

Understanding Budget Reality in The Perspective of Symbolic Interactionism

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ARTICLE INFO

Keywords:
budget,
capitalist,
symbolic interactionism,
principal,
agent

ABSTRACT

This study aims to interpret the meaning of budget on one of the State-Owned Enterprises (SOEs) to minimize conflict between principal and agent. Analysis is done using symbolic interactionism method in interpretive paradigm. Data collection is conducted using in-depth interviews with informants who are very familiar with budgeting in PT Perkebunan Nusantara (PTPN). The results of this study reveal that budgeting process involves the interaction and action between the principal and the agent based on their own experiences in preparing the budget. Decision making is sorely needed, especially in a condition where an individual is able to free himself from the crisis called epiphany. Epiphany is a moment of experience that makes an impression on one's life so as to form a character is called epiphany. It could be said that epiphany is the most critical moment ever experienced by someone that cannot be forgotten (Denzim, 1989) Social fact describes that a capitalistic company ownership thinks of itself with the purpose of fulfilling personal desires and prosperity, so in implementing budget preparation consisting of the symbol of numbers, it is always covered by passion of greed. Conflict of interest is very noticeable when the preparation and adoption of the budget is filled with a variety of interests. Regulatory system is becoming part of legitimate stage of budgeting that has become the elements of capitalist company ownership that eventually reap capitalist values in the accounting information, in which the decisions and the economic actions are also based on the capitalist values. The implication of this research is expected to provide practical recommendations to the good cooperation between the agent and principal in preparing the budget.

SARI PATI

Penelitian ini bertujuan menginterpretasikan makna anggaran pada salah satu BUMN dalam rangka meminimalkan konflik di antara principal dan agent. Kajian dilakukan dengan menggunakan metode interaksionisme simbolik dalam paradigma interpretatif. Pengumpulan data dengan cara wawancara mendalam bersama informan yang sangat familiar dalam penyusunan anggaran di

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lingkungan PT Perkebunan Nusantara (PTPN). Hasil penelitian mengungkapkan proses penyusunan anggaran melibatkan interaksi dan aksi antara principal dan agent berdasarkan pengalaman masing-masing dalam menyusun anggaran. Hal ini sangat dibutuhkan dalam pengambilan keputusan khususnya pada kondisi seorang individu mampu membebaskan diri dari krisis yang disebut ephiphany. Fakta sosial yang tergambaran bahwa kepemilikan perusahaan yang kapitalis memikirkan dirinya sendiri dengan tujuan pemenuhan hasrat pribadi dan kemakmuran sehingga dalam mengimplementasikan penyusunan anggaran bersimbol angka-angka selalu diselimuti hasrat keserakahan. Pertarungan kepentingan tampak ketika penyusunan dan penetapan anggaran dengan berbagai kepentingan. Sistem regulasi menjadi bagian panggung sandiwara penganggaran yang sudah menjadi bagian kapitalisme kepemilikan perusahaan. Akhirnya, menuai nilai-nilai kapitalis dalam informasi akuntansi yang mengakibatkan keputusan dan tindakan ekonomi berdasarkan nilai-nilai tersebut.

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INTRODUCTION

Budget is a working guideline and the targets to be achieved by an organization. Budget can also be used, by the management, as a tool to determine the performance. In addition, it can motivate the management in an effort to achieve better performance in the future. Some purposes of budgeting are for resources allocation, planning, and communication (Libby and Lindsay, 2010). A company needs budget to allocate existing resources in the company so that these resources can work efficiently. In planning, budget is used for forecasting the profit produced by the company. Budget is also used as a means of communication by the principal and the agent as the executor of company performance (Liapis and Spanos, 2015).

In communication, the principal and the agent do not always have similar goal in preparing the budget. In fact, each of them has self-interest to be achieved. Hence there appears the principal-agent conflict. The conflict also occurs in the State-Owned Enterprises (SOEs), which in this case, is represented by PT Perkebunan Nusantara (PTPN). A State-Owned Enterprise (SOE) is a business entity in which all or the majority of its capital is owned by the government through direct

investments derived from the state assets set aside. As stated in Law No.19 of 2003 on SOE, that the purposes of the establishment of State-Owned Enterprise (SOE) are (1) to contribute to the development of the national economy in general and state revenues in particular, (2) to pursue the profit, (3) to organize public benefit in the form of the provision of qualified and sufficient goods and / or services for the fulfillment of the lives of many people, (4) to become the pioneer in business activities that are not able to be implemented by the private sector and cooperatives, (5) to participate actively in providing guidance and assistance to the entrepreneurs of weak economic groups, cooperatives, and community.

