FREEING FROM THE SHACKLES OF INTERNATIONAL ACCOUNTING STANDARD (A STUDY ON ACCOUNTING STANDARD OF AGRICULTURE ASSET)

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ABSTRACT
This study aims to provide a perspective on the existence of the shackles in the International Accounting Standards (IAS) process and implementation of accounting standards. In this case, there is a political pressure to contribute to eroding the country's sovereignty through industrial characteristics. This is a qualitative research with a critical paradigm. The data were taken from an in-depth interviews, focus group discussions, and direct observation of the agricultural industry. The results indicate that there is a need to release hegemony of financial accounting standards in Indonesia. Furthermore, empowerment of local accounting standards is a necessity given that only a small number of industries are listed, so that full adoption of IAS will not be used by both medium and small scale industries that dominate the industry in Indonesia. It implies that there must be an effort to provide input for the Accounting Standards Preparation Board in Indonesia.

Keyword: International Accounting Standards Local Accounting Standard, Agriculture Asset


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1. INTRODUCTION

The stipulation and regulation are always driven by certain conditions (Scott, 2009: 90). This was also stated by Stigler in 1971 in the theory of regulation, that activities around regulation illustrate the relationship between political forces of interest groups (executives or industries) as the demand side or demand and legislative supply. This theory argues that rules or the regulation in accounting are needed. The government needs their role to regulate the regulation as the company has to do to determine the information. The regulations are needed so that all users and providers get the same and balanced information. According to Scott (2009: 98) there are two regulatory theories, namely public interest theory and interest group theory. Public interest theory explains that regulation must be able to maximize social welfare and interest group theory explains that regulation is the result of lobbying of several individuals or groups who defend and convey their interests to the government.

Broadly speaking, there are two benchmarks of financial accounting standards in the world, namely Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). Dewi (2015) stated that various literature mentions more than 150 countries including China, Japan, Canada and about 27 European Union countries using IFRS-based financial accounting standards. As a consequence of being a member of The Group of Twenty (the G20 Country Forum), the Government of Indonesia has agreed to converge financial accounting standards (GAAP) from GAAP to IFRS. The Indonesian Institute of Accountants (IAI) through the National Standards Compilation Board (DSN) decided to enact Financial Accounting Standards in Indonesia by adopting IFRS in full since 2012. The convergence process from GAAP to IFRS was carried out in stages since 2008 by revising the Statement of Financial Accounting Standards (PSAK). In 2012 IFRS was applied as a mandatory disclosure especially for public companies in Indonesia.

This research is a continuation of the previous research that tries to criticize the development of the accounting standard adoption process in Indonesia. The pressure of the outside world demands the state to follow the mainstream adopted by powerful countries. This hegemony has already become a culture and as if it is considered normal to do it. This present research aims to realize that not every country is easy to harmonize accounting standards. Besides that, developing cultural and industrial characteristics question the implementation of accounting standards. This is because accounting is an inseparable part in the development of every industry. This includes the agro-industry that they can contribute to it. One example of the contributions is to create accounting standards that can be implemented in accordance with the culture of the agricultural industry in Indonesia and encourage the development of this industry. However, in reality we have never succeeded in making accounting standards, especially in agricultural assets. Finally, this condition resulted in the full adoption of international accounting standards, as it turned out that in various countries there is still a failure in its implementation.

When looking at the agro-industry in Indonesia, we can also see a lot of problems faced by both the agricultural, plantation, and livestock sectors, so that the ideals of self-sufficiency and food security—up to 70 years of independent Indonesia are still a discourse and imagination only. Even it is worse, as accounting has contributed to the powerlessness of agro-industries in Indonesia. Based on the phenomenon above, it is clear that the government's partiality does not appear to be on the part of the farmers. Since the enactment of Law No.18 of 2009 concerning Animal Husbandry and Animal Health, what has happened is precisely they make this industry die (Pulungan, 2015).

