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Values Placed Upon Different Forms of Capital of Audit Professionals in Big 4 and Mid-Tier Firms in Indonesia

by

Sany

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the degree of
Doctor of Philosophy

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Declaration

This thesis is submitted to the University of Warwick in support of my application for the degree of Doctor of Philosophy. I hereby declare that I am the author of this thesis, that the work of this thesis is a record that has been carried out by myself, that no material contained in the thesis has been used before or published, and that this thesis has not been submitted in any previous application for any degree at another university.

Sany

December 30, 2020

Abstract

This study explores the values placed upon various forms of capital of accounting professionals who work in Big 4 and mid-sized accounting firms in Indonesia. Mid-sized firms are defined in this study to include all the non-Big 4 national firms that are affiliated with international accounting brands.

The study employs qualitative methods with semi-structure interviews across 43 professionals in Jakarta and Surabaya, recorded and transcribed. Data was analysed with thematic analysis, based on Pierre Bourdieu's theory of capital. Findings show the importance of embodied cultural capital (ethical disposition, business development skills, and communication skills), internal and external social capital, and institutionalized cultural capital (educational capital, foreign affiliation, and professional credentials). Technical capital plays roles in facilitating the accumulation of external social capital, which can be further converted into economic capital.

The valuation and accumulation of many forms of capital imply that professionals adapt to and internalise external structure as a strategy to play in the field. The thesis suggests that a certain type of professionalism with an ethical disposition is a strategy to manage risks within risky business practices, especially within the context of weak legal systems and law enforcement. This study contributes to the literature of Professional Service Firms (PSFs) in developing countries within Asian Business systems.

Keywords: Professional Service Firms (PSFs), accounting profession, Asian business system, developing country, Indonesia

List of Abbreviations

BAP	Local Certified Public Accountant Credential, a credential used before it was changed to CPA (<i>Bersertifikat Akuntan Publik</i>)
BPK	Audit Board of The Republic of Indonesia (<i>Badan Pemeriksa Keuangan</i>)
CA	Indonesian Chartered Accountant
CPA	Indonesian Certified Public Accountant
DSAK	The Financial Accounting Standards Board (<i>Dewan Standar Akuntansi Keuangan</i>)
IDX	Indonesian Stock Exchange
IFRS	International Financial Reporting Standards
IICA	Institute of Indonesia Chartered Accountants (<i>IAI/Ikatan Akuntan Indonesia</i>)
IICPA	Indonesian Institute of Certified Public Accountants (<i>IAPI/Ikatan Akuntan Publik Indonesia</i>)
KAP	Public Accounting Firm (<i>Kantor Akuntan Publik</i>)
MNCs	Multinational Companies
MoF	Indonesian Ministry of Finance
OJK	Indonesia's Financial Services Authority (<i>Otoritas Jasa Keuangan</i>)
PPAk	Professional Accounting Education Program (<i>Pendidikan Profesi Akuntansi</i>)
PPPK	Centre of Development of Financial Professions (<i>Pusat Pembinaan Profesi Keuangan</i>)
PSAK	Indonesian Generally Accepted Accounting Standards (<i>Pedoman Standar Akuntansi Keuangan</i>)
PT	Private Limited Companies (<i>Perseroan Terbatas</i>)
SAK ETAP	Financial Accounting Standard (FAS) for Entities Without Public Accountability (<i>Standar Akuntansi Keuangan for Entitas Tanpa Akuntabilitas Publik</i>)
SMEs	Small Medium Enterprises
SOEs	State-Owned Enterprises (BUMN/ <i>Badan Usaha Milik Negara</i>)
Tbk.	Publicly Listed Companies (<i>Perusahaan Terbuka</i>)
TP Doc	Transfer Pricing Document

1. Introduction

This research aims to explore the structure of the public accounting field in Indonesia. Specifically, the study will address the following research question: Which forms of capital are more highly valued by different accounting firms – specifically, Big 4 and mid-sized firms – in Indonesia? Mid-sized accounting firms are defined as local public accounting firms that affiliate with international, non-Big 4 accounting firm brands. The study employs Bourdieu's field theory to explore the values accorded to different types of capital, which reveal the underlying rules of the game in the professional accounting field.

Capital is important, since composition of capital shows the structure of a field, which in turn denotes the rules of the game. Capital is a currency and resource that determines positions and stratifies the actors in the field. Capital is disguised in different forms, namely *economic capital*, *cultural capital*, *social capital*, and *symbolic capital*. Further, cultural capital is differentiated into *embodied*, *institutionalized*, and *objectified cultural capital*. Members who acquired and accumulated valued capital in the field are more successful when compared to those who embody less valued capital (Bourdieu & Wacquant, 1992).

Accounting has been known as a profession that represents the public interest (IFAC, 2012). This has been identified by the concept (Hall, 1968) that an ideal profession will have an orientation to serve public interests. However, extant studies show commercialism in large accounting firms. For example, cross-selling services, as reported by Morris & Empson (1998), show that audit professionals in some accounting firms offer other “more complex value added services” to their clients (Morris & Empson, 1998:p.618). Even socialisation at the professional trainee level in two Big 4 (previously Big 6) firms was developed with clients as the central focus (Anderson-Gough, Grey & Robson, 2000).

The Global Professional Service Firms (GPSFs) practice across jurisdictions through affiliations with local firms. Moreover, the GPSF, as noted by Faulconbridge and Muzio (2012) attempts to coerce local professionals to adopt ‘the global standards of professional practice’ (Faulconbridge & Muzio, 2012). It has been argued that in the transnational¹ Professional Service Firm (PSF), commercialism is more evident and

¹ TNC = Transnational corporation, where a company controls and influences at least a subsidiary in other countries within or outside of the region

‘institutionalized’, given that the transnational professional regulation is a product of negotiation from the field’s actors (Suddaby, Cooper & Greenwood, 2007).

Previous studies that apply the Bourdieu’s field theory in PSFs have documented various forms of capital in Big 4 firms in several countries. The embodied cultural capital of technical skills are valued in Bangladesh and Japan (Spence *et al.*, 2016, 2017). On the other hand, business development skills are essential for professionals in Canada, the U.K., Spain, France, and China (Spence *et al.*, 2016, 2017). Institutionalized culture capital in the form of university background from Parisian elite universities (*grandes écoles*) is valuable in French Big 4 and grants its holders a better chance to become partners. Meanwhile, professionals in Big 4 firms in Spain, Canada, and the U.K. come from a wider university background (Spence *et al.*, 2016). The institutionalized cultural capital of CPA credentials is important in Japan to be recruited into accountancy firms. Similarly, they must be obtained during the first three years of entry to the Big 4 firms in the U.K., while in China and France, they are only required when being promoted to a partner level. The social background of being a family member of firm owners will grant Bangladeshi professionals a greater chance to become partners. The internal social capital of relationships with senior partners are important in Japan, while in China, external relationships with clients, especially with SOEs, are more valuable (Spence *et al.*, 2017).

These studies can be divided into two groups. Firstly, economic capital dominates embodied cultural capital (i.e. technical expertise) at a partner level; this shows the pervasive nature of commercialism in Big 4 firms in the U.K., Canada, Spain, France, and China (Spence *et al.*, 2016, 2017). Secondly, technical capital is more highly valued than business development skills at the partner level, which shows greater focus on public interest in the Big 4 firms in Bangladesh and Japan (Spence *et al.*, 2016, 2017).

Extant studies mostly took place in the context of developed countries; for example, Canada, the U.K., France, and Spain (Anderson-Gough, Grey & Robson, 2000; Spence *et al.*, 2015, 2016). Hence, the extant literature on professional accountant careers represents the Western professional practice. Although studies in Asian countries exist - for example, China and Japan (Spence *et al.*, 2017), or Bangladesh (Spence *et al.*, 2016) - there is still a lack of studies in the Asian context. This study will complement the existing research stream on professional accounting by taking the perspective of Indonesia.

As a part of the global network, PSFs in Indonesia operate on the “global standard of professional service” (Faulconbridge & Muzio, 2012). If the global practice is more dominant than the local or national, this will be evident from the dominant value placed on economic capital over the other forms of capital in Indonesia. However, considering the differences between national business systems in the Western countries studied (Canada, France, Spain, and the U.K.) and the fact that international accounting firms in Indonesia are actually national firms which represent Indonesian national logic, then the opposite is expected too. Therefore, to uncover the structure and to explore the rules of the game concerning the professional accounting field in Indonesia, the **research question** in this study is: Which forms of capital are more highly valued by different types of accounting firm (Big 4 and mid-sized) in Indonesia?

This study focusses on the public accounting profession in Indonesia. It is interesting to study the structure of this field for numerous reasons. Firstly, the shift toward commercialism of accounting professionalism in the Western context may correspond with the accounting professionalism in peripheral countries, specifically the operation of the GPSFs through the adoption of global standard practices. Indonesia, one of the Big 5 economies in Southeast Asia (Woetzel *et al.*, 2014), is worthy of attention in representing a developing country. It is positioned as among the top four most populated countries in the world, inhabited by more than 265 million people in 2018 (Worldometers.info, 2018), and has a significantly growing economic, evidenced by being the only member of the Group of Twenty (G-20) from the Southeast Asia. Secondly, Indonesia operates under the emerging Southeast Asian business system (Witt & Redding, 2013), which is different from those in Western countries studied - for example, Canada, Spain, France, and the U.K. The most noticeable characteristics of the Asian business system, as noted by Witt and Redding (2013), are the stronger social networks and the existence of informal norms that surround the business system. Finally, a notable feature of the accounting field in Indonesia is the presence of entry barriers for multinational accounting firms, which are imposed by the regulator, as stated in Indonesia Law No. 5 of 2011 and Government Regulation No. 20 of 2015.

This research contributes to the literature of Professional Service Firms (PSFs) in emerging countries. The values of numerous forms of capital show how professionals internalise the external structure of the field. It shows the structure of the public accounting profession, specifically as it operates within the Asian Business System. The Asian economies are essentially dissimilar to Western capitalism, mostly concerning the

important role of personal relationships and the existence of informal norms (Witt & Redding, 2013). In addition, this study includes mid-sized accounting firms to show the similarities and differences among the different accounting firm categories - Big 4 and mid-sized - which is not covered (Carter & Spence, 2014; Spence & Carter, 2014; Spence *et al.*, 2015, 2016). Mid-sized accounting firms are significant; for example, in 2019, there were 66 international firms operating in Indonesia. Moreover, this study includes accounting firms in two cities, Jakarta and Surabaya, to demonstrate similarities and differences in capital valued across the regions. By covering the local accounting firms, this thesis responds to the call for research (Spence *et al.*, 2015:p.784).

This report is organised as the following. Chapter 2 presents the literature review covering PSFs, the Bourdieu field theory, and field theory in the professional service field. Chapter 3 outlines the research method of the data collection and analysis. Chapter 4 describes background information of the Indonesian public accounting profession and the business environment to understand the context where the profession operates. Chapter 5 shows empirical works on the values of various forms of capital in the public accounting profession. Chapter 6 discusses the findings of the previous chapter and relates them with existing literature. Chapter 7 concludes key findings, points out the limitations of this study, and makes suggestions for future research. Furthermore, Appendices show the details of interviewees and the interview guide.

2. Literature Review

This chapter attempts to review relevant literature and studies related to forms of capital in Professional Service Firms (PSFs). The chapter first discusses PSFs and how they are structured. The second part of the chapter takes a more theoretical perspective and integrates PSF literature into Bourdieu's field and capital theory, reflecting the main conceptual framing of the thesis. The last part considers the socio-economic context of the study.

2.1. Professional Service Firms (PSFs)

A profession is "an occupational group with some special skills" (Abbott, 1988:p.7), which makes it distinct from other fields in which the professional association is delegated by the regulation authority. Professions are characterised by self-regulation (Abbott, 1988), which empowers the professional association to regulate its members.

Professional Service Firms (PSFs) are defined as "those whose primary assets are a highly educated (professional) workforce and whose outputs are intangible services encoded with complex knowledge"(Greenwood *et al.*, 2005:p.661). Von Nordenflycht (2010) proposes that a PSF is characterised by having intensive knowledge, relatively low economic capital, and a professionalised workforce (Von Nordenflycht, 2010). The global growth of large corporate clients and the pressure of client demand for other types of services have contributed to the expansion of the Big 4 to grow both in size and scope (Suddaby, Cooper & Greenwood, 2007). Because of this expansion of services - from a previous focus in audit and accounting services to a wider range of other consulting services - Big 4 firms are referred to as PSFs and not accountancy firms (Anderson-Gough, Grey & Robson, 2000). PSFs, particularly the (then) Big 5, serve clients world-wide and expand the networks of professionals cross-border in various countries, hence creating the transnational field (Suddaby, Cooper & Greenwood, 2007).

Previous research in transnational PSFs, among others being Suddaby, Cooper and Greenwood (2007), explored the transnational regulation of accounting services. Other authors consider, *inter alia*, the role of national professional bodies in the transnational accounting field (Samsonova-taddei & Humphrey, 2014), the imperialism

of PSFs (Boussebaa, 2015), and the contradictory professional logic between the home country and host country of PSFs (Faulconbridge & Muzio, 2016).

Suddaby, Cooper and Greenwood (2007) delineated the significant role of large accounting firms in the emergence of the transnational regulatory field, who are “aggressive actors” in shaping the boundaries (structural, ideational, and power) of the organisational field. From another perspective, Boussebaa (2015) suggested that the imperialism did not end after the Second World War; in fact, the practice of global accounting firms is counted as a new imperialism, which encompasses economic and cultural exploitation. The Global Professional Service Firms (GPSFs) located in the developed countries act as the ‘core’, while those in the developing countries are positioned as the periphery, working as the source of the professionals to the core (Boussebaa, 2015).

Transnational service firms, particularly ones located in the peripheral country, would experience contradiction between the global firm’s and local firm’s professionalism. The study of Faulconbridge and Muzio (2016) depicts the challenges faced by an international English law firm established in Italy. Post-merger, the firm encountered a contradiction on the meaning of professionalism perceived by the English headquarters and the local Italian office. English professionalism is managerial oriented, which is characterised by limited liability partnership, a focus on firm’s strategic priorities and interests, the dominance of commercial value-added advice to the client, loyalty to the firm, institutionalised client relationships, and high levels of routinisation and formalisation. On the other hand, Italian professionalism tends to be collegial, marked by collegial partnership with an emphasis on the technical sophistication of advice to their clients, loyalty to the profession, personalised long-term client relationships, and low levels of routinisation and formalisation (Faulconbridge & Muzio, 2016).

Numerous studies explored the professionals in GPSFs (Faulconbridge & Muzio, 2012; Carter & Spence, 2014; Carter, Spence & Muzio, 2015; Boussebaa, 2015). Faulconbridge and Muzio (2012) identified major actors who influence the regulation of how producers are created, as well as the productions by the producers in the emerging transnational professional field. They are Clients, Practitioners, Universities, Governance Regimes, and The Firm. In the transnational field, the actors are not only on the national level, but also the supra-national. Interestingly, Big 4 occupies a notable role in the transnational field (Faulconbridge & Muzio, 2012), particularly in

transnational professional regulation (Suddaby, Cooper & Greenwood, 2007), while, at the same time, remaining a major actor in the professional field.

Working in the transnational field involves various institutional practices, at least between global transnational and local national. For instance, this is seen between the Italian collegial professionalism and the English managerial professionalism in a U.K. law firm based in Italy (Faulconbridge & Muzio, 2016). More dualistic professionalism is found in GPSFs, namely between traditional technical professionalism and commercial professionalism. These co-exist, but commercial professionalism tends to be more privileged than traditional technical professionalism (Carter & Spence, 2014).

2.1.1. Big 4 Accounting Firms

‘Big 4 accounting firms’ refers to the four largest firms operating across many countries, which consist of Deloitte, Ernst & Young (EY), KPMG, and PricewaterhouseCoopers (PwC). Big 4 operates in many countries; for example, KPMG operated over 1,000 offices in over 130 countries by 1995 and operated in over 147 countries in 2019 (Suddaby, Cooper & Greenwood, 2007; KPMG, 2019). In 2017, PwC employed more than 236,000 people who worked across 158 countries (PwC UK, 2018). Because of this global presence, the Big 4 are referred to as international accounting firms (Suddaby, Cooper & Greenwood, 2007), multinational accounting firms (Barrett, Cooper & Jamal, 2005), and GPSFs (Greenwood *et al.*, 2005).

In a Big 4 accounting firm, Barret, Cooper & Jamal (2005) studied the coordination of global audit work with a multinational client and found “fragmentation and convergence” within the firms’ offices in various countries (p.21). In this large firm, distinction between core and peripheral offices did not pertain to the size, economic power, or proximity from the main commercial centre. For example, Ruritania, a pseudonym of a European country office, is a relatively small office when compared to a bigger office in North America. Because of its location proximity to the client’s headquarters, it plays a central role in coordinating the global audit engagement with core and peripheral offices in other countries (Barrett, Cooper & Jamal, 2005:p.21). Brown, Cooper et al., (1996:pp.62, 77) noted that in one Big 6 firm, there was relative loyalty to its national firm, rather than the international firm. The national firm then

maintained its independence. Partners were appointed at the country level and, similarly, profits were locally allocated.

In recent decades, there has been a shift of professionalism in large accounting firms towards commercialism. For example, Covalleski, Dirsmith, Heian, et al. (1998) noted the emphasis of financial performance in the managing partners in Big 4 firms. Auditors are mainly motivated by economic remunerations within the short-term (Gendron, 2002:p.664); expanding services to business advisory, which drives auditors to become business advisors (Barrett, Cooper & Jamal, 2005); or emphasis on the importance of serving clients' needs (Grey, 1998; Anderson-Gough, Grey & Robson, 2000).

2.1.2. Smaller Accounting Firms

Previous research has identified a large number of small practitioners (Ramirez, 2009; Lander, Koene & Linssen, 2013). Lander, Koene & Linssen (2013), based on the study of 11 mid-tier accounting firms in the Netherlands, found that most small practitioners in the Netherlands are relatively more committed to the traditional trustee logic (2013:pp.132, 140, 143), as compared to more commercial logic propagated in elite firms (Greenwood & Suddaby, 2006). The mid-tier accounting firms are characterised as having more freedom to create ideas when compared to Big 4 firms (Lander, Koene & Linssen, 2013). In the U.K., small practitioners had not been represented by the Institute of Chartered Accountants in England and Wales (ICAEW). However, there is no clear definition of what small firms are, although geography and quality of work are used to distinguish this, rather than size (Ramirez, 2009). Norms, beliefs, and values of trustee logic are indicated by quality standards and professionalism. Meanwhile, efficiency and profitability indicate commercial logic (Lander, Koene & Linssen, 2013).

The institutional existence of small practitioners in the Institute of Chartered Accountants in England and Wales (ICAEW) has not been able to represent the small practitioners (Ramirez, 2009). The notion of smallness could be associated with physicality (small/big), geography (local/global), and morality (anonymous/notorious) (Ramirez, 2009:pp.381, 384). ICAEW attempts to integrate the different categories to prevent physical and geographical distance between the big and small firms. Despite their smallness, small practitioners are the most common type of accounting firm

(Ramirez, 2009:p.405) and constitute the core of the accounting profession (Lander, Koene & Linssen, 2013:p.131).

2.2. Bourdieu's Field Theory

The field theory is chosen to explicate the relational dynamic among the actors in the field, as well represent the objective relation between positions. This exists as the domination by the dominant party and the subordination of the dominated (Bourdieu & Wacquant, 1992:p.97). The field is illustrated with the analogy of players in the field, who play within rules of the game that “are not explicit and codified” (1992:p.98). The actors keep playing because of the *illusio* (1992:pp.115–117), the existing state of interest, and because the perception is that “what happens in it matters”, so the stakes are important (1992:p.116). The field is referred to as the “field of struggles”, where the occupants seek to maintain or escalate their positions in the field (1992:p.101), by preserving or subverting, to increase or to conserve the contribution of capitals (1992:pp.109, 99).

Unlike the capital in accounting, which only refers to measured monetary value or economic capital, the capital in field theory refers to tangible and intangible assets. Capital takes different forms, with three main forms of capital being economic capital, social capital, cultural capital (Bourdieu, 1986).

Economic capital refers to the possession of money, or financial assets. Some indicators of economic capital are ownership of a house, boat, and luxury cars (Bourdieu, 1984:p.117). Bourdieu argues that economic capital alone is incapable of explicating various types of assets that have been devoted, especially those which have affected students' academic ability and, by doing so, have “let slip the best hidden and socially most determinant educational investment, namely, the domestic transmission of cultural capital” (Becker, 1964 (pp. 63-66) in Bourdieu, 1986).

Social capital (SC) is defined by Bourdieu as the “sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu & Wacquant, 1992). This is represented by the professional and social network. Bourdieu's concept on SC can be decomposed into two components: the social relationships that grant individuals access to resources; and the amount and quality of the resources (Portes, 1998:pp.3–4). Bourdieu's SC is analysed at an individual level.

Other than Bourdieu, various views on social capital are from Putnam and Coleman. Social capital can take forms in obligations and expectations, information channels, and social norms. According to Putnam (2001), social capital can take form in formal and informal groups. Putnam's research in the U.S. defines SC as formal membership and participation in various informal networks. The SC is operationalised into 13 indicators, among others being the percentage of people in the state who have served on a committee or as an officer of some local organisations; the number of attendances to club meetings; the number of club memberships; the turnout at the presidential election; and the number of public meetings attended. Dense connections denote higher social capital. Better health, low tax evasion, low economic and civic inequality, higher educational performance, lower murder rates, and higher happiness are found in states that score higher SC (Putnam, 2001).

Cultural capital is defined as cultural knowledge that serves as a currency to help us navigate culture, alter our experiences, and change the opportunities available to us. Cultural capital is classified into institutionalized, objectified, and embodied form. An example of institutionalized cultural capital is educational capital (such as university degrees and professional credentials). Objectified cultural capital is cultural capital that is embodied in a material object or cultural goods; for example, pictures, books, dictionaries, instruments, machines, etc. (Bourdieu, 1986). Embodied cultural capital denotes "a range of activities performed by skilled agents" (Carter & Spence, 2014); for instance, taste towards works of art, and capability to manipulate scientific instruments (Grenfell, 2012:p.102). Symbolic capital refers to anything that brings prestige; for example, money, cars, and admittance to an elite membership. Cultural capital can be developed, to a variable extent, "depending on the period, the society, and the social class, in the absence of any deliberate inculcation, and therefore quite unconsciously" (Bourdieu & Wacquant, 1992).

Most forms of capital can be accumulated through practices in the field. For example, economic capital is accumulated through selling services. However, some capital is inherited (Bourdieu, 2010:p.439) as opposed to acquired. For example, the social capital in France's Big 4 heavily relies on the networks brought by the educational capital of attending a Parisian *grande école*² (Spence *et al.*, 2015).

² France's *grandes écoles* are elite graduate schools that are distinct from the university system. Entrance to the schools involves highly competitive national examination (Bourdieu & Wacquant, 1992:p.231).

Species of capital can be transformed over time, either partially or completely (Bourdieu & Wacquant, 1992:p.99), into other forms of capital. For instance, for a marketing staff member, the social capital of personal networks can be converted into economic capital if the networks offer opportunities to sell products.

Possession of different forms of capital will empower the capital holder to gain a dominant position in the field. Thus, the distribution of different types of capital would differentiate the positions in the field, positioning an agent either as the dominant or the dominated party. Being the dominant party means the agents have the privilege to make the field function to their benefit, but, at the same time, they are challenged with the resistance of the dominated (Bourdieu & Wacquant, 1992:p.102) and the unconscious submission of the dominated to fit in the field (1992:pp.24, 81). However, the dominant party is not homogenous - for example, in the literary field - since it is divided into a “dominated fraction of the dominant class” and domination of the dominant class (Bourdieu, 1983:p.322).

To construct the field, it is fundamental to identify the various forms of capital, specifically “the distribution of the specific capital that are active in it”, which differentiates people or positions. Knowing the forms of specific capital in a field would uncover the specific logic of the field (Bourdieu & Wacquant, 1992:p.108), which represents the underlying rules of the game within that field. Moreover, various forms of capital explicate the “structure and dynamics of differentiated societies” (1992:p.119).

Bourdieu’s field theory - particularly the concept of field, habitus, and capital - have been utilised to identify the “‘secret’ of accounting partners’ personal success” by focusing attention on the logic and values embodied by accounting partners. Capital in its different forms is essential to elucidate “the structure and dynamics of differentiated societies” (Bourdieu & Wacquant, 1992:p.119). The accumulation of different capitals represent the distinction of the success of an individual in the field (Carter & Spence, 2014). In this research, the values of different forms of capital possessed by the professionals will elucidate the structure of the professional accounting field in Indonesia.

2.3. Field Theory Applied to Professional Service Firms

Self-regulation is the ability of professional associations to “set educational standards, regulate admission to practice, prescribe ethical codes and discipline deviant practitioners” (Powell, 1985, p. 281 Suddaby, Cooper & Greenwood, 2007:p.337).

The accounting profession is supposed to act in the public interest mandate (IFAC, 2012), since the profession plays a prominent role in the society. Traditional professionalism in representing public interest includes auditor independency, confidentiality, and truthful reporting of information. From the Bourdieusian perspective, this implies relative autonomy from the economic field, in which accounting “is done for the sake of accounting”. Accountants are supposed to be independent and defend the public interest, particularly when ethical dilemmas arise.

The field theory suggests that a field consists of agents who play within certain rules of the game (Bourdieu & Wacquant, 1992:p.98). Professionalism in the accounting field might constitute one of the rules of game that all agents have to adhere to in order to gain influence and to exist in the field, and is thus not negligible (1992:p.98). The underlying rules of the game in the field need to be analysed from the various forms of capital as a product shaped by the institutional context of the accounting field. The field analysis adopted by Spence et al. (2015) has revealed the notable absence of public interest mandates in Canada, Spain, the U.K., and France (Spence *et al.*, 2015), or similarity to Western commercialism in China (Spence *et al.*, 2017). Various types of capital found in the Big 4 can be seen in Figure 2.1.

Economic capital has been a main capital in PSFs and dominates other types of capital. Barret, Cooper and Jamal (2005:p.16) describe how one of the (then) Big 6 accounting firms in Canada and the U.S. demanded to expand their services to business advisory, where the auditor is expected to “deliver business advisory services”. Similarly, a study by Spence, et al. (2016) in Big 4 across the U.K., Canada, Spain, and France found that economic capital colonised other forms of capital, especially during partner promotion and appraisal. This was indicated by the main role of partners, which was to grow revenue, and their function was to transform their cultural capital and social capital into economic capital. This finding demonstrates that the professional accounting field in Western countries studied is not very autonomous from the economic field, indicating an erosion of traditional professionalism (Spence *et al.*, 2016). On the other

hand, economic capital was not that prominent in Bangladesh when compared to Western countries studied (Spence *et al.*, 2016).

Type of capital	Example in the Big 4
Economic capital	Money: revenue generation; profit-per-partner; client billings
Social capital	Internal and external networks: family background; mentors; work teams; contacts in other partnership offices; client portfolios; contacts with clients and potential clients; business networking events; relationships with politicians and celebrities; charity work
Institutionalized cultural capital	Credentials: CA designation; university degree; executive education; business or civic awards; individual sporting achievements
Objectified cultural capital	Physical goods: office furniture; artwork; personal property (cars, houses, jewelry); standardized products such as tax vehicles or special purpose entity schemes
Embodied cultural capital	Behavior and conduct: advice and technical expertise offered; client management; anticipating/creating client needs; maintaining good rapport with colleagues and clients; physical appearance; dress sense; social skills
Linguistic capital (a subset of embodied cultural capital)	Knowing when to speak; knowing what to say; conducting meaningful conversations with clients
Symbolic capital	Any form of capital that is recognized as legitimate and valuable in a particular field. Partner capital portfolios offer the best example of which capitals are symbolic in the Big 4

Figure 2.1. *Different Types of Capital at Play in the Big 4* (Carter & Spence, 2014:p.958)

Professionalism in Bangladesh is tightly related with the excellence of technical expertise. It is essentially required for a partner in the Bangladeshi Big 4 to be a member of the Institute of Chartered Accountants of Bangladesh (ICAB) (Spence, Carter, Belal, *et al.*, 2016). Similarly, technical expertise is highly valued in Japan (Spence *et al.*, 2017). Possession of more valuable capital - for example, more economic capital and social capital over the technical expertise embodied cultural capital - will stratify the accountants in Western countries to those who can become partners and those who cannot. However, it is argued that instead of professionals, those who work in PSF could be referred to as “high status occupational groups” (Spence *et al.*, 2017:p.14). Overall, economic capital is the most notable indicator of success in the field inside the U.K. and Canada (Carter & Spence, 2014).

In the professional accounting field, embodied cultural capital can take the form of technical skills, business development skills, chronological capital (Spence *et al.*, 2017), and soft skills. These skills are accumulated throughout their practice and experience working in the firms. Commercial capital is defined as the ability to operate effectively in the commercial sphere (Bourdieu, 2005 in Spence *et al.*, 2017:p.84). This is demonstrated, for example, by the salient selling skills of a tax partner in a U.K. Big 6 firm (Morris & Empson, 1998:p.617) or the ability to sell new services or cross-sell audit and other services in Big 5 firms (Wyatt, 2004). This commercial capital is heavily

emphasised in professional work within PSFs, shaping and filtering the practice that those who ascend in their careers are those who play along with the rules. Managers in the Big 4 essentially have to be transformed to be “entrepreneurially minded agents” in their roles (Kornberger, Justesen & Mouritsen, 2011:p.514), embrace entrepreneurial culture by focusing on clients as potential buyers of other services, or having “business advisory mindset” (Barrett, Cooper & Jamal, 2005:pp.22, 14). Similarly, in big law firms in Canada, the professionalism of partners is associated with being business-like, which includes “(a) respond to calls; (b) be seen to be successful; (c) get on with the client; (d) give pragmatic advice and (e) help clients make decisions” (Cooper *et al.*, 1996:p.643).

Technical capital is essential in progressing a career in Big 4 firms, especially at the entry level (Friedman & Laurison, 2018). Staff members in the Big 4, especially those who have passed their training period, essentially have a certain degree of technical expertise (Grey, 1998). Similarly, in the U.K. and Canada, senior accountants who are below the partner level accumulate more technical knowledge and expertise when compared to the partner level (Carter & Spence, 2014). However, it is regarded as the “lowest common denominator of professionalism” (Grey, 1998:p.575). Directors and senior managers, who are technically excellent, are referred to by partners as “specialist”, “technocrats”, or “geeks”, which represent second-class citizens (Spence & Carter, 2014). In short, technical capital is not that required or even valued at the partner level in the U.K. and Canada, and it is often regarded as a negative symbolic capital for a partner (Carter & Spence, 2014). In the Big 4 in Japan and Bangladesh, technical capital is highly valued at the partner level (Spence *et al.*, 2016, 2017). Likewise, the architecture field in the U.K. highly values technical capital even at the partner level (Friedman & Laurison, 2018). Similarly, Maclean, Harvey and Chia (2010), in a study on 100 of the largest companies, found that expertise in accounting and finance is highly valued in the British Top 100, although many did not go to university.

