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Understanding the Practice of Indonesian Local-Government Accountability Reporting: A Theoretical Framework Perspective

ABSTRACT

This study, a case study conducted within an Indonesian local government, seeks to explore the practice of accountability reporting of Indonesian local government. The study particularly investigates the practice of accountability reporting exercised by the South Kalimantan Provincial Government, during which the socio-political landscape has changed: from an authoritarian and centralised to a democratic and decentralised country.

Institutional theory is selected as a main theoretical lens of the study and power theory as complementary one. The study argues that to secure legitimacy, the local government employs a two-pronged approach that extends to the organisational and societal field.

The study offers a unique contribution considering its research setting, Indonesia, which is a multi-ethnic, diverse culture with numerous local languages, and the third-largest democratic country in the world after India and the US. Particularly in South Kalimantan context which is relatively known as a relatively religious community; where the role of religious leaders or gurus is highly important. In addition, the theoretical framework proposed by the study can be employed or replicated in other research settings having similar characteristic with South Kalimantan Province recognized as institutionalised environment.

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Conference category: b

1. INTRODUCTION

Institutional theory emphasises how an organisation secures institutional legitimacy through conformity to the prevailing institutions (Fogarty, 1996). Similarly, Scapens (1994) noted that institutional theory can be employed to understand accounting practices since the theory can provide insights concerning the interplay between accounting and the institutions, in which it operates.

Hopwoood (1976) who asserted the importance of conducting research in which accounting is viewed as both an organisational and a social phenomenon. Hopwood (1983) also stressed that accounting should be studied in the context where it exists: because organisations are embedded in a particular environment, the interaction between organisations and their environment is evident.

Weber (1978), for instance, wrote that accounting is a product of profit-seeking rationality driven by the spirit of capitalism, and deeply rooted in shared cultural and religious beliefs and norms. This view was also shared by Meyer (1986, p.345) who wrote, "Accounting work is seen related to the expansion of cultural rationalization".

Mouritsen (1994, p. 196) had a similar standpoint regarding the interplay between organisations and their environment, writing that "accounting operates in complex institutional settings where the location and context of social interaction is important for explaining and understanding it". Therefore, it is apparent that organisations do not exist in a vacuum; rather they operate and interact with environments characterised by particular political, cultural and religious values as well as shared beliefs.

This paper is organised into nine sections: South Kalimantan Province as reseach setting (section 2); institutional theory (section 3); legitimacy as an essential concept (section 4); institutions and the mechanism of institutionalisation (section 5); the problematic but useful concept of decoupling (section 6); theory of power as a complementary theory (section 7); the research framework (section 8); and conclusions (section 9).

2. SOUTH KALIMANTAN PROVINCE AS RESEARCH SETTING

South Kalimantan Province is the home of the Banjarese ethnic group; this group constitutes 75% of the total population (Chalmers, 2007), along with other ethnic groups such as Javanese, Dayak and Buginese, comprising a total population of 3,250,100 (BPS Kalimantan Selatan, 2007). Banjarese people are considered enthusiastic in their religious observances, such as building mosques and *langgar* (little mosques) as religious symbols (Chalmers, 2007). Not surprisingly, mosques and *langgars,* as well as religious rites such as *haulan* (commemorating the death of family members or gurus), are easily found within the province. Most particularly, Banjar District has been called the *serambi mekkah* (the veranda of Mecca) of South Kalimantan (Karni & Hidayat, 2006) due to its pervasive Islamic observances as well as the presence of several Islamic boarding schools (*pesantren*).

The renowned Islamic scholar, teacher and author, Syeikh Muhammad Arsyad Al Banjari, lived in the Banjar District between 1710 and 1812 (Azra, 2004). One of his outstanding books, *Sabilal Muhtadin* ("the way of those who are guided by God"), is memorialised in the name of one of the largest mosques in Banjarmasin (the capital city of South Kalimantan Province). Syeikh Muhammad Arsyad Al Banjari advised the Banjarese Sultan regarding Islamic jurisprudence. These attributes have led him to be greatly honoured by South Kalimantan society (and even Muslims from neighbouring countries such as Malaysia and Singapore). These days the descendants of Syeikh Muhammad Arsyad Al Banjariare, including some renowned gurus, are scattered everywhere particularly on Kalimantan Island.

