims to answer how an organisation sees itself through its members and how this 'collective self-conception' relates to stakeholder relation. It provides a motive and pattern on how stakeholder relationship is built. In this sense, it might provide proper perspective in seeing stakeholder relation.

Brickson (2005, 2007) provides evidence of organisation identity role in the relation between organisation and its stakeholders. She used identity orientation, a self-concept that reflects the nature of relation between organisation and stakeholders as a proxy of organisation identity. Instead predominantly focus on stakeholder's identification, identity orientation facilitates 'multi-level of analysis' in understanding stakeholder relationship by providing detail organisational self-view and motives which influence the pattern of organisational action and interaction with the stakeholders.

According to Scott and Lane (2000, p.44) identity constructs and being constructed from 'iterative interactions between managers and stakeholders'. It implies that identity influence the stakeholder relation and the relation is forming the identity. Brickson (2007) suggests that without knowing its identity it is impossible for an organisation to make a proper relation with others:

Without a conception of who they are, it is impossible for entities to coherently act toward others and for others to know how to interact with them (Brickson, 2007, p.866)

At an individual level, someone naturally sees herself/himself, as human is narcissist being, which is reflected in the relation with others. Lacan in Roberts (2009) highlights 'mirror stage' in early human development. Comparing to other animal that tends to assume its mirror image as its enemy, human baby (6-18 month) tends to be thrilled with his mirror image. In such early age that language and time conception have not been understood yet showing that naturally human

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is narcissist. The mirror image yields up the self-recognition which is developed in social interaction.

The social dynamic of recognition is therefore one in which I am constantly seeking to make myself into the object of the other's desire [...] Again we can say that the look of the other has the power to capture; it is a constant lure (Roberts, 2009, p.960).

In this regard, identity is pre-required in making relation with others, it gives conception how to interact with others (Brickson, 2005). A man interacts with the world based on his self-image conception. Considering that organisation's anthropomorphic identity, Brickson (2005) highlights the importance of organisation identity in building stakeholder relation and how the relation reflecting the identity. Brickson (2007) suggests psychological contract to understand the relationship between a cooperative and its internal stakeholders. Psychological contract is about individual beliefs regarding the mutual obligations between employees and their employer (Rousseau, 1989; Robinson, et. al, 1994). The belief about the mutual obligation influence how the relation between employee and employer is built. Identity orientation is about such kind of belief. Thus classification of identity orientation into individualistic, relational, and collectivistic are from the concept of psychological contract (Brickson, 2005). Furthermore, Brickson (2005, p.602) extends the application of psychological contract 'from employment relationship to that between organisations and their external stakeholders'.

There are three types of orientation: individual, relational, and collectivistic (Brickson, 2005). Individual orientation views distinct character and self-interest traits like competitive determination and profit target. Relational orientation views organisational needs to have a dyadic connection with particular stakeholder. The organisation focuses on enhancing the well-being of its partner. For instance, fulfilling customer needs and giving a good service. Collective identity orientation views organisation's altruistic trait on maximising the welfare of the community like building public facilities and protecting the environment.

The identity orientation is not mutually exclusive, but at least one can be dominant. Brickson (2005) acknowledged hybrid identity in addition to pure identity orientation. This means that in practice, an organisation might have more than one dominant orientation. For instance, a cooperative has collectivistic orientation in nature as it is formed 'to benefit particular collective' like members, worker, customer, and societies (Brickson, 2005, p. 585). However, some cooperatives apart from its collectivistic nature also has dominant individualistic orientation, shown from their business objectives. In this regard, this organisation has inherently at two dominant orientations.

Table 3-1 Identity orientation and its related aspects (Brickson, 2007, p.867)

Organizational Identity Orientation	Locus of Organizational Self-Definition	Salient Organizational Traits and Characteristics Among Members	Basis for Motivation Vis-à-Vis Stakeholders	Self-Evaluation Frame of Reference
Individualistic	Individual organization	Those distinguishing the organization from other entities	Organizational self-interest	Interorganizational comparison
Relational	Interentity	Those connecting the organization dyadically to particular others	Particular other's benefit	Comparison to role standard
Collectivistic	Collective (group of organizations, community)	Those connecting the organization to a larger, more impersonal group	Greater collective's welfare	Intergroup comparison, ingroup contribution

Organisational identity orientation shows related aspect in each particular orientation. The orientation informs locus of self-definition, basis for motivation and self-evaluation frame of reference as shown in Table 3-1.

Table 3-2 The influence of organisational identity on stakeholder relationship (Brickson, 2007, p.871).

Organizational Identity Orientation	Relationships with External Stakeholders	Relationships with Internal Stakeholders
Individualistic	<ul style="list-style-type: none"> Relationships based on instrumentality Relationships characterized by weak ties Relationships with customers managed through service encounters Relationships with nonprofits managed through decoupled ties 	<ul style="list-style-type: none"> Relationships with employees managed through transactional psychological contract calculative HR practices individualized socialization
Relational	<ul style="list-style-type: none"> Relationships based on dyadic concern and trust Relationships characterized by strong dyadic ties Relationships with customers managed through service relationships Relationships with nonprofits managed through dyadic partnerships 	<ul style="list-style-type: none"> Relationships with employees managed through relational psychological contract relational HR practices interpersonal socialization
Collectivistic	<ul style="list-style-type: none"> Relationships based on a common collective agenda Relationships characterized by cliquish ties Relationships with customers managed through service alliances Relationships with nonprofits managed through coalition-based ties 	<ul style="list-style-type: none"> Relationships with employees managed through ideological psychological contract collective HR practices collective socialization

Brickson (2007) also highlights that each orientation influences the basis of stakeholder relationship as exhibited in Table 3-2. Individualistic orientation tends to use instrumental basis like incentive or performance, relational uses dyadic concern and trust like customer loyalty, and collective identity orientation uses common agenda. Among the three orientations, individualistic orientation operates in weak ties of relationship. The ties of relationship can be grasped from its

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occurrence of contact, emotional bonds and intimacy (Brickson, 2007). This weak ties minimise the switching cost which is preferable as achieving organisational efficiency is more important rather than deep relationship.

The second contribution on theory is bridging the separation of stakeholder theory typology debate. It has been widely known at three parts of stakeholder theory: descriptive, normative, and instrumental (Donaldson and Preston, 1995; Freeman, 1999). The descriptive stakeholder theory views how stakeholder concept is practiced, it is also known for its empirical approach. The normative stakeholder theory views that the concept and practice are sourced from moral obligation. Instrumental stakeholder theory views stakeholder as a mean (instrumental) to achieve a certain result (performance). Each approach has its own evidence, notion, and implication that highly contrasted among them (Donaldson and Preston, 1995).

Inadequate recognition of what theory and inquiry method used result disarrayed study (Freeman *et al.*, 2010, p. 212). Donaldson and Preston (1995) suggest that normative stakeholder theory should be the main concept or the foundation of the theory as it has a strong base of philosophical concept. In this regard descriptive and instrumental stakeholder theory becomes secondary. Mitchell *et al.* (1997) argue that the descriptive theory should be prioritised as a theory needs a basis for empirical explanation. Berman *et al.* (1999) suggest that instrumental realm results in better financial performance. Among argument of each realm becoming a foundation in stakeholder theory, Jones and Wicks (1999) suggest that converging the theory provides useful perspective rather than comparing and contrasting. They proposed a convergent theory of stakeholder that both cover instrumental and normative realm. Freeman (1999) acknowledges the contrast among the parts of stakeholder theory but rejecting the sharp dissimilarity. He also rejects the idea of convergent theory as all the three realms have embedded other element. However, later he changes his stand on the 'convergent' stakeholder theory. Freeman *et al.* (2010) point out that stakeholder theory is like 'wiki' that collectively developed through various theoretical and empirical contributions. Regarding the foundation for stakeholder theory, they stand on a pragmatic approach which supports the divergent views but aim to enable business cooperation and build more value through organisation's activities. The focus of theorising needs to be about how to tell better stories that enable people to cooperate and create more value through their activities at the corporation. Creating compelling stories involves all three elements of stakeholder theory, (Freeman *et al.*, 2010, p. 213)

Brickson (2007) suggests the identity orientation inclines in more descriptive realm of stakeholder theory. However, in the debate of stakeholder theory typology, she provides evidence of non-financial motives which can narrow the gap between instrumental and normative strands. She shows that an organisation can be both instrumental and normative at once. An organisation with

individualistic orientation which is apt to be more instrumental in nature, it still can produce non-economic outcome and creating social values. For example, an individualistic-oriented organisation can generate income through 'cause-related' marketing, lower its margin to serves common needs or creating a non-profit organisation. The creation of these social values can be considered as moral obligation fulfilment. Accordingly, it provides a more balanced view which can narrow the gap among descriptive and normative strand of stakeholder theory.

Regarding Brickson's two theoretical contribution using identity orientation, both are useful in understanding accountability practice. The first contribution in multilevel analysis of stakeholder relation can facilitate to understand accountability in more comprehensive perspective. A comprehensive view is an advancement as it facilitates stakeholder theory to see social relation. It shows motive and pattern of relation in which accountability is made. The relation includes both formal and informal interaction. For example, relational orientation suggests dyadic concern and trust as a basis of social relation. The orientation also provide motive what to be accounted. For example, individualistic orientation suggests that relationship is built based on instrumentality. In this sense, instrumentality become the main account that should be discharged. Both examples show that identity orientation might facilitate for simultaneously seeing both accounts in financial statement and other means to account like social interaction. Thus identity orientation provides comprehensive view on 'what to be accounted' and 'how to be accounted'.

Meanwhile the second theoretical contribution using identity orientation is useful for the application of the theory in accountability study in which the first stream research can be more descriptive instead of purely normative. For instance, in the first stream of research tend to be normative in term of expanding information for wider stakeholders. However, the application in cooperative is almost conclusive that the information presents and disclose to members are low (Hyndman and Mckillop, 2004; Hyndman *et al.*, 2004; Hicks, Maddocks, A. Robb, *et al.*, 2007; Djumiko, Wiratno and Pinasti, 2013). It can unveil the organisational self-motivation to account which provides more insights why (not) the information is (not) accounted.

3.4 Research Problem

This study aims to understand accounting and accountability practice in Indonesian cooperatives. There two issues from the extant literatures in understanding accounting and accountability practice. First, unbalanced view from the mainstream research in seeing accountability. And

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second, each stream of research has its own focus and theoretical lens which lead to partial understanding of accounting and accountability practice.

Prior studies on the role of accounting for accountability can be categorised into two streams of research (Messner, 2009; Andon, Baxter and Chua, 2015). First, the stream that focuses on the extending of the account to include more demanded information and second is the stream that discovers more ways in discharging the account. The first focus on 'what should be account' in which accountability is enhanced by expanding reporting information (Gray, Owen and Adams, 1996; Gray, Bebbington and Collison, 2006), while the second stream focus on 'how to account' by enriching the way account discharged and mobilising accounting information to shape accountability (Roberts and Scapens, 1985; Bracci and Llewellyn, 2012; Andon, et al., 2015).

However, those two stream cannot comprehensively understand accountability practice, as both streams have their own focus and different theoretical framework. The first stream is mostly used stakeholder theory which provides framework on more detail what should be accounted. This more likely normative approach, which for some authors consider not practical (Steurer, 2006; Brickson, 2007). Besides, the assumption that financial statement is the primary mean of accountability without seeing from user perspective can provides unbalanced view of accountability practice (Roberts, 1991, 2009; Joannides, 2012a). It inclines becoming like 'standard overload' situation, which in practice the 'ideal' account is desirable but being avoided to apply. The accountors conducts counter action for the ideal account (Joannides, 2012a; McKernan and McPhail, 2012). The indication of this situation can be seen from the results are almost conclusive in cooperative accounting studies that accounting standard compliance and cooperative-content information are low (Hyndman & Mckillop 2004; Hyndman et al. 2004; Hicks, et al. 2007; Djumiko, Wiratno and Pinasti, 2013; Luh *et al.*, 2014; Narsa and Isnalita, 2014; Warno and Setiyani, 2014).

On the other hands, the second stream of research assumes that financial statement has inherent limitation to account (Bracci and Llewellyn, 2012; Andon, Baxter and Chua, 2015). Regarding its limitation, the financial statement needs to be mobilised through social interaction (Kirk and Mouritsen, 1996). In this regard, financial statement is not the only primary medium of accountability, instead social interaction provides plentiful ways to account. The second stream mostly used structuration theory which provide theoretical framework particularly on the social interaction context. As the second stream mainly focuses on 'how to account' particularly in the social interaction context, it pays less attention on detail what to be accounted. Although in the informal and social form, the interaction must contain specific account (Boland and Schultze, 1996). The social interaction should contain account even in a daily conversation. Without 'content' a conversation is merely a talk not an account. In this sense, it remains less insight on which part of financial statement that can be mobilised through social interaction. Accordingly,

the type of specific account which conveys through social interaction remains under research in this stream.

As each stream has its own focus and theoretical framework, they become 'separated' which leads to partial understanding of accountability practice. The first stream inclines to neglect social interaction in accountability as it assumes financial statement as the main accountability medium. However the results that low accounting standard and cooperative information content might indicate the needs of financial statement to be socially mobilised. While, the second stream predominantly focus on social interaction but neglect the detail of account. If both focuses in each stream are simultaneously connected, 'what to account' (first stream) and 'how to account' (second stream), it might be useful for coping with problematic of accountability.

Besides both focuses, the need of theoretical framework that can be employed across the both streams to provide a comprehensive view of accountability practice should be considered. According to a number of authors the stakeholder theory potentially facilitates in seeing relational aspect and social context of accountability (Gray, et al., 1996, p.45; Crane and Ruebottom, 2011). Apart from its potential in seeing social context, firm centric view (Steurer, 2006) and normative approach (Berman and Johnson-Cramer, 2017) have been predominantly used in the application of the theory in the research. Stakeholders identification is a way to change the view from the firm centric to stakeholder perspective (Steurer, 2006), but it remains under the normative approach. According to Berman and Johnson-Cramer (2017) stakeholder theory is normally normative but to improve its application it needs more descriptive approach. Thus instead of stakeholder identification, identity orientation is employed to advance stakeholder theory as a framework to comprehensively view accountability practice. It provides multi-level analysis on stakeholder relation, in particular it look at the link of identity and motive of relation. In addition, identity orientation can expose the relationship pattern both in formal and through social interaction

To obtain evidence how identity has a role in accountability, some cases from Indonesian cooperatives are studied. Cooperative has distinct organisational identity which are sourced from the application of cooperative principles and its global cooperative movement. The core of the principles are the three first ones: open membership, member democratic control and member economic participation (Dunn *et al.*, 2002; Dunn, 2004; Zeuli and Cropp, 2004; Birchall, 2005; Oczkowski, Krivokapic-Skoko and Plummer, 2013). In this regard member is considered as a key stakeholder and primary user of financial statement (Hyndman et al. 2004; Hyndman & Mckillop 2004; Hicks, et al. 2007; Gijssels 2009). It creates specific accountability demand. In practice for

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instance, cooperatives face trilemma from market, state and community which lead to the abandonment of member as a key stakeholder (Gijssels & Develtere 2008; Zhao & Gijssels 2011).

Meanwhile Indonesia is chosen as it has a particular context regarding cooperative accounting and accountability practice. First is the pseudo cooperative problems. The cooperative was expected to be main national economy systems (Indonesia, Cooperative Act, 1992). However, based on data released by the ministry of cooperative and SME, Indonesia presumably has a significant composition of pseudo-cooperatives. It refers to the cooperative which in practice it is not doing business and not applying cooperative principles. Second, there have been some changes at the national level such as annulment of the cooperative act, and changes in the cooperative accounting standards which may have influenced accounting and accountability practice.

As formerly discussed, the empirical results for cooperative reporting practices are arguably conclusive either in an international context (Hyndman & Mckillop 2004; Hyndman et al. 2004; Hicks, et al. 2007) or Indonesia that most cooperative relatively have low accounting standard compliance (Djumiko, Wiratno and Pinasti, 2013; Luh *et al.*, 2014; Narsa and Isnalita, 2014; Warno and Setiyani, 2014). Hyndman et al. (2004) and Hyndman & Mckillop (2004) used interviews to obtain an adequate explanation for the relatively low accounting standard compliance. They concluded that management understated the audience of financial statement that they either only have limited ability or less interested in the financial statement. Meanwhile, Handayani and Isnalita (2014) and (Kusuma et al. 2013) suggest cooperative personnel have relatively low knowledge that leads the low compliance of accounting standard. Intuitively, the country background might result different arguments. It remains not little known how accounting is practiced in cooperative and how it can be resistant to the accounting reporting standard change. Hence, it is important to investigate how accounting is practiced and how it contributes to the

Based on the previous research and given context in Indonesia, there are some points that would direct to research problem for this study. First, the connectedness issue the two streams of accountability research in accounting studies (Messner, 2009; Andon, et al., 2015) and advancement of stakeholder theory to comprehensively view accountability practice. Secondly, the specific characteristics and identity of cooperative which influence accountability practice. Third, it is relatively conclusive results for accounting standard compliance motivated to see from different social perspective. Hyndman et al. (2004) and Hyndman & Mckillop (2004) did not prepare in-depth study to answer why accounting standard compliance relatively low hence might other alternative answer fittest to the given situation. The problem might be not just merely accounting techniques but accounting as a social construct. As Ahrens (1996) suggests accounting

is not merely about numbers. It needs to be presented hence organisational member considers that those numbers are reasonable. Reasonableness is a reason to conduct. It is about the role of accounting in the organisation context.

Fourth, the previous studies limit the scope of financial accountability only as financial reporting. The previous empirical studies show that the reporting practice did not present cooperative specific information which is needed to discharge accountability. In this regard, a better understanding of accountability could be obtained if accounting extended not just a financial statement but as a control system. In particular, by studying accounting practice the focus is not limited on reporting but the whole accounting process and its functionalities. Consequently, the study also covers the central components of accounting control function are budgeting, reward systems and performance evaluation (Modell 1996; Soobaroyen & Sannassee 2007). All of the components are arguably have a field and base of accountability (Stewart 1984), which is expected can give insight about democratic control and cooperative movement in general.

3.5 Purpose and Research Questions of the Study

The purpose of this study is to investigate how accountability is embodied and the role of accounting in discharging accountability in a cooperative context. Regarding the purpose of the study, two general questions have been raised in Chapter 1. More detail research questions are developed from the two general questions to which they are operationalised under chosen research method.

1. How is accountability embodied in the cooperative sector?
 - a. What understanding do respondents have of identity and cooperative movement, particularly after the annulment of the Indonesian cooperative act of 2012?
 - b. How do respondents view the accountability practice in the Indonesian cooperative movement?
 - c. What understanding do respondents have of accountability demand and how they respond it?
 - d. How accountability is negotiated and communicated among actors in the cooperative and its movement?
2. How do accounting practices operate and embody accountability in the cooperative movement?
 - a. What understanding do respondents have of the role accounting to shape accountability in the cooperative movement?

- b. How do respondents view the changes of accounting regulation, from IFRS-based accounting standard to the changing SORP? What significance do respondents place on the changes into accounting practice?
- c. How the two accountability research streams, extending account and enriching the way to account, are applied in accounting practice?

3.6 Concluding Remark

This chapter discusses stakeholder theory as a theoretical framework for this study. Stakeholder theory is chosen as the framework of accountability for two reasons: broader perspective of multiple constituencies (Ebrahim, 2003b) and capturing the dynamic of social environment (Gray, Owen and Adams, 1996). Apart from these reasons, the application of stakeholder theory is criticised for excessively firm centric and normative (Steurer, 2006; Brickson, 2007) which leads to unbalanced perspective in seeing accountability practice.

On the subject of accounting role in accountability, there are two streams of studies which have their own focus and theoretical framework. First, the stream that focuses on the extending of the account to include more demanded information and second is the stream that discovers more ways in discharging the account. Each camp is likely separated which leads to partial understanding of accountability practice. A comprehensive view is needed to cover the focus of each streams. In doing so, stakeholder theoretical lens is extended to see social context of accountability. In this regard, identity orientation is employed to advance stakeholder theory.

Identity is pre-required in the relation with stakeholder. The self-concept guides in seeing and making relation with others. Brickson (2005, 2007) highlights the importance of identity on stakeholder relationship. It facilitates understanding of interplay and relation with organisation's stakeholders. Individualistic have a tendency to use instrumental basis like incentive or performance, relational uses dyadic concern and trust like customer loyalty, and collective identity orientation uses common agenda. Understanding the firm identity that has influence the relation with stakeholders move the focus to be more balanced and comprehensive view in the stakeholder theory literature.

Chapter 4: Research Methodology

4.1 Introduction

This chapter discusses research methodology that is used in the study. The research methodology determines how this research can attain its objectives. It covers philosophical foundation such as what to be believed as truth, and how knowledge can be acquired. In addition, research methodology provides a framework to establish research strategy.

This chapter is structured as follow: the discussion about research paradigm and methodology in accounting studies in subchapter 4.2. The choice and methodological approach for this study are discussed in sub chapter 4.3 and 4.4. Then the rest of subchapters give details about research method, and research strategy which are employed in this study.

4.2 Research Methodology and Paradigm in Accounting Studies

Research methodology contains ‘ontological and epistemological dimensions’ (Ryan, Scapens and Theobald, 2002, p. 36) which determine the methodological choice to achieve research objective (Burrell & Morgan 1979). Ontology is the belief of the nature of reality in which forming the researcher’s world view (Willis, 2007). Meanwhile epistemology has to do with how to know and understand reality as knowledge and how to transfer that knowledge to other human being (Burrell and Morgan, 1979). Methodology, therefore, is general approach” how should or does proceed ”research within its ontological and epistemological dimension (Ahrens and Chapman, 2006; Olalere, 2011; Silverman, 2014). However, those two philosophical dimensions mostly remain ‘hidden’ in research (Creswell, 2013). Identifying the philosophical dimension explains why a researcher choose a research approach whether it is qualitative, quantitative or mixed methods. Creswell (2013) calls the philosophical dimensions as ‘worldview’ or paradigm while others call ‘methodology’ in the broad sense.

Some authors have a preference to use the term ‘paradigm’ rather than methodology, as it is considered more comprehensive and prescriptive. For example Lowe and Locke (2005) point out paradigm is not just merely ontology and epistemology dimension, but also contains broad theoretical and sometimes methodology. Burrell & Morgan (1979) suggest that paradigm consists of philosophical assumptions: ontology, epistemology, human nature assumption and methodology. Paradigm also gives more prescriptive approaches in doing research as (Malmi, 2010, p. 1) defines:

“..a set of assumptions, concepts, values, and practices that constitute ways of viewing reality, paradigms provide focus, orchestrate effort and assist the research community to accumulate knowledge about the issues of interest.”

According to Burrell & Morgan (1979, p.23) the paradigm is intended to be ‘frame of reference, mode of theorising and modus operandi’ for researchers. In other words, it creates a certain path for researcher to conduct ‘approved scientific method’ by the research community.

In the social science, Burrell & Morgan (1979) propose four social science paradigms that are formulated based on two dimensions, subjective-objective dimension, and social change dimension. Burrell & Morgan’s paradigms are widely recognised including in accounting studies. Laughlin (1995) mentions Burrell & Morgan’s work inspires paradigm-related classification works in accounting. Burrell & Morgan’s work contributes largely to classify the wide-ranging streams of social science approach to empirical research (Laughlin, 1995). It supports alternative paradigm from the hegemony of the mainstream paradigm, and increasing awareness the relationship between social theory and organisation (Willmott, 1993). Further, according to Willmott (1993) it has also a major influence in management and accounting research, particularly in opening up alternative methodologies and the new direction of research.

Although Burrell & Morgan’s paradigms are widely recognised but some authors reject of its complete applicability in accounting research (Hopper and Powell, 1985; Laughlin, 1995). Accounting and sociology are not identical, hence, it needs modification of the framework to be applicable in accounting research (Chua, 1986a; Ahrens, 2008). According to Chua (1986) the paradigm mutually exclusive taxonomy is problematic, for instance Burrell Morgan’s assumption of human nature, in reality, human cannot completely voluntarism or pure deterministic. A number of authors reject the strict dichotomy particularly for interpretative paradigm (Chua, 1986a; Boland, 1989; Baxter, Boedker and Chua, 2008; M. L. Kakkuri-Knuuttila, Lukka and Kuorikoski, 2008; Lukka, 2010). Alternatively, it should be seen as a continuum rather than a dichotomy (Boland, 1989).

Chua (1986) modifies Burrell & Morgan’s paradigms to be applied in accounting studies. She argues apart from the framework has problem with dichotomies as mentioned above, Burrell Morgan has misread Kuhn to support irrational paradigm choice, and a weak reasoning for differentiating radical humanist and radical structuralist. Therefore, in her taxonomy, she uses dimension which is considered fit to accounting that is underlying assumption about knowledge, belief about empirical phenomena studied and belief about the relationship between theory and practice (Chua, 1986a, p. 603). Based on modified Burrell and Morgan paradigm, her taxonomy are similar to (Hopper and Powell, 1985) that there are three research paradigms in accounting:

4.2.1 Functionalist (Positive) accounting research

The ruling paradigm in accounting is functionalist which is rooted from positivism tradition (Chua 1986; Ryan et al. 2002; Lowe & Locke 2005; Merchant 2010; Olalere 2011). The functionalist paradigm, some call positivist or mainstream (Chua 1986), logical or neo-positivist (Willis 2007) has a pervasive influence in accounting research. Functionalism starts its dominant influence in accounting research after the publication of Watts and Zimmerman's positive accounting theory in 1978 (Christenson, 1983; Watts and Zimmerman, 1990; Hopwood, 2007). The publication started a turning point from normative accounting research domination in the seventies. According to Beattie (2002) neoclassical economic particularly agency theory has an important influence in the development of positive accounting theory. Agency theory then becomes a taken-for-granted theory that not just in positivism tradition but also combines with instrumentalism framework. Instrumentalism is rooted from Comtean, Comte's philosophical proponent, who believes that theory as only instrument of prediction, it does not have explanation power (Laughlin, 1995). Hence, for example, agency theory is not subject to empirical test, but its prediction subject of empirical test.

