

EMANCIPATORY ACCOUNTING FOR INDONESIAN HIGHER EDUCATION INSTITUTION

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ABSTRACT

This article aims to develop a philosophical concept of emancipatory accounting for Indonesian Higher Education Institution. Divine accounting is a critique of the accounting for State Universities as a Public Service Agency (PSA). Universities must use accounting which conceptually derives from accounting for commercial corporation. This accounting is not in accordance with university lifeworld. University lifeworld are Godliness and Tridharma value, consist of education, research and community service. This concept was developed with Habermas's methodology. Result of this study is divine accounting that consist of balance sheet, cash flow, activity and value added report. Value added report becomes supplement report in financial statement's Universities.

Keywords: emancipatory accounting, public service agencies, universities, Habermas

INTRODUCTION

The debate on the implementation of accrual on public sector organizations especially concerns about the implementation of accrual accounting practices derived from the profit-oriented private organizations (Elwood and Newberry, 2007; Davis, 2010). If accrual accounting is forced to be applied in public sector, then public sector would be encouraged to do commercialization as in private organizations (Broadbent et al., 1994; Mir and Rahaman, 2007). As an example is the implementation of accrual accounting to encourage trade commercialization and liberalization in higher education services (Pujiningsih et al., 2013).

Pujiningsih et al. (2014) have developed an emancipatory budgeting with the dimension of God for state universities as a form of ideology critique on performance-based budgeting applied in PSA State Universities. Budget Realization Report becomes a part of PSA universities financial statements (Finance Minister Regulation/FMR No. 76/2008). Other reports are Balance Sheet, Cash Flow Statement, and Notes to The Financial Statements. These types of financial statements result from the accrual basis accounting recording. Therefore, to follow-up the study done by Pujiningsih et al. (2014), this article tries to criticize and offer a philosophical concept of accounting for balance sheet reports and statements of Cash Flows in accordance with universities lifeworld or value of universities. The development of the accounting philosophical concept uses Habermas's Critical theory (1984, 1987).

DISCUSSION

Habermas (1968) stated that knowledge is based on technical interest, in natural sciences and practical importance of communication, in hermeneutics science. Technical interests are attached to the system, while practical importances of communication are inherent in lifeworld. Positivist accounting, including accounting for PSA is based on technical interests that ignore the communication interests inherent in societies lifeworld. This technical interests dominance is used by the capitalist system to colonize universities lifeworld (Pujiningsih et al., 2013). According to Habermas, emancipatory knowledge is constructed by combining technical interests that are in work praxis and practical interests in the communication praxis (Habermas, 1968).

The development of emancipatory knowledge by Habermas is done through communicative action (Habermas, 1987). In communicative action, lifeworld¹ plays a very important role, especially in cultural structure. Emancipatory accounting for universities is based on the process of cultural reproduction in the culture structural components. It is a form of criticism on positivist accounting that is based on economic rationality (Table1).

Tabel 1
Communicative Action in Lifeworld Reproduction

Reproduction process	Structural components			
	Personality	Society	Culture	Evaluation dimension
Cultural reproduction	Knowledge reproduction	Knowledge updates for effective legitimacy	Criticism of knowledge acquisition	Knowledge rationality

Source: adapted from Habermas (1987: 144)

This critique of knowledge begins with a philosophical critique of PSA financial accounting economic rationality. This model is adapted from Pujiningsih et al. (2014). This model was developed from the assumption of ontology, epistemology, axiology and

¹Lifeworld according to Habermas contains three structures, namely the individual, culture and society

human nature. Conventional accounting, which became the basis of PSA accounting, places themselves both ontology and epistemology as positivistic, in the realism wing (Lodh and Gaffikin, 1997; Lehman, 2004; Burell and Morgan, 1994; Chua 1986, Tinker et al., 1982; Triyuwono, 2012). Realism distinguish subject and object, the object is independent or is outside the observed subject, knowledge is obtained when the subject of finds an objective reality (Chua, 1986).

Positivistic accounting is based on objectivity (Shearer and Arrington, 1993) and value-free (Tinker et al., 1982). Stewart (1988) stated that as something technical, accounting is a discipline that is neutral and value-free. Accounting is seen as a problem-solving technology that can facilitate organization's needs. It is as stated in FMR No 76/2008 as the following:

Financial Accounting System is an accounting system that produces the basic financial statements for general purpose. The objectives of financial statements are:

- a. Accountability; account for management of resources and the implementation of policies entrusted to PSA in achieving the goals set periodically.
- b. Management; helps users to evaluate PSA's activities implementation in the reporting period to facilitate the planning, management and control of all the revenues, expenses, assets, liabilities, and equity of PSA for the interests of stakeholders.
- c. Transparency; provide financial information that is open and honest to the public based on the consideration that the public has a right to find out openly and comprehensively about PSA's accountability about the management of resources entrusted to them and their obedience to the laws and regulations.