One of these gurus was K.H. Zaini Ghani, popularly known as Guru Ijai or Guru Sekumpul, who lived between 1942 and 2005. Originally, gurus in South Kalimantan served mainly as religious leaders. Over time, due to their extensive engagement with people daily religious activities, they also served as informal societal leaders with whom people consulted, not only on religious matters but also on the affairs of daily life.

Guru Sekumpul was widely perceived to have multiple-roles as a religious, informal and charismatic leader. Due to his charisma, Guru Sekumpul was greatly respected by the majority of South Kalimantan people and other gurus within Kalimantan and the Java Island. Thousands—on Sunday afternoon, this figure could rise to more than 10,000— attended his religious services.

Because of his great influence, public officials, business executives, ministers and even some Indonesian presidents (including Abdurrahman Wahid, Megawati, and Susilo Bambang Yudhoyono) visited him (Rosyadi, 2006). Some, presumably to show the people that they shared their values (in this case, respect for gurus as religious and informal leader), sought his blessing. This would make their legitimacy easier to secure.

Photos of Guru Sekumpul are easily found in most houses in South Kalimantan Province, particularly among traditional Muslims (*nahdhiyin*).[1] By hanging his photo in their homes or/and shops, his followers believe they will obtain blessings from God, because Guru Sekumpul was a *Waliy Qutb* (a person having a high level of piety and a close relationship with God).

His followers transcend South Kalimantan provincial borders, being found in Central Kalimantan, East Kalimantan, East Java and Jakarta; they mostly come from traditional Muslims groups, who revere gurus much more strongly than modern Muslims. It should be noted that there are many more traditional Muslims in South Kalimantan Province than modern Muslims.

In short, it has been a longstanding cultural institution for anyone who wishes to hold a public office such as governor, regent or mayor in the South Kalimantan region to secure gurus' blessing, before standing for office.

In relation to the object being studied, this study was conducted in the South Kalimantan Provincial Government (SKPG), Indonesia. There are three levels of government units in Indonesia relevant to this study: the central, provincial and district governments (GR No. 3 (2007)). The central government is led by a president; the provincial governments by a governor; and district governments by a regent or mayor. The central government's administration is run by ministry and non-ministry units. Ministry units are led by ministers; non-ministry units are headed by chairpersons; both are directly responsible to the president.

Administratively, Indonesia has 33 provinces and 497 cities/regencies across Indonesia.[2] The ministry of home affairs (Kementerian Dalam Negeri) is given authority by the president to manage provincial and district governments. Thus, governors and mayors/regents are ultimately responsible to the president, through the minister of home affairs. Apart from this, provincial and district governments have to be accountable to their respective local parliaments annually through accountability forums held by local parliaments.

3. INSTITUTIONAL THEORY

According to Scott (2001), the existence of institutional theory can be traced back to the late 19th to mid-20th century. Economists, political scientists and sociologists have actively contributed to developing this theory. Recent developments have introduced various approaches among institutional theorists (Scott, 2005). Economists, for example, use regulative-element approaches; political scientists and a small number of sociologists stress normative approaches; while sociologists and cultural-anthropologists favour cultural-cognitive approaches (Scott, 2005).

Institutional theory started to draw academics' attention when Meyer and Rowan (1977) and Zucker (1977) published their works. According to Meyer and Rowan (1977), the existence of formal organisational structures is a manifestation of rationalised institutional rules. They explained that institutional rules such as myths and symbols are important, as it is through them that organisations obtain resources and legitimacy as well as maintain their existence (Meyer & Rowan, 1977). Zucker (1987) asserted that organisational structures come not only from external pressures but also from internal interactions within organisation itself.

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[1] Muslim society in South Kalimantan can be divided into two groups: traditional and modern. Traditional Muslims highly respect gurus and perceive them as omniscient figures. In contrast, modern Muslims perceive gurus as ordinary humans, as prone as any other human to making mistakes.

[2] Home Affairs Ministry website, http://www.depdagri.go.id/basisdata/2010/01/28/daftar-provinsi, accessed 29 July 2010.