In this mainstream paradigm, empirical reality is objective, and researcher is value free to research object. As mentioned above the paradigm has (neo) positivist tradition that considers social science same like natural science. Quantitative methodologic with the archival method is favourable as a basis for generalisation. The positivist research tradition has a strict rule of hypotico-deductism which hypothesis is generated base on certain steps and stems from a recognised theory. However, theory and observation are independent each other hence falsification is used because the hypothesis is fallible but not the theory. It is related to instrumentalism framework where theory is not subject to empirical test but hypothesis which contains of prediction derived from theory is subject of empirical test.

In the relationship between theory and practice, accounting is considered as a mean of decision making (Chua, 1986). Therefore, the accountant role is neutral since he cannot instruct decision maker to make a particular decision. And as a business mean, accounting is neutral and value-free for given any goal and organisational structure.

4.2.2 Critical accounting research

The paradigm originally starts from George Hegel who interpreted Kant's work. Critique tradition emerged from the interpretation of the material world and emphasising ideal that should be aimed (Laughlin, 1995). In addition, according to Laughlin (1995) using the framework from Hegel, Carl Marx led left Hegelian theorising that ideal state and better society still to be discovered or

created. In accounting, the early work using critical paradigm is Cooper in 1981 and Thinker et.al in 1983 (as cited in Hopper & Powell 1985).

Critical paradigm believes the objective reality but it is transformed and reproduced through subjective interpretation. Human interpretation is accepted but it needs to be critically analysed since human potential is suppressed by macro ideology. While social conflict is endemic because of false ideology and social injustice.

Critical paradigm totally rejects the position that accounting is a mean which has to be neutral. Researcher should evaluate the end where capitalistic ideology leads to social injustice. Theory has a critical imperative to the practice. It helps to identify and remove the false ideological practice.

4.2.3 Interpretive accounting research

The early advocacy for interpretive methodologies which considered better suited for behavioural accounting research comparing with functionalist is from the work from Colville in 1981 then following the famous Tomkins and Groves ' work in 1983 (Chua, 1986a). The philosophical foundation of the paradigm can be traced from the work of Emanuel Kant which human do not experience directly the world but interpret its sensation. In social theory context, interpretive paradigm exists as a response to the excessive scientific method from functionalist in social science (Willis, 2007). In accounting, as opposite with positivist that consider accounting information is neutral, it searches the meaning of accounting information and what the role they actually undertake.

Reality according to this paradigm is socially constructed through human interaction. The continuous process of social interaction generates meaning become intersubjective which is adequate as an empirical fact. This is the reason why knowledge can be obtained from subjective experience. However, it still needs logical consistency, researcher interpretation, and agreement with research subject's common sense interpretation to obtain valid research knowledge (Chua, 1986).

Regarding the relationship between theory and practice, accounting theory seeks to explain action through understanding the meaning of the action that captured from intersubjective interaction and subjective interpretation. In this position, the interpretive paradigm is not intended to control social phenomena, this is the reason interpretive methodologies do not have a technical method for that intervention. And as the interest is social interaction and meaning, hence the accounting theory is closely related to social theory.

4.3 Justifying the choice of research paradigm

This study seeks to understand the accounting and accountability in practice. The chosen paradigm provides 'modus operandi' in conducting and to achieve this research objective. Interpretive is chosen for this study among the three paradigms in accounting studies. Comparing to two other paradigms, interpretive is best suited to achieve the research objective. The meaning and the role of accounting in discharging accountability will be out of positive paradigm boundary since it assumes that accounting is neutral and only a mean of decision making. While critical paradigm will be excessive as it has to relate to ideological stand which perhaps it does not necessarily matter in understanding the practice. Both ontological and epistemological stands in interpretive paradigm facilitate understanding of the practices. Interpretive stands on the ontological view that social reality is 'emergent, subjectively created and objectified through human interaction' (Chua, 1986a, p. 615). In this regard, the epistemology stands that knowledge can be obtained from the perspectives of social actors. Given its ontological and epistemological stands, interpretive paradigm facilitates in-depth understanding of the accounting and accountability practices. It is obtained from actors' point of view and the existing social context that are constructed through interpretive analysis.

Actors' point of view is required in interpretive analysis. Tracy (2013, p. 41) emphasises the importance of *verstehen* (understanding) in interpretive analysis. This means that the researcher 'sees' the phenomenon being studied from the respondents' perspectives which involves the insights from respondents' viewpoints, beliefs and attitudes (Tracy, 2013). These perspectives do not stand alone but they are connected (intersubjectively) through social interaction (Chua, 1986a). Thus besides 'understanding through others', interpretive analysis needs examining of different vantage points (Taylor, Bogdan and DeVault, 2016). In this sense the insights from respondent's point of views can enrich interpretation of the researcher to understand accounting and accountability practice in cooperatives.

As discussed above, the paradigm providing framework what and how knowledge can be obtained. It also provides a framework in how to make interpretive analysis. The chosen paradigm consequently influence how the research is conducted. The paradigm constrains the research methodology within its ontological and epistemological dimension (Ahrens and Chapman, 2006; Olalere, 2011; Silverman, 2014). Accordingly, the methodology it is functioned as a general approach in conducting research which its philosophical foundation prescribes data collection through actors' point of view, and knowledge is constructed through interpretive analysis. Detail

discussion of the influence of the chosen paradigm on methodology is presented in the next sub chapter.

4.4 Case Study: a methodological approach

Creswell (2007,2013) states that there are five methodological approach in qualitative research namely narrative, phenomenology, grounded theory, ethnography and case study. Instead of methodology, Stake (1995) states that case study is a matter of method in focusing of unit analysis. In other words, the unit of analysis defines whether a research is a case study. However, other authors consider case study as a methodology that contains of philosophical consideration rather than just merely a research technique (Creswell, 2013; Merriam and J.Tisdell, 2016).

“Case study is empirical enquiry that investigates a contemporary phenomenon in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident” (Yin, 2014, p.16)

In other words case study is designed to seizure the complexity of a case (Stake, 1995). According to Ahrens and Chapman (2006) it captures the richness of the field research which can contribute to theory. A case provides a bounded system in which real world context can be explored to obtain in-depth understanding of particular practices. In this sense, case study considered suitable to understand how cooperative identity influences accounting and accountability practice.

Furthermore, according to Yin (2014) there are three situations where a case study is an ideal method:

- a. The main research questions are why or how
- b. The researcher has no control or not intended to control over behavioural events
- c. The main focus is present-day (as opposed to historical) phenomenon

The following table compares case study method with other research methods.

Table 4-1 Case study is compared with other research methods (Yin, 2014)

METHOD	Form of Research Question	Requires Control of Behavioural Events?	Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	who, what, where, how many, how Much?	No	Yes
Archival Analysis	who, what, where, how many, how much?	No	Yes/No
History	how, why?	No	No
Case Study	how, why?	No	Yes

As previously mentioned the research questions in this study are ideal for a case study. However, to employ case study as a methodology it should be applied in particular ontological and

epistemological dimension. In this regard Yin's classification is based on situation and research question, but it does not specify the research paradigm of case study.

Regarding the choice of paradigm, the case study is interpretative in nature (Kakkuri-Knuuttila, et al., 2008a; Ahrens et al., 2008). Thus the interpretive case study focuses on intersubjective views and experiences of the actors in order to capture accountability practice in cooperatives (Kakkuri-Knuuttila, et al., 2008a). Practice in this sense, is considered important to understand accountability. It refers to 'meaningful activities' that shaped by cultural belief and social structure (Thornton, et al., 2012, p.128). According to (Chua, 1986a, 1986b) in interpretive paradigm accounting theory seeks to explain action through understanding the meaning of the action that captured from intersubjective interaction and subjective interpretation.

In sum the reason to adopt a case study as a methodology, first this study investigates accounting and accountability practice is in the real world context (Yin, 2014), under interpretive paradigm (Kakkuri-Knuuttila, et al., 2008a; Ahrens et al., 2008). Second, the given situations in which the data is embedded in daily activities of cooperative actors (Ahrens and Chapman, 2006), case study is considered the most proper research methodology to investigate accounting and accountability in cooperatives.

4.5 Research design and Strategy

4.5.1 Two Tier Sampling: Case and Participant Selection

This study employs purposive sampling. Purposive sampling is non-probabilistic sampling which is based on the assumption that the investigator wants to understand one particular phenomenon thus samples are selected' from which the most can be learned' (Merriam and J.Tisdell, 2016, p. 96). In other words, they are selected based on the most useful to aim the research objective.

To apply the purposive sampling in a case study, two tier sampling is needed (Merriam and J.Tisdell, 2016, p. 99). The tier refers to two times sampling which is conducted sequentially: First, sampling for case selection, and secondly, sampling within case to select the participants. Some criteria are made in the first sampling to select a case:

- a) A cooperative that has been operating and holding AGM for more than 10 years.
- b) A cooperative that have member more than 2000 members.
- c) A cooperative that doing banking business.

All the criteria are made to obtain more accountability practice insights in cooperative. The first criterion that more than 10 years cooperative is operationalising and hold AGM means

accountability mechanism and culture have been established. Also AGM has become one of the important accountability mechanism. The second criterion, more than 2000 cooperatives members, provides a wider accountability audience which enhance demand of accountability (Tornqvist, 1999; Brown, 2008; Bracci and Llewellyn, 2012). While the third criterion, fiduciary duty is embedded in cooperative banking business that enhance demand of accountability (Huse, 2005; Dhanani and Connolly, 2012). The four cases are made representing the type of banking cooperative in Indonesia: credit cooperative, Islamic credit cooperative, credit union, and consumer cooperative which also provides banking service. In order to maintain confidentiality, the actual names of the four cooperatives are written using alphabet A, B, C, and D.

Meanwhile the second sampling to select respondent is snowballing. This is a purposive sampling technique in which the next sample is obtained based of the previous participant's direction. This technique is effective particularly in closed or 'only member access' organisation (Taylor, Bogdan and DeVault, 2016, p. 47). The drawback of this technique is it can limit the diversity of participants (Taylor, Bogdan and DeVault, 2016, p. 108). For that reason, this study requires participant based on his position in the cooperative. Sample cannot merely be selected as he involves in cooperative business, but his position in cooperative is strongly related to accounting and accountability practice.

The snowballing starts from the key personnel in each selected cooperative. The key personnel are either management or chairman. After they are interviewed the next participants are decided based on their direction. The participants who are eligible for this study are individuals who are involved in cooperative business and activities such members, managers, staffs, managing boards, supervisory body, local government officials and personnel from NGO which focus on cooperatives movement. Detail of participants are presented in sub chapter 4.5.3

4.5.2 Research Cases

Four cooperatives are selected as research cases based on the first tier sampling criterions. Table 4-2 shows that the year of establishment, number of member and type of cooperative banking.

Table 4-2 Type of cooperative

No	Cooperatives	Year of Establishment	Number of Member	Type
1	Cooperative A	1973	7,788	Credit Cooperative
2	Cooperative B	1996	167,281	Islamic Credit Cooperative
3	Cooperative C	2006	5,335	Credit Union
4	Cooperative D	1960	2,200	Consumer

Each cooperative represents the type of banking cooperative in Indonesia. Cooperative D is the oldest. In term of member cooperative B has largest member. Cooperative A and D have two kinds of membership. The half member is member that cannot vote or be voted. What can be clearly seen in this figure three is Cooperative B has the biggest members. The following overview gives a short description of each research site:

1. **Cooperative A (saving-credit cooperative)**

The cooperative was founded in 1973 by a national co-operator H.A Djunaid. Batik, Indonesian traditional clothes, was during crisis meanwhile small producers mostly were unbankable. Initially the cooperative was founded to help batik producers. At first it was concepted to be a bank, but because of the strict banking regulation, a cooperative became a choice. However, since the beginning, the cooperative operational business is benchmarked to banking practice. Some bank employees were recruited. And a fee-based product called TT (note) was launched. It was similar to bank note/promise. As the member base are for entrepreneur and business owner the product directly becoming popular as a mean of transaction among them.

The founding of the cooperative involved three ethnics, the native Javanese, Chinese and Arabic. The composition which can be found in member, employee and boards, is remained until now. In this regard the ethnicity composition becomes a social capital that supports cooperative business. It is considered remarkable in regard to long social conflict history with Chinese ethnic in Indonesia.

The extant Chairman is the third generation who is the grandson of the founder. Loyalty has been built since the cooperative founded. Some customers and members are the descendants of the first generation. Every year awards are given to employees who have been working for 25 years. And even there is a key person, a former of the cooperative staff, has been a board member since the first generation.

The cooperative grew fast in 1980 it was awarded as a best national cooperative, and granted a new car from the President. Today the cooperative is the biggest cooperative which has 127

branches across Indonesia. And it becomes the first cooperative in Indonesia which launching debit card and its notes are accepted in particular bank clearings.

2. Cooperative B (Islamic credit cooperative)

The cooperative was founded in 1996 sponsored by Indonesian Moslem scholar Organisation (ICMI). It was founded under incubation of SMEs Incubation Centre (PINBUK). In its early development Cooperative B was a consumer cooperative but then changed the focus on micro credit sharia which adopted Baitul maal wa tanwil (BMT). The BMT concept basically holds two organisational functions as a business house, and social fund house. Hence Cooperative is chosen as its legal form for the Bank Act 2004 only permit bank and credit cooperative for collecting fund and doing intermediaries business.

Along with the BMT philosophy, the Islamic culture is apparent in this cooperative as can be seen from the logo, uniform and daily routine activities in the office like prayer together and congregation. In doing business the cooperative is under the supervision of a Sharia board. And in order to preserve BMT philosophy, hence in 2016 the cooperative introduce new division, Baitul Maal, the house of social fund. It previously was a unit in the cooperatives organisational structure but then enhanced to be a division. As division it becomes a centre to collect social and religious fund for community and social fund for non-interest loan, publish a magazine, charity, and social empowerment training. In 2015, the cooperative has 90 branches which 72 branches are in Central Java Province. Cooperative B is listed in 100 biggest cooperatives in Indonesia.

3. Cooperative C (Credit union)

The cooperative was founded in 2006 by fifteen representative communities that facilitated by a CU (credit union) network coordinator which is part of national and world CU movement. Hence the cooperative is under the network in which they share system, make their own insurance, funding, training and audit. As the cooperative getting bigger it also facilitates other CUs for founding and learning.

The cooperative and CU networks are refused to be identified as other credit cooperative. In Indonesia is called 'simpan-pinjam' (saving-credit) which in practice is so much different with CU saving and loan concept. The cooperative adopt Raiffeisien philosophy which emphasizing self-help. It is manifested in the cooperative policy for not loaning from bank and government. Even the cooperative also refuses government grants which mostly expected by any other cooperatives.

The cooperative developed community-based business as it is founded by communities. It sponsored group gathering among members. The gathering becomes a forum for sharing knowledge and business coaching among members. The group gathering is also a communication medium between members and the cooperative. The cooperative is growing fast, from 317 members in its first year to 5,335 members in 2015. During the field work the cooperative was still preparing group-collective credit program.

4. Cooperative D (consumer cooperative)

The cooperative was founded in 1960 by the employee university. Initially the membership is only for university employees. The cooperative did not well develop until in early 2000 when a new board restructured the business. During the restructuring period, the financial statement has an important role in gaining trust from members and creditor. As a result, in 2002 the cooperative was awarded as the best consumer cooperative by provincial government and national award in 2008.

The cooperative mainly business is credit unit. Besides that, unit it also has trading unit with four stores and one leasing outlet, and service unit in which university assets are rented. Apart from facilities given the university also deposit a significant amount in the cooperative. And the member credit payment is paid through university financial system. In this sense the cooperative strongly bounded by the university. Hence Rector and Vice Rector for finance are parts of the cooperative organisational structure.

The cooperative adopted one man one vote and committed to highly-attended AGM as the application of democratic member control. It becomes a tradition to have highly festivity for AGM. Patronage payment, shopping voucher, door prize, and transport allowance are given in the AGM. Business partners are invited for marketing and bazaar. All member both full member and half-member are invited. In the last AGM there are 2061 members in which the attendance rate more than 70%.

It is because of the nature of the qualitative method, the selection of research site is particularly based on access granted. Four of them are significantly popular in media and community. They have large members and considered successful in their business. Each of the two credit cooperatives has more than one hundred branches. In a sense, the researcher knows the cooperatives from its fame.

4.5.3 Research Participants

As previously mentioned the participants the second tier sampling is conducted to choose the research participants. The second tier sampling selects respondent using snowballing technique. As the drawback of this technique is it can limit the diversity of participants (Taylor, Bogdan and DeVault, 2016, p. 108), this study requires participant based on his position in the cooperative. Sample cannot merely be selected as he involves in cooperative business, but his position in cooperative is strongly related to accounting and accountability practice.

The snowballing starts from the key personnel in each selected cooperative. The key personnel are either management or chairman. After they are interviewed the next participants are decided based on their direction. It is targeted to have eight participants from each cooperative, hence there are 40 participants from cooperatives and 4 others are from Government and NGO. In the fieldwork there are 32 participants interviewed from the six targeted organisations. This list of research participant is described as follows:

4.5.3.1 Chairman

Chairman is chosen by the general assembly of cooperatives along with members of cooperative boards. He represents cooperative in legal agreement and responsible to member for the whole policy and performance of cooperative. He determines the direction of cooperative. Three chairmans from cooperative A, B, and D were interviewed.

4.5.3.2 Board Member

The board represents democratic control in cooperative which has a significant role in preserving cooperative principles and governance which including accounting and accountability. The boards are obtained a mandate from members to choose a general manager and ensure the manager works on the right track. However cooperative C did not employ general manager anymore, the cooperative hires four chief divisions instead. Based on cooperative Act 1992, although voted by members but the board has authority to select and determining membership including to terminate membership. Two board members from cooperative A and D were interviewed.

4.5.3.3 Cooperative Member

Member is centre for issues of accountability and cooperative identity. Accountability and identity both are devoted to the member. Member expectation and opinion are important to understand cooperative identity and the practice of accountability. Eight members and two prospective

members from the four cooperatives were interviewed. However, three members were rejected to be recorded, privacy and business confidentiality are their reason.

4.5.3.4 General Manager

A General Manager is appointed by the board to manage the cooperative. He has the highest executive power and directly responsible to the board. He manages day to day business in cooperative. And the manager has a central part in the cooperative business role. Three General Manager (B, C, and D), one branch manager (A), one Credit Manager (D) and one chief division (B) were interviewed.

4.5.3.5 Staff (Employee)

The employees run the day to day cooperative operational activities. Typically, the employees are member of cooperative except in cooperative C. Three staffs from Cooperative A and B were interviewed.

4.5.3.6 Supervisory body

The Cooperative Act 1992 obligate cooperative has a supervisory board to audit the board of cooperatives. The supervisory board members are voted and responsible to the general assembly. They are required to evaluate cooperative board performance. Including in every year they shall give opinion to the annual report from the cooperative board. During the field research only one supervisory body member was interviewed.

4.5.3.7 Accountant

The accountant has an important role in making financial statement and provides information for decision making. He is capable of understanding the cash flow and business process based on the transaction made. Six accounting staffs from all observed cooperatives were interviewed.

4.5.3.8 Non-Governmental Organisation (NGO)

In certain cooperative NGO help to found, expand or run certain mission by cooperative. In some cases, the NGO provides a fund for cooperative or bring networks for cooperative. In this case position of NGO can be more salient among other stakeholders. One NGO is LSP (cooperative certification Institute) which certify cooperative staff based on Indonesian National Standard.

4.5.3.9 Local Government

According to Cooperative Act 1992, the government has central role in cooperative. The role includes regulator, consultancy, supervising, arbitration, training, funder and sponsor. For example government provides grants, soft loan for liquidity, and it should sponsor one organisation to coordinate national cooperative movement called cooperative council (Dekopin). The local government is chosen as it has autonomy to make local regulation, more well-informed and knows local cooperatives comparing the central government.

The identity of the participants remains hidden to protect their anonymity. However, their jobs or positions in the cooperative or affiliated organisation are revealed to understand their role in forming cooperative identity and accountability practice. In the fieldwork total there are 32 participants as shown in table 4-3.

Table 4-3 Research participant

No	Research Participant	Numbers
1	Chairman	3
2	Board Member	2
3	Member and prospective member	10
4	General Manager/Manager	6
5	Staffs	2
6	Supervisory Body	1
7	Accountant	6
8	NGO	1
9	Local Government	1

4.5.4 Data Collection

Case study involves multiple methods of data collections (Bloor and Wood, 2006, p. 28), to capture the insights from real world-setting. In this research, three main methods are applied to collect data from the cooperatives: observation, interview and document analysis.

4.5.4.1 Observation

Observation is important to understand everyday activities. The activities are real-world context that needs to be integrated with the needs of data collection. According to Yin (2014, p.92) when the main data source is interview, the observation can provide real-world context. This research employs less formal (casual) direct observation that can be done during the field work (Yin, 2014).

This study made two kinds of observation, the first is observation of site situation and the second is observation of particular event. Observation of site situation is made in each research site. The observation made in the front office, and back office including in the particular place where staffs

taking a break and gathering like prayer room, dining room, hall and lounge. In this approach, the researcher can observe without intruding the daily activities and can capture work culture through the condition or workplace observed. Confirmation and informal communication were

No	Cooperatives	Observation of Event	Gained Insights
1	Cooperative A	Meeting with visiting CU delegation	<ul style="list-style-type: none"> - Cooperative common problem - Network and solidarity - Different view of member benefit
2	Cooperative B	Daily Congregation	<ul style="list-style-type: none"> - The importance of mission - How Islamic ethic is embraced and become the cooperative identity
3	Cooperative C	Member transaction and how it was recorded into accounting system	<ul style="list-style-type: none"> - The importance of communication and social interaction - The dominant role of the CU network - How transaction is recorded and checked
4	Cooperative D	<ul style="list-style-type: none"> -Meeting with two bank staffs -Shopping voucher give away 	<ul style="list-style-type: none"> - Bank is not the main funding option - The importance of incentive to member

made during the observation particularly to gain general understanding about the cooperative.

The observation of particular event is an observation on specific activities held in cooperative like transaction, serving member or meeting (see Table 5-4). It is depends on the access and availability during the fieldwork. This observation helps to understand the practice accounting and accountability.

Table 4-4 Observation of Event in the Cooperatives

4.5.4.2 Interview

Interview is the main data collection source for a case study (Yin, 2014, p. 110). It allows the researcher to capture the richness of other perspectives ranging from what people really do (Silverman, 2014), reconstruct even that he never experienced, to detail explored motives, value, and attitude which facilitate learning through the world of others (Rubin and Rubin, 2012). Understanding certain phenomenon through the world of others is the purpose of qualitative research interview. Interview literary means 'inter'-view': interchange of views between two individuals about 'a theme of mutual interest'(Kvale, 1996, p. 14).

Qualitative interview is designed to capture phenomenon being studied is nearly invisible(Rubin and Rubin, 2012, p. 5), like accountability in this research. However, detail and rigid interview guide might be not applicable as qualitative interview, in general, is unstructured. According to Kvale (1996) there is no common procedure for qualitative interview. In addition Silverman (2014, p.168) argues it does not need extraordinary skill for qualitative interview, it just needs

interaction with specific person trying to understand his experience, opinion, and ideas. In this regards interview strategy is a key to celebrate its flexibility to be more focus to research objectives.

In-depth, semi-structured, and informal styles are interview strategy for this research. In-depth means looking rich and detail information using open-ended and flexible questioning (Rubin and Rubin, 2012, p. 29). Although lead to a depth of interview, on the other flexible and open-ended approach can lead to out of focus and data overload. Therefore semi-structured is a strategy to have more degree of control during the interview, particularly more focus on research questions (Rubin and Rubin, 2012, p. 21). Meanwhile, informal style refers to friendly and supportive tone during the interview. Those strategies are applied to carry out the qualitative interview, as (Kvale, 1996, p. 13) states, "Interview is a craft that, if well carried out can become an art".

In application of the interview strategy there some actions were taken to ensure that respondent is comfortable with the interview:

- The place of interview is based on respondent preference like in the office, outlet, farm or house.
- The interview always started with general questions about his involvement with cooperative like how long have been working or being a member, and continue with more detail questions
- In order to attain informal tone, the interview used both Indonesian (Bahasa), and Javanese as respondent's mother tongue. There is one respondent who only respond in his mother tongue.
- There were some respondents who requested the interview held in pairs. Most the pairs started from the beginning, and the rest was the request to join during the interview.
- There were some interviews which continued with discussion or conversation about general topic like national cooperative problem, cooperative movement or tax, after the interview or recording is off.

There are total 1266 minutes recorded interviews from 29 respondents. Three members from two different cooperatives are refused the interview recorded. The shortest interview is 11 minutes with member. The short interviews are from members who are particularly interviewed on spot while he is working at his outlet or in her waiting line in cooperative till. Instead of subsequent appointment, they wanted to be interviewed on the spot at once. While the longest individual interview is 112 minutes, taken in three different times adjusting his schedule. As requested by respondents, four interviews have paired interviewees.

4.5.4.3 Documents

During in-depth interview confirming and discussing the content of document and how they were prepared with the creators makes the documents are most useful in research (Rubin and Rubin, 2012). There are two types of documents studied: standard and regulation, and individual cooperative archival documents. The legal documents consist of cooperative act, government regulation, SORP and accounting standard.