If it is examined further, one of the objectives of the establishment of SOE is to gain profit. It cannot be denied that PT Perkebunan Nusantara (PTPN) also makes profit as the goal of its production activities. Given that PTPN is a State-Owned Enterprise (SOE) in which the majority of shares held by the government (at least 51%), in this case, PTPN as the management (Agent) and the government as the owner of the company (Principal) must have a good mutual relationship.

But in reality, a conflict arises between them, PTPN and the government, especially when the government requires PTPN to generate qualified agricultural product for the people. On the other hand, PTPN finds that its incentive is reduced because the selling price of the agricultural products is determined by the government. This situation brings PTPN in a depressed position. Consequently, in budgeting process, the agent can perform a variety of interference associated with the agent's self interest, and the principal can, too. One of the factors that affect the relationship between principal and agent in preparing the budget is the existence of information asymmetry and short-term interests that will ultimately impact on the motivation to commit corruption. Information asymmetry occurs because the determination of budgeting policy by principal requires the reports of the company's activities managed by the agent (Takaoka, 2005; Tsuji, 2007).

A dilemma occurs when, on one side, the agent finds that his performance is depressed by targets set by the principal through the GMS (General Meeting of Shareholders), but when the selling price is determined by the principal, the profit obtained is small. On the other hand, the agent also needs assistance from the principal to be able to survive in his position because, according to Law No.19 of 2003, the dismissal of the directors of SOE, as the agent, is held by the government represented by the minister, as the principal. Likewise, the principal requires the agent's performance in achieving the profit that has been set because this will indirectly reflect on the performance of the principal itself to remain in his post as the representative of the public. It is the dilemma that continues to happen, just like a circle having no end, as the cause of principal-agent conflict.

Judging from the various phenomena above, this study focuses on the extraction of the meaning of budget reality that occurs between principal

and agent in PT Perkebunan Nusantara (PTPN) as one of the State-Owned Enterprises. This study is intended to answer "how to interpret the budget reality using perspective of symbolic interactionism". Based on the research focus of the problem, the purpose of this study is to interpret the budget reality by using the perspective of symbolic interactionism.

THEORETICAL REVIEW

The Behavior of Principal and Agent in Budgeting

In accounting science, the theory of ownership commonly used is entity theory. The main idea of this theory is to understand the company as an entity that is separated from its owner. There are two different views within the context of entity theory. The first version is a traditional version which assumes that the company operates for the benefit of shareholders, i.e. those who invest their funds in the company. Therefore, accounting will be treated as a report to shareholders on the status and the consequences of their investment. The second version is the assumption that an entity is a business for those concerned (Amagoh, 2009).

Consequently, the accountings statements are provided to shareholders solely to meet legal requirements and to manage a good relationship with them in the context that some additional funds may be needed in the future. In practice, this theory causes the management to have the duty to acquire and accumulate unlimited wealth, and the business entity has the power to take advantage of its income and wealth, with an orientation for the welfare of the owners of the company. The business entity will act as an agent of the owner of the company, in which its job orientation is the acquisition of unlimited wealth, either for the welfare of the owners, survival, or its own development. The most terrifying thing is that this business entity will serve as the war machine to get huge profit without considering the ethics. Since it is just like cutlery, its behavior cannot be blamed (Bartle and Shield, 2008).

One of performance-related budgeting approaches is a participative budgeting. Participative budgeting is necessary because subordinates directly know more about the condition of their parts. The existence of participative budgeting is expected to be able to create a good budget in accordance with the standards or conditions expected in the future.

Participative budgeting is a process that describes the individuals involved in the preparation of the budget and has an influence on the budget targets and the need of appreciation for the achievement of the budget targets. Participative budgeting is a level of manager's participation in preparing the budget. One of important elements in the management control system is budget. Budget is a management tool in allocating limited natural resources and financial resources owned by the organization to achieve the objectives (Haryanti and Othman, 2012).