Meyer and Rowan (1977) and Zucker (1977; 1987) agreed that formal organisational structures and behaviour are the outcomes of values and beliefs prevalent in the society. Their works paved the way for the emergence of the new institutional theorists such as W. Richard Scott, Paul J. DiMaggio, Walter W. Powell and Timothy J Fogarty. Scott and Meyer (1992) argued that "organizations are embedded in larger systems of relation" (p.150).

These systems lie in the societal level that encompasses non-local, vertical chains of command and horizontal and public-level systems (Scott & Meyer, 1992). This is congruent with the nature of governmental organisations, which commonly exercise their coercive power by imposing regulations (Scott, 2008).

Christensen et al. (2007, p. 69) note that "public organisations as "arenas for exercising power, negotiating alliances and coping with conflict". Accounting, for instance, is employed by organisations in part to secure legitimacy. This practice then brings accounting closer with politics: "the language of politics is seen written largely in a language of accounting" (Watkins & Arrington, 2007, p. 55). Covalesky and Dirsmith (1990, p. 546) had a similar standpoint saying that "…accounting appears to serve several technical, political and symbolic roles, and within the symbolic role, at multiple levels (for example, internal-external representation, intentional political advocacy…)…" Therefore, the new institutional theory can be instrumental compass in understanding the practice of Indonesian local-government accountability reporting

4. LEGITIMACY AS AN ESSENTIAL CONCEPT

The work of Meyer and Rowan (1977) reflected that legitimacy is the essential concept in new institutional theory. This view is also shared by DiMaggio and Powell (1983), Fogarty (1996), Deephouse and Suchman (2008) and Clegg (2010). According to Meyer and Rowan (1977), organisations pay close attention to legitimating external institutions upon which they depend, rather than pursuing organisational effectiveness in achieving their objectives. Embracing the prevailing institutions can give an organisation legitimacy, through which it can enhance its own survival (Meyer & Rowan, 1977) and gain resources and social approval (Oliver, 1991).

Scott (1995, p.45) noted that "legitimacy is not a commodity to be possessed or exchanged but a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws". While the work of Meyer and Rowan (1977) paved the way for the development of new institutional theory, it did not clearly define legitimacy. Thornton and Ocasio (2008, p.100) noted that as part of the notion of legitimacy, "parts of organizations had to be loosely coupled from their technical core". The practice of loose coupling happens because organisations should align themselves with the external environment's expectations through which legitimacy is obtained. Suchman (1995, p.574) offered a more holistic definition:

> "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions".

Two notable features are embodied in Suchman's (1995) definition: first, it conveys a clear message that organisations should conform their formal structures to prevailing beliefs and values. Second, it assumes that legitimacy is a socially constructed reality, a view shared by Deephouse and Suchman (2008). This means that actors play an important role in creating the desired reality through collective actions as suggested by Selznick (1949, 1996) and Scott (1987).

The actors can then direct the course of organisational activities and programs in a way that meets social expectations (Fogarty, 1992). Charities, for instance, may be part of organisational programs intended to enhance their organisational legitimacy in the eyes of the public, as suggested by Meyer and Rowan (1977) and Galaskiewicz (1985).

5. INSTITUTIONS AND THE MECHANISM OF INSTITUTIONALISATION

There is not one single definition of the concept "institution"; institutional theorists have proposed several. Veblen (1899), for instance, wrote:

> *Institutions are products of the past process, are adapted to past circumstances and are therefore never in full accord with the requirements of the present* (cited in Chavance, 2009, p.11)

Hamilton (1932) proposed this definition:

> *A way of thought or action of some prevalence and permanence, which is embedded in the habits of a group or the customs of a people* (cited in Burns, 2000, p. 571).

In a similar vein, North (2003, p.23) maintained that institutions are:

> *[t]he rules of the games of the society, or, more formally, are the humanly devised constraints that structure human interaction.*

Scott (2001, p. 48) went further, noting that:

> *Institutions are social structures that have attained a high degree of resilience and are composed of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life (p.48)*

Furthermore, Scott (2001) argued that institutions are instilled into members of a society by a variety of transmitters such as symbolic systems, relational systems, routines and artefacts. This idea is line with some scholars, such as Meyer and Rowan (1977), Weber (1978), Meyer (1986), Carruthers and Espeland (1991) and DiMaggio and Powell (1983), who viewed accounting as being more than merely a rational tool, as its practices are influenced by and embedded in the social-relations context (Meyer and Rowan, 1977); accounting in this context functions not only as a rational tool but also as symbol and myth (Weber, 1978; Meyer, 1986, Carruthers & Espeland, 1991).

