Accounting language change: a critical study of Habermas’s theory of communicative action

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Declaration

I hereby certify that this thesis has not been submitted previously as part of the requirements of another degree and that it is the result of my own independent research.

Tjiptohadi Sawarjuwono
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Abstract

This study envisages the accounting function in practice, particularly as a language of business or organisations. The linguistic function becomes more important if being studied from the uttering capability point of view which this study calls "accounting language communicative competence". This idea is inspired by Habermas's intellectual insight. Habermas contends that the most important element in understanding social phenomena is communicative competence rather than linguistic competence. Communicative competence means the mastery of an ideal speech situation, it encompasses not only the syntactic or semantic systems of language but also the rationality underlying the speech. This study argues that this insight is admissible for understanding accounting phenomena. Thus, accounting language communicative competence refers to the ability to understand accounting language and, in turn, to utter or implement it "properly" by considering all situations within its context. Specifically, this study focuses on organisational actors' accounting language communicative competence. Put another way, accounting language communicative competence is a manifestation of complex interactions among organisational actors, their knowledge and their circumstances. To illustrate this complexity, this study offers a metaphor, that is, a Javanese language speech level metaphor.

To construct this knowledge, this study applies critical accounting study, a methodology which is based on linguistic philosophy, because linguistic philosophy adds a dimension well beyond the scope of accounting and opens wide the nuance of accounting (Gaffikin, 1989) and provides more comprehensive insights. Hence, critical accounting study can accommodate these crucial insights. Essentially, Habermas provides a social theory which is based on it, that is, the theory of communicative action. Seen from this perspective, accounting [language] practice is a social product and follows social processes. Accordingly, it can be analysed from Habermas's two societal analytical processes, that is, lifeworld and system mechanism. To develop the research methods, this study modifies Laughlin's (1987) methodological approaches which are derived from Habermas's conceptual strategies.

The results are suggestive and conclusive. They substantially imply that critical accounting study is practical and useful. It benefits both the researcher and the researched participants. Moreover, it allows accounting language change which will be more apparent if the researcher stays longer in the empirical world. However, with the limited time, this study can only ensure that there is a strong inclination towards accounting change.
Chapter 1

Accounting Language Communicative Competence

Introduction

This study is concerned with accounting practice which is also called accounting language. Accounting practice refers to particular accounting theories, rules, standards and treatments being applied in organisations, while accounting language refers to its primary function which is to organise, coordinate, communicate and to represent organisational economic reality. For the purposes of this study, henceforth, the terms accounting practice and accounting language are used loosely and interchangeably.

What the study considers to be problematic is the role of human actors in determining a particular accounting practice which is deemed to be appropriate for a particular level of organisational business activities. The determination cannot be based solely on the normative and imperative functions of accounting, because it is also influenced by other influences, ie. human problems and their social circumstances. This determination clearly exhibits that accounting practice is a human product, and, as such it is not an objective domain (Morgan and Willmott, 1993). It is not neutral in its significance (Colignon and Covaleski, 1991, Covaleski and Dirsmith, 1991; Power and Laughlin, 1992; See also Hines, 1988; Hopwood, 1987, 1989, 1990; Macintosh, 1990; and Miller and O'Leary, 1987). This explanation depicts that the process of the determination of an appropriate accounting practice infers complex interactions. Burchell et al. (1980) put forward a similar concern. They recognise this complexity and highlight that this stems not only from academic accountants but also from practical problems. Unfortunately, they indicate further, "very little is known" about what influences the nature of accounting practices.
Morgan and Willmott (1993) are also concerned with the need to widen the context of studying accounting. They expound that the study of accounting cannot be separated from its social context and assert as follows:

The study of accounting practices can take us to the heart of issues of management and organisation by rendering visible to the analyst how people constitute an understanding of their organisational context, their role in it, and, through this, their position and role in wider structures of social relations. In common with all accounts, accounting practices render social phenomena visible in a particular way. By giving complex, ambiguous phenomena hard, numerical values, surveillance and control is facilitated. However, the power of accountancy is always conditional on the way in which it is embedded in wider social relations and cannot be taken for granted. As different social groups and individuals tussle to secure or resist control, their struggles are structured by and mediated through diverse discourses and practices; and there is nothing pre-ordained about the pre-eminence of accounting within these struggles. (1993, 14)

Their concern apparently expresses the necessity to envisage accounting practices from a holistic viewpoint. Moreover, this study also envisages that, in the business realm, accounting practices vary. The various accounting practices, to some extent, disclose that there are different levels of accounting practice. These different levels are a manifestation of organisational actors' decisions as well, indeed, of their ability to understand and to use accounting. The different levels of accounting practice depicts what this study calls accounting language communicative competence.

Accounting language communicative competence will be more visible if it is related to the accounting function, indeed, as a language – a medium for communication. In this regard, accounting practice is called a language of business or organisations. With respect to the different levels of accounting practice, the levels of accounting language vary too. The different levels of accounting language imply diverse organisational actors' accounting language communicative competence. Put another way, the determination of a particular accounting practice reflects the organisational actors' accounting language communicative competence in which this depicts interactions between organisational actors, their understanding of accounting
knowledge, their needs and interests as well as the organisational needs and interests and also their circumstances.

The decision process itself thus represents complex activities. To ease understanding of this complexity, the use of a metaphor is suggested in this study: The metaphor of the Javanese Language Speech Levels (JLSL). Metaphor, many have argued, helps to highlight and explain the core idea of a study, and to understand the nature, significance, and social dimensions of the phenomena being investigated. In this respect, the use of the JLSL metaphor for analysing and describing accounting practices is deemed most appropriate.

The discussion above implies the important role of human actors in the process of determining accounting practice. With regard to this insight, this study seeks to expound why organisations employ different levels of accounting language. In particular, this study assays how organisational actors understand accounting, how they adopt and employ it as a part of their organisational life and, in turn, how they change their accounting practice. In other words, this study is an attempt to understand accounting practice in a real setting, in terms of organisational actors' ability to understand accounting language and to use it. However, this study will not succumb to merely "understanding" the accounting practice phenomena, but it will go further, beyond the notion "understanding". Consequently, having understood this crux, this study will suggest an accounting change, indeed, ways to understand accounting language better so that the organisational actors can benefit more from a better accounting practice. In this regard, this study will uncover how accounting changes the ways organisational actors make decisions as their accounting knowledge increase.

Conceptually, this study is distinct from others in several ways. First, the insight understanding individual accounting language communicative competence itself is a new idea. Secondly, this study evaluates accounting practice holistically. It considers
most aspects which influence accounting practice decisions. Thirdly, this study employs integrative ontological thinking; it envisages the function of accounting as language, it uses a language metaphor and embraces linguistic philosophy and methodology.

The intended contribution to the discipline of the study is, first, to contribute an idea that is appropriate to theoretical and practical research. By understanding existing accounting language speech levels we can suggest the most appropriate accounting language speech level for organisations. Thus, the study suggests a more comprehensive theoretical apparatus for gaining insight into the social dynamics of organisations. Secondly, this study also attempts to add to the richness of the accounting discipline, indeed, a diverse perspective in analysing accounting practice phenomena. In this regard, this study analyses accounting practice phenomena by employing a social theory, that is, Habermas's societal analysis. Thus, it enriches the "new accounting research perspective" (Morgan and Willmott, 1993). Finally, this study strives to suggest a "new" accounting research methodology. It supports the belief that using critical theory may bring scholars and researchers to the real accounting practice problems. In so doing, this study demonstrates that this methodology is the most suitable one in uncovering the accounting practice problems within the organisational and social context, so long as the other studies are based on the same ontological and epistemological assumptions. Thus, this study is also intended to fill the "emptiness" of alternative methodology (Forester, 1992; See also Aitken and Gaffikin, 1986; Chua, 1986; Cooper and Hopper, 1987; Jackson, 1985; Oliga, 1988; Tomkins and Groves, 1983; Willmott, 1983).

The rationale in studying accounting language communicative competence

Many claim that accounting is a language of business or organisations (Belkaoui, 1987; Chambers, 1991; Cookingham, 1989; Ijiri, 1975; Jain, 1973; Laughlin, 1981;
Lavoie, 1987; McClure, 1983; Roberts and Scapens, 1985; Tanaka, 1982). The users of this language, organisational actors, are human beings. Human beings are inseparable from their senses (feelings, interests, needs, values, etc.). Since accounting is a human product, the use of this language is inexorably affected by human senses. In addition, its use is affected by human knowledge (accounting theoretical knowledge and the available accounting standards and other rules) and human interactions with the social and surrounding environments. All of these factors are inextricably entwined. Therefore, the determination of an appropriate accounting language should take these influencing factors into consideration.

The determination of an appropriate accounting language can also be envisaged from another point of view, that is, accounting practices. In the business realm, it is not uncommon for management of commercial organisations to utilise different accounting practices in their operations. Accounting practices vary in terms of their technical sophistication and degree of usage. The technical sophistication refers to the variety of accounting technical crafts, ranging from the simple, manual accounting practices to the computerised ones, while the degree of usage refers to the ways in which management makes use of accounting service functions. With regard to the interactions of the influencing factors, various accounting practices are argued as the manifestation of such interactions. In other words, the decision and judgement to employ particular accounting practices implies complex contextual interactions among human actors, human senses, human knowledge and their circumstances.

With regard to these complex interactions, this study argues that the diverse accounting practices represent an important insight, that is, a different ability to use accounting language, indeed, accounting language communicative competence. Thus, diverse accounting practices imply a different accounting language communicative competence of organisational actors. This study is therefore concerned with this issue.
Accounting as a language and the ability to use the accounting language are of crucial importance to this study.

Accounting language communicative competence designates an ability to understand and use accounting. This refers to what Habermas (1984) means by communicative competence. According to him, communicative competence implies the capacity to use the entire system of world relations and validity claims in a distinct fashion for the purpose of coordinating action (White, 1989, 39). Thus, the ability to understand and use accounting language reflects not only the understanding of accounting theoretical knowledge itself, indeed, the calculative aspects, the normative and imperative of accounting, the benefits provided by accounting, and the usefulness of accounting, but also describes the ability to comprehend the proper use of this language in a particular circumstance by considering all related aspects. In this regard, the interests, needs, values, and requirements of related parties, and both internal and external social power and systems have all been taken into managerial consideration (See Arrington and Puxty, 1991; Colignon and Covaleski, 1988; Morgan and Willmott, 1993). In other words, accounting language communicative competence implies judgment and decision to use a particular level of accounting language in which the users have already considered accounting theoretical knowledge, the situation, and the context in which accounting operates.

Research methodology

Research methodology delineates philosophical thinking processes by which, through a particular research activity, a researcher produces knowledge. In this respect, research methodology depicts the interrelationships between the research question, the basic assumption, intended knowledge and the methodology itself. Accordingly, to
decide an adequate and appropriate research methodology, this study will base its premises on these interrelationships.

With respect to this belief, in an attempt to answer this research question, the study finds it difficult, if not impossible, to apply conventional scientific or quantitative research methodology, because this methodology usually assumes that accounting reality always represents linear causality. It follows, regardless of its social context, that knowledge can only be pursued by implementing stubborn patterns, that is, an identification of relevant variables into a scientific framework and hypothesis testing (Abdel-Khalik and Ajinkya, 1979). In contrast, this research question needs a more flexible rigorous methodology which can accommodate complex interactions which take place in a real organisational setting. Most importantly the methodology should comply with the ontological and epistemological assumptions underlying the research question of this study.

Ontologically, this study assumes that accounting practice is a social phenomenon and an organisation is a member of a larger societal group. Every individual organisational actor holds an important role in affecting accounting practice and has a different cultural background and level of knowledge. The individuals produce, construct, sustain and change accounting through social interactions. Hence, accounting language communicative competence is actually a reflection of the conditions and consequences of the production and use of accounting. Consequently, to understand their accounting language communicative competence, individuals' interactions should be comprehended within their totality. Moreover, they are not an object of study, rather together with the researcher, they have to be assumed as a subject as well. This assumption has been this study's consideration. Accordingly, this study necessitates such approaches that strongly emphasise the roles of human actors in shaping, determining, sustaining, producing, reproducing, and transforming accounting knowledge.
Epistemologically, knowledge about accounting language communicative competence should be pursued in the breadth of emancipatory knowledge of interest. Accounting knowledge should free people from intellectual and social domination and provide them with intellectual maturity. In this respect, accounting knowledge should be gained not only for increasing the researcher’s and the researched participants' insights and understanding of the phenomena being investigated, but also for producing a better situation for both subjects. In other words, the research process should not succumb to the notion of "gaining knowledge". Rather, it should be followed by, or continued with, the creation of a better situation. The purpose is either to enable or provide organisational actors the sort of self-knowledge and understanding of their social conditions which can serve as the basis for such a change (Alvesson and Willmott, 1992).

In addition, in an attempt to answer the research question, this study regards Habermas’s practical suggestion that a theory must be able to be implemented, otherwise it will remain abstract knowledge. A theory is considered good according to its ability to diagnose the ills of the phenomena and form part of the process of the selection strategies of actions for improving those phenomena. To operationalise Habermas’s suggestion, this study needs an empirical world, indeed, accounting practice in a real organisational setting. Besides the capacity to implement a theory, research in a real organisational setting provides substantive knowledge and, according to Marshall and Rossman (1989), produces a depth and richness of knowledge in terms of quality of the research results.

Vindicating the ontological assumption underlying this study, the type of knowledge that will be construed, and the phenomena being investigated, the study decides to employ a critical accounting study. The critical accounting study has been considered as the most adequate and appropriate methodology for answering this research question. It refers to a methodological approach which is rooted in critical
theory, and in particular to Habermas's theory of communicative action. More specifically, this study follows Laughlin's (1987) insight in terms of refining Habermas's methodological approaches. However, this study modifies Laughlin's methodological stages and adds two critical issues. This study then develops a number of research methods. The research methods derived from this methodology are basically sensory and communicative experiences (Habermas, 1978). This study then synthesises a number of research methods which are deemed to characterise the notion of "communicative dialogue towards reaching mutual understanding".

Besides ontological and epistemological assumptions and the nature of the research question, the choice of the theory of communicative action is based on several other argumentative reasons. First, Habermas's communicative model, White (1989, 124) contends, "provides the best available framework, not only for constructing explanations of the behaviour of new social movements, but also for understanding why such movements have arisen, and for interpreting what, at a general level, is at stake in the struggles in which they engage". This study is seeking such a framework in order to delve into accounting practices.

Secondly, this theory has been employed in some works — for instance, Laughlin (1987) and Broadbent et al (1991) — and, it can be argued, has produced broader and richer insights. In his study, Laughlin maintains that, with the focus on language and communication, Habermas's methodology makes possible the process of understanding with respect to change. This approach, he continues, does not construct a pre-conception of an ideal state of the phenomena before the investigation, but "the ideal is discovered through the process rather than being part of the defined attributes of the approach formulated at the outset". Then he affirms that "Habermas specifies clearly the nature and the type of the process which are necessary to generate understanding and change in the phenomena under investigation" (1987, 485). Laughlin's (1987) work has been recognised as a study that provides a detailed operationalisation which could easily
be translated into (other) non-accounting contexts (Mingers, 1992a). In a similar fashion, Broadbent et al. (1991, 2) argue that there are two primary reasons. The first is that the power of Habermas's thinking provides a discursive framework which enables a theoretical and practical understanding of the appropriateness of particular changes. The second is the openness with which the critical appraisal can be undertaken. Indeed, Habermas believes that there is much in modernity which is demonstrably superior and progressive is relative to previous societal configurations.

Thirdly, the theory of communicative action is chosen because, as Lyytinen and Hirschheim (1988) have argued, this theory is naturally broad and has encompassed other social theories within itself. Thus, this study believes this theory enables us to uncover a wider social inquiry. With regard to the representative role of accounting, Power and Laughlin (1992) contend that the theory of communicative action provides a basis for articulating accounting. In addition, Herda and Messerschmitt (1991, 25) believe that engaging the theory of communicative action allows organisational actors to "move beyond the level of mastery of sentence structure (ie. comprehensibility) to a more powerful level that includes understanding and acceptance". This is a starting point for making such a process of transformation possible.

Nevertheless, the decision to employ such methodology is not without its pitfalls, the major one being access. Without obtaining free access, this methodology may not work well. It is this methodology that requires this study to conceive three important premises, namely, the notion of self-reflection, mutual understanding which considers an "ideal speech situation" and emancipatory-cognitive interests. The potential for change exists in the creation of what Habermas calls 'ideal-speech situations', in which, a researcher would discuss matters in a rational way, free from constraints and power relations which impose weights upon the researched, and reach consensus about the social world. Research based on critical theory would be measured by its ability to reveal relations of domination which exist in society (See May, 1993, 28). These
expectations can be achieved if the researcher can have free access at all levels of management of the organisation under study (See Laughlin, 1987). Moreover, accounting data, to some extent, are confidential. To delve into these data, Ryan et al. (1992) argue, one needs to have free access as well. Thus, one of the keys to the success of this study is to obtain free access.

This consideration led this study to choose P.T. Eureka Aba Paper Manufacturing Company as an empirical study site. The primary argument is as follows: first, this company promised free access and as such, this promise opens the path to the success of the study; and secondly, promoting an organisational change is possible if an organisation is in crisis (See Laughlin, 1987. and Whyte, et al. 1991). In this respect, the organisation under study was facing organisational issues which needed to be resolved immediately.

**The systematic exegesis of the study**

To elaborate the logic of this study, it will be organised into nine chapters. Given the importance of understanding the accounting language communicative competence, chapter 2 will indicate in more detail the rationale used in deciding this concern. This chapter will begin with the argument that accounting is a language. It then evaluates the similarities and some critical insights between accounting language and an ordinary language. Subsequently, it evaluates some works which analysed accounting language (Belkaoui, 1989, 1990; Chambers, 1991; Cooney, 1992; Haried, 1970; Jain, 1973; Laughlin, 1981, 1987; Lavoie, 1987; Lawrence, 1992; McClure, 1983; Ramaglia, 1988; Roberts and Scapens, 1985, 1990; Tanaka, 1982; Tomlinson, 1990). These works are classified into three categories – those which accentuate the definition; the role of accounting language as a communication medium; and the philosophy of the use of accounting as a language in which it impacts on organisational actors and organisations.
themselves. No one of these works focuses on the ability to use accounting language. Therefore, this chapter concludes by uncovering the importance of accounting language and the organisational actors' ability in speaking accounting language and by applying the philosophy of language.

In chapter 3, the study is concerned with the complexity of the idea of accounting language communicative competence. To ease understanding this complexity, this chapter employs a language metaphor. The aim is to highlight and explain the core idea of the research question, to understand the nature, the significance and the social dimensions of the accounting practices. This study determines the Javanese language speech level (JLSL) as an appropriate metaphor. The selection has been made through thoughtful insight, because the ability to speak the Javanese language needs complex considerations too. To speak the Javanese language one must determine properly the most suitable level. Otherwise, it may cause distortion, for a particular encounter needs a particular speech level. Choosing the proper level is not easy (Poedjosoedarmo, 1968; Koentjaraningrat, 1985; Keeler, 1987). It encompasses complicated considerations – knowledge, rules (grammar), conventions, degree of respect, etiquette, social status, social relationship (distance), and social setting. These considerations are similar to the consideration in determining an appropriate accounting practice. Thus, the JLSL metaphor, is constructive, admissible to the accounting realm, and avoids narrowness as well.

Chapter 4 will argue that critical accounting study is suitable for uncovering the study's research question. The decision to employ this methodology is based on philosophical thought by considering the ontological and epistemological assumptions underlying the research question. In this chapter, the study evaluates and compares the two common research methodologies, quantitative and qualitative, and relates them to their ontology and epistemology. It then analyses their appropriateness to the research question. In a similar fashion, it applies also to what is called interpretive and critical
accounting study. The study finds that applying an interpretive paradigm is incomplete in the sense that knowledge should not be gained for understanding only. Rather, it should be for producing a better situation as well. Therefore, this study concludes by applying critical accounting study as a methodology.

Given the argument of employing critical accounting study, chapter 5 elaborates in more detail on what this study means by "critical accounting study". In this chapter, the fundamental analytical framework for analysing accounting practices is explicated. This framework is based on Habermas's theory of communicative action. Based on the linguistic paradigm, Habermas (1984) conceptualises that, analytically, society can be seen from the point of view of two aspects of interactions, social integration (or lifeworld) and system integration. Lifeworld can be simplified as interactions which are based on immaculate interests and needs inherent in human beings and aimed at reaching towards mutual understanding. These types of interactions are also called communicative rational-based interactions. Their functions are to produce and reproduce society and socialise its members. Conversely, envisaged from the system integration point of view, the other social interactions are not based on mutual understanding. They are functional interactions and are influenced by purposive rationality. Thus, the interactions are influenced by money and power steering media, both of which influence the social interactions in several forms. Money affects decisions in terms of economic considerations, while power takes place in the form of existing regulations.

Assuming that an organisation is a member of a larger society, this study believes that accounting practice is a societal product. It represents the product of a continuously changing society. With regard to this belief, this study argues that accounting practice can be analysed from a societal point of view (See also Sawarjuwono and Gaffikin, 1994). Accordingly, this study is an attempt to analyse accounting practice which applies societal analysis, that is, Habermas's theory of
communicative action. In this regard, following Sawarjuwono and Gaffikin (1994), this study envisages that the production and the reproduction process of accounting knowledge itself follows the lifeworld mechanism. On the other hand, the types or levels of accounting technical craft to be operated follow the system mechanism. The lifeworld and the system mechanism interact and then produce what this study means by the decision to determine a particular accounting practice. In other words, this social interaction implies accounting language communicative competence.

In the following chapter, this study develops Habermas conceptual thinking into operative research methods. Chapter 6 describes the refinement of Laughlin's modification of Habermas's methodological approaches. In this refinement, the study adds two productive modifications. First, the methodological approaches must exhibit a continually changing social process. Secondly, this study suggests an additional conceptual thinking process within the quasi-ignorance and process of enlightenment stages. Within these two stages, this study argues, there is an "internal researcher discourse". This study then chooses research methods which are usually applied in social studies and relates them respectively to the three Habermas main methodological approaches, viz, the formation and extension of critical theorems, the enlightenment process and the selection of appropriate strategies.

The research methods are basically spiritualised by communicative and sensory experiences. Communicative experience or understanding is directed to the meaning of utterance. This refers to the research methods which emphasise the interviews, dialogues or conversations. Sensory experience or observation is directed to perceptible things and events (states). Another important research method being adopted is a triangulation, indeed, a mutual understanding-based triangulation. However, this is to be distinguished from a monological triangulation. The distinction is that a mutual understanding-based triangulation process is not collecting and comparing the information from multiple sources, but rather the researcher's understanding should be
re-communicated to all of the researched participants. The yardstick is that their (the researched participants') understanding becomes the researcher's and vice versa. Even though these research methods are diverse, in the empirical organisational world they were applied, to some extent, simultaneously or in turn depending on the situation.

The following two chapters, 7 and 8, will elaborate the realisation of the research activities and its interpretations. Chapter 7 begins with the introduction process, that is, how to get into the organisation, and ends with the accomplishment of the formation of the critical theorems stage and its results. An introduction into an organisation is important in terms of creating a good image about what research is all about. In this case, the researcher experienced a situation in which the research was accepted because it provided a mutual benefits. On the one hand, the organisation under study benefited in terms of overcoming its crisis in order to have a better accounting practice. On the other hand, the researcher gained "new knowledge" about the real accounting practice.

Undertaking the formation of the critical theorems stage yields a number of important issues. First, the subjectification (to consider the researched participants as a subject rather than merely an object of study) of the researched participants constructs productive interactions between the researcher and the researched participants. Through intensive, discursive or mutual understanding-based interviews, dialogues and conversations, the interactions were so vivacious that they achieved both objectives, the study's aim and the organisation's goals. Secondly, interactions as such, in turn, enable both subjects (the researcher and the researched participants) to determine the existing level of accounting practice and to evaluate its shortcomings. With respect to the Javanese language speech level metaphor, the formation of the critical theorems stage has successfully identified the existing accounting language speech level, that is, *ngoko*. Finally, the researcher, together with the researched participants, has been able to contrive the critical theorems. These targets have been the most important achievement
for the following step. This achievement apparently exhibits that Habermas's methodological approaches are useful and practical.

Chapter 8 describes the other two of Habermas's methodological approaches, that is, the enlightenment process and the selection of appropriate strategies. In relation to the modification of Laughlin's (1987) methodological approaches explained in chapter 6, in the enlightenment process stage, this study argues, there is an internal researcher discourse. This discourse yielded three important strategies to be taken for the sake of the successful activities of this stage. They are as follows: 1) to get top level management's commitment, 2) to aggrandise the role of the researcher's partners as the main actors in the process of enlightenment, and 3) to maintain an "ideal speech situation" by way of relating the enlightenment subjects to the three-accounting world dimensions of every department or division (Arrington and Puxty, 1991). The primary aim is to develop an internal commitment, indeed, the commitment of all organisational actors in supporting actions toward accounting change.

This chapter will also explain the situation that caused an overlap in actions between the enlightenment process and the selection of the appropriate strategies stages. It was the situation that inevitably occurred during the enlightenment stage. Indeed, if a crucial problem appeared during this stage, to some extent, the directors of the company immediately conducted a meeting and then made a decision. The decision then became a part of the strategies to be undertaken. This decision can be seen from two different angles. On the one hand, it demonstrates the overlap stage. On the other, it evidences the fact that the decision maker is the organisational actors, not the researcher. The other important results of this stage are the organisational actors' awareness of the social function of accounting and their accounting theoretical knowledge. Using the societal analytical framework discussed in chapter 5, these results identify the reproduction process of the (accounting theoretical knowledge) lifeworld. They also imply the ability of the organisational actors to determine the accounting language speech level as it
should be. Ultimately, chapter 8 will conclude with an explanation about the termination of the research process. This study will explain the reason for and the method of keeping in touch with management.

In chapter 9, this study will analyse the accounting practice phenomena under study and the impacts of the research activities, and will reveal a number of conclusions. It divulges that accounting practice changes follow social processes. The change process is considerably determined by the user, that is, human actors. Thus, the role of human actors in constructing and reconstructing a particular accounting practice is of crucial importance. Accordingly, Habermas's conceptual framework of societal analysis fits the accounting phenomena.

Seen from the research activities point of view, critical accounting study has a considerable and useful impact on organisational life. It increases knowledge of both the researcher and the researched participants and also builds an awareness. Organisational actors become aware about accounting, particularly its social functions. They have realised now that accounting can make their efforts visible.

The rest of this chapter will offer conclusions which reflect the researcher's interpretations. Of course, it is open to other interpretations. The conclusions are theoretically and intellectually rich in empirical knowledge, but are specific to the phenomena under study. Nevertheless, they offer a theoretical generalisation. First, understanding real accounting practice is important, but is not enough. As has been contended by Habermas (1974), a theory or knowledge which is not immediately transformed into organisational issues will remain an abstract opinion. In this regard, merely understanding knowledge or gaining new insight without being followed by the creation of a better situation or something beneficial is insufficient. Accordingly, this study has not succumbed to merely understanding the accounting practice phenomena, but it also suggests better accounting practice based on the particular accounting
theoretical knowledge, or more precisely, the researcher and the researched participants worked out together towards creating better situation.

Secondly, accounting language communicative competence reflects social processes. In this regard, the ability to apply an appropriate accounting practice is clearly influenced by the organisational actors' understanding of accounting theoretical knowledge, their needs and interests and their circumstances. The process of reproduction of accounting theoretical knowledge follows the social interactions (lifeworld), while the decision to determine the accounting technical craft follows the system mechanism. These two social processes interact and then produce a new lifeworld, that is, the appropriate accounting practice.

Finally, the last theoretical generalisation is a proof of the success of applying an alternative methodology. This demonstrates that the need for a "new" accounting research perspective is not exaggerated. This study has been an attempt in filling the emptiness of an alternative methodology. Moreover, this study has confirmed that critical accounting study has been a sound research methodology, provided that the other studies are based on the same ontological and epistemological assumptions.
Chapter 2

Accounting language: The Importance, Functions and Analogy

Introduction

In this chapter, the study assays the fundamental function of accounting, that is, to communicate organisational economic reality. The communication may take place in the form of informing or being informed, motivating other users, making agreements (the use of participatory budgets), making decisions and perhaps enhancing legitimacy. The communication process involves organisational actors and other users who are human beings. Naturally, inherent within human beings are feelings, needs, interests, values and norms. Since human beings cannot be separated from these senses, the communication of accounting information is also affected by these senses. For example, the selection of a particular accounting practice to produce particular accounting information. This selection is possible due to the fact that the available accounting standards allow this process. The formation of the accounting standards themselves is inevitably influenced by human senses (See Hines, 1987, 1988). This phenomenon, the impact of human senses on the use of accounting, delineates the process of making decisions and judgements of accounting practice. This practice includes both the application in organisations and the setting of accounting standards.

Seen from a particular point of view (the analogous functions between accounting and language), accounting can be said to be a language of organisations. Like an ordinary language, accounting language has an important quality, that is, the capability of being spoken. In this respect, the most important consideration of language is not merely an understanding of the grammatical rules, but rather its ability to be uttered. This ability comprises not only linguistic knowledge, but also the ability to express "properly" while considering all situations within its context. In other words,
this ability delineates the ability to choose a particular language for a particular situation and for a particular purpose\(^1\). In the accounting realm, the ability to speak this language (accounting language communicative competence) encompasses not only accounting theoretical knowledge itself, but also the ability to accommodate and consider the contextual situation. Accounting language communicative competence is thus more important than merely the technical knowledge. This study, therefore, is concerned with accounting language communicative competence. It is this study's belief that a particular accounting practice in an organisation actually depicts the organisational actors' accounting language communicative competence. In this respect, it describes the organisational actors' stock of accounting theoretical knowledge combined with their needs, interests and purposes which are influenced by both internal and external factors surrounding the organisation.

This study will examine the organisational members' communicative competency of speaking the accounting language by employing the philosophy of language. The choice of linguistic approach is based on the contemplation of the role of language proposed by Habermas, in which language is dialogical and capable of reflecting its own preconditions (Holub, 1992). Vindicating the rigorous capability of this philosophy, this study attempts to employ it, because there are some similarities between accounting and language. Given these similarities, this study holds that accounting language communicative competence should be able to be analysed by using a linguistic approach. It is hoped that this approach produces a better understanding of accounting practices. This chapter will be organised as follows: first, it will describe the rationale in claiming accounting as a language of organisations; it then will be followed by the description of the similarities between an ordinary language and accounting; finally, the significance of both language and accounting will be explored.

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\(^1\) Bernard and Delbridge (1980, 230) also stress the significance of linguistic ability, in the sense of competence to express, rather than grammatical ability itself. Pierre Bourdieu (1992) has the same insight. He maintains the importance of linguistic utterances or expressions, because these forms of practice relate to a linguistic habitus and a linguistic market. Habermas (1984) calls it "communicative competence".
Why is accounting called a language of organisations?

Every organisation, Evered (1983) has maintained, has its own characteristic language system(s). In this context, language has a wide meaning. It refers to the unique terminologies, codes, acronyms, and signs, as well as the symbols and metaphors that convey the culture of the particular organisation. He outlines an organisational language in a broader sense. He defines organisational language as "any structured system of codifiable symbols by means of which a particular group of people communicate meaning and regulate their activities" (Evered, 1983, 126). In this respect, any means that are used to communicate and regulate a particular community can be characterised as a language. For Evered, thus, an organisation might have more than one organisational language. It might be accounting or any other media.

In a similar vein, McClure (1983) argues that to claim something as a language, it is necessary to define the parameters of the language first. He examined several definitions of what authors mean by language and then tried to equate them to accounting. His conclusion is that accounting is not a language in the sense used by linguists in deriving their principal results. Despite this, he contends that accounting shares a number of characteristics with language (McClure, 1983, 150). For this reason, he affirms that "accounting clearly does not qualify as a language in the core sense of human speech. However, it may be considered to be a language in the extended sense like bee language or body language, indeed, it is a system for organising and communicating information" (McClure, 1983, 7). In other words, since the primary function of accounting is to organise and convey information in which the information is to be communicated, accounting is worthy of being deemed a language of organisations. Hence, accounting shares ample similarities with ordinary language.
Although many argue that accounting is a language of organisations (Haried, 1970; Jain, 1973; Tanaka, 1982; McClure, 1983; Ramaglia, 1988; Tomlinson, 1990; Belkaoui, 1989, 1990; Laughlin, 1981, 1987; Roberts and Scapens, 1985, 1990; Lavoie, 1987; Chambers, 1991; Lawrence, 1992; Cooney, 1992; and many others), it is usually perceived very differently. The diverse perceptions are due to the very distinctive underlying assumptions which are caused by the different emphases and stances. With regard to the ways the scholars conceive accounting language, this study classifies them into three categories – those which accentuate the definition; the role of accounting language as a communication medium; and the philosophy of the use of accounting as a language in which it brings impacts on organisational actors and organisations themselves.

1. Those who accentuate the definition. For instance, Tanaka (1982) believes that accounting is a translation from ordinary language. He argues that every transaction is translated from ordinary language into an accounting language. In this respect, language is, Tanaka affirms, considered to be a way of converting meaning (thought) into sound (signs). The main objects of accounting language are economic transactions and goods of an entity. He assumes that accounting standards are normative sentences whereas their nature is imperative. The aim of normative sentences is to influence the human being, as a user, to act as the speaker desires. In practice, the choice of the normative sentences is dependent, to a large extent, upon the modes of behaviour of accountants. Similarly, McClure equates journal entries to ordinary sentences by stating:

Journal entries represent the combination of small meaningful elements into larger meaningful structures. Similarly, sentences are large meaningful structures composed of small meaningful elements (words). It therefore seems reasonable to base our analogy between accounting and natural language on the analogy between journal entry and sentences. (1983, 26)

In natural language, McClure states, sentences form higher level structures. Equally, journal entries which are formed of four types of meaningful elements –
account titles, amounts, dates, and explanation – will, in turn, constitute accounting reports of various types, which correspond to narrative in natural language.

Corresponding to this notion, Jain (1973), Ramaglia (1988) and Belkaoui (1989) see accounting language from another perspective (See also Chambers, 1991). They share the same beliefs that accounting is a language in terms of financial grammars, rules and conventions. Jain (1973, 101) states that "accounting rules formalise the structure of accounting in the same way as grammar formalises the inherent structure of a natural language". Ramaglia (1988) and Belkaoui (1989) put forward another characteristic, namely symbols (see also Chambers, 1964). Both ordinary and accounting languages represent symbols which contain meanings. In this respect, Ramaglia emphasises the salient characteristic of the meaning of symbols (lexicon). She argues that the meaning of a term also depends on its relationship with other terms. For example, she refers to the term 'asset'. This term cannot be conveyed without assuming the existence of the related concept of ownership. Meaning, she states, is not only a list of components but also a system of relations (Ramaglia, 1988, 18). In other words, the meanings of accounting terms can be comprehended fully not only by knowing the sense of the word, but also by being aware of the groups of relationships to which the term attaches.

2. The role of accounting as a language in which it is envisioned as a communication medium. Seen from the communicative sphere, Lee (1982) describes the works of Chambers. In discussing this language, according to Lee, Chambers places more emphasis on its role as a communication device. The effectiveness of accounting communication, according to Chambers, relies heavily on the processor's skills (accountants or designers) and the actor's perceptual skills as well (Lee, 1982). Processor's skills refer to the sender's ability to translate the perceived economic events and effects into signs and signals. The actor's perceptual skills refer to the state in which
the receiver is able to comprehend the signs or signals (symbols)\(^2\) (See also Bedford, 1973; Chambers, 1991; Cooney, 1992). Thus the symbols must be understandable. In his contention, Haried (1970) has a similar insight. He indicates that there is a potentially different interpretation of these symbols. The symbols, Haried argues, are believed to be interpreted differently between accountants and users of accounting reports, because the ability to understand symbols, to Bedford (1973), is influenced by the varying comprehension capacity of users. Given this explanation, it implies the salient insight of the ability to use the accounting language.

3. Accentuating the fundamental philosophy of using accounting as a language. Roberts and Scapens (1985) envisage accounting language as it exists in organisations (See also Roberts and Scapens, 1990). They stress the significance of accounting language in organisations, because it provides a common language for organisational actors within departments in an organisation to coordinate, integrate and assess their activities. Organisational actors usually use this language, particularly in conducting meetings. However, the use and the impact of accounting can only be understood within the whole context of their relationships. Hence, the organisational actors can gain knowledge of the activities from the accounting information (Roberts and Scapens, 1985, 450-451). The use of accounting language, Roberts and Scapens maintain, reflects and shapes organisational reality (See also Lawrence, 1992). Because it reflects the interests and concerns of organisational actors, the organisational reality which is formed is actually a reflection of the organisational actors' needs, purposes and interests. In addition, they also suggest that this language is able to discipline the organisational actors and to structure their attentions, actions, and relationships (Roberts and Scapens, 1990). These works demonstrate that Roberts and Scapens envisage accounting language from a philosophical point of view.

\(^2\) This study is aware that symbols are different from signs. As Morgan, Frost and Pondy (1983) explain all symbols are signs but not the other way around (See also Dandridge, 1983). For the purpose of the study, however, this study equates accounting signs to accounting symbols.
In a similar vein, Tomlinson (1990) considers the subjectivity of accounting language. He discloses that accounting is a conceptually-based apparatus, not an observational code (1990, 81). With regard to the philosophy of the language, he contends:

We know that language is never neutrally descriptive; by language we are always interpellated into specific discourses and (at some remove) specific social relations. But this is not widely regarded as a reason for opposing language acquisition. Rather language is more often seen as a precondition for an effective effort to change discourse and social relations. (1990, 81)

Given these citations, the works of Roberts and Scapens (1985, 1990) and Tomlinson (1990) imply that the use of accounting language is largely influenced by an individual person's needs, purposes and interests.

Again, with regard to the nature of accounting as a language, Laughlin (1981, 1987) and Lavoie (1987) indicate the potential of applying the language philosophy. Although they have discussed accounting language, they are more concerned with language philosophy. In this reference, Lavoie declares:

Accounting should be understood as a language, that is, as a process of bi-directional and interpersonal communication. ...Language is not just talk, it is our way of seeing the real world. It is a process of mutual adjustment and communication in which the knowledge socially generated by the participants in this process is greater than that possessed by any of them individually. (1987, 580)

In summary, for Roberts and Scapens (1985, 1990), Tomlinson (1990), Laughlin (1981, 1987), Lavoie (1987), and Lawrence (1992), regardless of the definition or the role of accounting language (due to the nature and the functions of accounting which is similar to ordinary language), it is the insights stem from an understanding of the philosophical and methodological aspects of language which are more critical. Accounting practices would be understood better if they were studied from a linguistic philosophical aspect.
With regard to these diverse contentions of accounting language, this study seeks to explore other similarities between accounting and ordinary language. In so doing, it attempts to compare the fundamental characteristics of language to that of accounting. Indeed, the study assays the characteristics of language derived from the definition of language and attempts to compare it with the characteristics of accounting practices.

**Accounting and an ordinary language**

Language, Wardhaugh (1977, p. 3) defines, is a system of arbitrary vocal symbols used for human communication. This definition contains several characteristics that could be argued as applying to accounting. First, language is a system which through a combination of words, allows the formation of a possible meaning. Secondly, the term 'arbitrary' in the definition, Wardhaugh maintains, does not mean that everything about language is unpredictable. Rather, this term refers to familiarity of words (language). If one is familiar with a word, he or she will be able to predict its meaning. Wardhaugh then continues by stating that the things which are predictable about all languages are linguistic universals. It is a characteristic of all languages that they have certain rules. These rules allow a speaker to make statements, to ask questions, to give commands or to make requests. Thirdly, it is a language that always uses symbols. Language, Wardhaugh states, is a symbolic system, a system in which words are associated with objects, ideas, and actions by convention without changing the meaning. Indeed, every word represents a symbol of phenomena. Fourthly, language always involves humans. The term human, according to Wardhaugh, refers to the fact that the kind of system is possessed and used only by human being. The last characteristic is language as communication. It is the language that allows people to say things to each other and express their communicative needs. Language is used for communication and the cement of society, allowing people to live, work, and play
together, to tell the truth but also to tell a lie, or lies. This implies that language mediates social interactions.

This study claims that accounting has similar characteristics to those of ordinary language. Accordingly, the study attempts to explore them. First, accounting has a characteristic which is associated with a system which forms meaning. Likewise, accounting recognises a system that provides information. The information is constructed from data in which, through particular systems or rules, data are combined so systematically that they provide meaning. The meaning of the information represents organisational economic reality. With regard to this notion, Jain (1973) advocates that a language represents phenomena in the real world while accounting represents phenomena in the business world (See also Lawrence, 1992; Morgan and Willmott, 1993).

The next characteristic of a language is the term 'arbitrary', in the sense of familiarity. In the light of accounting, this term provides to users familiarity with accounting words, symbols or jargon which are associated with particular situations. Without having an understanding of this jargon, one will not be able to predict or even to analyse the accounting information. Moreover, if these symbols are studied in isolation regardless of the organisational situation, business environment and social and economic situations, these symbols then cannot provide insightful information. In other words, the accounting words, symbols and jargon will be clearer if they are associated with their context. This notion satisfies Habermas's contention that language has a social context (Pussey, 1987, 76). With regard to this notion, Coulthard (1977) and Fowler (1974) affirm that language will be more meaningful if it is studied in its context of situations. In the accounting realm, despite the necessity to be familiar with accounting words, symbols or jargon, many have argued that these notions will be more comprehensive if they are studied within their organisational and social contexts (Gilling, 1976; Roberts and Scapens, 1985; Meyer, 1986; Laughlin, 1987; Cooper and
Hopper, 1987; Hopwood, 1988; Laughlin, Hopper, and Miller, 1989; Dillard, 1991; Lehman, 1992). In other words, like natural language, to be familiar or to understand accounting symbols, one should study them by involving their organisational, social and economic contexts.

The next linguistic character is symbols. Accounting utilises many symbols as well, such as words, jargon and numbers. These symbols are established by determining categories for classifying and evaluating business transactions. Particular symbols are assigned to particular classifications. In order to have symbolic import, they must be evocative; they must be interpretable to some audience (Carruthers and Espeland, 1991). In other words, the accounting symbols themselves must possess some acceptability. In this way, these symbols represent an organisational social economic reality (See Colignon and Covaleski, 1988).

Another characteristic is human involvement. Language is created and used by and for humans, and so is accounting. Accounting is created and used by and for humans. In this respect, Gaffikin (1989, 179) maintains that accounting has been devised by humans to control and modify human behaviour. It is produced as a response to human needs, interests, desires, and purposes (Arrington and Schweiker, 1992). Initially, accounting was aimed to help management to keep track of its past economic transactions by providing systematic record keeping. In its development, as shown in the study by Laughlin and Lowe (1990), accounting is still evidently used for satisfying human needs, desires, interests, and purposes. The development of accounting in the areas of financial and management accounting is apparently for human benefit. Another example can be seen in managing principal-agent relations. This relationship also implies that human interactions are associated with the use of accounting. The principal employs accounting for controlling management, whilst the management has to provide accounting information for demonstrating its performance which is supposed to be in line with the principal's interests. This depiction exhibits the involvement of human
beings in the creation and use of accounting. In this respect, Jain (1973) states that language influences all human experiences whilst accounting affects business experiences.

Finally, the fundamental characteristic of language is its role in communication. It is through communication that each individual is able to gain, assess and disperse knowledge (information), hence; it mediates social interactions. Additionally, language, according to Firth (1957), is fundamentally a way of behaving and making others behave. In fact, accounting is also for communication. It organises, communicates, and coordinates information, mostly economic information. In other words, accounting allows social interactions. Inherent in these characteristics are the rhetorical and representational roles of accounting (See Aho, 1985; Arrington and Schweiker, 1992; Carruthers and Espeland, 1991; Mouck, 1992; Thompson, 1991). In this context, the rhetorical role refers to three distinct, but not separable, kinds of arguments: ethical appeals (ethos) involving one's own value and character; emotional appeals (pathos) involving an appeal to the feelings of an audience; and rational appeals (logos) addressing the capacity to reason (Aho, 1985, 23; Thompson, 1991). Like a natural language, in communicating accounting information, the user's (both the speaker's and the hearer's) intentions, desires, needs, and purposes influence the selection of accounting practice. These selections, from the accounting system, accounting methods and treatments up to the particular accounting reports, are argued to follow the users' intentions, desires, needs, and purposes. In this respect, through the rhetorical nature of accounting language, organisational actors can persuade other organisational actors by providing accounting information. Using Firth's (1957) insight, accounting can be claimed as a way of behaving and making others behave. In association with this practice, there is a positivistic-influenced terminology, that is, good or bad accounting information. Good accounting information refers to success in business. "Good accounting information may be seen as enabling outcomes which are good" (Cooney, 1992, 60). Conversely, bad accounting information refers to information which leads to
failure through error, confusion or deception (Cooney, 1992). In short, accounting as a language does reflect the communicative and representative modes of its users.

Given this explanation, these characteristics of ordinary language can be argued to be admissible to the accounting realm. Accordingly, this study summarises that the jargon "accounting language" encompasses a wide range of meanings, from the surface to the deep meanings. The surface meaning refers to the articulation of accounting as a translation of day-to-day activities in the business world, as a symbolisation of the business world, as a regulation for those who use it so that the language is interpretative, and as a communication medium. The deep meaning refers to the belief that equates accounting with linguistic philosophy. Indeed, it centres on the communicative, cognitive, imperative, persuasive and expressive roles of accounting in which human intentions, desires, needs, and purposes are inherent. In turn, these roles make the transfer of knowledge possible. This study then concludes that accounting can be equated with the language of organisations, particularly in its communicative roles in organising, coordinating, communicating and representing information which represents organisational economic reality. However, it should be noted that there is one very distinctive character that distinguishes accounting language from ordinary language, namely gesture. In common language, particularly in written language, structures and symbols may construct meaning, whilst in spoken language, the meaning will be accomplished by gestures and the situation in which the sentences occur. In the accounting realm, the situation will be quite different. The meaning will be construed merely by symbols without gestures.
The critical insights of language and accounting language

A) Utterance ability

Having discussed the rationale to call accounting a language of organisations, this study then proceeds to the critical insights of language and accounting language. It is concerned with three critical insights that can be grasped from probing the philosophical nature of language: the pavement to knowledge; the functions and uses of language; and the ability to use language - the communicative competence (Habermas, 1984). First of all, it seeks to explicate the notion of how a language paves the way to knowledge. Anderson et al. (1986) maintain that we understand the world through a concept which is mediated by language (See also Mouck, 1992). In everyday life no one can do without language, because communicative actors always find themselves involved in ordinary language and have no alternative to using it. Language is a medium that needs no additional certification (Habermas, 1987, v2, 266 emphasis added). Thus, language is a precondition to understanding. In this respect, language, for Fowler (1974, 3), is an intrinsic aspect of our human inheritance; and it is a genuinely complicated kind of knowledge and behaviour. This belief leads De Reuck et al. (1994) to hold that language and knowledge are interdependent. We interact with others, study and transfer knowledge via language. Seen in this perspective, language, for Neimark (1990), is what we are and what we do.

Subsequently, in paving way to knowledge, language takes place in a number of different proportions. It is not merely a medium for communication, but also for the interchange of knowledge. Similarly, it does not only provide written meanings, but also provides deep (inherent) meanings. In this regard, Gadamer (1976) emphasises the fact that using language is more than a deliberate use of "tools" for communicating ideas (quoted in Lavoie, 1987). Lavoie regards this idea in the following expression:

That language is an indispensable window through which we comprehend the world is not to say that what we understand of each other's speaking and writing is
somehow limited to that which is actually articulated in words... The power of language lies primarily in its capacity to mean more than can be explicitly said. ...It is precisely through the use of language in scientific dialogue that the growth of knowledge is able to occur. (1987, 588-589)

In other words, language allows us to gain a deeper understanding of knowledge; indeed, language is seen as the centre of all processes of inquiry and knowledge (Mouck, 1992, 36).

The second critical insight of language is its functions and uses. Basically, humans, for Habermas, are bound up with a certain use of language, in the sense that, in their interactions, humans use language. Via language a speaker might express his or her intention about something in the world. This expression establishes an interpersonal relationship between speaker and hearer. Essentially, the use of language in communication, Habermas maintains, is to achieve mutual understanding. For reaching understanding is the inherent telos of human speech (Habermas, 1984, v1, 287). The human use of language, therefore, implies a common endeavour to achieve consensus in a situation in which all participants are free to have their say and have equal chances to express their views. In this respect, the communicative nature of language represents an emancipatory concern. Thus, language allows its participants to maintain and engage in social interactions which include the opportunity to express the individuals' intentions, the process of transferring knowledge, the possibility of pursuing the individuals' goals - through a process of achieving mutual understanding, the development of their community by maintaining their existence and many others. In other words, language serves three substantial functions: a) reproducing culture and keeping traditions alive; b) sustaining social integration or coordination of the plans of different actors in social interaction; and c) promoting socialisation or the cultural interpretation of needs (Habermas (1990, 25).

These two explanations, gaining knowledge and the functions of language, insinuate the potential dimension of the philosophy of language and the linguistic
competence respectively. They describe the quality and the precondition of the nature of language itself in which they are more structural. This study then explicates the third and most critical insight of language, that is, the utterance ability. This ability (the speech act) refers to what Habermas means by communicative competence. Communicative competence also consists of the ability to follow the rules, but this time not rules for the production of sentences, but, rather, for the use of these sentences in utterance in social situations by vindicating the validity claims³ (Brand, 1990; see also White, 1989, 39). In this respect, Habermas (1979) maintains that language itself is dependent upon a social process which is not wholly linguistic in nature. Indeed, the theory of language which emphasises speech rather than merely language, which accentuates not only phonetic, syntactic, and semantic features of sentences but also utterance, and not only linguistic competence but communicative competence. In this regard, the ability to use language implies the competence to speak a language appropriately for a particular occasion. In other words, the speech act delineates the ability of a speaker to grasp the linguistic rules and the comprehensiveness to use them in an appropriate manner.

The capability of using language can also be seen from another perspective, day-to-day activities. Seen from the perspective of these activities, the capability to use language mirrors an adroitness of speaking; hence, the capability to manipulate a language depends the linguistical needs, individuals' interests and situations. Linguistical needs refer to the grammatical rules and vocabularies, indeed, knowledge of language itself. Considering these premises, we will find that every individual person has different levels of capability, which, in turn, will cause different uses of language. Associated with this, there is an inclination towards the premise that the ability to use language will change in line with the increase in an individual person's knowledge. Additionally, the different use of language is influenced by individuals' interests as well.

³ A more detailed explanation of the validity claims can be followed in chapter 5.
In this respect, Deetz (1992) maintains that language is primarily constitutive rather than representational. For this insight, he contends that:

As a system, language holds forth the historically developed dimensions of interests — the attributes of concern or the lines along which things of the world will be distinguished. Language holds the possible ways we will engage in the world and produce objects with particular characteristics. (1992, 28)

Individuals' interests thus affect largely the selection of a particular language. Accordingly, we will see that an individual person speaks a particular mode of language for a particular purpose or interest. Furthermore, the selection of a language is also influenced by situations. For instance, an individual person will speak differently in a daily conversation from a formal situation, such as in a meeting or in an addressing speech. In other words, every individual person might be aware that he or she cannot speak in the same kind of language without regard to the situations in which he or she uses language. Thus a speaker must account for the situation.