Table 4-5 Document of Regulation and Accounting Standard

Type of Document	Name of Document
Cooperative Act	<ul style="list-style-type: none"> - Cooperative Act 1958 (preceding) - Cooperative Act 1965 (preceding) - Cooperative Act 1967 (preceding) - Cooperative Act 1992 - Cooperative Act 2012 (annulled) - Judicial Review for Annulment of Cooperative Act 2012
Accounting Standard	<ul style="list-style-type: none"> - SFAS 27 Cooperative Accounting (annulled in 2010) - Accounting Standard for SMEs (IFRS based) - Statement of Revocation for SFAS 27 - Technical Bulletin No 6 Accounting Standard for cooperative and Not for profit organisation
Cooperative Accounting Guidance (SORP), a regulation published by the Ministry of Cooperative and SMEs	<ul style="list-style-type: none"> - Cooperative Accounting Guidance 2012 <p>In 2015 this guidance was broken down into more detail based on the cooperative type:</p> <ul style="list-style-type: none"> - Cooperative Accounting Guidance for Credit Cooperative 2015 - Cooperative Accounting Guidance for Real Sector Cooperative 2015 - Cooperative Accounting Guidance for Islamic Credit Cooperative 2015
Other cooperative regulation published by the Ministry of Cooperative and SMEs	<p>The regulation related to cooperative accountability:</p> <ul style="list-style-type: none"> - Cooperative regulation of Organisational Structure - Cooperative regulation for AGM - Cooperative regulation for Implementation of Accountability - Cooperative regulation for Cooperative Supervisory <p>The regulation related to cooperative additional equity:</p> <ul style="list-style-type: none"> - Cooperative regulation of investment capital 1998 - Cooperative regulation of investment capital 2015

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While cooperative document like financial reports, annual meeting reports, statutes, book, internal regulation, and supervisory body reports. List of attendance and notes of the general meeting are also important to understand the accountability practice. In the four cooperative studied, the AGM/annual report has compiled some important document like AGM attendance reports, financial statements, budget, next year plan, board account statements and Supervisory body account statements.

Table 4-6 Cooperative Document

No	Cooperatives	Document
1	Cooperative A	Annual/AGM Report 2016, statute and internal cooperative regulation, magazine, The 36 th -anniversary book
2	Cooperative B	Annual/AGM Report 2016, copy of deed establishment, Social funding statement
3	Cooperative C	Annual/AGM Report 2016, Budget and Planning
4	Cooperative D	Annual/AGM Report 2013-2016, Financial statements

4.5.5 Interrogating Data and Interpretive Analysis

This stage consists of three steps: transcribing and translation, data analysis, and interpretive explanation. Transcribing and translation are for getting close with data, preparing analysis and sources of thick description. The next step data are organised using thematic analysis which generated themes and overarching pattern related to the research questions. And for the last step, within-case and across-case analysis (Dervin and Dyer, 2016; Merriam and J.Tisdell, 2016) are conducted to make sense the empirical results which can be explained by best-fitted theory (Lukka and Modell, 2010; Lukka, 2014).

4.5.5.1 Transcribing and Translation

On the first step, data from interviews are transcribed in the original language. Verbatim transcriptions are used, as the closeness of researcher with data and its context is considered very important (Halcomb and Davidson, 2006). In different language and culture interview, transcript is considered more accurate analysed in its original language (MacLean, Meyer and Estable, 2004). The next step is translation. According to Regmi et al. (2010) there are two translation strategies for interviews in foreign language, literal translation in which all words are translated, and 'elegant' free translation in which key themes or quotations are translated. As all interviews are in Indonesian language, 'elegant' free translation strategy is chosen for its readability and less time consuming (Birbili, 2000; Regmi, Naidoo and Pilkington, 2010).

4.5.5.2 Interrogating Data

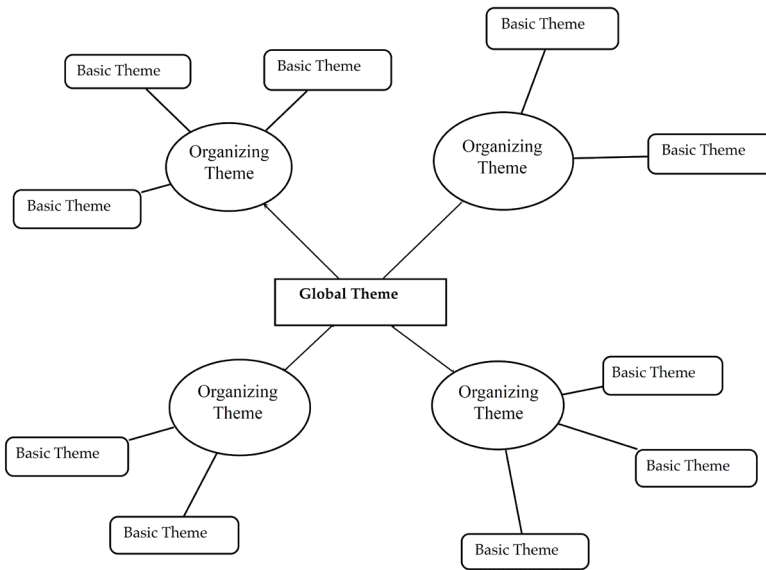
On the second step, thematic analysis (TA) is adopted for organising the qualitative data from the field. TA is chosen particularly for organising and describing the data set in detail (Braun and Clarke, 2013), and provides various aspects of the research topic to be interpreted (Boyatzis, 1998). In other words, it facilitates the interpretive analysis.

Thematic analysis is 'a method for identifying, analysing and reporting patterns (themes) within data' (Braun & Clarke 2006, p.79). Before 2006, some authors have written about this method although some use different name for example 'thematic analysis' (Boyatzis, 1998), and 'content analysis' (Patton, 2001, p. 463). Theme is pattern of information which at least describes and organises potential observation or in more interpretive approach it can be used to understand aspects of the phenomenon (Boyatzis 1998). The themes inform overarching pattern for answering the research questions. In more detail way (Braun & Clarke (2006) explains:

'A theme captures something important about the data in relation to the research question, and represents some level of patterned response or meaning within the data set', (Braun & Clarke, 2006 p82)

This research particularly adopts thematic analysis from Braun & Clarke (2013). Apart from that, Attride-Stirling 'thematic network' is also used as a tool to provide reasoning method and structures to attain the overarching theme (Attride-Stirling, 2001, p. 387). In terms of structures, thematic network requires coded data are clustered into basic and organising themes before reach the global theme. And regarding rationalisation, the network adopts argumentation theory from Toulmin (Attride-Stirling, 2001, p. 387). The robust argumentation at least should contain claim, warrant, and backings (Toulmin, 2003). Claim, warrant, and backing are themes in thematic network. The outer rings are backing, and the core of the network is a claim (Attride-Stirling, 1998, p. 145).

Figure 2 Thematic Network Attride-Stirling (2001)



Based on the adoption of thematic analysis Braun & Clarke (2013) with supporting analysis of thematic network Adopting Attride-Stirling (2001), the phases of thematic analysis are:

1. Familiarised Data

Familiarising with the data is important part of data analysis. In order to be familiarised some steps are taken:

a. Transcribing the interview recordings.

The transcription of the interview used open source software tool to transcribe namely easy transcript 2.50 Epice. The software facilitates to listen the recording and writing it down at once. The software has a feature to slow or accelerate the recording and also automatically giving recorded time in each sentence. All recording data is transcribed in verbatim. The transcriptions accuracy is checked by playing the recording again and compare the original recording with the transcription made.

b. Confirming information from the interview transcript with other sources

Statements or claims made by respondent are confirmed with available documents or field notes. Annual/AGM report is one of the main documents as it compiles some important statements like AGM attendance reports, financial statements, budget, next year plan, and Supervisory body statements. For example, when the respondent of cooperative C states that the cooperative

based on its self-help principle value does not lend from a banks or receiving any grant from the government, it is supported by item in its financial statements. In case the document cannot be copied, summary is made in a memo/field note. For example, the respondents from Cooperative A made a statement about selectability as the cooperative membership policy which is supported by evidence from their annual reports. The summary of the annual reports was made as a field note (See Appendix B)

- c. Reading the transcript and the memo of the interview and initially start thinking what the data means

Memo of interview is made during the field work. It is noted something observable, interesting and might meaningful for the study. For example, the memo of interview with the accounting staff in cooperative C (see Appendix C), although she and the manager respondent incline to bookkeeping but the accounting system give power of control particularly in cash transaction and disbursement. The accounting practice shows other accounting functionality, control system.

2. Coding Framework and Complete Coding

This research uses complete coding instead of selective coding. The coding aims to capture anything and everything in the entire data set which are relevant to answer the research questions (Braun and Clarke, 2013, p. 206). The two research questions: how accountability is embodied in practice, and how accounting practice operate in cooperative become the guidance to select unit of meaning (Braun and Clarke, 2006) or text segment (Attride-Stirling, 2001). Text segment in this sense phrase or sentences that are meaningful related to the research problem. A code is given to each text segment. The code is a brief phrase that captures the meaning of the text segment.

The codes were evaluated for the similar meaning, they are selected and arranged as coding framework. The framework consists of 70 codes (Appendix A). The framework is used as a basis to collate the text segments. The coding process is facilitated by NVivo 11 that enables to select the text segment, coded and collated. The software also makes the grouping and clustering is easier which make the coding as an evolving process.

3. Generating themes

The collated text segment in each group is analysed and grouped. Theme is generated from these coded data. A theme is not necessarily capture something recurring in the data but much more important it has 'central organising concept' (Braun and Clarke, 2013, p. 224). In other words, a theme has something that can accommodate the collated data and make them tell something

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meaningful relating to the research questions. Based on the 75 codes, the text segments generated 25 themes (Appendix A). The overview of the 25 themes is discussed in Chapter 4.

4. Constructing Thematic Network

Thematic network provides rationalisation for arranging themes which facilitate the thematic analysis. The rationalisation is stemmed from Toulmin's Argumentation Theory (Attride-Stirling 2001, p.387). The thematic networks consist of three levels: basic theme, organising theme and global theme. The basic theme is generated from the coded data is backing for the claim, the global theme. Based on this rationalisation the 26 themes are organised into 8 organising themes which support 3 Global themes (Appendix B). The Table 5-7 shows a network which supported by organising theme and basic them with its coding framework.

5. Exploring the network and finding the pattern

The thematic network is a tool to rationalise and structures the themes. The network facilitates the interpretive analysis. Each network is explored and discussed. The discussion of the networks is summarised to emphasise particular patterns which are prepared for advanced analysis. The analysis is presented in chapter 7.

Table 4-7 A thematic Network Structures

No	Codes	Basic Themes	Organising Theme	Global Themes
1	Being involved in cooperative	Cooperation among cooperative	Adapted cooperative principles	Localising Cooperative Identity
2	Learning among cooperatives			
3	Making business cooperation			
4	Implementing Membership Policy	Democratic-based identity		
5	Member practical benefit			
6	One man one vote			
7	Broader Benefit for Community	Mission -based identity		
8	Extensive membership policy			
9	Member representative (parent)			
10	Mission-based Networking			
11	Arrangement of Election	Prearranged Democratic Control		
12	Regeneration (parent)			
13	Membership is required in	Islamic religious ties	Membership Common Bond	
14	User is member	Local business facilitation		
15	Family like athmosphere			
16	Flexibility (non bankable)			
17	Local business membership base			
18	Selectability	Local community ties		
19	Building community base			
20	Member representative group			
21	Member specific need (research	university staff union		
22	Voucher is maintaining relation			
23	Communicating Value	Educating and communicating cooperative value and mission	Organisational Value	
24	Educating member	Holding the organisational value		
25	Islamic finance and social role			
26	Mutual Self-Help and financial planning			
27	Social role, business sense and reliable service			
28	University member welfare			

4.5.5.3 Interpretive Analysis

This step is made after themes and pattern of data presented through thematic analysis. The analysis goes beyond identified patterns (themes) to capture something meaningful which relevant to the research questions. It needs interpretive work to discover such meaning (Boyatzis, 1998; Braun and Clarke, 2006, p. 97). Although it might involves 'fair guesses' about the meaning of data' (Lipscomb, 2012, p. 251) but a systematic analysis is made. The analysis of specific aspect in accounting, accountability, and identity is made within-case analysis and across-case analysis.

Within-case analysis explores the meaning of the data in each case with its particular context (Merriam and J.Tisdell, 2016, p. 234). The analysis produces narratives of each case (Dervin and Dyer, 2016, p. 210) which is presented in sub chapter 7.2. Meanwhile across the case analysis compare each themes across the cases. It provides general pattern among cases which are presented in sub chapter 7.3 to 7.4. The results of both analyses become the findings of study. As knowledge is constructed in interpretive paradigm, stakeholder theory and Identity orientation are employed to make sense the empirical findings. The discussion of the findings is broken down into two main research questions and presented in Chapter 8.

4.5.6 Research Ethics

Prior data collection researcher has to fulfil ethical document and requirement for ethical approval from university namely ERGO. Without that approval, research cannot be conducted. Several ethical issues are covered relating the selection of human as a research subject. It should be ensured that research procedures, intervention, and measurement do not harm the research participants.

It is required to provide participant information sheet and consent form. The participant will be told what to expect by participating in research using a participant information sheet. If he agrees then consent will be provided. At the end of study, a debriefing form will be given to participants thus they are well informed with my research questions. In addition, participant contact will be kept for further communication, including confirmation out of fieldwork period.

Participant comfort should become a concern. It is not just related to participant wellbeing but also supports natural response which important for research reliability. The psychological discomfort might be from feeling being observed. And they might be disturbed being interviewed during working hours. The interview might also discomfort because the content is considered a sensitive issue or private. Giving early notification before the interview to make participant ready

and provide time allocation during fieldwork. A participant information sheet will help to inform procedure that will be experienced by him. Consent and information relating to withdrawal and complain about any discomfort will be provided participant. For example, recording can be stopped as participant request or interview can be rescheduled to ensure respondent response naturally

Participant anonymity and confidentiality should be maintained. Organisation will be coded and participant's linked anonymity will be maintained. Complete anonymity cannot be fully applied because their data are coded and they could be linked to data. Data and information from the participant are merely for research purpose. The material can only be disclosed to an authorised person. The participant can ask their data and the results with explicit consent. Personal data like voice recording will be saved in a home computer with an encrypted password. Document data will be saved in a closed box and locked inside locker/filing cabinet. Coding, diagram and output of analytic will be saved and backup to support research documentation.

4.6 Concluding Remark

This chapter discussed the methodology which is employed for this research. It includes the discussion of ontology, epistemology, and research paradigm. In particular, this chapter provides justification for the choice of the research paradigm which emphasises in capturing context and meaning of practices. Consequently, as interpretive paradigm is chosen, it is translated into the research design and strategy. Case study is chosen as the methodological approach because the study involves the real world context (Yin, 2014), and the data is embedded in daily activities of cooperative actors. To select the cases, two tier sampling was conducted. First is selecting the cases and second to select the participants.

Interview is the main data collection method which supported by observation and archival documents. The respondents are main actors in cooperatives like chairman, member, supervisory body and staffs. NGO chairman and local government official are also interviewed to attain the complete picture of cooperative accounting and accountability practice. The field data are analysed using thematic analysis (Attride-Stirling, 2001; Braun and Clarke, 2013). And the last part of this chapter is research ethics for this conducted study.

Chapter 5: Coding, Themes, and Findings

5.1 Introduction

This chapter consists of two main parts, first is the journey of thematic analysis in which themes are generated from the interview data, and secondly the presentation of the findings. The first part presents the coding schedule/framework and how themes generated from the interview data. Using coding framework, the process resulted 26 basic themes (Appendix A). These basic themes are part of the thematic network. The network is made to facilitate the thematic analysis. The Global themes are generated from 26 basic themes (Appendix B). They are three organising global themes generated: Localising Cooperative Identity, Maintaining extant accounting practice, and managing accountability.

The second part is the findings, which are presented based on the global themes as results of thematic analysis process. The overview of the global theme and the thematic network are discussed in subchapter 6.3.

5.2 Thematic analysis

5.2.1 Coding Framework: A deductive approach

The coding framework was developed to find answer of the research questions. The three global themes are the area investigated: cooperative identity, accounting practice and accountability practice. In each global theme, there are organising themes. The organising themes are generated based on theoretical informed literature (Boyatzis, 1998; Braun and Clarke, 2006). This deductive approach is chosen as there is a theoretical interest relating to identity and accountability. It is expected to focus on identity, accountability and accounting practice features across the interview data. The complete framework can be seen in Appendix A and B.

5.2.2 Finding the Themes

As mentioned above, a theoretical-driven approach is used. Themes related to cooperative identity are coded based on applied cooperative principles, membership common bond and organisational value. The application of cooperative principles provides general cooperative identity (ICA, 1996; Prakash, 2003; Birchall, 2005; Fici, 2012). While membership common bond (Simmons and Birchall, 2008; Birchall, 2011a, 2012; Power, et al., 2012) and organisational value

(Gioia, et al., 2013) provides specific identity in each individual cooperative. These specific identities are important to determine the identity orientations of the observed cooperatives.

The accountability practice-related themes are generated based on two critical questions in understanding accountability (Hyndman *et al.*, 2004). To whom the account is given, which refers to members and other primary stakeholders, and how accountability is discharged. While, themes that are related to accounting practice are classified based on their functions: reporting, system of control or business process and accounting system.

5.3 The Three Global Themes Networks

5.3.1 Localising Cooperative Identity

Global Theme	Organising Themes	Basic Themes
Localising Cooperative Identity	Adapted Cooperative Principles	Cooperation among Cooperative
		Pre-arranged Democratic Control
		Democratic-based Identity
		Mission-based Identity
	Organisational Value	Holding Organisational Value and Mission
		Educating and communicating cooperative value and mission
	Membership Common Bond	Local Business Facilitation
		Islamic Religious Ties
		Local Community Ties
		University Staff Union

Localising cooperative identity theme represents how the Cooperatives apply or adapt the universal cooperative principles and their individual organisational values to their identities. The summary of Localising Cooperative Identity is presented below:

5.3.1.1 Adapted Cooperative Principles

Democratic-based Identity

This theme presents pattern similarity in implementing cooperative principles in which democratic control is presented in one-man one vote and benefit is defined in financial value.

Table 5-1 presents summary of applied cooperative principles in cooperatives with democratic-based identity.

Table 5-1 Democratic-based Identity

No	Cooperative Principles	Democratic-based
1	Open Voluntary Membership	• Selection and Limited membership
2	Democratic Member Control	• One man one vote, Half-Member
3	Member Economic Participation	• Sharing income based on member transaction
4	Autonomy and Independence	• Less bounded with the union/network
5	Education, Training and Information	• Focus on cooperative principles in general
6	Co-operation among Co-operatives	• Open to any cooperatives
7	Concern for Community	• Focus on member or broader community

Mission-based Identity

This theme is about pattern similarity in implementing cooperative principles in which mission agenda and mission network are dominant values. In this theme, cooperatives benefit is defined in mission accomplishment. The Table 5-2 presents summary of applied cooperative principles in cooperative with mission-based identity.

Table 5-2 Mission-based Identity

No	Cooperative Principles	Mission-based
1	Open Voluntary Membership	• Extensive membership, No half-Membership
2	Democratic Member Control	• Representative, one man one vote only for the founding members
3	Member Economic Participation	• Payment limited only for paid-capital interest
4	Autonomy and Independence	• Highly bounded with Union/Mission-based Network
5	Education, Training and Information	• Focus on mission internalisation • Criticising current financial system and emphasising mission-based financial system is better off
6	Co-operation among Co-operatives	• Highly exclusive to its mission network
7	Concern for Community	• Focus on member or mission-related activities

Cooperation among cooperative

This theme represents the various activities on how cooperatives network. Cooperation among cooperatives is one among the seven cooperative principles that is widely practiced among the observed cooperatives. The cooperatives are tied by the cooperative movement in which cooperation among cooperative become its essential part. Generally, in Indonesia, cooperatives found secondary cooperative (cooperative which the members are cooperatives) in which they can obtain funding, technical assistance and unite their collective voice on cooperative movement. The government sponsors a council called Dekopin (the Indonesian cooperative council) to promote national cooperative movement. It is an autonomous organisation that represents Indonesian cooperative movement in international forum and act as government counterpart for national cooperative development. One of the respondent states that joining this council board is part of cooperation among cooperatives as he and other co-operators can advocate cooperatives against unfavourable regulation:

I want to take on a position in Dekopin (the national cooperative council), at least giving advocacies against those regulations and so forth. I hope (it can be) a favour for credit cooperatives (Chairman, Cooperative A)

All the observed cooperatives have critical moment in their developments which through cooperation with other cooperatives helped them not just surviving but growing much bigger. According to interviewed respondents all cooperatives got critical financial support from other cooperatives, except cooperative A. Cooperative A benchmark itself to the bank and since the beginning grew bigger and faster among other cooperative. Cooperative A grew remarkably, in its 4th year it was awarded as one of the best cooperatives by the President of Republic Indonesia and won a car for that achievement. Although without financial support from the government but the cooperative built a network with another cooperative union called GKBI which is a trade union for Batik producers. Initially, the cooperative A was founded mainly to help non-bankable batik producers. The founder of cooperative A was also the chairman of GKBI. At the present, the extant cooperative chairman is also chairman of its trade union. In this regard all cooperatives are bonded in solidarity of the cooperative movement.

Soft loan also part of cooperation among cooperative. The loan is given from one cooperative to the other on a two parties' agreement for lower interest rate and loose credit requirements. This fund is crucial, for example Cooperative B, when buying land for its first office and cooperative D when it started recovering from its survival and obtain trust from members.

The respondents from the observed cooperatives also revealed that there is a tendency cooperative has a close relationship with the same cooperative society. For instance, cooperative D, a university-employee cooperative, makes a business partnership with one other university-employee cooperative. Moreover, cooperatives under same mission group their selves in the network or secondary cooperative (cooperative that the member is cooperatives). In this regard, Mission-based networking organisation refers to cooperative network organisation or secondary cooperative which united by mission similarity. For example cooperative D as Islamic cooperative, with other Islamic cooperatives found Inkopsyah, their secondary cooperative which provides funding and collective training for their cooperatives. Whilst Cooperative C is joined with its cooperative network group which provide technical assistance, equity funding, internship, accounting system, and credit insurance.

All of the observed cooperatives become learning centre for other cooperatives. The government refers other cooperatives to learn from them. Despite learning centre, cooperative A and C are involved in incubating other cooperatives. Cooperative A incubated some cooperative in Aceh as part of restoration program after the tsunami. Meanwhile cooperative C incubated several cooperative under its mission-based network coordinator. Long before, at the beginning of its operations, a respondent in cooperative B depicts his internship experience in one of the best cooperatives which has the same mission platform:

The number one BMT (Islamic credit cooperative) in Central Java was Ben Taqwa. We had an internship for more than one month there. Eventually from that internship experience we could evaluate what was in here. What we needed to improve and what we needed to fix (Managing Director, Cooperative B)

Prearranged Democratic Control

This theme depicts various strategy on how the main core of cooperative, democratic control, is prearranged. Democratic control is the main cooperative identity. In cooperative organisational structure, AGM position is the highest authoritative power in, as mentioned in Cooperative Act 1992 article 22 paragraphs 1: "AGM is the highest authority in cooperative". The act also regulates that this forum is decisive for the board accounts statement, board election and policymaking. In this sense, as AGM is the highest authority in which collective decision made it becomes an icon for democratic control.

As an icon of democratic control, AGM situates voting as a key mechanism for all collective decision. In this situation board and management expect to influence the mechanism to ensure

that their position is safe. The influence can be achieved through regeneration and board composition. The type of voting system also determines how influence can be done.

Cooperatives A and D adopt one man-one vote system, while cooperative B and C use the representative voting system. In adopting one man one vote, cooperative A and C has a specific policy which arguably influences the voting system. Cooperative A applies selectability principles, and cooperative D makes pre-arrangement of the election. Whilst, cooperative B and C use their representatives member policy to influence the voting.

Cooperate D apparently influences the voting system through sponsoring an internal candidate and limiting candidates on the ballot paper. The election is held in AGM in which all members can vote the candidates. The election process is seemly democratic, as any member can nominate or be nominated to be a candidate. Every prospectus candidate is given an opportunity to use poster and speech to gain support for his candidacy.

However, there is a selection process before the candidate finally can be chosen on the ballot paper. Eventually only two or three candidates are on the ballot paper. One of the candidates is endorsed by the extant board. It becomes an open secret among members who is the candidate should be chosen.

It has become a tradition that the candidate must be someone who is close with the cooperative board. Indeed, there is another (outsider) candidate, as if that actually he already understood the mechanism. ... "Hey I'm just a cheerleader here, you know.." (Member of Cooperative D)

The election only votes for chairman of the board and supervisory body chairman. Both of them then choose the members of the board and the member of the body. The board actively sound their supported candidates. And last but not least, the chairman speech in AGM promotes the candidate. It seems members capture the message, they know that chairman should be previously member of the board, and the supervisory body is the former chairman of the board.

He was a candidate supported by the board. He was chosen by the chairman, people knew that. That because we were in the same workplace. And when in AGM we told that regeneration would be better if the next chairman was member of the extant board as he already knew the ins and outs (of the cooperative). (Member, Ex-chairman, Cooperative D)

The tradition was repeated from election to election. This cannot happen if members do not happy with the tradition. It is arguably not just the board but members also feel secure. If the member knows the candidates personally then they can entrust.

It's a positive tradition. Maybe because I know them personally, so that you feel it is a positive culture, you know. If someday the board is changed, and not of those who are in the circle, well I start worrying..(Member, Cooperative D)

The regulation for AGM (Ministry of cooperative and SMEs, article 13 par.1) allows cooperative with at least 500 members to use member representative in its AGM. Cooperative B and C adopt the member representatives system in their AGM. Cooperative B using ratio 1:1000 and 1:30 for cooperative C. Management including unit managers are given authority to choose who the representative that can support the extant board.

so let's just set the voters.. We stated that this is representative so 10 thousand members can be represented it is not a problem at all. ...if we dissolve an open democracy like Indonesia, we destroyed all... (Chairman, Cooperative B)

Cooperative C in this regard is more conservative as it lets the members chose their representative in the pre-AGM meeting. However, both of them do not use representatives for the founding members. Intuitively founding members give a significant amount of votes. In the case of cooperative A and B, the founding member supports the central figure of cooperative.

Continuity of cooperative business and mission are considered important. The election period is critical for continuing business and cooperative mission. The continuity can be achieved by regeneration. The regeneration ensures that the new board members are aligned with the cooperative mission and compatible to business. This regeneration also suggested by government particularly to minimise conflict among board members.

well, if a cooperative has the regeneration mechanisms that quite make us easier [...], if the cooperative does not have that regeneration, so you know, we got difficulty to direct (the cooperative) again (Local Government Official)

Regarding regeneration, Cooperative C creates a forum that consists of selected cooperatives member from units and faculties. Initially it was for communication forum between the board and members so it is called Communication Forum (Forkom).The forum is not just for communication medium but it becomes a means for selecting board member or management.

