The Challenges Facing

Pasar Accountability

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Declaration

This thesis is the result of the author's original research. It has been composed by the author and has not been previously submitted for examination which has led to the award of a degree.

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Abstract

Prior studies report that dealing with conflicting accountability is typical of hybrid organisations that combine private and public sector characteristics in one entity. In this study, the researcher undertakes a detailed investigation of how managers of such organisations—i.e. traditional indigenous markets in Indonesia, known as *pasar*—respond to the various stakeholders' demands for accountability. Using a stakeholder salience framework, this study analyses novel empirical evidence on how the managers meet the multiple stakeholders' accountability demands. An embedded mixed-methods approach was used to analyse a multiple-case-study, emphasising the qualitative approach to gathering empirical evidence. Furthermore, a quantitative approach using surveys complemented the qualitative case-study methodology. The evidence showed that clerical and irrelevant tasks beyond their managerial responsibilities burden *pasar* managers. In addition, bureaucratic practices require the managers to respond immediately to the complaints that surface in *pasar*. These problems keep the managers from offering the same satisfaction to each of the various stakeholders. The focus on meeting social demands, prioritising the social mission over the cost of fulfilling the for-profit mission, lead to 'mission drift'. Moreover, the different salience attributes, such as power, legitimacy and urgency, drive the managers to fulfil the demands of vertical stakeholders in the hierarchy, i.e. the government, over the horizontal stakeholders, i.e. merchants and customers. Furthermore, this research suggests that policy-makers must understand how hybrid organisations with twofold missions operate and must develop key performance indicators to assess how the managers fulfil their accountability.

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Chapter 1

Introduction

Chapter 1 presents an overview of this study. The study background emphasises the critical transformation in Indonesia's administrative system in 1998. The reform urged the local government to be more transparent and responsive in providing services to the public. Accountability, which had not been practised without restrictions before 1998, became the key issue during the reform, motivating the researcher to conduct this study.

The discussion of accountability is more thoughtful in the context of hybrid organisations because they combine private- and public-sector characteristics in one entity. The potential conflict among multiple, yet different stakeholders and the possibility of 'mission drift' through prioritising one mission over another, make hybrid organisations a valuable and practical case.

In Indonesia, traditional indigenous markets, known as *pasar*, are one of the public resources entrusted by the public to the local government to manage. *Pasar* have twofold missions, one related to profit and the other social. Thus, exploring accountability in *pasar* sets a good example. This research aims to investigate how *pasar* managers respond to the multiple demands of accountability. The research objective is elaborated with two research questions:

RQ1: To what extent do the challenges of *pasar* management diminish the capability of managers to satisfy the multiple demands of accountability?

RQ2: How does stakeholder diversity affect the accountability functions of *pasar*?

This thesis adopts an embedded mixed-methods approach, emphasising the qualitative method more heavily than the quantitative method, using a multiple-case-study. Thus, the use of mixed methods in examining accountability issues in *pasar* may suggest to policy-makers taking necessary actions to solve them. Also, this research contributes to the literature of accountability by providing novel empirical evidence on accountability practices of hybrid organisations, i.e. *pasar*, in emerging economies, i.e. Indonesia. Also, the interplay between power, legitimacy, and urgency attributes of Mitchell, Agle and Woods's (1997) in this study supports the stakeholder salience theory.

1.1 Background of the study

After proclaiming its independence in 1945, an authoritarian regime ruled Indonesia for 32 years (1965–1998). During this period, a centralised government monitored and controlled all cities' activities throughout Indonesia (Hudaya, 2014). This condition slowed the delivery of services to the public and made them too bureaucratic. The end of the authoritarian regime in 1998 made a significant difference in Indonesia. Decentralisation was one of the outcomes of this critical transformations. Applying decentralisation leads to a transfer of power and responsibility for public functions, from the central government to local governments (Ozmen, 2014). The idea of decentralisation is to give the local government in each city, regency and province throughout Indonesia greater authority regarding political and financial resources, which Indonesia had not experienced before 1998. This means that the local government places itself closer to the citizens. In the process, the citizens also expect the local government to provide them with high-quality services (Isufaj, 2014). Also, the local government must be more transparent and act more responsively; thus, accountability must increase.

Pasar are among public resources whose management entrusted to the local government. For more than ten centuries, *pasar* were the only markets available that offered necessities. Despite their dominance in the marketplace, society has long perceived *pasar* negatively. The unhygienic environment makes *pasar* unattractive and unpleasant places to visit (Purnomo *et al.*, 2016). Furthermore, the emergence of modern markets, i.e. supermarkets and hypermarkets, that started to penetrate the retail business in the 1990s (Reardon *et al.*, 2003) and accelerated in the early 2000s (Reardon, Timmer and Minten, 2012), has threatened the existence of *pasar* in Indonesia's urban areas (Suryadarma *et al.*, 2010; Sipahutar, 2016; Choerudin *et al.*, 2018). These conditions have become a major challenge for the local government, which also held them accountable, through the *pasar* managers, for ensuring that the business of *pasar* operates, and to preserve *pasar's* existence in the retail environment.

In response to fulfilling and improving the demand for *pasar* accountability, governors appoint retail professionals with sound knowledge and experience in the business to run *pasar.* These professionals replace the civil servants who had been assigned to manage *pasar*. Flack and Ryan (2003) say that the more highly professionalised a manager becomes, the greater the chance that the organisation will become similar to other organisations in the area. This means that the government attempts to offer better services in *pasar*. However, this attempt did not guarantee that accountability would function effectively in *pasar*. Accountability is an evolving concept (Mulgan, 2000); thus, the challenges and outcomes vary, depending on the context under study.

1.2 Research context

This study defines accountability as the relationship between an actor and a forum, in which the actor must explain and justify his or her actions to the forums and may face consequences (Bovens, 2007). Thus, the actor in this study refers to *pasar* management accountability to the forums, i.e. the stakeholders of *pasar*.

However, to investigate how *pasar* management fulfils the various demands for accountability, Olsen (2013) suggests that exploring accountability should involve researchers examining and analysing the complexity and dynamics of its characteristics and processes. Furthermore, the different types of organisations, i.e. private, public and a mixture of the two (i.e. hybrids), denote distinctive challenges in fulfilling each organisation's accountability demands. For instance, managers in private-sector organisations must provide financial benefits for two important stakeholders, i.e. entrepreneurs and investors (Boyne, 2002). Consequently, those who cannot perform well and cannot meet the goals can be sanctioned.

In contrast, the managers in public-sector organisations must emphasise their priority to fulfil the social mission, i.e. the needs of the primary stakeholder, the public (Wynn-Williams, 2005). However, the absence of standards for fulfilling these social demands makes it difficult to assess and compare across public-sector organisations (Salminen and Lehto, 2012; Ebrahim and Rangan, 2014). Therefore, it is also vital to measure service-quality perception (Parasuraman, Zeithaml and Berry, 1988) so that those accountable for them can provide good-quality services and, perhaps, improve this quality, not only for their superiors but also for society.

However, the discussion of accountability functions can be more meaningful in the context of hybrid organisations. Hybrid organisations possess private- and public-sector traits in a single entity (Brandsen, Karré and Helderman, 2009), making them distinct from the standard organisational form. Moreover, in complicated surroundings with so many aspects relating to accountability, i.e. political, legal, and financial, those held accountable ought to supply accountability reports that include financial and nonfinancial information (Patton, 1992).

Pasar have four essential goals: First, they add their profits to the state budget; second, they improve the merchants' capability; third, they are convenient places for shopping; fourth, they ensure price stability. *Pasar* combine the nature of the private sector, by aiming for profit in their mission, while prioritising fulfilling public demand, thus embedding hybrid characteristics.

Carrying financial and social objectives, *pasar* managers must meet various demands equally. Prior studies show how organisations with dual missions tend to deal with 'mission drift' and potential conflict in meeting these goals (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). Such organisations tend to focus their strategies and operations on fulfilling one mission over the other (Ebrahim, Battilana and Mair, 2014). The potential conflicts would also reflect various stakeholders' expectations (Kickert, 2001; Grossi and Thomasson, 2015). Mainardes, Alves and Raposo (2012) claim that dealing with multifaceted stakeholders can be a significant problem when their demands collide, due to the impracticality of meeting all stakeholders' demands simultaneously. Therefore, an exploration of accountability within organisations that have profit and social missions, i.e. *pasar*, should provide rich contextual information on how such organisations enact accountability.

1.3 Motivation of the study

Decentralisation has changed how the administrative system works in Indonesia. One of its outcomes is the need for the local government to be more accountable. As a public resource, *pasar* are entrusted by the public to the local government to manage.

In this context, *pasar* are unique cases to examine, due to their lengthy existence in Indonesia. Anecdotally, their presence can be traced to the period between the eighth and eleventh centuries, during the Hindu-Buddhist kingdom era in central Java, Indonesia (Nastiti, 2003). This means that *pasar* have experienced and witnessed many key historical events in Indonesia, such as colonisation, Indonesia's independence, an authoritarian regime episode and modern markets' arrival. Until now, *pasar* have consistently continued the traditional means of shopping, i.e. bargaining activity, cash-based payment with no receipts and low-priced products. Their presence is still important to society.

Studies on *pasar* have become of interest to many scholars (see Chapter 2, Section 2.5). However, these studies emphasise factors such as the growth and expansion of modern markets (Suryadarma *et al.*, 2010; Sipahutar, 2016; Choerudin *et al.*, 2018), unattractive and unpleasant *pasar* (Purnomo *et al.*, 2016) and customers' shopping preferences for modern markets (Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016; Hermawan, Ismiyati and Indarto, 2018) that threaten the existence of *pasar* in the retail business. To the best of the researcher's knowledge, such studies still fail to examine the accountability issues present in *pasar*.

Due to their financial and social missions, *pasar* managers must deal with multifaceted stakeholders. Still relevant in the discussion of *pasar* are the problems of 'who is accountable for what', 'who is accountable to whom' and 'why does the actor feel obliged to be accountable' (Romzek and Dubnick, 1987; Bovens, 2007: p.454; Fowler and Cordery, 2015: p.129).

Therefore, an investigation of accountability practice within organisations with profit and social missions, e.g. *pasar*, should provide rich contextual information on how they enact accountability.

1.4 Research objective and questions

This research aims to investigate how *pasar* managers respond to the multiple demands of accountability; therefore, the researcher considers various perceptions from managers and the stakeholders of *pasar*. Arguably *pasar's* financial and social missions may lead to 'mission drift', due to potential conflicts (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). The difficulty of combining the two missions leads to the first research question:

RQ1: To what extent do the challenges of *pasar* management diminish the capability of managers to satisfy the multiple demands of accountability?

The missions of *pasar* also imply that managers face numerous demands from different stakeholders. These demands most likely vary and tend to conflict with one another, depending on the relationship between the managers and various stakeholders (Laughlin, 1990; Boyne, 2002). The challenge in dealing with different stakeholders leads to the second research question:

RQ2: How does stakeholder diversity affect the accountability functions of *pasar*?

1.5 Research methods

This research emphasises the qualitative approach, where semistructured interviews contribute significantly to fulfilling the research objective and answering the research questions. Observing *pasar* and document reviews related to *pasar* are also performed during field research.

Meanwhile, the quantitative approach of distributing questionnaires to respondents to capture their demographic characteristics and perceptions of service-quality in *pasar* plays a supportive role with data on the setting of the case study. In other words, the minor role of the quantitative method in this thesis is embedded in the dominance of the qualitative method. Thus, this thesis adopts an embedded mixed-methods approach to answer the research questions.

This thesis aims to explore how managers respond to the multiple demands of accountability (Section 1.4). The semistructured interviews are with managers and stakeholders of *pasar*. Due to the high number of stakeholders, the researcher limited the *pasar* stakeholders to the government, merchants and customers (see Chapter 4). Questionnaires were only distributed to merchants and customers to capture a broader perception of how managers perform accountability in *pasar*.

The procedures to collect, analyse, interpret and report on the data in this thesis were an embedded mixed-methods approach. Choosing a case study as the research strategy provided the researcher with the flexibility to understand the case of *pasar* comprehensively (Creswell, 1994; Stake, 2006; Merriam, 2009; Yin, 2014; Creswell and Plano Clark, 2018). For breadth and depth, the researcher chose multiple case studies instead of a single case, since multiple case studies offer robust, reliable and convincing empirical evidence (Baxter and Jack, 2008; Gustafsson, 2017). However, Crowe *et al.* (2011) argue that the aim of choosing multiple, yet purposive cases is not to represent other larger samples of cases but to adequately assess the cases that interest the researcher.

The researcher selected five *pasar* in Jakarta and Bandung for this thesis, based on two criteria. First, the *pasar* had to be unique in terms of its achievements, thematic setting or historical background, distinct from other *pasar*. Second, the *pasar* had to have been in business for more than 25 years. Therefore, the data for both the qualitative and quantitative studies are obtained only from these five *pasar*. The research method for conducting the study is elaborated in Chapter 5.

1.6 Study contribution

This research contributes to four main aspects: literature, theory, research method and policy. Scholars have found that a lack of commitment and an unprofessional attitude from government and *pasar* management caused accountability failures (see Langelo, Nangoi and Warongan, 2017; Qolbia, 2017), causing customers to abandon *pasar*. Other scholars discuss the diminishing needs for *pasar*, a lack of appropriate facilities and the emergence of modern markets (see Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Sipahutar, 2016; Najib and Sosianika, 2017).

In this study, many irrelevant administrative works, bureaucratic practices and dual missions make *pasar* management unable to meet the demands of accountability (see Chapter 6). These many challenges denote ‘accountability for what’, which *pasar* management must solve (see Chapter 3). The challenges also lead to numerous complaints regarding *pasar* facilities and services, showing how *pasar* managers prioritise social missions over profit (see Chapter 6 and 7). The findings contribute to the literature on accountability practices in hybrid organisations.

This research uses stakeholder salience as a framework to identify and classify the many stakeholders of *pasar* (see Chapter 4) and to show how *pasar* management's different priorities when responding to stakeholder demands (see Chapter 6). Many distinct stakeholders affect *pasar* accountability functions. This research recognises and contributes to the work of Mitchell, Agle and Wood (1997) on stakeholder salience, but exclusively in the context of *pasar* and their dual missions.

Prior research uses only a single approach, either qualitative or quantitative, to explore and examine the case of *pasar* (see Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Sipahutar, 2016; Najib and Sosianika, 2017). That research may fail to capture the depth and breadth of the fundamental issues arising in *pasar.* By employing an embedded mixed-methods approach using a multiple-case-study (see Chapter 5), this research aims to gain a more comprehensive understanding of the fundamental issue of accountability in *pasar.* and how it functions there.

In terms of the contribution to policy, the findings in this study signify how the twofold missions of *pasar*, together with numerous irrelevant tasks, reduce managers' ability to achieve the multiple demands of accountability. Additionally, dealing with diverse stakeholders categorised into different types (Mitchell, Agle and Wood, 1997) can affect how accountability functions in *pasar*. This thesis's evidence suggests that policy-makers should develop key performance indicators to assess whether *pasar* managers have fulfilled their responsibilities in meeting the dual missions of *pasar*, i.e. profit and social, and both the government and *pasar* management should have a clear understanding of how a hybrid organisation with twofold missions operates

(Santos, Pache and Birkholz, 2015). Otherwise, they must consider allowing *pasar* to focus only on a single mission, aiming for profit or serving the community. The solution will help managers reach *pasar's* objectives.

1.7 Thesis structure

This thesis comprises nine chapters. Chapter 1 introduces an overall summary of this study. It elaborates on the study's background, including its scope and context. It also presents the research objective and questions, followed by the research method used to conduct the study. Lastly, it outlines the expected contribution of the study and an overview of the thesis structure.

Chapter 2 illustrates Indonesia's brief history from the monarchy era, colonisation and independence to the present. It also portrays the administrative system in Indonesia. The chapter also presents the lengthy existence of *pasar* in Indonesia's economic system.

Chapter 3 details the literature on accountability. It starts by exploring the different notions of accountability. Then, it describes the accountability relationship, the different forms of accountability and how associated practices can vary, depending on the context. The chapter ends by presenting an outline of the challenges in applying accountability.

Chapter 4 positions stakeholder salience as the theoretical framework. It begins by illustrating the development of stakeholder salience theory, then discusses the stakeholder salience attributes and the stakeholder typology, which relates the stakeholder salience attributes to the different types. The end of this chapter presents operationalising stakeholder salience in exposing the various demands of accountability.

Chapter 5 states the research paradigm that underpins the methodology. It also explains the research design, details the mixed-methods research approach (qualitative and quantitative) to collecting data and describes the researcher's analysis to answer the research questions. This chapter also emphasises the use of the qualitative method as primary in this study. Meanwhile, the quantitative method adds the case background and enhances the qualitative findings.

Chapter 6 describes the semistructured interviews with the participants regarding *pasar* in the cities of Jakarta and Bandung, by presenting the interviews with the participants in Jakarta, then, the interviews with the participants in Bandung. These cases of *pasar* from the two cities are analysed in the next section. In the last part of this chapter, the stakeholder salience (as discussed in Chapter 4) is presented to find answers to the research questions.

Chapter 7 outlines the results from the quantitative data by presenting the demographic characteristics of the respondents from the two cities, Jakarta and Bandung. Then, it analyses the similarities and differences among these respondents. Next, the new, smaller set of attributes from the questionnaires is examined and discussed.

Chapter 8 discusses the qualitative findings from Chapter 6 and the quantitative results in Chapter 7 comparing them to those of prior research, described in Chapter 2, and related to the theoretical framework drawn in Chapter 4. Moreover, the three accountability relationships (i.e. accountability for what, accountability to whom and the reason for accountability) are explained in the context of *pasar*. Then, the chapter discusses how stakeholder salience, along with the attributes, interplays with accountability practises in *pasar*. Finally, this chapter elaborates on the policy implications that require the government's attention for the profit and social missions to work.

Chapter 9 summarises the key points and findings from the study. It also briefly discusses the empirical, theoretical and policy contributions of this study. The study's limitations are presented, together with suggestions for potential future research.

1.8 Conclusion

This chapter provides a general overview of this research. It starts by discussing the accountability issues that arise in *pasar* in Indonesia, which motivated the researcher to conduct the study. Then, it outlines the research aim and questions. Next, the research method used to conduct this study is briefly explained. This chapter also presents how this study contributes theoretically to the literature and practically to the regulators.

The next chapter describes *pasar*, as the setting for the accountability case study.

Chapter 2

Traditional Indigenous Markets in Indonesia

2.1 Introduction

Chapter 2 mainly portrays Indonesia's historical background and the administrative system's transformation in 1998, following the end of 32 years of tyranny. The reformation marked a shift in the government system that allowed local governments to regulate their respective regions and manage the region's budgetary assets. Subsequently, as *pasar* are public resources, their regulation and related matters fell within the governors' authority and responsibility.

For generations, people have found almost all necessities in *pasar*, from fresh food to household items, from clothing to household electronic. 'Sealing a deal' on an agreed-upon price through bargaining between customers and merchants makes *pasar* unique shopping places.

Today, *pasar* face many challenges. Prior research shows that customers have abandoned *pasar* because of their negative social image. Simultaneously, the emergence of modern markets threatens the existence of *pasar*. Managers must enact *pasar* missions—make a profit and serve society—and, at the same time, make improvements to meet challenges. However, fulfilling the dual missions may create potential conflicts for managers, and their history requires further exploration.

2.2 The history of Indonesia

English researcher George Windsor Earl first used the term 'Indonesia', writing it 'Indu-nesians'. A Scottish attorney, James Richardson Logan, used it in a distributed diary in February 1850, to define the Malayan Archipelago (Jones, 1973), identifying thousands of islands and ethnicities during colonisation, through independence and to the present day.

Situated in South-East Asia, Indonesia’s population reached 261 million in 2017 (Statistics Central Bureau, 2018), making it the fourth most populous country. While 87.2 per cent of its population are Muslims, making it the largest Muslim country (Karim, 2004; Indonesia.go.id, 2019), Indonesia is not an Islamic state. The Republic of Indonesia’s (1945) constitution declares it a unitary republic that believes in the ‘One and only God’ (Article 29). It also recognises other religions, i.e. Protestant Christianity, Catholicism, Buddhism, Hinduism, and Confucianism.

Although not an Islamic state, Indonesia cannot be separated from Islam. Some studies report that Islam came to Indonesia in the thirteenth century, with merchants from Gujarat and Bengal, India (Choi, 1996; Wanandi, 2002). Other researchers argue that Islam had already existed in Indonesia since the seventh century, brought by Arab merchants not long after introducing Islam to Arabia (Nurmila, 2013). Despite this difference, Islam strongly appears to have spread peacefully, through exchange with the existing Hindu-Buddhist society.

Indeed, Hindu and Buddhist kingdoms had governed the archipelago since the second century (Darsa and Ekadjati, 1995). The largest and one of the most influential Hindu-Buddhist empires was Majapahit (Dendi, Wardani and Akbar, 2018). Established in the thirteenth century, Majapahit comprised the Indonesia of today, as well as the Malay Peninsula (Pigeaud, 1960; Muljana, 1979). However, after a long civil war reduced its power, the golden period of Majapahit ended in the sixteenth century (Akbar, 2014).

The end of Majapahit marked the beginning of Dutch colonialism in Indonesia, which lasted three and a half centuries (Ashworth, 1990). After a short period of Portuguese primacy, the Dutch came, arriving as merchants of the Dutch United East India Company, known as *Verenigde Oostindische Compagnie* (VOC), the largest dispatching and exchanging enterprises in Batavia (known today as Jakarta, Indonesia's capital), the centre of all trading activities in Asia (Nijman, 1994). Not long after their 1605 arrival in Ambon, east of Indonesia, the Dutch finally overcame and replaced the archipelago's existing kingdoms (Nawawi, 1971).

At its establishment, VOC shareholders had earned a massive profit (Kehoe, 2008). However, that declined due to changes in European demand. The volatile situation in the European territories under the French Revolutionary Government in the late eighteenth century led to the VOS's liquidation (Abeyasekere, 1987; Israel, 1998). As a result, the Dutch temporarily lost the Netherland East Indies region, including Indonesia, to the English (Israel, 1998). However, as the Napoleonic Wars ended, the Dutch regained their power and control, becoming Indonesia's rulers (Kehoe, 2008).

