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A search for local knowledge of the interplay between the culture of an organisation and its management accounting practices: a case study of an Indonesian listed company

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**A SEARCH FOR LOCAL KNOWLEDGE OF THE INTERPLAY BETWEEN
THE CULTURE OF AN ORGANISATION AND ITS MANAGEMENT
ACCOUNTING PRACTICES: A CASE STUDY OF
AN INDONESIAN LISTED COMPANY**

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

DOCTOR OF PHILOSOPHY

from

UNIVERSITY OF WOLLONGONG

by

**EDDY R. RASYID
Drs [UGM], MCom (Hons) [UOW]**

**Department of Accounting and Finance
1995**

DECLARATION

I hereby declare that this thesis has never previously been submitted for any other degree and that it is the result of my own independent research.

Eddy R. Rasyid

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ABSTRACT

It is a belief that accounting researchers need to turn from trying to explain accounting phenomena by weaving them into grand textures of cause and effect to trying to explain them by placing them in local frames of awareness. This is fundamental as there is no doubt that accounting is a social and institutional practice. This belief is central to this study.

This study is, thus, set into the scene of "interpretive turn" by specifically borrowing cultural thought from Geertz's interpretive anthropology. The borrowing is not "eclectic" in the sense that it is with "anchoring" this work comprehensively in Geertz's interpretive methodological framework. As such, an organisation is seen as a socially-constructed web of symbolic relationships. With this perspective, in this study, I desire to search for a local knowledge of how organisational action interplays with the organisational accounting. This knowledge is crucial as so little is known of the organisational nature of accounting practice. Apart from this, current efforts to build better and meaningful knowledge of accounting practice have been unnecessarily limited by the discourse on accounting in action in a Western context. It is here that this study contributes as it refers to an Indonesian listed company, in Jakarta.

This study firstly develops a theoretical discussion on the nature of culture, organisation, and organisational accounting from the perspective of the interpretive anthropology, as we can not go native with an empty hand (as well as an empty head!). The social and cultural construction of the researched company is then traced, and a story of the social construction of the culture of the company is written. A cultural exploration is then made in order to understand how (management) accounting is implicated in the organisational cultural construction process. This study concludes with a discussion of the absence of management accounting practice in the organisational discourse.

CHAPTER ONE

GROUNDING

It is the methodology employed in a discipline which determines the validity of that discipline's claim to knowledge.

(Gaffikin, 1989, p. 3)

..... many social scientists have turned away from a laws and instances ideal of explanation toward a cases and interpretations one, looking less for the sort of thing that connects planets and pendulums and more for the sort that connects chrysanthemums and swords.

(Geertz, 1993b., p. 19)

Introduction

In a 'personal note to the readers' of his *The Cultural Significance of Accounts*, Scott (1931) wrote that he could feel "a very great societal pressure" to place "the significance of accounts" into its organisational and social contexts. Scott continued that

the desired orientation of accounts has proved to be obtainable only through *an interpretation of cultural organization* which places accounts at the very center point of that organization (Scott, 1931, p. viii, emphasis added).

For a few decades Scott was alone with this voice (Gaffikin, 1989; Hopwood, 1987). Only in the beginning of the 1980s did a consistent and continuous attempt to call the accounting researchers to appreciate accounting as a social and institutional practice resume (ie. Burchell et al., 1980; Hopwood, 1983; Hayes, 1983; Cooper, 1983; Tomkins & Groves, 1983; Roberts & Scapens, 1985; Hopper & Powell, 1985; Chua, 1986; Aitken & Gaffikin, 1986). The awareness that "so little is known of the

organizational nature of accounting practice" (Hopwood, 1983, p. 287) has then been followed by researching accounting in action through "an engagement with ideas drawn from postpositivist social theory" in order to "making accounting more visible" (Morgan & Willmott, 1993).

That we have come to know so little of the real functioning of accounting is due to the fact that accounting research methodology has been preoccupied by "scientific" research methodology (Aitken & Gaffikin, 1986; Chua, 1986), or "functionalism" (Burrell & Morgan, 1979). When this methodology is brought into accounting research, studying accounting in its complex social and cultural realities, "researchers create unnecessary restrictions as to what constitutes 'acceptable' theories" (Laughlin, 1987, p. 480). Actually, the consideration of the wider context of accounting practices began in 1970 with the birth of the contingency-theory-based accounting literature. However, a comprehensive review of this kind of literature suggests that the organisational contexts within which accounting operates have been seen as objective factors that needed to be "scientifically" treated, so that the organisational and social phenomena of accounting have been explained by weaving them into grand textures of cause and effect (Rasyid, 1992; see also Cooper, 1981).

The strong desire to "change the way in which accounting is understood and deployed" (Morgan & Willmott, 1993, p. 6) may be claimed to be the result of the growing recognition that the established approach to treating social phenomena, laws-and-causes social physics, was not producing the triumphs of prediction, control, and testability that had for so long been promised in its name (Geertz, 1993b, p. 3). This may also in part result from "an intellectual deprovincialisation", in which "the broader currents of modern thought have finally begun to impinge upon what has been, and in some quarters still is, a snug and insular enterprise" (Geertz, 1993b, p. 3). In accounting research, the recently emerging spirit of intellectual deprovincialisation, in the language of Laughlin (1995, p. 69), "has generated a range

of intellectual 'borrowing' from social and political thought". The penetration of the social and political thought into accounting studies has made the studies become more pluralistic. These include, studying the process of making sense of organisational life and accounting by the organisational participants through borrowing from symbolic interactionism (eg. Preston, 1986; Covalleski & Dirsmith 1986, 1988; Boland & Pondy, 1986) or ethnomethodology (eg. Berry et al., 1985), or interpretive anthropology (eg. Ansari & Bell, 1991; Dent, 1991); improving the knowledge of the actual functioning or emerging of accounting in the US and British health care or hospital industries through employing a hermeneutic approach (eg. Oakes et al., 1994), or Foucault's philosophical ideas (eg. Preston, 1992), or Latour's *Science in Action* (eg. Preston et al., 1992); producing new histories of accounting thought through engaging Foucault's ideas (eg. Loft, 1988; Wash & Stewart, 1993), Marxism (eg. Armstrong, 1987), or Latour's *Science in Action* (eg. Robson, 1991); and the use of German critical theory in studying accounting systems in organisational contexts (eg. Laughlin, 1988; Broadbent et al., 1991).

Of those "new" approaches to which a considerable number of researchers have turned is the one that lies in the interpretive philosophical tradition.¹ Many labels have been attached to this approach by the accounting researchers, such as naturalistic qualitative research methodology (Covalleski & Dirsmith, 1986, 1988, 1990), naturalistic or interpretive humanistic research approaches (Tomkins & Groves, 1983), interpretive anthropology (Ansari & Bell, 1991), interpretive methodology (Dent, 1991). For interpretivist accounting researchers, social and organisational realities are the products of subjective and intersubjective experiences in which process accounting and accountants play an active role in shaping and making sense of the organisation (eg. Morgan, 1988; Chua, 1988). By this view, the researchers focus on how the process of the social interaction occurs in the organisation, and how accounting is implicated in the process. Substantial to an interpretively grounded management accounting are the following questions:

How is, for example, a management accounting system socially perceived and organised by people in different organisational contexts? What meaning and significance are generated and emerge? Are accounting rules and processes part of the sense-assembly equipment used by people within work organisations, and, if so, how do people use them to see, describe and explain order (are accounting rules the means by which people "account" for stability and predictability)? (Chua, 1988, p. 72).

Such questions lead several accounting researchers to focus on the symbolic aspect of accounting. "A focus on symbol is concerned with examining the interpretations and meanings attributed by organisational actors to the process of interaction between actors and understanding the social context in these terms" (Covaleski & Dirsmith, 1990, p. 545). Here, accounting is regarded as a social invention rather than a "rational" reflection of technical reality. As such, the studies have been able to contribute to a call to increase our knowledge on the organisational and social nature of accounting or the interplay between accounting and its the social and organisational circumstances (Burchell et al., 1980). It is seen in the work of Covaleski and Dirsmith (1988) for example. They study a budgetary negotiation process between a state university and its state government. Budget in this process is a product of a political game, as the budgeting system represents vested interests between the parties. It is shown that budgeting has a power to make things appear to be rational resulting in budgeting being used to win resource allocating negotiations. Similarly, Czarniawska and Jacobson (1989) expose that the budget has been used to demonstrate that a commitment to a technical rationality is there in order to reduce the level and amount of internal conflict.

Still, in the interest of the symbolic aspects of accounting, Dent (1991) found that in a railway company the new emerging accounting practices produced a new culture in the organisation. The active role of organisational accounting in creating the organisational cultures is also seen by Capps et al. (1989). Meanwhile, Ansari and Bell (1991)'s empirical research shows that cultures shape the values and meaning

frames of organisational participants and, in turn, accounting and control practices in the organisation.

Whilst there is a growing interest, but still very few empirical studies, in interpretive accounting studies (Chua, 1988), the concept of symbols is problematic. The terms of symbols and languages have been associated with culture by leaving the meaning of the terms unclear (eg. Czarniawska & Jacobson, 1989; Ansari & Bell, 1991; Covalleski & Dirsmith, 1988). It is understandable that any attempts to understand concepts such as symbols or cultures will face complexities and ambiguities. In anthropology, from where they come, the concepts are still problematic. Cultural anthropologists have diverse and complex theories of culture (Allaire & Firsirotu, 1984). In organisational research, where the cultural ideas are not new, organisational cultural researchers have no agreement on what culture is (see e.g. Allaire & Firsirotu, 1984; Smircich & Calas, 1987). They are different in "theoretical, epistemological, or methodological points of view" (Frost et al., 1991, p. 7). Smircich and Calas (1987), for example, grouped the organisational culture literature along the lines of Burrell and Morgan (1979)'s classification of sociological paradigms: functionalist, interpretive, radical structuralist, and radical humanist. This grouping is rather rough. We can find further classification. All ten research articles provided in the first part of Frost et al.'s study (1991) fit into the interpretive paradigm, but that research has been classified in terms of Martin and Meyerson's (1988) three cultural perspectives: integration, differentiation and fragmentation.

Facing these complexities, accounting researchers need to choose a particular theoretical and methodological perspective. We may argue that "theoretical and methodological problems will naturally sort themselves out as the work proceeds", Laughlin continues,

[h]owever, there is a certain advantage and importance of making deliberate choices on these matters *prior* to undertaking any study. The reason quite simply is that *all* empirical research will be partial, despite any truth claims to the contrary, and thus it would be better to be clear about the biases and exclusions before launching into the empirical detail (Laughlin, 1995, p. 65, emphasis in the original).

The choice is necessary as a researcher needs to "set the scene" (Gaffikin, 1989, p. 14) for her/his own research endeavour (see also Berry, 1983; Laughlin & Lowe, 1990; Laughlin, 1995). Whilst the choice which the researcher makes is not simply a matter of personal preference (Berry, 1983), the choosing is also 'ideological' as the accounting researcher is faced with two main options: to keep staying there, in the "mainstream" (Chua, 1986) position, or to turn to other alternatives. If she or he decides to turn, this is an ideological decision, then the next question will be to which alternative to turn; whether this is pragmatical or also ideological could be debated. It is pragmatical because the choice is a contingent decision, depending upon the nature of the research problems to be addressed (see Berry, 1983). It is ideological since it is a belief that the research problems are contingent on the point of view the researcher elects to take. For example, from a similar case study, at a plastic container division of a large divisionalised organisation in England, Preston has generated two different research problems. In his 1986 study, Preston addressed an issue of the process of informing between the managers. Meanwhile, in *The "Problem" in and of Management Information Systems* by Preston (1991), the historical emergence of "problem" as a generic construct in the Management Information System literature is examined and contrasted to the manner in which a group of manufacturing managers defined problems within their organisational context. Two entirely different research problems have been made possible because the researcher was informed by different theoretical and methodological sources. In the earlier research, Preston was informed by the Berger and Luckmann's social construction theory and Blumer's symbolic interactionism, while in the latter case by

Foucault's genealogy and ethnography. To whichever a researcher will turn, for whatever the reason, it should be remembered that there will be no single methodology that could claim that its application would be able to represent "the full texture of reality" (Morgan, 1988; Laughlin, 1995).

I, in this study, will turn to the interpretive tradition following those who are concerned with building the knowledge of the actual functioning of accounting in organisations. It is a belief that efforts to enhance our understanding of organisational life with respect to the role playing of accounting will not be successful if we keep seeing it from the "mainstream" position. This study seeks to develop an understanding of how organisational accounting interplays with the organisational culture with a specific reference to an Indonesian company. Thus, this is a cultural analysis of management accounting practices, and is critical of the mainstream as it brings a nonfunctionalist theoretical insight to the research concern, that is, Geertzian anthropology.

Actually, I am not the first to introduce Geertz's anthropology into accounting studies. As observed by Chua (1988), however, the researchers concerned with seeking to illustrate the situated nature of accounting meanings and roles have not "seriously"² acknowledged the theoretical and methodological perspectives they bring into their research (Chua, 1988). Ansari and Bell (1991), earlier borrowers of Geertz's anthropology, attempt to understand how culture affects accounting and control practices of an organisation through shaping the values and meaning frames of the organisational participants. However this adoption is without anchoring the work comprehensively in Geertz's interpretive framework. It is also seen in the work of another follower, Dent (1991), who analyses the way in which accounting is drawn upon by actors within an organisation in the creation and maintenance of the culture of the organisation. These studies do not "seriously" acknowledge Geertzian anthropology.

Amongst the interpretivist sociologists or anthropologists, Geertz has been recognised as the most distinguished (Walters, 1980; Roseberry, 1982; Shankman, 1984; Clifford, 1988; Crane, 1994). To evince the great intelligence of Geertz, it is maintained that:

Few anthropologists in recent years have enjoyed wider influence in the social sciences than Clifford Geertz. Sociologists, political scientists, and social historians interested in popular culture have turned increasingly to anthropology, and the anthropologist most often embraced is Professor Geertz. (Roseberry, 1982, p. 1013)

Regardless of one's criticism of Geertz's scholarly work, either another modernist (eg. Shankman, 1984) or a postmodernist (eg. Sangren, 1988; see also Clifford & Marcus, 1986), many notions have been attached to the works of Geertz both by his opponents and followers which reflect reasons for saluting Geertz's interpretive theoretical program: to recall amongst them, "an attempt to re-focus anthropology - indeed all of social science - away from the emulation of the natural scenes and toward reintegration with the humanities" (Shankman, 1984); "the most plausible starting point for the 'new social historian' in discovering the character of both community 'values' and community 'structure'" (Beeman, 1977 cited by Walters, 1980, p. 538). It has been appreciated that beyond his contribution to anthropology, Geertz has become an interdisciplinary figure and a major presence at the interface of social sciences and the humanities (Shankman, 1984).

In this chapter, the Geertzian conception of culture will be introduced, with specific emphasis on its ontological and epistemological foundation. This explication then will provide a frame to see the interplay between management accounting and its cultural context. Like other interpretive approaches, the root of Geertz's anthropology is in hermeneutics philosophy (see eg. Shankman, 1984). Therefore, it

may be appropriate that a very brief discussion of some aspects of this philosophical tradition be drawn first. This is what follows.

Hermeneutics Philosophy

Gaffikin (1989, p. 170; see also Laughlin, 1995) argues that "the philosophy of hermeneutics can be traced back through Weber and Dilthey to the transcendental idealism of Kant". One of Kant's ideas that became the basis of hermeneutics philosophy is his argument that in 'knowing', subjects are not passive but play a constructive role. According to Kant, in 'knowing something' there is an interaction between subjects and objects (Hartnack, 1968). There are conditions necessary to be fulfilled which are what Kant called *a priori* conditions. What Kant wanted to show was, as stated above, the constructive role the subject plays in the process of knowing. Here, Kant found an autonomy subjects have in forming their knowledge.

From Wilhelm Dilthey, what will be emphasised here is his idea of the "subject-matter" of human sciences (*Geisteswissenschaften*). Dilthey believed that the subject-matter of human studies is not a phenomenon which appears to consciousness as coming from outside (as is believed to be the case in natural sciences (*Naturwissenschaften*)). Instead, it is an immediate inner reality and a coherence experienced as coming from within (Dilthey, 1976). Such a distinction takes place not only in the form of their (human and natural sciences) objectification but in the level of their objectification as well. In natural sciences, to gain objective explanation one has to isolate her or his subjectivity. In other words, the object has to be impersonal. Therefore, that the explanation will not consist of subjective experience is crucial. This experience is "inner experience", so that the existence of an object is not impersonal and ahistorical. For Dilthey, "knowledge of the nature of the human world coincides with the knower's consciousness of [her]himself as human being" (Bulholf, 1980, p. 31).

If there is a distinction in terms of their subject matter, accordingly the two types of sciences will also be different in their method. Dilthey refers to *Erklaren* (explaining) for natural sciences, and *Verstehen* (understanding) for human sciences. *Erklaren* refers to a process to explain such phenomena in terms of its determinant factors, aiming to produce causal explanation. In *Verstehen*, one is involved in "the process by which we come to know an inner picture (*Ein Inneres*) through signs which are given from outside through the senses" (Dilthey, 1976, p. 105). Then, how does an "individually formed consciousness" person understand the inner reasons that prompt an actor or group of actors to act as they do in creating their world? In other words, it is asking how a researcher could understand "the world" of the actors. Dilthey suggested that "reexperiencing" (*nachempfinden*) through empathy will clarify the actors' behaviour (Bulhof, 1980, p. 27). Through reexperiencing, the outward manifestations of human life can be interpreted.

Geertz's Interpretive Culture

Geertz says that the redefinition of culture is "my most persistent interest as an anthropologist" (1993a, p. vii), and it is acknowledged by others (eg. Ulin, 1984; Bernstein, 1983; Shankman, 1984). To Geertz, culture is an ordered system of meaning and symbols ("interworked systems of construable signs"), in terms of which social interaction takes place (1993a, pp. 12, 144). Since culture is a symbolic gesture, its meaning, Geertz argues, is created and maintained in the course of social interaction, thus, it is public. And at the same time, to use Bernstein's (1983) terminology, culture is also "alien" phenomena for the outsider.

Implicit in this argument, Geertz wants to say that human behaviour can be understood from symbolic action. Another point is that by making culture something essentially public, Geertz wants to relate culture to social action. In this, Geertz inevitably confronts the highly mentalistic definition of culture common in American

cultural anthropology in the late 1960s. Both cognitive anthropology and American cultural anthropology offer a view of culture as mental competence, forms of thought or systems of ideas, meanings and symbols, which in each case singularly lack any reference to social action (Austin-Broos, 1987). It is in this environment that Geertz makes the following comments (Austin-Broos, 1987, p. 146).

Thought ideational, it [culture] does not exist in some one's head; though unphysical it is no an occult entity. The interminable, because undeterminable, debate within anthropology as to whether culture is 'subjective' or 'objective', together with the mutual exchange of insults (idealist!' - 'materialist!'; 'mentalist!' - behaviorist!'; 'impressionist!' - 'positivist!') which accompanies it, is wholly misconceived. Once human behaviour is seen assymbolic action..... the question as to whether culture is patterned conduct or frame of mind, or even the two somehow mixed together, loses sense (Geertz, 1993a, p. 10)

Therefore, to Geertz, culture is constituted in an interaction in a social network by the manipulation of common and communicable symbol systems within different human groups (see also Goodenough, 1974, p. 435).

Consequently, to understand culture means to search for meaning within the interaction stated above. In searching for meaning, Geertz maintains, the task of an anthropologists is to describe not just the grammar or structure but the rhetoric of life, not just the rules of the game but the many, often conflicting, purposes people hope to realise by playing the game and strategies and tactics, by which they try to realise them. However, how can an understanding of alien phenomena (ie. society life) be reached? The answer lies in what the anthropological literature calls ethnography. But, Geertz refused to define ethnography in terms of the several techniques researchers may follow, such as establishing rapport, transcribing text, taking genealogies, mapping fields, keeping a diary.

But it is not these things, techniques and received procedures that define the enterprise. What defines it is the kind of intellectual effort it is: an elaborate venture in, to borrow a notion from Gilbert Ryle, "thick description" (Geertz, 1993a, p. 6).

With "thick description", an ethnographer is able to appreciate the art and the rhetoric, the varying skill and tactical creativity, of the individual actors in the various manipulations (Goodenough, 1974, p. 435). The following quotation may provide an illustration of "thick description" versus "thin description".

But the point is that between what Ryle calls "thin description" of what the rehearser (parodist, winker, twitcher,) is doing ("rapidly contracting his right eyelids") and the "thick description" of what he is doing ("practising a burlesque of a friend faking a wink to deceive an innocent into thinking a conspiracy is in motion") lies the object of ethnography (Geertz, 1993a, p. 7)

It is important to note here that what an ethnographer has to understand in providing thick description is meanings: not the thin description of contracting the right eyelids (as behaviourists have done), but the thick description of practising a burlesque. "What we write is the meaning of the speech event, not the event as event" (Geertz, 1993a, p. 19). Here, "Geertz wants to contrast the rich, thick, textured qualities of interpretive theory with the worn, threadbare qualities of a mechanistic, reductionist social science" (Shankman, 1984, p. 263).

Since culture is public, in providing thick description one has to go to public: "going native" as "our formulations of other people's symbol systems must be actor oriented" (Geertz, 1993a, p. 14). However, Geertz does not believe that "going native" involves becoming a native or mimicing them (native), or even re-experiencing, as Malinowski (1967) suggests. For Geertz, understanding natives does not result from re-experiencing, but from the ability to construe their modes of

expression. To be able to inscribe social discourse sensitively and imaginatively, an ethnographer indeed needs to really listen and see. "We must go to cling to the injunction to see things from the native's point of view" (Geertz, 1993b, p. 56). However, in so doing, "we can no longer claim some unique form of psychological closeness, a sort of transcultural identification with our subjects" (Geertz, 1979, p. 226). "The trick is not to get yourself into some inner correspondence of spirit with your informants" (Geertz, 1993b, p. 58). However, "the trick is to figure out what the devil they think they are up to" (Geertz, 1993b, p. 58). Geertz then introduced the notions of experience-near and experience-distant to reformulate the concept of "going native".

When Geertz was in Java, Bali, and Morocco to undertake an intelligent inquiry of how people there define themselves as persons, he was not imagining himself as someone else. Instead, he was searching out and analysing the symbolic forms, words, images, institutions, behaviour, in terms of which, in each place, people actually represent themselves to themselves and to one another (Geertz, 1979). Therefore, to arrive at anthropological interpretation of social discourse, he did not attempt to "re-experience". Rather, Geertz used those concepts that people from the culture being studied might naturally use to define what they see, feel, imagine, think, and so on: the "experience-near" concepts. (For example, in the accounting field, "untung" – sale price minus buying price – is an experience-near concept for some Indonesian traders).

However, Geertz incisively emphasises that, to capture the general features of social life, and then to gain understanding, the experience-near concepts have to be placed in illuminating connections with the experience-distant ones. These concepts are ones which the people there may not be familiar with, and which an analyst or a researcher, for instance, uses to forward their scientific or practical aims. (But,

"profit" - according to accountants, this concept can not be simply meant by sale price minus buying price - is an experience-distant concepts for them).

Therefore, going native is not to inscribe "raw" social discourse; "we are not actors". Only in small parts can our informant (i.e. actor) lead us to understanding. Thus, such an interpretation is informed by "seeing things as others see them": "*we begin our own interpretations of what our informants are up to, or think they are up to, and then systematize those*" (Geertz, 1993a, p. 15, emphasise in original). This enterprise is what Geertz in *Local Knowledge* calls the enterprise of "understanding of understanding" (1993b, p. 5).

From the foregoing analysis we can see the penetration of hermeneutics into Geertz's conception of culture. For example, in the very substance of his description of thick description lies an affirmation that what an ethnographer does is to read a "text not in conventionalized graphs of sound but in transient examples of shaped behavior" (Geertz, 1993a, p. 10). However, his refusal to accept Dilthey's interpretation of the concept of understanding (*Verstehen*), as it has been discussed previously, could mean his critique of some styles of hermeneutics philosophy. Bernstein (1983) claimed that Geertz has successfully characterised anthropological research as hermeneutic inquiry.

Like hermeneutics, Geertz's interpretive culture is empirical. Theory, Geertz argues, needs to stay close to the ground. That is why an important gain from his epistemological conception is that it aids researchers gaining access to the conceptual world in which the subjects live. Thus, it is valid to argue that cultural knowledge is local. Moreover, for Geertz, culture is a context within which social events, behaviour, institutions can be intelligibly apprehended (1993a). With him, culture does not become a power, within which all those things can be causally attributed.

Although the foregoing analysis has not covered all aspects of the work of Geertz, it has shown Geertz's methodological position. In respect of Geertz's work, we can see something useful: it enables us to understand management accounting practices in their organisational cultural contexts. Geertz's conception of culture also provides insight into definitions of organisational culture. By referring to Geertz's interpretive culture, organisational culture can be defined as the culture of organisational actors, the society within the boundary of the organisation. Thus, organisational culture serves as a context of organisational life within which organisational institutions (e.g. management accounting), events (budget meeting) can be understood. However, it is not intended to mean that the culture of an organisation is outside the organisation because it is actors of the organisation who create their culture through their action and interaction.

Research Agenda

In this section, I will be specific on the agenda of this study. Taking Geertz's interpretive cultural position to view an organisation means to see its accounting practices as a cultural phenomenon. This is just a matter of methodological consequences (but, this issue will be explicated in chapter 2). If management accounting is a culture, it is "public". It means that management accounting is not separated from its organisational and social contexts.

As management accounting is implicated in its organisational and social contexts, we may consider that it contributes in creating the culture of the organisation. Actually, numerous accounts have been taken to argue that accounting constructs organisational realities (eg. Hayes, 1983; Morgan, 1988; Chua, 1988; Boland Jr., 1989). Accounting symbols, such as accounting reports, and analysis, provide

interpretive schemes through which organisational actors shape the social and cultural realities within the organisation. From his field research, Dent (1991) gains an understanding of how emerging organisational accounting practices reform the culture of the organisation. In shaping the culture of an organisation, accounting symbols indeed interplay with other symbols which come from other parts of organisational life. However, how active a role accounting plays in producing the culture of an organisation is still a mystery to the interpretive accounting literature. This issue will be a question for this study.

Following Geertz's interpretive culture, it could be argued that the culture of an organisation provides a context for the organisational participants to build their own interpretive scheme for appreciating organisational life. Their appreciation shapes how management accounting is practised in the organisation. Again, this interplaying process is also still mysterious. This is another question of concern to this study.

Concluding Remarks

The concern of this chapter is twofold. It seeks to set the scene for this study. This study is set in a frame of belief that an understanding of accounting in its context cannot be reduced to a system of categories defined only in terms of their relations to each other; this is a belief inherent in interpretive methodology (Rabinow & Sullivan, 1979). Thus, this study will be an interpretive endeavour, in which I be interested in the cultural significance of organisational accounting in the organisational life. How the culture of organisational participants, argued in this chapter as the culture of the organisation, interplays with the organisational accounting is the enterprise of this study.

The other concern is to explain more specifically the methodological position into which this study will be turned, that is, Geertzian anthropology. This methodology is

promising in its potentiality to inform accounting researchers in rectifying their "stock of knowledge" of the actual functioning of accounting in its social and institutional context. Indeed, the riches of Geertz's interpretive anthropological thought is impossible to be construed in this chapter. However, readers will find it in most of the following chapters.

As I set this study into the scene of Geertz's methodology, I need to "see" organisation, culture, organisational (management) accounting from the selected position. This is the affair of the next chapter. Central to Geertz's methodology is that "culture is context", so we should attempt to grasp it from the native point of view: "our formulations of other people's symbol systems must be actor oriented" (Geertz, 1993a, p. 14). Accordingly, this study has a specific reference to an Indonesian company. Readers will find that the concern of the rest of this study is of the culture of the company and its organisational accounting practices.

Notes:

1. Within the interpretive philosophy, there is a diverse tradition of thought; even the concept of interpretation itself has become the source of controversy (see eg. Hiley et al., 1991). In the accounting literature, Chua (1988; see also Tomkins & Groves, 1983) has discussed the diversity. Chua has also reviewed the two main descendants of the tradition, that is, symbolic interactionism and ethnomethodology, including their application in management accounting research. In this thesis, later on in this chapter, an effort to trace an underlying philosophical root of the interpretive philosophy has been made.
2. Actually, I borrow this word from Lavoie (1987) when he wrote: "Accounting, as it is often said in elementary text-books, is the language of business. In the subsequent analysis I would like to take this statement *seriously* and to pursue its implications for the nature of accounting research and practice" (emphasis added).

CHAPTER TWO

STICKING THE POLES INTO THE GROUND: UNDERSTANDING ORGANISATIONS, MANAGEMENT ACCOUNTING AND THEIR ACTORS FROM THE INTERPRETIVE PERSPECTIVE

*It is not just theory or method or subject matter that alters,
but the whole point of the enterprise.*

(Geertz, 1993b., p. 8)

Introduction

It has been argued in the previous chapter that knowledge of organisational cultural life is empirical and local. An organisation forms its own life which is not understandable except in a culturally relative way. Consequently, to gain such knowledge, a researcher has to go to the field listening to the discourse of the actors of an organisation and seeing their everyday life. However, it does not mean that the researcher ought to go native, intellectually empty-handed (Geertz, 1993a). Theoretical ideas are not created wholly afresh in each study; ideas from other related studies may be usefully applied to new problems. "If they continue being useful, throwing up new understandings, they are further elaborated and go on being used" (Geertz, 1993a, p. 27; see also Turner, 1992, p. 46). It is with this thought that I develop this chapter.

The purpose of this chapter is to investigate the nature of organisations and organisational culture from the interpretive culture perspective. This investigation is necessary in order to develop substantive theoretical ideas for further analysis; thus,

sticking the poles into the ground. The nature of management accounting from the interpretive perspective will be developed as well.

A brief review of the development of organisational theory up to the heyday of open-system approaches will be presented early. Actually, there are several treatises providing such a review (eg. Scott, 1981a,b; Burrell & Morgan, 1979; Silverman 1970; Reed, 1985) with their own emphases. Burrell and Morgan relate the organisational theories to their wider sociological context by using four sociological paradigms: functionalist, interpretive, radical structuralist and radical humanist. Reed analyses theoretical changes, that is, "changes (of varying degrees of magnitude) in the conceptual structures" that occurred in the development of the organisational theories. The concern of this review is on the development of cultural ideas in organisational studies. An emphasis is given to methodological aspects.

Cultural Ideas in Organisational Studies

In the organisational culture literature, there is a conviction that of the classical philosophers, Barnard (1938) provides the first most significant theoretical roots for the study of cultural issues within organisations (see, for example, Andrews, 1968; Burrell & Morgan, 1979; Reed, 1985; Ott, 1989). Barnard (1938, p. 73) conceptualises an organisation as "a cooperative social system": a system of consciously coordinated activities of forces of two or more persons. For Barnard, communication among members, members willingness to serve, and member-shared organisational purposes are the necessary elements of an organisation (1938, p. 82). This view suggest that an organisation is a purposive entity. "The necessity of having a purpose is axiomatic, implicit in the word 'system', 'coordination', [and] 'cooperation'" (Barnard, 1938, p. 86). Thus, member acceptance of organisational purposes is a prerequisite for such a cooperative activity. However, for Barnard, the outgrowth of organisational purposes is not a matter of negotiation, but that of

executive inducement (Scott, 1987). This condition is not easily obtained, however. Here, informal organisations are needed to support formal organisations through establishing certain attitudes, understanding, custom, habit, and institutions (Barnard, 1938). That is why Barnard argues that the most important function of executives is to establish and maintain organisational value systems. Thus, leaders have symbolic roles. Faced with this situation, interpersonal relationships determine and explain how people interact to get work done, instead of through the formal structure of organisations.

The influence of Barnard's organisational thought on the development of the organisational culture literature is apparent. Barnard's thinking provided an analytical base from which succeeding generations could construct more complex theoretical structures (Reed, 1985). Ott (1989) has claimed that Barnard is the "grandfather of organisational culture perspective".

However, apart from his contribution, Barnard to a large extent retained the methodological point of view of the classical or traditional theory of organisations (Reed, 1985). An organisation is viewed as "a hard concrete reality" (Burrell & Morgan, 1979) that can be managed in order to find the best way to control the work places. The contribution of this philosophical tradition lies in the conception that formal organisational structures provide a mechanism for controlling the performance of work tasks on a rational and continual basis (Mouzelis, 1967). It is these formalist and positivist positions that were maintained and then transposed by his followers into their conceptual frameworks.

Selznick, a sociologist, modified Barnard's tendency to emphasise social aspects of the organisation, in order to give bureaucratic aspects of organisations greater prominence (Burrell & Morgan, 1979; Reed, 1985). Selznick, in so doing, adapted an organismic analogy as a basis of his analysis. This resulted in a view that an

organisation is an "adaptive social system". Like Barnard, Selznick argued that the construction of organisational values and norms is one of the critical tasks of management. However, Selznick recognised also the discrepancies between individual and organisational goals (Ott, 1989). In his hands, the application of the functionalist perspective on organisational studies becomes more systematic (Silverman, 1970). Ott (1989) noted that Selznick's organisational thought has been lauded as useful and insightful by organisational culture theorists. Wilkins (1983), for example, argued for the usefulness of the values embedded in organisational and individual goals.

The foregoing review shows that Barnard and Selznick appreciated the importance of group beliefs, values and norms in organisational life. Although their writing does not contain the words 'organisational cultures' (Ott, 1989), those intangible aspects of organisational life have been held as elements of organisational cultures by recent organisational theorists (see eg. Rokeach, 1973; Hofstede, 1980, 1990; Schwartz & Davis, 1981; Kennedy, 1982; Peters & Waterman, 1982; Martin & Siehl, 1983; Rasyid, 1992)

The emergence of an open-system approach renewed interest in organisational studies. The *Social Psychology of Organisations* of Katz and Kahn (1966), and *Organizations in Action* of Thompson (1967) have been marked in the organisational literature as most influential works. The open-system approach extended and broadened the organismic analogy or closed-systems logic of "bureaucratic theory" in order to incorporate the social, technological and economical environments of organisations. Here, an organisation is viewed as a "living organism" open to its environment. Consequently, the central problem an organisation faces is the "need to cope with the uncertainty arising out of a dynamic socio-technical environment in which management have to ameliorate the disruptive impact of external 'turbulence' on internal operations through implementing the appropriate form of organisational

design." (Reed, 1985, p. 40). Therefore, in the open-system approach there is no one best organisation that will be best suited for its particular environmental conditions. This proposition is commonly known in the organisational literature as "Contingency Theory".

The contingency theory has dominated organisational studies since its emergence. This theory, it has been believed, provides a framework for the relationship between an organisation and its context, which will provide a more holistic approach for designing organisational structures. Factors such as size, technology, economic and market conditions, and internal interdependencies prevailing between sub-units have been considered as contingent variables. Their relationship with organisational structures has been formulated as a grand theoretical formulation.

In the most recent development, the contingency theory-based organisational studies have accommodated cultures within their frameworks.¹ Smircich (1983) and Smircich and Calas (1987) noted that within this research stand, cultures have been treated as internal or external contingent variables. With culture as an external variable, the research is focused on the national culture, which involves the study of organisational variations across nation-cultural boundaries. Treating culture as an internal variable, the research was grouped into two arrays. The first one is the studies attempting to investigate the relationship between organisational cultures and performances (eg. Peters & Waterman, 1982; Gordon, 1985; 1991; Saffold, 1988). Overall, this research has benefited from the "strong culture hypothesis": the stronger the culture the better the performance. The debate arising within this research line centres around this hypothesis (eg. Barney, 1986; Wiener, 1988). The other trait is research investigating cultural differences amongst or within organisations (eg. Reynolds, 1986; Hofstede, 1990).

For the organisation literature, the incorporation of culture into the contingency theory is very worthy. Prior to such incorporation, the contingency theory had not regarded cultural differences in cross-national or organisational research. It means that the context-structure relationship had been argued as being stable across societies and organisations.

This hypothesis implicitly rests on the theory that there are imperatives, or causal relationships, from the resources of customers, employees, of materials and finance, etc., and of operating technology of an organization, to its structure, which take effect whatever the surrounding societal differences (Child, 1981, p. 313).

Such an assertion, according to Child (1981, p. 318), leads contingency theory to an undue determinism, which excludes from consideration the possibility that culturally derived preferences infuse the exercise of choice between organisational alternatives. Therefore, the contingency theory is asked to move from a culture-free to a culture-bound theory. It is here that the efforts to incorporate culture into the contingency-based organisational studies are valuable.

From the rough picture of the development of organisational theory provided by the foregoing analysis, we can see that the development involves, what Reed (1985, p. 1) called, "theoretical changes", that is, changes of varying degrees of magnitude in the conceptual structures. However, the methodological foundations of the theory are still maintained. Although Thompson's open-system approach reconstructed the closed-system theory, the conceptual elements of functionalism are preserved (Silverman, 1970; Burrell & Morgan, 1979; Reed, 1985). The perceived need to extend the theoretical scope of the previous systems approach in order to incorporate neglected factors was reinforced. However, such a need was actualised by preserving "the defining characteristics of 'organisation' and the structure of the scientific method" through an attitude of "benign neglect" (Reed, 1985, p. 43). This circumstance leads to a situation, Reed says, where those who worked within the

system's tradition had to perform a somewhat hazardous balancing act between contained theoretical reform and judicious philosophical neglect.

The intellectual orthodoxy of the contingency perspective, which has been there for more than thirty years, was beginning to weaken by the late 1960s. (Reed, 1985; see also Bittner, 1965; Weick, 1969; Silverman, 1970). There then is a shift in the research paradigm from functionalist to alternative paradigms. The penetration of sociology through the views of philosophers such as Schutz, Heidegger, Garfinkel, Mead, Foucault, Habermas, Giddens, Foucault, Derrida, and Lyotard made such a shift possible (ie. Bittner, 1965; Weick, 1969; Clegg, 1977; Cooper & Burrell, 1988; Hassard & Martin, 1993). We may attribute this paradigmatical shift in the spirit to what Geertz (1993b) called "the refiguration of social thought". Actually, this spirit has inspired a number of fields of social endeavour (Bohman et al., 1991; Reed, 1985), as a result of "the crisis of social science" which is rooted in "the conception of the human sciences as somehow necessarily destined to follow the path of the modern investigation of nature" (Rabinow & Sullivan 1979, p. 4).

The alternative paradigms denoted above are appreciative of the active role organisational actors play in shaping organisational existence and/or to the relationship between class relations and organisational structures (see Burrell & Morgan, 1979; Chua, 1986). The next section is about the nature of organisations guided by an interpretive or hermeneutic philosophy.

Interpretive Conception of Organisation

The previous section suggests that, for functionalists, organisations are goal attaining, distinctive, social units in which organisational life is formally programmed. In such programming, organisational theorists take over the mechanical and biological science modes of thought. As they are machines, organisations are

viewed as parts working orderly and systematically at any time. The parts relate to each other in predictable forms. In a more suitable model - as organisms - organisations are viewed as interrelated sub-systems. A congruency between sub-systems in order to avoid potential dysfunction becomes significant. This organismic metaphor is true in the relationship between an organism and other surrounding material environments. However, it misleads in explaining the relationship between an organisation and its society (Morgan 1983). We cannot allow ourselves "to be persuaded that organisations are about nothing but the solemn arrangement of work tasks, the following of rules, the making of decisions, and the pursuit of profit" (Turner, 1990, p. 85). We can understand that profit and loss is not the measure of all things, and conformity to organisational rules is not the only notable form of organisational member behaviour. "People, social life, language, interactions as they are outside" (Turner, 1990, p. 85). Thus, the use of mechanical and organismic metaphors simplifies the very nature of organisations by ignoring their characters as "complex patterns of human activity" (Morgan et al., 1983, p. 3).

Interpretivists oppose any hard or concrete view of organisations which maintains that a social reality is independent from human minds (Burrell & Morgan, 1979). For interpretivists, social realities are constructed by human beings who create and sustain the social world of shared meaning through social interaction (Berger & Luckmann, 1976; Geertz, 1993b; Burrell & Morgan, 1979). It means that the social world cannot be understood apart from the intersubjective meanings of the social actors involved in its enactment (Rosen, 1991). In the words of Geertz (1993b, p. 21) "the social life [is] organised in terms of symbols". Therefore, "we must grasp [meaning of the symbols] if we are to understand that organization and formulate its principles" (Geertz, p. 21).

Motivated by this particular view of social life, interpretivists see an organisation not as a result of an impersonal and objective force, but as a product of continuous

social negotiation, a socially-constructed web of symbolic relationship. The world of an organisation is seen and understood as a realm of activity characterised by the particular forms of symbol-making, symbols that express significant networks of rules or models of action and give form to contextual based systems of meaning. This appreciation draws our attention to the realism of meaning and interpretation. For interpretivists, their understanding of organisational life is dependent upon messages coming from symbols. Therefore, there is a shift in "the way of thinking and the way of seeing" (Morgan, 1983) which pervades how organisations should be understood.² The analogy used then comes not from physical manipulation, but from the humanities. An organisation is now viewed as a culture, a system manifesting complex patterns of symbolic activity.