So from that Forkom, first, for bridging information of the policy, the information is expected can be delivered later via Forkom to each unit. Second, Forkom also as one means to seek prospective board members (Ex-Chairman, Cooperative D)

Besides the regeneration, continuity also can be achieved by keeping a number of extant board members in each board election. All observed cooperatives apply this approach arguably is more practical as it does not necessarily control the voting.

So we emphasise it this way, when changing the board at least it has been regulated internally and so on. (The board is) not abandoned by all, so some should remain....
(Local Government Official)

The approach is translated into old and new board composition rules. For instance, cooperative C applies 70: 30 which mean 70% previous board members, 30% for the new board members.

5.3.1.2 Organisational Value

The universal cooperative principles are adapted to be practical and aligned with the cooperative's organisational value. Both cooperative principles and organisational value are the main ingredient of practiced cooperative identity. It is necessary to understand the local identity in each cooperative. The cooperatives local identities are elaborated below:

5.3.1.2.1 Cooperative A: Social role, business sense and reliable service

The cooperative was founded as a response to the crisis for Batik home industry. It would serve particularly non-bankable business. However, since the beginning, the cooperative benchmark itself as a bank. The cooperative recruited manager and staffs who previously worked at banks. A senior board member who worked since 1976 says:

In the first year the cooperative already served bank transfer-like in some big cities where most of the members doing business transaction using 'internal cooperative-cheques'. The cheques circulated among members and called TT (which stands for 'Tanda Terima' or transfer form). Today even after the cooperative provides online transfer and we can do the real transfer with banks, TT remains used among members.

The member should be someone who owns a business. Hence the cooperative business is dedicated to support member's business with bank service benchmark. The internal cheque TT is the implementation of serving members transaction. The cooperative is the first that has debit card and its cheque is accepted by banks. It offers bank service-like: debit card, bank transfer, cheque even the cooperative outlet and staff uniform are designed similarly with bank. The chairman states the mission of the cooperative:

Although it uses banking service standard but two distinct characters are held, flexibility and direct personal communication. One debtor testifies on its flexibility:

[..] what makes cooperative A interesting, in my opinion, the cooperative would finance my purchase of land, so you know.. Now I see a slight of opportunity, in which that the bank are not permitted financing because of the Central Bank Regulation. (Debtor, Cooperative A)

Whilst, the personal communication apparent in the teller outlets. Once the greetings were standardised, like in a bank. However, it has been protested by many customers for being formal and impersonal then it was declined. The communication is also facilitated during a monthly gathering for the prize drawing. And every year the cooperative organise free holiday trip for all customers of one cooperative saving product. In 2014, there were 46.918 customers in the free holiday trip it uses about 600 buses. It is apparently a medium to promotion and keeps in touch with the customers

5.3.1.2.2 Cooperative B: Islamic value and social role

The concept basically holds two organisational functions as a business house, and social fund house. It is called BMT which stands for Baitul Maal wa Tamwil. However after the Bank Act 2004 enacted, it is prohibited to any organisation except bank to collect fund and doing intermediary business. The exception according to the act is credit cooperative. Then to become a cooperative is the most reasonable choice. BMT took cooperative as a legal form of its organisation. Hence as remembrances of its origin, in the legal name, 'BMT' is still part of the name. The chairman of Cooperative B states:

It was the regulatory issues. We didn't want to be a bank nor a cooperative. We only wanted being a Baitul Maal wa Tamwil (an Islamic finance institution), but because the permit of financial institutions in Indonesia only for cooperative and bank... and say, we had to choose. [...] Cooperative is merely a means, what more important is our purpose (Chairman, cooperative D)

Some adaptation was made, for example a fully democratic election is considered bad. As a result, the numbers which can be represented are relatively big, 1000 are represented by 1. And voting does not vote chairman and board but vote the formative team then choose the chairman and the board.

Cooperative B promotes Islamic belief as its main organisational value. It is established as company culture which during field work is apparent in the personnel daily activities like greeting

and congregation. The Islamic value in the organisation is noticeably described in the subsequent quotes:

[....] so prayer contains two assignments. The first is constructing people in God, so that his heart is peaceful. The second is prayer must have power[....]. Power has no meaning without three things: authority, economy and intellectual capacity. We, our assignments are impossible to get into (government) authority, thus economy is our field [..] (Chairman, Cooperative B)

In 2016, the cooperative started dividing the business into two divisions: commercial (tamwil) and social fund (maal). The social fund becomes a new division and next AGM is mandated to report separately from the cooperative financial statements. The social fund becomes the objective of the cooperative. As the BMT is based on Islamic value, it influences the cooperative principles in practice.

We should be moving the community economy by from and to the Ummah (People). Hence our orientation is profit, but the profit should not be bourgeois but more social benefit, that is the most important [....] (Chairman, Cooperative B)

5.3.1.2.3 Cooperative C: Mutual Self-help and financial planning

The self-help principle is originated from Raiffeisen, the CU founding father. It becomes the main value of Cooperative C. This is the principle which emphasises anyone particularly the poor, to struggle, being independent and not expecting help of others but himself. The cooperative respondent emphasises self-help for the poor to whom cooperative supports financial literacy education, business development, and mindset changing:

[..] That the key is actually.. Cooperative C wants to change the way of thinking. Because of the poverty starts from the way of thinking, then the concentration of Cooperative C is actually in education, hence its motto is'The Credit Union starts with education, developed with education, is controlled by education, and dependent on education'. (General Manager, Cooperative C)

It is taken from Raiffeisen , that there is no charity in the credit union, but self-help. Members are encouraged to empower and strengthen their financial capabilities. The financial literacy is introduced using a provoking idea, the current unfair financial system, particularly in banking and leasing which hardly all member engaged with these both industries. Bank for instance, only stands on the rich and capital. There is a minimum certain amount of money, then the money can grow. It is the calculation of administrative cost and interest. Less than that certain amount, the

saving money will decrease. And there is no limit an individual can save at a bank. Hence the bank gives more money to more capital, but taking from small bank accounts. This idea is internalised in basic training. And it is translated in cooperative policy that limit the maximum amount of saving. And any saving account will obtain interest regardless the amount.

Loan and saving principle is the implementation of self-help. An individual only can borrow as big as he can save. This way will help cooperative to grow and providing a fund to the debtor. On the other side the debtor member is encouraged to increase his capability in saving and loaning through financial literacy and building his business. The cooperative facilitates education and member gathering to enhance insight and business creation among member. Furthermore

5.3.1.2.4 Cooperative D: University member welfare

In cooperative D there is more pragmatic value, the cooperative targeted the fulfilment of various member needs. It is indicated by the wide range of services are given, from credit to administrative affairs like applying for car registration:

Yes, all .. starting from head to toe that we are trying to fulfil the needs of members
(Member Ex-Chairman, Cooperative D)

The cooperative mission is serving members and maximises the captive market of the university. It started with enhancing service quality for its credit

The first important thing is building member trust. After I was elected as new cooperative chairman, I started resolving 35 (delayed credit) be approved. Everyone was apparently surprised, thus it became a starting point, enhancing trust... (Member, Ex-chairman, Cooperative D)

As the member is university staffs, the cooperative also provides credit for some research and project to the university staffs. As the objective to fulfil the member needs the cooperative doing multi businesses from housing till collective service to the shortcut of vehicle registration bureaucracy.

The cooperative considers the benefit by giving more patronage payment to members. Shopping vouchers are provided twice a year. Payment on patronage return is based on member transaction. Besides cooperative provide interest to saving.

The cooperative also considers itself as part of the university. Automatically the rector and vice rector of finance and reporting are put in the organisation structure. The cooperative also forms communication forum which consists of faculty and bodies representatives. In this sense it is very

important for the cooperative to maintain relation with the university. The cooperative is depending on university payroll systems for the instalment payment. The university put a significant amount for cooperative equity, and making a partnership to manage some university asset and facilities. The university also allocates most of their purchase especially stationaries to the cooperative. And cooperative is granted privilege to use some university buildings to run their office and business. However, the cooperative never sent the financial reports to the university. It apparently symbolizes that the cooperative is an autonomous body.

The member involvement is important for the cooperative existence at the university. In this sense, AGM and the board election are always extravaganzas. At the AGM the patronage cash, voucher and prizes are given. Bazaar is held at the AGM location. Meanwhile in the election process, campaign and candidate selection are spread around the campus.

5.3.1.3 Membership Common Bond

It depicts the view of the basis of membership. Each cooperative has their own base in which member bound.

Islamic religious ties

The membership bond is built from religious value. Member joins the cooperative is not only for instrumental purpose. Worship to God, become other purpose. In this regard, the chairman states:

Let us compare to other cooperative that its members only about 2,000 or 3,000.. Our members are 160.000 members, everything is belong to God. We are mandated. This is cooperative of the members, by the members, and for the members. Indeed this cooperative is for them not us (Chairman, Cooperative B)

Local community Ties

Cooperative C build its membership based on local community. Members are expected to engage in the local community. The cooperative focuses on changing mindset of members:

The ultimate goal of the Credit Union, it is actually improving the quality of life [...] In relation to the loan, once he changed his way of thinking.. It's obvious on how he uses his savings. (General Manager, Cooperative B)

In cooperative C the membership policy is relatively open. The membership is targeting the poor in the local community.

Everyone actually becomes the target of CU but the main target is the poor, the weak and the marginalised. Therefore, in our system, even if there are rich people come, they have to adjust to the poor. (General Manager, Cooperative C)

Local business facilitation

Business is the main perspective in cooperative A. Membership is built from business interest. The cooperative provides financial service for member's business.

Our members are all entrepreneurs, thus they more concern on how they are served. How they can get immediate cash funding. If they want to save, they can do that easily. In that way those can advance his business. Hence they never thought to inquire (in AGM). What matters is: They are comfortable and make business transaction smoothly. In that way, regarding AGM, they just trust it, so far it's been so good (Staff, Cooperative A)

University staff union

Cooperative D build member common bond from university employment union. Staff solidarity and loyalty are expected in developing the cooperative business.

Nearly 90 percent of university staffs are members and doing transactions with cooperative. So we can convince that this cooperative is dedicated to enhance university staff welfare (Chairman, Cooperative D)

5.3.2 Maintaining Extant Accounting Practice

Global Theme	Organising Themes	Basic Themes
Maintaining Extant Accounting Practice	Accounting for Reporting	Accounting for Financial Statement
		Adopting Accounting Change
		Baitul Maal (Social Fund) Reporting
	Specific Feature of Accounting System	Creditor Requires Reporting and Credit Sampling

		Member Transaction Account
		Mission-network Union
		Sharia Compliance Body
	Applying Accounting as Business Process	Monitoring and Operational
		Performance Indicator
		Planning and Budget
		System of Control and IT

This theme represents how accounting is practiced and the tendency of cooperatives to preserve the existing practice of accounting. Accounting is pervasively practiced to support business process particular its function to enable control system. The control system cover budget, cash control and performance evaluation.

5.3.2.1 Applying Accounting as Business Process

The accounting staff respondents perceived that the main accounting function is preparing financial statements. However, it was revealed in the interviews and observation that the accounting staffs was working and teaming with other staffs across the cooperatives. For instance, in daily routine accounting staff is intensively working with the cashier, treasurer, internal auditor and manager to ensure that the cash transaction can be recorded and daily report can be made. As accounting staff needs to book the revenue from credit, they involve in monitoring credit and even in cooperative D providing credit monitoring report to Credit Manager.

Those practices show that apart from its traditional function to produce financial statements; accounting is widely practising in planning, control, information system and performance reporting. In planning, accounting particularly is used in budgeting. Revenue, expenses, and cash flow is the most common budget which uses accounting. The four observed cooperative use bottom-up approach in budgeting. The budget proposal is started from the unit or branch which then approval made during the budget meeting with the central office and the cooperative board. The last procedure is approval of the consolidated budget from members in the AGM.

Accounting is also used for monitoring performance. The monthly financial report is used for monitoring and evaluation cooperatives and their branches. Specific information about cooperative growth should be presented in each report as growth is used to see the target and existing achievement. The growth of cooperative is measured based on financial performance like

borrowing and funding growth, net financial asset, revenue, expenses and cash flow. Apart from the growth, bad debts are another issue of performance. It reflects the business risk that should be monitored. In cooperative A and B which have more than a hundred branches, the monitoring meeting is more frequent. Each one to three months a meeting with the area and branch managers is held to monitor and evaluate the cooperative performance.

Among accounting functions, control is the most frequent feature mentioned during the interview. Accounting is used daily to control cash transaction as depicted in the following quote:

And the daily report is based on, the money coming in and the money going out. The cash outflow could be from withdrawals, loans, shopping or other cash payments. Like me, for example, my expenditure has not been accounted for, because of waiting for the receipt of the transaction. It is checked against the accumulated amounts, whether it is matched or how much the difference. Total cash is counted. That is conducted every day. (General Manager, Cooperative C)

Even in the online system which has built in the two cooperatives A and B, the accounting control remains apparent. Accounting provides rules and control in the information systems. For instance, the cash account must be closed every day after all transactions are reconciled. In cooperative A, one internal auditor is placed in each area to ensure all the daily transactions are confirmed. The online system enables the accounting staff to check the transaction from remote branches. It helps in reconciling the transaction between the branch and the central office. However the branch and central office accounting staff still cannot make a daily financial report before the closing of the cash account.

Accounting for budgeting

Accounting and Budget refer to accounting practice which related to budgeting in cooperatives. Budget is the board responsibility. The budget is part of the annual cooperative program which should be agreed by members in AGM. The three observed cooperatives, A, B, and D applies top-down approach. In this approach target is determined by the board, communicated to managers and translated into the budget. Whilst cooperative C applies bottom-up approach in which unit and manager propose their targets to the board for budgeting.

As can be seen in table 5-3, in each budgeting process, accounting is strongly related to the budget. In each observed cooperative budget is started with targets which consist of accounting number. Financially the targets are stated in asset growth, deposit growth, and equity target

number. The income statement is used by all observed cooperatives to present the budget. The additional budget presentations are made by cooperative A and C. Cooperative A additionally presents its equity budget. Meanwhile cooperative C has more detail approach by presenting budgeted cash flow, statement of financial position and breaking them down monthly. The summary of accounting used in the budget is presented:

Table 5-3 Accounting for Budgeting

No	Cooperative	Accounting for Budgeting
1	Cooperative A	Income statement budget, and equity-funding projection budget
2	Cooperative B	Income statement budget
3	Cooperative C	Income statement budget, Statement of financial position budget, cash flow budget
4	Cooperative D	Income statement budget

Adapting Accounting Change

Pervasively the respondents believe that the standard changes do not alter the accounting practice, at least nothing significant. This statement depicts this pervasive belief:

[..] no crucial change in reporting, even though the SFAS 27 had been revoked. Then the enactment of ETAP, it actually will not be significant changes....(Board Member, Cooperative D)

This statement is confirmed in the cooperatives' financial statement. Based on financial report documents observation, the only apparent difference is the presentation of investment capital in long-term liability which previously it was in equity. In the exception is Cooperative D that did not change the presentation even after audited. While cooperative C did not make a change since it did not have investment capital. Cooperative A and B which change the equity presentation, but both did not alter the chart of account. In addition, their pre-audit financial statements remain put investment capital as part of cooperative equity. Hence it can be concluded that the new accounting standard and regulation did not change the accounting practice but the least change made in equity presentation.

5.3.2.2 Accounting for reporting

The basic theme captures the practice accounting in its traditional function, to hold bookkeeping and result in the financial statement. The challenge is the Balance Sheet or financial position should be present every day. For cooperatives with many branches, it is a quite time-consuming.

In all observed cooperative central office makes the consolidation report based on branches transaction. Thus the central office collects and makes the consolidation report, as depicted in the following quote:

[..] the consolidated report only requires the branches to submit the daily transaction, like how much cash inflow from the instalment payment, how much the cash withdrawal.[..]so both cash inflow and cash outflow in each operational unit [...]the total amount in the end book closing. All receipts and proof of payments are in the branch. Based on those cash flow transactions, at the end the central office consolidates all the transaction.. (Accounting Staff, Cooperative B)

Regardless the individual accounting change, accounting standard and regulation for cooperative has changed few times. However as reported in accounting studies on cooperative in Indonesia, the accounting does not really change. In practice, some respondents also admit that nothing really changes, although their cooperatives have long being audited:

[..]actually there is no change, it is just different arrangement, every year we are audited by the accounting firm, it is no problem for me. It is just moved here and there, no ..no problem .. (Board Member, Cooperative A)

All the accounting staff respondents stated that they do not familiar with accounting standard. This condition is also described by a local government official:

O yes, they've never seen it, they never know what is SFAS, [...] SFAS 27 what is the content they do not know? (Official, Local Government)

Besides those views, it can be expected that the accounting standard change adoption is much longer as the government mistakenly present the financial report attachment. The local government has complained and waiting for the correction.

[..] we ourselves are also confused with the Ministry *Pak*. Frankly there is a change from ETAP (IFRS-Based accounting standard), but it was not supported by instruction needed [...], so actually if it does not change it is only in the attachment. However as the attachment was just copied and pasted from the previous standard attachments. So you know. ..we had to redesign the attachment [...] (Official, Local Government)

5.3.2.3 Accounting for System of control and IT

This basic theme refers to accounting practice as control systems which is enabled by IT. Accounting is used to report target made every month, three months and a year. And based on

the report, meeting to monitor and evaluate performance is conducted monthly or every three months. In particular cooperative C, the reports are not just monitored by the board, but also the CU network coordinator. As the main business is providing credit, growth in funding, and growth in credit are the object of regular monitoring. The performance and monitoring are depicted in the following quote:

[..] the growth of assets, financing, fixed assets, and saving from last month then revenue and expenditure..., [..] the target is for 1 year, as the comparison of achievements with the growth target. We usually broke down (the target) in each month until the current month, whether the target is achieved, not achieved or already exceed (the target) (Internal Auditor, Cooperative B)

Controlling through Accounting and IT

Accounting is considerably important tool to control daily cash transaction. In the observed cooperatives it is particularly used to recheck the current cash amount compared to recorded cash inflow and outflow. As part of internal control procedures, the unit manager, accountant and cashier sequentially check the record and current amount.

The combination of the accounting system and information technology enable cooperative to control the transaction in more detail scope and much faster. Consequently, the control system is changed, more personnel are recruited to control the online transactions:

We control from the central office because the system is all online. So almost all the existing branches are monitored by ICU (internal control unit) staff, and the ICU staffs are paid by the central office, so the branch has no power to instruct them [..](Branch Manager, Cooperative A)

The control in particular is the cash transaction, and also how that transaction is recorded in the journal. The ICU staff monitors the online transfer and journal entries, as depicted in the following quote:

They control the journal entries listing, whether his journal, his post is correct what not. Based on the listing can be traced for instance from A's account whether the deposit went to A's account or else it goes his own account, such thing like that. (Branch Manager, Cooperative A)

5.3.3 Managing Accountability

Global Theme	Organising Themes	Basic Themes
Managing Accountability	Accounting through AGM and Social Interaction	Accounting through social interaction
		AGM as The Main Accountability Medium
	Giving Account to Member and Other Main Stakeholder	Giving account to member
		Giving account to other stakeholders

The theme captures some purposive efforts to manage accountability including certain accountability mechanism to ensure the success of AGM event. The practice is mainly evolved from the accountability perspectives of cooperative personnel and their relation to members along with the community.

5.3.3.1 Giving account through AGM and Social Interaction

AGM is The Main Accountability Medium

The most apparent and concrete concept of accountability in cooperative is AGM. The democratic control is manifested as AGM. Practically the accountability in cooperative can be seen from the process of the event. AGM is strongly related to other themes namely Harmonising Supervisory Control, Giving benefit, Communicating with member, Promoting the Firmly Legitimated Figure, and Accommodating Non-Member Key Stakeholder. These themes capture the practically purposive efforts to be accountable. According to Cooperative Act, AGM has the highest authority in cooperative. Regarding its position thus directly or indirectly, all the account giving efforts are aiming to AGM.

As an event, AGM is highly expected to run well as planned. Any unwanted incident can influence the cooperative future. As it is depicted in the following quote from a book published for 36 Cooperative A anniversary:

The cooperative understands that every AGM should be smooth, safe, and controlled. If any unwanted incident happens in AGM, then the trust of members, prospective members, and the public will falter, and what will happen if trust is fading away, as the cooperative is built on that trust (Machfudz, Anggawi and Hasyim, 2009, p. 112)

Respondents view AGM as a very important event that needs to be prepared in advance. For example Cooperative C held pre-AGM. While other cooperatives, along with annual reporting circulation made informal communication with members or their representative.

[..] we do not hold pre-AGM as well as in each branch, but usually when we distribute the annual reporting (before AGM), we including the branch managers, are trying to talk about what they think and what we can accommodate. In that way, it reduces the frequency (of inquiries) in the upcoming AGM. (Staff, Cooperative A)

Regarding the communication which aims to ensure that AGM runs well, a regular gathering is scheduled as depicted in the following quote from a book published for 36 Cooperative A anniversary:

Every Safari savings gathering, it really facilitates communication between board and members. The gathering is held almost once a month at a cooperative branch in turns. This event gives an opportunity to members and prospective members to dialogue, complaining, open the proposals and suggestions.. Let one to more disappointments.. Those shall not accumulate becoming a time bomb waiting to explode in AGM (Machfudz et al. 2009, p.110)

In this sense, communication considered vital as an efforts to reduce continuing unfavourable inquiries in AGM. Informal communication is apparent during field research as it is inherently practised in the observed cooperatives. Every cooperative has its own strategy to communicating verbally in the informal atmosphere. Table 5-4 shows various ways to communicate to members.

Table 5-4 Communicating to Member

No	Cooperatives	Communicating to Member
1	Cooperative A	<ul style="list-style-type: none"> - Monthly forum in Safari deposit prize drawing - Cooperative magazine - Visiting member
2	Cooperative B	<ul style="list-style-type: none"> - Religious Congregation - Cooperative magazine - Visiting member
3	Cooperative C	<ul style="list-style-type: none"> - Social media group - Regular member business gathering groups - Promoting payment at the counter - Visiting member
4	Cooperative D	<ul style="list-style-type: none"> - Member representatives forum group - Visiting member

Closer inspection of the table shows that all cooperatives made regular forum and visiting members. The respondents from all observed cooperatives suggest that visiting member is the frequent form of communication with member. Apart from visiting staff, chain message using group and social media also become an alternative of communication:

We announced through WhatsApp groups, passing then through Facebook, by then it would be announced among members in each group, which would then continue to chain [...] So the information as well, now that is faster. As it was announced in one group, then later there has been a chain of responsibility. (General Manager, Cooperative C)

The respondents perceive that AGM is not just speeches and reporting but also as social and commercial event. Door prize and allowance are the most common incentive. In addition commercial event was made in the AGM and the opening ceremony was attended by an official. The larger the cooperative is usually the higher the rank of the government official. Cooperative C is the exception as it is more bounded by the CU network in which the official is from the network instead of the government. Cooperative D was attended both local government official and Rector. Those make known the non-member key stakeholders for cooperative C and D.

Almost all of the interviewed members did not pay much attention to the financial statements. They stated that they trusted the board, and the influential figure, while expected a good patronage return. The influential figure seems to enhance member trust to the board. The respondents who attended also did not give much attention to the account statements and the core meeting, but interested in festivity, door prize and financial benefit. The situation of AGM is depicted in the following quote:

The auditorium was so full. Members were coming, they were happy to come may be because of the transport (allowance) was quite high, there were door prizes.... Indeed that was typical. They came for the door prize you know. They came not for examining the reports or to give feedback for cooperatives. They came because of a door prize... (Member, Ex-chairman, Cooperative D)

Arranging AGM

All the observed cooperatives consider AGM as a paramount event. Arranging AGM refers to technical preparation until the event is held. Hence the arrangement is started few months before the event. It is prepared a few months before. Cooperative C holds pre-AGM consecutively at their units. Financial statements and agenda should be circulated at least 2 weeks before the

meeting. Cooperative A and B prepare transport and accommodation from their members from distance and other-island branches.

Attaining AGM Festivity

The theme refers to AGM event that is not just the rundown and agenda, election and collective decision but the festive of the AGM is considerably important.

The festive can be seen from the ceremony and the attendance. The government official is always invited to the opening AGM ceremony. The bigger cooperative is likely the higher the official rank. For example Cooperative A, the biggest credit cooperative in Indonesia, annually invites the ministry of cooperatives and SMEs. Meanwhile others cooperatives invite Major, district regent, city and provincial government official.

One of the cooperative D member respondents called the AGM like 'people party' as she met a lot of friends, transport allowances, bazaar, and prizes.

First, for sure, transport money in significant amount. Secondly, many door prizes, so I expected to get something. You know, the main door prize was always there.. a motorcycle. It was for participant who attends until closing ceremony, from 8 until 12 o'clock [..] The AGM became a kind of people festival, because a lot of prizes and something like bazar..bazaar! (Member, Cooperative D)

According to The Cooperative Act and latest regulation from the ministry of cooperatives and SME requires quorum at least fifty percent of member plus one. Although it can be represented, but the AGM attendance is crucial to ensure the legitimacy of the forum. In general members are less likely to stay, apparently speeches and reporting are not their interest. It is expressed in the following quote:

The event itself does tend to be not interesting. It was like the speeches, reports, which maybe we did not even understand. But then just kept going hahaha .. (Member, Cooperative D)

In order to attract more members to come and stay until the end of AGM, door prize and incentives are prepared:

[..] obviously in AGM members were given transport allowances, door prizes.. like transferred money savings in which the draw was made in that event.[..] The main door prize was a motorcycle, but there were so many others like TV, refrigerators It was about 160's items. (Chairman, Cooperative D)

The prizes vary from one cooperative to others, for instances, Cooperative D provide a motorbike as the main door prize, but cooperative C chose 'productive' door prize like saving account transfer, duck or goats.