When political tension arose in Europe late in the 1930s, the Dutch lost their focus on the East Indies territory, including Indonesia. Simultaneously, Japan invaded the Asian countries, arriving in Indonesia and signing an agreement in 1942 that ended Dutch colonialism. Compared to the Dutch, the short period of Japanese primacy, a three-year invasion of Indonesia, ended on the seventeenth of August 1945. Thus, their legacy in Indonesia was not as substantial as the Dutch legacy.

The long-lasting Dutch colonisation affected Indonesian law, society, culture and authority. For example, the Dutch presented the Civil Law (Law Number 23, 1847) to regulate Indonesian individuals, property ownership, contracts and agreements and verification and termination, and a Decree on Managing the Firms in 1934 (Decree Number 86, 1938), to regulate enterprises.

Inactive since Indonesia achieved autonomy in 1945, these two regulations became the basis of new laws and regulations established later. Indonesian (and ethnic communities') jargon adopted some Arabic words (Van Dam, 2010), along with some Dutch, such as *kantor* (office), and *handuk* (towel). The assimilation of multiple ethnicities and diverse communities, as well as the peaceful relationship among devotees of the six primary religions in over 83,000 villages (United Cities and Local Government and OECD, 2016), make Indonesia a fascinating study.

2.3 The administrative system in Indonesia

Upon obtaining independence, Indonesia's first President (Sukarno) and Vice President (Hatta) started building the country. However, after 20 years, the Indonesian Communist Party mounted an attempted coup in 1965. At the time, Suharto, the Army Strategic Command General, led the army to end the coup, earning him praise as a hero and gaining him the people's respect. The success led Sukarno to pass his executive power to Suharto in 1967 (Ricklefs, 2008), and Suharto's appointment as Indonesia's second president met with no resistance.

During his presidency, Suharto created a centralised and authoritarian government that monitored and controlled all province activities (Hudaya, 2014). This created an unhealthy system, in which the heads of local governments made no commitment to developing their regions, only to satisfying the central government. Simultaneously, citizens were powerless and could only accept what the government provided. Further, at some stage in Suharto's regime, Law Number 5 (1974) on the

Principles of Local Government stopped being applied. The public, to whom the government should have been accountable, had no power or rights. The central government took charge of designating the heads of local governments and their principal officials, to monitor and control their functioning. Thus, local governments reported directly only to the central government, with no obligation to transparency or providing public information. The public received one-way, centralised information, and they had no knowledge of how the reports were created. The eventual result, a growing lack of public trust in the government, is among the phenomena that Goetz and Jenkins (2001) describe as common to most developing countries.

The collapse of Suharto's regime in 1998 created a tremendous change in Indonesia, especially in the sociopolitical situation. Nasution (2016) divides this transformation into four key points. First, with the end of the repressive system, in which the government recognised only three political parties, Indonesia became a democratic multiparty system. Applying this system triggered a conflict of interest among various political parties (Nasution, 2016). In addition to their responsibility to meet their electors' needs, the heads of the local government had to respond to the political parties supporting them and explain themselves to opposition groups and other relevant stakeholders. Some of these political groups could be demanding.

Second, the government reduced its role in the economy, shifting it towards a market-based economy and a globalised open economic system. Before the end of Suharto's regime in 1998, state owned and locally owned enterprises were established to support Indonesia's regional development (Sungkar, 2008). Due to unprofessional management of some enterprises, the government promoted privatisation of public enterprises to improve their performance (Sungkar, 2008). Indeed, the emergence of modern markets, begun in the 1990s (Reardon *et al.*, 2003), affected the management and operation of traditional retailers, e.g. *pasar*, towards sustainability.

Third, promoting decentralisation gave local government greater authority over political and financial resources. Decentralisation implies an expectation that local government will deliver better services (Nasution, 2016) because decentralisation effectively makes the government more responsive and efficient (Bardhan, 2002). For instance, the local government becomes more transparent when it facilitates citizens' participation and monitors the government's decision-making process and activities (Burki, Perry and Dillinger, 1999; Manor, 1999; Blair, 2000).

As decentralisation increased calls for accountability and transparency regarding the use of public resources, the government issued a law on local government, Law Number 22 (1999), improved since then through three amendments (Number 32, 2004; Number 23, 2014a; Number 9, 2015) (McLeod and Harun, 2014). This law states that the local government is responsible for such public resources as public works, healthcare, education, cultural and social affairs, labour, environmental protection, land, citizenship and investment. Hence, governors, mayors or regents acquired greater power and responsibility to perform their duties.

Fourth, the laws regarding the state's finance, treasury, auditing management and accountability system have improved. *Pasar* are one of the public resources that the state funds, available in provinces, cities and districts throughout Indonesia, entrusted to governors, mayors or regents to manage. Where *pasar* do not function effectively, governors should be held accountable.

One of the means to make the governors 'look good' in public and improve the accountability system in *pasar* is the appointment of professionals, i.e. those with sound knowledge and experience in the retail business, to run *pasar* (PD Pasar Jaya, 2018). This effort indicates that the government attempted to fulfil the public's demand for better service.

2.4 The historical roots of *pasar*

Belshaw (1965) explains *pasar* as physical places where buyers and sellers (or any type of professionals) meet for the purpose of exchange, coming from different economic, social, political, cultural and class backgrounds. As in any market, the exchanges in *pasar* involve trading goods for an agreed-upon price (economic exchange) and exchanging communication during the bargaining process (social exchange).

Trade may have started with the history of humankind. However, the concept of the traditional Indonesian physical marketplace, or *pasar*, is traceable to the period between the eighth and the eleventh centuries, during the Hindu-Buddhist kingdom's era in central Java, Indonesia (Nastiti, 2003). The belief is that the monarchy and the population at the time embraced *pasar* as one of the four main elements within the monarchy, along with the palace (*keraton*), the city square (*alun-alun*) and temples. They had to be placed and made available in the city centre (Hermawan, Indarto and Ismiyati, 2018). This ancient concept of positioning the four main elements (buildings) in the city centre persists, mainly on Java Island.

According to Riaddy (2015), the six oldest and best-known *pasar* have served their communities since their establishment. They are *Pasar Jukung*, a floating market established in 1526 in the city of Banjarmasin, followed by *Pasar Senen* (1733), *Pasar Tanah Abang* (1735) and *Pasar Baru* (1820) in Jakarta, *Pasar Beringharjo* (1758) in Yogyakarta and *Pasar Baru* (1884) in Bandung. Except for the floating market in

Banjarmasin, the physical appearance of these *pasar* has been modernised many times. Nevertheless, they still preserve the traditional indigenous characteristics, where the prices are subject to agreements between merchants and customers.

Indonesians consider *pasar* as shopping places that, in the beginning, took place in an open field with no building (de Graaf, 1989). Indeed, some *pasar* are still available in public areas. However, they have developed from temporary wooden structures into large, concrete, multistorey buildings (see picture 2.1).

A locally owned enterprise in each region organises and manages this modern form. For example, Jakarta's government owns the *pasar* and appoints professionals to manage *Perusahaan Daerah (PD) Pasar Jaya*, a locally owned enterprise that supervises all *pasar* in Jakarta. Similarly, the government of Bandung, West Java, owns the *pasar* and assigns professionals to administer *Perusahaan Daerah (PD) Pasar Bermartabat,* a locally owned enterprise that manages all *pasar* in the city of Bandung. However, this transformation has not changed how society perceives *pasar*, often identifying them with narrow pathways and deeply shaded environments, packed with various products on offer (see pictures 2.2 and 2.3).

As the three pictures show (picture 2.1, 2.2 and 2.3), some *pasar* are modernised, better in terms of cleanliness, with new facilities and well-designed buildings. However, despite the differences in the exteriors, the traditional indigenous characteristics of *pasar* remain the same.

Pasar have recognisable social communication between sellers and buyers conducting the bargaining process. Customers who want to buy a product or a variety of products will stop in front of the stall and start a conversation by asking for the price of the product(s). Merchants will respond by approaching the customers and offering them the best price with a warm gesture.

The absence of a price tag on some products encourages these two parties to begin a friendly, face-to-face exchange (Suryadarma *et al.*, 2007; Rahadi, 2012). It will end when both parties agree on a price and are satisfied (i.e. goods for money), often reflected by their smiling faces. Cash is the only means of payment, and merchants give no receipts (Syarifuddin, 2018).

In other cases, merchants choose to stand in the pathways, inviting customers to come by their stalls and offer them the price of the product(s), which is arguably cheaper than in the modern markets. For instance, for certain products, such as fruits, merchants may offer a sample so that customers can judge the taste and quality before deciding to purchase them. Such activities can only be found in *pasar* and have been exercised for centuries.

Picture 2.1 *Pasar* in Jakarta

Picture 2.2 *Pasar* in Bandung

Picture 2.3 *Pasar* in Bandung

Source: Author’s own picture

The Decree of the Ministry of Trade Number 37 (2017b) on the Guidelines of the Development and Management of Trade Facilities classifies *pasar* into types A, B, C and D.

Type A *pasar* have at least 400 merchants and a minimum 5,000 square metres; type B have at least 275 merchants and a minimum area of 4,000 square metres; type C have at least 200 merchants and a minimum 3,000 square metre area; and type D have 100 merchants and a minimum 2,000 square metres.

Before this decree, the government of Jakarta issued one (Jakarta Governmental Decree Number 3, 2009) on the Management of *Pasar*, differentiating *pasar* according to the variety of products sold, as well as the *pasar* service-area coverage, economic potential and operating hours. Thus, a *pasar* classified as type A in one region might be a type C in another, and it may not be labelled as a *pasar*. For instance, *Pasar Cihapit* in Bandung, with 66 merchants and 176 prospective stalls (Statistics of

Bandung Municipality, 2018), is a type B *pasar* in Bandung (Bandung Governmental Decree Number 117, 2008). However, that would not be the case if one referred to the ministerial decree, which requires at least 275 merchants and a minimum 4,000 square metre area to be considered a *pasar*.

Despite the differences in type, every *pasar* sells largely the same products. They cover almost all necessities for the community, such as food (fish and meats, fruits, vegetables) and household items, displayed in permanent shops, semi-permanent kiosks or open-spaced stalls (Kusmawati, 1996). Some merchants still use a handily folded wooden cart to transport products.

Regarding operating hours, managers have different policies for determining opening and closing times, depending on the type of *pasar*. *Pasar* offering fresh products, such as fish, vegetables and fruits, tend to extend operating hours, some even open 24 hours a day. This type of *pasar* is called the 'wet market', whereas *pasar* that sell everyday products, such as household items, clothes, toys and products other than fresh products, often close by 5 pm or earlier.

The number of *pasar* has grown massively. At 13,450 in 2009 (Statistics Central Bureau, 2012), they dropped to 9,559 in 2012 (Ministry of Trade, 2014). This decrease did not last long. While modern markets (e.g. hypermarkets, supermarkets, malls) continue to develop and constitute the most prominent threat to their existence (Suryadarma *et al.*, 2010; Sipahutar, 2016), *pasar* continue to grow, reaching 14,182 in 2018, 88.52 per cent of the total retail business in Indonesia (Statistics on *Pasar and Modern Markets*, 2018), retaining their significant role in society.

2.5 *Pasar* at present

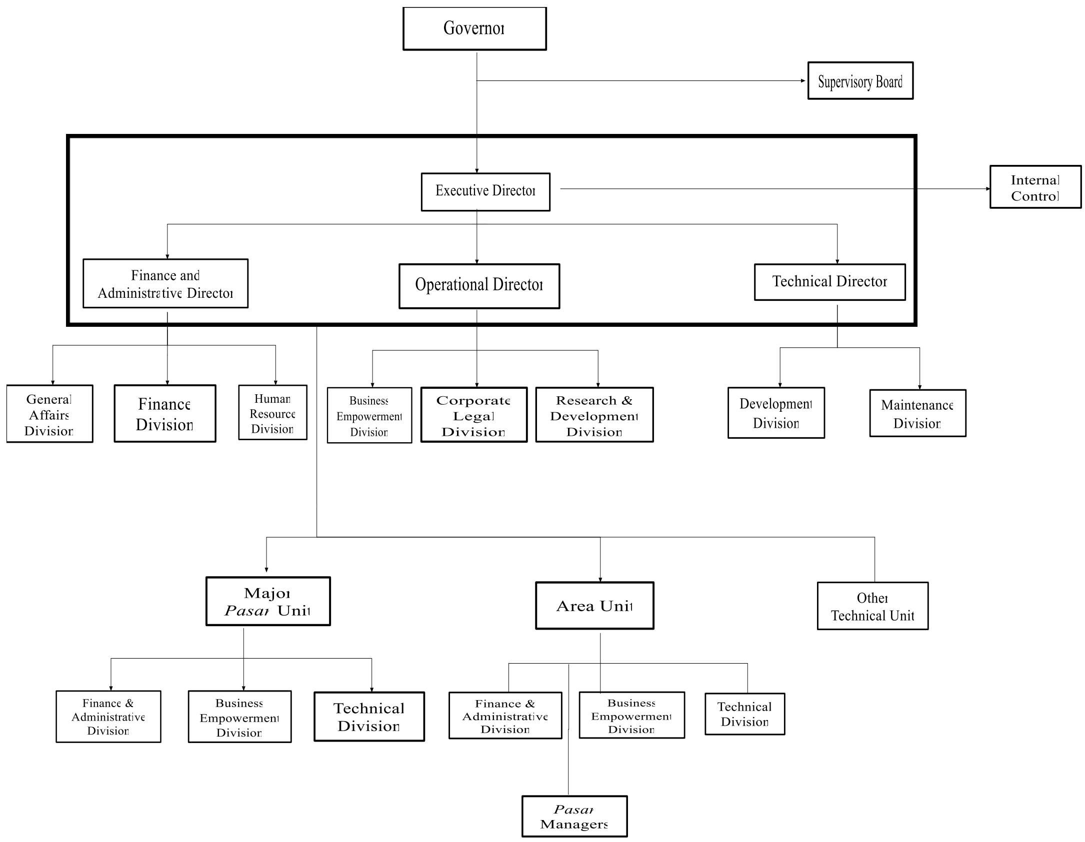
As public-sector organisations, *pasar* were used to being managed 100 per cent by the government. In some cities, *pasar* were managed by one of the government's bodies under their division of cooperative and small-medium enterprise. In other cities, *pasar* were managed by the local community, in villages or tribes. The selfsame practices were commonly found earlier in Indonesia.

Then, the central government issued a law that regulated the establishment of locally owned enterprise (see Law Number 5 on a locally owned enterprise, 1962). In adapting to that, the government of Jakarta formed a locally owned enterprise, *PD Pasar Jaya*, in 1966 to manage *pasar* in the region of Jakarta. There were similar adaptations in Bandung, where the local government created a locally owned enterprise, *PD Pasar Bermartabat,* in 2007 to supervise and manage *pasar* in the city of Bandung.

The transformation of *pasar* from public-sector organisations allows them to serve the public and make a profit at once. The fundamental means of making a profit is offering products and services that best satisfy customers. Organisations that can fulfil customers' needs tend to beat their competitors (Rahman *et al.*, 2018). Thus, managers compete amongst themselves, striving hard to please their customers.

The transformation of *pasar* has also changed the *pasar* structure. In general, the organisational structure of *pasar* is rather similar across the cities in Indonesia. This is due to the standards set for the structure of *pasar* by the government (Mayor of Bandung Decree Number 111, 2008; Jakarta Governmental Decree Number 2, 2009). These decrees portray the position of the governors as being at the top of the hierarchy (see Figure 2.1 Pasar's organisation structure). Consequently, it makes the governor responsible for the business continuation of *pasar*. Also, it signifies the power possessed by the governor as being the superior of *pasar* managers. Furthermore, this structure denotes the position of the supervisory boards in the hierarchy. Supervisory boards are appointed by the governors to supervise and provide advice for the managers in operating *pasar*. This facilitates liaison on the interests of both the governors and *pasar* managers. Also, it ensures that the demands of the governors and the missions of *pasar* are fulfilled.

Figure 2.1 *Pasar's* organisation structure



Source: Adopted from *pasar* organisation structure of *PD Pasar Jaya* Jakarta (2021)

Besides the supervisory boards, some of the government bodies and agencies in Jakarta are appointed by the governor to work with *pasar* management. These government agencies, together with the governors, stand at the topmost part of the *pasar* structure. However, each of these government agencies has different degree of power, legitimacy, and urgency - depending on their tasks within *pasar*. For instance, the Foods Resilience Division is responsible for monitoring the price stability in *pasar*. If prices increase, the foods resilience division will cooperate with *pasar* management to create a temporary bazaar for selling the products that have increased along with subsidised prices. Their task is different with the Economic Bureau whose function is more to make regulations that concern *pasar*, merchants and modern markets. Therefore, the urgency of actions of the Foods Resilience Division can be greater than that of the Economic Bureau.

Despite the similarity in the *pasar* structure, the challenges and efforts to succeed vary for each organisation. Today, *pasar* are among the organisations facing challenges that may threaten their sustainability. Indeed, the modern market, hypermarkets and supermarkets started becoming popular in developing countries in the 1990s (Reardon *et al.*, 2003) and have not stopped growing. In the early 2000s, the figures increased in developing countries such as China, Indonesia, Malaysia, India and Vietnam (Reardon, Timmer and Minten, 2012).

While most research on these countries shows the main threat to the existence of *pasar* is modern markets, the impacts might vary to some extent (Suryadarma *et al.*, 2010). Modern markets pose a better environment and atmosphere for shopping, offering customers alternatives. They can practise modern organisation and management theories and provide customers with diverse and high-quality products (Reardon and Gulati, 2008). Competitors are inevitable in the retail business; thus, modern markets also compete to offer customers the best services.

As the number of modern markets increases, customers acquire alternatives when choosing a place to shop. Consequently, the growth and expansion of modern markets arguably threaten the existence of *pasar* in Indonesia's urban areas (Suryadarma *et al.*, 2010; Sipahutar, 2016; Choerudin *et al.*, 2018). Modern markets present themselves as better places to shop than *pasar* because they offer better-quality services (Najib and Sosianika, 2017).

As mentioned, *pasar* have long been perceived as unhygienic, making them unattractive and unpleasant places to visit (Purnomo *et al.*, 2016). This long-lasting negative image downgrades *pasar* competitiveness and directs potential customers towards more modern markets (Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016; Hermawan, Ismiyati and Indarto, 2018).

For example, in such large urban communities as Jakarta and Bandung, the community and young generations value modern markets' neatness over *pasar* lack of it (Prabowo and Rahadi, 2015). Despite lower prices in *pasar,* younger generations prefer fixed amounts for products, without the bargaining common in *pasar* but rare in modern markets (Septiari and Kusuma, 2016).

This situation has become well known in Indonesia, as both local and nationwide media—e.g. Jawapos.com (Gloria, 2019), Sindonews.com (Chaeruddin, 2018), Pikiran-Rakyat.com (Husodo, 2018), Mediaindonesia.com (Rajaguguk, 2015) and Balipost.com (Prananda, 2018)—report terrible physical conditions of *pasar*. Yet, the public believes that *pasar* must be preserved.

The government has actively issued a significant number of laws and decrees to regulate the management of *pasar* in Indonesia, signifying their importance to Indonesia's economic system. Under these regulations, the local government is responsible for merchants' competence and the management of *pasar*. As of 2018, *pasar* comprised 2.5 million merchants spread throughout 14,182 units in Indonesia

(Statistics on *Pasar* and Modern Markets, 2018). Their role in and contribution to the development of *pasar* are significant, in terms of financial resources (e.g. rents for stalls, taxes). In return, merchants have the right to support from the local government, including the *pasar* managers.

Despite the number of regulations concerning *pasar*, merchant resistance hinders their execution. They often do not involve the modernisation or revitalisation of *pasar*. In addition, implementing policies and regulations for *pasar* still requires control and monitoring, an issue that calls for resolution (Juahari, 2013).

Prior studies emphasise *pasar's* physical appearance as their main weakness, the key issue that leads customers to abandon them (Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016). The negative image is so acute that young customers no longer favour *pasar's* presence (Najib and Sosianika, 2017).

Pasar's mission—to serve society (social mission) and to share profits and contribute financially to the state budget (financial mission) amplify these problems. The dual missions mean that the managers of *pasar* deal with multiple aspects of accountability; thus, they must respond to different stakeholders who demand it.

The tensions for managers, having many stakeholders or demanders of accountability, arise from maximising the various demands that they must satisfy—ideally, all with equal success (see Chapter 3). The broad range of stakeholders holds the managers accountable to different interests (see Chapter 4). Aligning diverse stakeholder interests, including whose should come first when they conflict, magnifies the managers' challenges. Drawing on how *pasar* managers deal with this matter, this thesis explores how the managers respond to multiple demands for accountability.

2.6 Conclusion

Chapter 2 portrays the historical root, characteristics and difficulties that Indonesian *pasar* face. For centuries, *pasar* have offered a wide range of necessities to serve their communities, from fresh food to household items, from clothing to electronic devices. The transactions that take place in *pasar* are unique: clients bargaining for prices with merchants until both parties agree, cash-only purchases and no receipts. This practice makes *pasar* different from other shopping centres.

Today, 14,182 outlets and 2.5 million merchants have become part of the *pasar* of Indonesia. However, the complex problems that arise in *pasar* presently threaten their existence. The challenge of fulfilling the different needs of various stakeholders with equal success is the fundamental motivation of this thesis, whose purpose is to seek managers' responses to multiple demands for accountability. The next chapter elaborates on accountability and how it relates to the challenges that *pasar* managers face.

Chapter 3

Accountability in *Pasar*

3.1 Introduction

Chapter 3 focuses on the accountability literature. It begins by elaborating accountability, covering the definition and the concepts developed by various scholars. As the notion of accountability evolves, the three fundamental issues—(a) '*who is responsible for what?*'; b) *'who is responsible to whom?*'; and (c) *'why does the actor feel obliged to be accountable?*'—remain problematic, and the outcomes vary, depending upon where and how accountability functions. These problems also demonstrate vertical and horizontal relationships between the actor (accountors or agents) and the forums (accountees or principals). Therefore, examining the three critical issues enables the researcher to position this study and contribute to developing knowledge in this area.

Furthermore, distinguishing accountability can be based on the nature of the forum, as in political, public, administrative and professional accountability (Bovens, 2007). However, the forums can differ, depending on whether the context is the public sector, the private sector, or hybrid organisations. In addition, studies looking further into the principal issues of accountability related to *pasar* are lacking, despite the potential importance of these issues in elaborating how the managers respond to the multiple demands of accountability.

