

Using Hegel's Dialectic Pattern to Review the Adoption of the IFRS in Indonesia

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Although there are currently more than 120 countries that have adopted the IFRS, an attempt be made to perform accounting standards around the world is still the subject of debate. The emergence of this discourse engenders debate among academics about the advantages and disadvantages of such standards to be put in place in all countries. Scientific studies, literature and other research, has been conducted to respond to this discourse (see e.g. Abeysekera, 2005; Perry & Andreas, 2006; Soderstrom & Sun, 2010) and it turns out globalisation discourse around accounting standards continues to produce opinions and various research findings. This research aims to analyse the adoption of the IFRS through the dialectic of Hegel's thesis, antithesis and synthesis. This research uses a qualitative paradigm with a case study approach. Data is obtained through an in-depth interview technique, targeting informants including academics and practitioners of accounting. The study found the agenda of global accounting standards is in line with the neo-liberal agenda, wanting freedom in competition. This agenda assumes that the free market will lead to efficiency. The efficiency aimed for, in laying out and withdrawing funds, has been facilitated within accounting through the application of one global standard, in favour of providing needed information. This research found that the urge to adopt the IFRS can be found in three slice accounting ecology, i.e. the actor-related slice, the political-related slice, and the business-related slice. There is a mutual connection between these three ecologies. The mutual connection between these three ecologies is scrutinised when its origin is on the same mission, namely to achieve the interconnected financial market.

Key words: *Hegel's dialectic, thesis, antithesis, synthesis, convergence, IFRS.*



Introduction

Although there are currently more than 120 countries that have adopted the IFRS, an attempt to perform accounting standards around the world has been the topic of discussion and debate among accountants, including academics and practitioners around the world, not limited to Indonesia. The emergence of the discourse engenders debate among academics about the advantages and disadvantages of such standards being imposed internationally.

Various scientific studies – whether in the form of literature or research – have been conducted, in order to respond to the discourse (e.g. Abeysekera, 2005; Perry & Andreas, 2006; Soderstrom & Sun, 2010). After further examination of this globalisation discourse, it appears that accounting standards continue to produce opinions, as well as diverse research findings and opportunities.

The International Accounting Standards Board (IASB), as the creator of the IFRS, wished to enact these particular standards as one of many global standards. The IASB believes that the IFRS can be applied as accounting standards anywhere. This assumption contradicts the theory of accounting diversity, which believes that accounting grows along with its environment.

IASB is an independent organisation based in London, UK. Their introduced standards are intended to become a set of rules that are expected to be applied uniformly to all financial reporting of public companies around the world (IASB, 2010). The aspiration to homogenise this internationally accepted accounting standard began on June 29, 1973, when several accounting professional institutions entered into an agreement to form an independent organisation called the International Accounting Standards Committee (IASC). There are 10 countries that are members, who are also councils of this institution, namely Australia, Canada, France, Germany, Japan, Mexico, the Netherlands, the United Kingdom, Ireland, and the United States.

In recent years, there is an increasing tendency to adopt the IFRS by many countries (Chamisa, 2000; Deloitte, 2010; Gyasi, 2010). Despite the move towards convergence of accounting standards throughout the world being politically complex, theoretically complex, and full of uncertainty in its operations, the drive to converge international accounting standards is getting stronger. It is proven that, in the last two decades, the convergence of accounting standards has gained wide and effective acceptance (Cooper, Neu, & Lehman, 2003). Until recently, more than 120 countries in the world have converged their national accounting standards with the IFRS.

Although many countries have adopted the IFRS to replace their local accounting standards, in reality, this one global standard discourse is still causing debate among academics. They



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question the relevance of IFRS implementation in their countries (e.g. Alp & Ustundag, 2009; Chamisa, 2000; Gyasi, 2010; Prather-Kinsey, 2006), and some even say criticise that there is actually a political motive behind the one global standard phenomenon (Abeysekera, 2005). The following are the pros and cons of a one global standard in accounting.