Besides prizes, the festivity can also be attained through uniform which reflects solidarity and shows the members existence in their community:

[..] to provide one, one kind of promotion, which might more stronger... Every Pre-AGM or AGM we made shirts. So it was like, we had a thousand people wearing blue shirts. When we went out it's like a mass of political campaign. (General Manager, Cooperative C)

Anticipating discourse in AGM

This theme depicts that AGM is considered one of the most important events. To have a successful event preparation need to be made. Many complain is not good for cooperative image and decision making. Good reporting, communication and good service can succeed the AGM event. These are depicted in the following quote:

[..] in the AGM, if the cooperative had already given a good report, and being open to members, their needed services could be fulfilled.. Then they did not really make too many complaints or even did not (complaint). (Board Member, Cooperative A)

Giving account through Social Interaction

Using Non-AGM Strategies to Manage Accountability

Basically these themes have two functions, first support the success of AGM and secondly as a medium to giving account along with the cooperative operational. For example communication to member can be aimed to prevent the unwanted incident in AGM as mentioned above, but in the same time it can serve to strengthen business relation and other medium instead of AGM.

In this sense, Harmonising Supervisory Control has the function of relational and succeeding AGM. In a harmony relation the supervisory body is expected to give a favourable account of the board performance in AGM. According to respondents, Harmonising Supervisory Control is necessary for the sake of business streamline. It is expected that supervisory body does not oversee in any way that can obstruct the business process, as depicted in the following quote:

To be supervisory body chairman, he should actually know about cooperatives, he understands the problem of the cooperative [..] So, I think it is quite logical [..] if the supervisory body chairman once became the cooperative board chairman. Thus the

relation between the board and the supervisory body can run in harmony. [...] if the supervisory body does not understand the business of the cooperative, it even can be an obstruction. That would be so much different if the supervisory body chairman understand the cooperative by his own experience[...] (Member, Ex-Chairman, Cooperative D)

The cooperative needs a figure that has been acknowledged and legitimated to cope with members and democratic control. Such position is needed to eradicate the potential conflict and stabilising the business. In attaining such position it should be someone that is trusted by members, and key stakeholders. An entrepreneur figure who has a vision, sense of business, and understand the cooperative communities.

The acknowledgement is not just limited in his cooperative but much wider. Other cooperative in the union and Government also acknowledge his existence. For instances, Chairman Cooperative A and B were also appointed as chairman of their cooperative union (secondary cooperative). Cooperative D supervisory body chairman regularly invited to facilitate training for cooperatives which held by the government. The exception is in Cooperative C in which the network coordinator facilitates numerous training, system and technical supports. The central figure is less superficial as every personnel of board or supervisory body is work accordingly. In this regard the figure is the network right-hand, someone that represents and connects the cooperative actors to network coordinator.

The central influential status is not just based on reputation or charisma. Trust is built as he has been proven by his remarkable performance during his leadership. The trust from members and board give the highly legitimate position to the figure. In such position he can manage with whom he can work with, including managing the supervisory control. For instance the Chairman of Cooperative is trusted to appoint the board and supervisory members in which previously the decision was made by a formative team:

They all said only Pak X (the name of the chairman). I decided all. My question is, if they do not judge me excellent, the cooperative A performance is excellent. Could it be possible to be like that..(Chairman, Cooperative A)

Based on the discussion above, it can be concluded that AGM is the main medium of accountability and there is an effort to keep the AGM safe and controllable. AGM also can be seen as a festive event for member gathering. The evidence suggests that the cooperatives purposively made it, which more or less reduce the role of AGM as the mean of democratic control. The cooperative developed informal communication to giving account, which it seems inherently

become the way of cooperative doing business. The informal communication might cover accountability instead of AGM. And Non-AGM strategies have two functions, supporting AGM as well as giving direct account for the business purpose.

Relying on the Central Influential Figure

The theme depicts the existence of a figure who mainly directs and decides cooperative business. The need of the figure codes the views of respondents on how the cooperative needs the central influential figure. The figure is considered substantial for cooperative development. He becomes a central leader who drives cooperative direction and a magnet for new members. In addition the local official government indicated the importance of such figure in a cooperative. As stated in his words:

[..]the cooperatives which being founded in the community, have a tendency to choose a figure, as can be seen from his personage, his charisma [...] without that figure, a cooperative sometimes do not run well *Pak*. It is just not good [...] As there is a figure, thus people want to be members [...] (Local Government Official)

In the field the central influential figure is distinguishable from his biggest room in the office. The attitudes of the cooperative staffs and board members have reflected the existence of the influential figure. The gestures from staffs and board members show their respect to someone with high authority.

5.3.3.2 Giving Account to Members and Other Main Stakeholders

5.3.3.2.1 Giving account to member

Direct informal communication

Cooperatives apply various strategies to communicate with the member. Direct informal communication refers to daily spoken communication among members, employees and the board. In general, members can directly communicate with cooperative management. Contacting branch manager and staff is relatively easy and can be done during office hours. This is because members personally know management or board. It is also no formal procedure to meet board or the chairman. However for two cooperatives, A and B for their size and organisational hierarchy, someone needs to make an appointment through the secretary to meet the chairman.

Apart from the chairman, cooperative A designed its outlets to directly connect to the office which means member have open access to the office. In addition greeting and conversation are

locally context after banking styles standard greeting was mostly rejected by members. For instance, calling customer not with Mr/Mrs but with 'Kaji' in which local people are more preferable to be called as Hajj is well respected or 'Om, Koh' (to give informal tone and respect to Chinese descendant). Gathering with the member is scheduled as it is also customer gathering for drawing prize. Mostly cooperative B uses praying and congregation for communication. Meanwhile cooperative C encourage member to come directly to the cooperative by requiring cash payment for pooling member equity:

Because we expect, the member comes not just to deposit, indeed there are some who every month come to the office. Moreover, it is our expectation.. (General Manager, Cooperative C)

Visiting staff is also popular among observed cooperatives. It is used to informally supervise member's business development, service improvement, and maintain the relationship with the member. Other way is using internet social media platform like what apps, SMS, and website to contact and communicate with members.

Using formal medium to communicate refers to the event sponsored and scheduled by cooperative to communicate with members. In this way AGM and member gathering are the most common medium to communicate. The cooperative magazine/bulletin is regularly circulated to members by cooperative A and B.

Communicating performance target

It is made for communicating annual result like cash patronage dividend particularly to member and half-member that put their funds on cooperative's investment capital. The amount is mainly communicated in a formal way. For instance cooperative D communicate the return on investment capital in the sealed AGM invitation envelope, and when the results were dropped the cooperative specially invited the member-investor for gathering and explain the condition.

Communicating financial statements

It is made for communicating financial statement in other medium instead of using the statement in its report. For example cooperative C using announcement board, banner and open access to any member who wants to copy the financial statements report. Cooperative A and B use magazine/bulletin and cooperative D limited the information to the member representative group forum.

5.3.3.2.2 Giving Account to Other Main Stakeholders

This theme represents non-members relevant stakeholders and how the observed cooperatives accommodate these stakeholders aspirations.

University as parent organisation

Cooperative is centred on the member as customer and owner. Member is certainly a main key stakeholder for a cooperative. In practice however, the member might not be the only key stakeholders. The position of the stakeholders is highly significant. University as parent refers to university in which cooperative D is operating its business. The University provides financial systems for payment from staff salary, deposit and capital, and facilities which to be managed and profit generated. Consequently the cooperative accommodates the rector and vice rector on finance and general administration in the organisational structure.

The mission network union

The mission network union is organising union or authority that support and control the cooperative mission. Their existence is highly significant, as they can determine the continuity of business like sharia council in cooperative B and network coordinator in cooperative C. The cooperative B should have its own sharia council which operated under national sharia council guidance. Cooperative B is required to make sharia compliance report. The cooperative network can also significantly influence the cooperative business in credit union network. It supports from A to Z cooperative C business. The network coordinator provides business systems including accounting, audit, funding, training and credit insurance. Consequently cooperative C is reporting and audited by the network coordinator.

Creditor requires reporting and credit sampling

Creditor requires reporting and credit sampling refers to Banks that borrow a significant amount of money to cooperative B. As consequences cooperative B should report to the banks, and even one bank can randomly sample the debtors who borrow from its fund.

Centre of Excellence

Centre of Excellence refers to cooperative as a reference and centre of learning from other cooperatives. Basically all the observed cooperatives become a reference for other cooperative. However, cooperative A declares that the cooperative open to anyone or any cooperative to learn:

[...] if they follow us then they are successfully giving benefit, do not worry surely the *pahala* will be trickled to us. This is a simple philosophy, but be a blessing for us, we have almost in every week a group of learning.. (Staff, Cooperative A)

The following table summarizes the key stakeholders in the observed cooperatives and how accommodating actions are made:

Table 5-5 Cooperative Key Stakeholders

Cooperative	Key Stakeholder	Accommodating action
A	-Other cooperatives	-Centre of learning
B	-Sharia Council -Creditor	-Compliance statements -Sampling check and report
C	Mission-based Network Coordinator	Business system, audit, and reporting
D	University	Organisational structure

5.4 Concluding Remark

Thematic analysis is employed to generate themes from the research data. Theme is pattern of information that can be used to understand aspects of the phenomenon aimed in this study. To generate the themes, it starts with coding framework which made deductively from theoretical interest relating to identity and accountability. The theoretical literature guides to focus on identity, accountability and accounting practice features across the interview data. As a result, three global themes are emerged from thematic analysis: cooperative identity, accounting practice and accountability practice.

Localising cooperative identity theme represents how the Cooperatives apply or adapt the universal cooperative principles and their individual organisational values to become their identities. The localised identity is formed from Adapted Cooperative Principles, Organisational Value, and Membership Common Bond.

The second global theme is Maintaining Extant Accounting Practice. It represents how accounting is practiced and the tendency of cooperatives to preserve the existing practice of accounting. These practices are indicated in three organising themes: Accounting for Reporting, Specific Feature of Accounting System, and Applying Accounting as Business Process

The third global theme, Managing Accountability, captures some purposive efforts to manage accountability including certain accountability mechanism to ensure the success of AGM event. The practice is mainly evolved from the accountability perspectives of cooperative personnel

which is captured in two global themes Accounting through AGM and Social Interaction and Giving Account to Member and Other Main Stakeholder.

These global themes contain of findings in three related subjects: identity, accounting, and accountability practice. Using identity orientation (Brickson, 2005, 2007) as the theoretical framework, these findings are analysed and discussed in Chapter 7.

Chapter 6: Findings and Analysis

6.1 Introduction

This chapter discusses the findings in the three global themes, using identity orientation as the theoretical framework. Identity has many facets which can lead to various perspectives in looking at stakeholder relations. For that reason identity orientation is used as an operational concept of analysis. In the stakeholder theory framework, identity influences stakeholder relations. By recognising the orientation on cooperative stakeholders' relations, it helps us to understand the role of identity in accounting and accountability practice.

The discussion starts with the presentation of four short cases to depict accounting and accountability practice in the observed cooperatives. It continues with identity orientation as a link to see how identity is related to stakeholder relations. Each cooperative identity is articulated based on the application of cooperative principles in practice. By looking at membership common bond and organisational values the identities of the observed cooperatives are classified based on their orientations. In addition, the chapter discusses all the aspects that emerged from the accounting and accountability practices of the observed cooperatives: the content of account, face to face account and implicit account and the influence identity to reporting, accounting system and mobilisation of accounting information.

6.2 Accounting and accountability practices: The four Cooperative cases

Cooperative A

The basis of membership for the cooperative is business, in particular it is required that the member should be an entrepreneur, merchant or a business owner. It is not like common cooperative strategy Indonesia, which applies extensive membership. This membership policy aims to mobilise larger number of member to raise member's capital contribution. Instead of mobilising more members to raise capital, the cooperative raise the amount of capital contribution to each members. In this sense, the cooperative membership basis is inherently 'limited' on the contrary to open membership. In this limited membership the cooperative posits as financial service provider for member's business activities. The cooperative employees are not allowed to be members, which gives a sense of professional expectation that employees should focus on providing services to member.

Besides its professional relation to employee, Cooperative A focuses on how much patronage dividend can be paid to members. Expanding business is regarded increasing cooperative income for more patronage to members. The cooperative has expanded its business by forming three business units. Two of them, an insurance company and sharia credit, were founded to support the current cooperative business. In this situation benefits to members are portrayed in a business-like transaction. The chairman points out that benefits to members should aim promptly to how much financially members can obtain. In the cooperative policy, not all patronage is paid in cash but part of it is retained as cooperative equity. It is 25% into cash and 75 % is accumulated in member's account. As a consequence the accounting system facilitates the individual member accounts which report how much patronage cash dividend and the amount that they can claim as an accumulation of the profit sharing. The board stated that they could provide individual account statement to member regarding patronage payments.

The accounting systems and member individual account statement facilitate 'select-ability' policy. It is a member-selection policy that is made to limit the member and maintain the level of patronage payment amount obtained by each member. The limitation of the member in this regard can limit the income-sharing dilution to the individual members. In addition the decreasing number of member is favourable for the extant board in terms giving account and voting. Based on document analysis on Cooperative A's annual reports from 1977 to 2011 indicated the selectability policy not just limiting but effectively decreasing the number of full members. As the consequences of the selection, the number of new member is fewer comparing to the membership termination. Previously the number of members was continuously growing until 2001. In 2001 for the first time after three decades growth of member, the number countinously declined as shown in Table 6-1.

Table 6-1 Selectability Figures

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Members	3,760	3,690	3,601	3,493	3,362	3,239	3,138	3,016	2,920	2,818	2,732

Regarding the financial statements, not a member interviewed paid attention to the detail of financial statement. Some respondents stated they believe even without seeing the financial statement that the board give a trusted account. Members believe the good service that has been delivered, increasing benefit and the influential figure reflect a trusted account of the board.

Accounting has an important role in the cooperative business process. The budget is made of accounting number to state like the asset growth, bad debt, expense and revenue. And these are monitored to evaluate the cooperative performance. Accounting also has vital role to control

branches and the whole cooperative transaction. It becomes a mean to monitor the branch transaction through cash account and its daily transaction. In addition, the accounting systems provide audit trail in which internal auditor can review the transaction in the daily basis. Internal auditor is involved to ensure all of this transaction recorded properly. The internal auditor is assigned to monitor the daily transaction and he directly report to head of division in the central office.

To connect and to provide reliable service, information technology (IT) is integrated with the accounting systems. As part of its business strategy, the IT division is projected to provide services that earn more transaction-based fee in the next few years. This means that for each service given will be charged. For example, the cooperative just introduced debit card that integrated with a number of national bank networks. The debit card transaction earns fee for the cooperative. Besides its business aspect, the IT enables faster accounting process mainly on closing the day and reconciliation among branches. The closing and reconciliation are regular procedures to control daily transaction. Each transaction should be recorded and reported. Any transaction left in the temporary account results the balance sheet cannot be closed. The accounting staff can remotely monitor balance sheet and the recorded transaction. While each branch manager has to ensure to check each transaction and the closing. In this way, much faster consolidated financial statements can be made. The IT also enables 'out of office' transaction like when the staff visit member in the traditional market, or at their house. The cooperative has made android application in which notification of the transaction can be sent immediately.

The accounting system also provides report and information to monitor performance and bonus calculation. At time of fieldwork, Key Performance Indicators (KPI) is newly applied. There is a branch ranking class and individual performance which is merged into office branches performance indicator. Accounting provides information about the target achievement like asset growth, profit target. The accounting also provides basis for bonus calculation.

The respondents stated that the accounting practice does not change although the accounting standard has changed. The accounting staffs acknowledge the accounting standard, but they never refer to the standard in their practice. The accounting relatively does not change. The account in the ledger was made since the beginning of the cooperative foundation which is referred to banking accounting system. A little change lately was made in the presentation of capital in the financial statement but not in the ledger account. The change was made mainly because the government instruction and suggestion from auditor. During the fieldwork, the cooperative was still approaching to obtain government project on channelling soft loan for SMEs.

The financial statement is audited by auditor and summary of the report is enclosed in the AGM report. AGM is the main accountability forum. Regular forum is held monthly as a gathering with members and customer. However shortly before AGM, intensive and more personal communications are made to members. The board and the management believe that communication is important to anticipate conflict in the AGM. The government highly appreciate the cooperative existence, awards was given from time to time. In 2017, the cooperative succeed to obtain government project on SMEs channelling. It is the only one that is appointed by the government to channel soft loan for SMEs among a few big banks. The cooperative also invited higher rank or national level government official in their AGM. As a cooperative with national wide operation with excellence reputation, the high-rank government official like the Cooperative and SMEs Minister and the city major are expected to attend the AGM ceremony.

Cooperative B

The basis of membership is Islamic values in particular providing interest-free financial transaction. The cooperative business refers to Islamic banking that has a commercial and social role. The benefit is given based on the proportion of profit sharing. In this sense, accounting provides basis for profit sharing calculation to ensure interest free as one of the main cooperative mission.

In the business process accounting is applied for budgeting, to control transaction and monitor the cooperative performance. To control transaction, the management put an internal audit personnel in a region (a local hub that coordinates several branches) to monitor the daily transaction. Each day the transaction accounts should be closed and the file of the daily financial position should be sent to accounting department for consolidated financial position. The internal auditor ensures the closing is done. And they should make a report for any postponed closing.

During the fieldwork, the cooperative still in stage to implanting IT (information technology) integrated system. The IT system is needed as the cooperative getting bigger with many branches. Six main branches has been integrated with online IT system. The branches become pilot project before the whole branches are integrated in one IT system. Without online IT system all daily report is send through digital file and email. It takes time to compile, reconcile and present as a consolidated financial statement. As a result any error and pending transaction cannot immediately be detected from central office.

Chapter 7

As the cooperative equity financing strategy relies on bank loan, the cooperative bound by the credit requirement. For example, the bank that provides big credit schemes requires audited financial statements and randomly making a sampling check to the credit distribution. The cooperative recently start opening new capital investment to reduce the debt structure in its equity financing.

Regarding the accounting standard change, the accounting financial statement only slightly change in the investment capital account. The change is only in the audited financial statement but not the internal financial statement. All the charts of account never changed even since the beginning of the cooperative business operation. There are some additional account, but the whole chart of account has never been changed. The accounting systems was adopted from the other Islamic cooperative in which some of the cooperative B staffs had an internship. It was in the first year when cooperative B started operating.

The cooperative just formed new division of social house (Maal). Previously the social role was run by a unit in the cooperative organisational structure. It was managed under business director. The unit is detached from the cooperative main business and becomes a new division of social house. The new division shows the cooperative commitment in translating its social role. It focuses to obtain funding from the community and doing social project. For example the division main project is providing water and sanitation in rural area in which the cooperative collaborates with one international NGO. Another main project is to build a hospital, that during the field work it is still in the fundraising stage and land preparation. As a consequences, the new social division presents a separated report. The report is going to be accounted for the first time in AGM.

The board admitted that the cooperative does not purely apply the democratic control. AGM is attended by member representative who chosen by management and the board. The interviewed member seems does not really concern about financial statement or even the AGM. They only concern with their non-interest fund, the service and the prize offered by the cooperative. The cooperative is a mean to translate Islamic value in the cooperative mission. In this regard all employees are required to be member. The cooperative logo, uniform, interior and staffs activities are aimed to reflect the value. Each day there are morning, midday and evening prayer. The cooperative also builds a good relation with local Islamic community and congregation.

Cooperative C

The cooperative applies open membership. The membership is bound by Credit Union mission which emphasis self-help among members. It is manifested in a way that member only can borrow from cooperative as much as his deposit. Also the cooperative commit does not borrow

money from external parties, even rejected government grant and soft loan which is mostly pursued by other cooperatives. This is the application of self-help principle. The cooperative also inclines using profit-sharing to replace fixed interest base. The financial statement in this sense, reflecting the cooperative mission by providing information to show that the cooperative applies no loan policy and profit sharing.

Besides member who is designed as the main stakeholder in the cooperative, the mission-network coordinator is evidently the primary stakeholder. It obviously influences the accounting and accountability practice. Regarding accounting, the system and audit are supplied by the network. The accounting system consist of packaged software, charts of account, transaction recording procedures and reporting format. Thus in term of accounting standard change, the cooperative is not influenced at all as the accounting system is solely top-down following the mission-network coordinator. The cooperative report to the network not just its financial position but other performance indicator like growth and membership affair.

Instead of hiring external audit for their financial statement, the cooperative rely on auditor from the mission-network coordinator. Each semester some auditors from the network review the cooperative performance and financial statement. The cooperative does not have an internal audit unit. Instead of hiring new internal auditor, the audit is done by cross unit review. It is an ad hoc audit team from each unit and finance staffs. Apart from his unit, each staff can audit other unit. This strategy is chosen to maintain the policy to control the ratio between employee and the number of members.

The management open access of financial statement to the member. A full detail financial statement is prepared, and allowing any member to copy the financial statement. The general manager also put the financial statement on banner and notice board. However there was lack response from member. The members whom interviewed stated that they did not pay much attention to the financial statement. They gave more focus on the cooperative service and their own target to financially plan and enlarge their saving account.

AGM is attended by member representative. Pre-AGM are held in their four area units to choose the representative and split the AGM agenda into mini meeting with members. The cooperative also classifies the group of member with the same business interest. Communication is built among member through the groups like regular meeting and social media group chat in which information and announcement were made. The cooperative supports member business by providing business coaching, products display and gathering. Daily direct communication is achieved through member visit and regular equity payments. In the latter, member is required to contribute regular equity payment each month. The management policy obliges member to pay

himself thus there will be interaction with member. This give a change for a face to face contact in which giving a chance to inform and account to member. However, this policy results significant loss because of unrealised contribution payments from members who did not come and pay himself.

Cooperative D

In cooperative D, the university employment is the basis of membership. At the beginning the membership is limited only to the university staff. As the cooperative is growing, the membership is extended to a half member for non-university staff to expand market and funding. The cooperative mainly gives financial benefit through shopping voucher, deposit prizes, door prizes, transport allowance and patronage dividend. Both types of membership obtain financial benefit, but only the university staff has the right to vote and being voted. As a consequence of this financial benefit orientation the cooperative provide member account relating to the patronage payment. During the field work the board was still considering the proposal to exclude the cooperative employee from the membership. In this way they suggest that the employee can be more professional to serve members. The board also select the inactive half member and stop the membership after confirmation is made.

Apart from member, the university is the main stakeholder. The cooperative uses the university salary payment system for member loan instalment. The university also provides offices and places for the cooperative's business operation. The university invests a significant cash deposit to the cooperative. In addition the cooperative manages some university buildings and assets. Besides the facilitation, the cooperative is bound by business contract with the university. In exchange the cooperative pays interest, rental money and fees. The cooperative insist not to report to the university as an application of its autonomy, but the cooperative place the rector and the vice rector in the cooperative structure instead.

Accounting is practiced to support business process through budgeting, control and reporting. As the cooperatives has various businesses, accounting particularly is used to control stocks, member receivables, and cash account. As the university requires the limit based on percentage of employee salary to prevent a staff spends beyond his means, the cooperative should monitor whether a member transaction exceeds his salary limit. The monitor needs accounting system that can record and confirm the staff salary limit among transaction in the various business unit. However because the cooperative have not had online system, manual reconciliation and limit warning report are made.

The cooperative hires a part-time internal auditor to have regular stocktaking and financial statement review. Annually the financial statement is audited by external auditor. The ex-chairman stated that at the beginning the audited statement was used to gain trust from member and banks, as that time the cooperative had liquidity problem and was running out working capital. During the loan period, the audited statement is required by the banks that gives loans to the cooperative.

The audited financial statement is enclosed in the cooperative annual report in AGM. However during the interview, members did not concern about financial statement detail. Member mostly do not understand the technical aspect of financial statement but they believe in the statement as they trust the board particularly the influential figure. In 2013, the revenue recognition method was changed, as a result the net income drastically drop which influence the profit sharing to members. In anticipation of large capital withdrawal the cooperative invited member and investor gathering to explain what happen. An interviewed member pointed out that it was not the explanation, in which she did not really understand, but figures in the board that made her remained not withdrawing her deposit.

AGM is the main accountability medium. The cooperative always high member attendance which constantly more than 70% of the members. AGM is something awaited by member. By attending AGM they obtain shopping voucher, door prize, transport allowance and cash patronage dividend. The respondent depicted that the AGM is like gathering among friends. In each AGM there is an expedition from the cooperative business partners that give discount to the transaction made in the event.

Based on the short cooperative cases presented above, there are aspects that surfaced regarding accounting and accountability practices in the observed cooperatives. In a sense, these aspects bring out a particular character which are pervaded in the observed cooperatives. For example, in one cooperative it has strong business sense and focus on how much financial benefit given. Meanwhile other cooperative more attached to mission and its network. Such particular character influence what information needed, how to present and how accounting system can facilitate that. Apart from the character different there is also similar aspects of practice like all cooperatives use AGM as the main accountability medium which implies democratic control forum. These particular characters, both its similarity and difference, refer to organisation identity that influence cooperative accounting and accountability practice. The next sub chapters discuss cooperative identity in which the similarities and contrasts of these aspects among cooperatives essence to portray the identity in practice.

6.3 Localising Cooperative Identity: Identity, Orientation, and Influence to Cooperative – Stakeholder Relations

This sub chapter discusses the findings in 6.3.1 Localising Cooperative Identity. The findings provide evidence that a cooperative identity is consist of three strands: the applied cooperative principles, membership common bond and organisational value. The strands reflect that cooperative identity is multi levels and perspectives (Puusa and Tolvanen, 2006). The findings of cooperative identities are analysed to determine each cooperative identity orientation. And using the identity orientation lens, it sees stakeholder relations to understand how identity is reflected in that relation.