Social capital takes different forms and is valued differently across the countries studied. In some countries, external social capital with clients is important; therefore, maintaining good relationships with the clients is important to advance a professional’s career. In the U.K. and Canada, internal social capital values the performance of technical skills, which will lead to career promotion and is not based on

the professional's social background. Meanwhile, the external social capital of maintaining relationships with clients is important to ascend a professional career to a partner level (Carter & Spence, 2014). The importance of external social capital with clients is sometimes extended to outside of the workspace; for example, Barret, Cooper, and Jamal (2005:p.12) describe a Canadian auditor who took the CFO of one of its client to a hockey game. Similarly, in China, external social capital is more important than maintaining good relationships internally in the PSFs (i.e., internal social capital). Having relationships with clients - especially role of *quanxi* (personal connection) and state apparatus, given the important role of state - could support the career of the professionals (Dezalay and Garth, 2010 in Spence *et al.*, 2017:p.85).

In contrast, Spence *et al.* (2017) in a study within Japan found that internal social capital in the form of having good relationships with superiors and colleagues in the Japanese Big 4 is more valuable than with clients, or external social capital. The firm showed strong patronage relationships (*oyabun/kobun*) with senior partners. Moreover, harmony and seniority are valued. To maintain harmony, competition is restricted only to the same *douki* (year of joining the firm), but not across *douki* (Spence *et al.*, 2017:p.94).

Social capital in France and Bangladesh is rather different than with other countries, in that it is inherited rather than accumulated. Internal social capital in Bangladesh is linked with professionals' social background in being a family member of the firms' "owner". 'Who you are' is more important than 'what you do' in ascending a career path to the partner level, which indicates the presence of accounting empires and nepotism (Spence *et al.*, 2016:p.12). In the French Big 4, social capital relates to professionals' educational capital. Being graduated from Parisian *grandes écoles* will expose the accountants to more internal social capital with partners that are most likely graduates from the same university. The *grandes écoles* background provides a network, which eventually increases the chance of becoming a partner (Spence *et al.*, 2016).

Institutionalized cultural capital can take the form of educational capital, professional credentials, and foreign brands. Educational capital in the form of university background is valued differently in PSFs in various countries studied, both Western (the U.K., Canada, Spain, France, and the Netherlands) and Asian (Bangladesh, Japan, and China). In general, a university degree is essential in Big 4 firms in the U.K., France, the Netherlands, China, and Japan with varying degrees (Meuwissen, 1998;

Carter & Spence, 2014; Spence *et al.*, 2016; Duff, 2017; Spence *et al.*, 2017). Entry to the Big 4 is no longer limited to graduates with an accounting major (Wyatt, 2004; Duff, 2017:p.1084). A slightly different value of educational capital is found France's Big 4. Educational capital in the form of graduating from *grandes écoles* is highly valued in Big 4 firms in France. Graduates of *grandes écoles* are not only paid higher than graduates from other universities, but they also experience greater exposure to partners who also graduated from *grandes écoles* early in their career (i.e., internal social capital). Moreover, they are likely to be appointed major projects for clients that are also graduates of *grandes écoles*. As a result, university background stratifies professionals in France's Big 4, where *grandes écoles* graduates will be provided with better opportunities to become a partner (Spence *et al.*, 2015). Similarly, a university degree is essential in the Japanese Big 4 (Spence *et al.*, 2017). On the other hand, in Bangladesh, not all partners are graduates of university, which denotes that one does not have to be graduated from university to enter the profession and ascend their career to a partner level (Spence *et al.*, 2016:p.12).

Although there are six entry routes to join PSFs in the U.K., university graduates are still preferable when compared to, for example, school-leavers (Duff, 2017). Similarly in the Netherlands, university graduates enjoy higher opportunities to be promoted to partner (Meuwissen, 1998). Further, U.K. Big 4 firms tend to recruit high academic performers, where graduates are recruited based on greater school performance than school-leavers. It is believed that outstanding results in school are correlated with high performance in professional examinations (Duff, 2017).

In most countries studied, professional credentials are important but to a varying degree. Some require these credentials at the entry level, while others only require them for promotion to partner. Professional credentials are essential in Bangladesh's Big 4, both at the entry level and throughout the career (Spence *et al.*, 2016). Japanese Big 4 firms only recruit graduates that have passed CPA exams (Spence *et al.*, 2017). Professional credentials are only required at a later stage of a career in Big 4 firms within France (Spence *et al.*, 2016:p.13) Similarly, in China, CPA credentials are valued at the partner level, although this could be overridden by bringing in clients and revenue (Spence *et al.*, 2017:p.94).

Although the transnational professional accounting field has been addressed in extant research (Anderson-Gough, Grey & Robson, 2000; Suddaby, Cooper &

Greenwood, 2007; Boussebaa, 2015; Faulconbridge & Muzio, 2012), it is predominantly examined in the developed countries' context, including the U.S., Canada, the U.K., France, Spain, Ireland, and Austria (Anderson-Gough, Grey & Robson, 2000; Carter & Spence, 2014; Spence & Carter, 2014; Spence *et al.*, 2016), hence representing Western professionalism. Although a few studies of PSFs are conducted in Bangladesh (Spence *et al.*, 2016), Japan, and China (Spence *et al.*, 2017), "little is known about Professional Service Firms in 'peripheral' emerging markets" (Belal *et al.*, 2017:p.145). Professional accounting firms in Indonesia remain unexplored, despite being part of the global network of the PSFs.

In summary, while previous literature has covered an impressive range of different contexts in order to chart the structure and dynamics of different accounting fields, there has been a distinct privileging for the U.K. and North America, with only occasional forays into either Asian or developing contexts. There has been no systematic exploration of the accounting field in Indonesia, for example. This thesis seeks to address this lacuna by undertaking a conceptually driven exploration of the structure of the accounting field in Indonesia, drawing on Bourdieu's field theory. As can be seen below, Indonesia constitutes a potentially unique context from which to understand the extent to which accounting fields are homogenous or heterogeneous across borders. Identifying which forms of capital are valued there will permit contrast to be made with other studies that have undertaken similar 'valuation exercises' in different contexts.

2.4. The Socio-Economic Context of Indonesia

Indonesia is one of the four most populated countries in the world, inhabited by more than 260 million people in 2018 (Worldometers.info, 2018). Indonesia is a multicultural country with diverse ethnicities, languages, cultures, and religions. As one of the Big 5 economies in Southeast Asia (Woetzel *et al.*, 2014), Indonesia plays important roles, being the only country from Southeast Asia that is a member of the Group of Twenty (G-20). Indonesia suffered from the financial crisis in 1997–1998, causing inflation and the decline of gross domestic product (GDP) by 13.7% in 1998 (Asian Development Bank (ADB), 2003:p.1), and decreasing the Rupiah (Rp) to the U.S. dollar from Rp 2,500 to Rp 10,000 (Swaminathan, 2017). Its GDP per capita dropped 6.2% in 1997 compared to 1996, and further plunged to 56.3% in 1998 to \$572. Over the course of 20 years, it showed a growth of GDP, from \$115,000 million in 1998

to \$1,000,000 million in 2017³. The capital market also showed increasing numbers of listed companies from 330 in 2004 (Tuanakotta, 2007:p.345) to 625 in 2019⁴. In 2018 alone, there were 57 new companies listed in the Indonesian Stock Exchange (IDX)⁵.

Indonesia, along with Malaysia, the Philippines, and Thailand, operates under the emerging Southeast Asian business system (Witt & Redding, 2013), which is disparate with those in Western countries; “Asia and the West are two very different beasts” (2013:p.288). Most noticeable characteristics of the Asian Business System are the stronger social network, the existence of informal norms that surround the business system, high interpersonal trust, high interpersonal networks of family and friends, low institutionalised trust (which discourages delegation and encourages the existence of family control in management), and the presence of business groups (Witt & Redding, 2013). Similarly, Sato’s (2004) study confirms the existence of highly concentrated and dominant family-owned business, paired with the relatively high involvement of family members in the management of publicly listed companies in Indonesia in 1996 and 2000 (Sato, 2004). Indeed, some of the biggest business groups in Indonesia are family-owned and, as reported by World Bank (2010a:p.8), the presence of business groups owned by families are prominent. In 2007, some of the large corporate groups were not publicly listed (International Monetary Fund, 2008:p.42).

Indonesia’s economy consists of different types of actors. They are (i) large, highly diversified, and politically connected family-owned private conglomerates; (ii) state-owned enterprises (SOEs); (iii) multinational companies (MNCs) (Rosser, 2014:p.80); and, lastly, Small Medium Enterprises (SME). Currently, only publicly listed companies, the financial services industry (include banks and insurance companies), and joint-stock companies are obliged to be audited (ASEAN Federation of Accountants (AFA), 2014:p.62).

Banks play an important role in the financial system of Indonesia. With a total number of 115 banks (Badan Pusat Statistik, 2018:p.432), banks dominate around 70% of the financial system assets (Bank Indonesia, 2018:p.xiv). In 2007, domestic bank loans accounted for 40% of corporate financing (International Monetary Fund, 2008:p.41). According to Witt and Redding (2013), banks as main source of external

³ <https://countryeconomy.com/gdp/indonesia> accessed on 12 January 2019

⁴ IDX website <https://idx.co.id/perusahaan-tercatat/profil-perusahaan-tercatat/> accessed on 4 March 2019

⁵ Infographic from Website IDX <https://gopublic.idx.co.id/> accessed on 4 March 2019

capital for companies is one of the characteristics of Indonesia's business system, as well as other Asian countries (pp.271, 278). In accessing loans, bank clients are required to submit a set audited financial statements. As a highly regulated industry, it is not only regulated by IDX (if the bank is publicly traded), but all banks are also required to be audited by Central Bank (BI). The regulation of bank and bank lending policies has opened a market for audit work - not only from banks, but also from the banks' clients that access the loans. With a total of more than 1,600 banking institutions in Indonesia in 2017 (see Figure 2.2), it is not surprising that the banking industry is one of the industrial group specialisations in the Big 4 and other large mid-tier firms.

Although Indonesia is known for its diverse ethnics and languages, there is not much data on ethnicity available in Indonesia. *Badan Pusat Statistik* in 2010 reported there were 1,340 ethnicities in Indonesia (Badan Pusat Statistik, 2010), with Javanese as the major ethnicity constituting 40.2% of the population. This was followed by Sundanese (15.5%), Batak (3.58%), other Sulawesi ethnicities (3.22%), Madura (3.03%), and Betawi (2.88). In the same year, there were 2.8 million people who were of Chinese descent and constituted 1.2% of the total population. Islam was the major religion and accounted for around 87% of population in 2010, followed by Christian (6.9%) and Catholics (2.9%) (Badan Pusat Statistik, 2016).

Type of Banks	Numbers
State-owned bank (BUMN)	4
Regional development bank (BPD)	27
National private general bank	75
Bank with foreign headquarters	9
Total general banks	115 ⁶
BPR	1,636 ⁷
Total banks	1,866

Figure 2.2. Banking Companies in Indonesia (OJK, 2017)

Hofstede (2010) identified Indonesia with characteristics of high power distance, collectivist society, low masculinity, low preference for avoiding uncertainty, and emphasis on pragmatic culture. “*Gengsi*” (status), or maintaining position and status, is more important when impressing others than material gain. It is essential to

⁶ <http://www.ojk.go.id/id/kanal/perbankan/data-dan-statistik/Pages/Daftar-Alamat-Kantor-Pusat-Bank-Umum-Dan-Syariah.aspx> accessed on 07 November 2017

⁷ <http://www.ojk.go.id/id/kanal/perbankan/data-dan-statistik/Pages/Daftar-Alamat-Kantor-Pusat-BPR.aspx> accessed on 07 November 2017

maintain harmony in the workplace and emphasise indirect communication in handling conflict (Hofstede, 2010). Although Hofstede (Hofstede, 2001) categorised Indonesian culture in general as high power distance (2001:p.87) and high collectivism (2001:p.215), it is too simple to be generalised to all Indonesian subcultures, due to its diversity and various levels of exposure to 'Westernisation' in different geographical areas.

Some Geographical Segmentation: Jakarta and Surabaya Market

Although many will say 'Indonesian culture', it is too diverse to be simply named Indonesian culture. Javanese, one of the ethnicities in Indonesia, is the most influential culture in Indonesia, particularly on Java Island where the central government is located. It is also where Jakarta and Surabaya, the two largest cities in Indonesia, are located.

Jakarta is the capital of Indonesia, a business and trading centre where almost all MNCs are located. Culturally, it is often referred to as a 'melting pot', where all ethnicities and cultures from across regions in Indonesia and abroad meet. The local traditional language is Betawi; however, many speak Bahasa Indonesia as a common language.

Surabaya, capital city of the East Java province, is the second largest city in Indonesia after Jakarta. One of the Big 4 and another top mid-size firm that operated in Surabaya were Surabaya's local public accounting firms (KAP), which then joined Jakarta's KAP. The resulting KAP bears both the national KAP name and the international brand name; thus, the local Surabaya KAP has also become an affiliate of a foreign accounting firm's brand name. It is believed that the success of those Surabaya-based firms was due to their local Surabaya firms.

Although Surabaya and Jakarta are the two largest cities located on Java Island, noticeable differences exist between them. Unlike in Jakarta - wherein Bahasa Indonesia, the national language, is spoken widely - in Surabaya, most people speak Javanese, particularly in the Surabaya dialect (Dick, 2002). However, in a more formal setting, mostly Bahasa Indonesia will be used. The Surabaya dialect has some Javanese

*ngoko*⁸ words mixed with some specific *Suroboyoan*⁹ words, which might not be easily understood by Javanese from another area. This can be observed in daily life in school, university, and working places where *Suroboyoan* is widely spoken. When the researcher of this thesis moved to Surabaya from her city on Sumatera Island as a teenager, she could not understand a word spoken by other students, since it was all in *Suroboyoan* and hardly any of them spoke Bahasa Indonesia. Similarly, in a university where she studied for an accounting degree, most local Surabaya students spoke *Suroboyoan*, although there were some students from other parts of Java Island and other islands who did not understand *Suroboyoan*.

Another characteristic of *arek Suroboyo*¹⁰ is frankness and directness in speaking, compared to Javanese in general, who utilise less direct communication. Moreover, *Suroboyoan* is known as more egalitarian when compared to Yogyakarta, which views society in a more hierarchical order. Locals in the former utilise *Suroboyoan ngoko*, which assumes that parties in conversations are on the same social level. On the other hand, traditionally, residents of the latter utilise different levels of Javanese depending on to whom a person communicates with. For example, when communicating with an older person or a person with higher social status, *kromo* is used, while Javanese *ngoko* is used when communicating with a person from relatively the same age or with a person from a lower social status.

⁸ A level of Javanese language that is spoken in a casual setting, where the speaker and the listener are of the same level of hierarchy, for example, between friends.

⁹ I.e., dialect of Surabaya

¹⁰ I.e., people who are local to Surabaya

3. Research Methods

3.1 Data Collection

Qualitative research is employed in this study, since qualitative data can uncover the meaning people place on the “events, processes, and structures of their lives and for connecting these meanings to the social world around them” (Miles, Huberman & Saldana, 2014:p.11). That is in line with the aims of this study to explore the values placed on different forms of capital, which would be more difficult to capture via quantitative research methods.

Data collection was conducted via semi-structured interviews and secondary data obtained from various sources. The semi-structured interviews employed open-ended questions that offered flexibility for the participants to introduce new dimensions (Kvale, 1996) and express their views (Creswell, 2014:p.8), which will contribute to the production of knowledge. Interviews were conducted in two stages. Firstly, a pilot study was conducted from July to August of 2016, with participants from Big 4 and mid-tier firms in Jakarta, the capital city of the Republic of Indonesia. The second stage of interviews took place from August to December of 2017 in Jakarta and Surabaya, the second-largest city in Indonesia, albeit less metropolitan than Jakarta. Both cities were selected because they represent the centres of most multinational businesses and foreign PSFs. The majority of interviews were conducted face-to-face, with exception of four interviews that were conducted via social media platforms – specifically, through Skype or WhatsApp video calls.

Interviews were all in Bahasa Indonesia with varying levels of business-English terminologies, except for with one interviewee, who was a Filipino. Interviews lasted between 30 – 100 minutes, and all were recorded and transcribed for further analysis. The participants were partners, director, managers, and some staff who worked in Professional Service Firms (PSFs) both in Big 4 and mid-tier accounting firms in Jakarta and Surabaya. The summary of interviewees can be seen in Table 3.1. Details on the interviewees can be seen in Appendix 1.

Being a part of large institutions made partners invisible and difficult to access, especially for an outsider who is not member of the profession. Kornberger, Justesen,

and Mouritsen (2011:p.532) argue that the complex work of managers and partners in handling different networks is the “reality of performing, playing games, and politicking,” rather than the product of a rational and efficient system. As indicated by Spence and Carter (2014), these professionals tend to sell services and manage client relationships, meaning they are often out of office. As a result, contacting the professionals through their company’s formal channels – for example, via the human resource department - had proven to be less effective.

Table 3.1. Summary of Interviewees Based on Firm, Gender, and City

	Jakarta				Surabaya						All cities						Tot
	Big 4		mid-size		Big 4		mid-size		Local		Big 4		mid-size		Local		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Partner	4	1	8	1			7	3	1	1	4	1	15	4	1	1	26
Director	1										1						1
Senior Manager	2										2						2
Manager	6	1	2					1			6	1	2	1			10
Technical Advisor	0			1										1			1
Ex-Assistant Manager/ Seni	1										1						1
Total	14	2	10	2	0	0	7	4	1	1	14	2	17	6	1	1	41
Total Big 4	16																
Total mid-size firm	23																
Total local firm	2																
Total Jakarta	28																
Total Surabaya	13																

The email addresses of senior professionals in KAP could be found on the accounting firms’ websites, the public accountant directory published by IICPA (public accountant professional body), or personal social media pages such as LinkedIn. However, the role of personal networking - such as mentioning the professionals’ names in a way that referred to them as potential participants - was still more effective in getting access to the participants than communication through formal channels. Hence, snowballing is applied. That supports this thesis on illustrating the important role of interpersonal trust in Indonesia (Witt & Redding, 2013).

Participants were initially recruited from the personal contacts of the researcher’s former university network. Here, some of them were either: (1) university alumnae, who were also audit or accounting professionals or once worked in Big 4 or mid-tier firms, or (2) professionals who were once involved as keynote speakers in seminars or in teaching audit modules. Another network employed was fellow Indonesian students who studied at Warwick University. As such, the snowballing

method (Biernacki & Waldorf, 1981) is applied a second time to get in contact with professionals. Some participants were contacted after a second layer of snowballing from the researcher's personal contacts. As an example, an Indonesian Warwick University student referred to her sister-in-law, who took part in a professional accountancy course (PPAk) and referred a mid-tier firm's manager, who had studied the same batch of PPAk.

Depending on their level of engagement, at the end of the interviews, professionals were asked to nominate other professionals who worked in the same or different firms that would be interested in participating. In fact, many participants were recruited through snowballing. Interestingly, when asked to refer other professionals, most participants would refer to people outside of their firms; only three of the participants referred to their firm colleagues. This indicates that professionals from various firms network with each other, signifying a competitor-colleague relationship or at least a small community within the audit profession.

The participants were contacted via email or WhatsApp to make appointments for the interviews. WhatsApp is an important mobile communication application that is being used for every day social and business communication. Its users also include the community of accounting professionals in Indonesia. Communication via WhatsApp indicates access to a personal phone number, which proved to be more effective than email. Most of the negotiation for the snowballing was conducted through WhatsApp. However, on some occasion, the researcher met face-to-face with some contacts in a friendly, informal conversation, which took place in coffee shops before or after getting further recommended contacts. Email was used to complement the WhatsApp conversation by sending more formal letters, informing the participants about the research project, rather than as a tool to recruit participants.

Big 4 offices are located in prestigious office buildings within the central business district of the "golden triangle" in Jakarta, an area like Canary Wharf in London. To give an example of a firm which is located in a managed office building next to a modern luxurious shopping centre, here is a description: at the ground floor was a spacious, modern reception area, where the researcher had to leave her ID card and exchange it for a guest card. The card was used to pass modern, low-electronic gates - like those at the tube station - before using the building's lift to access the specific office floor occupied by the firm. The researcher then had to wait at the firm's waiting

area on a comfortable sofa before then being escorted by a receptionist to a meeting room where the interview took place.

While waiting, the researcher observed that professionals wore common office shirts without ties; smart, dark-coloured trousers; and smart shoes. Women wore smart blouses, long- or short-sleeve shirts that were paired with trousers or skirts, and no make-up. All professionals wore office smart ID cards, which would give them access to the building. None wore suits, although the temperature in the indoor space was cold, with the air conditioner contrasting the hot air outside the building. A partner who was interviewed wore an expensive-looking, long-sleeve *batik*, a traditional national Indonesian fashion. These professionals' outer appearance seemed to be more relaxed than, for example, in U.K. Big 4 accounting firms, where professionals wear ties and suits (Grey, 1998) or properly apply make-up (Anderson-Gough, Grey & Robson, 2000).

In addition, through the snowballing process, some contact was acquired with regulatory staff members, including PPPK and OJK. Interviews with these professionals were the main source of data, while the regulator and professional body provided background knowledge on the professional field.

Interview guides were designed to elicit the values of various forms of capital, based on previous studies (Spence & Carter, 2014) and adapted to the Indonesian context. The relationship between the proposed interview themes and the research questions is portrayed by Table 3.2. A more comprehensive interview protocol can be found in Appendix 2.

Table 3.2. Themes in the Interview Guide and Research Questions

Source		Interview Themes	RQ: What is the value placed upon different forms of capital?
Interviews	Professionals (Partner, Director, Senior Manager, Manager)	Participant educational background <ul style="list-style-type: none"> • How specific university backgrounds or undergraduate degrees contribute to the career • The value of certain professional credentials to the career 	Institutionalized cultural capital
		• What is the meaning of success?	Economic capital
		• Brief description of your activities at work	Embodied cultural capital

		<ul style="list-style-type: none"> • The requirement to be a partner in your firm 	
		<ul style="list-style-type: none"> • Professional and social networks that support career advancement • Memberships in sporting, social, and professional networks 	Social capital

The questions offered a guide on major themes to be covered during the conversation. This research will explore the values of Bourdieu's main species of capital found in a field, namely economic capital, social capital, and cultural capital. Cultural capital can be categorised into objectified cultural capital, institutionalized cultural capital, and embodied cultural capital (Bourdieu, 1986). Economic capital refers to the possession of money. Social capital is defined by Bourdieu (1986) as the "sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition" (1986), which is represented by the professional and social network.

Moreover, to supplement the primary data, secondary data were collected to provide the background knowledge of the accounting profession in Indonesia, including regulations on the accounting profession and accounting firms. These documents provide information about the actors involved in the field, including the Ministry of Finance (MoF) through various institutions (The Centre of Development of Financial Professions - *Pusat Pembinaan Profesi Keuangan/PPPK*; Financial Services Authority - *Otoritas Jasa Keuangan/OJK*), two professional accounting associations (Indonesian Institute of Certified Public Accountants/ *IICPA - Ikatan Akuntan Publik Indonesia* and Institute of Indonesian Chartered Accountants - *Ikatan Akuntan Indonesia/IAI*), and the websites of Big 4 and mid-tier accounting firms. Apart from offering additional information needed to draw a fuller picture on the context of this study, websites of the regulators (PPPK) also confirmed the reliability of the interviewees' accounts, allowing the researcher to triangulate data from different sources (Miles, Huberman & Saldana, 2014). This study also utilised the professionals' personal web pages - e.g., LinkedIn – to gather information on their educational backgrounds, which worked as a supplement if the information was not conveyed during the interviews.

3.2 Data Analysis

After the data is collected, it was manually transcribed. The transcriptions were then rechecked against the audio recording to catch misspellings or typos, particularly regarding the abbreviations used or the firms' names. Prior to analysis, the transcripts were read over to familiarise with the data (Braun & Clarke, 2006), which is crucial to obtain an understanding on the general ideas in the data. Data is analysed with the thematic analysis approach (Braun & Clarke, 2006). Bourdieu's framework of various types of capital was utilised in the final product, including economic capital, embodied cultural capital, and symbolic capital.

Nvivo was used as a tool to organise and manage codes (labels). Each participant's transcripts were then combined if they were collected from multiple interviews. Sentences or paragraphs that carried some meaning related to individual background, career history, or possible capital were then given labels or codes, especially those which were commonly mentioned by different participants. A set of data (phrases, sentences, or paragraphs) could then be assigned to multiple labels or codes.

Some themes emerged from the data; for example, the need to "maintain independency and integrity" which was not shown in previous research (for example see Spence *et al.*, 2016). Each piece of data under a specific label in Nvivo - for example, "maintain independency and integrity" - was then copied into a table in Microsoft Word under the same label. The researcher then read data from the table "maintain independency and integrity" in Microsoft Word again and grouped together similar themes under "maintain independency and integrity", providing them with a sub theme - for example "only accept certain clients". Another table called "summary of 'maintain independency and integrity'" was then created in Microsoft Word to contain the summarised data of each participant. In this table, data of each participant were categorised under sub themes (such as "only accept certain clients") and placed into a matrix of firm size (Big 4 or mid-tier) and region (Jakarta or Surabaya). This process of "condensing" data helped to categorise the meaning conveyed by the participants to represent any differences or similarities between firm sizes or regions. Placing a summary of the data under each code into a matrix helped to identify similarities and differences between Big 4 and mid-tier, as well as Jakarta and Surabaya.

First Cycle coding and Second Cycle coding (Saldana, 2016) were employed in analysing the data. The Second Cycle coding of the data consisted of taking initial coding categories and collapsing these - where possible - into larger categories, such as economic capital, embodied cultural capital, social capital, etc.

In May of 2018, there were around 77 codes. Some of them provided background information on the accounting profession, and the rest concerned the data itself. However, after some time, in August of 2018, it was found that some of the codes were not that relevant. The data in those quotes has thus been deleted, as most of them are part of other, more relevant labels to the topic. This is illustrated by Table 3.3.

Table 3.3. Example of Changes in Some Codes

Time	Deleted codes	The data in the codes has been part of:
August 2018	Give solutions to clients	What satisfies clients Requirements at a partner level
24 August, 2018	Project management	Requirements at a manager level
24 August, 2018	Working under pressure	Requirements at a staff level Why choose this profession
24 August, 2018	Budget and efficiency	Requirements at a manager level The meaning of generating revenue

3.3 Research Ethics

This study does not involve vulnerable people; the interviewees are highly educated professionals. In fact, some partners are dominant agents in their firms or even in the profession; they are those who accumulate valuable capital. Moreover, this study does not harm the interviewees or the researcher (Silverman, 2014).

The researcher explained the research project and its aims to the interviewees at the point of requesting their participation, especially at the beginning of the interviews. The consent of the interviewees was obtained orally because filling out forms could be perceived as containing a more formal nuance; implying that, by signing the consent form, the participants are bound to some contract or are pledging their written identity. This would hinder and deter their willingness to engage freely.

This study treats confidentiality very seriously, with the aim to both protect the identity of interviewees and to encourage them to be open. Therefore, the names of the professionals and firms were kept anonymous to protect the interviewees and hinder any negative consequences, should the participants be seen as revealing ‘insider secrets’ of

what and how the firm operates. Therefore, interviewees were referred to as *pseudo numbers* that do not represent any meaning. Moreover, some details on the organisations or professionals have been modified to ensure that they are not identifiable; for example, when the roles of specific interviewees are unique. Data was stored in the researcher's computer, protected by password, backed-up in cloud storage, and was only accessible by the researcher.

4. Context of Study: Accounting Field in The Indonesia

This chapter depicts the context of the accounting field in Indonesia, with particular attention given to the audit profession. It begins by depicting key actors in the field, including Big 4 firms, mid-tier firms, and regulators. It then charts dynamics in the field and its surrounding business environment. Finally, it highlights relevant social and cultural elements from the national context of Indonesia. This contextual information is an important part of any field analysis (Bourdieu & Wacquant, 1992) and will aid in understanding why certain forms of capital and their values are accumulated by professionals.

There are two main accounting professions in Indonesia. They are public accountant and chartered accountant. The public accounting profession (or external auditor) is coordinated by the Indonesian Institute of Certified Public Accountants (IICPA - *Ikatan Akuntan Publik Indonesia/IAPI*). The chartered accountant profession is coordinated by the Institute of Indonesia Chartered Accountants (IICA - *Ikatan Akuntan Indonesia/IAI*). The accounting profession started in 1957 with the establishment of IICA. Public accountants had also been members of IICA under the Public Accountant section. It was only in 2007 that IICPA was founded independently. Currently, IICA covers various accounting professions, including registered accountants (CAs), public accountants (CPAs), tax accountants, and accounting educators.

Financial reporting uses the national Financial Accounting Standard (FAS - *Standar Akuntansi Keuangan/SAK*), which, since 2012, has been converging with International Financial Reporting Standards (IFRS). However, it is lagging behind by several years. The Financial Accounting Standard board (*Dewan Standar Akuntansi Keuangan/DSAK*) is a board under IICA that formulates and interprets national financial accounting standards, based on IFRS. Other accounting standards are the Financial Accounting Standard (FAS) for Entities Without Public Accountability (*Standar Akuntansi Keuangan for Entitas Tanpa Akuntabilitas Publik/SAK ETAP*), Shariah Accounting Standards (*Standar Akuntansi Syariah/SAS*), and Accounting Standards for Micro, Small, and Medium Enterprises (*Standar Akuntabilitas Keuangan Entitas Mikro, Kecil, dan Menengah/ED SAK EMKM*).

The Ministry of Finance (MoF) supervises the public accounting profession through the Centre for Supervision of Accountants and Appraiser Services (*Pusat*

Pembinaan Akuntan dan Jasa Penilai/PPAJP). In 2014, it then changed its name to the Centre of Development of Financial Professions (*Pusat Pembinaan Profesi Keuangan/PPPK*). PPPK, as a main regulator, is authorised by PMK No. 154/PMK.01/2017 to issue licences for public accountants and public accounting firms, as well as to give administrative sanctions, such as freezing or evoking the licences to public accountants (Minister of Finance, 2017). To be eligible as a registered CPA, a professional must pass a CPA examination, be a member of IICPA, and have three years of experience and practice.

Table 4.1. Regulators in Audit Professions

Regulator	Client type
Centre of Development of Financial Professions (<i>Pusat Pembinaan Profesi Keuangan/PPPK</i>)	Mandatory for all type of clients
Capital Market - Indonesian Financial Services Authority (<i>Otoritas Jasa Keuangan Pasar Modal/OJK Capital Market</i>)	Listed companies in Indonesian Stock Exchange (IDX)
Bank OJK	Banks
Non-Bank Financial Institution OJK (OJK IKNB)	Non-bank financial institutions, including insurance and pension fund
Audit Board of The Republic of Indonesia (<i>Badan Pemeriksa Keuangan/BPK</i>)	Ministries and local government institutions (including SOEs)

Besides mandatorily registering with the PPPK, additional licenses are required from auditors, depending on the type of client audited, as shown in Table 4.1. The licenses are obtained by attending some training sessions and submitting documents to specific regulators. The registration will provide many future opportunities, but also monitoring of auditor's work. For example, if an auditor audits a State-Owned Enterprise (SOE) bank which is also a publicly listed company (*Perusahaan Terbuka/Tbk*) in the Indonesian Stock Exchange (IDX), then the professional should be registered in Capital Market OJK, Bank OJK, and Audit Board of The Republic of Indonesia (*Badan Pemeriksa Keuangan/BPK*). PPPK, Capital Market OJK, Bank OJK, or BPK could then review the auditor's work.