The negative impact of participative budgeting is the emergence of budget gap. Budget gap is defined as the difference between the expected performance and what is reported in the budget, (Yucel and Gunluk, 2009). Budget gap may occur in a condition where there is information asymmetry between the managers (subordinate) and their superiors.

Information asymmetry is a state that occurs when subordinates have more information about the activities of their organization than their employers (Haryanti, W, et al., 2015). The information asymmetry appears in the agency theory, in which the principal (owner / employer) gives authority to the agent (manager / subordinate) to manage the company. The delegation of authority will make the manager of the company know more about the prospect and the information of the company. This leads to an imbalance of information between the manager and the owner, so-called information asymmetry (Widana, 2014).

Agency Theory

In commercial enterprises, a manager is appointed and authorized by shareholders to realize the company's objectives and the manager should take the best decision in order to achieve the company's objectives in accordance with the interests of the shareholders. But in practice, not all managers act in accordance with the interests of the shareholders and the company's objectives. The managers also have motivation and other personal interests that are different from those of the shareholders. This condition results in the emergence of conflict of interest between the two parties, or called agency problem. This would create a potential conflict of interest, and this concept is then called agency theory (Buckova, 2015).

While Scott (2009:313) defined the agency theory based on the implication relationship of contractual agreement between the principal and the agent. This theory is considered as a part of game theory consisting of "employment contract" governing the relationship between the company and the top managers, and "lending contract" governing the relationship between the managers of the company and the creditors:

"Agency theory is a branch of game theory that studies the design of contracts to motivate a rational agent to act on behalf of principle when the agent's interest would otherwise conflict with those of principal."

Agency theory is a theory that seeks to explain the relationship between principal and agent in a company, where there is a separation of ownership with the management of the resources existing in the company (Jensen and Meckling, 1976). Agency theory also often leads to a conflict between the principal and the agent who have conflicting interests (Rachmawati and Triatmoko, 2010). Eisenhardt (1988) stated that agency theory is a theory that explains the way

how to organize good relationships between the principal who determines the work and the parties who execute the work (agent). The assumptions that become the sufficient condition of agency theory (Morris, 1987) are: 1) all market participants are rational and seeking to maximize their wealth; 2) all companies operate in two periods. Managers make production decisions in the first period which will affect the company's expected value and variance in the second period; 3) the company has external equity and debt financing; 4) there are the separation of equity and debt capital of suppliers and managerial control of the company; 5) each manager has a portion of the outstanding equity of the company; 6) each manager is given salary, allowances and facilities, and receives return on equity of the company he controls; and 7) Monitoring and bonding are done at a cost comparable to the value of the company and can reduce dysfunctional activities.

Jensen and Meckling (1976) see the existence of human element in the relationship model in the company's behavior. In their analysis, a company is described as the contractual relationship between the parties in the company, in which each party is assumed to have its own interests so as to allow for the emergence of conflict of interests.

Agency relationship arises when one or more individuals, called principals, employ other individuals, called agents, to work and also delegate decision-making authority. An agency relationship is a contract, either explicit or implicit where the principal will ask the agent to act and take decisions on behalf of the principal. In the financial management, the main agency relationship is: between shareholders and managers, as well as between debtholders and shareholders

Self Interest: Another Form of Capitalism

At present, capitalism is a mainstream ideology (because it is positive) which controls all aspects of modern human life. By following the above

logic flow, we can ensure that the accounting practices used within the scope of today's business world is a product of greedy, gluttonous and rapacious ideology of capitalism. This statement gets more justification when we see the reality that accounting information is intended only for the capital owners (shareholders), while other parties who have contributed to the company's performance are marginalized.

According to Harahap (2007: 11), capitalism is a form of economic order used by all people in which its economic system is integrated with the market system. It can be said that capitalism is shaped from ideas such as private ownership, money, credit, capital, and profits which are then instituted so that they become part of the economic system. Triyuwono (2012: 27) revealed:

“If accounting is born in a capitalistic environment, the information conveyed will contain capitalistic values.”