These broader functions of accounting are intended to secure social legitimacy by embracing institutionalised norms, rules and values (Meyer & Rowan 1977; DiMaggio & Powell 1983). Organisations, for instance, have a tendency to imitate their society's prevailing institutionalised norms, rules and values.

The ways in which organisations have a tendency toward homogeneity, so that there is no contradiction between the exterior and interior of the organisation and its values (Carruthers, 1995), is called isomorphism (DiMaggio & Powell, 1983). DiMaggio and Powell (1983) divided this into two types: competitive and institutional. Competitive isomorphism closely relates to efficiency, in which competition will lead organisations to achieve their best performance. In contrast, institutional isomorphism has to do with how rationalised (that is, successful) procedures spread from one (successful) organisation to another.

6. THE PROBLEMATIC BUT USEFUL CONCEPT OF DECOUPLING

Meyer and Rowan (1977) asserted that in modern societies, formal organisational structures came into existence in a highly institutionalised context. In this context, accounting is one of the parts of formal organisational structures. This leads to the notion that the interplay between accounting and its organisational and social context is important, as noted by several authors (see Hopwood, 1976; Burchell

et al., 1980; Hopwood, 1983). This interplay leads to a positive impact for organisations by providing a source of legitimacy for them to continue their activities (Fogarty, 1992).

Meyer and Rowan (1977) maintain that organisations have been pressured to integrate prevailing rationalised frameworks of organisational work and institutionalised beliefs, norms and practices prevalent in the society in which they operate. In a similar vein, Carruthers (1995) states that to obtain more legitimacy, organisations have to operate within their cultural context. Operating within these constraints generally constitutes an attempt to be "seen" as being able to convey social expectation (Fogarty, 1992) by ceremonially adopting institutionalised services, products, techniques, policies and programs that function as powerful myths (Meyer & Rowan, 1977).

Organisations shape their "good" image by exercising institutionalised programs to attract and impress people within the society. Loans, donations and investment programs, for instance, are offered to the society in return for legitimacy (Meyer & Rowan, 1977).

However, this adoption brings consequences, in that organisations experience decoupling or loose coupling (Meyer & Rowan, 1977; Orton & Weick, 1990): a deviation between what organisations actually do and what given the formal organisational structure, they should do (Fogarty, 1992). In other words, what organisations do tends to bear only a loose resemblance to their official role. As a result, they neglect the principles of efficiency and effectiveness (Meyer & Rowan, 1977; Zucker, 1987; Mouritsen, 1994). Meyer and Rowan (1977, p. 357) described the decoupling process:

> Activities are performed beyond the purview of managers. In particular, organizations actively encourage professionalism, and activities are delegated to professionals. Goals are made ambiguous or vacuous, and categorical ends are substituted for technical ends. Hospitals treat, not cure, patients. Schools produce students, not learning. In fact, data on technical performance are eliminated or rendered invisible. Hospitals try to ignore information on cure rates, public services avoid data about effectiveness, and schools deemphasize measures of achievement. Integration is avoided, program implementation is neglected, and inspection and evaluation are ceremonialized.

Decoupling also causes accounting to become less associated with the operational aspects of an organisation, even though it is widely perceived as a source of rational models to support decision-making (Carruthers, 1995). Mouritsen (1994) similarly asserted that managers abuse accounting to obscure what organisations actually do, and to distract the public from irregularities and dissonance. Decoupling or loose coupling takes place because formal organisational structures serve merely as symbols (Scott, 1987, p. 507) and, more particularly, because accounting has come to be a symbolic and ritual display (Meyer & Rowan, 1977; Meyer, 1986; Carruthers and Espelands, 1991).

However, Meyer and Rowan (1977) argued that decoupling can also have advantages. When prevailing rationalised frameworks of organisational work and institutionalised beliefs, norms and practices are incorporated into an organisation, this, in turn, leads to harmony between the organisation and its environment, through which friction and conflict can be reduced (Meyer & Rowan, 1977). Fogarty (1996) added that loose coupling could help organisations survive despite the constraints of institutional pressures.