In short, this study believes that language is impregnated with three critical insights. These insights are very useful for understanding the social phenomena in the world. It is language that brings about knowledge. Additionally, it is language as well that allows social interactions to be possible. Besides, the ability to speak a language is the most significant insight, hence, the capability of a speaker to utter in a correct and appropriate way helps in the success of speaking a language.

B) Accounting ability

Given the discussion of the critical insights of language, this study then seeks to explicate the critical insight of accounting language itself. In particular, this study focuses on the ability of individuals to employ accounting language (accounting

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4 This description will be more apparent in the use of Javanese language speech levels which is explained in the following chapter.
language communicative competence). With regard to the situation in which every individual person has different levels of capability of speaking a particular language, this study presumes that the capability of speaking accounting language experiences similar states. In this respect, this study sees that remarkably diverse accounting practices, from a modest level to a sophisticated one, are signs of different levels of ability to use accounting. The judgement to determine that an understanding of the ability to employ accounting practice is of crucial importance in this study is based on a profound examination of some works. For instance, the works of Clancy and Collins (1979), Birnberg et al. (1983), Berry et al. (1985), Lal and Donaldson (1988), Bougen et al. (1990), Kellet and Sweeting (1991), and Jones and Sefiane (1992) disclose a variety of uses of accounting practices.

In particular circumstances, it seems that accounting is employed at a modest level; indeed, accounting is used to record historical data. No more effort is required to work more efficiently by analysing accounting data. Jones and Sefiane (1992) found this modest level of accounting practice. Their study reveals an argument beyond this accounting practice, hence, cost calculation is accepted as the actual cost incurred, instead of standard product cost. A company management decision is not based on accounting information; rather, it is based on "demanded data", indeed, data that are required by the Government. For example, in association with price determination, the submission of accounting data is not aimed at providing accurate costs. Rather it is aimed at providing exaggerated costs in order to put pressure upon the need for an increase in the level of subsidy or for a price increase, because the price level has been set by the Government. Thus, accounting language, according to Jones and Sefiane, appears to establish satisfactory communication between management of a company and the Government. This situation, according to Covaleski and Dirsmith (1991), indicates that management emphasises accounting strongly in legitimising function, rather than organisational function. In their study, Jones and Sefiane conclude that the
modest level use of accounting is caused by the absence of accounting skill and is grounded in social attitudes and organisational objectives.

Other studies reveal limited use of accounting. Berry et al. (1985) reported that production managers preferred to use production numbers instead of accounting numbers. At the same time, Bougen et al. (1990) revealed the occurrence of a rejection of accounting in which workers preferred the use of moral discourse rather than economic (accounting) discourse. In a particular circumstance, Clancy and Collins (1979) found the simultaneous use of formal and informal accounting. Both accounting systems are considered significant and useful in controlling, evaluating, and planning. It should be noted, however, that beyond the variety of uses of accounting, there are actually rational arguments. The rationale to operate both formal and informal accounting systems, as found by Clancy and Collins, is that the formal accounting system is not tailored to individual user needs, untimely reporting and the lack of data reliability (See also Lal and Donaldson, 1988). At the same time, Kellet and Sweeting's (1991) work reveals a company employing both advanced and simple management accounting techniques at once during the accounting change period. The existence of both techniques satisfies the managers, for these techniques meet their needs and the criteria set by business operations. Obviously, the particular use of accounting systems discloses that there is a particular reason beyond this practice (See also Dunne, 1990).

Accounting, when properly implemented, provides a useful managerial means. As Hopwood (1984) has argued, when properly practiced, accounting provides accurate, verifiable, comparable information that can be used to clarify issues and resolve conflict on the basis of principles such as rationality, objectivity and equity, and without resort to favour or power. In association with Hopwood's contention, this study suggests that the notion "properly practiced" should be followed by further explanation. This notion does not merely emphasise the technical aspect of accounting, but also encompasses all social and organisational aspects which influence accounting practices, because, for a
particular circumstance, the implementation of accounting systems is associated with particular human as well as organisational purposes, interests and needs. For instance, a particular accounting practice might be employed for internal and external legitimation (Burchell et al. 1980; Bougen and Ogden, 1982; Covaleski and Dirsmith, 1991); for stimulating, rationalising, integrating, coordinating and controlling actions (Miller and O’Leary, 1987; Armstrong, 1989; Roberts and Scapens, 1990); misleading a business image, such as smoothing, biasing, focusing, gaming and filtering (Swanson, 1978; Birnberg et al. 1983; McBarnet et al. 1993); designing strategic actions; and for influencing collective bargaining relationships (Amernic and Craig, 1992).

In short, the variety of uses of accounting, seen from an individual perspective, delineates judgement and decision to employ a particular accounting practice. The judgement and decision are influenced by individual and organisational knowledge, needs, interests, purposes as well as other considerations - internal and external organisational influences. This phenomenon, on the one hand, explicates the individual person's ability to use accounting language, in terms of Habermas's notion of communicative competence. On the other hand, there is a creed that accounting language provides organisational reality and visibility (Roberts and Scapens, 1985; Lawrence, 1992; Morgan and Willmott, 1993; Broadbent and Laughlin, 1994). In fact, the selection of a particular accounting (language) practice, indeed the accounting competence, is affected by individual and organisational knowledge, needs, interests, and purposes; as a result, organisational reality is actually a reflection of individual and organisational capability to use accounting (accounting competence). Different accounting language may provide different organisational reality. In other words, since accounting is a very subjective domain, an organisational (economic or social) reality provided by accounting is also very subjective (See Colignon and Covaleski, 1991, Covaleski and Dirsmith, 1991; Power and Laughlin, 1992; Hopwood, 1987, 1989, 1990; Lyas, 1984; Miller and O'Leary 1987; Hines, 1988; and Macintosh, 1990). Accordingly, it is this study's belief that understanding human ability to employ accounting language
is critical. Indeed, the most important idea of accounting language is not the capability of understanding the grammatical rules and vocabulary (technical aspects of accounting), or the compliance to the normative sentences (accounting standards - Tanaka, 1982), but, rather, the capability of uttering in this language. In this respect, Carruthers and Espeland (1991) disclose that the symbolic property of accounting, that is, language, is more important than the technical aspects. This notion refers to the persuasive mode of language in shaping the legitimation of decisions or in using the language for a particular purpose.

Concluding remarks

This study also finds some similarities between accounting and ordinary language. Among the similarities, the communication function and human involvement are the crucial ones. Accounting can communicate organisational economic reality, which in turn, can be used to argue, persuade or even to refute the organisational economic reality. Beyond these phenomena lie human intentions, interests, needs and purposes. In this respect, the communication of organisational reality is greatly influenced by human values and interests. Accordingly, in understanding accounting practice, human involvement should be taken into consideration.

The communication using accounting language describes, on the one hand, the understanding of accounting theoretical knowledge - of accounting rules and techniques - and, on the other hand, also delineates the ability to use accounting language, in which the decision and judgement to operate a particular level of accounting have taken into account all influencing aspects of the accounting practice. The formation and use of accounting language, usually through a complex historical process, sometimes involve extensive conflicts, because accounting is a product of a complex set of social, historical and political conditions, in the sense of the influence of Government (Law) and other enforcement. Thus, accounting language communicative competence implies a level of understanding of accounting theoretical knowledge and the proper accounting practice which is suitable to the situation and environment surrounding the organisation. Besides communication, the ability to speak accounting language properly may also create organisational reality and visibility. It is accounting language communicative competence that this study argues is the most important aspect of accounting practice.

Again, given that accounting is a language of organisations, this study then attempts to examine it by applying the philosophy of language. Accounting, as a part of social phenomena, follows everyday behaviour in which, according to Secord (1986), this behaviour is richly impregnated with language. In addition, language, Gaffikin maintains (1989, 200), is a manifestation of theories, ideologies, and feelings.
Therefore, it is this study that strives to follow a linguistic philosophy. Moreover, in using linguistic philosophy, according to Gaffikin (1989, 194), it is hoped to add a dimension well beyond the scope of accounting and to open wide the nuance of accounting. It is this study's belief that by employing philosophy and methodological aspects of language, we may uncover the social and political conditions that affect the ability to use accounting. This philosophical approach is also concerned with the socio-historical phenomena affecting the accounting change. Therefore, using the philosophy of language we can understand accounting practices better and gain more complete (holistic) quality of accounting knowledge. In the next chapter, this study will explain the description of the complexity of accounting practices and will propose a metaphor to help understand accounting practices.
Chapter 3

The Use of a Metaphor: A Necessity to Ease Understanding the complexity of Accounting Practices.

We are aware that individuals speak with differing degrees of authority, that words are loaded with unequal weights, depending on who utters them and how they are said, such that some words uttered in certain circumstances have a force and a conviction that they would not have elsewhere.

(J.B. Thompson, 1992)

Introduction

Accounting practices in both wings, as financial and management accounting (Laughlin and Lowe, 1990), vary. The various types of accounting practice imply management's judgement and decision. The judgement and decision are presumed to be influenced by complex contextual interactions among human knowledge, needs, intentions, motives, values, feelings, beliefs, interest, circumstances, and accounting itself in which it operates. The study aims to understand these practices. In attempting to understand them, this study offers a metaphor, Javanese language speech levels (JLSL).

The rationale for using Javanese speech levels as a metaphor is due to their uniqueness. To speak Javanese language one must determine properly the most suitable level. Otherwise, it may cause a distortion, for a particular encounter needs a particular speech level. The determination to choose the proper level is not an easy task (Poedjosoedarmo, 1968; Koentjaraningrat, 1985; Keeler, 1987). It encompasses complicated considerations – knowledge, rules (grammars), conventions, degree of respectful, etiquette, social status, social relationship (distance), and social setting (Geertz, 1960, 1961; Tanner, 1967; Poedjosoedarmo, 1968; Koentjaraningrat, 1985; Moedjanto, 1990).

In other words, Javanese speak a particular language for a particular occasion. Thus, the

5 Since the beginning of twenty century, according to Koentjaraningrat (1985), due to the difficulties in speaking Javanese language properly, Javanese have tended to leave their language. Instead, they speak bahasa (language) Indonesia, the national language, which is considered easier and more democratic.
ability to utter Javanese language properly reflects social sensibility, distinction, and commitment as to the situation (Jay, 1969; Keeler, 1987). It implies judgement and decision to speak by vindicating a particular situation. This social phenomena is also experienced by another social activity, indeed accounting. In the accounting realm, the ability to speak accounting language undergoes a similar situation. Therefore, the study believes that the uniqueness of Javanese speech levels would be appropriate for describing the complexity of accounting practices.

To begin with, the study will explain, first, the significant role of accounting as a language of organisations. Simultaneously, seeing an organisation as a micro society, it describes who the users of the accounting language are. It focuses on the ability to understand and use accounting language. Secondly, before explaining what Javanese speech level is, the study commences with a description of metaphor, its significance, its advantages and disadvantages, and its usage. Subsequently, the study elaborates the Javanese language and the rationale for its use. The last part of this chapter will discuss some accounting practices seen from the point of view of the Javanese speech level metaphor.

**Accounting: the language of organisations and the speakers**

Accounting, as a language of organisations, provides organisational actors with a communication medium. This medium facilitates and enables them to communicate with both their members and other communities outside the organisation. Among their members, it enables the organisational actors to communicate and to discuss the organisational issues, particularly in financial terms and, in turn, to take action. This language also permits managers to motivate their subordinates to achieve the organisation goals and to undertake control functions. In other words, accounting promotes integration and makes coordination of actions possible. With regard to the
other communities, it makes the organisational issues more visible and tangible (Morgan and Willmott, 1993; Broadbent and Laughlin, 1994). It is through accounting language that social events, indeed business phenomena, become accountable by constituting the accountability, explicability, intelligibility and the systematisation of their features and social settings (Lawrence, 1992).

To be able to communicate well, obviously the speakers should understand this language. To understand the meaning of any term, according to Lyas (1993, 163), is to understand those human needs, interests, feelings and practices in the context which they arise and into which they fit. Understanding may have another meaning. It may also mean to be skilled in something, to be able to do or have a command of something that one has learned and practiced. In an ordinary language, Habermas (1988, 131) declares that understanding a language and being able to speak indicate that one has gained skills, has learned how to perform certain activities. He calls it linguistic competence. However, linguistic competence alone is not enough. Because, for Habermas, communication is not merely transferring information between speaker and hearer but also producing a situation of potential ordinary-language communication which he calls communicative competence. Communicative competence means the mastery of an ideal speech situation. He states that "in order to participate in normal discourse the speaker must have at his disposal, in addition to his linguistic competence, basic qualification of speech and symbolic interaction (role-behaviour)" (1970, 367). Communicative competence is emphasised on the performative aspect of language (Habermas, 1979). In this respect, a speaker must understand the modes of communication and connections with the external world through which speech becomes possible. Habermas's explication thus implies that communicative competence is not merely understanding linguistic rules and conventions, but also understanding the appropriate use of the language, indeed, the hearers, the content, and the situation. It is this condition that Habermas describes as an ideal speech situation.
The ideal speech situation\(^6\) is premised on four universal validity claims: comprehensibility, truth, truthfulness, and rightness. Comprehensibility refers to an expression that must be understood by both the speaker and the hearer. The truth refers to proportional content or the material. Truthfulness refers to a quality that the hearer can trust the speaker. Rightness describes the correct utterance or appropriateness.

As with ordinary language, being capable of speaking accounting language requires similar preconditions. The speakers have to have a particular knowledge, understand the hearers and realise the surrounding situation. To speak accounting language, the speaker should also consider the ideal speech situation and, in this respect, regard the validity claims. In the accounting realm, universal validity claims can be ascribed to particular situations. Their comprehensibility can be attributed to knowledge requirements. Without accounting knowledge, both the speakers and the hearers might not be able to speak and communicate with this language. It is difficult, if not impossible, to understand the communication of accounting information. The truth illustrates more specific and contextual accounting information, hence the particular events or organisational issues. Truthfulness then represents rationality of actions based on accounting information. Action, for Habermas, is rational if the actors engage it with the orientation of reaching mutual understanding. In this respect, actions are directed at achieving organisational goals. While the rightness delineates the appropriateness of a particular level of accounting practice, it refers to a degree of sophistication of accounting practice which is suitable for organisational needs, personnel, situations, and other organisational considerations. In other words, the capability of using accounting is influenced by organisations members' ability to understand accounting and, in turn, to implement it by vindicating the overall organisational circumstances.

The capability of using accounting is thus very important. Without having such a capacity, the organisational members might not be able to use accounting or might not

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\(^6\) A more detailed explanation of the ideal speech situation will be discussed in chapter 5.
gain the benefit provided by accounting. Managers might not be able to make an accounting-based decision, to motivate and control their subordinates through accounting. Seen from another perspective, accounting might not provide for its service functions fully. Therefore, if an organisation intends to improve the use of accounting or wants to gain a better use of accounting, the management must pay more attention to the individuals' ability. This ability to use accounting must be improved. Correspondingly, organisational endeavour must be directed to this effort.

The individual's ability reflects what Habermas means by a 'lifeworld'. According to Brand (1990), lifeworld indicates a background of an enormous fund of non-explicit, taken-for-granted notions, which have a great influence on the interpretation of explicit utterances. The lifeworld as background greatly influences the actors. Habermas (1990, 135) states, "the actor is carried or supported from behind, as it were, by a lifeworld that not only forms the context for the process of reaching understanding but also furnishes resources for it". The lifeworld, then, offers both an intuitively preunderstood context for an action situation and resources for the interpretive process in which participants in communication engage as they strive to meet the need for agreement in the action situation. Since the individual's ability is highly dependent upon his or her own lifeworld, the organisational members must be in such a situation that is conducive to change (reproduce) the lifeworld. A conducive situation, according to Habermas, is a situation in which the lifeworld can be repeatedly recreated, through continual renewed, corrected, and cumulatively expanded retrospective interpretations of life history.

Again, the ability to understand and to use accounting is significant. With regard to the beneficial service power of accounting to provide an organisation with a better accounting information it is not necessary to enforce its usage. Rather, it should more enable the user (Broadbent and Laughlin, 1994), in the sense that the use of accounting might empower the organisational actors as far as they have the ability to operationalise
it. Hence, the ability to use and the benefit which is gained from accounting are interrelated. The more we understand, the more we can make use of it, and the more accounting enables us. Therefore, it is significant to understand the particular degree of the actors' accounting capability, which then determines the accounting level that fits the organisational needs and circumstances.

Given this phenomena, the decision and judgment to implement a particular level of accounting language is thus reflective. With regard to the ability to speak accounting language, it should be noted that every individual has a different lifeworld. Individual lifeworlds are never identical and vary considerably. This refers to different speech repertoires due to different backgrounds, accounting knowledge, and interests. As a result, every individual will speak accounting with varying degrees of fluency.

With regard to the organisation, the choice of a particular degree of accounting is very important. This encompasses complex considerations about organisational interests, needs and circumstances. Therefore, the choice of a particular accounting language reflects the richness and complexity of patterns of communication among a particular community and its surrounding circumstances.

This phenomena, to determine and speak at an appropriate level of accounting language, delineates a social activity. This, in fact, is a complex activity. The complexity is quite similar to a particular sphere in Java, Indonesia, that is, in a situation in which a person speaks with another. The person must determine an appropriate and proper speech level. There are nine speech levels of Javanese language. To choose the proper speech level is quite a perplexing judgment, because, as has been alluded to in the previous paragraph, Javanese speak a particular language for a particular occasion. In any encounter, every individual must speak and maintain an appropriate speech level. The aim is to foster the smoothness of the flow of a communication so that the communication can achieve its goal, mutual understanding. Failure to do so may cause a distortion. In this contention, this study argues that the Javanese speech act, indeed to
use an appropriate speech level, according to Javanese' rationality, reflects an ideal speech situation. It is this decision that needs profound judgement. Therefore, to analyse the accounting practice problem this study suggests using Javanese language speech level metaphor.

Accounting practices and the use of society and Javanese language metaphor

The explanation in the former paragraph, that the organisational members must speak accounting language, implies how the study assumes an organisation. This study holds that organisation is a micro society, in which the members conduct social interactions through accounting, as a language. This notion depicts a figurative language namely metaphor. Other notions, such as, accounting is a language of organisations and that accounting, in its actions, provides better organisational control, regulates individual life at work, and can be used both to legitimise action and to manipulate organisational image, are all metaphorical expressions as well. Even in day-to-day conversation, according to Dale Pesmen (1991) and Hoyt Alverson (1991), metaphor is inevitably always used (See also Thwaites et al. 1994). Metaphoric expressions, thinking and actions are bound and embedded in language and in human nature (Lakoff and Johnson, 1980). Bob Sherrington illustrates as follows:

A language never comes by itself, but as part of a package consisting as well of diverse cultural presuppositions and a complex interplay of built-in codes for understanding the world and one's relationship to it. (1982, 73)

For example, a statement that "somebody waves", according to Alverson (1991), or "that man is good", according to Pesmen (1991) is metaphor. Metaphor, Fiske (1987, 87) defines, always describes one thing in terms of something else. Wave and good are something else. In addition, language itself always contains literal and figurative expression. The use of metaphorical expression in ordinary language is thus natural (Lakoff and Johnson, 1980). Accordingly, the use of metaphor to explain the idea, this
study claims, is natural too. Correspondingly, for Smircich (1983), we need not avoid metaphor.

Metaphor is traditionally thought of as a trivial linguistic embellishment, something which is a matter of style rather than content. Now it has become a central feature for describing ideas, particularly in generating a clearer image of phenomenon being investigated (See Cameron, 1976; Morgan, 1980, 1988; Lakoff and Johnson, 1980). It necessarily involves two discourses; however, a hierarchical relationship between the two discourses can be preferred, but it can never be enforced (Fiske, J., 1987, 87). Its power is to impart the core idea of a study. The image conveys the relation between the knowledge of language and its usage. It helps to organise the relatedness among elements of the situation in the mind (Pondy, 1983). Following Quinn (1991), this study holds that a metaphor permits us to map complex phenomena in the physical and social worlds into a conceptual world in order to ease comprehension of what is meant by an author or a scholar. In other words, metaphor constructs an image about relatedness among elements of this study.

The study considers that the use of metaphor entails two contradictory issues, favourable usage and its shortcomings. It is those who advocate the use of metaphor, on the one hand, who argue that metaphor can contribute to our insight and help to understand the nature, the significance, and the social dimensions of the phenomenon being studied (Barnes, 1974; Badham, 1991). Lakoff and Johnson hold a strong belief that metaphor plays an important role in constituting understanding. To the contrary, this study has a similar view to Quinn (1991) who refuses this notion. She claims that metaphor does not constitute understanding because a person might choose a metaphor which fits his or her preexisting and culturally shared model. The choice of a particular metaphor is thus influenced by personal experience and culture (Quinn, 1991, 60). She, however, agrees that metaphor plays some role in the way we comprehend and draw inferences about abstract concepts (1991, 64). In this respect, a way of seeing events
implies an ontological concept. This insight is in the same fashion as that of Morgan and Smircich. They (Morgan and Smircich, 1980, 493) maintain that deep beyond the choice of a metaphor there is a very fundamental and implicit assumption about ontology and human nature (See also Thwaites et al. 1994). Therefore, metaphor does not construct our understanding, but rather, it bridges and paves us in building conceptions. It is thus an epistemological device to frame conceptual thinking (Morgan, 1988).

Subsequently, it is also argued that metaphor provides a better account of the explanatory power of theory, the meaning of theoretical terms and the ability of theories to shape and direct investigation (Hesse, 1966; Morgan, 1980), and can illuminate the evolution of new ideas, and that this new perspective can be fruitfully applied to the analysis of advanced investigation (Cameron, 1976). Following Cameron (1976), this study believes that metaphor not only highlights and explains the core idea but can also be employed in the analysis of the historical and sociological dimensions of accounting practices. However, metaphor, on the other hand, may also keep us trapped in invisible prisons (Bates, 1984). In other words, metaphor highlights or enlightens some aspects of the situation by way of focusing a concept while hiding others or causing bias (Lakoff and Johnson, 1980; Tinker, 1986; Boland, Jr., 1989). Finally, with regard to organisational context, Pondy (1983) contends that metaphor can facilitate organisational change by making the strange familiar. An introduction of a new idea through a metaphorical slogan makes it more easily accepted, which in turn paves the way for organisational change.

In respect to the benefits provided by metaphor, and with the belief that metaphorical expression is natural, this study attempts to make use of it. As many believe that accounting practices are complex, this study attempts to simplify accounting practice phenomenon without reducing the meanings and its complexity. However, given that there is a potential for failure in metaphor, this study attempts to lessen it. It is carried out by thoroughly choosing an appropriate metaphor that is
suitable within its context, since, the meaning of metaphor may change in line with the change of the context (Smith and Simmons, 1983). Consequently, the selection of the metaphor is based on the context and its appropriateness. Since the study is investigating accounting as a language, then the study chooses a language metaphor. The objective is to characterise a coherent system of metaphorical concepts and a corresponding coherent system of metaphorical expressions for those concepts (Lakoff and Johnson, 1980). The construction of metaphor should also be based on experience (Lakoff and Johnson, 1980; Quinn, 1991) and partial truth (Morgan, 1980). In addition, Tinker (1986) suggests two criteria, that is, constructiveness and avoidance of narrowness. Without using these criteria, Tinker has argued, there is a potential shortcoming, bias, indeed, the metaphor represents an incomplete or selective picture of reality.

As alluded to above, this study assumes that an organisation is a micro society, in which its members conduct social interactions through a medium, indeed, a (accounting) language. It follows then that the Javanese language will be appropriate as metaphor. However, like the complexity of making judgements and decisions to implement a particular accounting practice, the selection of a proper and an appropriate Javanese speech level is considered complicated (Geertz, 1960, 1961; Selosoemardjan, 1962; Tanner, 1967, Poedjosoedarmo, 1968, Jay, 1969; Coulthard, 1977; Koentjaraningrat, 1985; Errington, 1985; Keeler, 1987). The selection of the Javanese language metaphor has been considered to fulfil Tinker's (1986) criteria. Therefore, this study believes that the Javanese language metaphor will not mislead the direction of the study itself.

This study is aware that the JLSL metaphor is not enough nor adequate for representing the entire accounting practices, because, for Morgan, no one metaphor can grasp the total nature of accounting as a social phenomenon. Metaphorical constructs are never perfect, they are always limited and incomplete (Morgan, 1988). Nevertheless,
the study believes the Javanese language metaphor, at least, has three-fold benefits: to understand the idea of the study, to explain the accounting problem itself, and to permit accounting change. The former illustrates the basic assumptions used in this study. The second and the third describe a way to diagnose accounting practice and the intention to change it. Hence, the use of the Javanese language metaphor makes it possible to understand more precisely both the level of accounting language being used and the level that should to be used. Having understood the level of accounting which is more suitable opens the way for proposing accounting change.

**Javanese speech levels and its applications**

In this part, the study will discuss the distinctions of the Javanese language and the stratification of this language and its uses as well. Then, this discussion will be followed by an explanation of several considerations that should be accounted for in determining a proper speech level. First of all, this study acknowledges that the Javanese language, among the Javanese cultural themes, according to Errington (1985), has powerfully influenced the development of (Indonesian) national and modern institutions, and is germane to the patterns of social interaction. In addition, this language is unique. The uniqueness of the Javanese language is that it is clearly marked with levels and an elaboration of etiquettes governing their use (Tanner, 1967). In Javanese society, as Geertz (1960) has asserted, it is nearly impossible to say anything without indicating the social relationship between the speaker and the listener in terms of status familiarity. This leads Keeler (1987) to affirm that to some extent, the interactions both in formal and in informal settings is awesome. Within this society, everybody should behave in a manner that is appropriate to his or her relative social status. The aims of these behaviours are to show respect and honour to other participants. The expression of respect takes form in an appropriate use of speech levels and gestures. It is true that the Javanese language is not the only language which
encompasses the system of giving respect, however, the ways of showing respect in Javanese language are extensive. Speech is expressed by employing complex and extensive systems, that is the speech levels (Poedjosoedarmo, 1968). These systems are part of the Javanese etiquette. Thus, uttering in a correct language is a necessity so that communication goes smoothly. In other words, the way Javanese use their language symbolises the entire etiquette system (Selosoemardjan, 1962; Poedjosoedarmo, 1968; Geertz, 1960; Koentjaraningrat, 1985; Errington, 1985).

Secondly, the stratification of the Javanese language consists of nine speech levels, three of which are the most basic (Poedjosoedarmo, 1968; Koentjaraningrat, 1985). Speech levels, as Poedjosoedarmo (1968) explains, are a stratified system which functions both to express the subtle differences in degree of honour and respect to whom a speaker is addressing and to show the degree of formality, and illustrate how changes and variations in linguistic etiquette reflect the ongoing social interactions. They also depict the distinctive use of language which is associated with the differences in relative social status, rank, seniority, and degree of regular acquaintance between addresser and addressee. They are built by adding affixes to some words and using a totally different vocabulary. They form a continuum from the lowest to highest rank. Nevertheless, it is also important to understand that they do not make up separate languages (Jay, 1969) and should not be confused with dialects either, in which these refer to geographical dialects. Geographical dialects do exist, however, the Javanese speech levels are quite different from dialects (See also Errington, 1985). In this language, to utter the same expression to different listeners with different relative social status, one might utter different sentences, indeed different speech levels. Each sentence is constructed by distinctive words which are combined with several alternative affixes. In short, to express the same meaning, a sentence can be formed in nine various sentences constituting combinations of different words and modification of affixes. Hence, every sentence indicates a particular speech level or degree of politeness and formality. In sum, the Javanese language speech levels depict distinctive use of language which is
associated with the differences in status, rank, seniority, and degree of regular acquaintance between addresser and addressee (Koentjaraningrat, 1985, 15).

In general, there are three basic stratum of the Javanese speech levels (Poedjosoedarmo, 1968; Koentjaraningrat, 1985) ngoko, madya, and krama. Each of these can be specified into three sublevels. The nine speech levels are as follows.

**Krama:** Muda-krama (MK)  
Kramantoro (KA)  
Wredo-krama (WK)

**Madya:** Madya-krama (Md-K)  
Madyantoro (Md-A)  
Madya-ngoko (Md-Ng)

**Ngoko:** Boso-antyo (BA)  
Antyo-boso (AB)  
Ngoko-lugu (Ng-L). (Poedjosoedarmo, 1968, 59)

These speech levels describe a continuum ranging from the lowest level to the highest one. Ngoko is actually the very basic level of Javanese language which can be seen as the bottom level of the speech; madya is the middle level; and krama is the upper level. Each sub level also possesses the same strata, from the lowest level (ngoko-lugu, madya-ngoko, wredo-krama) to the highest one (boso-antyo, madya-krama, muda-krama).

**Variations of the speech levels**

Please see print copy for image

Figure 1: Adapted from Poedjosoedarmo (1968, 62).
A simple example of the variation of the speech levels will be given. For instance, to utter a sentence "Is that your son (daughter) about whom you recently told me?" will be expressed in Javanese language as seen at figure 1.

Having given examples of the various speech levels, this study then proceeds to the common usage of them. Basically the high (muda) krama is used to address somebody who has a relatively higher social status. Middle (krama) madya is used between people who have a relatively equal social status. While ngoko is used to address somebody who has a relatively lower social status. Nonetheless, its application is not that easy. A clearer usage can be observed in Poedjosoedarmo's explanation. Poedjosoedarmo delineates the various usages of each level as follows. Ngoko is the first language level a child learns to speak. It is considered to be simple, straightforward, and unrefined. Boso-antyo is used when addressing someone who is of very high status but closely related to the speaker. Antyo-boso is used in addressing someone with whom the speaker has a close relationship and who is of high social status (though not so high as a person who would be addressed in boso-antyo). Ngoko-lugu expresses neither formality nor respect toward the addressee. It is used by many superiors to their inferiors, by elders to their juniors, and by people speaking to close friends and relatives of the same generation or to relatives of younger generation.

Madya is a less refined manner of speaking than krama, but it is also less familiar than ngoko. Madya-krama is usually used by the young to their elders or by inferiors to their superiors outside the family among ordinary people, or occasionally among certain societies (priyayi) where some feeling of intimacy prevails. Madyantoro is used in addressing an ordinary person who is neither of extremely low rank nor on intimate terms with the speaker. Madya-ngoko may be used in addressing someone of very low social status, such as a servant, who is, however, much older than the speaker. Or the addressee may not be so much lower in social status than the speaker but he may be much younger than the latter. In any case some degree of politeness is still involved.
Krama is more elegant, formal, and polite. Muda-krama is used by an inferior speaking to a superior, or by the young in speaking to the old if the addressee is a member of the priyayi. Kramantoro is used to address a stranger or someone whom the speaker does not know very well. This level would not be used in addressing someone of very low social status such as a beggar. Wredo-krama is the polite form used by the old to the young among the priyayi, or by a superior to an inferior when the latter is older than the former. This explanation clarifies the basic rules of using JLSL, nevertheless, this has not ascertained the way to determine how to choose the appropriate level of JLSL. Correspondingly, in the subsequent paragraph, the study will explain some concepts that must be understood in determining the appropriate level of JLSL.

The configuration and combination of level used in any interaction, indeed the determination of proper speech level, is very important. The manipulation and the formation of JLSL, according to Keeler, 1987, is not unduly difficult because the grammars or the rules are apparent. As far as we understand the rules and have wide vocabulary, we will be able to understand them, and in turn, to manipulate and form them. But, what is actually the most complicated to determine is the correct (appropriate) speech level that suits the occasion (Selosoemardjan, 1962; Poedjosoedarmo, 1968; Jay, 1969; Koentjaraningrat, 1985; Keeler, 1987). This is because the JLSL also functions as a norm of social relationships and as a norm of politeness, as well as a medium to establish a social relationship, to perform an expression of honour and intimacy (Moedjanto, 1990, 69-71), and to show respect to other interlocutors (Poedjosoedarmo, 1968; Tanner, 1967; Jay, 1969; Keeler, 1987). Thus, failure to properly determine the JLSL may cause an embarrassment (Koentjaraningrat, 1985), a distraction of social relationship (Moedjanto, 1990), an insult and disrespect (Geertz, 1960). Therefore, maintaining speech on the proper level gives rise to a situation that infers what Habermas means by an ideal speech situation.
This can be deemed as the Javanese rationality of conducting social interaction. Correspondingly, one who speaks in an inappropriate speech level might be deemed *ora Jawa* which literally means that this person is not really Javanese. This phrase is used to describe someone who is immature or does not understand *unggah-ungguh* or does not have good social behaviour (relationships). This is because a mature Javanese is supposed to understand all the unwritten and unspoken rules of social conduct (See Geertz, 1961).

The difficulty in determining the proper speech level can be explained as follows. The selection of speech levels is impinged on by situational and motivational factors (Tanner, 1967). Situational factors refer to social status or social distance, setting, gender, and content. Motivational factors refer to the purpose. It might be for respecting, convincing (that they are a really good friend or vice versa), impressing (something new), joking, or even for insulting. Among situational factors, social status is the most influential one. However, it should be distinguished from relative social status. Social status is determined largely by genealogy and control over labour and/or valued resources. Control is assigned to bureaucratic position, wealth, esoteric knowledge or skills, kinship ties, occupation, degrees of education, and age. While relative social status is attributed to the situation in which people encounter each other – those who participate in encounters (between the speaker and the hearer, interlocutor). Relative social status arouses an intensity of interest. In other words, the use of the language and speech levels are associated with a relative social status, people, their attributes, possessions and actions (Selosoemardjan, 1962; Tanner, 1967; Poedjosoedarmo, 1968; Jay, 1969; Coulthard, 1977; Koentjaraningrat, 1985; Errington, 1985; Keeler, 1987). Thus, it is largely related to the relative social status. What makes

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7 *Javanese etiquette, Koentjaraningrat* (1985, 18) explains, requires the correct use of the proper style of speech in relation to particular types of interaction makes it imperative for a person first to determine accurately the exact status of the other he or she is interacting with *vis-a-vis* his or her own.

8 Poedjosoedarmo (1968) maintains that gender and content only slightly impinge on the determination of speech level.
it difficult to ascertain the relative social status can be followed in the next example. In a superior-subordinate relation, it will be a clear path to ascertain relative social status. The superior can speak in ngoko (boso-antyo), while the subordinate has to speak in krama. But, if the subordinate is older than the superior and has kinship ties to kerabat keraton, a royal kinship, then the relative social status might be different. As a consequence, the speech level is different too. The superior must change the speech level to the higher level which is dependent upon his or her respect for the subordinate.

In addition, the social status embedded in any individual might change over time. The young grow up, hierarchical position shifts, possession undergoes fluctuations, and attributes may alter. For instance, a young villager gets a chance to advance his or her study. If he or she finishes his or her study and gets a higher degree, automatically his or her social status may also change. Then he or she will speak in a different speech level from that which he or she used previously. Correspondingly, a precaution must be taken before a speaker selects a speech level, particularly for a hearer who has experienced a social status change and the speaker has already known before.

A social setting is attributed to the degree of formality of an encounter, for instance, in meeting, parties, classes or in an informal gathering. The social setting may cause either to rise or to lower their speech level. In the formal meeting, people usually speak a high (muda) krama. While in informal gathering, they can speak ngoko. However, it would be difficult for a person who occupies (whose rank) a middle or lower rank to give a speech in public in which among the audience are those who have higher rank. Poedjosoedarmo describes another occasion that causes either the rising or the lowering of the speech level. Raising the speech level, for example, may occur in the presence of other person(s). "If a distinguished guest is present, a daughter who normally addresses her father in antyo-boso (low level) will probably speak to her father in muda-krama (the highest level)". Another example is a couple of brothers who posit
different hierarchical levels in the same work place. One as a principal and the other one as a porter. Without the presence of other faculty members they both might speak in ngoko-lugu. But with the presence of other people, the porter must speak in, at least, kramantoro. Lowering of the speech level, as another example, may occur in the father-son-in-law relationship. A new father-in-law who formerly spoke to his prospective son-in-law in krama will change to ngoko after the wedding ceremony (Poedjosoedarmo, 1968, 77). Thus, naturally the social setting is complementary to the relative social status.

Finally, the determination of speech level is also affected by motivational factors, indeed, the individual's purpose or interest. The fundamental purpose of choosing the correct speech level is to show respect. It should be noted, however, that the notion of "respect" in Javanese society has a slightly overlapped meaning from that of English (Geertz, 1961, 110). It can be described as follows. Respectful action is not evoked by the individual him or herself but by his or her relative (social) status, such as with teachers and lecturers, leaders, parents, and a chief in superior-subordinate relations. Furthermore, respect does not necessarily refer to an attitude toward a person superior in power, rather it refers to the right. For instance, a man and a women as a couple. The man should receive respect from his wife. But if the man meets another woman, especially older than him, he should pay respect to her. Or even if the man meets another younger man, but if the latter is his uncle, then again he should show respect to the younger man. This leads Geertz (1961, 148) to conclude that respect to some extent means the way to recognise superior rank by means of the appropriate forms of etiquette. Accordingly, speech deliberately uttered in a lower speech level than what should be means disrespect or insult. In relation to respect, for a particular interest, most people within the same relative social status prefer to speak in high krama, instead of ngoko. The reason is that this level is more polite and more pleasing (Selosoemardjan, 1962). To a certain extent, the choice of a particular speech level is concerned with convincing. The use of ngoko to a friend can be understood as an
expression of closeness. This implies that there is no social distance. Thus, it is obvious that despite the two factors described above, the determination of the appropriate speech level is also affected by purposes and interests. This insight leads Keeler (1987, 26) to argue that the Javanese language provides the clearest means by which interests are played out in encounters.

Given these discussions, it can be summarised that in order to be able to speak Javanese language properly and appropriately, one must have ideas about both the speech repertoires (knowledge itself) and their interplay, the norms of use for any different situation (capable of selecting the most proper and appropriate speech level). Speech repertoires, like any language, include all grammars and vocabulary and their manipulations. The selection of an appropriate speech level delineates the sensitivity to an occasion which is influenced by several complicated considerations. These lead a speaker to thoroughly justify before deciding to speak. In other words, the utterance capacity is crucial. This ability, like any other languages, according to Fowler (1974, 17), should be learned, not only the formal systems, but also a great range of sociolinguistic skills for fitting speech to situation. This implies that the proficiency at utterance is also strongly influenced by an individuals' background and experience. How an individuals' background and past experience influence the way a person behaves and speaks is clearly explained by Habermas. He asserts that

life relations are integrated into an individual life history. Taken by themselves they are abstractions from a structured context whose unity is produced by cumulative life experience. In every moment all past events of a life history are subjected to the force of retrospective interpretation. The interpretive framework of each present retrospection is determined by an anticipated future. But this holds precisely to the extent that perspective about what is expected, wanted, and hoped for depend in turn on memory, through which the past is made present reflexively. (1972, 151)

In this contention, memory, according to Habermas, means what can be reproduced and has significance to the related life. Thus, the ability to utter in a proper speech act clearly demonstrates not only linguistic competence but also apprehension of
the situation. Accordingly, being capable of speaking Javanese language is considered difficult. Because of the difficulty, one's ability to demonstrate the use of refined speech indicates his or her sensitivity to social requirements and his or her self-control. This sensitivity is associated with the way he or she distinguishes his or her different status and his or her interests. Thus, to be able to speak refined speech, as Keeler (1987, 31) maintains, "can indicate refinement - elegance, good breeding, social sensibility - as well as deference, not just because it is somewhat esoteric, but also because if one need not insist too strenuously on one's superior relative status, one shows a commitment to the Javanese ideal of smoothly flowing social relations".

**Javanese language diagnostic**

With regard to the aim of the study, Sawaijuwono (1995) argues that the use of the Javanese language metaphor provides several crucial issues. These are: the speech levels themselves; the society in respect to social status; the situation in respect to the social and situational context; the individual purpose and interest; and the ability to utter appropriately. These issues will be explained respectively. First, with regard to the accounting realm, the JLSL depicts the existence of diverse accounting practices. The various accounting practices can be best explained as different levels as in Javanese language speech levels. However, the different levels in accounting practices do not refer to a low-high continuum. Rather, they only describe and ascertain that different degrees of accounting practices do exist.

Secondly, social status can be ascribed to a particular position or job in an organisation. Social status follows an organisational structure describing the different degrees in the organisational hierarchy. It also pictures the different kinds of tasks of every department. Social status may change overtime. An individual's position and job may also change in line with organisational career planning. This implies that the
organisational members must change their speech level. Within an organisation, seen from an individual level, there will be several levels of accounting speech. These differences cannot only be ascribed to the different levels of organisational hierarchy, but refers to different lifeworlds, tasks, backgrounds, experience etc.

Thirdly, Javanese language considers the situation and the circumstance in which it is used. The level used in a formal situation might be distinct from the informal situation. A speaker might raise or lower the level regarding the situation (Poedjosoedarmo, 1968; Errington, 1985). In the accounting realm, this situation can be related to the internal or external use of accounting information. The design of the information is influenced by interested parties. For instance, for internal use, there might be diverse accounting information needed for the production department compared to that for the marketing department. And so it is for external use, such as with the government for tax purposes and share holders and stake holders. As a result, there will be a different degree of accounting information.

The Javanese language, as the fourth issue, is also associated with an individual's purpose and interest. An appropriate use of speech level indicates respect, intimate feelings, and honour. Conversely, incorrect use might be deemed "ora Jawa", disrespect or even insulting. In the accounting realm, a judgement or decision to implement a particular accounting practice is likely to be influenced by individual's purpose and interest as well. The individual's purpose and interest can be inferred from many scholars' works which reveal assertions as follows. These works, for instance, reveal that a particular accounting practice might be employed for internal and external legitimation (Burchell et al. 1980; Bougen and Ogden, 1982; Covaleski and Dirsmith, 1991); for stimulating, rationalising, integrating, coordinating and controlling actions (Miller and O'Leary, 1987; Armstrong, 1989; Roberts and Scapens, 1990); misleading business image (Swanson, 1978; McBarnet et al. 1993); designing strategic actions; and for influencing collective bargaining relationship (Amernic and Craig, 1992). In short,
like the Javanese language, the actual accounting practice will be affected by the furtherance of very different sets of human and social ends (Burchell et al. 1980).

Finally, the ability to utter in a proper and appropriate way mirrors and involves the four issues discussed above. It is a combination between the linguistic repertoires, and the judgement and decision regarding different situation and circumstances. For Tanner (1967), understanding speech repertoires and their interplay helps to comprehend the internal relations of the community. Indeed, we can understand why Javanese speak a particular speech for a particular occasion. With regard to the accounting realm, this describes the judgement and decision to employ a particular level of accounting practice. This decision must be based on the consideration of individuals' accounting knowledge - the ability of every individual personnel, the comprehensiveness of the organisational situation, the organisational needs for information, and other contextual consequences. This combination determines the appropriate level of accounting language.

The ability to utter accounting language can be seen from both individual and organisational levels. Following Habermas's terminology, the speech level of accounting reflects an organisational lifeworld. One characteristic of the lifeworld is indeterminate. Habermas (1984, v1. 132) contends that "the lifeworld forms the setting in which situational horizon shift, expand or contract", in the sense that individual or intersubjectively shared knowledge also always changes. The lifeworld might change in relation to the change through social integration (symbolic reproduction) and system integration (material reproduction). In short, social integration refers to the transfer of accounting knowledge, while system integration mirrors situational and contextual considerations. In respect to the individual level, the notion of change can be assigned to the improvement of individual ability. Correspondingly, at the organisational level, the more detailed explanation of the lifeworld change will be discussed in the chapter discussing "Accounting practice in society: A communicative action analysis".
the notion of change can be understood as a necessity to determine a suitable level of accounting practice. Without any effort to change, both individual and organisational ability to use accounting will remain steady. Habermas has noted as follows.

if we assume that there is an internal connection between structures of lifeworlds and structures of linguistic worldviews, *language and cultural tradition take on a certain transcendental status in relation to everything that can become an element of a situation.* ...Language and culture are constitutive for the lifeworld itself. ...In performing or understanding of a speech act, participants are very much moving within their language, so that they cannot bring a present utterance before themselves as "something intersubjective," in the way they experience an event as something objective, encounter a pattern of behaviour as something normative, experience or ascribe a desire or feeling as something subjective. The very medium of mutual understanding abides in a peculiar half-transcendence. So long as participants maintain their performative attitudes, the language actually in use remains at their backs. (1987, v2,124-5)

Thus, by employing the Javanese language conception, we can understand why an organisation employs a particular level of accounting practice. The Javanese language metaphor also allows us to explain how social circumstances and forces impinge on the accounting level change. Hence, we can diagnose the organisational members' understanding of accounting knowledge — individuals have diverse knowledge and, in turn, have different fluency and ability; the organisational needs of accounting information; the departmental needs based on the complexity of the organisational activities; and other external enforcement. The current level of accounting practice should be understood first. By understanding this situation, we can propose a change to a better condition. Hence, the more appropriate level of accounting practice that is considered more suitable for the organisation. In other words, with regard to the Javanese language speech level, we can describe the certain level of accounting practice with the intent to change. The accounting change is necessitated in response to demands expressed or implied by a changing environment (Burchell *et al.* 1985; Carruthers and Espeland, 1991, 55).
Accounting and Javanese speech levels analysis

In the rest of this chapter, the study will elaborate several accounting practices that can be analysed using Javanese language metaphor (See also Sawaijuwono, 1995). In the first example, the work of Laughlin and Lowe (1990) is analysed as an example. In the view of Javanese language, Laughlin and Lowe's study describes the existence of accounting speech levels. This work, actually, explicates the development of accounting thought in both dominant wings, management and financial accounting. This development was analysed by using Burrell and Morgan's (1979) paradigmatic framework. Given Burrell and Morgan's four paradigms of social theory, Laughlin and Lowe (1990) evaluate a number of accounting studies that have been undertaken and place them in Burrell and Morgan's continuum. They maintain that those studies were mainly undertaken from the functionalist paradigm. Because the functionalists' assumptions neglect the organisational and personal factors, those studies yielded partial analyses concerning the functioning of accounting systems in organisations (Laughlin and Lowe, 1990, 16). Accordingly, they (Laughlin and Lowe) suggest that those who are undertaking accounting studies move from the functionalist paradigm to the other paradigms that account for the impact of human, organisation and society on accounting. Although Laughlin and Lowe's work focuses on the importance of paradigmatic shift, their explanation of the development of accounting thought can be viewed from another perspective to indicate the strands of thought (Laughlin and Lowe, 1990, 19), indeed, the different level of accounting knowledge and practice.

In the financial accounting wing, based on the work of Davis et al. (1982), Laughlin and Lowe (1990) elaborate the four subschools of financial thought, that is, in the era of historical record, current economic reality, information system and the era of economic commodity. In the historical era, Laughlin and Lowe explain, this perspective views accounting as a record of an organisation's history in financial terms and has led
some to attempt to codify and synthesise these practices. This era places more attention on the accounting technical craft. These technical skills also undergo changes. The changes, Edwards (1992) illustrates, take place in the form of methods of record keeping (from the single entry to double entry book keeping), methods of reporting (the balance sheet and profit and loss statement, consolidated accounts), and methods of cost calculations. The second era, current economic reality, has a primary concern for measuring income and wealth. This thought is very much related to the necessity to adapt to changing prices (Laughlin and Lowe, 1990). In the next era, to Laughlin and Lowe, accounting is seen as a system of information that is needed in order to make decisions. Accounting information is used so widely that it encompasses many users’ necessities, including an aggregate market behaviour analysis, accounting-influenced human behaviour analysis, and the accounting information systems themselves. Finally, in the era in which it is seen as an economic commodity, financial accounting information follows the supply and demand canon. In this regard, the accounting choice is assigned to the impact on the welfare of a particular related party. This issue can be viewed from agent-principal relationships as well.

Similarly, in the management accounting wing, based on the works of Baskhar (1981) and Scapens (1984), Laughlin and Lowe (1990) describe two main developmental subschools of management accounting thought, that is quantitative and behavioural aspects. On the one hand, in the quantitative aspect area, the primary concerns, they state, have been with developing quantitative systems for the control of factory costs. Subsequently, this development is influenced by the development of the accounting information era and accounting economic commodity era simultaneously. On the other hand, in the behavioural aspect area, Laughlin and Lowe describe, that management accounting is evaluated as to its impact on human actors. Initially, studies of the behavioural management accounting focused on the relationship of the accounting system design to people. Recently, however, this concern has moved toward an analysis of the impact of people on management accounting design instead.
Seen from Javanese language metaphor, Laughlin and Lowe's explanation depicts the different degree of accounting knowledge and practices, hence, accounting speech levels do exist. The diverse levels of accounting are indicated with the development of accounting thought in the two dominant areas, financial and management accounting, in which the development occurs over time.

The second example is the work of McBarnet et al. (1993). McBarnet et al. (1993) studied the use of accounting information and techniques. In their study, they raise questions about whether accounting information and techniques are merely capitalist tools or whether they can also be used by any other groups, indeed employees. This study relates the use of accounting information and techniques and the users' ideological will, skills and access, in which these reflect the variety of purposes and the decision to use a particular level of accounting language. Both parties discuss the capital-labour conflicts. This study thus has been an exemplar which demonstrates the communication of two parties with a different social status, in the view of Javanese speech level.

McBarnet's et al. study demonstrates that both sides, management and labour, to some extent use adversary accounting either selectively, consensually or strategically in order to achieve their own particular interests respectively. Management, on the one hand, provides accounting information to legitimise its actions, such as not increasing wages due to the modest level of the profits. Labour through the trade unions as their representative, on the other hand, utilise accounting language to challenge management or to persuade members, such as in bargaining their wage, negotiating a particular problem, and in arguing the ability of management to improve health and safety conditions. In its endeavour, the trade unions provided a breakdown of accounting information, such as increase in sales, increase in profits, increase in directors' remuneration, increase in productivity, or even the financial reports of the main rivals of
the company. This illustrates a particular level of the ability of management and labour to utilise accounting language. In short McBarnet's et al. study demonstrates a strategy of adversarial accounting that has been employed by both capital and labour in their effort to solve their conflicts.

Diagnosed from the Javanese language perspective, this illustration depicts at least two points, that is, the individual's interests and purposes and the concerns of situations. Management selectively providing accounting information and labours' choice of accounting information to support their demands – a breakdown of accounting information, such as increase in sales, increase in profit, and increase in directors' remuneration – infers an individual's interests and purposes in selecting a particular level of speech. Whilst the inclusion of the information of the increase in productivity or the financial reports of the main rival companies by labour infers what Fowler (1974) means with fitting speech to the situation.

In the following, another exemplar of the determination of changing accounting practices will be given. Alan Southworth (1994) studied the change level of accounting practice of a company in the Ukraine, in the Soviet Union. This development can be analysed as a change like that of Javanese language speech level as well, especially the strong impact of circumstances. The company, Femtech, was a joint venture between Tambrands, Inc., U.K. and the central pharmacy department (GAPU) which was part of the Ukrainian Ministry of Health. The management of Femtech company represents business partners respectively. For accounting purposes, there was a requirement that for state-owned enterprises, a joint venture must maintain accounting and statistical records in accordance with the standards and procedures established in the U.S.S.R. Soviet accounting was largely based on a uniform chart of accounts approved by the Ministry of Finance and the State Committee for Statistic. Management of the local company, thus attempted to comply with this requirement. Conversely, management from Tambrands had been familiar with internationally generally accepted accounting
principles. Moreover, the management from Tambrands had to send periodic financial reports to the Tambrands office in U.K. which would be despatched to the U.S. parent company to provide group accounts. Accordingly, Tambrands urged the Femtech's management to establish Western accounting principles. Consequently, to fulfil the interests of both parties Femtech's management tried to maintain a particular level of accounting that satisfied both sides.