As the consequence, the economic decisions and actions taken on the basis of this information also contain capitalistic values. Finally, the reality created is the capitalistic reality. In sum, capitalistic budgeting information will form a network of capitalistic power. It is the network of power that ultimately binds and chooses human beings in capitalism (Triyuwono, 2012: 27).

In the relationship between agent and principal, the existence of self-interest is unavoidable. Self-interest, in the aspect of government as the principal, is defined as “invisible-hand“ (Tyson, Oldryod, and Fleischman, 2013), and in the aspect of agent, it can act independently or as desired (Kilfoyle and Richardson, 2010). If in both conditions have self-interest referring to personal interests, the self-interest can be regarded as another reflection of the capitalist, where every individual only thinks of his own personal interests. This is another form of capitalism.

METHODS

Symbolic Interactionism as the Research Method

This study uses a qualitative approach since the theoretical framework formulated in the research problem is associated with the meanings attached to individuals and groups in a natural social environment. Data are derived from participants, researchers' intuitive reflection, interpretation and description of the research problem and the contribution of various literatures. The aim is to interpret certain issues which should not be measured in quantitative unit (Creswell, 2013: 59) One of the suitable paradigms to answer this research is interpretive paradigm. According to Burrell and Morgan, (1979), interpretive research has several views, namely phenomenology (i.e. transcendental phenomenology, existential phenomenology), solipsism, hermeneutic, and phenomenological sociology (i.e. ethno-methodology, phenomenology of symbolic interaction). While the interpretive paradigm emphasizes that the research is basically conducted to understand the reality of the world as it is. In some ways this paradigm is also referred to as a constructive paradigm (Ludigdo, 2006).

Paradigm, in social definition, is one of particular aspects of Weber's work on social action. From social definition, there are three theories related to paradigm, namely theory of action, theory of symbolic interactionism, and theory of phenomenology. Herbert Blumer, as a figure of symbolic interactionism, stated that the organization of human society is a framework in which there is a social action that is not determined by the behavior of individuals.

Muhajir (2011: 220) explained that the concept of symbolic interaction departed from at least seven basic propositions: first, human behavior has a meaning behind the implication; second, in providing the meaning of humanity, it is necessary to find its source in social interaction; third, that human society is a process that develops holistically, inseparably, non-linear

and unpredictably; fourth, human behavior is applicable under the phenomenological interpretation, based on the intention, meaning and purpose, but not based on mechanical and automatic processes; fifth, the concept of human mental develops dialectically; Sixth, the human behavior is fair and constructive, and creative, not elementary-reactive; seventh, it is necessary to use sympathetic introspection, emphasizing intuitive approach to catch the meaning.

Symbolic interaction, as a research methodology, has long been used by researchers in the fields of social and culture. In this model, the role of the researchers is to analyze various things related to symbol, not only on what can be seen but also exploring the meaning lies behind the symbol. In this context, the researchers must examine the interactions that take place behind the symbols that come to the surface. Therefore, related to symbolic interactionism, the researchers should consider that: (a) symbol will have a full meaning when it is in the context of active interaction; (b) the doer of interaction will be able to change the symbol in the interaction that raises a different meaning from the usual meaning; (c) the use of symbols in the interaction is sometimes flexible and dependent on the language games of the doer, (d) the meaning of the symbols in the interaction can move from certain place and time (Ritzer and Goodman, 2013: 373).

Based on the explanation above, it means that symbolic interactionism is a more appropriate research model to reveal the meaning of interaction process within a community. From that process, the meaning behind the interactions between the actors can be disclosed. Of course, it is expected that the disclosure of the interaction process runs naturally, and not in artificial situation.

Symbolic interactionism perspective is introduced by Herbert Mead in 1934, with the concept of mind, self and society. This concept has become the main idea of the symbolic interactionism theory,

with the basic assumptions that: (1) the human acts on an object based on the meaning it has, (2) the meaning attached to the object appears on the interaction of a person, (3) the meaning owned is modified by the results of one's interpretation. Ritzer (2013: 209) stated that one of basic principles in the theory of symbolic interactionism is that human is endowed with thinking capacity, and the thinking capacity grows from social interaction.