KEMENTERIAN KEUANGAN REPUBLIK INDONESIA
SEKRETARIAT JENDERAL
PUSAT PEMBINAAN PROFESI KEUANGAN

DAFTAR AKUNTAN PUBLIK (AP) YANG DIKENAKAN SANKSI PEMBEKUAN IZIN
 PER 30 NOVEMBER 2017

NO	NAMA	NO.REGISTRASI	NO. KMK PEMBEKUAN IZIN	TGL. KMK PEMBEKUAN IZIN
1	Nirwan Sembiring	AP.0599	410/KM.1/2017	11 April 2017
2	E. Ristandi Suhardjadinata	AP.0215	424/KM.1/2017	17 April 2017
3	Soetjipto Wirjosoemarto	AP.0613	448/KM.1/2017	17 April 2017
4	Sucipto	AP.0826	442/KM.1/2017	17 April 2017
5	Ben Ardi	AP.0109	443/KM.1/2017	17 April 2017
6	Fachrudin	AP.0798	441/KM.1/2017	17 April 2017
7	Henry Susanto	AP.0067	440/KM.1/2017	17 April 2017
8	Raharja	AP.0611	438/KM.1/2017	17 April 2017
9	Meilina Panganbuan	AP.0255	439/KM.1/2017	17 April 2017
10	Choirul Anwar	AP.0150	583/KM.1/2017	05 Juni 2017
11	Bambang Herwanto	AP.0630	621/KM.1/2017	12 Juni 2017
12	Arthawan Santika	AP.0197	610/KM.1/2017	12 Juni 2017

Figure 4.1. PPPK Sanctions on Public Accountants as of the 30 November 2017

(Pusat Pembinaan Profesi Keuangan, 2017)

PPPK continuously reviews the work of auditors to ensure that all audit work is performed in accordance with audit quality standards. This was verified by interviewees who were aware of this review. The main regulator coordinates with other regulators (BPK and OJK) to plan which auditors will be reviewed. In 2009, PPPK, then PPAJP, reviewed around 50 accounting firms and 90 public accountants (World Bank, 2010b:p.19). In 2017, PPPK sanctioned some unethical or non-competent auditors, with penalties ranging from frozen licences to revoked licences. For example, Figure 4.1 displays the sanctions (freezing the practicing licences) that were placed on twelve public accountants in November of 2017.

4.1. International Affiliated Accounting Firms

4.1.1. Big 4 Firms

Big 4 firms in Indonesia are local firms which affiliate with the Big 4 international brands (see Table 4.2). They are entitled to use both local firms and international brands in their audit reports. In fact, the international brands are more well-known than the local firms' names. Big 4 firms are mainly located in Jakarta and Surabaya, the former being the capital of Indonesia and the latter being the second largest city in Indonesia. Until 2016, at the time of interview, only EY and Deloitte were present in Surabaya, with only one partner in each firm. They provided assurance and tax divisions. However, in 2017, PwC opened its branch in Surabaya.

Big 4 firms in Indonesia are relatively small when compared to the Big 4 of the U.K. For example, in 2019, PwC UK operated in 22 offices throughout the nation with

total 913 partners (PwC UK, 2018). Meanwhile, PwC Indonesia operates in Jakarta and Surabaya with a total of 52 partners in 2017 (see Table 4.2).

Table 4.2. Big 4 Local Firms in Indonesia

Firm	Local accounting firm names in 2018	Year of local firm's establishment	Firm size	Number of professionals Interviewed	Affiliation status with Big 4	Length of affiliation (since)
PwC Indonesia ¹¹	KAP Tanudiredja, Wibisana, Rintis & Rekan	1938	52 partners and 1,872 staff ¹²	4	Member firm	1971
Deloitte Indonesia	Satrio Bing Eny & Rekan (SBE)	1990 ¹³	80 partners and directors, 1200 staff ¹⁴	4	Member firm	1991 ¹⁵
KPMG Indonesia	Siddharta Widjaja & Rekan	1957 ¹⁶	80 partners and directors, 700 staff	2	Member firm	N/A
EY Indonesia	KAP Purwantono, Sungkoro & Surja (PSS)	N/A	31 partners and 660 staff in assurance division ¹⁷	6	Member firm	N/A

As the top four accounting firms in Indonesia, the Big 4 in Indonesia have different entities, each for assurance, tax, advisory, and consultancy. Recently, PwC expanded to law services (see Table 4.3). Table 4.3 shows that PwC Indonesia offers audit and assurance, taxation, advisory, consulting, and legal services under different local entities. Similar divisions are found in three other firms. Overall, Big 4 firms in

¹¹ In 1971, KAP Drs. Hadi Sutanto entered a correspondent relationship with Price Waterhouse. After changing its name to KAP Drs. Hadi Sutanto & Rekan in 1990, it entered a partnership with Price Waterhouse (PwC, n.d.)

¹² (PwC Indonesia, 2017)

¹³ In 1990 KAP Hans Tuanakotta & Mustofa (HTM) was a merger of three firms: Hans K. & Co. (established in 1973), Capelle & Tuanakotta (established in 1978), and KAP Mustofa, Tony & Surjadinata (MTS) (Kartikahadi, 2010:pp.150–152, 202)

¹⁴ Deloitte Indonesia's Website https://www2.deloitte.com/id/en/pages/about-deloitte/articles/about-deloitte.html?icid=bottom_about-deloitte, accessed on 1 November 2018

¹⁵ HTM affiliated with DRT International (DRTI) as a member firm in 1991 (Kartikahadi, 2010:p.169)

¹⁶ KPMG Indonesia's Profile, page 2 <https://assets.kpmg.com/content/dam/kpmg/id/pdf/2018/05/id-kpmg-company-profile-2018.pdf>, accessed on 18 May 2018

¹⁷ (Pusat Pembinaan Profesi Keuangan, 2016)

Indonesia provide a wider range of services compared to the Big 4 in Bangladesh (Belal *et al.*, 2017). Although Big 4 and mid-size firms are essentially broader than audit firms, Kantor Akuntan Public (KAP) is still one of the most clearly associated entities with the Big 4, as well as other international brands. KAP is also the most regulated category when compared to entities of other divisions; PPPK has published openly accessible information on public accountants and KAP, while information on the other entities is not currently known.

Table 4.3. Example of Different Entities of PwC Indonesia

Firm	Local Entities	Division
PwC	KAP Tanudiredja, Wibisana, Rintis & Rekan ¹⁸	Audit and Assurance
	PT Prima Wahana Caraka	Tax
	PT PricewaterhouseCoopers Indonesia Advisory	Advisory Deals
	PT PricewaterhouseCoopers Consulting Indonesia	Consulting
	Melli Darsa & Co.	Legal Services
EY	KAP Purwantono, Sungkoro & Surja ¹⁹	Audit and Assurance
Deloitte	KAP Satrio Bing Eny & Rekan ²⁰	Audit and Assurance
KPMG	Siddharta Widjaja & Rekan ²¹	Audit and Assurance

In addition to type of services above, most Big 4 firms also provide services for foreign investments, including Japanese Desk, Korean Desk, and China Desk. The KPMG website states that services offered include Japanese Desk and Korean Desk²². PwC offers China, Japan, and Korea Business Desk with the slogan “most active firm in Japanese Business in Indonesia”²³. Deloitte serves the Chinese, Japanese and Korean Services Group²⁴, while EY does not display this service on their website. One Big 4 interviewee mentioned that Japanese professionals were brought to the Jakarta office to serve Japanese clients. Those foreign professionals speak Japanese and approach clients

¹⁸ PwC Indonesia’s website <https://www.pwc.com/id/en/about-us/contact-pwc-indonesia.html>, accessed on 17 May 2018

¹⁹ Service Line Leader Assurance http://www.ey.com/id/en/services/assurance/assurance-services_contact-us accessed on 18 May 2018

²⁰ Deloitte Indonesia’s website <https://www2.deloitte.com/id/en/pages/about-deloitte/articles/about-deloitte.html>, accessed on 2 January 2019

²¹ KPMG Indonesia’s website <https://home.kpmg.com/id/en/home/services.html>, viewed on 24 November 2017

²² KPMG website <https://home.kpmg/id/en/home/services/japanese-korean-business-desk.html>, viewed 2 October 2019

²³ PwC website <https://www.pwc.com/id/en.html>, viewed 2 October 2019

²⁴ Deloitte website https://www2.deloitte.com/id/en/services/audit.html?icid=top_audit_ viewed 12 January 2020

with attention to their culture; for example, with knowledge on how to address seniority in Japanese customs.

4.1.2. Mid-Size Firms

Similar to the Big 4, mid-tier accounting firms are generally local firms affiliated with other international firms. Currently, there are a total of 66 international firms, including the Big 4, registered in PPPK²⁵. According to PPPK, the top 20 firms in Indonesian (based on revenue) are shown in Table 5.1. Larger, non-Big 4 firms generally operate in separated entities for assurance and other types of services (accounting, advisory, taxation, and consultancy). Initially, some well-known firms in Surabaya were local firms, but are now affiliated with RSM, PKF, Nexia, Kreston, and HLB, followed by other large, non-Big 4 firms. The year 2017 saw BDO entering Surabaya's market by collaborating with a local Surabaya partner, who was previously a member of another mid-size firm.

Similar to the Big 4, some mid-size firms also operate through different local entities (see Table 4.4). For example, RSM Indonesia is represented by different entities. They are KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan (which offer audit and assurance services); PT RSM Indonesia Konsultan; PT RSM Indonesia Mitradaya; and PT RSM Indonesia Mitradana. Some mid-size KAPs have branches in several cities, where each branch could have their own policies regarding the focus of services or clients. For example, in a mid-size firm, a particular branch that was studied does not accept clients of State-Owned Enterprises (SOEs), while another branch within the same firm does.

Table 4.4. Example of Different Entities for Mid-Size Firms in Indonesia

Firm	Division	Local Entity
BDO Indonesia (Jakarta, Surabaya)	Audit and Assurance	KAP Tanubrata, Sutanto Fahmi & Rekan (Jkt, Tangerang, Bandung, Surabaya in Dec. 2017)
	Tax	(No information was obtained)
	Advisory ^{26 27} • BDO Digital • Risk Advisory	PT BDO Konsultan Indonesia ²⁸

²⁵ PPPK Website, "Daftar KAPA/OAA yang Terdaftar di Kementerian Keuangan" (List of Foreign Accounting Firms/Organisations registered at MoF) dated 3 July 2018, at <http://www.pppk.kemenkeu.go.id/Publikasi/Details/72>, accessed on 10 January 2019

²⁶ BDO Indonesia Services <https://www.bdo.co.id/en-gb/services>, accessed on 25 May 2018

²⁷ BDO Indonesia Advisory <https://www.bdo.co.id/en-gb/services/advisory>, accessed on 20 October 2018

²⁸ <https://www.bdo.co.id/en-gb/our-people/ariston-a-sujoto>, accessed on 25 May 2018

	<ul style="list-style-type: none"> • Accounting Advisory • IT Advisory • Financial Advisory • Business Advisory • Valuation Advisory 	
	Business Service and Outsourcing	BDO Indonesia Outsourcing ²⁹
RSM Indonesia (Jakarta, Surabaya)	Audit Assurance ³⁰	Amir Abadi Jusuf, Aryanto, Mawar & Rekan (Jkt, Surabaya)
	Business Services	PT RSM Indonesia Konsultan, PT RSM Indonesia Mitradaya, PT RSM Indonesia Mitradana (RSM in Indonesia)
	Corporate Services	
	Governance Risk Control	
	Tax	
	Transaction Support	
	IFRS Services	
PKF Hadiwinata (Jakarta & Surabaya ³¹)	IT Consulting	
	Audit and Assurance ³²	Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan ³³ (Jakarta, Surabaya)
	Financial Advisory	
	Tax	
	Business Solutions	

Some mid-size firms consist of several smaller firms, which form as branches and work under different local leaderships. For example, a branch of a mid-tier firm in Surabaya had young partners who were salary partners, while another partner from a different branch of the same firm in Jakarta mentioned that everyone was an equity partner, since he himself was an equity partner.

4.2. Client Types

Client types refer to types of ownership, which range from private equity, to state-owned enterprises, to MNC/foreign investments. When asked about the types of clients they serve, some interviewees (Partners 12, 40) from the Big 4 mentioned public-listed companies (Tbk), private companies, and multinationals. Below is an example of the quote from Partner 12:

A: So far, who are your clients? Are they private, government, NGO, or multinationals?

B: My clients range from listed companies, [to] private equity companies, then multinationals. So perhaps most of our clients are Japanese

²⁹ <https://www.bdo.co.id/en-gb/our-people/ariston-a-sujoto>, accessed on 25 May 2018

³⁰ RSM Indonesia Services <https://www.rsm.global/indonesia/id/tentang-rsm-indonesia>, accessed on 25 May 2018

³¹ PKF <http://pkfhadiwinata.com/media/10037345/pkf-hadiwinata-firm-profile.pdf>, accessed on 30 October 2018

³² PKF Hadiwinata Services <http://pkfhadiwinata.com/services/>, accessed on 25 May 2018

³³ PKF Hadiwinata website <http://pkfhadiwinata.com/>, accessed on 25 May 2018

multinationals. Our client base from a long time ago was mostly Japanese multinational, so that is my client base. (Partner 12, Big 4)

A similar response was found when Partner 6 of a mid-size firm was asked about his client types. He claimed that his clients were private equity, Tbk, and foreign investments, as shown by the following quote:

A: Who are your clients? Are they from the private sector, government, or multinational?

B: There are many types. We have almost all; from private companies, listed companies in capital market, then companies from abroad also - but mostly we audit foreign companies with branches in Indonesia. ... So, although it is a foreign company, that branch of the abroad [company] is an Indonesian entity. (Partner 6, mid-size)

Briefly, it seems that the type of clients served between the Big 4 and mid-size firms are similar; both serve Tbk and private equity. However, from other sources of data, it shows that almost all of the top 50 publicly listed companies in terms of market capitalisation in IDX were clients of the Big 4. Additionally, the top four accounting firms that earned the highest revenue in Indonesia were always Big 4 firms (Pusat Pembinaan Profesi Keuangan, 2016). As such, it may suggest that the Big 4 have larger clients or bigger projects when compared to mid-tier firms.

A slight difference is found in the fact that only three of the mid-size interviewees (Manager 7, Partner 13, 14) mentioned that they also handle NGO.

B: Currently I handle private companies. I helped a Tbk - but not anymore. Another team handles it. I also handle NGO. (Partner 13, mid-size)

Some mid-tier, non-Big 4 professionals mentioned that their clients are mainly non-Tbk., private equity companies. Some partners mentioned that their clients are some large non-Tbk clients that plan to be listed in the near future. This suggests that there is less public exposure for mid-tier firms' clients when compared to Big 4 clients. This also indicates that mid-size firms are taking up the market of local clients, which could be relatively big but are not visible (publicly traded) enough to be Big 4 clients.

There are no client names shown on the Indonesia Big 4 firm website (for example EY or PwC). However, some Big 4 clients are Tbk and are publicly known to be audited by the Big 4. For example, this includes BCA, one of the nation's largest banks. However, some mid-size firms do publish client names in their website - like McMillan Woods. In contrast, PwC UK published its Public Interest Entities and major local audits in its Transparency Report of 2019 (PwC UK, 2018).

SOEs Clients Are Risky

Some professionals in the Big 4 (17, 20, 39, 40), as well as in mid-size firms (23, 1, 27, 29, 32, 6, 35) and local firms (28), do not handle SOEs or regional SOEs. With that said, other partners from the Big 4 (Partner 11) and mid-size firms (24, 25, 31) do audit SOEs. The professionals who did not handle SOEs or regional SOEs were not interested. That is because SOE clients are seen as risky, “since they are being watched by BPK” (Partner 1, mid-size). In general, auditing SOEs is characterised by bureaucratic complexity, with management putting pressure on the auditor’s integrity. It requires a specific type of communication to properly deal with SOEs. A Surabaya-based partner mentioned that SOEs located in Surabaya are already clients of either Big 4 or other mid-size firms. In contrast, the rest of the SOEs in Surabaya are perceived to have poor accounting information systems.

Formality and Bureaucracy – Time Constraints

It has been said that informality is a characteristic of Indonesian business culture (Witt & Redding, 2013). However, according to many interviewees, working with SOEs involves more formality from the side of the professional, especially when dealing with the institution’s officials.

Some Big 4 professionals (ex-Senior Manager 10, Partner 40) and mid-size professionals (Partner 6) lamented about the bureaucracy. An example is found below of a Big 4 partner lamenting about the SOE clients he worked with. This partner currently does not audit SOEs and, instead, focusses on private equity or multinational company (MNC) clients. Here is the quote from Partner 40 to illustrate:

A: From your experience, is it different working with SOEs and private clients?

B: State-owned companies, we are selective of - so [we] only [pick] companies that have gone public. Usually, the SOEs we choose to be our clients are those which have gone public. For example, X³⁴, whose corporate governance is good. There is an audit committee, internal audit, and so on. Again, the difference between multinational companies (MNCs) and SOEs is the bureaucracy. In SOEs, if you request data, you have to go through particular people. There’s a particular procedure; it takes longer - not because they are incompetent, but because it is more bureaucratic. They are used to bureaucracy. So, it has lots of paperwork. And the high officials are typical [government] officials, demanding to be respected. But

³⁴ One of the top 5 market capitalisation of Tbk in the Indonesian Stock Exchange (IDX), based on the IDX Fact Book 2018 (Indonesian Stock Exchange (IDX), 2018)

they are quite fair, overall. The competence is not different. What's different is it's more bureaucratic. (Partner 40, Big 4)

The above quote lamented about the bureaucracy, and especially the amount of paperwork involved when dealing with the SOEs. Although it has not been said bluntly, it may suggest inefficiency when dealing with the SOEs. This is evident when Partner 40 mentioned that “it takes longer” to even request data for an audit. After all, the request is pooled into a division, which passes it to the next division, then finally passes the request on to a related division. In public accounting, time is a valuable and limited resource that produces real economic capital. Working with SOEs, as experienced by the above professional, involves a great deal of waiting time to obtain the data needed for audits. Wait-time is a luxury during the busy season. Auditing is seasonal work and usually entails a great deal of work with a limited number of staff to perform it.

This sentiment was shared by other mid-size firm interviewees. For example, Partner 25 has SOEs and regional SOE banks as clients. He bemoaned that he must accept the “wasted time” when meeting with bureaucrats. He found that they could just turn up late without any prior notice, which forced the professionals to simply wait for a meeting.

A: How do you deal with the bureaucrats?

B: For that type of client, sometimes, we have to sacrifice time. For example, if a government official has an appointment [with us] at a certain hour, he/she does not necessarily come at that time. Let's say [the meeting was set to be] at 10 am; then he/she could come at 2 pm. “Oh, I suddenly was called. I had to meet ‘this’.” All of a sudden, members of The House of Representatives (DPR) came. There was ‘this’ or ‘that’.” So, finally, my time was wasted [and] I must accept that. If we do not want [to accept] that, it wouldn't work. (Partner 25, mid-size)

Partner 25 clearly mentioned “sacrifice” or “wasting” his time. Similarly, Big 4 Partner 40 mentioned wasting time because of bureaucracy. It is understandable that, for auditors and accounting professionals, time is a precious resource. Thus, some are reluctant to deal with the ‘old regime’ of bureaucrats. They prefer to audit private equity companies, or MNCs.

Interestingly, other professionals who audit SOEs or regional SOEs did not voice complaints about “wasting” or “spending” time. For example, Partner 11 experienced no such issues. It's possible that her background influenced this. Aside from being a leader in professional bodies, she taught at a public university for many years. As such, when faced with some of her SOE clients, it is possible she was respected

as both a lecturer and an influential public figure in the accounting profession. This gave her a stronger position of power over her clients, many of whom were her former students, according to her.

Tailored Communications – Feel for the Game

Some mid-size professionals (Partner 23 and Partner 25) mentioned needing a specific style of communication when dealing with SOEs clients. Partner 25, who audits regional SOE banks, mentioned how softly communicating a message is crucial for SOEs clients. He must speak politely and indirectly, since, as an auditor, he must convey the findings of his audit and these usually point to the weaknesses of a client. The following is an example, found in a quote from Partner 25:

... and how to communicate. Whatever it is, you can't be direct. [It can't be] just like [when talking] to a friend. You must be polite [and] more position him/her as a government official. The style is different. We cannot be as direct as [we are towards] private companies. We can speak [to private companies] in that way. (Partner 25, mid-size)

Dealing with government officials can be challenging, which is the opposite of a public servant's role. Officials are used to being treated in hierarchical and bureaucratic environments, where subordinates will just follow what has been instructed or ordered without question. This is known as *Asal Bapak Senang* (ABS)³⁵. Public servants can demand respect from the public when it pertains to public services. This is especially true for those which hold high-level positions, but it also concerns lower ranking staff that play crucial roles within the system. This contributes to a lack of transparency, as it concentrates public information to only certain people, when it is supposed to be accessible to the public. That confirms the saying, "knowledge is power."

Being polite when communicating with public officials is crucial, even if it means beating around the bush – which, again, means spending valuable resources. If an audit professional finds weaknesses in a particular SOEs' system, he/she is supposed to communicate it very gently and to help save face for public officials. The professional should not directly expose the system's weaknesses, but rather convey the message in a subtle way that will be more appreciated by officials.

³⁵ I.e., 'as long as the boss is happy' – which is mostly perceived as a negative connotation.

During this research, there was an incident where the then-Governor of DKI Jakarta (2014 - 2017), also known as “Ahok”, was accused of having a rude communication style. Ahok was born and raised on Bangka Island, a small locale near Sumatera Island. This place is known for its more direct communication style, serving as one form of embodied cultural capital. During his time as the Governor, Ahok uncovered attempts to mark-up the purchase of *uninterruptible power supply*/UPS. He bluntly revealed this to public on many occasions without using diplomatic statements to soften his meaning. Although some of the public agreed with his acts to fight corruption, others viewed it as inappropriate to embarrass his own staff as incompetent or involved in corruption. It was thought that he should have spoken to them in a softer way (Javanese). Nevertheless, his controversial act of revealing corruption was appreciated by a number of more rational and progressive public groups. In contrast, his communication style did not fit in his working environment, where he was surrounded by bureaucrats that valued harmony over truth (free of corruption). Ahok’s communication style, or his embodied cultural capital, could not fit with his working environment. That made him disharmonious with the rules of the game as suggested by the provincial government.

Pressure to Not Report Findings

Mid-size firm Partner 27, who does not audit SOEs, mentioned his view that SOEs were previously associated with bad practices. Partner 27 stated that, in the era before the reformation of 1998, dealing with SOEs was closely related with kickbacks. In order to get a project, an auditor would have to give commissions to certain public servants. However, he added that SOEs and provincial SOEs are indeed a market for KAP. This partner, along with all five partners in his firm that work across Jakarta and Surabaya, do not audit any SOEs or other government projects.

Similarly, a local partner complained about her previous experience with a SOE client. When she uncovered financial misconduct from a client’s director, the SOE’s management was dismissive and told her not to mention the director’s name in her report. Thus, management was not eager for improvement; she was even pressurised to not report the finding.

B: That is why I refuse to audit [some SOEs]; because I know I would be in an environment which is not conducive for me to do my job. It is useless; why audit only for formality? I do not want to. Although I am being paid expensively, what is it for? That is how I see it. My conscience also cannot

[accept] it. Like what I have said, [when I found] a director who made a mistake, it was covered up. His/her superordinate said, "Alright, ma'am, it's not a big deal. Later, we will arrange a way so that his/her name will not be there".

A: Cannot appear in...?

B: In my report. But I still put it back - still I added it in the back. There was one sentence I added at the back, "just like others" - like that. It is not comfortable to be under pressure. We found people who made mistakes but could not mention their names.

A: [What about] in the private sector? For example, if we found...?

B: In the private sector, no. In the private sector, usually they would admit: "Yes, [we] apologise, we were wrong. We will improve it." So far, that is [the case] with our clients. That is why I said client acceptance at the beginning is important. Because usually when we interview at the beginning, we already know, "This client is worthy or not, this client lies or not" – that, we know. So, we can avoid those [whom] I called hypocrite. It is uncomfortable - not comfortable at the end. (Partner 28, local firm)

The above quote shows that Partner 28 views SOE clients as taking a more formality-driven approach, viewing audits as just a mandatory tick of the box, which she refers to as hypocritical.

4.3. Challenges to Field Stability

4.3.1. Status Dynamics

The audit profession is not well-known, at least in comparison to tax consultants. Only a few of the interviewees had family members who worked or currently work in public accounting firms. In fact, more than half of the interviewees (Partners 11, 17, 29, 41) are the first in their family to pursue a career in this profession. The general public is more familiar with tax consultants (Partners 32, 41), which are more ingrained in daily life, since individuals and micro-businesses are obliged to pay tax and submit tax returns. In addition, tax reforms through the launch of Tax Amnesty in 2015 (Deloitte Tohmatsu Tax Co., 2015) and the new documentation requirements of Transfer Price Document (TP Doc) in 2016 increased public awareness of tax compliance and demands for tax consultancy services. On the other hand, only a few businesses have been audited. Moreover, in 2019, there were only around 1,300 auditors,³⁶ while the total population is over 260 million (Worldometers.info, 2018). Below is a quote from Partner 41 and Partner 11:

Ordinary people don't know [what an auditor is]. What they know is what you do, [and] in what field. They know if you are a consultant. They tend to

³⁶ Website <http://pppk.kemenkeu.go.id/media/document/5611/ap-aktif.pdf>, accessed on 11 November 2019

[go], 'Oh, you can handle taxation'. Usually, the issues for businessmen are taxation; they only fear tax matters. But for bookkeeping, audits - for them, it is not familiar. (Partner 41, mid-size)

Similarly, Partner 11 disclosed that in the 1990s, when she had to choose a major in university, she did not know what accounting entailed. In Indonesia, senior people (especially parents) have a strong role in helping young people make a decision on majors in university and, sometimes, which university to apply to. At that time, people around her were not familiar with accounting. Realising that her initial aspiration of becoming a doctor would require a lengthy medical degree, and require more economic resources, she chose accounting as her major. It was merely because it was easier to get a job as an accounting graduate. Below is a quote from Partner 11:

At that time, I asked people around me: what job is easy to get? "Oh, be an accountant, they said." [I had] very limited information. [I] didn't know anything about what accounting was because my major at high school was IPA [i.e., Natural Science]. I finally chose an [accounting major]. So, the reason was actually based more on the financial factor. (Partner 11, Big 4)

Accounting graduates are perceived as securing jobs more easily, since there are many accounting jobs advertised. Every business needs accounting staff, while there are not many graduates in accounting when compared to the demand in the market.

Nonetheless, the complexity of the modern business environment affects audit professionals. The profession has seen more requirements crop up for accounting standards, audit standards, and changes in taxation policies. For example, this includes IFRS, reporting in English, and Transfer Pricing documents. Consequently, audit professionals are required to constantly update their professional competency.

Times have changed. We [once] saw that Notes to the Financial Statements for just small companies [used to be] 13 pages. Now, the IFRS disclosure is just too much, so those who are interested eventually are discouraged as well - what a pity. Now the IFRS-based PSAK (financial accounting standards) already look like the taxation regulations. Then [there is] the fussy issue of financial instruments [standards]. Here, seminars about it have been crowded by public accountants. 2010 was when it was first adopted, then [the IFRS' financial instruments [standard was introduced] in 2017. Though, for us, it will only be effectively [applied] in the next three years. [That's] not to mention the globalisation. The report was, "What report? Oh, in Bahasa Indonesia", so the audit [reports were] in Bahasa Indonesia. Now, [people] ask for bilingual; it is hard, while the PSAK itself is also getting harder. [The] audit - it's the same. There are some changes in the International Auditing Standards (IAS), let alone the tax regulations. Auditors just have to understand it, right? Not long ago, the Transfer Pricing Document (TP Doc) [was introduced]. It already has too many requirements. So, it makes those who are interested in working in

public accounting firms also think twice about working in this career [or pursuing it to] a higher level. I think those are the things that make building resources difficult. (Partner 27, mid-size)

The above quote portrays the audit profession as a profession that bears too many burdens from exogenous regulations. Business entities do not necessarily have the ability to report their finances correctly – nor do they have any intention to, given the relatively weak nature of law enforcement. Some professionals mentioned that not all businesses are ready for audits; for example, it takes time to get supporting data. However, clients will still demand a timely delivery of the audit.

4.3.2. Field Porosity

Another concern raised during interviews was a high turnover rate in the audit profession, as well as challenges in attracting and maintaining people. Big 4, mid-size, and local firms compete to attract graduates who are interested in working in KAP. Big 4 firms are in the lead, offering a higher salary to attract the best graduates. That is followed by mid-size firms, while local firms have underpaid staff - even below minimum wage, as stated by mid-tier firm Partner 24.

Some accounting graduates see KAP as a steppingstone in the industry. Having an audit background, especially with the Big 4, grants individuals many advantages to further their career. Working in KAP has been associated with long hours, low salary, and high pressure to learn when compared to other careers in the industry. Additionally, firms are unable to keep staff, since there is no training contract that requires them to enrol in and pass a CPA examination in the early years of their career – unlike in the U.K., where trainees the U.K.’s Big 4 firms have to pass professional examinations at the end of three years. Moreover, new professions emerge that are more attractive, such as work with bakeries, e-commerce companies (Lazada, Traveloka, Bukalapak, Tokopedia), or start-up companies.

When I became a manager in around 1997, I saw that, on average, the staff were very high quality. Now in this millennial era, I see the quality of the people starting to decrease. I also checked with partners of accounting firms in other countries - not only in Indonesia. They also complained [that] they felt the same; that the quality of kids now³⁷ has decreased, perhaps because the kids now are already living in luxurious ways - a lot of gadgets, a lot of entertainment - and it seems that they would like to advance their careers as soon as possible. So, work in public accounting firms for them

³⁷ I.e., staff, literally meaning staff with millennial background. It is common for a manager or a partner to refer to staff as “*anak-anak*”, literally meaning children or “kids” in daily conversation.

is the least priority. They usually would like to work in, for example, an online sector - in banking, or [with] start-up companies, which is more sophisticated. That is our challenge. Firstly, [it's] how we maintain the work quality with the existing staff quality now. Then, secondly, [the] challenge [is] in how to keep them working as long as possible in a public accounting firm. Basically, that is the challenge we face now related [to] the staff. (Partner 39, Big 4)

It is not uncommon that professionals move from Big 4 to mid-size firms, as some interviewees did. However, we also found that several interviewees had moved from mid-tier to Big 4 firms. Two interviewees started at two mid-size firms in Surabaya, possibly because it was easier to join mid-tier than Big 4 firms in Surabaya. After three to four years, they then joined Big 4 firms in Jakarta. Essentially, Big 4 firms require a slightly higher GPA, a reputable university background, accounting and audit knowledge, English proficiency, and soft skills.