3.2 The notion of accountability

The concept of accountability can be traced back to a law King Hammurabi of Babylonia enacted around 2000 BC (Bird, 1973, cited in Velayutham and Perera, 2004). The notion of accountability is often related to accounting because of its historical and etymological relation to accounting (Bovens, 2007). The practice of accountability arose between 1085 and 1086 when King William I of England ordered all property owners in England to list their assets for the royal surveyors and register them in the Domesday Book (Dubnick, 1998). The purpose of the list of assets was not only for taxation but also to build the royal government's foundation in England (Dubnick, 1998; Bovens, 2007). Eventually, the basic notion and practice of accountability expanded, with broader discussion and development in the literature, in disciplines such as accounting, public administration and political science.

Day and Klein (1987) defines accountability as the obligation to those who can demand an explanation or other item due from the accountable party obligated to provide it. Behn (2001) echoes this definition, describing accountability as the responsibility to answer, explain and justify specific action (or inactions) to those who can call for an account. In other words, it is a condition in which one individual or entity explains actions taken (Flinders, 2001) to another who has the right to demand it.

Alternatively, Rubin (2005) also stresses the need to justify or explain actions that different actors carry out, where the account can lead to reward or punishment. This explanation implies that one is asked to explain actions and must accept the consequences. For example, if the profit target is not achieved, in the following year, the bonuses cannot be allocated.

Bovens (2007: p.467) described accountability in a narrower sense:

> *"The relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgments, and the actor may face consequences."*

The definition above indicates the involvement of at least two parties to accountability, with an explanation from one party to another requiring it. People or organisations are responsible for answering and justifying their actions on the basis of what they receive from other people or organisations (Sinclair, 1995; O'Connell, 2005; Akpanuko and Asogwa, 2013; Grossi and Thomasson, 2015). As Bovens (2007) explains, the relationship can entail people asked to explain their actions, who face consequences. The consequences may be formal, such as applying fines or disciplinary sanctions, or based on unwritten rules—for example, forcing the resignation of public officials (Bovens, 2007: p.452).

Alternatively, Mulgan (2000) describes three fundamental characteristics of accountability. First, it is 'external', meaning the person or organisation held accountable is separate from the person or organisation with the right to call for an account. It also means that accountability is owed to identified relationships or roles within an organisation (e.g. to shareholders), and several groups inside and outside the organisations (Almquist *et al.*, 2013), generally known as stakeholders (Chapter 4 discusses stakeholder theory).

Second, accountability concerns 'social interaction and exchange', in which the person or organisation demands response (e.g. explanation), and the person or organisation held accountable responds and faces the consequences (Mulgan, 2000). The social interaction between the two groups of people or organisations is sometimes referred to as a relationship between actors and forums (Bovens, 2007, 2010; Biela, 2014), principals and agents (Pratt and Zeckhauser, 1985; Lupia, 2003) or accountors and accountees (Pollitt, 2003).

The ‘social interaction and exchange’ indicates the liability for their actions of those being held to account and accepting the consequences, i.e. rewarded for success or punished for failure (Koppell, 2005). Liability carries the legal force of possible sanctions for account (McGrath and Whitty, 2018). Thus, liability can bind individuals or organisations to act in an accountable manner, unable to thwart sanctions.

Third, accountability indicates the ‘right of authority’. This means that those who call for an account have the right to proclaim their superior authority over those held accountable, including the right to request an explanation and impose sanctions (Mulgan, 2000). For instance, power delegation from shareholders to managers in firms makes managers accountable for shareholder interests. In this case, the shareholders own the rights, and they can impose on managers the obligations to achieve firm objectives, according to their will.

Regarding sanctions, Patton (1992) argues that sanctions and rewards are two critical elements in the accountability system, without which accountability does not exist. Therefore, those held accountable must behave responsibly and disclose their behaviour to an external audience, such as shareholders and the public (Dubnick and Frederickson, 2009; Schillemans and Busuioc, 2014). Types of actions owed to external groups include financial statement disclosures, announcements of dividend payments or statements by company officials (Messner, 2009).

The different concept explained above denotes accountability as an evolving notion. The difference is due to the situational concept of accountability, which causes its implementation to vary, depending on the specific context in which accountability operates (Mulgan 2000; 2001). It also implies that by having a relationship with others, one must satisfy the demand of another (or others), provide answers when necessary and receive sanctions or rewards for one's actions.

3.3 Accountability relationship

The fundamental idea of accountability is a relationship between two groups of individuals or organisations. The relationship between the accountors and the accountees can exist in many forms, such as superiors and subordinates, elected officials and the public, managers and stakeholders, managers and professional bodies and many other types.

However, the two groups that relate to one another must be identified so that both groups understand who should be responsible (accountors) and who has the power to ask for answers and explanations (accountees). Especially for this thesis, identifying the accountors and the accountees can help decide who should participate in the interview.

For instance, the forms of relationship between the principals and the agents in a hierarchical structure often provide an example of vertical accountability (Bovens, Schillemans and Goodin, 2014; McCall and Pruchnicki, 2017). In the vertical relationship, superiors in higher positions can set standards for adherence by their subordinates (Gelfand, Lim and Raver, 2004). Subordinates cannot refuse demands from their superiors because they can receive sanctions for unsatisfactory performance (Mulgan, 2000).

In *pasar*, not only a superior and subordinate type of relationship exists but also a relationship between those who have a great interest in *pasar* and the managers. For example, merchants are the primary recipients of the service available in *pasar* but do not have a superior-subordinate kind of relationship with the managers of *pasar*. The partnership built between the merchants and the managers of *pasar* is a non-hierarchical relationship, not a full principal-agent relationship between the accountees and the accountors, but rather what Schillemans (2008) considers a horizontal relationship.

Customers, mass media and other recipients of services, together with the merchants, form a non-superior-subordinate relationship with the managers of *pasar*. These stakeholders can affect or be affected by the decisions made by the managers of *pasar* (see Chapter 4 for stakeholder theory). However, the managers can only be accountable to the merchants, customers and other recipients of services who have the power to influence the managers' decision and actions (O'Loughlin, 1990).

In Indonesia, merchants, customers and mass media are considered 'the public', with the right to file complaints through the ombudsman for inconvenient services provided by any institution, including *pasar* (Law Number 37, 2008). According to Hill (2002), the ombudsman system transforms the accountability environment by bringing the public into the equation. It means that the public has a significant role in the ombudsman system, by establishing new regulations. Therefore, a horizontal relationship is as necessary as a vertical relationship, even though it is not based on a superior-subordinate relationship.

Prior research includes ongoing arguments on three fundamental issues in practising accountability: 'who is accountable for what', 'who is accountable to whom' and 'why does the actor feel obliged to be accountable' (Romzek and Dubnick, 1987; Bovens, 2007: p.454; Fowler and Cordery, 2015: p.129). These debates on the critical problems in implementing accountability help to explain the accountability relationship between the accountor and the accountee. Therefore, these three issues are discussed, in turn, in the context of *pasar* in Indonesia.

3.3.1 Accountability for what?

'Who is accountable for what?' (Bovens, 2007; Fowler and Cordery, 2015; Kurland, 2017) implies the purpose of a person or an organisation carrying out accountability. Different types of organisations may not have the same operational goals. For example, the private sector can focus on achieving certain profit levels for the current year (Fowler and Cordery, 2015: p.132). Public-sector entities pay more attention to compliance with bureaucratic laws, following the processes and procedures the government establishes with care and performance, where these elements play a role in promoting and achieving improvements in providing services quality to the public (Hodges, Wright and Keasey, 1996; Mulgan, 2003; Hodges, 2012; Fowler and Cordery, 2015).

Mulgan (2001) identifies three areas for which individuals or organisations are held accountable: legal compliance and financial reporting, general policies and performance and specific individuals. Legal compliance comprises fulfilling legal and contractual obligations (Yasmin, 2014). Both the public and private sectors must provide certain reports, based on the standards applied in their sector. For example, managers in the public sector must publish reports addressing the handling and spending of public funds. They are accountable to political forums, such as elected representatives of political parties (Bovens, 2005). Likewise, managers in the private sector must submit financial statements to their shareholders as part of their responsibilities and the professional performance of their jobs.

Concerning general policy and performance, Mulgan (2001) says that the government and its related agencies must continue to meet public demand. As the public trusts the government to handle essential matters related to public affairs, every policy and regulation is in the public interest. In addition, the government must perform its responsibilities transparently, with explicit values and standards. For example, financial transparency in disclosing budgets spent in the current year consists of their appearing on the official government website.

The final focus is the individual. Mulgan (2001) distinguishes different contexts, i.e. government agencies and private entities, in which specific individuals exist. In private entities, customer satisfaction is the primary purpose because customers are the main income generators for private entities. Thus, aiming at customer satisfaction is a mental state that can create loyalty to the company (Paul, Mittal and Srivastav, 2016). In contrast, customers often perceive delivery by government agencies differently from that in the private sector. For example, a report by the Ministry of Administrative and Bureaucratic Reform (2015) shows that public services in Indonesia still struggle with principal issues, such as lack of quality in delivering service, absence of accountability practices and supervision and shortages of qualified public officials.

In conclusion, according to Yasmin (2014), the many different areas of accountability above must also consider the mission and vision of the organisation if accountability is to be successfully fulfilled. The organisation’s missions and visions are based on the different types of accountability, for which individuals or organisations are held accountable. Thus, the goals of *pasar* to contribute their profit to the state’s budget and provide social services for the merchants and the customers make the managers accountable for meeting these objectives. In other words, the hybrid missions of *pasar* signify the 'accountability for what' the managers must fulfil. However, the problems arise with the question of whether the managers can satisfy these different demands.

3.3.2 Accountability to whom?

'Who is responsible to whom?' (Bovens, 2007; Fowler and Cordery, 2015; Kurland, 2017) arises in the context of accountability and determining who is responsible and to whom they are accountable. To specify and define 'who' requires making clear distinctions at the beginning, to identify to which internal and external groups the person or organisation is accountable (Thynne, 1994; Grossi and Thomasson, 2011). In other words, it is essential to know what actors will take responsibility, referred to as 'accountors', and the forums to whom they are accountable, the 'accountee' in the accountability relationship.

According to Johanson and Vakkuri (2018), accountees are those with the power to demand answers and explanations from accountors. For example, shareholders have the right to force managers to increase earnings per share, reduce unnecessary costs, expand market share and other reasonable targets. The money invested by the shareholders is the resource that grants them the power to ensure managers meet their demands. Accountees can also be voters who ask elected representatives to act in their interest.

Meanwhile, accountors are the people who are held accountable (Hagbjer *et al.*, 2017). For example, staff who are directly accountable to their supervisor must answer and explain their actions. Accountors and accountees are not always individuals or groups of individuals; they can also be organisations or officials in an organisation (Mulgan, 2001; Bovens, 2007). For instance, managers of public-sector organisations (accountors) are accountable to governmental units (accountees) in an organisation and not individuals.

Once the ‘who’ is identified, then the problem of ‘who is responsible to whom?’ can be pursued by classifying to whom the actor is asked to render an account, as Bovens (2007) explains, based on the nature of the forum, such as political, public, administrative and professional accountability. These forums are described in Section 3.4.

The governor appoints the managers to manage and operate *pasar* in their respective regions. They are obliged to meet the missions of *pasar* (accountability for ‘what’) successfully. As the sole owner of *pasar*, the government is the key stakeholder. However, the purpose of *pasar* explicitly states that merchant and customer satisfaction is among the responsibilities that the managers must fulfil. Therefore, together with the government, merchants and customers are the stakeholders to whom the managers are accountable.

However, whether the issue of ‘who is responsible to whom’ can become a critical problem in *pasar* has not been determined. Therefore, interviews with the managers and the stakeholders are essential, to obtain a comprehensive understanding of the case under study (see Chapter 6).

3.3.3 Reasons to be accountable

Bovens (2007) argues that this problem illustrates the relationship between the actors and the forum. In other words, actors believe that they are held accountable to the forum because of the nature of the obligations reflected in the relationship (Bovens, 2007: p.455). The relationship can call individuals (or groups) to account for their decisions and actions, through either vertical or horizontal accountability (Bovens, 2007; Luhrmann, Marquardt and Mechkova, 2017), depending on the nature of the obligations.

In organisations, vertical accountability usually refers to a relationship of responsibility in which staff or others lower on the hierarchy answer to their superiors. Vertical accountability can also be characterised by hierarchical principal-agent relationships (Biela, 2014). Vertical accountability is an upward accountability, where demands come from above the agent (Christensen and Ebrahim, 2006). For example, managers as agents can run the organisation, but they are also obliged to follow and satisfy shareholders as their principals. In addition, vertical accountability can link to legal accountability. Legal and formal authorities, such as local government, police and law enforcement are related, making laws and regulations that can force anyone or any institution to provide an account (Bovens, 2007: p.460).

On the other hand, horizontal accountability is a form of accountability to third parties, based on the principle of ownership (Mulgan, 2003; Schillemans, 2011: p.390) and joint arrangements between organisations and their stakeholders, to serve the public as well as possible (Hodges, 2012: p.30). If the organisation is known as a public organisation and uses public funds to finance its activities, it must serve the public. Thus, public ownership of the funds forms a horizontal accountability relationship with the accountors. The public owns the power to influence the decision and actions of the accountors and make them accountable (O'Loughlin, 1990).

In *pasar*, the managers are in both vertical and horizontal relationships with numerous stakeholders with contradictory demands due to *pasar's* dual missions. Therefore, these managers are held accountable to different forums, both vertically and horizontally. How the managers satisfy the demands of these different forums in *pasar* requires further exploration.

3.4 The forms of accountability

The forms of accountability distinguish various relationships, based on the nature of the forum, such as political, public, administrative and professional accountability (Bovens, 2007). These forums are those to whom the accountors must render an account. For example, government servants can be directly accountable to the people if they act on behalf of elected representatives (Sinclair, 1995).

Political accountability is an essential form that is generally found in democratic systems. It is one of the dimensions that make up the accountability system in a democracy (Hudaya, 2014), where individuals or organisations are held politically accountable.

The common practice of political accountability is based on delegation from principals (the accountees) to agents (the accountors), in which the principals set the tasks (demands), and the agents fulfil the responsibilities. This process is possible because the principals own the power element that can make the agents obey them. However, suppose there is more than one principal. In that case, those who own more significant power and additional features gain the advantage of getting a response faster than other principal groups. This notion is often referred to as stakeholder salience (see Chapter 4 for further details).

Public accountability is generally related to public affairs, such as utilising and managing public funds, how public institutions operate and how public authorities practise their profession in public organisations and explain what they do to stakeholders. Thus, the public is the central focus that shapes every government program's quality and responsiveness in their community.

The public has the power to force political, bureaucratic, business and legal decision-makers through various mechanisms to provide information and justification for their actions in serving the public (Sinclair, 1995: p.226; Lindberg, 2013: p.14). They play an important role in the democratic system because they are the root and key actors of public accountability (Cárcaba-García, López-Díaz and Pablos-Rodríguez, 2002). For example, citizens can ask a parliament member to hold public hearings to catch any social disturbance or community problems.

Many countries, including Indonesia, have sought to improve their public services to meet public demand for more responsible governance (Said, Alam and Bin Abd Aziz, 2015). The improvement in the public services is a priority. During the reform era in Indonesia in 1998, trust in the government was so weak that public expenditure became a fundamental issue of practising accountability (Akbar, Pilcher and Perrin, 2015). In addition, the government provides services very inefficiently (Bakar, Mohamad and Saleh, 2011; Hui *et al.*, 2011; Almquist *et al.*, 2013).

Therefore, the government strives to perform well by being reliable and responsive to the public (Salminen and Lehto, 2012). It must be responsive to meet most people's needs (Stimson, Mackuen and Erikson, 1995; Powell, 2004) and not just to satisfy the voters. The practice of democracy requires the government to be responsive and responsible (Mair, 2009).

However, being responsive and making responsible decisions may not always satisfy people's expectations, and sometimes, unpopular decisions are made (Linde and Peters, 2018). For instance, in Indonesia, the decision to increase the price of necessities, such as electricity, gas and fuels, often triggers huge protests. Even though the justifications for the decision are explained persuasively, it still creates instability in the community.

Administrative accountability (Bovens, 2007: p.456), otherwise known as bureaucratic accountability (Romzek and Dubnick, 1987: p.228), shows a hierarchical relationship and a chain of command is practised in the organisation between subordinates and superiors. Accountability at the hierarchical level follows the rules and regulations, decided at a higher level and providing information on bureaucratic operations from the lower ranks (Lindberg, 2013: p.12). In other words, it connects low-level administrative positions with their superiors.

Administrative accountability emphasises the importance of authority embedded in its vertical relationships with informal organisations (Koliba, Zia and Mills, 2011). Administrative accountability also links individual government officials or public organisations with citizens, their users and other external oversight bodies, such as auditing bodies, ombudsmen and other stakeholders. Thus, relationships with external groups allow shareholders and stakeholders to exercise a substantial measure of control over their agents (Koliba, Zia and Mills, 2011).

Some researchers use the word ‘managerial’ accountability instead of administrative or bureaucratic accountability. Day and Klein (1987) use ‘managerial accountability’ to explain how those assigned or elected respond to agreed-upon tasks, according to agreed-upon performance criteria. For example, a hired manager should be held accountable for performing his job according to the shareholders’ demands. The contract signifies that the managers agree with the tasks assigned, binding them with managerial accountability.

Managerial accountability also refers to managers' responsibility to carry out all aspects of management, comply with regulations and procedures and focus on achieving the best results in doing their work (Hill, 2018). According to Siriwardhane and Taylor (2017), managerial accountability shows how the organisation can function efficiently and effectively. The more efficient and effective the operation, the more accountable it is.

In general, professional accountability has been linked to a person's knowledge, abilities, flexibility, behaviour and responsiveness in carrying out duties (Koliba, Zia and Mills, 2011). Professional accountability is based on external requirements, such as rules, professional norms, codes of conduct; and internal conditions, such as one's values and expectations (McCall and Pruchnicki, 2017).

Managers, who are also members of 'professional associations', are subject to their standards; even when conducting professional activities, they will only act on their expert knowledge. Bovens (2007) emphasises the vital role of professional bodies in providing a set of norms and standards that can bind members of the profession. Professional accountability can also be maintained by adherence to best practices, profession or industry standards or professional codes of ethics.

The need for professional accountability applies to anyone facing common and straightforward technical problems at work, including the ability to deal with communication problems with the external environment and the skills to use advanced technology.

Another problem that most public-sector managers and government officials face is that they are more accustomed to dealing with financial indicators (Arnaboldi and Azzone, 2010), such as customer satisfaction, outputs and results, than nonfinancial indicators. Bracci and Llewellyn (2012) argue that relying only on accounting measures to assess service-delivery objectives can limit accountability because how organisations really operate involves more than just making a profit. The community's rapidly increasing demand for service quality exacerbates these problems.

Therefore, Romzek and Dubnick (1987: p.229) suggest that public-sector managers and government officials must have skills and expertise, along with ideas and solutions. In addition, they also must improve their professional knowledge by attending ongoing professional development training, to adapt to rapid changes in the environment.

According to Flack and Ryan (2003), the more highly professionalised a manager becomes, the greater the chance that the organisation will become similar to other organisations in the area. Working professionally to provide the best service in stakeholders' interests must be established as a key performance indicator.

3.5 Accountability in organisation

The prior section explained the different forms of accountability that distinguish vertical and horizontal relationships, based on the nature of the forum, e.g. political, public, administrative and professional accountability, in general. As accountability is an evolving notion, its implementation may vary, depending on the specific context in which accountability operates. This section explores how accountability appears in different organisations.

3.5.1 Accountability in the public sector

Satisfying public needs, not a need for profit, has become the managers' priority and focus in public-sector organisations. The fulfilment of social goals determines their success (Wynn-Williams, 2005).

Additionally, the practice of a hierarchical system is commonly found in the classic notion of accountability because it is an integral part of public-sector organisations (Bovens, 2005). Arguably, the hierarchical relationship applies in public-sector organisations, due to the bureaucratic nature of the sector (Goodin, 2003). This image is so strong that when an entity is labelled as a public-sector organisation, the perception is that a hierarchical system is practised there. These practices lead to a lack of managerial independence when running the business. They also explain why decision-making in the public sector tends to be slower than that of the private sector (Massaro, Dumay and Garlatti, 2015).

The hierarchical relationship found in the public-sector organisation also signifies the superior-subordinate relationship. It means that the managers of public-sector organisation are accountable to their superiors in the government. They must answer, explain and justify their decisions and actions to the government. On the other hand, elected governments are accountable to the public that entrusts them with public resources, i.e. public funds, to manage, control and supervise all types of organisations (Jones and Pendlebury, 2010). Consequently, the government's money to finance any organisations' activities, i.e., public-sector organisations, makes the government accountable to the public.

In Indonesia, the most noteworthy individual position in the governmental system is primarily a delegate of a political group who wins a large portion of the general vote in a political election. Citizens have voted for a chosen representative, who becomes the government, to take responsibility and use public resources to serve society (Jorge de Jesus and Eirado, 2012; Almquist *et al.*, 2013).

This clarifies how political components and stakeholders with different interests substantially control public-sector organisations (Boyne, 2002; Mimba, Van Helden and Tillema, 2007). Also, public-sector organisational goals tend to align with political-party interests, regardless of how the public perceives those goals (Kuoppakangas *et al.*, 2019). Moreover, political parties dominate the Indonesian democratic system, legitimising political influence on public-sector organisation decision-making. Thus, public-sector organisations are prone to instability because of the political changes in each election that may influence how they function (Bozeman, 1987).

3.5.2 Accountability in the private sector

As opposed to the public sector managed by the government, private-sector organisations have different interest groups. Entrepreneurs and investors are two important groups for managers, as they own the assets and resources of the organisation, so they expect financial benefits in return (Boyne, 2002). In this way, managers in private-sector organisations are responsible for meeting the demands of shareholders and prioritising the maximisation of profit and value for the company accordingly.

However, business organisations’ complexity means their decision-makers must extend their focus beyond the traditional interest group of shareholders, to external factions. These external groups are stakeholders who can affect or be affected by the organisation's existence (Freeman, 1984); thus, their demands must be considered thoroughly.