Seen from the Javanese language metaphor, this is akin to two people who have different relative social status and want to determine an appropriate speech level. In accounting terms, both sides have different lifeworlds which in turn affect their level of accounting language. The difference, Southworth reveals, was that Soviet accounting aimed to provide information for stewardship and regulatory purposes, indeed, it more emphasised external financial reports; rather than providing information for management accounting decisions. Initially, Tambrands urged the Femtech's management to conduct two sets of accounts in parallel. The aim was to accommodate the different needs of accounting reports. Tambrands U.K., on the one hand, needed a report in a particular form that could be included in its group accounts. On the other hand, Femtech itself ought to comply with the Soviet authorities. In this country, conducting double-records was unacceptable and might lead to a KGB investigation and suspension of production. With regard to this danger, Tambrands' management decided to adopt one system which complied with Ukrainian legal requirements. To fulfil Tambrands' necessity, the U.K. staff made it necessary to make monthly adjustments to the accounts so that they complied with Tambrands' international reporting standards and its parent company. In this respect, Tambrands' management changed their speech level to the level that could be accepted by the other partner. The reason, as Southworth has assayed (1994, 179), was that "the preparation of western financial statements was not essential for the effective management of the joint venture". The change itself implied a profound consideration of both political and economical consequences.
Accordingly, Femtech's management followed the Ukrainian authorities and preferred making particular accounting adjustments for Tambrands' own necessities.

The impact of the contextual circumstances that impinged upon Femtech's management in determining a particular level of accounting practice can be described as follows. In the context of Femtech's circumstances, the volume of production, the product quality in relation to the low quality of raw materials, and the extremely high rate of inflation (30% per month in 1992) as well as currency devaluation are of crucial consideration. In respect to the product costing, for instance, Southworth elucidated as follows. Demand far exceeded supply, the company, thus, could sell whatever volume it produced. Accordingly, management was concerned with the production plan. However, the product quality encountered a problem. It was caused by the lack of high quality raw materials which was considered threatening to the profitability of the joint venture. It was the appointed supplier that could not provide raw materials which matched the Tambrands' quality standard requirements. Femtech might have been able to purchase its materials from another supplier which offered higher quality, provided there were no restrictions. Femtech had to buy the raw materials from the Cherkassy bleachery which was appointed by GAPU as part of the Ukrainian national plan. The solution was that the bleachery would be upgraded gradually.

In terms of the cost calculative scheme, Southworth explained that in the U.S.S.R. generally there was no clear classification between period and production cost. Almost every cost of the enterprise is included in the cost of production, not just raw materials, direct labour and factory overheads. Fortunately, Femtech distinguished clearly between period and production costs. Nevertheless, the management, according to Southworth, was aware that a more sophisticated costing system – reporting financial data by product and sales destination – might be required eventually. However, this necessity was deemed appropriate in the long-term. Coupled with a high rate of inflation, the immediate management information requirements were sales volume, cost
control and cash management. Each month Tambrands staff monitored the most crucial information, that is, number of units sold and closing inventory, expenses as a percentage of sales, and cash flows. Particularly, cash flows information were equipped with a statement disclosing cash receipts from customers and cash payments broken down into various categories of expenditure (Southworth, 1994, 183). It was the emphasis of the accounting that the most crucial information was the cash flow statement. To accomplish this requirement, the accounting staff produced a daily cash report for the local management and a weekly cash report for Tambrands U.K. Thus, in this situation, instead of a more sophisticated accounting information system, Femtech's management preferred to employ a modest accounting information system that fulfilled its immediate and crucial needs. This explanation clearly exhibits that the determination of a particular accounting practice is situation specific. To utter accounting language is, thus, similar to the Javanese language. The speaker must take the situation into his or her consideration.

There were other circumstances that also affected Femtech's management in determining its accounting practice, that is, the impact of a high rate inflation in relation to the revenue recognition. Southworth explained that the Soviet system adopted very conservative principles. The expenses were recognised as they accrued, but revenues were recognised based on the actual cash collection from the customers. These principles are quite different from those of Western generally accepted accounting principles. Accordingly, Southworth said, Tambrands claimed that the income determination was mismatched and urged the Ministry of Finance to evaluate these accounting principles. Finally the Ministry of Finance permitted joint ventures to recognise revenues on an accrual basis. However, Femtech did not take this opportunity, because of the high rate of inflation (30% per month, in 1992). The company was, instead, more concerned with cash flow rather than any financial statements based on historical costs and monitored closely the composition of the accounts receivable figure. Again, it is obvious that the judgment to operate a particular level of accounting
practice, like the choice of an appropriate Javanese speech level, always considers organisational circumstance.

In summary, these three examples clearly exhibit that the decision and judgement to employ a particular accounting practice, or the selection of particular accounting information, reflects the ability to use accounting. This ability, of course, reflects an interaction between accounting knowledge and an understanding of human needs, interests, feelings and motivations coupled with consideration of the surrounding circumstances. This, in turn, transforms into a decision. This process is quite similar to the process of determining a particular Javanese speech level which is appropriate to a particular occasion. To be able to speak Javanese language at an appropriate level, one has to understand the knowledge, the mode of conversation, the intention, and the situation. This ability to utter properly, in Habermas's contention, is termed linguistic competency.

Concluding remarks

With regard to the notion that accounting is a language of business or organisations, this study accounts for the important function of a language, that is, to communicate information. To understand this function, this study places the fundamental analysis on the philosophy of language. Accordingly, it sees that one crucial aspect of the use of language is the ability to utter it. In this respect, it holds that the ability to utter a language does not exclusively mean that one has gained the knowledge, but more than that. The ability to utter a language reflects that one understands the knowledge and is able to comprehend the situations in which the language chosen is appropriate to those situations.
Given this conceptual thinking, the study goes on to the accounting realm. It sees that accounting practices undergo the same sphere. The judgement and decision to employ a particular accounting practice follow this concept. In order to ease the understanding of this idea, the study proposes a Javanese language speech level (JLSL) metaphor. This study argues that the JLSL metaphor helps to understand the complexity in determining a particular accounting practice. Hence, the JLSL metaphor clarifies how and why the management of an organisation decides to implement a particular accounting which is different from other accounting practice of other organisations. This study also believes that the JLSL metaphor will not mislead the direction of the study itself. Three studies have been given as illustrations. The work of Laughlin and Lowe (1990) which describes different degrees of accounting thought is argued to exhibit that accounting speech levels do exist. The existence, however, does not follow the Javanese language continuum. Instead, Laughlin and Lowe's study can be applied to demonstrate the variety of accounting. Finally, the works of McBarnet et al. (1993) and Alan Southworth (1994) demonstrate the ability to employ accounting. These exemplars fit the use of the Javanese language speech level metaphor.
Chapter 4


Introduction

Choosing an appropriate and adequate methodology for conducting accounting research as a social science, is not unproblematic, particularly within the still lasting debate between two contrasting domains, a quantitative (rationalistic or scientific) method versus a qualitative (naturalistic) intellectual approach. While each mode of inquiry offers its own intellectual breakthrough, there is another claim which states that there is no best methodology that is applicable to universal phenomena. In other words, the intellectual breakthrough will be useful if the methodology chosen is suitable to the phenomena being investigated. In addition, methodological choice, as Morgan (1983) has argued, is not solely a matter of choosing an approach that is suitable to a researcher's taste. Indeed, a researcher or a scholar must not determine the methodology based on his or her own feeling. This study believes that there must be particular considerations to determine it.

As has been suggested through the works of Tomkins and Groves (1983); Willmott (1983); Jackson (1985); Chua (1986); Aitken and Gaffikin (1986); Cooper and Hopper (1987); Oliga (1988); and many others, there is a need to employ an alternative methodology, and this study considers this suggestion by arguing the rational and the logical judgement in determining an accounting research methodology. Referring to Habermas's (1978) contention that knowledge is anchored in its ontology, the study concludes a particular methodology which enables one to understand more about accounting practice. It then attempts to explicate the fundamental thinking in
determining the methodological choice. Based on the discussion that will be elucidated later, the study propounds three primary aims. First, that critical accounting study is the most appropriate methodology to understand the accounting practice problem, in the sense of the capability of using accounting language. Secondly, it attempts to fill the "emptiness" (Forester, 1992), that is, a claim about the inoperativeness of critical theory, because critical theory is not a simple one that can be plugged into an existing system, is not practical, is highly abstract, and is an inaccessible form of communication (Alvesson and Willmott, 1992, 437) and the difficulty in promoting the notion of "change" (Laughlin, 1987). Finally, it elaborates how this methodology will be capable of changing the use of accounting language, in the sense of how to increase organisational actors' understanding about accounting practices, to emancipate them from undesirable social and physical constraints (Lyytinen and Klein, 1985), and to improve the organisational effectiveness or enhance a wider use of accounting.

To begin with, this study will elaborate the primary question of confronting the methodological choices between the two common approaches to inquiry. It then proceeds to the significance of understanding the interplay between ontology and epistemology in determining the methodological choices. In the following, the fundamental ideas of positive, interpretive, and critical methodology will be discussed. Finally, the study will argue the appropriateness of critical accounting study to the phenomena being investigated.

For its purpose, this study classifies research approaches into two categories, quantitative and qualitative (See Downey and Ireland, 1983). The quantitative approach refers to what is called positivism, mainstream empiricism, the functional or natural science mode (Steffy and Grimes, 1986), and rationalistic (Guba, 1981; Guba and Lincoln, 1982). While qualitative or naturalistic (see Guba, 1981; Guba and Lincoln, 1982) includes what is called phenomenology, hermeneutics, interpretive perspective, and critical accounting study as the new perspective (Morgan and Willmott, 1993).
The difficulty of determining an appropriate and adequate methodology might arise when a researcher attempts to consider exclusively which methodology is the best. For each methodology has its own particular strengths with characteristic arguments and its inherent or embodied shortcomings as well. The quantitative methods have been claimed to be more rigorous, precise, reliable, objective, comparative, and replicative observations and measurements and able to be generalised. These claims are primarily associated with the use of scientific measures. Only through the application of quantitative measurements and methods can the social sciences become real sciences. The qualitative approaches, in contrast, have been claimed to be more meaningful (Putnam, 1983), yield richer insights and detailed descriptions of complex processes, successful in analysing and understanding the social change and the wholeness of social phenomena (Morgan and Smircich, 1980), and can deal with real and complex social phenomena.

Despite its strengths, quantitative methods are also subject to criticism. The critiques can be classified into three categories: object; acquiring knowledge; and its result. First, in defining the object, the separation of the observation from the theoretical level is subject to question. This seems to be artificial (Gaffikin, 1984). Observation is in fact never theory-free (Hirschheim, 1985) or theory-independent (Chua, 1986) and is untenable (Gaffikin, 1984). For theory as a basic statement is not a simple representation of facts in themselves. It will be difficult to determine a clear distinction between value and fact. In addition, the contention that pure knowledge ought to be free from obfuscations of subjectivity of interests is also only an illusion (Habermas, 1978). In this respect, it implies that the object (social reality) is separated from human action and, of course is value-free. In fact, the condition or the theory itself that will be tested empirically is subject to being influenced by the subjective interest. Secondly, the hypothetico-deductive has proved unsuccessful (Hirschheim, 1985). It has been criticised that this view reduces social phenomena into causal relationships. According
to Wilson (1971) social phenomena cannot be deduced from scientific models, for there is no pattern of interactions, even for a certain situation. Finally, it is criticised that the scientific mode produces partial or isolated knowledge. In this case, Gaffikin (1984, 12) claims that knowledge seems to be separated from its process. Therefore, he suggests that the scientific method must have an historical context. Partial knowledge is caused by the abstraction of the data from its context, since, according to Smircich (1983, 165), any data will be meaningless if it is abstracted from its context. In addition, the notion of generalisation is also subject to question, since the term generalisation is greatly associated with consensus. Daft and Wiginton (1979) commented that quantitative research is not unnecessary. It is useful in terms of suitability to describe organisational phenomena which are simple and quantifiable. Daft and Wiginton (1979) clarify further that researchers, in association with organisational study, should seek to treat the organisational system more as it really is - since an organisation is a complex, intermingled, blurred and ambiguous whole. Particularly in the accounting realm, Stamp (1981) maintained that accounting has a different world from so-called scientific law. Accounting law is generated by the influence of people, while scientific law is influenced by its nature. Accounting law is thus significantly different from natural law. In other words, studying and understanding accounting cannot use the domain of natural law. In summary, the quantitative approach is more appropriate and legitimate when used in the natural world in which the nature of the subjects is stable, follows regulative pattern, and forms causal relationships.

Conversely, the qualitative inquiry is considered to be inferior; the use of the qualitative mode of inquiry, according to Abdel-Khalik and Ajinkya (1983, 377), indicates researchers' inability to identify relevant problems using quantitative methods. Besides, it yields merely a description of reality and is deemed to be invalid and unreliable, because it is subjective. This claim of validity and reliability actually indicates a misconception of how to understand the result of qualitative study. In qualitative research, the conclusions of one study, as Morgan (1983, 398) maintains,
merely provide a starting point in a continuing cycle of inquiry, which may over time
serve to generate persuasive patterns of data from which further conclusions can be
drawn. In addition, the result, according to Rorty (1982), must be best seen as
continuing with literature and thus enlarging and deepening our sense of the social
world (Smith, 1984). The claim of subjectivity is also misleading. The objective-
subjective categorisation, however, is confusing. This categorisation has been equated
with objectivity, hence scientific inquiry, which in turn, has resulted in the wrong
understanding that qualitative assessments are deemed to be unscientific. Therefore, this
classification fails to explain properly the difference between quantitative and
qualitative methodology (Downey and Ireland, 1983, 182-3).

While vindicating the strengths and weaknesses of each mode of inquiry, another
stream claims that there is no single best methodology that can be applied in general for
all inquiries. For every single research question needs a particular methodology, in the
sense that a specific problem calls for a specific methodology (Hakim, 1987; Otley,
1989; Whyte, 1991a). In other words, every single methodology has its own specific
power, superiority, strategy and method. For this contention, Otley maintains that (See
also Rist, 1977)

there can be no universally preferred research methodology because a
methodology can be assessed only in relationship to the problem it is attempting to
tackle and the theoretical framework being adopted; it is a means rather than an
end. (1989, p. 28)

Nevertheless, no one of the methodologies is not worthwhile (Morgan, 1983,
381). For a different methodology may provide and contribute a different knowledge, as
well as, according to Rist (1977), reveal peculiar elements of symbolic reality. Equally,
there is another stream which emphasises the research aim. Methodological choice,
according to Laughlin (1981), should be an integral part of the research aim — the
knowledge to be constituted and the methodological design. Besides, to enhance
accounting knowledge, Laughlin moves on by suggesting the need to free researchers
from the methodological stereotypes of the quantitative approach. Instead, it is necessary "to design its own or borrow appropriate methodology depending on what the discipline is trying to achieve". (Laughlin, 1981, 340)

Moreover, the selection of the methodology might be impoverished without having a lucid understanding of the meaning of the term methodology. For a methodology is not merely a terminology that can be used interchangeably with the word method. Rather it is the terminology that contains deep meaning based on a particular philosophical insight. Thus, misunderstanding the meaning of the terms methodology and method might confound the selection process of an appropriate and adequate research methodology (Aitken and Gaffikin, 1986; Smith and Heshusius, 1986; Oliga, 1988).

Methodology, according to Arrington and Schweiker (1992, 513), regardless of the criteria — rule-bound prescriptions, refers to what researchers do in their efforts to produce knowledge. Similarly, referring to Fritz Machlup who states that a methodology is a branch of philosophy or logic, Aitken and Gaffikin (1986) believe that a methodology has broader meaning than a method. They contend that methods deal with experimental techniques which are used to gather and analyse data, while a methodology is a way to gain knowledge. Thus it includes various methods. Similarly, Smith and Heshusius (1986) maintain that the (positive) quantitative tradition sees a method as a way to do research. Positive empiricism, as Agger (1991) maintains, reduces the meaning of a methodology to technical and figural gestures in which it is used as a purely technical device for solving intellectual problems. Thus, a method is a matter of how to conduct research in such a way that it can achieve an objectivity and validity. On the contrary, within the qualitative paradigm, method[ology] refers to a logic of justification (Smith and Heshusius, 1986) or principles to accept or reject knowledge (Aitken and Gaffikin, 1986, see also Cohen and Manion, 1989, 41-42). Concerning this terminology, Agger's (1991) work indicates that a methodology implies
the ways in which intellectual scientists write and read texts based on their particular philosophical assumptions (See also Rist, 1977).

This delineation clearly explicates that methodological choice cannot be made merely by vindicating the strengths and the weaknesses of every methodology. It is only the surface level of the methodological choice. Methodology is neither appropriate nor inappropriate until it is applied to specific research questions (Downey and Ireland, 1983), in the sense that the appropriateness and the adequacy of the methodology is greatly influenced by the researcher's assumptions about the object of the research. Similarly, Guba (1981) and Guba and Lincoln (1982) have asserted that it is crucial to select the paradigm which best suits the phenomenon being investigated. Accordingly, methodology should be an integral aspect of the research process itself (Morgan, 1983) as a part of the comprehensive self-formative process. Thus, methodological choice is not exclusively a matter of choosing an approach for conducting research and answering the research question. Rather it is a process that needs thorough consideration about the nature of the reality that is to be investigated, the nature of humans involved in the study, the knowledge that might be revealed, and in turn, the implication of researchers' own pre-understanding of reality, stock of knowledge and experiences. For Rist (1977), the selection of a particular methodology is profoundly theoretical. In other words, to determine an appropriate and adequate methodology, it is necessary that a researcher understands the meaning of the term 'methodology', its relationships with its ontology and epistemology, and the ways in which these interrelations are influenced by the researcher's values. Indeed, it is necessary that a researcher understands the values inherent in the context and the values that are influenced by the paradigm selected.
Beyond the delineation discussed above, there is actually a fundamental philosophy underlying the selection of methodology. A methodology is dependent upon the ontological and epistemological beliefs. Gaffikin (1988, 1989) clearly and briefly explains the interplay between ontology, epistemology and methodology. Ontology primarily deals with the existence of the object of study. It delineates various views that different social researchers hold about the social world; it is concerned with the nature of being or reality. Ontological assumption, thus, refers to a very fundamental conceptual thinking about the ways the researchers assume their social world or reality. Assuming a social world has implications on assuming human nature as well. Ontologically, the object of study has a close relationships to the nature of human beings as a part of the social world; in a sense of how a researcher conceptualises the relationship between human nature and the social world.

Eventually, the ontological assumption brings a particular implication of epistemological consequence. Epistemology is ascribed to the conception of the forms of knowledge that are possible. It is a judgement of the knowledge of the social world in terms of reason and rationality (Mingers, 1992b, 90), or a visualisation of knowledge based on the ontological assumption (Morgan, 1983, 21). Habermas (1978) has a deep, thorough and broad conceptual thinking about knowledge. With regard to the knowledge conception, he argues that "all knowledge is guided by mankind's cognitive interests" (Willmott, 1983, 398), and classifies modes of inquiry into three kinds of knowledge interest. The technical knowledge interest is concerned with the efficient control and manipulation of the physical world. The practical knowledge interest is concerned with understanding and communicating, both ourselves and other people, through interpreting the meanings of the texts and actions. The emancipatory knowledge interest is concerned with conditions that enable us to have freedom in self-development.
and open communications in the sense of freedom from false ideas. According to Lyytinen and Klein (1985, 225), in the spirit of emancipatory knowledge interest, "people are released from intellectual and social domination and grow to intellectual maturity, which is characterised by autonomy and responsibility". Thus, following Habermas's thought knowledge formation is influenced by these three interests which also imply ontological beliefs.

Finally, Gaffikin contends that a methodology implies a way to gain the knowledge which is based on the related ontological and epistemological stance. It encompasses the elaboration of logical thinking which is consistent and coherent with the fundamental assumption of what the social world or reality is and the concretisation of the knowledge of that world. In other words, methodology, this study argues, is a product of intellectual thinking based on the comprehension of the assumptions of reality and its epistemology in order to determine the aptness of all strategies and methods to visualise knowledge. Thus, methodology represents a higher-order construct (Oliga, 1988, 161). This understanding clearly indicates that once a researcher adopts a particular stance of the ontological assumptions, he or she must build up his or her theoretical foundation and the methodology within the same paradigm (See Hopper and Powell, 1985).

The explication of the three-set philosophical thinking outlined above (ontology, epistemology, and methodology) implies what often is called a paradigm. There is more than one paradigm in the social world (see Burrell and Morgan, 1979; Morgan, 1980; Morgan and Smircich, 1980; Steffy and Grimes, 1986). The interplay between ontology, epistemology and methodology within the paradigms can be elucidated as follows. Morgan and Smircich's (1980) work provides a continuum reflecting the various ontological assumptions ranging from a subjective to an objective position. Every single position on the ontological assumptions guides one to a particular paradigm that relates to specific epistemological and methodological consequences. In this respect, by
following any single ontological assumption, this leads to a particular epistemology which is located in the same paradigm as the ontology. In turn, this belief confines a particular path of a specific methodology. The works of Steffy and Grime (1986) and Chua (1986) are in the similar stance. These works explicate the need to consistently build a methodology within the appropriate ontological and epistemological path.

If a researcher has decided his or her position in the continuum, he or she should follow an epistemology which is in the same paradigm as the ontology. In other words, based on the specific ontological assumption, the concepts of what the reality is builds and governs a particular concept of what knowledge is. This continuum (the relationship between ontology and epistemology) reflects logical thinking. Without conforming to the specific continuum, and following a continuum that is different from its ontological assumption, a researcher can be deemed to have a contradictory thinking or inconsistent or incoherent thought. In the sense that there is no clear perspective in which the researchers take their position, there is no clear concept of the social world. For example, if a researcher takes one of Morgan and Smircich's ontological positions that reality is social construction, then he or she should follow the epistemological stance which is based on this ontological assumption. Otherwise, he or she will find contradictory thinking. Thus, based on the particular assumption of what reality is, the researchers have to follow a particular epistemology, a concept of what knowledge is, its forms, and how to obtain and transmit it. In obtaining the knowledge, the researcher then decides what should be taken into his or her account as acceptable truth. This explanation explicitly delineates that ontological assumptions are a precondition of epistemological consequences (see Tomkins and Groves, 1983; Cook, 1983; Hopper and Powell, 1985; Chua, 1986; Gaffikin, 1984; 1988). This thought is in agreement with Habermas's contention.

The explication of Habermas's knowledge-constitutive interest implies the importance of ontology as a fundamental thinking. It emphasises the epistemological
approach as a process of gaining knowledge. Hence, knowledge is anchored in the ontological assumptions. Habermas describes that knowledge creation cannot be separated from human interest. In this respect he refers interest to

the pleasure that we connect with the idea of existence of an object or of an action. Interest aims as existence, because it expresses a relation of the object of interest to our faculty of desire. Either the interest presupposes a need (Bedürfnis) or it produces one. Correspondingly, there is a distinction between an empirical and a pure interest, .... (1978, 198)

Habermas also means interest in the sense of reason. He states that "reason is at the same time subject to interest in reason" (1978, 198). For, in pursuing knowledge, interest is produced by reason. He also mentions that "an interest based on reason also implies the thought of something that determines reason" (1978, 201). With regard to the notion that knowledge can be divulged as a logical justification of reasoning, Habermas then contends that knowledge and interest are united (1978, 198). It is obvious then that the way to conceptualise knowledge is greatly influenced by interest in the sense of reason. Reason itself is attached to the way of seeing the object or reality, indeed, it is the ontological assumption. Thus ontology should be the starting point. However, the determination of an ontological assumption does not mean that the researcher has already known the nature of reality, as Abdel-Khalik and Ajinkya (1983) perceive, rather, it reflects the researcher's belief which is influenced by his or her pre-understanding about reality, stock of knowledge and experience. Finally, as a consequence of pursuing the two assumptions beforehand, a researcher has to employ a methodology in the same continuum as the ontology and epistemology. Thus the selection of a particular methodology is dependent upon the belief in ontology and epistemology. In other words, ontological and epistemological assumptions are a precondition of the methodological choice.

With regard to the two general classifications of research methodologies outlined earlier, this delineation actually implies particular ontological and epistemological
beliefs. Following the work of Morgan (1980, 1983), Morgan and Smircich (1980), Hopper and Powell (1985), Chua (1986) and Steffy and Grimes (1986), this study attempts to reiterate the philosophical background that should be taken into consideration when determining an appropriate and an adequate research methodology. In other words, this study recites and relates the ontological and epistemological consequences of the two distinct common approaches to inquiry, the quantitative and qualitative approaches. The aim is to argue the rational and logical judgement of this study in employing a critical accounting study. The arguments can be followed later in a paragraph that explicates the relationship of the research question of the study and its methodology. In the following, the relationship between each methodology and its ontology and epistemology will be discussed.

**Quantitative Tradition**

The quantitative approach, or the positive methodology, is primarily and implicitly based on the functionalist paradigm. The adherents of this school conceptualise the social world as the same as the natural world or ontological unity (Oliga, 1988, see also Keat and Urry, 1975) or ontological illusion (Habermas\(^\text{10}\), 1978) which is external and real. Social reality exists independently of our theoretical beliefs and concepts. Social reality thus exists "out there" and represents a stable, purely physical phenomena. This view envisages that social phenomena are structured; hence, there are patterned and repetitive behaviours. It represents and follows regular patterns of interactions between constituent parts and is not constructed by the constituent parts. There is no interaction between the social world and human beings, as if human beings were passive receptors (Steffy and Grimes, 1986), adaptors or responders (Morgan and Smircich, 1980), merely instrumentally rational (Hopper and Power, 1985), and tending

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\(^{10}\) Positivism, according to Habermas (1978, 306), assumes that the ultimate idea of knowledge should be free from interest. The aim is to purify the theory from the obfuscations of subjectivity.
to follow a pattern in social order (Chua, 1986). Accordingly, the adherents assume that the social reality can be understood as objective and value-free.

The ways that the adherents of the mainstream school conceptualise the social world bring about a particular view about knowledge itself; knowledge is represented as natural law with the objective-subjective extreme. Epistemologically, the adherents envisage that knowledge is observable and testable. Knowledge can be built on the presupposition that phenomena should be tested and observed empirically. This implies what Habermas means by technical interest in which the researcher attempts to disclose reality from the viewpoint of possible technical control over objectified processes of nature. It is aimed at predicting the social world. Validity and objectivity then become an important measure of the truth. This epistemological belief guides a researcher to the positive methodology, indeed to well-known techniques which are called scientific approaches. The result then should be able to be generalised as universal laws.

Within this paradigm, the positivists, in acquiring knowledge, tend to presume that the social phenomena can be simplified or reduced into a network of relationships between variables, and thus be subject to functional analysis. The adherents claim that the only legitimate form of human knowledge is to adopt the view of natural science. Therefore, they employ scientific methods using experimental design, artificial settings, or statistical survey and analyse it using complex statistical calculations, in which the emphasis is on the objective consequences of the patterned actions. In this case, the positivists reduce the meaning of methodology into a method. They focus on examining the objectivity and validity of the tested knowledge. The research methods used have been mainly questionnaires and structured interviews. The methodology adopted by the positivists is apparently described by Keat and Urry.

For the positivist, science is an attempt to gain predictive and explanatory knowledge of the external world. To do this, one must construct theories, which consist of highly general statements, expressing the regular relationships that are
found to exist in that world. These general statements, or laws, enable us both to predict and explain the phenomena that we discover by means of systematic observation and experiment. To explain something is to show that it is an instance of these regularities; and we can make predictions only on the same basis. Statements expressing these regularities, if true, are only contingently so; their truth is not a matter of logical necessity, and cannot be known by a priori means. Instead, such statements must be objectively tested by means of experiment and observation, which are the only source of sure and certain empirical knowledge. It is not the purpose of science to get 'behind' or 'beyond' the phenomena revealed to us by sensory experience, to give us knowledge of unobservable natures, essences or mechanisms that somehow necessitate these phenomena. For the positivist, there are no necessary connections in nature; there are only regularities, successions of phenomena which can be systematically represented in the universal laws of scientific theory. Any attempt to go beyond this representation plunges science into the unverifiable claims of metaphysics and religion, which are at the best unscientific, and at worst meaningless. (1975, 4-5)

This study agrees with Oliga's thought. With the assumption that there is only one ontological unity, a distinction between method and methodology would not be meaningful. The positivist tradition, as Oliga (1988) has argued, assumes an ontological unity of all objects in the universe regardless of whether these were inert, living, conscious, or rational beings. Indeed, these objects are quantitatively the same kind. Accordingly, the proponents of this view focus the inquiry on the epistemological and methodological question. In this respect, Habermas maintains that "the logic of the natural and cultural sciences deals not with the properties of pure theoretical reason but with methodological rules for the organisation of processes of inquiry" (1978, 194). Thus the positivist reduces the meaning of a methodology to a method which refers to how to conduct research. Because they assume that there is only one ontology, as a consequence there is no distinction between method and methodology. The difference between method and methodology becomes substantial to the extent that there is a different assumption about ontology.

Interpretive Accounting Study

The qualitative methodology, seen from Morgan and Smircich's continuum, is based on the opposite ontological position. Even though there are possible approaches to
qualitative research, as alluded to above, for the purpose of this study only two qualitative methodologies will be explained, the interpretive scheme and the critical accounting study as a "new accounting research perspective" (Morgan and Willmott, 1993). In particular, the classification of critical accounting study follows the work of Hopper and Powell, and Chua. Hopper and Powell (1985) and Chua (1986) criticise the separation between radical structuralism and radical humanism. They conflate radical structuralism and radical humanism to a critical perspective. The reason, according to Chua (1986, 603), is that Burrell and Morgan's (1979) different classification between radical structuralist and humanist is blurred. While Hopper and Powell (1985, 451) conclude that the distinction is incompatible - philosophically it describes the same reality. Thus in this study the critical accounting study is an incorporation of the Burrell and Morgan framework of the radical change. In the following, the interpretive and critical perspective will be elucidated.

As opposed to the functionalist paradigm, the interpretive paradigm does not envisage social reality as a natural world; that is, it does not exist *out there*. Rather the social world is a human construction or human reflection (creation), the product of the subjective and intersubjective experience of individuals (Morgan, 1980). Social reality is socially constructed by interrelated subjects. Its existence is not governed by general laws nor characterised by regularities. This implies that human beings are active constructors. In other words, social reality is the outcome of interpretations of the social actors own activities and those of the activities of others

Knowledge, as a consequence, is neither neutral nor value free. Epistemologically, knowledge can be created by logical construction based on subjective interpretation, meaning development. To understand knowledge, the interpretivists seek to further understand intersubjective rational beings by interpretation of purposes, motives, feelings, beliefs and intentions of human beings as the active constructors. This appears to correspond to Habermas's conception of practical interest
that emphasises the effort to understand the constitutive meanings formed and acted on by individuals. In other words, the social world can only be understood from the standpoint of the individuals who are parts of the ongoing phenomena being investigated.

On the basis of the interpretive methodology, in acquiring the knowledge, the adherents of this paradigm attempt to understand the deep meaning resulting from (the) human interaction. The interpretive stance then seeks to analyse the constitutive meaning which lies behind social practices and believes that there are subjective and intersubjective meanings underlying the social practices. Flood and Ulrich (1990) describe a three-layer analysis to delve into, analyse and understand social actions. The first level is conventional and intentional actions. This level describes the subjective or individuals' actions as surface events. These actions imply the second level analysis, that is, social practice. The second level analysis is intended to understand reasons beyond the action itself. Then, through the third level of analysis, the interpretivists strive to understand the constitutive meaning underlying the actions, indeed, the fundamental assumptions that underlie the actions and their meanings. In general, the basic approach is to free them from the procedural strictures of positivism. They hold that to study the particular phenomena a researcher must share his or her frame of reference with researched actors. Stated in another way, interpretations of the phenomena being studied should be obtained from the inside, not the outside. The spirit of the interpretive school has been concisely stated by Beck (1979).

The purpose of social science is to understand social reality as different people see it and to demonstrate how their views shape the action which they take within the reality. Since the social science cannot penetrate to what lies behind social reality, they must work directly with man's definitions of reality and with the rules he devises for coping with it. While the social sciences do not reveal ultimate truth, they do help us to make sense of our world. What social sciences offer is explanation, clarification and demystification of the social forms which man has created around himself. (quoted from Cohen and Manion, 1989, 27)
The social reality in the critical perspective point of view is a subjective construction of the mind. It is constructed and sustained by individuals where they live and who try to change it to escape from alienation or false consciousness. The individuals produce, construct, sustain and change it through social interactions, indeed, languages and cultures. Therefore, social reality varies with the different languages and cultures. Indeed, language, as Gadamer has seen, is the transmitter between actual experiences, traditions, and the process of understanding (Hirschheim, 1985). Individuals' interactions, consequently, should be understood within their totality and have the potential to give rise to conflicts, due to injustice or unequal power and relationships. The domain is that the world is not only symbolically mediated, but is also shaped by material conditions of domination (Chua, 1986). This belief about the social world implies that humans are conscious beings who act rationally and very dynamically.

Using Habermas's insight, the critical (perspective) stance envisages that knowledge is gained in the pursuit of, and guided by, mankind's cognitive interests; these can be hermeneutic (practical), technical or emancipatory (see Willmott, 1983; Anderson et al. 1986; Lyytinen and Klein, 1985; Mingers, 1992a). Pursuing knowledge in the breath of emancipatory, as Lyytinen and Klein (1985, 225) have asserted, "is the most fundamental knowledge interest because it deals with the substantive and normative aspects of human life, our destiny as a human species". Knowledge should free people from intellectual and social domination and provide them with intellectual maturity. Employing the philosophy of language, the adherents seek to understand the social world through the emancipatory domain, emancipation from domination, that is, the communicative action in which undistorted communications occur. Hence, in understanding social reality, the researchers should also consider the socio-historical...
context. With the spirit of critical stance, the researchers, as Steffy and Grimes have argued, should

include a critical discussion of the subjective, or theoretical, character of the observer and observed, as is the case in hermeneutics. Critical theory further expands its epistemic critique to include: a) a discussion of limitations of alternative modes of inquiry; b) an analysis of the relationship between the community of organisational researchers and organisational practitioners and members; and c) the acknowledgment of the practical aim of any particular mode of research. (1986, 113)

However, to acquire knowledge, unlike the interpretivist's belief, working in this belief the researcher should hold that the interpretation per se is insufficient (Chua, 1986; Habermas, 1978). It sets out not only to describe, but also radically to criticise and qualitatively transform social reality without recourse to either the fundamental concepts of traditional (scientific) philosophy (that is reason, truth, freedom) or the value-free model of science (Roderick, 1986, 23). Thus, the adherents reject the application of the scientism mode in the social inquiry. Instead, they suggest and urge that social research must be based on the inclusion of ontological, epistemological and methodological assumptions as a ground of thinking (Steffy and Grimes, 1986). In addition, through the implementation of a particular methodology, it is hoped not only to uncover the knowledge itself, but also to propose a transformation to a better condition of the phenomenon being studied. In a sense, the researchers act not only as an passive actors who observe social phenomena. Rather, the researchers as active actors have the intention of changing through involvement with the process of studying. In other words, the researchers have to directly transform the knowledge gained through research into the object under study.

In summary, in the methodological choice arena, a researcher must consider: a) the nature of a study in which it is associated with the assumption of reality underlying the research question, and how a researcher conceptualises the nature of humans in the study; b) the type of knowledge that the researcher construes, in the sense of how he or
she conceptualises the process of knowledge formation where he or she bases the knowledge on the social world. These two considerations usher the researcher to a particular methodology – the way of gaining that knowledge. It is obvious then that the choice of an appropriate and adequate research methodology is greatly dependent upon the ontological assumptions. Therefore, any attempt to impose a uniform set of rules on scientific research or settle on a single fundamental paradigm will be strongly misguided.

Besides vindicating the importance of resting a conceptual framework on the ontology, in which the ontologically natural world is different from the social world (Stauch, 1992), this study argues that it is necessary to begin research with an ontological assumption rather than an epistemological one as suggested by Arthur (1993). Arthur (1993, 219) maintains that we are better not concerned with the ontological project in accounting methodology. Rather, we should start with epistemological questions about how the process of accounting theorising works in practice. Therefore, this study maintains that ontological and epistemological assumptions are preconditions to conducting an accounting practice research. Because researches which are based on different ontological assumptions and using a different paradigm need different methodologies. As a consequence, employing inappropriate ontological, epistemological and methodological assumptions may cause partial analysis of accounting theory and practice (Laughlin and Lowe, 1990). Moreover, grounding a methodology in paradigm-appropriate assumptions helps researchers to avoid generalising any methodology as a universal approach in which it enables the researchers to uncover a more comprehensive portrait of complex social phenomena.
Research question and methodologies

Using paradigmatic premises outlined earlier, this study will discuss the adequateness and appropriateness of the research question to its methodology. The study focuses on the significance of the accounting roles in practices, that is, accounting as a language. As a language, accounting provides a common language for communicating among actors at different levels in an organisation so that they can coordinate, integrate and assess their activities. In communicating organisational issues, obviously, every individual member of the organisation has to speak this language. In envisaging the use of this language, this study equalises it to an ordinary language. In general society, every individual has different degrees of vocabulary and experience. This distinction influences the ability to articulate his or her vocabulary. The different articulation becomes apparent if these individuals meet or form a particular community in which they communicate and interact. To be able to communicate smoothly, they must determine a particular speech level. To some extent, however, the choice of a particular speech level is influenced by individual intention, motive and interest. Using Javanese language speech level analysis\textsuperscript{11} enables us to understand why this is so, in the sense of why in a certain community the society speaks at a particular speech level.

Like any ordinary language, the accounting language experiences a similar fashion. First, every organisational member has different degrees of accounting vocabulary and lived experience. This may affect his or her ability to speak the organisation (accounting) language. For example, for some organisational actors, accounting is seen merely as a task to do with recording financial activities, while for others it is seen as a means of gathering useful information. Secondly, the choice of a particular accounting speech level is likely to be influenced by individual interests, intentions, and motives. For example, supervisors tend to use it as a control media.

\textsuperscript{11} This has been discussed in chapter 3.
Meanwhile for subordinates, accounting is deemed as a media to demonstrate their performance. For decision makers, accounting provides information for the reasoning and legitimising of a choice of particular organisation policies. This function of accounting depicts a media in which the organisational power rests and facilitates its interest. In this respect, power refers to the organisational position that provides access to the use of accounting (See Birnberg et al. 1983; Arrington and Puxty, 1991; Boland Jr., 1993).

At the organisational level of a community, management of an organisation employs a particular accounting speech level. The implementation of accounting language in practice is believed to vary. The diversity of accounting practices is highly influenced by both the organisational members' ability to understand, adopt and, in turn, to use the accounting language and other (external organisation) interests. The former has been alluded to in the previous paragraph. The latter can be seen as influences of power from other institutions, such as government, shareholders and stakeholders, and creditors.

In general, this delineation describes the considerable impact of human actors in the determination of accounting. Seen from this perspective, it apparently depicts that accounting practice is a social practice. It is implicated by motivation, intention, interest and values of the organisational actors (see Burchell et al. 1980; Chua, 1988b; Bougen, Ogden and Outram 1990; Arrington and Puxty, 1991) and other related institutions.

From the organisational actors' point of view, the decision to implement a particular level of accounting practice reflects a discursive process of gaining, producing and reproducing accounting knowledge. It reflects, or is constructed through, the discourse. It is obvious that management judgements and decisions to employ a particular accounting practice are a reflection of complex contextual interaction between human knowledge, needs, values, intentions, motives, feelings, beliefs, interests and
circumstances. Indeed, discourse refers to Purvis and Hunt’s insight who explicate as follows.

Discourse focuses attention on the terms of engagement within social relations by insisting that all social relations are lived and comprehended by their participants in terms of specific linguistic or semiotic vehicles that organise their thinking, understanding and experiencing. The concept of ‘discourse’ remains self-consciously neutral or sceptical about whether discourse as a form of existence is connected with elements, such as are invoked by notions of interest, that are external to the discursive content of lived experience. (1993, 476)

As has already been alluded to earlier, the organisational actors have diverse backgrounds, vocabulary and experience, which reflects that accounting practice is influenced by knowledge-based rules which are always socially and historically conditioned. Accordingly, to use accounting, users ought to understand the accounting itself. Then, through a discourse, the management comes up with that decision (to choose a particular accounting practice). Therefore, the organisational actors’ judgment and decision to establish a particular level of accounting can be understood as a discourse, in which it implies socially constructed reality (Chua, 1986; Thompson, 1991; Morgan and Willmott, 1993).

As has already been discussed in an earlier chapter, this study then attempts to understand and uncover why a particular organisation implements a specific accounting practice – at what level is the accounting speech level? Put another way, how do organisational actors attribute meaning to accounting language and concepts and how do they develop their understanding of the accounting language? The subsequent question is how deep or how far does the organisation utilise accounting, since, as many have believed, accounting has many useful roles. If so, why does the organisation utilise only one certain function of accounting? Why not the other functions? In other words, how does accounting language impinge on, and relate to, societal power structure and organisational context? Finally, is it possible to introduce management to the other functions of accounting to enhance and fulfil the wide organisational needs?
To uncover these questions, this study intends to understand the community or the organisational members, especially those whose tasks have a close relationship with (the) operative accounting (Chua, 1988a) in an organisation. Their detailed tasks, backgrounds, understanding of accounting, needs, motives, interests and intentions will also be taken into consideration. In association with the particular accounting practice being implemented, this study attempts to uncover how the management arrives at a particular judgement and decision by considering the accounting practice as a discourse. Therewith, through a discursive research, this study attempts to introduce a better level of accounting practice. This study considers the agreement between the research question and the underlying assumptions from the three paradigmatic premises. First, the inappropriateness of the positive paradigm to the aim of the research will be argued. Then this question will be evaluated from the other two paradigms.

Positive accounting study

In its endeavour to do so, using the positive paradigm, this study finds it is impossible to follow. There is a considerable ontological contradiction. The study conceives accounting practices to be socially constructed. Meanwhile, the positive paradigm holds an ontological unity. From the positive stance, the management's judgement and decision to adopt a particular accounting practice might be deemed as a social phenomena that exists "out there" as a concrete management task. It is the result of authoritative management power which should be complied with and which mirrors an objective and neutral decision. Failure to comply or any potential conflict might be deemed as dysfunctional (Frith, 1985). This implies that organisational actors are passive humans and depicts a domination of power holders over the powerless. In addition, from the positive perspective, there is no attempt to analyse either why the management decides the certain accounting practice or how to make it better. Therefore,
the positive paradigm fails to explicate the dynamic change of the accounting practice problem. On the contrary, this study postulates that a management decision to employ a particular accounting practice is discursive as a social product – a result of human discourses. The judgement and decision to choose a particular accounting practice is based on complex considerations which are always socially and historically conditioned.

Using the positive epistemological stance, this study comes to a similar enigma, that is, a distinction of knowledge visualisation. The accounting practice phenomenon could be visualised as a natural science. To visualise the accounting phenomena, the positivists try to construct a theory in the form of scientific models. Then they try to prove it in the empirical world. Hence, there is a separation of the observation from theoretical level or theory-independent (Chua, 1986). Stated in another way, the positivists seek to delve the empirical world that fits their theory (Guba and Lincoln, 1982, 235). On the contrary, this study postulates that the social phenomena themselves are knowledge. Thus, this study, instead, attempts to build a theory that can explicate and understand the social phenomena (Guba and Lincoln, 1982, 235). Any attempt to visualise social science as a non-living thing might be misguided, because knowledge is always related to human action and emphasises the logic of justification – reason and rationality (Habermas, 1978; Lyytinen and Klein, 1985, Mingers, 1980, 1992a) which describes individuals' activities to acquire knowledge. Therefore, knowledge formation, according to Hirschheim (1985), should place as much emphasis on the process of discovery as on how theories are justified.

On the basis of positive methodology, this study finds a disagreement as well. Logical positivism reduces the meaning of methodology to a method; therefore, the positive philosophical stance emphasises analysis of the technical aspects concerned at proving and testing validity and reliability. Furthermore, this tradition ignores the influence of people on accounting. Technically it is also impossible to set an experiment and to imitate the important qualities of the natural world, since human subjectivity and
intersubjectivity simply are not amenable to experimentation and objective observation. Instead, the immersion of human consciousness must be emphasised in the flow of intersubjectivity in the lifeworld. This situation can and ought to be assayed in the real setting. Moreover, there is no pattern of relationship. Accounting practice often experiences internal tensions and contradictions – due to the diverse interests, motives, values, etc – especially with its role in representing economic reality (See Power and Laughlin, 1992). With regard to the nature of the accounting phenomena being studied, the study concludes that positive methodology cannot be applied. One of the ultimate flaws of this stance is the negligence of the relationship between people and accounting. This leads Aitken and Gaffikin (1986, 19) to refute the use of the scientific method for acquiring accounting knowledge, for this method is insufficient in understanding and facilitating the development of accounting knowledge. Accordingly, if the study follows the positive methodology, then it will come up with pseudo insights.

In short, considering the interplay between ontology, epistemology and methodology of the positive paradigm, the study finds considerable contrast and concludes that the positive paradigm does not fit the research question. Accordingly, without discussing any further the weaknesses of the positive methodology, due to the ontological, epistemological and methodological disagreements, this study leaves the methodological stereotypes of quantitative approach (Laughlin, 1981). As a consequence, this study takes more into consideration the other two methodologies, interpretive and critical accounting study.

The Appreciation of Interpretive vs Critical accounting study

Attempting to uncover the research question using the interpretive paradigm appears to follow, but it is incomplete. Similar to the critical theory's view, this perspective conceptualises the social phenomena as intersubjectively and socially
constructed. Ontologically, the social reality in the research question is depicted as an intersubjectively structured interaction, regardless of potential factors of material influence. In this respect, the interpretive scheme will look at the decision to employ a particular accounting practice as a social practice that is underlaid by structured-subjective and intersubjective meanings.

This study envisages, however, that the management's judgement and decision to employ a particular accounting practice does not merely reflect a social order (social and intersubjective phenomena) — a continuous process of social interaction. Rather, it reflects more the dynamic process of gaining, producing and reproducing accounting knowledge through a discursive process, since it is a reflection of complex contextual interactions among human knowledge, needs, values, intentions, motives, feelings, beliefs, interests and circumstances in which the circumstances encompass the influence of power and control both from internal and external organisation (see Boland Jr., 1993). Thus, it is not exclusively constructed by intersubjective interaction, that is, communication among organisational actors, but more than that. Hence, the determination of a particular accounting practice reflects Chua's (1986) insight that the social world is not only symbolically mediated, but is also shaped by material conditions and domination. Therefore, these phenomena should be seen as the totality of relations (Hirschheim, 1985; Chua, 1986) as has been suggested by the adherents of critical accounting study.

The incompleteness of the interpretive scheme can be explained by using Habermas's proposition of the knowledge formation, that is, practical cognitive interest. This domain explicates the interpretivist's attempt in explaining the social reality. In understanding the constitutive meanings underlaying the social practice, interpretivists should do not only sensory experience (observation), but also communicative experience. The distinctions are as follows. Sensory experience should not shift the orientation from what has been observed to the statement of what has been observed.
This experience produces a surface level of understanding. Communicative experiences produce two levels of understanding. "On the first level, it is tied up with the nonobjectivating orientation common to speakers during the performance of speech acts. In other words, I only understand the sense of a statement, ...someone has expressed when he and I performatively constitute an interpersonal relationship. On the second level, that we have understood by means of a nonobjectivating perspective ...becomes strangely objectivated once it is made the content of a proposition" (Habermas, 1978, 367-368). Thus through communicative experience a researcher will come up with true understanding. Nevertheless, the understanding is greatly influenced by the researcher pre-understanding which is derived from the researcher’s initial situation. For this notion, Habermas contends

It is true that the rules of every interpretation are determined by the pattern of symbolic interaction in general. But once the interpreter is socialised in his mother tongue and has been instructed in interpreting as such, he does not proceed subject to transcendental rules, but at the level of transcendental structures themselves. He can decipher the experiential content of a historical text only in relation to the transcendental structure of the world to which he himself belongs. (1978, 193)

He then repeats this emphasis,

It appears as though the interpreter transposes himself into the horizon of the world or language from which a text derives its meaning. ...Just as positivist self-understanding does not take into account explicitly the connection between measurement operations and feedback control, so it eliminates from consideration the interpreter's pre-understanding. Hermeneutic knowledge is always mediated through this pre-understanding, ...The world of traditional meaning discloses itself to the interpreter only to the extent that his own world becomes clarified at the same time. The subject of understanding establishes communication between both worlds. He comprehends the substantive content of tradition by applying tradition to himself and his situation. (1978, 309-310)

Accordingly, achieving an understanding by emphasising the solely interpretive paradigm is not enough. Knowledge should be gained not only for understanding, but also for producing a better situation. In other words, the goal is not solely to produce nomological knowledge. For this notion, Habermas divulges that "critical social science, however, will not remain satisfied with this. It is concerned with going beyond this goal
to determine when theoretical statements grasp invariant regularities of social action as such and when they express ideologically frozen relations of dependence that can in principle be transformed" (1978, 310). In other words, the process of research should not be succumbed to by the notion of "gaining knowledge". Instead, it should be followed by or continued with the creation of a better situation. The purpose is either to enable or provide organisational actors the sort of self-knowledge and understanding of their social conditions which can serve as the basis for such a change (Alvesson and Willmott, 1992).

To achieve this goal, knowledge, as Habermas has maintained, should be pursued in the essence of the emancipatory-constitutive interest. Hence, methodologically, a researcher should be free from repressive social and ideological conditions that cause unnecessary restrictions upon the development of knowledge. Thus, the spirit of the study should be in terms of self-reflection. In this case, the study is free to vindicate the most adequate and appropriate methodology based on a philosophical consideration — the interplay between ontology, epistemology, methodology and the research question. This notion is in a similar vein to the aim of this study. This study believes that knowledge will be more useful if it provides something towards the practical needs. Thus a researcher should strive to introduce an idea — based on the research-gained knowledge — towards a better possible condition. In other words, a critical approach researcher, as Flood and Ulrich have suggested, should tie his or her knowledge claims to the ability to satisfy human purposes and desires, and thus "validity" of the theory must be judged primarily in terms of its potential for bringing about practical application and emancipation. Then they continue that "only in this can we conceive of a theory that might be translatable into practice so that those involved and those affected can share in the heuristic and critical approach to design and decision making" (1990, 201). Therefore, this study sees that the critical accounting study, which
is inspired by the spirit of critical social science, will be able to explain the process of gaining, producing and reproducing accounting knowledge in organisations.

The choice of critical theory, however, is not without criticism. Critical theory, according to Alvesson and Willmott (1992), is criticised on three main issues, intellectualism, essentialism and negativism. In terms of intellectualism, the notion to "change" brought by proponents of critical theory is not an easy task, because human beings are naturally constrained and distorted by historical conditions in which the conditions inhibit and deflect the ability of human beings to determine their own needs and shape their own destinies. Therefore, the notion that critical theory must be followed by change is problematical. To response to this criticism, Alvesson and Willmott (1992, 440) suggest that we should "keep retaining and fostering a belief in the power of reason to question conventional wisdom and simultaneously acknowledge its limitations".