The shift to the cultural perspective brings a totally different appreciation, and thus also a fundamentally different knowledge of organisational life.

[T]heory, scientific or otherwise, moves mainly by analogy, a "seeing as" comprehension of the less intelligible by the more, when it course shifts, *the conceits in which it expresses it self shift with it* (Geertz, 1993b, p. 22, emphasis added).

The shift abandons the reductionist conception of organisations. According to Geertz (1993b, p. 23) "the recourse to the humanities, instead of physics or biology, for the explanatory analogy results in a revised style of discourse in social studies" (see also Smircich, 1985, p. 58). Unlike the contingency approach, for the interpretive, a "practical understanding in context cannot be reduced to a system of categories defined only in terms of their relations to each other" (Rabinow & Sullivan, 1979, p. 3). Therefore, the metaphorical move is not just a matter of redrawing the map, but an alternative of the principles of mapping: 'the refiguration of social thought'.

Something is happening to the way we think about the way we think (Geertz, 1993b, p. 20)

To see an organisation as a culture means to understand an organisation as a system of symbols and meaning (Geertz, 1993a,b). Just as people in a society establish socially their interworked systems of construable signs (Geertz, 1993a), people in an organisation, through an interaction, produce symbols and give meanings to the symbols. The process of making symbols at the same time can be seen as the process of creating organisational reality. Organisational realities, thus, are not external to human consciousness. Instead, the world as humans know it is constituted inter-subjectively (Brown, 1978). This creational process is a process of enactment: the process through which organisational members shape and structure organisational realities (Weick, 1969). Thus, within the process "we find ourselves" (Rabinow & Sullivan, 1979, p. 5). The outcome is a system of shared meaning. Therefore, the emergence of an organisation depends upon the emergence of shared interpretive schemes which provide the basis for shared systems of meaning that allow day-to-day activities to become routine or taken for granted (Smircich, 1983a,b; Morgan, 1983).

Viewing organisations as cultures provides considerably more nuances in assessing the relative contribution of past events and leaders to the present organisational reality (ie. Pettigrew, 1979; Allaire & Firsirotu, 1984; Schein, 1991). The functional theory of culture fails to deal with such a cultural process appropriately (eg. Hofstede, 1985, 1990). Hofstede sees the relationship between founders' values and their organisational cultures as a causal relationship. The values of founders and key leaders of organisations become the values of the organisations through the process of selection, self-selection, and socialisation.

Every person who joins later will to an extent have to adapt him/herself to the organization. Joiners go through processes of selection, self-selection and socialization. If the fit between their values and the organization's values is too poor and they can't be socialized, they will separate themselves or be separated from the organization (Hofstede, 1985, p. 350).

Hofstede undermines the active roles organisational participants have in shaping organisational realities. Geertz would make us understand that Hofstede has identified "culture" as "learned behaviour". However,

[t]he day when social phenomena were explained by redescribing them as culture patterns and noting that such patterns are handed down from generation to generation is very nearly past (Geertz 1993a, p. 249).

What is missing from such a functionalist explanation is the account of how the process through which founders or other organisational members negotiate and interpret their experiences of their organisational world and what is going on. Interpretivists are concerned with this, as it is central for them to understand the way patterns of shared meaning sustain organised activity (Smircich, 1983a).

To view organisations as cultures means to view the more objective features of organisations as cultural artefacts, shaping the ongoing reality within the organisation. For this view, "although organisational reality may at times appear 'all too real', the realness is of a socially constructed kind" (Morgan, 1990, p. 20). Organisational structures, meetings, rules, job descriptions, standardised operating procedures, and management accounting perform a similar operative function. Morgan explains that just as a tribal society's values, beliefs, and traditions may be embedded in kinship and other social structures, many aspects of organisational cultures are thus embedded in routine aspects of everyday practice (1983, p. 132). For interpretivists, just as social structures are not just treated as skeleton characteristics that describe functionally aspects of different societies (Hall, 1990), organisational structures can be seen as symbolic expressions of organisational realities.

Rosen's *Breakfast at Spiro* (1985) informs how the cultural realms of Spiro and Associates are built on the edge of an annual business breakfast involving the

members of Spiro and Associates. By focusing her observation on the affirmation, reaffirmation and transformation which occurs in and through the breakfast, Rosen can understand the meaning and the significance of this web relationship. The style of dress, the choice of hotels and rooms, the time at which the food is presented and served, the general technique of rhetoric all combine to communicate a particular message, to objectify and reify a particular social structure with ramifications for the maintenance of a particular power order. Hence, all those decorated surfaces of organisational life provide clues to the existence of a much deeper and all-pervasive system of meaning (Morgan, 1983).

Viewing organisations as symbols means also not to view something as "inside" or 'outside" an organisation. We are no longer looking at something that an organisation has, but looking at the process that make it possible for an organisation to exist (Smircich, 1983b; Turner, 1990). The dichotomy between formal and informal organisation is thus also no longer retained, since the concept of "formal organisation" is replaced by the conception of the organisation as a social construct. This view is radically different to general systems theory. Within systems theory, organisational environments have been seen as external attributes to the organisation. However, for interpretivists, organisations "have no external reality but are merely social creations and constructions emerging from actors making sense out of ongoing streams of actions and interactions" (Allaire & Firsirotu, 1984, p. 208). "It is this enacted environment, and nothing else, that is worked upon by the processes of organising", because, the interpretivist maintains the "human actor does not react to an environment but enacts it" (Weick, 1969, p. 64). Therefore, every company enacts its environment. This is actually an ongoing process of enactment that then creates competitive environments and environmental turbulence for each company. The managers of American automobile companies actually contributes to create, what is then called, the "Japanese invasion". The managers fail to respond to the American need for small cars. The managers of Toyota then come to fulfil the need. The

message of this story is that the environments which the American managers face are actually their own creation.

Viewing an organisation as a shared system of meaning provides new insight into appreciating the everyday works of management. Under the mechanical and organismic metaphor, managers have been seen as more or less rational people with the duties of designing organisational activities and coordinating their implementation. However, under cultural metaphors managers are symbolic actors with the duty of the management of meaning. Accordingly, managers need to be fully aware and skilled in the use of various symbolic modes of discourse through which desirable patterns of meaning can be created (Morgan, 1983; 1990). Managers do not look for better information systems to deal with uncertainties, but they rely on symbols and shared interpretations of meaning to make sense of ambiguity (Ott, 1989).

Organisational Culture

It has been argued in chapter 1 that the culture of an organisation can mean the culture of the organisational actors, the community within the boundary of the organisation. Geertz (1993a,b) understands that it is organisational communities, through organisational communication, who create, sustain, transmit, and change the system of symbols and meaning of the organisation. The culture of an organisation, thus, is the culture of its community members.

The word "community" implies two related suggestions: that the members of a group of people (a) have something in common with each other, which (b) distinguish them in a significant way from the members of other putative groups (Cohen, 1985, p. 12). However, it should not mean that an organisation and its culture are two separated realities. The reality of the culture of an organisation is the reality of the organisation itself. For this view, "organisations do not exist' (Burrell & Morgan,

1979, p. 260), but an ordered system of symbols and meaning shared by the organisational community does. It implies that organisations function just as a boundary, marking to which people shared meanings belong (Cohen, 1985).

Marking such a community with its boundary is usual in anthropological studies. In reporting his ethnographical work at a Balinese village, Geertz first defined the community as the group of people to which his work was directed. He said that the village was "a small place, about five hundred people, and relatively remote, *it was its own world*" (1993a, p. 412, emphasis added). "The boundary marks the beginning and end of a community" (Cohen, 1985, p. 12).

Furthermore,

[t]he manner in which they [the boundaries] are marked depends entirely upon the specific community in question. Some like national or administrative boundaries, may be statutory and enshrined in law. Some may be physical, expressed, perhaps, a mountain range or a sea. Some may be racial or linguistic or religious (Cohen, 1985, p. 12).

However, it should also be mentioned here that Cohen argued that not all boundaries, and not all components of any boundary are so objectively apparent. "We are talking here about what the boundary means to people, or, more precisely, about the meanings they give to it" (Cohen, 1985, p. 12). Thus, what Geertz wrote as "it was its own world" we should read as 'the community members in the village have their own symbols defining their identity'.

The quintessential referent of community is that its members make, or believe they make, a similar sense of things either generally or with respect to specific and significant interests, and, further, that they think that sense may differ from one made elsewhere (Cohen, 1985, p. 16).

As a system of shared meaning, the culture of an organisation provides a context within which organisational actions can be intelligibly understood (Geertz, 1993a, p. 14). Rosen (1991b, p. 273) argued that "although culture emerges from action, it continuously acts back upon it as well, recreating and transforming action through the provision of meaning." Organisational actors use symbolic resources to cope with lived experience, and to guide their action in organisational settings (Turner, 1990; Geertz 1993a, p. 145). Thus, organisational cultures form interpretive schemes of organisational actors which guide the actors to govern their action, and in turn shape how management accounting is practised in the organisations.

Management Accounting

An argument has been made previously that from the interpretive cultural perspective, the objective features of organisations are seen as cultural artefacts. So is management accounting.³ It means that management accounting should be understood as a web of significance. Although the accounting systems of an organisation is designed, craft tailored, to work within the organisation, its meaningfulness is up to the community of the organisation. The empirical works by Preston (1986), Covalleski and Dirsmith (1986, 1988), and Carniawska and Jacobson (1989) provide examples. In accounting studies, the will to see management accounting as an organisational, instead of economic, phenomenon is parallel with the wish to refigure accounting thought (see eg. Hayes, 1983; Hopwood, 1978, 1987; Burchell et al., 1980; Laughlin & Lowe, 1990). There is a belief that it is through this way of seeing, a more organisationally and socially grounded, and a more dynamic understanding of the accounting craft will be gained (Hayes, 1983; Hopwood, 1987).

As management accounting is a web of significance, it is "cultural"; a constructed document or public rhetoric (Geertz, 1980, 1993a). Management accounting, Geertz

would have us understand, thus is a web of symbols and meaning within an organisation, in terms of which interaction within the organisation may occur. "They (read: management accounting) are envehicled meanings" (Geertz, 1980, p. 135). This view has actually been deliberated in "new" accounting literature as shown by all the interpretive-based management accounting literature reviewed by Chua (1988), for example. However, here, I am entering into this discourse through a specific point of departure, that is, Geertzian anthropology.

The culture that I have regarded so far is the culture as "the fabric of meaning in terms of which human beings interpret their experience and guide their action". Actually, there is the other side, that is, "the form that action takes, the actually existing network of social relations" (Geertz, 1993a, p. 145). Heidegger calls this side as "the original unifying unity of what tends apart" (Rosen, 1991b, p. 274). Turner saw this structural aspect of culture as "the more stable aspects of action and interrelationships" (Rosen, 1991b, p. 275). According to Geertz (1993a, p. 144), those processual and structural aspects may be seen "to be capable of a wide range of modes of integration with one another, of which the simple isomorphic mode is but a limiting case." Such a case is common only in societies which have been stable over such an extended time as to make possible a close adjustment between structural and cultural aspects.

It is important to note that the separation between the processual and structural aspects of culture should not be seen from the structuralist point of view. According to interpretivists, as mentioned before, social structures are not just treated as some skeleton characteristics that describe functional aspects of such societies. They are not independent of human action. Instead, the social structures are culturally infused aspects of social realities.

Order in the social world, however real in surface appearance, rests on a precarious, socially-constructed web of symbolic relationships that are continuously negotiated, renegotiated, affirmed or changed (Morgan, 1990, pp. 18-19).

In the cultural studies of accounting practices, the meaning-creating aspect of culture have recently been regarded. However, the structural aspect have not been realised, or at least, not been regarded explicitly (see eg., Preston, 1991, 1986; Dent, 1986; Ansari & Bell, 1991). Although Preston (1986) did not make explicit the separation of the two aspects of meaning-making⁴ in *The Factory*, we can see them. Here, Preston analysed "the process of informing" between the managers. This is a cultural process, the process produced an ordered system of meaning and of symbols, in terms of which the social interaction between the managers takes place. Meanwhile, what Preston meant by "the social order" (1986, p. 525) can be seen as the pattern of the social interaction itself.

What is the result that may be achieved by the recognition of the two aspects of culture? Geertz may answer that organisational cultural studies will be able to appreciate the dynamic elements and historical materials of organisational life, which " '[w]e functionalists, E.R. Leach has recently remarked, ... do not know how to fit [them] into our framework of concepts' " (Geertz, 1993a, p. 144). Preston (1991)'s ethnographic field study of a small group of managers in plastic containers provides an example of such studies. By considering the structural and processual aspects of 'creating culture'⁵, Preston acknowledged the dynamic aspects of the "process of informing" amongst the managers. Preston (1991, p. 65) also recognised that the historical materials met in "the various modes of informing and the manner in which the managers defined their own and each others' problems"

Dent (1986)'s cultural study of a railway company (ER) is another example of such studies. Like Preston, by considering the structural aspects of the culture of ER,

Dent could see the dynamic elements, for example conflicts between "Engineer" and "Business Managers", in the process of the emerging of the new culture: "business culture". The conflicts resulted from the change in the organisational structure and the corporate planning systems. These changes were initiated to give the Business Managers "a context to interact with others" that they never had before. The context provides a network of social relations through which the Business Managers can "interact with engineers and operators beyond their original remit" (Dent, 1986, p. 720). It is through this interaction then that the Engineer Managers began to take up their new vocabulary, and they came to symbolise the search for profit-maximising opportunities; "the business culture" has replaced "the railway culture" as if in episodes.

The discussion in this section shows that organisational community members are central to the management accounting practices. They are not only executors or "objective commentators", but creators, "persons engaged in a complex web of reality construction" (Morgan, 1988, p. 482). Their action originates what we may now call management accounting meaning system (management accounting culture). However, although emerged from action, the meaning system continuously acts back upon it as well. Or in the words of Morgan (1988, p. 482), the management accounting meaning system becomes resources in the ongoing construction and reconstruction of reality.

Symbol systems provide human beings with a meaningful framework for orienting themselves to one another, to the world of social interaction (Geertz, 1993a, p. 250).

Conceptual Foundation

Overall, the discussion within the foregoing sections of this chapter leads to the interpretive-culture-based frame of reference of this study. The framework should not

be seen as to-be-tested model. Rather, it is an initial pathway for the research, and then is used as the basis for explanation and enhanced accordingly (Davies, 1990).

The framework (its skeletal model presented in Figure 2.1 below), centres on organisational actors. An idea behind a growing call to appreciate the real management accounting craft as a social creation is that accounting knowledge is produced by people, for people, and is about people and their social and physical environment (Chua, 1986, p. 603). Therefore, any accounting inquiry should acknowledge the central position organisational actors have.

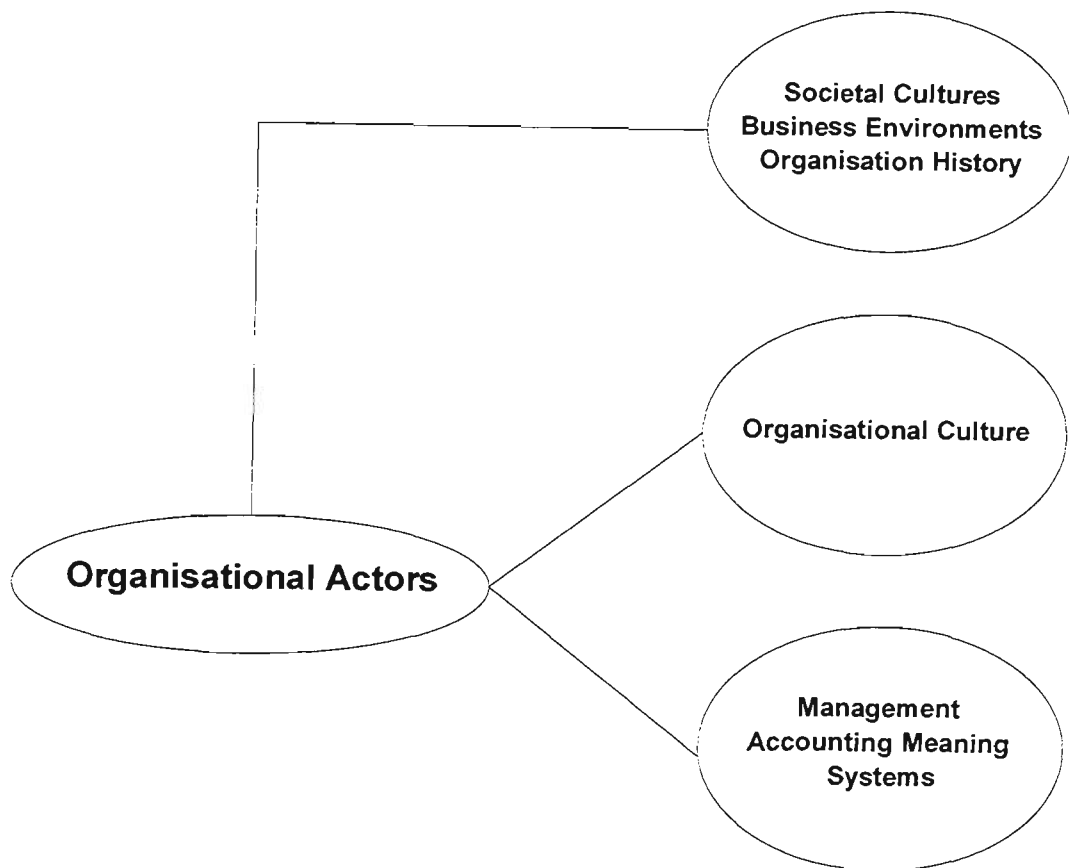


Figure 2.1: The Framework for the Cultural Analysis

While this chapter actually provides explanation of the figure, more points will be added here. Organisational cultures as systems of symbols and of meaning are shaped by societal cultures, the relevant factors of environments, and founder or dominant

leader values and belief. Moreover, it is believed that organisational cultures encompass management accounting through organisational actors (cf. Hayes, 1983). An explanation about the direct relationship between them would not make sense.

Concluding Remarks

This chapter is concerned with an intellectual endeavour to develop a foundation for the further work of the research project. This is necessary since

although one starts any effort at thick description, beyond the obvious and superficial, from a state of general bewilderment as to what the devil is going on -trying to find one's feet- one does not start (ought not) intellectually empty-handed (Geertz, 1993a, p. 27)

Methodological issues arising in the dynamic development of cultural ideas within the organisation theory literature have been examined. The cultural ideas can be traced back to Selznick (1984)'s and Barnard (1938)'s functionalistic view of values, beliefs, and norms. For Barnard and Selznick, these intangible aspects of organisational life are socially engineered. It is the prime task of organisational leaders to develop values, beliefs and norms within the organisation in accordance with organisational goals.

Efforts to incorporate culture into organisational studies have become more prominent through the open-system approach. Here, cultures are regarded either as internal or external factors which affect the design of a "living organism", that is, an organisation. Such incorporation is purposed to move from the culture-free to culture-bound contingency theory.

It is noted that although there have been theoretical changes in the development of the organisation theories up to the dominating era of the contingency theory, the

methodological position remain unchanged. Selznick, along with other neo-classicalists, provided the intellectual impetus to break the classicalists' simplistic, mechanically oriented organisational views. The open-systems approach reformed the closed-systems logic of 'bureaucratic theory' by taking environmental uncertainties into consideration. However, the systems approach sustained the conceptual shell of structural-functionalism. So that, cultural phenomena have been explained by weaving them into static descriptions, grand textures of cause and effect.

Lead by Geertz's interpretive cultural perspective, an interpretive view of organisations has been discussed. In the discussion, an organisation is seen as a product of a continuous social negotiation, a socially-constructed web of symbolic relationship. This view moves the analysis of organisational life from the search of law to the search of meaning.

An argument that the culture of an organisation is the culture of the organisational community members has been elaborated. The organisational culture emerges from the actions of the organisational members. However, the culture continuously acts back upon the action as well. Organisational actors use symbolic resources to cope with organisational experience, and to guide their action in organisational settings. Therefore, the culture of an organisation shapes the organisational accounting practices through governing the action of organisational actors.

An argument that management accounting is a web of meanings and of symbols has also been elaborated. Organisational actors are not only executors of management accounting, but also creators. Their action initiates the web of meaning of management accounting, or management accounting culture. However, since the culture is not only constituted, but also constitutive, management accounting cultures will also guide their actors' action.

Societal cultures, organisation founders and leaders, and relevant organisational environments have been identified as the shaping-factors of the organisational culture. It has been argued that societal cultures constitute management accounting through organisational actors.

The whole discussion within this chapter actually reaches to a frame of reference of the research project. The interpretive-culture-based conceptual framework is not to be tested, but guides action in the empirical field. So that, the researcher will not go 'native' empty-handed. However, it is the "story" coming from the natives that will be sources of the "thick description" of the research, not the explanation coming from such a framework.

Notes:

1. Rasyid (1992) comprehensively reviews the development of contingency theory including the rise of cultural issues in the theory.
2. For Habermas the hermeneutic social sciences are only epistemological, but for interpretivists they are also ontological (Bohman *et. al.*, 1991)
3. Although the separation between financial and management accounting is recently questioned, in this thesis, for the analytical purpose, I maintain the traditional separation. This position is also held by others such as Laughlin and Lowe (1990), Hayes (1983), Loft (1988), to name but a few. Like by others (eg Hayes, 1983; Loft, 1988; Laughlin & Lowe, 1990), in this study, the conventional view that management accounting consists of a 'process' (or a collection of specific techniques) which produces, in monetary terms, data or information is also maintained.
4. Preston (1986) does not say that his study is cultural.
5. Like his (1986) study, Preston does not claim that this study is cultural. However, he actually studied the process of meaning-making.

CHAPTER THREE

GETTING INTO THE FIELD: A STORY OF THE [RE]CONSTRUCTION OF THE RESEARCH SETTING

*What a proper ethnographer ought properly to be
doing is going out to places, coming back with
information about how people live there, and making
that information available to the professional community
in practical form, not lounging about in libraries
reflecting on literary questions.*

(Geertz, 1988, p. 1)

Introduction

This chapter is about an ethnography of getting access to a research setting: an Indonesian listed company in Jakarta. The objective is to explore the process of how the access was gained. It is presumed therefore that such access, permission to undertake a piece of research in a particular social setting or institution (Burgess, 1984, p. 38), is not given but is problematic.

The narrative made in this chapter is based upon interpreted mail-correspondence involving myself, my research supervisor, and the president of the company, paper-recorded interviews and visual observations of the organisational cultural artefacts. In this narrative, the researcher, myself, is not exclusive to the chain of access constructors. I have found myself to be one of those actors. Therefore, the narrative would be a reflective story. Some may find in this narrative myself to be not only a writer but also 'a maker' of the story (Gorfain, 1986; Schon, 1983).

Interestingly, we will find that this discourse on getting access narrates one thing in order to tell something else (DeCerteau, 1983): the construction of the research setting. Here, the organisation with which I had stayed was not a "ready-made" research setting for me. I was "being there" through a continuous construction process involving persuasion, rhetoric. In that process personal characteristics and (local and national) cultural milieu are implicated.

In Gaining Initial Permission

In May 1993 I started to establish contact with twenty Indonesian companies. Actually I only needed one to carry out my research. This extra precaution was greatly due to my presumption that in order to undertake a kind of research I was proposing, it was going to be difficult to get access.

The course of ethnographical research required me to stay in an organisation for a considerable time not to merely have a look at the "monument" of the organisation, as I am not a "tourist" (Preston, 1993). I would be there, however, to gaining an understanding of how people in the organisation made sense out of their world. I know an Indonesian doctoral student of an European university, although not undertaking this kind of research, in order to get a sufficient response rate had to be backed by a recommendation letter of the Indonesian Co-ordinating Minister for Economy, Finance, Industry and Development Supervision. He expected that the power of the Minister would encourage companies to respond to questionnaires sent to them.

Van Maanen (1978) was granted access after he was introduced to an insider, the assistant chief of the Union City Police Department. Before that, he personally contacted fourteen police departments to get it, but got nowhere for several

discouraging months. Argyris, according to Van Maanen (1978), was turned down flatly by eleven banks before finding one willing to allow his presence into the organisation for a field study.

There are, I think, two possible reasons for such objections. This kind of research has been seen as obstructing the day to day operations of the organisation, and providing the possibility for an outsider to uncover the secret parts of organisational life.

My presumption (in the case of my research) was partly true. Of the twenty requisitions sent, I only received five responses. Three of them turned down my proposed study, saying that they were busy. One respondent wrote that:

We can not accept the request since our executives are still organizing consolidation.

Another one said that:

Due to the re-organization of our Financial Department, we could not receive Mr Eddy Rasyid to visit our office.

In preparing the requisition letters, my fear of rejection influenced my action. Instead of writing the letters by myself, my supervisor did because I appealed to him for help. I really had no self-confidence that letters written by me would be powerful enough to encourage those managing directors. Yet, "language is power" is one of the messages we may find in Foucault (1980).

My supervisor then wrote

Mr Rasyid has selected for his research the topic, a cultural analysis of management accounting practices with specific

reference to accounting in Indonesia. He believes that, when completed, his research will contribute significantly to the improvement of management accounting practices in Indonesia. He is especially concerned with how accounting is used within organisations in Indonesia.

Mr Rasyid, in order to gather the necessary information for his research intends interviewing senior and important officials/executives to speak openly and frankly about the problems and concerns with accounting that they have encountered in their experience.

We can see that this letter utilises what Johnson (1975, p. 65) called "the rhetoric of science". In addition, the head of department letterhead stationary from the University of Wollongong and phrases such as "to the improvement of management accounting practices in Indonesia" were used to lend "academic respectability" (Johnson, 1975, p. 65) to both the researcher and the department sponsor. The use of the rhetoric of science and the symbols of academic respectability was indeed a part of the strategy to persuade those company managing directors to grant official clearance to the proposed research.

In his final paragraph, my supervisor expressed his belief that Indonesian business managers should be concerned with the development of Indonesian accounting as he wrote

his research will lead to the improvement of accounting practice within your country.

This impression was obviously another strategy to gain access. Shaffir and Stebbins (1991, p. 26) argued that the chances of getting permission to undertake the research are increased when the researcher's interests appear to coincide with those of the subjects.

My supervisor, however, did not mention completely the method of data gathering that I wanted to use: interviewing, observing, and participating. I was told that my presence was only for interviewing. "If you mention that [completely] nobody would want to accept you", said my supervisor when I asked of this matter. So, this was again another strategy. According to accounts of experienced researchers, such a tactic is common. For example, in his efforts to gain access, Van Maanen attempted to frame his proposed research in terms of managerial questions not sociological ones which he thought might not make his respondents happy. The strategy behind this tactic is to get an initial permission first and then renegotiate the permission, to come to an agreement about what the researcher can and can not do during the field work (Van Maanen, 1978).

However, I preferred to make it clear before going to the field. I did not want to mislead the managers. Therefore, I wrote up a one-page brief and straightforward information of the proposed research in addition to the requesting letter. Under the heading of The Idea (of the research) I wrote that:

The specific objective is to understand the process of the interplay between organisational culture and management accounting within a particular Indonesian company.

While under The Method, I said that:

Observation and interview are the primary tools of this research. Selected activities in an organization such as staff meetings will need to be observed, and several managerial staff will need to be interviewed.

Yet, I received two responses welcoming my presence but only for interviewing, as it is written in their letters. It seemed to me that only my supervisor's letter had

worked. Mr Willy Sidharta, the President of PT Aqua Golden Mississippi (Aqua) wrote:

I would be happy to meet Mr Eddy, please let me know when he will come to our office *for interviews* (emphasis mine).

Mr C.T Balan, the Corporate Controller of BB Group stated that:

Mr B [President Komisaris] has passed on to me your fax to respond to. In this connection I wish to advise that I will arrange with a few of our Senior Managers to meet with Mr Eddy Rasyid in connection with his research work. ...please ask Mr. Rasyid to get in touch with the undersigned to set up *a suitable schedule of meeting*. (emphasis added)

This kind of permission was actually not what I was looking for since it was only for interviewing. However, my supervisor said that "it is enough, just go there and then convince them".

As I understood the situation shaping my account, I thought I needed to do something to make this uncertainty certain, "but what could I do?" I had neither powerful inside connections nor knew persons who might back up my request to the companies. Afterwards, I decided to write a follow-up letter to the companies. Finally, I just sent it to one of them, that was Aqua.

With Aqua I might have a very real possibility to renegotiate, but not with BB Group. This latter company stated exactly what they wanted to do in connection with my proposed study. Another reason was Aqua might not have foreign executives, while BB group did have. From his name, I could see that the Corporate Controller of BB group was Filipino. What I was looking for was an Indonesian company established, owned and managed by Indonesians since my interest was about cultures with specific reference to Indonesia. Thus, I chose Aqua. In addition Aqua is well

known as the pioneer, and now the leader in the bottled drinking water industry in Indonesia.

I then sent out a letter to Aqua indicating the possible date of my first visit. Additionally, I wrote:

In this first visit, I wish to discuss with you my field work planning. I did send to your office a one-page summary of my proposed research, entitled "Brief Information about the Research". Once again I thank you for the permission granted to me. A good relationship with you will be really needed for the success of my study.

I wrote "this first visit" in order to give the President a clue that I would not have only one visit. By reminding him that I had sent the Brief Information I was asking him to read it before making a decision, granting me access.

At the same time, I also asked my supervisor to send another letter convincing them that my intention was to 'learn as a student', not to teach, as a consultant. I think this sort of guarantee is important in order to gain full access from the President. My supervisor then wrote a very convincing letter utilising the power of language. He inscribed that:

I would like to thank you again for your assistance in permitting Mr Rasyid to spend time in your company in order for him to be able to undertake his research for his PhD.

Mr Rasyid is a very good student - diligent and conscientious. He is most grateful at being provided the opportunity to learn from your company. I am confident that you will find him a responsible and a sensitive student. His intention is to learn and he will not obstruct the day to day operations of your business in any way. Any information he gets will only be used for his thesis and not disclosed to anyone without your permission.

The result of these two letters was surprising. Mr Sidharta informed me that the day that I had indicated as our first meeting was an Indonesian Public Holiday. So, he asked me to come a day after. Furthermore he said that:

I could meet you at 8.00 - 9.00 am at my office. Since your field is accounting, *I will send you to the accounting department* (emphasis is mine).

The expected change was now there. There was a change from "come to my office for interviews" to "send you to the accounting department". So, now I could expect that I would be granted "real" permission. My feelings of self-doubt and uncertainty diminished.

In Entering into the Setting

On the morning of the appointed day, on 31 August 1993, sixty five minutes prior to the start of Aqua's official working hours I arrived at its head office. Nobody was in the lobby except a security woman seated at her desk, taking her breakfast. From her facial reactions I noticed she was in shock for a few moments seeing a guest coming very early. "*Pak* (Mr) Willy has not come yet, please take a seat", she said as I introduced my self.

My intention to go into the company very early was actually to avoid any possible traffic jam. However, I was lucky as it just took fifteen, not forty five minutes to arrive at the office.

I walked around the lobby, instead of taking a seat, to have a look at what I would call the artefacts of the local (organisational) culture displayed around the lobby. For example, to the west of the main entry, there were on display samples of bottled water products from around the world, such as *Perrier* and *Pierral* from

France; *Bonaga* and *Minagua* from Germany; *Suntory Mineral Water* and *Kyoto* from Japan, *Artesia* from USA, *Highland Spring* from the UK and some other brands from Spain and Sweden. To the east of the main entry in a glass cabinet of exactly the same design were a number of Aqua's products. I found that these displays were telling me something: "look, we are part of the world of bottled drinking water". During my stay in the company, I noted that the company's public relation manager, who several times let me join him in entertaining his overseas guests, directed his guests to have a look at those displays. Usually, the manager would tell his guests that "it is us who brought this kind of industry to Indonesia". Thus, the display symbolises the pioneer spirit of the company.

During that waiting time, I also involved myself in an interaction with the security woman, Nurmayaty, and a telephone operator, Zainurri, whose desk was next to the security's. I thought I needed to build a friendly relationship with them since they were the people I would encounter first each day. I opened the dialogue by asking them to explain the company to me. They both were very diligent in doing so. "Aqua is the first company and the biggest one in the industry", said Zainurri. They did not forget to give an illustration to support this statement. They told me that the company had sponsored the National Sports Championship many times.

Then, surprisingly, they felt free to interrogate me. Their questions were ranging from what I would be doing in the company to whether I was married or not. None of their questions did I refuse to answer. Later I found that they had considerable respect for me. Every morning I passed by their desks, they, including two of Zainurri's colleagues in the operator desks, saluted me by saying "*Selamat pagi Pak Eddy*" ("Good morning Pak Eddy").

Promptly at eight o'clock, Nurmayaty let me know that Willy would be ready within 10 minutes. When the time came, Nurmayaty, walking very smartly a step in

front of me, escorted me to Willy's office. I was nervous. It was the first time that I had been escorted by a complete, uniformed security officer to see the President of a well-known company. More surprisingly, I could see there were two persons politely standing in the front of a room. I thought one of them must be Willy, but wondered "why is he waiting for me there and not behind his desk?" As we came across them, the security woman offered a soldier-like salute to them, and then reported that I was ready to meet them. Now I was sure that Mr Sidharta was one of them.

Fortunately, at this time, I could control myself so that I calmly shook their hands. "Welcome to Aqua" said Willy while we shook hands. "Thank you, I am very proud to meet you," I replied. He then introduced me to the other person: Mr Gideon, the Vice President of the company. Willy then asked me to come into his room. "What can I do for you?" was his first question. I used this opportunity to introduce myself and briefly my proposed research.

I was delighted as I could see that Mr Sidharta held all the papers of my correspondence, including the Brief Information. Upon seeing this, I did not detail my proposed research. Willy then asked, through an internal phone-call, the manager of the accounting department, Bastian, to join us.

Willy then took us, myself, Gideon and Bastian, to meet Mr Tirto Utomo, the founder and owner of the company. I introduced myself to Tirto as a student having the intention to come to Aqua to 'learn' through field research. "What is management accounting?" Tirto asked me as I told him that my research interest was in management accounting practices. This was actually a difficult question for me, but I had to answer it. I just explained it as I know it from textbooks. "Welcome to Aqua, I hope you will find something of benefit for your research", Tirto ended the meeting.

As we, but not Gideon, returned to the President's room, Mr Willy explained briefly the accounting system of the company. He said that "accounting in this company is centralised". He then explained that accounting of a subsidiary was handled by one member of the accounting department in the head office.

Willy also encouraged me to feel free in the company. "You may use the company's car to visit our plants" he said. Willy ended this first meeting by ordering Bastian to be my "counterpart": "I authorised Bastian to be your counterpart, should you need any help, please contact him at any time".

I was very pleased, because it was this last sentence that I was waiting for. The word "counterpart" is usually used in Indonesia in consultation works in which a 'counterpart' is meant to be a representative of the client company. So, I felt certain, now, that I had been granted permission to undertake the proposed research.

Such a feeling was getting stronger when, still in the first day, I was informed that I would be supplied with a lunch ticket everyday. Not just that, on the second day I knew that an office room for me was there already.

However, such feeling did not last long. At lunch time on the second day in the dining hall I met Syahril, a supervisor in the personnel development department, who asked, as I introduced myself, "how can you enter the firm, and why I did not know about it?" He told me that any application from students wishing to undertake research in the firm should pass through his department. "I am the person in charge of processing such applications," he said. I tried to keep calm although I was actually a bit shocked. Then, I told him that the permission came directly from Willy. Syafiri, another employee who was also at the same dining table with me and Syahril, exacerbated the situation by asking Syahril a question "do you know the Australian MBA who has been in the Company for months?" Syahril then commented "who is

that, I do not know him!". "Maybe he came through 'toll road'", Syafiri replied. Syahril then told me that "I should know any new employee here". Taking such cases as illustration, Syahril informed me that "this firm has not yet put a proper value on the human resources department".

This conversation reactuated my feeling of uncertainty. However, I tried to keep calm in order not to show such feeling to Syafiri and Syahril, and led Syahril to turn to talking about Australia. Luckily, he had been at an Australian college for three years. Talking about Australia for him was enjoyable, it was nostalgic. Syahril was very pleased to recall his unforgotten experiences during in Australia.

A day later, I came to see Syahril in his office. To him, I personally detailed how I came to the company. He suggested that if I wanted my research to be secure it was better to go through normal procedures. Then "I will arrange anything for you including the schedule to meet managers around the firm", Syahril continued. I could not follow this suggestion as methodologically it is impossible for me to work under control of such a schedule. When I told Bastian about the situation, he said that he had known already that some people in the human resources department were not happy with my presence. Furthermore he said "I cannot understand why *Pak Willy* ordered me to be your counterpart." Perhaps, what he really wanted to say was, "why not somebody else from the human resources department". Facing these re-emerging ambiguities, I asked for a suggestion from Bastian: "So, what do you think I have to do facing this kind of situation". He advised me to go back to the President, and I did.

When I approached Willy's secretary to arrange a meeting with Willy, she said that according to the President I could see him at any time I wanted. I was very happy about this privilege, as he seriously valued my presence. I told Willy that my research required me to get access to every organisational unit including attending

departmental meetings. He had no objection, more than that he told me that the company is "open" to the public.¹ He added "you may also need to visit our plants and spend time in some of them for about a week." I said to him "sure, that is what I really need to do". Willy then drew a picture of the network of companies within Aqua Group. After a short discussion with him, I took a decision to take only two companies. They are PT Aqua Golden Mississippi and PT Wirabuana Intrent. Both are the biggest companies within the Group; the former is a production company, the latter is a marketing company.

At this meeting, I requested Mr Willy to issue an internal memorandum informing all units within the two companies of my presence.² Surprisingly he was willing to do that "OK, I will, you might pick up a copy of it this coming Monday [today was Friday] from Budi [the secretary]".

However, it was on Friday morning, instead of Monday, that I received the copy, so I had to wait five working days. During the waiting time, I was reticent to go any further. However, I kept coming to the firm like any other employee.

One day, Syahril came to my room to inform me that his department was arranging an in-house training, and tomorrow would be the last day. I asked him how I could attend that training as an observer. "You have to get permission from my boss [the head of personnel development department]", he said.

As I imagined, Nur, the head of the personnel development department, was surprised as I introduced myself and explained my intentions. I told him that Willy would be issuing an internal memorandum informing all units of my presence. He then rang Willy's secretary. I could hear clearly what he was saying. "Budi!, who is Eddy Rasyid?", asked Nur. "Oh..... is he *Pak* Willy's guest?!; so who will be responsible for his presence," Nur continued after getting an answer from Budi.

From his red face I knew that he was very tense. I could not remember what else he was saying to Budi. I was busy thinking how I could turn our conversation to something else in order to calm him (Nur) down. "Anyway, can I introduce myself" I took the opportunity to speak as he finished with Budi. "Yes, you can", he answered. I then introduced my personal details including the place I was born. I did it because from his dialect I knew that we came from the same part of Indonesia. Since I knew from Syahril that it was Nur who designed the training program, I asked him to tell me something about it. Then I found Nur was becoming happy and willing to speak; my strategy worked. However, until I left his room, I had no certain answer to my request to be an observer in the training session. I decided just to wait for the President's internal memorandum.

However, a day later in the morning, Nur said to me: "You may attend the training as an observer, today is the last day. There will be my class this afternoon". I was surprised, and asked my self, "what is happening, why has he changed his mind?"

I came into the training room ten minutes before the training was due to start. I found Syahril was there already, and then he told me, "Eddy, *Pak* Nur wants you to see *Pak* Kembar [the personnel director] before you attend the training". "Oh... what will happen next?" I asked myself.

I was then lead by Syahril to the Director's office. I could see clearly on his desk, just in front of him, there was the internal memorandum that I had been waiting for. So, Willy's memorandum had been circulated already, but I had not yet got a copy. As I approached him, he did not say anything. Then Syahril said to Mr Nengah Kembar "here is *Pak* Eddy Rasyid who wants to see you". "Yes, please take a seat", Nengah said. Syahril left the room. Looking at Nengah's face, I could see his blood was boiling, he looked me in the eyes without a word. I then took the

opportunity to speak first by calmly introducing myself and my research. I also explained briefly how I had gained access to the company.

When his turn to talk came, Nengah abruptly shot me with his words. "You are lucky I did not ask you to get out of the [training] room", he said angrily. I was just silent, trying to control myself. He continued "Willy [without *Pak*] must pass your application on to me. That is my job, not his job". He took his time to spill his anger at Willy out to me. Unfortunately, I failed to remember all his bad words. I left them out of my field notes written just after this meeting. But I did remember that he gave me a clue that I should leave his room by looking at the door while saying "OK, I will not keep you away from your research, but it is your own business I can do nothing for you". I was shocked by these words. "I have to do something", I thought. "I do not want to die together with my research", I spoke to myself.