In the Big 4, they demand higher requirements ... more rigid. When I joined the Big 4, my position was downgraded to [a] senior level. So when I was at [the] old firm, I was [a] supervisor; when I joined [Big 4 firm name], I was downgraded one level to senior. (Senior Manager 3, Advisory, Big 4)

The above quotes depict that, although Big 4 and mid-size firms are competing for staff, mid-size firms are considered to possess a lower hierarchy. That is illustrated by the above interviewee as being “downgraded one level” when he moved to one of Jakarta’s Big 4 firms and away from a mid-size firm in Surabaya.

Several professionals, both in Big 4 (Partner 11, Senior Manager 3, Senior Manager 37) and mid-size firms (Partners 15, 27, 30, 33), had resigned from accounting firms after several years of experience and moved to the main industry. After some time, they decided to come back to accounting, either to the same firms or to different ones. The following are examples:

I had worked as [a] tax and accounting manager in 2008, and basically my character does not “cocok” [i.e., fit; pronounced “chochok”] to work at places where I meet the same people. So, I am more cocok to work while interacting [with] clients. That’s it; it’s about the fitness [of my character and work]. Not because of any other reasons that I really intended. Not really - it’s more about job fitness. (Senior Manager 37, Big 4)

A: Why you did move to the industry at that time?

B: Basically, at that time, I got bored. [I wanted] a little break, ideally to find my passion. At that time, by chance, there were some partners - we were friends - and they were bosses when they were there. One of them moved to a bank [and] then I was offered [a job] there and I thought “Well, I would give it a try”. I was not in his team, but we became peers [i.e., colleagues]. I was only there for one year - around one year.

A: Then you moved back to the accounting firm. Why, Pak?

B: Okay. So, firstly, I thought I had enough adventure. I thought [I] had enough of a break, because I considered the period between 2011 and 2014 [to be] a break. Because we all know that, in accounting firms, when it starts its [busy] cycle, sometimes there is not enough time [for a life-work balance]. Then I thought, "Outside of it is more comfortable", but [I found it was] not for me, because it was boring. So in those three to four years, I found my passion in auditing. (Partner 15, mid-size)

The above quotes illustrate that being a professional in auditing is more of a passion - a fact that is agreed upon by other professionals. Auditing offers the chance to work in a dynamic environment for those who like learning, being involved with different projects, and meeting different people. With this, they find it is worth staying in the firms and in the audit profession. Those who had tasted two different styles of accounting – in the public accounting profession and in the industry - realised that they enjoyed being a professional. A professional has a certain degree of autonomy above economic capital – especially if they are an audit professional, as indicated by some of the interviewees. Specifically, in the Indonesian context, it provides freedom to not be ruled by a pervasive, corrupt practice often found in the corporate world. However, this does not suggest that all companies are employing unethical accounting and/or taxation practices.

4.4. Concerns About Corruption

Both Big 4 and mid-size firm professionals are aware and concerned about corruption in businesses, as these could potentially be their clients. Therefore, for them, it is important to maintain integrity and independence, as shown in the section Technical Capital. A Big 4 professional discovered this many years ago, when she worked in the industry at an accounting department. There, she found the realities of corruption to be very close. Here is an example in a quote from Partner 11:

Since 1991, I was never being told by anyone to do things outside of my integrity and idealism. I don't know if that also applies [to] other Big 4 firms. Because I never had experience in other Big 4 firms. But in this firm [firm's name], it is very conservative – precisely, I am safe. Why? Because I am guarded – "this" is not allowed, "that" is not allowed. During my three months [working] in a company, in the second month, I was told [and] given a stack of envelopes, "You are a finance manager. Later in the evening, bring this. Here is the address". "What is this?" I said, "So that we will not be audited by [the] tax authority". There I realised that the sterile world did not always exist. While in [firm's name], I was already a senior and had worked for three years [but] not once [was] I told to do those things. (Partner 11, Big 4)

The above quote from Partner 11 mentions that she was told to deliver an envelope³⁸ to a staff member of the tax authority in an act of bribery. It was a point that made her realise the corruption in business, particularly in avoiding taxation. An accounting staff member is normally a trusted person in the company that knows financial information – and therefore knows of bribery or multiple versions of financial records, if any. In her case, an envelope was intended to be given to a certain public servant of the tax authority in exchange for that public servant not scrutinising the peculiar amount of tax the company paid.

The tax authority is divided into local regions, and each region is authorised to decide when to scrutinise or perform a tax review of certain taxpayers. The company Partner 11 worked for paid less than it was supposed to and bribed to prevent any tax reviews. This work method did not suit Partner 11's sense of integrity. She worked in that company for three months and, since then, decided to return to the KAP.

Similarly, two mid-size professionals (Partners 6 and 28) also mentioned corruption in businesses. Both partners stated a firm stance of not accepting audit clients that have more than one version of their financial reports. The following shows an example from Partner 6:

So, the dilemma is when we are hired as an auditor. In our firm, for an audit client, we will [conduct a] preliminary survey. If a [financial] report [submitted] to the tax [authority] is different from [the] audit [report], in the case [of the company] already [having been] audited, and the client just says, "Oh, for me, [the] report given to [the] tax authority is different; [the report] for [the] bank is different [again]", those [clients], we do not want. (Partner 6, mid-size)

It is not uncommon for companies to have double bookkeeping, which means a company has at least two different sets of financial reports (Kwik, 1994 in Rosser, 1999:p.6) - one for company management, and one for the tax authority. The internal version truly describes the company's operation, while the version for the tax authority is usually designed to arrive at a much smaller bottom line to avoid paying higher taxes. On occasion, when a client is getting funds from a bank, a third version is given for the

³⁸ I.e., the envelope contained money in it, used for many different purposes. Apart from business and modern areas of life, cash is a common mode of payment. Delivery via envelope is common for a wedding or during the Chinese New Year (but with red envelopes). Occasionally, when dealing with certain public services, an envelope will serve as an incentive to process an application faster, rather than having to wait in uncertainty. This researcher found this out herself several years ago in a city of an outer island, while applying for a passport and in applying for a KTP (national ID card).

bank loan. It usually portrays the company's financial performance as positive to help with the credit assessment and approval of the bank loan. Many years ago, even Kartikahadi, one of the founders of Indonesia's Deloitte, addressed the matter of several versions of companies' financial statements (Kartikahadi, 2010).

4.5. Tainted Practices in the Profession

The next section talks about tainted practices in the audit profession, describes what tainted practice is, how the practices can be recognised and discussed by professionals, and what role the regulator plays in this case.

At least two parties are involved in a tainted audit practice, as certain Big 4 and mid-size interviewees complained. These two parties are auditors and clients. Some professionals maintained that those involved in tainted practices are single practitioners (Partner 17, Big 4), senior auditors (Partner 28, 6; mid-size), or local KAP (Manager 37, mid-size). Fake auditors are also known as having less competence.

These auditors provide audit services for an unreasonably low fee, which would not even cover the staff's salary. For example, a Big 4 partner illustrated that as little as 5 or 10 million Rupiahs³⁹ is charged by certain single practitioners. In comparison, the fee for the smallest audit project in a Big 4 firm is around \$15,000 U.S. This very small audit project takes about two to three weeks of field work (Manager 2). In contrast, bad practice takes only several days to perform an audit. These auditors will normally just follow the clients' wishes. Sometimes, no audit working paper exists to document the audit procedures, and some do not perform any audit procedures whatsoever. Therefore, the practice is known as "selling stamp" (*jualan stempel*⁴⁰) or a fake auditor (*abal-abal*⁴¹). This fake auditor is only looking for short-term profit. Concerns about this low fee have been raised by some interviewees (Partner 32, 35).

This tainted practice is further strengthened by clients who are looking for a fake auditor (*abal-abal*). That concern was raised by two mid-size firm partners (Partner 6 and Partner 29). Partner 29, based in Surabaya, mentioned that a potential client sought an audit opinion for participating in a tender and wanted an audit report in three days. Meanwhile, Partner 6 mentioned that potential clients who approach with preconceived notions of what an audit is will usually not become clients at the firm he works at. Those

³⁹ Equivalent to £256.80 (based on an assumed rate, as indicated at the end of the chapter)

⁴⁰ literally means selling stamp, from Bahasa Indonesia.

⁴¹ *Abal-abal* in general is used when something claimed or appeared to be like what it is not, from Bahasa Indonesia

particular potential clients will typically inquire about audit fees in advance or propose that an audit should be completed merely within several days. This is illustrated by the following quote from Partner 6:

Because they always phone like this, "Hello Pak,⁴² I need an audit", "Oh yes [we] can, Bu⁴³, but 'this' is the procedure [for] 'this,' 'this,' and 'this'. When we can survey?", "Oh, there is a survey... Can it be just sign [an audit report]? Because it is in a rush, Pak". They think this profession can just sign [a report]. In another case, [someone called,] "Oh [do] you have to [visit our] office first [prior to accepting an audit engagement]? I am afraid that there will be no [audit engagement], because I already called many other KAPs. Can I just ask some questions?", "Yes, of course". However, this is like wasting time. He would probably ask, "My sales revenue total [is] approximately this amount, my assets total [at] this amount - what would be the approximate fee?" Just like that. "Well, I cannot determine the fee yet, [I] don't know if Ibu is double bookkeeping or not; what is the management culture, etc. What are the details of [your business]? What are your [major financial report] accounts? I cannot estimate how much [the audit] fees [will be], because I don't know how much time is needed [for this assignment]." Some did ask for a meeting here [at the firm's office] and, at the meeting, [said], "Please help, Pak, we came here [after a referral] by [Bank] Mandiri. They said [we] can get it here, so if possible, this week [we want to get the report], Pak". "Well, it cannot [happen]". (Partner 6, mid-size)

This mid-size firm partner (Partner 6) describes that the typical client acceptance process involves a preliminary survey to consider the risks. This is prior to determining the audit fee or deciding to accept a client or not. Concerns about multiple versions of a client's financial reports were also raised by a local firm partner (28), who also refused to accept that type of client. A main concern for both partners was if the potential client had more than one set of financial reports. This does not refer to different reports that are prepared under different accounting reporting standards; for example, one report is prepared according to Indonesian PSAK, while the other is prepared under IFRS.

Two mid-size firm partners (Partners 6, 35) described how they could recognise if an auditor was poor-quality based on how the auditor spoke. As stated by Partner 6 and 35, who work in the same KAP (public accounting firm), a truthful auditor will speak clearly, carefully consider the risks, and will not rush to answer. That is especially true when talking about fees. The aforementioned 'fake' auditor will speak about fees in advance, just like the aforementioned clients, without even considering the

⁴² I.e., a formal and respectful salutation for an adult man followed by first name. Last name is only used in official document, or in administration.

⁴³ I.e., a formal and respectful salutation for an adult woman followed by first name.

risks. They will also accept clients without prior survey. An example quote from Partner 35 illustrates this below:

B: ...Even [though] I am new, I know it. From how we introduce ourselves [to] how to speak, if the person is a truthful [person], surely [they] will not speak randomly. [They will] speak in order [and do so] carefully. But this [is the example:] "Pak, if there are any clients you don't want, just give [them to] me, Pak". Then it is obvious. "Bapak, [if] you don't handle them, just give them to me". I pretend: "How much is the fee?", "This much".

A: Is 'that much' a small amount or a big amount?

B: [If the person answered,] "It's easy, it's easy". Then it's obvious for us who are [the] real [auditors], "How much, Pak, is your firm's fee?", "Well, I cannot say, Pak, I have to survey first to be able to know how much the fee is". That is the right way. While they, [the bad auditors,] without [a] survey or anything, [already set the fee:] "Alright, how much is the fee?", "Oh, my client asks for 30", "But I want 50, Pak", "No, [it] cannot [be], it is 30". Sometimes, there are KAP which [are] like that - many of them.

A: Talk about the fee in advance, without considering...

B: Without consider anything. "So when? Tomorrow, make it [i.e., audit report] ready, okay?", "Yes". (Partner 35, mid-size – a newly appointed partner)

In the above quote, Partner 35 mentioned that speaking 'out of order' was a sign of bad practice. To Partner 35, who is based in Surabaya, perhaps this is explained by the Javanese cultural value that differentiates *alus-kasar*⁴⁴ (Geertz, 1976). A proper person should conduct themselves in an orderly manner which represents *alus* due to auditor's educational background and expertise – especially in communication. An auditor who carelessly proclaims audit fees without considering the factors - if the audit project is risky or not, how many hours are needed, etc. – would be saying things *ngawur* (i.e., inconsequentially). This auditor represents *kasar* characteristic; in this case, a professional who does not use his professional judgement in communication. That is not how it is done for audit professionals.

Partner 35 also hinted that "even though I am new, I know it". This suggests that most audit professionals are aware of this, including (perhaps) the regulator. In fact, Partner 35 was among the professionals in Surabaya that bluntly pointed out this aspect of bad practice. It is a custom in Indonesia, especially of Javanese: people do not want to talk about bad things, even when the issue is non-personal. Instead, they'd prefer to opt for "sweeping it under the carpet". This is to avoid offending certain people and to maintain harmony. Harmony is placed above truth in this case. Therefore, not all people

⁴⁴ *Alus* means refined, fine, beautiful; the *kasar* means rough, rude, coarse

will talk about bad practices in the audit profession, even if corruption is too obvious to ignore.

The acts of *jualan stempel* could be indicated by an unreasonable number of audit reports signed in a year by an auditor. Such an event was recounted by a mid-size firm partner (Partner 32) and a local firm partner (Partner 28). Both are Surabaya-based partners. Fortunately, this case was spotted by a regulator and the auditor was suspended. However, the researcher was unable to find any details on this case in any electronic news. The following quote expresses Partner 32's annoyance with one case of an auditor who signed as many as 50 reports during a busy period:

B: [Bank name]'s officer came to my office so [I answered him], "I do not mention the names of the accounting firms, Bapak; find [them] yourself, as there are many examples. Find it. An auditor who signs more than 50 audit reports mean[s] the auditor is crazy. While [the] busy season lasts from January until April, Pak, it still equals 120 days. If I am an auditor and I am being asked to sign 50 reports in 120 days, it means that, in one day, how many do I sign, Pak? Two. Sorry, - [it] means [that] in two days, I sign one [audit] report. Does it make sense, Pak? [An] audit report on my table, [and] I only look at it for 2 days - then I switch to other reports and so on. The risk [is high]. It does not make sense, Pak, does it? Just from the logic, not to mention regulations, Pak. Why don't you, Bapak, [please] open your database". An auditor in Jakarta was suspended. How many audit reports in a year [he signed], Bu? 700, Bu.

A: 700.

B: 700. It means two reports per day. It is crazy. It is impossible. It doesn't make sense.

A: That is an individual auditor, not a firm, right?

B: He eh [confirming]. The partner signed 700, Bu. It is impossible. It doesn't make sense. How can [a] system in Indonesia [be] like that? The moral is really [a] misdeed. That is worse. So that is what we try to straighten [out] - for the good future of all. (Partner 32, mid-size)

It is true that, in audit projects, an auditor (or audit partner) is supported by staff thus a partner can handle many audit engagements at the same time. However, both Partner 28 and 32 found it totally absurd that a partner could sign 700 reports in a year. In a normal situation, it is almost impossible for an audit partner to maintain quality while signing 50 reports in "120 days". It takes time to review and to enquire further about issues with the audit staff.

In this theme of tainted audit practice, it seems that the mid-size firm interviewees shared more detail than Big 4 interviewees who mentioned the same issue. It was found that mid-size firm interviewees (for example, Partners 6, 32, 35, 29 and Partner 28) mentioned tainted practices more openly or with more detail, as if they were more aware of or knew it happened in the profession. In contrast, Big 4 professionals

seemed to be further away from tainted practices in the field. However, it may be due to the fact that only five Big 4 partners participated in this study.

Interestingly, those who provided open or detailed statements were either Surabaya-based professionals or had worked for a branch in Surabaya's office. However, not all of Surabaya's professionals mentioned it. This perhaps due to trust, since interviewees from Surabaya knew the researcher's background as a lecturer in one of the leading universities in Surabaya. In contrast, that university was not well-known among Jakarta's professionals. The researcher also knew some of the Surabaya-based interviewees prior to conducting the interviews.

Mid-size firm interviewees who mentioned tainted practices complained of it as outsiders. They can see it happen but cannot do much about it. They only can hope that PPPK as the main audit regulator will strictly sanction the bad practices to create a deterring effect.

There are consequences to breaching the Public Accountant Acts of 2011 and other related regulations. The penalties can include freezing and blacklisting the licences of auditors or audit firms PPPK. According to the PPPK announcement⁴⁵, the effect can range from six to fifteen months. Related to the sanctions on public accountants and accounting firms, ADB (2003:p.173) has proposed sanctions ranging from administrative sanctions, to criminal sanctions, to civil sanctions. It states that the KAP partners should be "jointly and fully accountable" when the KAP's assets are insufficient to meet civil sanctions or administrative penalties.

As Partner 35 has mentioned above, it is possible that even the main regulator (PPPK) knew about these bad practices. Some professionals believe that PPPK has started to place sanctions on some of the bad auditors. However, the actual sanctions reported by the PPPK website as of 30 April 2019 and 1 September 2019 are licence suspensions that range from one month to one year.

Some professionals (Partner 17, 32) do not see the regulator as powerful enough to enforce the laws regarding tainted practices. For example, Partner 17 said that "those [i.e., IDX listed companies] who do not comply with the financial reporting requirements were also not discovered by the regulator [i.e., OJK]". He then stated that the listed companies in IDX do not really fear OJK like the listed companies in the U.S. do the Securities and Exchange Commission (SEC).

⁴⁵ <http://pppk.kemenkeu.go.id/media/document/2448/akuntan-publik-yang-dikenakan-sanksi-pembekuan-izin.pdf>

4.6. Blacklisting and Deloitte: The Curse of Negative Symbolic Capital

As been mentioned earlier, audit professionals and accounting firms in Indonesia are mandatorily registered at PPPK, the main regulator (see Table 4.1). Additionally, they can mandatorily or voluntarily register at various other regulators, depending on whether their clients are publicly listed companies at IDX, operate in some financial industry, or are state-owned. To illustrate:

Some of the interviewed professionals were aware of reviews conducted by the main regulator. For example, Partner 12 discussed the nature of the review, which is conducted yearly and focusses on professional compliance with the audit process. At the time of interview, certain unethical practices exist in the audit profession in Indonesia. Among others, this includes releasing an audit report without performing any audit procedures. This action is known as “*jualan stempel*”, which is despised by some of the auditors interviewed, since not all interviewees talked about this issue. More details about this bad practice are explained in the Tainted Practices of the Profession section. Overall, the regulator’s review focus on ensuring that the audit work performed to produce audit reports complies with the quality standards.

The Big 4 are composed of only four public accounting firms that are subject to a yearly review by PPPK. This is unlike mid-size firms, which are reviewed only on a sampling basis. This is probably due to the limited staff of PPPK, the main regulator. A quote by Partner 12 on PPPK’s review illustrates this below:

Every year, the regulator [i.e., PPPK] can send a letter [and] choose which client they want to visit. They will review how the audit process is conducted, from [the stage of] the client acceptance, [to] when we do audit planning, [to] when we do the field works, and the completion. Is there any deficiency or not? Perhaps there are no documentations but [we’ve] already release a report? (Partner 12, Big 4)

As Partner 12 mentioned “no documentation” refers to non-existent audit working papers. This tainted practice was also mentioned by other interviewees in the previous section.

Apart from the regulators, some auditors are also subject to blacklisting from banks. This occurs when the audit firm is in the bank’s approved list of auditors, which the bank’s clients are required to gain audit reports from. Being in the list means that the firm’s audited financial reports is accepted when the bank’s clients apply for bank loan. A bank loan is one source of external funding that is commonly found for businesses in Indonesia (Witt & Redding, 2013). For example, the researcher knew one

SME in Surabaya that used bank loan arrangements to fund their business operations and meet commitments with their suppliers.

Certain large banks have a list of (preferred) affiliated auditors. The list is unofficial in nature, but it is known among the related auditors, credit officers, and certain members of the business community. This list usually contains limited partnering KAP. For example, an interviewee (Partner 32) mentioned 10 audit firms that were referred to by a bank when their customers applied for loans.

B: Partners who attend Continuing Professional Education (CPE) at IICPA are mostly old. I don't see many young people; many are men and old. There are old ladies, yes; they are still active partners, and they have stern faces – hehe - perhaps looking at numbers all the time. I seldom see young people [in] my opinion. That's why IICPA now makes different regulations. There are three stages to facilitate [and encourage] new [young] people, otherwise there will be no regeneration. Besides, [young] people prefer other [jobs] than being an auditor. There are more risks placed on auditors. If anything happens, we can go to jail. Previously, it was only the partner who would be imprisoned, but now even his/her subordinates also could be imprisoned - the whole team.

A: Oh, the whole team?

B: Yes, we have the Public Accountant Acts [Law no. 5] of 2011. It talked about the consequences [of] if you [gave] a wrong opinion. For example, your KAP could be blacklisted and so on. [The] blacklist of KAP – well, it will make us think, as a partner, "What would my subordinates eat?" I cannot pay them salary. Being blacklisted means clients cannot come in. For example, there is Bank A. [If they] blacklist [us], I will lose sandang pangan⁴⁶ from clients [that we got] through Bank A because Bank A does not want to sign through us, for example. (Manager 34, mid-size)

Not many of the interviewees mentioned that their firms are in the list of approved auditors of banks for auditing loan customers. However, some partners (26, 32, 6) from two mid-size firms did mention that they audit bank clients.

During the writing of this thesis, but after the interviews were conducted, the researcher noted a case of Deloitte Indonesia getting blacklisted. In 2018, PPPK reviewed an audit of Deloitte on SNP Finance, a non-bank financial institution supervised under OJK. It failed to pay interests due on its Medium Term Notes (MTN) in May 2018. Moreover, the company was involved in financial fraud through accessing a bank loan using fictitious customer lists that caused a loss of around 2.4 trillion Rp (around \$123 million US) to 14 banks (Melani, 2018).

The reviews unveiled that the auditors signed an unqualified audit opinion and gave an opinion that failed to depict a true representation of company's financial

⁴⁶ Literally means cloth and food; it represents two of three basic needs (clothes + food + house) in Indonesia.

performance. Based on the PPPK's review, OJK through the Ministry of Finance (MoF) sanctioned two auditors and Satrio Bing Eny & Rekan (SBE), the audit entity of Deloitte Indonesia. Despite that, the firm stated that their last audit report was for the client's 2016 financial report and that the general audit was not related to the issuing of the MTN in 2017 and 2018. The MoF still froze both the auditors' and firm's licences for providing audit services to banking, Capital Market, and non-bank financial industries for a year, ranging from 16 September 2018 to 15 September 2019.

After completing the audit for the 2018 financial statements, the auditors were not allowed to accept new clients in these industries. The SBE firm was sanctioned to make and implement the policy and procedure in quality control by 2 February 2019 (Hendartyo, 2018; Purnomo, 2018; Akbar, 2018). The above information was taken from an online version of the national press. However, no news, statements, or records of the sanction on the SBE firm and its auditors was seen on the official PPPK webpage regarding this issue.

5. Values of Different Forms of Capitals

This thesis aims to explore the values placed on various forms of capital, as accumulated by professionals in the Big 4 and mid-tier accounting firms in Indonesia. Extant studies in PSFs have found values of different forms of capital within Big 4 firms in Western countries, such as Canada, the U.K., Spain, and France. This is also true for Asia, such as with China, Japan, and Bangladesh (Spence *et al.*, 2016, 2017). However, insufficient attention has been paid on developing countries in Asia, especially when comparing the Big 4 with mid-tier firms. My study will be on this under-researched area of PSFs in developing countries of the Asian business system (Witt & Redding, 2013). This chapter will begin with forms of economic capital and their values, followed by social capital, embodied cultural capital, and institutionalized cultural capital.

5.1. Economic Capital

Economic capital is represented by money or possession of money. More specifically, it is represented with a strong emphasis on generating revenue or commercial capital as valuable, embodied cultural capital.

Some participants mentioned the importance of business development skills. Even professionals from both Big 4 and large mid-tier firms stated that revenue target was incorporated into more formal KPI performance system. However, only one Big 4 partner mentioned “revenue per partner”. None of the interviewees mentioned their earned amount or revenue target. Since certain professionals were open on many themes, one explanation could be that income is not a comfortable subject, since there is no standard pay rate for a specific job role. It is uncommon that job adverts include standard salary, as opposed to the U.K., where it is common to advertise annual salary for a job vacancy. In addition, there is no publication indicating revenue per partner on any of the firms’ websites, nor on the firms’ reports or the regulators’ websites. This reflects the low level of transparency that is common in developing countries.

For this reason, we turn to secondary indicators of economic capital. This is indicated by revenue per firm, staff salary at entry level, and client portfolio. We found that Big 4 has bigger economic capital than its mid-size firms, which could be seen from revenue. The Big 4 in Indonesia always occupy the top revenue. For example, in 2018,

the total Big 4 revenue constituted 72% of revenue of the top 20 firms, as shown in Table 5.1.

Big 4 firms pay a higher salary at the staff level when compared to mid-tier firms, and with better benefits, all of which represents higher economic capital. There is variation within mid-size firms, with Jakarta mid-size firms paying relatively higher salary compared to Surabaya. Within Jakarta and Surabaya firms, there is a variation as well, with larger firms paying better than smaller mid-size firms that were studied. While the Big 4 pay higher staff salaries than mid-size firms, they still pay below some competitors in industry (bank, private equity) and government institutions (OJK, MoF, Central Bank).

While none of the managers or partners mentioned revenue targets, professionals were open about details regarding the salary of new entry staff. Interestingly, it is mostly professionals of mid-size firms that lamented about the Big 4 essentially offering better salary – and thus, attracting better talent than the mid-size firms. In contrast, Big 4 professionals lamented that they lost the best talent to industries that paid better. This shows that the audit profession does not have great prestige in terms of economic capital at the entry level.

Table 5.1. Top 20 Public Accounting Firms in Indonesia in 2018, Based on Revenue

No.	Firm		Total Revenue (US\$)
1	Tanudiredja, Wibisana, Rintis & Rekan	PricewaterhouseCoopers International Limited	64,328,000
2	Purwanto, Sungkoro & Surja	Ernst & Young Global Limited	62,859,300
3	Satrio Bing Eny & Rekan	Deloitte Touche Tohmatsu Limited	30,513,200
4	Siddharta Widjaja & Rekan	KPMG International Cooperative	29,451,600
5	Tanubrata, Sutanto, Fahmi, Bambang dan Rekan	BDO International Limited	11,579,500
6	Amir Abadi Jusuf, Aryanto, Mawar & Rekan	RSM International Limited	9,224,900
7	Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan	Crowe Horwath International	8,481,700
8	Mirawati Sensi Idris	Moore Stephens International Limited	5,941,000
9	Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan	PKF International Limited	5,814,000
10	Hendrawinata Hanny Erwin & Sumargo	Kreston International	4,409,200
11	Kanaka Puradiredja, Suhartono	Mazars-Societe Cooperative a Responsabilite Limitee (SCRL)	3,736,000
12	Gani Sigiro & Handayani	Grant Thornton International Ltd.	3,341,800

13	Anwar & Rekan	DFK International	3,161,500
14	Johan Malonda Mustika & Rekan	Baker Tilly International Limited	3,144,200
15	Tjahjadi & Tamara	MORISON KSi	2,568,900
16	Hadori Sugiarto Adi & Rekan	HLB International	2,559,800
17	Johannes Juara & Rekan	INAA I.N.P.A	2,169,800
18	Y. Santosa dan Rekan	Praxity AISBL	2,156,700
19	Teramihardja, Pradhono & Chandra	Rodl International Gmbh Wirtschaftspufungsgesellschaft	1,869,000
20	Rama Wendra	McMillan Woods International Limited	1,587,100

(Source: PPPK Report 2018, Total Revenue (US\$) was converted based on OANDA rate see Appendix 3)

There are two types of partners in Big 4 and mid-tier firms, based on ownership of the firm: equity partner and salary partner. Founding partners are partners that initially founded the local firms and usually deposited some capital into the venture.

Equity partners generally have shares in the partnership. Both founding and equity partners are owners who will determine the policy and make strategic decisions for the firm. They are the “dominant fraction of the dominant class” (Bourdieu, 1984:p.88) in the firm. The second type is a salary partner, who usually works under an equity partner – or, in Bourdieu’s terms, is a “dominated fraction of the dominant class” (Bourdieu & Wacquant, 1989:p.40) or dominated dominant (Emirbayer & Williams, 2005:p.693).

Based on the interviews, partners in two of Big 4 are equity partners. Apart from that, salary partners are commonly promoted to a partnered level. Although family firms are a common type of ownership in private sectors within Indonesia (Witt & Redding, 2013:p.272; Rosser, 2014), it is not common for the Big 4 and mid-size accounting firms that were studied. Only two firms studied - one Big 4 and one mid-size - were said to be managed as a family firm. Two ex-managers of these firms mentioned that it was difficult or nearly impossible for an outsider to be an equity partner (18, 40), since that is reserved for family members who also practice in the same firm. This is slightly different from the Bangladeshi Big 4, where accounting dynasties exist (Spence *et al.*, 2016:p.17).

Client Portfolios

Among professionals in Big 4 and mid-size firms, there are various client preferences. Big 4 and larger mid-size professionals generally serve MNC, foreign subsidiaries, large national private equities, and listed companies. In contrast,

professionals in smaller firms tend to serve more local private equities. However, client ownership types do not indicate the size of the clients. Non-listed, local, private equities can be quite sizable, just like many large family businesses, but many still opt to be audited by smaller mid-tier firms.

Professionals have certain client targets or preferences based on client ownership (Tbk or non-listed; foreign or locally owned). This is found in all firm types - Big 4 (12, 20, 17, 40), mid-size (Partner 1, 6, 25, 27, 26), and local (28) - although not all managers or partners talked about this. A Big 4 director mentioned that his firm tended to avoid local companies, or only accepted local companies with a good reputation.

*From my understanding - from what I know - perhaps there is a "reluctance" to be associated with, for example, local companies whose financial capability is not good. So the question is actually: are they ready to be audited or not, the local companies? Thus, there is **a reluctance** to be associated with local companies. The concern is actually: do they have capability in financial reporting? Because, ideally, an auditor's job is only to audit, not help the clients make financial reports. That is what [it's] supposed to be. (Director 20, Big 4 firm)*

The above quote shows that certain local companies lack competency in financial reporting. Sometimes, these local companies grow accustomed to merely preparing financial reports that are incomplete and fail to meet standards, such as leaving the required disclosures in notes to financial statements incomplete. It is customary that auditors will occasionally help clients prepare disclosures based on the clients' data. This Big 4 firm employs more careful risk management system, where the top leaders will decide which clients to accept or not. In this system, they pursue clients as a pool at the firm level, rather than pass down the responsibility of getting clients solely to each partner. This indicates top-down, centred decision-making. The same firm also does not audit any SOEs, although an ex-staff-member of the firm's advisory division did mention that he had served a government bureau.

Another distinction among audit professionals is their preference, for or against, serving SOEs. Some SOEs require expertise in specific accounting treatments, which is uncommon among private equity. For example, accounting for seaport companies or national electric power companies, which are monopolised by the state. Most professionals who serve SOEs are graduates of reputable public universities - except for one partner, who graduated from a private university and specialised in financial institutions. It is commonly perceived that graduates of favourite public

universities hold important positions in the government - and in SOEs. Those who serve SOEs or regional SOEs mentioned that they have the right networks, which introduce them to potential clients.