The presence of the Law in the community in all countries claiming dignity is to regulate fairly and proportionally. It is expected that all economic activities of the community - within...
the scale and level - will run and work together but not mutually kill each other. In fact, with the presence of the UU, they must grow and develop each other so that they can meet the economic needs of the domestic community. As such, they are also able to export in order to bring in additional foreign exchange. Furthermore, Pulungan (2015) explained that in Chapter II Principles and Objectives of Law No. 18 of 2009: livestock business is an industry-based business that is organized in an integrated manner. Farm business is no longer prioritized to participate as much as possible, so that the community can increase income in the livestock business and be managed cooperatively.

There is no article that affirms the national livestock business is to meet the community's protein needs in strengthening food security. Food Security in Article 3 b. indicates if the ability of domestic livestock is not achieved, the government is free to import. Chapter IV Animal Husbandry Article 29 Cultivation, large scale and integrated scale livestock companies may carry out cultivation activities that are the same as small scale farms. This will cause a conflict of interest, the price of production in the same consumer market.

This condition has become an irony, actually who is this accounting standard for? If we trace it, then the adoption of IAS, basically, can only be carried out in industries that have public accountability or in other words, large-scale industries. While on the other hand, the agricultural sector in Indonesia is dominated by medium-scale industries and cooperatives. This usefulness needs to be questioned in the effort to participate in building this agricultural industry. This accounting standard will help in the recognition, measurement, and presentation of assets that will not be separated from the issue of cost of goods that have an impact on the stability and ability of this industry. This study aims to provide a perspective on the existence of shackles in the International Accounting Standards process and the implementation of accounting standards.

2. REVIEW OF LITERATURES

So far, various studies often lead to a debate in terms of methodology usage. Many researchers often argue about the need for literature review in qualitative research (Kamayanti, 2016: 53). This study is designed using a qualitative approach with a critical paradigm, but does not want to prolong the debate about whether a literature review is needed before building a methodology. Some of the reasons underlying why a theory study is needed is also revealed. The reason is that the theory is carried out as the basis of research, then used to form the methodology and derived for a research method. In this position, this theory considers the epistemology embodiment which is derived into technical operational research.

In the context of this study, in order to criticize the shackles of International Accounting Standards in the accounting standards of agricultural assets, it is necessary to base on previous studies, especially those who review or criticize IAS 41 in various countries. This is necessary as a basis for this research and not merely to lower the existing standards. However, this study also presents the fact that the standards have also been problematic in various countries. The adoption aimed at harmonizing these standards is a paradox, such as why Indonesian accountants do not form accounting standards in accordance with the culture of agro-industry in Indonesia. This study also tries to trace the track record of the standard formulating bodies in Indonesia in terms of agricultural asset standards.

Aryanto (2011); Elad (2004) and the results released by the Institute of Chartered Accountants of Scotland state that Agricultural Assets based on International Accounting Standards are considered controversial because they show the most radical and comprehensive differences in fair value accounting, giving rise to problems of theory and practice because the determination of fair value is much contains elements of subjectivity.
This subjectivity, among others, can be seen in the value of assets, income and company profits. Elad (2004) also states that the use of subjective judgments in estimating fair values, such as the market price of similar assets or the use of the present value model, will produce different treatments that will inhibit comparability and harmonization. Meanwhile, Herbohn and Herbohn (2006) and Dowling and Godfrey (2001) emphasize the increasing volatility, manipulation and subjectivity of reported income based on fair value.

2.1. Standard Adoption and Its Impact on Industry

In reference to the various reasons, when viewed from the 41st International Financial Accounting Standards, the standard regulates assets in companies that have productive assets, which are usually found in agriculture and animal production or livestock. In addition, the phenomenon of implementing IAS 41 has also been studied in several countries. Generally, research is in the agricultural sector or production plants. For example in Malaysia, the implementation of IAS 41 was adopted. They experienced many obstacles. Likewise in India, as recorded in Malaysia Accounting Standard Boards (MASB).

The same thing also happens in other countries. Elad and Herbohn (2011) conducted research on the implementation of IAS 41 in the UK, France and Australia. They found the evidence that attracted the world's attention in their study. It was reported that, even though the countries under study implemented IAS 41 on asset recognition with a cost model, they were the most common models used for biological assets.