Instead of going out, I said, "can I introduce myself in a bit more detail to you Sir?". "Yes, please", he replied shortly. What I actually wanted to do was to try to cool him down. But what tactics should I use? From his name, I knew he was Balinese. Immediately, an idea crossed my mind: university educated Balinese persons of his age, around 55 years, would have probably got their university degree from a University in either Central or East Java. That was why I told him that I am an alumni of Gadjah Mada University (a University in Central Java). He suddenly interrupted by asking "when did you graduate?". I was a bit happy with this response. Then I knew he graduated from that University too. Finally, he said "OK, please go and attend the training; I hope you will find something of benefit to your research there". "Thank you Sir, I would like to meet you later on for interviews". "OK....", the only word from Kembar. When I was leaving his room I could hear the sound of paper being ripped up, and then I saw him put the pieces into a garbage bin. I was sure that the paper was the internal memorandum from the President.

In the memorandum, which I later received from Budi, it was written

For his research, Eddy will be undertaking *an orientation* (emphasis added) and interviews in units that you head. Please help Eddy as much as possible.

For your help and attention I thank you.

During my stay in the company (Aqua), I knew what people there meant by the word 'orientation'. When the company hires new employees at the level of supervisor and above, they have to go through an orientation program first. During the program, the new employees are moved from one unit to another. The length of the orientation depends upon the position for which the employees are hired. For example, for a managerial position they need two months orientation. What the new employees have to do in a particular unit is up to the head of the unit. The idea behind this program is to provide the new employee with sufficient general knowledge of the operations of the company. This orientation program is under the responsibility of the personnel development department. The employee is supplied by this department with a schedule indicating when and where to go, and how long to stay in a particular unit.

Something similar would also be applied to students willing to do research within the company. I think that is why Willy wrote in the memorandum "Eddy will be undertaking an orientation". However, I had never received such a schedule. Perhaps, Nur, the head of the department, did not want to take any responsibility for my presence. But that was good, as it was impossible for me to undertake my research within a predetermined schedule.

With the President's memorandum in hand, I thought I would be free to enter any unit and undertake my program. I thought the anger of Kembar and Nur was just temporary. I could see that my feeling of anxiety and fear had dissipated.

However, my wish did not come true. I found that each unit or activity within the firm was in a different setting. The memorandum could bring me into the setting, but my presence was a matter of renegotiation, more appropriate to say perhaps reconstruction.

In the Re-construction of the Presence

Facing self-doubt and uncertainty in the first week in the company, I tried getting close to people in the Department of Public Relations (PR). I expected that, by doing so, my presence in the company would become apparent and need no further explanation. Luckily, they were welcoming. I thought the strategy worked. The Department's manager, Gunardi, introduced me to several managers and senior managers as a student from Australia doing research about Aqua for my PhD. My presence then was publicised through the internal monthly magazine published by the PR department: *Berita Aqua* (Aqua News). A one and half-page article, entitled "PhD in Aqua", talking about who I was, what I was doing in the company was in the magazine together with my photograph. Interestingly, it was also mentioned that the President Director and Mr Tirto Utomo had welcomed me. I found that this publication was a self justification of my presence. In its own way this publication constructed people's respect for my presence.

However, gaining such respect did not mean that I would get access at any time. I found that each unit in the company was a territory which belonged to somebody. One of the earlier experiences of this was with the Expert Staff for Quality Audit. From her I knew that there would be an annual meeting of Quality Assurance people, to which all Heads of Quality Control units from all plants and the Head of Central Laboratory were invited. Initially, I received a confirmation that I was allowed to attend the annual meeting and interview some participants. However, just minutes before the meeting, the Director said, "Eddy, this morning I got a phone call from

Pak Willy, and I took this opportunity to say something about you. According to him you may only attend the opening speech section of the meeting". I just accepted this condition, even though I thought that I could go to Willy and convince him that my presence would by no means put the company into difficult condition.

Such experience taught me that the presentation of my research as well as myself in the field was not just a matter of getting permission, but that it was a matter of social interaction, in which myself, my research, and the organisational actors were engaged. Shaped by this situation, I had to question my reliance on the authority of the President's memorandum. I decided that my engagement with the organisational units should be based upon my ability to tie up such engagements through a personal approach to gaining local permission – actually a re-negotiation of my presence.

However, I could still not get permission to get access to all units. When I was to enter a unit dealing with collecting debt payments, the head, whom I had met and talked with for several times, was reluctant to agree to my presence in her unit. She never made such objections explicit. But when I came to her office asking permission to stay in her unit, she gave me a set of administrative procedure for debt collecting, and then said: "Please read this first. All the information about our unit's function is here already". From her facial expression, I could tell that she was not happy with my presence in her department.

I also encountered an embarrassing experience, when I attended a meeting in PT Wirabuana Intrent which was chaired by its Vice President, Mr Andreas Luzar (the President was Mr Tirto Utomo). While I was taking notes, the VP suddenly shouted "Eddy stop writing or you go out!!!".³ I was surprised. This was not the first meeting of which he was the chairman that I was allowed to attend. Moreover, I actually had very good relationship with him. Among the top level of executives of

the companies, it was to him I felt the closest. I was free to come to his room, sometimes just to talk informally.

Concluding Reflection

The preceding narrative shows that access to a research setting is socially constructed through continuous interaction between the researcher and the actors (natives). It supports therefore the arguments that getting access is not a separate part of field work (Manning & Van Maanen, 1978; Perry, 1989; Burgess, 1984; Shaffir & Stebbins, 1991).

Although prior to the arrival in the company I had been granted permission by the President, which was reconfirmed in my first meeting with him, this permission lost its meaning when I met the 'working' actors of the company. The access itself was actually a product of continuous organisational discourse in which the presence of myself and my proposed research, my supervisor, the president, other company actors, and the immediate situation surrounding the discourse were intrinsic (Clifford, 1988).

The preceding account explores how the presumption that the Indonesian business people would not be supportive of the research shapes the action of the researcher in the earlier discourse of getting initial permission. Such presumption is an interpretation of experiences which is historically constructed (Geertz, 1993a, p. 76). Moreover, it (the presumption) is not individual but publicly acknowledged, so that it is "common sense", therefore cultural.

According to my understanding the president's permission is actually a cultural artefact of the organisational culture. The story also reveals that in the discourse

producing the president's permission, the cultures embodied in the speaking subjects are implicated.

My field work account shows that although I already had the president's permission, the discourse on getting access still continued, and the influence of the contextual situation became more apparent. The tension exhibited by the key persons of the personnel department actually indicates that the official order (Preston, 1986) of the company has not worked. According to the official order, the human resources staff were supposed to be involved in the discourse of getting access. It is apparent from my account that this organisational situation has influenced the mode of further discourse (on getting access).

At another level of understanding, the preceding narrative provides support for the argument that the discovery of obstacles to access gives insights into the social organisation of the firm (Hammersley & Atkinson, 1983). That there is a conflict between the official and the social orders was apparent to me after just three days in the company. This awareness of the local culture guided my further action, such as trying to getting close to the PR department in order to get close to the company's actors.

The preceding story of access construction also tells another story (De Certeau, 1983, p. 128): the story of the [re]construction of a research setting. The story of how the selection came to Aqua and then how I was finally success in getting there actually tells how the "concrete research situation [setting]" was made, that is, through the construction of access. In the correspondence between me, my supervisor and the president producing the initial permission, and later in another organisational discourse producing and maintaining the access, there are chains of decisions and negotiations through which the research setting was actually generated (Knorr-Cetina, 1981). The sudden refusal of the expert staff of quality audit, and the silent rejection

of the Collection Department manager provided me a portrait of the research setting I would be dealing with. It forced me to question my assumption that the President's memorandum would work as a pass to get access to the organisational territories.

I then reframed my approach by moving from standing behind the President's memorandum to renegotiating my presence with 'landholders' of such territories. It was through this negotiating and renegotiating that the research setting was made available for me. In the discourses (negotiating and renegotiating), what I had been doing was actually searching out and trying to understand the symbolic forms of words, facial reactions, or behaviours in terms of which organisational actors presented themselves to themselves, and to one another. It was in the shaping of my understanding of such symbols that I presented myself and my proposed research in the discourses. I found that the organisational actors' understanding of my self and my research varied according to their interpretation of my presentation. Thus, the response I had varied too. I encountered a Vice President who angrily ordered me to stop taking notes, but who at the same time was a close colleague, and in whose organisational units I was fully engaged. However, I also met a plant manager who regarded me as a new employee taking part in an orientation program. In an extreme case, I encountered a departmental unit from whom I got a silent refusal. This reflective story makes it clear that the research setting is a contextually specific construction fabricated through a social process.

My preceding narratives lead to another contention. That is, it is not only the narration itself that is reflective, but also the process of getting access. By asking my supervisor to introduce me to the president as a student wishing to "learn", what actually I wanted to do was to avoid any possibility that the President would think that I was an expert or a consultant. However, what I found was that I kept using the word "learning" as a metaphor of my role in the field. Although I always introduced myself as a PhD student, bringing an image that I am an expert in my

field/accounting, I always said that my intention was to learn. Surprisingly then, I realised that 'learning' had become the vehicle of my field work. Instead of applying my text-book understanding of field research procedures, and instead of 'keeping distance' from the company actors (what '[natural] science'-based researchers do), I sought out connections to the actors' thought and feeling (Schon, 1983). It is through this role that I believed I would be a good learner. In this perspective, my relation with the company's actors takes the form of a reflective conversation (Schon, 1983, p. 295). Here, researchers recognise that their "technical expertise" is embedded in a context of meanings. Therefore, field researchers' actions may have different meanings for their researched participants (in my case they are the organisational actors) than the researchers intend them to have (Schon, 1983, p. 295). More than that, fieldworkers should be open to question their own presumptions. This only could be done through reflective conversation with the speaking partners.

Notes:

1. Later, during my field research, I found that the word 'open' is culturally specific.
2. I was told that Aqua Group maintains a Board of Companies Executives of which Mr Sidharta is the chairman.
3. He said that in English. Almost all my personal conversations with him were in English.

CHAPTER FOUR

THE TEXTURE[ING] OF AQUA: A STORY OF THE CONSTRUCTION OF AQUA AND AN ACCOUNT OF ITS CURRENT SETTING

In the social sciences, or at least in those that have abandoned a reductionist conception of what they are about, the analogies are coming more and more from the contrivances of cultural performance than from those of physical manipulation - from theater, painting, grammar, literature, law, play.

(Geertz, 1993b., p.22)

Introduction

In this chapter, I introduce the organisation in which I was "being there" for fieldwork.¹ The first part is an account of the history of the emergence of Aqua, to be followed by the present organisational setting. Thus, this chapter will be an inscription of the pattern of social interaction within Aqua. Meanwhile, the analytical discourse of "an ordered system of meaning and symbols" constructed by Aqua members will be leaving for the next chapter. It is necessary for me to separate analytically the organisational life of Aqua into its social and cultural aspects in order to enable me to deal adequately with the dynamic life of Aqua.² This position is worthwhile as it is suggested

one of the major reasons for the inability of functional theory to cope with change lies in its failure to treat sociological and cultural processes on equal terms; almost inevitably one of the two either is ignored or is sacrificed to become but a simple reflex, a "mirror image," of the other. Either culture is regarded as wholly derivative from the forms of social organization -the approach characteristic of the British structuralists as well as many American sociologists; or the forms of social organization

are regarded as behavioral embodiments of cultural patterns- the approach of Malinowski and many American anthropologists (Geertz, 1993a, p.143).

To frame the narrative of the first part, I will see Aqua as an entrepreneurial firm constructed through an entrepreneuring process. This approach will gain a rich understanding of the production and reproduction of the concrete system of social action within Aqua, which is necessary in order to provide the means for further analysis of accounting-organisational culture interplay within the researched organisation, that is Aqua, which is the concern of this thesis.

Entrepreneuring

During my stay in the firm, I was impressed by an everyday reality that if people there were talking something about the company they could not side-step from talking about Tirto Utomo, who is credited as the founder of the company. The Aqua's members appreciation was conspicuous as they familiarly call Tirto "*Bapak Aqua*" [the Father of Aqua). This state of affairs encouraged me to seriously consider the notion of 'entrepreneur', and then to sort out the methodological contention that appeared in the discursive material of the entrepreneur literature. This is what follows.

The notion of "entrepreneur" has long occupied the organisational or sociological literature. Prior to Joseph Schumpeter's *Theory of Economic Development* (1934), which is claimed as the most comprehensive of theories of entrepreneurship, there were two different approaches to the notion (Wilken, 1979). The first one concentrated on defining the specific entrepreneurial functions or roles. Knight (1921) for example described entrepreneurship primarily as risk-taking. The other approach was more general, involving a number of scholars well known to sociologists, such as Comte, Marx, and Sombart. For them, the analysis of

entrepreneurship was secondary to the description of the rise of capitalism. Weber (1968)'s analyses of the significance of the Protestant ethic for entrepreneurial emergence is a classic example that is often provided.

Schumpeter brought in a new perspective as he built an argument that innovation is a distinguishing factor for entrepreneurs. For Schumpeter, the essence of economic development lies in the economic change resulting from the invention of a new combination of the factors of production. Thus, entrepreneurship is the *persona causa* of economic development (Herbert & Link, 1988; Brockhaus & Haorwitz, 1985).

Schumpeterians' studies on entrepreneurship focus, then, on the characteristics of entrepreneurs and their relation to a new-wealth producing capacity (Wilken, 1979; Amit et al., 1993; Bouchikhi, 1993). Within this tradition, such studies examine, for examples, entrepreneurs' psychological characteristics (Sexton & Bowman, 1985), and the cultural and social background of entrepreneurs (Greenfield & Strickon, 1981) which were perceived as influential factors in the outcome of ventures. In order to anticipate the argument that the environmental setting of entrepreneurship may affect entrepreneurial ventures, some researchers bring corporate environments into their analysis. These studies usually provided generalisable principles of the relationship between economic factors and entrepreneurship (Wilken, 1979 chapter 2; MacMillan et al., 1984).

We can see that within those two traditions, pre- and post-Schumpeterians, entrepreneurs are defined independently of their ground, companies. Attention, therefore, has been devoted to the "content" or outcome of an entrepreneurial process, rather the process itself. Unfortunately, the resultant knowledge has been of limited value since the number of things to do and the number of different situations is endless (Bouwen & Steyaert, 1990). The separation of entrepreneurs and their

surrounding context also results in the trivialising of the potential roles and significance of persons and social relationship (Hosking & Fineman, 1990). Here, we see a simplification of entrepreneurs to a simplistic notion of "superiority": be they 'super-innovator', 'super risk-aversion', 'superleader', or one could imagine an entrepreneur as, borrowing Geertz' words, "a self-contained superorganic reality with forces and purposes of its own (Geertz, 1993a, p. 11).

Instead of looking at input-output relationships, I shall analyse the process of *entrepreneuring*. The process is social, in which social interactions occur between emerging entrepreneurs and others within the emerging entrepreneurial firms. Underlying this approach is a methodological contention that entrepreneurs and their surrounding (organising) contexts are not separated. They are "in the same universe of discourse" (Holmes, 1990, p. 198). This perspective will not only unite actors and their organisations, but value the contribution made by co-actors (I call the entrepreneurs main actors since they are sources of the collective "drive"). With this perspective, the account of the *entrepreneuring* process will be historical, though as far as the production and reproduction of entrepreneurship are concerned, the emergence of both entrepreneurs and entrepreneurial firms is inclusive.

Entrepreneuring as Text(uring)

Geertz (1993b, p. 23) maintains that

the recourse to the humanities for explanatory analogies in the social sciences is at once evidence of the destabilization of genres the rise of the "interpretive turn", and their most visible outcome is a revised style of discourse in social studies". The instruments of reasoning are changing and society is less and less represented as an elaborate machine or a quasi-organism and more as a serious game, a sidewalk drama, or a behavioral text.

Therefore, turning from concerning entrepreneur as *noun* to *verb* means refiguration of the style of analytical discourse from looking for causal relationships of actions to understanding what actions mean to the actors, those whose actions they are (see Geertz, 1993b chapter 1). The analysis of entrepreneuring will then be that of what the entrepreneurs do and how they make sense of what they do. For, in this concern, the analogy is coming more from the contrivance of cultural performance than from those of physical manipulation, i.e. organisations as machines (Geertz, 1993b).

Here, I would like to make use of Cooper and Fox's metaphor of "organising as texture". As a cultural performance, texture here is viewed analogously as a weave or web of interacting elements that resists operational definition (1990, p. 575). This metaphor brings a feeling of "a processual weave, a sense of actions, passions and politicality which gave it an interconnectedness and *texture*" (Fineman & Hosking, 1990, p. 573).

[It] has much to do with what people, 'actors', in organizations did; their implicit and explicit negotiating; their deals and deviousness; their non-linear, often irrational fumbling. It is about interpreted worlds, feelings, and re-packaged images. It was about forming and re-forming personal meanings (Fineman & Hosking, 1990, p. 573).

Before proceeding to clarify the "texture", I would like to draw attention to Geertz's claim that

the key to the transition from text to text dialogue, from writing as discourse to action as discourse [and hence "from texturing as discourse to weaving as discourse] is the concept of "inscription": the fixation of meaning (Geertz, 1993b, p. 31)

Hence, an author analysing a process such as construing entrepreneurial texture should be aware that in the process of entrepreneuring there is "an ordered system of meaning and of symbols in terms of which social interaction takes place" (Geertz,

1993a, p. 144). Therefore, in writing it down, the author should pay attention to

how the inscription of action is brought about, what its vehicles are and how they work, and on what the fixation of meaning from the flow of events -history from what happened, thought from thinking, culture from behavior -implies for sociological interpretation (Geertz 1993b, p. 31).

Here two levels of discourse emerge. One level is to see "the framework of beliefs, expressive symbols, and values in terms of which individuals define their world, express their feelings, and make their judgements" (Geertz, 1993a, p. 145). This is about cultures emerging in entrepreneuring. The other level is to analyse the ongoing process of social interaction which forms social order (Geertz, 1993a, p. 145; Cooper & Fox, 1990, p. 576; Hosking & Fineman, 1990). According to Geertz (1993a), both are abstractions from the same phenomena (see also the discussion of this issue in chapter 2). The one considers social action in respect to its meaning for those who carry it out, the other considers it in terms of its contribution to the functioning of some social systems. This chapter concentrates on the second issue, as mentioned in the introduction.

Texture

Cooper and Fox (1990, p. 576) argue that the key to understanding texture, a product of the weaver's art, is the idea of "connectedness in action": the feature of an endless series of relationships which continually move into each other. By referring to Pepper (1942), it is explained that

as we analyse a texture, we move down into a structure of strands and at the same time sheer out into its contexts. A button is thus never reached. For the support of every texture lies in its context. This support is as extensive as you wish, but you never reach the end of it (p. 250). There is no top or bottom to the contextualistic world (p.251) (Cooper & Fox, 1990, p. 576).

Mapping entrepreneuring into texture means to direct attention to the entrepreneuring process in which "connectedness in action" is achieved through social interactions. Thus, an entrepreneurial firm is "woven" through the process of social interaction.

Like strands of a texture, the action of an individual actor provides contexts for another individual action. At the same time, actors to some extent choose contexts in which they expect others to share values similar to their own. It is in this way that actors in entrepreneuring create a degree of social order which enables them to act in relation to one another (Hosking & Fineman, 1990). This sort of explanation shows that individual action is a contributing detail in the texture of entrepreneuring. However, such a strand reaches out into a context and bring some of the quality of the context into the texture (Pepper, 1942, p. 247). The study of entrepreneuring, therefore, has to be contextual in its description, since the horizontal thread of a weave constitutes a 'warp' only in relation to the vertical thread, the weft (Hosking & Fineman, 1990, p. 584).

Another theme associated with the language of texture is "complexity". Just as a weave has many features at one time, so may the social actions and relationship through which entrepreneuring is performed be described in many ways (see Hosking & Fineman, 1990). Thus, the 'texture of entrepreneuring' is not one thing to all people all the time. The texture of entrepreneuring is also complex because, according to Hosking and Fineman (1990), social processes have an emergent quality such that what emerges from interactions is often something different from the inputs of each party. Actors actively attempt to deliberately influence other actors to accept and implement particular descriptions of social order.

Texturing of Aqua: A Story

Before progressing to the main narrative, I would like to remind you about the words "Aqua" and "AQUA". The former refers to PT Aqua Golden Mississippi, while the latter is the brand name of the products of Aqua. I have found in the field that it is a common tenet that the birth of Aqua and AQUA is credited to a person named Tirto Utomo. More than that the existence of bottled drinking water in Indonesia is also accredited to Tirto. On account of his success in the business, Valdes (1992) has called him as "entrepreneur's entrepreneur."

I want to follow this grounded credo in order to begin my narrative of the entrepreneuring of Aqua. "Starting the story" is a difficult business. Frequently, we just start it from where we feel is convenient. I would therefore like to start by bringing in a story from the field that Tirto arrived at the idea of bottling drinking water when he noticed that his customers often experienced stomach discomfort. At that time, early 1970s, Tirto was a marketing executive in Pertamina (the state-owned oil company of Indonesia). In such position he was personally close to Pertamina's foreign customers. Those customers thought that such pains were due to the poor of quality of the drinking water they drank during their stay in Indonesia. Not even the best hotel in the country could guarantee its drinking water was of good quality. Unlike Australia for example, tap water in Indonesia is not of drinking water quality. Indonesians, including hotel and restaurants, boil water for drinking. Due to "bad handling" such water is sometime contaminated. For some people this is enough to give them stomach pains. It is because of his ability to see that situation as a business opportunity that Tirto has been credited as "an entrepreneur".

Tirto took his idea to his brother in-law, Slamet Utomo. "Do you know about bottled drinking water?", Tirto asked Slamet, as I was told by Slamet. "Yes, I have seen it in Bangkok" Slamet replied. However, it was nearly a year after that

conversation that they decided to start the business. Tirto was very confident that the market for the products was already there.

Slamet, who actually was running his own auto spare parts trading business, committed himself to begin to realise the idea. However, neither man knew how to produce such a product. The technical problem was emerging. Tirto, however, introduced Slamet to one of his Japanese clients who then introduced Slamet to Mrs Maxine North, the President of Polaris, the biggest bottled drinking water producer in Asia, in Bangkok, so that Slamet could organise a plant visit to Polaris, from where he gained his initial "technical knowledge" of the manufacturing process of bottling water. From Bangkok Slamet then flew to Singapore where he gathered information about suppliers of the sort of machinery he had seen at the Polaris site. Slamet told me that it took nearly half a year to find a prospective supplier (of the machinery).

Slamet then discussed his "invention" with Tirto, and they agreed to go ahead. To go any further Slamet had to fulfil the legal requirements; to establish a company in accordance with the Indonesian Domestic Investment Act one has to submit what we know as an "investment proposal". Slamet told me that "I had no experience at preparing one, but if I went to consultants I am confident that I would know this kind of industry better than them". Then, guided by his friend who was a bank officer, he prepared the investment proposal. Slamet said "I just played with numbers in order to forecast sales and investment so these figures would convince the government officers".

When the license for the proposed investment was granted, Slamet reported to Tirto that they were ready to start the investment. Slamet said that he still could remember that he said to Tirto, "we are ready to buy machines and bottles, but what we shall do if nobody wants to buy our water?" According to Slamet he raised this question in order to get moral support. However, he was upset by Tirto's answer: "If

you want to do that, just do that, if we cannot sell them let us break the bottles together". Slamet, later on, realised that it was Tirto's way of encouraging him.

Slamet, at the time machinery was being ordered, invited his relative, Willy, who was a production supervisor of a big biscuit company, to join. Slamet told in an interview that he chose Willy because he was familiar with dealing with machinery and trained mechanics. From that time, Slamet and Willy worked together; searching for deep wells, and setting up the plant. While Slamet and Willy were the main actors in realising the business, Tirto was still in Pertamina. However, for any strategic decision, like selecting land for the plant, they went to Tirto for consultation.

In 1974, the company launched the first production under the brand name of AQUA, and the name of the company PT Golden Mississippi (later changed to PT Aqua Golden Mississippi). According to Slamet, it was he who devised those names. He chose the names to give a "western" image, which he thought would be helpful in marketing the product.

Slamet and Willy both went to hotels as well as shopping centres to market the product. I would like to say that what they were actually doing was "creating a market", instead of selling it in the market. Slamet said that the retailers were reluctant to sell the product, saying "why we should sell water for which people could get for free". It was true. At that time Indonesia restaurants provided drinking water for free, although they had to pay to boil the water. Facing this situation Slamet told me that "we taught people in the markets about what bottled drinking water is, why people should consume that, and why the traders should sell it". They created advertisements to introduce the product.

The efforts to establish a market for the product were successful. However, until 1978 the company was still operating at a loss. At that time, Tirto gave Slamet and

Willy an ultimatum that, if at the end of the year the business was still in a loss situation, "we just close the business". So, they then attempted to work out how they could reverse the situation. Their feeling was "maybe we are selling our product too cheaply". They then increased the selling price three fold. Surprisingly, with the new selling price, their sales volume increased drastically, and the break-even point was reached.

The reaching of the break-even condition made the main actors more confident that their business was going in the "right direction". Since then, the sales volume has grown tremendously. To promote the business more intensively, Tirto, in 1978, resigned from Pertamina and joined the managerial team of Aqua. Tirto took over the presidential position from Ridwan, who had succeeded Slamet. Tirto held the position of President of PT Aqua Golden Mississippi up to 1989 when the company was going to be listed on the Jakarta Stock Exchange. The presidency of Aqua was then granted to Willy Sidharta, who has held this position up to now. In 1984, Tirto established another company, PT Wirabuana Intrent, the marketing specialist of Aqua's products. The following Table 4.1 shows major events since 1978 which reflects the main achievements of the company.

1978	Sales volume drastically increased and "break-even point" reached. Tirto resigned from Pertamina to deal fulltime with the business. Tirto began to be active as the President of the company.
1979	Willy was appointed the Production Director, and Ridwan as Financial Director. Purnama Sidhi, Tirto's friend, was hired as Personnel Director. Sales volume doubled.
1981	April, the 625 ml plastic container was introduced for the first time. October, the 500 and 1500 ml plastic containers were introduced. Those handy products were judged as <i>prima causa</i> for a continuing big increase in sales volume. Tirto visited Belgium, Germany, and France, and was impressed by water sources that companies there had. The company bought a mountain spring, and started to use that as a water sources for the first time.
1983	A factory was set up in Pandaan, East Java by introducing what was called "an integrated production concept": the spring water source and

Table 4.1 (Continued)

1983	the factory are in the same location. This factory then became a new company, PT Tirta Jayamas Unggul, fully financed by Tirto.
1984	The unit of Research and Development established, Willy was the first head. Tirto hired his former colleague in Pertamina, John Abdi, to become the Director of Finance of PT Aqua Golden Mississippi.
1985	The first factory, Bekasi, was expanded from 8110 sq. to 1 hectare. Award from the International Bottled Water Association for excellency in advertising and promotion.
1986	Judges Award 1986 from the International Bottled Water Association. Asia Star Award for excellency in package design. World Star Award for 500 ml bottle packaging.
1987	Received certificate of Indonesian Industrial Standard as an official acceptance that the quality of the products has met the official standard. The company began to exports its products to Singapore, Malaysia, Hong Kong, the Philippine, and Australia.
1987	PT Tirta Dewata Semesta of Bali was established and started its production, financed mainly by Tirto. PT Pranida Mulia Utama of Sukabumi, West Java was established, Tirto was a major shareholder.
1989	A factory in Citeureup, Bogor was established as a second factory of PT Aqua Golden Mississippi. The company name was exchanged to PT Aqua Golden Mississippi, previously PT Golden Mississippi.
1991	IBIC Sendirian Benhard of Brunei Darussalam was established, financed by Tirto and local shareholders. PT Tirta Menaranusa, Lampung, South Sumatera was established, funded by Tirto and local shareholders. PT Tirtasulut Klabatindo, North Sulawesi was established, also funded by Tirto and local shareholders. General Management Award 1991 from World Executives' Digest in cooperation with Asian Institute of Management, and Japan Airlines. Tirto Utomo was granted SAHWALI AWARD for Environmentally Friendly Businessmen
1992	PT Aqua Golden Mississippi under a franchisee agreement with Unilever produced LIPTON ICED TEA
1993	PT Tirta Sibayakindo, Berastagi, North Sumatera was established. Aqua's recycling program was officially introduced by State Minister of Population and Environment.

Table 4. 1: Highlights in the Development of Aqua since 1978

I think I have to take a break from telling such story, in order to analyse carefully the previous account. This is what follows.

Texturing of Aqua: An Analysis

There are two themes that arise from the previous narrative. The first is the origin and the extension of Tirto's individual *motivation*. The foregoing story shows that Tirto's motivation to establish a business in bottled drinking water resulted from

his sensitivity to his particular environment, that is, his daily working environment in Pertamina. However, according to the symbolic interactionist perspective, although there may be other persons facing a similar environment, those persons may not necessarily have the same sensitivity as Tirto. Thus, there should be "a situated identity", which is the master organiser of the person's sensitivities (Hewitt, 1991, p. 134). At that time (of the motivation emerged), Tirto was not only a high ranking officer at Pertamina, but also running his own private business; so Tirto was a businessman already.³ Thus, Tirto's sensitivity to the business opportunity may result from his talent in business which forms his situated identity.

Moreover, Tirto also benefited by being an insider of Pertamina. The story of the entrepreneuring of Aqua reveals that with this "social identity" (Hewitt, 1991, p. 43), Tirto could get access to the source of information which was necessary for the emergence of the idea of the (bottling water) business. When I asked Tirto in an interview why he had replied to Slamet, "let's break the bottles", he answered "because I knew what Slamet did not". He meant that he was confident that there was a market for the expected product.

We can see in the foregoing story that the transfer of Tirto's individual drive into a social network is a social construction process. It is a discursive process in which a personal belief that "stomach pains" could mean a business opportunity is extended into an organisational belief. In this discourse individual identities of speaking subjects and their immediate surrounding environment, such as the Indonesian economy, are implicated. Slamet's acceptance of Tirto's belief was made possible not only by Tirto's access to the business information, that is, potential markets, but also by the common knowledge amongst Indonesian businessmen that at that time the Indonesian Government strongly encouraged domestic as well as foreign investment (see chapter 6 for the discussion of this issue). Through this process of transfer, entrepreneurial motivation extended and a social network started to emerge. The

entrepreneurial motivation through a continuous social process became the drive for setting-up the business. For Slamet, Tirto's reply to his concern that maybe nobody would buy the products reinforced his self-confidence that the business would be successful, while Tirto was prepared to take a risk with it.

It was through this discursive process that the belief "we are in the right business" was shared equally amongst Tirto and Slamet, and then Willy. Why Slamet? Although I was not told specifically about that, the personal identity of Slamet may be revealed. He is one of Tirto's step-brothers. We can imagine that when they are at family gatherings they could not stop from talking about their business. I think it was at such a gathering that the idea was steadily constituted to become the business drive. It is this drive which later clearly becomes the thing that forms the "causal-functional integration" (Geertz, 1993a, p. 145); the thing that "keeps the [social] system going". Why, then, was it extended to Willy? I was told by Willy that once (upon a time), Slamet visited his father-in-law just for a regular visit, but Slamet told the host that he was in need of a working partner to start the business. Slamet was then suggested to contact Willy.

The second theme which emerges is the theme of an organisational technical competence. This occurs in the discourse of Aqua's entrepreneuring when Slamet wants to realise Tirto's idea but none of them was technically competent in the manufacturing processes required. The story reveals that the technical knowledge of the manufacturing process is "the first pool of assets" of Aqua, or is called "the genetic pool" (Bouwean & Steyaert, 1990). Having been successful in developing his competence in this kind of knowledge through visiting Polaris, Slamet, however needs Willy, who is believed to have technical and mechanical competence. They then, together with their co-workers, are involved in a collaborative process transferring the genetic pool to a "dominant logic" (Prahalad & Bettis, 1986).⁴ The dominant logic reflects Tirto, Slamet, and Willy's conceptualisation of the business and critical

resource allocation decisions, such as technologies, advertising, and product developments (Bouwean & Steyaert, 1990). The launching of the first product provides a legitimization for the dominant logic.

The belief that "customers are there already", which initially is part of the dominant logic, is now tested. Instead of "marketing" the products, Slamet and Willy have to create the market. Here, they have to act more as educators, "teaching" people about "healthy drinking water", than as sales persons. This challenge constitutes their 'new' competence: they are not only technically competent but also competent in marketing. This new competence modifies the dominant logic. This process of modification, in dialogue with the organisational motivation continues. When they faced the fact that the firm had been operating at a loss for nearly four years, and that they could not afford this any longer, they started to evaluate their pricing strategy. Again a new logic emerges: "When we offer low price for the products it means we value the products less. People will be reluctant to buy 'cheap' water, as cheap means lower quality. This new logic again modifies the previous dominant logic, which then is reinforced or justified by the surprising increase in sales volume.

From the foregoing analysis, we can see two continuing processes, the production and reproduction of the social network and the task domain. We can call the first process the 'weft' and the second the 'warp'. The "organisational dialogue" between these two process, we can call 'weaving activity', creating a particular organisational texture. In Aqua, the dialogue between the entrepreneurial competencies and the entrepreneurial motivation is woven tightly. Slamet, and then Willy, who already shared the strong personal motivation of Tirto, have shown their enthusiasm, with which spirit they have woven the organisational motivation into their personal competencies construing the texture of Aqua. Indeed, this weaving process is a kind of social interaction in which Slamet, Willy and Tirto were the main actors. The

interaction also is contextual and inherently complex, composed of interconnected activities with continuously changing patterns (Pepper, 1942, p. 233). To understand what I mean by the contextuality of weaving, let me cite Pepper:

A texture is made up of strands and it lies in a context. There is, moreover, no very sharp line between strands and context, because it is the connections of the strands which determine the context, and in large proportion the context determines the qualities of the strands. But by way of definition we may say that whatever directly contributes to the quality of a texture may be regarded as a strand, whereas whatever indirectly contributes to it will be regarded as context (Pepper, 1942, p. 246)

In the case of Aqua, the two strands are personal motivation and individual competence. In the weaving of the motivation into the competence, both the motivation and competence move (forward or maybe backward) to form the organisational texture. The personal motivation 'moves' to 'reach' other actors of the network. The movement actually is a social interaction process through which the motivation is tested and adapted by the actors. Slamet, Willy, and Ridwan as main actors in the early period share the motivation after taking careful "personal testing" in the sense that they want to join with Tirto's idea as they can believe that the idea is promising. The same story also applies to the recruitment of co-actors. Here, the story revealed by Bambang may be relevant. Bambang joined Aqua in 1976, specialising in marketing. Now he is a senior manager, and was granted Hajj's travel fund in appreciation of his contribution to marketing. He told me that what has made it possible for him to remain with Aqua was not the salary he got, especially in the earlier period, but his belief that the business would be prosperous. The continuing growth of the business provided evidence for him that he was right. The co-workers joining the business motivation constitute a joint action. The organisational society consists of this extended linkage of joint action.

At the same time and in accordance with the same pattern, personal competence has also been exchanged amongst the main and co-actors. The story tells us that such

an exchange runs without conflict in Aqua. It is made possible by the fact that in this process the main actors not only bring their motivation but also dedicate their original competence. Their competence was not only extended to each other but was also enriched. The operation of the manufacturing requirement that they always have to improve the quality of the products, has meant they have had to increase their competency. For example, a new container design has to be invented, or a plant layout has to be relocated. This continuing process of 'moving' constitutes the task domain of the emerging entrepreneurial firm.

In the weaving of personal motivation into personal competency, despite the constituent moving of entrepreneurial motivation and competence, there is also a dialogue process between the two. What is unique in Aqua is that both the entrepreneurial motivation and competency belong to the same people. Therefore, the dialogue process could be said as a 'self-dialogue'. Through the dialogue the main actors define the situations they have in which they assemble objects, meaning, and others (eg. organisational goals), and act toward them in a coherent, organised way (see Hewitt, 1991, p. 91). In Aqua's earlier years, all actors were very aware of their situation and its configuration of meaning. As Bambang has told me that:

We were like a family. Everyone did something he/she can, nothing to do with job description, and salary. The production people were not only making the products but also selling them. The only thing we cared was how we could sell the products.

As the actors defined the situation, they structured the situation in terms of roles. Here, a role is 'an organised set of ideas or principles that people employ in order to know how to behave' (Hewitt, 1991, p. 94). Thus, a role is 'a perspective from which conduct is constructed' (Hewitt, 1991, p. 95). Familiar with the situation and defining the role structures associated with them, the actors gain capacity to understand the actions of each others and to make senses of those actions. This

perspective will enable us to understand why there is now a discourse amongst the members that the sophistication of the Aqua's manufacturing process is credited to Willy, while Slamet is called the "sales aide" of Aqua.

The weaving process of Aqua simultaneously reflects the pattern of relationships within Aqua. In other words we may say that the process of role-making is also that of order-creating. This process creates and recreates social collectivisation, which constitutes the work of organising (Weick, 1979). It is also through this process that Aqua's actors negotiate and enact a sense of social order which may be seen as an adequate guide to the use of 'knowledge' (i.e. organisational competencies) and to the conduct of human affairs.

Current Setting: An Account

Aqua Golden Mississippi – commonly known as Aqua – is a pioneer of the bottled water industry not only in Indonesia, but South East Asia. Established on 23 February 1973, the company began marketing its first product, the 950 ml glass bottle, under the brand name of AQUA in October 1974. In the two decades of its existence, Aqua has become a widely recognised national and regional company; its products are considered "state of the art"; it controls more than 60 percentages of the market. Its container designs and its production technologies are being held up as models to other bottled water companies. In addition, this company is now being regarded as "quality standard setter." As AQUA has been continuously used as the brand name, it is now becoming a "generic name", just like XEROX; no matters which brand name people will get, they ask for 'AQUA'. Over the last few years, the company has lodged suits against several competitors who have illegally used the AQUA brand name as part of their brand names.

After four years struggling to create the market, the company's products proved

tremendously successful. The profits provided financial foundation for growth. While initially the company was funded by Tirta and bank loans, on 15 December 1989 Aqua obtained an approval from the Jakarta Stock Exchange Authority to offer shares to the public. Currently, twenty three percents of the company's shares are owned by the public. Such public funds then were utilise for paying off its short-term bank loans and for financing an investment program: the extension of the Bekasi factory and the enactment of the Citeureup plant.

Having steadily grown and become more profitable, the company in 1990 successfully listed on the Jakarta Stock Exchange; presently 24.83 % of the company's shares are held by the public. The profits and the public finance provided a financial foundation for growth. Starting with one product produced by one manufacturing plant, the company at the present produces 9 products manufactured by eleven factories with their total full capacity of 485 million litres per year. The types of the products are:

- 950 ml returnable glass container
- 375 ml returnable glass container
- 300 ml returnable glass container
- 1500 ml plastic container
- 625 ml plastic container
- 500 ml plastic container
- 19 litre returnable returnable container
- 220 ml plastic container
- 120 ml plastic container
- 2kg ice cubes
- 5kg ice cubes
- 250 ml Lipton Ice Tea

Of the eleven factories, only two are under the management of Aqua Golden Mississippi. Each of the others is under a separate company which is still financed mainly by Tirta. Although formally those nine companies are separate entities, in practice each of them should be considered as a division of PT Aqua Golden Mississippi. While the authority of the management of those companies is just for daily production operation, all managerial policies, such as financial, personnel and

investment decisions, are those of the top executives of Aqua. The head office of Aqua is considered as "headquarters" by those companies members, and the term of "Aqua Group" refers to the group of all those companies.

Besides these companies, Tirto also has established three other companies which are the producer and supplier of the containers, and one marketing company. Those companies are namely PT Tirta Graha Parama, PT Petindo Jaya Sakti, PT Andarila Plastic, and the marketing company is PT Wirabuana Intrent. Table 4.2 below provides several information about the companies within Aqua Group.

Companies	Locations	Provinces	Production commenced	Annual Capa'ty/ million litres
Aqua Golden Mississippi	Bekasi	West Java	1974	120
	Citeureup	West Java	1991	120
Tirta Jaya Mas Unggul	Pandaan	East Java	1984	40
Tirta Dewa Semesta	Mambal	Bali	1987	20
Tirta Menaranusa	Lampung	Lampung	1991	10
Tirtasulut Klabatindo	Manado	North Sulawesi	1991	25
Tirta Cisantana	Kuningan	West Java	1992	20
Tirta Babakanpari	Sukabumi	West Java	1993	40
Tirta Sibayakindo	Brastagi	North Sumatera	1993	40
Tirta Mangli	Wonosobo	Central Java	1994	40

Table 4.2: The Companies within Aqua Group

Meanwhile, Table 4.3 below shows some measures of Aqua growth of sales volume in million litres and in billion rupiahs, and total assets in billion rupiahs from the period of 1985 - 1993.

The Organisation of Work

The organisation of work in Aqua may be grouped into three levels. The top management (see Chart 4.1) consists of president director, financial, production, and general directors. The Chart is officially announced by the president director through a decree called "the President Director's Decree on the Organisational Structure of

Aqua Golden Mississippi" (see the original in the Appendix 1).