Decoupling also allows organisation to live up to various expectations from diverse constituents (Meyer et al., 1981, cited in Coburn, 2004). Likewise, decoupling has prompted organisations to be more dynamic in responding to, and selecting the appropriate strategies in dealing with institutional pressures and environmental uncertainty (Oliver, 1991). The following section describes the nature and interplay of institutional theory with other theories.

7. THEORY OF POWER AS A COMPLEMENTARY THEORY

Arendt (1958) noted that society could achieve its desired goals by collectively building a societal capacity among various parties collectively, as individually this may not be possible. Hardy (1985, p. 385) defined power as "the ability to affect the behaviour of others in a conscious and deliberate way." Baum (1989, p. 195) elaborated on this concept:

> *This power governs a politics concerned with creating new possibilities in a world where resources may be scarce but some interests may be joined and new resources created. This is win-win politics: victory is only collective and one party's loss defeats all.*

Hardy (1996) wrote that power has a determinant role in organisations by providing energy for strategic change. The absence of power, and thus the lack of mechanism for making changes, could paralyse organisations. However, some people loathe and avoid politics due to the stigma that politics tends to spark conflicts among members of organisations, while others get involved in the political arena specifically to improve the organisational situation (Baum, 1989).

According to Baum (1989), organisations have a politics around decisions. Without politics, desired changes and goals could not be achieved, as politics is a course of action or behaviour through which power is constructed and employed in an organisational environment, while power is an authority through which events can be materialised (Pfeffer, 1981, p. 7)

However, Hardy (1996) critiqued the traditional notions of power that mainly stress on the mobilisations of resources such as financial support, information and public goods. In an attempt to redress this traditional notion, Hardy (1996) illustrated the multi-dimensionality of power, outlining four dimensions: the power of resources, the power of decision-making, the power of meaning and the power of the system. For the first, Hardy (1996) suggests that at its early stage, research concerning power was focused on decision-making and control over limited resources. Hardy (1996) argued that the behaviour of others should be controlled and directed toward desired goals by distributing and limiting essential resources on which people rely, such as information, skill development, employee promotion, financial control and the reward and punishment system.

When considering decision-making, Hardy (1996) maintained that one should pay attention to not only formal decision-making occasions but also the processes behind the scenes that relate to how decisions are made. By following such processes, one would know the actors behind the formal and procedural mechanisms, who are usually driven by political motives. Hardy (1996) further wrote that this dimension could exist within conformity to the prevailing norms and values.

Hardy's (1996) third dimension, the power of meaning, is closely associated with symbols, prevailing norms and values to build the society's perception and cognition towards the organisation (Hardy, 1996). Through this dimension, organisations create an image communicating that they conform to the prevailing institutions embraced by society at large, which in turn gives them legitimacy (Hardy, 1985). Meyer and Rowan (1977) wrote that institutional rules such as myths and symbols are pivotal, as it is through them that organisations secure resources and legitimacy.

Finally, according to Hardy (1996), the power of the system is deeply rooted within the formal structure of organisations. This is the most elusive dimension because every member of every organisation takes it for granted in the form of unwritten rules and norms that have existed over time. However, Hardy (1996) opined that managers could adjust this system to some extent to bring transformational change within organisations. In a similar vein, Amenta and Halfmann (2000), and Bartley and Schneiberg (2002) maintained that organisational actors can modify and select the appropriate response in dealing with their organisation's institutional pressures.

Does power theory provide a suitable combination with institutional theory as main theoretical lens of this study? According to Scott (2005, p. 408), institutional theory is underpinned by some core assumptions. Among these is "institution are governance structures, embodying rules for social conduct". Arendt (1958) stated that societal capacity needs to be managed to achieve desired goals; meaning that it requires power to electrify and mobilise potential elements in the society or organisations to reach their objectives as suggested by Hardy (1985). The views above display that the two theories seem to be possible to blend, as the two show no contentious ideas.