6.3.1 Cooperative Identity and its Orientation

Identity orientation works as a link that provides an operational bridge to understand how identity influences stakeholder relations with a cooperative. The identity orientation is defined based on the understanding of the cooperative identity itself. In other words, the cooperative identity is required a basis for determining the orientation. The findings provide evidence to understand the identity of observed cooperatives. Cooperation among cooperatives is the most prevalent applied cooperative principles. And after comparing and contrasting the applied principles results in two types of identity mission-based and democratic based. These identities are two 'common' type of Indonesian cooperatives. Meanwhile membership common bond and organisational value provide sense of more individual identity. All aspects facilitate in understanding identity orientation in each observed cooperative. The evaluation of the identity aspects results in the identity orientation of the observed cooperatives.

Adapted Cooperative Principles: General Cooperative Identity

The findings on cooperative principles application in the observed cooperative show that there pattern similarities and differences. All cooperative show strong cooperation among cooperative and apt to control the democratic control. These two are most common cooperative principles that pervasively apparent in each cooperative. The strong cooperation indicates that the cooperatives are bond by national cooperative movements. There is a sense of solidarity among them. The finding is consistent with (Novkovic, 2006) but not in line with Passey (2005) and Oczkowski, et al. (2013). Jaumier (2016) suggest this principle is against core capitalist concept as

the cooperation is on contrary to market-based competition. Further Novkovic (2006) concludes although common in cooperatives but co-operation among them mostly is superficial without significant economic benefit. However this is not the case in this study, all cooperatives show how the cooperation is not superficial. Cooperative D which nearly ended obtained a loan and business project from other cooperative only with personal guarantee. While other cooperative is open as learning centre and helps incubating other new cooperatives.

While the democratic control reflects the efforts of cooperative to balance between business and member control. On one hand democratic control is the main character of cooperative which provide legitimacy and resources (Zeuli and Cropp, 2004). On the other democratic control inherently is considered not an efficient decision making (Anderson, 1987; Spear, 2004). In the same vein, Cornforth (1995) suggests it is not suitable for a quick decision and strong character leader is needed to provide direction in the democratic situation. In addition, as its authority to change from board to sanctioning is considered threats to the business stability (Diamantopoulos, 2012).

Despite similarities, the application of the principles also shows a difference in two general type. The benefit to member is used to classify the adapted principles across observed cooperative. As a result, there are two general type of identity, mission-based identity and democratic identity as shown in Table 6-2. This table compares two previous tables: Table 5-1 and Table 5-2, to show the difference of cooperative principles application in detail.

The democratic based is the most common identity in Indonesia. It is a typical cooperative in which its practice is formed from the beginning of national cooperative model. The cooperative mainly applies one-man-one-vote democratic control, requires continues small equity contribution and provides instrumental benefit to member. One-man-one-vote is strongly related to the financial benefit given. In this case, financial benefit arguably becomes a sensitive issue as members can directly use their voting right. Hence the board need to give 'extra' financial payment in particular to attract members giving their votes. As the financial benefit is the prime concern this type of identity has individualistic orientation (Brickson, 2007).

The mission based is a relatively new form of Indonesian cooperative as it is influenced by particular mission network rather than extant cooperative movement. The cooperative national movement has federal type structure which consists of local union to national cooperative union. The mission-based cooperative has different network and movement. The credit union movement first started in early seventies through Indonesian Catholic Church network (Munaldus *et al.*, 2012, p. 20). While the Islamic cooperative was established in early nineties along with the first foundation Islamic bank (Wibisono, 2009). The Islamic micro financial institution is restricted by

the Banking Act particularly in minimum capital and legal requirement. Alternatively, instead of a bank it became a cooperative to remain in the financial intermediary business. In this regard cooperative is a mean of the mission. Cooperative becomes organisational structure but mission and the network are prioritised above the cooperative movement. The mission-based cooperative is part of bigger collective network organisation. In term of member, the cooperative spread the mission through expansive membership to develop bigger mission-concerned community. In this sense this type of identity has collectivistic orientation (Brickson, 2007).

Table 6-2 Type of Cooperative Identity

No	Cooperative Principles	Mission-based	Democratic-based
1	Open Voluntary Membership	• Extensive membership, No half-Membership	• Selection and Limited membership
2	Democratic Member Control	• Representative, one man one vote only for the founding members	• One man one vote, Half-Member
3	Member Economic Participation	• Payment limited only for paid-capital interest	• Sharing income based on member transaction
4	Autonomy and Independence	• Highly bounded with Union/Mission-based Network	• Less bounded with the union/network
5	Education, Training and Information	• Focus on mission internalisation • Criticising current financial system and emphasising mission-based financial system is better off	• Focus on cooperative principles in general
6	Co-operation among Co-operatives	• Highly exclusive to its mission network	• Open to any cooperatives
7	Concern for Community	• Focus on member or mission-related activities	• Focus on member or broader community

This study focuses on applied cooperative principles as a practical way to understand cooperative identity. A number authors stated that the application of cooperative principles creates particular character that distinguishes a cooperative from other organisation (Prakash, 2003; Birchall, 2005; Novkovic, 2008; Fici, 2012). According to Birchall (2011) particularly first four principles which is considered as the core identity. While Novkovic (2008) argues that the principles can be modified, thus the existence of the applied principles can be diversified. Apart from the practical difference, cooperative which build from the cooperative principles is ideological instead of organisational identity (Puusa and Varis, 2016). In this regard, the findings, the two types of cooperative, reflect typical ideological identity in Indonesian cooperative.

Membership Common Bond, Organisational Value, and Identity Orientation

Despite cooperative principles application which depicts typical cooperative identity, membership common bond and organisational value provide more evidence in understanding of the identity orientation. The common bond gives sense of 'collective identity' among member (Davis and Brockie, 2001) and ties member with cooperative (Simmons and Birchall, 2008; Birchall, 2011a, 2012; Power, et al., 2012). While organisational value is important feature in organisational identity (Gioia, et al., 2013). In this regard both provide specific individual sense of identity which facilitates in determining cooperative identity orientation.

Table 6-3 shows the cooperative identity orientation. Both cooperative B and C adopt organisational value which refers to particular ideology and missions. They are classified in mission-based identity. The cooperative C applies mutual self-help of credit union and Cooperative B using Islamic value. They promote common collective agenda to counter unfair extant financial system. In cooperative B, it promotes fairer system like profit sharing, credit scheme for micro business, and charity. Membership common bond is built on religious ties. While in cooperative C, it provides saving and credit facilities for small depositor, financial literacy education and build self-help community. Both cooperatives have mission affiliated with same-mission organisation (union). Membership common bond is built on local community ties. As both cooperatives build common agenda to their member, strongly related to larger group of same-mission cooperatives (Brickson, 2007, p. 867), it can be concluded that Cooperative B and C have collectivistic identity orientation. This is in accordance with Brickson (2005) that cooperative is inherently collectivistic in nature.

Table 6-3 Identity orientation

Cooperatives	Type of Identity	Common Bond	Organisational Value	Identity Orientation
A	Democratic	Local business community	Business sense and reliable service	Individualistic
B	Mission-based	Religious ties	Islamic and social value	Collectivistic
C	Mission-based	Local communities ties	Mutual self-help and Financial planning	Collectivistic
D	Democratic	University staff union	University member welfare	Individualistic

The cooperative A organisational value is business sense and providing financial service for its local business community and building university staff welfare is cooperative D organisational value. Both cooperative organisational values are strongly attached in business sense and aiming for profit making. They are classified as democratic identity, in which the benefit given is financial benefit based on member transaction. As both cooperatives focus in business, profit-making, and transactional based which show strong self-interest (Brickson, 2007, p. 867), it can be concluded that Cooperative A and D have individualistic identity orientation.

Identity orientation is employed as 'a link' to understand the influence of cooperative identity to the relationship with others (Brickson, 2007). In a sense as the identity is seen from the benefit given, it becomes a ground to relate the two type of identity with identity orientation. The mission benefit tends to has collectivistic orientation, while the democratic type tends to be individualistic. Identity orientation is not a taxonomy with mutually exclusive orientation (Brickson, 2005). It is more likely a typology that the ideal type is the best combination of the three orientation. Brickson (2005) provides evidence that cooperatives have hybrid (combined) orientation. Regarding the principles and its global movement, cooperative inherently has collectivistic orientation. And it is mostly combined with business orientation in various degree in which a cooperative has dual nature (Puusa, et al., 2013; Puusa, et al., 2016). If one of this nature is eliminated, the cooperative is 'denatured' which means it lost the identity (Puusa, et al., 2016). In this way Brickson (2005) suggests 'index of hybridity' from weak to strong for measuring how the three orientation combined. The cooperative inherent hybrid orientation is in accord with previous literature indicating the cooperative hybrid orientation (Gijssels and Develtere, 2008; Levi and Davis, 2008; Pestoff, 2012; Battilana and Lee, 2014; Ebrahim, Battilana and Mair, 2014).

As this study is interpretive in nature the analysis among the observed cooperatives are based on which among the three is the strongest orientation. As depicted in table 7-3, among three orientation: individualistic, relational, and collectivistic, only the first and the last appeared dominant in the observed cooperatives. This classification enables to understand how that the strongest orientation influence the relation with other particularly relating to accountability practice.

6.3.2 Identity orientation and stakeholder relationships

As suggested by Brickson (2007) to see the influence of identity orientation on stakeholder relationships, the relations are classified into internal and external stakeholder relationships. Internal stakeholders in this case are cooperative employees. While external stakeholders are

members as the key stakeholders and other main stakeholders including creditors, the government, mission-related organisations, universities and other cooperatives.

Table 6-4 Internal stakeholder relationships and identity orientation

Cooperative	Identity Orientation	Internal Stakeholders relationships: (relationships with employees)	Relationship Pattern
A	Individualistic	<ul style="list-style-type: none"> Professional relationship Performance bonus Staff is excluded from membership 	Transactional psychological contract
B	Collectivistic	<ul style="list-style-type: none"> Staff is required to be a member Being part of the mission expression: congregations with the community, daily prayer in the office 	<ul style="list-style-type: none"> Ideological psychological contract Collective socialisation
C	Collectivistic	<ul style="list-style-type: none"> Attending AGM Being part of the mission expression: involve the staff in cooperative-community program Insurance, property credit facilities 	<ul style="list-style-type: none"> Ideological psychological contract Collective socialisation
D	Individualistic	<ul style="list-style-type: none"> Professional relationship A proposal to exclude staff from membership 	Transactional psychological contract

Table 6-4 shows different internal stakeholder relationship pattern for different identity orientation. Individualistic and collectivistic orientation of the observed cooperatives. The cooperatives with individualistic identity orientation tend to develop purely professional relationship with their employees (Brickson, 2005, 2007). The Cooperative A policy does not allow employees to be cooperative members, with the aim to maintain the professional relationship. Cooperative D was considering the proposal to exclude its employees from cooperative membership. By focusing on professionalising, both cooperatives apparently develop transactional psychological bound with their internal stakeholders (Bunderson, 2001; Brickson, 2007). Cooperative A adopts a new KPI to facilitate 'professional' relation in which performance-based reward is used as incentive. It is considered an effective way to change employees behaviour (Robinson, et al., 1994; Hui, Lee and Rousseau, 2004). The findings support the previous study on transactional psychological contract in organisations with individualistic identity orientation (Brickson, 2007).

Meanwhile the cooperatives with collective identity orientation tend to involve their employees in the cooperative mission promoting activities which mostly in the form of cooperative-community program like gathering with members, member training and congregation. For example, Cooperative B requires its employees to be cooperative members. While Cooperative C has the same policy moreover, it requires them to attend AGM. Accordingly both cooperatives promote collective socialisation by involving their employees to give a sense of inclusion to the

common goal. The internal policy requires their employees to direct their participation in the mission objective (Thompson and Bunderson, 2003). Instead of being solely instrumental, the relationship is based on the belief that their employees work has a purpose and a part of the mission to achieve a noble cause (Thompson and Bunderson, 2003; O'Donohue and Nelson, 2009). They build ideological psychological contract that embraces the employees and gives sense of being 'in the same boat' (Brickson 2007, p.877)

Table 6-5 Member benefit and identity orientation

Cooperative	Organisational Value	Member Benefit accounted	Relationship Pattern	Identity Orientation
A	Business sense and reliable service	<ul style="list-style-type: none"> • Financial benefit: insurance, patronage dividend, prizes and transport allowance • Reliable financial business service 	Instrumentality	Individualistic
B	Islamic and social value	<ul style="list-style-type: none"> • Mission-based benefit: interest-free transaction, Islamic and social action 	Common collective Agenda	Collectivistic
C	Mutual Self-help and financial planning	<ul style="list-style-type: none"> • Mission-based benefit: financial literacy, financial planner, fair transaction for small depositor, credit group, and business community 	Common collective Agenda	Collectivistic
D	University member welfare	<ul style="list-style-type: none"> • Financial benefit: shopping voucher, door prize, discounted price, patronage dividend, product prizes, and transport allowance • Easy transaction during working hours 	Instrumentality	Individualistic

As member is the key stakeholder, it comes first in seeing the external stakeholder relation. In this case the identity orientation help to see the relationship between cooperative with its member based on the benefit given. Table 6-5 shows the link of member benefit and identity orientation. The membership value is strongly related to the relationship pattern to member. Cooperative A build the relation based on its organisational value: business sense and reliable service, whereas cooperative D build the relation based on university member. The relation is built by providing economic inducements to member in which they form instrumentality relationship pattern. The type of relation is similar with transactional internal stakeholder (Brickson 2007, p.871). In this

case, the cooperative obligation is providing fair incentive and reliable service and member is expected to make more transaction. Fail to follow its obligation can be a breach of the relation (Bunderson, 2001; Thompson and Bunderson, 2003; Hui, et al., 2004; Ejimonyeabala, 2014). In cooperative A and D, the benefit is given based on member patronage calculation which implies that member should be actively making business transaction in cooperative. As a consequences member have a right of allocated patronage payments in various financial benefit as presented in table 6-5. In this sense, both cooperatives embrace individualistic identity orientation.

If we now turn to cooperative B and C in Table 6-5, they apt to be collectivistic in nature. Cooperative B build the relation based on Islamic value while cooperative C build the relation based on mutual self-help value of credit union. The value is required to build a common agenda. Member is expected to join the mission through program and activities, whereas cooperative must 'demonstrated credible commitment' in mission achievement (Thompson and Bunderson, 2003, p. 575). Thus abandoning or even do not show credible commitment is considered a breach of this relation (Bunderson, 2001; Thompson and Bunderson, 2003). As shown in table 6-5 Cooperative B provides interest-free transaction and religious levy/charity, while cooperative C facilitates financial planning, fair transaction for small depositor, and business community. Comparing to the financial service in general, both cooperatives deliver alternative service which considered bring more benefit to member.

Although member is the primary stakeholder but there are other stakeholder that enables cooperative to run its business. The non-member primary stakeholder including creditor, government, mission-related organisation, university and other cooperatives. The table 6-6 shows all cooperatives have at least a stakeholder that provides funding, one of the most important resource in cooperative credit business. The table also shows that each cooperative has different non-member stakeholder depend on the need and the resources given. However relation with non-member stakeholders indicates that individualistic is not the only orientation in the relation. In general, the relation with other stakeholders show the hybrid orientation. For instance, Cooperative A that has common collective Agenda relation with other cooperatives. It is widely known the success story of cooperative A, which makes it as a centre of learning for other cooperatives in Indonesia. It is not just a matter of reputation as the cooperative since its foundation has been dedicating and open itself as a centre of learning for other cooperatives. However in this case, cooperative A individualistic identity orientation remains dominant. This finding is congruent with previous research which indicating this cooperative hybridity in business-social (Westerdahl, 2001; Novkovic, 2006; Fridell, 2008; Levi and Davis, 2008; Puusa, Hokkila and Varis, 2016) role or multiple stakeholders (Zhao and Gijssels, 2011; Pestoff, 2012).

Table 6-6 Non-Member Stakeholders relation and identity orientation

Cooperative	Non-member main Stakeholder	Stakeholder relation	Relationship Pattern	Identity Orientation
A	Government	Award, monitoring, funding, and streamlined bureaucracy	Instrumentality	Individualistic
	Other cooperatives	Reputation and recognition	Common collective Agenda	
B	Sharia council	Sharia compliance monitoring	Common collective Agenda	Collectivistic
	Creditor	Funding	Instrumentality	
C	The mission-network coordinator	Systems, equity, network and other resources	Common collective Agenda	Collectivistic
D	The University	Providing almost all business facilities and resources including: captive market, payment systems, deposit etc.	Instrumentality	Individualistic
	Creditor	Funding	Instrumentality	

Besides the stakeholder that provides funding, the cooperatives with collective identity orientation have mission network organisation as their main stakeholder. For example, cooperative C rely on the support from mission network coordinator which provides most resources, from business system to funding, to run the cooperative business. Although seems instrumental all business supports from mission network union are given for common collective agenda. Cooperative B, apart from creditor which provide funding, it has sharia council which monitor the cooperative financial activities whether it is comply with Islamic law. In this sense, the cooperative rely on the council assessment to legitimate its business. The findings are consistent with previous study which providing evidence that network strengthen the cooperative business (Birchall and Simmons, 2004; Bijman, 2005; Novkovic and Holm, 2012)

6.4 Managing Accountability: The Influence of Identity Orientation in Accountability Practices

This study provides evidence on how identity orientation influence accountability practices. It found that the orientation related to what is accounted in accountability practice. The orientation

also becomes lens to understand the accountability relation, what the obligation of each party in building the relation and what makes the relation breach. This study also found that face to face and implicit account are frequently used as form of accountability.

6.4.1 Giving Account to Member and Other Main Stakeholder

Table 6-6 depicts identity orientation and the benefit given. In individualistic identity orientation the relationship is built based on instrumentality in which benefit is measured in financial (Brickson, 2007). Thus the benefit for member is given in term of money or other financial benefit like patronage dividend, insurance, AGM transport allowance and others. Accordingly the account promptly how much a member can obtain monetary benefit. In instrumental relation, breach of the relation is clearly defined (Thompson and Bunderson, 2003) In this sense monetary amount is a sensitive issue as reducing it could mean breach for this relation (Bunderson, 2001; Thompson and Bunderson, 2003; Hui, et al., 2004; Ejimonyeabala, 2014). Any breach can lead to a violation, a condition in which violated party withdraw from the relation.

Table 6-7 Identity orientation and member benefit

Cooperative	Identity Orientation	Member Benefit accounted
A	Individualistic	<ul style="list-style-type: none"> • Financial benefit: insurance, patronage dividend, prizes and transport allowance
B	Collectivistic	<ul style="list-style-type: none"> • Mission-based benefit: interest-free transaction, Islamic financial scheme and social action
C	Collectivistic	<ul style="list-style-type: none"> • Mission-based benefit: financial planning, fair transaction for small depositor, and self-help community
D	Individualistic	<ul style="list-style-type: none"> • Financial benefit: shopping voucher, door prize, discounted price, patronage dividend, product prizes, and transport allowance

As presented in the short case 6.2 above, the case of Cooperative D provides insight that in individualistic orientation patronage payment drop could be a breach that can lead to a violation to member. As the profit drastically dropped in 2013 because revenue recognition method changed, the cooperative invited member and investor to prevent large capital withdrawal. In contrast, if patronage payments increase, there will be no complaint which is a relief to anyone. An accounting staff describe the situation ahead of AGM:

If (the cash dividend payment) goes up there is no complaint at all, (but) if it drops everyone is complaining... (Accounting Staff, Cooperative D)

The dividend payment is the account that member most concerned. Thus the increasing dividend payment significantly prevents more complaint from member which is more favourable to run business operation. In this sense, both cooperatives with individualistic identity orientation try to keep the increasing trend of patronage payment. The selectability, a limiting member policy in Cooperative A, evidently reduces the number of the full members which means increasing the average of the individual dividend payment. This practice indicates instrumental relation of individualistic identity orientation (Brickson, 2007). In this relation cooperative obligation is to pay fair compensation, decreasing dividend might be seen as a broken promise (Thompson and Bunderson, 2003). Thus decreasing the amount of patronage payment might be considered as a breach of the instrumental relation (Rousseau, 1989; Robinson, Kraatz and Rousseau, 1994; Ejimonyeabala, 2014).

Meanwhile table 6-7 shows that in cooperatives with collectivistic identity orientation, account is made for mission-based benefit. As the relation is built based on common collective agenda is, thus cooperative obligation is demonstrating credible commitment in achieving that agenda (Thompson and Bunderson, 2003). Any abandoned activity, program or promise which related to cooperative mission, it can be considered as a breach of the relation to member. For example cooperative C promotes self-help, not depending on others' aid. Therefore Cooperative C allocates social fund for member and provides member insurance that is managed by mission-network organisation, as stated:

In CU there is actually such thing like CSR funds. It is allocated to help them (members) at the time of illness and hospitalised, or later when they died. These do not include the claims we get from (network insurance) protection (Cooperative C, General Manager).

Table 6-8 compares identity orientation and cooperative accounts among stakeholders. As discussed before, the account with other stakeholders depends on various needs and resources are given. In two cooperatives with collectivistic identity, the account giving is mandatory as sharia council and mission-network coordinator have imposed right of authority. Sharia council monitor Cooperative B compliance in Islamic finance, and mission-network coordinator monitor cooperative C performance. However as the relation is collectivistic in nature, the monitoring is maintained to put the cooperative on track of mission (Bunderson, 2001; Thompson and Bunderson, 2003). Although regular formal accounts are made but the monitoring process is made through dialogue and direct communication. Reminder instead of sanction given for any breach found. It is likely both accountor and accountee realise such sanction will only harm the coalition in achieving common collective agenda. The findings confirm that no strict definition of a breach in collectivistic relation and it is somehow negotiable (Bunderson, 2001; Thompson and

Bunderson, 2003). This finding also seems to be consistent with socialising form of accountability (Broadbent, et al., 1999; Roberts, 2001; VanPeursem, et al., 2016) which creates more space of accountability (Kirk and Mouritsen, 1996; Dubnick, 2011).

Table 6-8 Identity orientation and other main stakeholders

Cooperative	Identity Orientation	Non-member main Stakeholder	The cooperative accounts for
A	Individualistic	Government	<ul style="list-style-type: none"> Preparing to run government credit channelling
B	Collectivistic	Sharia council; Creditor	<ul style="list-style-type: none"> Sharia compliance Debt covenant
C	Collectivistic	The mission-network coordinator	<ul style="list-style-type: none"> Financial planning Fairness to small depositor Other mission-related program
D	Individualistic	The University	<ul style="list-style-type: none"> Monitoring staff salary limit

6.4.2 Giving account through Social interaction

Face to face account

Face to face contact is considered an effective account (Lindkvist and Llewellyn, 2003). In the local social culture a visit and greetings show respect and friendliness (Pruetipultham, 2012), thus in this culture family and friend visit are always welcome (Mangundjaya, 2013). Accounting staff and the board member are not strangers to members, there are more likely friends. Visiting member is a regular activity:

We know a lot of members, sometimes we visit his house. Our conversation especially to obtain any information for cooperative improvement, what is his feedback.. [..] Every day ya, if I have time, I visit clients (members). They said they were happy if we visited [..]
(Branch Manager, Cooperative A)

During the visit, there is face to face contact enables listening and empathy which can open to dialogue and interaction (VanPeursem, Old and Locke, 2016). In face to face communication there is somebody who talks, numbers do not talk. Thus in face to face communication, to account is not just an account giving, but somebody who gives the account is counted (Boland and Schultze, 1996, p. 66; Gray, Bebbington and Collison, 2006).

In this case, the financial statement function to account is considered limited. All the interviewed member did not pay much attention to financial statement detail. Even in cooperative C which accesses to financial statement is freely opened to member, it remains no 'decent' response from members. From the identity orientation perspective the lack of attention is because member only concerns about particular account in financial reporting that implies the adherence to the mission agenda. In the case of cooperative C, profit-sharing is part of the fairer financial system which is represented the mission agenda.

The pre-AGM is like giving a global picture. For example, how much money is circulating, how much profit margin, how much to later have been distributed to the (profit-sharing) account (Member, Cooperative C)

In this regard accounting information is summarised and transformed into direct communication. Most of the time information about the adherence to the mission is hardly visible in the financial statement. For example the limit of maximum deposit amount and compliance no-loan policy will need detail disclosure in financial statement to be visible. However because of member lack of attention to financial statement, face to face account is considered much more effective rather than additional disclosure.

While in cooperatives with individualistic identity orientation it is more transactional, member inclines to pay attention only for dividend patronage payment. During AGM, member frequently asks how much they can obtain this year. Beside formal statement, this information is carried through face to face account.

The numbers cannot speak themselves but it need mobilisation to make it accessible and useful (Andon, et al., 2015). In this way accounting is brought into the process of accountability through social interaction (Ahrens, 1996; Kirk and Mouritsen, 1996). Accounting moves from 'the technical to social'(Westerdahl, 2001).

Implicit account

It is apparent the interviewed member did not focus on technical aspect of accountability. Accountability in their perception is related to existence or ritual, personal figure and cooperative activities. The existence of a report, figure or particular activities are considered constituting accountability (Gray, Bebbington and Collison, 2006; Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). Regarding the existence of a report, one of interviewed member told that he never open the annual report from the AGM:

No, never. I never look at (the annual report). Once received, I just put in (my bag).....
(Member, Cooperative A)

While a member of cooperative C does not really concern on AGM and financial statement. He lets people who know better as member representative.

I've never been to the AGM yet. The (AGM) representative is offered to anyone who willing to come. For me the financial statement is complicated and I don't really understand. [] The one who understands financial audit is usually who attends AGM. Financial statement calculation is such a headache for me. (Member, Cooperative C)

In this sense, both members do not consider the number on the report as an account, rather they see that the presence of AGM and report are an account. In other words the presence is an account no matters to the detail mechanical or number. Thus it can be argued that the presence is implied accountability.

The government also sees AGM as an 'implied accountability'. Although AGM is mandatory but not all cooperative able to hold AGM. The government also cannot review all cooperative financial statements. Comparing to the number of cooperative the local government only can review in small number:

There are 629 (cooperatives) that required to hold AGM. However, only 400 (cooperatives) that held AGM this year. (Local government official).

Thus from the government perspective, holding AGM and submitting financial statement are discharging accountability. It is not the content of the report or performance achieved but the presence of these AGM and the submitted report are accountable itself (Gray et al., 2006).