The purpose of accounting system above is just based on technical interest which is the work praxis and ignore communication interests praxis inherent in higher education lifeworld (Habermas, 1984). The purpose of these financial statements should be based and combined with universities lifeworld. The major lifeworld in higher education is faith and devotion to the God Almighty. Achievement of these goals through universities Tridharma. The following is the objective of Higher Education and Tridharma (Higher Education Law/HEL No. 12/2012).

Higher Education is aimed to:

- a. develop students' potential to become a man of faith and fear of God Almighty with a noble moral;
- b. produce graduates who master the fields of science, technology, and/or art that is learned and are able to apply it to increase the nation's competitiveness and have tolerance, democratic, strong character, and dare to defend the truth for the national interest; and
- c. produce research works in the field of science, technology, and/or art that are useful for the benefit of the nation, the state, and humanity

Higher education serves to form and develop the cognitive, affective, and psychomotor and cooperative attitude of students through the implementation of Tridharma namely:

- a. education dharma;
- b. research dharma; and
- c. community service dharma

Basing on that university purposes, universities accounting is developed from Godliness spirituality idealism ontology (Pujiningsih et al, 2014). It is as stated by Habermas (1987) that in traditional societies it is lifeworld that controls the system. Moreover, this is a form of "reunification" of lifeworld with Godliness value, to liberate the colonization of university lifeworld by the capitalist system (Pujiningsih et al, 2013). Colonization by the system through rationalization has exempt Godliness value from the lifeworld, as expressed by Habermas as follows:

The unity of the lifeworld can no longer be so readily guaranteed by mythical interpretations of the world. Now religious metaphysical worldviews carry out this unifying function, and all the more impressively the more they are rationally organized (Habermas, 1984: 245).

The main purpose of university accounting is as a form of organizing university Tridharma to God Almighty which is based on "fairness principle". The fairness principle is that universities must provide access to prospective students and provides higher education to students, regardless of their religious background, race, ethnicity, gender, social status, and their economic ability (HEL No. 12/2012 description). The fairness principle is a major criticism of the administration of PSA state universities that tends to be enjoyed by students from the economically capable. All PSA state universities selects new admissions through independent path with higher costs. Although at each new academic year this path receives criticism, but until now this line is still ongoing. Accrual accounting plays a role in the management of this funds from the society.

Positivistic epistemology inherent in PSA accounting was criticized by offering a non-positivistic epistemology using middle range theory developed by Habermas (Lodh and Gaffikin, 1997). Habermas's methodology combines positivistic epistemology to meet the technical interests and naturalistic epistemology based on universities lifeworld to meet the praxis interests (Pujiningsih et al., 2014).

Positivistic accounting axiology embraces utilitarian, materialistic and technical accountability ethics (Triyuwono 2012, Pujiningsih et al., 2014). As in PSA accounting, which presents a quantitative financial statements including the balance sheet, statement of activities, budget realization reports, and statements of cash flows. These financial statements are the same as companies financial statements. This has been criticized by Pujiningsih (2014) as a form of accountingization and corporatization in the administration of PSA state universities.

The emancipatory accounting offered in this study from the perspective of axiology still recognizes the importance of materialistic elements for the benefit of technical and narrative accounting for the sake of praxis. It is as stated by Habermas about how to put lifeworld and system at the same position (Ritzer and Goodman, 2009). In addition, the accountabilities to be achieved in university emancipatory accounting are technical and Godless accountability (Pujiningsih et al., 2013).

From what technical interest should PSA state universities financial statements be criticized? As described in FMR No. 76/2008 are as follows:

- a. The main objective of balance sheet is to provide information about the financial position of PSA including the assets, liabilities, and equity at a certain date.
- b. Information on the balance sheet are used together with the information disclosed in the the other financial statements so as to help users of financial statements to assess:
 - i. PSA's ability to provide services sustainably;
 - ii. liquidity and solvency;
 - iii. external financing needs.

Accrual accounting is not relevant to the public sector because of differences in the control and accountability (Davis, 2010). Accrual accounting in private businesses is used to improve financial accountability, especially to the shareholder. This would be a problem when applied to the public sector (Carnegie and West, 2005), such as in educational organizations. Accounting should not control policies (Corbett, 1996: 139). It should be that educational quality have precedence over the financial statements with the accrual basis such as the financial position statement (Carnegie and West, 2005). Even Guthrie (1998) stated that unlike private business organizations, public sector organizations do not require profitability report and financial position statement. Thus, education quality report is more important than financial position statement.