In terms of essentialism, it is criticised because the critical theory tends to "reduce or totalise phenomena so that they fit into the interpretive powers of a single, integrated framework." In response, Alvesson and Willmott argue that the power of critical theory lies in the "capacity to appreciate the complex and precarious dynamics of social organisation without reducing its messy and often paradoxical qualities to a product of an essential, predetermined cause" (1992, 442). The second criticism has been the idea of an autonomous subject. On this issue, Alvesson and Willmott refer to Habermas's insight about the condition of the communicative act. Indeed, the idea of autonomy and solidarity is very basic for human interaction.

Finally, the negativism issue. It is criticised in the way it represents the critiques of the object and subject of investigation in association with the relevance of the researchers' concern. It is a negative aspect of critical theory; critical theory is only marginal. The response of this issue is the crucial one of the emancipatory power of the critical theory. The critical theory is not intended only to produce a knowledge for the
researchers own benefits, but rather to develop it for the benefits of the researched as well.

In summary, having discussed the philosophical foundation of the methodological choice, this study has grasped some insights. First, methodological choice must be determined and considered by ontological and epistemological thinking and its appropriateness to the particular research question. Seen from this perspective, accounting practice is the manifestation of relationships between the human mind, needs, interests, motivations and their environment. Thus accounting practice, in the sense of the ability to understand, adopt, and use it, depicts the close relationship between the accounting itself and the human actors who use it. These relationships, in turn, are also influenced by the environment in which it operates.

In accordance with the ontological assumption, accounting practice phenomena, epistemologically, can be deemed as the relationship between human thought and the social context within which the accounting knowledge arises. In this regard, accounting (practice) knowledge – in an organisational and social context – is a result of the production and maintenance of social relations. Correspondingly, its creation and development must be free from systematic distortion. With the essence of emancipatory, its development should not only be aimed at understanding, but also at introducing a change to a better situation. In other words, it is intended to discover or uncover the meaning of all human artefacts and actions with the intention of having a better situation.

As a consequence, the methodological framework towards understanding the accounting practice reality that is deemed appropriate and adequate must be the one within the spirit of critical theory. It is Habermas who calls it self-reflection (1978, 310). It emphasises neither scientism convention nor experimentation. Rather it will be more
on the historical empirical analysis, real setting, communicative experience, discourses leading to enlightenment and others that will permit the self reflection possible.

Ultimately, it is clear in my mind why this study comes to a certain position. The discussions and arguments above have assured me of this conclusion, that is, to determine the critical accounting study as a methodology to be applied to answer the research question. Thus it is not exaggerated that Aitken and Gaffikin (1986), Tomkins and Groves (1983), Chua (1986), Jackson (1985), Oliga (1988), Laughlin and Lowe (1990), Mingers (1992a) and others suggest and argue the necessity of applying the critical study approach to study the social world, particularly accounting practice.

**Critical accounting study position**

Having discussed the significance of applying a critical theory for social inquiry, this study will relate the arguments to Habermas's theory of communicative action, as Habermas has argued that an adequate social methodology would have to integrate interpretive understanding and critique of ideology with an historical social theory (McCarthy, 1979, xii), in other words, investigating the social world must be critical. A critical social theory not only describes social reality, but also criticises it and attempts to change it (Roderick, 1986, 7; see also Oliga, 1988; Jackson, 1985; Dillard, 1991; Mingers, 1992a).

In this study, critical accounting study refers to a methodological approach which is rooted in critical theory, particularly to Habermas's theory of communicative action. This approach strongly emphasises the roles of human actors in shaping, determining, sustaining, producing and reproducing, and transforming accounting knowledge. In this process, it is assumed that human actors follow their interests, rationality, motives and intentions by considering their circumstances. In the
investigation to understand accounting practice, critical accounting study should engage in such a way that takes into account what Fay\(^{12}\) (1987) refers to as the "scientific, critical, practical and non-idealistic" (Dillard, 1991). In accordance with these insights, critical accounting study has three basic aims. The first is to link theory and practice with the essence that theory should provide practical impact on the real world. The second is that it is intended to propose change and development of the practically-based research endeavour. Finally, in understanding accounting practice, the critical accounting study centres on the significance of analysing accounting in its implementation in an organisation from the historical and social context (Laughlin, 1987, 483-484; see also Macintosh, 1990).

With regard to the core of the research questions, this study reveals some crucial ideas that is, the concept of seeing accounting as a social process — accounting represents a changing product of a continuously changing society, the important roles of human actors in determining accounting, the significance of reason or rationality and interest in justifying and deciding accounting, and the necessity of freedom from systematically distorted communication in order to understand the accounting practice problem through discursive research. These ideas are to be covered in the essence of the theory of communicative action\(^{13}\).

The choice of the theory of communicative action is based on several argumentative reasons that have been revealed. First, this theory has been employed by some works — for instance, the work of Laughlin (1987) and Broadbent et al (1991) —

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\(^{12}\) Brian Fay (1987, 26) maintains that critical social science rests on three pillars. The term scientific refers to "comprehensive explanations in terms of a few basic principles which are subject to public evidence"; Critical means "the offering of a sustained negative evaluation of the social order on the basis of explicit and rationally supported criteria"; practical refers to "the situation of some members of society identified by the theory to transform their social existence in specified ways through fostering in them a new self-knowledge to serve as the basis for such a transformation". Critical social science is non-idealistic in the sense that it "is not committed to the claims either that ideas are the sole determinant of behaviour...or that emancipation simply involves a certain sort of enlightenment...or that people are able and willing to change their self-understanding simply on the basis of rational agreement..." (quoted in Dillard, 1991, 14).

\(^{13}\) The detailed explanation is discussed in the next chapter.
and, it can be argued, has produced broader and richer insights. In his study, Laughlin maintains that, with the focus on language and communication Habermas's methodology makes possible the process of understanding with respectable change to happen. This approach, he continues, does not construct a pre-conception of an ideal state of the phenomena before the investigation, but "the ideal is discovered through the process rather than being part of the defined attributes of the approach formulated at the outset". Then he affirms that "Habermas specifies clearly the nature and the type of the process which are necessary to generate understanding and change in the phenomena under investigation" (1987, 485). Laughlin's (1987) work has been recognised as a study that provides a detailed operationalisation which could easily be translated into (other) non-accounting contexts (Mingers, 1992a). In similar fashion, Broadbent et al (1991, 2) argue that there are two primary reasons. The first is because of the power of Habermas's thinking to provide a discursive framework which enables a theoretical and practical understanding of the appropriateness of particular changes. The second is the openness with which the critical appraisal can be undertaken. Indeed, Habermas believes that there is much in modernity which is demonstrably superior and progressive, relative to previous societal configurations.

Secondly, the theory of communicative action is chosen because, as Lyytinen and Hirschheim (1988) have argued, this theory is naturally broad and has encompassed other social theories within itself. Thus, this study believes this theory enables us to uncover wider social inquiry. With regard to the representative role of accounting, Power and Laughlin (1992) contend that the theory of communicative action provides a basis for articulating accounting. In addition, Herda and Messerschmitt (1991, 25) believe that engaging the theory of communicative action allows organisational actors to "move beyond the level of mastery of sentence structure (ie. comprehensibility) to a more powerful level that includes understanding and acceptance". This is a starting point for making such a process of transformation possible.
Concluding remarks

Methodological choice must be based on ontological and epistemological assumptions. Accordingly, we cannot say that a particular methodology is the best and can be applied to all research question, because methodological choice is an integral part of the research process itself by vindicating the paradigmatic position. Conversely, we cannot state that another methodology is not adequate if we argue the adequateness of a different paradigm. Morgan (1983, 372) discloses that "there is a logical contradiction in attempting to argue for certainty or superiority of knowledge stemming from one set of assumptions if one's argument is based on assumptions from a diverse ontological position" (emphasis added).

With regard to the research question of this study, however, the study is in agreement with the works of Laughlin (1981), Tomkins and Groves (1983), Hopper and Powell (1985), Cooper and Hopper (1987), Chua, (1988b), Boland Jr. (1989), Macintosh (1990), Power (1991). These works suggest that to enhance accounting knowledge perspective, distinct methodologies from methodological stereotypes of quantitative approach are required. However, it does not mean that the other methodologies are substitution, but rather that they are alternatives to broaden our view. One of these alternatives is what this study calls critical accounting study which is inspired by the spirit of critical theory. Dillard (1991) maintains that critical theory enables researchers to critically investigate accounting. Equally, Macintosh (1990) believes that critical theory can be applied to investigate the wider application of accounting practice. It also provides such an approach that enables researchers and researched to share the value of science, including social science. The share value impregnates the power of critical theory to "develop conditions (material and symbolic) that are beneficial to human beings" (Alvesson and Willmott, 1992, 436). However, we should take Flood and Ulrich's (1990, 187) notion that "being critical is not a quality of
a certain position or approach; rather it is the quality of remaining self-reflective with respect to particular and all positions or approaches". With regard to the notion of remaining self-reflective, this study then will pursue the critical accounting study as methodology by adopting Habermas's *theory of communicative action*. The essence of this theory will be elaborated on the next chapter.
Chapter 5

Critical Accounting Study: Habermas's Social Analytical Framework for Analysing Accounting Practice

Introduction

Having decided that critical accounting study is the most appropriate methodology for answering its research question, the study will then explicate what it means by critical accounting study. Critical accounting study refers to Habermas's theory of communicative action which implies to those forms of social interaction in which individuals tacitly and uncritically accept the norms, social practices and belief systems of everyday life (Roderick, 1986, 82). This clearly depicts a concern about human actors and their interactions with their social context which also becomes the central concern of this study. This concern, according to Hopwood (1978), involves the dynamic concept human actors regarding the contribution of individual's and its circumstances to accounting practices, which, in turn, affects the organisational actors' accounting language communicative competence.

Critical accounting study is also concerned with accounting practice changes. Since accounting is internal to organisational actors (Colignon and Covaleski, 1988), accounting changes, in the sense of accounting language communicative competence, are greatly influenced by the changes in the organisational actors themselves and how these changes reflect a social process. It is likely then that the changes are to be explained by a social theory. Seeing accounting changes as internal to or being embodied in the organisational actors, leads this study to conceptualise accounting changes as a social process as well. Accordingly, the study assays the accounting changes by way of adopting a social theory, namely Habermas's theory of
communicative action. It is the argument that Habermas's thinking provides a discursive framework which enables a theoretical and practical understanding of the appropriateness of particular changes (Broadbent, et al. 1991). Equally, Forester has argued that

Habermas's work can be fruitfully appropriated for empirically rich, politically acute, social research. ... Habermas's social analysis of communicative action, has a vast and yet unrealised potential for concrete social and political research, ... Unfortunately, though, the promise of such research has often been obscured in a flurry of narrower epistemological debates. (1992, 47-48)

Forester then maintains that the theory of communicative action is not a metatheory, but empowers us to undertake empirical work (1992, 63; see also Power and Laughlin, 1992).

Given the potential insights of the theory of communicative action, this study seeks to assay accounting from a sociological perspective. In particular, it follows Habermas's conceptual framework of society which distinguishes social interactions into two categories, that is, lifeworld and system mechanism. In so doing, the study sees accounting from two integrated perspectives. It is suggested that accounting, on the one hand, can be seen from a theoretical perspective and from a practical perspective, on the other hand. This distinction might help to understand the development and the transfer of accounting as a social process. To begin, the study will first explore the overall accounting practice in society. This part will explain how the study sees accounting development as a social process in which it is very closely allied to personal development and choice. The study then elaborates Habermas's theory of communicative action. This explanation includes Habermas's notion of rationality, the description of lifeworld and system integration, and the influence of steering media on social interactions. Finally, the study attempts to relate this theory to the accounting realm. In so doing, this study provides two levels of analysis, national and
organisational levels. However, for the purpose of the study, the analyses, particularly in chapters 7, 8 and 9, will be directed at an organisational level.

**Accounting practice and its society**

Accounting in action, including both its theoretical and practical development, is complex. In the area of theoretical development, theorists attempt to derive all aspects of accounting practices in terms of language. They produce phrases that consist of derivations of accounting practices reflecting regularities observed and perceived by theorists. However, Baccouche (1992, 66) maintains that not all aspects of accounting practice can be inferred without a reduction of meanings. Their products are so called accounting (theory) knowledge. In the area of practical development, practitioners (accountants, business people, accounting bodies) experience a complex reality. They come into organisations with different backgrounds. Inside the organisations, they form diverse social group or societal segmentation based on similarities. They interact in such a complex way that produce, renew, sustain or establish social practices. Seen from this perspective, practitioners as a group can be conceptualised as member of a larger social group, more specifically within an organisation. In this regard, an organisation can be deemed as a simplified model of a complex society in which the members' interactions are vindicated as societal interaction. This phenomena refers to what Habermas terms a complex society. To Habermas (1987, v2, 161) complex society involves many different members, a segmental differentiation of society. That is, when subgroups emerge within a given social groups or when similar social units join together in larger units.

In organisations, especially commercial enterprises, there are many social groups that are disassociated, among others, by their tasks, skills, functions, authority, experiences, environment, and technology. These social groups interact. The interaction, on the one hand, takes place to fulfil their own or individuals' and the organisational
goals. Habermas (1984) refers to this as coordinated-harmonising actions. On the other hand, these groups also interact in association with the existing organisational systems which Habermas (1984) terms the actions that are coordinated through functional interconnections of action consequences. The outcomes of these interactions, according to Habermas, are different common situation definitions, that is, the stock of knowledge, hence, cultural standards of interpretation, value, and expression (Baxter, 1987, 46). The expression of situation-influenced interaction is in attitudes towards and decisions of organisational consequences. The interactions are also influenced by another mechanism, that is, economical and governmental state consequences. Any decision made by actors within an organisation, therefore, always considers not only common situation definitions, but also the economical grounds and other governmental regulations. In other words, any organisational judgment is actually the result of interaction among individuals concerning their background, organisation, circumstances considering the context, and other fulfilments. The organisational evolution is mirrored and is influenced by social integration, system integration and steering media mechanism.

In conjunction with the implementation of accounting, the decision to operate, the ability to utilise, and the magnitude of the utilisation of accounting have not been simple tasks. This decision follows the social process described above. The preference to choose the accounting practice that is suitable for the organisational needs relates to several factors including accounting knowledge, accounting comprehension, individual's knowledge, culture, and values, profitability consideration, and regulations. This phenomenon leads us to conclude that the implementation of an accounting system is not solely a matter of organisational needs. It is also affected by the profit consideration and the enforcement of regulations.
Accounting and personal development

The development of the use of accounting can be depicted as the growth of a person, from child to adult. The growth undergoes many changes, among others, due to physical growth or other factors, such as interaction with other human beings, the ways in which his or her parents educate them, formal education and experience, and the living environment. All these factors affect the child's growth. The development of accounting practices endures the same process. It develops side by side with the development of the organisation in which it operates (See Hopwood, 1987, 1989). In the beginning, accounting might be used mainly for recording economic activities. The recording techniques are still modest, such as a single entry bookkeeping. This method might be able to be operated by a single person. This technique generates relatively simple accounting information. The following development corresponds to organisational growth in which the organisation might need more advanced accounting techniques, such as double entry bookkeeping. The more complex the accounting techniques the more people are needed. As a consequence, at least, in the accounting department there is a need for proper job distribution. The bigger the organisation, and the more complex its activities, the more attention is needed in the implementation of accounting. The accounting activities link more people both within the accounting department and other departments. These links require proficient coordination among both the people and the departments themselves so that the links can support the accounting systems. Most of the key persons (executives) require specific accounting information associated with a particular requirement of each department and the entire organisational needs: therefore, the accounting systems have to generate more advanced accounting information than that in which simple accounting techniques are used. The design of the accounting systems themselves reflects the result of interaction between the designers and the accounting people. The types of the accounting systems exhibit the knowledge, experience, and the values of the designers. Whilst the accounting
systems can supply certain information, not all of the readers can grasp the content of the information, because every individual person has a different level of understanding of accounting knowledge. Besides, each individual also has a different background, experiences, knowledge, cultures, and values. This explanation suggests that the fulfilment of an accounting system for organisational needs is greatly dependent upon every single individual's role within the organisation and their interaction. Thus, the role of people is significant. In other words, it is obvious that the role of people within an organisation is central. Accordingly, to analyse accounting practice we need to pay more attention to the role of the actors and societal interactions.

**Accounting choice**

In spite of the interactions within the organisation, the choice of accounting practices is influenced by two fundamental influencing factors, economic considerations and institutional enforcement. Economical considerations take shape in the form of cost and profit consequences, for any type of accounting system can be associated with a particular cost. The institutional enforcement, such as government and accounting bodies, takes place in the form of direct and indirect effects, for instance a particular requirements to follow a certain accounting treatment in association with a government obligation, and the availability of accounting theories that offer options of accounting treatments. The accounting practice thus represents interaction among people, institutional systems, and other effects. Seen from the perspective of capability to determine and use "proper" accounting practices, this implies what this study means by accounting language communicative competence. In other words, accounting practices are not only of material concern, but are representations of societal outcomes.

This explication clearly describes that the choice of particular accounting techniques indicates or is the result of a complex consideration. This description is the
reification of a concept of society. This phenomenon, Sawaijuwono and Gaffikin (1994) contend, cannot be explained mainly through the concept of instrumental rationality that of positivism, because this concept neglects the role of human actors in determining accounting practice. Actors-world relations, as Habermas (1984) has argued, are essential to social interactions. Accordingly, Sawaijuwono and Gaffikin (1994) argue that to comprehend the development of accounting practices we should follow the concept of society. It will be more appropriate to investigate this practice from the viewpoint of social evolution. To gain the more complete understanding of the accounting practice, therefore, the study employs Habermas's theory of communicative action.

**Theory of communicative action: an analytical framework**

With the belief that a commercial organisation is a member of a larger societal group (See also Broadbent et al. 1991; and Laughlin, 1987), and accounting practices should be assigned to society, in turn, problems of accounting practices can be explained by the theory of society. The communicative action theory will be used as an interpretive framework to analyse common accounting practice problems. The implementation of this theory is not intended to be a mix between the theory of accounting and the theory of society. Rather, it envisions that accounting society is a micro model of society as a whole. The accounting society always changes, its knowledge, its needs for every practice in which the changes can be envisaged as social process. This process is appropriate if it is analysed using Habermas's theory of communicative action. To comprehend the social process, Habermas (1984) contends that we should shift the fundamental paradigm of social process. In so doing, there are two steps to follow. First, we have to grasp the notion of communicative action instead of the teleological concept (one-sided approach). Secondly, we have to hold the lifeworld perspective and the system theory (McCarthy, 1984, xix).
The theory of communicative action is massive. It views society through the paradigm of communication. It encompasses a wide range of social theory. Within this theory, there are some fundamental concepts that can be implied. The first is the significant role of human actors, in the sense that an intersubjective disposition to seek an agreement. This theory puts more emphasis on the importance of interactions among human actors and their reasons which in turn entail a new social and cultural knowledge. This social action mechanism is basically grounded in the second concept, that is, rationality. The focus of the rationality, according to Brand (1990), has been to look at a coordinating effect on subsequent action based on shared understanding. Social action is deemed rational if it is aimed to coordinate future action in the sense that it accounts for the action which is influenced by the achievement of mutual understanding. The success can be achieved through the use of language which focuses on the intersubjective achievement of shared understanding without force. The third concept is the way of seeing a social process. The social process, Habermas claims, can be seen as two conceptual analyses, the *lifeworld* and *system mechanism*. It is the concept that views the social action as the lifeworld of social group in which actions are coordinated through harmonising actions orientations. The latter conceptualises the social action as a self-regulating system in which actions are coordinated through functional interconnections of action consequences. Thus, the members of this society act and behave so as to correspond with the existing social systems. The fourth important concept of the theory of communicative action is the introduction of steering media, especially money and power. It is the concept that views another mechanism that influences the social process or more precisely colonising the lifeworld. The lifeworld and systems are influenced by quite different media. Whereas systems mark forms of social order based on unintended consequences and functional and anonymous interdependence based in abstract media like money, the lifeworld is based on language, normative consensus, and shared presupposed cultural knowledge (Bohman, 1989, 382).
A) The intersubjective role of human actors

To begin, the study attempts to expound these four concepts respectively. First of all, it is crucial to explicate the significance of the intersubjective role of human actors within this theory. In the social process, human actors, as Habermas stresses, hold the important role of coordinating their actions. Social action is dependent upon the agent's definition of the situation, and this is not solely a matter of subjective motivations; rather, it is intersubjective interpretation of situation (McCarthy, 1979, xi). All participating subjects greatly influence the process of reaching understanding by justifying intersubjective reasons. It claims that social action is always commenced by defining a particular situation (or in an ordinary language, it is a situation in which actors view the mundane problem to be solved) that leads to the next step in which the actors will interact.

B) Rationality

Secondly, the concept of rationality in terms of the theory of communicative action is discussed. Rationality, to Habermas, is closely related to the meaning of communicative action itself. Accordingly, before explaining it, the study will elucidate communicative action. Communicative action can also be explained as a theory that explicates the social process, the interaction among individuals-members of that society. These interactions achieve, sustain, reproduce, and renew the cultural knowledge. This interaction allows the members to express their own argument in reaching shared understanding. Naturally, reaching understanding, Habermas stresses, is the inherent telos of human speech. The concepts of speech and understanding reciprocally interpret one another (1984, v1. 287). In other words, social action is based on the ideas of understanding and rationally-motivated agreement (White, 1989, 40). Habermas calls this a process of communicative rationality. In the sense that in the communication, every single individual appreciates the rational expression of the other members. It is the
rationality that Habermas refers to as an argumentative speak and action that vindicating the possibility to criticise the validity claims and is to be connected to the three dimensions, namely, external, internal and social worlds which are aimed to coordinate actions by reaching mutual understanding. This phrase encompasses four important ideas; first is an argument, reason, or rationality; second are validity claims; and third are the three dimensions which representing something in the world, the speaker's intentions, and establishment of legitimate interpersonal relations. Finally, the mode of communication. It is the speech act that is associated with world dimensions.

To Brand (1990), Habermas's idea of rationality is out of a goal rationality dimension. Rationality in Habermas's dimension is the development and defence of a wider concept of rationality which is based on the awareness of the linguistic dimensions of reason and the recognition of a collective learning process, not only in technological-scientific but also the moral-practical domain (Brand, 1990, 30). Indeed, rationality is in the form of linguistic coordination between subjects (Wagner and Zipprian, 1991, 51). This concept of rationality is different from the rationality of purposive action. The purposive rationality views merely the objective world; it focuses on the use of power to assert control, to increase efficiency, and to calculate future, as Shalin (1992, 243) calls formal rationality. Put in other way, the rationality of means-ends is the main foreground. In contrast, in the communicative rationality, the actor-world relations are essential to social interaction; rationality in the theory of communicative action accentuates the roles of human actors and their reasons.

Corresponding with the terminology of rationality, Habermas distinguishes three types of actions, instrumental action, strategic action and communicative action (Habermas, 1984, v1, 285; 1990, 133). Instrumental action follows technical rules of action and assesses the efficiency of an intervention into a complex of circumstances and events. Its aim is to reach success. In the actions in which the consequences or outcomes are oriented to reach success, an actor will try to influence his or her
opponents’ definition of the situation through external means (weapons or goods, threats or enticements). Strategic action follows rules of rational choice and assesses the efficacy of influencing the decisions of a rational opponent. The actors may treat each other strategically. Strategic actions are social actions by themselves (Habermas, 1984, v1, 285). In contrast, in a communicative action, the actor tries to harmonise his or her plans of action through internal means, committing themselves to pursuing their goals only on the condition of an agreement about the definition of the situation and prospective outcomes. What Habermas is trying to capture for his model is the formal ideal of a situation in which disagreements and conflicts are rationally resolved through a mode of communication which is completely free of compulsion and in which only the force of the better argument may prevail (Pussey, 1987, 72). However, to do so, the actor must be able to convince his or her opponents that his or her claims are rational and thus worthy of recognition, which in turn there will develop a rationally motivated agreement (Einverständnis) or consensus on how to coordinate future actions (White, 1989, 28).

C) Validity Claims

Following the important idea of rationality are the validity claims. If the interaction through communication is directed toward reaching understanding, then the actor must raise and he must be accountable for three validity claims (Geltungsansprüche): truth, normative legitimacy, and truthfulness/authenticity. In short, the truth claim refers to some state of affairs; the normative legitimacy refers to appropriateness of the speech with its context; the truthfulness/authenticity or a sincerity claim indicates that the speaker really means and intends to say what is being said.¹⁴

¹⁴The validity claims are four in numbers. The other one is comprehensibility. It means that what is said has a clear and coherent meaning. This one, however, is embodied in the language itself. Habermas maintains that in every speech act this claim has already included, accordingly it is separated from the validity claims.
Furthermore, Habermas (1984, v1, 307) maintains that communicatively achieved agreement is not achieved within one level of validity claim. Rather, it is achieved by raising the three validity claims simultaneously.

To reach a mutual understanding, these validity claims should be permitted to be criticised, identified, and corrected. This mechanism allows the process of reaching understanding, which in turn allows a social action based on mutual understanding. This leads to the other component of rationality, that is, three world dimensions. In correspondence to these dimensions, Habermas contends that in achieving mutual understanding, "actors cannot avoid embedding their speech acts in precisely three-world relations and claiming validity for them under these aspects" (1984, v1. 308). In other words, when saying something, the actor always refers not only to something in the objective world, but also to something in the social world and something in the subjective world. The speech acts, thus, serve, or always encompass three worlds, (a) to establish and renew interpersonal relations, about something in the social world; (b) to represent or presuppose states and events, relation to something in the world of existing states of affairs, objective world; (c) to manifest experiences - the relation to something in the subjective world (1984, v1, 308; 1990, 25). Furthermore, he maintains that to make a statement, regarding the validity claims and world dimensions, the actor might use three modes of communication. These are as follows. Constative speech act is ascribed to the expression of states and affairs in relation to something in the objective world; expressive speech act is ascribed to the expression of the actor's idea or intention from his or her subjective world; regulative speech act is ascribed to the establishment of interpersonal relation in the social world. In summary, it can be said that an agreement-motivated action based on communicative rationality can be reached when the speech acts which embrace the three world dimensions, the world about us or the objective world, the world to other subjects or the social world, and the world to our own intension or the subjective world, satisfy and guarantee the potential testability and criticisability of all validity claims.
D) Social processes

The following important concept of theory of communicative action is the separation between the lifeworld and system mechanism. This separation represents two aspects of societal integration, that are, social integration and system integration. These refer to two classes of mechanisms of societal integration, that are, consensus-forming mechanism and exchange and power mechanism. Social integration, according to Habermas (1991, 252), relates to the consensus-forming mechanism, which in turn, can be used to analyse the structures of action oriented toward reaching understanding in which the concept of lifeworld implicitly rest on. Mechanisms of social integration are related internally to structures of action oriented toward reaching understanding. Social orders, indeed social integration, therefore, can be explained in terms of the awareness of the participants accept orders established by social integration. System integration closely relates to the exchange and power mechanisms. These mechanisms remain external to the structures of action. Orders created by system integration are as a rule counter intuitive in nature. Thus, the divergences of these aspects enable us to analyse societies differentially. We can differentiate the society in terms of lifeworld and system. The separation between lifeworld and system, on the one hand, permits us to analyse the complex activities in society (Bohman, 1989, 391; Fairthlough, 1990, 70; Mouzelis, 1992, 270)\(^\text{15}\), and on the other hand, it allows the complex activities in society to be coordinated on a scale which would otherwise impossible (Fairthlough, 1990, 70).

To make it clear, the lifeworld perspective and the system theory will be outlined as follows.

\(^{15}\)Bohman gives an apparent example. He states that these independent domains are "system" in Habermas's sense, uncouple from the lifeworld and have been organised by non-linguistic media like money and power. This uncoupling permits increasing complexity of functional interdependence, as the consequences of actors unseen by other actors influence their own possibilities; this complexity and interdependence are seen best in the case of market, where often unknown events in distant regions of the globe can influence the course of daily life (1989, 391).
First, society as a lifeworld. The process of communicative rationality itself explains what Habermas means with "lifeworld" in the sense of how the lifeworld is produced and reproduced through different function of communicative action. Habermas argues, therefore, that the lifeworld is a complementary of the theory of communicative action (1987, v2.130). "Lifeworld, Habermas defines, is the transcendental site where the speaker and hearer meet, where they can reciprocally raise claims that their utterances fit the world (objective, social or subjective), and where they can criticise and confirm those validity claims, settle their disagreements, and arrive at agreements" (Habermas, 1987, v2, 126). He also uses the term lifeworld to indicate background "of enormous fund of non-explicit, taken-for-granted notions, which have great influence on the interpretation of explicit utterances" (Brand, 1990, 34). Baxter (1987, 46) explains that the lifeworld as the horizon within which individuals seek to realise their projected ends. Individuals have their own lifeworld in the sense that every choice of the project refers to a particular lifeworld. Bohman describes another explanation about lifeworld. He states that

the lifeworld is the pre-interpreted domain which enables further acts of interpretation: it is the stock of consensual, background knowledge which makes processes of further mutual understanding possible. The lifeworld represents a set, or range of possibilities for interpretation which particular speakers or actors may actualise or modify, but which encompass these acts as their context. (1989, 387)

This is the lifeworld the function of which is to reproduce society and socialise its members. The production and reproduction of the lifeworld take place within a communicative action through the media of language (Habermas, 1987, v2. 137). The process of reproduction may continue progressing, and thus the lifeworld always changes (Habermas, 1987, v2. 130-132). This reproduction then should be associated with two structures of lifeworld, symbolic and material reproductions. The symbolic structures of the lifeworld, Habermas (1987, 137) asserts, are reproduced by way of the
continuation of valid knowledge, stabilisation of group solidarity, and socialisation of responsible actors. Material reproduction takes place through the medium of the purposive activity with which societed individuals intervene in the world to realise their aims (Habermas, 1987, v2. 138). The lifeworld thus makes ordinary symbolic interaction and social reproduction possible (Pussey, 1987, 106). McCarthy summaries up in a concise phrase. He asserts as follows.

the lifeworld is represented as a "culturally transmitted and linguistically organised stock of interpretive patterns". ...Individuals cannot "step out" of their lifeworlds; nor can they objectify them in a supreme act of reflection. ... Not only culture but also institutional orders and personality structures should be seen as basic components of the lifeworld (1984, v1. xxiv).

b) systems

A subsequent analytical concept of society is the system theory. Within this concept, social coordination is not based on mutual understanding. Instead, it is more influenced by existing non-normative steering of individual decisions not subjectively coordinated (Habermas, 1987, v2. 150). The interactions thus are mainly due to the actors' functional interconnections. Roughly speaking, system refers to coordinated actions that are initiated not through medium of language. It does not follow communicatively shared understanding. Instead, it is coordinated by existing institutions, normative structures, and social practices and goes on through the media of money and power.

c) steering media

The explanation of the non-normative integration leads to elaborate the fourth concept of theory of communicative action, that is the steering media. It is the media that also influences the societal interaction. Each has a different degree of influence. The influence may take place when communicative rationality is distorted. With this regard,
the steering media has two essential inherent forces, that is, regulative and constitutive. Regulative force influences the interaction more directly (for example the need to depreciate a fixed asset), while constitutive force, to some extent, influences indirectly (for example the selection of depreciation methods). In numbers, there are two steering media, money and power. Media of money and power circumvents the process of reaching understanding over problematic validity claims in which Habermas calls the colonisation of the lifeworld. Indeed, the steering media subjugate the language-based social interaction. Habermas explains this shift as follows.

The rationality potential of achieving understanding in language must be actualised to the extent that shared lifeworld context in which communicative action is embedded loses its quasi naturalness. With this, the need for reaching understanding, the expenditure of interpretive energy, and the risk of disagreement are all increased. However, these demands and dangers can be reduced through media that replace mutual understanding in language as a mechanism of coordination in certain well-defined contexts (1987, v2. 262).

He then continues:

In this regard, steering media may not be understood as a functional specification of language; rather, they are a substitute for special functions of language. ...The transfer of action coordination from ordinary language to steering media has the effect of uncoupling interaction from lifeworld contexts (1987, v2. 263).

Both media, money and power, influence the societal interaction in several forms. They coordinate and behaviourise action by steering it. Money affects decisions in terms of profit and loss consideration or other economic calculation, whereas power may regulate the interaction through obligatory force by an institution or administrative/bureaucracy. However, not all of reproduction processes of the lifeworld are influenced by the steering media. Habermas argues that only material reproduction

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16According to Habermas, influence and value-commitment (prestige) cannot be categorised as steering media. These two are less institutionalised and do not satisfy the definition of control medium. Control medium is defined as a medium that replaces linguistic consensus in its coordinating function. Influence and value-commitment cannot replace a communicative action. These two come immediately after the validity claim (Baxter, 1987, 62). Thus, these media only simplify and facilitate linguistic communication without displacing it entirely (Mouzelis, 1992, 271).
can be influenced by the steering media. The symbolic structures of the lifeworld can be reproduced only via the basic medium of communicative action; action systems keyed to cultural reproduction, social integration, and socialisation remain tied to the structures of the lifeworld and of ordinary language. Cultural reproduction, social integration, and socialisation cannot be replaced by moneter-bureaucratic mediated integration (1987, v2. 261).

Roughly speaking, based on the exposition of Habermas's four concepts, — the role of human actor, rationality, conceptual analysis of society, and the function of steering media — it can be summarised that the theory of communicative action analyses social process through the paradigm of language. Social process is constituted by societal interactions. Essentially, the interactions occur based on the communicative rational, that is, to reach an agreement. To some extent, the interactions are influenced by another rationality, such as purposive rational, or other factors. Eventually, this theory envisions that the social interaction brings about, renews, sustains, or establishes social practices. The social practices, analytically, can be deemed as expressions of two kinds of social products, firstly abstract social products, such as knowledge, cultures, values, etc., and secondly concrete social products, such as decisions, rules of conduct, etc. The abstract social products are purely engaged within the paradigm of language or agreement-motivated actions and its reproduction only occur through communicative action. Conversely, concrete social products do not take place through the paradigm of language, but the reproduction processes take place through the system mechanism which is influenced by the steering media. They are influenced by economic and law like considerations. To visualise this insight, the study strives to simplify this process by depicting it in figure 2.

With regard to the study's assumption (that an organisation is a micro model of society) and the work of Broadbent et al. (1991), figure 2 should be seen as depicting social interaction within organisational level and its circumstance. As can be followed in
their work, Broadbent et al. (1991) also summarise Habermas's model of societal evolution which is depicted in three figures. In those figures, they assert that Habermas's model is based on the assumption that the social integration occurs in a complex and highly sophisticated social discourse, particularly in modern western societies. Since Habermas's work, they believe, is still too abstract and does not fit an organisation as a micro model of society, they offer a constructive refinement. On an organisational level, lifeworlds, systems and steering media should be understood as having their own micro lifeworlds, systems and steering media which are distinct and interrelated.

Figure 2. Social process.
These are highly associated with specific time, space and historical processes which are also related to particular practices. This study believes that, to some extent, organisational discourse, particularly in Indonesia, is not that sophisticated, if not that highly differentiated. However, it agrees with Broadbent et al. (1991) that lifeworlds, systems and steering media are time and place-specific and related to particular practices. Thus, this study argues that Broadbent's et al. constructive refinement model has been inherent in figure 2. Accordingly, figure 2 depicts an organisational level-based social process.

**Communicative action and accounting**

After elaborating the concept of theory of communicative action, this study attempts to attach this theory to mundane accounting activities. The study seeks to argue how the concept of society proposed by Habermas fits analysing and discovering the accounting practice problems with the hope of gaining a better understanding and promoting a better suggestion. The rest of the chapter elaborates the relationship between the theory of society and accounting problem.

As proposed by many accounting scholars, to gain a depth and rich understanding of accounting, we have to analyse it within its social context (Gilling, 1976; Roberts and Scapens, 1985; Laughlin 1987, Hopwood, 1990). This study holds a similar aim. It attempts to uncover the phenomenon which has long been a question, the accounting problem, hence, its implementation in business society, more specifically in a business organisation in which it operates. It is believed that the question is not solely related to the technical craft. Since the implementation of accounting always takes place within accounting society, the question will turn into the social problem. The problem might have been more complex than merely the accounting technical problem.
Furthermore, the problem might be more complex due to a special condition within that society.

To give a clearer idea of what is intended, the study will analyse the development of accounting at both national and organisational levels using Habermas's analytical framework. In so doing, it takes the development of accounting in Indonesia as an exemplar at the national level and an ordinary commercial enterprise as an analysis at organisational level.

**Accounting society in Indonesia**

Accounting society in this study refers to the communities that have a close relation to the development and the use of accounting, such as, academic accountants, practitioner accountants, accounting bodies, and business people and those who are in charge of accounting in other institutions. The development of accounting in Indonesia is inevitably related to its history. At least, it can be analysed from three related important issues. The first two refers to the development of the educational accounting system and the development of the professional accounting bodies. The rest refers to the role of government and the tradition of accounting practice itself.

**Moving to new accounting**

Firstly, the introduction of an accounting educational system was greatly influenced by the Dutch. The formal accounting knowledge came with the Dutch colonisation. This country had colonised Indonesia since the beginning of 17th century. The accounting knowledge, so called bookkeeping, was introduced through the Dutch trading company. The most famous company was the United East Indies Company that received the mandate and the right to a monopoly over the Indonesian commercial
sectors. It was not until the 1950's when the influence of an Anglo Saxon system began. The influence of the Anglo Saxon accounting was initiated by the sending of Indonesian accounting scholars to the USA. These scholars then brought in a new accounting era, the introduction of American accounting models. Since then, the American accounting educational system has had a strong impact. Up until the 1970's, the introduction of the American system had caused dualism in the accounting educational system. In the tertiary educational system, it was mirrored by the different system among universities, some served the American system whilst others conducted the Dutch system. However, since 1975 all institutions and universities which still followed the Dutch system or other orientations of accounting study have altered their educational systems. They have directed their orientations to the US systems (Yunus, 1990, 54). As a result in the last two decades, the American system has coloured the whole educational systems in tertiary education.

The professional body

The second issue is the development of the accounting professional body. This was marked by the establishment of *Ikatan Akuntan Indonesia - IAI* (Indonesian Institute of Accountant) in 1957 and its ensuing products. At the beginning, this accounting body was associated with the Dutch system. However, since the educational systems had already changed to the US systems, the accounting body switched its orchestration to the so called American system as well. In 1973, the most famous products of IAI, initially, were *Norma-norma Pemerikasaan Akuntan* -NPA (Generally Accepted Auditing Standards), *Prinsip-prinsip Akuntansi Indonesia* -PAI (Generally Accepted Accounting Principles) and *Kode Etik Akuntan Indonesia* (Code of Professional Ethics of Indonesian Accountants). These books were merely products of a translation of the American standards (Yunus, 1990) and assumed that accountants
are auditors or those who practice as external auditors. However, in the fifth National Congress, 1986, IAI has modified and improved its products.

The influence of multinational corporations

The study goes on with the third issue that the Government policy on economy also drives development of accounting practice traditions. The open system policy on the economy allowed much foreign investment. In particular, when the new order regime came to power, many big companies or multinational corporations started opening their investments in Indonesia. The foreign investors frequently brought their own accounting systems and their cultures and imposed their employment. Not only did the foreign companies bring their own accounting system and cultures, but also conveyed reports to their own external auditors. The influx of foreign companies, at least, could have contributed slowly to a new era of accounting methods and practices.

In line with the development of the economy, many financial institutions, both bank and non-bank flourished. These financial institutions are both publicly and privately owned. To gain a loan, most of them impose on their clients the adoption of particular accounting techniques. This requirement gave rise to the need of particular accounting practices. In fact, most of the indigenous enterprises, from the small size companies up to the middle size ones, still engage a modest level of accounting techniques (Holzer and Chandler, 1981). This brief explanation apparently suggests that the development of accounting in Indonesia was influenced by the penetration of accounting knowledge through both the educational systems and the economic development, the roles of government and accounting body, and the development of the actors themself. In other words, the accounting practices are fully coloured by many cultural influences.
Thus, it can be said then that the existence of accounting is more likely imported or imposed from overseas. This knowledge entered together with the original culture of the exporting country. While every single country has its own specific economic circumstances, the Indonesian economic circumstances are arguably different from the accounting-exporting countries. The differences gradually may move into a state of equilibrium through a communicative-coordinated social process. This state refers to the particular accounting that is appropriate to Indonesia. Using Habermas's interpretive framework, in general, the development of accounting practices in Indonesia can be seen as a communicative discourse among interrelated parties, namely, academic accountants, professional accountants, business people both the indigenous and foreign business partners and agencies, financial institutions, and the general policy of the government. These discourses refer to a national lifeworld and system mechanism. The national lifeworld refers to the reproduction of accounting knowledge, indeed, the shift from the Dutch influence to the America system, which in turn, imposes on the development of Indonesian accounting specific features. Whilst its implementation refers to the national system mechanism that describes interaction among all related institutions, this process reproduces the accounting practice traditions.

**Accounting and organisations**

Even though this study focuses on the research question at the organisational level, without alluding to the general historical background of the development of accounting in Indonesia, it will not be able to penetrate to the core of the accounting practice problems. It will not be able to gain the very essential understanding of the research question. For historical analysis of the social background enables us to gain insight into the past and open the way to provide methodological tools for change in the future (Laughlin, 1987, 482). Moreover, Habermas argues that to investigate the social evolution, the theory of society should be oriented to the historical assay with a practical
intent (McCarthy, 1988, vii). Accordingly, it is deemed important to briefly describe the general explanation of the accounting development. Therefore, this study will explicate the development process of accounting at an organisational level.

As Habermas has argued that intersubjective role is central in the reproductive process of social products. This study attempts to explicate how these individuals – key persons within an organisation – interact through both the agreement-motivated action and system-coordinated action to reproduce the accounting theories (knowledge) and practices respectively. Indeed, accounting can be deemed the product of social integration. In other words, it is the result of communicatively mediated coordination of interpretive patterns and the product functionally-integrated system as well. However, it should be noted that this does not lead to two results; rather it provides two analytical perspectives of the reproduction process. Hence, it does not mean that the social process produces accounting theories and practices separately, rather, the social process, seen from Habermas's two analytical perspectives of social integration, produces accounting. The accounting knowledge embodied in every individual, on the one hand, represents the symbolic reproduction of lifeworld. This conceptualises that the transfer and the dispersion of the accounting knowledge itself occurs through the lifeworld mechanism. The application of a particular accounting system, on the other hand, represents the material reproduction of the lifeworld. This conceptualises that the judgment and decision to implement accounting are greatly influenced by the system mechanism. The development of accounting knowledge and practices then follows the social process in which symbolic and material reproduction are interdependent (Baxter, 1987, 77).

The social process of accounting in an organisation can be described as follows. Every individual interacts and forms groups within an organisation. This organisation represents a society which Habermas (1991, 252) defines as the systematically stabilised contexts of actions of socially integrated groups. Every member has his or her own lifeworld, in the sense that a lifeworld is a sediment of his or her own interpretive
domain which enables further acts of interpretation. Thus, it is the stock of consensual, background knowledge which makes processes of further mutual understanding possible (Searle, quoted in Bohman, 1989, 387). They come to the organisation with a different background of knowledge, cultural and environmental specific, and life experiences. The distinction of their cultural knowledge is not only on the knowledge itself but also on the degree of their understanding it. Then they face a different task and responsibility. The task and responsibility, for example, would be those that are associated with production, marketing, financial, maintenance, purchasing, general accounting record, and personnel management. Thus, they form groups that are differentiated by specific department and tasks. These tasks, in turn, should be systematically communicated. The communication is usually conducted through an organisational language, hence, an accounting. Due to their different individual lifeworld, their ability to speak using this language is envisaged diverge. In other words, they have different speech levels (degree of fluency) of language. In this situation, all of the organisational members endeavour to define the common situation, indeed, the kinds of accounting practices that can relieve their tasks and enhance their capacity performance. They have to define the most appropriate accounting practices. The situation follows Habermas's statement. He declares that

A situation denotes a segment of a lifeworld that has been delimited in terms of a specific theme. A theme arises in connection with the interests and objectives of actors. It defines the range of matters that are relevant and can be thematically focused on. A individual action plans help to put a theme in relief and determine the current need for consensual understanding that must be met through activity of interpretation. (1990, 135)

The process of defining a common situation takes place through agreement or goal oriented actions. To give an example, the study envisions interactions among three important groups within a business organisation, such as, marketing, production, and the general accounting department. The individuals whose job are in the marketing department, without any influence, have, in their mind, already known what they should do with their main tasks. The know a marketing terminology, such as sales plan or
target, class of consumers, and sale strategies. Their basic knowledge reflects their own lifeworld, marketing lifeworld. Likewise the production department. Those whose jobs are in this department have already known what their main tasks. The tasks, such as, providing raw materials, setting up the machineries to meet the minimum product requirements and target of production, have been their lifeworld. These might be their day-to-day activities. Similarly those whose jobs are in the accounting department. They are assumed to have known their fundamental tasks, such as what and how they should maintain accounting records and produce accounting information. Their understanding reflects their lifeworld too. However, their (the three departments) understanding about the accounting knowledge might be different. In terms of accounting, they have different levels of an individual lifeworld. As a consequence, if they have to face a common situation within the organisation which is expressed in accounting terms, it is very likely they will interpret it differently.

Through the consensus-oriented interaction, they reproduce a symbolic outcome. They have to work together to achieve their aim. They will be aware that each department has to understand the other department's needs and conditions. The production manager has to determine his or her target. In so doing, the manager should also consider the capability of the marketing department. Moreover, to equalise the unit of measurement, the target should be stated not only in terms of units of production, but also in terms of financial value. Similarly, the marketing manager may not only speak in terms of market strategy, but also has to speak in terms of costs and benefits. Conversely, the accounting manager might be aware that he or she should know not only accounting terminology, but also that of the production and marketing departments. In this way, accounting may provide a more adequate record. These interactions represent a learning process throughout communicative action which depicts the awareness of the participants to accept orders established by social integration. For Habermas, it is the process of the production of intersubjectively shared situational definition. It can be summarised then that accounting knowledge itself is reproduced
through the lifeworld, a process of interaction to reach understanding which in Habermas's view is a symbolic reproduction of the lifeworld. They (the three departments) produce new understanding about the entire organisation, the new lifeworld.

Meanwhile, through the system integration they may produce decision, organisational rules of conduct or particular accounting systems. It is the disposition that regulates their behaviours as to how they should follow a particular procedure. For Habermas, it is the material reproduction which is as a rule counterintuitive in nature (1991, 252). In other words, the decision to devise an accounting system or to operate a particular level of accounting represents the process of system-motivated interaction, that is, in Habermas's perspective, the material reproduction.

As Habermas has argued, the material reproduction is likely to be exercised through media other than language. The reproduction of this decision seems to follow the money and power mechanism as well. The choice of the particular accounting practice is always regarded as a cost and benefit consideration. For a particular accounting system always comes together with a certain cost. Further more, the implementation of a particular accounting technique may bring about a different consequence, such as a choice of a particular depreciation method, in or off balance sheet method for leasing. In this mechanism, it is obvious that the money steering medium holds an important role. And so is the role of power steering medium. The choice of a particular accounting system should also consider the existing regulations. Several institutions impose their imperative power through norms and regulations. For example, fiscal or taxation authorities might only admit or accept a particular accounting technique, otherwise the financial statements of the organisation will be adjusted. Other financial institutions may also impose a peculiar disclosure which necessitates a specific accounting technique. It is obvious then that a particular accounting practice is a result of a social process.
This brief explanation depicts what Habermas proposes with a conceptual strategy to interpret general society. As he has maintained:

Mechanisms of social integration are related internally to structures of action oriented toward reaching understanding, whereas the mechanism of system integration remain external to the structures of action. This is, however, not the case for steering media 'money' and 'power', which differentiate out from universal medium of ordinary language taking the form of special codes. Yet these steering media have a specific deworlding effect; even their integrative achievement do not fall within the bounds of the horizon to which the participants in interaction orient themselves. (1991, 252)

Given these two illustrations, the study would argue that accounting, to some extent, can more appropriately be explained employing the general social theory. It describes clearly that the reproduction of accounting knowledge and practices follows the social process. Indeed, it represents social interaction. The theory of communicative action helps us to analyse this process. The differentiation between social integration and system integration apparently promotes the way to understand more deeply the accounting practice problems. In other words, the theory of communicative action provides a fundamental framework for interpreting the theoretical process of accounting change.

Concluding Remarks

This study has been one of the accounting studies using Habermas's analytical framework. In particular, it emphasises the two conceptual analyses of social integration, that is, lifeworld and system integrations. The lifeworld integration is a reflection of the spirit of communicative action. The fundamental idea beyond this integration is to reach social consensus. The result of this integration is a symbolic product, a knowledge. The system integration represents a social integration which is not based on mutual agreement. Rather, this integration is influenced by circumstances
surrounding the society. In this regard, the interactions are affected by bureaucratic and economic considerations.

Following Habermas's ideas, this study differentiates accounting into accounting knowledge itself and accounting practices. This distinction does not denote that accounting knowledge is separable from accounting practices. Rather, the distinction represents an analytical framework to ease understanding of accounting practices. Seen from the lifeworld perspective, this study argues that the development, the transfer, and the acceptance of accounting knowledge follow the communicative-based interactions. The need for this knowledge is not influenced by a money and power mechanism, because gaining knowledge is embodied in (modern) human life. Conversely, the decision to practice that knowledge is very much influenced by an individual or a groups' ability, interest, needs, norms, rules, other enforcement and surrounding circumstances. The decision to employ a particular accounting practice thus represents a combination between individuals, knowledge, organisational needs, organisational and national rules which all portray a product of a social process.
Chapter 6

Communicative Action-Inspired Methods in Critical Accounting Study

Introduction

As has been alluded to in the earlier chapters, this study is a critical theory-based accounting research. The fundamental aims are to understand the accounting social phenomena, to critically evaluate these phenomena, at the same time introducing an authentic accounting theoretical knowledge with a practical intent, and, in turn, to initiate change to a better organisation-operationalised accounting practice. To operationalise this premise, in this chapter, the study will select and determine communicative action-based methods which are deemed appropriate to the research question. It is the study's concern that the methods must be parallel with Habermas's spiritual insights. Habermas himself asserts that the success of his methodology will greatly rest on the success of the research programs (White, 1989). Accordingly, the methods chosen must be in the spirit of the theory of communicative action. These methods must be able to uncover the social reproduction processes of the organisational (accounting) lifeworld. In the same time, they should encompass specific important premises, that is, the notion of self-reflection, mutual understanding which permits the opportunity to equally raise the validity claims and emancipatory-cognitive interests or allows historical-hermeneutic sciences and discursive processes. This study is thus an attempt to constitute methods of gathering data by combining or selecting methods from both well-known methods in social science and those from critical social study.

First of all, this study recites the research question and relates it to the critical accounting study paradigm. As described in an earlier chapter, the research question is the organisational actors' accounting language communicative competence. This study
postulates that it implies judgement and decision to operate a particular level of accounting practice, in which the practice is influenced by particular circumstances and considerations. What this study means by a particular level of accounting practice in mind is best described by offering a Javanese Language Speech Level metaphor. Seen from the theory of communicative action perspective, accounting language communicative competence depicts a process of reproduction of both symbolic and material reproductions of the lifeworld. In this respect, this process delineates the roles of organisational actors in shaping, sustaining, producing and reproducing, and transforming accounting theoretical knowledge and practice. It is assumed that in this process the organisational actors follow their interests, rationality, motives and intentions by regarding their surrounding circumstances. From this perspective, accounting language communicative competence represents a changing product of a continuously changing society. Put another way, this study strives to understand why an organisation employs a specific accounting practice and how it changes. Since accounting cannot be separated from human desires and interests, this study is concerned with the role of human actors as social agents. Therefore, it analyses the research question from a societal point of view.