We also give big projects to Branch A because they are the experts. One of the partners there - he was once the head of Indonesia's National Government Internal Auditor (BPKP). So, they are experts in auditing the government. (Partner 6, mid-size)

The above quote from Partner 6 shows that, his firm is composed of different branches within the audit division. In Branch A, another partner who was once the head of BPKP now audits SOEs and other government projects. In contrast, Partner 6 and other partners under the same branch do not serve SOEs, since it is the policy of the branch leader to not handle SOEs.

Preferences on certain industries are mainly driven by experience and specific networks that the professionals have been exposed to. Especially in the Big 4, staff members work in certain group within the industry and there is little chance to move into other groups, let alone move into another division (e.g., advisory). As a result, assurance division staff that initially joined the financial industry group will, after many years of service in the firm, become partners in the financial industry. Similarly, within a mid-size firm, some professionals will specialise in financial industries or other industries, based on their competence and networks. However, some mid-size professionals expanded their service into tax consultancy or other non-audit services. For example, this includes the Transfer Price Document (TP Doc), a new transfer price documentation that was just introduced in 2016. These new opportunities were made possible – but only if the professionals were keen to learn about new updates and regulations.

In Indonesia's audit profession, advertising is prohibited - at least during the time in which this study was conducted. Although KAP can still publish their firms' logos in certain publications, such as in yellow pages, they cannot advertise their services as a normal business might, such as by publicising certain fees for certain services. Big 4 firms with more resources can promote their firms through wider networks and activities, such as by sponsoring sport events or auditing large events pro bono. One of the Big 4 hosts a national business-related award - EY hosts Entrepreneur of the Year (EY Website) - while another firm, PwC in 2018, collaborated with the Global Initiative to host the Sustainability Business Award 2018 (PwC website). Finally,

a professional in one of Big 4 is actively involved in charity activities. Some professionals - both in Big 4 or larger mid-size firms - mentioned that they hold free seminars or workshops about updates in accounting standards, tax regulations, and specific industry regulations. To these, they invite their clients or potential clients.

Growth is a focus of most firms. Here, growth is viewed as survival goal. Interviewees in both Big 4 (10, 11, 20) and mid-size firms (13, 26, 14) spoke of generating revenue to serve a wider interest than just professionals' or firms' profit. For example, to provide better salary and bonuses for staff members, and thus attracting better staff and eventually growing the firms.

A: How important is it to generate revenue or profit?

B: I think, for [the] growth of [the] public accounting firm, it is important. [It] means that [we] can add staff. If does not grow, it will stay so-so, [and] how can the firm increase its size? I think, in the long term, its capacity as a public accounting firm [depends on having a] sufficient number of staff, [having] adequate infrastructure to help deliver the services, [and], of course, growth. How much is the increment of [the] staff's salary, for example? It's more or less affected by [a firm's] growth. If it is not growing, how can it attract talent? [How can it, if] the salary is not good, or the remuneration is not good, and so on? (Director 20, Big 4)

Above quote shows that the economic capital of Indonesian firms is different from the Big 4 in Japan (Spence *et al.*, 2017). For example, in Japan, the focus of the firm is revenue stability. In Indonesia, it is more on growing the firm, so that the firm can pay a better salary and, therefore, attract and retain better talents.

5.2. Social Capital

Professionals, both in Big 4 and mid-size firms, come from wide range of family backgrounds. Only few of the interviewees had family members who once worked or still work in public accounting firms. In fact, more than half of the interviewees (Partners 11, 17, 29, 41) were the first in their family to pursue careers in this profession. Not all interviewees talked about their family backgrounds, while others only mentioned that their parents were not accountants and did not offer further details. This is similar to the U.K., where accountants generally do not mention their family background (Carter & Spence, 2014:p.964). It might be because this profession is relatively new, with the first accounting association (IICA) just being founded in 1957.

The biggest portion was traders or entrepreneurs, which represented 41% of all who answered about their family backgrounds. The exception was two professionals,

who are second generation in the accounting profession. The background of other parents was entrepreneurs, employees in private companies, accountants (3), bookkeepers (2), civil servants, farmers, fishermen, sailors, barbers, and housewives, military officers, and worker in the movie industry or sales.

5.2.1. Internal Social Capital

In both Big 4 and mid-tier firms, promotion within the firm is based on performance. Staff members are promoted to higher levels based on their performance, aside from maintaining good relationships within the firms. Performance during the early stages of their careers is demonstrated by showing their technical skills in accounting and auditing. At senior and manager levels, this must also include project management skills. That is illustrated by the following quote:

Most important is [when] we are involved in important meetings. Usually, [a] partner will be there, [for example], planning events. Partners must attend those meetings. Usually, they will ask [about] general or specific issues related [to the] audit process. The more we understand, [then the better] we can give responses [to] their questions. The same [is] also [true] for [the] review process. [The] review process will look at documentation, [be it through] written or [face to face] discussion. From the written review process, actually, we could see [what the view of] a partner [is] towards his/her subordinates. Do they [i.e., the subordinates] fulfil [the] criterion or requirements to be promoted - for example, for a manager, to [the] next level? So, this discussion process is usually very crucial. Because this discussion usually relates with accounting or auditing issues. How they can handle [those issues]? Or, if there is a conflict [with clients because of a disagreement on some accounting or audit issue], how they can solve them? Or, in [the] case of [a] dispute, how they can solve [it]? (Manager 5, Big 4)

Performance here is not based solely on individual performance, but also on how well that individual works in the team. Good relationships among team members will enhance communication and teamwork. For example, this can include their inclination to update others on issues as soon as they occur, which is critical in managing risks and meeting deadlines. Interpersonal relationship at work is important. The more often people gather in an informal setting, either during or outside of working hours, the better the communication flows among members of the teams. Therefore, it is common to have informal social activities that could strengthen the bond in the team or within the firm. For example, this may include an annual company social gathering, breaking the fast together during Ramadan month, an outbound trip to the countryside, or an outbound trip abroad, depending on the position or level of professionals involved.

Sometimes, managers or team leaders initiate activities to build good relationships among their team members. This may include a dinner to celebrate a team member's birthday or watching movies together.

It is important to get support from partners to be promoted as a partner, both in Big 4 and mid-tier firms. Support from partners is gained by accumulating trust through exposure and experience working on audit assignments with the same partners. That process will reveal if a manager or a senior manager embodies the right cultural capital – which is composed from technical capital, business development skills, and communication skills (See Section 5.3. Embodied Cultural Capital). Do they fit as partner material? This shows that embodied cultural capital will develop stronger internal capital from partners. Support from partners is equal to lending a helping hand to a manager to step up to the next level. It represents a patronage system, where a “dominated” would never ascend without approval from a “dominant” agent suggesting that a partner is groomed or made.

Support from partners may include opening access to external networks, where a manager can then later develop their own social network. Secondly, by involving managers on more assignments to enrich and accumulate greater technical expertise. Lastly, it will include building teams, since staff members are an important element for senior managers to show that they are ready for partnership. This is illustrated by the following quote:

So, [for a] senior manager (SM) to become a partner: first, [the] SM must sell, which is not an issue for me. [It sounds like] boasting, right? But it is true; even the partners already noticed that about me. Second, [the SM] must start to build a team. [This] means that a SM who wants to be a partner must have two or three managers under him/her. There is no [formal] policies mentioning this, but at Indonesian [firm's name], partners would say, “But under him/her, there are no managers at all”. It would be challenged by partners. Because this is partnership, right? So, for someone to join the partnership, other partners must agree [on that new partner's admission]. So for those who are willing [to be a partner], he/she must start to choose who will be our promoter. Usually, this partner will be the one who help[s] us to [expand our] portfolios, so we could be a partner. (Manager 38, Big 4)

But who knows that in the process of writing my thesis [while working at the firm], Pak [a prominent accountant's name] introduced me [and] included me in the meetings. (Partner 11, Big 4)

Internal social capital in Indonesia is generally related to individual performance. This includes working in teams; managing projects; and maintaining good

relationships with staff members, colleagues, and superiors around them. This requires having and using the right embodied cultural capital. This element of teamwork - where a superior supports his/her team members, and gains support from partners in building a team - reflects a patronage system.

Emphasis on performance is similar with Big 4 firms in Canada, the U.K., and Spain (Spence *et al.*, 2016). Here, performance will lead to career promotion. However, in these Western countries, the harmony of internal relationships is not that important. In Indonesia, being individualistic is not acceptable; rather, individuals are expected to work in a team. This is different from the Big 4 in France (Spence *et al.*, 2016:pp.11–12), where France's internal social capital is inherited from educational capital in the form of university background – specifically, by being graduates of *grandes écoles*. This will confer a privileged journey to partnership. Meanwhile, in Indonesia, internal social capital is accumulated from showing technical skills and other embodied cultural capital (such as managing good relationships with staff members and displaying communication skills).

Internal social capital in Indonesia is different than in the Big 4 firm in Bangladesh (Spence *et al.*, 2016) and France (Spence *et al.*, 2015, 2016). Internal social capital in Bangladesh is linked with social background – specifically, in being a family member of the firm's "owner" (Spence *et al.*, 2016:p.12). In contrast, internal social capital in France is related with educational capital, where graduates from *grandes écoles* are more likely to be allocated big client assignments (Spence *et al.*, 2015, 2016). Finally, in Indonesia, it is accumulated through performance by exhibiting technical skills and other embodied cultural capital.

This is slightly similar to Japan (Spence *et al.*, 2017:p.90). Here, the internal harmony of the firm is important, but Japan's strong patronage relationship (*oyabun/kobun*) is not that evident in Indonesia. In addition, in Indonesia, staff members should display a good relationship not just with one partner, but with all managers and partners they work with. Moreover, strong seniority in Japan means that competition is restricted to the same *douki* (year of joining the firm), but not across *douki* (Spence *et al.*, 2017). This was not seen in Indonesian firms, where Big 4 staff members who join later could be promoted earlier than those who joined first.

5.2.2. External Social Networks

Professionals in both Big 4 and mid-size firms agreed that building good relationships with clients is important in a service-based business. It will ensure that clients stay with them. For example, a Big 4 manager (38) mentioned that she still sends holiday greetings to her old clients, even those who are no longer clients of her firm. A manager in a mid-size firm mentioned that he does sometimes meet casually with his clients for a coffee to have chats. A Big 4 partner mentioned being invited to the wedding of a client's child. Two Big 4 interviewees in advisory division, who currently serve or previously served SOEs clients, mentioned that good relationships are essential for SOEs clients. SOEs clients tend to value *silahurami*, *ramah tamah*⁴⁷, which is not only based on work or attaining goals.

[In private equity] they see the quality of work - what is the quality of the consultancy? Is the quality good? Could it meet [the] timeline that has been agreed [to] before? So, they are more results-oriented. [If] they see [that] the result is good and meets the deadline, there is already [a] good relationship. But, it is slightly different when we face clients like SOEs. Perhaps for SOEs, the result is important. Of course [the] result is important - because SOEs are audited by [the] Audit Board of The Republic of Indonesia (BPK), monitored by the state. So, as a consultant, we have to focus on the results. But, apart from that, I can say that - compared with private equity - this type of SOE client has characteristically preferred if the consultant not only talks about work, but also maintains [a] relationship. For example, silahurami, ramah tamah. For example, we do not have projects with them at that time - perhaps just finished it - but we still take time to sometimes visit their offices, just to say hi or chit-chat. I observed that it is a tendency for SOE clients; these things matter. It does matter. We maintain good relationships. We do not only focus on the work; we also build good relationships with them, [since] it is important for them. (Senior Manager 3, Advisory, Big 4)

The above quote conveys a clear message about the differences in approaching relationships between private equity and SOEs, as experienced by an advisory professional. Perhaps this indicates a more flexible habitus, liberated by the constraints of regulation as experienced by auditors.

Beyond their roles as partners in public accounting firms, some professionals are involved in teaching, active in professional accounting bodies, or are members of audit committees or boards of commissary for different companies. Previously, former prominent accountants were involved in teaching at universities, writing books, and

⁴⁷ I.e., hospitality, a way which highly emphasises relationships

actively participating in professional accounting bodies for both IICA and IICPA) (See Table 5.2).

There are various ways for an accounting professional to be involved in teaching at university. First, it may include teaching accounting modules at a Professional Accounting Education Program (PPAk), undergraduate program, or Master's degree programs, where they work as a part-time or guest lecturer. Secondly, it may include teaching in CPA examination revision classes (CPA Review), which are offered by some universities⁴⁸. Involvement of an audit and accounting professional in teaching will elevate the study program's prestige, and sometimes it would be printed in the marketing materials.

Some senior managers and partners in both Big 4 and mid-size firms in Jakarta joined business associations and golf memberships. This was unheard of among Surabaya's interviewees.

[For] networking, I must make friends. If I can, I will join sport clubs or any associations I can, because it [has] happened many times [that] I got clients while I did exercises - usually golf [or] playing tennis. Sometimes when I [was] fishing, [I] also got clients. That was [my experience]. (Partner 24, mid-size)

In contrast, a Surabaya partner mentioned that he does not have any social activities apart from going to church or meeting up with friends. Some of Surabaya's partners (29, 32, 27, 26) do not participate in other professional or social clubs. They mentioned that they did not get any clients from business associations, since auditing is more about trust.

A: For networking, do you have to invest time in getting to know people - perhaps you can harvest fruit one day?

B: I did in the beginning - around 2003, perhaps until 2007 - when I was still at regional in Surabaya. At that time, I joined [the] Indonesian Management Association (AMA); now they still have events. The programs were interesting. We would meet once a month. There were speakers of top people from Jakarta with various topics - economics, marketing. We came and there was socialisation [where] we could meet people. But, frankly, I never got clients from there. I'm also not a person who [can] easily chat to [get to] know people, no. I did joined AMA, but I did not get market [i.e., clients] from there. But now, it all depends on my resources. Now, I tend to build relationships with existing clients, because my clients are [from] groups, so from there, [I get] more [entities from the same group]. It also happens that ex-clients from a few years ago then become clients. So [I] keep in contact. What is important is [that] I take care of these, rather than build relationships from zero. This is what I do now.

⁴⁸ There is a requirement that at least 40% of the instructors in a PPAk program be professionals, according to IICA <http://www.iaiglobal.or.id/v03/ppak/detail-3> last accessed on 20 September 2019

[...] A: *Do you join sport clubs?*

B: *No, no. If I did want to join, there is a famous fitness centre at Hotel A; all [the] bosses are there. But [I'd] rather [not] waste my time there. (Partner 27, mid-size)*

The above quotes indicate that, in Surabaya, trust plays an important role in getting clients, especially when the clients are not publicly listed companies. In a system with relatively low corporate governance, financial reports can potentially be a tool of blackmailing or misappropriation - for example, by a corrupt tax authority official or a corrupted bank credit offer to get personal gains (Kartikahadi, 2010:pp.108–110). Here, it is important whom these non-listed companies entrust their financial reports to. For this Surabaya's partner, maintaining existing clients is more important than trying to get new clients through social activities. However, it could also be that, in Surabaya, there are not many professional associations - unlike in Jakarta. In fact, a mid-size audit partner mentioned that the most effective way of marketing is through his existing clients, who are satisfied with his service.

Working Beyond the Firm: Teaching in University, Active in Professional Bodies, And Members of Audit Committees

Beyond their roles as partners in public accounting firms, some professionals are involved in teaching, active in professional accounting bodies, or are members of audit committees or boards of commissary for different companies. Previously, former accountants were prominently involved in teaching at universities, writing books, and actively participating in professional accounting bodies for both IICA and IICPA. To preserve the anonymity of interviewees, Table 5.2 instead displays well-known older generation accountants (who are now already retired) and their activities beyond the accounting firms.

Professionals teaching in universities are not new. This was perhaps motivated by 1961 Law No. 8 on Wajib Kerja Sarjana (WKS). It regulated that, among others, graduates of an accounting education (and who passed the accounting professional examination) had to work for the government for three years.

Some of the accountants - for example, Hans Kartikahadi, who graduated in 1965 from The University of Indonesia (*Universitas Indonesia/UI*) before starting his own professional career - chose to teach at UI. In total, he has taught at UI for more than

40 years, while also working as an accountant. He admitted to realising that the quality of a higher education institution had to be supported by volunteers who were willing to sacrifice time and energy to be “*tanpa pamrih*”⁴⁹ - teaching staff (Kartikahadi, 2010:pp.21–23). Kartikahadi recognised himself as among very few people who had the privilege to access higher education at that time. Since teaching was also his passion, he used his knowledge to contribute to the betterment of Indonesia’s economy - specifically through accounting education. On the other hand, it was obviously a mandatory requirement to adhere to WKS, which would bring consequences if defied. A stark moment of self-reflection is found in his willingness to serve Indonesia’s accounting education long-term. At that time, WKS only required three years, but he kept teaching at UI even while his expertise was very much in demand – and thus highly valued economically - in the profession, rather than in the university.

This is evident by his word selection of *tanpa pamrih*, suggesting that he did not calculate if the economic benefit matched with the effort and hours he spent. *Tanpa pamrih* is normally used to describe, among others, someone who helps others without calculating if they will get something in return. This is the opposite of the modern mind-set, where time is equivalent to money. In this modern thinking, professionals are more likely to spend their time in a more productive and efficient manner in terms of economic return in the future - either directly or indirectly.

Table 5.2. Example of Prominent Accountants and Their Involvements Beyond Accountancy Firms

Prominent public accountants	Other Activities	Accounting firm
Drs. Basuki T. Siddharta	<ul style="list-style-type: none"> • One of the founders of IICA in 1957 	KPMG
Theodorus M. Tuanakotta	<ul style="list-style-type: none"> • Book writer on the history of the accounting profession • Active in professional body IICA in preparing generally accepted accounting standards; committee member of IAI-SAP⁵⁰ (Public Accountant Section of IICA) • Lecturer in post-graduate program at <i>Universitas Indonesia</i> (UI) 	Deloitte
Hans Kartikahadi	<ul style="list-style-type: none"> • Book writer of a memoir on the accounting profession • Active in the professional body IICA in preparing generally accepted accounting standards • University lecturer at UI 	Deloitte

⁴⁹ I.e., without ulterior motives

⁵⁰ IAI-SAP then became IICPA

Mustofa	<ul style="list-style-type: none"> • Book writer of “Branding of Public Accounting Firms” and “Modern Management of Public Accounting Firm” • Active as a committee member of IICA • Founder and lecturer of an accounting degree program at <i>Universitas Brawijaya</i> 	Deloitte
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Source: compiled from many sources

Other teaching opportunities include positions as a keynote speaker on accounting or audit topics in some workshops or training events, which are occasionally held by universities. That’s not to mention being a facilitator or instructor in training or workshops on accounting or audit topics at Continuing Professional Education programs (CPE) held by IICA or IICPA. IICA members - which consist of professional accountants, tax accountants, and educator accountants - must attend CPE for a minimum of 30 credits per year⁵¹.

Moreover, some professionals in mid-tier firms are involved in the audit committee or board of commissary of Tbk companies. Growth of capital market in recent decades has opened opportunities for accounting professionals to take part in the corporate governance of the listed companies, at least in adherence to the Indonesian Company Law No. 40 of 2007. A Big 4 partner (39) mentioned that his firm does not allow partners to be on the audit committee nor board of commissary. An example is found in quotes from Partner 39:

A: Is there any plan to extend your career in the future? For example, on an audit committee or the company’s board of commissary?

B: Yes, I would like to be [on an] audit committee [or] board of commissary. But in our firm, it is not allowed. I know, I don’t know whether it is also not allowed in other Big 4s, but in [a] second-tier firm, I know some of [the] partners are [on the] audit committee [or] board of commissary in other companies. (Partner 39, Big 4)

The above professional indicated his interest to be on an audit committee, which was not allowed by his firm, at least while the professional was still an active partner in the firm. The professional then mentioned that it was at least allowed by some mid-tier firms. This was confirmed by a mid-size partner (6), who said that one of former Big 4 partners was a board commissary/audit committee member when this partner retired from Big 4. Likewise, a mid-size firm partner (18) mentioned that he was a member of an audit committee.

⁵¹ Website of IAI <http://www.iaiglobal.or.id/v03/PPL/tentangppl> accessed on 28 September 2019

Teaching and Technical Expertise

A portion of the interviewees - both in Big 4 and mid-size firms - built social networks from teaching or technical expertise. Some professionals teach at universities or trainings and workshops offered by IICPA or IICA (the professional associations). Teaching has brought some economic benefits to the professionals.

For example, [when] teaching in a Master degree program in X [a well-known public] university, the students are perhaps Head of Division or Head of Accounting and Finance, right? Surely [they are] not fresh graduates. That is your chance. Secondly, for example, [by] joining IICA - as a facilitator, a trainer - IICA often has [events]. The participants are financial people [from] the companies. You can build your network there. But this needs additional time, apart from your routine work. That is what happened with me. So, without realising it, actually, teaching is very powerful, because my students 15 years ago now all become managers. (Partner 11, Big 4)

In Bourdieu terms, teaching that relies on technical capital - on skill, knowledge, and experience with accounting, auditing, taxation, or business - is equivalent to embodied cultural capital. Exercising the embodied cultural capital through teaching provides contact with the specific recipients of the skills and knowledge: university students of accounting. Or, in the case of teaching professional courses or training/workshops held by IICA, this means accounting professionals who work in the industry.

Interviewee 11 admitted that, in the beginning of her career in teaching, she did not realise that teaching would support her professional career as a public accountant in bringing in clients. In her case, as a teacher in one of the top public universities in Indonesia, her former students now occupy managerial positions. As time passed, the embodied cultural capital was converted into economic capital through referral jobs. That's because Partner 11 is currently a prominent accounting and audit professional in her field. Likewise, her clients are in some of the public enterprises, so the audiences of her teaching matches well with her market segments. Graduates of this university are known to work in reputable public enterprises, large multinational companies (MNCs), and large banks.

If I am a member of IICPA, I only meet other auditors. While in IICA, IICA is more general, right? Sometimes, I am also a speaker in IICA; I prefer that because people know about me. "Oh this is the 'so and so.' Which one is she?" So that when they need, for example, [an] audit, they can contact me. That is one that is quite different. For example, later, I would speak in [the] Tax Corner [about] tax and accounting issues. I expect that, besides the educator accountants, there are [some] companies who attend, [because] socialisation [in tax and accounting issues] is tough. (Partner 31, mid-size)

Seminars and workshops are also a forum to deliver knowledge and updates on accounting and tax issues. Apart from seminars and workshops from IICA and IICPA, the two main accounting associations, there are forums held by other institutions. For example, IICA offers in-house training for companies on the topics of accounting standards, management accounting, financial accounting, auditing, and taxation⁵². This means that accounting and audit professionals with several years of experience and up-to-date practise have the chance to teach in this type of workshop/training. One of them is Partner 31, as seen in the above quote.

In Indonesia, more diverse ways of approaching external social capital are found. It depends on the preferences or tendencies of clients, as some prefer a relationship-based approach – as shown with SOEs - while others focus on trust while keeping interactions strictly professional - such shown with non-listed private equities.

In general, external social capital is independent from professionals' educational background. However, it could help in the case of SOEs or government clients if the professionals graduated from favourite public universities (UI, UGM, ITB, and IPB). These university graduates are well-known to hold prominent positions in various civil service institutions and SOEs. In this particular case, it is similar to France (Spence *et al.*, 2016:pp.11–12) - though not in the broader sense. In France, external social capital is heavily related to educational background, especially when graduating from elite schools (*grandes écoles*). These French professionals are more likely to be employed in larger clients assignments (Spence *et al.*, 2016:pp.11–12).

5.3. Embodied Cultural Capital

This section reports on values that are placed on different kinds of embodied cultural capital accumulated by professionals from Big 4 and mid-size firms. It includes technical capital, business development skills, and communication skills.

5.3.1. Technical Capital

I found that, for some professionals, embodying technical skill will indirectly help in getting clients. Specifically, technical capital in the form of teaching and involvement in accounting standard boards (DSAK), or in accountancy bodies, both

⁵² IICA website <http://www.iaiglobal.or.id/v03/PPL/IHT> last accessed on 9 October 2019

IICPA and IICA. Technical excellence in accounting and auditing expertise is an important factor to be promoted to a partner level, for both Big 4 (Partner 39) and mid-size firms (Partner 18). Partner 39 mentioned that technical skill is placed above marketing skills when he stated the characteristics of a partner. This Big 4 partner also mentioned that his colleague was promoted to partner because of his contribution in the IFRS convergence in Indonesia. Clearly, involvement in the IFRS convergence process depicts excellent technical skills. Similarly, Partner 18, a senior partner in his firm, mentioned that technicalities are the main job of a partner.

A: [When someone is going from [a] manager level to [a] partner level, what interpersonal skills could support them?

B: Firstly, for sure, technical skills. They have to have strong technical [skills], then, secondly, interpersonal skills. Wait – firstly, technical and, secondly, marketing skills - because they have to get clients. And thirdly, what [is] important [are] interpersonal skills. (Partner 39, Big 4)

Capabilities that a partner must [have?] Well, people think a partner has to be good at auditing [and] accounting. Actually, a partner must have technical skills. Because [that] is his main task. (Partner 18, mid-size)

The above quotes place importance on the technical capabilities of a partner. Clients, who often ask technical questions to auditors, expect that the professional will know everything. That's perhaps because the client's accounting staff members are not always professional accountants, nor members of an accounting body/IICA. Therefore, they are not up-to-date with accounting standards. Therefore, clients often expect an update on technical matters from auditors. Likewise, many firms - both Big 4 and large mid-size - provide technical newsletters to clients in accounting standards, taxation, or industry updates.

Technical skill is also one feature that distinguishes a real partner from a fake auditor, who will not be as up-to-date with accounting and audit standards. There are consistent changes in accounting and audit standards that must be followed by professionals. This is especially crucial for those who obtained their credentials some years ago, when many of the standards were not as rigid as the current times. For example, one must consider the introduction of IFRS and the convergence of the Indonesian Generally Accepted Accounting Standards (PSAK) into IFRS, as well as Indonesian audit standards and international auditing standards. Thus, demonstrating understanding and knowledge on technical areas shows the professionalism of audit partners. Certain interviewees also lamented that individuals who attend the same

training by IICPA sometimes fall behind on their technical knowledge. This is perceived as shameful to the profession.

In more general terms, the habitus of professionals to learn new things will widen their opportunity for business development. This may be in terms of exploring different industries – except for the financial industry, which is more rigid and highly regulated - or in learning other services, such as in taxation. This openness and flexibility to embrace broader knowledge and expertise rather than specialisation can give a professional opportunity to explore and finally become an expert in other industries. That can be valuable in firms where the focus on certain industries is not as structured as in the Big 4. For example, a mid-size firm manager who serves shipping companies, after some time, will become familiar with the industry. As such, she will often be referred to handle clients from that industry in her firm.

The inclination and capacity to learn other types of services also enables a professional to create a market for him/herself. This is demonstrated a mid-size professional (Partner 35) who just learned about the TP Doc and has now made the TP Doc one of his main services, apart from auditing services. An audit partner (29) who took a tax consultant examination and just recently held a BKP A and BKP B [i.e., national tax consultant credentials] has widen his services not only in audit and accounting, but also in taxation services for individuals or corporations.

Independence and integrity were a theme discussed by interviewees from all types of firms - Big 4, mid-size, and local. Professionals talked about auditor independence in the form of not offering other services to audit clients. Moreover, professionals mentioned their relationship with clients as strictly professional and work-focused.

A: [In a] relationship with [a] client, is it very critical [to have] independency?

B: It is [strongly] emphasised in our firm that building relationships with [a] client is very important. We do not want [it] to be assumed that our independence is disturbed because of our close relationships with clients. It's tricky; we have to maintain close relationships with clients, but we also cannot be seen by external parties as being close in the sense that can raise questions about our integrity, ethics, and independence. So, for example, if we accept a gift from a client, we have a policy. There is a cap for a certain maximum amount, so if the gift's amount exceeds that, then we better reject it. (Partner 39, Big 4)

The above quote from Partner 39 shows that it is challenging to build good relationships with clients while still maintaining a professional stance. He mentioned

that it is common for clients to give gifts to an auditor, and it is allowed if the gift's value is below a certain threshold. The professional did not specify whether the gift is a parcel, or *oleh-oleh*⁵³. The most favoured business gift is a corporate 'parcel' that contains food items, which is given during big religious celebrations - for example, *Lebaran* or *Idul Fitri* [Eid al-Fitr], a big Muslim celebration, and Christmas. It is common for high-ranking members of a company or institution to receive many parcels⁵⁴ from suppliers and colleagues during these events. However, relationships that are too close or friendly with clients, as explained in Communication Skills, is undesirable and avoided by audit professionals in both Big 4 and mid-tier firms. Otherwise, it will bring negative consequences for audit professionals and potentially be seen as lacking independence.



Figure 5.1. Example of 'Parcel' for Lebaran

Integrity manifests in a variety of ways. Firstly, although achieving revenue targets is important, many audit partners in Big 4 and mid-size firms select and filter clients at the client acceptance stage. The professionals in Big 4 and mid-tier firms only accept clients who will not endanger their professional reputation, since they know the behaviour of some local businesses. More specifically, certain professionals will not accept clients who are looking for cheap fees (12, 26), only accept those who want continuous improvement (12, 6, 28), only accept clients that have decent capability in

⁵³ I.e., a small souvenir, usually brought to colleagues, family, or friends when someone returns from a trip out of the city or out of the country.

⁵⁴ Based on Law No. 20 in the year 2001, civil servants who receive gifts/parcels up to certain amounts are required to report the gratuity to KPK

financial reporting (20), and only accept clients who have a management team that is committed to integrity or ethical business practices (Partners 1, 25).

[For a client that does not have integrity,] we will let it go before it brings danger to us. If something happens - for example, if there is [a] review from MoF if the client is Tbk, or review from the taxation authority - we will be involved [in it] indirectly. So [we] have to be selective [about clients]. A client's integrity is also important. For example, I have a prospective client, a client [that] wants to be audited - let's say PT A. We find information: this PT A works in which business? Who is the owner? What is the track record? If we know "this" [business] group [is] quite brave in "that" [i.e., taking risks, being more open to bribery, or other unlawful connotations] ..., then we know that if we accept the job, we surely will face [that problem]. So [we] have to check the client's background. Who were the previous auditors? Why [did this client] change auditor? We have to know that. (Partner 25, mid-size)

I think, no - clients who are looking for cheap[ness] but not quality are more likely [to] bring us difficulty. We do not want to take those clients. If there is client [who says], "Oh I got 20 there, but you offer 60", I would let [them] go. This person is included in [a] low category, [so don't] bother to take [them]. We don't need to take it. Because he, by asking [for] a low fee, does not want [a] public accountant. It's only for a requisite. [The] financial statement [is] surely not good. There is a similarity - [a] harmony - between the fees he wants and [the] quality, just like instant passport photos are [for] people who want cheap [quality]. (Partner 26, mid-size)

The above quote from Partner 25 portrays his awareness of risks when accepting clients that are too brave in their business actions. His awareness is then translated into his habitus, which involves performing background checks and analysing the client's risk profile before accepting them. Likewise, the quote from Partner 26 shows that clients who seek cheap pricing and quick results in just a few days are bad clients who generally lack the capability to produce proper financial reports. Audits are risky, since the work entails giving an opinion based on audit procedures performed via sampling rather than through the whole records. Unscrupulous clients, who most likely hide improper transactions that might not be detected by auditors when using sampling, will likely pose a higher risk to auditors. On the other hand, a client whose management is committed to integrity will more likely prepare financial statements properly without hiding significant information. That is an ideal client for an audit professional.