Years	Sales volume in million litres	Sales volume in billion rupiahs	Total Assets in billion rupiahs
1985	32	n.a	n.a
1986	41.9	n.a	n.a
1987	59.4	12.42	12.41
1988	74.7	17.57	17.09
1989	91.4	20.27	21.08
1990	132.6	30.06	36.15
1991	183.7	41.90	52.00
1992	n.a	49.75	50.55
1993	n.a	55.368	53.52
1994	n.a	56.72	82.10

Table 4.3: Some Measures of the Growth of PT Aqua Golden Mississippi

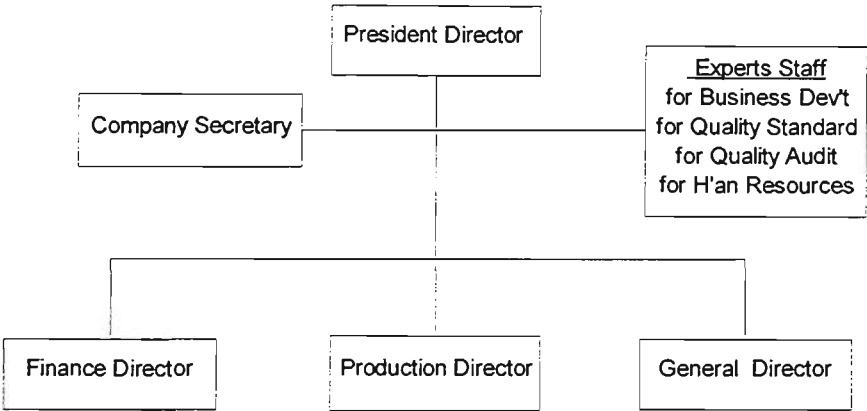


Chart 4.1: Top-level Management

The responsibility of each director is reflected by his position. There is no marketing director, as Aqua is just a production company while the marketing is under WI (Wirabuana Intrent). In Aqua, "expert staff" do not only advise the president director, but also engage in daily operation. As previously mentioned, all employee recruitment proposals must be approved by the expert staff for human resources. The expert staff for quality standards directly has access to the quality

control unit in each factory as well as to the central laboratory. The expert staff of business development not only provides advice on business development issues, but also travels around the world promoting the company, looking for new business partners and new export markets. For her job, that expert staff has been considered by insiders as the company's "foreign minister." In Aqua, the expert staff have been regarded by insiders as members of the company's top executives. The insiders know that in top management meetings, the expert staff will be there.

At the middle level, there are the heads of operation, research and development, technique, personnel, legal affair, internal affair and work safety and health (see Chart 4.2). What the insiders call the middle level manager is vague or confusing. In the decree, there is no specific label for such positions. However, all heads of the organisational units under the production director have been called by the insiders as "director". Meanwhile, the heads of the units under the general director are just called *kepala* (head). In Indonesia, the title (e.g. director, or head) that people give you reflects how they respect you.

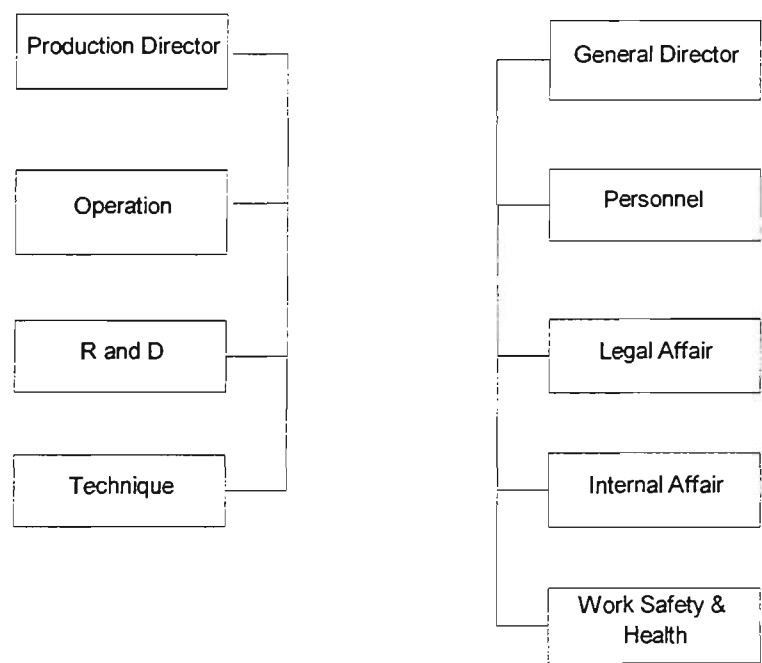
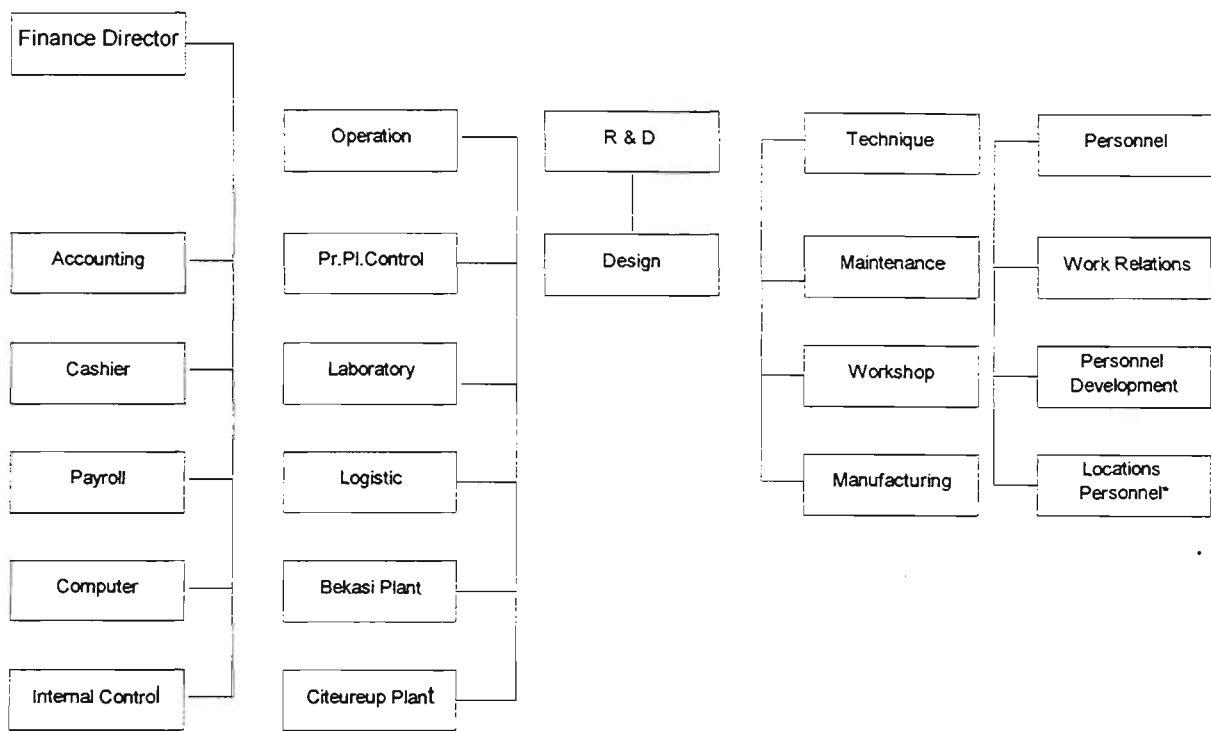


Chart 4.2: Middle-level Management

There are a few sub-units under the units of operation, technique and personnel,

one under the unit of research and development, and none under legal affairs, internal affairs and work safety and health units (see Chart 4.3), which form low-level management. The heads of these sub-units are entitled by insiders as "managers".



* The locations are headquarter, Citeureup, Bekasi. Each location has its personnel manager.

Chart 4.3: Low-level Management

Each of those sub-units actually has also its own organisational structure, however it is not regulated in the decree but is created by itself for working purposes. Some sub-units have only five or ten personnel but others, like the manufacturing plant, may have four hundreds people.

The organisation of work reflected by those organisational charts shows clearly the heavy attention paid to the production activities. There are three "directors" under the director of production, and they are key operational officers. Interestingly, the positions of the president director and the director of production (see Chart 4.1) are taken place by the same person, that is, Willy Sidharta. As such, he has a direct access to the operation of the company (the production of AQUA), although Willy has

delegated almost all of his authority as the production director to the director of operation (see Chart 4.2). Meanwhile, the finance director, as a top manager, has no middle management. His direct subordinates, including the accounting members, are those who are at the low-level management, as it is depicted by Chart 4.3.

The population of Aqua falls into seven levels that define their formal position and basic salaries: worker, supervisor, assistant manager, manager, and senior manager, director, and president director. There is no a specific limit for how long someone will stay in his/her current level. The promotion is affected by not only her/his performance but also the availability of the new position. For example, a supervisor perhaps needs four or six years to be promoted into an assistant manager, while another supervisor perhaps just needs two years. Most of managers at the low-level management are at the grade level of manager or senior manager. In Aqua, it is commonly believed by the insiders that production and quality control people enjoy an "easier road" to the top. An example frequently cited by the insiders is the story of an expert staff. She started as a supervisor in a quality control unit, and then a plant manager, and recently she became the expert staff for quality audit which is a position at the director level. For that, she needed just seven years. The fact that Aqua's Group has eleven manufacturing plants and that each plant has its own quality control unit provides more opportunities for production and quality control people to be promoted or shifted.

In Aqua, no one knows exactly how much his/her fellow receives as "take-home payment", although there is a common standard of basic salary for each level. For example, the heads of the accounting department and the factories are both positions of a managerial level employee. However, those managers are believed to not receive the same amount of 'take-home payment'. It is commonly known that the factory managers receive more. In Aqua, among the insiders it is taboo to ask someone how much he/she receives as monthly payment, with the exception of the employees at the

"worker" level. However, there is a presumption by the insiders that those who are production and quality control people are paid more than others⁵.

The Board of the Shareholders

The board of the shareholders is a committee (known in Indonesia as *Komisaris*) whose members represent all of the shareholders of the company. Usually the chairman of this committee is the person who has the largest number of shares in the company, and for PT Aqua Golden Mississippi it is Mr Tirta Utomo. Generally speaking, this is a powerful committee as this committee controls the board of directors of a company. However, officially, the members of this committee do not have access to the daily operations.

Concluding Remarks

In this chapter, I have introduced the researched organisation, that is, PT Aqua Golden Mississippi, commonly known as Aqua. I have distinguished between the social aspect, the concern of this chapter, and the cultural aspect, the concern of the next chapter, of Aqua. In elaborating the pattern of social interaction within Aqua, I develop a story of the emergence of Aqua and its current setting.

The use of 'texture' as a metaphor in narrating the historical account of the emergence of Aqua produces a story accounting for the dynamic process of the interaction between the entrepreneurship of Tirta and the contextual situation which shapes Tirta in the construction of Aqua. We can see in the story that in the weaving process of the texture of Aqua, accounting was absent. The absence of accounting was both in the production and reproduction of the social network and of the task domain. There is no actor who has or brings competency in accounting into the weaving process. The texture of Aqua has been tightly woven by the entrepreneurial

motivation and the actors' competencies in production technology and marketing. In the account of the current setting, the organisation of work within Aqua is accounted. Several social categories have also been discussed.

The distinction made between the culture and social system is only for analytical purpose, as both of them are the abstraction of the same phenomena (see Geertz, 1993a, p. 144). Therefore, we may see this and the next chapters as a two-in-one chapter. However, as this research project is about the interplay between the culture of an organisational and its accounting, the next chapter (the culture of Aqua) may have its own specific position within the whole thesis.

Notes:

1. I had been in the company for twelve weeks, six days a week, from 8.00am to 4.00pm, but for Saturday it was from 8.00am to 12.00pm. My "working hours" was just like the employees'. Generally, Indonesian companies work for six days a week, except those which are multinational companies.
2. All the notions under the quotation marks belong to Geertz (1993a,b)
3. I was told about that by Purnama Sidhi, the Director for General Affairs, in an interview. The fact that Tirto was already operating his own business at the time does not appear in the social discourse within the company which promotes Tirto as "an entrepreneur" for his success with Aqua.
4. "Dominant general management logic" is the notion proposed by Prahalad and Bettis (1986) which refers to the way in which managers conceptualise the business and make critical resource allocation decisions - be it in technologies, product development, distribution, advertising, or in human resource management. This logic is a product of the managers' interpretations of experiences while operating within the firms.
5. I could not obtain the official information of the company's salary policy. The accounting manager apologised for not being able to present to me such information. I believe that even the president director would not want to disclose this information.

CHAPTER FIVE

AN ETHNOGRAPHY OF THE CULTURES OF AQUA

However far from the groves of academe anthropologists seek out their subjects - a shelved beach in Polynesia, a charred plateau in Amazonia; Akobo; Meknes, Panther Burn - they write their accounts with the world of lecterns, libraries, blackboards, and seminars all about them. This is the world that produces anthropologists, that licenses them to do the kind of work they do, and within which the kind of work they do must find a place if it is to count as worth attention. In itself, Being There is a postcard experience ("I've been to Katmandu - have you?"). It is Being Here, a scholar among scholars, that gets your anthropology read ... published, reviewed, cited, taught.

What once seemed only technically difficult, getting "their" lives into "our" works, has turned morally, politically, even epistemologically, delicate.

(Geertz, 1988, pp. 129-130)

Introduction

I shall inscribe, in this chapter, social discourse within Aqua which produces its cultural pattern. In so doing, I will not write an inscription of "raw social discourse" to which, as a researcher not an actor, I have no direct access; I have only small part of the discourse which my informants can lead me into understanding (Geertz, 1993a, p. 20). "Cultural analysis is (or should be) guessing at meanings, assessing the guesses, and drawing explanatory conclusions from the better guesses, not discovering the Continent of Meaning and mapping out its bodiless landscape" (Geertz, 1993a, p. 20; see also Hammersley and Atkinson, 1983, p. 16), or the analysis is "interpretations of interpretations" (Bohman et al., p. 1991). It is through this kind of cultural analysis, I expect you will understand how the symbol systems come to be shared by Aqua's actors in terms of which the "actors define their world, express their feelings, make their judgements" (Geertz, 1993a, p. 144-5). Such

expectation is central for those studying (organisational) culture (see for examples Beyer & Trice, 1988; Czarniawska-Joerges, 1992; Inglis, 1993 especially chapter 4).

Making Money *versus* Un-making Money Units

Cultures represent a consensus on a wide variety of meanings among members of an interacting community. Such shared meanings are substantially important in a social life of the community, notwithstanding the members can vary greatly in thoughts, feeling, and behaviour (LeVine, 1984). LeVine notes that there is a confusion over where the consensus is located, like in kinship studies the debate is whether such consensus is in institutional domains or in psychological characteristics of individuals (LeVine, 1984, p. 68). Geertz, according to LeVine (1984), argues, however, that the consensus does not have a fixed locus in institutions or individuals but is variable in its societal and psychological organisation. Therefore, an ethnographic study is aimed to discover the particular symbolic forms in which shared meanings reside and which provide meaningful lives for members of a particular society.

It is this perspective that lead me, when I arrived for the first time at the Aqua head office, to pay attention into crafts, arts and other visual and theatrical representations displayed in the plaza of the head office (see this story in chapter 3). I wondered whether there might be in those displays some signification invested; later I knew there was.

My guessing at the significance of those displays, the anger of some key members within personnel departments shaped my further research action. To me, Willy's action – accepting my application – and Nengah's and Nur's reactions – their ire – could be cultural (see chapter 3). Embodied in those actions, there might be "an anthropological knowledge of the way natives think, feel, and perceive" the social life of their organisation (Geertz, 1993b, p. 123). Those kind of actions have their capacity to represent the cultural realities of the organisation. Thus, following

Geertz, the event (the personnel members' action) did not just happen, but it "has a meaning and happened because of that meaning" (Geertz, 1993a, p. 131). In other words, there may be a symbolic construction that Nengah and his colleagues presented to me, and it is my job to examine them.

For a behaviourist, Nengah's indignation could be because Willy had displayed a sort of dysfunctional behaviour as Willy disregarded the specialisation of task, or the hierarchy of authority. Thus, in terms of Weber's rationalised bureaucracy, Willy was irrational and not supportive of building up a rational organisation or bureaucracy.

The incident with the personnel departments' members, to me, was very helpful. As a researcher, I knew that I wanted to gain an anthropological knowledge of the way natives think, feel, and perceive their social life (in which accounting is implicated). However, like reading a text, the question was from which part of the text I should start; maybe be from the beginning, but was where it? My job was made easier by the incident which told me from where I could start. In the sense that from that starting point I should go further in order to "construct a reading of the rest of the 'manuscript'" (Geertz, 1993a, p. 10). There is a hint in Spradley (1980) that to save time in a field work, it is a good idea to start the work from something which is enigmatic. Therefore, I want to start my "reading" from the part of the text which tells about that incident.

I found that the anger of the members of the personnel departments was perhaps a reflection of their feeling that "the company" did not value their departments as they expected it.¹ I was given several illustrations by several members. As presented in chapter 3, Syahril provided the case of my research application being handled by Willy instead of by his department as an illustration that the personnel department was not valued enough. Nur, the head of this department, told me another story. Nur had developed what he called "the manual of the organisation system of the company

(Aqua)", comprising the organisational structure and job descriptions. "I submitted that proposed manual to the company's executive, but until now I get no response from them," said Nur. His expectation was that at least the company would invite him to discuss the proposal. "But if they do not need that, it does not matter, it is all up to them," Nur continued. Nur then tried to convince me that he was competent to develop such organisation systems by letting me know that he was a former head of personnel department in one of Pertamina branches, and had some experiences in this kind of job. Nur also showed to me a paper about job analysis written by him and submitted to Pertamina.

From Bambang, one of my best informants, I knew that Nur had worked hard to prepare the proposal; visiting all units and factories within Aqua, talking to all the departmental heads, and administering a survey questionnaire. However, Bambang was sceptical. "I talked to my self at that time", Bambang said, "that this man would quit from the company or stay silent, being a good boy." "Now", Bambang continued, "Nur chose not to quit."

Another illustration of how the personnel departments were valued was found in the story of what they call the "in-house training" program arranged by the personnel development department. Before this program was initiated, such training was contracted to a professional management consultant. By the reason that it was "too expensive and ineffective", the training then was taken over by the personnel development department. The instructions now were delivered by selected Aqua's managers. Therefore, the cost of such training could be reduced substantially. The personnel development members, however, felt that the company did not give them enough support. Syahril told me that initially the in-house training was asked to be run after working hours by the president director. "Only recently can we start the training at two o'clock just after lunch time," said Syahril. Moreover, according to Nur his proposal to provide a "teaching fee" for the instructors was rejected. When I told Nur that maybe for the company it was the responsibility of each managers, to

transfer their knowledge and experience to their people. "No ... no ...," Nur said, "if somebody does a job which is not in his/her job description, he/she should be entitled a particular fee for that."

Such feeling of getting-not-enough attention was also made apparent by Nengah (the personnel director) when he conducted an in-house training of "supervisory management". When he talked about how performance evaluation should be done in the company, he was stating that "I have talked so many times in executive meetings that those who are evaluating their subordinates must discuss their assessment with their subordinates, but they still do not care." In Aqua, such performance evaluation is under the responsibility of the personnel director. Thus, it is likely that Nengah was indicating that his job was not appreciated by other managers in the firm, even the top executives.

I was repeatedly told by my informants that Nengah was sometimes overridden by his superiors. When I was there the five gallon sales division of Wirabuana Intrent (WI) had a sales representative recruitment program. Actually, recruiting new employees is also the responsibility of Nengah. However, with the permission of Tirta, the five gallon division did it by itself. Andreas, the Vice President of WI, told me that "I am curious why so far we do not have applicants from good reputation universities like the Universities of Indonesia or Trisakti." He could not believe that a company as good and successful as WI could not attract those "good people" to join in. That is why he arranged by himself the recruitment process. Indeed, Andreas had Tirta's authorisation to do so, otherwise it was certain that Andreas would not override Nengah's authority. Probably it was not the only case. Still in that training class, Nengah spoke to all participants that: "When they want to recruit new employees they do let me know, but when they want to lay off ones they ask me to do so." In Indonesia, as in any country, recruiting people is much easier than laying them off. There are many things to do in order to comply with the Indonesian

government acts regarding laying off people, and dealing with the government agencies in such matters is not an easy task.

The foregoing stories bring something to the surface: that is, the cultural world that shapes the everyday life of the personnel departments as it is experienced by the members of the departments. The stories are the 'expression' of a cultural reality experienced by the members because the stories are objectification of a cultural life which the members are experiencing. An experience here refers to Bruner (1986a)'s contention that it includes not just sense data, cognition, but also feelings and expectations. This concept, according to Bruner, is not equivalent to the concept of behaviour. Experience is more personal, "as it refers to an active self, to a human being who not only engages in but shapes an action." Thus, the telling of experience tends to be self-referential (Bruner, 1986a, p.5).

A question then is how could I know the experience of those people? The answer is through interpreting their expressions, just like anthropologists when they want to try to understand the world as it is seen by the experiencing subjects (Geertz 1993a, b). In the story of getting access (see chapter 3), there is a reflection that the people who were involved in the interaction process of granting me access, interact within an unofficial social pattern. The disappointment of key persons in the personnel departments on the manner in which I could get access as well as the way the Australian MBA graduate could join the company is perhaps because the social process that is engaged in by at least the top management is not patterned by an official order as is expected by the personnel people.

On the other side, at the cultural level, there is a contrast between the top management and the key members of the personnel departments. The patterns of belief and values to which the personnel people are committed differ from those followed by the top management, at least, as far as the previous stories are concerned. The stories tell that the personnel people view the organisation as an integrated

structure of elements each of which has a function. The function of management, therefore, is to maintain the stability of such integrated elements. The personnel people value so much job specifications. It is in terms of these values and belief that the personnel people want the social interaction to take place. Nur said:

A good company should be managed in that way. I have done my job [designing an organisational structure and job descriptions], but if they disregard that, it is up to them.

Amongst the personnel people, there is a feeling that their department is undermined due to the fact that they are not "profit making". "We just spend, do not earn money", one informant said.

A similar situation is also experienced by the accounting department. The members of this department are the busiest people in the companies. I would say that their daily time in the companies is just for their work. They have no time even for just "standing-up" from their seats. When lunch time comes, they are the last people to come into the dining hall but the first to go back to work. However, being the busiest people does not make them happy, feeling that they are important people in the company. When I asked Bastian, the department manager, who read the accounting reports prepared by his department, Bastian said "I do not know, I just submit the reports to the Director of Finance [his direct superior] and *Pak* [Mr] Tirta." The same answer I also had from a member of the accounting department. This is ironic; they work very hard everyday, but they do not know who will use the results. For Bastian, the publication of the financial reports is to fulfil the legal requirements settled by BAPEPAM (*Badan Pengendalian Pasar Modal*, the Indonesia's Stock Exchange Market Authority), where the company is listed.

Bastian has never been invited to join any meeting dealing with financial related problems, even though all financial information of Aqua, including all the companies within the Aqua group, is in his hands. Bastian does not know exactly how the top management comes to a decision such as the establishment of a new manufacturing

company. "Sometimes *Pak* John Abdi asks for some financial information, but I do not know for what, I just give it," says Bastian. He said in one of my interviews with him: "The accounting [department] is not valued, is nothing important, it is not a profit centre."

The stories narrated previously are representation of some 'texts' within the entire social discourse in Aqua, thus the stories are the abstraction of the discourse. That abstraction, however, seems to produce other questions that need to be answered through further reading. Bruner argued that "once abstracted, the story serves as a mode for future discourse" (Bruner, 1986b., p. 146). The questions are: What may we understand from the social interaction that is revealed by the stories?; Does there exist a kind of cultural conflict or tension?, or is there any "counter culture"? These questions frame the following parts of this chapter.

Quality Culture

When searched for answers to the above questions, I felt that what I was looking for might be lying in the notion of *quality*. I became interested in this notion as I realised that it is the most cited word in the company; in "production meeting", "sales meeting", the advertising, the Aqua News, or even at the office rooms.

At Aqua, "quality" is not in any way counterposed to quantity, as we find in Hofstede (1984; 1991). If we follow this mechanistic way of thinking, we will fail to grasp the substance of meaning behind the notion. For Aqua members, quality is something while quantity is something else. Here, the notion of quality is not implanted, but socially constructed.

According to the cultural history of Aqua, narrated in the previous chapter, from the earlier time Slamet and Willy have committed themselves to produce 'clean' water, in the sense that, the products would not make people sick. This commitment then was strengthened by the customers. The launching of its first products noted the

birth of the bottled drinking water industry in Indonesia. Customers, at this time, could not believe that they had to buy plain water. Indonesians used to boil water to have safe-to-drink water. Therefore, it was hard for them to understand that unboiled water was safe enough to drink and that they had to buy such water. For most Indonesians, safe-to-drink water means uncontaminated or bacterial free water resulting from the process of boiling.

Influenced by such customer expectation, the company was starting to advertise that their products were bacterial free. Fortunately, the brand name of AQUA brought an image that the product was really free of bacteria. For Indonesians the word of aqua implies distilled water. In the high school physics text books the process of water distillation is called 'aqua distillation'. Such slogans as, "Aqua is pure water"; "Aqua is free of bacteria"; "Aqua is safe to drink", then were introduced in the advertisements. However, they were not yet a description, but a hope.

Thus, concern with quality was there already before Tirto took over the Presidential position. It was only with Tirto, however, that the notion of "quality" was made meaningful. He gave a vision to the notion of "quality," to him it was not just a matter of producing "sterile" water. Quality for Tirto was, and is, a concrete embodiment of ideas, serving as tangible formulation of the "model *of*" organisational reality and "model *for*" organisationing the reality (Geertz, 1993a). In another word, quality is culture.

Tirto started to invent meaning upon the notion of quality by imposing his own understanding of 'what is good water' and 'how to produce' it. Tirto said:

Producing good water looks easy work, but to achieve that we have been dealing with such problems as people, machines, technology, and customers. We have to teach 'our people' what good manufacturing conduct should be. We have to find good technology in order to produce good water. Then we have to teach our customers what good water is.

For Tirto, these sort of things are the problems of "how to build a system," that is, a system of organisation. What Tirto had done actually was to let others (the Aqua people) understand the organisational world as he did and to assign meaning to the world of those around them (i.e. "customers" and "competitors") (see Shockley-Zalabak, 1984, p. 2).

Although Tirto was the President Director, there were many stories of how Tirto spent his time coming on to the "ground" , just like "founder Jones" from the Jones Food Company (Schein, 1992, p. 213-218). In his sudden visits to plants, laboratories, or warehouses, Tirto's attention ranged from checking the cleanness of the workers nails up to checking the machines. For Tirto, doing such close supervision was "teaching"; to teach the workers how "good manufacturing practice" should be done. As a teacher, Tirto was considered as "a good teacher" by the insiders. It was known that he had never condemned the workers. For example, when he found a plant worker working with dirty nails – it was considered by Tirto as not good practice since the dirty nails may contaminate the products – he warned the direct superior of the worker. The cleanness of the surrounding areas of the plants was also part of Tirto's concern. In this way, production people would understand what was good water and how to produce that. Then, the head of the plant would know what he/she had to do. For example, before a production shift started, the head checked the cleanliness of the workers.

The goal to produce good water is not written in any official document, but it is alive in the acts and talk of Tirto. It is consistently and clearly repeated in each of his visits, or formal and informal company "meetings". For Tirto "meeting" brings another significance: meeting with the managers is actually a "teaching", while with the members of the board of directors it might be a process of persuading.

We can also observe the commitment to quality in the pattern of investments. A quality control unit was established in each plant, for which university graduated

biologists, chemists and physics have been recruited. Later, a central laboratory was developed in the head office. More than that a medical doctor was recruited as the expert staff in quality standards. A subsidiary company producing containers was established in 1992. Up to the present time, at least four million Australian dollars have been invested to update the production technology of the container manufacturing. Two high-technology machines for producing plastic containers were imported from Germany. The investment in these two machines was clearly on economic grounds to ensure the supply of containers. However, it was circulated amongst the company's members and also announced to the public that the investments were for improving the quality. With the new machines, the production process became what they call 'integrated'; the means of production of the containers and the bottling of water are in one place, so that the possibility for contamination would be minimised.

The story of the construction of the notion of quality so far reveals the process of organising in which a continuous process of social interaction is embodied. Actually, again, this process had been started before Tirto became actively involved in the company. However, as Tirto overtook the presidential position, the notion of "quality" was becoming a cultural pattern. Although the notion would not be found in any formal documents, except in the advertising, the notion of 'quality' was, and is, a guide for organisational activities, an image by which to grasp it, a standard by which to judge it. As a cultural pattern, that is a system of symbols, quality is model (Geertz, 1993a, pp. 92-93).

With quality in his mind, Tirto selected the Aqua's managers who will be invited into 'informal' meetings. Here, I am referring to the meeting which was arranged by Tirto at a time when Tirto was no longer the president director. As mentioned in the previous chapter, in 1989 Willy was appointed as the president director, with Tirto as the Chairman of the Board of Shareholders.² Officially, as the chairman of the board, Tirto has no direct access to the company's managers. However, when I was there,

there was such a meeting, which took place in one of Tirto's restaurants, and which was called by the insiders "a co-ordination meeting". Unfortunately I could not attend this interesting meeting. The only person from whom I might get permission to do so was Tirto, and I failed to ask for such permission. The meeting was attended by the senior managers and managers of WI and the managers of Bekasi's and Citeureup's factories, thus only "quality makers" were there. The case of Tirto's sudden visits, previously accounted, and that of Tirto's selection of who would be invited into the coordination meeting, provide an illustration of how Tirto made quality a model *of* the organisational reality. In the same way, to show how an engine works, engineers prepare a flowchart.

From the story of the social construction of quality, we can see that the enactment of the meaning system of quality can not be awarded only to Tirto. It is true that the position of Tirto as the owner lends him a special advantage in developing such value systems and codes of behaviour. Rather, the story suggests the system of meaning had been developed through the course of social interaction within the organisation (see Morgan, 1986). Ruth (a former quality control supervisor who was at the time of this fieldwork the expert staff for quality audit) told me that

at that time [the time she started working in the company] I was not given some sort of job description from which I might know what my responsibilities were. However, by what Tirto or Willy gave their attention to I then knew what I had to do.

The same thing was also told by Maruli, now the manager of Bekasi's factory. He recalled his experience when he was a production supervisor in the factory:

At that time there were no predesigned forms which could tell me what production data I must record. I designed such forms by my self based on what information I thought Tirto and Willy might need in order to assess how the production was going on.

Here, quality was a model from which the Aqua members could organise their task-related activities. Thus, quality is a "model *for*"³. Therefore, quality is both a model

of what to do, and a model *for* the doing of it (Geertz, 1993a, p. 114). In Aqua, we can see that quality as a cultural pattern has an intrinsic double aspect: it gives meaning to the organisational reality both by shaping itself to the reality and by shaping the reality to itself (see Geertz, 1993a, p. 93).

The stories of the construction of the quality's culture also carry a message that at the centre of the construction of Aqua's culture is Tirto. He is a governing elite, who externalises his own ideals of how the Aqua people should govern the organising process into the social world of the company (see Berger & Luckmann, 1966). How could Tirto's subjectivity become meaningful to the people? Tirto is the owner, and all the Aqua people know about that. It is understandable that the vision of the owner will greatly influence the life of the company. However, the tremendous growth of the company during the presidency of Tirto gives rise to the people's respect for him. Tirto also continuously dramatises his success as a Pertamina's executive through telling the story of his meaningful experiences. By storytelling, Tirto is not only successful in bringing in moral messages on what the company believes in and needs to be done, but also successful in constructing the Aqua's people trust of him.⁴

Indeed, not all 'teaching' coming from Tirto is true in itself. Whether a teaching would be followed by others is actually a matter of 'field testing.' As Willy said that "since Tirto is the owner we just follow him, but if we find his teaching is not feasible we will adjust that."

So far, we have seen how the meaning system of quality has been constructed and reconstructed. The issue of how a cultural reality is constructed and how such a construction shapes organisational action are of fundamental interest in the studies of organisational cultures (eg., Alvesson & Berg, 1992; Schein, 1992; Ott, 1989). The culture of an organisation, as well as cultures of other communities or societies, is not an overnight product. Deal and Kennedy (1988) noted that the cultures of all world-well known companies, like Procter & Gamble (P&G), and Du Pont, are historically

constructed and transmitted. In such companies, Deal and Kennedy noticed that their existing corporate values could be traced back to the earliest days of those companies. P&G's first and most basic value of "do what is right", which has lived to this day, and which is being passed on to every head of P&G, was invented by William Cooper Procter. This value (which is "always try to do what's right; if you do that, nobody can really find fault") has allowed the company to sustain its enviable track record so long and so consistently through good economic times and bad (Deal & Kennedy, 1988, pp. 26-27). In the case of Aqua, as the story tells, the idea that the water they (Aqua people) want to produce should be quality water was actually initiated by Willy and Slamet. However, systematic actions which have been persuaded in order to transform such an idea into a symbolic system of meaning was instituted by Tirto. Through Tirto "quality" then has become an interpretive scheme

Customer Satisfaction Culture

During my stay in WI⁵, I was convinced that in its five gallon sales division the notions that dominates the everyday discourse amongst that people have been "targets" and "customer satisfaction." I still remember that when I arrived for the first time at the company's headquarters (as the story told in chapter 3) I was attracted by an attractive twenty-metre-length glass room on the first floor. Behind the dark glass there will be ten officers busy with their telephones. At this first visit, such questions as "what room is that?" and "why should that room be there?" arose in my mind.⁶

I became more curious as I knew that the room is just behind Tirto's office. Later I found that the room was the prominent artefact of what I would like to call "customer satisfaction" culture. The room belonged to the Department of Customer Relation (popularly known as CRL) of WI. All people in the head office know that the room existed there because Tirto wanted that. Actually, it was not only the

position of the room that was due to Tirto, but also the establishment of the department was his initiative. The main function of this department is for handling all enquiries from customers including complaints. Perhaps, it is a common feature that a manufacturing company has such a customer relation department. But, in Aqua this department has its own meaning. This busy room is really a cultural artefact. Tirto told me that

Look I put the customer relation people there in order to be close to me, so I could easily come in and ask them: "What is going on?" or "Is there any problem?." They are my hands, my mouth, their promises are actually mine. That is why I tell Margaret [the head of the department]: "You Margaret, your promise to our customers is mine, so you must keep it. I do not want any reason as an excuse for not keeping such promises."

As CRL people are the "hands and mouth" of Tirto, they gain a specific position. Although they have no direct functional relationship with the head of the distribution division of WI, they, Tirto told me, can force the head to do something in the name of the customer satisfaction. In WI, there is a vocabulary of "emergency service" which refers to a service responding to a complain from a customer coming in through the CRL room. This kind of service must be accomplished as soon as possible. For that, Tirto instructed the CRL members that "if James [the head of the distribution division] makes the excuse that there is 'no vehicle is available', just use my car which is ready at any time ."

Like the interpretive scheme of "quality," it is Tirto who invent the signification into the notion of 'customer services'. For the insiders (of both of WI and Aqua), the success of the marketing of Aqua's products is credited to Tirto. Tirto has been President Director of WI since its establishment. The insiders consider Tirto as "a salesman with a great success", "a person with full of idea", "nice and fatherly person". For Tirto, "providing quality service" is not a sort of goal that the WI has to reach, but it is the company itself. In the sense that it is the symbolic representation of the WI. The outsiders at WI will find such notions as "we do not

sell water, but services" and "AQUA is A QUALity". Thus, in Aqua, there is a symbolic expression that appears in the daily discursive talk which constitutes a pattern of meaning: selling AQUA means selling A QUALity service. We can see that what was considered before as the brand name of a range of the products (AQUA) now acts as a symbol or a system of meaning since it has been invented by a particular significance (see eg. Geertz, 1993a,b; Morgan, Frost & Pondy, 1983).

Although the process of meaning making is initiated by Tirto, it is an interactive process. The interactive process is called by Tirto as, again, "teaching". To a request in an interview of how such a process was done, Tirto's answer was

In one word it is be "patient". In Indonesia especially "be patient" is very important. But, one thing that is important that you have to start "with a clear picture of what you are going to do". It should be clear for your associates so they could share the "same visions", "same dreams", "same problems". I started with a very clear picture of what we are looking for. We do not look immediately for "good name", "volume", "trust from people". But what we are going to do is "let us produce a good quality water". This is "a very clear cut". So, we start with the core of the problem, it is, to produce "good quality water" for all people from anywhere they may come. And then, of course, we would immediately face the problem of how to realise that. (The words under the citation marks are original of Tirto's words)

In the case of Aqua, unlike what Deal and Kennedy (1988) and Ott (1989) observed, the stories brought in by Tirto have not necessarily originated from within the company. However, they are mostly about Tirto's experiences in Pertamina or his other firms (several restaurants over Jakarta). Here, I would like to narrate a few of the stories which are very popular amongst Aqua people.

At the time of Indonesia facing a so called "oil boom", many representatives of overseas oil companies came to Pertamina to buy oil. Since it was "oil boom", sometimes Pertamina was out of stock. To the customers who were unlucky and could not take oil home, Tirto never talked just straightway "sorry we do not have oil now". But, he invited them for a cup of coffee, he entertained them, and then talked carefully "I am very regretful

we could not help you now". With this kind of treatment, although they failed to bring oil they had a nice story to take home. According to Tirto, we should not forget that those representatives came to Indonesia because their bosses asked them to do so. So, when they had something to 'bring' for their bosses, they would be happy. Later on Tirto realised that the benefits of what he had done to them. It was at the time Indonesia had excess supply, we had oil, but a lack of customers. Then Tirto went to visit those colleagues and then told them that "I have oil, would you like to buy?", and then they did.

The following story was told to me directly by Tirto, and later I recognised that the story was circulated already among the insiders.

When I attended a party, I came across one of the directors of Indonesian Mercedes. I used the time to tell him that I was looking for a spare part for my car that unfortunately I could not find. Then, just a day after, I received a phone call from a lady asking about the specific detail of the spare parts I needed. In the afternoon of the same day, a deliverer brought the part in to me. "Look how the company cares and values its customers". The lady told me that they need their customers to keep staying with them. This is a really a good story to be learned.

Andreas, the Vice President of Wirabuana Intrent (WI) told me another story of Tirto's experience, which he (Andreas) also circulated among the WI members.

Once upon a night, a family dined in his restaurant. When a waitress came to bring meals, the person said that "it is not the one I was ordering". As Tirto noticed that problem, he asked the chef to take the meal back and change it to the one the guest wanted, even though Tirto knew that the meal was the one that the family did order.

"Look, this is really a good teaching of how we have to value our customers," Andreas counted the moral of the story.

Besides by storytelling, like the case of the construction of "quality" system of meaning, 'on the spot action' is another way for Tirto to teach the WI people. I was told by Tirto this story:

One night, I found a department store had run out of 5 gallon AQUA since this store was not supplied with as much as it had ordered. Immediately, I phoned Andreas asking him to find out what was going on. A day later, before lunch break, Andreas came to see me with the full story.

In the organisational culture literature, there is no doubt that storytelling contributes to constructing new reality (eg. Deal & Kennedy, 1988; Schein, 1992; Ott, 1989), because the stories bring messages of important organisational beliefs, and values (Martin & Shiel, 1983). Stories are argued not to simply carry culture but also to create culture (Weick & Browning, 1986; Bate, 1994). Like in Aqua, the telling of the stories about Tirto's experiences, whether talked about Tirto or others, has been considered as 'penetrating' by his executives; why? Because the stories are of the person who is known by the audiences as one of successful executives of Pertamina. Every Indonesian knows that Pertamina is a prestigious company. However, the most important legitimacy for Tirto, as previously mentioned, is the tremendous increase in Aqua's sales volume.

The metaphor of 'teaching' used by Tirto in the invention of significance into the notions of quality and customer service brings the objective facts of the [expected] situation to the minds of participants in the process of making meaning (Pondy, 1983). The notion of teaching brings an image of the mutual relationship between teachers and the students. However, for Indonesians the process of this relationship is less 'liberal' than for Westerners. In Indonesia, Indonesians call their teachers 'guru.' According to the *Oxford Advanced Learner's Dictionary of Current English*, the word is used to refer Hindu spiritual teachers. So, a guru is not only a 'source of knowledge' from whom a student could gain knowledge of something, but also a source of morale from whom a student could gain knowledge for behaving. Understanding the notion of guru like this has been rooted in everyday live of Indonesians. For Indonesians respect to a teacher is just after respect to our (I am an Indonesian) own parents. That is why Indonesians call their teachers *Bapak Guru* or *Ibu Guru* (*Bapak* is father, while *Ibu* is mother).

For Aqua people, as I said above, Tirto is a guru. The process of making meaning itself is also the process of 'making' a guru. The following quotation which comes from an executive who was in the company for ten years portrays a common respect to Tirto.

We consider *Bapak* Tirto as "our chairman", more than that as our father. To his executives Tirto said "we have to grow but do not forget our people." So, a *Bapak* would be never forgetting his children.