The existence of different accounting practices across countries can result in different records for the same economic transactions. Because the same transactions are recorded differently in each country, this results in incomparable financial reports between countries. This lack of comparability of financial statements can complicate the analysis of cross-country financial and investment reports (Bradshaw, Bushee, & Miller, 2004). Some accounting research shows that in practice, the implementation of global standards varies, resulting in failure to achieve the desired comparability of financial statements (e.g. Ball, Robin, & Wu, 2003; M. T. Bradshaw & Miller, 2007; Street & Gray, 2001). Various academic literature questioned whether the same accounting standard can be applied consistently by companies operating in different economic, political and cultural settings. Street & Gray (2001) conducted research on several early user companies (early users) of International Accounting Standards (IAS). They found that the companies they studied did not meet even the easiest disclosure of IAS requirements. Noncompliance with this disclosure raises serious doubts about the possibility that a single accounting standard can be applied consistently at the global level (M. T. Bradshaw & Miller, 2007).

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Ball et al. (2003) conducted a study to determine the interaction between financial statements prepared, based on IAS, with the incentives (motives) of accountants who compile these financial statements. The research was conducted in four East Asian countries, namely: Hong Kong, Malaysia, Singapore and Thailand. According to Ball et al. (2003) the level of transparency of the financial statements produced cannot only be linked to the accounting standards used, but must also be linked to economic or political incentives underlying the preparation of these financial statements.

Ball et al. (2003) also found that the same standards were applied very differently in each country, due to differences in economic and political incentives. Various researchers also concluded that global appeal was driven by factors other than accounting standards. Some researchers suggest that the comparability of financial statements can be achieved through regulatory oversight or capital market pressure (Ball et al., 2003; Burghstahler, Hail, & Leuz, 2006; Land & Lang, 2002).

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Accounting practice is influenced by the environment in which it is located. Gernon and Wallace (1995) say that there are five environmental variables that affect accounting, namely: social, organisational, actor, professional and accountancy. The information produced also differs according to the setting of the institution in which he operates. Overall, the results of



previous studies show that the same accounting is applied very differently throughout the world.

Rodrigues & Craig (2007) examined the convergence of national accounting standards with the IASB standard using Hegel's dialectical approach to understanding international accounting convergence. Using the pattern of theses and antithesis and synthesis, they state that harmonisation of international accounting has a global benefit (Gbenedio, Benson, & Omolehinwa, 1998). This thesis has been opposed by the antithesis that accounting is an environmental product and therefore there should be different accounting systems in each country (Radebaugh & Gray, 1997).

This dialectical interaction in turn produces a synthesis which argues that international standards must be adopted at least by all companies whose shares are traded in the global capital market. This synthetic view is not only supported by the IASB, but also supported by large international-scale public accounting firms and transnational companies. The reason they are indignant is because it is not efficient to use various forms of national GAAP, and that all national standard setters must converge their standards with the IFRS (Larson & Street, 2004). However, according to dialectical interaction, a new antithesis states that it is too naive to assume that a single regulatory framework can be established to meet the needs of all countries (Chand, 2005). Therefore, the accounting systems must differ, because each country or region has a different economic and monetary system. Using the Hegel dialectic approach this study aims to understand the patterns of the thesis-antithesis and synthesis of IFRS adoption in Indonesia.

Hegel and Dialectics

Dialectics is a way to think about, and interpret, the world. It is a way to see the universe, which departs from the axiom that everything is in a condition that is always changing and flowing. Dialectics explains that change and movement involves contradictions and can only occur through that contradiction.

Hegel's dialectical method consists of three stages. The first is a thesis, which is to construct a certain statement. The second is the antithesis, namely an argumentative statement that rejects the thesis. And the third is synthesis, namely the effort to reconcile the tension between the thesis and the antithesis. Usually experts associate this dialectical concept with Hegel's philosophy, although Hegel himself never explicitly stated his argument through the concepts of thesis, antithesis, and synthesis.

As a wise philosopher, Hegel stated that he got this concept from Kant's philosophy. The dialectical method did indeed become very popular in the hands of philosophers, within



German idealism, and especially in Hegel's thinking. In his writings, Hegel did not directly use the concept of thesis-antithesis-synthesis. However, he uses more or less the same logic. He often uses abstract-negative-concrete concepts to describe his dialectical thinking about reality. Several times he uses immediate-mediated-concrete. Hegel does use different words to affirm the dialectical method of thinking used in his entire philosophical system.