Secondly, many professionals in Big 4 and mid-size firms talked about standing by their opinion and not following clients' wishes. After all, some clients have a mind-set that audits are only mandatory and have no value – it is only ticking a box. As such, a firm standing of audit integrity could be the result of no strong law

enforcement for the proper financial reporting of clients, apart from the taxation authority.

*B: For us, internally, if we have completed the process, we will **stand by our opinion**, whatever the consequences will be. **If we lose the client, we lose the client**, but, in that case, [it has] already been consulted [i.e., been escalated] up to the managing partner.*

A: So, you will take a stand, even if you might lose a client?

B: Yes. As a firm, we already have one [i.e., unanimous] voice, otherwise we will have to settle internally first [i.e., a lengthy debate process internally at the firm to ensure that the firm has one voice, since this is a big client of the firm]. There are many examples, but no need to mention who the clients are. The last client was X [i.e., a large national company] - don't look [only] at the end result. The pressure [from the client] had been discussed half a year or a year before, where the client felt that they did not have to apply a certain IAS [International Accounting Standard]. So, if we stand [by our] qualified opinion, they will have a problem [i.e., the client's profit will be affected] ...So when we decided it [i.e., to issue a qualified audit opinion], we know it could be concluded that we are ready to lose the client. (Partner 17, Big 4)

So, in general, people view this firm as very reputable. On the other hand, people see us [as] arrogant. Because "you know too much, so you don't want to listen to other people. [You are] less flexible, right?" Because we talk about rules. We have to be a judge, right? Not an accounting consultant. Being an accounting consultant is easy, right? (Partner 17, Big 4)

This shows that professionals in the Indonesian context make up for the lack of a formal regulatory regime by imposing their own professional norms to ensure good governance. Such views were echoed in the discussion of partner promotions:

B: [Confirming a question asked by the researcher:] What are [the necessary] characteristics to be a partner?

A: Yes.

B: Those who have ability. Whomever we promote as a partner, she/he must, firstly, at least have professional proficiency. Secondly, his/her mental attitude - attitude and mentality - is important, because [an] auditor is not only [professionally] proficient, but must also have independency, integrity, [and] objectivity. (Partner 26, mid-size)

The above quote from an equity partner shows the importance of moral attitude in promoting a (salary) partner in his firm. Promotion in this firm does not only depend on business development skills.

Some partners - both in Big 4 (Partner 17) and mid-size firms (Partners 22, 24) - mentioned the possibility of someone who is technically excellent to be a quality

partner. Meanwhile, Partner 17 mentioned different roles needed in a body, which suggests that even technical skills are needed to run the organisation.

A: For example, for [the] next potential partner, will they be supported to build their networks?

B: Yes, some will be supported, some will not, because [we prepare] two types of partners. I observe this partner is a typical office person; he/she cannot socialise or [is] just so-so, typical of [a] nerd, so this partner, I will prepare him/her in quality control so he/she can review, should we have any cases. And [then] there is a partner who can socialise - he/she is "supel"⁵⁵. We will prepare him/her [to be a partner]. (Partner 24, mid-size firm)

Technical skills are important for individuals in Big 4 and mid-size firms in Indonesia. However, there is a variation on the emphasis of technical skills, depending on the firms. Technical skills and ethics can distinguish a real professional from a fake auditor, who has not yet updated nor applied recent standards. With that said, technical skills alone, in general, cannot help in developing firms. As such, technical skills together with business development skills and communication skills will smooth out the path to becoming a partner. This is slightly different from the Big 4 in Bangladesh (Spence *et al.*, 2016:p.14) and Japan (Spence *et al.*, 2017:pp.85, 91, 94) in that, with both countries, technical capital is placed above business development skills. This is different from the Big 4 in China - where technical skills are subservient to commercial skills (Spence *et al.*, 2017) or in the U.K., Canada, and Spain, where technical capital in the form of accounting and audit expertise are not only subservient to commercial skills, but are also seen as negative symbolic capital in a partner. The varying importance of technical capital is in line with what was found by Friedman and Laurison (2018), who stated that technical capital is more valued in certain fields than in others.

5.3.2. Business Development Skills

Interviewees from the Big 4 (Director 20; Manager 3, 36, 9; Partner 40) mentioned the importance of a partner having business development skills and generating revenue. Business development is a factor needed at manager and partner levels.

So, at the end of the day, [to] become a partner, here as what I say: here is [an] equity partner. [When] you become a partner, you are an equity partner. You are a shareholder; if in a limited company, you are a shareholder. And when you are a shareholder, you think about how you

⁵⁵ I.e., flexible

grow your business - make your **business profitable** – but, at the same time, manage the risks. (Partner 40, Big 4)

*Of course, when they promote [people] to the upper level, actually, they will look at the **business target**. It means we would like to grow “this” much; is this person “fit” for that? For example, he is expected to **generate new business**. (Director 20, Big 4).*

Likewise, certain mid-size firm interviewees (Partner 13, 25, 24, 18; Manager 34) mentioned the importance of business development skills. For example, Partner 13 revealed that meeting revenue targets is one main criterion for promotion to a partner.

A: Bapak, you already passed various career stages here. What contributed to the promotions?

B: Promotion to the highest level is usually based on [the] client portfolio. If our client portfolio does not meet the target, if our portfolio falls below the target, perhaps it would be difficult to be promoted to [the] next grade. (Partner 13, mid-size)

In some Big 4 and large mid-size firms, target revenue is incorporated into a formal evaluation, as one of the Key Performance Indicators (KPI). However, no interviewees mentioned any specific monetary amount they had to achieve or the amount of profit per partner. It seems that the pressure of getting revenue at a partner level varies from firm to firm. For example, in one Big 4 firm, the pressure of getting clients is shared at the firm level, rather than pushed to everyone.

A: And what is done [by a manager] to achieve the [revenue] target?

B: Actually, in our firm, we still [use] the principle of “gotong royong”. This is what I like about this firm. I think there are good things and bad things; our colleagues here said [that] this is still the best business model for us. Which is, we pursue clients “bareng-bareng” [i.e., together] - I don’t mean that all partners “bareng-bareng” [i.e., at the same time], but we pursue as a pool, led by [the] head of auditing. Once we get clients, we will allocate [them] to partners. (Partner 12, Big 4)

The above quote shows a rather traditional approach, where burdens are shared by the group, instead of relying on each individual to take their own initiative. This firm was mentioned by another Big 4 interviewee as a family firm, but this is not confirmed yet by any of the firm’s interviewees.

While business development skills are important, young partners at two firms in Surabaya were not that adept in selling, nor were they involved in marketing. A partner of these firms mentioned that their young partners typically got clients allocated to them from the senior partners. This Surabaya firm has acquired a reputation locally

in Surabaya, even with its local firm name. Its founding partner teaches in a public university in East Java.

From my experience in these ten years, I have promoted three people to be partners, even though their status [is what] we call salary partners. They learned to get clients, but [their] clients are still from this firm. Clients come to our firm - like what I've said, we do not [go] "knocking on doors". We do not "knock on doors" to introduce ourselves. Clients come to us, we get them, [and] then I distribute [the clients] - "Come, my partners, who would like [the clients]?" The fighting partner, who [says] "I am a partner, I would go outside to get clients" - I don't have those kinds of partners. My partners, because they were groomed from junior [positions], they are partners who work. So, when I get [clients], then I will give [them to my partners] and they will meet the clients. But, sometimes, it is still me myself who has to go to some of the closing meetings - but they are learning to do it. (Partner 32, mid-size)

The above quote shows that Partner 32 generally has clients who come to his doorstep, allowing him to share the clients with his managers. Therefore, some young professionals were promoted to be partners, despite their lack of selling skills or experience in getting clients. This may be possible because of an increasing number of clients, since, at the time, there were very few foreign affiliated firms in Surabaya to compete with his firm.

Some Big 4 interviewees (Partners 11, 17) mentioned a different level of pressure to bring in clients, which varied between the audit (or assurance) division and other non-assurance divisions, such as advisory. This is illustrated by a following quote from Partner 11:

A: At [a] manager level or up, does he/she also perform marketing?

B: Yes.

A: Not-

B: Not only delivery.

A: Not only delivery?

B: Not only delivery. But the level [of marketing] is different between [the] audit and advisory [division]. In auditing, there is still a portion for marketing, but not as strong as in advisory. In advisory, starting from associate, there is a sales component. When the associate meets people, he/she has to [have a conversation], "I am from this firm, I'm in the advisory [division], I usually do 'this'". Although only to that extent - to introduce who he/she is - he/she has to [be keen] with selling, in the case of advisory people. At audit, [an] associate never thinks of [marketing]. Later at [a] manager level, [he/she will] start to think of that matter. As [an] associate [in the audit division], you only have to be able to work until evening, overtime until 1 am or 2 am. [If you can do that,] you will be recognised. (Partner 11, Big 4)

The above quote indicates that there is a distinct division of characteristics for professionals in audit and other non-assurance divisions. The audit profession is still

less focussed on marketing, especially when compared to the advisory division. In this case, audit practices in Indonesia are what Bourdieu terms as less dominated by the economic field, unlike advisory. In Indonesia, a public accountant can perform consultancy works so long as this is not offered to an audit client. Some audit professionals view audit work as too risky, while consultancy work is easier and earns more money.

Business development skills are important for professionals at the top level in both Big 4 and mid-size firms - although some exceptions are found at two firms in Surabaya. The importance of development skills is slightly similar to the Big 4 in Canada, the U.K., Spain, France, and China (Carter & Spence, 2014; Spence *et al.*, 2016, 2017). However, in Indonesia, generating revenue is driven to grow a firm, to pay better the staff, and to provide quality. Clearly, generating business in Indonesia is more important than in Japan and Bangladesh; that is because, in Bangladesh, the market of the Big 4 is small, while in Japan, there is little focus on getting new clients - except for Arata (Spence *et al.*, 2016, 2017). Business development skills are also important for professionals in Indonesia, where many opportunities to gain clients are driven by the introduction of new tax regulations and policies.

5.3.3. Communication Skills

Communications skills, both with clients and staff, are essential for accounting professionals in Big 4 and mid-tier firms to be successful. Professionals must communicate with clients confidently and show their competence, which will convince the clients to use their firms. Communication with clients begins at the staff level, such as when requesting data (Partner 11, Director 20 – Big 4, Partners 6, 27, 32 – mid-size). At higher levels, a professional in the Big 4 must also communicate about menial issues, such as changing staff because of a high turnover (Partner 30 ex-Big 4, Partner 39), or communicating possible delays in a deadline because of the client's actions (Partner 39):

A: What do you mean by “demanding [clients]”? Do you mean like the above example, that they expect more findings - or what?

B: Yes, usually like that. Usually, they expect more, then they compare [that] with the last year. For example, last year, the manager and senior were good, but they resigned, [so] we replaced [them] with a new manager and senior. The client did compare [that] with last year, which was good, [but] this year is less good. Then, for example, if the deadline will be delayed by one or two days - in fact, sometimes [it is] not because of our mistake, sometimes [it is] because the clients give data too late - they [will] still demand, “Okay, you still cannot finish later [than the planned deadline]”. That is an example of demanding clients. Some clients can understand. For

example, [if] they gave us data a week later [than planned], then the audit work will also be affected - late by a week. Yes, but some clients ngotot⁵⁶ - [they] did not want to know. "I give you [data] a week late, but my deadline will still be on time". So, in this case, I would tell my manager to communicate not only by phone, but also by email, that, "You gave us the data late by one week, so maybe our deadline will be delayed by one week". However, I told my manager that you also [have] to add, "But we [will] try our best to keep the deadline [as planned]". We will still do our best; if it could not be achieved, at least they already know. And, usually, one way I try so that clients are not angry: I make a phone call to them. Because [in] audit work, you know it is [not] easy - in the sense that we do not just sign [an] audit report and that is it - there is some logic behind it. So, if the clients start to be angry because the deadline [is] not met, when I make a phone call or meet them, I say, "Bapak Ibu already paid expensive fees to [a] public accounting firm, especially to "this" firm [name of firm]. Actually, to make it very easy, Bapak Ibu [could just] pay me 500 million Rupiahs⁵⁷ and I do not need to work [properly]. I just [will] issue a page [of the audit report], that's it. Are you happy? Do you want me to do that?". So, usually, then, they will [go], "Oh, okay, then it's fine if the deadline is delayed a bit". At least we work and we are expected to produce some input for them (Partner 39, Big 4)

The above quote shows that even some Big 4 clients can be demanding. For example, they did not want to hear that they actually contributed to the late completion of audit work, but still insisted on having the audit report issued on time. The phrase of "Clients always find scapegoats for not meeting deadlines" portrays that audit professionals face difficult clients. Consequently, professionals have to put extra effort into communicating any issues faced during the audit - verbally and by email - to show evidence, so that the auditor will not be blamed for unmet deadlines caused by clients.

Likewise, clients may be demanding about changes in staff assigned to the clients, especially regarding staff that the client has already grown comfortable with. Client and auditor relationships at the staff level are important for clients. As such, changes in staff can invite complaints – thus making it important to communicate this to clients. Here, client satisfaction is also affected by the firm's staff turnover, which is beyond the firm's control. The service industry in the private sector in Indonesia has generally been modified to cater to demanding customers, where the customer is treated as king. This has also – to an extent – been the expected behaviour of audit clients or clients of other service types in professional firms.

In more challenging situations, professionals must deliver bad news to clients. In this case, they have to communicate audit findings to clients who have different

⁵⁶ I.e., insist. However, 'ngotot' is used in an informal setting

⁵⁷ Equivalent to 28,680 GBP

views/interests than the auditors (Partners 17, 31, Manager 14), or issues caused by a lack of client competency or understanding about accounting standards (Partner 31). For example, Manager 14 gave an example, where he insisted his clients must respond to certain findings by making some adjustments, although the clients tried to insist on persuading him not to scrutinise those findings. This is illustrated in the following quote:

It is just [that], sometimes, many clients [say], "Let it slide, Pak; just pass, just pass [it]" [although] we already said we cannot; it is [according to] regulation [i.e., accounting standards]. Even long ago, before we grew to this [size], [at that time], we had to be very strict with many clients. It again [came] back to what I said: that we [have to] develop our soft skills. We changed [the minds of clients] who [were] previously ngotot [and] didn't want to [make certain adjustments] that they were later willing to. But this was not [accomplished] through a firm or brash communication approach. That's what I say: it's difficult to teach this [communication skill to staff], because it requires [the] ability to speak tactfully. (Manager 14, mid-size)

Learning how to communicate with clients is also important in both Big 4 and mid-size firms. At the point of selling, a professional that shows confidence and firmness (without doubt) when discussing certain issues related to regulations or standards will demonstrate his/her competence (Manager 34). When clients ask questions about accounting treatments, staff should answer it confidently and never say "I don't know". Instead, they should answer as much as they can, and immediately revise the answer as soon as possible if it was wrong (Partner 6).

When facing a client staff member with a lower educational background than the auditor, auditors are supposed to be humble and avoid trying to look smart (Manager 9). In tricky situations, professional should communicate softly and avoid offence (Manager 14, Partner 31), give tactful and polite answers to clients without giving the impression that the staff member is angry (Partner 15), or use an indirect approach when delivering findings to some SOEs (Partner 25). Additionally, one consultant mentioned the importance of applying the "Indonesian way," such as communicating politely or asking permission before using the client's pantry (ex-Staff 43).

B: I mean, interaction with clients [is] always smooth. For me personally, I never had any problems with clients. Other consultants I know [had] many problems with clients.

A: What [is an] example that could be a problem?

B: Usually it's because of attitude. For example, senior or below, assistant manager or below, it's a very Indonesian thing. Like [we] have to [speak] politely [by addressing], "Pak, Bu" [when speaking to clients], or when you want to use [the client's] pantry, you have to ask for permission [since it belongs to the client]. You know, cultural things like that actually matter. Like when we call a client [and say], "Pak, tomorrow, could we [meet]?"

Many [clients] don't like [it] that way. [For] many [clients], you have to have some conversation nicely, [and] then [say], "Pak, it seems that we can update Bapak tomorrow. Are you free?" It matters. So, being a consultant is also a matter of reading people. (ex-Big 4 Staff 43, IT Advisory)

The above quote indicates the importance of Indonesian politeness in communication, or - especially in this case – the Javanese style of communicating indirectly. Rigid Javanese etiquette includes communicating the right hierarchy of Javanese language, depending on status and the age of the person an individual speaks to. Javanese *krama* is used when speaking to an older or higher status person, or *ngoko* when speaking to a friend or one who is younger and lower in social status. In a modern business situation, Bahasa Indonesia is used rather than Javanese, thus saving trouble in evaluating the social status of the interlocutor. However, modernity does not eradicate all traditional values. For example, the right hand is preferred in shaking hands or handing something to another person. Using the left hand is considered disrespectful, since the left hand is associated with dirty work.

Internal communication within the firm is also important in both Big 4 (2, 37) and mid-size firms (34, 35). It works two ways – bottom-up and top-down. Lack of communication will cause more reviews of the staff's work, thus prolonging the audit process, while time is a scarce resource during the busy period. Some partners mentioned they expect staff to be proactive in reporting issues and to discuss them as soon as possible, since it is the staff members that encounter issues while performing field work.

On the other hand, a superior also needs good communication skills to convey clear instructions to his/her staff (Senior Manager 37, Partner 39). A risky business environment - especially with relatively weak corporate governance - drives professionals to be more aware of any risks in clients. However, since this is accumulated from his/her experience in the field, which is not yet been accumulated by his staff, the superior must educate his/her staff and communicate his/her expectation, so that staff can be aware of any issues with the clients. The superior is expected to enhance any communication flows with his/her staff by proactively communicating as a mentor, not as a boss. This also contributes to maintaining staff that will encourage them to continue working in the firm.

A: Can you give an example of how we can maintain staff to work longer in the firm?

B: Just like what I've said: [it's possible] if a manager has good, open communication, [and] does not seem to position themselves at a different level than senior, above his/her staff. For example, the associate and the senior are located on the earth and the manager is in the heaven - [that is a] different level. So, he/she should come down to earth, so that the associate [and] the senior also know that the manager is not a superior, but more like a mentor. So [they] do not look at him or her as a superior, but look at the manager as a mentor or as a coach.

B: What is the difference, Pak?

A: It is different. As a boss, [the manager] only commands, while, as a mentor or as a coach, he/she will feel [comfortable to share], "Okay, here are the difficulties, okay, here are some ideas - do you think it will work?" That is a coach and mentor. As a boss, [it] is like, "I want you [to] just solve it". (Senior Manager, 37)

Slightly different from the above quotes, three professionals in both Big 4 and mid-size firms mentioned the challenges of maintaining relationships with staff. It should be maintained nearly at the point of "friend," which is reachable. However, managers and partners must also position themselves so that the staff members know who the boss is.

[...] We must be reachable. Because when I was a junior, when I saw a partner, the gap was so far. It was impossible [that] I would be brave to talk to a partner. Mostly [it] would [just] be to say "hi" - just a greeting. So it was a pure relationship [between] employee and employee. Now, it is common that I treat my staff as friends. So, with [a] friend, if he/she has an issue at the office, she/she would be more likely to share. There is open communication. However, there is a downside. The downside is, sometimes, if we make [a] wrong movement, it will [cause] less respect [from our staff]. It is up to us how to manage it [so that the] staff knows that we are not unreachable, but we are still the boss, right? To limit it is quite challenging. (Partner 18, mid-size)

Communication with superiors is vital, but the way in which the communication is done is equally important. Although large KAPs work in a modern business environment and are surrounded by many international businesses and frequently employ English, Indonesian cultural value plays a role in dictating how to communicate, especially to a superior.

There are always reviews [of audit work]. So, at reviews, this budaya timur [i.e., Eastern culture] is important. At least [when saying something like], "Pak, I have finished my work, please review [it]". There is clear reporting - for example, either through email or verbally. Sometimes, there are those who, when they finished [their parts], just leave [it] on the table. Actually, the substance is the same; the work has been finished. However, the first individual clearly communicated with people in his/her team, while the other person gave the impression that [they have the] tendency to [be] individualistic. (Partner 18, mid-size)

Communication skills are crucial for accounting professionals in Indonesia, especially when it means communicating with staff and clients. This is slightly different than in the U.K. and China (Carter & Spence, 2014:p.973; Spence *et al.*, 2017:p.93). In China, it is primarily the skills “to hold relevant conversations” that will get clients and “excellent communication skills” can bring in more revenue. However, in Indonesia, communication skills not only serve the purpose of selling to clients. They also tackle client demands on topics like changing audit teams or delivering bad message to clients. This is similar to what was found in the Big 4 in Bangladesh, where Bangladeshi partners also have “to argue in a very constructive and diplomatic manner” with clients. (Spence et al., 2016, pp.10–11). However, communication with staff was not mentioned in previous research.

5.4. Institutionalized Cultural Capital

5.4.1. Educational Capital

As described in Chapter 4, there are two main paths to be a professional accountant in Indonesia: public accountant (auditor) or chartered accountant. Both professions require university graduates with accounting majors. There are around 3,000 higher education institutions in Indonesia, around 120 of which are public universities. The most prominent public universities are *Universitas Indonesia* (UI), *Institut Teknologi Bandung* (ITB), *Institut Pertanian Bogor* (IPB), and *Universitas Gadjah Mada* (UGM). All are on Java Island. Entrance to these universities is highly competitive through national entrance examinations, although certain quotas are reserved for students with high academic performance from various favourite public schools. Thus, their graduates are generally from strong academic backgrounds. Graduates of these top public universities are known to hold many important positions in large companies, in politics, and in SOEs.

The quality of private universities varies. This provides options for those who are unable to enter the top public universities due to limited space or failure to pass entrance exams. Some private universities are known to offer quality teaching, although many others are less well-renowned. Private universities rely on their funding mostly from student tuition fees. Some reputable private universities are known to be expensive and, therefore, are only accessible by those who have money. However, religious private

universities (e.g., Catholics or Christian) offer some scholarships for academically excellent students with less financial means.

All internationally affiliated firms - both Big 4 and mid-size - require an accounting degree from a reputable university. “Reputable” here is dependent on its geographical context, since reputable universities in Surabaya and Jakarta would be different from one another. Regarding the flow of graduates to other cities for better job opportunities, from my observations, Jakarta attracts all jobs seekers, but particularly those from Sumatera Island, West Java, Central Java, and East Java. In contrast, Surabaya, which is characterised as a quieter city that offers everyday well-being, is a destination for Central Java and other islands from the eastern part of Indonesia, such as Sulawesi Island, Kalimantan Island, West Papua, West Nusa Tenggara, East Nusa Tenggara, etc.

Most all interviewees are accounting graduates, except for two IT professionals who hold IT degrees. All interviewed firms are dominated by graduates from reputable universities in Jakarta or other big cities within Java Island. Table 5.4 and Table 5.5 show the university backgrounds, where the interviewees earned accounting or other first degrees.

Table 5.3. Participants' University Background in Indonesia (number of professionals)

Divisions	Big 4	Mid-size Firms
Audit & Accounting	<ul style="list-style-type: none"> Accounting graduates from universities in U.S.A. (1), Jakarta (7), Bandung (2), Surabaya (1), Yogyakarta (2) 	<ul style="list-style-type: none"> Accounting graduates from universities in Australia (1), the Philippines (1 expatriate), Bogor (1), Bandung (1), Semarang (1), Manado (1), Padang (1), Jakarta (6), Surabaya (12⁵⁸)
Advisory	<ul style="list-style-type: none"> IT graduates from universities in Jakarta (1) and Bandung (1), accounting graduates from universities in Surabaya (2) 	

The list of universities for Big 4 professionals in Table 5.4 are renowned for their teaching quality and have good reputations. The exception is one professional with several years of IT experience who was then admitted to the Big 4. He held a master's degree in IT from Warwick University. The Big 4 attract the best graduates from the best universities, which was admitted by a Big 4 partner in English, who stated that they

⁵⁸ Includes 2 partners from local firms

only hired “the best of the best from the best universities” (Partner 39). At the recruitment stage, the Big 4 generally require a higher GPA than their counterparts in mid-size firms. However, not many graduates of the top public universities are among the interviewees.

Table 5.4. Local Universities of the Big 4 Professionals Interviewed

Undergraduate University	City	Type	Province
<i>Institut Teknologi Harapan Bangsa</i>	Bandung	Private	West Java
<i>Universitas Gadjah Mada</i>	Yogyakarta	Public	Special Region of Yogyakarta (DIY)
<i>Universitas Indonesia</i>	Jakarta	Public	Jakarta Special District (DKI Jakarta)
<i>Universitas Katolik Atma Jaya</i>	Jakarta	Private	DKI Jakarta
<i>Universitas Katolik Parahyangan</i>	Bandung	Private	West Java
<i>Universitas Katolik Widya Mandala</i>	Surabaya	Private	East Java
<i>Universitas Kristen Petra</i>	Surabaya	Private	East Java
<i>Universitas Padjajaran</i>	Bandung	Public	West Java
<i>Universitas Tarumanegara</i>	Jakarta	Private	DKI Jakarta

Table 5.5. Local Universities of the Professionals Interviewed from Mid-Size and Local Firms

Undergraduate University	City	Type	Province
<i>Institut Bisnis Dan Informatika Kwik Kian Gie</i>	Jakarta	Private	DKI Jakarta
<i>Institut Keuangan Perbankan Dan Inf Asia Perbanas</i>	Jakarta	Private	DKI Jakarta
<i>Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA)</i>	Surabaya	Private	East Java
<i>Sekolah Tinggi Ilmu Ekonomi Trisakti</i>	Bogor	Private	West Java
<i>Universitas Airlangga</i>	Surabaya	Public	East Java
<i>Universitas Diponegoro</i>	Semarang	Public	Central Java
<i>Universitas Indonesia</i>	Jakarta	Public	DKI Jakarta
<i>Universitas Klabat</i>	Menado	Private	North Sulawesi
<i>Universitas Kristen Petra</i>	Surabaya	Private	East Java
<i>Universitas Negeri Padang</i>	Padang	Public	West Sumatera
<i>Universitas Padjajaran</i>	Bandung	Public	West Java
<i>Universitas Pancasila</i>	Jakarta	Private	DKI Jakarta
<i>Universitas Surabaya</i>	Surabaya	Private	East Java
<i>Universitas Trisakti</i>	Jakarta	Private	DKI Jakarta
<i>Universitas Widya Mandala</i>	Surabaya	Private	East Java

Graduating with an accounting major from a reputable university - especially with a high GPA - is important for recruitment at public accounting firms in Indonesia. The Big 4 demand a higher GPA and more reputable universities than mid-size firms.

There are more graduates from private universities with national reputations than graduates from top public universities among Big 4 firms. Slightly different, Indonesian mid-size firms have a wider range of national and provincial university graduates. The latter is slightly similar to the U.K., Canada, and Spain, where more provincial university backgrounds were found in Spain, and in the U.K. it is not necessary to be graduated from Oxbridge (Spence *et al.*, 2015). However, in Indonesia, all accounting professionals in auditing and accounting advisory divisions must be graduates with an accounting major. Educational background in Indonesia is valued differently than in the Big 4 of France (Spence *et al.*, 2015, 2016:pp.11–12), where graduating from an elite university (*grande école*) is important for recruitment - up to the point where graduates from these universities receive a higher starting salary than graduates from other universities. Our finding is similar to Japan (Spence *et al.*, 2017), since, in Indonesia and Japan, university degrees are important to be admitted to an accounting firm.

5.4.2. Professional Credentials

At least 17 interviewees (Big 4, mid-size, and local firms) mentioned that they had Indonesian CPAs when discussing their educational background. Some professionals hold a BAP (Bersertifikat Akuntan Publik), a local public accounting credential which was later replaced by CPA. None of the interviewees mentioned that a CPA credential was required to join a public accounting firm (KAP) in Big 4, mid-size, or local firms. To join a KAP as a junior staff member, it is necessary to be a graduate with an accounting degree or, in the case of internship, a final year as an accounting major.

None of the interviewees mentioned training in their firms that lead to CPA credentials. In fact, in Indonesia, a CPA examination that leads to CPA credentials is less integrated with accounting firms. Accounting graduates join public accounting firms and work for the firms. Those who are interested in pursuing CPA credentials have to prepare themselves for the CPA examination. There are also CPA Exam Reviews provided by IICPA, some universities, and private training centres to help in preparing for the examinations. The instructors of the CPA Reviews are normally public accountants. However, CPA Reviews are not mandatory prior to enrolment for the CPA examination. Some Big 4 and some mid-size firms will reimburse the examination fees only once when staff member passes the CPA examination.

CPA examination was transferred from IICA (accounting profession association) to IICPA (audit profession association) in 2008. Before that, the CPA examination was renowned for its difficulty to pass, wherein only around “3-4% passed each exam” (Partner 18, mid-size). Thus, in those days, professionals who passed the CPA were considered to have “higher bargaining power” as stated by Partner 18. This partner started his career at a small firm that was owned by an ex-Big 4 partner. Upon passing his CPA exam, he joined a mid-size firm as a manager after he bargained for the opportunity of becoming a partner, rather than negotiating for a higher salary.

CPA is needed when an individual is promoted to partner level, which is in line with the requirement of a public accountant, according to the Public Accounting Acts of 2011. This has been mentioned by both Big 4 and mid-size firm interviewees. The following is an example, found in a quote from a Big 4 manager:

If we want to be partners, we have to pass [the] CPA [exam]. It is one of the requirements. Because it is like a licence to be a partner (Manager 4, Big 4)

Normally, when an individual joins a public accounting firm (KAP) as a junior in the audit/assurance division, he/she is still not familiar with the inner workings of the profession and may not be certain about staying in the profession. For this reason, an audit senior manager (37) will not encourage his staff to obtain CPA credentials. Below is a quote from Manager 37:

Basically, I do not encourage [it]. I personally do not encourage my staff, seniors, or even managers under me to pursue certifications. Because what is it for? If at the end, they do not stay in the profession? Why waste [money and] spend expensively [to] get into exams, only to get a certificate, [and] then that's it? I only will suggest [it to] those who are willing to stay in the profession, that's it. (Senior Manager 37, Big 4)

It is possible for staff members to stay in both Big 4 and mid-size accounting firms for several years without having CPA credentials. For example, two managers (4 in Big 4, 14 in mid-size) were in the process of taking the CPA exams, while some managers (5 and 38 in Big 4) did not have CPA credentials. One professional (30) just obtained his CPA credentials in 2016 after working for over 20 years in a Big 4 firm. At the time of the interviews, Professionals 5 and 38 had worked in Big 4 firms for 10 years, but a couple of years after the interviews, they had resigned from the firms and joined the industry. The quote below is an example from Manager 38, regarding her intention to not take the CPA examination despite working with her firm for many years:

[To this] day, I don't want to take [the] CPA [exam], because [I] have no willingness yet to be a partner - haha. (Manager 38, Big 4)

The above quote was shared in a rather relaxed and joking manner. However, it is worth noting she had all that was needed to be a partner but had no willingness. She mentioned that she had support from other partners if she wanted to gain that position, which but she did not want it. This manager already resigned from KAP and worked in the industry.