Based on the evidence above, it was revealed that 9 of the 17 companies in France that were legally required to adopt IAS 41. They recognized that the company denied the assumption that fair value could be reliably determined. This reason is the justification for using the cost model even though various alternative fair values are still used, such as using net present value, independent or external valuation for appraisal, net realizable value, and market prices.

The use of various alternatives exists in different countries. Therefore, IAS 41 has improved the comparability of accounting practices in the agricultural sector internationally. Elad and Herbohn (2011) conducted research in France, England and Australia. There are interesting findings from this study. Although these countries implement IAS 41, asset recognition with a cost model is the most common model used for biological assets.

The adoption of IAS 41 in the agricultural sector is also found in the research of Mates and Grosu (2008). They tried to evaluate IAS 41 and stated that -- in this accounting standard-- accounting treatment was regulated, including information related to biological assets in agricultural activities. Mates and Grosu (2008) explained that IAS 41 does not regulate information relating to how often companies must evaluate biological assets. Therefore, they conclude that the estimation or evaluation of assets must be carried out on each book closing date (the end of the accounting period), even though there are no regulations or standards that set it.

Studies that examine the gap between accounting practices and the role of accounting information in the agricultural sector have also been carried out by Athanasios, Athianos and Ekaterini (2010). Researchers found that the gap factor lies in the current general accounting rules, which do not reflect agricultural specificities, agricultural management needs, and sustainable rural development. The results showed that there were compulsory and voluntary adoptions for public and small and medium-sized enterprises in the European Union in 2005. Researchers concluded that the main contribution of IAS 41 was to provide a strong conceptual framework in agricultural accounting practices.
There are other findings in Romania. Feleagă et al. (2012) stated that - although agriculture is an important part of the world economy - accounting in agriculture still has many shortcomings. The adoption of IAS 41 for agriculture has tried to improve this situation and to improve the comparability of the financial statements of entities in the agricultural sector. Although controversial, IAS 41 is the first step of a consistent transition to fair value assessments in the agricultural sector. The purpose of this study was to analyze IAS 41 compared to agricultural accounting practices in Romania. Accounting guidelines in Romania follow European accounting guidelines that refer to referral IFRS, although in Romania it does not explicitly state adopting IAS 41.

Most of these studies are mostly in agriculture, crop production and forest accounting. This raises the question, for example, whether in the livestock sector there is no problem if we implement IAS 41. Or will we encounter similar obstacles? The study of this previous research can be used as a basis for whether PSAK 69 is in accordance with the conditions of the agricultural industry in Indonesia? In addition, the results of previous studies will also be used as part of a tool to formulate standards that are in accordance with the culture of livestock especially as well as agricultural assets in general in Indonesia.

3. RESEARCH METHODOLOGY

3.1. Critical Paradigm as Analysis Basis
This study tries to use the critical paradigm as a basis for observing agricultural assets in Indonesian accounting standards that adopt IAS 41. The critical paradigm, in essence, is the paradigm of science that uses the critical epistemology of Marxism in the entire research methodology. In fact, the critical paradigm inspired by critical theory cannot be separated from the point of view of Marxism in all its philosophies of knowledge. Critical theory, on the one hand, is one of the social sciences based on the ideas of Karl Marx and Engels (Denzin, 1989: 279-280). The basic assumptions in the critical paradigm relate to the belief that there are latent forces in society that are so powerful in controlling the process of community communication. This means that the critical paradigm sees the reality behind the control of public communication.

This research is based on the idea that-- basically-- the standard of agricultural assets which is the basis of reference in the livestock industry has been regulated in PSAK 69. In it, it is stated that they adopted all IAS 41. This study tries to rebuild accounting standards that were more in line with livestock industry in Indonesia. This conformity refers to that the accounting standards of agricultural assets must be able to have an impact on the welfare and usefulness of standards not only on large livestock industries, but also on smaller scale industries. The aspect of welfare and economic independence carries on what Mubyarto has initiated in his populist economy (Mubyarto, 2004: 11).