In the formulation of the synthesis-thesis antithesis, we cannot understand logically why the thesis is related to the antithesis. In the formula it has been assumed, that the thesis, which is an abstract, has a weakness, namely that it has not been tested in reality. The thesis is still in the form of an abstract concept that has no experience aspect, and has not been tested in the rigors of reality. In the negative stage, which is the antithetical level, what is abstract is plunged into reality, and interacts with negativity that often arises in experience. Only after that abstract and negative experience synthesis, and become concrete. New concrete levels can be achieved, if the negative level and abstract have been exceeded. This is the essence of the dialectical method, found in all of Hegel's philosophy.

Hegel's dialectical method also has a very strong contradictory element. For him, every stage of the development of reality, starting from the thesis, antithesis, and synthesis, arises from the strong contradictions in the previous stage. The whole history of the world is the history of dialectics and contradiction.

The pattern of Hegel's dialectical thinking concerning thesis-antithesis and synthesis will be applied in an effort to answer the problems stated at the beginning of this paper. The concise thinking of Hegel's dialectics, when associated with the problems in this paper, are as follow: thesis (supports IFRS convergence). This thesis contains weaknesses that are antithesis to it, or bring up ideas in opposition to IFRS convergence. Since the emergence of convergent discourse, there are several groups of people who question the usefulness and hidden motives of IFRS convergence. As a result of this conflict of ideas, synthesis emerged. Synthesis overcomes conflicts that occur by reconciling the truth that is in the thesis and antithesis. This will later become a new thesis that will bring up the hypothesis, and eventually lead to a new synthesis. Social processes like this will continue, because, according to Hegel, that this process continues to produce intellectual development.

Research Methods

This study uses a qualitative approach to describe the thesis, antithesis and synthesis of IFRS adoption in Indonesia. Most of the data in this study was collected through in-depth interviews. The data, in the form of documents, is used as a support. Furthermore, the data from the interviews will be grouped in the thesis and antithesis. The researcher uses the data from the previous research studies to formulate a synthesis.



The informants of this study were professional accountants, both academics and accountant practitioners in companies and public accounting firms. The data analysis method used is owned by Miles and Huberman (2008). They suggest that qualitative data analysis is carried out interactively and takes place continuously until completion and data saturation. Activities in data analysis, according to Miles and Huberman (2008), consist of data reduction, data display, and conclusion.

Research Result

It is not enough for critical researchers to only initiate awareness, but they must also offer transformation as a form of responsibility for the factors they have criticised. The pattern of dialectical thought of thesis-antithesis-synthesis will be used to offer a transformation of IFRS adoption in Indonesia. This section will begin by presenting the thesis, which is believed to inform the informant that the IFRS is a good, and universally valid, standard. This thesis is then reconciled with arguments (antithesis) that reject the belief (thesis), believed to be the truth of global standards. Next, I will merge this thesis and antithesis, so that it becomes a synthesis. This synthesis is ultimately a form of transformation, offered as an effort to adopt the IFRS in Indonesia.

Dialectics is a way to think and interpret the world, a way to see the universe, which departs from the axiom that all things are in conditions that are always changing and flowing. Dialectics explains that change and movement involve contradictions and can only occur through that contradiction.

Experts associate this dialectical concept with Hegel's philosophy, although Hegel himself never explicitly stated his argument through the concept of thesis, antithesis, and synthesis. The Hegel dialectic method consists of three stages. The first is a thesis, which is to construct a certain statement. The second is the antithesis, namely an argumentative statement that rejects the thesis. And the third is synthesis, namely the effort to reconcile the tension between the thesis and the antithesis.

The concise thinking of Hegel's dialectics when associated with this research are as follows: thesis (supports IFRS convergence by believing that the IFRS can be applied to anyone, anywhere). This thesis contains weaknesses that will cause antithesis to it, or bring up ideas (opposition or criticism of IFRS convergence). Since the emergence of the convergent discourse, there have been several groups of people who question the usefulness, and ulterior motives, of IFRS convergence. As a result of the conflict, synthesis emerged. Synthesis overcomes conflicts that occur by reconciling truth that is in the thesis and antithesis. This synthesis will later become a new thesis that will give rise to antithesis, and eventually lead to



a new synthesis. Social processes like this will continue, because, according to Hegel, that this process continues to produce intellectual development.