In contrast to other firms, two mid-size firms at the time of study encouraged their staff to pursue professional credentials. Since the beginning of their career, the staff members were encouraged to enrol in the CPA examination or Brevet examination, the latter of which would lead to Certified Tax Consultant credentials (BKP) – a national tax consultant credential. These two firms are unique, since most partners and staff members are engaged in both audit and accounting consultancy or taxation services. A manager who worked for one of these firms argued that having a professional certificate is a sign of competency - not only “*abal abal*”.

Enrolling to the examinations can mean that individuals who are interested in the accounting profession will invest effort, time, money to learn the examination materials and standard updates. This will increase the technical knowledge and capability of the staff members. That, in turn, can enhance their experience when engaging with client projects. In a system where the CPA examination is voluntary, rather than mandatory as a part of career evaluation, the examination could be a sign of *illusio* (Bourdieu & Wacquant, 1992:pp.115–117). This shows interest and the perception that it is worth staying and playing the game in the accounting profession. However, the *illusio* might also be changed; after some time spent playing the game in the field, one might feel it is not worth playing anymore. This can be seen in the case of two Big 4 managers who left the Big 4 despite having passed the CPA examination.

In the Indonesian audit profession, national CPA credentials serve as institutionalized cultural capital that is valuable when an individual intends on becoming an audit partner. However, a slightly different approach was found in two mid-size firms. Here, a team can serve both audit and taxation services. In these two firms, the credentials of Indonesian CPA or USKP (Indonesian tax consultant certification examination) are encouraged at a much earlier stage. A professional is demanded to work in a hybrid fashion - to be able to switch from an auditor to a consultant.

In Indonesia, professional credentials are not required in Big 4 and mid-size accounting firms at the point of recruitment. This is similar to China (Spence *et al.*, 2017:p.90) and France, where professional credentials can be acquired at a later stage of the professional career. However, it is different from Japan, where the Big 4 in Japan only recruit those who have passed the CPA exam (Spence *et al.*, 2017:p.90), or in the U.K., where the professionals are pressured to obtain professional credentials in the early stages of their careers in Big 4 firms (Spence *et al.*, 2016). Only two mid-size firms studied in Indonesia encouraged staff members to pursue professional credentials.

5.4.3. Foreign Affiliated Brand

There were around 53 international brands, including the Big 4, that affiliated with local firms (Pusat Pembinaan Profesi Keuangan, 2018:p.43). Each local firm bore its international brand logo and local firm name. Table 5.1 illustrates that the top 20 firms in Indonesia in 2016 were all local firms that were affiliated with foreign brands, including the top four firms - which are the Big 4.

Some mid-size firm professionals (Partner 13, 24, 25, 26, 27, 31) mentioned that having foreign audit brands elevated their reputation in audit field within Indonesia. “Foreign brands” commonly refers to U.K.-based international accounting brands, which are preferred in Indonesia for several reasons. Foreign brands are recognised globally, which - as mentioned by some partners (24, 31) - will help clients who plan to issue global bonds. Likewise, it helps when obtaining projects from certain SOEs (31), multinational companies, or large business groups. Other Big 4 (5, 39, 19, 4, 8, 20, 17) and mid-tier professionals (6, 13, 21, 23, 31) mentioned that they gain referral work from their international networks, especially when multinational clients open their businesses in Indonesia. An example can be found in a quote from Partner 24:

So, our opportunities are [that] we could offer [the fact] that we [are] already affiliated with foreign, international [brands]; we are recognised. At least, the world has recognised [it]. We could sell this added value when we audit. [In case] this client wants to issue [a] bond abroad, at the minimum, people already know this [international firm's brand] and that this [international firm's brand] is an audit organisation that is within the global top 12. (Partner 24, mid-size)

This quote from Partner 24 demonstrates that international branding helps them to reach clients who are aiming to issue international bonds, who would otherwise not

be their clients. On the other hand, some professionals asserted that foreign branding offers a wide variety of support and updates.

So, from [a] technical [standpoint], it's up-to-date. In foreign affiliation, there is [an] annual conference, then trainings; [we've got] trainings every year. The trainings also vary - for example, training for tax [or] audit. Then the training is not only from just one meeting; sometimes there [are] also online trainings. Or we could access its website - there is [a] login for [each] member - [and], there, [we] could view [resources provided]. We could share knowledge [provided] there. It's all there. So, "oh, in other countries, how is the application of a certain IFRS?" - it's all there. We could discuss [any accounting issues]. It does matter. (Partner 24, mid-size)

The above quote shows that international brands are associated with structured technical support and training, especially in IFRS. Here, technical support from global networks is seen as a plus point by mid-tier professionals. Similar to this, some Big 4 professionals expressed that high requirements are imposed on their firms' methodologies, standard practices, code of ethics, and training.

Another possible explanation is the quality standards that have been associated with Western branding - for example, CISCO, ISO, and IELTS (English proficiency). Furthermore, English - which represents "Western" methods - is perceived as superior since it is a recognised global language. Moreover, Western countries are perceived to be more developed, with more advanced economies and better corporate governance in businesses, compared to Indonesia.

In daily life in general, Western brands are preferred. They indicate prestige and are perceived as high quality, at least in comparison to local brands. International brands are pervasive in daily life, with an example being fast food (McDonald, KFC, and Burger King). In the accounting field, this concept was mentioned by a local partner, as shown in the following quote:

Bona fide is usually measured by foreign affiliation. We tend to like all that is foreign [in origin]. A foreign man who is just so-so, even [if he's] poor, if he is a foreigner, then [it] will be assumed [that he is] cool (Local partner 33, mid-size)

The above quote from Partner 33 shows a view that foreign brands are overly exaggerated, as illustrated by how a foreign man would still be more interesting than the average person, even if he lacked exceptional means. This partner admitted that there are no more international brands left for him, since the top international firms already have their local affiliations, and each foreign brand can only have one local firm. Altogether, this partner confirmed the value of international branding.

In the audit profession, KAPs that are affiliated with international accounting brands - especially the reputable brands - have symbolic capital in that foreign brand. This will guarantee clients a certain level of quality that is derived from following the global standards.

Almost all who agreed that foreign brands elevated their reputation (13, 24, 26) are Jakarta's interviewees. The exception is Partner 27, who is Surabaya-based, but also served some of Jakarta's client; Partner 25, who served banking institutions; and Partner 31, who was also involved with some of Jakarta's clients.

When I made sure that I would [serve] a big group and it was in Jakarta, automatically, there was one requirement: "You come to my place", "Yes", "Do you have [a] foreign [brand]?", "Why do you ask that?", "Yes, because without foreign [brand, you] cannot". So, with this brand, it made it easier for me to enter some big groups. That's the point. (Partner 27, mid-size)

In contrast, three mid-size professionals (Partner 29, 30, 32) from three mid-tier firms in Surabaya, who also affiliated with international brands, had rather different views. Partner 29 declared that it is trust that attracts his clients, not the foreign brand-name of his firm. He started his career as a junior audit staff member in a mid-tier firm in Surabaya. After obtaining several years of audit experience and passing the CPA exam a few years ago, this partner set up his own office in Surabaya as a branch of a national KAP. The overall KAP, which consists of branches in Jakarta, Surabaya, Semarang, and Batam, was one of the top 20 foreign accounting brands in Indonesia. He was the only partner in the Surabaya branch that was supported by some staff members. A quote from Partner 29 is shown in the following:

But according to my experience so far, in this one year since I joined this firm, the foreign brand does not significantly boost my sales. Those who contact me for [an] audit are mostly people who understand my work or are referred to [me by] people whom they trust. It's [a] word-of-mouth marketing system. Because this business is a trust business, not all people are willing and welcome to hand financial reports to strangers, whom they do not know. (Partner 29, mid-size)

The above quote shows that foreign branding did not attract clients, which, in Partner 29's case, were made up of private equity in Surabaya. In fact, it is trust that matters. For this partner, word-of-mouth from satisfied clients offered more marketing potential than foreign affiliation. Another partner (41) mentioned that her foreign branding did not really attract Surabaya's market, since it was too expensive. Complementing Partner 29, Partner 30 – whose firm only affiliated with a mid-tier

international brand in 2016 - mentioned that his local firm name is more famous than its foreign brand.

When people Google, [our local brand] will be shown, or [perhaps] because [this local firm's name] in this month was already 40 years [old]. And Pak [founder's name] had many alumnae out there. These people were known as [founder's first name], [XYZ – an abbreviation of local firm's name], so if people mention XYZ, oh, surely people know. Because this brand name is already known by mid-size companies. (Partner 30, mid-size)

In an almost similar tone, Partner 32, a mid-tier firm partner based in Surabaya, explained the behaviour of Surabaya's clients. He mentioned that prestigious brands would only matter for publicly listed companies when choosing an audit firm and would not be a factor for local, family-owned companies. What matters is cheap pricing; whoever could offer the cheaper fees would get a better opportunity.

He will not choose [the] brand. If I am a public company, I will choose [the] brand, right? That's why you are audited by [X- his foreign brand], why you are audited by [Y- a Big 4 brand]. If I am audited by X, my [stock market] price will not grow strong. If [audited by] Y, our [market price] will be strong, so that's [the] brand. But outside [of] that [i.e., publicly listed companies], [for] the local markers that are family businesses, [if] there is [a] 50 [Rp million for an audit fee] and another offers 25. Why [do] I buy 50? The result is the same. "Only sign [the audit report]" - that's surely what they think: "Only sign." Because we [i.e., auditors] do not sell seriously. We sell like, 'Okay, Pak, the audit is done', [and] give the report, that's it. And the 50 million [is] also like that, just exactly like the 25. Therefore, [for] those [who pay] 50 million, we come, and we explain [it] to [the] client. [The] client starts to understand. This accountancy work is surely hard, not all people understand. For [the] law case, [everyone] understands – "Oh, if this is the case, what would be the solution, [because] I can win', right?" For [the] auditor, there no is win or loss, right? So that's why. (Partner 32, mid-size firm)

Above quote also shows that, among foreign brands, the Big 4 is more prestigious than mid-tier brands, at least from the client perspective. This was also agreed on by Partner 30, who had worked for 20 years in a Big 4 firm in Surabaya before joining a mid-size firm as a partner.

B: [Referring to the entry of one mid-tier brand and Big 4 firm opening their branches in Surabaya]. So, our competitors - there is more [intense] competition, because they also sell. Like, the price that we aim to [set] is [the] same [with our competitors].

A: With the Big 4?

B: In fact, sometimes [our fee is] cheaper, but because they are looking for prestige - although [the] Big 4[s fees] are more expensive - they will choose [the] Big 4, or "management has other intentions" (Partner 30, mid-size)

Having foreign affiliation is important in Indonesia for obtaining clients, although it seems to be less significant for some mid-size firms in Surabaya's market of private equity. As a form of institutionalized cultural capital, foreign affiliation has not been mentioned in previous research in the U.K., Canada, Spain, and France (Carter & Spence, 2014; Spence & Carter, 2014; Spence *et al.*, 2016). Perhaps the Big 4 brands that originate from Western countries have been taken for granted, but it may also be due to the fact that previous literature focusses on the Big 4 only.

6. Discussion

The previous chapters presented evidence on how each form of capital is valued in the Big 4 and mid-tier firms of Indonesia. This chapter will consider the key findings in more detail, incorporating historical views and calling back to contemporary conceptual studies. The chapter will also compare and relate the thesis' key findings to previous literature from various contexts, both Western and in other developing countries.

6.1. Economic Capital

Findings indicate that the Big 4 essentially value economic capital higher than mid-size firms in Indonesia. This is seen by including a revenue generation target in formal performance appraisals (KPI) more commonly in the former than in the latter, in line with what is found in Big 4 firms in Australia (Coram & Robinson, 2017). This also signalled by the annual revenue, salary at entry level, and type of clients. Similar with global rankings, Big 4 firms in Indonesia are consistently the largest top four revenue-earning firms in Indonesia. While none of the interviewees mentioned their sales targets or their annual salaries, Big 4 firms do offer higher salaries at recruitment than their counterparts in mid-size firms. A higher starting salary denotes that Big 4 firms likely pay higher remuneration at the top level. In general, the Big 4 audit more MNCs, Tbk companies, and large SOEs. Although some large mid-tier firms also audit large SOEs, MNCs and Tbk companies, their clients are mainly large non-listed private equity companies. This does not necessarily mean that there is no overlapping or absence of competition between Big 4 firms and some large mid-tier over clients (Duff, 2017).

In terms of firm ownership, we found that a combination of equity and salary partners are common in both Big 4 and mid-size firms in Indonesia, with one Big 4 claiming to be a real firm with all partners existing as equity partners. This is slightly similar to Japan that in Japan partners are salaryman with strong characteristics of loyalty (Spence *et al.*, 2017). Meanwhile, in Indonesia, loyalty is appreciated in the sense that many partners in Big 4 and mid-size firms serve in the firms for a long time and are groomed for their positions, but this is unlike the extent form of lifetime loyalty shown in Japan (Spence *et al.*, 2017), at least in the Indonesian accounting profession.

In fact, there has been high turnover of staff even at the manager level. Some interviewees (ex-Manager (30) and ex-Senior Manager (36)) that previously worked at Big 4 firms as a manager and senior manager respectively moved to mid-size firm as partners. In the opposite direction, two professionals moved from mid-size firms to Big 4 firms. Among the interviewees, there were two professionals who moved from one Big 4 to other Big 4 firms.

Professionals in Big 4 and mid-size firms mentioned being auditors as a passion. One of sign is deciding to pursue professional credentials, which is not required by firms. This is especially apparent for those who had tried to work in the industry for some time and found that they enjoyed being in the firms.

Accounting itself is commercial; however, we see a slightly different commercialism in the Indonesian Big 4 and mid-size firms studied. Generating revenue and growth is essential for both types of firms, as admitted by interviewees, but it is motivated by survival and the ability to offer competitive salary for staff. This is different from the Big 4 in Japan in the sense that firms in Japan focus on revenue stability and being less entrepreneurial (Spence *et al.*, 2017). Indonesia focusses more on growing the firm, so that the firm can pay better salaries, with the purpose of attracting and retaining better talents, since, lately, the audit profession has offered a relatively lower salary when compared to its competitors outside the profession. For example, these include the industry, banking sectors, and new start-ups.

The economic capital of Indonesia's Big 4 firms is slightly different from Canada, the U.K., and France, where the main function of partners is to get revenue. This may even be to the point where the unethical behaviour (sexual harassment) of some partners is overlooked because of their ability to bring in revenue (Spence *et al.*, 2015, 2016). Meanwhile, in Indonesia, the audit division is a separate entity from the advisory function, so audit partners mainly work on audit engagements and do not offer non-assurance work to audit clients. This is totally different from the values of economic capital found in Bangladesh, where economic capital is "a by-product" of performing professional services, since the profession does not yield as much economic capital as in the industry. Similarly, in Indonesia, some professionals associate this work as their passion, where it suits their preferences for working on different projects, meeting new staff members and different clients, and learning new things.

6.2. Social Capital

6.2.1. Internal Social Capital

Internal social capital in the Indonesian Big 4 and mid-size firms consists of performance and having support from partners. Until the manager level, this mainly includes technical skills, project management, and selling skills in some firms. Individual performance is essential, but so is being a good team member. Teamwork is important in a collective Javanese society, where an individual is a part of a family or community (Mulder, 2005). Internal social capital in the Indonesian Big 4 and mid-size firms is slightly similar to the Big 4 in Canada, the U.K., and Spain (Spence *et al.*, 2016) in that they are built on performance, which reflects meritocracy.

Professionals at the manager level and above need to build teams by taking care of their staff, including their wellbeing. It is essential to encourage staff to stay with the firm, where staff turn-over is a major problem faced by firms of all sizes. A successful manager/partner is one who can sympathise and empathise to their staff, as well as be aware of personal issues within the staff that could affect work, and even offer advice. Team building is made possible by staff members participating in activities together, such as by sharing meals during Ramadan, celebrating staff members' birthdays, watching movies together, and conducting charity acts for those in need. At a firm level, this could entail events - for example, annual social gathering by having dinner together at restaurants, or trips to famous touristic destinations either domestic or abroad (especially for team leaders). Spending time together in teams is important to know each other, which is consistent with what is found by Witt & Redding (2013): maintaining personal relationships is essential in Asian countries. This is likely influenced by Javanese traditional values, which views relationships as unequal, where leaders are obliged to care for their subjects (Mulder, 2005).

Another important aspect in Big 4 and mid-size firms is support from partners when a manager aims to be promoted to the next level. A senior partner will support a partner candidate by building teams and assigning teams under him or her; introducing the manager to his/her external networks; and, in most firms, sharing client portfolios. A mid-size partner mentioned his respect and gratitude to his senior partner who had an important role in motivating, teaching, and guiding him, as well as providing resources in making him a partner today. Here, a senior partner acts as a helping hand from above.

Support and generosity from this senior partner have caused a feeling of *sungkan*⁵⁹ (i.e., awkward) from this younger partner. Although he is capable of establishing his own firm now, due to sufficient economic capital, all forms of embodied cultural capital, and external social capital, he chose to stay because of his sense of obligation. This portrays a *leader-follower* relationship, which initially represents relationships in a family, where a leader (or a father) will take care, guide, and teach his followers (children). On the other hand, the followers (children) are expected to follow and obey his advice (Mulder, 2005:p.69). This is lightly similar to Japan (Spence *et al.*, 2017), where support from a partner is essential to be promoted to a partner level, although Japan's strong patronage relationship (*oyabun/kobun*) is not evident in all Indonesian firms studied, or at least not mentioned by the interviewees. It is essential to note that this partner support might not be applicable when a CPA professional starts his/her own firm, or joins an existing partnership, which is not the focus of this study.

Internal social capital in Indonesian firms is slightly similar to Japan (Spence *et al.*, 2017:p.90), where internal firm harmony is important. Moreover, in Indonesia, staff members should display good relationships not only with one partner, but all managers and partners they work with. However, because seniority has weight in Japan, competition is restricted to the same *douki* (the year when individuals joined the firm), but not across *douki*. This was not seen in Indonesian firms, where, in the Big 4, staff members who join later can be promoted earlier than those who join the firm first. This is different from China, where individual performance is emphasised, thus external social capital is more highly valued than good internal relationships (Spence *et al.*, 2017). In Indonesia, especially in the Big 4, up to the manager level, relationships with many partners are seen as more productive than a professional's external social capital.

This internal networking is different than what was found in the U.K. (Anderson-Gough, Grey & Robson, 2006), where internal networking aims to demonstrate their competence; involves drinking, which denotes a masculine activity; or entails social activities that eventually shape the trainee's selling skills (Anderson-Gough, Grey & Robson, 2005). Meanwhile, for internal networking in Indonesian firms, there is an element to preserve harmony, as well as increase the feeling of oneness in the team and the firm.

⁵⁹ i.e., feeling of awkward normally shown to people of higher hierarchy/superior (Mulder, 2005), from Javanese

Internal social capital in Indonesia is different from the Big 4 firms in Bangladesh (Spence *et al.*, 2016) and France (Spence *et al.*, 2015, 2016). Internal social capital in Bangladesh is related to social background, such as being the family member of a firm's "owner" (Spence *et al.*, 2016:p.12). Meanwhile, in Indonesia, internal social is related to performance, such as demonstrating embodied cultural capital in delivery projects or helping partners. Only one Big 4 and one mid-size firm were mentioned to be family firms; however, none of interviewees were members of the owner's family. Therefore, no sufficient data was available to discuss the extent to which family background impacts a career in the firm. In these two firms, there are salary partners, but salary partners also exist in firms which are not family owned. Internal social capital in France is closely related with educational capital, which provides graduates of *grandes écoles* with big clients assignments (Spence *et al.*, 2015, 2016). Meanwhile, in Indonesia, that is accumulated through performance by exhibiting technical skills and other embodied cultural capital.

6.2.2. External Social Capital

All audit professionals are members of IICPA - and for some, also IICA - since it is mandatory to do so when professionals hold either Indonesia's CPA or CA. Some professionals in Jakarta and Surabaya were involved in teaching at universities or performed as trainers in workshops held by IICPA or universities. It was found that many professionals in Surabaya did not join any social or sporting activities, instead mentioning that they prefer to deliver good quality, timely work to existing clients, who will then refer their friends when they are satisfied. Although Surabaya is the second largest city in Indonesia, it is essentially more traditional with some Javanese influence than Jakarta, the capital of Indonesia, which is a truly metropolitan city with some parts of the city still holding traditional values.

It was found that external social capital in both Big 4 and mid-tier size firms in Indonesia were related with technical capital in teaching (part-time) at universities, serving as trainers at professional bodies, or being involved in financial accounting standard-setting boards, although not all were involved in teaching or in standard-setting boards. Technical capital plays a key role in networking to establish a reputation; specifically, of having the knowledge and expertise that are necessary to distinguish professionals from fake auditors that merely hold certificates. Teaching at university,

especially at those with high level reputations, provide a space for technically competent professionals to demonstrate their technical capital to their business audience.

Heads of accounting and finance departments in companies are sometimes the participants of postgraduate degrees in universities, workshops, or trainings held by professional bodies. As such, teaching then introduces professionals to potential clients. Being a lecturer, a visiting lecturer, a trainer in workshops for universities, or participating in standard-setting boards offers benefits for professionals to “make [a] name [for] themselves” (Olvera Garcia, 2009:p.97). Since audit services are more technical when compared to advisory functions (Friedman & Laurison, 2018), this study on the audit profession found that technical capital is valued than what has been found in the U.K. and Canada (Spence & Carter, 2014), where professionals work on both assurance and other advisory services (Barrett, Cooper & Jamal, 2005).

Big 4 and larger mid-tier firms in Jakarta get clients from their global networks, which is unheard of for partners based in Surabaya. This may be because the capital city is where the multinational companies are located (Ashley & Empson, 2016). Apart from that, only one mid-tier partner interviewed is a member of an audit committee for Tbk companies, though none are his clients. This latter example shows that this partner expanding external social capital to industry is made possible by his professional technical capital. Over time, his status as an audit committee member builds visibility and thus markets him to more potential clients.

Maintaining relationships with clients is important for professionals in both Big 4 and mid-tier firms. They rely on satisfying existing customers as a way of proving their professional capability. This is achieved by supporting clients with technical material updates, such as new accounting standards. While relationships with clients are important, our interviewed professionals seem to maintain a close-yet-professional distance and avoid being seen as too close to clients, as that would impair the auditor’s independence. Being too close in Indonesia is easily interpreted as familiarity. This results in too much trust in clients, which is contrary with auditor scepticism; further closeness with clients will cause a relaxed approach for auditors, which could hinder a professional’s ability to stay independent in the auditor-client relationship. This is contrary to how auditors in Western countries maintain relationships with clients. For example, a Canadian auditor took their client to a hockey game (Barrett, Cooper & Jamal, 2005:p.12).

This is especially prevalent in Surabaya, where word of mouth is more effective as a marketing tool than joining professional and social clubs. Here, Surabaya, the second largest city with more traditional values than Jakarta, demonstrates that interpersonal trust is vital (Witt & Redding, 2013). For example, no Surabaya-based professionals joined any golf clubs or business associations to get clients. In only one firm in Surabaya are professionals encouraged to actively *knock [on] the door* (actual English phrase used) while still at the manager level, thus expanding their capacity to connect with a wider range of customers. On the other hand, several professionals in Big 4 and mid-tier firms of Jakarta are involved in charity; join golf clubs, football fan clubs, and game clubs; and participate in running events. Jakarta, where most MNCs are based, implies a greater degree of exposure and influence from Western/modern culture, such as the prevalence of the aforementioned business and sporting clubs. Moreover, in Jakarta, the presence of all registered international accounting firm brands works to raise the competition among firms. Consequently, some professionals in Big 4 and mid-tier size firms are expected to embody more selling skills, apart from the trust built from technical capital. They are more aware of networking as a medium to acquire external social capital, similar to their counterparts in the U.K. (Anderson-Gough, Grey & Robson, 2006), where this culture is popular in the advisory divisions of the Big 4. These professionals cultivate their networks beyond organic growth, which relies on trust and reputation, by instead using sporting or social clubs as a means of marketing. They create possibilities for themselves, made possible by the proximity of Jakarta's firms with the centre of business and most social clubs.

Professionals in Jakarta demonstrate more awareness of how networking can build opportunities that are later converted into economic capital. External social capital in the Big 4 of Indonesia is related with technical capital and memberships at different professional and social clubs, which is built up over their career. This is different from France (Spence *et al.*, 2015), and slightly different from China (Spence *et al.*, 2017), Canada, the U.K., and Spain (Spence *et al.*, 2015). In France, graduating from *grandes écoles* would immediately grant professionals with a network of large clients, which creates more opportunities to become a partner (Spence *et al.*, 2015). The external social capital in Indonesia's Big 4 is slightly similar to the U.K., Canada, and Spain in that social capital in these countries is accumulated over time. However, it is different than forms of external social capital found in the U.K. and Spain, since here, partners more extensively network themselves within the business community and through sporting

activities. Indonesia's Big 4 and mid-size firms' professionals instead rely on trust and recommendations from satisfied clients, or on the reputation of professionals because of their technical expertise.

In the Indonesian audit profession, many tend to extend their networks to the industry (such as through joining audit committees) or education (such as becoming lecturers or professors) when they retire from the profession. None of the interviewees mentioned networks with or close to the field of power, which contrasts statements from British Big 4 senior partners (Carter & Spence, 2014:pp.962–963). It seems that Indonesian partners are elite in their firms, then shift to disseminate their technical capital by teaching or by joining the industry.

In China, where SOEs are important clients for many firms, external social capital takes the form of good relationships with clients and government officials (Spence *et al.*, 2017). In Indonesia, only some professionals in both Big 4 and mid-size firms tap into SOE business, with others totally avoiding it. In general, the business environment values personal trust, so external social capital in Big 4 and mid-size firms takes the form of teaching, involvement in financial accounting standard boards, and managing good relationships with clients, with very few professionals joining social or sporting clubs. Until they reach the senior manager level, good relationships with various partners is an important element in building a career, since it is partners who will share their portfolios with younger partners. This shows a form of paternalistic leadership in Javanese culture (Mulder, 2005) among accounting firms.

6.3. Embodied Cultural Capital

6.3.1. Technical Capital

Technical capital is important for individuals in Big 4 and mid-size firms in Indonesia, although the emphasis varies from firm to firm. Many professionals express their passion in teaching and sharing their knowledge to students, although not all have the luxury of time to do so. Technical expertise and experiences are valuable, since auditors have accumulated sense of risk due to working in risky business environment - for example, tax avoidance and corruption. They must take extra precautions in auditing more than what is suggested in the textbook, which often derived from American auditing textbooks. Moreover, not many businesses possess and accumulate technical expertise in understanding accounting standards. Some professionals found that

teaching or involvement in accounting standard boards will extend a professional's social capital, which could bring in potential clients, while others found that teaching in universities helps them to access and gain talent they need.

Moreover, technical capital is associated with a certain ethical disposition, wherein firms avoid being associated with risky clients because of the risky or corrupt business practices that tie into this. Professionals mentioned on standing by their opinions when they are not in agreement with audit clients. Some even mentioned withdrawing from audit engagements when there is no agreement with clients concerning some adjustments before issuing opinions. Therefore, most professionals in both Big 4 and mid-size firms will select their clients and only accept clients that are willing to improve their accountability in financial reporting. This is due to relatively weak law enforcement within the business system, where auditors are more likely to be punished than the unethical business entities themselves for any misconduct. Professionals risk their reputation when bad clients are under investigation by authorities, such as the tax authority. This ethical disposition is motivated by risks management to ensure that their licences are preserved, at least from what is indicated by the interview data. This clearly shows how professionals internalise the external structure, how their embodied cultural capital reflects surviving professionals in risky and challenging business environments (Bourdieu & Wacquant, 1992), and depicts low corporate governance and relatively weak law enforcement. All in all, pure technical expertise alone cannot help growing firms, so ethical disposition together with business development skills will smooth out the path to becoming a partner.

The Big 4 in Indonesia value technical capital slightly different than the Big 4 in Bangladesh (Spence *et al.*, 2016:p.14) and Japan (Spence *et al.*, 2017:pp.85, 91, 94). Specifically, technical capital in Bangladesh and Japan is placed above business development skills, while in Indonesia, technical expertise and ethical disposition is placed side by side with commercial capital. With that said, Big 4 and mid-sized professionals in Indonesia, as well as Big 4 professionals in Bangladesh, mentioned qualifying reports and not wanting to be steered by clients.

Likewise, technical skills in Indonesia seemed to play an important role in building external social capital. This exhibits that professionals' expertise can be transformed into reputation and finally be converted into economic capital. The value

of technical capital in the Big 4 of Indonesia is different from the Big 4 in China (Spence *et al.*, 2017), the U.K., Canada, and Spain (Spence *et al.*, 2016:pp.10–11).

In China, technical capital is subservient to commercial skills (Spence *et al.*, 2017), while in Indonesia, technical capital in the form of ethical disposition is seen as equally important to commercial capital. In the U.K., Canada, and Spain, technical skills are not only subservient to commercial skills, but are also seen as negative symbolic capital that has to be disembodied in order to become a partner (Spence *et al.*, 2016:p.14). This varied importance of technical capital is in line with the findings of Friedman and Laurison (2018), where it's stated that technical capital is more highly valued in certain fields than in others.

6.3.2. Business Development Skills

Business development skills are important in the Big 4 and mid-size firms of Indonesia, with varying emphasis placed in both categories of firm. Emphasis on growth, as well as generating revenue to cover firm costs and to better pay the staff, means that professionals in most firms must embody business development skills to be promoted to partners. This is similar to the Big 4 in the U.K., Canada, Spain, and China (Spence *et al.*, 2016, 2017). However, audit professionals interviewed from both Big 4 and mid-size firms emphasised that they could not offer other non-assurance services, as this could pose independency issue with audit clients. That starkly contrasts Big 4 firms in the U.S. and Canada, where auditors are encouraged to provide advisory services and engage in cross-selling (Barrett, Cooper & Jamal, 2005). This claimed separation and exclusion of audit professionals from advisory services could be a strategy to respond to regulations imposed by main regulators (PPPK). It is most likely that advisory services are still offered through other entities, which operate under the same firms.

Nonetheless, one of Indonesia's Big 4 firms shows localised traditional values, which employs *gotong royong*⁶⁰ (Mulder, 2005) by pursuing clients at a firm level, rather than by letting partners compete against each other in pursuing clients. In this firm, many are salaried partners. Clearly, at this firm, the pressure of getting client is less emphasised than with the two other Big 4 firms, where a partner is "a manager of your own business" (Partner 11, Big 4). A stark exception was found in two mid-size

⁶⁰ I.e., principle of sharing burdens

firms in Surabaya, where young salaried partners were not involved in selling. In one of these firms, partners offered both audit and taxation services; however, new appointed partners in this firm expanded their client portfolios by providing reliable and quality services to their existing clients. The promotion of young partners in these mid-size firms can be contributed to the rapid growth of client portfolios; after all, the firms need new partners to sign the reports.

Business development skills are highly valued in Big 4 and some mid-tier firms in Indonesia. This is different from the Japanese and Bangladeshi Big 4 (Spence *et al.*, 2017:p.91; Belal *et al.*, 2017) in that technical capital is more valuable than commercial capital in both Japan and Bangladesh (Belal *et al.*, 2017).