Balance sheet with the financial statements elements of assets, liabilities and equity is related to the equity theory used. Equity theory is a theory that explains the viewpoint used in accounting related to the preparation and presentation of financial statements. This theory explains who is most interested or most dominant on the financial statements (Chariri and Ghazali, 2007). PSA accounting bases it on entity theory (FMR No. 76/2008). This theory explains that there is a separation between personal interests with the interests of the owner of the company. According to Chariri and Ghazali (2007) This theory is relevant to an organization in the form of a limited liability company or corporate. If this entity theory is used in the PSA state universities accounting, it can be said that the entity theory contributes to the corporatization of state universities (Pujiningsih, 2014).

Is it appropriate to equate an education organization with a corporation? Marcuse (1964: 17) stated that an organization for the purpose of "war" are different to an organization for the purpose of "peace" (Shapiro, 2009). This is as a foothold to think that the goal of higher education organization is clearly different with corporate objectives. Therefore, is equity theory the most relevant for the state universities? State universities as a public institution should be regarded as state universities belonging to the people. Therefore, state university accounting is more relevant to use the enterprise theory compared to the entity theory. Enterprise theory explains that the organization is a social institution that is operated in order to provide benefits to many stakeholders (Chariri and Ghazali, 2007). Who holds the interest in the state universities financial statements? Country as the donor, citizens entitled to education, the academic community and society at large. Enterprise theory allows the presentation of the value added report (Chariri and Ghazali, 2007) and is also the basis of social accounting reporting (Pujiningsih, 1996). Value added report by the state universities can be a medium to inform the achievements and contributions of state universities to the community, nation, and state. This report can be presented in a narrative.

Balance sheet objective in accordance with university lifeworld is to show financial position including the assets and equity that were used for the implementation of Tridharma. Why are there no liabilities here? Because liability would burden the state and disrupt the continuity of the organization. It is to criticize PSA balance sheet objective relating to liquidity and solvency. Thus the State does not need external funding.

Is it possible to not require external funding? In accordance with the HEL No 12/2012 that states "state universities funding and special state universities is the duty and responsibility of **government**" (bold from author). Moreover, the obligation of 20% allocation of the state budget as the law mandate should be foothold of state funding. Although in HEL No 12/2012 it is also made possible for the funding from public and industrial cooperation. Funds from the public should not be a major source of revenue for the state universities, as well as cooperation with industry. Cooperation with industry should not be ridden by economic interests. For example, the inclusion of industry advertising in the campus area.

In addition to enterprise theory for value added reporting to the interested parties, because of state universities are funded from the state budget, fund theory is also used in the development of the concept of equity accounting of state universities. Fund theory states that the operating unit activities is the base for accounting. Therefore, the operating unit is called the fund that covers a group of assets and liabilities and restrictions. Fund accounting is widely used in government organizations (Chariri and Ghazali, 2007). Therefore, because state universities is part of a government organization, the state universities financial statements should have been based on this fund theory.

The basis of state universities accounting is more relevant to use cash basis to record income and expenditure as well as the accrual for asset record. This is as a critique toward PSA recording basis "accounting basis used by PSA financial management is the accrual basis" (FMR No 76/2008). PSA is a semi-public institution that is biased on levying funds from the public (Government Regulation No. 23/2005). State universities is recommended to collect funds from the public to a minimum.

Funding should mainly come from the state. In this context, fund accounting can be applied. The appropriate use of funds from the state according to university tridharma is possible to be sufficient, if budgetary waste can be controlled. Activities that do not directly support university tridharma need to be eliminated.

Does University require a cash flow statement? FMR No. 76/2008 mentions that "statement of cash flows is a report that presents information about cash inflows and outflows for a certain period classified by operating activities, investing activities and financing activities". Statements of cash flows is necessary for state university, but all it needs is the operating activities of university Tridharma. The other two activities, investing and financing, are not the duty and function of state universities. Rector is not a "manager" who must also seek funds independently as desired in the PSA model. Rector is the leader of the higher education institution who has a major task of university tridharma. If the rector was forced to become a manager as well as an academician, there will be a social pathology in the form of an identity crisis (Pujiningsih, 2014). If the rector "is not a manager", then lecturer are also "not an academic labor" (Pujiningsih, 2014). Rector and Lecturer are "true academician" who serve humanity not the corporation (Boyce, 2002). Thus, the emancipatory accounting concept does not recommended universities to create business centers for income generation.