Furthermore, the observation of the irrationality of McDonald's thoughts came to the assumption that there was a dehumanization system that was anti-human and destroyed humanity. Basically, there are a number of irrationalities that occur between them, namely health and environmental threats, dehumanization of employees and customers, the negative influence of human relations, and the homogenization process.

3.2. Site, Informant, and Analysis
This study uses three types of data collection methods, namely observation, in depth interviews, and focus-group discussions. Observations were made on the livestock industry to observe the culture of farmers in the community. The purpose of this observation is to try to
understand the livestock industry and the way in which the industry interacts with the people's farmers. This observation is done by researchers by observing and following the practice of recording agricultural assets that occur at the research site. Meaning, observations of events and informant actors are recorded in manuscripts to be used as analytical material.

There are various stages of data collection carried out in this study, namely: Phase I is using the analysis unit of the IAS 41 adoption process in PSAK 69. Phase II is the Process of Recording Agricultural Assets in the Livestock Industry, and the last stage is the Implementation of PSAK 69 in the Industry.

The stages in data collection are not sequential in terms of execution time. However, there were three things that were explored in understanding the application of accounting standards for agricultural assets. The three stages or sections are, how is the industry during the process of adopting IAS 41 to PSAK 69, is there industry involvement at various scales at the public hearing exposure to the draft PSAK 69. The data collection process at this stage is carried out by in-depth interviews.

The second part of the data collection stage is observation in the agricultural industry, how the industry records for agricultural assets as long as there is no PSAK 69. This observation is carried out on industry players from various industrial scales, to be able to understand the level of difficulty in recognition, measurement, and recording agricultural assets.

The third part is the last stage in data collection, namely by conducting focus-group discussions. This FGD will invite livestock industry players, auditors from KAP, and from the standard drafting body (IAI), to discuss how PSAK 69 can be implemented in the agricultural industry.

4. FINDINGS AND DISCUSSION

4.1. Freeing the Shackles of Agriculture Accounting Standard

There are other capitals outside the financial and human capitals, namely social capital (virtue values), cultural capital (creativity and aesthetics), intellectual capital (technology and information) and spiritual capital (belief and enthusiasm). These new capitals have freed the economy from capitalist systems that only recognize financial capital.

Capital ownership in economic capital, social capital, cultural capital and symbolic capital determines the objective structure of classes in the social system. The dominant class is the class that has the greatest accumulation of these capitals, while the lower or marginal class are the least capital owners.

Pierre Bourdieu (1930-2002)

A piece of Pierre Bourdieu's writing above is an indicative reflection of the realization that there is a form of resignation in our social environment. The researcher tried to criticize, that after reforming and changing heads of government, Indonesia was still in the vortex of globalization. The government seems to be a part of the role that creates the collapse of the sovereignty of the Nation. Indonesia is in the subordination of the international corporatocracy so that it unconsciously threatens the independence, sovereignty and independence of the Nation. The process of multidimensional globalization engulfs the entire face of the earth without exception through the advancement of modern transportation, the development of science and technology, and the speed of international communication and information, so there is no way to avoid economic globalization, trade, finance, politics, culture, art and even lifestyle. This refers to the urgent agenda that this nation must do. The agenda included trying to find an alternative accounting platform that would bring the nation...
out of the inlanders’ mentality, namely the hegemonic accounting standards that did not dare to lift their heads against capitalistic and explorative corporatocracy circles of interest.

Criticism towards the harmonization of accounting standards was also Mulawarman (2012) and Rodrigues and Craig (2007). They argue that there are criticisms of harmonizing standards that are based on accounting standards being the same for all countries. They describe the existence of national hegemony through accounting standards. Furthermore Rodrigues and Craig (2007) revealed that IFRS accounting standards only accommodate the interests of listed companies, so that IFRS should also consider both listed companies and small medium enterprises (SMEs). This shows that convergence is a process that must also consider the harmonization of institutions and environmental sustainability, not only prosperity for one party. Therefore the full adoption plan of IAS 41 becomes paradoxical because it is based on data from the Livestock Service Office; the profile of breeding in Indonesia that is the People's Farm. For example, according to Nurtini and Anggriani (2014: 7) dairy farming in Indonesia is dominated by smallholder cattle ranches. This shackles will make him realize that Indonesia should not only adopt the entire IAS 41 which is likely to be only able to be carried out by large-scale industries, but also think about how to recognize, measure and disclose biological assets in smaller industries