Symbolic interaction perspective seeks to understand culture through the human behavior reflected in the communication. The symbolic interaction emphasizes more on the meaning of cultural interaction of a community. The essential meaning will be reflected through cultural communication among local residents. At the time of communication, there are a lot of meaningful symbols. Hence the task of the researchers is to find the meaning.

By using symbolic interactionism perspective, the understanding of budget reality can be interpreted more deeply, especially the symbolic interaction that occurs between the principal and the agent. Besides, other realities that encourage the occurrence of the interaction will also be interpreted, such as the culture, the environment, and the budget itself.

Research Sites, Analysis Units and Informants

The determination of research sites, analysis units, and information, is based on the observation of initial studies. Based on the observation, the researchers discovered the phenomenon of debate in budgeting between the principal and the agent happening in the meeting of Work Plan, Budget and Revenue preparation and General Meeting of Shareholders (interview). In addition, the great number of business units make the budget provided various and the decisions in budgeting often lead to information asymmetry. Based on the above phenomena, the research sites are located in Surabaya, East Java and Solo, Central Java, precisely in PT Perkebunan

Nusantara the (PTPN). Meanwhile, the analysis units are focused on the pertaining to the meaning by the readers (informants) on the phenomenon of the budget in PT Perkebunan Nusantara. The informants are directors and heads of treasury division of PT Perkebunan Nusantara.

The selection of informants in this study is done purposively, in which the subjects have been relatively long and often involved in the activities that become the target of this research. In this case, the subjects do not merely know and be able to provide information, but also understand well as a result of their involvement. The involvement of the subjects who are still active in the environment or activities also becomes the main factor in the selection of informants.

Data Collecting Techniques

This phase of data collection in this study involves the researchers as the research instrument, so the researchers have a role to coordinate research activities in the field and determine the flow of research activities (Moleong, 2006: 163). Source of data is obtained through interviews with informants, documentation and other materials.

Interviews are conducted both formally and non-formally in various ways according to the research context, so that the researchers can obtain the data associated with the meaning of the budget. With interviews, the interaction process can run naturally, and not artificially, so that the researchers can study the interaction taking place behind the symbols that appear during the interview process. At the time of the interview, there will be interwoven interactions, and the researchers can perform feedback in the form of questions that are mutually supporting. Provocative questions provided by the researchers would bring the meaning of an interaction among the budgeting actor. Sometimes there is an interpretation during the interview, but not a free action, that needs the help of others, namely an interaction. Through the interaction of a person with others there will

be a full understanding. Such an interpretation, according to Moleong (2006: 11), is more essential in symbolic interaction because the interaction has become a conceptual paradigm that exceeds the "inner urge", "personal qualities", "unrealized motivation", "coincidence", "socioeconomic status", "responsibility of role", or its physical environment. Theoretical concepts may be meaningful, but only relevant as long as they enter the process of defining.

Method of Analysis

This study is intended to interpret budget reality by using the perspective of symbolic interactionism. Traditionally, a budget is a product in the form of numbers that should be achieved within a certain time, but behind the budget numbers there are a lot of dimensions filled or loaded with values. Apart from its traditional functions, a budget is the result of negotiation, a communication tool, a performance evaluation tool, a power division tool, a political tool, and a tool for interaction between the parties (individuals or groups) involved in the preparation of the budget. After the analysis and discussion, it is continued with the understanding of the meaning of the budget through the symbols of budget as the phenomenon of the struggle of budget preparation. Understanding the occurring interaction is done through the symbols used by individuals in undergoing an action and interaction. The data obtained from informants are then analyzed using the principles of symbolic interactionism (Ritzer and Goodman, 2013: 373).

Muhajir (2011: 120) said that symbolic interactionism principles are reduced by the researchers to analyze the findings on the in-depth interviews. First, it is related to human behavior in the preparation and adoption of the budget. This communication using the symbolic interactional theory occurs not only through verbal messages but also through nonverbal messages such as facial expressions, gestures and so on. Second, it is related to social interaction. In a

communication there are symbols and meanings which are consciously or unconsciously related to the context of interaction with actors of budgeting. Third, looking at the thinking ability of each individual involved in the budgeting process and continued with the ability to interact between principal and agent. Furthermore, in these interactions, the existing meanings and symbols are considered and continued by preparing the action and interaction. The action and interaction encourage principal and agent to set the selection of the various possibilities in the budgeting process. From the actions and interactions there appeared the group and the community, in this case the principal and the agent, who have the same interest as stipulated in the form of budget. Based on the results of in-depth interview with the informants, it is acquired the meaning of the budget text / sign (planning, supervision, coordination and guidance of work), but the most interesting is the conflict of interest in deciding the budget. Based on the understanding, the researchers make an interpretation on the budget actors by reviewing the data obtained in the perspective of symbolic interactionism.