At present, the problems of ethics in the private sector are starting to become significant because the number of stakeholder groups has expanded, making ethics the critical issue in the private sector. The stakeholders are more concerned with seeing how profit was generated and whether the ways the organisation is managed are ethical than knowing how much profit was made (Gray, Owen and Adams, 1996). Thus, ethical acts ensure the managers practise 'corporate social responsibility' to benefit society and the environment. Companies that pay attention to both society and the environment are even believed likely to gain financial rewards.

Bovens (2007) emphasises the vital role of professional bodies in providing a set of norms and standards that can bind members of the profession. Professional accountability is based on external requirements, such as rules, professional models and codes of conduct; and internal requirements, such as one's values and expectations (McCall and Pruchnicki, 2017).

Managers in the private sector are not only pursuing profit-making activities and acting ethically; they also ensure that the organisation survives against its competitors. Therefore, some managers are actively involved as members of professional associations, to improve and update their knowledge and competence.

3.5.3 Accountability in hybrid organisations

The term 'hybrid organisation' surfaced initially in public administration and nonprofit organisations during the 2000s (Wood, 2010). A hybrid organisation often appears to combine two characteristics. The mixture occurs in the organisation's action, procedures and skill (Miller, Kurunmäki and O'Leary, 2008; Grossi *et al.*, 2019) or its mission, value and organisational forms (Christensen and Lægreid, 2011).

In practice, hybrid organisations can possess private- and public-sector traits in a single entity (Brandsen, Karré and Helderman, 2009), making them distinct from the standard form of an organisation. For instance, hybrid organisations must achieve certain profit levels in the current year but, at the same time, are restricted to performing their activities while following laws and government procedures.

The definition and combination of elements in a hybrid organisation vary, but most comprise three main characteristics (Anheier and Krlev, 2014; Besharov and Smith, 2014; Mair, Mayer and Lutz, 2015). First, such an organisation involves numerous and varied stakeholders; second, it has multiple, often conflicting purposes; third, it engages in different or inconsistent activities.

Pasar are managed by locally owned enterprises solely owned by the government. They offer daily necessities, such as rice, eggs, vegetables, spices, at reduced prices because the government monitors and controls them. *Pasar* continue to address public needs and produce public goods. As public service providers, they are often seen as public-sector organisations that solely serve the public.

At present, *pasar* have transformed themselves from being traditionally-managed organisations into modern and professionally-managed organisations in each region. Some *pasar* physical appearance have even been modernised to adapt to the new organisation's form. Revitalising *pasar* facilities is also intended to compete with modern markets. These transformations do not change the indigenous bargaining activities embedded in *pasar* characteristics and practised for more than ten centuries.

A locally owned enterprise is established to supervise and manage all *pasar* within the region. The people who work in them are not public servants nor related to government agencies. The enterprise managers are hired professionally, based on their expertise and experience in the retail business. Consequently, the purpose of *pasar* has shifted from only serving the public to also aiming for profit.

The hybrid characteristics of *pasar,* i.e., serving the public and gaining profit, signify the many stakeholders that the managers must address. Therefore, several stakeholders must be identified initially as internal and external groups to which the managers are accountable (Thynne, 1994; Grossi and Thomasson, 2011). Otherwise, problems may arise that prevent the managers from achieving their hybrid organisational missions.

Furthermore, as *pasar* have at least two objectives, i.e., financial and social, the managers may face conflicting goals. The dual missions, revenue-driven as in a private-sector structure and with a social purpose to serve the public, may lead to mission drift, caused by potential conflict (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). As paradoxical as it seems, these conflicts would be due to diverse stakeholder expectations (Kickert, 2001; Grossi and Thomasson, 2015). Consequently, the managers of *pasar* must deal with multiple demands for accountability.

3.6 The challenges of accountability

According to Olsen (2013), exploring accountability requires researchers to examine and analyse the complexity and dynamics of accountability characteristics and processes. Accountability constitutes a unique context (Almquist *et al.*, 2013). The three different organisational settings (Section 3.5) indicate that accountability represents a challenging practice.

Shareholders in the private sector are satisfied if managers can maximise company profits and increase their value. Although the demands for accountability in the private-sector have broadened to external groups, the standards and measurements of accountability in the private sector are considered apparent. Those who cannot perform well or meet the goals set by shareholders can be evaluated against the relatively clear and measurable private-sector objectives.

On the other hand, satisfying the social mission for broader groups of stakeholders is also necessary. The performance measurement of public-sector organisations concerns how well they accomplish their mission objectives (Bradshaw *et al.*, 1998).

Arguably, satisfying stakeholders in public-sector organisations is difficult, due to the absence of standards that identify social performance, i.e. service quality, and the concern for evaluating social performance across comparable organisations (Salminen and Lehto, 2012; Ebrahim and Rangan, 2014). Therefore, measuring service-quality perception is also vital (Parasuraman, Zeithaml and Berry, 1988) so that those held accountable can provide quality services, and perhaps improve them, for both their superiors and society. According to Parasuraman, Zeithaml and Berry (1988), the appropriate approach to evaluating an organisation's service quality is measuring its perception of quality. The measurable attribute can be modified according to the organisation and the service situation (Wisniewski, 2001; Rohini and Mahadevappa, 2006).

The challenge is even more complicated when applied to hybrid organisations, i.e., *pasar*, to equally meet both vertical and horizontal demands. Moreover, in complicated surroundings with so many aspects relating to accountability—i.e.

political, legal and financial—those accountable ought to supply accountability reports that include financial and nonfinancial information (Patton, 1992). In other words, hybrid entities—*pasar*—must provide nonfinancial information, as public-sector organisations do, and submitting financial reports like private-sector organisations.

Furthermore, the complexity of *pasar* means that the managers face many challenges they must solve responsibly and with equal success. On one hand, managers must address the growth and expansion of modern markets (Suryadarma *et al.*, 2010; Sipahutar, 2016; Choerudin *et al.*, 2018), change the acute impression of *pasar* (Purnomo *et al.*, 2016) and keep customers in *pasar* (Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016; Hermawan, Ismiyati and Indarto, 2018). On the other hand, the managers are held accountable to many forums, i.e. political, public, administrative and professional (Bovens, 2007), whose demands require equal satisfaction.

3.7 Conclusion

Chapter 3 discusses accountability, relationships, forms, evidence of different types and challenges. Accountability is the relationship between two parties, where one (accountor) is held accountable to the other (accountee). The relationship is built on three debatable issues: 'who is responsible for what', 'who is responsible to whom' and 'why agents are accountable'.

This thesis sets the managers of *pasar* as agents (accountors), making them accountable to accountees. By their nature, *pasar* managers (or accountors) are accountable to many stakeholders, relationship that leads vertically to their superiors and horizontally to other types of stakeholders (see Chapter 4). Also, the managers of *pasar* are accountable to 'forums', such as politics, the public, administration and professionals. These forums amplify the challenges the managers face. These challenges and how the *pasar* managers face multiple demands from different stakeholders to whom they are simultaneously accountable, motivate this research.

The following chapter (Chapter 4) explains the theory used in underlying literature to understand the complexity of accountability and see how managers respond to the different demands (stakeholders) for accountability, preliminary to answering the thesis research questions.

Chapter 4

The Theory of Stakeholder Identification and Salience

4.1 Introduction

Chapter 4 mainly covers the theory of stakeholder identification and salience. The prominent definition of stakeholders ‘as any group or individual that can affect or is affected by the achievement of the organisation’s objectives’ (Freeman, 1984: p.46) has developed as the basis for the theory of stakeholder identification and salience, known as the stakeholder salience model.

Prior studies demonstrate the use of the stakeholder salience model of Mitchell, Agle and Wood (1997) in identifying and prioritising stakeholders, based on three attributes: ‘power’, ‘legitimacy’ and ‘urgency’ of claims. This study uses the stakeholder salience model to develop a theoretical framework for investigating accountability functions in *pasar,* by examining the interplay amongst the attributes of power, legitimacy and urgency. Moreover, the stakeholder typology, divided into seven distinct groups of stakeholders—‘dormant’, ‘discretionary’, ‘demanding’, ‘dominant’, ‘dependent’, ‘dangerous’, ‘definitive’—and ‘non-stakeholders’, enables the researcher to classify *pasar* stakeholders.

This chapter elaborates the ability of stakeholder salience theory to expose the fundamental challenges that arise in *pasar* and classify the stakeholders in the context of accountability.

4.2 The development of stakeholder identification and salience

The term ‘stakeholder’ contains the word ‘stake’, traceable to the early fourteenth century and defined as a ‘stick of timber sharpened at one end used as part to mark land or territory’ (McGrath and Whitty, 2017; Harper, 2019). Since 1784, the phrase ‘stake’ has come to mean an ‘interest’ (Carroll and Buchholtz, 2000; McGrath and Whitty, 2017). Therefore, the term ‘stakeholder’ implies a person understood ‘to maintain an interest’ and ‘an entity that has an interest (stake) in the subject activity’ (McGrath and Whitty, 2017).

‘Stakeholder’ as a notion in the modern organisation appeared in the early 1930s when the General Electric Company recognised its need to consider key interest groups, such as shareholders, employees, customers and the public (Preston and Sapienza, 1990; Clarkson, 1995).

The term ‘stakeholder’ resulted from a study that Stewart and Doscher (SRI researchers) conducted in the early ’60s, to examine the nature of organisation dynamics, such as teamwork, problem analysis and the decision-making process. The result brought the term ‘stakeholder’ to prominence, describing ‘those groups without whose support the organisation would cease to exist’ (SRI, 1963 cited in Freeman, 1984).

The concept of ‘stakeholder’ started to appear more frequently during the 1970s and grew in prominence following Freeman’s (1984) *Strategic Management: A Stakeholder Approach*, which argues that business management should aim to maximise shareholder wealth and fulfil the demand of a varied and multi-faceted group of people in making crucial and strategic decisions (Laplume, Sonpar and Litz, 2008). Freeman (1984) calls these multifaceted groups ‘stakeholders’.

Freeman (1984: p.46) defines stakeholders 'as any group or individual that can affect or is affected by the achievement of the organisation's objectives', attributed to an inside memo at the Stanford Research Institute (SRI) in 1963. He was also the first to identify the critical roles of other individuals and groups related to the organisation. Stakeholder theory underlines that organisations are held accountable not only to their shareholders but also to individuals and groups affected by their decisions and actions (Kaur and Lodhia, 2018).

Stakeholder theory was a response to the shareholder approach to managing the complexity of a business organisation. It provides organisation decision-makers with a wider focus, beyond the old-fashioned interest of shareholders. It also encourages managers to satisfy the expectations, needs and standards of groups previously counted as external factions.

Early definitions of stakeholder theory were limited to employees, suppliers and consumers (Mainardes, Alves and Raposo, 2011). Definitions expanded to include communities, special interest groups, the media and society. Harrison, Freeman and de Abreu (2015) consider society the most challenging group to satisfy, with its heterogenic characteristics.

As the number of stakeholders has grown, numerous scholars have viewed the definition differently. For instance, Savage *et al.* (1991: p.72) define stakeholders as individuals, groups and organisations with an interest in an organisation's actions and an ability to influence them. However, this definition does not specify how stakeholders can affect an organisation's operations. Some stakeholders' needs can affect the organisation's continuation.

Hill and Jones (1992) explain stakeholders as people with legitimate claims on the firm through a mutual relationship that benefits them both. This relationship binds rights and obligations to both stakeholders and the firm. For example, tenants in a shopping centre pay rent for the stalls; thus, they expect good service from the management.

Alternatively, Clarkson (1995) categorises stakeholders as individuals or groups that possess a claim, ownership, rights or interests in a firm, distinguishing these stakeholders as primary or secondary, reflecting the level of dependence between the organisation and the stakeholders. According to Clarkson (1995), those who can determine the organisation's life or death are classified as primary stakeholders. The role of primary stakeholders is crucial, and their decision to end their support could end the organisation's ability to operate. On the other hand, some stakeholders make no difference to the existence of the organisation. Their absence would not matter as much as that of primary stakeholders, making them secondary (Clarkson, 1995).

The description above is a few among many, by scholars who have tried to define, identify and develop the 'stakeholder' concept. No consensus has formed around who is a stakeholder (Mainardes, Alves and Raposo, 2011). Researchers cannot agree (Mitchell, Agle and Wood, 1997; Miles, 2017) since all definitions are either too broad or too narrow (Moon and Hyun, 2009).

Moreover, stakeholder theory does not respond to stakeholders' demands, differentiated as dynamic, latent or challenging (Voss, Voss and Moorman, 2005). Another fundamental issue unidentified in the initial development of 'stakeholder' terminology was the challenge of identifying certain stakeholder groups and combining their various and competing interests (Preston and Sapienza, 1990).

On the other hand, dealing with multifaceted stakeholders raises the critical issue of dealing with different stakeholders simultaneously (Mainardes, Alves and Raposo, 2012). Therefore, these large groups of stakeholders must be limited to reach a balance; otherwise, a boundless number of groups' demands would need attention (Mainardes, Alves and Raposo, 2011). Since it is impossible to fulfil each stakeholder's needs, paying attention to certain groups is vital.

The work of Mitchell, Agle and Wood (1997) addresses the identification problem and proposes the theory known as the 'stakeholder salience model', which explains to whom and to what managers give their attention. The stakeholder salience model can help managers identify and justify why they must attend to specific stakeholders and the extent to which they ought to control multiple stakeholders' demands (Boesso and Kumar, 2009).

4.3 Stakeholder salience

The purpose of stakeholder salience is to explain how managers should prioritise their attention (Mitchell, Agle and Wood, 1997: p.854). The model aims to solve managers' challenges in identifying and classifying stakeholders and considering why managers must pay attention to specific stakeholders. The theory enables them to assess how and to what extent they will manage the multiple demands arising from stakeholder groups (Boesso and Kumar, 2009).

Prior research across different settings has extensively used the stakeholder salience model. For instance, the model first appeared in Agle, Mitchell and Sonnenfeld's (1999) work, which claimed to be the first empirical evidence of applying the model in the firm context (Chen, Harrison and Jiao, 2018). Their findings indicate a strong relationship among the three attributes of stakeholder salience—

power, legitimacy and urgency—and how the attributes affect the managers' prioritisation of competent stakeholders (Agle, Mitchell and Sonnenfeld, 1999).

Parent and Deephouse (2007) also examine the stakeholder salience model in their research, to explore how managers identify and prioritise their stakeholders. The authors used a mega-event organising committee as their case study. Their findings indicate that most stakeholders are more likely in the category of dormant-dominant-definitive stakeholders due to power and legitimacy outweighing urgency. They argue that power is the necessary attribute for identifying stakeholders conveniently (Parent and Deephouse, 2007: p.17).

In their research, Chen, Harrison and Jiao (2018) apply stakeholder salience, incorporated with the improved work of Neville, Bell and Whitwell (2011) to examine how the managers of 260 Australian not-for-profit organisations perceive and prioritise their stakeholders. Their research claimed to be the first large-sample study to implement the stakeholder salience framework in education and health areas. They find that managers perceive clients and governments as the most salient stakeholder groups because of their dominant roles in education and health. They contribute to the literature with cross-context empirical results.

The use of stakeholder salience in the distinctive types of organisations described above has made remarkable contributions to the stakeholder literature. It implies that stakeholder salience theory can help managers identify to whom and to what managers should pay attention.

However, stakeholder salience also has deficiencies. Currie, Seaton and Wesley (2009) argue that stakeholder salience built on managers' perceptions would be subjective because it reflects how managers give their attention and priority to particular stakeholders over others. For instance, stakeholders who have access to crucial resources that can affect an organisation's continuation (i.e. funds) have greater appeal than those with none (Jawahar and Mclaughlin, 2001).

Despite that criticism, approximately 15,100 publications cite stakeholder salience theory (Google Scholar 3/11/2020). The vast majority of citations point out that since Mitchell, Agle and Wood (1997) proposed it over 20 years ago, the model remains the leading theory in identifying and prioritising stakeholders (Joos, 2019).

Moreover, Siriwardhane and Taylor (2017) argue that applying the stakeholder salience model in the local-government context, particularly within empirical evidence related to accountability, is infrequent. Further, prior empirical studies have not explored how the stakeholder salience model affects the accountability functions in *pasar* (Suryadarma *et al.*, 2010; Purnomo *et al.*, 2016; Najib and Sosianika, 2017; Anjani, Irham and Waluyati, 2018).

The stakeholder salience model comprises three prominent attributes as an approach to identifying and prioritising stakeholders, namely power, legitimacy and urgency of claims (Mitchell, Agle and Wood,1997). The following subsections explain these attributes further.

4.3.1 Power attribute

The first attribute, 'power', is the most important in assessing stakeholder salience (Parent and Deephouse, 2007), an essential element of identifying stakeholders (Jones, 1995; Neville, Bell and Whitwell, 2011). Power shows the organisation's dependence on its stakeholders (Savage *et al.*, 1991: p.63); the more dependent the organisation is, the more influential the stakeholders are. Powerful stakeholders can enforce actions that would not otherwise occur (Etzioni, 1964;

Mitchell, Agle and Wood, 1997). Moreover, stakeholders who have power can either use or prevent the use of any resources within their power, imposing their will on the relationship (Joos, 2019).

Stakeholders can acquire power by coercive, utilitarian or normative means (Etzioni, 1964). Etzioni (1964) characterises stakeholders who possess ‘coercive power’ as those who use force, power or risk to attain their goals, despite resistance. Coercive power has two components, regulatory coercion and social coercion (Mcquarrie, Kondra and Lamertz, 2013: p.156). Government is an example of a stakeholder with the potential for coercive power. As a formal and legal authority, the government possesses regulatory and coercive power to set laws, regulations and decrees as standards for how an organisation operates. It can also make business organisations obey and fulfil government demands because failure to do so becomes an illegal act that risks sanctions or penalties (Kondra and Hinings, 1998).

According to Mcquarrie, Kondra and Lamertz (2013: p.157), social coercion uses power to gain social approval or legitimacy from different stakeholders, such as the public or the professions. For social coercion to work, the government must increase and demonstrate legitimacy that other stakeholders see and accept.

‘Utilitarian power’ uses extrinsic rewards or materials so that those who keep or transfer them own the power to control the recipients (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Lunenburg, 2012). An example of utilitarian power is the amount of salary and bonuses given to managers. Since shareholders set the standards for pay and bonuses, they can control and direct managers to fulfil their objectives.

With ‘normative power’, the stakeholders exploit universal symbols, such as media or reputation, to influence others (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Majoch, Hoepner and Hebb, 2017). Stakeholders with access to or influence over media, such as newspapers, television or radio, can influence people outside the organisation. Mass media have a significant impact, and bad publicity in a newspaper or television may affect how society perceives the organisation. Conversely, positive news adds value to the organisation. Thus, the significance of 'power' as a stakeholder attribute is that stakeholders with the most power should be prioritised.

4.3.2 Legitimacy attribute

The second attribute of the stakeholder typology is legitimacy. Mitchell, Agle and Wood (1997) support the work of Suchman (1995: p.574) in defining legitimacy as 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions'. This definition shows how the organisation's decision or action has the potential to affect people outside the organisation; therefore, it should get approval from society or the community. Otherwise, people outside the organisation may have power to harm the organisation.

A different view comes from Hill and Jones (1992), who define 'legitimacy' as an exchange relationship. For instance, the government provides *pasar* with funds and support; thus, it expects *pasar* management to satisfy the government's demands in return. Merchants have paid rents for the stalls, service charges for the use of facilities in *pasar*; therefore, they demand service quality in exchange. This implies that the exchange relationship is built on Freeman's (1984) view of a group of people who have a legitimate claim on the organisation. Thus, the idea of legitimacy must relate to those who can affect or be affected by the achievement of organisation objectives (Phillips, 2003). Furthermore, Santana (2012) argues that an organisation should not only have legitimacy as an institution; it also needs legitimacy for its claims and actions.

4.3.3 Urgency attribute

The third attribute is urgency. Mitchell, Agle and Wood (1997) explain urgency as ‘the degree to which stakeholder claims call for immediate attention’. The definition implies that when urgency is one of the critical attributes, the managers must pay attention because stakeholders owning urgency require more responsiveness to their claims. According to Mitchell, Agle and Wood (1997: p.867), urgency can only exist under two conditions: time-sensitivity and high stakeholder relevance. Alternatively, Driscoll and Starik (2004) argue that the claim’s probability could also drive urgency. Thus, when a claim is time-sensitive, vital and frequently occuring, managers will focus on it as considerably salience (Neville, Bell and Whitwell, 2011).

According to Mitchell, Agle and Wood (1997), urgency alone is not enough to ensure salience in the relationship between managers and stakeholders. However, they argue that combining urgency with at least one attribute (i.e. power or legitimacy) will change the relationship’s depth and increase its salience to the organisation’s managers. For example, if urgency accompanies power, it will create one-sided stakeholder actions. Any stakeholders can claim that their demand is urgent, but managers may not see it as critical and may not respond unless the stakeholders use their power to force a response.

On the other hand, urgency mixed with legitimacy grants the stakeholder access to other decision-making channels. Stakeholders who own both the legitimacy and urgency attributes can ask those who own the attribute of power to make the managers fulfil their demands. Alternatively, when urgency combined with both power and legitimacy can create reciprocal recognition and action between the stakeholders and the managers (Mitchell, Agle and Wood, 1997).

4.4 Stakeholder typology

'Power' is arguably the most significant attribute of stakeholder salience (Parent and Deephouse, 2007). Having power, stakeholders can make those who are held accountable follow and obey them. It can even be used to make managers accept the stakeholders' interest in the relationship (Majoch, Hoepner and Hebb, 2017: p.726; Joos, 2019). Among multiple stakeholders, managers only prioritise those who own the most significant power (Gray, Kouhy and Lavers, 1995). The possession of 'power' alone by stakeholders makes them 'dormant' stakeholders (Mitchell, Agle and Wood, 1997).

However, the possession of power alone is not enough to determine whether an individual or group should be considered as a stakeholder of the organisation (Neville, Bell and Whitwell, 2011). An individual or group can own power by any means but may not be interested in the organisation's presence. Moreover, these individuals or groups that possess power may not interact with the organisation at all, so, they cannot be considered stakeholders. These stakeholders can only increase their salience and get more attention from the managers by having attributes other than power, such as legitimacy and urgency (Mitchell, Agle and Wood, 1997: p.875). Possessing power alone is not sufficient.