4.2. Empowerment of Local Accounting Standards as National Strengths

There is something interesting revealed in Wagenhofer's (2009) study that the growth strategy adopted by the IASB is risky; the conceptual framework does not adequately take into account the various objectives of financial reporting; stewardship, prudence and aggregation can be desirable characteristics of accounting information; and standards that are developed for companies that do not need to be able to be used for entities outside of it. This is also found by previous research from Dewi, et al. The McDonalization phenomenon is also seen in accounting standards in Indonesia. The pressure of the G-20 countries pushed Indonesia to make accounting standards in the view of harmonization and globalization, which can actually only be carried out by listed companies.

This research does not aim to avoid the importance of globalization which raises that it is now borderless, that there are no more boundaries between countries in business. That is, the rules of the multinational company wave become a flow desired by business people, so of course it is considered very easy if the accounting standards are also harmonious between one country and another. This can be understood if we apply PSAK 1, which adopts IAS 1 regarding the presentation of financial statements, or further about PSAK 53 concerning stock-based payments. Another example that can be understood if we adopt IAS is PSAK 50, PSAK 55, and PSAK 60 concerning financial instruments.

Since 2009, the standard drafting body has been still preoccupied by always following the development of IAS accounting standards, while SAK ETAP has only existed since January 1, 2011 and until now there has never been a review of its reliability and usefulness. This is evident from the many old terminologies that are considered irrelevant, for example in PSAK 1 IFRS-based IFRSs are not familiar with the Balance Sheet terminology, but rather a Financial Position Report, while in SAK ETAP it still uses balance sheet terms.

For the reasons of efficiency, power of calculation, principle of prediction, and control dimensions, the standard drafting body pragmatized by adopting IFRS which could be carried out by a handful of industries, while some industries were eventually forced into social environments, especially large industries. However, they do not have public accountability to participate in IFRS-based IFRSs, even though de jure is not obliged to implement it on the grounds that it is irrelevant for example that SAK ETAP is less attractive, with stereo types
intended for small companies. SAK ETAP and SAK EMKAM should be more empowered to look more cool because they are more beneficial to the industry, for example agricultural assets, with livestock and agricultural populations dominated by industries that do not have public accountability, should be encouraged to make standards that are appropriate to social, political and cultural conditions Indonesia. The energy that has already been poured into PSAK 69 that adopts all of IAS 41 can be channeled to develop the regulation of more Indonesian agricultural assets.

The level of uniformity of financial reporting in the same global standard depends largely on the institutional environment in which the company operates. This is not enough to inculcate the same accounting standards in various jurisdictions to achieve the actual quality and comparability of financial reporting worldwide. Institutional differences exist across jurisdictions, such as in auditing, law enforcement, and material (Ball et al., 2003; Daske et al., 2008).

To see how institutions and accounting standards interact, it is important to consider standards that place great weight on relevance, then relevance requires management estimates for recognition and measurement of certain assets. If these standards are applied in an environment with weak audit and enforcement, it is unlikely that standards will produce relevant accounting figures. In such an arrangement, a standard that places more weight on reliability and reduces the number of estimates needed to obtain numbers will result in higher quality financial reporting.

The results of previous research conducted by Dewi et al., for agricultural assets, were directed to the glocalisation of accounting standards. This study found the globalization of accounting standards by creating generic standards with agricultural conditions in Indonesia, especially in the livestock sector. In recognition of biological assets in IAS 41, companies can recognize biological assets if, and only if: the company controls the assets as a result of past transactions; allows for future economic benefits to flow into the company; and has a fair value or the cost of an asset can be measured reliably. Because of its different characteristics with other asset characteristics, biological measurement has several measurement methods in its measurement.