With regard to Habermas's conceptual insights, the research question seems to follow his fundamental ideas. In this respect, Pussey (1987) encapsulates/condenses Habermas's magnum opus theoretical concerns. He argues that Habermas's main questions are as follows. 1) how can we make decisions on how to act in a world where traditional myths, both moral and political, have lost their force and where commonsense approaches to conflict resolution have been undermined by market and administrative structures? 2) how can we save democracy when it seems an unobtainable ideal? 3) how can we create the conditions for democratic participation in everyday life? (quoted in Burrell, 1994, 5). With regard to the research question, this study claims that it can be related to Habermas's main concerns. From the accounting point of view, question 1 implies managerial judgment and decisions to employ a
particular level of accounting practice. Question 2 implies the ideal state of developing accounting theoretical knowledge. Question 3 implies the necessities required to understand this accounting practice with the intention to change.

In this chapter, this study will elaborate a number of research methods deemed relevant to the inquiry. The selection of these methods considered that the selected methods are characterised by Habermas's conceptual insights, that is, the theory of communicative action. Thus this chapter will represent an elaboration of my conceptual thinking described in chapter 5, which is particularly depicted in figure 2. This figure discloses that accounting practice as a social process follows Habermas's conceptual analysis of social process. In other words, this study attempts an analysis employing Laughlin's (1987) development of Habermas's methodological approaches. Since these approaches are not operational, this study elaborates them into practical methods. In its discussion, it will describe Habermas's refined methodological approaches first. Then, this explanation will be followed by the elaboration of these approaches, that is, the quasi-ignorance stage, the formation and extension of critical theorems, the enlightenment process, and the selection of appropriate strategies. After describing them, this chapter will end with concluding remarks.

Epistemology of knowledge within critical accounting study

Having recited the research question, this study then goes on to the formulation of Habermas's conceptual insight into methodological approaches. His theory of communicative action needs to be elaborated so that it can be operationalised, since his concepts alone are not operational (Laughlin, 1987; Broadbent et al. 1991). To formulate it, the study looks at Habermas's other books. In this respect, this study maintains that using Habermas's theory of communicative action inevitably involves his other theoretical concepts, particularly the knowledge-constitutive interest (in
Knowledge and Human Interests) and the relation between theory and practice (in Theory and Practice). Even these books are not enough to disclose Habermas's works (Burrell, 1994; Broadbent et al. 1991), at least, the essence of these books will be sufficient for conducting this research in line with its purpose.

The essence of these books will be recited in this and the following paragraphs. Habermas's theory of society actually involves the program and the conceptual strategy of a theory of society which has practical aims (Habermas, 1974, 10). To produce theoretical knowledge, Habermas reveals three methodological approaches. One of them, which is called emancipatory knowledge of interest, allows the process of reaching shared understanding. This approach permits every individual to have an equal opportunity to express his or her speech. The state of mutual understanding will come up with an understanding of the object of study being investigated and will initiate a process of change. The notions "understanding and change" can be elaborated using Habermas's three criteria of transforming theory into practice. These criteria (the formation and extension of critical theorems, the enlightenment process, and the selection of appropriate strategies) can be found in his statement,

the formation and extension of critical theorems, which can stand up to scientific discourse; the organisation processes of enlightenment, in which such theorems are applied and can be tested in a unique manner by the initiation of processes of reflection carried on within certain groups toward which these processes have been directed; and the selection of appropriate strategies, the solution of tactical questions, and the conduct of political struggle. (1974, 32)

At the determination of critical theorems stage, a researcher, Habermas ascertains, should obtain a true statement of information. With regard to this study, the researcher should determine: a) the position of the existing accounting language (practice) speech level; b) the position of the organisational actors' accounting theoretical knowledge (historical background); c) the overall organisational needs of accounting information; and d) attain any internal and external influences. At this stage too, the researcher should employ techniques, such as dialogue that permits researched
participants to express their true ideas with an equal opportunity of uttering their say and offering a chance to criticise the validity claims. Obtaining information in this way permits the researcher to gain an "understanding" of the real situation of the phenomena being studied, hence the accounting language communicative competence. This process can only be formulated under the precondition that those engaged in scientific work have the freedom to conduct theoretical discourses (Habermas, 1974, 33).

The next stage is the enlightenment process. It is the stage in which a researcher offers his or her authentic insights (critical theorems), validates his or her theories and then enlightens (discusses with) the researched participants. Hence, the outcomes of the determination of the critical theorems, combined with his or her own theoretical knowledge of what should be, are to be addressed to the researched participants. The researcher offers his or her concepts that promote a better accounting practice. This stage is crucial too, because it will affect the successful outcomes of the ensuing stage. In this respect, if the theory addressed by the researcher satisfies or makes aware the researched participants, then they will be induced. If it is not, the result will be the reverse. In other words, it is the stage where the researcher arrives at consensus with the researched participants throughout the process of communicative rationality. In this regard, the researcher and researched participants have equal rights to express their speech and criticise the validity claims. Thus, the important quality of this stage is to make aware the researched participants so that they are induced to take action. Therefore, Habermas emphasises that this process should achieve a particular state in which it will open the way to the following stage. He asserts

The theory serves primarily to enlighten those to whom it is addressed about the position they occupy in an antagonistic social system and about the interests of which they must become conscious in this situation as being objectively theirs. Only to the degree that organised enlightenment and consultation lead those groups toward which this is directed actually recognising themselves in the interpretations offered, do the analytically proposed interpretations actually become consciousness, and does the objectively attributed situation of interests actually become the real interest of a group capable of action. (1978, 32)
Additionally, Habermas appends that the process of enlightenment can only be organised under the precondition that those who carry out the active work of enlightenment commit themselves wholly to the proper precautions and assure scope for communications on the model of therapeutic "discourses" (1974, 33-34).

The last stage is the selection of appropriate strategies. This process involves re-evaluating the organisational and individuals' lifeworld, system and the steering media which influence the decision, making suggestions, and monitoring the process and progress of change. However, it should be noted that the decision to conduct the action is not the researcher's decision, but rather belongs to the researched, because the researched themselves are the final authority. Correspondingly, after introducing his or her suggestions, the researcher becomes a guide, facilitator or invigilator whose role is to stimulate, monitor and to give guidance. To Habermas, the achievement or the success of this stage implies successful self-reflection (1974, 29). This decision should consider all of the possible alternatives regarding the omniscient advantages and disadvantages as well. Thus, the decision to adopt and engage a particular action should be the result of a discursive process. The trial and error method should be omitted. It would be costly for organisation to take that risk. Habermas puts forward his concern of this danger as follows. Decisions for political struggle cannot at the outset be justified theoretically and then carried out organisationally. The sole possible justification at this level is consensus, aimed at practical discourse, among the participants, who, in the consciousness of their common interests and their knowledge of the circumstances, of predictable consequences and secondary consequences, are the only ones who can know what risks they are willing to undergo, and with what expectations. (1974, 33)

To fulfil this process properly, Habermas appends that "a political struggle can only be legitimately conducted under the precondition that all decisions of consequence will depend on the practical discourse of the participants..." (1974, 34).
At this stage, it is the researcher's influence to bring his or her theory into practice which initiates the accounting change. Without being practiced, theory will be left as an abstract idea. "Every theoretical direction or divergence of views", Habermas maintains (1974, 35), "must immediately be transformed into an organisational issue if it is not to remain mere theory, an abstract opinion, if it really has the intention of showing the path to its realisation". Thus the enactment of the researcher's theory into practice describes an initiation of an organisational change. In this respect the notion "change" in the critical accounting study becomes apparent. It is obvious then that by the enactment of Habermas's three stages of methodological approaches for mediating between theory and practice, the notion of "understanding" the phenomena being studied becomes clear and then, in turn, it likely makes the process of change possible. In short, based on enlightened consensus, possible changes are suggested, evaluated and finally implemented.

Vindicating these three stages, Burrell (1994), Jackson (1985), and Mingers (1992a) maintain that Habermas's concept of the transformation of theory to practice, indeed the interest constitution theory, is sufficient to be operationalised. For Burrell, knowledge-constitutive interest can be used as a fundamental basic to operationalise research based on the theory of communicative action. In this respect, he states that "Habermas's theory of knowledge-constitutive interests provides operational research with a strong framework through which it might come to know political choices through which differing clienteles might be served" (1994, 7). However, for Broadbent et al. (1991) and Laughlin (1987), formulating methodological approaches merely from these three stages alone has not been sufficient. Laughlin (1987) develops Habermas's three methodological stages by adding one more step prior to the formation and extension of the critical theorems stage, namely the quasi of ignorance stage. This additional stage might be useful particularly for analysing society in a micro-organisational context, because Habermas's theory of communicative action deals with a concept of society as a whole. Whereas, in the accounting sphere, society refers to a micro-organisational...
society. Thus, these methodological approaches need to be developed to a more specific stage. It is this stage that depicts virtual ignorance (Laughlin, 1987). In this regard, virtual ignorance refers to a general understanding about ordinary accounting systems and organisations before conducting any research.

In association with its aim, this study follows Laughlin's (1987) development of Habermas's methodological approaches. The argument is that the quasi-ignorance stage is naturally inherent within research preparation. Any one who wants to conduct a research must undertake this step. Indeed, quasi-ignorance depicts any activity related to research preparation, from conducting a study of literature (the development of a research question at the same time that the researcher conducts literature review) to an activity before entering a real-setting situation (cf. Mason, 1993. Preparing to enter the field). This includes a "first and second" hand preunderstanding of a research area (Gummesson, 1991), particularly, the researcher's knowledge about general accounting theory, the researcher's insight about methodological approaches which will be undertaken, and the researcher's own experiences, hence my self as a lecturer and a management and accounting consultant. These all have been the researcher's historical stock of knowledge and are very crucial considerations which should be fulfilled by a researcher. Seen from this perspective, his or her function as a researcher can be called an instrument (McCracken, 1988, 18), namely, an intellectual instrument.

Even adopting Laughlin's insight, however, this study refines it slightly. It suggests two productive modifications. Firstly, this study is concerned with an attempt at exhibiting the continuing process of the social evolutionary process. Therefore, it modifies Laughlin's design of the three stages of critical theory set in an accounting and organisational context. The design must exhibit the continually changing social process. The second one is an additional conceptual thinking process within the quasi-ignorance and process of enlightenment stages. It is this study's argument that respectively within these two stages themselves there are three steps of conceptual thinking similar to
Habermas's three methodological approaches. These steps are inherent within a researcher, in that they occur within the researcher's mind. This thought can be explained as follows: firstly, at the quasi-ignorance stage. Before entering the formulation of critical theorems stage, a researcher has to determine a critical theorem of his or her own understanding. He or she then enlightens him or herself about alternative actions that he or she will carry out when he or she meets the researched participants, events or documents. Finally, he or she has to make alternative decisions and implement them, in the sense of selecting the appropriate (true) information or data. These three steps depict an internal researcher discourse. The second thought occurs within the enlightenment stage. Based on the main idea obtained from the critical theorem stage, a researcher enlightens him or herself. It is a process in which the researcher combines his or her findings, the critical results, with his or her own theories. Then again, he or she has to select the appropriate strategies to enlighten the researched. This conceptual modification can be followed in figure 3.

A more detailed explanation can be found at the explanation of each stage. At the same time, this study elaborates these stages into critical research methods and strategies so that they become operational. Since, at the appropriate time there are no particular methods which are explicitly claimed to belong to the critical accounting study, (See also Arneson, 1993), this study endeavours to constitute them by synthesising some research methods and strategies. These are adopted from other social theories which are appropriate and can be incorporated into the theory of communicative action. In this regard, Forester (1983, 245) points out that such research requires phenomenological and structural approaches. He argues that the methods must be interpretive in nature and able to construct the sense of the situations from personal and institutional standpoints. Additionally, the methods must apprehend a procedural and social context of the study.
Quasi ignorance stage

Three methodological approaches which are inherent within a researcher's mind

The initial process of understanding and change

The process of change occurs step-by-step.

Continual changing process

Selection of strategies stage

Process of enlightenment stage

Formulation of critical theorems stage

Figure 3. The Cyclical Stages of Understanding and Changing Accounting as Social Process

In this regard, he divulges observation, participation and analysis of contextual data. Habermas himself stresses the significance of action oriented to achieve shared understanding. This insight implies the importance of discussion of the discursive method. This leads Arneson (1993) to assert that critical researchers must select research methods which best reveal dialectic in the organisation under study. In this respect, the communication phenomenon must remain primary. Therefore, it is this study that attempts to mould methods from the available well-known methods of social science into critical accounting methods.
Dialectical Self-Reflective Research methods

In the following, this study will explicate some methods which are deemed to be in accord with Habermas's methodological approaches. It is argued that every stage of these methodological approaches has specific research methods and strategies. In other words, each stage needs a different method. The difference is due to the diverse aims and emphases of each stage. Accordingly, this study will explain them in order, beginning with the quasi-ignorance stage, the formation of critical theorems stage, enlightenment stage and end with the selection of the appropriate strategy stage. This chapter will conclude with theoretical conclusion about the methods for critical accounting study.

A) The quasi-ignorance stage

Again, quasi-ignorance refers to the research preparation activities themselves. This stage delineates a researcher's historical background\(^{17}\) and his or her pre-understanding about the study. This study will inevitably explain my self, my historical knowledge and experiences and my research preparation. Therefore, initially, this study evaluates my own experiences, particularly as a management and accounting consultant. First of all, before starting this degree, I was a lecturer and, at the same time, an accounting and management consultant. In conducting a professional consultancy, I used to look at various accounting practices in different organisations. At that time, I did not pay much attention to the different practices of accounting. I did not consider why there were differences between how a company could operate a particular accounting practice and why. As a consultant, I held the view that those phenomena were

\(^{17}\)In this respect, the notion of background refers to Bohman's (1989, 387) insight who points out that background is not a particular set of beliefs, representations or intentional contents, but is rather a set of "cultures, knowledge, practices, skills, habits, and stances" that provide a set of enabling conditions for the operation of intentional states (emphasis added).
resourceful tasks. However, as a lecturer, I gradually asked myself why all those things happened. Then, when I got a scholarship to study for a doctorate degree, I started with an extensive literature review. Influenced by my personal experience, the literature review helped me to learn the fundamental function of accounting, indeed the communication of information, and I went on to the term accounting language. Examining other accounting studies lead me to grasp the role of human nature and its historical background in accounting. Besides, I also evaluated some methodological approaches, which, in turn, lead to the analysis of accounting practice problems through social theory. Finally, I grasped the fundamental and crucial insights of Habermas and his followers, including its application in some research areas. In sum, at this stage, I undertook the research preparation with a general knowledge of accounting and research methodology in mind. This general knowledge is a result of a series of methodological literature. This knowledge, pre-understanding, is very important for a researcher before he or she plunges into the empirical world (Marshall and Rossman, 1989, 34-35). The importance of a researcher's repertoire of knowledge has been a concern of Geertz (1993) too. Geertz emphasises the need for theoretical knowledge or theoretical sensitivity (Strauss and Corbin, 1990). This is a requirement of the technical advances of theory in the area of study in order to grasp, and to give meaning to, and to analyse the phenomena being studied.

However, this study does not make any presumptions about the organisation which this study researches, in the sense that it begins with an "empty hand". It commences with a sheer understanding of the organisation (the empirical world) or virtual ignorance of it (Laughlin, 1987). Nevertheless, having had working experience of some economic (business) organisations, I inevitably have some knowledge about what the real (Indonesian) organisations are. This insight leads Smith et al. (1988) to argue that it is impossible for the researcher to begin with a clean sheet, a tabula rasa.

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18 Geertz (1993) explicates that "empty-handed" does not mean intellectually empty-handed. Rather, it means that a researcher has to have sufficient knowledge about the research study area, but he or she has no idea at all about the real phenomena which will be studied.
Taken all together, this historical knowledge implies what, in this study, is meant by critical theorems within the quasi-ignorance stage. These are the critical theorems of the researcher. This manifests or yields insights in the form of a set of questions (See appendix 1), ideas or things that should be uncovered within the critical theorems stage. This may be called a research design (Marshall and Rossman, 1989; Ryan et al. 1992), case study protocol (Yin, 1989), or research guide (Brenner, 1985; Potter and Mulkay, 1985). This set of questions can be used as a guideline for gathering information. The researcher will then enlighten him or herself; indeed, the enlightenment process represents a thinking process. This process is actually an internal legitimation about what the researcher considers critical theories. After the researcher satisfies him or herself, he or she will determine alternative strategies to initiate research process in the empirical world. The strategies might be the alternative actions of how to introduce and get started on the research, how to get information using the guidelines, or how to engage action within the critical theorems stage. This is the final step of the three stages within the quasi-ignorance stage. This belief leads this study to argue that the quasi-ignorance stage is inherent within a researcher's mind.

B) The formation and extension of the critical theorems stage

The main idea at this stage is to understand the real phenomena of the object of study and to formulate the critical theories or the main problems which should be discussed. The main concern initially is to investigate the accounting practice position, in the sense of the accounting language speech (level) position, the organisational actors' accounting language communicative competence, the (true) organisational needs, and all possible circumstances which influence the organisation. Put in Habermas's terms, this study seeks to understand the organisational and individual lifeworld, individual interactions in terms of instrumental and strategic interactions (system interaction), steering media and the production of the interaction between the lifeworld and steering
media, that is, the accounting practice itself as a lifeworld - a combination of symbolic and material reproduction (See figure 2 at chapter 5). Since the lifeworld is also affected by its historical background, at this stage, the historical roots of the organisational actors' lifeworld and organisational lifeworld should be traced back.

At this stage, the formation of critical theorems, several research methods and strategies will be employed. Habermas contends that this process can be conducted in many ways, which can stand up to scientific discourse (1974, 32). It means that we can apply a technical, practical, or emancipatory cognitive approach (or a combination of them) provided we consider the phenomena being investigated. Subsequently, Habermas offers two ways of understanding the object of study by distinguishing and specifying two media, that is, communicative experience (understanding) and sensory experience (observation). The former refers to the things that indicate persons and utterance, whereas the latter refers to things and events (Habermas, 1974, 8; 1978, 367-368). By using these methods, we are able to distinguish what object can be grasped through communicative experience and what object should be uncovered by employing sensory experience.

In relation to the aim of this study, Habermas's suggestion can be explained as follows. On the one hand, to understand the organisational actors' lifeworld, in which these relate to the persons and utterance, we have to understand the performance of utterances. In this regard, understanding refers to the communicative rationality, indeed, rationality which accentuates the roles of human actors and their reasons. Accordingly, for its purpose, this study will employ a communicative experience approach. This might be an interview, in-depth interview, conversation or an open dialogue\(^\text{19}\) in one's

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\(^\text{19}\) This study is aware that, as methods, there are subtle differences between interview, in-depth interview, conversation and dialogue. However, for its purpose, this study equates the meaning of all these terms. The argument is based on the spirit of theory communicative action. Habermas contends that a researcher must maintain to be self-reflective. The idea of self-reflective is that both researcher and researched must strive to achieve mutual understanding leading to consensus. In other words, through a discursive research, a researcher can obtain the "reality" of the social phenomena. Thus, whatever the form of communication (interaction) between a researcher and a researched, as long as the
own situation, and a group interview. At the methodological level, critical accounting study is similar to that of the interpretive scheme, in terms of the methods of gathering information, such as the use of observation, participant observation, action research, interview and dialogue. However, the critical accounting study emphasises, and has to maintain the condition of the ideal speech situation. In that way, all participants (organisational actors or the researched) and the researcher can reach mutual understanding, through raising the validity claims, that is, through discursive research. Broadbent and Laughlin (1994) are also concerned with the ideal speech situation. They claim that this situation enables accounting discourse to become an emancipatory element rather than a limitation on action when decisions are being made.

On the other hand, to understand the organisational lifeworld and the system integration (mechanism), this study will employ sensory experience. This might be an observation and/or a participant observation. These methods are argued to uncover the organisational lifeworld and the impact of the system mechanism, such as the level of the existing accounting language, particularly the existing accounting technical craft, the organisational needs of accounting information and reports, the way the organisational actors communicate in terms of accounting language (instrumental and strategic actions) and the influencing steering media, such as the taxation, Indonesian accounting standards, and other business law.

a) Communicative experience

With regard to the communicative experience, an interview and dialogue as a research method can be explained as follows. It should be noted that Habermas's methodological approaches centre on the significance of emancipatory assessment. The emancipatory techniques of gathering information, which also raise the validity claims, communication is conducted within this spirit (communicative experience), it will yield the same authentic understanding. Accordingly, this study does not distinguish between these terms.
are more conversational, and are not merely interviews. For conversation is almost a constant activity of human beings (Benney and Hughes, 1984). Only by conducting conversation, indeed a dialogue, can the participants, both the researcher and the researched, build mutual understanding and shared knowledge based on agreement. For Burrell (1994), agreement is a key part of communicative action. In this regard, he argues that dialogue is paramount. The dialogue will be the best research method for this study if it achieves a level of discursive communication. In discursive communication, according to Habermas, the criterion of truth is not that a consensus has been reached, but that a discourse can create a situation in which it may be possible to arrive at a consensus (Lyytinen and Klein, 1985, 230).

Additionally, Habermas argues the significance of self-reflection in conducting dialogue in an interview. In this regard, the researcher must create a condition in which he or she can always be self-reflective. This self-reflection is subject to criticism. According to Bernstein (1985) and Pussey (1987), the notion of self-reflection is not defined clearly by Habermas. What Habermas meant by self-reflection has two interpretations; it can be an intellectual self-reflection using reason, which is necessary for knowledge to develop; or it can be a clear emancipatory message implying freedom through escape from dependence on ideology (quoted in Burrell, 1994, 7).

With regard to the research methods, specifically interview, in-depth interview, conversation or dialogue, and focus group interview, Habermas equates "self-reflection" to autonomy and responsibility (Habermas, 1978, 310-314). It is determined by an emancipatory cognitive interest. Habermas then explicates that in the process of self-reflection, knowledge and interest are one. This means that self-reflection can be traced back to dialogue and the reconstruction of what has been raised in the dialogue itself. Therefore, during this stage, the researcher must maintain self-reflection (cf. Smircich,
1983\textsuperscript{20}. Furthermore, Habermas argues that analytical knowledge itself is self-reflective, in the sense of analysing knowledge critically. This can be conceived by explicating three characteristics of analysis. First, analysis includes two equally important qualities, cognitive, and affective and motivational. Secondly, analysis leads to make aware someone that the ego of someone recognises itself in its other, and in its own alienated self and identity with it. Finally, to be analytical, one should have undergone training (Habermas, 1978, 233-236). In this respect, in furthering knowledge, there is a need to train and be trained in analysis.

Even though there is no systematic procedure to assist this reflection, Habermas proposes two additional conditions for reflection model.

1. a reflective mode requires an institutional setting that fosters a dialogue (of psychoanalysis) and frees participants from possible distortions.
2. this dialogue can only proceed in mutual understanding and in increasing the intersubjectivity by gradually improving meanings through interaction. (Lyytinen and Klein, 1985,230)

The success of self-reflection is, Lyytinen and Klein (1985) have maintained, dependent upon the ability of participants to liberate themselves from barriers to knowledge, renounce false beliefs and assumptions and remove their own intellectual and emotional resistance.

Given the essence of Habermas's methodological approaches, this study then adopts the following methods. Interview, in-depth interview, conversation or dialogue and group interview. The use of each approach must fit the study's aim and the phenomena which are to be understood. Each method will be explained with regard to its advantages and disadvantages. First, the interview. The idea of interview has been long time ago. Allport (1942) pointed out that if you wanted to know something about

\textsuperscript{20} Smircich (1983, 164) maintains that a researcher must be able to reflect participants' reality, in the sense that the researcher must have the same image as the participants.
people's activities the best way of finding out was to ask them (quoted in Brenner, Brown and Canter, 1985). In other words, we cannot judge or interpret people's real activities without directly questioning or interviewing. The value of this is that it allows both the researcher and the researched to explain the meaning of the conversation. In this respect, Brenner, et al. (1985, 3) asserts that "only when the researcher and the researched have the possibility of communicating directly with each other that the subtleties of the mutual understanding between the two parties can be harnessed". If the interview is undertaken without any domination (Benney and Hughes, 1984), it will benefit both the researcher and the researched. Additionally, an interview provides more intimate familiarity with social life and produces more valid knowledge through detailed, dense acquaintanceship (Lofland, 1976, 8 quoted in Brenner, 1985). Therefore, an interview for gathering information is important.

An interview, Marshall and Rossman (1989) claim, is data collection techniques that may be described as an interaction involving interviewer and interviewee. Additionally, Mishler (1986) states that interview is a form of discourse involving questions and answers. This method allows a researcher to obtain large amounts of data quickly. Combined with observation, this method allows the researcher to check description against fact (Marshall and Rossman, 1989). However, following Habermas's methodological approach, this study refines this method so that it grasps the spirit of self-reflection, namely an interview leading to conversation. The aim is to achieve cooperation, that is, a personal interaction. Good cooperation makes the process of mutual understanding possible, that is, our (researcher's) knowledge becomes his or her knowledge and vice-versa (Habermas, 1978, 231). This situation leads to a consensus. However, this method does not come without any limitations. The limitations, Marshall and Rossman, (1989) explain, among others, are that the interviewer must have good listening skills. He or she must be skilful at personal interaction and question framing (See also Mason, 1993). From the information point of view, voluminous data may be obtained, but such data may be difficult to manipulate. The other limitation is
variability, both due to the variability from one interviewee to another and the variability among the responses of particular individuals (McCracken, 1988; Potter and Mulkay, 1985).

The other method which is in the area of communicative experience is group interviews or focus group interviews (Herndon, 1993; May, 1993). Group interviews must be differentiated from a traditional interview format and from group interaction. Group interviews, according to Greenbaum (1988), have four characteristics: multiple respondents performing together; interaction of participants; presence of a researcher; and a discussion outline (quoted in Herndon, 1993. with emphasis added). Focus group interviews provide more reliable information, because this method produces information in and of itself (Herndon, 1993) and provides information which cannot be obtained from individual interviews (D.L. Morgan, 1988). It can be used to stimulate new ideas and creative concepts, which often come out with serendipity group's ideas, and to generate an impression for the normative capacities of accounting information (adapted with emphasis from Stewart and Shamdasani, 1990, 15). Additionally, focus group interviews offer synergistic information rather than a sum of individual interviews (Lederman, 1990). Concerning the quality of information produced by this method, Tim May (1993) believes that this is the most valuable method of investigation. In addition, this method can be used in triangulation as well. Besides, for the particular aim of this study, it holds that focus group interviews allow or can help to achieve consensus. In association with the purpose of this study, the researcher has to determine or form an appropriate group. The formation of focus group interviews can be determined from the type of information or knowledge to be obtained (Calder, 1977), the type of task and the type of interest. Thus, again, depending on the study's aim and the situation of the empirical world, a researcher has to determine a suitable focus group interview.

In this study, individual interview, on the one hand, is appropriate for proceeding and obtaining the organisational actors' (accounting) lifeworlds, such as individuals'
background, their individual detailed tasks, their understanding about accounting, and
the way they produce and use accounting information. Focus group interviews, on the
other hand, are appropriate for understanding questions similar to those for the
individual, but these are directed at the organisation as a whole, such as a department or
division. Thus this method is chosen for proceeding and obtaining general background
information about the organisation, the way each department uses and communicates
accounting language, the way each department produces and uses accounting
information, how it specifies particular needs and organisational policies. One aspect
that is also important is the diagnosis of potential problems.

In sum, to understand individuals' and organisational lifeworlds, this study will
employ a communicative experience method. Through this method, it is held that a
researcher can attain true understanding of the real phenomena due to the achievement
of a consensus. In addition, within the spirit of communicative experience all those
affected by this study, (the researcher and the researched), should be involved and
should contribute to the outcome. (cf. participatory action research, Gummesson, 1991;
Whyte, 1991a).

b) Sensory experience

To uncover the organisational system mechanism including instrumental and
strategic interactions and the steering media, this study, as Habermas suggests, will
employ a sensory experience method. This method fits the understanding of things and
events. In other words, things and events can be best understood if they are obtained
through sensory experience. In its implementation, the sensory experience takes form in
some types of observations. The types of observations are distinguished by the level of
immersion, involvement and/or acknowledgment of the researcher. For instance, Gold
(1969) classifies it into four levels of researcher's involvement. However, this study
decides to follow two common classifications, that is, the systematic (complete,
unobtrusive, simple, or free) observation and the participant observation (See Dane, 1990; Kane, 1983; Kellehear, 1993; May, 1993). The argument is that not all the things and events can be obtained by employing a systematic observation alone, and vice versa, not all the things and events can be understood through participant observation. The decision to choose either observation or participant observation depends on the types of things, events or activities associated with the purpose of this study. However, it should be noted that in its implementation, these types of observations are not separable. It can be undertaken in the same time or in turn.

To this extent, things and events can be best understood through the interpretation of systematic observation which secures intersubjectivity. Literary observation refers to an act of watching or looking at a particular phenomenon. Observation as a method refers to an activity to pursuing and obtaining descriptive information by observing, looking, listening, and experiencing things and events the subject of the study, to interpreting them and, in turn, to giving meaning to the information obtained (Kellehear, 1993). The act of observation can be free or structured (Kane, 1983). In free, complete or simple observation, an observer or researcher only watches and documents what he or she is doing. In structured observation, the researcher has a specific activity to observe. This method has several advantages. For Kellehear, it forces the observer to familiarise himself or herself with the subject; it allows previously unnoticed or ignored aspects to be seen; and it produces more meaning or valuable understanding. Hence, people’s actions are probably more telling than their verbal accounts. Thus it helps to widen the researcher’s nuance, and produces holistic understanding (Gummesson, 1991). Nevertheless, this method comes together with its limitations. One of the obstructions of conducting observation is the ability to witness and cover all the germane aspects of the phenomena in question (Shaffir and Stebbins, 1991). This might be because a researcher cannot be in two places at the same time (Dane, 1990). In addition, there is a problem with memorising, in that it is difficult
to recall what the researcher has observed (Kellehear, 1993). These categorise the incompleteness of the observation.

Systematic observation, according to Gummesson (1991), is appropriate for understanding processes or changing phenomena. For Kellehear, it contributes to obtain information about exterior physical signs, physical location, and language behaviour. In this study, external physical signs refer to the signs put into the organisation, particularly in the office or site plant, such as planks or other information boards showing each department or other activity, accounting records, archival systems, documents and tags for inventories. These signs, to some degree indicate or reflect the feeling of how valuable or important accounting information is for the organisation. Physical location describes the buildings including office and site plant, room distribution, personal space in the office, storage and the way management arranges inventories. Language behaviour hints at the way the accounting officers and other actors manage and maintain accounting records and, in turn, communicate information. In general, observation is suitable for obtaining information and interpreting documents, such as those relating to the establishment of the company and related documents, accounting records and documents, accounting reports, production reports and personnel reports. This documentary interpretation, which consists of identifying an underlying pattern behind a series of appearances, helps to construct meaning and to understand the underlying pattern (Wilson, 1971, 68).

However, to a certain extent, observation alone cannot uncover or interpret things and events. Depending on the definition of what is to be observed, this study should adopt a participant observation which Gummesson (1991, 73) calls action research or action science (See Argyris and Schöen, 1991; Cohen and Manion, 1989; Whyte, 1991a). This method has the same starting point as the quasi-ignorance stage, that is, a researcher has no idea at all about the phenomena under study. To May (1993), participant observation makes no firm assumptions about what is important. Therefore,
he contends, this method encourages a researcher to immerse him or herself in the day-to-day activities under study. Additionally, he argues that only by conducting and experiencing a detailed and meticulous participant observation can a researcher attain understanding of what is being studied. In short, participant observation is basically and characteristically akin to systematic observation. However, unlike systematic observation, this method emphasises the significance of the researcher to have experience or to become part of the day-to-day activity under study and to interact with people (researched) in order to enhance the researcher understanding.

Burgess (1984, 79) contends that participant observation facilitates the collection of information of social interaction in situations as they occur rather than in artificial situations that are provided by the researcher. Seen from Habermas's point of view, this method is a combination between communicative experience and sensory experience, for it fuses two separate activities together, these being observation and discursive communication. Taylor and Bogdan (1984) add to this by stating that this method enables a researcher to collect information systematically and directly. It is characterised by an immediate participation of the researcher in the social processes being studied, because the researcher becomes a member of the system and behaves towards other researched. Accordingly, the researcher will experience reality directly. Participant observation provides some advantages. One of them is flexibility, in the sense that a researcher can continue or alter the focus of observation in accordance with theoretical developments (May, 1993) or with the ability to manipulate events or situations (Yin, 1989). As a result, he or she can focus his or her research inquiries. Participant observation makes possible to gain access to events and also helps to gain rich detailed information based on observations in natural settings. This enables a researcher to perceive reality from the viewpoint of someone "inside" (Yin, 1989). In this method, the researched not only gives information, but is also asked to get involved in the research process (Mayntz et al. 1976; Shaffir and Stebbins, 1984). As a result, this method greatly assists in understanding human actions and brings with it new ways of viewing
the social world (May, 1993). This process, the involvement between the researcher and researched participants, opens the way to conversation which makes an iterative process possible which Habermas argues is a very important process in achieving mutual understanding. However, this method faces some difficulties. First, to become part of the day-to-day activities of the social phenomena under study, a researcher must be accepted by that society. There is no magic way to overcome this problem. Secondly, there might be a personal discomfort due to the presence of the researcher (May, 1993, 119-120). Accordingly, a researcher must exhibit empathy, open-mindedness, and sensitivity (See Gummesson, 1991; Shaffir and Stebbins, 1991, particularly part II). Thirdly, there might be a problem in contriving cooperation. Finally, it is often time-consuming, and in addition there is the problem of remembering.

In relation to the aim of this stage, the formation and extension of the critical theorems stage, participant observation helps to decide what aspects of the critical problems the researcher really wants to look at, and to clarify them (See Kane, 1983, 55). Vindicating its nature, this study believes that participant observation makes it possible to understand and grasp the main problem in the study and, in turn, enables a researcher to suggest change for a better situation. In this study, this method is appropriate for understanding the existing instrumental and strategic interactions, such as the flow of accounting documents, the processing of production reports, inventory reports, financial reports, accounts payable and receivable reports, the payment of accounts payable, incoming raw materials and the shipment of final goods. The way the accounting staff do the clerical works is also observed by this method. In this situation, both the researcher and the researched undertake the research process and interpret it together in order to obtain authentic information.

Having discussed several types of methods, this study puts forward one significant thing, that is, the carrying out of the research itself. In carrying out the research, the methods described above are not undertaken separately, in the sense that,
for a particular purpose, the study undertakes a particular method. Rather, these methods are sometimes undertaken simultaneously or in turn depending upon the occasion and situation. In other words, these methods are theoretically and methodologically different. Each method has its own aim and particular application. But in the field, by considering the occasions and situations, this study does not apply them separately or one-by-one; but rather it employs two or more methods at the same time. The argument is that each method is designed for a particular type of research and for a particular society, community or population. This study assumes that an organisation is a micro model of society with a complex community and complex interactions. Thus, inevitably this study, sometimes, employs one or two methods simultaneously.

Finally, this study undertakes a triangulation, that is, a process of bringing more than one source of information, through the methods described above, and comparing them so that a researcher can formulate a conclusive understanding. In this study, the conclusive understanding is the critical problems that should be addressed and discussed with the organisational actors. To acquire true understanding, accordingly, this study cannot judge or interpret information obtained merely from one method. For Cohen and Manion (1989), exclusive reliance on one method may result in a researcher's bias. To avoid bias, this study undertakes a triangulation. Employing it, which Sanday (1983) calls a variety of data collection, enables a researcher to cross check the result obtained from the applied methods. To some extent, a multiple triangulation is undertaken, in which it analyses, compares and interprets all information obtained from all sources through both communicative and sensory experiences. Among multiple triangulations proposed by Denzin (1970), this study decides two types which are appropriate to the occasion in the field, that is, combined levels of triangulation (using more than one level of analysis: individual and group levels) and methodological triangulation (using different methods and techniques - sometimes a quantitative method) (Cohen and Manion, 1989; See also Hakim, 1987; Hickson and Jennings, 1993).
However, the triangulation process undertaken by this study is theoretically and methodologically different from those processes frequently used by other social researches. It is this study's argument that the other social theorists, like Cohen and Manion (1989); Gummesson (1991); Hakim (1987); Hickson and Jennings (1993); and Marshall and Rossman (1989) still envisage the triangulation process from the monological point of view. They hold that information were as if artefacts, indeed the information is objectively \textit{out there}. Therefore, they strive to compare it to the other sources like comparing artefact data. In contrast, this study argues that information cannot merely be compared, but rather, it must be discussed until the researcher and the researched participants arrive at a shared understanding. Thus, the difference is that this study is based on the spirit of the theory of communicative action. With the spirit of this theory, the triangulation process is not collecting and comparing information from multiple sources, but rather the researcher's understanding should be re-communicated to all of the researched participants. The yardstick is that their (the researched participants) understanding becomes the researcher's and vice versa. If so, the conclusion is the critical problems, and these should be ecumenical. This study calls a \textit{modified triangulation}.

C) The enlightenment stage

Within this stage, this study has argued, there are three minor steps in Habermas's methodological approaches (See figure 3.). These three steps occur in the researcher's mind which this study calls an "internal researcher discourse". To elucidate this process, this study starts with critical problems yielded from the earlier stage. The critical problems or the main thoughts have already been agreed to by the researcher and the researched participants as being the case which needs to be resolved. Since the critical problems are actually the real cases revealed by the researched participants (in which the researcher role is only directive) the researcher must enlighten him or her self
in order that these problems become inherent within the researcher's mind. Eventually, he or she thinks or processes these critical problems and combines them with his or her own accounting theoretical knowledge. Finally, the internal researcher discourse results in a selection of theoretical accounting knowledge that is deemed to be appropriate for the phenomena under study. At the same time, this process produces the selection of proper strategies for enlightening the organisational actors. It is the elucidation of a minor step of Habermas's three methodological approaches that occurs within the enlightenment stage.

At the formation and extension of the critical theorems stage, the notion of reaching mutual understanding is the process in which a researcher gains understanding of the organisational actors' world. In contrast, at this stage, the main aim is to reach mutual understanding in terms of how the organisational actors can understand the researcher's world. In this respect, the researcher can re-communicate the critical problems to be solved by introducing the researcher's accounting theoretical knowledge with the aim of producing more acceptable knowledge. In other words, it is the stage in which the researcher introduces ideas to develop a consciousness and to free those ideas from the domination of the situation, that is, to arrive at an enlightened situation. The essence is actually the representativeness of the communicative use of language. In this respect, to reach mutual understanding involves three interrelation statements, these being, "by giving expression of his (researcher's) belief, the speaker (researcher) communicates with another member of the same speech community about something in the world" (Habermas, 1990, 23). Seen from the Javanese language speech level metaphor, having understood the existing speech level, it is the researcher's role to introduce a higher level of speech or more refined language so that the researched participants are able to speak a more refined language. Indeed, they can be more competent in uttering accounting language. Using Roslender's (1992, 118) words, "theories are intended to provide insight in the form of understanding and explanation and to suggest (beneficial) ways of moving forward". Thus, the introduction of the
researcher's theories is to help the organisational actors to have better knowledge in order to enable them to use accounting better or to have better accounting language communicative competence.

With regard to the insight being enlightened, the researcher offers a general normative and imperative nature of accounting which is germane to the agreed conclusions from the earlier stage. In general, the researcher can introduce how to manage organisational economic data through such accounting systems that can provide "relevant information for decision making, with the achievement of a rational allocation of resources and with the maintenance of institutional accountability and stewardship" (Burchell et al. 1980, 10). In particular, the researcher can open a discussion about the specific needs of each individual or department. In this process, a researcher must maintain being self-reflective and must direct a discursive discussion so that this process can arrive at mutual understanding.

Given the importance of reaching consensus, this study agrees with two important points suggested by Laughlin (1987). First, that the success of the introduction of theoretical accounting knowledge is dependent upon the equal position between the researcher and the researched participant. This position allows both sides to raise the validity claims. Lyytinen (1992, 173) elaborates further of how to raise validity claims. He points out that in the situation of gaining mutual understanding, the barriers that prevent people from raising validity claims should be identified and the researcher should include a critical evaluation of how these could be relaxed. Through this process, the discussion will arrive at its aim, hence both sides are aware of the best and most appropriate position of the accounting speech level. Secondly, Laughlin contends that the involvement of the researched participants in determining the most appropriate level of accounting is vital and this will encourage and drive them to take actions toward change, particularly in the following stage. This is exactly what Habermas means by "a political struggle can only be legitimately conducted under the preconditions that all
decisions of consequence will depend on the practical discourse of the participants..." (1974, 34). In this respect, the role of a researcher is only as a facilitator. The decisions and actions are the organisational actors' rights. Accordingly, the most important role of a researcher at this stage is to engender the researched participants' awareness of the necessity for a better situation.

In an attempt to engender awareness, the notion "aimed at shared understanding" becomes more crucial, in the sense that a researcher must direct coordination based on consensus. At this stage, the researcher should introduce his or her rational ideas. His or her introduction must engender consensus. So that the enlightenment process can achieve consensus, the researcher should constitute discussion in a situation in which all participants have the possibility of raising their argumentative reasons. The discussion of these reasons, to Habermas, implies communicative rationality. This discussion should promote intersubjective recognition for criticisable validity claims. In this respect, the validity claims can be criticised, identified and corrected. It is the discussion that allows the enlightenment process to reach mutual understanding, which, in turn, allows organisational actions based on consensus. In addition, in conducting the speech act (enlightenment process), the researcher must maintain appropriate types of speech-act modes in accordance with the types of validity claims. The types of speech-act modes are constatives, regulatives and representatives.

Given the significance of consensus, Habermas asserts that in actions at achieving mutual understanding, the actor (researcher) cannot avoid embedding his or her speech act in precisely three-world relations. He argues that when saying something, a speaker always refers not only to something in the objective world, but also to something in the social world and something in the subjective world (Habermas, 1990, 25). These relationships, in turn, imply validity claims that would be present in pragmatic conditions. Thus, even in the accounting realm, in enlightening the organisational actors, the researcher has to incorporate the accounting knowledge into
these worlds. This leads Arrington and Puxty (1991) to maintain that accounting can be criticised by considering these three worlds (See also Broadbent and Laughlin, 1994).

The objective world can be related to the normative and imperative nature of accounting. In this respect, accounting can be for answering machines, ammunition machines, learning machines and rationalisation machines (See Burchell et al. 1980).

Therefore, by engaging the constative speech-act mode (asserting or describing), the researcher has to ensure the researched participants that, if appropriately implemented, accounting can ideally provide all these functions. Through discursive discussion, the researcher and the researched participants can raise validity claims which relates to either theoretical truth or success.

The social world can be attributed to the existing state of affairs in which accounting operates. It represents the accounting language speech level being used in an organisation; of course, it also represents the individuals' ability to utter this language. The existing accounting language permits the establishment and renewal of interpersonal relations, that is, the way the organisational actors communicate with this language. In relation to the introduction of the higher level of accounting speech, the researcher should be able to demonstrate an intended way of better communication at a better accounting speech level. In Arrington and Puxty's view, "accounting is contestable in terms of its relation to identifiable generalisable interests that can be differentiated in any number of ways (cultural, legal, organisational, social, political, etc.)" (1991, 42). For them, this infers a teleological model of accounting practice. The enlightenment process should be given in a regulative speech-act mode. Indeed, the researcher explains clearly which accounting knowledge can be employed and which cannot. The validity claim that can be raised in this discourse is an appropriateness or rightness, in the sense that a particular level of accounting language is appropriate for a particular situation. According to Arrington and Puxty, rightness can be described "as a claim that the action is grounded in the collectively recognised expectations of community with respect to norms of action" (1991, 41).
The subjective world can be associated with both an internal level, that is, individuals or organisational (group or departmental) need of accounting, and an external level, that is, the influence of other institutions. The first represents the need of individuals or departmental for particular accounting information, policy or treatments. The second refers to the existing laws or accounting rules which govern organisational accounting choices. Even though, in Habermas's view, the subjective world is representative of a speaker's (researcher's) world, in this regard this study envisages that a researcher is reflective, indeed, he or she enacts or reflects the organisational accounting world. In this respect, Arrington and Puxty believe that

Accounting is a form of action that represents the actions of others in ways that are obvious in terms like performance evaluation, responsibility accounting, efficiency, etc. ...Indeed, the subject comes to see herself through the language of accounting, such that the very notion of self-identity (ego) is constructed, in part, through accounting (alter). (1991, 43)

Thus, in this context, the researcher's role is to reflect the researched participants' needs, desires and motives. This will be more apparent during the discourse. In the discussion, the researcher must engage a representative mode of speech-act, in which he or she must re-express the intentions, attitudes and feelings of the organisational actors. The validity claims can be raised by discussing the sincerity of the researcher; indeed, both researcher and researched participants should be aware of their real needs, desires and motives.

In summary, the enlightenment process itself, the discussion between a researcher and researched participants, must accommodate these three domains. In other words, in addressing and discussing the accounting theoretical knowledge which is germane to the critical problems, the researcher must incorporate all the validity claims and regard the three world dimensions, in order to achieve agreement. However, it should be noted that communicatively achieved agreement is not reached within one
level of validity claims. Rather, it is achieved by raising the three validity claims simultaneously (Habermas, 1984, 308). Thus, the three world accounting dimensions are actually inseparable. Even though the aim of this stage is to reach mutual understanding, the process is not ultimately to arrive at a consensus. Rather, it accounts for the following actions influenced by this understanding (McCarthy, 1984; Brand 1990), indeed, the selection of appropriate strategies.

Given the discussion that the significance of this stage is to generate researched participants' awareness and to stimulate the smoothness of the ensuing stage, this study considers participatory action research (PAR) (Whyte et al. 1991) or action science (Argyris and Schön, 1991; Gummesson, 1991) or action research (Cohen and Manion, 1989) as an appropriate method. These three methods have some similarities. They, Argyris and Schön state, stem from the same action research family. They share the same values and strategies, such as collaboration and participation between a researcher and researched participants, which allow self-evaluation. They oppose sharply the conventional social research which treats organisational actors as passive subjects (Whyte et al. 1991). Moreover, these methods are appropriate for improving technical and organisational changes, and for problem solving virtually in any context in which a specific problem needs to be solved. In addition, these methods can develop theoretical knowledge. Conversely, they have slight differences in a number of characteristics. Among others is their focus. Whyte (1991b) discloses that PAR focuses more heavily on social structures and processes which entails "creative surprises" —new ideas that arise unexpectedly during the intervention process; action science focuses on interpersonal relations and intrapsychical processes. Conversely, according to Argyris and Schön (1991), action science places a central emphasis on the spontaneous, tacit theories-in-use that participants bring to practice. Action research, from another view point, is more practical and local context (Argyris and Schön (1991) and situational (Cohen and Manion, 1989). In fact, they are different methods. However, since the
difference is only slight, this study equates them all as a method and labels PAR. Accordingly, for its purpose, this study assumes that they are the same.

Having described the similarities and differences, this study will elucidate the scope of PAR and relate it to the aim of the enlightenment stage. In general, PAR can be defined as a research method in which, according to Whyte et al. (1991, 20), "some of the people in the organisation or community under study participate actively with the professional researcher throughout the research process from the initial design to the final presentation of results and discussion of their action implication". This definition implies a number of characteristics. First, there is a participation between the researcher and the researched participants. Secondly, some of the researched participant are involved not only as participants but also as the partner of the researcher. In other words, there is a cooperation between the researcher and researched participants. Thus researched participants are not passive objects, rather they are active subjects. Thirdly, there are discussions. These may bring both parties to achieve mutual understanding. The fundamental aim of this method is to promote the technical and organisational change (Cohen and Manion, 1989; Gummesson, 1991; Whyte et al. 1991). In this respect, Whyte et al. affirm that "theory without links to empirical data is likely to be sterile, and, similarly, methodology without any guidance from theory is bound to be unproductive" (1991, 43). In other words, PAR is to improve practice in some way or other. Therefore, for Cohen and Manion, Gummesson, and Whyte et al., the collaboration and participation with the organisational actors are very crucial in applying theory to practice.

Despite this, PAR provides a number of advantages. Argyris and Schön (1991, 86) believe that PAR can create an environment in which participants give and receive valid information, make free and informed choices, and generate an internal commitment to the result of their inquiry. It provides flexibility and adaptability in the sense that it is easy to change the focus of a discourse which is more relevant to the
researched participants' needs, desires and motives due to cooperation. The cooperation may equip the researched participants with new skills, sharpen their analytical powers, heighten their self awareness and generate innovatory devotion (adapted from Cohen and Manion, 1989). Like the focus group interview, PAR is likely to come out with serendipity group's ideas. Finally, it also provides a useful means for both diagnosing and suggesting therapy.

Given this description, it is obvious that basically PAR has a similar aim (to instil and spur actions) and characteristics (the importance of coordination and cooperation between a researcher and researched participants) to the enlightenment stage. Moreover, this method, this study believes, is appropriate whenever specific knowledge is required for a specific critical problem in a specific situation (adapted from Cohen and Manion, 1989). Since the use of accounting is situational and contextual, this principle seems to fit the situation of the enlightenment stage. Therefore, this study decides to employ PAR as a method for enlightening the organisational actors. However, this method needs to be refined in order to grasp the model of communicative action in achieving mutual understanding.

In so doing, this study, initially, will review the fundamental insights of the communicative action model. In this stage, a researcher and researched participants interact. The interaction must be communicative. Habermas calls interaction communicative when both sides "coordinate their plans of action consensually, with the agreement reached at any point being evaluated in terms of the intersubjective recognition of validity claims. In cases where agreement is reached through an explicit linguistic process, the actors make three different claims to validity in their speech acts as they come to an agreement with one another about something" (1990, 58). This insight can be related to something about accounting knowledge in connection with the three worlds dimensions. Thus in adopting PAR, every step should be coloured by this insight. Technically, the selection of some researched participants who become the
researcher's partner (agents) commences not at this stage, but at the critical theorems stage\textsuperscript{21}. In instilling his or her ideas about accounting theoretical knowledge, the researcher enacts enlightenment in two ways, either directly to the organisational actors or through the agents. In the latter, the researcher can persuade the agents to accept a speech-act offer by guaranteeing that he or she will redeem a criticisable validity claim. Likewise, the agents will, in turn, carry out the same process to all of the organisational actors. To promote a discursive discussion, both sides must have autonomy and responsibility respectively. In this way, any decision implies an absorption of theoretical knowledge based on agreement or consensus yielded from communicative action. This improved knowledge can be traced back to the historical process of achieving consensus. It is this knowledge that confirms Habermas's thesis that "the unity of knowledge and interest proves itself in a dialectic that takes the historical traces of suppressed dialogue and reconstructs what has been suppressed" (Habermas, 1978, 315).

D) The selection of the appropriate strategies stage.