I am also told by an informant, an accounting officer of WI, a story which reflects that the process of making meaning which is embodied in the notion of 'company' is also the process of making *Bapak*. The story is as follows;

Once upon a time, the collection department people went somewhere for a picnic at the expenses of the company. Surprisingly, *Bapak* Tirto and his wife turned up. To spend our time, some of us told stories of our own experiences [of everyday works], and we also asked *Bapak* Tirto to tell us of his experiences. Then, *Bapak* Tirto said that "There are many friends of mine that ask me how our company could grow this fast. I said to them I do not have as much money as they have, I do not have technology as high as they have. But I have something that they do not have. That is my people who work very hard in growing up the company." I was really surprised by his talk. Look how he provided moral supports to his people, he valued them as 'very important persons.' I think he is really a *Bapak*, and we have to support a person like him.

Since Tirto is a guru, the social interaction between him and his people is predominantly influenced by Tirto. Tirto's teaching is considered as good until there is an evidence that it is not good.

The previous stories of how the process of the making of the organisation (Aqua) reveals that the process itself gains all of its significance predominantly from Tirto's experiences. If we follow the organisational culture literature, we would say that Tirto is a "hero" (eg. Ott, 1989, Dean & Kennedy, 1988; Hofstede, 1990;1993). However, in the case of Aqua Tirto is perhaps more than a hero. According to those

authors, hero could be more than one in a company. However, in Aqua, there is perhaps a few heroes but only one *Bapak* or *Guru*.

Competing with Competitors

The company's values and beliefs in quality and customer satisfaction are also "sources of information" for dealing with the company's external environments, such as competitors and market uncertainties. As sources of information they "provide a blue print or template in terms of which processes external to themselves can be given a definite form" (Geertz, 1993a, p. 92). The entry of competitors and their price dumping policies are seen and anticipated in the frame of quality and customer services.

As I said somewhere before, the success of Aqua attracted other investors to enter into the bottling water industry. In 1983, there were 6 companies, while in 1992 at least 65 companies were in the industry. However, for Tirto the competitors are not parties that have to be "killed", but that which we need. In an interview with Willy, he explained that "competitors enables us to control ourselves". According to Tirto and Willy, even though AQUA is the most expensive product in the retail market, they believe that the company does not need to compete in terms of the price. For Aqua, reducing the price means destroying the image that AQUA is A QUALITY. "To maintain our product as the best in quality indeed we need a lot of investment" Tirto provided the reason for such higher price. In WI, amongst the sales people, there is a vocabulary of "Mercedes" which means that AQUA just like Mercedes which is high in price but also high in quality. It is true that the products and the services of Aqua are the best in quality in industry. In the Appendices you may find some comments from outsiders on Aqua's products and services.

In an opening speech at the annual meeting of the quality control members, Willy brought in his view that the bottling water industry is "easy to be shaken".

If there is a producer which intentionally or unintentionally produces 'bad products', all companies in the industry will lose the customers' trust. Therefore, we are glad to teach our competitors how to have a good manufacturing process, because it is also a part of our ways to look after ourselves.

Teaching the customers in Aqua is realised through a policy called "open plant." All factories under the Aqua group are open to the public including the competitors for inspection. All visitors are free to have a look at the production process. The visitors may also visit the water sources, that is spring water sources in a mountain nearby Sukabumi, West Java around 90 km outside Jakarta. Through this program, it is desired that a plant visit will be self-evidence of the quality of AQUA (some comments from visitors may be found in the Appendices). In 1993, Aqua was the host for the International Bottled Water Association (IBWA) Far East Chapter which was attended by all of its members including Indonesian producers. One part of the conference program was a plant tour in which all attendees were guided on a visit to the Citeureup factory. In such a visit, the visitors could see clearly all the process of bottling water in Aqua.

Notwithstanding the belief of "not to involve in price competition", being the highest in price for the sales representatives of the five gallon division of WI is disadvantageous. During my observation in the five gallon division I was impressed that almost everyday there was a complaint from the sales representatives that they failed to "close an order," the native's term which refers to the agreement of a potential customer to buy the product at the subscription basis, because the customer asked for a lower price. However, they could not meet the competitor's price, since they were not allowed to do so. They had to adhere strictly to the recommended price.

Actually the issue of "price competition" was also a 'hot' topic amongst the sales managers within the five gallon division. For them, if the company reduces the price, their job will be a bit easier. However, they know that it is impossible. I was told

that there were several "big customers"⁷ which were quitting from the company and shifting to another brand. The sales managers have to work hard to maintain such customers. Several marketing programs have been targeted to keep them staying with the company. Once a month, the 5 gallon sales division offers the program of, so called, "meet the customers" (*temu pelanggan*), in which selected customers, normally 40 customers, are invited for lunch in one of Tirto's restaurants. In this program, there is a presentation made by one of the sales manager about why AQUA is different to other brand names. The production process of AQUA is presented through slides, photograph, and video clips.

All the sales representatives have to be masters in, so called, "product knowledge", it is, the knowledge of the production process. WI has a training package called "product knowledge training". Initially this training is designed for the sales people, but later it is also for all of the employees. It is expected that each of them has to be able to convincingly explain how AQUA is produced. In a monthly meeting of the sales people, two or three sales representatives are asked to demonstrate their mastery on the product knowledge. This examination is a part of performance evaluation, on which a promotion is partly based.

Recently, Aqua launched a program called AQUA CARE (*AQUA PEDULI*). Under this program, the company encourages the customers not to simply throw away 500 ml and 1500 ml unused AQUA containers, but to return them to appointed collection depots in exchange for a certain amount of money. Currently this program is only for Jakarta, to be extended in the near future to other cities in Indonesia. Although this recycling program requires a considerable amount of investment, Aqua wants to show its care for the environment. In this, Aqua is the first, and so far the only, in the industry.

Thus, instead of bringing itself to the 'price war', Aqua continues to build its product and corporate images through improving quality and services. However,

from several sales representatives I knew that sometime customers look at the price instead of quality. "What is the differences between AQUA and other products, they are all plain water, so they are no different" was a typical comment from such customers.

How Others?

The previous stories reveal that the symbolic forms of quality and customer service are strongly shared by the production and sales people. The system of meanings provide an "intelligible context," background in terms of which their action make sense, so that their social action renders meaningfully. However, it is not the case for other people in other groups, i.e. accounting, personnel. Feeling like "they do not value our units", "we are not important as we are not making money", or the claim that "I do not know who reads the financial reports" are there. For these latter people, their actions are meaningless, or in other words, their organisational actions do not have "context" for which their action would be meaningful, or which might give meaning to them.

From the stories of the emergence of Aqua in the previous chapter and of the social construction of quality and customer service symbolic systems of meanings in this chapter, we learn that the construction process of the culture of Aqua is also the construction process of the organisation; the culture(*ing*) is the organisation (*ing*).⁸ The story of the weaving process of Aqua (in chapter 4) shows that from the beginning of the weaving process is a process of dialogue between the weft, that is, individuals motivation (ie. to present safe-to-drink water to the community) and the warp, that is, individuals competence (i.e. Slamet in marketing, Willy in production technology). This weaving process produces not only Aqua, but also the quality's and customer service's symbolic system of meanings. Then, as the company grows the belief that being the best in quality and services becomes "an ethos and world view". Since these values are demanded from and invented initially in production and

sales occupation, after long time process they are rooted in these groups; they are models *of* and model *for* their organisational daily action. The growing numbers of domestic competitors, the competition in international markets strengthen the values and beliefs, and in turn these "cultural apparatus" strengthen the "logico-meaningful integration" within production and sales groups. Logico-meaningful integration is "characteristic of culture" which is meant to be "the sort of integration one finds in a Bach fugue, in Catholic dogma, or in the general theory of relativity; it is a unity of style, of logical implication, of meaning and value" (Geertz, 1993a, p. 145). The strengthening of this integration for production and sales people is simultaneously also the strengthening of the pattern of their social interaction, or their social systems. Although these two types of integration are not identical (because the particular form one of them takes does not directly imply the form the other will take), in the production and sales groups, there is an inherent congruity between them. Socially, factories and sales units are structured based on their function; production manager, personnel manager, quality control manager, sales manager, sales supervisor, customer relation manager, distribution manager. All the units are purposive in terms of how to produce good products and how to make customers happy with the products. Therefore, for them the pattern of symbols of quality and services make sense of their daily organisational life; for them the cultures provide context which fit into their organisational social life. In other words, the kind of social integration demonstrates that the pattern of symbols, for production and sales units, is congruent with the patterns of integration in their social units. Culturally and socially they are patterned by customer oriented purposes.

However, for other units the quality and services patterns of symbols do not provide context within which their social action could make sense. While the symbols are historically constructed on the basis of customer orientation, such units as personnel and accounting departments are historically constructed on the basis of internal services, or to borrow the native words, "we are secondary groups," "we do

not rise money, but eat money". Therefore, in these other units the kind of integration demonstrated by the cultural pattern is not congruent with the pattern of social integration. At the cultural level – level of meaning – there is an assumption that all groups are culturally homogeneous, lead by the spirit of "commitment to the customers". In fact, at the social level, accounting and personnel people provide services not to customers, but to other units within the company.

The feeling of being "the second class citizen" may be traced to a single source: an incongruity between the cultural framework of meaning and the patterning of social integration experienced by the accounting and personnel people. The incongruity is likely due to the persistent inventing of the quality and service symbol systems into the internal supporting groups.

Concluding Remarks

In this chapter, I have represented the culture of Aqua. The social construction of the "quality" and "customer satisfaction" patterns of meanings has been analysed. It has been also demonstrated how these systems of symbols become extrinsic sources of information for the production and sales people, in terms of which the organisational life has been patterned. Patterned by the systems of meanings signified in the notion of quality, the sales people have been forced to be creative in finding out how to convince customers that they have to pay more for more quality products. All their actions are directed to this purpose then are crystallised in the symbolic notion of "customer satisfaction". This notion is a tangible formulation of both a 'hope' also a 'being'. Tirto said that: "If only three out of a hundred customers complain about our services I can understand that."

In Aqua, a system of meaning embodied in the symbols of quality and customer satisfaction is also a tangible formulation of "a world view". The price competition in the market is viewed in accordance with the beliefs in quality and customer

satisfaction. Competitors are not seen as "competitors", but as a tool for control; "we need such competitors, because by their existence we will know how ours is." The intention of the competitors to lower their price is not seen as an offence that has to be countered. It is also not seen as a clue that the competitors might be more efficient. However, it is seen as a self justification that their products and their services are low in quality. So, in the situation of price war, Aqua "keeps the system going on".

Shaped by this world view, it is a sin for the sales people to blame the selling price for not reaching the sales target. So, that is why, as previously discussed, in Aqua the notion of 'quality' is not the opposite of 'quantity'; quality is something while quantity is something else. For the production people too, there will be no excuse for not reaching the standard of quality set up by the quality control people. Here culture functions as "a set of control mechanisms" (Geertz, 1993a, pp. 44-48).

The stories narrated in this chapter imply that the culture of customer satisfaction is a derivative of the quality culture. The system of meaning which is invented by the production people within the symbol of quality is "translated" by the sales people into the context of their organisational life. Therefore, although Aqua and WI are two separate economic and social entities, but they share the same (organisational) world.

Notes:

1. The notion of the company is in parentheses because only later on did I recognise that in such contexts when they talked about the company they actually refer to Tirta or sometimes to Willy. It is typical of Indonesians not to mention the names of persons whom are being talked about. The speaking persons will leave their speaking partners to infer by themselves who is being spoken about.
2. I think it is Indonesian specific. The Board of the Shareholders consists of usually three or four representatives of the main shareholders of a company. The chairman of the board is usually the person who is the major investor in the company. In the case of Aqua, Tirta Utomo is the major shareholders, while twenty three per cents of shares are owned by public. In the main, the role of this institution, the Board, is to "control" the directors or the executives of the company. This institution is outside the structure of the organisation.
3. In the organisational culture literature it is widely acknowledged that culture guides individuals in making judgements and acting (see e.g. Schwartz and Davis, 1981; Dandridge, 1983).
4. In this case, Tirta perhaps could be associated as being "a charismatic leader". In the organisational literature this charismatic leadership is a big topic (see e.g. Hopel, 1992; Waterman, 1987). Avolio and Bass, 1988; Boal and Bryson, 1988; House, 1987; Pfeffer, 1981; Pondy, 1978, are examples of those with an interest in the relationship between charismatic leadership and organisational culture. In his book of *Organisational Culture and Leadership*, Schein (1992) explores some understanding on the relationship between leadership and organisational culture.
5. As has been mentioned, the actual researched organisation is Aqua (PT Aqua Golden Mississippi. However, I also extended my fieldwork into WI (PT Wirabuana Intrent), the marketing company in Aqua Group.
6. The room is positioned such that it blocks one of the two paths which connect the north and south side of the headquarters. In other words, the room is not part of the original design of the headquarters.
7. The customers consuming more than 100 gallon per month are considered as big customers.
8. See chapter 2 for the discussion of an organisation is a culture.

CHAPTER SIX

AN ETHNOGRAPHY OF MANAGEMENT ACCOUNTING PRACTICES IN AQUA — PART I: A SEARCHING FOR ITS LARGER CONTEXTS

..... it is necessary, I think, to notice the characteristic intellectual movement, the inward conceptual rhythm, in each of these analyses, and indeed in all similar analyses, including those of Malinowski – namely, a continuous dialectical tacking between the most local of local detail and the most global of global structure in such a way as to bring them into simultaneous view.

(Geertz, 1993b, p. 69)

Introduction

It is within the whole structure of meaning invested in an organisation, that management accounting practices will get their significance. Such investing is thus always a local matter (Geertz, 1993b); what management accounting is in the New Mills Woollen Manufactory or the New Lanark Cotton Factory (Walsh and Stewart, 1993), what it is in Josiah Wedgwood or *M* (Hopwood, 1987), is just not the same thing, no matter how universal the intrinsic qualities that actualise its cultural power.

Management accounting is local, but "an inscription of its social discourse"; the work of an ethnographer, according to Geertz (1993a, p. 19), requires reference to its larger social context (Geertz, 1993b; Rabinow and Sullivan, 1979). When Clifford Geertz describes the Balinese cockfight, he

shows that cultural understanding by no means entails any form of speak intuition or mysterious powers of empathy. He outlines and then demonstrates how cultural understanding starts with a picture of a whole, *which leads the investigator to look for symbolic forms* through which and in which the conceptions of the person, the social order, and the cosmology are articulated and displayed (Rabinow & Sullivan, 1979, p. 19, emphasis added).

The foregoing perspective informs me that in writing down the ethnography of management accounting practices in Aqua I need references to the cultural world of management accounting as it is commonly practised in Indonesia. This is the concern of this chapter. In order to gain such reference, I want to look at the accounting curriculum in higher education in Indonesia, the Indonesian economy, and some Indonesian cultural aspects.

The Accounting Curriculum in Indonesian Universities

Accounting which is taught in Indonesian Universities and then brought to the practical world by their graduates is modern western accounting. Indonesians do not have, what I may call, 'Indonesian accounting'. It is not to say that Indonesians do not have economic calculative tradition. As a process of investing financial significance into numbers resulted from a calculative process in trading or merchants, accounting in Indonesia may be traced back to the fourth century as early as Hindu traders played dominant roles in business (Sukoharsono, 1995). However, in terms of modern double entry book-keeping (DEB), or scientific book-keeping (Robertson, 1933), historical evidence would say that it was traders from the Netherlands who in 1602 assembled in a single company, so called, *Verenigde Oostindische Compagnie* (VOC) or the Dutch East Indies Company, who introduced accounting to Indonesians (see for example Abdoelkadir, 1982, and Glamann, 1958).

During the Dutch colonialism, the development of accounting in Indonesia has been exercised in the same package as the development of the Dutch's colonialising power. In 1689, there appeared in the account of "Balance Netherlands" an item of assets comprising buildings, warehouses, etceteras, which was not in its 1625 account (Glamann, 1958, pp. 246-7). The Netherlands sent to Indonesia its accountants, one in 1896 to be acting as an international accountant in the VOC, and in 1907 a government accountant arrived in Indonesia with a duty to open the State Audit

Agency. There is also historical evidence that the first public accounting office in Indonesia was opened by the Dutch (Abdoelkadir, 1982).

The transfer of accounting technical knowledge from the Dutch to Indonesians was undertaken not only through trading practices but also through the educational system. After the First World War, bookkeeping subjects were first taught in Indonesian high schools. Besides, Dutch officers who worked for the Tax Office, the Audit Office used their after hours time to running private tutoring of book-keeping (Briston *et al.*, 1990). In 1925, the Union of Trade (*Bond Van Vereniging Voor Handel Onderwijs*) conducted bookkeeping training offering subjects classified as Bond A and Bond B, equivalent to basic and intermediate accounting. The Union conducted a uniform examination and issued its own certificate (Abdoelkadir, 1982).

In 1952, the University of Indonesia in Jakarta became the first Indonesian tertiary education institution offering accounting course, and in 1957 the first group of four Indonesian accountants was produced (Briston *et al.*, 1990). Later, other state universities outside Jakarta, Bandung in 1961, Medan in 1962, Surabaya in 1962, Yogyakarta in 1964, and then University of Sriwijaya in Palembang, also started to offer accounting courses.

Up to 1961, the tertiary accounting education curriculum had been dominated by the Dutch system. The translated Dutch accounting textbooks were used. According to Yunus (1992), the Accountants Act No. 34/54¹, which is still current and which regulates the accounting profession in Indonesia, was greatly influenced by the Dutch system.

In the early years of independence, Indonesian independence day, which was on 17 Augusts 1945, laws were enacted by the Indonesian government to nationalise all Dutch companies, and almost all Dutch expertise fled including accountants. Then, Indonesian universities started looking to American accounting. The University of Indonesia between 1955-1963 had run a university development program under

assistance from the University of California (Berkeley). The same program had been run also by the University of Gadjah Mada, Yogyakarta but with the University of Wisconsin. During that time the California and Wisconsin Universities had sent their professors, including those in accounting, to those two Indonesian universities. Accordingly the two universities started to replace Dutch accounting textbooks with American ones. In 1975, it was decided that all universities offering accounting courses should follow a uniformed curricula which was predominantly influenced by the American accounting education system (Yunus, 1992).

The influence of American accounting has been also accomplished directly through business practices. Since the beginning of the era of New Order government, 1966, the Indonesian government has implemented an *open economy policy*, upon which foreign investors in the growing numbers have established their businesses in Indonesia. The most important investors in the early time were American companies (Booth & McCawley, 1981; Palmer, 1978). The foreign investors brought not only their funds, but also their accounting experts. The open economy policy certainly resulted in the dramatic growth of the private sector. Meanwhile there was no standard for financial reporting. As such, the Indonesian Accountants Association² (*Ikatan Akuntansi Indonesia [IAI]*), in 1973, published for the first time, so called, *Prinsip Akuntansi Indonesia (PAI: Indonesian Accounting Standards)*. However, it was widely claimed that this package of standards was just a condensed translation of Paul Grady's *Inventory of Generally Accepted Accounting Principles*. The influence of American accounting standards on the PAI continues as we can see such influence in the latest edition of PAI.

As previously mentioned, the American accounting education system started to influence the Indonesian in the mid 1970s. In the meantime, the Indonesian accounting education system, especially in the tertiary education, has completely been affected by the American accounting education system (Briston et al., 1990, p. 156). Indeed, there was a transition period along which time there had been a dualism in the

Indonesian accounting education (see Briston et al., 1990, pp. 161-164). However, accounting practices in almost all small businesses and government offices still follow the Dutch style. The law affecting government accounting is still based on the 1864 Dutch accountability legislation with few amendments. With financial assistance from the World Bank, a firm of public accountants was commissioned in 1984 to revamp the whole system of the government accounting (Briston, 1990, p. 207). The final recommendation called for the adoption of practices similar to the US Government Accounting Office. However, the system is unlikely to be working or feasible to implement as the pilot project of its application in two ministerial offices failed. Briston (1990) claims that the failure might be due to political, economic and social differences between the two countries.

To comply with the national education policy, the Indonesian accounting curriculum in the tertiary institutions has been uniformed since 1975 (Yunus, 1992). The main objective of the uniformity is to ensure that accountants produced are of the same standard throughout the country. Currently, in Indonesia there are two types of education programs in accounting tertiary education, namely the degree and the non-degree programs. The degree program is divided into three levels of education: *Sarjana* or Bachelor, *Sarjana Utama* or Master, and *Doktor* or Doctor. The non-degree program is divided into several levels: D I (one-year course), D II (two-year course), D III (three-year course), D IV (four-course) which is equivalent to bachelor, Sp1 equivalent to Master, Sp3 equivalent to doctorate (Briston et al., 1990, p. 163). In depth reviews of the accounting curriculum of the tertiary education institution (see Briston et al., 1990; Briston, 1990; Yunus, 1992) suggest that the curriculum is, again, biased toward the US system which heavily emphasises financial accounting and auditing. Although Table 6.1 shows the curriculum of *Sarjana* and *Sarjana Utama* at Gadjah Mada University as of 1986, it is still typical now. The stress on financial accounting and auditing is apparent at both the levels of bachelor (*sarjana*) and master (*sarjana utama*).

Table 6.1: The Curriculum of *Sarjana* (Bachelor) and *Sarjana Utama* (Master) in Accounting at the University of Gadjah Mada as of 1986

	<i>Sarjana</i> (Credit Hours)	<i>Sarjana Utama*</i> (Credit Hours)
<u>General Education Subjects</u>		
Language	0	0
Behavioural Science	3	3
Economics	9	9
Elementary Accounting	6	6
Introduction to Computers	0	3
Math and Statistics	13	13
Humanity, Science, and Art	6	6
State Philosophy & Religion	8	8
	<hr/> 45 (29.6%)	<hr/> 48 (24.7%)
<u>Business Subjects</u>		
Economics	23	26
Legal Environment	0	0
Business Law	3	3
Marketing	0	0
Finance	6	6
Organisation Theory	0	6
Quantitative Analysis	0	0
Written Communication	0	0
Research Methodology	3	6
	<hr/> 35 (23.0%)	<hr/> 47 (24.2%)
<u>Accounting Subjects</u>		
Financial Accounting	24	27
Managerial/Cost Accounting	12	15
Auditing	12	15
Thesis	6	15
Taxes	6	6
Computer	6	9
Electives	6	12
	<hr/> 72 (47.4%)	<hr/> 99 (51.1%)
Total Credit Hours	152	194

*Of 39 publics and private universities offering accounting courses in Indonesia, there is only the University of Gadjah Mada providing the program of *Sarjana Utama* (Master) in accounting. There is no structure of curriculum for a doctorate program.

Source: Briston et. al., 1990, pp. 168-169

Moreover, unlike the United States, the Indonesian capital market is still developing and small in size. Therefore, the capital market plays a very insignificant role in corporate reporting, whereas in most western countries, the development of corporate reporting usually rides on the back of the capital market (Briston, 1990). Most of the listed companies are foreign joint ventures with their own accounting manuals, including management accounting systems, brought in from their headquarters. Shaped by this situation, the relevance of such a curriculum is doubtful.

Indonesian Economy

When Tirta wanted to establish the new business, that is, in the early 1970s, the Indonesian economic system was in the transition between the so-called "Old Order" under the regime of Sukarno to the "New Order" of Suharto. While under the old order the economy was heavily state interventionist, under the new order, it was liberalised. This change led to the change of business climate. As its industrialisation policy was directed toward an "open economy policy", the Indonesian government issued the Foreign Investment Act in January 1967 as well as the Domestic Investment Act in November 1968. These acts provided a remarkable package of fiscal and tariff incentives aimed at improving the profitability of private investments. They have been argued as a prime device in encouraging private investments, which successfully remedied the economic disaster left by Sukarno (Hill, 1992). At the end of the old order, Indonesia was perhaps the least industrialised of the world's large developing countries. Economic stagnation and political turbulence had disrupted business for almost a decade, resulting in very limited industrial investment apart from a few show cases (and generally incomplete) public projects (Hill, 1992). There were persistent deficits in the government budgets, domestic inflation at an exponential rate, and a growing balance-of-payments problem left by the old regime (Donges, Stecher & Wolter, 1980; Ricklefs, 1993).

The incoming of foreign investors was not without opposition. The opposition was driven by the ideology of nationalism. However, in the Foreign Investment Act, the Parliament stated its faith that the Indonesian economy should be developed by Indonesians but that development was to be accelerated by foreign investment which should be channelled into projects which national capital could not undertake for reasons of lack of capital and expertise. This statement provided an underlying assumption of such a law, which was necessary in order to wipe out the opposing view to foreign investment. Moreover, the Law restricted the foreign investments to just 30 years (although this could be reassessed). The law also stipulated that foreign managerial and technical personnel could only be used where qualified Indonesians were not yet available. Profits could be remitted but transfers in the form of capital repatriation were not permitted (Palmer, 1978, p. 101).

Not long after the approval of the Foreign Investment Act, in April 1967, the first major contract was signed with (U.S.A) Freeport Sulphur Inc. to explore and exploit copper reserves in Irian Jaya, with an investment of \$75 million (Palmer 1978). There was a tax holiday of three years starting after four and a half years for exploration and construction. Then, the Indonesian government would get 35 per cent of the net profit, or 5 per cent of sales, whichever was the larger. Economic analysts had no doubt the new law was successful in attracting foreign investors. By the end of 1972, there had been 314 foreign investments approved to a total of \$US 654.2 million (Donges et al., 1980). About 75 percent of the approved investments were foreign joint ventures, thus Indonesian investors took part in such investment projects. The numbers presented in Table 6.2 show the amount of invested capital approved by Indonesia Investment Coordinating Board during 1967-1977.

According to McCawley (1981, p. 82), a prominent Indonesian economic analysts and former head of the Indonesia Project of Research School of Pacific Studies of Australian National University, the years between 1967 and 1975 were a

Table 6.2: Invested Capital Approved by Indonesian Investment Coordinating Board 1967-1977

	<u>Yearly average</u>				Accumulation
	1967-70	1971-75	1976	1977	up to 1977
(million US dollars)					
Foreign Investment	381	933	450	672	7,311
Domestic Investment	223	723	645	1,441	6,367

Source: McCawley (1981, p. 85).

favourable period for manufacturing firms. One of the reasons is that both the foreign and domestic investment acts had been effective enough to attract new investors. Those projects approved under the laws were rewarded by grants of import facilities, such as exemptions for import duties on machinery, equipment, raw materials, spare parts, etc. Tax holidays could be granted for between two and six years depending on the priority of the investment awarded by the government and contingent upon the enterprise being a joint venture if capital were less than \$2.5 million. Another incentive was that losses could be carried forward for up to six years, and there was an investment allowance of 5 per cent a year for up to four years on additional investment made from profits before taxes. Such strategies were successful in attracting the investors as shown in the previous table (Table 6.2).

The Indonesian economy was also much influenced by the World oil crisis of 1973. This crisis for Indonesia was the "oil boom", referring to the "boom" of revenues from oil exports. The following table (Table 6.3) shows the significance of the oil revenue in affecting the national budget. The oils sources of capital-financing had actually increased its role to an even more dominant level, so that without the increasing oil revenues, the budget would be burdened by a growing deficit.

As the oil prices began to decline in the early 1980s,³ the Indonesian government introduced a reformation program. In line of this program, a series of deregulation

Table 6.3: The Effect of Oil Revenue on the National Budget, 1969/70-1976/77 (Rp. billion).

	<u>1969</u> 1970	<u>1970</u> 1971	<u>1971</u> 1972	<u>1972</u> 1973	<u>1973</u> 1974	<u>1974</u> 1975	<u>1975</u> 1976	<u>1976</u> 1977
Oil Revenues	65.8	99.2	140.7	230.5	382.2	957.2	1.248	1.635
Budget Position, inclusive oil revenues	27.2	56.4	78.9	152.5	254.4	737.6	909.3	1276.2
exclusive oil revenues	(38.6)	(42.8)	(61.8)	(78)	(127.8)	(219.6)	(338.7)	(359.1)
Budget deficit : (....)								

Source: Kuntjoro-Jakti (1981, p. 65).

measures was issued in order to remove existing unnecessary regulation which was criticised as counter-productive. The objectives of this deregulation policy are: (1) to create an economic and business climate favourable to increasing and accelerating the production of goods and services for domestic consumption and export, (2) to increase the government revenues, especially the non-oil and gas revenues, (3) to increase the dynamic employment opportunities. Along with the deregulation policy, the Indonesian government rescheduled the government projects, reduced the government spending, introduced a tax reform to increase government revenues, and a 50% devaluation of the Rupiah was undertaken in 1983. Government budget cuts included reducing the subsidy, in the form of capital participation, by the government to state owned enterprises. In addition, deregulation of the banking sector was introduced in 1983 in which the government regulations on interest rate and credit ceiling were removed. At the same time, the government released a warning that there would be a removal or reducing of liquidity credits from the Central Bank. According to Pangestu (1990), prior to the deregulation, the state banks played a role as a distributor of oil money. They had been supplied by the oil money through liquidity credits at a low interest rate. To which development projects and at what interest rate the state banks had to lend their funds, however, were regulated by the government. Now, the deregulation reduced the source of cheap funds from liquidity credits, and forced the state banks to compete with private banks in order to get other fund resources (Pangestu, 1990).

Pangestu (1990) also noted that when oil prices declined rapidly, beginning in 1985 and especially in 1986, the government was becoming very willing to undertake substantive reforms. In April 1985, a very important policy was issued, that is, the privatisation of the customs operations. The custom function of the Department of Customs, which has been long known as a source of "high cost economy" resulted from corrupting practices by many officers of the Department, replaced by a private Swiss surveying company; Swiss Generale Surveyor (SGS). For such a country whose nationalism has been known to influence economic policy, this step was indeed an important one and provided a very important signal regarding the seriousness or pragmatism of the government in face of the adverse circumstances.

A series of reforms in the real sector followed (Pangestu, 1990). The processing of duty drawback or exemption scheme for imports used in exports was improved. The procedures of licensing and investment approvals were also simplified, including the removal of the complicated list of investment scale priority which was replaced by a simpler list in May 1990. Relaxation on regulations governing foreign investment such as allowing 95% foreign ownership in export oriented activities and allowing joint ventures to distribute their own products, were also introduced. Non-tariff barriers were gradually removed and replaced by tariffs during 1986-1990. This measure has progressively reduced the monopoly rights to import by state trading companies and state owned enterprise in the steel and tin sub-sectors.

Moreover, Pangestu (1990) shows that, in 1988, substantive deregulation of the financial sector was undertaken. In October 1988, the banking sector was deregulated which substantially increased the competition faced by the state banks. The comprehensive deregulation included allowing new entry (domestic and joint ventures banks), issuing new foreign exchange licences, relaxing branching requirements. One important part of the deregulation was that state owned enterprises were no longer required to keep their deposits at the state banks, thus potentially removing a large source of captive funds for the state banks. Around 40% of deposits at the state

banks came from state owned enterprises. The capital market was deregulated in December 1988, whereby restrictions on the operations of the capital market was removed, the government intervention was reduced.

Finally, Pangestu (1990) noted that there was a deregulation of maritime and port services. This measure removed the restrictions on the choice of international carriers. The deregulation also touched inter island shipping.

Those series of deregulation policies, which are now still being continued (see Pangestu, 1994), have been claimed to be successful (Pangestu, 1994, p. 21; see also McLeod, 1994b). There is a claim that Indonesia's macro economic management continues its past record of success (see McLeod, 1994a). Growth is brisk, inflation is reasonably well under control, investment approvals are running at record levels, and the balance of payment is very healthy (McLeod, 1994b, p. 6). This following portrait may be best to represent the social phenomena resulted from such success.

By the early 1990s, things could have been more different. The market share of the state banks had shrunken dramatically as private banks (both domestic and foreign) proliferated, and their branch networks expanded at frenzied pace. In the Indonesia of 1994, millions of individuals have established new banking relationships, and now operate cheque and savings accounts and place their funds as time deposits. Bank loans have become far more widely available, both for small business and individuals. Hundred of thousands of credit cards have been issued, and automatic teller machines are sprouting in shopping malls and hotels all over the country; even telebanking has made its chrome, and well trained tellers give friendly and efficient service (McLeod, 1994b, p. 2).

However, a reserve has to be made as

there is far from unanimous acceptance of the view that these changes are all for the better. There are genuine (if not necessary well founded) concerns that they have helped the rich rather than, or at the expense of, the poor; that they have been responsible for increased concentration of economic power; that they have allowed foreign interests too great a role in determining Indonesia's economic destiny; and that, after all, government planners and visionaries are still better able to

determine the appropriate directions for economic development than market forces. The strength of these views within the community -and even within the ranks of those policy-makers who have been broadly in favour of the general direction of the new policies- has been such that the reforms remain incomplete (McLeod, 1994b, p. 3).

Indonesian Cultures

It is difficult to characterise the culture of Indonesia, arising from diversities in geographical areas, in ethnic, in languages, and in the understanding and appreciation of religions. For the latter, I should remark that even though Islam is the religion of the majority of the Indonesian population, 87.21% of the 179.247 million population (*Kompas*, 1994), the varieties in the appreciation and understanding of the teaching of the religion has made the varieties in the everyday behaviour of the Islamic communities; the religious pattern of the Javanese is different from those on Sumatera (see Chandler et al., 1987, chapter 27). The nearly one hundred eighty thousands million of Indonesian are spread over a widely extended area, consisting of thousands of islands with several regions often isolated by geographical conditions. This gives rise to a fascinating variety of cultures.

However, in Indonesia, and for Indonesian, there is a hope to be having an Indonesian national culture. It is stated in Article 32 of the 1945 Constitution of the Republic of Indonesia that the government will develop a national culture as an expression of the personality and vitality of all the peoples of Indonesia. In the discourse of national development, the establishment of the Indonesian national culture is considered as an essential part of nation-building. It is expected that the national culture will be a common and unifying force linking together peoples of the regions (see Foulcher, 1990). The expected national culture is held to be the outcome of an harmonious blend between "those values remaining from ancient times" and such positive influences as may be drawn from foreign cultures and the "effects of modernisation" (Soebadio, 1985 cited in Foulcher, 1990). The national cultural

development, however, is certainly not as 'easy' as the economic development. The traditions of Java, Bali, Sumatera, Sulawesi and parts of Kalimantan are rich not only in artefacts and oral material but also in written documentation which is centuries old (Hooker & Dick, 1993). What is apparent now is not such an harmonious blend of these localities, instead in the everyday reality, social discourses in terms of politics, economics and social at the national level are dominantly overshadowed by the Javanese or Javanese culture (see Emmerson, 1976; Foulcher, 1990; Kleden, 1990). Although Emmerson published the following statement in 1976, it is still true now: "Although cabinets have been recruited to include minority groups, most of the powerful men in government are Javanese (Emmerson, 1976).

I will not cover or elaborate the ample elements of the Javanese culture. However, Draine and Hall (1990) in their book *Culture Shock! Indonesia*, suggest several patterns of behaviour which appear to be common within the Indonesian business life, and which are most likely rooted in the Javanese culture. They are the (1) symbolic notion of *Bapak*, (2) filter factor or go-betweens, (3) need for oblique straight-talk, (4) elastic view of time, (5) need for consensus in decision making and (7) importance of the acknowledgement of nationalism (Draine & Hall, 1990, pp. 188-193).

Moreover, Draine and Hall (1990, pp. 195-197) reported that Hofstede, while he was as a consultant for a multinational company in Jakarta issued in 1982 a monograph called *Cultural Pitfalls for Dutch Expatriates in Indonesia*, in which mentioned several patterns appeared in the Indonesian business life which seem to be pitfalls in the transfer of Western management: (1) personal selection should take ethnic and family factors into account, (2) payment by results is rarely possible, (3) direct appraisal of performance is delicate, (4) dismissal of employees is culturally undesirable, (5) methods for management development should avoid direct confrontation, (6) go-betweens have an important role, (7) from time to time, *gotong-royong* (community labour) can be called for, but with care, (8) models of

participative management are out of place, (9) status differences are desirable, (10) formal politeness and restraint of emotions are imperative, (11) punctuality and technical precision demand a lengthy learning process, and (12) sympathy for the weak should not be expected, as it is customary to help only the poor within the family or village community.

The *Bapak* is the most significant figure in a hierarchical structure of a society and is a person who at any moment has the leader role. The significance of the symbolic notion of this feudalistic word lies on the value orientation of Javanese *priyayi* (in contrast with those of Javanese peasants) (see Koentjaraningrat, 1985; Kleden, 1990; Hill, 1993)). According to Koentjaraningrat, a prominent Indonesian academician in anthropology, in his 550-page book of *Javanese Culture*, the *priyayi* etiquette of human relations are characterised by a great reliance on, trust in, and respect for seniors and superiors, often to such an extent that they diminish the sense of self-reliance (1985, p. 459).

The attitude of Indonesians toward time is said to be elastic, due to a long tradition of being tolerant of delay. Attitudes toward deadlines are extremely lax, and most Indonesians hesitate to make a commitment. Koentjaraningrat (1985, p. 456) maintains that the flexibility in time is evident in the use of different calendars for different purposes by the Javanese in general and peasants in particular.

The need for consensus in decision making arises from the desire for harmony whether in business or in the interpersonal relationships between friends. In a business negotiation, prior lobbying is very important. In many cases, agreement is reached before the formal meeting, and this is said to be an elegant affirmation of this harmonious consensus. Draine and Hall (1986, p. 191) observe that the attitude of "some one is going to win and it will be me" is greatly at odds with the Indonesian way which does not see negotiations as a contest; the idea is to very carefully consider all issues and feelings so that everyone remains in a state of harmony and suffers no

loss of face. Avoiding confrontation is also in order to create and maintain stability and harmony which according to Koentjaraningrat (1985, p. 449) is associated to Javanese ideals. The dismissal of an employee is not acceptable because this action is considered to be not *tepa salira* (try to place yourself in another person's situation), one of Javanese principles on human relations (Koentjaraningrat, 1985, p. 457).

Concluding Remarks

The larger context, accounting curriculum, economy and national culture, in which Aqua's accounting practices take place has been elaborated in this chapter. A glimpse at the Indonesian accounting and accounting curriculum history reveals that prior to the World War I they had been intensely influenced by Dutch accounting. Then, after experiencing a transition period, the Indonesian accounting and accounting curriculum have been greatly biased toward American accounting. Like other business organisations in Indonesia, Aqua employs accountants graduated within such a situation.

The economic situation shaping business in Indonesia since the birth of the New Order, the late of 1960s, has also been accounted for. Since the New Order, generally speaking, the macro economic situation in Indonesia has been supportive for the emergence of new entrepreneurs. Investments, whether domestic or foreign, have been encouraged through the introduction of several economic or regulatory policies. The end of the "oil boom" was not meant by the end of investment opportunities, as the Indonesian government quickly anticipated such situation by a series of deregulation policies. As a result, the business environment has been successfully managed to be promising. In Indonesia, as there has been growth in economic, there has been also growth in the people's buying power. It has been in such situation that Aqua has grown as an entrepreneurial firm.

An account of the Indonesian culture shows that value orientation dominating the social life of Indonesians is not supportive of the practices of the modern accounting. The several patterns of values or beliefs, which have been believed to be so greatly influencing the business life, have been claimed as less democratic and liberal. Meanwhile, modern accounting has been developed within, and by, democratic and liberal spirits.

Notes

1. Under this Act, a person could become a registered accountant by obtaining a master's degree in accounting from a state university or from an accredited private university. However in the latter case, those who wish to become registered accountants must pass examinations given by the Committee of Experts, whose members are nominated by the Minister of Education and Culture.
2. IAI was established in 1957 by the first four Indonesian university trained accountants.
3. The elaboration is primarily based on the analysis of Pangestu (1990).

CHAPTER SEVEN

AN ETHNOGRAPHY OF MANAGEMENT ACCOUNTING PRACTICES IN AQUA — PART II

It is through culture patterns, ordered clusters of significant symbols that man makes sense of the events through which he lives.

(Geertz, 1993a, p. 353)

Introduction

In this chapter I will "inscribe" (Geertz, 1993a, p. 19) practices of management accounting in Aqua. As it will be an anthropological writing, the analysis then is sorting out the structures of signification found in Aqua's accounting practices and determining their social ground and import (Geertz, 1993a, p. 9). It is in doing such analysis, the stock of knowledge presented in the previous chapters will be useful. The analysis will look first at the Aqua's accounting practices at its earlier time of establishment.

Accounting Practices in the Earlier Years of Aqua

In the earlier era, as this story appears in chapter four and five, the anxiety of Slamet and Willy was for the production of new products, bottled water, and the creation of their markets. At that time, although the soft-drink industry was common in Indonesia, buying plain water was something even unimaginable for Indonesians, except for those who used to travel to overseas to places like to Singapore or Australia. Under these circumstances, the internal organisational discourse was dominated by the technical issues of production and marketing; Willy responsible for production while Slamet for sales. Meanwhile, accounting practices, which were

tackled by non-accounting background office clerks, were just on financial recording of purchasing and selling. Pricing, however, was just judgmental: "how much was the reasonable price which encourages people to buy" was more important than an accurate calculation of product costing. There was also no need to think the whether proceeds would be able to recover the investment, since for Tirta "if nobody wants to buy the products, let us break the bottles".

During 1974-1978, the business was uncertain in the sense that Willy was still "learning by practising" how to bottle drinking water. Together with 38 workers Willy and his colleagues had run the plant (Bekasi), and according to Willy "all things at that time were trial and error". Everyday, they looked for the best production practices, while there was no official standard for this kind of production.