Biological transformations experienced by biological assets make the value of biological assets change according to the value of biological transformation experienced by these biological assets. From these approaches measurement of biological assets based on fair value is the most common measurement approach taken and has been used as a measurement standard for biological assets in IFRS. In IFRS a statement about the measurement of biological assets is regulated in IAS 41. Based on IAS 41, biological assets are measured by value reasonable. Biological assets must be measured at initial recognition and at the next reporting date at fair value less estimated cost of sales, unless fair value cannot be measured reliably. The fair value of biological assets is derived from the price of the biological asset in an active market. The fair value referred to is by active market (market) is a market where traded items are homogeneous, at any time buyers and sellers can meet in normal conditions and at affordable prices. Components included in the sales cost are commissions for intermediaries or distributors appointed by the authorized party, as well as taxes or obligations that can be transferred. The transportation costs required to enter goods into the market are not included in this sales fee.

Market prices in the active market for agricultural assets are the most reliable basis for determining the fair value of assets. If there is no active market, then there are several approaches that can be used to determine the teaching value of a biological asset, namely: the market price of the current transaction, which is seen not to have a significant price difference.
from the price at the time of the transaction compared to the end of the period or when measurement of biological aspects, market prices of goods that have similarities with assets by adjusting the possibility of price differences. Therefore, if PSAK 69 fully adopts IAS 41, only a small proportion of industries are able to disclose their agricultural assets according to standards. That way, PSAK 69 will provide many benefits for the industry, and this must be adapted to the conditions in Indonesia, for example by giving a separate article for agriculture on Entity Accounting without Public Accountability (SAK ETAP) or Accounting Standards for Micro and Small and Medium Entities (EMKM) applied effectively January 1, 2018.

The process of establishing accounting standards is the drafting Board of standards issued an Exposure Draft (ED) to be submitted to the public. Based on this public hearing, it is expected that standard users can provide input related to its implementation. Until 2017, there were two new statements in financial accounting standards, namely PSAK 69 concerning agriculture and PSAK 70 concerning Accounting for Assets and Tax Amnesty Liabilities. ED PSAK 69 was effective on January 1, 2017. However, in February 2016, the Indonesian Institute of Accountants announced the resignation of the effective date for one year to January 1, 2018 with early disclosure permitted.

This research is expected to provide input to the Accounting Standards Board of the Indonesian Accountants Association (DSAK-IAI) for the Standards for Biological Asset Accounting and Agricultural Products, so that it can be implemented in the Industry in Indonesia. The intended release of fetters - in this study - tried to propose that there should be a glocalisation of accounting standards, especially in the management of agricultural assets. This is in accordance with the spirit of this country given that Indonesia is a country that in 2017 announced that the agricultural sector would lead to agro-industry to support industrial revolution 4.0. SAK Entities without Public Accountability and SAK Micro and Small and Medium Enterprises should be reconstructed with the addition of standards for the management of agricultural assets. It is hoped that these standards can be used in Indonesia, where most of the industry is in the middle and small sectors.

5. CONCLUSION AND SUGGESTION
Accounting information is expected to be useful for economic decision makers. Discourse on financial accounting standards is generally accepted throughout the world and it is the hope for business people. Furthermore, harmonization of accounting systems and financial reporting as an impact of globalization is highly desirable internationally. It is expected that financial information has comparable and reliable characteristics.

In addition, the quality of accounting information is also related to the interests of stakeholders. Therefore, the company is also expected to be able to fully disclose information relevant to decision makers. But unfortunately, the political factors and many other interests can cause Financial Accounting Standards to be different from one country to another.

Finally, the IASB ignores the interaction of standard implementation in various parts of the world and assumes that countries adopting IFRS have or can ensure high levels of audit and enforcement. Over the long term, such assumptions can be justified because there are efforts being made to improve and integrate global corporate governance, auditing and law enforcement. However, in reality, the IASB's shackles in International Accounting Standards become a problem in its implementation. Subsequent research is expected to be able to reveal strategies that can free the stakeholders from capitalist power in the application of agricultural accounting in Indonesia.
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