At the selection of the appropriate strategies stage, the researcher and the researched participants will evaluate again the impact of the enlightenment process. The evaluation especially focuses on the change of the individual lifeworld and accounts for all possible influencing steering media. It is this stage that delineates a process of organisational change as a whole. The process of change takes place in two interrelated integrations, that is, social and system integration (See figure 2). The former delineates an improved knowledge based on the outcomes of the enlightenment stage. This knowledge, accounting theoretical knowledge, is a result of an agreement between a researcher and the researched participants. Thus, this is not knowledge which is

\textsuperscript{21} In practice, we cannot separate every method strictly. These methods are not mutually exclusive. They sometimes overlap in their use. In its application, this study does not use a particular method for a particular stage; rather, it applies them simultaneously or, in turn, regards the different emphasis and aims.
enforced by the researcher's knowledge. This improved knowledge will influence organisational actors to make rational decisions to change the level of accounting practice. In other words, social integration implies the organisational actors' improved knowledge resulting from the enlightenment stage. The latter, system integration, depicts the accounting practice speech level and any impact (steering media) that should also be taken into consideration in selecting an appropriate level of accounting practice. These impacts are economic and bureaucratic considerations. Economic consideration refers to costs and benefits rationality, whilst bureaucratic consideration refers to compulsory rules that should be complied with. Based on this evaluation process, the researcher and researched participants arrange the appropriate steps to be undertaken in order to improve the organisational condition. Nevertheless, it should be kept in mind that at this stage, the researched participants themselves should provide their own development path under the guidance of the researcher.

With regard to improved knowledge, this social integration becomes very important in terms of affecting the following actions. Arrington and Puxty are also concerned with the significance of knowledge. They maintain that "we first need knowledge of how a polity interacted to produce a practice like accounting before we can make intelligible judgements about the objective success of accounting, the normative rightness of accounting, and the validity of accounting's influence in the private lives of those affected by its practice" (Arrington and Puxty, 1991, 45). This enhanced knowledge actually refers to a connection between knowledge and interest. The nature of this connection leads us to determine the appropriate steps to be undertaken. This connection can be clearly conceived by deciphering the following statement.

Statements about the object domain of things and happenings (or about deeper structures manifesting themselves in things and happenings) can only be retranslated into orientations governing purposively rational action (i.e. technologies and strategies). Likewise statements about the object domain of persons and utterances (or the deeper structures of social systems) can only be
retranslated into orientations governing communicative action. Knowledge-constitutive interests preserve the unity of the systems of action and experience with discourse. They preserve the latent nexus between action and theoretical knowledge. They are responsible for the transformation of opinions into theorems and of the retransformation of theorems into action-oriented knowledge. (Habermas, 1978, 370)

This statement suggests that the transformation of theory into practice is nothing other than a theory-constitutive interest itself. In other words, to transform the outcomes of the enlightenment stage into practice we should determine strategies that are characterised by this insight. Hence, improved knowledge is a precondition to altering the technical level of accounting. Given the interrelation between social action, social integration and system integration, and the importance of knowledge to compel the implementation of theory into practice — which, in turn, affects the accounting practice — the selected strategies must make possible the process of change of symbolic and material reproductions (c.f. Laughlin, 198722). The strategies, this study argues, include all of the methods that have been described above, particularly a modified PAR.

The decision to employ a modified PAR at this stage is based on a number of reasons akin to those at the enlightenment stage. The enlightenment stage contains more theoretical content, in contrast to the selection of appropriate strategies stage which is more practical. Correspondingly, the strategies must be practical strategies as well. The success of this stage is, Habermas has argued, dependent upon the practical discourse of both the researcher and the researched participants. The discourse leading towards reaching understanding is possible if those involved in the study can offer their individual argumentative reasons. PAR makes possible the achievement of this practical discourse, because there is cooperation. In addition, this study argues that if we can maintain a communicative action-characterised PAR, this method can embrace an ideal speech situation.

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22 Laughlin (1987, p 495) indicates three strategies for accounting change, that is, cultural or social roots change, actual technical accounting systems change, and change which ensues with regard to the life-world to bring it into line with the overshot systems elements.
The essence of the ideal speech situation, Habermas has claimed, is as follows: 1) every participant who is committed to the study can participate in the discourse; 2) each participant is allowed to offer his or her ideas, ask questions, and express his or her attitudes, needs, desires and motives; 3) no one of the participants is hindered from using his or her rights (adapted from White, 1989, 56). This implies Habermas's argument that a participant must have congruent normative qualities, in the sense that every participant must have a quality which represents his or her capacity. In connection with PAR, its characteristics seem to fulfil the nature of the ideal speech situation. For instance, the selected agent represents the essence of ideal speech situation number 1, hence an agent must be committed to the study and has knowledge which is in accord with his or her function. Subsequently, through participation in PAR, every participant can proceed the discourse in order to achieve consensus. This implies the essence of ideal speech situation number 2. In addition, as Cohen and Manion, 1989; Gummesson, 1991; Whyte et al. 1991 have argued, PAR provides and can stimulate technical and organisational change in which this is also in accordance with the aim of selection of the appropriate strategies stage. Finally, PAR provides a number of advantages which have been explained above.

In summary, by employing a communicative action-characterised PAR, a researcher can contribute more general insights to accounting theoretical development with the hope that this development produces or entails not only new theoretical knowledge for organisational actors, but also useable knowledge that can be applied and validated in action. With this method, the researched participants are capable of developing their own consulting capability, which in turn, develops their competency, because they work with the development of their own theoretical understanding under the guidance of an academic researcher. Eventually, the organisational actors' analysis leads to conclusions and recommendations that, in turn, lead to their own actions. In this regard, this study labels this the "self development path". In such a situation, the
researcher's role becomes a facilitator, supervisor or consultant. His or her function is to monitor the process and progress of change.

Even though at this stage a researcher attempts to maintain discursive strategies in relation to the communication required for reaching consensus (due to the fact of the nature of the ideal speech situation itself), it is impossible to accommodate every individual's interests, needs and desires, in the sense that, in achieving consensus, perhaps not all of the organisational actors' interests, needs and desires are included in the decision. Arrington and Puxty (1991) make a concise paraphrase of Habermas's view. They assert that:

It is a model which recognises that societies (especially complex ones like ours) must trade-off competing interests since they must coordinate collective action and build institutions that are injurious to particular interests at particular times and places. Thus no one is going to "have their way" all the time, and rational communication requires each to surpass his or her merely "subjective" interests in favour of a public consensus. (Arrington and Puxty, 1991, 45)

Finally, the study envisages that there is no method without limitations. Even though PAR can be deemed an ideal method for stimulating cultural organisational and technical change, in fact, there is still an inherent weakness. The inability to accommodate all of the participants' desires, needs and interests can be seen as an inherent problematic nature.

Communicative and Sensory Experience-Reflected Strategies

Having described several kinds of methods that follow Habermas's methodological approaches, this study will explain a number of strategies related to those methods. These strategies are also adopted from the well-known research method explained earlier. Again, in adopting these strategies, this study selects those which inherently still characterise the essence of critical theory. They have to sustain an
endeavour in reaching understanding, in the sense of researcher-researched participants understanding.

As has been explored earlier, this study adopts several methods. In connection with the methods used, the strategies chosen are not specific to particular methods. Rather, they represent and can be associated with the methods used, in the sense that every adopted strategy which is suitable, reflects and leads to the ideal speech situation. The strategies, in general, must reflect the existence of freedom to express every participant's utterance and obtain valid information and meaning. Thus, they must avoid bias, cover all topics of study and germinate action. These values will be explained in the next three paragraphs.

First, Brenner (1985, 151) suggests two main requirements. A strategy must avoid bias, hence, it satisfies self-reflection, and researched participants inform or provide their truthful views, that is, provide answers to questions. In Habermas's view, it can said that our knowledge becomes his or hers, and conversely, his or her knowledge becomes ours. It is this situation that represents the achievement of shared understanding.

Secondly, in relation to the scope of study, these strategies must cover all topics of study, that is, the individuals' lifeworld, organisational lifeworld, the system mechanism and the existing steering media. Since this scope refers to the holistic life of an organisation, the strategies undertaken must be kept in line with the study's goals. In such a study, a researcher is required to have high flexibility in looking for information and open-mindedness about where to find information (Shaffir and Stebbins, 1991). In so doing, it is worth deciphering Fetterman's suggestion. Even though Fetterman (1991, 88-89) explains the quality required for conducting field study research, his insight about the quality of being a researcher in obtaining information can be adopted. He elucidates four characteristics that a researcher must have. The first is curiosity.
Curiosity is attributed to the need to know about people by asking basic questions, such as what, why and how. The second is a lifelong commitment to learning. This is essential to grasp the inner workings of any group. He states that a researcher must not refuse to be taught by the researched participants. The third is to be patient. To comprehend a new phenomena might take time. Finally there is sincerity and honesty.

The third value of the reflection of freedom is to germinate action. Again, since the goal of this study is not only to understand accounting practices but also to change them, the strategies must germinate actions. Correspondingly, strategy and the action of research itself must be closely linked (Whyte. 1991a). In connection with the necessity of generating actions, the strategies undertaken must create an atmosphere that proceeds to coordination or a good relationship between the researcher and the researched participants. This will ease the carrying out of the actions, because organisational change, according to Whyte (1991a) needs a hand-on set of relationships with the social researcher. Actions leading to organisational change in the study are social ones. They include social interactions which must fit the researched participants' goals. With regard to the need for cooperation, the selection of the researched participants, particularly those who become the researcher's partners or agents, must include persons in a hierarchical power position. The aim is to smooth the process of change. This implies that, to obtain information, a researcher can select everyone in an organisation who is capable of revealing information. But, to stimulate actions to change, a researcher must select appropriate persons who have power to do so.

To some extent, these strategies need elaborating. A number of studies, like Forester (1992) and Laughlin (1987), do not explain clearly how, technically, they obtain information. For instance, Forester (1992) elucidates the discourse itself instead. Accordingly, this study attempts to offer more detailed techniques used in obtaining information. Since most of the information can be grasped through interview, conversation and dialogue, or even focus group interview, this study elaborates more of
this technique. Participant observation and participatory action research methods themselves also necessitate interview techniques; therefore, the following explanation can also be applied to participant observation and PAR.

First of all, in conducting interview or communicative-gathering information, everyday language is used, instead of professional language, so that it is possible for a layman to understand and immerse in a discourse. According to Brenner (1985), an interview must not be conducted directly - in an ad hoc manner. A researcher has to be able to set such an atmosphere that the researched participants provide answers to questions. The formality and informality situation must be taken into consideration as well. In relation to the situation, Benney and Hughes (1984) add the significance of equality. It refers to the situation in which information is given freely without any domination. Thus researched participants can freely and willingly enter the conversation. In addition, the researcher must maintain a neutral stance. He or she must not express his or her own views about the issues under investigation. Instead, he or she must allow the researched participants to tell their own story in their own way. This technique is to avoid violating the direction of conversation or obtrusive balance (McCracken, 1988). Otherwise the researcher may fail to maintain self-reflective. It is suggested too that a researcher use a guidelines, so that he or she can still keep the conversation within the expected direction (frame of reference) and be able to uncover all of the topics listed in the guide (see also Potter and Mulkay, 1985).

With regard to the importance of communicative-gathering information, Gordon (1978) has proposed a four-step procedure to obtain the real meaning of the interview. These are as follows: 1) listen and read critically; 2) ask probing questions of the information; 3) look for meaningful relationships; and 4) synthesise and arrive at some mutual understanding (quoted in Mostyn, 1985, 116. with emphasis added). In this regard, Mostyn (1985) adds the need for interpretation to give meaning to the content.
For the other methods, especially focus group interview, participant observation and PAR, there is a particular technique ascribed to the role of a researcher. In this regard, the researcher's role is, to some extent, similar to the role of an interpreter. He or she has to interpret and explain to other research participants who have different backgrounds. However, his or her interpretation may be biased if he or she does not really understand the rationale of the researched participants. In this case Habermas (1990, 29-30), affirms that "the interpreter's inevitable involvement in the process of reaching understanding does indeed deprive him of the privileged status of the objective observer or the third person but for the same reason also provides him with the means to maintain a position of negotiated impartiality from within. But only to the extent to which the interpreter also grasps the reason why the author's (researched participant) utterances seemed rational to the author himself does he understand what the author meant". Thus the researcher must use such a technique by which he or she can grasp the true reason expressed by the researched participants.

Another technique is required to uncover the historical background. Unless supported by documents, obtaining information which relates to historical background is not easy. In this case, the researcher needs to reconstruct the researched participants' memories through his or her present construct system. In so doing, Tagg (1985) suggests three keys reminders to stimulate memories, that is, events, actions and places. The researcher should be able to manipulate these three things in order to trigger the researched participants' memories.

Finally, it is obvious that the methods applied need to be elaborated further. This detailed elaboration makes clearer the step-by-step methods of conducting a research.
Concluding remarks

This study argues that Habermas's methodological approaches are very useful. However, to make them operational, this study agrees with Broadbent et al (1991) and, particularly, Laughlin (1987) who contend that these methodological approaches need refining. Following Laughlin's development, this study modifies it slightly. The aim is to exhibit and emphasise the fact that social actions always change. Furthermore, this study adds to conceptual thinking, that is, the three-step methodological approaches themselves which occur within the quasi-ignorance and enlightenment stages. Nevertheless, in general, the study follows these methodological approaches.

The summary of these approaches is as follows: First, the quasi-ignorance. This stage depicts the researcher's own activity before conducting research. It centralises on the research preparation and study of literature to constitute a pre-understanding of the inquiry. There is no particular method associated with this stage. Accordingly, this study focuses on the other three stages. Secondly, at the critical theorems stage (See figure 3) the researcher actually attempts to understand the individual and organisational lifeworld, that is, the smaller rectangle. This lifeworld consists of two societal products, namely abstract and concrete. The abstract product (knowledge, cultures, value), on the one hand, should be uncovered primarily by communicative experience. The concrete product (accounting systems applied), on the other hand, can be evaluated by sensory experience. At the same time, the money and power mechanism which influences the concrete product is also evaluated. Taken all together, the researcher can understand the organisational actors' accounting language communicative competence in terms of the main problems to be solved.

Thirdly, in association with Figure 2, the enlightenment stage describes the process of social integration in which communication towards reaching understanding
takes place. In this situation, the researcher attempts to introduce his or her accounting theoretical knowledge which will affect the symbolic reproduction process. At the same time, the organisational actors account for the impact of steering media through system interaction, in which this impact will affect the process of material reproduction. To understand both social processes, social integration and system integration, the researcher primarily emphasises PAR. Nevertheless, it does not mean that the other research methods are not used. The result is an agreement based on communicative action that will be followed by organisational actions.

In association with Figure 2, the selection of appropriate strategies visualises the process of change from lifeworld (the smaller rectangle) to a new lifeworld (the bigger one). The new lifeworld delineates the fusion between symbolic and material reproduction processes. The new lifeworld shows organisational actor's decisions, based on their improved abstract products, in employing the concrete products yielded from the material reproduction process.

These three stages, however, do not express explicitly the methods obtaining information. Accordingly, by synthesising well-known methods from other social theories, this study attempts to constitute a number of methods which are deemed coloured by the spirit of communicative-reaching understanding. Having described several methods above, this study concludes that research methods are not mutually exclusive. They cannot be employed in isolation. Some are interrelated and overlap. For instance, in conducting PAR, a researcher still needs to conduct interviews and make observation to obtain information. Conversely, in conducting participant observation, a researcher inevitably conducts conversations or group interviews as well. Thus, these methods are employed sometimes simultaneously or in turn. Therefore, this study decides to employ all of these methods depending on the situation and occasion of the field. However, whatever the methods suggested by most social theorists in critical theory-based accounting study, a researcher must maintain one thing, that is, an ideal
speech situation. In other words, Habermas's conceptual insights of communicative rationality are applicable and must be considered to be applicable to all methods.
Chapter 7


Introduction

In this chapter the study will elaborate the step-by-step research based on the methods that have been discussed in the preceding chapter. It is this study's assumption that the quasi ignorance stage actually has been implied in the discussion from chapters 2 to 5 inclusive. Accordingly, in this chapter, the study will focus on the discussions of the formation of the critical theorem stage. First of all, it will describe the phenomena of the company under study and explain how the researcher gets into the field. This explanation will be followed by my interpretation and understanding of those phenomena. Then it will be followed by explications of the significant research processes describing how this study arrived at these interpretations and understanding. Eventually, this study explicates how these research methods enable the researcher, together with the researched participants, to contrive the critical theorems.

The company under study

The research, undertaken in respect of a company in Surabaya, Indonesia, started from the beginning of October 1993 to the end of that year. P.T. Eureka Aba Ltd. is a paper manufacturing company. It is located in East Java, Indonesia. The head office is located in Surabaya, the second biggest city in Indonesia. The production plant is located in a rural area, about 40 kilometres from Surabaya. It was founded in 1978. At the moment, this company ranks nine out of fifteen paper industries in Indonesia (it was ranked 5 out of 10 paper industries), in terms of production capacity (See appendix 2).
This company employs more than six hundred and fifty people, twenty five people work at the head office; whilst the rest are at the factory.

Initially, its main products were only medium papers, carton and leather boards. The company uses batch production system. Since 1988 it has produced another kind of paper, namely joss paper. Medium paper is used mostly by corrugated carton box manufacturing industries as an inner layer. This product is for domestic consumption. Joss paper is mainly exported to Taiwan. It is paper that is used in a prayer ceremony in Buddhism. In this ceremony, this paper is burnt and produces a particular scent. Carton and leather board, the other products, are used as the inner part of shoes. These products are mainly for domestic consumption too.

This company is headed by a board of directors which consists of four people whose names are Mr Hendrawan, Mr Hasman, Mr Wendy and Mr Andrew. Among them, Mr Andrew does not manage actively. The board of directors also constitutes the main shareholders. One of them, Mr Hendrawan, is appointed to be a president director. However, there is no particular or obvious job distribution among them. Day-to-day activities are handled by any of them who are available at the office. If there is a problem, regardless of its nature, the office manager has to work it out with one of them. In other words, there is no specific task for any particular director. However, there are general guidelines. For example, decisions to buy, particularly raw materials, or to make sales agreements (sales contracts) are make by Mr Hasman or Mr Hendrawan. Mr Wendy concentrates more on technical or production matters. A director who has no major voice in managerial decisions is Mr Andrew. His task is a rather clerical one, for instance, to monitor directly the receiving of raw materials at the site plant. Nevertheless, since his status is a director and also one of the owners (shareholders), no one at the production plant can ignore his orders.

23 Name of the names in this study are not the organisational actors' real names.
A) Organisation of the company

The company bases its organisation on the location, the head office and the factory. The organisation at the head office concentrates mostly on administrative works. There are one department and four divisions\textsuperscript{24}, that is, an accounting (or, more precisely, bookkeeping) department, and general administrative, marketing, purchasing and financial divisions. In this company there is no certain organisational structure, but only a distribution of tasks. First, there is the general administrative division. The task of this division is especially to handle correspondence and other administrative office works. Secondly, there is a marketing division which run by three people. The primary task of this division is to maintain sales administration, because the marketing activity itself is carried out by the directors themselves. In conducting its job, this division has to coordinate with the production department, especially if there is a particular sales order with a different specification from that of the company's normal production. The next division is a financial one. Three people work in this division. Their tasks are more precisely called cashiers. They maintain money circulation and record its activities. The fourth division is purchasing. It is managed by a single person. His task is to receive the purchase requirements from the production site and then carry out the purchasing. As a matter of fact, this division is purchase administration. The last section at the head office is an accounting department. The accounting record activities, however, are located in three different locations under the supervision of a different department. There is no clear link, communication or coordination between one location and another.

The organisation at the site plant has a clearer job distribution. Basically, there are production and personnel departments. The production department coordinates several divisions and subdivisions, among them are medium paper, joss paper, carton

\textsuperscript{24} The label 'department' and 'division' are my own classification based on a number of employees or tasks. I call something a 'department' if there are more than five people within the same task, whilst a 'division' is less than five people. In the site plan, regardless the number of employees, a division is part of a department.
and leather boards, research and development, waste treatment, and logistics divisions. Maintenance, as a service function, can be considered a subdivision. For practical reasons, however, the production department is required to maintain part of the accounting record activities, that is, keeping production cost records. Even though this activity is precisely accounting activity, organisationally it is a subdivision of this department. The other department (personnel) is busy dealing with the payroll, particularly with those employees who get paid daily wages. They are mostly direct labourers. The next department is a logistics department. Its main task is to maintain the supply of raw materials, control the receiving of these materials and the shipment of finished goods.

B) The production and maintenance activities: An accounting point of view

Accounting records are intended to reflect organisational activities, such as production and maintenance. The more complex the production processes and activities, the higher the level of accounting records and accounting techniques required. In this company, these activities are recorded improperly with a low level of accounting techniques. The inadequacy of accounting techniques is caused by an insufficiency in accounting grammatical knowledge and it is reflected in the absence of a sound accounting policy.

As alluded to in the preceding paragraph, this firm produces three kinds of primary products. Each of them has a specific production characteristic. Medium paper is a batch product. It is produced for several standards of different sizes. However, this company also provides special order sizes. These orders may generate a high volume of scraps. Accordingly, these particular orders need special treatment in terms of the cost calculation. Additionally, these scraps or even the finished goods, for a particular reason, can be reprocessed. On the shop floor there are three production lines. Each has
a different speed and production capacity. In total, these three production lines can produce medium papers of up to 65 tons a day. To maintain their condition, these machines need servicing once a month. These machines are also used to produce joss paper. After being used, these machines need to be serviced promptly, because joss paper is high in sulphur content. In this case, the production of joss paper disturbs the normal schedule, and reduces the production of medium paper.

Joss paper is a mass product. It can be sold in two shapes, in a roll or in sheets. The size of the product does not vary very much. These products are mostly exported, but some are sold to P.T. Liksan Utama, a subsidiary company. The sales to this company are sometimes rejected and, as a consequence, need to be reproduced. For producing this product, the company provides 18 production lines. Each line can produce up to 6 tons a day. Joss paper is a high sulphur-content product. This is very corrosive. Therefore, these machines are costly to maintain.

The other products, carton and leather boards, are mass products too. They are produced by using very different product lines, particularly the mould process. In processing carton boards, in particular, some of the raw materials are supplied from the medium paper refiners. In other words, some of the same raw materials are consumed by two kinds of products.

While those machines need to be maintained, the maintenance division itself is interesting. This service division provides services for maintaining and repairing anything relating to production. This division frequently builds itself any device which is considered too expensive to buy. For example, it can produce an electric panel for distribution and moulding plates for carton and leather boards. Even the pool or chest for treating the production waste was built by this division. For producing them, of course, this division uses or consumes raw materials, spare parts and others materials. Thus, the materials used by this division are not always applied just for maintenance or
repair. They might also be applied for creating or building a new device which can be classified as asset.

From the accounting point of view, the production and maintenance activities should be treated appropriately so that the accounting records can reflect more adequate information. In this case, the production activities entail an appropriate cost calculation. This cost accounting should include certain information. For instance, the medium paper production line is sometimes used for producing a special order. To some extent, this line is paused, so that of the medium paper process is used to produce another product (joss paper). Other information that should be taken into account is the fact that the raw materials from the medium paper's refiner are distributed to two different production lines (medium and carton board), and in which they include scraps and reproduced finished goods. In connection with the maintenance costs, expenditure occurring in the maintenance division not only reflects a maintenance expense, but also describes the addition of a new asset. In summary, the existing accounting practices have not been able to account for these activities.

To give a holistic insight, this study will describe the research process from beginning to end.

**Getting into an organisation: an internal researcher discourse**

Getting into an organisation is one of the important steps in the success of a research process (Bogdan, 1972; Burgess, 1991; Van Maanen, 1991). In Laughlin's (1987) terminology, it is included within the quasi-ignorance stage. A particular strategy in doing so reflects what this study labels "an internal researcher discourse". It manifests itself in a belief for the need to express a communicative rationality; indeed, it is aimed at reaching shared understanding. Therefore, even in an attempt to get access into a
research site, there should be an endeavour towards achieving mutual understanding. On this occasion, I follow Bogdan (1972) who suggests that a researcher should "tell the truth"; indeed, to be honest in terms of explaining the purposes of study. Thus, when I went to see a president director of a paper manufacturing company who was also one of the owners, I first explained briefly what the research was all about. Eventually, I explained my objective in conducting the research; indeed, to gain actual accounting practice knowledge for providing arguments for my doctorate degree. By conducting research, I added, both parties, the researcher and the company, will gain mutual benefits. Indeed, the researcher can obtain an understanding of the real accounting practices, whilst the company might improved its performance by way of adopting the research findings. As well, the methodology I would undertake, Gummesson (1991) suggests, was described so that management can understand the breadth and depth of my research. In short, some of the conversations with the president director are as follows. (I = researcher; A = researched).

I: Even I know about accounting theoretical knowledge; however, I would like to know about it in practice. I would like to know why you set up accounting as you are practicing it now.
A: What can you do to know it? (What are you going to do so that you understand this practice?).
I: I would like to observe the accounting systems you are using, the accounting records, meet every single person who has or influences or holds an important role, make conversation with them, and ascertain his or her practical problems of which you know nothing, as long as you give me permission.
A: Well, there wouldn't be problem at all in knowing what I am doing, but what can I get from you after you understand it (What can you give to me?).
I: As I have already explained, you can improve your accounting performance based on my findings, since, whilst I am learning your accounting practice, I might find something wrong in yours. Moreover, whatever I find, I will discuss it with you, so you can understand more about yourself.
A: Actually, I have a little problem with the accounting information. It always comes late and cannot answer my question. You know I have a new accountant (an accounting manager), who has been working up here for more than two years. He is a good boy from one of the universities in Jakarta. But, .... still so.
I: By this research, maybe we can find the real problem so that we can cope with it.

25 The conversations are conducted in Bahasa Indonesia, (Indonesian national language), sometimes mixed with a vernacular, Javanese. The aim is to suit the occasion and to maintain equality. This translation depicts the general meanings of the conversations. It cannot, therefore, reflect the mood of the conversations.
A: How?
I: I will meet the people who have important roles in your management, not only those who work in the accounting department, but also those whose tasks have a relation to, and can be connected with accounting. I will talk with them, evaluate together, make a summary and conclude together what the real problems are. To do so, perhaps, I will meet them more than once. I will then inform you. Eventually, we can discuss all of the matters so as to find solutions. By so doing, I will gain a better understanding of your accounting practice.
A: So you mean that you will provide me with the information and the solution.
I: Not only me, but we will work it out together.
A: All right then. I don't want you to be like another researcher I saw last time. She came here, gave us a list of questions and promised to give a result, but she went without leaving any information. She got the benefits, not me. By the way, I have to discuss this matter with the other directors first. I will let you know the result soon. If they agree you can start soon.

One reason that caused this first conversation to go smoothly was that I had known him for more than nine years. I used to be this company's financial consultant, particularly in dealing with obtaining and maximising a bank loan. This situation made it easy to get in. The other reason that helped to get in was the type (or the style) of this research itself. Compared to other research the company had experienced, this research provided a mutual benefit. Finally, this chance occurred because there were coincidental needs between researcher and management, as experienced by Shaffir and Stebbins (1991). Management, on the one hand, was on accounting information crisis. The researcher, on the other hand, needed an empirical world. This situation helps to overcome the potential difficulty of applying Habermas's approach, indeed, to get an organisation which intends to change and to undertake the critical approach (Laughlin, 1987).

On the following day, I was invited to come to the office to be introduced to two other directors (the other one, Mr Andrew, is always at the site plant). One of them, Mr Wendy, would be involved in-depth in this research with me. Again I explained my aim, the methodology of doing this research and the importance of cooperation between the researcher and researched participants. Knowing this, Mr Wendy was very interested

26 In the conversation, he just said "yok opo". This interrogative sentence is particularly East Javanese. It has wide meanings. This encompasses not only the question "how", but also other basic questions.
and enthusiastic. He is an engineer. He joined this company two years ago. He took his father's position, as his father had passed away. He used to work with a company that was a joint venture with a Japanese company. His other experience was working in a Korean company. Both companies, he explained, used accounting extensively. So he was surprised that, when he started working with this company, he never found a complete set of financial statements. Since he was used to using accounting information, it was rather hard for him to manage a company without being supplied with financial information. Accordingly, perhaps he believed that my presence would open the way to introducing the imperative of accounting to the other directors. He envisaged that the presence of a researcher with this particular methodology could have a consulting role.

This second-day experience in the field was surprising, because I had not even asked any questions. Rather, he told me everything. He stated that the other directors were so conservative that it was difficult to change them.

Having had an agreement and considered the methodology of this research, the directors arranged some facilities for me. The aim was to foster the achievement of mutual understanding and benefits. I was provided with a desk and chair at the head office in the same room as the accounting department. I was also served meals for lunch. I used to have it together with all of the head office employees. I worked everyday following the organisation's working time. If I wanted to visit the production site, I could go together with those who worked at the site plant. In this way, it was possible to build smooth but fast interactions.

Eventually, I was introduced to all the staff at head office whom I would meet very often. They were an accounting manager, a marketing manager, a purchasing manager, a financial manager and an office manager. On this occasion, again I explained the purpose of my study. I stressed that I would learn to understand more about accounting in practice, instead of teaching them. I also said that it would inevitably involve all levels and departments within the organisation. Thus it was not
only the accounting department, because accounting cannot be separated from other departments. Besides the director in charge, there was another person who enthusiastically responded. He was the accounting manager. He told me that he wanted to speed up the process of informing management by using computers to process data. However, he was faced with a number of problems that he could not cope with. He added that he would accompany me if he was permitted. Finally he did.

I undertook a similar action when I was introduced to the staff at the production plant. However, I focused on a different emphasis, since most employees do not have an accounting knowledge background. In this context, I had to use their common language, being production language27 (See Evered, 1983 which has been described in chapter 2). Again, the aim is to maintain equality and reach a mutual understanding. Shaffir (1991) has a similar concern. According to him, a researcher can adopt a style with which he or she feels comfortable and that yields results. Thus, I tried to liken mine to the production people's language. For example, in the introduction at the production plant, the production manager explained that his work had no relation to the accounting information. He produced production costs to inform the board of directors; however, he mentioned that it was not accounting. He called it a production report instead. The expression of his understanding is reflected in this part of the conversations:

A: You've come to the wrong people mate! You should come to see those who work in the accounting department instead of us.
I: You might be right Mr Tandy, but according to Mr Hendrawan you not only manage the process of production but also supply the cost information. It is really surprising that an engineer can do accounting calculation more than me. So I want to learn about it.
A: Oh, I adopted this method when I was a student; this was one of the subjects I did. But it is not accounting, it is a technical calculation usually done by an engineer. That is why I thought it wasn't your business.

27 In this regard, Douglas (1976) is concerned that a researcher must use a common language in a particular community. He mentions that "The researcher must often create words in order to communicate to others what the members themselves actually experience in the setting." (1976, 125).
Since he believed that the production report was not part of accounting (to maintain the smoothness of the conversation at this introduction), I did not mention anything in accounting terms. Having been introduced to all levels of management, I began at the fundamental starting point of Habermas's methodological approach, that is, the formation of the critical theorems stage.

The Communicative-Action Research: Finding the critical theorems

As has been discussed in the preceding chapter, this study employs a mixed-method as long as it is in the spirit of communicative action. Basically, these methods, for Habermas, are communicative and sensory experiences. The derivations are those explained in the preceding chapter. Thus, in undertaking the research, I employed them simultaneously or in turn according to the situation, object, mood, aim and timing. Primarily, I used a similar approach to every individual to initiate conversation. In so doing, I considered Shaffir (1991), who maintains that getting in the participatory research depends upon the researcher's ability to engage in sociable behaviour that respects the cultural world of his or her host. My own experiences lead me to start conversations in an oriental style. On the first day of conversation, I mainly introduced myself, asked general questions, such as how busy the person was, whether the person was interested in this job, how long the person had been employed, and when would be the most suitable time for me to have a discussion. However, if the situation or the mood of the researched made it possible, I continued directly to the main conversation. Conversely, if the situation or the mood was not possible, I preferred to meet him or her again on another day. On the first day of research, having introduced myself to everyone, I spent the rest of the time sitting down and observing the working situation.
appendix 3), the available financial reports and other documents, and ultimately wrote them down.

To some extent, particularly in undertaking group interviews and PAR, the researcher needs partners from the internal organisation. Researched participants, who helped me as if they were my partners, were Mr Wendy and Mr Eddy. Mr Wendy's primary role was to give access. He was an internal consultant whom I used to continually discuss every step of the research, at least once a week. Mr Eddy, on the other hand, used to accompany me in conducting conversations, particularly in the second conversation with the researched participants. There were a number of fundamental reasons for appointing Mr Eddy to be my partner. First, he would be promoted to be the (real) accounting manager. Secondly, he wanted to learn and understand a better accounting system. In so doing, he believed that, by accompanying me in this research process, he would achieve his personal aim. Thirdly, in connection with this research method, the involvement of a researched participant leads and helps to achieve a mutual understanding and shared knowledge, in the sense of avoiding my personal bias in interpreting the meaning of conversations. Finally, the involvement will generate the feeling that the ideas for improvement are not external to them, but rather internal, in the sense that they are their own ideas. This situation, in turn, will help in initiating organisational change. Thus, their roles are not only important in the formation of the critical theorems stage, but also the other two stages, the enlightenment process and determining strategic actions.

Overall, I initiated the researched by conducting a conversation and observing related data. Having carried out these steps, I evaluated and interpreted the result. In the next step, I might discuss it with Mr Eddy, or see another researched participant first and then discuss it with him later. The aim was to confirm my interpretation. If I considered it necessary, I went back to the particular researched participant with him. Eventually, I summarised my findings, then discussing them with Mr Wendy. These
activities were an application of what I called a *modified triangulation*. They yielded two benefits. First, it avoided or reduced my personal bias in interpreting the phenomena. Secondly, it stimulated my partners' awareness and understanding of what accounting was all about, since, in discussing my summary, I used to explain accounting theoretical knowledge as well.

This expediency inevitably also occurred when I immersed myself in in-depth conversations with the other researched participants. In this case, even though the research activities were directed at obtaining information (due to employing communication aimed at reaching mutual understanding), I could not eschew from explaining the imperative of accounting theoretical knowledge. As a result, this process helped to increase the researched participants' awareness and, in turn, helped to ease activities at the enlightenment stage itself. Therefore, even though this study follows Habermas's three methodological approaches, in practice it did not exactly follow them, because, to some extent, they overlap. Indeed, at the formation of the critical theorems stage, the researcher, inexorably, had to initiate or allude to the enlightenment activity.

To obtain someone's background, I used to ask the following question; "Do you think your task needs a particular formal education?" Asking directly an individual's formal educational background may cause embarrassment or a reluctance to answer, because he or she might think that the researcher is an arrogant person due to his or her higher educational background. Then I combined this information with the available data obtained from the personnel department.

During the research process, I compared the results of each conversation, traced it to the related and relevant documents, and, if necessary, discussed it again with the person from whom I had obtain the information in the first place. These discourses imply what this study labels the modified triangulation process.
The main obstacle in obtaining the information was in making an observation of the old accounting documents, records and reports. Most of those which were more than two years old have been destroyed. To overcome this problem, I tried to delve into the matter by questioning the senior employees. I asked them to elucidate the state of the accounting records and to give other convincing explanations.

**Accounting language speech level and management's communicative competence**

Applying these discursive methods, I obtained the *true statement of information*, hence, the position of the existing accounting language (practice) speech level and the overall organisational actors historical background (See Bohman, 1989). It is this company that uses a very low level of accounting language. In terms of Javanese language speech levels, it can be equated to the *ngoko* level. In other words, management can only speak accounting language at a low level. Nevertheless, because of the economic and political pressures, management overall wants to be able to speak accounting language at a higher level; unfortunately, since their individual lifeworlds do not support their accounting technical requirements, the accounting speech level communicative competence has become limited.

Despite an inadequate ability to speak accounting language, the users of this language were limited too. The research process led me to conclude that the users of the accounting information were mainly the directors. The variety of the use of this language was limited too. Accounting communication occurred only within the same level of management which used a particular level of (accounting) language. The top level of management, indeed the directors, spoke accounting language with a focus on profitability. At the middle level management, the managers spoke their own language. Managers whose tasks are closely related to financial aspects might speak accounting language, whilst those whose tasks were more technical tended to speak a production...
language. A similar situation is also disclosed in Berry's et al. study. Berry et al. (1985) divulge that in the areas of the NCB, most of the area managers prefer to speak their own language rather than accounting language. For example, in determining the colliery performance, they use output per man shift. In this context, they do not consider the financial consequences provided by the existing accounting information, i.e., the level of capital investment per area. In fact, headquarters (HQ) provides highly sophisticated financial-like information. In the context of the firm under study, the production manager spoke a particular accounting language in terms of efficiency in this department.

The low level of accounting language communicative competence and the limited users of this language are reflected in the type of current accounting practices. Accounting is initially understood as a system of record keeping of a company's past business transactions. This company employs modest accounting practices. These refer to the technical and practical ways of recording systems aimed at providing external purpose-like accounting information, rather than an analytical level of accounting for managerial purposes. These practices are theoretically and practically ineffective. The former refers to the inadequacy of recording systems producing accounting information which does not really support management decision making. The latter refers to an imperfect communication between three separate subdivisions of accounting. The accounting records are kept by three different subdivisions. Each of them maintains separate record keeping none of which is linked to the other, and, in turn, each produces unintegrated accounting reports. Inappropriate links and communication amongst these subdivisions yields inaccurate accounting information. As a result, management cannot rely on this information.

The low level of accounting practice is also identified by the absence of a proper accounting policy and an inaccurate cost accounting system. The company does not have a clear accounting treatment for capital or revenue expenditure and fixed asset
policy either. The inappropriate accounting policy of course affects the calculation of the production costs. In association with cost accounting, the depreciation costs are not properly allocated either, whereas with the new investment for waste treatment facilities, accurate cost accounting has become more significant. As a result, management cannot obtain this important information. In fact, management desperately needs this information.

Moreover, inappropriately understanding the meaning of "efficiency" leads management to burden the accounting department with accounting records for two other companies simultaneously, these being, P.T. Eureka Sari and P.T. Liksan Utama. (For its purpose, this study mainly concentrates on P.T. Eureka Aba\(^\text{29}\).) Thus, the following information depicts the situation of P.T. Eureka Aba).

Economic and political pressures have led the company to strive to improve the quality of its accounting practices. The economic pressures refer to the increase in the competitive atmosphere in paper industry. In association with these pressures, the attempt took place in two managerial policies. The first was to hire a person who was deemed capable of providing better accounting practices. But because of his or her insufficient theoretical background and the domination of steering media over the lifeworld through the system mechanism, this person has not been able to rise to the accounting language speech level yet. The second policy was to apply a budget. It was established in May 1993. However, the budget should be understood in a narrow way as it is mainly to control maximum expenses for a particular cost. In its application, the budget generated more problems than it solved. Conflicts arose, especially between the financial division, the purchasing division, the production department and top level management. One of the main causes was the organisational actors' understanding of the

\(^{29}\) Even though, in conducting this research, the involvement of the other two companies was inevitable, the analysis is still aimed at only P.T. Eureka Aba. Otherwise, the analysis would be more complicated. Moreover, the available timescale for undertaking this research was limited, due to the limited scholarship.
budget itself. Moreover, the process of determining the budget did not satisfy the technical rational function which was driven by, and served, the internal operations of the organisation. Nevertheless, the use of the budget enforced the organisational actors to understand the accounting language.

At the same time, the political pressure generated an increasing awareness of the need for proper accounting practices, especially proper cost accounting. This pressure was caused by the Government's insistence on obeying the "environmentalists' demands". Indeed, the government is tightening the control over a "clean environment". Particular industries, that cause high rates of pollution must install devices for cleaning up their production waste. On the one hand, these installations are costly, whilst the company does not understand how to calculate this expense properly. On the other hand, directors necessitate the accurate cost (calculation) accounting. Particularly in the very highly competitive era, coupled with its production system (batch products), top management needs accurate information of the cost of production for every single product. Inaccurate cost information may cause directors to determine wrong sale prices. Therefore, the absence of cost accounting is considered crucial and should be overcome first. Thus economic and political pressures, on the one hand, cause accounting crises, while on the other hand, this situation imposes on management the need to understand more about accounting. In other words, external pressures urge the organisational actors to speak more in accounting language.

Using Habermas's societal analytical framework as explicated in chapter 5, these phenomena can be clarified in the following ways. First, as seen from the lifeworld point of view, the organisational actors' consensual background of theoretical knowledge are insufficient. They think of accounting as if it were the thing that they do daily. They define the disseminary role of accounting too narrowly, such as for record keeping and providing historical accounting information. Those who work in the accounting department have a similar quality. It can be explained in terms of their
formal educational background and working experience. Among them, only one has graduated from the relevant field of study, indeed, accounting. Moreover, there is no one (accountant) who can help the directors in supporting and interpreting the accounting information. In this context, they understand that accounting information is just a set of numbers in financial reports. There is no attempt to analyse. However, this study also viewed the emergence of a process of symbolic reproduction of the lifeworld. There is an inclination to facilitate the use of accounting language more, indeed, the organisational actors endeavour to use budget as an administrative control. Unfortunately, the symbolic process was not reproduced by way of a continuation of valid knowledge and the stabilisation of group solidarity. Instead, this process was more influenced by a purposive activity. This implied an improper way of interpreting a budget. In this case, they do so in such a narrow way that they distort their own daily operation, particularly the production process, because top level management interprets a budget merely as a means of limiting cash expenses. In this regard, they use budget as a sign that a particular purchase order should be stopped in order not to overspend the available funds for that particular activity. Additionally, the determination of the limit of the expenses is not based on the planning of a particular department, but rather is set up by the directors. In other words, the budget is not used for cost control in terms of evaluation between budget and realisation, but is directed against the maximum expenditure for a particular area without considering the situation.

Secondly, these accounting phenomena will be explicated from the system mechanism point of view. This mechanism exhibits managerial decisions which are not based on communicative rationality, but rather, on purposive rationality. Analysed from the system point of view, the existing accounting practices clearly reflect the influence of money and power on the system integration (mechanism). First, money as a steering medium, indeed an economic consideration, leads the directors to maintain three accounting systems for three different companies simultaneously, as described in the preceding paragraph. The directors think that efficiency means the lowest possible
expense. This insight is reflected in the way management burdens its employees. Thus, most of those who work at HO are employed by these three different companies. Secondly, the implementation of a budget can also be explained as being imposed by the money steering medium. Top management's feelings gave rise to this implementation. Management felt that the maintenance costs were excessive therefore, they strove to reduce it by way of imposing a control device. Thus, it is the economic consideration that drives the occurrence of these management practice.

Subsequently, these discoveries will be explicated by using a power steering medium. This medium affects system integration in two influential ways, internal (managerial) and external powers. The first implies management decisions which impose on employees a hefty workload. For those who work at HO, working for three companies at the same time can be considered hard work. The scarcity of employment provides employees with no other choice. So they have to obey this order. This obedience can also be explained in terms of Hofstede's (1994) collectivist organisation. Conversely, managerial power also explains an inability to integrate the three subdivisions into the accounting department. Top level management fails to assign power to the accounting manager. As a result, the accounting manager cannot integrate the accounting reports of these three subdivisions. The external power, as the other power steering medium, influences accounting practices indirectly. It is affected through the Government's obligation to build waste treatment installations which are costly. This obligation, in turn, enforces the management of the company to consider allocating this cost to its products. In so doing, management needs a proper (cost) accounting practice. In this case, the external power affects the company in determining economic decisions. Thus, seen from a steering media point of view, the implementation of the management policies does not follow a language medium, indeed mutual understanding, rather it follows or is coordinated by normative structures and social practices which are much influenced by money and power mechanisms.
Although analytically I differentiate the organisational (individual) lifeworld and the system, as Habermas stresses, this distinction is aimed at making easier the analysis of social interactions. In understanding this phenomenon (in undertaking the research methods), I did not distinguish between the research method for understanding the lifeworld from the system. However, the results of these methods can be analysed as described above. Step-by-step, how the research process endeavours to reach mutual understanding will be explicated. From conversations with a number of researched participants, several crucial conversations will be described to provide argumentative reasons. They are conversations with those who are deemed to be the key organisational actors. They are those who work in the accounting department, the financial manager (cashier), the production manager and his subordinates and the board of directors.

A) Understanding the accounting department and delving into the critical theorems

Basically, the accounting records are carried out manually. However, to some extent, they are done both manually and computerised. In general, the accounting activities reflect unintegrated accounting processes and, as a consequence, they produce unintegrated accounting information too. The inadequate information is inevitably caused by the existing accounting systems. The accounting records are kept by three separate subdivisions, that is, the accounting subdivision at HO, the cost record keeper and the bookkeeper. These subdivisions generate partial accounting information. Each division produces its own activities without being informed of the others. In other words, the communication link between these divisions is poor. These accounting practices have been being employed since the establishment of the firm. Basically, they are constant. However, there were insignificant and gradual changes based on the needs at that time. The modest improvement was aimed at fulfilling a specific or timely emergent necessity. It usually took shape in the form of a procedure for recording or a
modification of the column of the accounting records. It is done partially by every division without an integrated planning.

The accounting manager tried to build a link to integrate the accounting systems, but failed. There are three reasons for this failure. First, the cost record keeper and the bookkeeper have their own positions respectively. The cost record keepers believe that they do not belong to the accounting department. They work for the production department. Their work is to produce production cost reports which, they believe, have no relation to general accounting. The bookkeeper maintains that his accounting records are the most complete ones, because all of the business documents go to his office. Then he classifies and records them and eventually produces income statements. Thus, he believes that the accounting department is not necessarily needed. Secondly, the accounting manager himself does not really have the power to take this action. This situation is related to the third reason. Thirdly, the directors, as the key people, are not sure what to do with the accounting systems. Accordingly, they do not really give power to the accounting manager to take relevant actions. As a result, the accounting practice is not properly managed.

The detailed mechanism of the accounting practice carried out by these three subdivisions can be found in the following. First, the accounting department which is located at the HO. This department maintains only parts of the accounting records of business transactions, particularly receivable, payable, cash, purchasing and product sales, and produces the related accounting reports. These reports are issued monthly. In producing these reports, this department uses several personal computers (PCs) without being equipped with a local area network. The software used is mainly spreadsheet and database. To produce the accounting reports, the data, after being recorded manually, will be keyed into the computers. The aim is to speed up the production of the reports. Thus, each job is merely a duplication of another job. Crucial daily information cannot
be obtained from these PCs. Besides these, this department has to maintain accounting records for the other two companies as has been alluded to above.

The second subdivision maintaining the other part of the accounting records is a "cost record keeper". It is under the supervision of the production department. Those who work in this subdivision do not want to be called part of accounting. They believe that their tasks are a part of the production department. Accordingly, I call this subdivision a "cost record keeper". They work for P.T. Eureka Aba only. Their main task is to maintain all inventories, factory supplies, and finished goods records, to calculate the cost of production and to generate production cost reports. These reports are produced monthly. The production department is appointed to do so because it is deemed as the one which understands best the actual costs and other production expenditures and is capable of providing production cost information.

The production department is headed by an engineer. Most of his subordinates have science, applied science or engineering backgrounds. No one has an accounting background, not even those who maintain the cost records. Since the cost information is designed by an engineer the structure of the cost information is more technical than economic. The production cost report stresses the efficiency that the production department should achieve. This also provides the monthly total production costs of every kind of product (See appendix 5, Production Report). This report does not provide a calculation of unit cost. In association with the production system, indeed batch system, every kind of product can be of several different sizes, and each size has a different unit cost. In fact, top level management actually prefers the unit cost of production to the monthly total costs of production. However, since there is no other person who can succour the directors with this very much needed information, the production reports designed by the production manager are deemed very useful, compared to the information obtained from the bookkeeper, which contains global expenditure and production reports to satisfy the directors' needs.
Besides this deficiency, the production cost suffers another shortcoming. It does not account properly for depreciation costs and other costs related to waste abatement. Despite the depreciation costs, the operation of waste treatment is costly too. Another deficiency is the allocation of the raw materials used. These are not properly allocated. These deficiencies occur in a process of supplying refined raw materials from a refinery chest of medium paper to two different production lines. Additionally, scraps and unsold finished goods which are reprocessed are not accounted for either. Further more, this calculation is merely technical, in the sense that the calculation of raw materials used is based on technical standards. Finally, the cost record keeper does not account for expenditures which occur in the research and development department. All of these expenditures are allocated to the period costs, whereas they are supposed to be allocated to the production costs. In other words, the production report is concerned only with direct and indirect materials, direct labours, and factory overhead costs, particularly energy, maintenance and packing expenses. Therefore, a more adequate cost allocation, indeed cost accounting, is deemed important for proper managerial decision-making.

The third subdivision which also handles accounting records is a single bookkeeper, Mr Handoko. He works mainly for P.T. Eureka Aba. His office is located in the production plant. He keeps these records and other accounting information very very secret. He does not allow any single person to enter his room, except the board of directors and the courier who brings the business documents to him. He maintains general accounting records in Chinese letters. The focus of the accounting records is global revenue and expenditure so as to provide the board of directors with general income statements. His personal background is a bookkeeper for a trading company therefore, he treats this firm as a trading company, instead of a manufacturing company. The way he manages the accounting records delineates a single entry bookkeeping. In this way, all of the depreciation costs are allocated as a period cost.
Another crucial shortcoming is that this company does not have a clear path of accounting policies. For instance, the depreciation policy, capital and expenditure policy, and other accounting treatments are determined by the feelings of the directors or the accounting actors themselves. As a consequence, the accounting treatments may differ from time to time. Most of the organisational actors agree that the inadequacy of the accounting systems is caused by the absence of someone who has a capability which is equivalent to an accountant and who must be trusted by the directors.

When I confirmed these insights to Mr Wendy, his opinion was: "I did not expect that within this short time you could reveal that much information. That is exactly what is happening in this company. Frankly, I don't know what to do and where to begin either. Now I am waiting for your suggestion. Let's discuss it".

The directors' confirmation indicates that these practices are due to their lack of understanding of accounting and as a matter of trust. The directors individual backgrounds are purely as business people. They never have a formal accounting education. They used to believe that they did not need it. This state was supported by the past economic situation. So long as the business makes considerable profits, they contend, accounting information is not important. Thus, there is no need to learn what accounting is all about. In such a situation, they prefer to concentrate on developing business rather than learning how to use accounting information. Therefore, in the past, the directors preferred to employ someone whom they could trust even though they realised that particular person had very little knowledge. As a result, accounting language communicative competence is very limited.

How the researcher and researched participants arrive at these depictions can be found in the following explanation which will describe part of the research process. Even though, all of the employees who work in the accounting department became researched participants, for the purpose of this study, the depictions above will be
supported by just three considerable research activities represented by the accounts receivable clerk, the accounting manager and Mr Handoko, the oldest bookkeeper. Even though the conversation with Mr Handoko is considered inadequate, the activity itself provides specific insight of the research process.

To begin, I will elucidate the research process with respect to the accounts receivable clerk. To understand the individual’s (background) lifeworld, her main tasks, her accounting knowledge and accounting speech level communicative competence, the organisational system mechanism and the steering media which influence her, I approached her while she was working and initiated the conversation:

I: Do you mind if I help you to do your task?
A: Are you serious?
I: Of course I am. But let me know first how to do it. You have to explain to me first what these are, how to record these documents and how to file them.