According to Hill and Jones (1992), 'legitimacy' is an exchange relationship based on a contract between the stakeholders and the firm. The relationship should reflect an agreement or commitment that applies both ways. For instance, the government transfers funds on the establishment of *pasar* with particular objectives to achieve. In return, the government expects managers to make a profit from *pasar* and comply with regulations. Another example of an exchange relationship is the merchants leasing the stalls and paying taxes. For their payment, they demand to be compensated with service quality by the managers of *pasar*.

Santana (2012) argues that for management to perceive the stakeholders as legitimate, stakeholders should additionally have a legitimate claim and behave accordingly. 'Legitimate claim' refers to legal rights established in the existing contracts (Carroll, 1991) or an exchange relationship (Hill and Jones, 1992) between the managers and the stakeholders; or have claim to legitimacy implies the stakeholder's organisational legitimacy (Santana, 2012). As legitimacy is considered as an essential element for stakeholders, Mitchell, Agle and Wood (1997) categorise the stakeholders who own the 'legitimacy' attribute alone as 'discretionary' stakeholders.

The relationship between discretionary stakeholders and the managers is voluntarily (Mitchell, Agle and Wood, 1997: p.875). Discretionary stakeholders include communities, nonprofit organisations or social group activists that need support, i.e. company social responsibility, from the organisation. For instance, in Indonesia, the exercise of corporate social accountability is compulsory but currently limited to corporations that exploit natural resources (Law Number 40, 2007; Governmental Decree Number 47, 2012). Therefore, it implies that management is no longer required to fulfil the needs of discretionary stakeholders.

Regarding 'urgency', the third attribute, the group of stakeholders that possesses only 'urgency' and neither power nor legitimacy are 'demanding' stakeholders (Mitchell, Agle and Wood, 1997). However, possessing only urgency is likely to be insignificant when making a stakeholder claim (Neville, Bell and Whitwell, 2011: p.358). Possessing only one attribute draws less attention from managers (Mitchell, Agle and Wood, 1997), and such stakeholders that possessed only one attribute (dormant, discretionary, or demanding) are called ‘latent’ stakeholders (Mitchell, Agle and Wood, 1997).

However, some stakeholders can possess two attributes at once. These stakeholders are classified as ‘expectant’ stakeholders (Mitchell, Agle and Wood, 1997). Those who are amongst the expectant stakeholders are ‘dominant’, ‘dangerous’ or ‘dependent’ stakeholders. The ‘dominant’ stakeholders have both the ‘power’ and ‘legitimacy’ attributes, but many stakeholders consider them only stakeholders (Mitchell, Agle and Wood, 1997; Neville, Bell and Whitwell, 2011). Due to the importance and salient attributes of power and legitimacy over urgency, the urgency attribute is considered less salient. The stakeholders who belong to this group include the shareholders of the firm, employees and community leaders.

Nevertheless, Mitchell, Agle and Wood (1997: p.877) categorise a group of stakeholders who possess power and urgency attributes at once as ‘dangerous’ stakeholders. They are arguably ‘dangerous’ due to the opportunity to use their power to get immediate attention for their claims, regardless of the absence of legitimacy. These stakeholders can be violent with the corporation, making them ‘dangerous’ to the company (Ranängen, 2017). Mass media are categorised as ‘dangerous’ stakeholders, due to their access to the broader audience, i.e. the public, which provides the power and urgency attributes together.

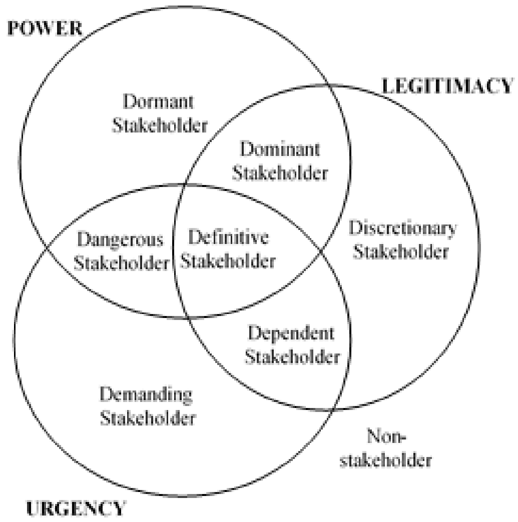
Another group of stakeholders that combine legitimacy and urgency but no power are ‘dependent’ stakeholders (Mitchell, Agle and Wood, 1997: p.877), due to their reliance on power from other stakeholders to submit their claims.

Individuals or groups with all three attributes, i.e. power, legitimacy and urgency at the same time, will receive priority over other stakeholders in getting managers’ responses and actions (Mitchell, Agle and Wood, 1997). These ‘definitive’ stakeholders can call for an account, ask for an explanation and give accountors greater rewards or sanctions than other stakeholders with fewer attributes.

However, some individuals or groups do not have any attributes. They are non-stakeholders or potential stakeholders (Mitchell, Agle and Wood, 1997). Despite not having any attributes, they can become a stakeholder of the organisation if they manage to acquire one or more of the three attributes. These non-stakeholders are excluded from the Venn diagram of stakeholders’ typologies (see Figure 4.1). In conclusion, stakeholders who can gain more attributes have greater salience and, thus, deserve to be prioritised and get individual attention from managers (Mitchell, Agle and Wood, 1997).

As the stakeholder salience model is dynamic and may change over time, based on managers’ evolving perceptions of stakeholders; the three attributes, i.e. power, legitimacy, and urgency, require recognition (Mitchell, Agle and Wood, 1997). Consequently, these changed perceptions of stakeholder salience may also affect the managers’ attitudes towards stakeholders (Mitchell, Agle and Wood, 1997; Conaty and Robbins, 2018).

Figure 4.1 Stakeholder typology



Adopted from Mitchell, Agle and Wood (1997)

4.5 Stakeholder salience and accountability

As described in Chapter 2, *pasar* carry missions that do not solely focus on serving the public but also on the profit from business activities. Consequently, *pasar* share the nature of public-sector organisations that focus on meeting public demands while, at the same time, sharing the features of private-sector organisations that aim at making a profit.

The dual characteristics of *pasar* reflected in their missions—revenue-driven as in a private-sector structure and having a social purpose to serve the public—may lead to mission drift due to potential conflict (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014) and the difficulty of combining, prioritising or anticipating different expectations from different accountability forums which the agents must meet (Schillemans and Bovens, 2011). Consequently, the managers of *pasar* must deal with multiple demands of accountability that they must satisfy successfully.

Dealing with conflicting accountability is typical for an organisation that combines private and public characteristic in one entity, i.e. a hybrid organisation. It is arguably more problematic than traditional business and nonprofit organisations (Ebrahim, Battilana and Mair, 2014a).

Since *pasar* combine both business and social missions simultaneously, the managers of *pasar* are responsible for delivering both financial and social outcomes to broader essential stakeholders. Jones (2007) argues that *pasar* managers ought to ensure that neither of these mission elements compromises the other. Thus, *pasar* managers should be aware of the necessity of meeting the expectations of multiple stakeholders (Gomes and Gomes, 2008) and reaching a better perception of how the new hybrid missions foster complementary achievements as an alternative to contradictory results (Ebrahim, Battilana and Mair, 2014a). As contradictory as it seems, the conflicting goals of maintaining twofold missions arise because of diverse stakeholders' different expectations (Kickert, 2001; Grossi and Thomasson, 2015).

The number of stakeholders that public organisations must answer to is increasing (Peters, 2014), adding to the concept of complexity and difficulty of public administration working (Mulgan, 2000; Considine, 2002). Complications are even more significant when organisations combine both private- and public-sector characteristics, i.e. hybrid organisations, in a single entity. Therefore, the mixed characteristics and missions of *pasar* must meet the demands of stakeholders from two distinct types of organisation, public sector and private sector (Thomasson, 2009). The combined characteristics embedded in *pasar* imply that they also have many stakeholders whose demands must be fulfilled (Jansson, 2005).

Arguably, *pasar* involve a tremendous number of distinct stakeholder characteristics, including those of government, merchants, employees, customers, mass media, politicians, creditors and many more. Having multifaceted stakeholders implies that the managers carry additional liability, beyond being held accountable to their superiors, for vertical and horizontal types of stakeholders. Accountability is restricted by identifying the relationship within an organisation, i.e. the shareholders, yet dealing with many stakeholders (Almquist *et al.*, 2013).

According to Laughlin (1990), stakeholders have the right to request that the organisation fulfil their demands. However, the large number of stakeholders of *pasar* make it impossible to meet their demands simultaneously. According to Zahra *et al.* (2009), Battilana and Dorado (2010) and Ebrahim, Battilana and Mair (2014), dealing with several stakeholders or demanders of accountability can amplify the burden for managers who must face three problems at the same time: first, the effort to maximise at once profit and social demand (accountability for what); second, aligning the different stakeholders' needs (accountability to whom); and third, deciding whose interests should come first when those interests conflict.

These three issues are critical for managers because they will most likely vary, depending on the individual relationships between the managers and the various stakeholder groups (Laughlin, 1990). Also, the demands of multiple stakeholders tend to conflict with one another (Boyne, 2002). Therefore, the researcher in this thesis believes that its challenge is exploring how managers of *pasar* respond to multiple demands for accountability.

Difficult problems face managers of *pasar* practising accountability to different stakeholders. Thus, the following research questions prompt the investigation of how managers respond to multiple demands for accountability:

RQ1: *To what extent do the challenges of pasar management diminish the capability of managers to satisfy the multiple demands of accountability?*

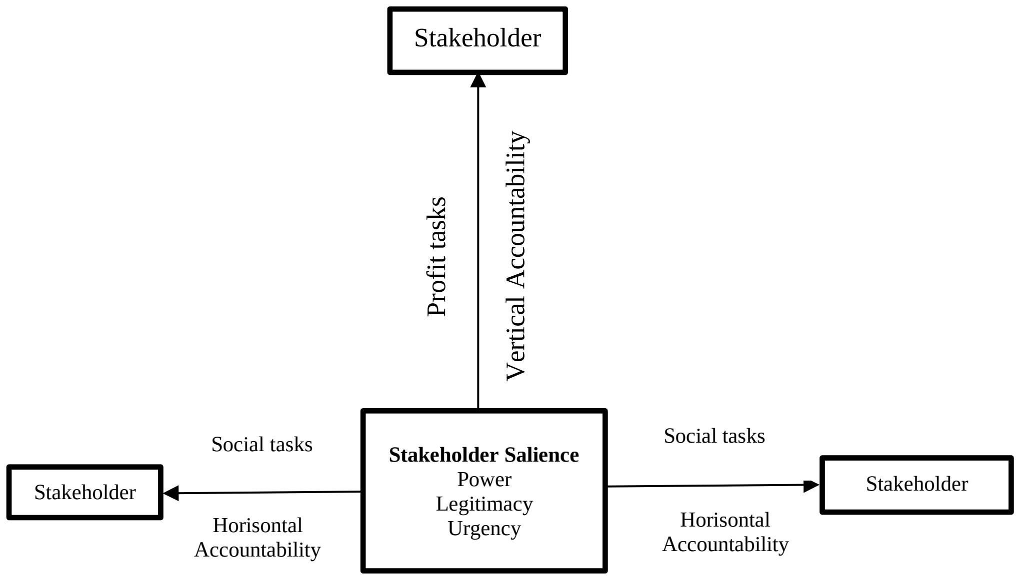
RQ2: *How does stakeholder diversity affect the accountability functions of pasar?*

As *pasar* carry hybrid missions, e.g. profit and social (Christensen and Lægreid, 2011), managers must deal with different stakeholders and be accountable to many forums, i.e. political, public, administrative, and professional (Bovens, 2007), whose demands require the same degree of satisfaction.

The use of stakeholder salience theory and its three attributes (Mitchell, Agle and Wood, 1997), i.e. power, legitimacy and urgency, can help the researcher identify the challenges that arise in *pasar* and, at the same time, classify the different stakeholders in accountability. Thus, the role of stakeholder salience in enabling the researcher explores how the *pasar* managers meet the hybrid missions, i.e. profit and social, and how do the managers accountable to different stakeholders appear in Figure 4.2.

Stakeholder salience was to solve the challenges managers face in identifying and classifying stakeholders. Considering why managers must pay attention to specific stakeholders is to assess how and to what extent they manage the multiple demands that arise from different stakeholder groups (Boesso and Kumar, 2009). Therefore, this thesis contributes, both theoretically and empirically, to the literature of stakeholder salience and accountability.

Figure 4.2 Multiple demands of accountability framework adapted from Mitchell, Agle and Wood's (1997) stakeholder salience



Source: Adapted from Mitchell, Agle and Wood (1997), Bovens (2007) and Christensen and Lægreid (2011)

The Figure 4.2 above signifies that the researcher identifies three different stakeholder groups of *pasar*. In this study, the stakeholder groups are government, merchants and customers. The term 'government' can be explained as actors who own exclusive authority, backed by legitimate force, in a specific territory (Weber, 1949), which can refer to economic space. It implies that the 'government' has the capacity to impose restrictions and sanctions, legally, over non-governmental actors within its jurisdiction (Rose, 1976). Governors and mayors are given a mandate by the public, through a democratic election, to manage and control all forms of regulatory agencies and governmental bodies, as well as its departments and divisions, in their region. It means that the act of any governmental bodies and agencies is the responsibility of the governors. In that case, the label 'government' can be extended to 'governments' as it includes governors or mayors and governmental bodies which are created, inherited, and licensed to act on behalf of the governors or mayors (Kourula *et al.*, 2019). Being a public resource, the existence and functioning of *pasar* are the responsibility of the governors. However, in terms of supervising the operational lives of *pasar* and communicating intensely with the management of *pasar*, it is the related governmental bodies that play this role. For instance, in Jakarta, the task of taking charge of *pasar* is delegated to the Division of Foods, Utilities, Marketing and Industry. The Economic Bureau and Foods Resilience Divisions also share responsibility according to their functions, working with the management of *pasar* in meeting the *pasar* objectives. The exposition above specifies that the 'government' stakeholder groups contain a number of different elements (e.g. agencies and bodies).

Given the many forms of government bodies that relate to *pasar,* the degree of vertical accountability relationships built within the management of *pasar* varies. It depends on the government bodies' possession of power, legitimacy, and urgency (Mitchell, Agle and Wood, 1997). For instance, the Division of Foods, Utilities, Marketing, and Industry in Jakarta own more power over *pasar* management than the economic bureau and the foods resilience division. This is due to their level of authority and control over *pasar* given by the governor.

On the other hand, merchants have built a horisontal accountability relationships with the managers due to the form of accountability to third parties that is the basis of the principle of ownership (Mulgan, 2003; Schillemans, 2011: p.390) and of joint arrangements between organisations and their stakeholders, in serving the public as well as possible (Hodges, 2012: p.30). In other words, merchants are part of the public in general whose funds have been used to finance *pasar* establishments and activities; thus, they party to form a horisontal accountability relationship with the managers.

However, merchants can also have a vertical accountability relationship with the managers, due to their obligations to pay the rent and to obey the rules and regulations set by the *pasar* managers. For instance, *pasar* managers have the power to group the merchants' locations based on the products they sell (e.g. fruits and vegetables in one area, away from clothing and household items in another area). This relationship is part of vertical accountability, in which demands come from above the agent (Christensen and Ebrahim, 2006). In this sense, *pasar* managers are the superiors of the merchants.

4.6 Conclusion

Chapter 4 primarily concerns the theory of stakeholder identification and salience and its relevance and application to this thesis. Prior studies of multiple demands of accountability (see Chapter 3) show that theoretical frameworks widely use the stakeholder salience model.

The term 'stakeholder' applies to 'any group or individual that can affect or is affected by the achievement of the organisation's objectives' (Freeman, 1984: p.46). However, defining and identifying who and what the stakeholder are, has never reached a consensus (Mitchell, Agle and Wood, 1997; Mainardes, Alves and Raposo, 2011; Miles, 2017).

Mitchell, Agle and Wood (1997) address the issues arising from stakeholder theory, proposing 'stakeholder salience' to help managers become aware of and prioritise competing stakeholder claims (Joos, 2019). The three attributes in Mitchell, Agle and Wood's (1997) stakeholder salience model—power, legitimacy and urgency of claims—form seven different groups of stakeholders—'dormant', 'discretionary', 'demanding', 'dominant', 'dependent', 'dangerous', 'definitive'—plus 'non-stakeholders'. The classification of each group depends on how it possesses the attributes. The use of stakeholder salience in this thesis helps to meet its objective and answer the two research questions: first, *To what extent do the challenges of pasar management diminish the capability of managers to satisfy the multiple demands of accountability?;* second, *How does stakeholder diversity affect the accountability functions of pasar?*

Chapter 5

Research Methodology

5.1 Introduction

Chapter 5 presents the research paradigm, methodology and analysis underpinning this study. The researcher aims to investigate how *pasar* managers respond to multiple demands for accountability.

The researcher uses a pragmatic paradigm that allows integrating both objective and subjective epistemology in a study, to obtain an in-depth understanding of the multiple cases of *pasar* under investigation. As a pragmatist, the researcher used multiple sources typical of mixed-methods research, emphasising the qualitative rather than the quantitative method and aiming to better understand the complex problems that arise in *pasar*, which will assist in meeting the purpose of this study.

5.2 Research paradigm

The most profound and predominant research paradigm in the first half of the twentieth century is arguably a 'positivist' paradigm (Alise and Teddlie, 2010). The perception of positivism is an experimental and hypothesis-testing paradigm, commonly used in natural-science research (Buchanan, 1998). The positivist paradigm assumes that reality exists and is discoverable through scientific methodologies (Guba and Lincoln, 1994). Positivists are realists who see the world as an objective reality, conducting their research using quantitative methods (Cohen, Manion and Morrison, 2007). In other words, positivists believe that truth is embedded in an objective reality that requires an objective methodology, i.e., a quantitative methodology, to examine it. The epistemology of the positivist paradigm is objectivist, and the positivist researcher is independent and separate from the object under examination, so as not to influence the research process (Guba and Lincoln, 1994; Cohen, Manion and Morrison, 2007).

Seeking reality using scientific methodologies, positivists employ quantitative (i.e. experimental) methods to identify causal relationships. Positivists value validity and reliability as essential matters. Therefore, they subject questions and hypotheses to an empirical test for verification, cautiously controlled so that the research outcome is independent and objective (Guba and Lincoln, 1994). Although the positivist paradigm is identifiable with natural-science research, a researcher can also implement it to examine social phenomena (Polkinghorne, 1983), commonly found in social science (including accounting) research as positivist research can reduce complex human dynamics to simple patterns, through a few isolable variables (Schrag, 1992).

The present methodological approach in accounting research dominantly seeks to explain research findings through a causal relationship between examined variables, to confirm the applied theories and explore accounting problems that are testable with empirical data sets and a deductive mode of reasoning (Lukka, 2010; Lamprecht and Guetterman, 2019).

However, scholars have criticised the positivist paradigm for its imperfections. For instance, Gage (1989) questioned positivists' examining human relationships by using scientific methods. As Gage (1989) argues, human relationships are dynamic and involve intentions, goals and purposes that give them meaning, in contrasts to a scientific method only applicable to a stable situation and uniform across time, space and context. Therefore, the scientific method does not grasp the complexity and dynamics of socio-behavioural phenomena (Rodwell, 1987).

According to Chua (1986), social interaction is a continuous process and an ongoing experience that constructs an objective reality. In other words, reality results from an individual or social-group construction based on knowledge and/or experience, which, the positivist argues, cannot be simplified. The idea of social-group construction (constructivism), sometimes known as interpretivism (Morgan, 2007), is a reaction to a positivist paradigm that emphasises only scientific methodology, i.e. the use of quantitative methodology, as most fit to explore reality (Dieronitou, 2014).

In contrast to positivism, interpretivism sees knowledge and meaning as acts of interpretation; thus, subjective perception dominates the understanding of the social phenomenon (Schwandt, 1994). Since the interpretivist more heavily emphasises subjective interpretation, the ontology of the interpretive paradigm is relativistic. It implies that reality exists in various constructions that are relatively based on the first-hand experiences and knowledge of individuals or social groups (Guba and Lincoln, 1994). It also signifies that the epistemological perspective for an interpretive paradigm is subjective, believing that experiencing and engaging with human actors (subjective perception) and the research context construct knowledge and meaning.

As positivists use a quantitative methodology to generalise their findings, interpretivists use a range of qualitative methodologies, e.g. interviews, observation and document reviews, to acquire an in-depth understanding of the phenomenon under investigation (Denzin and Lincoln, 2011); interpretivists' aim is not to generalise based on empirical data obtained from a population sample (Yin, 2014). By implementing a qualitative methodology, interpretivist researchers use inductive reasoning to engage closely with the data, to expose new understandings of an existing pattern rather than building causal models. In other words, the collected data in inductive reasoning is used to explore the phenomenon, rather than testing hypotheses from an existing theory.

The new ontology and epistemology for understanding reality have made interpretivism (constructivism) the most popular paradigm to replace positivism since the 1970s (Alise and Teddlie, 2010), widely used ever since throughout social science, including accounting research (see, for example, Dewi, Manochin and Belal, 2019).

However, the interpretive paradigm has also drawn criticism from scholars who argue that the dominant subjectivity in understanding a social phenomenon prevents the researcher from generalising the results to a different context, as the conclusion for every situation is unique (Merchant, 2008). Moreover, even though some positivists accept an interpretive paradigm as useful in exploratory research, only a few positivists believe that the interpretive paradigm is scientific (Neuman, 2014).

As the two competing paradigms discussed above, i.e., positivism and interpretivism, represent an extreme epistemology (objective vs subjective), a third paradigm, known as pragmatism, appears. Pragmatism offers an alternative worldview to contradictory paradigm (i.e. positivism and interpretivism or constructivism), emphasising the research problems that need investigation (Tashakkori and Teddlie, 2003; Creswell and Plano Clark, 2007).

A pragmatic paradigm allows mixing objective and subjective epistemologies to obtain an in-depth understanding of the reality under investigation. Creswell (2014) states that pragmatism is the philosophy that permits mixing paradigms, assumptions, approaches and methods of data collection and analysis. A pragmatic researcher who accepts the fact of a single reality can provide objectivity in the data collection and analysis and simultaneously acknowledge that all individuals have their interpretation or subjective perceptions of that reality (Morgan, 2007; Shannon-Baker, 2016).