Thesis

This section will outline the research findings, which are the theses of IFRS adoption. Accounting policymakers in Indonesia have arguments – or a thesis – that have built trust, namely that IFRS is a universally applicable standard. This argument will transform into "power" if the community is organised in such a way as to accept the argument as a truth. This section aims to present arguments that seem to have become truth. What kind of truth is believed to support the IFRS as a global standard?

IFRS as Neo-Liberal Agenda

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...neoliberalism is "the dominant ideology shaping our world today,"
and we live in an "age of neoliberalism." (Thorsen & Lie).

The fact that we are currently in a neo-liberal era was inevitable. Thorsen and Lie said that we are currently in the "age of neo-liberalism". Neo-liberalism is an ideology that currently dominates not only the political sphere – an initial goal from the foundation of this ideology – and has penetrated the other aspects of life, especially the economy.

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Neo-liberalism is regarded as the return and spread of one particular aspect of the liberal ideological tradition. One of the liberal ideologies, which later spread widely in neo-liberalism, was economic freedom (economic liberalism). The basic idea of neo-liberalism is the belief and desire that the state must not intervene in the economy, and that the economy is handed over as widely as possible to participating individuals and market mechanisms (self-regulating markets). As stated by Thorsen and Lie, "economic liberalism is, basically, the belief that states ought to abstain from intervening in the economy, and instead leave as much as possible to individuals participating in free and self-regulating markets." Furthermore, Thorsen and Lie mention that, in the era of neoliberalism, power and prosperity were centered on transnational companies and certain elite groups. Thorsen and Lie's discuss this matter in *Neoliberalism – A Critical Reader*, where they share the quite common, but not necessarily factually accurate, view that "power and wealth are, to an ever-increasing degree, concentrated within transnational corporations and elite groups."

Judging from Thorson and Lie's statement, the mission of the IASB is in line with the neo-liberal agenda. With the aim of facilitating the acceleration of financial globalisation, a number of global free-market accounting institutions have been established at both the local and international level. Global free-market accounting institutions that have been formed include



the International Accounting Standards Committee (IASC); OECD working group of experts on Accounting Standards, International Standards of Accounting and Reporting (ISAR), and the European Union's Accounting Advisory Forum (Hopwood, 1994).

ISAC is one of the accounting institutions whose ideology is in line with the neo-liberal ideology of the global free market. This one global accounting standards agenda is in line with the neo-liberal agenda, wanting freedom in competition. This agenda assumes that the free market will result in efficiency. Regarding this matter, one of the informants believes that IFRS adoption must be done to facilitate foreign investment. The following is the informant's statement regarding this matter:

"Financial accounting, itu tujuannya apa sebenarnya tadi. Itu kan sebenarnya dibuat menarik dana. Kita kan bersaing, supaya masuk dana. Mau ini investor luar negeri masuk ke Indonesia dan sebagainya, gitu kan." (HK)

(Financial accounting... what is the goal. It's actually to attract funds. We are competing, in order to receive funds. This foreign investor wants to invest in Indonesia and so on, right?" (HK))

Efficiency can be achieved if investors (large) and multinational corporations (MNCs) easily invest and withdraw their funds with little effort and little cost. This little effort and cost can be achieved as, by attracting funds, they are being assisted by a form of one global standard accounting that provides the information they need. The real benefits enjoyed by MNCs are comparability and ease of investment. As stated by one researcher, "the MNC will certainly benefit, because they no longer need to prepare different financial statements if they want to be listed in other countries. They will also find it easier to prepare consolidated financial statements (Chand & White, 2007).