Table 6-9 AGM in 2016: Festivity

No	Cooperatives	Members Attended	Incentives	Commercial Events	Official Attended
1	Cooperative A	1,805	Allowances, Souvenirs	Bazaar	Minister/Deputy; City Major
2	Cooperative B	284 (Representatives)	Allowances	Deposit main prize drawing	Minister Deputy
3	Cooperative C	106 (Representatives)	Free Dental treatment, Door prizes, uniform	Bazaar, open stage performance	CU Network Official
4	Cooperative D	1,773	Door prizes, allowances, Voucher, Patronage dividend	Bazaar	Rector, Local Government Head of Cooperative Department

Besides the presence of AGM, AGM festivity is also a symbolic account that implies cooperative has been successful in this year. Table 6-9 shows how AGM is organised to show its festivity. The festivity can be grasped from the number of member attended, the incentive given, commercial events and government official who attended the AGM. The rank of the government official who attended AGM implicitly showed the cooperative position in Indonesia. It is apparent from the table that Cooperative A and B the two biggest cooperatives in Indonesia, their AGMs were attended by Minister or his deputy. Those tell more effectively rather than the AGM reporting speech, that the cooperative is in a successful year.

Implicit account regarding the existence of figure was obvious when cooperative D changed the revenue method. As the revenue dropped the management invited groups of members to explain why the operating income drop drastically from Rp6,804,395,585 in 2012 to Rp3,817,165,376 in 2013. Each member would receive much less individual patronage payment. The rumour about the cooperative declined performance has been spread among members. Having risk of money withdrawal, the board convinced members that the drop is not directly related to the cooperative performance. One of the interviewed member that has a background as an accountant told that none really understand the board explanation.

The board explained (why)...however even I am with the accounting background, I felt the explanation was not enough. [] The rumour were remained circulating, the people's concerns were related to the declined performance.. (Member, Cooperative D)

Interestingly hardly any member understood the explanation. An interviewed member pointed out that it was not the explanation, in which she did not really understand, but figures on the board that made her remained not withdrawing her deposit.

For us, as long as we still have: the board we know and their integrity, the probability we draw money is tiny. However once the integrity is in doubt, because maybe I do not know (the board) or I do not know the background of that person it is better for me to withdraw my money and put it in a bank (Member, Cooperative D)

In this sense members see the personal figure behind the board, not necessarily the technical explanation given. The existence of the figure is implied accountability.

In the local culture somebody behind the account is very important, as the judgment is not made just at the time when the account is given, but before the account is made. Integrity and figure are considered more important than the current account because those reflect long-term trail. In most cases if member can trust the figure and his integrity, his account is

accepted without questions. A scrutiny and challenge to the account can be considered a violation of the trust relationship to the figure. Anyone who disrupts the extant harmony can be socially sanctioned (Hawkins, 1996; Sarsito, 2006).

Regarding activities that symbolically account, a member of cooperative C explains how cooperative facilitates mutual self-help among members. The activities to build mission are accountability for itself:

In the credit union, it is not just saving and borrowing, but we make a community and build good mind-set of financial planning. [] We plan to build connection among members. A community to run business and entrepreneurs. People who do not have a business yet can join and collectively build business as the CU going to facilitate them with collective credit. (Member, Cooperative C)

To account that cooperative commits and adhered to the mission is problematic in the formal account as it is ill-defined and has a wide spectrum. In this situation it might be the best way is to 'let the action speak itself'. From accountee point of view the visibility of those actions is adequate providing symbolic message that he can keep entrusting the accountant.

To sum up members do not necessarily see financial statements and AGM as a technical and governance mechanism. The existence of influential figure also symbolically account to member. Besides, in collectivistic identity orientation cooperatives, member tend to focus on mission-related activities which might be not necessarily report. This finding in line with Jayasinghe and Soobaroyen (2009) and Hardy and Ballis (2013).

6.5 Maintaining Extant Accounting Practice: The Influence Identity to Accounting Practice.

This study found that identity orientation influence particular account in financial statement. The orientation also influences specific features in accounting system in which some accounts produced and controlled. Further, the results show that members tend to ignore account in financial statement. Conversely, member is only interested in particular parts of the account in which the information is conveyed through social interaction. In this regard accounting for accountability is interplayed with other formal account like AGM and socialising form of accountability. Further findings and analysis are presented in the next chapters.

Applying Accounting as Business Process

To understand how cooperative identity influence accounting practice, observations were made for accounting function in internal business process and external reporting. Table 6-10 shows the accounting practice in those two areas. The accounting function in internal business process includes budgeting, controlling and performance evaluation. While external accounting function is the reporting to external user which through financial statement and other reporting like individual patronage payment. As depicted in table 6-10 accounting facilitates external reporting which the main function is providing financial statement. Besides, it also facilitates other reporting like individual patronage account, social activities report, and performance reporting to network union. These various reportings are used to account particular purpose and user.

Table 6-10 Accounting practice

Cooperative	Accounting Practice	
	Business Process	Reporting
A	Budgeting, Controlling and Performance monitoring	Financial statements, individual patronage account
B		Financial statements, social activities report
C		Financial statements, Performance reporting to network union
D		Financial statements, individual patronage account

Internally accounting is used to support cooperative business process. As depicted in table 6-10, all cooperatives indicate similarity of accounting function in budgeting, controlling, and monitoring performance. Among those function, controlling is intensively used in the daily operation of the cooperative business. All cooperatives make use accounting to control their cash and their daily transaction. They require a daily closing book and a daily financial statement. In credit cooperative, controlling is the predominated function because the cooperative business as financial intermediaries needs robust control on cash flows. In addition, the control function it is more prominent in the two biggest observed cooperatives which have more than a hundred branches. Accounting is employed to monitor and direct those branches.

Regarding budgeting and monitoring function, in general both start with target that is proposed from each unit or branch. The target mostly stated in accounting number like profit, assets growth, and revenues. In quantifying the target, accounting provides historical information for the basis of budget calculation and projection, like series of previous financial statements. Once the budget is approved in the AGM, it becomes a reference of the actual business achievement.

Accounting in this regard facilitates monitoring performance by providing information of the achievement in monthly financial statements.

The accounting function in business process shows that accounting has pervasive role in the cooperative. As the prevalence of the control system, the accounting staff is working with various personnel and unit in the cooperative. In small cooperative like cooperative C and D, the accounting staff even run finance unit, credit monitoring and ad hoc auditor. In the big cooperative with many branches like cooperative A and B, mostly accounting staff work with operational manager in the reconciliation among branches. Accounting is not just merely for reporting purpose but functioning to support business process (Modell, 1996; Soobaroyen and Sannassee, 2007).

Accounting for Reporting, and the Specific features of accounting systems

Table 6-11 shows the influence of identity orientation to accounting practice. The influence can be traced from benefit accounted to member as the central stakeholder. The orientation refers to the benefit that should be accounted to member. In individualistic identity orientation the account judged by the financial benefit given such as patronage dividend, insurance, AGM transport allowance and others. The benefit relating to how much the cooperative can give is explicitly accounted. In cooperative A and D, these financial benefits are presented as patronage payment in financial statements. Besides the total patronage payment which is presented in financial statement, the cooperatives provided individual account statement to each member. As the monetary amount is sensitive, anytime member can inquire how much patronage dividend he can obtain based on his transactions to the cooperative. As a consequence, the accounting information systems should accommodate this need in giving account. The systems record each member's transactions and calculate the patronage payment based on member economic participation. In the case of cooperative D, it has different ways to record member's transaction as it employs the university payroll systems in which all transactions are debited to member's salary.

Meanwhile cooperatives with collective orientation, predominantly account on how the mission is achieved. The financial statements cannot promptly present the mission achievement but there are some particular accounts which represent the implemented mission. For example, both cooperatives B and C promote better system rather than the existing banking systems. The two cooperatives promise a fairer system rather than a capitalistic system that extorts the weak economy people. The fairer financial system is considered as the benefit that is given to member. In this regard, cooperative B promotes the fairer system through interest-free transaction based on Islamic law and social activities. To account interest-free transaction the accounting system

facilitates Islamic financial records and providing basis for profit-sharing calculation. Besides, the accounts are presented as various Islamic transaction in the financial statement and a separated social fund reporting.

Table 6-11 Identity orientation, member benefit, and its influence to accounting

Cooperative	Identity Orientation	Member Benefit accounted	Influence to Accounting	
			Accounting system Specific features	Accounted in Reporting
A	Individualistic	<ul style="list-style-type: none"> • Financial benefit: insurance, patronage dividend, prizes and transport allowance • Reliable financial business service 	<ul style="list-style-type: none"> • Individual transaction recording • Integrated IT with accounting system 	<ul style="list-style-type: none"> • Providing member individual account statement for patronage payment
B	Collectivistic	<ul style="list-style-type: none"> • Mission-based benefit: interest-free transaction, Islamic financial scheme and social action 	<ul style="list-style-type: none"> • Religious levy and donation • Islamic financial transaction • Providing basis for profit-sharing calculation 	<ul style="list-style-type: none"> • Separated reporting for the cooperative social activities • Islamic financial scheme account
C	Collectivistic	<ul style="list-style-type: none"> • Mission-based benefit: financial planning, fair transaction for small depositor, and self-help community 	<ul style="list-style-type: none"> • Funding restriction • Maximum deposit limit monitoring • Providing basis for profit-sharing calculation • Reviewing individual deposit limit in accounting systems 	<ul style="list-style-type: none"> • Presenting 'no loan' in the financial statements as the application of self-help principle • Performance reporting to network union
D	Individualistic	<ul style="list-style-type: none"> • Financial benefit: shopping voucher, door prize, discounted price, patronage dividend, product prizes, and transport allowance • Easy transaction during working hours 	<ul style="list-style-type: none"> • Individual transaction recording • Integrating to university payroll systems 	<ul style="list-style-type: none"> • Providing member individual account for patronage payment • Applying credit sales transaction

Meanwhile cooperative C prepares performance reporting to the network union and some of the information is presented in AGM report. One of the mission is providing a fairer financial system which is implemented by facilitating financial literacy and planning particularly for economically weak groups. Those are applied in the business daily business operation in no-loan policy, the maximum amount for deposit, and financial planning schemes. 'No-loan' account is existent in financial statement, but the other mission-related account is not presented in financial

statements. Hence the mission related-activities are not all accounted in financial statement. For example the implementation of fairness for small depositor: the limit of maximum deposit is set. It prevents the cooperative work for the have and employed to accumulate capital for personal gain. The accounting system is designed to apply maximum deposit limit monitoring to ensure fairer system for small-amount depositor. However, without disclosing the limit and the fairer system policy, those might invisible in financial statement.

Table 6-12 Identity orientation, non-member stakeholder, and its influence to accounting

Cooperative	Identity Orientation	Non-member main Stakeholder	The cooperative accounts for	Influence to accounting
A	Individualistic	Government	<ul style="list-style-type: none"> Preparing to run government credit channelling 	<ul style="list-style-type: none"> Slightly change in equity presentation
B	Collectivistic	Sharia council	<ul style="list-style-type: none"> Sharia compliance 	<ul style="list-style-type: none"> Present Islamic financial contract in the financial statement Accounting system that supports profit sharing
		Creditor	<ul style="list-style-type: none"> Debt covenant 	<ul style="list-style-type: none"> Individual debtor sub-ledger
C	Collectivistic	The mission-network coordinator	<ul style="list-style-type: none"> Financial planning Fairness to small depositor 	<ul style="list-style-type: none"> Financial statement and accounting system
D	Individualistic	The University	<ul style="list-style-type: none"> Monitoring staff salary limit 	<ul style="list-style-type: none"> Accounting system to monitor member salary limit

Table 6-12 depicts there are particular stakeholder that influence accounting practice in cooperative. It is apparent in cooperatives with collectivistic identity orientation that the mission-network union has dominant influence. In cooperative C the network union literally supplies accounting systems and reporting format. Accordingly, the cooperative follows the given 'templates'. There is a sense of uniformity of reporting within the network union. Further, in cooperative B the mission agenda is implanted in Islamic financial schemes. There is a national network of sharia council that monitors the application of Islamic financial schemes. In its financial statement the cooperative refers to sharia accounting standard rather than SORP for cooperatives. This implies that the cooperative is required to follow certain system and reporting format for the common agenda.

While in cooperative with individualistic orientation is relatively free from the mission agenda bound. However it has to take into account certain demand from the important non-member stakeholder. For example, cooperative B which using university payroll system for member is requested to control salary payment limit. The university concerns about its employee that exceeding the salary limit in which he lives beyond his means. Regarding the concern cooperative B accommodates into its accounting system to prevent salary payment from exceeded limit.

Accounting system is designed with specific features, as shown in table 6-12. These features are needed to provide reporting and facilitating control over particular activities. In collective orientation identities those include mission-related activities. Meanwhile, in accounting to external user, financial statements become the main formal report to account. Some cooperatives also produce other report like individual patronage payment (Cooperative A and B) and social reporting (Cooperative D). These reports are influenced by the identity and relation with particular stakeholder. However not every stakeholder has such influence to the reporting.

6.6 Concluding Remark

This chapter provides findings and analysis. First findings regarding cooperative identity and its orientation. The evaluation of the observed cooperative identities result two identity orientation: individualistic and collectivistic. This study also provides evidence that identity orientation influence the relation to cooperative stakeholders. Both identity orientations reflect particular stakeholder relationship pattern: transactional and common agenda. In this way, the identity orientation facilitates the understanding of stakeholder relation.

Second findings regarding how identity orientation influence accountability practice. It found that the orientation related the content of the account, what is accounted. The orientation also becomes lens to understand the accountability relation, what the obligation of each party in building the relationship and what makes the relation breach. This study also found that face to face and implicit account are frequently used as form of accountability. In particular cooperatives, they make implicit account using reports, influential figure, and activities (event).

Third findings regarding how identity orientation influence accounting practice. Identity orientation provides lens in what is accounted in financial statement and specific features in accounting system in which some accounts produced and controlled. Further, the findings show that members tend to ignore account in financial statement. They are simply interested in particular parts of the account in which the information is conveyed through social interaction. In this regard accounting for accountability is interplayed with other formal account like AGM and socialising form of accountability.

Chapter 7: Discussion and Conclusion

7.1 Introduction

This chapter provides a discussion of the main findings. The objective of the study is understanding how accountability is embodied in practice and the accounting role for that embodiment, in a developing country (Indonesia). In order to answer the research questions, the discussion is outlined around the two main questions: how accountability is embodied in cooperative and how accounting practice operate in the cooperative movement (in section 7.2.1 and 7.2.2). After these two questions, the discussion is continued with the meaning of the findings comparing to current literatures and from the lens of stakeholder theory which are presented in section 7.2.3 and 7.2.4. As previously stated that stakeholder theory with identity orientation is employed as a theoretical lens to comprehensively portray accounting and accountability practice. As a consequence, this was relied upon to make sense of the findings, connect to the previous studies and how it related to the research questions. Further, this chapter concludes with the contributions and concluding remarks.

7.2 Discussion

The findings suggest that stakeholder theory is advanced. First, regarding the unbalanced view from the application of stakeholder theory which has inclined to be firm centric and normative approach. Identity orientation facilitates portraying 'two ways' stakeholder relationship and conducting more 'descriptive' approach. The unbalanced view can distort the factual stakeholder relationship which lead to misunderstanding of accountability practice. The normative approach in particular, can ethically violate as it put more burden on accountant (Butler, 2005; Messner, 2009). As a result, there might be counter action on the ideal account application (Joannides, 2012a). The first stream of research has indicated the situation which low expected disclosure and accounting standards have been widely practiced.

Second, unfolding stakeholder theory potential in seeing social relation on accountability. Social theory like Gidden's structuration has been largely used in the second stream of research (Roberts and Scapens, 1985; Laughlin, 1988; Roberts, 1991, 2014). Stakeholder theory is predominantly used in the first stream of research as it is considered cannot portray social context of accountability. Identity orientation extends stakeholder theory to see more detail in social relationship. The theory's advancement on social relation gives a comprehensive view which links

the both camps of research in term of focus and theoretical lens. The comprehensive view provides better picture of accountability practice.

The section 7.2.1 and 7.2.2 are the outline of research questions to obtain understanding on accounting and accountability practice in which balanced and comprehensive perspective of stakeholder theory has been applied. And more discussion for the contribution of the findings are presented in section 7.2.3 and 7.2.4 .

7.2.1 How accountability is embodied in cooperative

The findings provide evidence that organisational identity has been to influence on accountability, particularly on what to be accounted and the pattern of accountability relations between cooperatives and their respective stakeholders. Cooperatives with an individualistic identity orientation are concerned with the amount of financial benefit paid to members. In this instrumentality-based relation, the cooperative's obligation is to make a fair payment of benefits. In a similar vein, members expected detailed information about the cooperative's financial performance and how much they could obtain in the form of patronage payment. In this sense the accountability relationship is transactional in nature in which the amount of money to be paid/received is considered important. Declining patronage payment can be considered as 'a broken promise', a breach in this relationship (Robinson, et al., 1994; Ejimonyeabala, 2014). Accordingly, members' concerns are at its highest when payment is not forthcoming. Yet, the findings show that members lack interest in financial statements and prefer to obtain this information through informal and social interaction. According to Boland and Schultze (1996), socialising accountability is manifested in the narrative form adopted by each party. This finding confirms that face to face account serves a narrative purpose rather than merely reflect (empty) 'talk'. In other words, face to face account involves the transfer of substantive information.

Contrastingly, cooperatives with collective identity build relationships on the basis of a common agenda. Members and employees are expected to be involve in the common agenda and at the same time, the cooperative needs to show a credible commitment to this agenda. Accordingly, members expect information regarding the promised benefit of 'mission-related' programs and vice versa, the board wants to show that the cooperative is on track. This type of information cannot be easily presented in reports or financial statements. For instance, in cooperative C, how the cooperative sets maximum amount of deposits for a fairer financial system and how the cooperative applies its no-loan policy by invoking the 'self-help' principle. This application of mission-related policy is relatively invisible in financial statement and needs more disclosure to

present this information. However, the cooperative tends to convey this information on a face-to-face basis.

In the case of a collectivistic relation/orientation, a face to face account might not be adequate to cover accountability in practice. In this collectivistic relationship, the accountant's obligation is towards 'demonstrating credible commitment' (Thompson and Bunderson, 2003, p. 574).

'Demonstrating credible commitment' might be less effective when conveying it in a face to face account as it is 'supposed to be demonstrated' (i.e. given some material substance) rather than verbally accounted. Thus, demonstrating commitment is part of the spirit of accountability by 'giving visibility to the previously invisible' (Gray, 1992; Unerman and O'Dwyer, 2006, p. 353). For instance member gathering, business coaching, and networks among members that are facilitated by cooperative do not need reporting or face to face account to inform members. If those the activities are 'visible', they are accountable by themselves (Gray, et al., 2006). In this case, the implicit account can be more appropriate since its visibility generates a symbolic meaning (Jayasinghe and Soobaroyen, 2009).

The findings also indicate an interplay between formal (hierarchical) and socialising form of accountability. This is in line with Hardy and Ballis (2013). Evidence on the practice of face to face and symbolic accounts supports the position of AGMs as the main medium of accountability. The face to face account enables the AGM to run well and to remain 'controllable'. At the same time, all cooperatives organise member gatherings and forums before the AGM to anticipate and prepare for continuity in the discourse. In this sense accountability is accounted using direct interactions with members before AGM:

[..] Usually while we are distributing the reports, we (including the branch managers), are trying to communicate to members. What we can accommodate. Thus it reduces the frequency (of inquiry) during the AGM (Staff, Cooperative A)

Face to face contact, like what has been made when distributing annual report, is narrative-based, a socialising form of accountability. This type of interaction creates an accountability space in which dialogue and negotiation can be done and is reflective of a dialectical approach (Kirk and Mouritsen, 1996). And as mentioned above, this kind of communication can be used to support formal accountability mechanisms such as AGM, or comes to be an independent form of accountability. In other words, the informal narratives complement the formal ones (Boland & Schultze 1996).

Besides face to face account, implicit account is apparent in practice. Regarding AGM, it is considered not just an accountability forum. According to Zeuli & Cropp (2004) AGM is the

cooperative hallmark and a manifestation of member democratic control. Therefore AGM is not just judged on its content and procedural adherence (hallmarks of good governance in the mainstream literature), but its very existence and 'festivity' are considered more effective to account. AGM is considered a ritual which is normally out of tune with its absence. Despite its presence, the festivity of AGM implies the success of cooperatives in this year. These are implicit accounts of AGM. In addition, implicit accounts can independently facilitate 'symbolic information to members' (Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). For instance, the existence of the influential figure symbolically guarantees the board's commitment to the cooperative. Or activities and program are accountable for itself (Gray, Bebbington and Collison, 2006). It implies that the cooperative is committed and is on the track with the mission.

7.2.2 How accounting practices operate in the cooperative movement

The findings reveal that accounting is established in business practice daily activities. Besides reporting, it is widely practiced for planning, control, information system and performance reporting. Accounting provides the information needed in these business processes, for example in all observed cooperatives, accounting informs the position of outstanding credit, and funding which are needed for budget and planning. Also accounting facilitates the cooperative control system through control mechanism and performance monitoring (Soobaroyen & Sannassee, 2007).

Regarding the cooperative movement and identity, the results show that in practice, the financial statement does not necessarily include cooperative specific features as suggested by Hicks, et al. (2007). Accounting is practiced as a tool for reporting, planning, control and performance measurement but in abstract terms. However as a financial report, it does not have an important part in discharging accountability as the financial information is effectively accounted through meeting and informal dialogue. In other words, accounting information cannot speak for itself but needs to be mobilised. It is only useful if it is drawn upon, used for a particular purpose and responded to (Kirk and Mouritsen, 1996). In a sense it is considered more effective in the context of cooperative identity-specific dialogue in meetings and informal debates rather than from the financial report per se.

Apart from its effectiveness, the direct communication is limited in bringing the content of these accounts. It is only certain information that is compatible with being conveyed in social interactions. Member holds this particular information to be circulated in direct communication. Profit and patronage payments information are mobilised through direct interaction in

cooperatives with Individualistic identity orientation. In collectivistic identity orientation, members are more concerned about how the promised facilities or mission-related program is conducted in the absence of patronage dividend paid by the cooperative. Conversely the board needs to account how the cooperative remain on the mission track. In this particular case, financial statement information can support the account. In the case of cooperative C; which has no-loan policy and which can be reflected by the absence of record in the financial statements. However, given the lack of attention to financial statements, direct communication might come first regarding the policy. In this case, information in the financial statement is supporting the face to face account.

In term of accounting mobilisation, financial statements is part of the main accountability medium, namely AGM. Reporting is part of a successful AGM. As discussed in the previous section, AGM is the highest authority in the cooperative hierarchy. It symbolises democratic control, the main cooperative character. The event is accountable itself (Gray et al. 2006). The reading and approval of the financial statements is a ritual for a successful AGM. In this sense, the financial report is not in itself of substantive interest except there is disruption in mission implementation and declining financial benefits for members.

The accounting standard tends to be neglected as financial statements are considered a ritual and where only its absence would be seen as discordant. From the identity orientation perspective, the cooperatives are not concerned with the accounting standard change because it is not related to the concerns of the members per se. The implications of the new accounting standard are not conveyed in the regular face to face account. As a result, the cooperatives do not adopt the new accounting standard. The only change was made by cooperative A and B due to their national wide business operation. Both only made reclassification in their audited financial statements presentations. They do not however change their internal financial statements/management accounts. Table 7-1 shows the minimal change made by two cooperatives following the change in accounting regulation.

Table 7-1 Accounting change in financial statements

Cooperative	Accounting change
A	Investment capital reclassification
B	Investment capital reclassification
C	No
D	No

It can be concluded that there is a bigger accounting role rather than just the abstract reporting of figures and technical changes in rules. This study extends 'accounting' which refers to only financial statement in previous research (Hyndman and Mckillop, 2004; Hyndman *et al.*, 2004;

Hicks, Maddocks, A. Robb, *et al.*, 2007). 'Accounting' in this study includes control system and accounting system. Accounting in this regard has an important role to run the cooperative business process. Comparing to the previous studies (Hyndman and Mckillop, 2004; Hyndman *et al.*, 2004; Hicks, Maddocks, A. Robb, *et al.*, 2007), the identity is not merely based on the cooperatives' global values but includes organisational identity. In addition this study employs identity orientation to operationalise identity that is related to accounting and accountability practice.

This study also highlights the financial statement role in accountability is limited and the concurrent lack of attention from members. In this situation, the report needs to be mobilised particularly direct verbal communication. The findings are somewhat in line with the previous studies in cooperatives but do show the different symbolic value of the accounting reports and reporting process (Westerdahl, 2001; Brown and Wing Wong, 2012; Van Peurse, *et al.*, 2016). In addition, the financial statement is a part of the bigger picture (AGM) to discharge accountability. And what makes it interesting, is both AGM and financial statement are also functioning in the implicit account.

7.2.3 A Comprehensive view: linking two streams of research

To show the importance of the linked streams, some findings are compared to previous studies from each stream. Then it is compared to analysis using comprehensive perspective based on the advancement of stakeholder theory with identity orientation. The finding regarding financial statement, the cooperatives show low compliance and almost no change for new accounting standard. This confirms the previous studies in the first stream research both in Indonesia and in international context (Hyndman & Mckillop 2004; Hyndman *et al.* 2004; Hicks, *et al.* 2007; Djumiko, Wiratno and Pinasti, 2013; Luh *et al.*, 2014; Narsa and Isnalita, 2014; Warno and Setiyani, 2014). However, it remains lack of insights why the similar results have been repeated. Based on stakeholder theory the account should be improved instead of low disclosure or information. As the first stream of research focus is 'what should be accounted', it is unexpected findings. A few authors have tried giving argument in this situation. Hyndman *et al.* (2004) and Hyndman & Mckillop (2004) suggest that management might understated the audience of financial statement that they either only have limited ability or less interested in the financial statement. Meanwhile, Handayani and Isnalita (2014) and (Kusuma *et al.* 2013) suggest cooperative personnel have relatively low knowledge that leads the low compliance of accounting standard. The arguments have been made is based on logical assumption rather than evidence as their study did not cover this issue. In addition, the arguments are seemingly built from firm

centric perspective in which management or firm personnel is considered has the responsibility in this case.