Then she explained to me step-by-step the recording procedures for accounts receivable and the way to file the documents. In this context, the unpaid documents are put in a particular folder, whilst the paid documents are filed in a separate folder. These documents are to be destroyed after one or two years. Having been sure what her task is and having understood the meanings of her task and every single column of the account receivable cards, I continued the conversation:

I: Your task needs attentive work doesn’t it? Do you think this task needs a particular skill or formal education?
A: I don’t think so. I think as long as there is a guidance (she meant a sort of short training), everybody can do it. But I agree that one should be diligent or meticulous, but one does not need a particular formal degree, even though I have a degree from UWK (University of Widya Kartika). However, if we want to understand the meaning of this recording, we need to have an accounting background.
I: Oh, you are from UWK. What department and when?
A: Accounting. I graduated last year, then went straight to work over here.
I: Did you work in any other company before?
A: No I didn’t. This is my first time in obtaining real experience in accounting.
I: Great. Do you think there is relationship between your study background and your task?
A: Yes it is. But I could not improve or implement my knowledge up here.
I: Why?
A: Since I have worked here the recording systems have been like this. And I myself do not understand how to improve them. You know that at the university I just learned about accounting like that. You know it, you are a lecturer, aren't you?
I: What do you mean with "like that"?
A: It's only debit and credit and how to make journal entries, that is all. But in practice, you see, the documents are so many that sometimes they give me a headache. Moreover, sometimes the boss comes and asks me whether a cheque from someone has been cleared or not and what the balance is. I have to leave these things and try to answer his question first. I have to calculate. You see there is no account balance in this record. (See appendix 4. Accounts receivable card).
I: Whose task is it to actually handle the cheque?
A: The finance department's, but he will ask every one whom he meets.
I: Actually I would like to ask you what this column is for. Why did you decide to design this particular record?
A: I didn't design it. It was like this when I came here. We have to calculate the (PPN) value added tax. Mr Eddy will sign it. Then we can make a collection. If we receive the cheque, it will be kept by the finance department until the time to clear it (bank clearing), then she will let me know by using this form. And finally, I record this transaction over here.
I: But it only shows the date of the transaction, and not the date of clearance of the cheque.
A: I mean that this transaction has already been paid. It will be easier to answer the boss' question as to whether the cheque has been cleared or not.
I: How do you classify these accounts?
A: Based on the kinds of product. Usually a particular customer buys a particular product. Thus it will easier to know the balance of the accounts receivable of, say, medium paper.
I: How do you record it if the customer buys medium and leather board.
A: I have to make two cards of account.
I: Do you make any report or resume of your task?
A: No I don't. It is Mr Eddy's task. He does it using computers.
I: When?
A: Once a month.
I: Do you think anybody needs that?
A: Yes I do,... it is for the boss
I: How about the marketing manager?
A: I don't know.
I: How about yourself, I mean do you need that information?
A: Oh no, I work from morning until the end of the day just concerning myself with recording all of these.
I: Does your task take up all your time?
A: These documents belong to P.T. Eureka Aba, these are P.T Eureka Sari's and some of those are P.T. Liksan Utama's. So can you imagine how much the documents are?
I: Who are they?
A: P.T. Eureka Sari is a trading company. Its main business is paper trading and supply. It belongs to Mrs Hendrawan. P.T. Liksan Utama looks like a printing company, but is rather specific. You know that joss papers are primarily exported to Taiwan. The export is in the shape of a roll of paper. It is plain paper. You will gain more profit if you produce them into final goods (square shaped and red coloured print with a particular scent added). This company does it. This company actually belongs to all of the directors and their partners from Taiwan. Thus, all of us work not only for one company, but all three together. That is why I am very busy all day.
I: Well, let me have a look at the records of P.T. Eureka Sari please.
In the following, I continued the conversation in such a way as to convince of the real time needed to finish her task, and I observed the volume of the transactions each day. To avoid my personal bias in understanding her task, I undertook a modified triangulation by going to see the financial, marketing manager and accounting managers. I discussed the related issues so as to obtain a deeper understanding of her task. If I considered necessary, I would come back to discuss the matter with her again.

From this part of the conversation, some important insights came up. First, her accounting lifeworld. She knew the basic principles of accounting but did not know how to use it or how to speak it. The steering mechanism, indeed, the volume of her task, influenced her so much that she did not have enough time to think of her task. As a result she did not speak accounting language at a level equal to her educational background.

The second important conversation in the accounting department was one with the accounting manager himself, Mr Eddy. It yielded the insight that he had a middle level of accounting theoretical knowledge. His understanding about accounting was more technical and practical than theoretical. With regard to the Javanese speech level, he can be deemed to be able to speak Madya-krama. In this regard, he could provide a complete set of financial statements and a set of reports of P.T. Eureka Sari (ES). He himself designed the process of recording from the original documents, the process of classifying, reporting and filing and keeping the documents. Evaluating his accounting design, coupled with conversations, evidenced his understanding about the accounting treatments and policies. But he did not understand how to provide management with more informative financial statements in the sense of fulfilling the more internal needs of accounting information. In other words, his analytical comprehension was still weak. He defined accounting in such a narrow way that he provided accounting information
like that. He thought that, as has been doubted by Francis (1990), accounting is a matter of providing external financial reports.

In connection with P.T. Eureka Aba, he could not provide a complete set of financial statements. He was still working on ways to improve them. He had designed a draft of an accounting manual for EA. If it were agreed by the directors, he would implement it. At that time, he could not describe the existing accounting policies, since the related information was the bookkeeper's responsibility. In his endeavours, he faced some problems, such as work loads, personnel quality, disintegration among departments, power from the board of directors and his own limited knowledge. However, amongst these obstacles, power seems the most crucial. He is still young both in terms of age and seniority in the company. This phenomenon can be explained in terms of Hofstede's large power distance combined with collectivist society. Part of the conversation was as follows:

I: How did you get into this company?
A: I met Mr Wendy a couple years ago in Jakarta. He asked me to work with him. Actually, initially, I was employed by ES only. I designed the whole accounting systems for this company. Since the board of directors considered that I had succeeded in doing this job, you see these financial statements, they offered me another task, that is, to improve the accounting systems of both EA and LU.

I: Do you face any particular difficulty in doing your new job?
A: Yes I do. There are some obstacles. The first is size. ES's size is much smaller than EA's in terms of volume of transactions and complexity. It is only a trading company, but EA is quite different isn't it? For ES, I control the range from processing data to providing these financial statements. I have some people to help me do so. They are quite good. Moreover, I use computers to process all data, thus this task is easier and I can do it faster. You see (while pointing to the three employees working on computers), they can work without my presence or with limited supervision. Secondly, there is the personnel. It is very unfortunate that everybody has to work for these three companies. Sometimes it's perplexing. Suppose that when I need information for E.S., the employee still doing work for others. I have already proposed to the boss to separate them with a clearer job distribution. I am still waiting for an answer. Finally, and this may be the most difficult aspects are the people at the production plant. They do not want to work together with me. They make their own reports for the boss.

I: I am a bit confused with your explanation that they make their own reports.
A: There is Mr Handoko, a bookkeeper, who works at the site plant. He never believes in other people. No one can touch him, I don' know about you. Perhaps with a director's permission you could see him. He asks for all of the data on EA to be sent to the site, then he records them in his own recording systems and makes financial reports, and only the
boss can read those reports. This is the reason why I cannot make a complete set of financial statements and why I just make accounts payable and receivable reports. This is my only responsibility at the moment. I never even see the list of fixed assets, so how can I make a balance sheet? The other one is Mr Tandy. He thought I could not handle his (accounting) job.

I: Have you ever seen Mr Handoko's reports?
A: No I haven't.

I: Have you asked for it from the boss?
A: I don't dare do so!

I: How about cost accounting for production?
A: Frankly, I do not have any experience in cost accounting. I quit university when I was at the end of year two\(^{30}\). Then I worked for a couple years in Jakarta before I met Mr Wendy. But I am sure I will be able to provide the production cost reports and the ordinary financial statements for EA. Moreover, I will learn again.

The conversation was interrupted to discuss how to get into a university in Surabaya. He asked for advice, because he knew that I am a lecturer.

I: What do you mean by the ordinary financial statements?
A: Like these (ES), the balance sheet and income statement. It is not that hard I believe. Even for a manufacturing company it will not be quite different.

I: Did you see Mr Tandy's cost of production reports?
A: Sometimes I did when I went to the plant. I am a little bit sluggish in seeing those at the site. They don't appreciate my work. They thought that I could not make reports like theirs. In fact, I don't have any cost information. They make cost expenditure reports and keep the data with them.

I: Did the bosses\(^{31}\) show you their reports?
A: No they didn't. Those reports are specially made for them.

I: Do the bosses know your problem, I mean, that you could make such a cost report as long as you know their cost data?
A: They know it. But the problem is a matter of hesitancy. The bosses hesitate to order Mr Tandy to give the data to me. Mr Tandy is a senior staff member and is an elder person in that department, while I am still a junior. This will not be an easy decision for them.

I: How about the accounting procedures, suppose Mr Tandy gave the data to you?
A: Everything needs to be improved, doesn't it? But we have to think about this, don't we? I am sure that as long as Mr Tjipto is present here, you can stimulate the change. I know it will take time.

I: Why do you think so?
A: The problem is, I suppose, that we need a person who can convince Mr Hendrawan and Mr Hasman, that is all. Mr Wendy, even though he is also the owner, is a new comer too. Mr Hendrawan has already told me about you.

I: By the way, did the bosses ask you to prepare a particular report?
A: No they didn't. But they are happy with these financial statements (ES).

I: How about the EA? Any comment from them? Any question about your reports?
A: Never.

I: Do you think the bosses really need all these financial statements?

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\(^{30}\) In Indonesia, to get a university degree (Sarjana, that is, one year to go after a bachelor degree), in general one needs four years.

\(^{31}\) The bosses refer to the board of directors.
A: .... I think so. What else?
I: Do you analyse these reports (ES) or do you think it is necessary to make a particular analysis?
A: I don't analyse these, I think the bosses will do so.
I: Do you think they can do so?
A: May be.
I: Did the bosses tell you what sort of information they really need?
A: No they didn't, I just think that these ordinary financial statements will be sufficient; accordingly I try to provide the information for them.
I: Do you realise what sort of information the bosses actually need?
A: .... no.
I: Did you communicate or discuss this matter with them?
A: With Mr Wendy. Even he, I think, needs these reports.

Then we discussed the way he processed data using three personal computers. Basically, he designed himself the software based on the database and spreadsheet software. Each software is used for a particular task. For instance, to prepare an account payable report, the spreadsheet will be used. The data base is used to produce a complete set of financial statements. In general, the process is as follows: Initially, the documents are recorded manually. Then they are keyed into computers. The aim is especially to speed up the process of preparing the accounts receivable, payable, purchasing and sales reports, particularly for P.T. Eureka Aba. Nevertheless, for P.T. Eureka Sari all of the financial statements are produced using these computers. It is true that this process of preparing financial reports is faster than the manual one, but I consider it as actually wasting time. The data recorded in the computer are actually the same as those recorded manually. Thus, it is only a duplication of work. Mr Eddy's understanding is that computerised accounting systems are like this practice. In this accounting practice, both manual and computerised systems cannot provide prompt information. Any time some one needs a particular information, for example the individual balance of accounts receivable, the bookkeeper has to make a recapitulation first.

The third person who was considered significant in constructing my interpretations of the phenomenon in the accounting department was Mr Handoko, the
bookkeeper. Unfortunately he was so closed that the process of reaching mutual understanding was considered a failure. Yet I still strove to get information from him. To meet him, I was accompanied by Mr Hendrawan himself because Mr Handoko did not want to see any strangers. Mr Hendrawan introduced me and explained our objective. Having understood this, Mr Handoko replied in Chinese which I did not understand. They both talked in Chinese. After a while, Mr Hendrawan explained to me what they had talked about. In short, Mr Handoko thought that I could evaluate his financial reports which were available in the director's office; so, according to him, it was not necessary to see him. Then I explained that I would like to see his accounting records, the way he keeps them, the way he makes classifications and the way he keeps all of the business documents. The answer I got was:

Han: If you are an accountant, you must understand all your questions.
I: Certainly, but every one has his own specific ways of doing things. Do you mind if I learn your style?
Han: If so, that is a different matter.

He then spoke again in Chinese to Mr Hendrawan who later told me that he said "Why should Mr Hendrawan believe me?" Hesitantly he allowed me to observe his office and his work for a very short time. While observing the accounting records and other documents, I asked some questions, such as how he classified fixed assets and their accounting policy; how he coped with the development of the company's activities; how he recognised revenues and expenditures; and how he distinguished capital expenditures from revenue expenditures. The answers were very strict. For instance, he said:

...buildings can be depreciated between ten and twenty years, and machines between about five and ten years... What makes a difference is the volume and not the types of business transactions... Expenses could be classified under factory or general expenses...
When I repeated the question about how he recognised revenues and expenditures, he answered that they are accounted for these on the basis of the transaction documents received from the HO. This implied that he recognised an accrual basis. However, I found that he maintained the current business documents so neatly that made them easy to retrieve. The old documents, as Mr Hendrawan explained, had been destroyed. The bookkeeper maintained the accounting records in several wide exercise books. He drew columns in every page and in each described a particular cost or something akin to the name of a general ledger. He wrote in Chinese characters. At the end of each month, he made a recapitulation of these records and then arranged them into monthly income statements which were also in Chinese characters.

Even though he worked alone, he could provide his report relatively on time. The recording system was similar to single entry bookkeeping. He believed that this system was very practical, was a fast way to record, and was sufficient to cover the entire business activities of the company. He kept his jobs very secret. What I considered a failure was that I could not reveal the general accounting policies and accounting treatment that had been applied. I concluded that the bookkeeper was actually very tidy, thorough and meticulous. Actually, I expected to understand his analytical knowledge with the hope to improve the quality of his work. But since he was so closed and conservative, it would be very hard to propose any accounting modifications.

B) Understanding the financial division and delving into the critical theorems

This division is headed by Mrs Irene. She holds a high school certificate and has no other working experience related to accounting. She has worked in this firm since 1985. The primary function of this division, both in the head office and the factory, is to maintain the cash circulation and its record systems. This division holds a lot of bank
notes and cheques. Most of the cheques issued and received are post-dated cheques. Moreover, this company holds more than five bank accounts. Its main aim is to carry out the tasks quickly and accurately. The manager of this division has to be able to supply information to the financial policy holders, indeed, to the directors. The crucial information for the directors is the cash position at any time, including all of the post-dated cheques. Thus, this division does not manage the financial functions in a wider sense, because financial policy is still held by the directors. In other words, the financial division's tasks are administrative, it is not a policy maker. For this division, accounting means working quickly and accurately due to the volume of clerical works, while accounting language means the ability to provide directors with correct and prompt information about the cash balance and outstanding cheques.

Financial management in this division should be interpreted in a narrow way. It infers activities in terms of maintaining the account balance of the company's bank accounts. Most of the cheques received and issued are post-dated cheques. They are dated not only a week ahead, but usually more than one month ahead. Additionally, the company has five bank accounts in different banks. The situation worsens if a payment received is withdrawn by the issuer (payer) due to the payer's personal problems. It is a situation that elucidates common practices at a particular level of business. Hence, the manager has to return the cheque received to the payer to get a replacement (repayment, usually with another post-dated cheque). This information is also needed by the sales division. Therefore, this division is very busy and crucial, because failure to maintain the account balance properly may cause an overdraft which, in turn, causes the company to get onto a bank's black list. Accordingly, when I asked questions about activities relating to financial planning, the important answers revealed cash management in terms of playing with post-dated cheques. Mrs. Irene answered as follows:

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32 This practice is possible because the directors already know their clients to each other. This phenomenon can be explained using Hofstede's collectivism. Business deals are not conducted between firms, rather, between one person (the manager or owner) and another. The deals are based on "know and trust" (See Hofstede, 1994, 49-50).
I have to check every bank account balance daily. Then I decide which cheques should be deposited at which bank and the amount of the cheques which should be issued or withdrawn from which bank. I have to do these things so cautiously in order to avoid overdraft. It isn't an easy task, is it? Sometimes, when I am doing this, the boss calls for me to give him an amount of cash for his personal use. Moreover, don't forget Tjipto, it is not only for EA, but also for the other two companies. Don't even ask me to do anything else, please.

For this division, accordingly, financial planning means a cash budget in terms of matching the incoming and outgoing (post-dated) cheques to obtain a specific bank account balance. Thus, it is not a cash budget by an accountant's understanding, such as cash management, accounts receivable and payable management, and capital budgeting. This financial management and planning is the top level management's job.

However, this division also monitors the use of the budget. Again, the budget must be understood in a narrow way. The budget is established by the directors in an attempt to reduce the overhead costs, particularly maintenance costs. For the company's management, budget means a limit for a particular expense. In this context, the directors set up a budget particularly for limiting maintenance expense, since they feel that these expenses are excessive. The maintenance expenses take the form, mostly, of a purchase of factory spare parts. The directors order this division to monitor the authorised budget. In carrying out this task, the financial manager is very strict (a clearer explanation can be found in the discussion of the purchase and production department). Sometimes, as the expense of a particular spare part has reached a maximum, the finance division rejects it. In fact, this spare part may be urgently needed. As a result, this halts production activity. The financial manager's commentary on the use of the budget was as follows:

The budget is very confusing. If we don't apply it, the maintenance costs will increase exceptionally. But if we do, sometimes it affects the process of production; it slow down production. Mr Tandy is often angry with me. Whom should I obey, him or the boss?
While this division has been already occupied with voluminous works, there is another weekly workload, that is, payment for daily wage earners. The number of these employees is more or less 500. They mostly work in the factory as direct labour. Their wages are paid weekly in cash. Thus, every week the financial manager must arrange a withdrawal and send the money to the cashiers in the factory. Despite this, the cashiers have to arrange payments for the suppliers of raw materials.

Seen from the Javanese language speech level perspective, this division, indeed the manager, does not speak accounting language to any great extent. She speaks this language at a very low level. This results from her lack of theoretical knowledge and the work load. In Habermas’s terms, it is likely that she is colonised by the system mechanism.

C) Understanding purchasing and delving into the critical theorems

The conversations took place in purchasing manager office. He is a manager, in the sense that he does the job himself. He has been employed since the establishment of this company and was appointed in this capacity eight years ago. His job, in fact, is only to take purchase orders. These are based on the purchase requirements received from the production and maintenance departments. He does not keep any accounting records. Thus, his task seems, simply, to receive purchase requirement and then to make the purchase by calling up suppliers. He has to monitor every order until it is shipped to the factory. In urgent cases, he has to go himself to take the order and buy it directly. However, because of the number of orders, this task takes all of his working time. Most of the purchasing activities relate to spareparts and indirect materials, because the purchase of raw materials is carried out by the directors themselves. In this regard, he explains "the directors make contracts with relatively fixed suppliers and the prices are based on an agreement. The purchase contracts are renewed regularly".
A crucial "language" that became an issue between the financial division and the purchasing and production departments (in this case the maintenance division), was the implementation of a budget. The purchasing manager explains this as follows:

Mr Tjipto, without implementing a budget, those who work at the factory always ask for many things (spare parts). I don't know why the need for spare parts is so great. The budget is actually a good policy. It is evidenced that by setting a limit, the purchase for spare parts decreases dramatically. Unfortunately, the budget set up by the directors sometimes does not fit reality. There will be a problem when some part, on the one hand, is really needed, while on the other hand, the budget has already achieved its limit. The order cannot be filled. In this case, Mr Tandy will angry with me. He then usually sees the directors to discuss the matter. The purchase itself then depends on the directors' decision.

In an attempt to evaluate further his lifeworld, I asked questions, such as: how does he monitor or control the budget?; how does he evaluate his tasks?; and how does he provide information for the directors? The answers imply his understanding of his job. According to him, a purchasing division means to carry out the purchase requirements at reasonable price and time. No further analysis is made of analysing his job. He never even makes any purchase reports, because he believes that anything relating to that kinds of reports and evaluation belongs to the accounting department. This includes any planning activity, because, for him, planning means the correct time to buy, so that the particular thing needed can be delivered on time, while monitoring the limit of the purchase is simply just coordinating with the financial division. His lifeworld thus can be explained by evaluating his study background and work experiences. He holds a high school certificate only, and since obtaining it he has only worked in a similar job. He has had no other working experience. Obviously, his task is more clerical than managerial. With a limited theoretical knowledge, he does not speak much accounting language. It is my interpretation that he can only speak at the ngoko level.
As with to the other situation in which discursive conversation is being conducted, a researched participant asked for a further explanation of what should be his or her task. In this case, I had to explain the imperative function of a budget, his managerial task as a purchase manager and its relation to accounting information. This discursive conversation opens the way to discussing in-depth the real obstacles faced by the researched participant in his personal relationships. In this regard, again, I find that conversation aimed at reaching a mutual understanding helps enlighten the researched participant in many aspects of accounting which can stimulate a reproduction of the lifeworld.

D) Understanding the marketing division and delving the critical theorems

The sales division is represented by the sales manager. From the discursive conversations and observations of this division, I concluded that the tasks of this division are more clerical than managerial. Marketing policy itself is maintained by the directors themselves. Regardless of its role, this division actually needs accurate accounting information, particularly the stock of inventory and if possible, the information on the cost of production and the balance of accounts receivable. In relation to the characteristics of customers, information on the inventories is needed for dealing with prospective buyers; indeed, the manager has to be able to determine a certain time of delivery, because if the purchase order is not in stock, it means this order must be produced first. On-time delivery becomes the trademark of the paper industry, particularly for medium papers. In this context, the manager must maintain good coordination with the production department.

The product cost per unit, the manager claims, is also needed in association with determining the sale prices. This price determination is very crucial due to the high competitiveness of the market. Moreover, this firm sells a variety of products, in terms
of size and weight per square metre\textsuperscript{33}. The size, despite its standard production, is also determined by the demand. Without knowing the standard cost, it is difficult for her to make a deal with buyers, particularly if she has a specific order. For example, suppose the standard production is 2 metres wide, while the order is 1.8 metres wide. This order results in 0.2 metre being left over. This size is so narrow that it is difficult to sell. This sometimes becomes scrap. Thus, ideally, she knows the cost of production. But sometimes she does not. In this case, she maintains, it is hard to set the appropriate price. In fact, price determination is not the sales manager's task, but is the right of the board of directors, even to set a sales discount policy. The directors set a range of sale prices so that she can deal with customers. For example, if there is an unusual size in the sale order, she should discuss it with the directors. The directors, in turn, will consult with the production manager.

In the further discussion I realised that she just wanted to know the cost of production of every product. This information made her sure about what she did or how the firm was progressing. She did not use that information for further analysis. Even though she stated that the most profitable product that the company could sell was joss paper, no further analysis was made to judge her presumption. She never made a sales analysis. She did not understand how to make such an analysis. Her inability to make a further analysis will be apparent by understanding her background. She holds only a high school certificate. She got work experience as a clerical worker several years before joining this company. She has been working with this company since the establishment of this firm. Initially, she used to work as an accounts receivable clerk. Because the directors trusted her, she was appointed a sales manager. This phenomenon leads me to conclude that she does not have sufficient theoretical knowledge about sales and marketing. This interpretation becomes apparent by following part of the conversations. (E = Mr Eddy; P = Mrs Pauline and I = researcher)

\textsuperscript{33} The same size but with different thickness yields different weigh. As a consequence, the cost of production is different too.
I: Among the products, which one is the most profitable?
P: Joss paper indeed. We have no significant competitor, I meant there are not many firms which produce it. Furthermore, we have a fixed purchaser or a company in Taiwan. This firm entered into a joint venture, whose name is P.T. Liksan Utama (LU). Thus the market is more secure. The market in medium paper is very competitive. First of all, our product quality is not that good and it is not stable. There are too many complaints about this product. The other problem is the production capacity. Our machines are old and their product width is limited too. On the other hand, you know, P.T. Ciwi Kimia, our main competitor, a couple years ago just installed a new machine which can produce paper six metres wide. With this width, that company can reduce the scrap. Finally, there is the price itself. A couple months ago, the price fell below our product cost. You know, it was caused by Ciwi Kimia. This company was accused by an Australian association, because of its dumping policy. It was not only overseas, but that company also dumped domestically.
I: How do you know that joss paper is the best? Is that your feeling?
P: The price is steady (stable). We also make profits from LU. Some of the joss papers are sold to LU. This company processes them further into finished goods, then exports them to Taiwan, so it makes more profits, doesn't it?
I: Do you make a special analysis of that?
P: That is my analysis.
I: Do you make sales reports?
E: I do, once a month, in general.
I: What do you (Eddy) mean in general?
E: I classify the reports into three parts, carton and leather board, medium paper, and joss paper.
I: Do you distribute it?
E: Of course not, that is for boss to do. (He then took the report and showed it to us)
I: Do you (Pauline) ever see it?
P: Yes, sometimes.
I: Do you evaluate it? Sales evaluation I meant.
P: You see, the highest amount of sales is from joss paper.
I: How about the cost, the expenditures and other expenses.
P: If you meant the cost, particularly in relation to the medium paper, ..., I am concerned with it. The products vary. Moreover, demand also varies, in terms of size and weight. In this case I need information about the product cost of every size so that I can determine the price with certainty.
I: Don't you have the price list?
P: ... but if I knew the cost, it would help me to convince myself that the price is properly agreed to.
I: Who should provide that information?
P: The production department.
I: Production department or accounting department?
E: It should be the accounting department, but if the data goes to me.
I: Regardless of the provider, if you get the cost of production, do you make a further evaluation?
P: What do you mean, Mr Tjipto?
E: Could you explain what sort of evaluation that we should make?

On this occasion, despite what she had done, I explained in more detail what should be analysed by a sales manager, such as product analysis, market segment, and
demand that cannot be supplied. This discussion made her aware of the more important
tasks of a sales manager. By so doing, she will be able to support more informative
information for the directors. For the research purpose itself, this discussion implied an
enlightenment process. I believe that her awareness will support the accomplishment of
the enlightenment stage. I stressed that this information can be obtained if the
accounting system is improved, and, in turn, it will improve the organisational actors' performance too.

P: If so, it should be Mr Eddy's task to provide me with that information.
E: I hope I can, if I have the data. You know Mrs Pauline, the boss asked me to provide a complete set of financial statements, but all of the documents relate to the expenses of Mr Handoko. He keeps the data and makes his own reports. How can I know the expenses and provide information. That is why Mrs Pauline, we need to work together to improve this situation.
I: But you have to be able to analyse further.
P: I will learn about it.
I: By the way, how about the carton and leather boards. How do you sell them?
P: These products do not really take my time. They are sold through agents, one in Surabaya and the other in Jakarta. I only maintain the records of the agents.

The other information needed by the sales manager is the customer account balance. Mrs Pauline, the manager, complained about it. She used to maintain her own accounts receivable records. By maintaining such records, she argued that she could monitor both the collection and characteristics of customers. However, since this task has been taken over by the accounting department, she no longer has that information. In this case, it is a matter of communication. There is a communication gap between this division and the accounting division. This gap is reflected in the following conversation:

P: I really need information about the characteristics of each customer. I don't want to sell to some one who is not a good payer. It will cause a loss to the company. When I managed these records, I could control all the customers, collected the payments and easily deal with them.
I: As this task is carried out by the accounting division, can't you get that information from that division? It is only a matter of the person who carries it out. The quality of the information should be the same.
E: Yes Mrs Pauline, why didn't you request that information from me? It is my task to establish part of an appropriate job distribution. Your task is very important, but if you are occupied with recording I am afraid that this will disturb your more important task.
Accordingly, I took this job so that you could concentrate on sales. Moreover, it does not mean that I keep this information for myself.

P: It will take time to ask you.

E: Oh come on, we are in the same room. Even if I am not up here, you can ask her immediately (the accounts receivable clerk), and you know who handles this task.

P: But when I asked about it, you could not answer promptly.

E: I didn't change your system, just the systematic or its column. Even you must sum up to get the total.

I: Do you (Eddy) understand which particular information she actually wants?

P: ... I need the person's account balance. I need to know when the payment is made, whether the post-dated cheque has been cleared, and whether there is any other problem with the cheque.

E: Yes I can provide it, but with regard to the cheque, we have to coordinate with the financial division.

I: By the way, who is responsible for collection?

P: The financial department, but sometimes I still have to remind it.

Again, we alluded to the matter of job distribution. I had to explain which tasks and accounting records belong to accounting and which ones should be maintained by the sales division. It was the right time to convince her that, instead of recording accounts receivable, recording sales activities should be maintained by the sales division so that more useful and informative information could be provided.

Deciphering this phenomenon using Habermas's sociological analysis describes the interplay between the lifeworld and the system. From the lifeworld point of view, I interpret that her theoretical knowledge does not support her task; consequently, she cannot speak a higher level of accounting language. In terms of Javanese language speech level, she spoke at the ngoko level. On the other hand, the role of system mechanism is also apparent. Inadequate accounting practices and limited accounting language for interdepartmental or divisional communication can cause the steady development of accounting itself.
E) Understanding the production department and delving into the critical theorems

The production department has five main divisions: medium paper, joss paper, carton and leather board, research and development, and waste treatment. Maintenance as a subdivision is located under divisional supervision. Another activity which does not belong to this department but exits under this departmental supervision is "the cost record keeper". This structure is determined so as to the practical reasons. For instance, if a machine breaks down, it will be easy to order this subdivision to repair it. Compared to others, this department has the most transparent organisational hierarchy.

The key organisational actors within this department, from the production manager to subdivision managers, have been familiar with accounting language in terms of production costs and budget. In undertaking research for this department, I carried out conversations simultaneously with the observations. I started the conversation with the production manager then followed this by conversation with managers of divisions and subdivisions. It took several days to complete these steps. Finally, I conducted a group discussion. The group discussion was attended by the production manager and all the division and subdivision managers.

Even though denying the terms "accounting", the production department is concerned with the importance of accounting information, particularly the cost of production. This concern is in line with the history of the company. Due to inadequate accounting systems, this department was considered a resource that knew the actual production costs incurred. Accordingly, this department was assigned to maintain all accounting records relating to production cost information, such as inventory records including raw materials, indirect materials, maintenance supplies (spare parts), finished goods and direct and indirect labour records. In providing the production cost reports,
this department set up a specific subdivision. (I call this subdivision a "cost record keeper").

Four people are employed to conduct this task. They record data and process it into production cost information. Having recorded so, they send all the transaction documents to the bookkeeper. Most of them have a science (engineering) background, but no one has an accounting background. Therefore, they argue that their work is not accounting work. They label their work as cost calculation. Due to a lack of understanding of accounting theoretical knowledge, in their calculation they neglect the treatment for overhead costs, such as depreciation costs, operation expenses of the waste treatment and research and development expenses. They do not make any proper allocation for these costs. These are classified as common or period costs.

With regard to the maintenance costs, by way of thorough examination and observation, I found that a particular replacement of a part which has a lifetime of more than one year, or even an expenditure for building an additional fixed asset, had been classified as period cost as well. In this case, the production manager states:

I know the total value of these investments (old and new machines). But I don't keep the records, I think the bookkeeper maintains the records of fixed assets. Instead, I keep the maintenance costs records, because I do the maintenance. I assume that all service and maintenance costs, and replacement of parts for these machines, are classified as maintenance costs, ...Waste treatment is not my responsibility, it is waste abatement's responsibility, and so is its cost of operation.

The waste abatement division confirms this matter as follows:

My main task is to find technically a better economic way of reducing waste pollution. And you know, recently, this issue has become hot. Thus, I face not only an internal conflict but also an external one which used to be political issue. So I don't have enough time to consider whether this expense goes to the accounting department or the production department. I just send all of the data to Mr Handoko.
The chief of the cost record keeper stated:

I don't do accounting Tjipto, I help the production manager to provide detailed cost calculations. But if you want me to calculate the depreciation expenses and other cost allocation treatments, it won't be a big problem for me. Just show and explain to me how to do it and I'll do it. But don't forget, I don't have those data (fixed assets data).

This situation is worsened by the absence of an accounting policy and a lack of coordination between this department and the accounting department. The reason for this is that no one has any idea and power to introduce the idea so as to coordinate these separate departments. In this regard, the accounting manager has already offered an improvement for this coordination, but failed. The main power holders, indeed, the directors, do not understand what to do. In this reference, Mr Wendy commented "This is our case, Tjipto. You and I have to cope with this problem".

Again, through discursive conversations, in which I had to explain what proper cost accounting was, and what coordination among departments should be, this research method brought us toward reaching a mutual understanding. This research activity imparts to and improves the researched participants' understanding of what accounting is all about. However, there is a matter of reluctance. In this regard, those who have a scientific formal degree (study background) hesitate to be called "doing accounting".

In connection with the budget application, the production department, especially the maintenance subdivision, is the most affected, because, the implementation of a budget is, initially, assigned to this subdivision. In conversations discussing this matter, I could feel an anxiety arise among the researched participants. The improper understanding and implementation of the budget generated this anxiety. In this context a budget is interpreted as a minimum cost or as little cost as possible. The directors define cost as meaning the minimum amount that can be expended. Thus, regardless of the impact of reducing costs, the directors believe that the less money spent the better. For example, if a part needs to be replaced, so long as the maintenance department can
repair it, the directors prefer to repair it rather than replace it, even though by repairing
the part it will last much shorter than by being replaced. The other impact generated by
this action is production stagnation which might be more costly. Since the aim is to
reduce maintenance costs, the decision will be to repair the part\textsuperscript{34}.

To understand the core reasons beyond the imposition of the budget, I performed
in-depth conversations with those who work in the workshop and also with some
machine operators. I revealed that the imposition is caused by the high frequency
damaged parts of the machines. The high frequency of break downs has a close
relationship to the nature of the production. The three production lines, medium paper,
joss paper and carton and leather board, have different degrees of wearing-out. These
are caused by the age of the machine, the way its operates, and the type of production.
First, other than the joss paper machines which started in 1988, the others have operated
since 1978. It should be noted too that the joss paper machines were bought second
hand. Secondly, paper is a product with a high content of chemicals. These chemicals,
mostly, cause a high level of corrosion, particularly joss paper which contains high
degree of sulphur which is very corrosive. Finally, the method of operation, without
following the correct operating procedure may cause dilapidation too. Thus maintenance
is, the repairman argues, not only the task of the repairman, but also becomes part of the
operator's domain. In this regard, the repairman complained as follows:

Don't think that joss paper machines are ten years old. They must be more than
that. We bought second hand machines. We don't know their ages....

My job is actually to repair and replace a damaged part and to build or produce a
particular device. Service and maintenance should be considered not only mine.
For example, Tjipto, suppose you have a car. You go to a car station to fix some
thing. But if the way you drive is so badly, this may cause the thing which has
been repaired to break down again soon. It is not the car station's fault. Thus, it is
not fair to blame only me. It should be the operator's fault. ...(he then described

\textsuperscript{34} Contrary to the situation in Australia in which the cost of repair, due to the high labour cost, is much
more expensive than replacing a new part, in Indonesia, the repair cost is much cheaper than the
replacement cost. In this case, the company has its own workshop. The workers at the workshop are paid
monthly, and they are skilled. They can produce or build some devices themselves.
and gave many examples of parts and their nature). Eventually, because of this the
directors set up a budget for me to reduce the cost of maintenance. It will not solve
the problem, I believe. ...the impact is, you'll see, if the maintenance cost is cut,
that the machine does not work... the boss will force me to repair.... repairing two
or three times is actually more costly than buying a new part, but no one believes
me! Now, I have to do more calculations than repairs.

As a result, the implementation of this budget causes some internal conflicts. For
instance, they might be between the maintenance department and the operators, between
the production manager and the financial and purchasing divisions, or sometimes they
may involve the directors themselves. In regard to the budget implementation, some of
the researched participants revealed good comments as follows:

The boss must understand that reducing maintenance costs does not necessarily
save money. This may be true when the part is still worth being repaired. But
sometimes this means the machine will break down again soon (the maintenance
subdivision manager).

The implementation of a budget can be deemed successful in financial terms. It
means that the budget has succeeded in reducing the maintenance costs only. But I
am not sure about this impact on accounting in general. The decrease of the value
of money in maintenance can impede the production process which, in turn,
decreases the volume of production as well, because the production process will be
frequently stopped, due to the broken down machine (the production manager).

Confronted with these opinions, the directors answered:

Yes, Tjipto, most people at the production line complain that the production
machines are too old to be operated. I believe that they are correct. But there must
be something wrong with the method of service or maintenance in division. If they
operated and maintained the machines properly, the machines should have a longer
live than their technical lifetime. Let's take a car. It is designed for, say a life of
five to ten years. In fact, it still runs well after more than ten years, doesn't it.
Why? Because of the way it is maintained. Right? So the maintenance people
should improve their capabilities, instead of only asking for replacement parts.

The implementation of the budget seems to worsen the situation. It generates an
internal conflict and decreases the volume of production. The internal conflict occurred
because of a misunderstanding of the meaning of the budget. The maintenance people
felt that their freedom to work was limited by the budget, while top level management
defined it as the lowest possible expense. This state impinged upon the production flow. It impeded the volume of production.

Again, these phenomena can be analysed from the perspective of Habermas's societal analytical framework. The imposition of the budget depicts the material reproduction of the lifeworld through the system mechanism. It is more influenced by the strategic and purposive actions, rather than by communicative rationality. The evidence is identified by the aim. The budget is aimed at reducing maintenance costs. If it were influenced by communicative rationality, the imposition ought to be applied by following a proper budget preparation. It should not be set by the directors without asking for an input of a reasonable amount of expenses based on the maintenance plan. Conversely, this imposition brought an impetus to the organisational actors in speaking more accounting language. This is also an identification of a material reproduction of the lifeworld through the system integration. First, due to the conflicting definition and interest of the use of a budget, the implementation of the budget imposed on the organisational actors the obligation to speak accounting language. Secondly, due to the image that the production department is the one which knows the costs of production, this department is required to keep the accounting records. As a result, without realising it, this department becomes familiar with the accounting records. In other words, the impact of situations on a particular type of accounting practice have become apparent.

F) Understanding the board of directors and delving into the critical theorems

In the first conversation with the board of directors, I just tried to get general information, about production and products, organisation, marketing, financing policy and planning. The next conversations were carried out when I had already completed the discussions with all of the researched participants. In this conversation, I discussed matters in more detail, based on the results of my research. Even though mutual
understanding was still being maintained, this conversation was more directive in the sense that I strived to confirm my tentative understanding of the overall situation of the company.

It is my interpretation that, in general, all that the directors want to know about is simply profits. Recently, their wanting has increased. This is because they believe that their business makes money, but they feel they do not actually receive cash money. This feeling encourages them to understand more about accounting. It is this situation that I referred to when I stated that this firm was in an accounting crisis. On the one hand, the directors' need of accounting information increases, whereas on the other, the accounting systems cannot provide relevant information. The rising awareness of a proper accounting practice can be clarified from two significant aspects.

The first is the profitability rate in relation to market competition. In the past, there was not so much competition. The paper industry used to yield very high rate of profits. "In such a situation", Mr Hendrawan stated, "I did not really need accounting information. As long as I could get general information about the amount of accounts receivable, payable, cash and position of the stock of inventories, I could expect or estimate the profits". Thus, partial and/or rough information, such as the amount of accounts receivable, payable, cash and inventory were considered enough. Accordingly, they did not pay attention to the necessity of maintaining proper accounting systems.

But now, the situation is completely different. The competition, particularly for medium paper both in terms of quality and capacity, is very keen. This, in turn, affects the sales price determination. Even if the sales price increases, it is in fact getting lower in relation to the increasing cost of production. A decade ago, the number of paper manufacturing companies was only ten with total production capacity 487,000 tons per year. Since 1992 there are 15 companies with a total production capacity increased to 2,096,700 tons per year. The new companies installed new technology which produced
better quality products. Conversely, P.T. Eureka Aba's machines are more than ten years old. Moreover, its product quality is not as good as its new competitors. The directors remark that market demands have actually increased; however, compared to the abundant supplies, penetrating markets becomes much harder. In other words, markets become very much more competitive. Competition takes place as a result of two factors, quality and sales price. Thus, any attempt to penetrate the market should be directed at overcoming these two factors.

To compete with the quality, the production manager and his staff strive to maintain intended quality by creating a modification of several compositions of raw materials and indirect materials. They also provide the "consequent costs" due to these modifications. But, competition in the sales price area has been difficult. The directors remark that the most difficult thing in this competition is to deal with the sales price. They should follow the market price, in the sense that their sales price should be below the market prices. Since this firm cannot influence the market price, the policy taken is to deal with the production cost. It is this situation that becomes an incentive that leads the company to be aware of the need for accounting.

The second aspect that encourages the company to maintain proper accounting systems is thus the urgency in determining the proper sales price. In so doing, the directors need to understand the accurate production costs. Therefore, they are very much concerned with this matter. In terms of profit, they are not furnished with information which discloses which product truly contributes more profit than others, if not undergoes loss. They are aware, too, that the calculation of the production costs becomes more complicated. This is augmented by the compulsion to install waste treatment facilities. To comply with this compulsory regulation, this company needs costly new investment. Coupled with the necessity to operate these installations, which is also expensive as are the maintenance costs, production costs need to be revised properly. Unfortunately, they could not provide this intended accounting systems. The
available cost information, supplied monthly, only contains global monthly costs incurred per general product, such as joss paper, medium paper, carton and leather board. The directors, in fact, need information per item, indeed, on every type or size of product. This insight is interpreted from part of the following conversations (Hs = Mr Hasman; Hn = Mr Hendrawan; W = Mr Wendy; I = researcher):

Hn: I am not really sure whether the joss papers actually provide more profit than the medium papers. I feel that they do, but no one can provide convincing information of this. I don't know how to get that information. If I knew which product was more profitable, I would push the sales of that product. Therefore, right now I eagerly need accounting.

I: But you get production reports don't you?

Hn: Yes Tjipto. But do you know that the production cost report is too infrequent, it's monthly. I need it more frequently. Besides, there are so many problems. First, it doesn't come up to my aims. I need the calculation of the cost per unit, particularly for the medium paper. You know there are different kinds of sizes, but it provides me with the total cost per month. Mr Tandy cannot produce the thing that I want. Secondly, it is very arbitrary. Most of the calculation are actually based on technical standards. For example, when you go to the factory you'll see that the incoming raw materials are scaled and checked for their moisture content. You have seen them haven't you? It's very crucial. The suppliers tend to be unfair. That's why my brother (Mr Andrew) monitors this field directly. Then the raw materials are piled up before being taken into the production line. But no one knows the exact amount of the raw materials used. The calculation of materials used is only an approximation.

Hs: Should we scale them? I don't think so.

W: We should, otherwise we don't know what they are.

I: How about the depreciation, how do you account for it?

Hn: I tell you frankly, the total investment of this factory, in terms of the payback period, has been back. I reckon so; therefore, I set aside this calculation. However, it does not mean that the business has finished, I still want to continue it. What becomes my concern is the maintenance costs. This became more confusing after the investment of the waste abatement installations. This does not create a new product. Instead, it only adds to the cost. I am concerned with these costs. But, it is too complicated to consider these all in the production costs. You know, even without being augmented by these new costs, the production costs are already high.

W: Actually we can't do so Hendrawan, I meant, the old machines. (He was referring to the old machines which their depreciation costs are not allocated in the production costs.) Even though only the book value is left, we still have to consider them.

Hs: em..., I am really confused with the pollution abatement costs. We'll take action on this matter soon. You know Tjipto, we cannot eschew from this cost. The government, by sending the district officer, is continually inspecting the installation. The operation of this installation is really costly.

Since they could not cope with the proper technical calculations, they strove to reduce those expenditures which were possible. This lead them to impose a budget. In
imposing the budget, the directors focused on an attempt to reduce the maintenance costs. The rationale for this action can be analysed from the directors' individual lifeworld. Lack of theoretical knowledge leads them to make decisions based on purposive rationality (their business intuition\textsuperscript{35} and feelings) rather than on communicative rationality. For example, they are confident in the control quality of raw materials, because one of the owners controls it directly in the field. Thus, they believe that the use of raw materials and indirect materials cannot be reduced; this also applies to the other components of production. In fact, they ignored a proposal provided by the Research and Development Division. The proposal reveals the necessity to install a device, a flow metre, to control the mixtures of the raw and indirect materials. Up to then the control had been carried out at the end of the production process. This control is judged to be too late. The refusal was based on the feeling that, because the R & D division was a relatively new one, so the suggestion might be wrong. Moreover, the directors believed that the investment of the flow metre was costly too. There was no further attempt to analyse its costs and benefits. Another example of the directors' feeling is the repair or replace policy. Again, there was no further attempt to evaluate the costs and benefits of repairing or replacing a fixed asset.

These expositions delineate the low level of accounting language communicative competence. This position, seen from an organisational level, is affected by personnel and organisational affairs. First, the personnel affair are like a two-edged sword. On the one hand, most of them lack theoretical knowledge which affects their communicative competency in speaking accounting language. On the other hand, management prefers to employ those who can be trusted, ie. those who have insufficient knowledge but who, presumably, can be trusted; rather than professional people, because for management of this company, "trust" is very important in selecting employees. This situation conforms to Hofstede's proposition that a collectivist society loyal to group is very important

\textsuperscript{35}Business intuition refers to Barker's (1992, 73) contention who defines it as the ability to make good decisions with incomplete data.
Nevertheless, because of political and economic pressures, the directors changed their minds. They now realise that they need to implement proper accounting systems and consider accounting important. To cope with the personnel matter, they plan to hire a professional person to help translate accounting language. However, they do not mean to fire the older ones (those who have been working for a long time). Instead, they will place the right person in the right place. In this regard, Mr Hendrawan stated:

A person like Mr Handoko is very kind. He's been working up here during the life of the company. He is really trustworthy. I realise that he is not capable of doing accounting, I mean advanced accounting. But he works very well for, say, a Chinese trading company. That's why he treats this firm as if it were a trading company. He concentrates on revenues and expenses. But it should be noted, that we ourselves only know that system too. Therefore, to avoid frustration, he is old enough, I will let him continue doing this, but I will not use his information.

Hiring a person without giving him or her a job seems a little odd. But it is common in a society with a large power distance and collectivism (Hofstede, 1994). The boss symbolises a father. Thus, he is unlikely to get rid of his son. Moreover, the bookkeeper still has an extended family kinship with one of the directors. From a company point of view, a person belongs to a group. Loyalty is an important consideration as well. Thus, a trusted person is much more important than a person with wide knowledge or a professional one, even though this brings about inadequate accounting practices.

Secondly, the organisational affairs refer to the existing organisation. The company does not have a formal organisational structure; instead, there are job distributions, which at the same time, describe the organisational hierarchy. This situation is worsened by the fact that there is no unity of command. This refers to ways of command through the organisational hierarchy. Since the directors are at the same time the owners, each director can give a command to any subordinate, even beyond the
scope of his area. For instance, as disclosed by the accounts receivable clerk, every director may ask for an outstanding cheque from her instead of from the financial division. No one can deny a director's order. For employees, this situation is perplexing. Mr Hasman commented on this matter by saying "I realise this but, Tjipto, it is very hard to act like westerners. We are so hesitant to remind someone of a friend's fault, aren't we? So, suppose something is my business, and I know that Hendrawan takes this business from me without informing me I can't say anything". This shortcoming is caused by friendship. The directors feel it difficult to follow formal organisational norms. Their management style greatly affects the entire organisation.

In general, the insights of top level management evidently imply that managerial decisions follow a societal integration process. The directors' decisions to carry out such accounting practices infer a lifeworld which is occupied more by the system integration rather than by the lifeworld itself. Hence, purposive rationality is more dominant than communicative rationality. Accounting practices have been carried without being based on an understanding of accounting as it should be. Rather, they were based on practical needs, such as the designation of the production department to keep a part of the accounting records, the non-integration of the accounting department, and the imposition of a budget. The directors' accounting language communicative competence is very low. Vindicated from Habermas's communicative competence perspective which delineates not only the understanding of the rules but also the appropriateness in their use, the directors lack accounting grammatical perceptions. As a consequence, their communicative competence is limited too. Interestingly, seen from the Javanese language speech level metaphor, this insight demonstrates that company's management is in need of speaking a higher level of accounting language.
The formation of the critical theorems

Having understood the accounting language speech level, the organisational actors' accounting language communicative competence, the appropriate level of accounting language needed and the influencing circumstances, I conducted a discursive discussion again with the directors. Mr Eddy was there too. I submitted my overall insights and the conclusions of my research. The aim was to validate these insights. We again discussed all aspects of the research findings and strove to reach conclusions, indeed the critical theorems. However, I reminded them that these were not all of the organisational actors' conclusions. Accordingly, the directors agreed to discuss these results with all of the organisational "key" actors so that they would feel that the conclusions belonged to them. To do so, I suggested to hold a group discussion which they could call a meeting. To provide the input of what we were going to discuss, I typed out the conclusions and distributed them to the researched participants who were to be invited to the group discussion.

Conducting a group discussion to determine critical theorems was a very difficult thing to do. I had to create a discursive situation so that the ideal speech situation could take place. The participants were all organisational key actors with whom I had already had conversations, from top to middle management levels. The difficulty was two-fold. First, it was the first time that this company had conducted face-to-face communication attended by head office and factory employees. Usually, the communication between supervisor and subordinate was more by way of a directive; thus it was very hard to express a subordinate's opinion in front of his or her supervisor. Moreover, secondly, it is uncommon in Indonesia to discuss someone's failures or weaknesses in front of other people, whereas indirectly, this discussion would insinuate (allude to) someone's deficiencies. Open discussions like this are likely to clash head-on with the company's harmony norms (Hofstede, 1994).
To overcome these difficulties; therefore, in initiating this discussion I stressed that it was not a meeting, rather that we were working together to find solution in an attempt to improve matters. I also reminded everybody not to mention anyone's deficiencies as his or her own fault. Rather, they had to assume that these deficiencies belong to all of the organisational members. By this way, no one would feel uneasy. Then to make somebody speak up, I had to ask some one, by pointing to him or her, for his or her opinion. In this situation, I had to make a joke as well, so as to relieve the tension36 as Habermas explicates that any domination will distract from the process of reaching mutual understanding. This process also implies what this study claims as group discussions.

From this group discussion, we concluded a number of critical theorems. Thus, these were not only my conclusion, but also represented those of the researched participants. These were agreed as the fundamental problems that should be overcome. They were as follows:

1. A clearer job distribution, through the improvement of organisational structures, is needed and should be designed soon. The unity of command should be encouraged and should follow the organisational hierarchy.
2. This policy should be followed by the placement of the right person in the right position and should avoid double tasks (one person is employed by more than one company).
3. Existing accounting practice should be improved. In connection with this policy, an integrated accounting system should be designed, including an accounting practice manual and a cost system. These should cover better accounting policies, accounting information quality, and the cost information.
4. In relation to point 3, in-house accounting training should be performed at the same time as the improvement of the accounting systems. The aim is to enhance the employees' quality and to maintain those who are loyal to the company.
5. To provide accounting information and help the board of directors to understand it, an accountant (a person who has a qualification as an accountant) is needed.
6. In determining a budget, all of the related parties should be involved. A participatory budget process should be assigned.

36 For example, I said "Come on, please explain frankly. Don't worry your boss will not fire you". Fortunately, Mr. Hendrawan replied "Yes Mr. Tjipto is correct. I would like to hear from you directly. This is for our own benefit. I will not blame anybody".
7. The use of computers for processing financial reports should be revised and reconsidered, so as to facilitate the accounting records with integrated software, rather than using those as practiced now.