Supporters of one global standard (including the Indonesian Accounting Standard Policy Makers – DSAK-IAI) argue that such standards benefit MNCs. The following is a statement from an informant:

"Now the flow of funds will come, whether he (the investor) will invest here, whether he will merge and so on." (HK)

A similar statement was also made by another informant:

"Now imagine we are talking about the capital market. People, if they want him, whether he wants to enter or invest in Indonesia, surely he will ask for opinions from his financial experts. See how much effort they have to make to assess whether this (financial report) is safe." (AH)



The statement of the informant clearly seemed to lead towards, and to defend, the interests of foreign investors.

As explained in the previous section, the results of this study show that DSAK have confidence in the characteristics of neo-liberal ideology. Under the pretext of facilitating the flow of foreign funds into Indonesia, informants believe it is the reason why Indonesia had to adopt the IFRS. The following is a statement from an informant, who said that, by using the IFRS, foreign investment would be easier:

"American investors will be easier to assess, easier to market to foreign investors." (ERW)

This kind of belief is in line with neo-liberal ideology. The neo-liberal ideology of the global free market matches the agenda of universal global accounting standards, wanting freedom in competition. Accounting technology – in this case, the IFRS – is used as a means to facilitate the achievement of a global free market agenda. Indonesia has facilitated this by rolling out a red carpet for the global free market.

Antithesis

This section will describe the antithesis of this thesis on IFRS adoption. This section aims to explain the arguments that reject (the antithesis) of trust (thesis) which is believed to be the truth in the application of universal global accounting standards.

Accounting is Ecological Determinism

With the pretext of increasing comparability, the IASB wishes to eliminate differences in accounting systems in all countries. The IASB believes that, by creating a single accounting standard that applies globally, appeal will increase. Using the belief in free culture theory, the IASB assumes that accounting is culture-free. This assumption has spread to all proponents of universal global accounting standards, including in Indonesia. The following is a statement from one of the informants regarding this matter:

"If a company, somewhere on the top of the mountain, has implemented the IFRS, and a company in London has also been implementing it, it means the same thing. It means it can be comparable." (GT)

Reality is not free of culture, and accounting is not free from the environment in which it grows. Accounting does not grow in a vacuum, but grows embedded in an environment. The same sentiments are also offered by Gernon and Wallace (1995), who claim that "accounting is a product of its environment."



Some accounting research shows that, in practice, the implementation of global standards varies, resulting in failure to achieve the desired comparability of financial statements (e.g. Ball, Robin, & Wu, 2003; Bradshaw & Miller, 2007; Street & Gray, 2001). The question is, why does the implementation of global standards vary? Since accounting practices are influenced by the environment in which the actor is located, the information produced also differs according to the settings of the institution/s in which they operate.

More than three decades ago, Hopwood (1978) reminded us that the accounting community should not separate accounting from the context in which it operates. Hopwood (1978) stated that “we should pay attention to the organisational and social contexts in which accounting operates.” Furthermore, Hopwood (1978) also said that “we should not assume that context is something that is outside the organisation, but as something related to the organisation. Accounting is formed, and forms a broader social process.”

Gernon and Wallace (1995) argue that there are five environmental variables that affect accounting, namely: social, organisational, actor, professional and accountancy. The information produced also differs according to the setting of the institution in which they operate. Bradshaw (2007) said that international differences in reporting motives inherently result in a comparability of international accounting information that cannot be achieved through homogenisation of accounting standards. Overall, the results of previous studies show that the same accounting applied very differently throughout the world (Ball et al., 2000).

Politics in Accounting Standard

Through the perspective of accounting ecology, this study found that the urge for adoption of the IFRS can be categorised into three slice accounting ecology, namely the actor-related slice, the political-related slice, and business-related slice. Adoption of the IFRS is an accounting policy choice, and in the case of Indonesia, the choice is caused by pressure from certain parties. Regarding this matter, Hopwood (2000) once said “there is a stronger recognition of the choice of accounting rules for a product of social construction and institutional pressures.”

There are connections between the three ecologies – the actor-related slice, political-related slice, and business-related slice. The interconnection between the three ecologies, when examined, is the reason for achieving the same mission – namely, an interconnected financial market. Various strategies have been prepared to achieve the mission. This study found that IFRS adoption was caused, not because of the drive to serve the interests of domestic business ecology, but as it was dominated by the initiator's desire to serve the interests of the global business ecology. This has been provided by actors placing Indonesia in a position as a nation purchasing products sold by the IASB, without having bargaining power. The enthusiasm to serve the interests of foreign investors has resulted in less consideration of domestic needs for



accounting. The actor believes that there are many countries that use this international standard (IFRS), so, as to not be isolated by Indonesia, they must also use it.