RESULTS AND DISCUSSION

This section will explain the results of the interpretation of budget reality consisting of environment, corporate culture and budget.

Corporate Culture: A "Charming" Capitalist Culture

In a country or a group of community, culture has values and attitudes, in which the variable of culture is reflected in the institution of the state concerned (eg in the legal system). In the budgeting process needs to give attention on the condition of culture created. Culture greatly influences the behavior of individuals in shaping policy. The preparation of Work Plan, Budget and Revenue in PTPN involves directors, commissioners and General Meeting of Shareholders. Of course, there is always disagreement although the goal is actually to achieve the company profit, as stated by one of the directors of PTPN as follows:

“Profit is the goal that must be achieved, so all activities will be oriented on profit / growth / positive development of the capital. The form is on the Share Holder Aspiration Letter (SHAL). It is submitted at the time of Technical Discussion before the General Meeting of Shareholders on Work Plan, Budget, and Revenue.”

When it is examined closely, capitalist is no longer in the interests of one or two people, it has become a culture in the body of PTPN. This culture affects the state-owned budgeting system as set forth in the preparation of the General Meeting of Shareholders on Work Plan, Budget, and Revenue through the Share Holder Aspiration Letter (SHAL). It is undeniable that the profit achievement is one of the purposes of the establishment of the SOE, in this case PTPN, as stated in Law no.19 of 2003. But in the process of achieving, PTPN is required to produce quality agricultural products and suffice the people’s need. This is the capitalist side of the principal who always marginalizes the position of the agent. In addition, it is called capitalist because every individual involved in the budgeting aims to foster the highest profit. It is another form of existing capitalist culture and has been planned. This was stated by the informant as follows:

“Of course, SOE was founded with certain intentions or purposes. Based on the intentions or purposes, SOE is classified in various perspectives without leaving the main orientation, to fertilize profit. The intentions and purposes of SOE establishment are to pursue high profits, to seek employment while fostering profit, associated with the service or for conservation. PT Perkebunan was initially oriented on a three-obligation of plantation, namely looking for foreign exchange, providing employment and conserving the nature.”

The above statement obviously contains the value of capitalism, especially when the three-obligation is made as the main reason. Capitalism is based on the individualistic nature of the fulfillment

of self satisfaction in the form of material. Self interest on material is the basic nature of that is inherent in human beings, as a powerful way to achieve prosperity. This understanding makes the growth of capitalism more common.

The idea that man has self-interest in nature means that man must compete to achieve the prosperity in material which colors the social life and is believed to be something natural (Kasser, 2007: 68). Judging from the aspect of principal, self-interest behavior can be seen from the presence of “invisible-hand” addressed to the agent (Tyson *et al*, 2013; Kilfoyle and Richardson, 2010). The government, in this case the ministry, has its own interests. To survive its position in the government, there is interaction with a symbol of “invisible-hand”, or the indirect interference on PTPN.

In the process, both principal and agent in PTPN have their own self-interest. This will encourage them to act and interact with certain symbols to produce budget that can benefit them. Consciously and unconsciously, capitalism will grow and be popular in such interactions. PTPN, as an SOE, is required to generate the maximum profit, thus making it capitalist in nature, and this is also contained in the budgeting process.

Corporate Environment

Environment culture also supports and encourages any behavior taken in the budgeting process. To see the environment created, the authors conducted interviews with the head of financial department as follows:

“In terms of achieving high profit, when all factors have been giving support, all stakeholders will appreciate the SOE concerned, including when the PTPN manages to achieve it. This means that all the factors which have opportunity to achieve the very high profitability will get attention from the Directors.”