Work therefore was viewed as a technical affair with no formal plan. Discourse on the production side was dominated by technical topics especially by quality control related issues, such as quality of containers, water sources, and cleanliness. Within such discourse, written communication was not common. There were no formal records in the production floor as well as no formal structure amongst the production employees, while everybody did everything. Willy's house was on the plant site where he stayed with his family, and the workers were recruited from the local area. At any time Willy might present in the plant to check everything. Willy recalled that production was just run two or three days a week for just five or six hours a day. Since the workers were local people, the uncertainty in working hours was not too problematic.

Meanwhile, Slamet, as the general manager as well as marketing manager, was busy trying to open markets. He had to "keep the production running" through selling the products. As the wholesalers or retailers were not sure whether they would be able to sell the products, most of the transactions were on consignment

basis. However, he was successful in opening markets all over Jakarta city. The fact that Tirto, as the owner was ready to get nothing from the business created a helpful circumstance for Willy and Slamet as they felt free to be innovative.

However, after four years in the business, they came to realise that so far the business had been in loss. What was meant by loss was "our proceeds were less than our expenses". Unfortunately, it was impossible for me to get access to accounting archives, if any existed. Nobody in the company knew where I could find such archives, and the accounting clerk was no longer in the company. Therefore, I could not trace how they defined revenues and expenses. However, with such a simple "calculative machinery of accountancy" (Miller, 1994), they were able to locate that the company had for too long been making a loss. Here, that simple accounting system was a provision of numbers which made sense of the business activities. A dramatic increase in the selling prices was then settled upon, as Willy, Slamet and Tirto concluded that the loss was due to the price being too low.

In order to set the new price, there was no need to look at the cost data, and to question the reliability and the accuracy of the records. Instead, "together with Tirto, we did market observation, and then we came to a decision to raise the price by 200%, making the price triple", Willy said. Willy continued "surprisingly by that price our sales volume increased drastically, instead of decreasing, and we were no longer in loss". This experience lead them to understand that a lower price was not always good, as the customers may see in cheaper prices lower quality.

The result was the sales volume of 1980 doubled that of 1979. This growing in sales continued and markets were spreading geographically. This fast growth made Tirto sufficiently confident to differentiate the products. Without doing any investment analysis, in 1981, Aqua introduced new products, that is, a plastic container for 1500 ml, and in 1982 for 625 ml. This innovative investment resulted

in a tremendous growth in sales volume. With the small plastic containers the products could reach more customers, while previously for the glass containers customers were mostly restaurants and hotels. The products then became widely popular. Although several other brands were also in the market and bottled water grew as an industry, Aqua lead the industry and its brand name has become the generic name of bottled drinking water in Indonesia.

Within this fast growth period, attention was paid to the advancement of production and marketing. Willy initiated the replacement of well water sources with spring water sources. In order to find the spring water sources, no surveyor was hired. Willy lead the survey by himself, to find one in a rural area of Sukabumi, West Java. A survey was also done in order to find the appropriate sizes of containers and their design. A laboratory was set up, and in 1983 a food engineer was hired to be placed in the laboratory with the main task of controlling the quality. The development in the production site was indeed followed by the marketing. The advantage of the spring water compared to the well water was dramatised through advertising programs, and it was claimed that Aqua was the first to use spring water, and that is true. The vocabularies of "spring water", "mountain", "natural", "unpolluting" then emerged in the advertising discourse.

The continuous concern for production and marketing created the character of organisational discourse. The top executives attempted to create such an environment for the employees so that the employees' awareness and understanding of the notions of "quality", "healthy water" were developed. As narrated in chapter 5, sudden visits to the factory was "a routine" job for Tirta. During the visits, it was only to "quality" that he paid attention; he wanted to make sure that a good manufacturing practice, from which quality products come, was being undertaken.

As a consequence of the domination of production and marketing, accounting was left behind in the organisational discourse, however. The language used in everyday discourse was nothing to do with accounting. Communication was based on "quality", "target", "clean", "good manufacturing practices". To the accounting members, these words were not of importance as their significance centred on production and marketing. While for the production and marketing managers, university graduated professionals were recruited, for accounting managerial position only in 1983 was an university student in accounting recruited. Notwithstanding, the department of accounting continued to do the same things; recording sales, debts, expenditure, and income (cash). Whether the information produced would be useful or used by the executives was doubtful. The target of the accounting manager was to prepare annual balance sheet and profit/loss reports, which had been always late for three or four months. The decision taken for such investments as introducing the new products and developing the new water sources did not come from some sort of formal feasibility study, it was "decision by feeling".

Current Practices of Management Accounting

Contingency theory-based research in accounting suggests that the bigger the size of a company and the more uncertain its environment, the more sophisticated its accounting system. If this linear thought is indecisive, it is particularly true at Aqua. Here, as we have historically seen, the growth of Aqua in any measure was not associated with the development of its accounting practices. That accounting department grew up in terms of the amount of its clerks and work load is true, but they kept doing the same thing, preparing balance sheets and income statements.

Bastian, the accounting manager, grouped his accounting staff based on the steps in so called accounting cycles, so that there were persons who did coding,

journalising, posting, and drafting the financial reports. Bastian recalled the situation in the mid of 1980s by saying that

we had never been able to produce financial reports on time, always three or four months late for the annual reports, and could never publish monthly reports.

When I asked Bastian about the possible reason he was hired, he said

to my understanding, at that time there was an increasing work load in accounting as well as much more varieties in transactions.

More than a decade after that, in 1990s, Bastian and his colleagues are still doing the same thing, even now as Aqua has become one of 11 companies within the Aqua Group.

The Aqua's accounting department currently services not only Aqua, but also the other company members within the Aqua Group (see chapter 4), except WI. The other group members just keep all their transaction evidence, and regularly send them to the Bastian's department which then processes such evidence to produce financial reports. As all the accounting department of Aqua does is to prepare the financial reports, the publication of the reports then signifies the performance of the accounting department. When I was there, Tirto was very angry with Bastian as he was very late to finish the financial report of one of the companies within the Group. Bastian was very upset too, saying "that is actually not my main job, how could I do that while all of this sort of thing has taken all my time".

To publish financial reports promptly is always the main concern of the accounting department, and has become a serious issue as Tirto has started to establish other manufacturing plants; 1983 in Pandaan (East Java), 1987 in Bali, 1992

in Medan (North Sumatera), Sukabumi and Kuningan (West Java). Actually, each of these plants is officially a separate company, but the main shareholder is still Tirta. As the holder of the brand name and trademark of AQUA and as the provider of a technical assistant, each of the companies is required to pay what they call a "royalty" to Aqua. However, again, it is the accounting department of AGM which prepares their financial reports. As a consequence, the organisational life for the accounting people is preparing financial reports. The instalment of two sets of PCs in 1989 for the accounting persons were a relief. The vocabulary of "computerisation" emerged and the accounting people are proud of it. According to Bastian,

since 1989 we [the accounting department] have computerised, which has provided a lot benefits. Not only does our work get easier, but we can avoid the unnecessary technical error. Let me give you an illustration of how my job is easier by this computerisation. I ask my staff to code vouchers according to the chart of accounts I have already set up. When this person finishes his job, he passes it on to other staff to enter those data into the computer. Sometime I check whether the coding is correct or not; if not then the person who does the entering will re-enter with the correct ones. Then, what the second staff needs to do is to print the reports. Then, I re-check to make sure that everything is correct. By this way, monthly report could be issued by the tenth of the subsequent month.

Thus, at Aqua, the computerisation has meant preparing balance sheet, income and fund statements by computer. Meanwhile, the accounting evidence is still sent to the Bastian's office via couriers.

Although "this computerisation has made my work easier," the accounting members, eight persons excluding Bastian, are the busiest in the head office. It seems to me that 'even for taking a breath' they do not have enough time. As mentioned in chapter 5, they are the last people to go to the dining hall for lunch, and the first to come back to their desks. The technical work of financial reporting takes all their working hours. The following is my conversation with Bastian of his work.

The researcher: According to your understanding do the company executives use the information you supply ?

Bastian: I think so, but not always..... because they may have other things to be considered....., like competitors or there might be other things that I may not know.

Here, we can see that there is a feeling that the financial reports for which the accounting people department is proud of their performance are not really useful for top executives. At another time Bastian said

Actually the most important use [of financial reports] is as reports to banks as the company borrows money from them, and to the stock market as it is a listed company. Whereas *Pak Willy* rarely asks me for such reports. There is no requirement from them [top executives] to issue monthly financial reports, it is only my will. At the most, in the mid year they ask me about the earning per share.

'Working hard without knowing for what' might best reflect the work circumstances the accounting persons encounter. As a university accounting educated person, Bastian may know the relation between accounting and control, but he does not know how it works or could work at Aqua. If the proverb of "accounting is boring" might be true, it is true for them. While the word of quality brings a meaning for the production and sales people, not for the accounting people. Therefore, at Aqua, the accounting persons feel that they are away from the organisational discourse. In the words of Bastian "accounting is not valued, it is perceived as an unimportant unit, believed it is not a profit centre, we are not making, but using money."

Yet, at Aqua, for most but not all, the notion of 'quality' and its derivative like 'customer satisfaction' are cultural artefacts or a cluster of symbols dramatising the organisational values and beliefs. Guided by these values and beliefs, price war,

for instance, started by the competitors should not be encountered through price reduction, but through the improvement of products and services. Therefore, building the corporate image that AQUA is A QUALity is a continuous concern. 'Quality' penetrates also sales activities. For the sales people quality means quality services which rests on customer satisfaction. It is within the mirror of this belief that the marketing discourse takes place. However, within the ongoing organisational discourse, the accounting people could not find any place for them. On the other side, for the top executives, at least, a quality product or a quality service could be achieved without accounting. "They do not", Bastian says, "value accounting", and it seems to be true.

While traditionally we will say that accounting is something related to 'control', again, it is not the case in Aqua. Here, the organisational practices are understood, visible, and directed not through accounting language, but through "technical" or "physical" language, I would say. While a story of how this kind of situation is constructed is available in chapter five, the following section is more specific of its explication.

Control

At Aqua, Tirto's appearance at manufacturing plants is not just a visit but a 'teaching' of how to do that, how to do this, on almost in all aspects of the work life at the plants; Tirto's sitting-together with Aqua members is not just a meeting but a 'briefing' of how to behave as A QUA[lity] member; Tirto's outing-with-Aqua members is not just a picnic but a 'listening' to what is going on on the ground. This is a way for Tirto to give form, and direction to the life of the company, and then to make sure that what has been going on is in the right path. This is what control is for Tirto. However, first of all "we need to let them [the company members]," Tirto

says, "know what goal we are going to achieve." "It is very clear for them at the very beginning that the goal is to produce good quality water", Tirto continued.

Checking the cleanness of workers' nails, cloth, and hair; checking whether samples have been taken regularly for laboratory examination are sorts of things Tirto does to invent meaning for the word 'quality'. Willy, the first plant manager at the first plant, the architect of Aqua's production method, and now the President Director of AGM, recalls that "at the earlier time, nobody knew for sure how the production should be run, but we knew what we were going to achieve." In an interview with the *Berita Aqua's* reporter, Slamet mentioned that "now about such things we could easily know from Tanty."¹

"Having paid attention even to details" is something that production people know about Tirto, and Willy as well. Actually not only the production people, in an informal dialogue, but also Bastian spoke to me that "he pays attention to everything, even to a 'small thing', [but not to accounting]". For Aqua members, especially managers, 'attention even to a small thing' is not only a work context, it is also an objective of their work lives.² As to the latter, the words of Willy tell its essence:

Actually what we want to do with that [to know even a little thing] is that everyone should be fully dedicated to their work. Otherwise, this company will have managers who do not care of the daily operation of the company, just will be being 'take it easy' We do not want to be like other big companies with their managers running other businesses, getting extra income.

In a more specific way I should say that for the managers of Aqua the "paying attention even to a little thing" shapes their behaviour, and at the same time it is a vehicle through which they influence the behaviour of others.

As a consequence, at Aqua, it is within that situation that its control system emerges, so that, the pattern of social interaction within the control system is moulded by that circumstances. Although it is valid in all units of the companies, AGM and WI, but it is especially true at production and sales units. Like at an Area of the National Coal Board, the continuous concern of the production managers at Aqua, and the sales managers at WI, is to construct a 'mental picture' of what is 'really' happening on the ground through multiple ways of getting information (Capps et al., 1989). Therefore, being an operational manager is not being a good 'officer', but a good 'field worker'. It is taboo, for instance, in the five gallon division of WI, for its sales supervisors or managers to stay in their offices in the working hours, especially in the morning. They are supposed to go to the field to visit their clients, when all the sales representatives have gone already to 'battle field',³ but they have to be back in their room before the sales representatives come back from the 'battle'. Similarly, if you want to meet the production manager of a plant, you do not find him/her in his/her office as he/she may be on the plant floor.

Control-through-paper System

When I was a production supervisor in this [Bekasi] plant [that is 1983], there was no administrative system. Then, I tried to design forms that I thought would be useful. My guideline was I wanted to know what the results I had achieved, so that my boss will also know what I had done. Until now [he is now the manager of the plant], we still use such forms, indeed with some improvements. More than that we had no job description. We made it by ourselves.

These words come from Maruli. He is a production professional, as he started working as a production supervisor, then a production manager prior to the appointment as a plant manager.

Ruth, the first professional laboratorist the company hired, a former quality control manager of the Bekasi plant, and who at the time of this field work was the expert staff for quality standards, recalled her experience as the quality control manger.

At that time, I did not know what I had to do. What I knew was I was a quality control manager, and the only description I got from Willy was 'to control the quality, so that no bad product would go out'. However, day by day I was becoming aware of what I should be doing. For me, as with what Willy or Tirta pay attention to, the cleanness of the plant area, was my responsibility.

Surprisingly, that there was no systematic control written system is not only true for production units, but also for others, as I was told by Nur, the head of the department of personnel development. When he joined the company, there were plenty of jobs that had no job description. The first thing he did at that time was to develop a so called "manual of the organisation system". However, for this valuable effort, Nur has never had supports from the top management.⁴ In an interview addressing the issue of the job description, Willy said that:

They [the company members] were told of their job and responsibility globally. By passing the time they would know the details.

Furthermore, Willy gave a reason for this situation

This company started from nothing, but grew up too fast so that those sorts of things were forgotten.

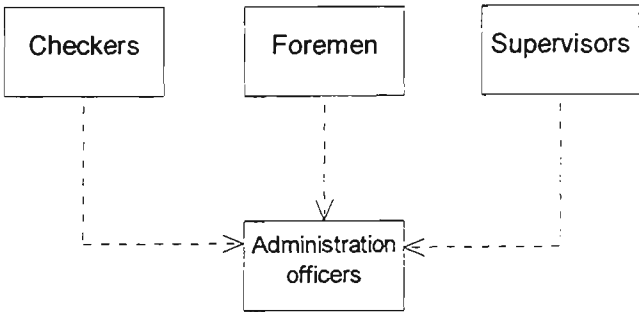
The foregoing account imparts a (his)story of the social construction of the Aqua's formal control system. It is presented that the reporting system on which communication formally is based is tailored by the actors, rather than is designed by a

consultant. How do they do that? How does the culture of the organisation appear to the actors in such designing work? How is the system rendered meaningful?

The following narrative is concerned on such issues. The accounts will be based on an intensive observation, paper and tape recorded interview, and archives undertaken along the fieldwork in the Bekasi and Citeureup plants.

Control-through paper system in the Bekasi and Citeureup plants

At these two plants, several groups of the factory members are responsible for taking records of the production (see Figure 7.1). Checkers, foremen, and supervisors are the first members to record, administration officers then prepare reports based on this information for the office of the production director, and the accounting department in the Head Office. Actually, unlike the checkers, the involvement of the foremen and supervisors in recording is just minimal, as the main responsibility of the supervisors is on the whole aspects of the production process, and the foremen's job is to help the supervisor in order to guarantee that workers have performed good manufacturing practices. In this section, I develop an illustrative story of how they (the production actors) make the production process visible and understandable.



*It does not show hierarchical positions among them

Figure 7.1: Members Involved in Recording in a Plant

Checkers are responsible for checking the production process, especially at its finishing stage. They have to keep their eyes on production lines and to fill in several forms recording what they are seeing. In each plant, there are several production lines. For example, Bekasi has the lines called Gallon I, Gallon II which produce one gallon AQUA, Cup I and Cup II which produce other products such as 220ml, 500ml, and 1500ml. For each line of each shift. there is one checker in duty. Figure 7.2 shows a form that a checker has to fill in, called Records for the Production Data of 500ml and 1500ml (see the original as Appendix 2).

PT Aqua Golden Mississippi

Bekasi Plant

Record for the Production of 500ml/1500ml

Day/Date : _____

Working hours : _____ to _____

Bottles supplied : _____	Materials:	Received:	Rejected:
Supply rejected : _____	Bottles	_____	
Product rejected : _____	Seals	_____	
Net production : _____	Lids	_____	
	Label	_____	
	Boxes	_____	
	Box seals	_____	
Supply rejected dues to:	Production interrupted dues to:		
Return to warehouse : _____	Conveyor	_____	
Thin : _____	Washer	_____	
Dingy : _____	Filler	_____	
Leaking : _____	Capper	_____	
Deficient : _____	Tunnel	_____	
Total: : _____	Water treatment	_____	
Product rejected dues to:	Power	_____	
Broken in washer : _____	Other problems:		
Bottles taken	Sanitation	_____	
for lab. examination : _____	Bottles- run-out	_____	
Products taken	Labels- run-out	_____	
for lab. examination : _____	Others	_____	
Filler : _____			
Capper : _____			

Water rejected : _____

Prepared by: _____

Approved by: _____

Figure 7.2: Records for the Production Data of 500ml/1500ml

To fill in this form (Figure 7.2) a checker has to 'keep his eyes' both on the production process and materials. Before a shift starts, the checker receives from the materials store all materials needed for producing the targeted amount of a particular product, and records such data in the column of Materials Received. During the production process in his/her line, the checker checks how the machinery works. In case there is any problem in for example a conveyor, a washer, or a filler, he/she has to record in minutes how long it is. While the checker's work is just to record it, the production supervisor of this line is then supposed to take necessary action to solve such problems.

In this form (Figure 7.2), there is also a column to record "rejected material", by which is meant the amounts of supplied materials which could not be used due to their quality like "thin," "dingy," or "leaking". However, we can see that the amount of unused materials which are then returned to the store is also recorded in the rejected material columns. There is also a space to record so called "rejected products". Including in the 'rejected products' are defective products due to production error, and final products which are taken for laboratory examination. The latter actually is not due to such production error. Taking decisions of which materials or final products should be rejected is the responsibility of quality control people. Along the production line, there are quality control members doing "visual control." They do a visual control over all stages of the production process.

The same story also applies to the production of other types of products (see Figure 7.3 (the original in Appendix 3) for the production of 220ml, and Figure 7.4 (the original in Appendix 4) for the production of 5 gallon. Although they have been named as *Records* for Production Data, those forms actually function as production reports.

PT Aqua Golden Mississippi
Bekasi Plant
Records for the Production of 220 ml

Products : 220 ml
Day/Date: _____
Working hours: _____ to _____

	Line I	Line II	Materials Used	Line I	Line II
Supplied for :			Cup		
Supply Rejected			Boxes		
Product rejected			Lids		
Net-products			Seal		
			Straw		
Product rejected dues to:			Production interrupted dues to :	From:	To:
Taken for lab. examination			Cups run- out		
Cup taken for lab examination			Holder		
Lids improperly placed			Vacuum faults		
Volume too much/not enough			Filler faults		
Not-good packing			Coding faults		
Leaking			Heater faults		
Total			Corres		
Supply rejected dues to			Cutter		
Dingy			Conveyor faults		
Thin			Totally stop		
Deficient			Other problems:		
Smelly			Sanitation		
Total			Materials run-out		
			Water run-out		
			Packing		
			Others		

Figure 7.3: Records of Production Data of 220 ml

In order to get the materials from the warehouse store, the production supervisor is asked to prepare a form (represented as Figure 7.5, and the original is Appendix 5). This form is used also for returning unused materials. The types and amounts of materials needed are calculated by the production manager based on a daily production target. The daily production target is also calculated by the production manager based on the weekly target determined through a so called, "PPC meeting".⁵

Interestingly, in this form, there is not only the information of the materials received from, and return to, the warehouse store, but also the information of the finished products and the rejected products that have been produced from such amounts of the materials received.

**PT. Aqua Golden Mississippi
Bekasi Plant
Records for the Production of 5 Gallon**

Production Data : 5 Gallon

Date: _____

Time: _____ to _____

Shift: _____

	Amount Produced		Un-passed to be final products		Net Amount Produced		Reasons for the Un-passing			
	Line I	Line II	Line I	Line II	Line I	Line II	Bottles shortg e	Taken for Lab. Exa'io n.	Defect	Water Pr'lem
Regular										
Outer Island										
Promotion										
Internal Use										

Materials Used

Rejected

Production interrupted dues to:

Cap seal	_____	_____	1. Washer	from	_____	to	_____
Regular Label	_____	_____	2. Filler		_____	to	_____
O.I. Label	_____	_____	3. Conveyor		_____	to	_____
Prom.Label	_____	_____	4. Power		_____	to	_____
Int.Used.Label	_____	_____	5. Water Treatment		_____	to	_____
Other Label	_____	_____	6. Bottles run-out		_____	to	_____
Blue	_____	_____	7. Water run-out	_____	to	_____	
Green	_____	_____	8. Workers run-out		_____	to	_____
Yellow	_____	_____	9. Sanitation works		_____	to	_____

Figure 7.4: Records for Production Data of 5 Gallon

Checkers have also to record the detail of final products just after such particular production process is completed. In so doing, the checkers have to take count and

record regularly for every, sometimes, fifteen minutes. A form used for this recording appears as Figure 7.6 (the original is Appendix 6).

During their working hours, checkers are very busy with recording. The column of Production Code in Figure 7.5 is used to record the code number placed on each box of products produced at the same period, which shows such products are already passed on to the quality control examination. This form is also to be signed by the production supervisor, which means that the supervisor is responsible for ensuring

PT Aqua Golden Mississippi
Bekasi Plant
Form of Materials Requisition and Return
Date: ____/____/____

Requested			Returned		
Types	Units	Amount	Types	Units	Amount
Notes		Units Produced	Rejected Product	Rejected Materials	

Materials Store Officer:

Production Supervisor:

Figure 7.5: Form of Materials Requisition and Return

that all things have been done properly. The warehouse member has also to sign in the appropriate column expressing that he/she has checked the products received.

Finished products then have to be transferred to the warehouse plant at the end of each shift. Here, the production supervisor on duty has to prepare a so called minute of transferring final product" (see Figure 7.7, the original is Appendix 7). In the minute, both a production officer and a warehouse officer have to sign, expressing

**PT Aqua Golden Mississippi
Production Output - Bekasi Plant**

Date : _____

Type of product: _____ Report No.: _____
Shift: _____ Page Number: _____

- Lines :
1. Taktina I

2. Taktina II

3. Cup I

4. Cup II

5. Gallon I

6. Ice Cube I

7. Ice Cube II

No	Time		Production Code	Amounts		Warehouse Approval
	From	To		Boxes	Bottles/Cup	
			TOTAL			

(Checker)

(Line Supervisor)

Figure 7.6: The Recording of Production Output

supervise workers. This is a kind of an internal control, as the foremen are perceived to be independent persons.

Based on the preceding reports, the plant's administration office then prepares several reports everyday to be sent daily to the production director and the accounting manager in the Head Office. One of them is called roduction report (see Figure 7.9, the original is Appendix 9).

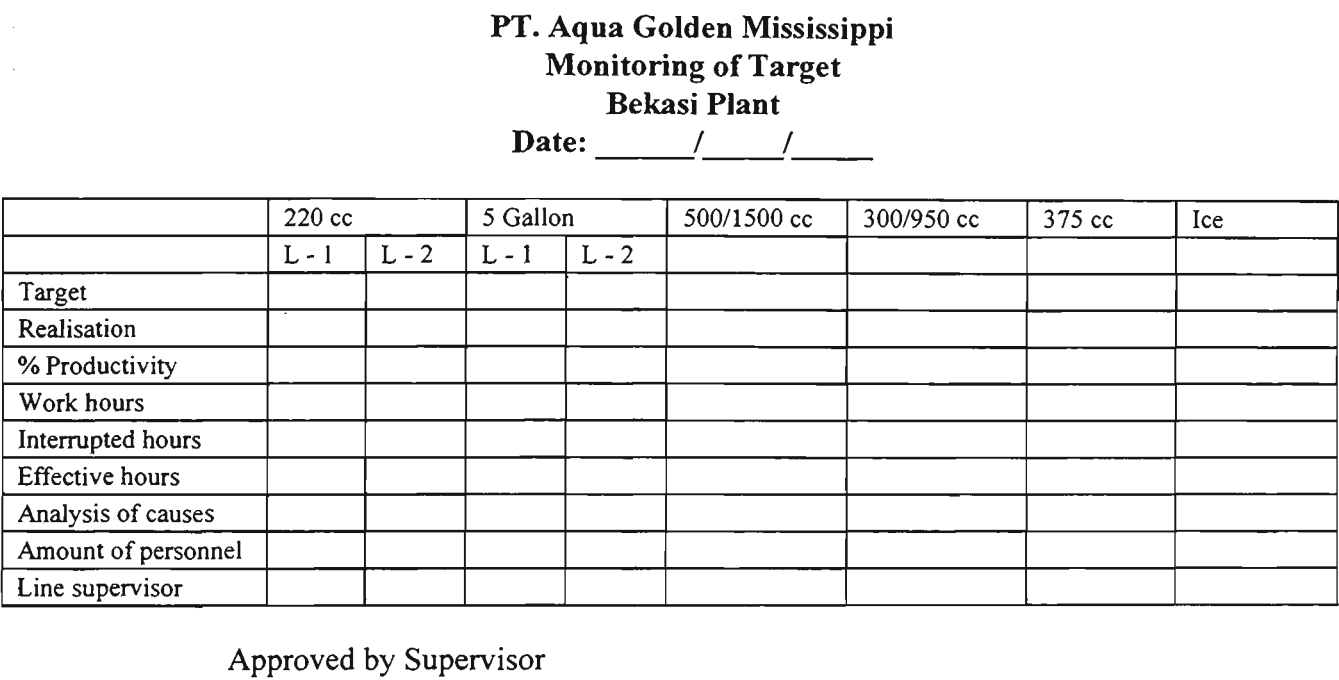


Figure 7.8: Monitoring of Target

The office of plant administration should also prepare the report of rejected products. This report tells, for instance, the amount of the products rejected by quality control people due to errors in the production process or defects found in the raw materials. The detail of such errors or defects is also provided. The illustration of the report is as in the Figure 7.10 (the original is Appendix 10).

PT Aqua Golden Mississippi
Bekasi Plant
Production Report

Date: / /

No	Types	Shift I					Shift II					Shift III					Total				
		A	B	C	D	E	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E
		Hours	Interp	Prod.	C/Bo	Botls	Hours	Interp	Prod.	C/Bo	Botls	Hours	Interp	Prod.	C/Bo	Botls	Hours	Interp	Prod.	C/Bo	Botls
1.	5 gallon I																				
2.	5 gallon II																				
3.	5 gallon out.is																				
4.	5 gallon int.																				
5.	5 gallon																				
6.	500ml																				
7.	500ml																				
8.	1500ml																				
9.	1500ml																				
10.	300ml																				
11.	375ml																				
12.	950ml																				
13.	220ml																				
14.	220ml																				
15.	220ml																				
16.	220ml																				
17.	120ml																				
18.	Ice																				
19.	Ice																				

Preparer: _____

Bekasi, / /

Approval: _____

Figure 7.9: Daily Production Report

PT Aqua Golden Mississippi
Report of Product Rejected
Bekasi Plant
Date ____/____/____

	In-proce																
	Lid										Volume						
	Full	Empty	Seal	Bottles	Water	Leaking	Return full	Unsealed	+	-							
5 gallon I																	
5 gallon II																	
5 gallon Out.Islan																	
5 gallon int.																	
	In-process Rejected						Container Rejected										
	Washer	Filler	Cap	Water quality	Volume	Unsealed	Defected		Thin		Bottles unclear						
							Full	Em.	Full	Em.	Full	Em.					
500 ml																	
500 ml																	
1500 ml																	
1500 ml																	
	In-process Rejected			Product Rejected				Return Empty			Defects		Contai Reject				
	Inf.	W'sr	Fill.	Pack.	San	Rin	C'lr	Vol.	Ot'r	Sand	Ring	Other	Prod.	Wa'hs	Mi		
300 ml																	
375 ml																	
950 ml																	
	In-process Rejected						Container Rejected										
	Borcolid		Lid		Filler		Volume		Fell off		Regas		Thin		KA		K.C
					Full	Em.	+	-			Ful	Em	Ful	Em	Ful	Em	Ful
220 ml																	
220 ml																	
220 ml																	
120 ml																	
	Defects						Notes										
I c e																	
I c e																	

Figure 7.10: Report of Product Rejected

The plant administration office has also to prepare other reports. I shall to represent them here, because they will also tell a story of how the production people are producing and reproducing "A QUALity" culture. It is as shown in Figure 7.11 (the original is Appendix 11).

This monthly production report (Figure 7.11) brings the information of the quantity of products produced. At Aqua, one month is defined as four production periods, each period is eight or seven days. A production target is set up for each period, through production planning control meeting held by the office of production director. While the daily and periodical production data are presented, target and realisation of production are also there in the monthly production report. The products are grouped into the products for local and export markets, Philippine, Singapore, Brunei, and Australia, as they are also produced separately.

I want to bring your attention into the column of VITs in Figure 7.11. VIT is the brand name of bottled drinking water which is actually produced by another company, named VIT. This is also Tirta's company. Although VIT is separated from Aqua, its quality control is under the supervision of Aqua. In the daily reports presented earlier we do not see any data of VIT, as the data come to this monthly report through the VIT's daily production report.

So far, we have seen the reports of matters related to production. There are also daily and monthly reports of the delivery of the products from the plant warehouses to the area warehouses.⁶ The reports contain information of the type and number of the products delivered. Although the daily reports are sent everyday to the office of the production director, in the monthly report we can also see the daily delivery position within the month. Besides the movement of the materials and products, the administration offices have also to prepare the reports showing the flow of reusable

PT. Aqua Golden Mississippi
Production Report
Month of _____ / _____

Dates		220 cc						V I T						500 cc						500 cc V I T						5 Gallon						Notes																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
		48						Kooler			NNIW			Local			Nosir			Polar			Singapore			Philippine			Brunei					Schat			Local			Koolen			Australia			Singapore			NMW			Regular			Internal			Expt P			Exports			Promosi			Local																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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Figure 7. 11: Monthly Production Report

containers, such as the containers of 5 gallon, and the glass bottles of 950ml and 375ml products.

Budgeting

I am now joining with Citeureup plant's managers in a weekly meeting, they call "production meeting". However, those here are the manager of production, quality control, technique, and some other staff. Before the meeting is started, Suparman, the production manager, a drop-out of a university mechanical engineering, student, introduced me to the others. Surprisingly, they are interested in studying in Australia. For nearly half an hour, I am responsible to talk something about that. Lina, the quality control manager, looks so interested as she has graduated from a university as a food processing engineer. At this is weekly meeting, they talk any problem they encounter in their own jobs.

The technique manager: "VIT often uses my [mentioning perhaps a name of tools, but I miss that word]".

The quality control manager: "It does not matter, all belong to Tirta"

The technique manager: "Yes, but it will blow up my budget"

The quality control manager: [just calm, no reply].

At Aqua, the vocabulary of "budget" is associated with 'a bargaining' to gain an authorisation to buy something, or to spend the company's money whether it is to buy a pencil, a set of computers, a machine, or even a truck. In such budgeting discourse, the notion of "budget" never stands with an adjective. Thus, there is no production budget, no sales budget, no comprehensive annual budget, not to mention long-term planning, but they have "sales target", and "production target". There is also no room for the accounting people to be involved in the budgeting discourse. "Budgeting is nothing to do with accounting, but with *pak Martha*," a manager says, "anything that makes the company to spend money, even the recruitment of new employees, has to go to *pak Martha* through budgeting process".

I shall introduce Martha first, before going to talk more about Aqua's budgeting process. Mr Martha Legawa is formally the expert staff for human resources (see Chart 4.1). However, he is granted by Tirta as the only person to have authority to approve the "budgets". Previously, this authority was with Tirta. Martha was appointed because Tirta wanted a stronger control on the budgets. Why Martha?

The researcher: Why budget is under pak Martha?

John Abdi [the Finance Director]: Pak Martha is an elder, but very rational. We need such a powerful person as a "watch dog".⁷ (the words in the parentheses are John's original)

Each month, each departmental manager has to prepare a list of sorts of things, that they need to be supplied with for the operation of his/her department. As an illustration, Figure 7.12 (the original in Appendix 12) is "a budget" prepared by a department within the Citeureup plant.

When all the departments of the Citeureup Plant submit their "budget" to the Plant Manager, the (monthly) "Budget of Citeureup Plant" is set up. This preparation has to be finished by 16th of each month. Then the plant manager has to come personally to see Martha in order to "defend" the budget. In this meeting, each question raised by Martha should be answered by a convincing argument, otherwise the manager "will get less or nothing". By 28th of each month, all budgets from all units have to be finalised. The approved budget then will be sent to the office of the finance director, which then will work to realise such budgets.

It is by the order of Martha that in the budget of November, for instance, the information of the realisation for the month of October must be accompanied. "I need it to take a comparison", I was told by Martha. That is why when more time cards are needed by Citeureup plant in November, an explanation for such increase is provided. Actually, 'bargaining with Martha', for the managers is confusing as they

PT Aqua Golden Mississippi
Citeureup Plant
Budget
November 1993
Department: Logistic

No	I t e m s	Units	August		September		October		Stock at 30/10	November		Cost per unit	Total	Notes
			Budgeted	Realisation	Budgeted	Realisation	Budgeted	Realisation		Needed	To buy			
	I. Stationary													
1.	Battery - big	pcs	6	6	6	6	0	0	0	4	4	400	1,600	
2.	Battery - small	pcs	6	6	6	6	6	6	0	6	6	250	1,500	
3.	Pens	pcs	12	12	8	8	12	8	0	8	8	200	1,600	
4.	Exercise book- 40 page	pcs	6	6	6	6	6	6	0	6	6	250	1,500	
..														
..														
30.	Artline 500W - Blue	pcs	3	3	3	3	3	3	0	3	3	1,300	3,900	
31.	Artline 500 W - Black	pcs	3	3	3	3	3	3	0	3	3	1,300	3,900	
..														
..														
40.	Marker pen - small	pcs	0	0	0	0	0	0	0	12	12	75	900	for recording in time card
	II Printed Matters											Total	244,800	
1.	Company Envelope	box	1	1	1	1	1	1	0	1	1	5,000	5,000	
..														
..														
13.	Internal Memorandum	box	1	1	1	1	1	1	0	1	1	4,000	4,000	
..														
..														
18.	Time Card	600	600	600	600	600	600	600	0	650	650	80	52,000	have new employees
												Total	293,250	
	III. Investment													
1.	Crate - blue plastic	pcs	4000	4000	7500	7500	7500	7500	0	7500	7500	12,000	90,000,000	
..														
..														
6.	Bottles	pcs	0	0	0	0	0	0	0	1600	1600	10,000	16,000,000	
												Total	236,050,000	

Approved by
Plant Manager

Department Manager:

Figure 7.12: Budget of the Department of Logistic of Citeureup Plant

are not provided with a clear guideline. "Pak Martha will always 'cut' our budget proposal," a manager says, "it is very hard to get all what we ask them to provide." For the managers, convincing Martha is a difficult job, sometimes it is frustrating. A plant manager told me that it is a bit easier to convince Martha when things that are proposed to buy are those needed for keeping production running well. "So, just convince him that your request would be urgent for production," he said. This manager told me his experience.

I strongly needed one heavy light bulb, I put it down in my budget and told to Martha that the bulb was very important since it was for production. Then, I got it four instead of one.

A frustrating experience dealing with Martha is told to me by Wartomo, the manager of the department of work safety and health, whose his responsibility is to monitor the working environment of the employees.

Workers in the factories used to have a cup of milk everyday, with 10 grams of milk powder. After a careful observation, I submitted a proposal asking the company to increase the milk ingredient to be 15 grams. What happened was instead of getting more milk, the workers got more sugar. The reason given to me was that it was not relevant to have more calories by supplying more milk. Now, much of the workers do not want to drink that, because it is too sweet. We need to supply them with more milk, not sugar.

The same manager still has another story, that is:

I proposed to buy some appliances to set up fire protection installation. However, I had never got any response. As there was a fire burning in the Surabaya's factory, they installed that without any requirement from me.

Another informant told me that

a budget proposed to buy new uniforms for security officers came to Martha's hands. In order to give his approval, Martha ordered the chief of the security officers to ask all the officers to come to the head office at 6.00 in the morning and get ready for a briefing. What he found was that all the officers were wearing good complete uniforms. Then, Martha told to the chief "look all come with complete and still good uniforms, so you do not need to buy a new one."

While for the managers, budgeting is confusing, for Martha it is clear.

In 1980s, the company was growing up very fast. I would call it there was an "explosion", not "growth." How we could say it was a growth, when the annual rate of growth was 40 % consecutively. There was a "bottled water boom". At this time, any "inefficiency" could be excused, but not now. Our competitors, Oasis, Ades, Moya, they are also in growth. Therefore, inefficiency now is something not tolerable. I talked to *pak* Tirto about that. That is why now we have to produce water in the most economical way. Those who want to buy something, have to put it in their budget which should be submitted to me.

"Efficiency" seems to be a key word in Aqua. Outsiders who come to the head office easily will see a clear notice of "if you do not need it, please turn it off". In an official speech at a special occasion for 1994 Happy New Year, both Tirto, and Martha talked about efficiency. Willy, the President Director, talked first, and brought the issue that:

In 1994 the company will be facing much stronger challenges. Therefore, we all have to be more cautious (*Berita Aqua/Aqua News*, January 1994, p. 20) .

Martha then took a chance, providing ways to encounter such challenge. He said that:

We have to be more conscious on efficiency. We must minimise expenditures even on likely simple things like

electricity, pencils, and so on. We have to make this company become "streamline" ⁸, so it can run smoothly and fast (*Berita Aqua/Aqua News*, January 1994, p. 20).

The last speaker at the occasion was Tirto, stating that:

We all must continuously attempt to be not wasteful in each of our steps. What I mean is do not spend money for something un-useful. We have to be more "cost conscious"⁹(*Berita Aqua/Aqua News*, January 1994, p. 20).

At Aqua, 'minimise expenditures'; 'do not waste money' are the other words of "efficiency" which is believed by the top executives to be a key factor for success in facing the challenge. This is how they make sense of the organisational situation.

The foregoing story of Aqua's budgeting system shows that it is through its specific system that the top executives make the belief meaningful to the company's members. Thus, at Aqua, the meaning of the symbolic notion of efficiency is constructed and reconstructed through the discourse on budgeting. As mentioned in chapter 5 that the company does not want to be involved in 'fight over market-share' through 'price war', instead fighting through 'quality' is perceived to be more strategic. "Our product is expensive because of its quality"; "we do not sell water but quality" are sorts of things that the company puts value on. There is no idea coming up to questioning whether there is something wrong with product costing, which may make the price higher. Thus, to face the increasing stronger competition, 'being efficient' seems to be the only way. Here, 'being efficient' means consciously reducing costs or spending less money. This is what Tirto means by "cost conscious".

The following citation comes from my field notes taken when I was informally sitting together with an assistant manager level informant and a couple of truck drivers.

The assistant manager: "Look at this [light] truck. Now they use retread tyres. It is dangerous, isn't it? Jakarta's roads are very hot. Retread tyres may cause an explosion. But, it is the way the company saves money.

I am not sure whether the retread tyres are being used due to the policy of the manager of the delivery armada, or because the manager proposal to buy new tyres is rejected by Martha, who may then ask them to use the retread ones. With more than one hundred light trucks for the delivery armada, using the retread tyres will certainly save money.

Capital Budgeting Systems

At Aqua, proposals for investment may come from all units, but all have to go to Martha. What is meant by investment here is the purchasing of long-term assets such as trucks and machinery equipment, not to include the establishment of new factory which is prepared by the office of the director of the research and development (see chapter 4 for the organisational chart). The company has no investment program, such as a two or five-year investment plan, as well as no formal guidelines for such preparation. A proposal will be prepared when there is a need for purchasing such long-term assets. For example, when I was there, the manager of the distribution department of WI was submitting to Martha the project proposal for opening a new depot. Unfortunately, I was not allowed to have a copy of the proposal. However, I was told that the proposal was prepared by the manager himself, none of accounting people were involved. I suspected that no accounting information was in the proposal, and no investment analysis.

When I was there, there was also a plan to open a new manufacturing plant in the Philippines. It was a joint venture project with a local investor. The project proposal was prepared by the research and development office, most of its members being engineers. I have been shown by Willy the final draft of the proposal. For this proposal, there was an investment analysis which is common in such a feasibility study, including pay back period and projected income statement. Interestingly, I was told by Bastian, the manager of the accounting department, that he was not involved in the preparation process. "However, sometimes they [the research and development members] ask me for some financial data," Bastian said. Such capital projects are only the business between the R & D department and Willy.