Unlike the positivist who aims for generalisation or the interpretivist who seeks contextual meaning, the pragmatist researcher believes that theories could be contextual and generalisable by allowing ‘transferability’ to another situation (Shannon-Baker, 2016)—for instance, the transferability of results or conclusions, obtained from applying a qualitative methodology, from one context or setting to another (Alise and Teddlie, 2010). Thus, the pragmatic paradigm often leads to mixed methods, in which a researcher combines qualitative and quantitative methodologies within the same study to understand the social phenomenon. Moreover, pragmatism allows mixed-methods research to identify practical solutions to issues concerning social phenomena (here, *pasar* case study) (Morgan, 2007).

The social phenomenon in *pasar* arises from the complex challenges that force the managers to respond to multiple demands for accountability. For example, the managers of *pasar* must generate a profit and share it with the state budget. This obligation makes the managers accountable to the government, the key *pasar* stakeholder. At the same time, the managers must also serve society, i.e. the merchants and the customers, by ensuring that merchants receive satisfaction regarding *pasar* services while fulfilling customers’ needs for decent products at an affordable price. Thus, the merchants and the customers are among the main stakeholders of *pasar* whom the managers must also satisfy.

However, the demands of the different groups of stakeholders are challenges that may lead to potential conflicting needs that the managers must satisfy with equal success. These challenges drive the following research questions:

RQ1: *To what extent do the challenges of pasar management diminish the capability of managers to satisfy the multiple demands of accountability?*

RQ2: *How does stakeholder diversity affect the accountability functions of pasar?*

The dual missions, and the different groups of stakeholders that the managers must face, are not the only challenges that arise in *pasar*. There are other potential issues that may complicate the managers in meeting *pasar* objectives; thus, it invites further study. For instance, the transformation of *pasar*, from public-sector organisations that exclusively serve the public, to locally owned enterprises that coerce *pasar* managers to fulfil both public services and meet profit demand, may affect how accountability functions in *pasar*. This is because the characteristics and challenges of *pasar* as public services are different from *pasar* as hybrid organisations with its dual missions. Prior studies show how organisations with dual missions try to deal with 'mission drift' and potential conflict in meeting these goals (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). Such organisations tend to focus their strategies and operations on fulfilling one mission over the other (Ebrahim, Battilana and Mair, 2014). Mainardes, Alves and Raposo (2012) claim that dealing with multifaceted stakeholders can create significant problems when their demands collide, due to the impracticality of meeting all stakeholders' demands simultaneously. Thus, the organisational transformation of *pasar* leads to a potentially fruitful area of research, as expressed by:

RQ3: *To what extent do the organisation transformation of pasar affect its accountability practice?*

The long-existing nature of *pasar* as public service organisations has built a deeply-rooted bureaucratic culture in *pasar*. Although *pasar* have transformed their organisational forms into hybrid organisations, bureaucratic practices remain. This means that the facilities of *pasar* that require refurbishment quickly cannot be executed immediately, because of bureaucratic inertia. The involvement of many stakeholders, (e.g., supervisory boards, governmental bodies, and members of parliament), in giving approval for a decision has indeed delayed the decision-making process. Thus, such bureaucracy matters give rise to another potential area of research, as embodied in:

RQ4: *To what extent do bureaucratic practices have an effect on managers in meeting the multiple demands of accountability?*

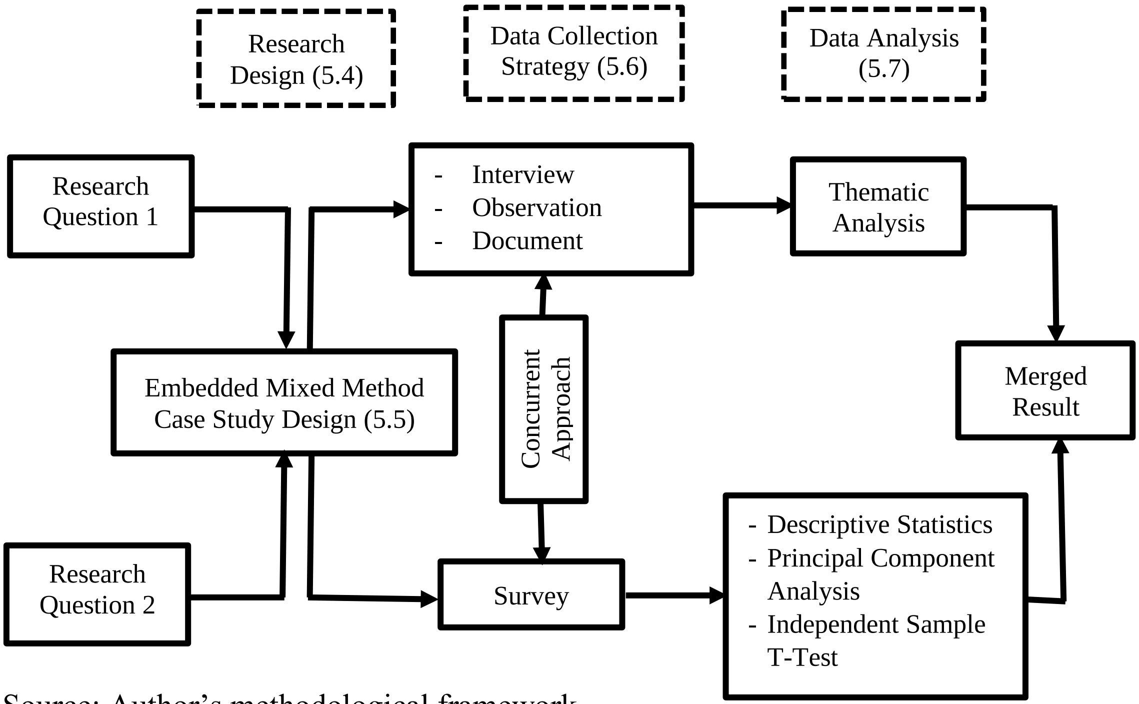
As this thesis aims to explore how the managers respond to the multiple demands of accountability, the discussion in this thesis focusses on the *pasar* managers and the extent to which they have fulfilled the various demands successfully. This fertile area for research can be embraced by investigating the accountability relationship from the perspective of the stakeholders, as follows.

RQ5: *What are the perceived accountability relationships according to the stakeholder groupings?*

From the diverse potential research questions posed above, concerning problems of accountability, this thesis focuses on the first two main research questions, namely RQ1 and RQ2.

Further exploration of these two research questions (RQ1 and RQ2) uses a methodological framework designed for this thesis (see Figure 5.1). Adopting a pragmatic paradigm allows using multiple sources, both qualitative and quantitative methodologies or approaches and combine them in a single study as a mixed-methods approach, to obtain a better understanding of the complex problems of *pasar* (see Section 5.3).

Figure 5.1 Methodological framework



Source: Author's methodological framework

Mixed-methods approaches comprises four types of designs: convergent, explanatory, exploratory and embedded (Creswell and Plano Clark, 2018). As the qualitative approach to obtaining and analysing the data is emphasised more than the quantitative approach, the research design of this thesis is an embedded mixed-method approach (see Section 5.4), using a multiple-case study (see Section 5.5).

As a consequence of using an embedded mixed-method approach, the data collection comprises qualitative methods, i.e., semistructured interview, observation and document review (see Subsection 5.6.1) and a quantitative instrument, a survey questionnaire (see Subsection 5.6.2). The semistructured interview data is analysed using thematic analysis (see Subsection 5.7.1), while the quantitative data is analysed using descriptive statistics, principal component analysis and an independent sample t-test (see Subsection 5.7.2).

5.3 Research methodology

The quantitative approach to data means collecting the data (e.g. surveys and questionnaires) or analysing it (e.g. statistics or graphs) numerically (Bickman and Rog, 2009). Accounting studies that use quantitative data generally refer to classical and descriptive theories (e.g. principal-agent and neo-institutional theory) to explain the issues that arise in accounting practices (Lamprecht and Guetterman, 2019). Therefore, in a quantitative approach, the theoretical knowledge obtained from existing literature or prior empirical evidence becomes the basis for explaining the subjects under study.

By contrast, the qualitative approach commonly uses words rather than numerical data (Bryman, 2008). Researchers begin their study by exploring a specific case and conclude by generating a broader and more general conclusion (Taylor, Sinha and Ghoshal, 2006). The primary data from a single case or several cases are analysed and presented accordingly, to draw conclusions that can build propositions or theories (Saunders, Lewis and Thornhill, 2009; Babbie, 2013).

Nonetheless, the different approaches, qualitative or quantitative, or a mix of the two, depends on the researcher’s objective and aim to develop a theory based on findings or test an existing theory. Moreover, philosophical assumptions influence how researchers use the methods and analyse the data (Gringeri, Barusch and Cambron, 2013).

The first research question seeks the extent to which *pasar* management challenges diminish managers' ability to satisfy the multiple demands for accountability. The second asks how stakeholder diversity affects the accountability functions of *pasar*.

A qualitative approach is the more appropriate method of addressing the two research questions. Therefore, interviews produced the primary data in this research (see Section 5.5.1), presented and analysed accordingly, to find the general themes relevant to answering both research questions (see Section 5.6.1).

However, this thesis also employs a quantitative approach to support the primary qualitative approach (see Section 5.5.2). The survey uses a quantitative approach provides data on the characteristics of participating *pasar* stakeholders, capturing their perception of *pasar* and complementing the general patterns of the interview structures (see Section 5.6.2 and Section 5.6.3).

Obtaining primary data from interviews and surveys and determining which participants best explain the case under study can be difficult and time-consuming without access to the resources, known as 'gatekeepers' (Wanat, 2008; Ahern, 2014). Gatekeepers comprise three types: formal, informal and intermediate gatekeepers. Formal gatekeepers are bureaucratic authorities that grant official permission for the researcher to gain access to government institutions (Gallo *et al.*, 2012; Rossman and Rallis, 2017). On the other hand, informal gatekeepers are those who do not own the authority to refuse a researcher but can cause a delay in the data-collection process (Wanat, 2008). For instance, informal gatekeepers can withhold essential information from the researchers or prevent respondent participation in surveys. While intermediate gatekeepers own the authority position and have an informal relationship with the participants, they can help the researcher access informants efficiently (Wanat, 2008).

The use of multiple sources of both qualitative and quantitative data, issues linked to substances, relevant perspectives from various subjects and narrative description, integrated with figures and tables and combined in a single study, using mixed-method approaches, assisted in meeting the purpose of this thesis (Creswell and Plano Clark, 2011; Molina-Azorin, 2016). Therefore, the role of gatekeepers in this research was essential (see Section 5.5 for details).

Mixed-method research has gained acceptance for combining qualitative and quantitative elements. Hence, it offers the most informative, comprehensive, objective and valuable research results (Johnson, Onwuegbuzie and Turner, 2007). The integration of qualitative and quantitative data can yield results that can enrich the understanding of research problems (Molina-Azorin, 2016).

On the other hand, researchers who use mixed-methods face a potential risk of failure. Wilkinson and Staley (2019) find that a common problem among scholars using a mixed-methods design in their study, namely, the lack of coherence in the logic of inquiry. The difficulty when combining quantitative and qualitative elements within a single study lies in maintaining coherence and links among the research questions, theoretical framework, methods and inferences (Maxwell and Loomis, 2003; Niglas, 2004). Another possible risk of failure facing the researchers using mixed methods arises with determining whether merging the qualitative and quantitative data is possible (Grafton, Lillis and Mahama, 2011).

Researchers deriving quantitative and qualitative methodology from two distinct worldviews and claiming that they are challenging to integrate does not prohibit merging them (Johnson and Onwuegbuzie, 2004; Bryman, 2008). Combining the strength of both quantitative and qualitative data provides a better answer to the research questions (Lamprecht and Guetterman, 2019). The use of both qualitative and quantitative methodologies in this research produced better results than employing either one alone would have produced.

5.4 Research design

'Research design' refers to procedures or methods for collecting, analysing, interpreting and reporting data (Creswell and Plano Clark, 2018). Research design is beneficial for guiding researchers in conducting their study and justifying the logic of interpreting the findings at its conclusion. However, choosing a research design depends on the research aim and the questions that the study addresses. Also, according to Neuman (2014), a good research design should also consider practical limitations. Researchers often face major limitations (e.g. costs, time, access to resources, approval from authorities, ethical concerns, and expertise), to conducting their research plan. In this thesis, the researcher had constraints on research budget, time, and access to resource (e.g., access to financial report data on *pasar*). However, this does not prevent the researcher from obtaining the required data using the field work activities, thus meeting their research objectives.

The current research aimed to learn how the managers of *pasar* respond to the multiple demands for accountability. Therefore, issues of accountability are the central theme that this thesis explores and discusses, whilst *pasar* are the settings where accountability becomes a critical issue requiring investigation.

To meet the purpose of this study, the research design includes addressing two research questions. First, to what extent do *pasar* management's challenges diminish managers' capability to satisfy the multiple demands of accountability? Second, how does stakeholder diversity affect the accountability functions of *pasar*?

Given the research aim and questions above, an appropriate research design must answer the research questions and meet the study's purpose. In this thesis, a mixed-method design is the most suitable approach to accomplishing the two research questions.

Scholars define mixed methods differently. For instance, Johnson, Onwuegbuzie and Turner (2007) outline mixed methods as follows:

> *"Mixed methods is a type of research in which a researcher or team of researchers combines elements of qualitative and quantitative research approaches (e.g. use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the purposes of breadth and depth of understanding and corroboration."*

This definition implies that scholars who aim for a breadth and depth of understanding and corroboration of their research may merge the qualitative and quantitative approaches. The integration merges quantitative and qualitative viewpoints, combines the process of obtaining and analysing the data and incorporates the results in a conclusion.

Alternatively, Creswell and Plano Clark (2018) suggest the mixed method as a combination of methods, research design and philosophical orientation. They emphasise four core characteristics for researchers in conducting mixed-methods research. First, researchers should obtain and analyse both quantitative and qualitative data thoroughly, in response to research questions and hypotheses. Second, they integrate the two forms of data and the results. Third, researchers classify these steps into a specific research design that provides the means of utilising mixed methods and implementing them in the study. Fourth is an outline of these steps, within the relevant theory and the philosophical stance of the research.

Creswell and Plano Clark (2018) suggest four different designs for conducting a mixed-method study: convergent, embedded, explanatory and exploratory research. They describe convergent research as equal portions of the qualitative and quantitative approaches. On the other hand, an embedded design is a predominantly qualitative approach, supplemented by the quantitative approach, or vice versa. Next, an explanatory design conducts the quantitative approach, and the qualitative approach follows to help explain the quantitative results. The last design type is exploratory, in which the qualitative approach is implemented first, and the quantitative approach follows to help explain the qualitative results.

Creswell and Plano Clark (2018) elaborate four types of mixed-method design, with detail on timing (concurrent or sequential), weighting (equal or unequal; dominance or priority) and mixing (how data are merged and the phase when it occurs). Timing in a mixed-methods design implies sequentially obtaining data (Creswell and Creswell, 2018), though the researcher may collect it concurrently.

Mixed-method research gives equal weight or priority to qualitative and quantitative approaches in the study. Weighting can also be unequal when either the qualitative or the quantitative approach is dominant (Creswell and Plano Clark, 2018). If the research emphasises one approach more strongly, the other approach plays the supporting role.

Mixing or integrating the two types of data obtained from qualitative and quantitative approaches can occur in three possible ways (Creswell and Creswell, 2018). First, the outcome of the first set of data in the analysis phase can lead or build into the second set. The two can only be integrated after the first stage is analysed. This process of integration is associated with a mixed-method sequential design.

However, researchers must consider their time availability, budget and access to resources in choosing the sequential design. For instance, in the case of *pasar*, the researcher was unable to have any access at all to the financial report data of *pasar*. If the researcher chose the sequential design in conducting the study, the unavailability of the financial data of *pasar* would prevent the researcher from proceeding to the next stage.

Second, if both qualitative and quantitative data sets are collected and analysed independently, the integration of the two occurs at the interpretation stage. The result of mixing the two data sets at the interpretation stage can be either a merger or a comparison. This process is associated with a mixed-method convergent design.

A convergent design would not be suitable in examining the case of *pasar* in this study. This is because the purpose of the study is examining how the *pasar* managers respond to the multiple demands on accountability in a single case study of five *pasar*. It means that the qualitative data used in this thesis would be dominant and the quantitative data obtained would mainly be used to support the qualitative results.

Third, the result of the secondary data set is integrated into the larger methodological data set, embedded within the leading data set to add personal, contextual or descriptive information about the study setting. The lesser data set can be embedded before, during or after the primary data analysis. This process of integration is related to a mixed-method embedded design.

Timing, weighting and mixing are three essential features that influence which specific mixed-method design is employed (Creswell and Creswell, 2018). In this thesis, the qualitative approach's portion (weight) in obtaining and analysing the data is dominant, relative to the quantitative approach. A qualitative approach to the two research questions (RQ1 and RQ2) in this study is the better method. However, adding quantitative data enables the researcher to obtain a comprehensive illustration of the cases studied.

In summary, based on this deliberate unequal weighting, implying the dominant use of one (qualitative) approach to another (quantitative), this thesis employs an embedded mixed method.

Plano Clark and Creswell (2008) describe embedded mixed-method design as:

> *"...embedding one method (qualitative or quantitative) within a larger study guided by the other method (quantitative or qualitative), having the secondary method address a different question, and using the secondary method to enhance the implementation and/or interpretation of the primary method"*.

This definition implies that one data type takes a supportive role relative to the other, within the whole embedded mixed method product. The secondary method functions to improve the interpretation of the main method used in the study. Although the quantitative data in this thesis are a lesser priority than the qualitative data, adding the quantitative data to the qualitative data provides a depth of understanding of the research questions concerning *pasar* accountability. In the context of *pasar*, the quantitative data—i.e. questionnaires distributed to merchants and customers (see Subsection 5.6.2)—provide a descriptive setting and complement the qualitative data, i.e. interviews, documents review and observation (see Subsection 5.6.1).

Regarding the period (timing), both qualitative and quantitative data were organised two months before fieldwork activities. Both data sets were obtained simultaneously (see Section 5.6) and analysed independently (see Section 5.7). The findings for each method are presented independently, the qualitative approach in Chapter 6 and the quantitative approach in Chapter 7.

Due to the limitations that the researcher had, this thesis adopts a concurrent approach in collecting and analysing data. According to Creswell and Plano Clark (2007), collecting both qualitative and quantitative data simultaneously is considered a concurrent approach, which this thesis uses in the embedded mixed-methods design. The concurrent approach allows the researcher to collect the qualitative and quantitative data within the same feasible time period, within which in this thesis priority was given to qualitative data (as being more labor intensive in acquisition) than quantitative (as being more readily available, if available at all).

The managers of *pasar* and their stakeholders participated in this research by responding to the issues that the semistructured interviews raised (see Subsection 5.6.1). The merchant and customer demographics data gathered in the survey denote the characteristics of *pasar* stakeholders (see Subsection 5.6.2). Responses to the questionnaire complement the interviews, enriching the context of *pasar*.

At the data analysis stage, the qualitative and quantitative data were analysed independently (see Section 5.7). Then, the two different data types are merged during the integration phase, in which the quantitative data is used to enrich the context of the case study data (see Chapter 8).

5.5 Case study as a research strategy and fieldwork approach

According to Saunders, Lewis and Thornhill (2009), a research strategy is ‘the general plan of how the researcher will go about answering the research questions’. The best research strategy must consider several essential matters, such as research questions and purposes, philosophical stance underpinning the research, the existing knowledge of the subject area under study and the researcher's available time and resources (Saunders, Lewis and Thornhill, 2009).

This thesis aims to learn how the managers respond to the multiple demands for accountability in *pasar*. There were 14,182 units of *pasar* (approximately 88.52 per cent) available and scattered through Indonesia in 2018 (Statistics on *Pasar and Modern Markets*, 2018). Exploring within limited time and resources the numerous problems that arise in all *pasar* would be difficult; thus, selecting certain *pasar* as cases for study is a means of describing and explaining accountability in *pasar*.

A case study can generate a comprehensive understanding of a complex issue in its real-life context (Crowe *et al.*, 2011). It allows taking a broad and complex topic or phenomenon (i.e. issues of accountability) and narrowing it down to a specific setting (*pasar*) for study using manageable research questions (Heale and Twycross, 2018).

Prior studies of *pasar* employ a case-study research strategy—for instance, case studies on *pasar* Cicalengka in the regency of Bandung (Juahari, 2013), *pasar* Gede in the city of Surakarta (Aliyah, Setioko and Pradoto, 2014), *pasar* Monju in the city of Bandung (Syarifuddin, 2018) and 18 *pasar* in the province of Bali (Giantari *et al.*, 2018). Each of these has different research purposes and different phenomena. However, the differences do not prevent the researchers from considering and expanding the generalisability of their findings (Yin, 2003). A case study research strategy is not designed to analyse cases but to explore and understand a setting (Cousin, 2005). Also, the conclusion at which a case study aims is either illustrative or descriptive (Gerring, 2004). So, using a case study here is relevant and appropriate.

This thesis employs an embedded mixed-methods approach to meet its purpose and answer the research questions (see Section 5.4). A case study provides the flexibility to use multiple data-collection methods (i.e. qualitative and quantitative) to explore and understand the case (Creswell, 1994). Arguably, using multiple methods to collect and analyse the data in case-study research enables a more comprehensive picture of the issue under study (Stake, 2006; Merriam, 2009; Yin, 2014). Therefore, embedding a mixed-method design, within the case-study framework that focuses on developing a detailed understanding of a case (or multiple cases) by gathering diverse data from relevant sources, is feasible (Creswell and Plano Clark, 2018).

The format of a case study can involve either a single case or multiple cases, depending on the reasons for using a case study in the research. For example, if the researcher intends to understand the similarities and the differences between the cases, multiple cases are better than one (Stake, 1995; Baxter and Jack, 2008). However, if the researcher aims to investigate a specific phenomenon arising from an individual organisation, then studying a single case is more appropriate (Heale and Twycross, 2018).

Based on these descriptions of different purposes, the researcher chose to study multiple cases of *pasar*, to provide more breadth and depth than studying a single case (Yin, 2003). A multiple-case study is more robust and reliable (Baxter and Jack, 2008) because multiple cases can generate more empirical evidence and, thus, a more convincing theory (Gustafsson, 2017).