From the above information, it is known that

the company's work environment supports the creation of capitalistic culture. The environment, or in this case the stakeholders, appreciates the achievement of maximum profit. The more profit generated, the higher the appreciation the environment gives to the performance of the company. In terms of contingency, it is stated that the organization's effectiveness is a function of the fit between the organizational structure and the environment where the organization operates (Bernardo *et al.*, 2004). A social-environmental oriented company must consider the holistic local wisdom as a whole (Mulawarman, 2014). The combination between the environment and capitalist culture will be ingrained, and thus becomes the core of the measurement of a performance as stated by the informant as follows:

"In setting the company's Long-Term Development Plan (RJPP), the Directors of PTPN have an idea to grow assets, revenue, total profit, an increase in profitability and other indicators that have the meaning of growing and developing. They can be in the form of the expansion of area, the acquisition of companies, joint ventures, subsidiaries, etc. The funding for the investment could be from their funds or loans. In this context, it can be concluded that PTPN also has a capitalist perspective."

The environment must be understood in such a way either by the principal or by the agent. The existing environment does not always support, or it is uncertain. The uncertainty of environment perceived by the principal will affect the decisions made by the management in responding the company's operational environment (Lesmana, 2004). For example, the determination of land clearing is still dominated by the capitalist environment. This is illustrated clearly by the informant, as follows:

"If in the context of forest clearance is only based on the greed to get profit as much as possible, regardless of the environmental impact, or just depart from the greed, it is the

same as planting the disaster. If in the forest clearance keeps on leaving the large trees that serve as conservation, not cutting down the catchment area, and making terrace and planting in contour, and the area cleared is balance with the buffer, yes ... of course this is a good capitalist. Conversely, if the principle is to open the area as much as possible, as quickly as possible, no need to provide additional costs for the care of conservation, of course the disaster will occur someday."

Just like in the construction of the city, if it is only the concrete jungle that continues to speed up, there will not be enough green open space any longer. All catchment areas harden and it is obvious that the environment will become hot and stuffy. Consequently, the disasters, such as floods, will hit. All are caused by the capitalist developers who only pursue maximum profit.

The participative budget between the principal and the agent formed in the above symbolic interaction will affect managerial performance of the company. Supriyono (2005) revealed that in Indonesia, the relationship between budgetary participation and manager's performance is significantly positive. The manager who has high participative budget will understand the purpose of the budget better. Since the manager's performance will be judged based on the budget targets that could be achieved, the manager will be working very hard in preparing the budget and this leads to the increased performance of the manager. Indriantoro (2000) also found a positive and significant relationship between participative budgeting and managerial performance. Both the principal and the agent will participate in policy decisions related to budgeting so that it will improve the managerial performance of the company.

Metaphor "Cash Cow", An Irony in Budgeting

One of the biggest potentials of budget inflation in this country is in State-Owned Enterprises (SOEs).

The executive (government) and the legislative often conspire to set the political decision of the budget for the SOEs. The issue of budget inflation becomes the sexiest issue because the political elites often make SOEs as the cash cow (News Medan Pos, 2013).

In fact, the state budget irregularities in SOEs, which are used for certain political interests, not only occur during the implementation of the program. The irregularities have been designed as neat as possible starting from the stage of proposal to the rounding up of the budget between executive and legislative. The most vulnerable is when the agenda of the rounding up of the budget has already been inflated earlier. For example, the real need is only 3 billion rupiah, but in budgeting it is very possible to be bubbled into tens of billions of rupiah.

Such bitter realities in SOEs have been occurring for many years. The budget that should be allocated to one area of program is deliberately inflated for the interests of the executive and the legislative in our country. In addition, in the interest built there is also shrouded agreement, mainly ahead of the event of general elections every five years.

Knowingly or not, we honestly say that SOEs are only used as a tool. SOEs are only manipulated and treated as a cash cow to smooth the interests of the executives and legislative. In addition, the political decisions often make the SOEs difficult to move. The recipe of reform on the level of SOEs that has been long discussed is often made helpless due to the dominance of political decisions that are mixed up with the interests of our political elites. Actually, the recipe of the management of SOE has emerged since the reform time, even since early 1990s. At the end of the reign of President Soeharto, for instance, when Mr. Tanri Abeng served as Minister of SOEs, Mr. Tanri Abeng set out the vision on the utilization of SOEs through the masterplan consisting of restructuring, profiting and privatization. The three stages have become

the basic principles for reforming SOEs in the era of reform. This agreement has long been made, but again the intervention of our elites is stronger in carrying out the internal reforms of SOEs. The concept of corporations and the implementation of good corporate governance (GCG) continued to be discussed eventually, but at the level of realization is often hampered by the political bureaucracy.