Performance Evaluation

Performance evaluation is another organisational practice at Aqua which does not involve financial information. The performance evaluation of the employees is undertaken through the office of the personnel director once a year. A form for the evaluation is prepared. The form shown in Figure 7.13 (the original is Appendix 13) is for the employees at the levels up to supervisor, while Figure 7.14 (the original is Appendix 14) shows the one for the employees above supervisor.

For the insiders, the performance evaluation system is very ambiguous both the items to be evaluated and the valuation itself. When I was at the Bekasi plant, there was a meeting chaired by the plant manager and attended by all its departmental heads. One of the issue brought by the managers was about the performance evaluation, that is, how to differentiate between "very good" and "good". At the end of the discussion, the only agreement they could reach was "it is up to the head of the department to define that". According to the evaluation system, those employees who have an overall evaluation of "Very Good" could be promoted. However, in

PT Aqua Golden Mississippi
Performance Evaluation Sheet for Under-Supervisory Level Employees

Name :	_____	Education:	_____
Position:	_____	Age:	_____
Salary level:	_____	Period covered:	_____
Department:	_____	Date:	_____
ID No.	_____		
Date of recruitment:	_____		

* provide tick mark wherever applicable

Factor to be evaluated	Very Good	Good	Fair	Weak	Very Weak
1. Work ability					
2. Punctuality					
3. Honesty					
4. Responsibility					
5. Discipline					
6. Initiation					
8. Attitude towards superior and coll'es					
9. Loyalty					
10. Willingness to cooperate					
Overall valuation					

Employee being evaluated:	Assessor:	Direct superior of the Assessor:
(signature)	(signature)	(signature)
_____	_____	_____

Recommendation: (not to be discussed with the employee):

1. Routine increasing on salary grade
2. Promotion
3. Special Promotion
4.

Authorised by:

(signature)

Location Personnel Manager

Figure 7.13: Performance Evaluation Sheet for Under-Supervisory Level Employees

practices, it is the intention of the departmental head to promote his/her members that comes first, and then he/she will justify that decision by providing the appropriate marks. According to the system, the evaluation should be done in an "open environment", which means that a member being evaluated should be told by his/her direct superior (who is responsible for undertaking the evaluation) why he/she should

PT Aqua Golden Mississippi
Performance Evaluation Sheet for Above-Supervisory Level Employees

Name : _____ Education: _____

Position: _____ Age: _____

Salary level: _____ Period covered: _____

Department: _____ Date: _____

ID No. _____

Date of recruitment: _____

* provide tick mark wherever applicable

Factor to be evaluated	Very Good	Good	Fair	Weak	Very Weak
A. <u>Intellectuality</u> 1. Intelligence 2. Work Knowledge 3. Creativity 4. Responsibility					
B. <u>Work Habit</u> 5. Ability 6. Willingness to work hard 7. Carefulness 8. Willingness to get new knowledge 9. Competence 10. Discipline 11. Initiation 12. Leadership 13. Willingness to cooperate					
C. <u>Personality</u> 14. Influential 15. Ability to control emotion 16. Loyalty 17. Self Confidence 18. Honesty 19. Ability to maintain good relationship					
Overall Evaluation					

Employee being evaluated: _____ Assessor: _____ Direct superior of the Assessor: _____

(signature) _____ (signature) _____ (signature) _____

Recommendation:

1. Salary grade to be increased.

2. Promotion

3.

The recommendation is supported by: _____ Authorised by: _____

The (relevant) Director _____

The Personnel Director _____

Figure 7.14: Performance Evaluation Sheet for Above-Supervisory Level Employees

be marked by "Very Good" or "Weak". However, as mentioned in chapter 5, in practice, it is a very rare for such for such comments to be made.

When I brought the issue of this performance evaluation system into an interview with the General Director (see Chart 4.1), he said that:

There is a weakness in our system. As the system is related directly to promotion and salary, they use that for justification for increasing their salary or for their promotion. However, until now we have no idea how to change such system.

Analysis

The story narrated in this chapter is that of the social construction of "management accounting" practices at Aqua. I am placing the phrase of management accounting, however, within the quotation mark since we may see that in Aqua there are no management accounting practices, as far as the foregoing story has revealed. I have found myself studying management accounting where it is not (Choudhury, 1988). Therefore, there should be the story of the construction of the management accounting absence.

However, in this case study, an understanding of the absence of management accounting lies with the understanding of the presence of the (financial) accounting practices. That is what I want to attempt to do in the following section: to analyse the presence of Aqua's accounting (control) practices in order to understand the absence of its management accounting practices. This absence may tell us a lot about the nature of the interplay between the culture of the organisation and its accounting practice (see also Choudhury, 1988, p. 550). It is here an analysis of such absence is *meaningful* as far as accounting researchers are concerned with the knowledge of accounting-in-action (Tomkins & Groves, 1983) or accounting and organisational

action (Hopwood, 1987). To this spirit, I think, the following words of Geertz are enlightening:

Something that meaningful to us cannot be left just to sit there bathed in pure significance, and so we describe, analyze, compare, judge, classify; we erect theories about creativity, form, perception, social function; we characterize art as a language, a structure, a system, an act, a symbol, a pattern of feeling; we reach for scientific metaphors, spiritual ones, technological ones; and if all else fails we string dark sayings together and hope someone else will elucidate them for us (Geertz, 1993b, p. 95).

Such an analysis of the presence or the absence of (management) accounting practices in an organisation should be producing an explanation which comes to be regarded as a matter of connecting action to its sense rather than connecting the (organisational) behaviour to its determinants (see Geertz, 1993b, chapter 1). In the case of Aqua, the explanation of the absence is likely to be embedded in not merely technical but the shared meanings and socially and culturally constructed realities of organisational participants (Choudhury, 1988).

The Presence of the Financial Accounting Practices

The previous historical sketch of earlier Aqua indicates the place of accounting within the context of the emerging entrepreneuring firm. The relationship of the key parties (Tirto, Slamet and Willy) weaves tightly in the entrepreneurial spirit of establishing a new business, that is, producing bottled water (see chapter 4). The relationship is not only at the social but also at the symbolic levels. It involves the formation of a social pattern between themselves (Tirto, Slamet, and Willy) which denotes their roles, and a cultural pattern which inspires their action.

Although Tirto had not been actively involved in the business at its earlier time, he was a main actor in developing the "network of social relations" (Geertz, 1993a, p. 145). Tirto, Slamet and Willy all come from different backgrounds; Tirto is a trained lawyer with long-time experience in marketing, Slamet is a professional trader, while Willy is a trained mechanic experienced as a production supervisor. They are united, however, in "a single causal web" (Geertz, 1993a, p. 145; see also Holmes, 1990). The historical story of the entrepreneuring process of Aqua (in chapter 4) suggests the social process of the social network construction. It is important to emphasise here that there are two strands twisted together in the process of weaving up the social relation: motivation and competencies. As suggested by the story, the unique texturing process of Aqua, which is the extension of the motivation and competence from Tirto to other members either the main actors or co-actors, is a process towards the single causal web, that is, introducing the new product. For all Aqua members, at least in the early years, introducing the new product is something to do with the technicalities of production and marketing. Therefore, the pattern of the social interaction formed between them is technically oriented. The emerging discourse on the organisational life then consists of technical vocabularies with no accounting significance. This situation, in addition, may also result from the fact that the main actors have no previous accounting related experiences. Unlike Wedgwood, for Tirto, Slamet and Willy the absence of their accounting related experiences is likely to cause the lack of accounting perceptiveness in their competency.

At the symbolic, cultural level, we can see that in approaching the intention to introduce a novel product, a system of symbols has been constructed the significance of which centres on the cultural notion of "[A]QUALity". Here, such cultural artefacts as "customer satisfaction", "customer relation", and "healthy water", or the water delivery truck with its bright white colour are the derivatives of the [A]QUALity. It is on the significance of the quality that the meaning of those cultural artefacts lays. "Quality", "customer satisfaction", to-fight-through-quality are thus

the pattern of belief, expression, and value to which the Aqua members are committed (see Geertz, 1993a especially chapter 6). However, there is no accounting notion which emerges from the organisational discourse which then becomes a part of the clusters of significant symbols.¹⁰

The foregoing analysis suggests that the absence of accounting in Aqua's organisational discourse at its earlier period is socially and culturally constructed. The absence is not only due to technical reasons as at that time the company was at the first stage of its development in which management might control everything directly. When Aqua's management realised the long-term loss, their decision to increase the selling price was not based on any accounting calculation (see the story in chapter 5).

From the stories in chapter 4 and 5 we learn that as Aqua was relieved from the continual loss, the company grew up so fast by any measure. A university accounting student then was recruited to lead the accounting department. However, this department was expected only to be 'financial reports constructor', and did not give rise to the birth of accounting vocabularies on the organisational discourse.

Then, we may also see that the entering of the company to the Jakarta stock market had (still has) no influence on the social relation within the company. Indeed there is a change in the organisational structure. Willy was appointed as the President Director replacing Tirto's position, who was then as the Chief of Board of the Shareholders. Through his position, Tirto has continued to have direct access to all parts of the company. The story, appeared in chapter 5, of how Tirto could order the two managers of Aqua to come to see him as for him the managers have done "something silly" is a good illustration. The social relation in Aqua is now still centred on the motivation to produce "quality water" and the technical competency to realise that (see chapter 4). The difference is that while at the earlier time in the core

of the social network there were Tirto, Willy and Slamet, presently it has reached others, especially the production members. Interestingly, such moving has passed across the boundary of the company (Aqua), moving into WI¹¹. As the story mentioned in chapter 5, the 'coordination' meeting called by Tirto in one of his restaurant provides a sign who are now included in the core of the social network. In addition, central to the meeting agenda was the evaluation of the technical competency of the operational managers, and the re-proclamation of the need for always "being number one in the industry". We may suspect that the notions of quality and services were amongst the most frequent words to be enunciated, with the absence of an accounting notion.

The story in chapter 5 explores how the growth of the company has been also the growth of the quality culture; the quality culture is constructed as well as constructive. It is hard to say whether the growing strength of the quality culture caused the growth of the company, or *vice versa*. However, as we know, accounting people have no place in that construction process, or could not find any place. The financial reports they produce are just for presenting justifying numbers for the shareholders that the company has been in growth and is promising. But, the reports do not enable the accounting people 'involved' in the social discourse within the company.

The entering of the vocabulary of 'efficiency' into the organisational discourse, as the story reveals, was not from the accounting department. The notion was introduced, and has been maintained, by the top executives, or to be more specific by Martha and Tirto. When they realised that they needed to counter the increasing competition in the bottled water industry, they did not want to be involved in a 'price war', then notion of 'efficiency' emerges. Interestingly, for them increasing efficiency means reducing cost, and it means lowering expenditures. They have not realised that there are such specific relations between the concepts at the level of out-

put and with the level of out-put inherent in the concept of efficiency. "Minimising cost to reach maximum product" is a general instruction coming from Willy. Indeed, the vocabulary (efficiency) is accounting related, but not at Aqua.

The Absence of Aqua's Management Accounting Practices

While the accounting practices focus on the external reporting preparation, there are no what so-called practices of management accounting at Aqua (see chapter 2 for what it is meant by management accounting). We can see that, there is a specific relation between its budgeting practices and the culture of the organisation. The practices of budgeting are centred on Martha. Martha's formal position in the company, as we can see in chapter 4, is as the expert staff for human resources development. However, he has been granted a special authorisation by Tirto to be "watch-dog", to use the vocabulary given by John Abdi, the finance director of the company, for maintaining and improving "efficiency" through the budgeting practices. Such authorisation is not licensed to John Abdi or Bastian, the accounting manager. As previously mentioned, John's answer to my enquiry on this point provides the explanation: Martha is an elder and very rational. Here, Martha is, I would say, "Tirto's extended hands" which enable Tirto to be 'being present' in any decision to expend any *rupiah*.

The story of Aqua's budgeting practice suggests the native "experience-near" concept of efficiency obtains its meaning from the specific budgeting practice. Central to the budgeting practice is the motivation to maintain the company running low in money spending, rather than to carefully construct a business plan. Lowering cost or money spending is the real significance which has been implanted in the notion of "efficiency" and "cost-consciousness". Actually, "efficiency," "expenditure," and "budgeting," are terms that belong to accountants, who traditionally have authority to provide meaning for them. However, it is not the case at Aqua.

As the budget is approved, the execution is by the department of logistics at the head office. At Aqua, the purchasing of all daily needs is centralised under that department. The responsibility of this department is to purchase any thing requested by the approved budgets. In so doing, the manager of this department has to find the 'best price'. When I asked Willy of the explanation for such centralisation, I was told that it is for controlling, in the sense that it is to avoid any possible 'corruption' through purchasing activities. Willy says

if there is someone who would like to act corruptly through the purchasing even if it is one person [the manager] sooner or later we will know.

As a consequence of this kind of practice, in the budgeting discourse, price is not essential, in the sense that the negotiation between the managers and Martha is focused on physical, not financial measures. There is a column for price in the budget illustrated in Figure 7.11, but "it is only a roughly estimated price to get some ideas for Martha," a manager said. While someone controls cost through its physical measure (e.g. use retread tyres instead of the brand new ones, buy one correction fluid for each department instead of one for each person), someone else in the head office looks after the financial side. This kind of practice produces a situation where the managers are exempted from financial affairs, and the accounting people are absent from the budgeting discourse.

We can also see that the absence of such financial figures in the written control system presented above, as all information communicated through the system are physical in nature. It is through this kind of information (not in monetary terms) that "events which happened in the organisation" (in this case, the plant) are made "visible" (cf. Loft, 1988). Therefore, the control system is not in the accounting (or business) language but in physical or technical language. Actually, this is not only true for the control system in the plant, but also, as we have seen, it is true for the

company's budgeting system; more than that, the everyday organisational discourse. The organisational action is made visible not through accounting but through *counting*.

If we examine carefully the records and reports prepared by the production people (represented as Figures 7.2–7.10), we will see how great attention have been paid to "quality" and "target". Every work of quality control procedure in the production process, has been recorded and carefully reported to the production director in detail. In addition, in the records and reports, the production director could easily identify the products being produced, where (in which line production), when (time and shift), and the quantity. By this way, the production members create a socially and culturally accepted 'truth' about their work through their own design recording and reporting system which follows carefully the flows of materials and finished products. Thus, this is a way in which the quality culture is produced and reproduced by the production people. At the same time, it shows how "quality" becomes a cultural vehicle as well as a guidance for the production people in their organisational action.

Understanding the Absence of Management Accounting

I have analysed the presence of the external reporting and the absence of the management accounting in Aqua. The analysis shows that the practices of accounting is rooted in its organisational culture. I want to continue my analysis in order to write an account about the absence of the management accounting practices which may bring a better understanding of such absence. However, before progressing to the absence of management accounting at Aqua, we will see first the [management] accounting absence in the accounting literature.

Accounting absence in the literature

As remarked in chapter 1, as accounting researchers realise that little is known about the actual functioning of accounting systems and how they are created and developed (Hopwood, 1979; Preston, 1992), a growing number of accounting researchers have been shifting their mindfulness into studying accounting in its organisational, socio-cultural, and institutional contexts (eg. Colignon & Covaleski, 1988; Preston, 1989; 1992; Ansari & Bell, 1991; Chua & Degeling, 1989; Chua, 1993). This courageous intellectual movement is admired for its exertion in trying to, borrowing Geertz (1993b) vocabularies, explain accounting phenomena by placing them in their "local frame of awareness," instead of by weaving them into "grand textures of cause and effect."

However, in such intellectual discourse on accounting, little attention has been directed towards the instances of the accounting absence, that is, "where accounting was expected but it is not" (Choudhury, 1988, p. 549).

Accounting researchers appear to be preoccupied with accounting presence. The literature is replete with "discoveries" of accounting – normative discoveries of accounting solutions to problems (real or imagined), positive discoveries of "real – world" accounting phenomena (Choudhury, 1988, p. 549).

Choudhury (1988) argues that the concern of the accounting researcher should be to understand and explain what is not happening as well as what is. The absence of accounting may provide the researcher with a lot about the nature of accounting and its existence. Choudhury (1988) is correct for the contention that the answer to an inquiry of why we may not find accounting there should be not merely technical but embedded in the social and cultural construction of the organisation. The absence of accounting should be understood contextually, as its existence. With this perspective,

such absence would be seen not just as the failure of the part of management, and then an attempt to explain such failure.

While the accounting absence has not been on the accounting research agenda, few studies have discussed the disappearance, the neglect, the resistance, and the disuse of (accounting) information systems. Preston (1986), who was interested initially in studying the design, implementation and use of a computerised production information system in a plastic container division in England, found that the managers were not using the information system. This official information system was more ritual than really active in the process of informing amongst the managers (see Gambling, 1987). The managers were informed through personal interactions, observations, meetings, and keeping personal records in the form of notes or diaries. As he was aware of this situation, Preston moved into studying the social process of informing among the managers from the perspectives of Berger and Luckmann's social construction theory and Blumer's symbolic interactionism.

Berry et.al. (1985; see also Capps et al., 1989) reported that in an Area of the National Coal Board financial planning and control systems did not appear to be a dominant mode of organisational control. In the Area, technology and production dominated the socialisation process. Therefore, the vocabularies that emerged in the everyday organisation were such technically oriented as 'man shifts', 'tonnage', 'cuts'. As a consequence of this heavy emphasis on production, the accounting system was undermined and underdeveloped. Strategic decisions, like building new roadways underground, are carefully worked through largely in terms of technology and with considerable production expertise. In the revenue budget we would not see the distinction between variable and fixed costs.

Dent (1991) provided an interesting story of the emergence of new organisational culture, "enterprise culture," replacing "railway culture" in The Euro Rail. This

emergence was driven by the birth of new accounting practices. Under the domination of the railway culture, the prime purpose of the Rail was to run trains, profitability was secondary. Financial information and financial considerations were abstain.

The appearance and then disappearance of accounting in a social and economic arena of British coal industry attracted the attention of Bougen et al (1990). They found that there was a discontinuous involvement of accounting in wage determination in the industry from 1875 to the Second World War. The change from the appearance to the disappearance, from the acceptance to the rejection was due to the change of contextual conditions shaping the life of the Industry.

Management accounting absence in Aqua

This is an interesting phenomena that at the time in the Western world of accounting, there has been an emerging discourse on "making up accountancy once again" (Miller & O'Leary, 1990) because they (Western accountants) "worry" about the decline of management accounting roles (Hopwood, 1985; Johnson & Kaplan, 1987; Kaplan, 1985), in Indonesia there is a suspicious that management accounting has never been there in practise, or at least in the Indonesian owned companies (Briston, 1990). If there is any, Briston says, it is usually confined to those engaged in joint ventures with foreign companies. A reason provided is that Indonesian accountants are not well trained in the technology of management accounting, as the accounting curriculum is dominated by financial accounting and auditing (see the discussion of this issue in the previous chapter). Briston's claim might be true as in his reply to my request, the Chief Auditor of Unilever wrote that:

We are, however, of the opinion that Mr Rasyid should not extend his research to P.T. Unilever Indonesia, because the Unilever Concern's tight and world-wide uniform network of

management information and management accounting would be one of the least typical specimens of management accounting in Indonesia; it is in fact practically the same in any Unilever Company operating in any country from Australia to Japan, from Brasilia to Nigeria. As a consequence, it should be of no real use for achieving his objective of a cultural analysis of management accounting, with specific reference to Indonesia.

However, the reason provided by Briston is very simplistic. It is a belief that the accounting presence or absence should be viewed as a reflexive construction of the (social and cultural) context of everyday activities of the members of the organisation (Booth, 1991, as reported by Lodh, 1994, p. 1).

At Aqua, the absence of management accounting is cultural. From the early life of the company, the organisational discourse has been dominated by quality related topics. This mode of organising continues, regardless of the pressure (i.e. "price") or the favour (i.e. promising economic environment) provided by the environment. Aqua is not like "Euro Rail" (Dent, 1991), or Axis Records Limited (Preston, 1989), or Wedgwood (Hopwood, 1987; Walsh & Stewart, 1993). At these companies, the external pressure created new contexts for the social interaction in each of them. In such contexts, then, accounting and accountants play their roles. In Wedgwood for example, the economic crisis which demanded Josiah Wedgwood to look for "true cost" of his products (McKendrick, 1970) had given rise to the emergence of cost accounting practices in the company. The cost accounting then provided a context for constructing a social reality (Boland & Pondy, 1983).

Once constructed, Wedgwood had a powerful instrument for observing the organisation in economic terms. His strategic conception of the role which records could play in the management of crisis had resulted in a means by which he could penetrate the inner working of the organisation (Hopwood, 1987, p. 217).

At Wedgwood accounting became a cultural practice (Arrington & Francis, 1993) enabling Mr Wedgwood to see the inner working of the company not only through his engineering and marketing eyes, but also through his "accounting eye" (Hopwood, 1987). A similar story also happened to the Euro Rail (Dent, 1991). It is told that harsh economic disciplines imposed by the government transformed the "railway culture" to the "business culture." At the Euro Rail, this external pressure originated a new awareness amongst several senior managers that "the old traditions were not, in themselves, proving sufficient to manage the threats away, and needed to be supplemented in some way" (Dent, 1991, p. 715). The awareness made it possible for the accounting terminologies to enter into the organisational discourse.

At Aqua, however, the price competition has not encouraged Tirto to question his pricing strategy, yet there has been no need of such accurate cost information. Being the highest in price for Tirto is a consequence of being the best in quality. Therefore, in Aqua, as presented in chapter 5, instead of creating a new context for accounting people in which they may make sense of the situation through accounting language (Lavoie, 1987), such external pressure has been translated by the language of 'quality culture'. For Mr Wedgwood, cost accounting provided a basis for re-appraising the organisation of the manufacturing process, and the advantages of large volume production. At Aqua, however, the installation of new machinery is not informed by such accounting calculation but based upon the ideology to be always in the forefront in quality. For Tirto, the establishment of a new manufacturing plant is because simply "water is heavy and easy to be infected so that the closer it to its customers the better." Again, the quality culture is a *model for* such investment.

Although the vocabulary of efficiency emerges, it has no accounting significance, as it is intended to reduce cost without looking at its affect on the level of output. From the interpretive point of view, organisational accounting is a set of processes constructed and provided meaning through the life of the organisational actors (see

chapter one). At Aqua, the everyday people lives are guided by the quality culture which has its root not in the accounting field but on the production floor. Actually, it is technically easy to draw financial measures of the input and output of the production which may then make it possible for emerging financial vocabularies in the discourse on efficiency. However, as we have seen in the recording and reporting system of Aqua's plants, there is no financial figure. What they mean with 'effectiveness' is the relationship between the amount of production targeted and its realisation. So, effectiveness is not *an accounting* concept but *a counting* concept. The absence of financial figures is not only in the written discourse, but also in the speech. At Aqua, nobody talks about 'revenue', even in WI (the marketing company within the Aqua Group), except the top level executive.¹² In WI, when talking about how much they have been selling the products, marketing people will say that in units. Sales representatives would be granted a bonus if they sold above the targeted units.

As a consequence of the absence of accounting figures in the organisational discourse, no overt financial measurement has been made on how much the plant manager for example has contributed to the company revenue or profit. Thus, the performance measurement at Aqua is not made financially calculable and knowable. The only financial figure of profit is the one in the income statement, and so that it belongs to Willy. Thus, if accounting numbers create social authority for organisational actors (Burchell et al., 1980; Hopwood, 1987; Miller, 1994), at Aqua such authority just goes to the president. While accounting has a potentiality to link subjectivity and calculability "through its concerns with individual performance, through its attempts to induce individuals located in abstract spaces to become calculating selves, and through its endeavours to enrol individuals in the pursuit of prescribed financial targets or objectives" (Miller, 1994b, p. 240), Aqua has missed that potentiality.

Modern management accounting has been always related to control mechanisms enabling management to observe at a distance the inner working of organisation and then to govern the economic life of the organisation (Hopwood, 1987; Loft, 1988; Miller & O'Leary, 1994; Miller, 1994b). It is through management accounting, for example, that inefficiency has been made "visible and calculable," hidden wastes have been detected (Miller & O'Leary, 1994). However, at Aqua it is not management by accounting that makes the organisational life visible and controllable (McSweeney, 1994), but *management by counting* which produces and reproduces the culture of the organisation. In Aqua, it is the "statistical recording" which enables an "objective" evaluation of the workers performance, whether they have achieved the target, whether they have taken necessary and enough efforts to produce and reproduce quality water [read: quality culture] (see also Loft, 1988, p. 33). Furthermore, we may borrow Loft's contention, when she writes on the line of Foucault's (1977) *Discipline and Punish*, to enhance our appreciation of Aqua's situation.

Records are not just an enabling device for power to use, the creation of a record is an act of power in itself. Not only does it represent the result of choice concerning what is important in the organisation but its creation can induce obedience

At Aqua, again, the "records" are not financial in nature, but "statistical". In this case study, the power that is exercised by such records is the culture of the organisation.

At Aqua, we see how the absence of management accounting arose and was implicated within the value and meaning frames of the organisational participants. The result of this cultural construction process is a model *of* organisation as well as model *for* organisationing (see chapter 5). The system of meanings embodied in the quality related notions or artefacts, for organisational participants, becomes not only a model of what they have to do (or what they believe), but also a model for how to do

that (or the believing of it). In other words, at Aqua, its culture functions as a control mechanism.¹⁹

The foregoing analysis of the management accounting absence reveals the construction process of the absence. According to the analysis and the whole story of the construction of Aqua and Aqua's culture, the present practices of the accounting and absence of the management accounting are not only cultural but also historical. Both the presence and the absence are reflection of the organisational life as well as having played, in their own way, roles in the organisational functioning (cf. Hopwood, 1987, p. 222). Or, at Aqua, the presence of the external accounting plays its 'constructive' roles through its 'silence', the absence of management accounting through its 'un-presence'. This study supports Choudhury when he literally writes:

"Why do we find no accounting there?" The answer is likely to be embedded in not merely the technical but in the shared meanings and socio-culturally constructed realities of organizational participants (1988, p. 552).

While there is a common view that accounting is seen as having its origin within the problems enacted inside or outside the organisational arena (see eg. Hopwood, 1987; Preston, 1992; Dent, 1986; Armstrong, 1987;), it is not the case at Aqua. The growing improvement of the Indonesian economy which promises a better return on investments (see chapter 6 for the elaboration of this economic environment), the price competition created by the competitors, or the rapid growth of the company, should persuade Aqua to have more careful planning or a better information system, but it does not.

We may also simply relate the absence of management accounting in Aqua to the outside-organisation-arena reality that management accounting in the Indonesian university accounting curriculum is ineffective which causes its graduates less

competence in management accounting (see Briston, 1990). However, this relation will not explain the real situation. The question is most likely what the management accounting textbooks teach. Indonesian accountants are at loss as they want to apply their text-book management accounting skills. For example, in Indonesia, the workers are paid on a monthly basis, while the text-book cost analysis assumes the workers are paid on an hourly basis. Variance analyses techniques could not be applied since it is very difficult, if not impossible, to make a standard. While the text book management accounting assumes that the distribution of power in an organisation is in accordance with its organisational structure, it is likely not to be the case in Indonesia (see the explanation for Indonesian culture in chapter 6). Thus, the critical thing is not whether management accounting is in the curriculum or not, but whether the western oriented management accounting is applicable in Indonesia.

Recently, an attempt at problematicising "time" in accounting studies has emerged (Loft, 1988; Chambers, 1989; Ezzamel & Robson, 1995). This is an appreciated effort since time is an important aspect of accounting (Ezzamel and Robson, 1995; Chambers, 1989). Ezzamel and Robson examine the relevance of the two main sociologist conceptions of time to the research of accounting in action: "linear time" and "cyclical time". They show how the linear conception of time is implicated in the practices of standard setting in budgeting control, for example. Meanwhile, the periodicity in accounting is argued as an application of the concept of cyclical time. However, despite the central role of time in accounting, "in the course of time, the temporal uniqueness of financial events has come to be disregarded in periodical aggregative accounting" (Chambers, 1989, p. 7). Ezzamel and Robson (1995) problematicise time in accounting as they observe that in contemporary studies of accounting in action, the relationship between accounting and the politics of time in organisations has been neglected.

The underlying assumption of the two sociologist concepts of time is that time is "scarce" and so it is "valuable" (Ezzamel and Robson, 1995, p. 167). Here, I want to problematise that, as Ezzamel and Robson also recognise, both concepts are social constructs (1995, p. 166), so that the knowledge of time is local (Geertz, 1993b; see also Gell, 1992). Previously, we have seen that Indonesians have their own construction of time. For them, "time" might be not "money", but something else. Therefore, in studying accounting in action, the cultural dimension of the concept of time could not be disregarded.

In the case of Indonesian accounting studies, this is indeed an interesting and important issue. The literature in which we may find the discussion of Indonesian construction of time, as well as money and power, is available (eg. Anderson, 1990; Emmerson, 1976; Cribb, 1994; Watson, 1993; Hill, 1993; Draine & Hall, 1990; Hooker, 1993; Geertz, 1968; 1960). The non-existence of management accounting techniques, such as standard setting, variance analysis, cost-volume-profit analysis, is likely due to the differences between Indonesian conceptions of time, money, and power and the Western's conception. However, I do not extend this study to such a large topic, since it is impractical.

Concluding Remarks

I have addressed specifically in this chapter the practices of management accounting in Aqua. The issue of "the seeking of [management] accounting where it is not" has been brought in to this chapter, as I have found in Aqua that in its organisational action, the practices or even the notions of management accounting are absent. It is a belief, that has been argued through out this chapter, that the absence of organisational accounting may tell accounting researchers a lot about the nature of accounting in its organisational context (see Choudhury, 1988).

The absence of management accounting at Aqua has been attempted to understand firstly through analysing the existence of Aqua's financial accounting practices. During the earlier periods of the company, the organisational discourse had been dominated by production and marketing related speech. Yet, the company has grown in any measure, accounting and the accounting members have been still left behind. The accounting members have kept doing the same thing: producing financial reports. Discourses on employee performance measurement, budgeting, and control are not with the language of business (or accounting language), but with technical language. This situation is just like at Euro Rail before the emergence of "business culture" (Dent, 1991), or at an area of the NCB where the mine tends to dominate its whole living community (Berry et al., 1985).

Then, a detail and specific analysis of the absence of management accounting practices has been undertaken. Indeed, in doing so, the absence has been attempted to understand by referring to the larger contexts which shape the existence of Aqua's accounting, especially Indonesian accounting curriculum and the societal culture. The analysis suggests that the absence of management accounting practices at Aqua is cultural. It is support a belief that an answer to an inquiry of the absence of organisational accounting should be not merely technical but embedded in the social and cultural construction of the organisation.

If the assertion that we know little about the functioning and the enactment of accounting [in western societies] is true, it is really a fact in Indonesia. Although accounting courses have been introduced since the late 1950s into the Indonesian universities, research on accounting, especially management accounting, is very scarce. Most of Indonesian doctorates in accounting (they are less than twenty), were attracted to study external or financial accounting practices, leaving the practices of management accounting unknown. Meanwhile, as discussed in this chapter, there is a suspicious that management accounting is non-existent in Indonesia.

It is in this context, the study on the presence or the absence of accounting in organisational action, in Indonesia, is necessary, and very challenging. We do not know how imported management accounting systems (as practised by Unilever, or Bayer, or other hundreds foreign joint ventures companies) work, as well as, we do not know why in most of Indonesian companies, the practices of management accounting might be not there. The answers, as this case study has shown, are likely to be embodied in the socially and culturally constructed realities of the organisational participants, including the realities of time, money, and power.

Notes:

1. Tanty, at the time of this study, is the operation director (see Chart 4.2). As mentioned in chapter 4, she is also the acting production director. Prior to this position, she was the manager of the Bekasi plant.
2. This is actually the view of Geertz (1993a) that culture performs as a context (see chapter 2). The application of this in organisational cultural research appears also in Kunda (1992).
3. 'Battle field' is the word of the native referring to 'the world out there' where they have to go to look for a 'target' and then shoot 'the target,' which means finding new customers, which is the main job for the sales representatives. While, the main responsibility for the sales supervisors, and the managers is to maintain such good relationship with the clients.
4. This story is available in chapter 5.
5. The story of this can be seen in chapter 5.
6. Aqua has four area warehouses around Jakarta.
- 7, 8 & 9 The words which are in the parentheses are the native words, while others are my Indonesian-English translation.
10. The vocabulary of "efficiency" emerges later on, when the company faces a getting stronger challenge, not at the earlier period.
11. Just to remind the readers, WI is PT Wirabuana Intrent, the sole distributor of Aqua's products which is also owned by Tirto (see chapter 4).
12. Unfortunately, I was not granted access into the discourse amongst top level executives. In Aqua the top level executives have their own dining room which provided no chance for me to be involved in any meeting they have.
13. In the other parts of this thesis (chapters 4 and 5), there is an account of how Tirto has used storytelling as a media to transfer and reinforce his values and beliefs. Actually, the role of culture as a control mechanism has been a topic in the organisational literature. Wilkins (1983); Clark (1970), Perrow (1979) for examples, elaborate how stories and legends appear to perform control in organisations. Ouchi (1980) has promoted another cultural control mechanism which is called "clan control": control through shared traditions. This kind of control is often found in an organisation with the characteristics of its social structure as follows: non-specialised roles, implicit and internalised control systems, and the most important thing is the longterm, often lifetime, employment. In this case study, as it is informed by Geertz's interpretive anthropology, stories are viewed as "symbols": for an understanding of : "any object, act, event, quality, or relation which serves as a vehicle for conception - the conception is the symbol's 'meaning' ... tangible formulations of notions,

abstractions from experience fixed in perceptible forms, concrete embodiments of ideas, attitudes, judgements, longings, or beliefs" (Geertz, 1993a; see also chapter 1 of this thesis).

CHAPTER EIGHT

FINAL REMARKS AND REFLECTIONS

Cultural analysis is intrinsically incomplete. And, worse than that, the more deeply it goes the less complete it is

(Geertz, 1993a, p. 29)

Introduction

I have attempted, up to this point in this thesis, to develop my knowledge on interpretive research, and apply it in an ethnographical work, that is, according to Geertz, to inscribe social discourse, on the interplay between the cultures and accounting practices of PT Aqua Golden Mississippi (Aqua), the company where I was 'being there' for my fieldwork. Now I am going to take a backward look at the collected inscriptions to draw several final remarks, and at the collected experiences of 'mine' to draw some final reflections.¹

Final Remarks

'So little is known of the functioning of accounting'; this statement by Hopwood (1979) is very much attractive to me. As an Indonesian academic accountant, I know that this statement very accurately mirrors the real situation we face in Indonesia. "Doing research" is not our tradition, and "publish or perish" is not our proverb. Most Indonesian academic accountants do research just for their unpublished doctoral thesis, and not all of them undertake empirical research on accounting practices in

Indonesia. Moreover, most of these theses are based on the "scientific" method (only exception is Sukoharsono [1995]).

From our practical work, we also do not gain such empirical knowledge. I had some experience working in a local public accounting firm, and I know how such firms work. In designing an accounting system for a client company, for instance, they sent two or three accounting students to the company to collect information about the organisational structure, the production process, and so on. Then, the accounting firm's representative came back to the client company with a complete manual of the accounting system. Sometimes, depending on the contract, the firm would train the company's accounting clerks to run the manual. In most cases, the manual would not work. I was told by the EDP manager of one of Indonesian's government owned portland cement manufacturing companies that his company had two information system manuals, but neither worked: one was designed by a well-known multinational accounting firm, and the other one was designed by a national accounting firm.

The fact that the statement was actually intended to reflect the situation faced by Western academic accountants is more surprising. When Hopwood confidently wrote the statement, he was undoubtedly referring to the situation in Britain, Canada, Australia and USA. It is startling that, in such countries where accounting research has its tradition, and the "publish or perish" proverb has its root, the problem also appears.

Just after realising that the "scientific" method, which has lead and dominated accounting research, has failed to provide an understanding of the real functioning of accounting in its context, I understood what was going on. Research based on this method has only been able to discover the technical roles of accountants and accounting systems. Accounting is presented as having roles in providing a means of achieving accountability, in promoting efficiency, and in supplying reliable

information for planning and control. However, are these the actual roles which accounting plays, and are there other roles which it plays? (Roslender, 1992, p. 94). There is a belief that, in order to answer these questions, a programme of case studies of the actual functioning of accounting systems which employs research methodologies drawn from post-positivistic sociology is urgently needed to be carried out.

It was under the influence of these impressions that I embarked on this study. Actually, as has been mentioned elsewhere in this thesis, we have witnessed that research to answer the previous question has continuously been made since 1980s. However, such efforts have mostly been made by Western scholars in Western cases, as is shown by the case studies reviewed throughout this thesis. One of the basic tenets of the call to turn from the preoccupation with the "scientific" method is the need to study accounting as a social and institutional practice. However, the relative absence of non-western case studies has resulted in the current discourse on accounting being unnecessarily limited to the discourse on accounting in action in a Western context. The result is that we know very little of (modern) accounting in action in other parts of the world.

In the case of Indonesia, it used to have its own accounting calculative tradition (see Sukoharsono, 1995), but since the beginning of this century it has been replaced by modern Western accounting. There should be interesting research issues of how modern accounting, which is initially rooted in Western liberal society (cf. Miller, 1994), works within a society where liberalism is not a tradition, where capitalism is continuously and officially being claimed as not being its economic system, and where its societal values of life differ from those of Western societies. As Miller says:

The emergence, distribution, location, and intensity of accounting practices are thus research issues that promise to tell us something about the type of social relations that obtain in

different national settings, and at different points in time (Miller, 1994, p. 2).

It is here that this study is expected to be significant, although I am fully conscious that its contribution is too little in contrast with how big such research issues are. This study is addressed only to a particular organisational society, and specifically deals with the issue of the culture of organisational society and its accounting practices. Whilst accounting has been claimed to have active roles in many areas of social and economic life, this study has explored how active accounting is in the researched organisation, and the manner in which accounting has become embedded in the organisational cultural life.

The construction of the culture of an organisation is certainly not an "overnight" process. Instead, it emerges through a long and never-ending process of social discourses within the organisation. In this study, I am fortunate in being able to trace the origin and the development of the company, from the very idea of its establishment to its current setting, and to produce a cultural account of the social construction of the organisational culture: the culture of PT Aqua Golden Mississippi (Aqua). That is what you have read in chapters four and five, as well as in chapter three. The latter is not specifically stated as being a story of organisational culture, however you may find such an exegesis there.

Chapter three has been written with a belief that getting access is also a part of a fieldwork. As a field work is unique, each has presented its own challenge for gaining access to the setting and to its members (see Shaffir, 1991), and each is a contextually specific construction. Chapter three brings an insight that during a getting access process researchers may gain earlier impression of existing meanings in the field — local cultures. It means that for an organisational cultural study, the study starts actually from the process of getting access. For a field researcher, such

an earlier impression is necessary in order to grasp an understanding with which he/she can locate the best role-playing and acting he/she may take as a tactic to gain access and to secure the cooperation of his or her hosts. Choosing a researcher role is one of the first questions the researcher raises (see Ely, 1991; Spradley, 1980; Shaffir & Stebbins, 1991). Wolcott (1988), as reported by Ely (1991, p. 45) distinguishes three different roles: the active participant, the privileged observer, and the limited observer. The active participant has a job to do in the setting in addition to the research. The privileged observer is someone who is known and trusted and given easy access to information about the context; and the limited observer, the role most of us play, observes, asks questions, and builds trust over time, but has no a public role other than researcher. However, as my experience shows, a researcher role is socially constructed, in the sense that the role of an observer will vary from one social situation to another (Spradley, 1980). Even when the observer role has been carefully planned, there are often unexpected snags. It is very necessary here to be sensitive to the situation since the process of getting access becomes important. As I said previously, during the getting access process, a researcher may have valuable insight with which he/she could 'negotiate' his/her role. In my case, as narrated in chapter three, in earlier correspondences with the President Director of Aqua I emphasised that my presence in the company would be as a student, not a consultant. At this time, I had no intention that 'being a student in field' would be my actual research role in the company. I considered that that is only a tactic to please the President, as such he would be pleased to grant me permission. Only after my arrival in the company and interaction with the members did I confirm that being a student who wanted to learn something from the company is an accepted role-playing and acting. During my time in the field, a continuous effort was made to secure my self-presentation. Thus, my account of getting into the field provides support for a contention that presentation of self and the research are not organised in a vacuum but are shaped by the people in the setting with whom the researcher interacts (Shaffir, 1991; Mewett, 1989).

Chapters four and five are concerned with the social and cultural aspects of the company. In writing down chapter four, that is, about the social construction of the company, I was at a loss for sometime as to what to do with a bundle of "empirical data". I knew what my task was: to describe social discourse on the emergence of the company. But the problem was how to do that, and, more specifically, how to start doing that? There was a relief as I recognised that such a problem was common. Van Maanen, an ethnographer by training, wrote in his *Tales of the Field* that:

This lack of tutoring is perhaps most telling at that still point in our studies when we have returned from the field and sit before the blank page that must eventually carry the story of what we have presumably learned. Aid, comfort, and confidence may be difficult to come by at this lonely and sometimes terrible stage. For instance, when turning to the university after a stay in the field that was to serve as the basis for my dissertation, I was told by my worthy academic advisors, whose interests and skills lay well outside ethnographic traditions, to simply "write up" what I had "discovered" in the field as if what was then in my head (and field notes) could be uncorked like a bottle and a message poured out (Van Maanen, 1988, p. xii).