Furthermore, Scott (2005) maintained that institutional theory is not by nature an individual theory, as the theory can be combined with other theories such as economy, politics and sociology. Lawrence (2008) noted that combining institutional theory with power theory is crucial, as it allows researchers to understand how institutions work in the societal field and their effects to organisations. Christensen et al. (2007) asserted that public organisations are arenas for exercising power. Thus, investigating the practice of accountability in the public organisation like the SKPG through theory of power– as complementary theory– is essential, as it provides insights how power exercised by the actors can affect the practice of local-government accountability reporting.

8. THEORETICAL FRAMEWORK

This section describes the theoretical framework that this study employs in analysing and understanding the practice of the accountability reporting in Indonesian local governments, particularly in the South Kalimantan Provincial Government (SKPG).

The Soeharto regime ruled Indonesia for more than three decades (1967-1998). Under this regime, which was highly centralistic, almost all aspects of the country and its people's lives were tightly controlled by the regime. Liddle (1985, p. 71) illustrated this situation as a follows:

> The president commands the military which is primus inter pares within the bureaucracy, which in turn holds sway over the society. The Indonesian bureaucracy is powerful in two senses. First, the bureaucracy pervades society. In every city, town, and village it is the largest employer. Its schools unlock the door to the modern, supra-village world. Its health centers, banks, agricultural extension services and marketing agencies, religious affairs offices, and requirement of personal identity cards make it for better and worse a daily reality which most Indonesians cannot escape. The scope and weight of this presence are comparable to Communist countries...

The Soeharto rule also exercised powerful control over the practice and formal procedures of state organisations. The practice of accounting and auditing, for instance, was merely a symbol of rational behaviour and accountability, rather than a series of substantive efforts to improve and support public organisations in pursuing their tasks and functions.

Under these circumstances, accounting and auditing practices became merely a symbolic display or legitimising device rather than a set of tools to allow public organisations to be accountable and transparent. This is consistent with claims made by Covaleski et al. (1996) that accounting practices in organisations might serve a ceremonial function and symbolically show the organisations' commitment to the public, rather than constituting a real commitment.

The Soeharto regime was replaced by the Habibie government after public discontent in 1998. Indonesia then entered a new era, popularly known as the "reform era" (era reformasi) (Ricklefs, 2001). Although the regime collapsed more than a decade ago, its practices persist and influence local governments across Indonesia, including the practice of local-government accountability reporting.

The Habibie administration, for instance, took significant measures by devolving more authority onto local governments under the umbrella of Law No. 22 (1999) on Local Government and Law No. 25 (1999) on Fiscal Decentralisation and Revenue Sharing. This change from an authoritarian and centralised regime to a democratic and decentralised government system in 1999 may have affected the practice of accountability, including the accountability system of local government.

During the Soeharto regime, the accountability system of local government including its reporting system was designed to be more accountable to the regime (the central government) than to the public; the role of local parliaments as oversight bodies were also undermined by the regime. In addressing this issue, Law No. 22 (1999) gave greater authority to local parliaments in exercising their supervisory role through an accountability forum. However, the law still did not recognise the public as the audience of the local-government accountability reports. It was not until the emergence of Law No. 32 (2004) and Government Regulation (GR) No. 3 (2007) that the public was regarded as one of the audience of accountability reports.

According to GR No. 3 (2007), after submitting the accountability report to the central government and making it available to the public, an actor (governor) has to deliver the administration's accountability report before an accountability forum held by the provincial parliament. The members of the provincial parliament will then assess the accountability report. The arrangement to discharge accountability through a forum is part of gaining legitimacy through formal procedures, as regulated by the relevant provisions. This is consistent with the claims made by some scholars that an accountability forum is an important part of the accountability process through which key actors (Bovens, 2007a, 2007b, 2010; Mulgan, 2000) can gain legitimacy (Bovens, 2007a, 2007b, 2010).

The local governments, including the SKPG, must comply with the central government's changes to the local-government accountability system. Viewed from an institutional-theory perspective, the SKPG, in acquiescing to the changes made by the central government, is driven by institutional isomorphism, particularly coercive isomorphism (DiMaggio & Powell, 1983). This backdrop may affect the practice of accountability reporting of local governments across Indonesia, including the SKPG, after the Soeharto regime, during which the practice of accountability was framed to allow collusive practices.