In the political ecology, this study shows that international interests have resulted in Indonesia not being able to avoid adopting the IFRS. Indonesia's membership in several international organisations has resulted in Indonesia agreeing to adopt global accounting standards. Some transnational organisations that have trapped Indonesia into adopting the IFRS, are IFAC, IOSCO, and G-20. The political-related slice illustrates how political interests of certain parties influence the development of accounting. This political interest seeks to spread the desire to implement universal global standards for the benefit of their respective groups.

Who is the biggest connoisseur of global market development? Of course, the answer is a certain group of capital owners and MNCs. The IASC Secretary-General clearly said the use of global accreditation standards helped eliminate investor doubts, persuading them to invest in the country and its biggest companies. What is obviously defended are the interests of the state and its largest companies. The Secretary-General, Sir Bryan Carsberg, said "investors will not be able to analyse the annual reports and consider investment in some of the largest companies in some of the largest countries."

Synthesis

As explained in the Methodology chapter, this research philosophically lies in a critical paradigm, especially radical humanism. It is not the mission of critical research just to shake up the stability of consciousness (to emancipate) but also to offer a form of change or transformation that is considered more harmonious (to transform). Triyuwono (2006) said that the objectives of research are in the realm of the spiritual paradigm, namely to emancipate and to transform. Based on the dialogue of the thesis and the antithesis that have been described previously, this paper offers a theory of transformation of IFRS adoption.

Ecological accounting: from Neo-liberal to Ecology Determinism Standards

The compilation and implementation of standards of quality requires good planning and management. Failures in planning and management can result in poor quality standards. A good standard is not necessarily 'right' in the sense that we must see that standard is good for who and where it is implemented. If good standards are imposed for anyone and anywhere, then the standard is no longer 'good'. Mismatch between the standards of a country and existing accounting practices and needs is an example of a standard's failure.

Using the Indonesian big motor metaphor (*moge - motor gede*) I want to point out that what is good is not necessarily true. Almost no one denies that a *moge* is a good motorbike. Its exquisite



and appealing features make many people want to own a *moge*. However, with the features offered on the *moge*, it makes the price of a *moge* very expensive. Only certain people can own it and use it. If, for reasons of quality and good appearance, this machine is then required to be used as a two-wheel drive mode throughout the world, do we have to just accept and adopt this discourse – such is the adoption of the IFRS in Indonesia.

As one of the countries participating in the swift flow of agreement on the use of global accounting standards (IFRS), Indonesia should not only go with the flow, but its attitude and adoption decisions should be based more on accounting needs, which must be met by users of accounting information in Indonesia. In-depth study is needed before it is decided, by looking more at the business realities that exist in Indonesia. Adoption decisions should be made not only based on desires or coercion from other parties.

Although harmonisation of accounting standards can be applied to MNCs and cross-country listing companies, this does not mean that international accounting standards (such as IFRS) replace the national accounting standards that each country has. The effort to globalise accounting standards is not an easy task, because each country has a different political, social and economic background. Indonesia has a different background to the environment in which the IFRS was compiled.

The following is a synthesis I offer in an effort to unravel the dogma surrounding the Indonesian adoption of the IFRS, that occurs both in the form of thought, ideology and the politics of other parties.

From the actor's perspective, this study found that IFRS adoption in Indonesia was a result of the thoughts of actors (DSAK-IAI) who were “oppressed” by the dominance of IASB thinking. They said the “IFRS is important to be adopted if the capital markets of a country (including Indonesia) want to develop.” In addition, the mind of the actor was also oppressed by the dominant paradigm of the IASB, which is that the “IFRS is important for a country that wants to allocate economic resources efficiently.”

Because the minds of DSAK-IAI actors are dominated and/or oppressed by such thoughts, they express the same reason (justification) about the importance of IFRS adoption in Indonesia – that it is important to adopt the IFRS so that the Indonesian capital market develops. They also think that capital market players in Indonesia will get funds more easily from cross-border listings.