The decision to use a multiple-case study implies the basis and the reasons for selecting certain *pasar* to include as subjects in the study. According to Crowe *et al.* (2011), selecting certain cases to meet the purpose of the research does not aim to simply create a bigger sample. The uniqueness of the cases interests the researcher, who chooses cases for their value for answering the research questions (Stake, 2005).

For this reason, the researcher selected *pasar* from two major cities in Indonesia, Jakarta (see Subsection 5.5.1 for details) and Bandung (see Subsection 5.5.2 for details). However, determining which *pasar* best fit this research's aim among 151 *pasar* available in Jakarta and 37 *pasar* in Bandung is difficult, due to the insufficient information available on the government's website nor other accessible websites (e.g. google, yahoo, bing) that specifies the uniqueness of certain *pasar*, compared to others.

Therefore, the researcher set two criteria for choosing particular *pasar* as cases to study. First, the *pasar* had to be unique in their thematic setting, historical background or achievement during their existence. Second, the *pasar* chosen must have existed for more than 25 years, suggested as the average time within which a business sustains itself or disappears (Deans, Kroeger and Zeisel, 2002). Also, it is the standard period used by the Ministry of Trade to determine when *pasar* are refurbished (Statistics of *Pasar* and Modern Markets, 2018). Therefore, selecting particular *pasar* as samples based on the two criteria in each city will meet the objective of this research.

This thesis adopts cross-case analysis to study multiple cases of *pasar*, enabling the thesis to expose similarities and differences and provide multiple insights into how they affect accountability issues in *pasar* in Jakarta and Bandung (Ridder, 2017).

5.5.1 *Pasar* in Jakarta

Jakarta is the home of 151 *pasar* (Jakarta Statistics Bureau, 2020). A locally owned enterprise, *PD Pasar Jaya*, manages and operates them. The government of Jakarta, which owns 100 per cent of the shares in *PD Pasar Jaya*, authorises the management of *PD Pasar Jaya* to offer public services in the market-management sector, empower the market traders, assist with price stability and ensure the efficient distribution of goods and services across 151 *pasar* (PD Pasar Jaya, 2018). The management of *PD Pasar Jaya* supervises roughly 105,000 stalls in all 151 *pasar* and manages the business of *pasar*, worth approximately 150 billion Rupiah (roughly 7.5 million pounds) per year (PD Pasar Jaya, 2018). Based on the high transaction value in Jakarta's *pasar* and the heterogeneous characteristics, choosing Jakarta as the setting to explore the accountability issue in *pasar* is unique and challenging.

Due to the limited information available on the criteria for selecting which *pasar* to include in the Jakarta sample (see Subsection 5.5.1), the researcher had the advice of the key gatekeeper, the Director of Operational, *PD Pasar Jaya* Jakarta. He suggested two *pasar*, *pasar* Koja (North Jakarta) and *pasar* Mayestik (South Jakarta).

Accordingly, *pasar Koja* and *pasar Mayestik* were selected from among 151 *pasar* as cases for this research. The choice of *pasar* Koja and *pasar* Mayestik related to both *pasar* being awarded recognition as the best *pasar* in Indonesia, based on specific criteria (Waluyo, 2017; Windarto, 2017). These two *pasar* have also existed for more than 25 years in Jakarta, so they have sustained themselves in the business long enough to provide a best-practice benchmark to meet this thesis's aim. Also, the two distinct locations of *pasar*, i.e. *pasar* Koja in North Jakarta and *pasar* Mayestik in South Jakarta, can reveal essential information needed for this thesis.

5.5.2 *Pasar* in Bandung

The government of Bandung, via the management of *PD Pasar Bermartabat*, manages 37 *pasar* within the region. Similar to the process of selecting which *pasar* to choose as cases for study in Jakarta, accessing information on the government's website nor other accessible websites (e.g. google, yahoo, bing) is difficult. Therefore, a gatekeeper in Bandung, the General Manager of *PD Pasar Bermartabat*, assisted by suggesting the *pasar* that met the two criteria.

The three *pasar* in Bandung are *pasar* Kosambi, *pasar* Cihapit and *pasar* Andir. *Pasar* Kosambi was known in the nineteenth century as a place for social-cultural events and the centre of economy in the city of Bandung (Rahman, 2019). At present, the Bandung city residents know *pasar* Kosambi as a place where school uniforms are sold.

On the other hand, *pasar* Cihapit is a traditional and thematic *pasar*, widely known for its mural and unique ornaments all over the place (Prayitno, 2018). Young people gather there to socialise. One of the tenants in *pasar* Cihapit, food stall *Bu Eha*, has existed since 1947 (Prayitno, 2018).

In the 1940s, *Pasar* Andir functioned not only as a place for commercial activities; it also used to be a camp for prisoners of war during the Japanese invasion (Dellanita, 2019). At present, *pasar* Andir is known as a place that sells fashionable clothes, similar to those available in malls and other modern shopping centres, but at an affordable price (Haq, 2019).

5.6 Data collection

This thesis employs a multiple-case study of *pasar* from the two cities in Indonesia, Jakarta and Bandung; hence, the data was obtained from multiple sources of information, a procedure known as triangulation (Jick, 1979). Triangulation in data-collection confirms the findings, provides the richness and improves the studied phenomenon (Jack and Raturi, 2006).

The process of data collection started in October 2017 with obtaining an ethics approval from the Ethics Committee of the Department of Accounting and Finance at the Strathclyde Business School (see Appendix 1), followed by distributing letters of authorisation to the Ministry of Internal Affairs, Republic of Indonesia, and governmental institutions that relate to *pasar* and their management in Jakarta and Bandung.

The Ministry of Internal Affairs and the authorities in Jakarta and Bandung are the formal gatekeepers who own the bureaucratic power and, therefore, could provide the researcher with authorisation in the early stage of fieldwork activities (Gallo *et al.*, 2012; Rossman and Rallis, 2017). The ministry is responsible for granting authorisation for the researcher to conduct the study, as well as giving permissions for any researchers who wish to access government institutions in a region. Its role is so crucial that researchers must contact it before conducting fieldwork research.

Authorities in both Jakarta and Bandung were the gatekeepers for the researcher within the region. Their consent allowed the researcher to contact relevant government institutions and conduct interviews. Their permission also granted the researcher access to locally owned enterprises, such as *pasar*, in their territory (see Appendix 2).

Moreover, the directors and managers of *pasar* in Jakarta and Bandung are the last gatekeepers for the researcher to notify about the fieldwork activities. They can approve the researcher conducting interviews and surveys of the merchants and the customers. Informal gatekeepers are vital in data collection for deciding how the research can be performed and what information can be shared (Wanat, 2008).

The process of delivering and distributing the consent letters to formal and informal gatekeepers across government institutions and the management of *pasar* was aided by the researcher's colleagues who work in the government for more than ten years. Thus, they are familiar with the bureaucratic process, and they have associates across government institutions within their respective region. These colleagues are considered intermediate gatekeepers who, according to Wanat (2008), hold positions of formal authority and have informal relationships with those in relevant governmental units who became participants in the research. Their assistance made effortless the administrative process of obtaining consent letters from the authorities for this thesis.

After consents were granted, the researcher conducted the fieldwork activities to collect qualitative and quantitative data, between December 2017 and January 2018 (approximately 40 days).

As this thesis used a concurrent approach, obtaining the data for both qualitative and quantitative approaches occurred during the same period. To collect the data at the same time, the researcher had assistance from ten university students. The assistants were responsible for distributing the questionnaires to the merchants and customers. While the assistants managed the surveys, the researcher conducted all interviews.

In this thesis, the qualitative sources (see Subsection 5.6.1) from multiple *pasar* were acquired by conducting interviews with key participants, making observations at *pasar* and reviewing relevant documents (i.e. decrees) (Stake, 1995; Yin, 2014). On the other hand, the quantitative data (see Subsection 5.6.2) was obtained by distributing questionnaires to *pasar* stakeholders, i.e. merchants and customers, to obtain demographic information (Neuman, 2014) and their perceptions of *pasar*.

5.6.1 Qualitative data collection

This thesis adopted an embedded mixed-method approach to investigate how the managers respond to the multiple demands of accountability in *pasar* (see Section 5.4). The qualitative methodology is the most significant part of the study; quantitative data was added to provide a profound understanding of *pasar* accountability research.

The qualitative data from multiple cases of *pasar* were obtained by conducting semistructured interviews with the key participants (see Subsection 5.6.1.1), observations of *pasar* (see Subsection 5.6.1.2) and reviewing relevant documents (see Subsection 5.6.1.3).

5.6.1.1 Semistructured interviews

The data obtained in this thesis came mainly from interviews with the managers and the stakeholders of *pasar*. According to Bryman (2012), an interview is a prominent data-collection strategy in qualitative and quantitative research. Arguably, the interview is best suited for understanding people's experiences and perceptions (Blandford, 2013).

Interviews are commonly differentiated into three forms, namely, structured, semistructured and unstructured. A structured interview, sometimes termed a standardised interview, is a predetermined set of questions that maximise the reliability and validity of measurement because the questions are specific and the range of answers fixed by the survey or questionnaire (Bryman, 2012), thus able to be processed and analysed quickly (e.g. comparison of participant answers).

Despite the simplicity of processing the data, a structured interview is not suitable for studies that aim to seek or investigate a new phenomenon (Cachia and Millward, 2011). In a structured interview, participants are given fixed choices for answering the questions, limiting the possibility of capturing new and in-depth data. Generally, a structured interview is more suitable for researchers who know what kind of data they are seeking (Dörnyei, 2007). Thus, a structured interview in the form of a survey questionnaire is commonly found in quantitative research. Even so, a questionnaire is employed in this thesis, not as a single approach, but to supplement the main qualitative data (see Subsection 5.6.2).

In contrast, unstructured interviews enable the interviewer to ask different questions as he or she sees fit (Dana, Dawes and Peterson, 2013), very similar to a conversation (Burgess, 1984). An unstructured interview may help the researcher see a reason for the relevant issues and identify new topics to explore thoroughly in subsequent interviews (Hammersley and Atkinson, 2007; Martinez and Cooper, 2019).

However, an unstructured interview can consume a significant amount of time obtaining the needed information (Patton, 2002), especially when the researcher has little knowledge of the research context, and it is his or her first time conducting fieldwork activity. With no predetermined set of questions and the interviewee allowed to answer freely, the interview session length might exceed that of a structured interview (Bryman, 2012).

Alternatively, a semistructured interview combines the techniques of a structured and an unstructured interview. The questions asked using a semistructured interview are prepared in advance (structured), yet, the possibility of developing further questions relevant to participant responses remains open (unstructured) (Bryman, 2012). Thus, a semistructured interview is more flexible for a researcher in collecting the data, as the interviewee can respond freely, and the researcher can obtain more information and receive rich and detailed answers (Bryman, 2012). A semistructured interview was used to answer the research questions in this thesis.

The interview was carried out on-site for four weeks between December 2017 and January 2018. The participants were informed before the interview, by a letter attached to the interview agenda, that the University Ethics Committee had approved (Smith and Doolan, 2020), to create an appropriate schedule.

Before the interview started, the researcher requested an authorisation from the participants to record their interview. Furthermore, participants were first asked simple questions, to build a relationship and trust with them (Creswell, 2007; Woodside, 2010). Dixon, Ritchie and Siwale (2006) also used this approach to make the participants feel comfortable and safe about responding to the questions.

During the interview, the researcher used an audio recorder and placed it on the desk where the participants could see it. The interview was conducted in the Indonesian language (*Bahasa*), then translated into English. The researcher also took notes during the interview.

5.6.1.1.1 Participants in the interview

This thesis used primary-source evidence, obtained from the key *pasar* managers and their stakeholders. This implies that the participants comprised two groups, whom the researcher interviewed separately. The first group was the managers of *pasar*. The researcher believed that the managers own the knowledge of *pasar* and understand its business activities, making their participation vital.

Participants in the second group were the *pasar* stakeholders, individuals or groups that can affect or be affected by decisions made or actions taken in or for *pasar* (Freeman, 1984). Due to their large numbers, this thesis limits attention to the significant stakeholders of *pasar*, namely, the government, merchants and customers.

5.6.1.1.2 Sampling the participants

The participants for the interviews in this study are the *pasar* managers and their primary stakeholders, the related governmental units. The participants were selected based on the richness of information provided (e.g. how *pasar* operate, *pasar* objectives, roles and responsibilities of *pasar* managers) and their knowledge of *pasar* (Malterud, Siersma and Guassora, 2016). However, determining which participants to choose among governmental units was difficult, with little information on which units related to *pasar*. Also, the researcher had limited access to government officials of Jakarta, who could identify the relevant governmental units to participate in this study.

Therefore, while recognising the limitations of this sampling approach, the snowball sampling technique was the most appropriate method for choosing the participants. The size of the population of *pasar* stakeholders was unknown (Atkinson and Flint, 2001; Heckathorn, 2011; Dragan and Isaic-Maniu, 2013), even though they are connected one to another (Neuman, 2014). In this context, the governmental units related to *pasar* were also unknown. To overcome the problem, the snowball sampling method allowed the researcher to select a subject from an initial sample group; then, the subject recommended individuals as future participants (Crouse and Lowe, 2018). The role of the first interviewee in locating the next participants was critical. This stage provided vital gatekeepers for additional subjects who met the target sampling criteria. The second participant was asked to make the next referral for future participants. This method can be replicated repeatedly until the researcher believes that the existing participants have substantially given sufficient information on the subject.

However, the snowball sampling method is criticised because it cannot generalise from the sample since participants are identified through individual preferences (Crouse and Lowe, 2018). The chosen sample may be biased, homogeneous and derived from a similar group or community. If so, the research can be distorted very early if participants are not chosen thoughtfully. The researcher took precautions to prevent potential bias arising from using the snowball sampling method.

In this study, the researcher initially planned to examine the case of *pasar* in Jakarta. However, due to scheduling, the researcher could only start investigating the *pasar* in Bandung, and then go on to the *pasar* in Jakarta.

In Bandung, the researcher could not get the appointment at the beginning of the fieldwork with *PD Pasar Bermartabat* Bandung management. However, information from the researcher's colleague indicated that the Sub-Division Investment and Business Development Bandung is a unit of the government that engages closely with *pasar*. To confirm this information, the researcher sent a consent letter, along with the research proposal and the interview outline, to the Head of Sub-Division Investment and Business Development Bandung.

As the first participant, the key informant and the gatekeeper of *pasar* in Bandung, the Head of Sub-Division Investment and Business Development Bandung provided the vital information needed, granting the researcher access and suggesting the next government units related to *pasar* as the second and third participants.

As the process of snowballing continued, the researcher interviewed the Head of Sub-Division Economics Planning and Financial Resources Bandung and the Head of Business and Trading Resources Bandung. The conventional stance for a qualitative approach is that magnitude does not determine the final size of the sample; rather when study saturation occurs (Creswell, 2015), i.e. existing participants have substantially given all information on the subject, the researcher can stop interviewing.

The three government units had given abundant information on how *pasar* work with the government (see Chapter 6, Subsection 6.2.2). As befits the snowball approach, no prespecified numbers of informants were required (Bernard, 2006). Rather, given the fulsome flow of information from these three key respondents, representing diverse government units in Bandung, the researcher believed that the aim of reliably capturing the main issues in *pasar* had been attained with these leads.

Next, the researcher interviewed the General Manager of *PD Pasar Bermartabat* Bandung—in this case, the gatekeeper for the *pasar* selected as cases in this study. This General Manager suggested three additional informants to represent the views of managers of *pasar*, namely the manager of *pasar* Kosambi, manager of *pasar* Cihapit and manager of *pasar* Andir. The three *pasar* have different characteristics but met the researcher's two criteria; therefore, their responses were sufficient to meet the research purpose and answer the two research questions.

For *pasar* in Jakarta, the Director of Operational *PD Pasar Jaya* Jakarta was the key 'high communicator' to the field, providing vital information on *pasar* and suggesting the Head Division of Foods, Utilities, Markets and Industry Province of Jakarta, with a significant role in relation to *pasar*, as the next respondent. The researcher interviewed the Head Division of Foods, Utilities, Markets and Industry, Province of Jakarta and asked for advice on the next respondent to interview. Follow-on suggestions were the Head of the Economics Bureau Province of Jakarta and the Head of Division of Foods Resilience, Province of Jakarta.

However, contacting some participants, i.e. merchants and customers, before the interview and delivering the interview agenda in advance were not possible. Neither was using a snowball sampling method to ask their participation during the interview possible, due to the difficulty of identifying which merchants or customers had the most information about the case under study. Also, conducting a lengthy interview with merchants and customers might have cost them time. Therefore, merchants and customers for the interview in this study were chosen and assessed based on their convenience, accessibility, proximity and potential as participants during the fieldwork. This approach represents a nonprobability sampling method, known as convenience sampling (Elfil and Negida, 2017).

However, the convenience sampling method is often criticised for not producing representative samples (Neuman, 2014). Despite the few merchants and customers for the interview (see Table 5.1), the 410 respondents (215 merchants and 195 customers) spread over two different cities made the sample of survey participants more diverse and representative (see Section 5.6.2.1).

Table 5.1 summarises the participants in the fieldwork interviews by key informants. The researcher interviewed six Heads of Department or Division, five Managers, one Operational Director and one General Manager. Also, the researcher interviewed two merchants and two customers for each *pasar* during the fieldwork. The interviews were conducted from December 2017 to January 2018. The duration of the interviews was an average of one hour.

Table 5.1 List of participants

No	Job Title	Organisation	Date of Interview	Code	Stakeholder type
1	Director of Operational	*PD Pasar Jaya* Jakarta	21 December 2017	DJ	*Pasar* Management
2	Manager	*Pasar* Koja Jakarta	22 December 2017	MJ1	
3	Manager	*Pasar* Mayestik Jakarta	8 January 2018	MJ2	
4	Head	Division of Foods, Utilities, Marketing, and Industry Jakarta	28 December 2017	GJ1	Government
5	Head	Economics Bureau Jakarta	28 December 2017	GJ2	
6	Head	Foods Resilience Division Jakarta	2 January 2018	GJ3	
7	General Manager	*PD Pasar Bermartabat* Bandung	12 December 2017	DB	*Pasar* Management
8	Manager	*Pasar* Kosambi Bandung	14 December 2017	MB1	
9	Manager	*Pasar* Cihapit Bandung	14 December 2017	MB2	
10	Manager	*Pasar* Andir Bandung	14 December 2017	MB3	
11	Head	Sub-Division Investment and Business Development Bandung	5 December 2017	GB1	Government
12	Head	Sub-Division Economics Planning and Financial Resources Bandung	6 December 2017	GB2	
13	Head	Business and Trading Resources Bandung	13 December 2017	GB3	
14	Merchant	Merchant in *Pasar* Koja Jakarta	27 December 2017	MCJ1	
15	Merchant	Merchant in *Pasar* Koja Jakarta	27 December 2017	MCJ2	

16	Merchant	Merchant in *Pasar* Mayestik Jakarta	29 December 2017	MCJ3	Merchant
17	Merchant	Merchant in *Pasar* Mayestik Jakarta	29 December 2017	MCJ4	
18	Customer	Customer in *Pasar* Koja Jakarta	27 December 2017	CTJ1	Customer
19	Customer	Customer in *Pasar* Koja Jakarta	27 December 2017	CTJ2	
20	Customer	Customer in *Pasar* Mayestik Jakarta	29 December 2017	CTJ3	
21	Customer	Customer in *Pasar* Mayestik Jakarta	29 December 2017	CTJ4	
22	Merchant	Merchant in *Pasar* Kosambi	15 December 2017	MCB1	Merchant
23	Merchant	Merchant in *Pasar* Kosambi	15 December 2017	MCB2	
24	Merchant	Merchant in *Pasar* Cihapit	16 December 2017	MCB3	
25	Merchant	Merchant in *Pasar* Cihapit	16 December 2017	MCB4	
26	Merchant	Merchant in *Pasar* Andir	18 December 2017	MCB5	
27	Merchant	Merchant in *Pasar* Andir	18 December 2017	MCB6	
28	Customer	Customer in *Pasar* Kosambi	15 December 2017	CTB1	Customer
29	Customer	Customer in *Pasar* Kosambi	15 December 2017	CTB2	
30	Customer	Customer in *Pasar* Cihapit	16 December 2017	CTB3	
31	Customer	Customer in *Pasar* Cihapit	16 December 2017	CTB4	
32	Customer	Customer in *Pasar* Andir	18 December 2017	CTB5	
33	Customer	Customer in *Pasar* Andir	18 December 2017	CTB6	

Remarks: Participants during the fieldwork research

5.6.1.1.3 Interview question development

Three arguments on accountability relationships, namely, 'who is accountable for what?', 'who is accountable to whom?' and 'why does the actor feel obliged to be accountable?' (see Chapter 3 Section 3.3) were used as an agenda in this thesis to construct the semistructured-interview questions for the managers and the stakeholders of *pasar* (Table 5.2).

The stakeholder salience theory was used in this research to identify and classify the different groups of *pasar* stakeholders, as well as to investigate whether diverse stakeholder groups can reduce the managers' capability of fulfilling the multiple demands for accountability in *pasar*. In other words, the researcher employed stakeholder salience theory as guidance for answering the research questions.

Table 5.2 Agenda for the semistructured-interview

No.	Interview Agenda	Objective	Participants	Coding
1	What are the missions of *pasar*?	Accountability for what	Managers of *pasar* The governments	AW1
2	Who are the stakeholders of *pasar*?	Accountable to whom	Managers of *pasar* The governments	AW2
3	What are your responsibilities in *pasar*?	The reason to be accountable	Managers of *pasar* The governments	AW3
4	What kind of complaints are received in *pasar*?	Accountability practices	Managers of *pasar*	AW4
5	The challenges in achieving the missions of *pasar*?	Accountability practices	Managers of *pasar* The governments	AW4

5.6.1.2 Observation

Besides a semistructured interview, the researcher also used observation for this thesis. A consent letter from the Ministry of Internal Affairs, Republic of Indonesia enabled the *pasar* managers to allow the researcher to observe conditions in *pasar*.

During observation, the researcher documented the interaction between the managers of *pasar* and the merchants (see Picture 5.1), emphasising how the managers practice accountability to their horizontal stakeholders, i.e. merchants, and the verbal and nonverbal cues in their interaction (Tedlock, 2005). The researcher witnessed how the customers communicate and bargain for products with the merchants.