According to FMR No. 76/2008, budget realization report presents information about PSA budget and budget realization in pair which indicates the level of achievement of the targets agreed in the budget implementation document. Meanwhile, operational report presents information about PSA operation about the source, allocation, and use of economic resources managed by PSA. Operational reports among others include activity reports or surplus deficit report. Budget realization report has been constructed through the emancipatory budgeting with the dimension of God (Pujiningsih et al., 2014). Pujiningsih et al. (2014) mentions that the budget realization report accountability is to God apart from the technical regulatory accountability. Besides that, budget realization report does not just report input, output quantitatively, but also qualitatively. Budget realization report objects are guided by the principle of fairness. Operation report that is constructed in this study is the tridharma activity report which includes education, research, and service. University is not a corporation which must use accrual accounting. University has tridharma fundamental duties not to generate income, because state universities funding is the state's obligation.

State universities tri dharma basically is a humanitarian duty not the duty to make profit such as corporate, so it is not appropriate if state universities are managed in a PSA model that emphasizes economic rationality (GR No. 23/2005). Economic rationality becomes the human nature in positivistic accounting which is *homo economicus* that give birth to the egoistic nature (Goldfinch and Walis, 2009: 47; Deliarnov, 2005: 143). Such as the purpose of PSA financial reporting that is purely for economic decision making. Therefore, the university emancipatory accounting in this study is based on the assumption that human nature is a Godless subject (Pujiningsih et al., 2014) which has economic rationalization and altruistic soul. Altruistic here refers to the aspect of fairness in the delivery of state university. The "fairness principle" is that universities must provide access to prospective students and provide higher education to students, regardless of their religious background, race, ethnicity, gender, social status, and economic capabilities. Further described in HEL No. 12/2012 which states that state universities and special state universities should accept prospective Indonesian students who have high academic potential, but economically disadvantaged at least 20% (twenty percent) of the total number of new students.

Many PSA state universities held a variety of self-selection to obtain greater funds from prospective students. Do state universities dare to perform a different action with the portion of poor students more than 20%? This is what was supposed to be done by state universities. The presence of the state in higher education for underprivileged citizens is an obligation. Because according to Marx, capitalism has ignored the reality that community members have different powers (Magnis-Suseno, 1999: 122). Weak and strong communities if given the same freedom then the fittest community will prevail. This is as an illustration, that prospective students who are economically capable would potentially be more likely to be able to enjoy state universities, compared to poor students. This is where the state's presence through state universities for the equality of higher education access for the poor.

From the description above that emancipatory accounting construction starts from the ontology aspect. PSA accounting ontology embracing the realism ontology has been constructed to be in the Godless idealism wing. PSA accounting positivistic epistemology is criticized by offering a non-positivistic epistemology with Habermas's middle range theory. Positivistic accounting axiology, which is value free with materialistic utilitarian ethics is criticized through an accounting model that balances materialistic and spiritualistic aspects. For example, quantitative financial statements consisting of balance sheet, cash flows and activities are accompanied by qualitative accounting reports in the value added report. Technical accountability in PSA accounting is criticized by combining technical and Godless accountability.

The following is a comparison between the PSA state universities accounting with the emancipatory accounting.

Table 2
Comparison of PSA State Universities Accounting with Emancipatory Accounting

Philosophical assumptions	PSA State Universities Accounting	Emancipatory Accounting
Ontology	Realism	Godless Idealisme
Epistemology	Positivistic	Nonpositivistic (middle range theory)
Axiology	Utilitarian, materialistic (quantitative financial reports, technical accountability)	Materialistic, spiritualistic, (quantitative and narrative reports, technical and Godless accountability)

Human nature	<i>Homo economicus</i> : egoistic, economic rationalization	Godless subjects: economic rationalization and justice rationalization equity
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Source: adapted from Pujiningsih et al (2014).

CONCLUSION

Emancipatory accounting tries to restore universities in accordance with its lifeworld. Universities lifeworld is the Godliness and Tridharma value. Emancipatory accounting for university produce financial statements, among others, activity reports, balance sheets, cash flow and value added statements. The activity report includes the three Tridharma main activities. Universities balance sheet provides information on university assets and equity. Cash flow statement gives information about universities Tridharma operating cash flow. The value added statement gives information on universities contribution and achievements to the community, the nation, and the state in accordance with the universities vision and mission. Emancipatory accounting is philosophically different from PSA accounting.

Emancipatory accounting ontologically embraces Godliness idealism, epistemologically uses middle range theory, axiologically is materialistic and spiritualistic, in the human nature is as a godless subject. This thinking is expected to be an "enlightenment" as an effort to prevent the ongoing of university corporatization and commercialization of higher education services. This idea opens the space for the development of accounting conceptual framework that would become the basis for the development of universities accounting reporting techniques.

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