6.3.3. Communication Skills

Possessing communication skills is essential for professionals in both Big 4 and mid-sized firms, especially in regard to communicating both within the firm and with its clients. Professionals must learn and understand the style of communication needed for each person they speak with. Some professionals admitted to challenges in communicating with staff, since firms, especially international affiliated firm, are a space of two conflicting values, where managers and partners must navigate how to position themselves.

The two conflicting values in Big 4 and larger mid-sized firms are as follows. The first are modern and Western-influenced values, where relationships are more equal since professionals (even those at entry levels) are highly educated by reputable universities and thus represent a privileged portion of the society. This also is represented by the usage of English in Big 4 and large firms, and Bahasa Indonesia in most firms. Bahasa Indonesia is a more egalitarian language compared to Javanese. The second set of values are a traditional mindset influenced by Javanese thinking, where the social order of hierarchy is prioritised (Koentjaraningrat, 1985; Mulder, 2005).

Traditionally, hierarchical relationships in Javanese society are represented by a different level of Javanese language. Higher level language, or *kromo*, is used when communicating with older people, such as parents, or with people of higher social status, such as bosses. In contrast, the lower level language of *ngoko* is used when a superior communicates to his/her inferiors, when someone communicates to people of similar social status, or when speaking with familiar people, such as with friends (Geertz, 1976).

Although usage of Javanese is not applicable in Jakarta, where the majority of people communicate in the national language (Bahasa Indonesia) especially in formal business settings, some of the hierarchical values may prevail. This unequal social relationship, where staff members are inferior to managers, creates a distance between them. There will be *sungkan* (a feeling of awkwardness) when communicating with a superior.

On the other hand, staff members are professionals who conduct the field work and are expected to communicate any accounting issues encountered that would pose risks. This is especially important in business environments where not all businesses adhere to good corporate governance practices. Managers and partners in audit firms are driven to minimise the risks and, therefore, will try to break down or minimise this hierarchical distance by communicating to staff members like friends, so that their staff will be comfortable communicating any issues encountered. However, in a traditional context, an intimate relationship between friends could pose unintentional consequences, such as a loss of respect between staff members and managers.

Professionals both in Big 4 and mid-size firms need to embody communication skills to clients. Since clients in general do not understand value of good financial reporting, sometimes, young audit staff members have to explain and educate the client's staff in order to be provided data. Communicating with client staff members that are often older than young audit staff, or even less educated, requires good communication skills to convince them in a way that the client can understand. In a more serious situation, when a client does not apply certain standards, managers and partners have to educate clients by explaining accounting standards or convincing them that they have to make adjustments according to accounting standards. Auditing is not only about performing audit services, but also about educating the clients to be more literate in accounting standards. By doing so, auditors create a market by shifting clients from initially viewing audits as mandatory requisites to understanding the value of them.

In contrast, it is essential for professionals who serve SOEs to communicate to fit the culture of the SOEs. One interviewee portrayed this type of client to value more interpersonal relationships over result-oriented ones, especially as shown in private equity businesses. Professionals need to embody an inclination for chit-chat and spend time building relationships apart from working with clients. More traditional SOEs appreciate hierarchical order more than private equity, which generally emphasises efficiency. Sometimes, SOEs' officials are late for scheduled meetings with

professionals without prior notification since bureaucrats tend to demand respect instead of viewing citizens equally. In this case, professionals must understand that it is unavoidable and should not express any complaints. When conveying findings to SOEs, it is preferable to use an indirect communication approach influenced by Javanese culture (Mulder, 2005). It is crucial to avoid conflict and preserve harmony (*rukun*) (Mulder, 2005); it is preferable to sweep any issues under the rug rather than openly discuss them. If communicating audit findings imply a client's weaknesses and cause the client to lose face, professionals must communicate the opposite rather than point out these findings. They must praise how the system works well and then suggest some things be improved, rather than directly pointing out issues. However, some professionals prefer to audit private equity clients in professional auditor-client relationships, giving them the power to state their professional opinions. The latter might indicate professionals who embody the modern trait of efficiency and value a more direct communication approach but will then find themselves unable to fit with SOEs' culture. Of course, this communication style is not the sole reason why some professionals opt not to serve SOEs.

In that vein, professionals who thrive on traditional values – such as placing less emphasis on time efficiency, more focus on interpersonal relationships, and knowing how to speak indirectly - could function in parallel with the modern focus of efficiency and find themselves fitting well into SOE culture.

Communication skills in Indonesian professionals are not only about relationships with clients, in contrast to what is embodied by Big 4 partners in the U.K. (Spence & Carter, 2014:p.955). Instead, it is positioning him/herself in each situation, both when communicating with clients and staff. An individual is never a floating particle, but an integral part of a family or community, where he/she must take into consideration the context of the conversation.

6.4. Institutionalized Cultural Capital

6.4.1. Educational Capital

The findings show that graduating with an accounting degree from reputable universities is valuable at an entry level in both Big 4 and mid-size firms, with slight differences. For Indonesian public accounting firms and accounting advisory divisions in Big 4 and mid-size firms, it is necessary to be a graduate with an accounting

background. This is contrary to, for example, the U.K., where trainees of two Big 4 firms graduated from various subjects (Anderson-Gough, Grey & Robson, 2000:p.1154) or in one of the (then) Big 6 firms in the U.S. (Wyatt, 2004:pp.47–48). Most Big 4 professionals are graduates of national, reputable, and top-ranking universities, while professionals in mid-size firms (based in Jakarta and Surabaya) are graduates from a wider range of national and provincial universities that are considered reputable. The majority of professionals in both Big 4 and mid-size firms in Jakarta graduated from leading private universities that have regional and national reputation. In fact, they are often associated with expensive universities.

Table 6.1. Higher Education Attainment Per Country (compiled from World Bank, 2020)

		Year			
Country		2010	2016	2017	2018
Indonesia					10,00
Other countries	the UK			44,10	
	Canada		49,10		
	Spain				31,10
	France			30,10	
	Japan	34,40			
	China	8,80			

The accounting field in Indonesia is a field that those with privilege of higher education can enter. At the least, they are among the 9.99% fortunate enough to attain higher education in 2018 (World Bank, 2020). Since the majority of professionals graduated from private universities that are often associated with expensive fees, this indicates a certain level of exclusivity in Big 4 and larger mid-size firms, at least in how the firms attract graduates from certain universities. It could also show that the cultural capital of graduates from expensive universities resonates with the culture of Big 4 and larger mid-size firms. For example, this includes familiarity and usage of English, which is widely used in Big 4 and larger mid-size firms. The interviewees in both Big 4 and mid-size firms appeared to be from the middle class, varying between modest or (to a limited degree) quite well-off families. Leading private universities are known to charge expensive fees, but they also offer scholarships for students with high academic performance and attract relatively well-to-do families. Likewise, public universities that

were once cheaper than private universities are now able to charge much higher fees, depending on how students are recruited.

In general, Big 4 firms in Indonesia require higher GPAs than mid-size firms. This is similar to Big 4 firms in the U.K. (Duff, 2017:p.1092). A stark difference is found in three mid-size firms in Surabaya, which maintained a preference to not recruit graduates with very high GPAs.

This may be due to the fact that higher academic performance is seen to denote fast-paced learning skills. That's especially crucial in the Big 4, where there are many resources for a staff member to learn. Meanwhile, three mid-size firms in Surabaya prefer university graduates who can work effectively. Candidates with high GPAs are perceived to think too much or struggle as team players. This implies that better performance in university is associated with certain habits that will be embodied by graduates, hindering them from fitting in with the culture of these mid-size firms.

Big 4 and mid-size firm members in Indonesia are accounting graduates from a range of reputable national and provincial universities. This is slightly similar to the U.K., Canada, and Spain where more provincial university backgrounds are found in Spain, and in the U.K., a professional does not necessarily have to be a graduate of Oxbridge (Carter & Spence, 2014; Spence *et al.*, 2015; Duff, 2017), although Ashley & Empson (2016) found that PSFs in London still opt for Russell Group graduates (2016:p.12). It is slightly different from the U.K. in the sense that Big 4 and mid-size firms there also recruit school-leavers, despite preferring graduates (Duff, 2017).

Moreover, educational capital in Indonesian firms is similar to the Big 4 in Canada and the U.K. (Carter & Spence, 2014). Here, it plays an important role in social mobility, where educational capital is an element that grants them access to the firms and to becoming professionals. It is similar with the importance of an academic degree many decades ago, as was reported by Koentjaraningrat (1985); children from lower *priyayi* (aristocrat backgrounds) who held academic degrees from Holland were able to occupy higher ranks in the civil service industry. Thus, they were able to improve their social class and become a non-traditional *priyayi* (Koentjaraningrat, 1985:pp.77, 279).

Nonetheless, in Indonesia, all accounting professionals in audit and accounting advisory divisions must be graduates with an accounting major. Meanwhile, graduates in the U.K. Big 4 and mid-sized accountancy firms, as well as in a U.S.-based (then)

Big 6 firm, are not required to hold accountancy degrees (Duff, 2017:p.1103; Wyatt, 2004:p.47). That is a consequence of commercialisation in auditing by expansion into diverse of types of services offered (Barrett, Cooper & Jamal, 2005). Educational capital in the Indonesian Big 4 is similar to Japan and China in that a university degree is important to be admitted to accounting firms at the entry level (Spence *et al.*, 2017).

The value of educational capital in Indonesia is different from the Big 4 in France (Spence *et al.*, 2015, 2016). In France, graduating from *grande école* is important not only at the recruitment stage, where graduates from these universities receive higher starting salaries than graduates from other universities, but also in the privileges that *grandes écoles* graduates receive – in the form of better opportunity to ascend to a partner level (Spence *et al.*, 2015, 2016:pp.11–12).. It is different from Bangladesh in that partners in Bangladesh are not all university graduates (Spence *et al.*, 2016:p.12). It is also different from the Netherlands, where the accounting profession is opened for non-university graduates (Meuwissen, 1998; Wyatt, 2004:p.47). In Indonesia, a university degree is a necessary prerequisite to be recruited into the profession.

6.4.2. Professional Credentials

The credentials of Indonesia's CPAs are important for those working in the audit field, both in Big 4 and mid-size firms. However, they are not required at the entry level, nor must they be completed in the first several years of working in KAPs (public accounting firms). CPA credentials in Indonesia are essentially a combination of experience in the firm and successfully passing CPA exams. Unlike training programs in the U.K., which integrate a period of work experience, study, and examination for the first three years (Anderson-Gough, Grey & Robson, 2000), in almost all Big 4 and mid-size firms, professionals decide when to enrol for the CPA exam, often when they feel it is their passion and want to stay in the profession. That is usually at the manager level. When asked about the requirements of being promoted to a partner level, there were slightly different responses conveyed by Big 4 and mid-size professionals. Only one Big 4 professional mentioned CPA credentials as a factor, while many mid-size professionals mentioned CPA credentials along with other elements.

There are several possible explanations for this. Firstly, it could be that the Big 4 professionals see Indonesia's CPA credential as a mandatory element set by regulators and, thus, assume that everyone already knows this, including the researcher who has

an accounting background, and felt no need to mention it. Another possibility is that they view CPA is easy to obtain, since Big 4 firms require more mandatory hours in technical training annually, so the knowledge and standards of the Big 4 professionals are superior to the minimum that is officially required by the local professional body, IICPA.

Slightly different than the rest, two firms in Surabaya encouraged all their staff to pursue professional examinations, even before they became managers. Certain audit professionals who offer tax services hold Indonesian tax consulting credentials.

In Indonesia, professional credentials are not required in Big 4 and mid-size firms at the point of recruitment, which is similar to the Big 4 in China (Spence *et al.*, 2017:p.90). Here, it is valued at partner level, and in France (Spence *et al.*, 2016:p.13), professional credentials can be acquired at a later stage in a professional career.

This is different from the Big 4 in Japan, the U.K., and Bangladesh. The Big 4 in Japan only recruit those who pass CPA exams (Spence *et al.*, 2017:p.90), and in the U.K., professionals are strongly encouraged to obtain professional credentials early in their careers at Big 4 firms (Spence *et al.*, 2016), although, in our study, there were two mid-size firms in Indonesia that encouraged their staff to pursue professional credentials. This is different from the Big 4 in Bangladesh, where professional credentials are important at the beginning and throughout the career, and ICAEW, a British credential, is valued higher symbolically than the local credential (Spence *et al.*, 2016:p.13). In contrast, Indonesia's national CPA is valuable for all audit professionals.

6.4.3. Foreign Affiliation

Foreign affiliation is valued differently between firms, as conveyed by Big 4 and mid-size professionals. Interviewees from mid-size firms talked about the value of foreign affiliation in attracting clients, while none of the Big 4 professionals mentioned how their international brands attracted clients. Affiliating with foreign brands for mid-size firms can open up many opportunities to attract SOEs, larger private business groups, or Tbk companies compared to if they have not already joined international networks. In general, a foreign brand is more attractive as it offers prestige over local brands. In music, Wallach (2002) found that middle and upper-class Indonesians view Western genre music, primarily British and American, as more prestigious than local music. Similarly, Mulder's (2005) study in Yogyakarta, a city on Java Island, observed

the preference of the local market for foreign or international consumer products, since American or international styles represented being “really advance[d] and abreast [with] the times” (2005:pp.127–128). Western lifestyle has been a distinguishing element of the middle-class (Chua, 2002:p.136). This “xenocentric” view places foreign culture as superior to its own culture, and can be traced back to an inferiority complex developed during the colonisation era of the Dutch (Van Der Kroef, 1952; Selosoemardjan, 1962 in Chua, 2002:p.140). For example, we can look to the “Indonesian dandy” of wealthy, Western-educated Indonesians from around 1910–1940, who presented themselves as “modern” by wearing all-white European styles (Mrazek, 2002:p.157) to resemble their Dutch colonisers. Western attributes constituted a superior class during the Dutch colonial era, with foreign Orientals existing as second class and locals being positioned as third class (Van Der Kroef, 1956:p.139). This phenomenon of preferring Western style is often observed in ex-Western colonies, such as in Malaysia (Robison & Goodman, 1996:p.67), China (Gerth, 2003), but also in Taiwan and Thailand (Robison & Goodman, 1996:pp.215, 149).

Nevertheless, mid-size partners offered interesting comments that, although they both held foreign brands, they could never beat the Big 4, since the Big 4 is more prestigious than mid-size firms. At the same time, they cannot charge as small a fee as local firms do. This indicates stratification in the audit field in Indonesia - Big 4, mid-tier, and local firms - although this research does not specifically address local firms.

Big 4 professionals highlighted support from global networks, including training materials, standards, training abroad, and collaboration with other firms within the same global network. This could be because clients of the Big 4 are MNCs; they already know the Big 4 brand and are long-standing clients, despite rotating among the four firms. An alternative possibility is that professionals take the power of their brands for granted. Interestingly, this study did not find many articles or news reports about Big 4 professionals or Big 4 firms in the Indonesia CPA magazine, which, at that time of interview, was chaired by an auditor from a local firm in Jakarta.

7. Conclusions

This concluding chapter summarises key findings from empirical chapters. It also discusses conceptual contributions and the implications for public accounting firms and policy makers. Lastly, it acknowledges the limitations of this study and makes suggestions for future studies.

The aim of this thesis was to explore the values of numerous forms of capital of accounting professionals in Big 4 and mid-sized firms in Indonesia. Relatively similar values in various forms of capital were found between Big 4 and mid-size firms. There are also slight differences found across the regions of Jakarta and Surabaya, as well as some variation among firms that show diversities; as there are around 200 ethnicities in Indonesia, no one size fits all. For example, professionals in Jakarta are more oriented towards networking through being members of business, social, and sporting clubs. Meanwhile, in Surabaya, professionals rely primarily on trust that is built through performing quality audits in a timely manner and that adhere to professional standards. Moreover, the existence of all international foreign audit brands in Jakarta drives higher competition when compared to Surabaya; therefore, business development skills are more important in Jakarta than in Surabaya. In two Surabaya-based firms, younger partners are not yet involved in selling, while in two other mid-size firms in Surabaya, business development is encouraged at the manager level.

Economic capital is increasingly important at the partner level in Big 4 and mid-size firms. However, we do not have evidence of it colonising other forms of capital in Indonesia, as has been reported in Big 4 firms in China, the U.K., and Canada. Nonetheless, it is not as technical-centric as in Bangladesh and Japan (Spence *et al.*, 2017). It seems that the level of commercialism in the Indonesian audit profession exists on a spectrum, with China, the U.K., and Canada in one end and Bangladesh and Japan on the other. Big 4 and some larger mid-sized firms seem to be more commercial-oriented than other mid-sized firms, a fact shown by more valuing business development skills as performance measures.

Internal and external social capital are important for professionals in both Big 4 and mid-size firms to advance their careers. Internal social capital is related to performance and the characteristics of being a good team member. A staff member should be supportive of his/her superior, and in return, a superior is supposed to act as

mentor/protector of his/her staff, thus maintaining good harmony and order in the firm. To keep relationships close and professional, a superior has to find the right balance of positioning himself/herself as a boss and as a friend to his staff members. External social capital is heavily related to technical capital in the form of teaching in university, getting involved in professional bodies, or joining accounting standard-setting committees. Maintaining good relationships with clients is important, which is shown by delivering work according to the deadline and offering management letters that describe improvements on internal control or operation for the clients.

This study found three forms of embodied cultural capital, including the technical capital of ethical disposition, business development skills, and communication skills, which are important for professional careers. Communication skills are highly affected by the cultural values of harmony (*rukun*), hierarchy, and indirect communication, especially when delivering bad news to SOE clients. Possessing the right combination of these forms of capital will constitute an ideal partner candidate. There is a link between technical expertise and external social capital when professionals engage themselves in teaching, as a trainer, or involve themselves in professional bodies. Likewise, firms offer update-newsletters for clients, hold seminars, and conduct workshops on accounting standard updates or other issues as a form of advertising. Here, ethical disposition refers to maintaining independence from clients and safeguarding professional integrity. Rather than being motivated by public interest, this type of ethical disposition is primarily driven by risk management, which is designed to protect firms from regulator sanctions that may result from dealing with bad clients.

This study found three forms of institutionalized cultural capital that are valuable. They are educational capital, professional credentials, and foreign affiliations. Educational capital in the form of a reputable university background and high GPAs is a token at the recruitment stage. The Indonesian CPA's professional credentials are required in both Big 4 and mid-sized firms when being promoted to a partner-level but are not required at the firms' entry-level. Foreign affiliations are viewed differently by Big 4 and mid-size professionals. The latter view foreign affiliations as essential to elevating their reputation and gain new clients, while the former mentioned that their brands gain support from global firms.

A review of literature has revealed that there is a scarcity of literature regarding PSFs in developing countries. This thesis contributes to PSF literature by providing an empirical exploration of the accounting profession in an emerging country within the Asian business system. Specifically, this field of accounting in Indonesia is in the development stage. The values of various forms of capital show the structure of this field, where the professionals reflect their embodiment and internalisation of external structure (Bourdieu & Wacquant, 1992).

This study offers practical implications for public accounting firms and policymakers. It is beneficial for the accounting firms to understand the organisation's culture surrounding the professionals, which naturally affects their professionalism. Findings show the importance of technical skills and ethical disposition for senior professionals' careers and business development skills. A similar commitment to ethics was shown in Arthur Anderson in the early days, for example, when Arthur E. Anderson rejected a client request in 1915 (see Squires *et al.*, 2003:chap.2), decades before it was collapsed. Public accounting firms can be more aware of what salient values are for them in delivering professional works to clients and whether they align with the public interest mandate, especially when the firms grow.

For policymakers, this study offers insights on challenges and struggles faced by the audit profession in Indonesia compared to other countries due to its different business environment and local cultural values. Regulators must recognise that the profession is still in the development stage and should be aware of how it could support the profession to develop. This study suggests that regulators should adopt policies according to its local business environment and ensure that it is not contra-productive to the KAPs and professionals.

Limitations and Future Research

It should be borne in mind that this study has numerous limitations. While previous research found that economic capital dominates other forms of capital in the Big 4 of the U.K., Canada, Spain, France, and China (Spence *et al.*, 2016:p.10, 2017), our study failed to identify the most important capital in the Indonesian audit profession. More research could further explore the most valuable form of capital among various forms of capital in the audit profession.

Interviews as a main method of data collection employed in this research pose several limitations. Some interviewees will be very guarded, especially when rapport has not been established (Silverman, 2014), when conversations are being recorded, or (as experienced in this study) when the accountants have a less talkative nature, with the exception of some partners who embody greater communication skills. Interviewees also tend to exclude obvious parts of their life, usually by assuming that the researcher already knows certain information or considers that information to be common knowledge. Future research could benefit from employing ethnography to reveal what is been practiced, without the limitations of verbal communication.

This study interviewed a limited number of Big 4 partners, although it was balanced by interviews from managers and senior managers who had experienced several years in the firm and are, therefore, capable of talking about it. This was due to challenges in getting access to the partners and navigating their availability to participate in the research. Moreover, the number of Big 4 partners is relatively small, at around 25 partners on average per firm, as opposed to, for example, 915 partners in PwC U.K. in 2018 (PwC UK, 2018:p.81).

As a passing note, the majority of interviewees in both Big 4 and mid-tier firms are from Indonesian Chinese descent. This can be attributed to the method of recruiting participants, which was done through personal contact and snowballing. Some personal contacts were drawn from the researcher's educational network, having graduated from a private Christian university where the majority of students were from Indonesian Chinese background. As far as the researcher knows, although Indonesian Chinese only constitutes around 1.2% of Indonesia's population (Badan Pusat Statistik, 2010:p.9), many partners in the Indonesian Big 4 firms are from Chinese descent. Indonesian Chinese descent is generally associated with being adept in entrepreneurship, which might explain their proportion as Big 4 partners. However, lately Mulder (2005) observed that the pursuit of money is becoming more apparent in Jakarta as influenced by globalisation and consumer culture. Money is important, both for the new money class (*Orang Kaya Baru*/OKB) and the less better-off, to access consumption and mark themselves with the modern urban lifestyle. For example, visiting air-conditioned shopping malls, consuming fast food, listening to pop music, and wearing Seiko watches or Western jackets (2005:p.127,136). Future research could explore the diversity in

terms of different ethnicities and the role that cultural values and globalisation play in the success of audit professionals and professionalism.

Although one Big 4 firm and one mid-size firm studied are said to be family firms, none of the professionals interviewed were family members of the firms' owners. Therefore, this study does not discuss to what extent family background impacts promotion to a partner level in family firms. Future research can explore to what extent internal social capital regarding family background influences the promotion to partner, especially in a family's own firm.

This study focusses on audit professionals in Big 4 and mid-tier firms in Jakarta and Surabaya. Thus, it does not represent accounting firms in other provincial areas in Indonesia. Since it focusses on audit professionals, results might differ from other studies on the wider PSFs, such as advisory or taxation. Moreover, the result of this study is possibly limited to other developing countries with diverse cultures, where the profession is still in the development stage.

Although discussion on embodied cultural capital and educational capital are generally explained by social background - i.e. class origin, gender, or race (Friedman & Laurison, 2018) - this study do not address it, since not much data was acquired to categorise class in Indonesia. Moreover, class in Indonesia is organised differently (Gordon, 1978) than in the West.

Additionally, our study involved nine women who represent 22% of all participants, but this does not represent the gender composition of the profession. Our interviewees showed equally dominant positions in their firms and implied the profession could be embraced by women. For example, a Big 4 female partner interviewed is a prominent accountant for her technical expertise and strategic roles, both in her firm and in developing the accounting profession. Similarly, a local partner is a regional leader of the audit professional body, IICPA. The composition of our interviewees shows a slightly better representation than the study of, for example (Carter & Spence, 2014), the U.K. and the Canadian Big 4. Future research could explore whether traditional cultural values hinder or promote the chances for women to have successful careers in the accounting profession.

In external social networks, none of our Big 4 and mid-sized partners mentioned networks with political elites. Instead, they indicated a tendency to expand

their careers into the industry by joining audit committees. Certain older, prominent accountants were professors, lecturers, and book writers (such as Drs. Basuki T. Siddharta, Theodorus M. Tuanakotta, and Hans Kartikahadi). Future research could explore the proximity of senior accountants to the field of power when they retired (Carter & Spence, 2014).

Although interviewees from both Big 4 and mid-size firms indicated that ethical disposition is highly valued, our findings also portray increasingly more emphasis on business development skills in the firms' formal performance appraisals. This could signify the influence of global values on the firms, instead of local practices, that point toward more Western commercialism. Future research could use longitudinal data to explore whether there has been a shift of values for professionalism and commercialism in the audit profession.

Appendix 1. Details of Interviewees

ID	Position	Department	Gender	City	Years in the Current Firm	Left Profession & Returned	Movement Among Firms	Left Firm
1	Junior Partner	Audit	F	Sby	13 y			
2	Manager Audit	Audit	M	Jkt	6 y		L- M - B	√
3	Senior Manager	Advisory	M	Jkt	5 y	√ [from audit to advisory]	M - B - I-B	
4	Manager Audit	Audit	M	Jkt	12 y			√
5	Manager Audit	Audit	M	Jkt	10 y			√
6	Partner	Audit	M	Jkt	12 y			
7	Manager Audit	Audit	M	Jkt	3 y		M - M	
8	Manager Audit	Audit	M	Jkt	12 y			
9	Manager	Audit	M	Jkt	8 y		B - B	√
10	Technical Advisor	Support	F	Jkt	3 y		M - B - M	
11	Partner	Advisory	F	Jkt	25 y	√	B - I - B	
12	Partner	Audit	M	Jkt	14 y			
13	Partner	Audit	M	Jkt	9 y			
14	Manager	Audit	M	Jkt	8 y			
15	Partner	Audit	M	Jkt	8 y	√	M - I - M	
16	Manager	IT Advisory	M	Jkt	3 months		I - B	
17	Partner	Advisory	M	Jkt	20 y			
18	Partner	Audit	M	Jkt	N/A		L - M - M	
19	Ex-Assistant Manager	Advisory	M	Jkt	3 y		I - L - B	√
20	Director	Audit	M	Jkt	11 y			
21	Partner	Audit	M	Jkt	18 y			
22	Partner	Audit	M	Jkt	2 y		I - M-M-B-M	
23	Partner	Audit	F	Jkt	N/A		B - M	
24	Partner	Audit	M	Jkt	5 y		L - M	
25	Partner	Audit	M	Jkt/Sby	14 y		M - M	
26	Partner	Audit	M	Jkt	23y			
27	Partner	Audit	M	Sby	13 y	√	B - M - M	
28	Partner	Assurance, accounting	F	Sby	N/A		I - L	
29	Partner	Audit	M	Sby	3 y		M - M	
30	Partner	Audit	M	Sby	0 y	√	B - I - M	
31	Partner	Audit	F	Sby	7 y		M - M	
32	Partner	Audit & Tax	M	Sby	11 y		M - I - M	

ID	Position	Department	Gender	City	Years in the Current Firm	Left Profession & Returned	Movement Among Firms	Left Firm
33	Partner	Assurance, accounting	M	Sby	6 y	√	L - I - L	
34	Manager / HRD	Audit & Tax	F	Sby	N/A			
35	Partner	Audit & Tax	M	Sby	8 y			
36	Partner	Audit	M	Sby	2 y	√	B - I - B - M	
37	Senior Manager	Audit	M	Jkt	11 y	√	B - B	
38	Manager	Audit	F	Jkt	10 y			√
39	Partner	Audit	M	Jkt	24 y			
40	Partner	Audit	M	Jkt	11 y		B - B	
41	Partner	Audit	F	Sby	0 y (New)		M - M - M	
42	Ex-Staff	Advisory	F	Jkt	3 y			√
43	Ex-Staff	IT Advisory	M	Jkt	3 y			√

Notes:

Gender: M = Male; F = Female

City: Jkt = Jakarta, Sby = Surabaya

Years in the Firm is calculated until 2016 when the 1st interviews took place

Movement Amongst Firms: Represents the movements of professionals from firms to firms, or between firms and industries with B = Big 4 firm, M = Mid-tier firm, L = local firm, I = industry

Left Firm: based on the end of 2018

Appendix 2. Interview Schedule

Questions for Interview Guide to Professionals

Introduction: Brief introduction of the researcher and the topic. Inform the participant about: the confidentiality of the research, that this research is independent, and that the research is not funded by any other parties that might cause a conflict of interest. Obtain the participant's consent.

A: Participant's educational background (Institutionalized Cultural Capital - ICC) – [Some information could be obtained from the firms' or participant's professional website]

- Please tell me about your university degree background
- What inspired you to choose an accounting degree?
 - Is it related with your parent's occupation?

B: Economic Capital (EC)

[Revenue generation; profit-per-partner; client billings (Carter & Spence, 2014:p.958)]

Firm level

- What is the salary of an entry level position at your firm and in your division?

Individual

- Could you explain what the economic remuneration of a partner is?
 - Could you describe the differences in the remuneration from a director (or senior manager) to a partner?
- Could you describe how you maintain or generate revenue/profit?
 - Is there any target?

C: Embodied Cultural Capital (ECC) (behaviour, dispositions, and habitus)

[Embodied properties such as accent, derived from observation/listening to the recording (Bourdieu, 1984:p.438); advice and technical expertise offered, client management, anticipating and creating client needs, maintaining good rapport with colleagues and clients, physical appearance, dress sense, social skills (Carter & Spence, 2014:p.958)]

- Could you describe your career history in the accounting firm(s)/profession since you graduated?
- Could you describe what it means to be a successful accountant/public accountant?
- Could you describe what activities partners do but that are not carried out by senior managers/directors?
 - What do you think the key skills required to be a partner are?

- What do you think a senior manager/director lacks that makes him/her unsuitable to be a partner?
- Could you describe, apart from your answers above, what other factors are essential to be promoted as a partner?
- Could you describe the characteristics of a senior manager/director that are important to be promoted to a partner level?
- How would you describe the challenges in your work?
 - What you do to cope with the challenges?
 - Could you describe what has made some people fail to ascend to a partner level?

D: Social capital (SC) (Internal and external social networks)

[Group membership, social ties, network (Maclean, Harvey & Chia, 2010); inherited social capital: e.g. family connections; geographical origins (Bourdieu, 1984:p.438)]

[Internal and external networks: family background, mentors, work teams, contacts in other partnership offices, client portfolios, contacts with clients and potential clients, business networking events, relationships with politicians and celebrities, charity work (Carter & Spence, 2014:p.958)]

- Could you describe what social activities you do?
 - Could you describe how you spend time outside of work?
- Could you describe what professional or sport membership you are a part of?
- Could you describe the relationship with your mentor/coach?
- Could you describe how you get new clients?
- Could you describe what it means to have a good relationship with clients? (could signal the commercialism; depends on the answers)
 - What does it take to make a client satisfied/happy?
- Could you describe influential people that you meet because of your role as a partner?
- Could you describe the possibilities of ascending to a partner level without social connections?
- Where do you see yourself in 5 years? (any moving proximity to a field of power (Carter & Spence, 2014:pp.962–963)?)

Appendix 3. Currency Conversion

\$1 US = Rp 14,962.4 (per 6th November 2018) (Oanda Corporation, 2018)

£1 GBP = Rp 19,470 (per 6th November 2018) (Oanda Corporation, 2018)

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