Helping change the paradigm of actors (DSAK-IAI) oppressed by the dominance of IASC thinking could be achieved by increasing the role of academics. Academics in Indonesia should increase their interest in researching IFRS issues. They should be asking what its real application is within a company, what the response of the affected company is and how their



behavior is relating to it. Furthermore, the results of such studies should not only be stored in campus cabinets, but must be disseminated to DSAK-IAI. In addition, DSAK-IAI should also open the door widely, accepting anyone who wishes to conduct research on IFRS. Based on my experience, even though I had taken a political lobbying approach to the chairman of the DSAK, that attempt still did not open the door for me to interview them.

Similarly, IAI is institutional, and closes the door for research at the central institution that houses accountants in Indonesia. The policy-making process and standard drafting process should be open to anyone. Although this should be done via screens broadcasting live in separate rooms. This format of process would further enhance communication in the form of input and suggestions from academics to DSAK-IAI, ensuring that DSAK-IAI members have an open mind. This would offer thought and suggestions, better based on the reality of what has happened, and is happening, in Indonesia.

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This study reveals that IFRS adoption in Indonesia is caused by false needs. An informant believed that Indonesia needs IFRS adoption to advance the capital market. This kind of belief is because the actor's mind has been dominated by the IASC, which says that the IFRS is useful for the advancement of the capital market. The IFRS is distributed throughout the world, so that interconnected financial market missions are formed. Connections are well established between capital markets that are already developing and efficient. From the IASB's mission, it is known that, what is being targeted through the implementation of global standards, is the enhancement of MNCs and cross-country listing shares.

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Braithwaite and Drahos (2000) argue that IOSCO has collaborated with the IASC to develop joint accounting standards that apply to securities firms (Archibugi, 2003). This statement can be interpreted as follows: the initial purpose of establishing management cooperation between IOSCO and the IASC was to develop accounting standards that apply only to companies going public. In practice, it turns out that this global accounting standard – by a number of parties – has been interpreted beyond initial wishes. In the case of Indonesia, DSAK-IAI decided to adopt the IFRS, which was put into effect in 2012 for all entities that have significant public accountability; entities under the supervision of Bapepam LK; and SOEs that have or have not gone public (Wulandari, 2011).

The targets of IFRS base accounting standards should be reconsidered. DSAK-IAI should look back at the IASC statement, which agreed with IOSCO that the IFRS is to target securities firms. While DSAK-IAI has required state-owned companies that have or have not gone public to implement the IFRS. The radical suggestion that I offer in this case is that the IFRS is not required for SOEs that do not go public. In addition, DSAK-IAI needs to review the statement that the IFRS is mandatory for all entities that have significant public accountability (hereafter referred to as EDAPS). Nowadays, what is referred to as EDAPS, is an entity that controls



8 assets in a capacity as fiduciary for a large group of people, such as banks, insurance entities, brokers and/or securities traders, pension fund entities, mutual fund entities, and investment bank entities. If we look back at the IFRS's universal global standard, it is reviewed to improve the comparability of financial statements. This goal is not related to the desire and purpose of a large group of people who invest their assets in EDAPS. The demands of the people at EDAPS are precisely aimed at the security of the assets they have left, whether by implementing the IFRS on EDAPS or not, the community gets more security for its assets. Based on these considerations, the IFRS should not be pushed on SOEs that do not go public and EDAPS.

Conclusion

The one global accounting standard agenda is in line with a neo-liberal agenda that wants freedom in competition. This agenda assumes that the free market will result in efficiency. Efficiency can be achieved if investors (large) and MNCs easily invest and withdraw their funds with little effort and little cost. This little effort and cost can be achieved, as by attracting funds, they are being assisted by a form of one global standard accounting that provides the information they need.

3 From the perspective of accounting ecology, this study found that the urge for adoption of the IFRS can be categorised by three slice accounting ecology, namely an actor-related slice, political-related slice, and business-related slice. There are connections between these three ecologies. The interconnection between them achieves the same mission, namely an interconnected financial market. Various strategies have been compiled and prepared to achieve the mission.



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