The bureaucracy of SOEs still seems to have the New Order style. It can be seen from the appointment of the directors, in which it is done based on the mandate of the political ruler or bureaucracy. This still continues to be tradition, and even it has become the legacy of the New Order. The pattern of allotment sharing still occurs between the executive and legislative in this country. But not only that, the Board of Directors of SOEs is so easily invoked arbitrarily by the legislative. If the management of SOEs wants to perform corporate actions, they must always be based on the consent of bureaucracy. Moreover, the SOEs have to deal with the legal protection that sometimes collides with political decisions made. The liberalization of SOEs in the context of clean company, in fact, SOE is no longer independent company. SOE is just like a public company because there has been a process of liberalization. Why? Because the political elites in this country simultaneously want to undermine the SOE with the purpose of raising funds for the election.

One of the modus used at the time of approaching the general elections is through the process of initial public offering (IPO) from SOE to private sector. It is used by the political elites as one of the main funding sources to win the election. The problematic sources of funding of political parties are the main reason for the political parties to seek political funds from SOEs. For political parties, the most potential campaign fund is taken from the budget of SOEs that has been set in such away in order to win an election.

Ironically, the use of SOS is not only done by one political party in this country. Simultaneously, the political parties "rob" the SOE budget to fund the election campaign. It is unfortunate that the political party can take advantage of its cadres in the cabinet to raise funds from SOEs. Here, there is politicization of budget, so the budget which is supposed to be used for the internal improvement of SOEs finally flies into the hands of political elites for winning the election (Azhar, 2013).

MANAGERIAL IMPLICATIONS

The implication of this research is expected to provide practical recommendations to the good cooperation between the agent and principal in preparing the budget. In preparing the budget can be made by: (1) renouncing personal interest in any form without the hegemony of any party, (2) to fix the regulatory system as a stage budgeting part of the capitalists with blankets greed, (3) produce budget information that is far from -value value capitalist construct social interaction in the environment and the cultural association between agent and principal.

CONCLUSION

Based on the above explanation of the behavior of principal and agent using interpretive approach shows that in capitalistic company ownership can be explained that human, as economic being, thinks of himself with the purpose of the fulfillment of personal desires and prosperity, so in implementing the accounting, which has symbolic figures, is always covered by passion of greed. Thus there will be born capitalist values in the accounting information, in which the economic decisions and actions taken by someone is also based on the values of capitalist.

Social fact, such as an organization, is constructed by humans through social interaction. The actor of the organization uses symbolic resources to guide

action they do in setting of organization. Then, the behavior of principal and agent in a social context can only be understood through in-depth understanding of the meaning given by individual himself.

The budgeting process is influenced by internal factors such as environmental and cultural factors that support the behavior of principal and agent. The environment and culture created in PTPN are based on capitalism. This leads the direction of medium and long term plan oriented to maximizing the profit. Some ironical cases and unavoidable phenomena are serving the interests of the bureaucracy, the more capitalist and increasingly burdensome the agent, enterprise (SOE) or even folk. This occurs because the management of the domestic economy is still rooted in liberal capitalist economic system.

In reducing and eliminating the conflict between the agent and the principal, there must be a change, for example, to implement the regulations that do not press any of the parties, to apply the theory of *public budgeting*, a concept that is implemented by the government to reform the budgeting system established by various layers of governance and is influenced by normative and idealistic nature (Bartel and Shield, 2008), and to communicate with the interaction and action between principal and agent.

This study has several limitations such as: (1) the performance discussed in this study is only from the viewpoint of the company, especially the company's performance. However, future studies can be done by linking the more specific aspects of principal and the public by developing Key Performance Indicators that will be used as the basis for the preparation of a management contract in stages, ie between the strategic business unit manager and the directors, between the directors and the shareholder. ■

Acknowledgement:

This research was presented at the 3rd International Conference on Business and Banking, August 2016

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