After we arrived at these critical theorems, I typed them up and distributed them. I asked them to contemplate the results so that these critical theorems could become a sediment in their minds. After several days, I consulted my two partners, Mr Wendy and Mr Eddy, to discuss the next step, the enlightenment stage.
Chapter 8

Introducing an Accounting Change: the Enlightenment Process and the Selection of Appropriate Strategies

Introduction

In this chapter, the study will elaborate the other two methodological approaches of Habermas, the enlightenment process and the selection of appropriate strategies. Even though analytically there are two stages, in practice, I found that these sometimes overlapped. In this case, when I was conducting an enlightenment activity, inexorably the conversation and discussion lead to a decision about the steps or strategies that the researched participants deemed to be appropriate. The overlap situations were possible because in every enlightenment activity in every department, one of the directors, Mr. Wendy, was always present. He represented the board of directors. He brought the conclusions of the enlightenment activities directly to the board of directors for decision. In other words, to a certain extent, the enlightenment process encompasses part of the selection of the appropriate strategies stage. The details of these experiences can be found in the following explanation.

As argued in chapter 6, within the enlightenment process stage itself there appears an "internal researcher discourse". Hence, I evaluated the critical theorems using my understanding of the accounting theoretical framework. This internal discourse yielded conceptions of appropriate and possible levels of accounting practices that could be applied. These concepts should be introduced to the organisational actors. To do so, I designed the following several strategies. These strategies are manifest in the three important phases: 1) to get the top level management's commitment, 2) to aggrandise my partners to take place as the main actors in the process of enlightenment,
and 3) to maintain an "ideal speech situation" by way of relating the enlightenment topic to the three-accounting world dimensions of every department or division (Arrington and Puxty, 1991).

**Management commitment**

The introduction of a new concept leading to an organisational change needs a management commitment, especially at top level of management. This is very essential, because change is not simply a matter of changing ideas, but rather it is related to and influenced by tradition and socialisation of the organisational members (Alvesson and Willmott, 1992). In particular, for a large power distance and collectivism organisation, the process of change is largely affected by top level management. According to Hofstede (1994), in such an organisation the role of top level management is as a resource and initiator. Thus, the subordinates tend to follow and obey orders. The top level of management's role, Umeda (1995) explicates, is to motivate subordinates and to develop harmonious working relations. Therefore, success is precisely dependent upon the earnestness of management. Additionally, Umeda (1995), who studied an accomplishment level of quality management conducted in Indonesia, reveals that commitment and involvement of top level management are necessary. This implies that, without management commitment, the improvement project might fail. In this context, Habermas himself contends that "the process of enlightenment can only be organised under the precondition that those who carry out the active work of enlightenment commit themselves wholly to the proper precautions and assure scope for communications on the model of therapeutic discourses" (1974, 33-34). Accordingly, I vindicate that this is a crucial step to be taken into account.

Even though the acceptance of this research itself has already implied the seriousness of management, I still attempted to assure myself about this. Thus, having
concluded the critical theorems, I discussed with all of the directors the possible consequence of adopting an organisational change. I reminded them of the importance of their commitment and roles in supporting this process for the shake of the success of this project. In this respect, Mr Wendy commented: "We are at the point of no return Tjipto". Moreover, their involvement (that of Mr Wendy and Mr Eddy) from the beginning of this research reflected a more apparent confirmation of management's commitment. In other words, I have obtained full support from management.

The role of the researcher's partners

Again, as explained in chapter 6, this study adopts modified participatory action research (PAR) as the method for carrying out the enlightenment process. In this method, the involvement of the researched participants, indeed, my partners (Mr Wendy and Mr Eddy), has become more important, since their involvement allows a development of an internal commitment (Argyris and Schön, 1991). Hence, it implies the commitment of all of the organisational key actors. This commitment will smoothen the application of the next stage. To achieve this objective, they should be more active in the enlightenment processes, at least by introducing the fundamental ideas of change, which ideas came from the critical theorems. In this way, all of the organisational actors will feel that the ideas of change are their own. Accordingly, the initial step of the enlightenment process was, at first, to enlighten my partners themselves, in the sense that I worked through the process together with them.

The enlightenment process for my partners took almost three weeks. We discussed again in-depth almost all aspects of the critical theorems. These discussions were not carried everyday, due to their routine activities which could not be left unattended. In addition, when we arrived at an important case, Mr Wendy used to bring it directly to the board of directors to make a decision. For example, in respect to the
organisational problem, Mr Wendy asked me for help in designing an organisational chart. In so doing, I did not quite design a new organisational chart, rather I reconstructed it from the existing job distribution. I explained to them the argument surrounding my proposal, such as the existing organisational structure, its shortcomings and what the organisational structure should be. Based on my organisational structure draft, the board of directors discussed it, reformulated and then decided to apply it. (See Appendix 6). There are two very important things in this structure. First, there are clearer job distributions between the board of directors. Secondly, Mr Andrew no longer continued as one of the directors. He became a vice manager of logistics. This decision, on the one hand, can be deemed controversial, because it is unusual that an owner (shareholder) becomes an employee of his own company. On the other hand, this decision implies a strong management commitment in an attempt to realise managerial improvement. In relation to the overall staff, the board of directors made an alternative decision for restaffing that would be explained in the enlightenment process.

With respect to the accounting matter, I explicated what general accounting should be, in the sense of how accounting could facilitate this organisation so that it can be answering machines, ammunition machines, learning machines, rationalisation machines (Burchell, et al. 1980) and controlling machines. Given the existing accounting practices, we discussed the shortcomings and alternatives of improving them. Considering my advice, the board of directors, again, decided on two types of improvement, that is, short term and long term planning. The short term decision refers to technical accounting procedures, for instance, so that the accounting department can get all of the cost information, it is decided to send all of the cost and expense documents to the accounting department first. After being recorded, the documents are passed to the bookkeeper. In this way, the bookkeeper can still carry out his job, whilst the accounting department can produce more relevant accounting information. For this task, Mr Eddy was assigned to design the accounting procedures and the relevant manual, including the accounting policies. However, the implementation of the decision
should be delayed until the enlightenment process in all the related departments or divisions has been carried out. To support this policy, the board of directors also decided to re-evaluate the company's fixed assets. The assets revaluation will be done by appointing a team headed by the accounting manager. The task commences with a listing of all of the fixed assets and then revaluing them. These decisions are, in fact, the kind of strategies that will be undertaken.

The long term planning refers to the design of more advanced accounting systems including cost accounting systems, and then, if necessary, the accounting processes will be computerised. For this planning, it is considered that, if sometimes necessary, a professional accounting consultant would be hired, provided he or she can be trusted. This decision does not mean that there is no professional consultant, rather it should be understood as an obstacle in looking for a consultant who personally can be trusted by the board of directors. This is a matter of personal trust.

These decisions were taken following the same processes as those which they carried out in regard to the organisational structure. Based on the enlightenment process, Mr Wendy brought the idea to the board of directors, which then made the decisions. These kinds of decisions imply what I mean by the overlap steps between the enlightenment process stage and the selection of the appropriate strategies stage. Moreover, it was obvious that the researched participants made decisions. It was not the researcher who made the decisions, because the researched participants themselves were the final authority (Habermas, 1974). This action confirms Habermas's suggestion that the researcher's role should only be directive.

Finally, the enlightenment process for my partners was terminated. It resulted conclusions in terms of several steps which should be undertaken. The conclusions were the announcement of the new organisational structure and the technical aspects of the enlightenment process in explaining the board of directors' accounting decisions. In this
case, my role was to explicate the theoretical accounting background underlying the
decisions. Using the Javanese language speech level metaphor, my role could be said to
explain the reason why older people should speak a higher level of language if they do
not want to be called ora Jawa (See chapter 3). In this respect, the company should be
considered as a Javanese older person; therefore, it should be able to speak a refined
language. In other words, I had to explain why the directors decided to change the
accounting language to a higher level. In so doing, I had to relate the directors' decisions
to the three-accounting world dimensions of every department or division.

**Mutual understanding-aimed enlightenment process: symbolic reproduction
process**

The first enlightenment activity carried out was to announce the new
organisational structure. This was carried out in a group discussion in the same way had
been done as at the formation of the critical theorems stage. Mr Wendy himself
explained it to all the organisational members. On this occasion, he explain it in general.
He alluded to the possibility that there would be restaffing of employees, particularly
those whose tasks were closely related to the accounting department. However, he did
not mention how and who, because a more detailed explanation would be carried out in
every department or division.

The accounting and financial departments enthusiastically accepted this new
organisational structure. For those in these two departments, the new organisational
structure augments their working spirit and alleviates their burdens, because there is a
clearer responsibility. They are divided in such a way that particular people work for a
particular company (E.A., E.S. and L.U.). Since their work load would be reduced, they
believed that they could do better and produce better accounting information too.
In the conversation discussing the new organisational structure, there did not seem to be any objection from the participants. The questions being raised were about the need for clarification. This situation can be analysed from two perspectives. First, the nature of the enlightenment process itself was an explanation. The explanation about the organisational structure was a manifestation of the critical theorems that were constructed by the researched participants themselves. Secondly, subordinates tend to accept any decision made by top level management. A similar situation is disclosed by Kitley. Kitley (1994) divulges that in a collectivist organisation which is also influenced by large power distance, management decisions are to be accepted and supported. In other words, the decisions, particularly in this company in which the directors are also shareholders, belong to top level management, while the subordinates exercise them.

The following steps were the enlightenment activities in every department or division. They were carried out in small group discussions. The primary aim of these processes was to impart accounting theoretical knowledge, which, in turn, enhanced the organisational actors' knowledge. This objective can be achieved by making the researched participants aware of the existing accounting practices (the social world), exhibiting the ideal of normative and imperative functions of accounting (the objective world), and by relating the nature of accounting to the specific needs of the individual, department or division (the subjective world). In so doing, I always endeavoured to constitute an ideal speech situation. At this stage, Mr Eddy used to open the conversations by first describing the existing accounting practice. The description was then followed by the explanation of the expected accounting speech level. Then it was my turn. I explained the objective world of accounting. After these explanations, we started conversations in which all of the discussants expressed their opinions. I reminded them that the board of directors had stated that "they do not want to blame any body". Accordingly, the discussants could express whatever they thought without fear of the directors. To grasp the meaning of this discussion, I had to listen carefully to all
comments or questions from the discussants, and tried to understand the deep meaning of their expressions and to critically evaluate them.

These enlightenment processes clearly indicated the symbolic reproduction process of the (accounting) lifeworld. This refers to the enhancement of accounting theoretical knowledge and the increased awareness of the needs of appropriate accounting practices. The enhancement of accounting theoretical knowledge is indicated by the direction of the conversation. The discussants always strove to relate my explanation to their (departmental or divisional) needs. For example, the maintenance division raised a question about the necessity of advising a newly built asset to the accounting department. The division manager asked: "Should I go to the office to explain?". This question was answered by Mr Eddy. He explained the mechanism of the expected accounting procedures, among others, the use of the new forms for accommodating all activities in every department or division. By filling out these forms properly, he added, it meant that all of the activities would have been reported to the accounting department. The question raised by the maintenance manager implied his enhanced understanding of the need to classify the particular expenses which were to be allocated differently. In the past, regardless of their nature, all expenses in this division were classified as maintenance costs. The division manager now realised that the very information of the addition of a new asset comes from his division, therefore, he must advise about it to the accounting department.

The increase in their awareness was indicated by their feelings. They realised that accounting is really needed. Particularly, the maintenance division would be very proud if their effort were be known by their supervisor. In this case, this division frequently builds itself particular devices which are deemed too expensive to buy. It means that this division helps the company to save money. The expected accounting systems will enable the accounting department to capitalise this particular expense. As a result, the cost of the things that were built can be known. By comparing this cost to the market
price, the company can obtain information of how much it would save. In the past, nobody knew the value of this new fixed asset. Realising that improved accounting makes his works become visible, the maintenance division manager became supportive of the improvement in accounting. Thus the implementation of accounting does not result from external pressure, but from the fact that it can accommodate individual or divisional needs and interests. In this regard, Broadbent and Laughlin (1994) indicate that accounting should be deemed as an enabling rather than a constraining force and it is used not because of its enforcement power, but rather, because it is really needed, and, in turn, it permits management to be able to facilitate it.

The increase in the awareness of accounting can also be interpreted from the discussions about the budget, particularly the process of setting the budget. These related to the planning process and became the most bitter discussion. In this regard, the maintenance manager disputed. He argued that he could not set planning if at any one time the machines were broken down because of the negligence of the operators. He accused the operators of frequently not following the step-by-step operation. Conversely, the operators gave an unclear reason. However, by employing this approach, the conversation yielded a fruitful result. This conflict, between repairmen and operators, was evaluated by the production manager. The evaluation was followed by conducting a consensual conversation between the disputants and every division manager. The discussion arrived at a mutual understanding-based agreement. The operators became aware that they were also responsible for the maintenance of the production machines. In this case, my role was to mediate when there was a strong argument among discussants. My presence affected or caused the discussants to appreciate each other, so that they wanted to listen to the other person’s criticisms and were willing to improve their shortcomings. According to Crawley (1992), my presence as a third party shifted the focus of the conflict and, in turn, turned the conflict into an understanding. He states that "the plain purpose of the third party is to convert a two-dimensional fight into a three-dimensional exploration leading to the design of an
outcome" (1992, 176). As a result, this discussion arrived at a critical theorem-like decision, that is, the necessity for an operating manual. It was agreed that the operators very often did not follow the correct operational steps and carelessly maintained the machines. The operators did not realise or really understand that skipping one step of the operation could cause a problem. Accordingly they requested an operating manual. Then the production manager provided this manual which was pinned next to the operators.

In relation to the necessity of setting up a budget, most of the researched participants, particularly the marketing, purchasing and maintenance divisions and the production department, were aware of the necessity for planning and its urgency. However, since their work was based on daily activity or instruction, a planning to determine budget was quite new for them. Accordingly, if they were asked to make a plan, they required guidance.

An increased understanding and awareness appeared in almost every department or division. By relating the accounting purposes to the departmental and individual needs and interests (three world accounting dimensions), the enlightenment processes generated mutual understanding, which in turn, gave rise to support from the overall organisational members. However, this did not mean that employing these approaches was without difficulty. One problem was explaining the situation to those who maintained accounting records at the production department (the cost record keepers). They were reluctant to come under the supervision of the accounting department, because they felt that they were part of engineering department. Their feelings were connected to their individual formal education. Conversely, Mr Eddy persisted that they should be part of the accounting department. In this case, I tried to delve into the reason beyond their (cost record keepers) reluctance. I conducted a special communicative dialogue without the presence of my partners. This dialogue revealed that their reluctance to be part of the accounting department was due to the location of that
department. The accounting department was located at the head office, in Surabaya. At that time their work place was located at the factory, in a rural area. They were local people and enjoyed free accommodation from the company. They thought that, if they became part of the accounting department, they would have to move to Surabaya. This meant that they would loose their accommodation facilities. After being ensured that becoming part of the accounting department did not necessarily mean a move to Surabaya, they accepted their status. Thus, it obvious that the implementation of the accounting practice, in this case, was also affected by individual needs and interests. Therefore, any effort to improve the accounting practice ought to take these into management consideration, otherwise it was likely to fail.

Thus, in general, the enlightenment processes themselves and the involvement of my partners helped in building an internal organisational commitment. On the one hand, these processes enhanced the organisational actors' understanding of accounting theoretical knowledge. The organisational actors became aware that accounting could reflect their achievements. They understood that accounting was their responsibility too, and that it was not merely the task of the accounting department. On the other hand, the involvement of my partners, particularly Mr Eddy, generated feelings that the accounting improvement came about as a result of the researched participants themselves.

Given the results of these processes, this study envisages that this stage paves the way to a manifestation of accounting theoretical knowledge into practice. By conducting enlightenment aimed at mutual understanding, this study built up the organisational actors' awareness. This led to an acceptance of the ideal of normative and imperative of the accounting function into practice. In other words, Habermas's methodological approach makes possible the process of transformation of a theory into an organisational issue. Thus, this stage conforms with his assertion that "the theory serves primarily to enlighten those to whom it is addressed about the position they occupy in an
antagonistic social system and about the interests of which they must become conscious in this situation as being objectively theirs" (Habermas, 1978, 32).

The selection of appropriate strategies stage: A starting point of organisational and accounting change

Having finished conducting the enlightenment process, I proceeded to the ensuing stage of Habermas's methodological approaches, the selection of appropriate strategies. In this stage, I employed a modified PAR as a research strategy. My important role was to give guidance and, in doing so, I re-evaluated the impact of the enlightenment process (the reproduction of the lifeworld through the symbolic reproduction process) and regarded the existing economic and bureaucratic considerations (the influence of the system mechanism).

In this stage, PAR activities mostly took place in the form of discussions or conversations. The discussants were primarily the board of directors and Mr Eddy. Together with my partners I explained to them the outcomes from the enlightenment processes. The explanation was certainly a reconfirmation of the enlightenment processes themselves, because during the enlightenment activity itself the board of directors had been informed about its progress by my partner. Accordingly, on this occasion, I revealed the importance of the existing steering media, that is, money and power. Money or economic consideration refers to the cost consequence of changing the level of accounting systems. These costs may include a cost for a consultant and replacement of some stationery (cost for providing printed matters for new forms in relation to the accounting procedures). Another cost consequence is the training cost for personnel. Power or bureaucratic consideration refers to the organisational members, the quality of personnel, the amount of manpower, and the new organisational structure.
Based on my suggestions and evaluations, the directors eventually determined the most appropriate level of accounting language. Vindicating the intended accounting speech level, they contrived alternative strategies. The decision to determine the appropriate strategies seemed to be carried by the board of directors alone. It was true, because the top level of management was the only decision maker. However, the decisions had been made by considering all of the consequences and the ideal speech situation, particularly the criticisable validity claims. This refers to the process of making decisions. To make decisions, the board of directors had obtained input from all levels of management through the implementation of the formation of the critical theorems stage and had discussed the input through the enlightenment process. Finally they decided on the most appropriate decisions. Thus the ideal speech situation is not the activity of making the decision itself, but rather in the process of making the decision. Hence, the decision-making process does not imply what Kitley (1994) calls a process of concretisation, an Indonesian process of decision making in which a decision is made without a selection between alternatives. In this case, the process even reflects a consensus style of the decision-making process. Truly, in its application, the decisions are coercive, but the process itself is consensual.

Seen from their content, the selected strategies cover the critical theorems and all the outcomes from the enlightenment process. These strategies imply step-by-step intended actions. However, the actions will be carried out by considering the situation of the company. By summarising these strategies, I concluded that management realised that, to improve the quality of accounting information, it had to improve the quality of the organisation and the knowledge of its personnel. In other words, knowledge is one of the crucial important factors required for a process of change. Accordingly, management stressed its strategies based on these two points. The selected strategies were as follows:
1. To improve the quality of the entire organisation. This included an improvement in the departmental functions. Each department would carry out the task which was relevant to its main area, but it ought to improve the quality of its products. In addition, each department ought to provide its own report and be able to analyse its strengths, weaknesses and opportunities. This planning was particularly directed at the purchase and sales divisions, which were expected to provide reports of their performance and analyses which were germane to their activities.

2. All tasks which were related to accounting would be supervised by the accounting department. For instance, inventory (stock) records which used to be under the supervision of the production department would be brought up under the supervision of the correct department, the same applied to cost calculations. Thus there would be a cost accounting division in the accounting department.

3. To achieve this aim, restaffing and promotion would be undertaken. As long as the position could be posited by the internal staff, the company would not hire any new people. Employee restaffing and promotion were primarily directed at the accounting department and the financial division. Management was proposing to involve the cost record keepers in the department of accounting, because that division was familiar with accounting work, especially cost accounting-like work. The employees in the financial division would be assigned to a particular company. The accounting work in this division would be simplified (the repetitive work which was thought to improve internal control would be reduced).

4. In relation to point 3, the quality of the personnel would be improved in two ways, that is, in-house training by hiring a consultant and by sending them to a particular short course or university. For example, in-house training would be carried out to help management in setting up a budget, and to assist in providing departmental and divisional reports and analyses. For those who had been familiar with cost records, they would be sent to take a cost accounting course. The accounting manager would be sent to a university to finish his degree.

5. The amelioration of accounting and cost systems would be continued. There would be short and long term plans. Short term plans refer to the betterment of some accounting procedures so that the accounting department could produce a complete set of financial statements. However, all of the business documents would still go to the bookkeeper. The calculation of the production costs would be re-evaluated too, particularly in making a proper allocation and classification of the overhead costs. Accounting policy guidelines would be determined too. Long term plans refer to advanced accounting and cost systems. This also includes the possibility of computerising them. For this plan, the company would hire a consultant.

6. The process of determining the budget would be improved. The directors would decide to apply a participatory budget particularly for the production and maintenance departments and the sales division. It would be no longer determined by the directors themselves. As a consequence, the related departments had to be able to design a reasonable budget. To do so, these departments agreed to be guided by an expert (in-house training).

To implement these selected strategies, they would be broken down into strategic actions which were more specific so that they indicated clearer steps to be undertaken.
Seen from the viewpoint of Habermas's analysis of social process, the selected strategies reflected a compromise between symbolic and material reproduction processes. In this case, however, the lifeworld is no longer dominated by the system. This refers to a phenomenon of past accounting practices and the one should be. In the past, the decision to employ particular accounting techniques was influenced more by the system mechanism, i.e., money and power steering media. Conversely, having been enlightened, the decision to determine intended accounting techniques is influenced more by the lifeworld. In this regard, the process of decision making has followed a practical discourse of the organisational actors.

Up to this stage, it is this achievement that reflects the most important foundation for starting a change. The construction of the selected strategies can be considered as a good sign of a beginning of a process of change. Thus, the trend towards organisational and accounting changes is obvious. To Habermas, this achievement implies a successful self-reflection. Therefore, I should have observed the implementation of the decision. Unfortunately, I had to leave the company for a pragmatic reason, i.e., I had to go back to the University of Wollongong, Australia to write up this thesis.

**Leaving the company**

The research activities were terminated at the end of the selection of strategies stage. The research has left suggestions and evaluations which are included in the decisions of selected strategies. These strategies represent step-by-step actions, and I could not observe the subsequent actions undertaken by the company's management, because of time constraints. However, I still tried to keep in touch with the management of the company through Mr Eddy. Once a month, I contacted him and, in turn, I was contacted by fax or mail. It lasted about eight months.
It was reported that the organisation was getting better in the sense of the commitment by the directors of their own job distributions. The restaffing process did not experience any difficulty and even found it useful. The other departments and divisions, particularly those relating to accounting information, are still striving to produce their own accounting reports and to make an analysis of their activities in terms of accounting. The activity of improving the personnel worked partially. The accounting manager was sent to a university to finish his degree and some others were sent to attend a particular short course. But internal training did not work at all. The accounting department has been able to produce conventional financial statements, but not the cost accounting information. The plan to hire a professional consultant was cancelled due to the difficulty of finding a professional person who could be trusted. In relation to cost accounting, management did not employ a professional person either. Management still tried to cope with this matter. Lastly, the implementation of a budget was also problematical. The main problem was that the department or division could not set up reasonable planning and, as a result, could not set up a budget. To overcome this problem, the directors, together with the related departments and divisions, made a bargaining budget. Indeed, the maximum allowable expenses were determined together, even so, this budget is better than it was.
Chapter 9

An Analysis of the Accounting Practice Phenomenon, Research Activities and Conclusions

Introduction

In this chapter, the study will analyse the results of the research activities. It describes the findings and attempts to relate them to the theoretical concepts disclosed in the previous chapters. It then evaluates some important insights of the thesis, and at the same time, considers the limitations appearing during the research process. Finally, the study attempts to summarise some significant conclusions.

The shift of accounting language communicative competence and the research activities

Accounting change is a long-term and gradual process. The change was analysed by employing two approaches. First of all, it was explained by using the Javanese Language Speech Level (JLSL) metaphor. Secondly it was analysed by from the critical accounting study point of view.

Seen from the JLSL metaphor, the accounting change implies a speech level shift. The management of the company is shifting the accounting language from a low level ngoko to a higher level krama madya. At the outset, the company's management spoke accounting language at the ngoko level. At this level, management only strove to be informed. Accounting practices were used mainly to obtain economic information. Due to the change in the economic situation and other internal and external pressures, management had to raise its accounting language communicative competence – it had to
be able to speak accounting language at a higher level, at which management was not only being informed, but also used the information. In this regard, basically, the JLSL metaphor helps to analyse and understand the existing accounting language speech level. After understanding this level, the company's management, together with the researcher, can determine the most appropriate level of accounting language. It is obvious then that JLSL is useful for describing the accounting (language) practices.

Analysed from the critical accounting study point of view, indeed, Habermas's analysis of social practice and process, the change process and its rationale become more apparent. They are evidenced to follow the social process. The change may take place as a minor or a major one. Following the social process, the shift of accounting language communicative competence can be described as following a system mechanism and a lifeworld respectively or both simultaneously. However, without being followed by an improvement in the (cultural reproduction) lifeworld, it is likely that the change of the accounting language speech level will be inadequate.

The gradual process of change refers to the accounting practice change before and after the research activities. The change occurring before this research can be deemed as a minor change, while the intended change, which is also influenced by this research, is regarded as a major change. Since this research was conducted within a relatively very short time, it is fair enough to achieve a particular stage of Habermas's methodological approaches. The study only achieved at the stage of proposing alternative strategies for future actions, ie, proposing an intended accounting change, that is, the ideal accounting language speech level. It has not yet reached the change process itself. However, this study discovered that a strong inclination towards change is apparent. The company's management at all levels had already set up the company's plans towards accounting improvement. Seen from Habermas's conceptual social analysis, these changes can be explained in two primary phases.
Initially, the existing accounting practices were dominated by the system mechanism, hence the application or the modification of accounting practices implied a social process which was largely influenced by system integration. This study discovered that the shift of the accounting language speech level was due to the company's growing requirements which were caused by economic and political pressures. The company's management strove to fulfil them. These were evidenced by the management's efforts to cope with the highly competitive situation. The strong competition caused management to need and rely more on accounting information and had to reconsider its cost accounting systems. Thus, the accounting practice change was produced and reproduced through the material reproduction process. In this respect, the decision to apply a particular accounting practice was influenced by a purposive action ie. the implementation of the budget was needed to overcome an immediate necessity. This decision, according to Habermas, was an action oriented towards success; it was not oriented to achieve a mutual understanding. As a result the accounting change was incomplete, and took place in the same way as the repairing a shoe. It repaired the damage but did not improve the function, since, in fact, to cope with these requirements, the company's management needed to improve its knowledge.

Subsequently, due to the influence of the research itself, a major accounting practice change follows the lifeworld mechanism. Despite the economic and political pressures, the intention to change to a proper level of accounting speech was substantially influenced by the research activities. Through the three main stages of the research process, the domination of the system over the lifeworld was gradually eliminated. The formation of critical theorems and the enlightenment processes, in particular, stimulated a symbolic reproduction process in the sense of producing new knowledge and awareness. Thus, these research activities made the process of transfer of knowledge possible.
Even though new knowledge gives rise to new ideas, this study agrees with Alvesson and Willmot (1992, 439) who contend that "change is not simply a matter of changing ideas because the influence of tradition and socialisation affects the whole person". However, new knowledge is important, because, for Miller and O'Leary (1990), knowledge improvement is needed for promoting change. Miller and O'Leary (1990) contend that "the articulation of roles for accounting systems within firms depends in important part on an elaborate and culturally specific vocabulary for thinking about, talking about and representing the aims and ends of accounting systems and managerial activities" (1990, 480). Furthermore, this knowledge allows management to free from intellectual and social domination and provides it with intellectual maturity (Lyytinen and Klein, 1985). In this case, this study discovers that knowledge and awareness lead the company’s management to take action towards better conditions.

In addition, the research activities also encouraged the company's top level management to ponder other organisational actors' needs and interests. Originally, accounting was thought only to fulfil top management's needs and interests. Having been aware of the impact of human needs and interests on accounting, the company's top management took human feelings and desires into consideration. As a result, the accounting change took place in such a way that it could accommodate the entire organisational and individual's needs and interests. This phenomenon complies with Arrington and Puxty's (1991) and Power and Laughlin's (1992) insights. In this regard, the accounting change is considered to be a process of reaching agreement among organisational actors. The change has considered not only top level management's needs and interests, but also other organisational actors' needs and interests. In Habermas's words, the change has been aimed at reaching mutual understanding. In this respect, this achievement implies what Habermas means by successful self-reflection research activities.
The change process and its rationale can also be explained by evaluating the company's historical life. In the past, due to a good economic position where gaining profits was relatively easy, top level management did not take accounting into account. Subsequently, the contrasting economic situation, coupled with political pressure, lead top level management to consider implementing more adequate accounting systems. This phenomenon gives rise to the interpretation that, for this company, reliable accounting practices are necessary if gaining profits are problematic. In such a situation, the company needs more reliable and accurate accounting information which, in turn, imposes an accounting change.

The analyses above lead to another interpretation. Accounting change is a complex of contextual interactions between human needs, interests and values, human knowledge and circumstances. The human needs, interests and values are represented by, at the very least, individual interests. This influence manifests itself in some agreements. For example, the head office employees support a new organisational structure, because this organisational structure will be better for them. It alleviates their work load and provides clearer job distribution which itself entails better accounting responsibility. For the accounting manager, the new organisational structure enhances his pride in the sense that he feels that he can contribute his best to the company. The proposed accounting practices, as another agreement, make subordinates able to demonstrate their performance. For the maintenance division, accounting makes the efforts of its employees more visible and valuable. In the past, they used to be blamed for excessive expenses.

From a theoretical point of view, accounting theoretical knowledge enhances organisational actors' general knowledge, and in particular, improves their understanding of accounting itself. The increase in knowledge has been stimulated since the beginning of the research process. It commenced at the formulation of the critical theorems stage and continued during the subsequent methodological approaches. For
those working in the production department (and their subordinates), the increase in knowledge made them aware that accounting did not belong solely to the accounting department, but also to them. For the directors, their refined understanding of accounting satisfies and improves their belief that accounting can really facilitate their needs. In other words, the more the organisational actors understand accounting, the more they can make use of it and conversely, the more accounting enables/helps them. This phenomenon clearly implies the interrelations between the ability to use and the benefit gained from accounting.

The circumstances refer to the economic and political pressures and the research activity itself. The first two require and drive the accounting language change, because the existing accounting language speech level does not fit the situation. At the same time, the research activity helps in determining the most appropriate accounting language speech level. In this respect, the function of a researcher is as an agent for change. In summary, the determination of particular accounting practices is a manifestation of the interactions between human actors including their knowledge, needs, interests, beliefs and values, and their circumstances including the influence of control both from internal and external organisations. In other words, the determination of particular accounting (language) practices depicts the totality of relations (See Alvesson and Willmott, 1992; Arrington and Puxty, 1991; Boland, 1993; Bougen et al. 1990; Burchell et al. 1980; Chua, 1986; and Hirschheim, 1985).

Put another way, the influence of the research process on accounting change is possible due to employing the critical accounting study. The argument is that it is this methodology that is not succumbed at the stage of merely understanding accounting practice phenomenon. Rather, this methodology is intended to proceed further beyond the notion of understanding and strives to propose a change towards a better condition as well. Even though the critical accounting study is still under criticism, particularly in view of the fact that critical theory which must be followed by "change" is not an easy
task (See Alvesson and Willmott, 1992), this study discovered that the notion of "change" is not unrealisable. It experienced that the difficult one was not the change itself, but the way the change was managed. Well-managed and mutual understanding-aimed critical accounting study, this study argues, promises the change through three adaptive processes: intellectually, emotionally, and physically. The critical accounting study provides an intellectual process of adaptation, that is, understanding and accepting the reason why change is necessary. This methodology also concerns with an emotional process of adaptation. In this respect, it embraces individual and organisational needs, interests, feelings and motives. Finally, this methodology introduces a physical change, that is, accounting technical craft and other clerical activities through the enlightenment activities. Thus, if well-managed, critical accounting study pledges that change is not impossible.

This belief abolishes Laughlin's (1987) suspicion. Even Laughlin (1987, 483), at the outset, had little doubt about this notion. He asserted that it is difficult to explain the detailed change meant by the critical theory. He doubted whether understanding and change are actually functions of a defined structured form of discourse (1987, 486). However, this study discloses that the notion of change is a product of research discourse whereas an organisation is in a situation in which it needs change. Therefore, it is true that accounting change is not simply a matter of changing ideas (Alvesson and Willmott, 1992). Rather, the "change" itself reflects an accumulation process of many aspects and is influenced by many aspects too, not only by the researcher. The researcher is only a stimulator or mediator. This phenomenon conforms with Laughlin's (1987) conclusion.
The importance and weaknesses of the research

Even though this research was terminated at the last stage of Habermas's research methods, the study has achieved a particular satisfaction. It found some advantages and disadvantages. The advantages are, among others, a factual experience and rigorous impact upon change, while the disadvantages are the time constraints and other practical situations. First, the study has experienced research in a real organisational setting. The conversations conducted during the research process were related to the real existing problems. The results thus are obviously not artificial findings and are, to some extent, conclusive and suggestive.

Secondly, this study has proved to be an inherent potential for change within the employed methodology. In undertaking a critical accounting study, this study not only prospers in understanding the real accounting practice phenomenon, but also succeeds in stimulating the intent to change towards better conditions. Accordingly, the success of this approach has proved to be an attempt to fulfil the "emptiness" of an alternative accounting methodology (Forester, 1992) or as a "new accounting research perspective" (Morgan and Willmott, 1993).

Another excellent feature of this research methodology is the vivacious interactions and intimate familiarity between the researcher and the researched participants. Having interacted with the researched participants, I then realised that by working on the critical accounting study, research becomes a transactional process (Ely et al. 1991), in which both the researcher and researched participants act upon each other in such ways so as to produce useful decisions. This situation supports Benney and Hughes's (1984) contention that conversational methods will benefit both sides. In this study, the transactional process affects the researched participants in the form of improvement in their knowledge and their awareness, which, in turn, stimulates their
willingness to formulate solutions and provide workable actions. As a result, the research activities engender a fresh impetus towards change.

With regard to the interactive relationships between the researcher and the researched participants, the study reveals another consequence. It is Habermas's methodological approaches that lead the researcher to be more professional in terms of becoming a consultant. The research process has come to new insights about professional practice. A consultant's tasks are to deal with organisational decision-making, implementation and change (Gummesson, 1991). Employing communicative action-inspired methods, I found that these approaches can overcome and fulfil the consultant's tasks. In other words, a critical accounting study also offers practical approaches which are suitable for application by a consultant and in which the task is to propose an implementation of an "idea" and an organisational "change". Even if research is not aimed at finding a general solution, nevertheless, it is hoped that the results may provide a method of working towards solutions.

In addition, this study also found an iterative role for accounting language. In relation to this, the increasing need of proper accounting practices requires a higher level of accounting theoretical knowledge which, in turn, will improve the accounting practices. It is obvious that, to shift to a higher level of accounting language speech level, the speakers need knowledge. The enhanced knowledge then drives the implementation of this knowledge into practice, indeed accounting theoretical knowledge into higher and proper levels of accounting practices. Thus, the societal process of accounting language change as described at figure 2, in chapter 5, from the lifeworld to the new lifeworld, can be understood from another perspective, that is, the iterative process.

After all, this research was not conducted without any imperfection. There were some restrictions on the study. First, with the limited time available, this study could not
follow all of the stages of Habermas's methodological approaches. This study was terminated at the selection of the appropriate strategies stage. Therefore, it could not observe the process of implementation of the selected strategies. However, this study is convinced with the situation, implying that the strong inclination towards change is obvious. This is assigned to the seriousness of the organisational actors in undertaking this research since the beginning of the study and the valuable decisions taken during the research. Considering this process, I confirm that, ideally, such a research should be conducted over a longer time period so that it can cover the whole of Habermas's methodological approaches.

In association with the limited time and the aim of this study (as a fulfilment of the requirement of a doctorate degree), I found that such research would be better if it were conducted in the same country where the researcher undertakes the degree. In this way, this will be sufficient time for the research activity, because it can be undertaken while the researcher is reviewing the literature and researching the theoretical perspectives.

Secondly, due to the complexity of the social interactions, this study is directed towards the organisational level. Thus, the results solely mirror this level. It is not intended to work for accounting society as a whole in respect of the interactions within a society at the national level. This limitation provides an impetus for further research. The results are not intended to raise a generalisation either, because generalisation is inappropriate in social science, at least in connection with research at a deeper level (Brunson, 1985). However, this study argues that there is a level of theoretical or analytical generalisation. In this regard, the metaphorical thinking, the theoretical frameworks and the applied methodologies of this study can be operationalised generally so long as other researchers work on the same ontological and epistemological assumptions.
Thirdly, the implementation of the three stages of Habermas's methodological approaches inevitably experienced an overlap stage which occurred twice, in the formulation of the critical theorems and enlightenment stages, and in the enlightenment and selection strategies stages. The former refers to the necessity to give explanations about accounting theoretical knowledge when the research activity was aimed at obtaining and formulating the critical theorems. The latter refers to management decisions taken during the process of enlightenment. However, these overlap stages did not yield bias interpretations. Conversely, these methods did provide deep understanding of the phenomena under study and allowed the process of discursive research.

In relation to these stages, the enlightenment process seems only to legitimate the directors' decisions. In fact it does not, because the selected strategies represent conclusions to overcome the organisational problems which were contrived during the formation of the critical theorems. The enlightenment stage implied that the decisions had been formulated by considering all organisational members' insights. Even this stage has also shown that improved knowledge leads to an awareness of the needs of proper accounting language speech level. In other words, this stage has proved that accounting is precisely needed by this organisation. However, the level of sophistication of accounting practices is dependent upon the level of the organisational actors' knowledge, the types of requirement of organisational activities and other considerations.

Finally, with regard to a situation in which a company is influenced by Hofstede's large power distance, the implementation of management decisions, indeed the selection of appropriate strategies, does not really follow the ideal speech situation. In his study, Kitley (1994) experienced a similar situation which lead him to think that Indonesian consensual decision making is aimed at minimising opposition to a proposed course of action. In this case, this study discovered a distinct reason for this. The
inadequate process of the ideal speech situation is caused by the overlap stage described in the previous paragraph. Moreover, in a company in which the directors are also the shareholders, the employees seem to be more discreet. Most of the employees will comply with their supervisors (the board of directors). Thus, any decision made by top level management will be performed without too many constraints.

Conclusion

The primary purpose of this study has been to add to the richness of the accounting discipline and to suggest a proper research methodology. In particular, this study focuses on the accounting language communicative competence, that is, the performative aspect of speaking accounting language. It has also endeavoured to argue that pursuing the accounting discipline can be achieved by employing alternative approaches. The critical accounting study is one of them. Moreover, this study suggests the use of metaphorical thinking in an attempt to map complex social phenomena into conceptual thinking which, at the same time, implies ontological and epistemological positions. Comprehending the analyses of this research, the study has summarised the following conclusions.

It has demonstrated that the Javanese Language Speech Level (JLSL) metaphor does not mislead the direction of the study. The use of the JLSL metaphor has proved helpful in understanding and determining more precisely the existing accounting language speech level and the level which should be applied in an organisation. The use of metaphor is also made to simplify the illustration of complex phenomena without reduction of the meaning. These are possible due to the application of Habermas's three methodological approaches. The first stage, the formation of the critical theorems, helps in understanding the existing accounting language speech level. The second stage, the enlightenment process, helps in raising awareness and in introducing the level of
accounting language as it should be. Combined with the two previous stages, the third stage, the selection of the appropriate strategies, helps in stimulating the intention to change and in motivating management to speak accounting language at a higher level.

Since this study is undertaken in a real organisational setting, it does provide insightful, significant and valid knowledge about the nature of accounting practices. First, the change of accounting language speech level implies a change of organisational reality. By assuming that organisational actors are a group in society which uses accounting as a language, this study discovered that expanding and developing accounting language skills brings about the societal evolution of this group. Thus, accounting language is not only a medium for communication, but also for the interchange of knowledge. In other words, accounting knowledge and its function are closely intertwined. It is this phenomenon that relates to the inclination of the company's management to improve organisational quality, that is, accounting language communicative competence, through the development of accounting. This conclusion follows Habermas's concept of the role of language in the societal development process. According to Habermas, a society has progressed due to the expanding and developing language skills of societal members (Laughlin, 1987). The new accounting language speech level also indicates management's way of seeing its (the organisational) world (Lavoie, 1987). This phenomenon confirms this study's premise that every individual person speaks a particular mode and level of (accounting) language for a particular purpose or interest. The ability to speak accounting language at a particular level implies the speaker's understanding of the grammatical rules and vocabulary of accounting and its application for a particular occasion.

Secondly, with respect to accounting language communicative competence, accounting practice clearly reflects a complex social process. It is not exclusively constructed by intersubjective interaction; it does not only reflect a discursive process of gaining, producing and reproducing accounting knowledge; it is not only influenced by
economic rationality, power constraints; or the researcher, but rather by all of them. Following Chua's (1986) insight, accounting practice is not only symbolically mediated, but is also shaped by material conditions and domination. This conclusion seems to follow Arrington and Puxty's (1991) tentative study. Arrington and Puxty offer tentative insights which state that accounting practice is impinged upon by communicative action rationality. Among others, their tentative insights are as follows:

1. That accounting's origins reside in human needs and desires; and, for that reason, accounting is a form of moral action.
2. That human needs and desires (interests) are infinitely different. ... In this sense, accounting's relation to human interests is infinitely contestable.
3. That Habermas's three-world model of interests/action/validity claims with respect to objective/social/private experience is a theoretically useful way to reduce the infinity of ways of configuring accounting as interested action.
4. That the rationality of accounting depends upon the adjudication of validity claims as governed by the axioms of the ideal speech community. This entails not only certain ethical-political relations but also a recognition that individuals must surpass their subjective needs and desires and ground action in an intersubjective consensus to which all can, theoretically, assent without compulsion.
5. That the alternative to communicative rationality, either as an empirical or as a warrant, is the coordination of social action through money or power. (1991, 48)

Thus, the study concludes that accounting practice change is an accumulation process of, and is influenced by, many aspects.

Thirdly, this study also successfully elaborates how critical accounting study is capable of introducing accounting change; at least, the strong inclination towards change is obvious. Moreover, employing Laughlin's (1987) modification of Habermas's three methodological approaches invigorates the spirit of the organisational actors to enhance their accounting language communicative competence. By this research, the organisational actors realised that accounting is now known not merely as a technical craft which only deals with credit and debit, but rather that the organisational actors understand that accounting can make organisational issues become more visible and tangible (Broadbent and Laughlin, 1994). At least it exhibits departmental efforts, exertions, achievements and performance. In other words, by employing a critical
accounting study, this study has internalised accounting theoretical knowledge in the management's mind, which, in turn, invigorates accounting (language) practice change.

It is apparent now that critical accounting study is sound research methodology. It is this methodology that emphasises the importance of discursive dialogues which must also be self-reflective. The whole research process depicts that the research has been self-reflective. The self-reflection refers to the dialogue and the construction of what has been raised in the dialogue itself. It is marked by the particular stage achieved by this study. The acceptance of the "new" accounting theoretical knowledge, the decisions made and the plans set forth by the management all delineate the self-reflection. In other words, the critical accounting study has successfully liberated the research participants from barriers to knowledge, renounced false beliefs and assumptions and removed the research participants' own intellectual and emotional resistance.

Finally, this study argues that, with particular ontological and epistemological assumptions, critical accounting study is a sound methodology for answering the research question. This methodology can be described as the best way to study accounting practice in a real setting and in a multilayered complexity. It is this methodology that can widen the view of what constitutes knowledge. This study also answers and supports Eriksen's (1987) suggestion about the need to expand the view of acceptable research methodology based on ontological and epistemological assumptions.
Appendices

Appendix 1.

The list of basic questions and information which should be obtained

General information

Obtain the history of the company.
Obtain the product development or diversification
Obtain and observe the general operation of the company.
Obtain the most specific activity or product of the company.
Obtain internal and external recent issues that may affect accounting practice.
Obtain and observe management style and the organisation of the company.
Obtain general information of the existing accounting practice.

Personnel information

How long has he or she been working at this company?
How long has he or she been working at this department? any work rotation?
What is his or her personal background, both educational background and work experiences?
Does he or she think whether his or her personal background affect him or her in carrying out his or her tasks?
How intent does his or her task relate to accounting?
How intent does his or her task need accounting information?
How does he or she communicate accounting information with others, ?
Does he or she analyse his or her own accounting task?
Is there any aspects or factors that affect him or her in carrying accounting his or her task?

Employees' perception

How important is accounting in this company?
How do the employees affect accounting practice?
How does accounting practice affect employees?
How do they run accounting?
Appendix 2.

Pulp and Paper Manufactures.

**Paper Industries 1978-1980**

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity per year (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. P.T. Kertas Leces</td>
<td>198,000</td>
</tr>
<tr>
<td>2. P.T. Pakerin</td>
<td>100,000</td>
</tr>
<tr>
<td>3. P.T. Kertas Bekasi Teguh</td>
<td>85,000</td>
</tr>
<tr>
<td>4. P.T. Pabrik Kertas Ciwi Kimia</td>
<td>54,000</td>
</tr>
<tr>
<td>5. P.T. Eureka Aba</td>
<td>19,500 = 4%</td>
</tr>
<tr>
<td>6. P.T. Pabrik Kertas Gowa</td>
<td>16,000</td>
</tr>
<tr>
<td>7. P.T. Kertas Basuki Rachmat</td>
<td>9,000</td>
</tr>
<tr>
<td>8. P.T. Lontar Papyrus</td>
<td>3,000</td>
</tr>
<tr>
<td>9. P.N. Kertas Blabak</td>
<td>1,500</td>
</tr>
<tr>
<td>10. P.T. Pura Barutama</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>487,000</strong></td>
</tr>
</tbody>
</table>

**Pulp Industries 1992**

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity per year (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. P.T. Riau Pulp &amp; Kertas</td>
<td>500,000</td>
</tr>
<tr>
<td>2. P.T. Indah Kiat Pulp &amp; Paper</td>
<td>400,000</td>
</tr>
<tr>
<td>3. P.T. Kiani Lestari</td>
<td>350,000</td>
</tr>
<tr>
<td>4. P.T. Santi Murni</td>
<td>350,000</td>
</tr>
<tr>
<td>5. P.T. Inti Indorayon Utama</td>
<td>120,000</td>
</tr>
<tr>
<td>6. P.T. Gelora Ampatlima*</td>
<td>n.a</td>
</tr>
</tbody>
</table>
Appendix 2.1

Paper Industries 1992

<table>
<thead>
<tr>
<th>Name</th>
<th>Capacity per year (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. P.T. Riau Pulp &amp; Kertas</td>
<td>600,000</td>
</tr>
<tr>
<td>2. P.T. Pabrik Kertas Tjiwi Kimia</td>
<td>394,000</td>
</tr>
<tr>
<td>3. P.T. Indah Kiat Pulp &amp; Paper</td>
<td>300,000</td>
</tr>
<tr>
<td>4. P.T. Kertas Leces</td>
<td>198,000</td>
</tr>
<tr>
<td>5. P.T. Kertas Kraft Aceh</td>
<td>165,000</td>
</tr>
<tr>
<td>6. P.T. Inti Indorayon Utama</td>
<td>165,000</td>
</tr>
<tr>
<td>7. P.T. Pakerin</td>
<td>100,000</td>
</tr>
<tr>
<td>8. P.T. Kertas Bekasi Teguh</td>
<td>85,000</td>
</tr>
<tr>
<td>9. P.T. Eureka Aba</td>
<td>51,000 = 2.4%</td>
</tr>
<tr>
<td>10. P.T. Kertas Gowa**</td>
<td>21,200</td>
</tr>
<tr>
<td>11. P.T. Kertas Basuki Rachmat</td>
<td>9,000</td>
</tr>
<tr>
<td>12. P.T. Kertas Padalarang</td>
<td>3,000</td>
</tr>
<tr>
<td>13. P.T. Lontar Papyrus</td>
<td>3,000</td>
</tr>
<tr>
<td>14. P.N. Kertas Blabak</td>
<td>1,500</td>
</tr>
<tr>
<td>15. P.T. Pura Barutama</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,096,700</td>
</tr>
</tbody>
</table>

* It is expected to commence its production in 1995.
** This company has been liquidated since 1 October 1994. Gatra 17 December 1994, p39.

Appendix 3.

The situation in the head office.
Appendix 4

Account Receivable Card.

Please see print copy for image
Appendix 5

Production Report

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Please see print copy for image
Appendix 5

Production Report
Appendix 5

Production Report

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Appendix 5

Production Report

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Appendix 5

Production Report

eureka aba

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Appendix 5

Production Report

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Appendix 5
Production Report

Keterangan:

Karton board mengandung pulp serat tetap 6.79 % dari seluas pulp yang dihasilkan unit medium, dengan perincian biaya beragai berikut:

Bahan Raku:

- APVAL KERTAS
  - Local : 855 678.5 x 6.794 = 58 101 KG x Rp 175,- = 10 167 675.00
  - Import : 84 600 x 6.794 = 5 744 KG x Rp 167,- = 614 668.00
- Joss Paper

Pemilihan Rambu:

- Pulp Rambu
  - 395 529 x 6.794 = 26 856 KG x Rp 50,- = 1 342 800.00
- Serat Pinus
  - 328 672 x 6.794 = 22 117 KG x Rp 22.5 = 502 132.50
- Reject
  - 186 914 x 6.794 = 12 692 KG x Rp 51,- = 647 292.00
- KCIIP Rambu

Pengalaman Rambu:

- GEJEN PINUS
  - 6 500 x 6.794 = 441 KG x Rp 19,- = 8 379.00
- Ampas Tehu
  - 552 862 x 6.794 = 37 539 KG x Rp 16.5 = 619 392.50

Sub jumlah
  - = Rp 14 106 160.00

Bahan Penghantuan:

- C. SODA SOLID
  - 86 100 x 6.794 = 5 846 KG x Rp 650,- = 3 799 900.00

E H B G I:

- LISTRIK
  - 29 667 KWH = 3 530 373.00
- UAP
  - 129 BOLA x 2.5 TON UAP/BOLA x 6.794 = 21.9 TON UAP
    = 738 KG KATU = 269 520.00

Sub jumlah
  - = Rp 3 799 893.00

Jumlah total
  - = Rp 21 705 973.00

*LISTRIK MAI BARA MULAI 01 FEBRUARI 1993:

- WBP DARI Rp 214,- / KWH
- MBPB DARI Rp 96,- / KWH
Appendix 5

Production Report

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Appendix 5

Production Report

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Appendix 5

Production Report

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Appendix 5

Production Report

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Appendix 6.

The organisation Chart.

P.T. Eureka Aba Paper Manufacturing Industry

The main organisational structure:

Director of marketing and general affair and its subdivisions
Director of finance and its subdivisions

Dir. Keuangan

- Manajer Akuntansi
  - Akuntansi Umum
  - Akuntansi Biaya
- Manajer Keuangan
  - Anggaran
  - Kasir Surabaya
  - Kasir Mojosari
- Manajer Perpajakan
  - Penagihan
Production Director and its subdivisions

- Dir. Produksi
  - Manajer Pembelian
    - Ass M. Bahan Baku
    - Ass M. Sparepart
  - Manajer Produksi
    - Ass M. Joss Paper
    - Ass M. Medium
    - Ass M. Carton & Leather
    - Ass M. Lit Bang
    - Ass M. Maintenance
      - Bengkel Listrik
      - Boiler
    - Ass M. Water Treatment
  - Ass M. Logistik
    - G. Bahan baku
    - G. Sparepart
    - G. Barang Jadi
    - Bag. Penerimaan
    - Bag. Pengiriman
  - Manajer Personalia
    - Keamanan
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