This study argues that to secure legitimacy, the SKPG employed a two-pronged approach that operated simultaneously in the organisational and societal fields. In the organisational field, the SKPG started to implement and institutionalise the new local-government accountability system into its organisational practice, as stipulated by the relevant laws and regulations, thus securing legitimacy from the central government. This is consistent with the claim made by Scott (2001) that local government is subject to the central government's regulation as well as to certain social norms and expectations. To quote the work of DiMaggio and Powell (1983), "the position of dependence" leads the SKPG to comply with change demanded by the central government. This is confirmed by a study conducted by Martani and Liestiani (2011) which found that 66.21% of Indonesian local governments' budget was funded and determined by the central government through the general allocation fund (DAU, *dana alokasi umum*). Therefore, in order to get more resources (including financial support), local governments need to seek greater legitimacy by acquiescing to the central government's laws and regulations.

On the societal field, the South Kalimantan society is a relatively religious community (Daud, 1997; Karni & Hidayat, 2006; Chalmers, 2007). Given this social setting, the role of religious leaders or gurus is highly important. Moreover, due to their extensive engagement with the people, their role is even broader, extending not just to leading religious activities, but to serving as the figures from whom people seek advice concerning non-religious matters such as how to start up a new business or what to do before building a new house.

Given those roles, gurus then also serve as informal leaders and can influence and shape the society through their extensive engagement with the people who comprise it. Informal leaders emerge when a figure without formal power is able to influence the behaviour of others (Pielstick, 2000; West, 2008; Schermerhorn, Jr. et al., 2010). Some religious gurus also function as charismatic leaders in the society.

According to Bass (2008), the charisma concept is developed from Weber's concept, in which charisma is embedded in theology. Weber (1947) noted that the attribute of extraordinary charisma is not granted to a leader by God, but by the leader's followers. Although Banjarese society (the majority ethnic group in South Kalimantan) does not recognise "class", gurus (particularly those who have great numbers of followers) are commonly perceived as having a special relationship with God, and have been granted high status through a tradition that goes back many generations. Therefore, it is common in the society that people pay great respect to and put a high level of trust in gurus.

This is consistent with the claim made by Berger and Luckmann (1991) that social order is built upon shared social reality through which human society is constructed. Therefore, the tradition that pays great honour to gurus is a socially-constructed reality, because this practice has been preserved (Covaleski et al, 1996).
Given this prevailing institution, the actors/elites in the SKPG also pay great respect to, and foster good and close relationship with, gurus, particularly those having large followings. The SKPG actors also support traditional religious rites or events conducted by gurus and the society by allocating funds from the provincial budget for such events.

In this way, the elites can be perceived by the public as sharing similar values with the larger society, a thereby are much more likely to obtain organisational legitimacy, one of the essential concepts of institutional theory (Meyer & Rowan, 1977; Eisenhardt, 1988; DiMaggio & Powell, 1983; Fogarty, 1996; Deephouse & Suchman, 2008; Clegg, 2010). This is consistent with the claim made by Fogarty (1992, p.333) that "*the way organizations are organized and operate, to the extent they are visible to the public, are purposely designed to accommodate social expectations*".

Carruthers (1995) supported above idea that organisations secure their organisational legitimacy by running their programs within the cultural boundaries in which they operate. Meyer and Rowan (1977) also maintain that in an attempt to obtain organisational legitimacy, organisations should be directed to integrate the concept of their organisational work and rules with the institutionalised beliefs, norms and values in the society.

Based on the discussion of the relevant theories of this study, Figure 1 shows the theoretical framework of this study.