A different understanding is obtained from comprehensive view that see other ways to account apart from financial statements. The comprehensive view regarding the findings show that financial statement is not the main medium of accountability. Instead of financial statement face to face account is preferable in practice. Improving audience knowledge in this sense does not change the problem. Both accountant and accountee purposively made the situation, did not use financial statement in their accountability practice except for formality.

Meanwhile the findings regarding social accountability confirm previous study in the second stream that informal encounter is used together with formal account and the indication of implicit accountability (Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). As the theoretical lens is in social theory which focus on social structure, the finding cannot be specified or related to the detail of account. For instance, which part of information that can be conveyed in the social interaction. Besides, the second stream considers that social context is taken for granted. In this sense, how to make use social interaction to effectively discharge accountability is relying on its particular social context.

By expanding into comprehensive view, evidence can be gathered to understand the typical account that is conveyed in the social interaction. In cooperative with individualistic orientation, the members have a tendency to carry patronage payment in their social interaction. While members in cooperative with collectivistic orientation more concern to the mission achievement. The findings open up the opportunity for better combination the social and formal form of accountability.

7.2.4 Balancing the perspective, rethinking new possibilities

The stakeholder theory has been criticised for its unbalanced view particularly in seeing accountability practice. The findings show that the balance view can be achieved by accommodating two ways relationship in which stakeholders' perception are collected instead of solely firm centric focus. And the balanced view opens up new possibilities in understanding accounting and accountability practice.

Having a balanced view in understanding accountability is essential. A counter perspective from accountant to the firm-centric view provides different viewpoints in seeing the problematic of accountability. First, it related to the claim of accountability demand. This study begins with the demand of accountability and how such demand can turn to paradox of accountability (Messner,

2009; Roberts, 2009; Dubnick, 2011; McKernan, 2012). Regarding the demand of accountability, it was found that there was no excessive accountability demand from members. Both accountee and accountant understand what should be accounted, and thus, there is no excessive expectation. In this sense demand is only made if there is 'a broken promise' like declining payment or disruption of mission-related activities. Apart from that, no such demand is made.

In this study, the first stream of research is fulfilled but shows very limited concern for the content of accounting statements. The particular accountability information like patronage payment is contained in financial statement and can accommodate accounting systems. The lack of member attention to the financial statement and it is considered as symbolically ritual are the main reason that adding more account and disclosure will be impractical. Meanwhile the second streams mobilising accounts through social interaction is widely applied. It is because the cooperatives are community-based entity, with most communications relying on social interactions. This means that formal and socialising form is not in different place. Also socialising form is not counter reaction of the formal-hierarchical form but rather what 'works best' for this community.

Second, a two-way perspectives from accountee and accountant open up insights about implicit accountability. Most of the time socialising forms of accountability refer to face to face account or narratives, but not implicit account. Thus far, a small number of authors highlighted implicit accountability (Ahrens, 1996; Gray, et al., 2006; Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). Gray, et al., (2006, p.336) indicate that in discharging accountability 'activity itself will be, in effect, the account of that action'. Further, they illustrate:

We see local authority employees emptying our dustbins/trashcans, Greenpeace in their boats intimidating ships seeking to dump waste in the oceans, and our need for accountability is satisfied. (Gray, et al., 2006, p.336)

In this sense, the account is an expression of trust while its form does not matter, even when a particular governance mechanism is 'ceremonial ritual' (Jayasinghe and Soobaroyen, 2009):

The actual organization of the formal mechanisms –the AGM, regular executive committee, the Treasurer's report and annual reports –conveys in itself a message of accountability and "trust" [...](Jayasinghe and Soobaroyen, 2009, p.1015)

In practice, implicit accountability form is 'hidden' within social interaction. It is symbolically accounted through activities, in this case: financial statements, or figures, that signalling accountability. The implicit account only can be understood in the context of accountability

relationship in which accountor and accountee exchange the account. In other words, besides understanding a context, a view from two parties is needed.

The form implicit account is not strictly defined but an expression of high trust. Trust is the foundation of accountability relation (Dixon, et al., 2006). Accountability is considered as moral order in which mutual rights and obligation work. As a consequence, a lack of trust in that mutual relationship results in more scrutiny and formal procedure to account. Broadbent, et al., (1996) mentions that in a high trust relationship, the expectation on what to account tends to become inexplicit. In this regard, the personal figure and the visibility of activities might replace the specific formal account. Accordingly, a high trust relationship allows for an implicit accountability to be functional.

The collectivistic identity orientation provides more perspective to implicit accountability. As the obligation of the cooperative is making visible its 'credible commitment' to the mission, hence the account can be in wide-spectrum. Implicit account through mission-related activities basically is the most appropriate as formal and face-to-face account cannot carry a message of 'the credible commitment'. As the credible commitment is an ill-defined expectation (Broadbent, et al., 1996) then the most appropriate way is to account through symbolic means. Once the accountee accepts the credible commitment account, the rest of procedures and mechanisms are seen as 'only' ceremonial ritual (Jayasinghe and Soobaroyen, 2009). In other words, the implicit account communicates that the cooperative can continue to be trusted.

7.3 Conclusion

7.3.1 Contribution of the research

Identity orientation and the balanced view of stakeholder theory

The application stakeholder theory has been criticised for normative approach and tend to be more firm centric (Steurer, 2006), which lead to unbalanced view in seeing accountability. According to Brickson (2007, p.865) identity orientation provides more balanced view and descriptive approach as the identity which drives behaviour and relation consist of organisational members' shared perception. The identity as organisational member's shared perception is empirical evidence that can narrow the gap from the normative prescription. The empirical ground in descriptive approach is needed to balance stakeholder theory that inherently normative.

While, the firm centric can be depict in 'hub spokes' model in which the firm as a hub or centre. The findings of this study provide a balanced view of 'hub and spokes' stakeholder theory that is called by a number of authors (Jones, 1995; Brickson, 2007; Berman and Johnson-Cramer, 2017). Berman and Johnson-Cramer (2017) exhort a de-emphasis of the organisational perspective as the dominant view i.e. the firm is 'the central actor'(p.13). In this study, cooperative is seen as the hub and the spokes are its stakeholders. The first counter balance comes from identity orientation as a lens to change the perspective in seeing relationships with stakeholders which mainly in economic-based view. Identity orientation is more 'inward-looking': "Who are we as an organization vis-a-vis our stakeholders? (Brickson, 2005, p.866). Thus it focuses on how different conceptualisations of the self-motivations and relationship patterns. In this regard, a cooperative's internal orientation is not necessarily only focusing on profit. The hub-centrist is balanced by expanding perspective that sees other drivers rather than merely a neo-classic economic view in which self-interest is the only economic motivation (Brickson, 2007, p. 864). As an organisation with hybrid identity, cooperatives always show their social role, even in the individualistic-instrumental identity orientation. For instance, cooperative A has an individualistic orientation that focuses on financial performance and cash dividend payment. However, the financial benefit is not the only economic motive. In its policy the cooperative allocates 1% of its net profit for its social fund. In addition, the interview with one board member revealed that the cooperative still allocates a much larger social fund from the percentage of the net assets. Consistent with Brickson (2007), the fund invests in social value creation initiatives.

The second balanced view comes from the 'spokes', the cooperative stakeholders. It answers calls from a number of authors to see things from the stakeholder's perspective (Hardy and Ballis, 2013). There are some cooperative stakeholders interviewed including employees, local government, NGO and mainly members. Regarding accountability, this study mainly focuses on the members' perceptions of accountability. Based on members' perception, this study found that they do not pay attention to the technical aspects of financial statements and AGM. Rather the existence of financial statement and AGM become rituals. In normal situations, members are 'in tune' and members only pay attention to the absence of accounts. In this regard the existence of financial statement and AGM implicitly constitute an account (Gray, et al., 2006; Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). The view from stakeholder provides a balanced view in seeing stakeholder relationships and in particular accountability relationships.

Extending the role of stakeholder theory on accountability and linking the two stream of research

The identity orientation advances stakeholder theory to see social relation on accountability practice. The practical implication of stakeholder theory can see social relation is it link the focuses in the two stream of research. It leads to better understanding of accounting and accountability practice.

The concept of identity orientation is originated from 'psychological contract' which was extended to bring in stakeholder relationships (Brickson, 2005, p.602). From this perspective, the relation can be seen as a contract like what is the promise, content and obligation (Rousseau, 1989; Robinson, Kraatz and Rousseau, 1994; Bunderson, 2001; O'Donohue and Nelson, 2009); and how it can be breached and/or violated (Thompson and Bunderson, 2003; Ejimonyeabala, 2014). The contract helps in understanding stakeholder relationships; what both parties are expecting and requiring.

This study brings forward the concept from stakeholder relationships to a more specific context: accountability. Prior studies show that stakeholder theory is mostly used to understand stakeholder relationships (Unerman and O'Dwyer, 2006; O'Dwyer and Unerman, 2008) or stakeholder information needs or (Hyndman et al. 2004; Jetty and Beattie 2009; Connolly, Dhanani, et al. 2013). As accountability is relational in nature, identity orientation can be used to understand the relation between accountant and accountee. Accordingly, accountability is not just viewed from the content of account but also the dynamic of the accountee-accountant relationships, such as what is the obligation of each party, what and how the promise is broken. Focusing on the orientation facilitates understanding what should be accounted and how accountability relation is maintained.

The identity orientation also provides a lens to understand accounting practice. The relation with member and stakeholder require particular account presented in financial statement, other reporting and accounting system. As the limited function of financial statement, some information in that account is carried through social interaction (Andon, et al., 2015). The financial account is not seen in technical aspect but its symbolic existence that implicitly accounts (Jayasinghe and Soobaroyen, 2009; Hardy and Ballis, 2013). In this sense, identity orientation enables to see how the interplay between forms of accountability (e.g. socialising and individualising) works at once.

Detail content of socialising form of accountability

The finding of this study shows face to face account is commonly used for accounting to members. This face to face contact refers to socialising form of accountability (Roberts, 1991, 1996, 2001). Apart from widely acceptance, Roberts' accountability form is criticised as it gives impression of dichotomizing of the accountability concepts in which the socialising form is shaped as responses of hierarchical pressures (Lindkvist and Llewellyn, 2003). Boland and Schultze, (1996) suggest narrative account instead of socialising accountability which meant to raise specific content of account during social encounter. In the social interaction, to tell is considered an account but random talk might not an account. They also argue that narratives is not form of response to hierarchical pressure. Thus far, previous research on socialising form of accountability centre on how that form applied, including mechanism and effects, in particular context (Broadbent, et al., 1999; Roberts, 2001; Jacobs and Walker, 2004; Hardy and Ballis, 2013) . Such inclination is because the nature of socialising form of accountability more likely 'ill-defined expectation' (Broadbent, et al., 1996, p.269) which lead to 'conduct and information demand and supply are less defined' (Connolly and Hyndman, 2017). Identity orientation in this study offers a framework to understand the content of account in the social interaction. In other words, it facilitates focus on what is accounted in this socialising form of accountability. And as mentioned above, identity orientation can be a lens to see the interplay of both accountability forms.

Implicit account in high trust community

Akin to the socialising form some authors use communal accountability which refers to sense of community (Laughlin, 1990; Broadbent, et al., 1996; Connolly and Hyndman, 2017). According to Connolly and Hyndman (2017) the accountability is in less formal interaction, where conduct and information demand and supply are less defined. While Broadbent, et al., (1996) suggest 'implicit account' only possible in high trust relationship. It can be argued that implicit account can be made in a community with less formal interaction and high trust relation. Two previous studies Jayasinghe and Soobaroyen, (2009) and; Hardy and Ballis, 2013) have shown that implicit account was constituted in the religious organisations which have informal interaction and high trust relation. Identity orientation contributes the existing knowledge by providing the concept of 'breaching' in high trust relationship. The orientation leads to a promise, either financial benefit or applied mission, that that shall not be broken. Implicit accountability in this sense is expression of trust that show that no breach be made and the cooperative remains trusted.

7.3.2 Limitations

The most important limitation lies in the fact that psychological contract as a basis of identity orientation, is originally made for internal relationship. Extending that into external relationship should consider the inherent difference in that relationship. In the internal relationship, it has particular 'power and control' over employees, while external relationship mostly is based on the interest of stakeholders. In this regard, internal relationship inclines to be hierarchical but not in the case for external relationship. As a consequence, it should be considered in seeing internal relationship. For example, in collectivistic orientation, the involvement of an employee in common agenda might not because he is willing to be part of the collective but is forced by the employer.

The finding of the two types of cooperative identity has potential to be generalised, but as the finding is obtained using qualitative inquiry, it should be used cautiously. As the identity is referred to the application of universal cooperative principles the two types of identity might represent 'ideological' identity in Indonesia. However, as this research is not designed to aim general-ability of the finding, hence finding is limited as potentially generalised.

7.3.3 Implication

There are two implication regarding the findings of this study. First is balanced and comprehensive perspective from the advancement of accountability theory on accountability practice. The balanced and comprehensive view provides better understanding on accountability practice in both formal and informal form. This implies to see the most effective combination of formal and informal form to account. Thus it is useful in making strategy to enhance accountability. The most effective combination can be set as a best practice which is important in the cooperative good governance.

Second, the two ways relationship open up the problem in the application of accounting standard. In the situation that financial statements are not the main accountability medium and preferable using social interaction to account, the standard setter and policy maker need particular strategy to enhance the application of accounting standards. Systematic strategy can be made during the AGM that always becomes the centre of attention, to promote the importance of financial statements and enhance the acceptance of the accounting standards. Considering the situation, each accounting standard change will need much time to be well applied by cooperatives.

7.3.4 Recommendation for Future Research

Considering some research contributions and limitations, further studies could be carried out in particular area of accounting and accountability studies. At least two recommendations are presented below:

- (a) Study on the detail content of socialising form of accountability.

Socialising form accountability most of the time is seen as a balancing force of 'individualising' or its interplay with formal form of accountability. The studies for socialising form of accountability are limited on 'how to account' using social interaction. Identity orientation extends the knowledge for 'what is accounted' in socialising form of accountability. The study on the content can open opportunity to gain more understanding in the effective socialising form and how the socialising form can be formalised in the accountability system.

- (b) High trust violation

High trust relationship relation different accountability practice. The implicit account is mainly used and avoiding accountability demand if there is no breach of the accountability relation. It would be very interesting if the future study can provide evidence if the high trust relationship is violated. How this violation changes the accountability practice.

7.3.5 Concluding Remark

This study has two aims. First, to investigate how accountability is embodied in practice particularly in its specific context, cooperative in a developing country. Secondly, it aims to investigate the role of accounting for an embodiment of accountability in that particular context. In order to answer the research questions, stakeholder theory with identity orientation is used as a theoretical lens to see accounting and accountability practice. Identity orientation facilitates in understanding what should be accounted and the pattern of accountability relation. It advances the stakeholder theory for its balanced and comprehensive view in seeing accounting and accountability practice.

Accountability is embodied in practice from account production based on its identity orientation in which the accounts are conveyed through the interplay between formal and socialising form of accountability. The cooperative with collective identity orientation mainly accounts on how the mission is applied in the cooperative. While the cooperative with collective identity orientation mainly accounts more pragmatic results, how much the financial benefit can be paid to members. The orientation shows what is the promise and the breach for accountability relation. Both

mission and financial payment are accounted using narratives and implicit accounts which create more accountability space outside formal forum and reporting. In high trust relationship this implicit account communicates that the cooperative remains trusted.

Regarding accounting role in accountability, it is widely used in the cooperative business practice mainly in planning, control, information system and performance reporting. While in the case of accounting standard change, it is apparently ignored as the financial statement is just considered 'ritual'. Without mobilisation through face-to-face interaction, the financial statement is less useful. The financial statement does not necessarily contain cooperative specific features as suggested by Hicks, et al. (2007). Arguably, the least of specific features because they are effectively accounted through the face-to-face and implicit accounts instead of financial statements.

These findings add to the growing body of accounting research for balanced and comprehensive view in seeing accountability practice. Identity orientation facilitates stakeholder theory to see two ways relationship and social relation. As results, the two of research stream can be linked which provide more comprehensive view in understanding accountability practice. It also opens up new insights on implicit account and detail content of socialising form of accountability

Appendices

Appendix A The coding Framework

No	Codes	Basic Themes
1	Being involved in cooperative council	Cooperation among cooperative
2	Learning among cooperatives	
3	Making business cooperation	
4	Implementing Membership Policy	Democratic-based identity
5	Member practical benefit	
6	One man one vote	
7	Broader Benefit for Community	Mission -based identity
8	Extensive membership policy	
9	Member representative (parent)	
10	Mission-based Networking	
11	Arrangement of Election	Prearranged Democratic Control
12	Regeneration (parent)	
13	Membership is required in	Islamic religious ties
14	User is member	
15	Family like atmosphere	Local business facilitation
16	Flexibility (non bankable)	
17	Local business membership base	
18	Selectability	
19	Building community base	Local community ties
20	Member representative group	
21	Member specific need (research funding)	university staff union
22	Voucher is maintaining relation	
23	Communicating Value	Educating and communicating cooperative value and mission
24	Educating member	
25	Islamic finance and social role	Holding the organisational value
26	Mutual Self-Help and financial planning	
27	Social role, business sense and reliable service	
28	University member welfare	
29	Consolidating the financial report	Accounting for financial statement
30	Financial Statement	
31	Adapting Accounting regulation	Adapting Accounting Change
32	Handling individual accounting method change	
33	Reporting Baitul Maal in AGM	Baitul Maal (Reporting)
34	Operational audit unit	Monitoring and Operational
35	Understanding daily operation	
36	Business growth	Performance indicator
37	KPI for staff	
38	Monthly branch ranking	
39	Target monitoring	
40	Planning & Budgeting mechanism	Planning and budget
41	Strategic planning	

No	Codes	Basic Themes
42	Accounting for budgeting	System of control and IT
43	Accounting for performance report and monitoring	
44	Controlling through Accounting and IT	
45	IT is necessity	
46	Debtor's sampling	Creditor requires reporting and credit sampling
47	FS to creditor (bank)	
48	Report to debtor	
49	Member transaction account	Member transaction account
50	Developing network performance indicator	Mission-network union
51	Internship to other CU	
52	Reporting to CU network coordinator	
53	Secondary corps audit	
54	Sharia compliance body	Sharia compliance body
55	University is business partner	University as parent organisation
56	University top manajemen support	
57	Direct informal communication	Accounting through social interaction
58	Harmonizing supervisory control	
59	Relying on the Central Influential Figure	
60	Anticipating discourse in AGM	AGM as The Main Accountability Medium
61	Arranging AGM	
62	Attaining AGM Festivity	
63	Communicating Financial Statement	Giving account to member
64	Communicating Performance target	
65	Social reporting	
66	Creditor requires reporting and credit sampling	Giving account to other main stakeholders
67	Government	
68	International NGO	
69	Mission network	
70	Using university facilities	

Appendix B From Basic Themes to Global Themes

Basic Themes	Organising Theme	Global Themes
Cooperation among cooperative	Adapted cooperative principles	Localising Cooperative Identity
Democratic-based identity		
Mission -based identity		
Prearranged Democratic Control		
Islamic religious ties	Membership Common Bond	
Local business facilitation		
Local community ties		
University staff union		
Educating and communicating cooperative value and mission	Organisational Value	
Holding the organisational value		
Accounting for financial statement	Accounting for reporting	
Adapting Accounting Change		
Baitul Maal (Reporting)		
Monitoring and Operational		
Performance indicator	Applying Accounting as business process	
Planning and budget		
System of control and IT		
Creditor requires reporting and credit sampling		
Member transaction account	Specific features of accounting systems	
Mission-network union		
Sharia compliance body		
University as parent organisation		
Accounting through social interaction	Accounting through AGM and social interaction	Managing Accountability
AGM as The Main Accountability Medium		
Giving account to member	Giving account to member and other main stakeholder	
Giving account to other main stakeholders		

Appendix C A Review of AGM Reporting Document from 1974-2011

Memo : A review of AGM reporting document from 1974-2011

Time :10/6/2016 at 14.00

Location: Dining room, Cooperative A

It is a very thick documents that should be reviewed in short period of time. As the management does not allow me to copy the documents, I made a fast review of the documents. My main focus is to find document-based evidence of how accounting has been practiced and how the report depicts the accountability practice. And these are summary of the findings:

1. Accounting report did not significantly change, however they were few slight changes wich includes:
 - a. member expenses
The account was formed start from the first year of cooperative operation. It covered various expenses related to members like AGM and member education. The account arguably is representation of how cooperative concern to members. At first it was a part of operational expense in the income statement, but then 1988 it was excluded from 'operational expenses'. In 1996 'member expenses' was not presented anymore in financial reports.
 - b. member's economic benefit statement
This was a mandatory report according to SFAS 27. However in 2010 the Indonesian Accounting standard body annulled this standard, changed with IFRS based reporting wich effectively start in 2012. However until the last financial statement in 2015, this statement is still presented.
 - c. In 2005 the cooperative began using external audit firm
2. The document also reported some changes in accountability mechanism:
 - a. when their members were relatively small it was between 1973-1974 they made twice a year meeting with member
 - b. In 1980, for the first time budget and actual were compared and in 1989 liquidity, solvability, and effectivity ratios were introduced in reporting
 - c. They made a member representative body , which was invited in every pleno meeting, but then it was eliminated in 1983
 - d. AGM included Supervisory Body report fort the first time in 1991
 - e. There is a systematic way to limit the number of member.

The regulation favors to expand member and membership, however it was chalanged by the cooperative. In 2001 for the first time after three decades growth of member, the number declined. It is part of the cooperative policy to be more selective for membership. In this year 97% of member application was labelled in process

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Members	3,760	3,690	3,601	3,493	3,362	3,239	3,138	3,016	2,920	2,818	2,732

In 2007 to accommodate the membership regulation, for the first time the cooperative make two membership: full membership and extraordinary (not full) membership. The full membership can vote and be voted as a cooperative board member.

- f. In 2002, general manager position was eliminated, and heads of five divisions were introduced.
3. Some evidence which are related to cooperative identity
- a. In 1981 the cooperative for the first time was awarded the best cooperative and got a car from the president. However in 1982 the founding father passed away, during that year the performance was continuously drop until the worst in 1985 were the income target only achieved by 61,30%.. In the 1986 a new chairman was elected, he was the son of the founding father. After 26 years, in 2012 when the chairman passed the way, the grandson, the third generation replaced.
 - b. In AGM 1977 formally stated that the cooperative is symbol of 'nation unity' in which three different ethnicities blended in one cooperative. And it should be kept in the composition the board of director.
 - c. After 34 years in 2007 a new logo was introduced. The logo is the winner of the cooperative logo contest. It the logo was selected among 935 logos from around the country. The three colors on the wheel represent the plurality (particularly from three existen ethnies



From these findings it can be concluded that accounting did not change much although the standard and cooperative regulation has changed, and also as members were growing the accountability mechanism which related to member involvement was also changed. The selective principal is a part to manage the democratic participation, in order to maintain stability and continuity.

Appendix D Memo of Interview Cooperative C Respondent

Memo 1-Cooperative C: Accounting, finance and internal audit

Time :10/11/2016 at 14.00

Location: Meeting room, main branch building of Cooperative C

When I started the interview, the staff was counting and bringing a receipt. It is the green one, which means it is used for a transaction from bank transfer. Blue is for cash inflow and yellow is for the outflow. She must trace the transaction, in order to be booked to customer's account. In that transaction she should book to three accounts of the customer. She knew who and what the transaction for after the customer told by text message. Based on that then she made a receipt, the green one, in which the cashier at the front desk will book then. Once it is booked, the name of customer, time, accounts, cashier personal number is printed at the back of the green receipt. Those are used to check against what is input into system and the receipt.

She told me that she is responsible not just for accounting. As there is no internal audit staff yet, she also worked as an ad-hoc internal audit. However she cannot audit the unit where she is working. She can only audit other units which are based on the assignment from the general manager. She usually starts with analytical procedure by comparing numbers, she normally will trace account which is considered varies. She has an authorised password in which she can enter to computer accounting systems in the unit, and start tracing the transaction. Besides that audit procedures, she mostly checked the proof transaction, like she was bringing the receipt, the green one, the blue and the yellow one. She is very much aware how the numbers are written on that paper whether it is erased, rewritten, block or not. Any modification in the written number can indicate fraud or misconduct. She did not sample, but took the whole document to be checked, sometimes it last in three days. I think I can feel a bit obsession of numbers.

During the interview the manager joined us. He told that she also authorise for expenditures. Making cash planning, like how much should be withdrawn from the bank and vice versa how much should be saved when there is extra money from customers. Regarding with accounting he told that every month each unit should put on a print out of income statement and financial position statement on the announcement board. I found that print out outside. Besides, a large banner contains with some columns of the cooperative development, like number of member, the amount of income etc. However each cell was empty. He told some members had complained about the empty cells on that banner. It is also should be updated monthly, he apologised for had not done the banner yet.

Both general manager and accounting staff seemingly consider accounting is bookkeeping. They showed me how transactions were booked at the counter where three cashiers were working. There were two computers with accounting software from the CU network. Once transaction is booked, it was automatically posted and the financial statement was made.

Reporting is made daily, monthly, three months, and yearly. The daily reportings are cash statement and financial position statement. The banner and the print out on the announcement board are part of monthly reporting. Besides the financial statements, a special report made for CU network coordinator which includes the development of each loan and saving products. And every three month a development report are made that includes ratios, and credit status. In the end of the year,

Appendix C

additional information like actual output and target variance. In January all financial reporting should be ready for pre Annual General Meeting.

At this point it is reasonable to conclude that the cooperative using announcement board and banner to communicate their growth and financial statement to members. Apart from that, CU Union is also considered an important key stakeholder. The cooperative sent financial reporting and special reports to the network coordinator. In addition at least once a year there is audit from the network coordinator (the CU union).

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