His book is about how to write the tales of the field. I had gone through the book hoping that it might tell me what to do. Unfortunately, this book was only moderately helpful.

Nervous? I'm with you. I suddenly have an awful urge to clean the fingerprints I just noticed on the wall above my computer, but delving right into writing is the better action. The first draft is not the final one after all. This is a time of individual and lonely expression (Ely, 1991, p. 167).

Professor Ely, an experience qualitative researcher and the author of *Doing Qualitative Research* expressed the foregoing citation.

Then, I remembered Professor Alistair Preston who told me personally that when he was about to write his doctoral thesis, he was looking for a metaphor. He found

that "orchestra" was good and appropriate for organising his writing. "So, why I am not trying to find one", I said to myself. Finally, I came to an idea of looking at the emerging process of the company as an entrepreneurial process, a process which results in the entrepreneurial firm. However, the next question was how to organise the data in order to create the story. Cooper and Fox (1990) provided me with an insight, that is, to see the entrepreneurial process as a texturing process. Burnham's book of *A Textile Terminology: Warp and Weft* has taught me some terminologies used in the discourse on the weaving or texturing process. There might be of benefit to tell the story metaphorically. I have been able not only to describe "who did what and when", but also to bring to the story the nuances surrounding the *entrepreneuring* process, as well as the dynamic elements and the historical materials in the construction of the social order in the early life of the organisation. Implicit in the story of the weaving process of the texture of Aqua is the non-appearance of accounting discourse in the production and reproduction of its social network. As has been discussed in detail in chapter four, the texture of Aqua has been tightly woven by the entrepreneurial motivation and the main actors' competence in production and marketing. The domination of the production vision in Aqua is partly mirrored in its organisation of work. While the organisational structure for production is 'fat,' there is no middle-level managers for the organisation of units for financial affairs (see Figures 4.2 and 4.3).

As I completed the draft of chapter four, making a story for chapter five was less difficult. Here I saw the company as a culture. The story in chapter five reveals that the culture of Aqua centres on the values embodied and signified in the notion of quality. Although the process of making a meaning of 'quality' was much influenced by the owner's personal creed, the embodiment of the culture in the fabric of the company's everyday life was through a social and cultural interaction process. At Aqua, "quality" emerges at the same time as the rise of the motivation to produce bottled drinking water by Tirto. Stomach pains experienced by several of Pertamina's

customers were believed to be relieved if they were provided by 'clean' water. Willy and Slamet, as the main actors with their own personal competence in the early days of the young company, worked together to realise the idea. Having known that for society, clean water meant uncontaminated water produced through a boiling process, they introduced terminologies like "AQUA is free of bacteria" on marketing discourse.

The notion of quality became cultural as Tirto took over the presidency. To Tirto, "quality" was not just a synonym for sterile or free from bacteria. As discussed in detail in chapter five, for Tirto it was a concrete embodiment serving as the tangible formulation of the "model *of*" organisational reality and "model *for*" organising the reality. It means that "quality" is the culture of the organisation. The process of the making of "quality", which is the construction of the quality's culture itself, gives birth also to the notion of customer satisfaction. It has been analysed in chapter five how the customer satisfaction culture emerges from the social process made by the marketing people in their efforts to invent meaning for "quality" in accordance with their own specific organisational life.

It is also discussed in chapter five that the quality culture of Aqua has crossed over the boundary of the company transmitted to PT Wirabuana Intrent (WI), the company which markets the products of Aqua. The sales people of WI reconstruct the notion of quality in accordance of their working life. It could be understood, because this company is also owned by Tirto, and Tirto has been its president director. In the reconstruction process, the meaning system of 'customer satisfaction' emerges. For the WI members, it is this meaning system (or this culture) which becomes their model of organisation and model for organising their organisational life.

In chapter three, I mentioned that each unit at Aqua is a territory with its own 'landholders'. For the landholders of production-related units, like manufacturing plants, and quality control members (as well as the marketing people in WI), the values and beliefs brought by the notion of quality provide a meaningful context for their everyday life. The managers of each unit act as 'good students' of Tirto to 'learn' something about the values and beliefs, and then pay great attention to internalising, articulating, and disseminating them for internal consumption.² For these units, as the story in chapter five reveals, the cultural construction process is also the process of organising.

However, for other members of other functional units, ie. personnel and accounting, the quality culture appears to be imperceptible. For them, the culture does not provide a context within which they can make sense of their working life. For accounting members, publishing regularly and timely financial reports means quality. However, they are uncertain whether the reports are useful or not, as they have never been involved in any strategic or even operational decision making process, like budgeting. The personnel members believe that, having set up procedures for the recruitment process, for example, this means doing something for quality. But top management is unappreciative.

In Aqua, as chapters four and five suggest, accounting does not have a cultural root. We understand from the representation of the weaving or texturing process of the company that in this process there is no accounting strand. The personal competence strand of each of the main actors consists of competence in the technical aspects of production and marketing. The main actors have no skills in accounting and do not enthuse over it. In this situation, the weaving process of the entrepreneurial firm (Aqua) produces an 'accounting-less texture'. It does not necessarily mean that there was completely no accounting function there in the early days of the company. However, accounting and accounting people's roles were

mainly only to record sales and expenditures, but they were absent in the organisational discourse.

The social discourse within the entrepreneurial firm continues with the absence of accounting and accountants, so that the company still has an accounting-less texture. The accounting practices indeed becomes more complicated, as the company grows up. However, what they are doing is preparing financial reports, but managerial usefulness of the reports is doubtful. In this situation, accounting is not a business language. Instead, everyday life runs with technical language. This is the language which emerges from the same 'place' as that of the quality culture. As the producers and sustainers of the quality culture are the production (as well as marketing) members, the producers of the technical language are there too. As was discussed in detail in chapter six and seven, this language crosses the wall of the manufacturing plants (and marketing offices) reaching each corner of the offices including the dining hall and the board director meeting room.

As Aqua is a listed company, its annual financial reports have to be published publicly. Since the 1993 edition, the photographs of the manufacturing plant managers have also appeared together with the production, technical, R&D directors and the expert staff of quality assurance. Actually, the structural position of the plant managers is at the same level as the managers of accounting or personnel development departments. However, the plant managers are the only third level managers whose photographs are in the published annual reports. This practice clearly brings an image that the plant managers are among the producers of the quality culture.

Chapters four and five provide an understanding of the nature of the interplay between the organisational culture and the management accounting practices in Aqua. However, this issue is specifically addressed in chapter seven. A cultural analysis of accounting practices in a particular company indeed needs to refer to the larger

context in which the accounting practices take place. Therefore, chapter six has been devoted to a discussion of Indonesian accounting curriculum, Indonesian economy, and Indonesian national culture. I have explored in chapter seven, the social and cultural process in which the culture-based control mechanism has evolved. The story in chapter seven uncovers the in-activeness of financial accounting in the organisational discourse and the absence of management accounting practices in the organisation. It has been argued in detail that such an absence is socially and culturally constructed.

Based on the fact that Aqua's organisational accounting has no place in the organisational discourse, some may say that accounting in Aqua is not active in the construction of the organisational culture. However, to me, accounting at Aqua may play an active role through its passiveness. The passiveness has enabled the production and marketing-based discourse to dominate the entire organisational discourse, and then the organisational culture. There is a sort of "counter culture" emerging from the accounting and personnel departments. However, its 'power' is lost within the main culture. Borrowing the words of Kunda, I can say that there is a contribution of the quality culture to the "marginalisation" of several groups of the members (Kunda, 1992, p. 225).

I have made several remarks on the findings of the study. However, they are not intended to be conclusive. I am worried that, if I draw such conclusions, then I will be trapped in a kind of reductionism. Throughout the foregoing chapters I have provided the inscription of the native's interpretation of their work live in the company, as well as my analysis or interpretation of their interpretation. Now, what matters of more general interest may be gleaned from this specific case study?

In chapter one, I have outlined the questions which are substantial to an interpretively grounded management accounting research, with which many academic

accountants have long been concerned, and for which several new approaches have been borrowed from sociology and anthropology. This specific case study provides an illustration of the use of Geertz's interpretive anthropology as another alternative 'sources of information' (or framework) for such an intellectual endeavour. The framework enables me to describe the social and cultural origins of the company studied, and the thickness of its present life, as thickly as I can, and at the same time to gain knowledge of how accounting takes place or is placed in the process. In this way, I explicitly detail the cultural process involved in constructing and reconstructing the accounting system of the company studied (cf. Preston et al., 1992).

Few studies have come to the conclusion that organisational accounting has internal and external origins (Hopwood, 1987; Preston et al., 1992; Chua, 1993). However, the very real possibility that an accounting system or its elements will be not in use (see Roberts & Scapens, 1985; Choudhury, 1988), or that the process of organising in an organisation has left accounting and accountants behind in such a way that they cannot locate their place in the organisational discourse, has been negligent. Geertz's interpretive anthropology is helpful for investigating this real issue. I have developed in this study a story of how the process of the absence of management accounting emerges in organisational and social contexts. The absence or in-active role of management accounting, as has been shown by this study, is likely to be embedded in the cultures of the organisation, not merely in the technical realities.

This study, as well as other similar studies which have been acknowledged throughout this thesis, can be seen as an aggrandisement of a proposal that accounting is a cultural phenomenon. Thus, our knowledge of organisational accounting should lie in the interpersonal relationships within the organisation. As such, a search for knowledge of accounting practices becomes a search for local knowledge, as

being culturally formulated, [the precise character of interpersonal relationships] differs from society to society as the inventory of available culture patterns differs; from situation to situation within a single society as different patterns among the plurality of those which are available are deemed appropriate for application; and from actor to actor within similar situations as idiosyncratic habits, preferences, and interpretations come into play (Geertz, 1993a, p. 367).

Here, Geertz wants to re-emphasise that culture is one of the sources of the great diversity among the world's peoples and to show that this diversity must be taken into account if one is to understand human life in general (Rice, 1980, p. 213)

Inspired by this perspective, and looking back at what I have mentioned earlier (that the current discourse on accounting in action has been unnecessarily limited by the relative absence of non-western case studies), it is correct to argue for a need for more efforts to search the local knowledge of modern accounting practices. Modern accounting emerges from the so-called Western societies. However, it is now the property of the world's people. The irony is that we know that accounting varies from society to society, from situation to situation within a single society, and from actor to actor within a similar situation, but that knowledge is biased toward Western societies. We know so little of what accounting is for other societies, and how accounting is embodied in their working life.

Final Reflections

I am happy as I can complete this thesis. However, throughout this research project, the fear of 'having never completed the thesis' has come and gone. As an accountant, I consider myself a novice in sociological or anthropological research. My previous "stock of knowledge" on research methodology was positivism. I was introduced to other alternatives of methodology when I started my masters program at this university, and then intentionally started to learn more intensively interpretive

research methodology when I embarked on my doctoral program. 'Learning by doing'; if this phrase is worthwhile, it is best to reveal what I have done. Once I felt confident that my understanding of Geertz's interpretive anthropology was enough as a ground for starting to proceed to the research project, I wrote chapter two.

Then, the time came for me to go to the field. In preparing the field work, a problem appeared, that is, for how long I could afford to stay at the field. I knew that some who do this kind of research spend their time in the field for one year, or even more (eg. Preston, 1986; Ansari & Bell, 1991; Dent, 1991).³ Unfortunately, I could not afford this long. I am an Indonesian government sponsored student, by which I have not been entitled to a field research allowance. In addition, the scholarship is also limited in time. Finally, I came to a decision to stay in the field (Aqua) for twelve weeks. However, I stayed in the company for six days a week, from 8 in the morning to 4 in the afternoon on weekdays, and to 2 in the afternoon on Saturday. I had also weekend picnics with the company members for three times during the field work. Joining the delivery truck armada⁴, and talking with the drivers were my other ways to gain feeling of the nuances or atmosphere of the company.

Yet, in the field, the fear of to 'die with my research' again reappeared (see this story in chapter three). Everything was new and unexpected. Finally, I could leave the field with a feeling of having enough data to bring back to the University, as I could begin to recognise a puzzle and how the pieces fit together (Taylor, 1991). Indeed, I continued to maintain my relations with the company members, especially the public relations manager, so that I felt free to ask him to provide additional data, especially statistical data. At home, the fear again emerged. Geertz says that: "It is Being Here, a scholar among scholars, that gets your anthropology read ... published, reviewed, cited, taught" (Geertz, 1988, p. 130). Thus, to get my thesis read, I have to write it. However, English is not my native language, and an ethnography writing is something new for me. Only through continuously trying would I come to the end.

Now, is the fear completely removed? Certainly, the answer is 'no'. More questions arise: Has my analysis completely covered the whole enterprise of the interplay between the culture of Aqua and its accounting practices? Have I gone deeply into the life of the Aqua people, in such a way that I can get the full texture of their life? The answer again is 'I do not think so'. I think Geertz is correct with his saying which appears as an epigraph to this chapter. However, I think (and I hope so) that I have done enough given the available time and funding.

Notes:

1. The origins of my idea for this introductory paragraph arose from Ely et al. (1991, chapter 6).
2. I would like to remind the readers here that "students", "guru", and "learning" are metaphorical terminologies in this context (see chapter five).
3. In major textbooks of qualitative research, there is a discussion about for how long an ethnographical research should be undertaken. The possible time length varies from one week up to more than two years, depending on the research purposes, research situation, research funds, and afforded time (see eg. Burgess, 1984; Perry, 1989; Spradley, 1980).
4. Although for my plant visits, an official car was made available for me, I preferred to joint the truck delivery armada as this way gave me a chance to listen and talk to the delivery workers, including the drivers.

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PT AQUA GOLDEN MISSISSIPPI

SURAT KEPUTUSAN DIREKSI PT AQUA GOLDEN MISSISSIPPI
NO. : SKEP/031/AGM/I/1991

TENTANG

STRUKTUR BARU BIDANG PRODUKSI DAN BIDANG UMUM PT AQUA GOLDEN MISSISSIPPI

- MENIMBANG** :
1. Bahwa tuntutan pasar yang semakin meningkat pada waktu akhir-akhir ini telah menyebabkan pengembangan tugas dan tanggung-jawab dalam perusahaan;
 2. Bahwa pengembangan tugas dan tanggung-jawab tersebut akan menuntut perubahan dan penyusunan organisasi sesuai perkembangan perusahaan;
 3. Bahwa oleh karena itu, Pimpinan Perusahaan memandang perlu menetapkan struktur organisasi baru Bidang Produksi dan Bidang Umum dalam satu Surat Keputusan.
- MENGINGAT** :
1. Akte Notaris Amrul Partomuan Pohan SH, LLM No. 58 tanggal 13 Oktober 1989 dan No. 123 tanggal 31 Oktober 1989;
 2. Surat Keputusan Presiden Direktur PT AQUA GOLDEN MISSISSIPPI No.: SKEP/001/AGM/I/90 tanggal 15 Januari 1990;
 3. Surat Keputusan Presiden Direktur PT AQUA GOLDEN MISSISSIPPI No.: SKEP/003/agm/I/90 tanggal 23 Januari 1990.

M E M U T U S K A N

MENETAPKAN :

- PERTAMA** :
- Mengubah struktur organisasi Bidang Produksi dan Bidang Umum sehingga struktur organisasi PT AGM menjadi seperti organigram tersebut pada lampiran I Surat Keputusan ini dengan perubahan struktural berikut:

1. Direktur Produksi membawahi langsung Operasi, Research & Development (R&D), dan Pemeliharaan Teknik.

PT AQUA GOLDEN MISSISSIPPI

/2

SKEP/031/AGM/1/1991

2. Operasi membawahi langsung PPC, QC, LOG, CTR, & CML, Pemeliharaan Teknik membawahi langsung Teknik, Work-shop, dan MFG, serta R&D membawahi langsung Design.
3. Direktur Umum membawahi langsung Personalia, Hukum & Perijinan, Rumah-Tangga dan Keselamatan & Kesehatan Kerja (K-3).

KEDUA : Mensahkan Bagan Organisasi Personalia/Umum seperti organigram tersebut pada lampiran II, dengan hubungan struktural berikut:

1. Kepala Personalia membawahi langsung Ka. Pembinaan, Ka. Hubungan Kepegawaian (HUK), Ka. Personalia Kawasan, Ka. Personalia Bekas, Ka. Personalia CTR, Ka. Personalia Karet, Ka. Personalia CML dan Ka. - Satpam.
2. Kepala Pembinaan membawahi langsung Research dan Development (R&D), Perencanaan dan Pengembangan (Rembang), Pendidikan dan Latihan (DIKLAT), organisasi dan procedure (O&P), Promosi dan Remunerasi (P&R).
3. Kepala Hubungan Kepegawaian membawahi langsung Norma dan syarat Kerja (NSK), Administrasi Personalia, kesejahteraan Kerja dan Pegawai (KKP), Penerimaan dan Mutasi (P&M), dan Penggajian.

KETIGA: Semua hubungan formal (formal relationship) dan garis komando (lines of command) dalam pelaksanaan tugas dan tanggung-jawab di jajaran PT AGM harus mengikuti struktur organisasi tersebut pada lampiran I dan II terhitung mulai tanggal penetapan Surat Keputusan ini.

Surat Keputusan ini berlaku terhitung mulai tanggal ditetapkan dengan ketentuan bahwa hal-hal yang belum atau belum cukup diatur dalam Surat Keputusan ini akan ditetapkan kemudian.

Ditetapkan di: J A K A R T A
Pada tanggal : 1 Pebruari 1991

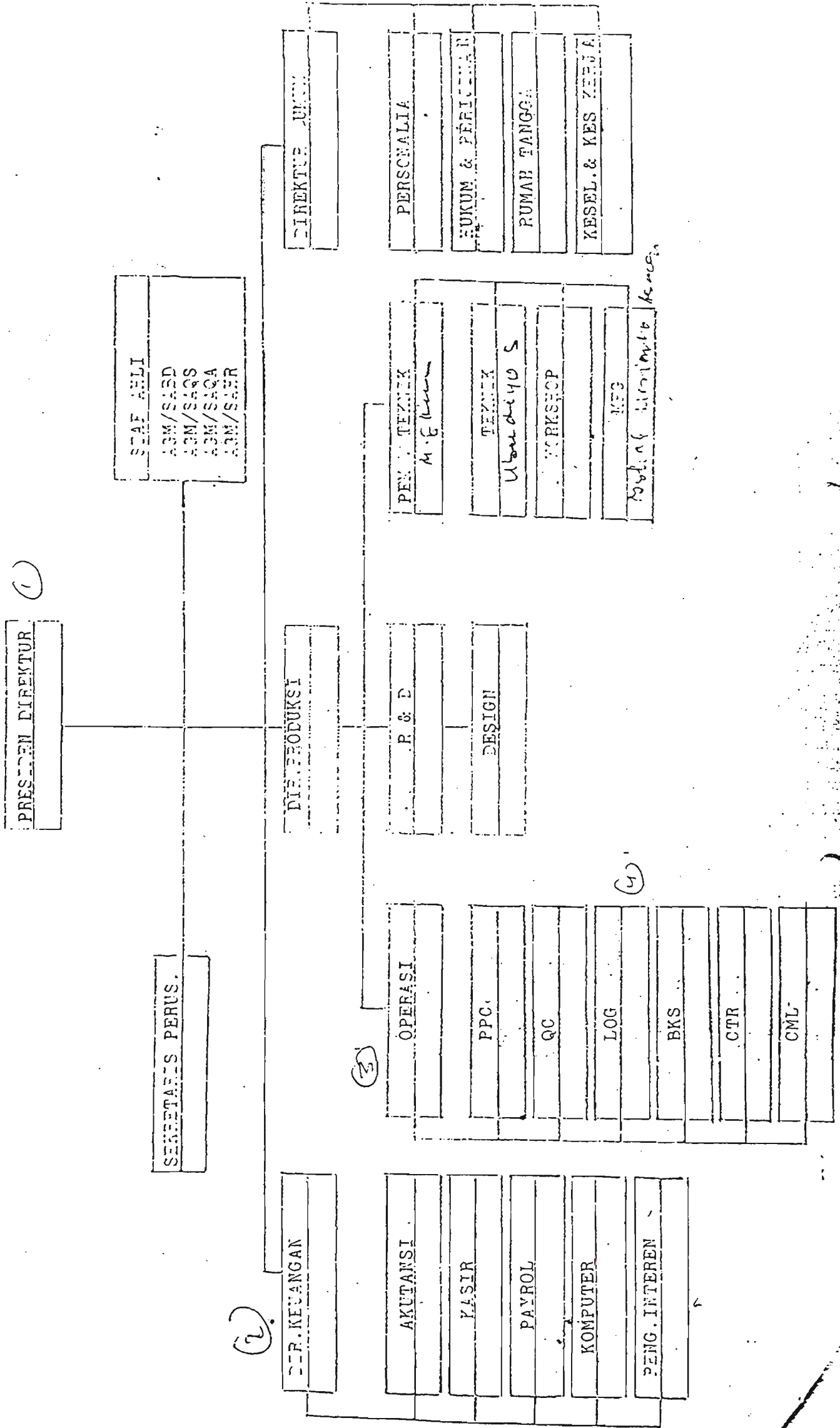
PT AQUA GOLDEN MISSISSIPPI



Willy Sidharta

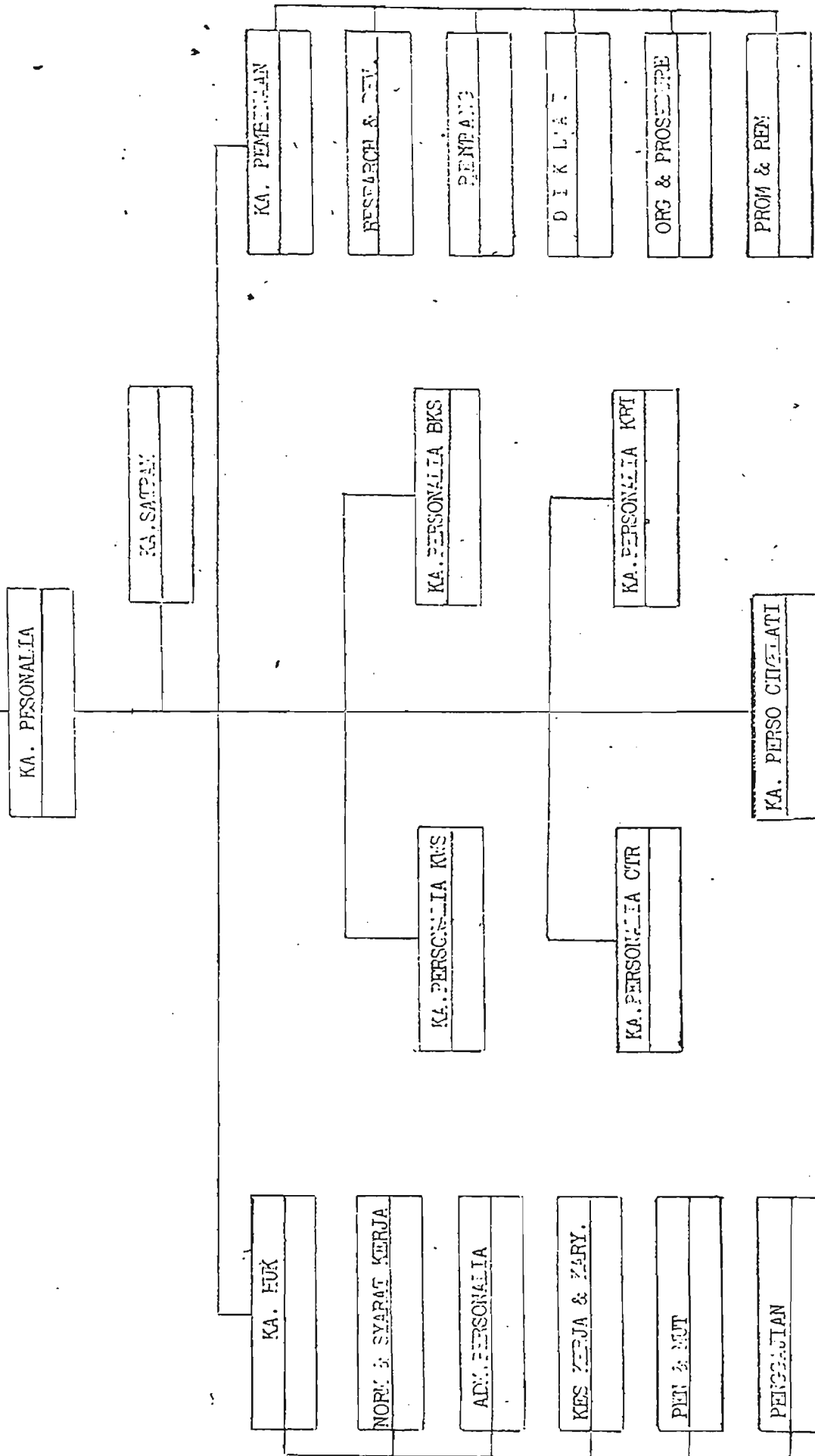
Appendix 1: (Continued)

ORGANIGRAM PT AGCA GOLDEN MISSISSIPPI Lampung I : No. Skrep/ CII/AGM/I/1991
Tanggal 1 Februari 1991



ORGANIGRAM PERSONALIA

Lampiran II: No. Sketp/ 051/AGN/I/1991
Tanjung 1 Februari 1991



Appendix 2:
Records for the Production of 500ml/1500ml (the Original)

PT. AQUA GOLDEN MISSISSIPPI - BEKASI

DATA PRODUKSI : 500cc / 1500cc

Hari/Tanggal : _____

PK.....s/dPk.....

=====					
Suplay	:	_____	Jenis	Bahan	Reject
Reject Suppl	:	_____	Botol	_____	_____
Reject Prod	:	_____	Seal	_____	_____
Net Produksi	:	_____	Tutup	_____	_____
REJECT SUPPL :			Label	_____	_____
Gudang	:	_____	Karton	_____	_____
Tipis	:	_____	Karton seal	_____	_____
Kotor Botol	:	_____	GANGGUAN :		
Bocor	:	_____	Mesin :		
Mata ikan	:	_____	1. Convy	:	_____
Cacat	:	_____	2. Wosher	:	_____
TOTAL	:	=====	3. Filler	:	_____
REJECT PRODUKSI:			4. Capper	:	_____
Pch Wosher	:	_____	5. Shrn Tnl	:	_____
Cek Lab	:	_____	6. W T /air	:	_____
Filler	:	_____	7. Listrik	:	_____
Capper	:	_____	UMUM :		
Sample Isi	:	_____	1. Sanitasi	:	_____
Sample Kosong	:	_____	2. Botol	:	_____
			3. Label	:	_____
			4. Lain-lain	:	_____
			TOTAL	:	=====
=====					

Reject Air : _____

Dibuat oleh : _____

Disetujui Oleh : _____

Appendix 3: Records for the Production of 220ml (the Original)

DATA PRODUKSI : 220 cc

Hari / Tgl :

Jam Kerja :

LAPORAN
PENGUNAAN BAHAN

	Line I	Line II	Pemakaian Bahan	Line I	Line II
Supply			Cup		
Rjt Supplier			Karton		
Rjt Produksi			P. Lid		
Net Produksi			Krt.Seal		
			Straww		
REJECT PRD			GANGGUAN PRODUKSI		
Sample Isi			Cup Suppl		
Sample Kosong			Holder		
Tutup Miring			P.Vacum		
Volume			Filler		
Af.Filler			Coding		
Packing			Heater		
Bocor Lis			Corres		
Total			Cutter		
REJECT SUPPLIER			Conveyor		
Cup Kotor/Kw			Total		
Cup Tipis			UMUM		
Cup Buram/BTR			Sanitasi		
Cup Oval/Cacat			Spl Bahan		
Regas			Air		
			Packing		
				

P.T. AQUA GOLDEN MISSISSIPPI.

DATA PRODUKSI 5 GALLON

TANGGAL :

$$p_k \dots\dots s/d \dots\dots$$

Shift :

[illegible]

Pemakalan Bahan

Reject

ganjuran

Cap Seal	.....	.....	Mesin
Label Umum	.....	.....	1. Washer
Label L. Pulau	.....	.....	2. Filler
Label Promosi	.....	.....	3. Conveyor
Label Intern	.....	.....	4. Listrik
Label Perhatian	.....	.....	5. Water T
Tutup Biru	.....	.....	6. Botol
Tutup Hijau	.....	.....	7. Air
Tutup Kuning	.....	.....	8. T. Kerja
			9. Sanitasi
			10. Shrink Tunnel

PT. AGUN GOLDEN MISSISSIPPI
CICADAS - CITEUREUP - BOGOR

DON PERHINTAAN PERUSAHAAN

M I N T A

K E L I B A L I

NAMA BARANG	Satuan	Jumlah	NAMA BARANG	Satuan	Jumlah
-------------	--------	--------	-------------	--------	--------

K E T E R A N G A N			Hasil Prod.	Rijek proses	Rijek Suply
---------------------	--	--	-------------	--------------	-------------

GU DANG BAHAN

PROJEKSI

PT. AQUA GOLDEN MISSISSIPPI
B E K A S I

NOTA PENYERAHAN HASIL PRODUKSI

Kepada : GUDANG PRODUK

NO:

Harap diterima Hasil Produksi tgl :

Shift :

Jenis	Crate	Botol	Jenis	Crate	Botol	Keterangan
5 Gallon Umum			1500 cc/12 Putih			
5 Gln L. Pulau			1600 cc/12			
5 Gln Promo			1600 cc/12			
5 Gln Intern			220 cc/48 Putih			
2,5 Gallon			220 cc/48 Coklat			
950 cc/12			220 cc/48 Exprt			
375 cc/24			220 cc/24 Exprt			
300 cc/24			120 cc/120 GA			
			120 cc/120 QUA			

Menyerahkan

Mengetahui

Penerima

Appendix 8: Monitoring Target (the Original)

MONITOR TARGET
TANGGAL :

	220 cc		5 Gallon		300/950	375	Ice cubes
	Line 1	Line 2	Line 1	Line 2			
Target							
Hasil Produksi							
% Produktivitas							
Jam kerja							
Jam Gangguan							
Jam Efektif							
Analisa selah							
Jumlah Personil							
P. Jawab Line							

Mengetahui,
Supervisor

Appendix 9: Daily Production Report (the Original)

LAPORAN HASIL PRODUKSI

Tanggal:

NO	J E N I S	P U I F F I			S H I T U			U I			U I			U I			U I		
		Perj. 100%	Gong. 100%	Cratex 100%	Perj. 100%	Gong. 100%	Cratex 100%	Perj. 100%	Gong. 100%	Cratex 100%	Perj. 100%	Gong. 100%	Cratex 100%	Perj. 100%	Gong. 100%	Cratex 100%	Perj. 100%	Gong. 100%	Cratex 100%
1.	500 cc																		
2.	500 cc																		
3.	500 cc																		
4.	500 cc																		
5.	1000 cc																		
6.	1500 cc																		
7.	3000 cc																		
8.	1500 cc																		
9.	3000 cc																		
10.	3000 cc																		
11.	2000 cc																		
12.	2000 cc																		
13.	2000 cc																		
14.	2000 cc																		
15.	1500 cc																		
16.	1500 cc																		
17.	1000 cc																		

.....

.....

.....

.....

Appendix 11: Monthly Production Report (the Original)

[illegible]

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Appendix 12: Budget of Department of Logistic (the Original)

No	N A M A	S A T	AGUSTUS		SEPTEMBER		OKTOBER		STOK	NOVEMBER		TOTAL		
			BUDGET	REALISASI	BUDGET	REALISASI	PEMAKAIAN	KEBUTUHAN		PEMAKAIAN	KEBUTUHAN	Rp.	Rp.	
I. BARANG STENSIAN														
- PERSONALIA														
1	DAFTAR BULANAN LEMBUR & ASEKSI KARYAWAN	RIM	2	2	1	1	2	2	0	1	1	6500	6.500	
2	DAFTAR PERMOHONAN LEMBUR KARYAWAN	RIM	1	1	1	1	1	1	0	1	1	6500	6.500	
3	FORM FORMULIR LEMBUR DRIVER TANKI	RIM	0	0	1	1	0	0	0	0	0	6500	0	
4	FORM PERMOHONAN CUTI TAHUNAN	RIM	1	1	1	1	0	0	0	0	0	6500	0	
- QC														
5	F. LAPORAN REJECT KC CUP 200 ML	RIM	0	0	0	0	0	0	0	1	1	6500	6.500	
6	F. LAPORAN HASIL KC SMALL PACK	RIM	0	0	0	0	0	0	0	1	1	6500	6.500	
7	F. HASIL PENERIKSAAN VISUAL 5 GEN 150 ASG PLG	RIM	0	0	0	0	0	0	0	1	1	6500	6.500	
8	F. TEST PASA/BAU	RIM	0	0	0	0	0	0	0	1	1	6500	6.500	
9	FORM P. SOLAR	RIM	1	1	1	1	0	0	0	1	1	6500	6.500	
- LABORATORIUM														
10	FORM LAPORAN COMPLAINT	RIM	1	1	1	1	0	0	0	1	1	6500	6.500	
GUDANG PRODUKSI BAHAN														
11	F. LAPORAN HARIAN GUDANG BAHAN	RIM	1	1	1	1	1	1	0	0	0	6500	0	
12	F. LAPORAN HARIAN PENGELUARAN	RIM	1	1	1	1	1	1	0	1	1	6500	6.500	
13	F. LAPORAN PENERIMAAN BAHAN 1000 X 1000	RIM	1	1	1	1	1	1	0	0	0	6500	0	
14	F. INSENTIF MUAT BAHAN	RIM	1	1	1	1	1	1	0	0	0	0	0	
15	F. MUTASI BARANG	RIM	1	1	1	1	1	1	0	0	0	6500	0	
16	LABEL PASSED AQHA	PCS	0	0	20000	20000	25000	25000	0	25000	25000	10	250.000	
17	F. POSISI STOCK SEMUA GUDANG	RIM	0	0	1	1	0	0	0	0	0	6500	0	
18	F. BOK PENYERAHAN BARANG	RIM	0	0	0	0	1	1	0	0	0	6500	0	
19	F. UANG MUKA	RIM	0	0	0	0	1	1	0	0	0	6500	0	
- PRODUKSI														
20	F. HASIL PRODUKSI	RIM	0	0	1	1	1	1	0	0	0	6500	0	
21	F. PENGAMBILAN AIR OTAKI	BUKU	20	20	20	20	20	20	0	20	20	2750	55.000	
22	F. PERMINTAAN BARANG & PENERIMAAN	RIM	1	1	1	1	1	1	0	1	1	6500	6.500	
23	F. LAP HARIAN HASIL PROD.	RIM	0	0	1	1	0	0	0	0	0	6500	0	
24	F. DATA PRODUKSI 220 CC	RIM	1	1	0	0	0	0	0	0	0	6500	0	
25	F. DATA PRODUKSI 5 GALLON	RIM	0	0	0	0	0	0	0	0	0	6500	0	
26	F. REJECT PRODUKSI	RIM	0	0	0	0	0	0	0	0	0	6500	0	
27	F. TANDA TERIMA	RIM	1	1	0	0	0	0	0	1	1	6500	6.500	
28	F. DATA PROD. SPS/500-1500 ML	RIM	0	0	0	0	0	0	0	1	1	6500	6.500	
Total Stensitan :										Rp. 381.600				
II. INVENTARIS														
1	CRATE PLASTIK BIRU	BUAH	4000	4000	3500	7500	1500	7500	0	1500	1500	12000	90.000.000	
2	PALLET KAYU 105 X 122	BUAH	400	400	400	400	400	400	0	600	600	3000	5.400.000	
3	ELPIJI	TGG	300	300	300	300	300	300	0	300	300	3500	2.550.000	
4	BOTOL KOSONG 5 GALLON	BUAH	10000	10000	10000	10000	10000	10000	0	12000	12000	120.000.000	120.000.000	
5	TRIPLE	LBR	324	288	288	288	360	360	0	360	360	5000	1.800.000	
6	BOTOL KOSONG EV. PALAP 5 G. W	BUAH	0	0	0	0	1600	1600	0	1600	1600	10000	16.000.000	

RAHASIA

Performance Evaluation Sheet for Under-supervisory Level Employees (the Original)

PT. KALIA GOLDEN PROSPECT
PT. KALIA AGUNG
PT. KALIA INDUSTRI LINTA
PT. KALIA KONGLO
PT. KALIA KONGLO
PT. KALIA KONGLO

Formulir Penilaian Kinerja
Karyawan Level dibawah Supervisor

Nama : Pendidikan terakhir :
Jabatan : Umur :
Golongan Gaji : Periode Penilaian :
Bagian / Dept. : Dibuat tanggal :
N. I. P. :
tgl. Mulai Kerja :

Standar ☒ dimana berlaku :

FAKTOR YANG DINILAI	BAIK SANGAT	BAIK	CUKUP	KURANG	KURANG SANGAT
1. Kemampuan bekerja					
2. Kerajinan					
3. Ketelitian/ketekunan					
4. Kejujuran					
5. Tanggung - Jawab					
6. Disiplin kerja					
7. Inisiatif					
8. Sikap terhadap atasan & sesama karyawan					
9. Kepatuhan loyalitas					
10. Kerja sama					
KESIMPULAN					

Tanggapan karyawan
yang dinilai

Tandatangan
penilai

Tandatangan atasan
penilai

(.....) (.....) (.....)

Usul-usul : (tidak dibicarakan dengan karyawan)

1. Kenaikan gaji berkala
2. Kenaikan golongan
3. Kenaikan istimewa
4.

Disetujui oleh :

Catatan Penilai :

.....
Mgr. Personalia

*) coret yang tidak perlu.

Appendix 14: Performance Evaluation Sheet for Upper-supervisory Level Employees (the Original)

PT. AQUA GOLDEN MISSISSIPPI
PT. MIRABUANA INTRENT
PT. MIRABUANA AGUNG
PT. LOKIA INDUSTRI TIRTA
PT. TIRTA GRAHA PAKAMA
PT. TIRTA GRAHA MALLANA
PT. MIRABUANA TIRTA

Daftar Penilaian Karyawan
Karyawan level Supervisor keatas

N A M A : Pendidikan terakhir :
Jabatan : U m u r :
Golongan Gaji : Periode Penilaian :
Bagian / Dept. : Dibuat tanggal :
N.I.P. :
Tgl.Mulai bekerja :

Tandai ✓ dimana berlaku					
Faktor yang dinilai	BAIK SEKALI	BAIK	CUKUP	KURANG	KURANG SEKALI
A. <u>KEMAMPUAN INTELEKTUAL</u> :					
1.Kecerdasan/daya analisa					
2.Pengetahuan mengenai pekerjaan					
3.Kreativitas					
4.Tanggung - Jawab					
B. <u>CARA KERJA</u> :					
5.Kemampuan bekerja					
6.Keuletan					
7.Ketelitian					
8.Kemampuan belajar					
9.Ketrampilan					
10.Disiplin kerja					
11.Inisiatif					
12.Kemampuan memimpin					
13.Kerja sama					
C. <u>KEPERIBADIAN</u> :					
14.Kewibawaan					
15.Kematangan emosi					
16.Loyalitas					
17.Kepercayaan diri					
18.Kejujuran					
19.Pergaulan					
KESIMPULAN					
Tanggapan karyawan yang dinilai		Tandatangan penilai		Tandatangan atasan penilai	

(.....)

(.....)

(.....)

Appendix 15:
Comments from Outsiders

I have seen some of the biggest
and best water plants and water
treatment plants all over the world.

AQUA compares most favorably with
most of these and surpasses many of
them.

It's a good feeling for an Asian to
know that Asians can do it —
and do it exceptionally well.

Thank you



DR. RICARDO S. SOLER
Chairman

SOLEREX -
MANILA, P.P. 11/20/92

November 12TH 1993

Thank you for the plant tour.
You have a world class quality
factory with diligent employees
who should be the envy of
all other companies in
Indonesia. Congratulations on
your success,



Hugh E.M. Murphy
Managing Director
Quaker Oats Asia, Inc.
GATORADE INDONESIA

Resaid

Appendix 15:
(Continued)

Thank you for your invitation to come to Indonesia and for your support of the NSF bottled water programs.

Aqua is clearly a leader in the bottled water industry. Its facilities, staff and diligence are very good. We look forward to working with Aqua in promoting bottled water quality in Indonesia and Asia.

NSF International



NSF International

It is very enlightening to learn that the processing of drinking water requires such high level of technology.

We are very impressed by what we see in the plants.

Thank you for your warm hospitality.

22/12/93

Thio Syn Pyn
Director

LIM CHOO PENG
General Manager

MALAYSIA DAIRY INDUSTRIES PRIVATE LIMITED

CHEAH SUM BENG
General Manager

Malaysia Milk Sdn. Bhd.
COTRA ENTERPRISES SDN. BHD.