Figure 1.Theoretical Framework of the Study
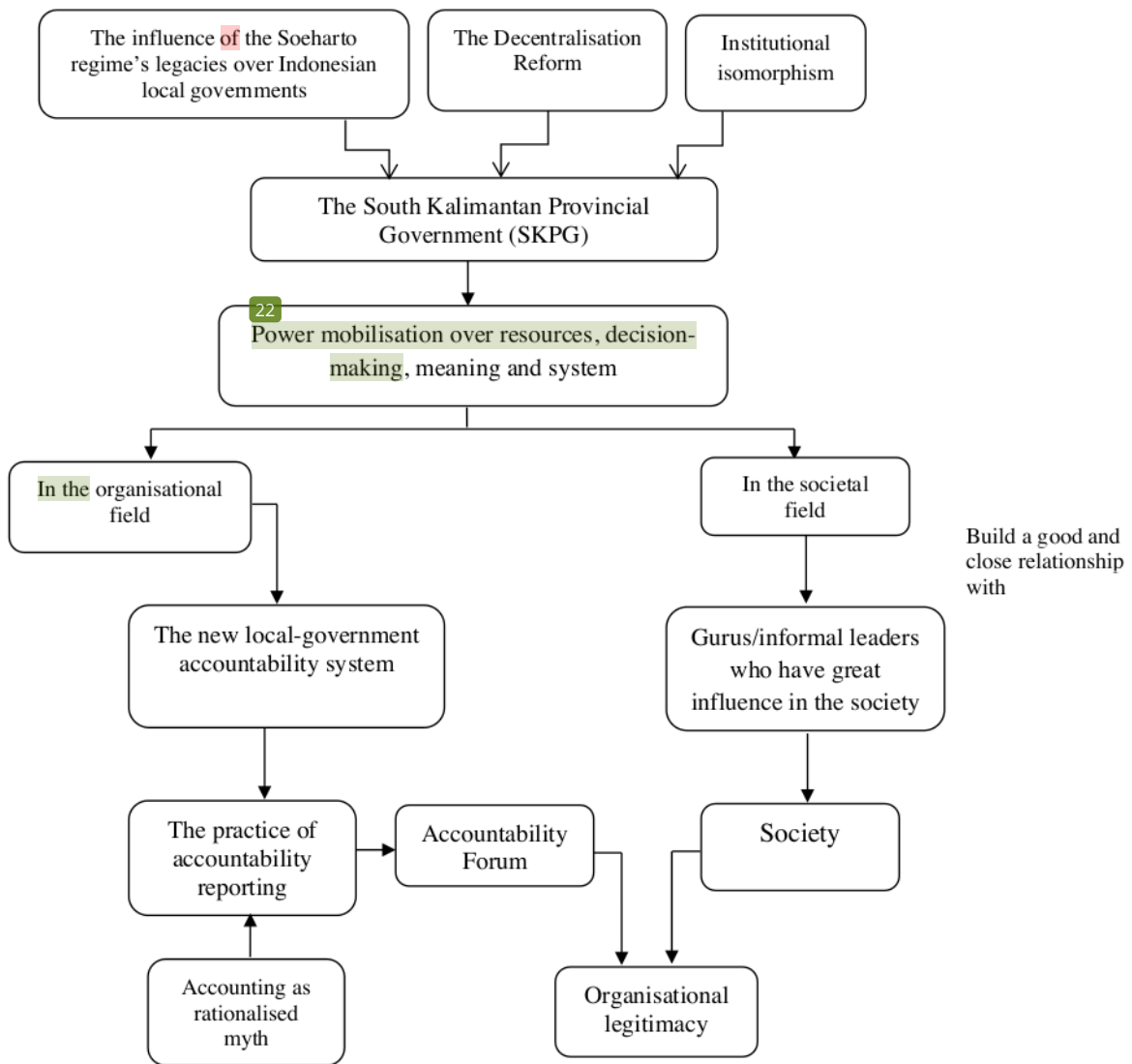
(Own diagram)

9. CONCLUSIONS

This study discusses the theoretical framework of this study, which draws on institutional theory as a main theoretical lens, and power theory as complementary one. This study argues that to secure legitimacy, the South Kalimantan Provincial Government (SKPG) employs a two-pronged approach that extends to the organisational and societal fields. In the organisational field, the SKPG has begun to implement and institutionalise the new local-government accountability system into its organisational practice, as stipulated by the relevant laws and regulations issued by the central government, and securing legitimacy.

In the societal field, the SKPG employs a different strategy. South Kalimantan is perceived as a religious society. Given this social setting, the role of religious leaders or gurus becomes important, because they are actively involved not only in religious services and events, but as sources of advice for people concerning their daily life issues. Gurus' importance in the society gives them power to influence the society, including in political matters. Given this prevailing institution, the actors/elites in the SKPG also pay great respect to, and foster good and close relationships with, gurus to boost the SKPG's legitimacy in the public's eyes.

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