Picture 5.1 Merchant – customer interaction in *pasar*

Source: Author's camera

However, due to limited resources (i.e. time and funds), the observation was not intense because the research objectives did not require observing behaviours in the setting amongst merchants, customers and managers. For this thesis, the researcher observed *pasar* without participating in what was going on in the social setting, which

Bryman (2012) classifies as nonparticipant observation. Although observation was a complementary method to support the interview, the findings during the observation period aided the researcher in obtaining meaningful and contextual information on *pasar* (Dewi, Manochin and Belal, 2019).

5.6.1.3 Documents review

In addition to semi-structured interviews and observation, relevant documents were obtained to support the analysis of data that these methods produced. According to Bryman (2012), documents in qualitative research can be diverse e.g. official documents of the state, mass-media output, visual forms (e.g. photographs) and virtual outputs (e.g. Internet resources). The forms of government's official documents include regulations, decrees and laws concerning *pasar* (see Table 5.3). The use of government's documents in this thesis is used to help our understanding of how *pasar* are regulated. These documents provided the fundamental information on *pasar*, such as the establishment and dissolvement of *pasar*, the objectives of *pasar* and the responsibilities of *pasar* management and the supervisory boards of *pasar*.

Table 5.3 Government's documents

No	Document Name	Document Category
1	The Constitution of the Republic of Indonesia (1945)	Law
2	Law Number 23 (1847) on Civil Law	Law
3	Law Number 5 (1962) on A Locally Owned Enterprise	Law
4	Law Number 5 (1974) on The Principles of Local Government	Law
5	Law Number 22 (1999) on Local Government	Law
6	Law Number 32 (2004) on Local Government	Law
7	Law Number 40 (2007) on Corporation	Law
8	Law Number 37 (2008) on Ombudsman	Law
9	Law Number 23 (2014) on Local Government	Law
10	Law Number 9 (2015) on the Second Amendment to Law Number 23 of 2014 on Local Government	Law
11	Presidential Decree Number 112 (2007) on Management and development on *pasar*, shopping centers and modern markets	Decree
12	Ministry of Trade Affairs Decree Number 37 (2017) on the guidelines to build and manage trade facilities	Decree
13	Government Decree Number 86 (1938) on Managing the Firms 1934	Decree
14	Governmental Decree Number 117 (2008) on tariff services for PD Pasar Bermartabat	Decree
15	Governmental Decree Number 2 (2009a) on Perusahaan Daerah Pasar Jaya	Decree
16	Governmental Decree Number 3 (2009b) on managing the area in *pasar*	Decree
17	Governmental Decree Number 2 (2012a) Concerning Perusahaan Daerah Pasar Bermartabat	Decree
18	Governmental Decree Number 47 (2012b) on Corporate Social Responsibility of Corporation	Decree
19	Mayor of Bandung Decree Number 111 (2008) Concerning organisation structure of *Perusahaan Daerah Pasar Bermartabat Kota Bandung*	Decree
20	Head of National Standardisation Agency Decree (2015) on Pasar Certification Scheme	Decree

Source: Author’s regulation documents review

Other than the government’s documents, various information on *pasar* could be accessed in online mass-media (see Table 5.4). The information available on the Internet explores many issues of *pasar* and provides photographs depicting various conditions of *pasar* at present (see photographs in Chapter 2, Section 2.4). These documents provided the researcher with new insights into the existing situation of *pasar*. Moreover, the researcher used the information from such documents to identify themes which could be explored in interviews, and to support and enrich our understanding of the interview findings (Yasmin and Ghafran, 2019).

Table 5.4 Newspaper documents

No	Document Name	Online newspapers
1	'Dirty and Malodorous, citizens complain the condition of *pasar* Bua' (2018)	Sindonews.com
2	'The history of *pasar* Andir' (2019)	Ayobandung.com
3	'These are the different between a clean modern market and a dirty *pasar*' (2019)	Jawapos.com
4	'Finding cheap products in Andir' (2019)	Ayobandung.com
5	'60 per cent traditional market in Indonesia are not good enough' (2018)	Pikiran_rakyat.com
6	'Millennials Dominate Indonesia's Online Shopping Scene' (2018)	Jakartaglobe.id
7	'*Pasar* Yangapi which becoming dirtier' (2018)	Balipost.com
8	'*Pasar* Cihapit, a tradisional, yet contemporer *pasar* in Bandung' (2018)	Tribunnews.com
9	'The history of *pasar* Kosambi in Bandung' (2019)	Jabar.tribunnews.com
10	'Traditional markets are hopeless' (2015)	Mediaindonesia.com
11	'6 Oldest *Pasar* in Indonesia' (2015)	Kontan.co.id
12	'*Pasar* Koja and *Pasar* Mayestik won Pancawara Awards' (2017)	Jakrev.com
13	'*Pasar* Koja gained two awards' (2017)	Harianterbit.co

Source: Author's online newspaper documents reviews

5.6.2 Quantitative data collection

To fulfil the purpose of conducting the study, this thesis integrated the quantitative data set into the primary qualitative data set. In other words, the quantitative data are embedded within the leading qualitative data to add personal, contextual or descriptive material for the study setting.

Survey questionnaires distributed to merchants and customers had two purposes. The first was to capture the demographics and characteristics of the participants in the two cities. The second was to examine how the *pasar* managers performed their social mission from merchant and customer perspectives. Surveys used closed-ended questions to genuinely perceive *pasar*.

5.6.2.1 Participants and sampling for surveys

According to Neuman (2014), the purpose of sampling in quantitative research is to create a selected small collection of units, known as a 'sample', that closely represents features of interest in a more extensive collection of units, a 'population'. The sample selection can affect the generalisability of survey findings (Van der Stede, Young and Chen, 2005). Therefore, selecting a sample from the population should be thoroughly considered. The answer from the selected respondents should reflect the real phenomenon investigated (Pinsonneault and Kraemer, 1993).

However, choosing the minimum sample from an unknown number of the total population, e.g. the customers of *pasar*, is difficult. Moreover, the number that come from the neighbouring cities add complexity to determining the ideal sample size for the survey.

This thesis employs a principal component analysis (PCA) in analysing the quantitative data (see Subsection 5.7.2.2). Tabachnick and Fidell (2019) say that 300 samples for a PCA is sufficient. On the other hand, Pallant (2016) argues that a minimum sample size of 150 and a ratio of at least five cases for each item are ideal for PCA. There are 24 items in the questionnaire for the merchants and customers (see Subsection 5.6.2.2.2). That would make the ideal sample for this thesis at least 24 items at five cases each, or 120 participants. The sample size for this study involves 410 participants from five *pasar* in two cities, so the size is ideal.

Similar to selecting samples for the interview, the choosing of 410 respondents was based on their convenient accessibility, proximity and potential as participants during the fieldwork activities, referred to as a convenience sampling method (Elfil and Negida, 2017). However, the large number of participants was sufficient to provide the intended information for this study.

5.6.2.2 Survey questionnaires

The survey in this thesis uses closed-ended questions, different from the questions for the semistructured interviews, presented in Subsection 5.6.1.1. The closed-ended questionnaire was developed based on the empirical evidence in prior research that emphasises *pasar's* physical appearance and their negative image as the main weakness and the key issue that made customers abandon them (see Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Najib and Sosianika, 2017; Hermawan, Ismiyati and Indarto, 2018).

Also, physical ('tangible') characteristics of shopping places, such as product availability, freshness and quality and cleanliness; and nonphysical features ('intangible'), such as friendliness, reliability, convenience and operational shopping hours, determine where the customers buy their groceries (Helgesen and Nesset, 2010). Therefore, it is not only the 'tangible' attributes that require consideration; 'intangible' features are also essential matters to which *pasar* managers must attend.

These problems were amplified by the missions of *pasar*: to contribute financially to the state budget (financial mission) and to serve the society (social mission). These dual missions would mean that the managers of *pasar* are accountable for multiple aspects that they must satisfy, ideally with equal success. The dual missions also imply that those who can affect and be affected by the existence of *pasar*, i.e. merchants and customers, own the right to receive good-quality services from the managers.

As this thesis aims to explore how the managers respond to the multiple demands for accountability, the questionnaires distributed to merchants and customers were intended to capture the perceptions of *pasar* based on their ‘tangible’ and ‘intangible’ services. The ‘tangible’ and ‘intangible’ terms also reflect the 24 items in the questionnaire.

5.6.2.2.1 Questionnaire development

The questionnaire contains two sections (see Appendix 3): the respondents’ demographics and the five dimensions of service quality. Each of the sections aimed to collect data to support the qualitative data and provide meaningful information for the analysis.

A study often includes demographic questions to help the researcher obtain a richer context in which to understand the collected data and the phenomenon under study (Dobosh, 2017). The common information, such as age, gender, ethnicity, level of education, employment and socio-economic status of the respondents, is gathered from the participants so that the researcher obtains a detailed description of who participated in the survey and whether a case can be made for generalisability of the samples to a larger population (Connelly, 2013).

The first section on the respondents’ demographic characteristics comprises eight questions. The respondents received the first six questions generally to provide details about themselves, including gender, age, marital status, ethnicity, educational attainment and distance to *pasar*.

The question on gender is commonly used as one of the basic demographic attributes, to classify customers or service users (Alexander, 1947; Nysveen, Pedersen and Thorbjornsen, 2005). The intention of including gender in the questionnaire was to confirm whether women's predominance as customers of grocery stores, as Piron (2002) found in his research, also applies to *pasar*. The researcher was also keen to learn whether a patriarchal system, where males dominate as merchants compared to their numbers as customers, applies to *pasar*.

Next, the participants were asked to provide their age. In this thesis, the inquiry on age used age groups (e.g. age 20–30 years old) to avoid inconvenience, as some respondents might not wish to expose their specific age. Including age seeks to corroborate prior studies (see Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016) that found young generations in urban communities, such as Jakarta and Bandung, tending to favour modern markets over *pasar*.

In contrast to young people's dominance in shopping malls, *pasar* are still the best choice across generations who seek lower and affordable prices (Sulistyo and Cahyono, 2010). Arguably, price has always tempted customers to decide to purchase a product (Gabor, 1973). Therefore, investigating the types of customers and the merchants who dominate *pasar*, despite its terrible physical appearance, was deemed worthwhile. Their traits include marital status, educational attainment, ethnicity and the distance from customers' house to *pasar*.

Marital status can identify which group (i.e. married, single or separated) of customers or merchants dominates *pasar*. On the other hand, the educational attainment question asked of both customers and merchants aimed at seeing which groups (i.e. no schooling completed, completed school and college) visit *pasar*. The ethnicity demographic can describe whether indigenous people or others dominate *pasar* in a particular region.

The question on distance to *pasar* aimed at understanding the effort both customers and merchants make, especially with numerous alternative places to shop available. The demographics of the customers and the merchants in *pasar* can add a more comprehensive background to the case under study.

Furthermore, the remaining two questions were asked explicitly of each type of respondent. The merchants' group was asked their years of experience since becoming a merchant and their average monthly income in *pasar*. These questions were intended to investigate whether becoming a merchant in *pasar* is a profession that can sustain, despite the emergence of modern markets, claimed to cause customers to abandon *pasar* (Najib and Sosianika, 2017).

On the other hand, the customers were asked about their job status and average monthly visits to *pasar*, specific questions to learn whether *pasar* customers come from a homogeneous or heterogeneous social-class status. In conclusion, the supplementary questions for the merchants and customers were to produce a comprehensive background of the case under study.

The second part of the questionnaire is about the five dimensions of service quality: tangible, empathy, reliability, responsiveness and assurance (known as SERVQUAL). The SERVQUAL scale was adapted from Parasuraman, Zeithaml and Berry (1985) and has been implemented across different organisations (see Table 5.5 for the five dimensions).

The use of five dimensions of service quality, modified in this study, has three objectives. First, the assessments from 410 participants, i.e. merchants and customers, about the services they perceive in *pasar* can add to the setting of the case. Second, the responses from the participants can enhance the qualitative findings in answering the research questions. The various responses can reflect how the merchants and the customers perceive *pasar*; hence, the researcher's inquiry into whether different stakeholders affect the accountability functions in *pasar* (RQ2) are answered. Third, these responses are used for further analysis, i.e. Principal Component Analysis (PCA) (see Subsection 5.7.2.2) and an independent sample t-test (see Subsection 5.7.2.3).

The notion of service quality describes how the users of that service judge them overall, considered to be good if they meet users' expectations (Grönroos, 1998). One of the missions of *pasar* is to ensure that the merchants and the customers are well-served. In other words, the managers of *pasar* are accountable for delivering the services to merchants and customers.

To judge the overall service quality, each item stated in the five dimensions requires the respondents to rate their perception. The perception level is ranked based on a five-point Likert-scale from 'poor' (=1), through 'fair' (=2), 'average' (=3) and 'good' (=4), to 'excellent' (=5).

The 24 total items for the five attributes appear such that each attribute carries the number of items differently (see Appendix 3). The tangible attribute items were developed from the standard guideline of *pasar* (National Standardisation Agency, 2015) and derived from prior studies (see Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016) that complained mainly about the terrible physical appearance of *pasar*.

However, just like many other entities that run a business, *pasar* face competitors, i.e. modern markets that threaten their existence (see Chapter 2, Section 2.5). Modern markets have the advantages of providing better physical appearance (tangible) and offering better convenience and other intangible services than *pasar*; thus, they are the reason that the customers in urban areas abandoned *pasar* (Najib and Sosianika, 2017).

The tangible dimension, which represents the facilities available in *pasar*, together with the intangible services (reliability, responsiveness, assurance and empathy), also conform to the Presidential Decree (Number 112, 2007) that obliged the managers to provide clean, hygienic, safe and convenient social space in *pasar*. Thus, the five dimensions of service quality used in this thesis are, arguably, the best fit as an alternative, to capture the stakeholders' perception in assessing how the managers perform their responsibilities in *pasar* and to indicate whether the managers can fulfil their accountability to the different stakeholders.

Table 5.5 Five broad dimensions of service quality

Dimension	Definition
Tangibles	Appearance of physical facilities, equipment, and personnel
Reliability	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	The knowledge and courtesy of employees and their ability to inspire trust and confidence
Empathy	Caring, easy access, good /communication, customer understanding and individualized attention the firm provides to its customers

Source: (Parasuraman, Zeithaml and Berry, 1985; Zeithaml, Parasuraman and Berry, 1990)

5.6.2.2.2 Questionnaire reliability and validity

With the assistants' help, the researcher distributed the questionnaires to 40 respondents as a pilot study. The pilot data was assessed using statistical package SPSS Version 26 software.

At the initial stage, the 40 respondents received 24 items from five distinct dimensions of SERVQUAL, i.e. tangible, empathy, reliability, responsiveness and assurance, measured using a five-point Likert-scale from ‘poor’ (=1), through ‘fair’ (=2), ‘average’ (=3) and ‘good’ (=4), to ‘excellent’ (=5). Then, the researcher used Cronbach’s alpha (Cronbach, 1951) to measure the internal consistency with the same underlying attribute or construct.

Cronbach’s alpha scale ranges from 0 to 1, with higher values indicating high-reliability levels. The most generally agreed-upon lower limit for Cronbach’s alpha is .70, but a value of .60 is also acceptable (Hair *et al.*, 2010; Griethuijsen *et al.*, 2015; Taber, 2017). The pilot data’s coefficient alpha was computed separately for the five dimensions, to ascertain the extent to which items forming each dimension shared a common core (see Table 5.6).

Table 5.6 Cronbach’s alpha test of reliability

Attributes Service Quality	Number of items	Cronbach’s Alpha
Tangible	11	0.834
Empathy	3	0.876
Reliability	6	0.802
Responsiveness	2	0.782
Assurance	2	0.689
Total	**24**	**0.929**

Source: Author’s Pilot Data Computation (using SPSS Version 26)

To obtain questionnaire validity, the researcher used a face validity technique, commonly based on researchers’ subjective assessments and those who participate in the questionnaire, on whether the instruments’ items appear to have relevance, readability and clarity in the language used (Oluwatayo, 2012; Taherdoost, 2016). Face validity can be performed by asking other people whether the measure reflects the concept’s intention in the question (Bryman, 2012).

Although the items in the questionnaires were developed from the standard guideline of *pasar* (National Standardisation Agency, 2015) and derived from prior studies (see Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016), the researcher had to ensure that the questionnaire items are understandable to the merchants and the customers. Therefore, a face validity technique via pilot study was used to ensure that the questionnaires were valid.

5.7 Data analysis

This thesis adopts an embedded mixed-methods design that mainly emphasises the qualitative data. The two independent data sets obtained through interviews and surveys were analysed using a different approach. The qualitative data from the interviews were analysed using thematic analysis. The quantitative data from the surveys were analysed using three different approaches. First, the respondents' characteristics are explained using descriptive statistics. Second, the five attributes of service quality, distributed with the survey, were reduced by using principal component analysis. Third, the different perceptions between the merchants and the customers in evaluating *pasar* services were analysed using an independent sample test.

5.7.1 Thematic analysis for semistructured interview

Analysing qualitative data is arguably difficult, as there is no best way to conduct it (Robson and McCartan, 2016). Thus, different researchers may use different approaches to the way data are arranged and analysed. Thematic analysis is one of the most commonly used approaches when analysing qualitative data (Bryman, 2012). It identifies, analyses and interprets meaning (themes) within qualitative data and uses them to address an issue (Clarke and Braun, 2017; Maguire and Delahunt, 2017). The themes function as a translator, enabling researchers who use different research methods to communicate with each other (Boyatzis, 1998). For example, if the issue concerns the lack of accountability to vertical stakeholders, any participants who respond to the themes raised are set in the same group.

Thematic analysis offers the researcher opportunities to examine multiple perspectives, stress the similarities and differences and generate unexpected responses from different participants (Clarke and Braun, 2017). Also, it allows the researcher to summarise the key features from a large data set and make a structured, clear and organised final report (King, 2004). These advantages make thematic analysis useful across various epistemologies and research questions (Clarke and Braun, 2017; Nowell *et al.*, 2017).

However, thematic analysis is criticised for its flexibility, because flexibility can lead to inconsistency and a lack of coherence when developing themes derived from the research data (Holloway and Todres, 2003). Also, novice researchers may have doubts about conducting a rigorous thematic analysis, due to its limited literature, compared to other qualitative research approaches, e.g. grounded theory, phenomenology and ethnography (Nowell *et al.*, 2017).

Despite the different views on the use of thematic analysis in qualitative research, it remains the simplest systematic form of data analysis (Javadi and Zarea, 2016). Thematic analysis can help the researcher interpret the interview data and meet the research's purpose.

In conducting the analysis, the researcher first transcribed the interview recordings, using Microsoft Word. Next, the researcher translated quotes from the transcripts from Bahasa Indonesian into English. The researcher carried out all the transcriptions and translations himself to become familiar with the data and maintain respondent confidentiality (Nowell *et al.*, 2017). This strategy also allowed the researcher to minimise any other person's risk that the researcher might not be thoroughly familiar with the topic, related terminology and respondents' vernacular.

Next, the researcher generated initial codes. Coding can be done either through a computer software programme or manually (Braun and Clarke, 2006). Computer software allows the researcher to work efficiently with complex coding schemes and large amounts of text, facilitating depth and sophistication of the analysis (King, 2004). However, software may not also judge the sorted and organised data correctly (Thorne, 2000; King, 2004).

On the other hand, manual coding can occur simply by writing notes on the texts analysed with highlighters or coloured pens to indicate potential patterns (Braun and Clarke, 2006)—compared to computer software, a simple technique to analyse a few interview results. This interview data only involved 33 participants, of whom 20 (merchants and customers) responded briefly, while the remaining 13 (*pasar* managers and governmental representatives) answered comprehensively. Since it is not a large data set, this study used manual thematic analysis.

The codes used in this thesis are associated with identifying themes and marking the texts (Ryan and Bernard, 2003). In other words, the researcher used these codes to identify important sections of text and highlighted these texts (with colour) as they relate to a theme or the case under study (King, 2004). For example, the researcher sought to investigate the individuals or groups to whom the managers of *pasar* are accountable. Therefore, the responses are manually coloured to show similarities or differences (see Appendix 4).

5.7.2 Quantitative data analysis

The quantitative data analysis in this thesis is embedded in the qualitative data findings. It aims to add a description of the setting of *pasar* and enhance the qualitative analysis outcome.

The data analysis using a quantitative approach comprises three stages. The first stage is a descriptive-statistics analysis (see Subsection 5.7.2.1). Descriptive statistics provide the demographics of the participants in the survey. In the second stage, the principal component analysis reduces the questionnaire attributes to a smaller set (see Subsection 5.7.2.2) and, third, the result is used for the independent sample t-test, which complements the qualitative analysis in answering the research questions (see Subsection 5.7.2.3).

The process of analysing the quantitative data employed the SPSS statistical tool (version 26.0), which allowed the researcher to use all necessary statistical tests in this study to analyse the quantitative data most conveniently and effectively.

5.7.2.1 Descriptive statistics analysis

The first stage of analysing answers to the closed-ended survey questions (see Subsection 5.6.2.2) from the participants was using descriptive statistics. Descriptive statistics are a simple tool commonly used to describe basic data patterns (Neuman, 2014), consisting of numbers that summarise the data in a structured and organised manner, to describe sample characteristics that may influence a conclusion (Thompson, 2009).

By analysing the data using descriptive statistics, the researcher aims to explain various aspects of the data, based on how the samples were drawn. The descriptive statistics analysis used here is also intended to show how the participants' background can affect their perceptions in assessing the services in *pasar*.

For the descriptive statistical analysis, the researcher first analyses separately the two groups of participants in each city. The researcher then synthesises the results and explores the similarities and differences of the two groups (see Chapter 7, Subsection 7.2.3).

5.7.2.2 Principal component analysis

The second stage in analysing the quantitative data is employing principal component analysis (PCA). According to Jollife and Cadima (2016), the use of PCA in the study can help the researcher analyse the interrelationships among data-set attributes, reducing them to smaller sets and explaining their common underlying attributes. In this study, the five attributes of service quality (tangible, reliability, responsiveness, assurance and empathy) are reduced to two sets, i.e. tangible and intangible. However, to ensure that these five attributes can be reduced using PCA, the researcher must consider whether the available data is appropriate.

According to Pallant (2016), the research must comply with two main issues before progressing to PCA data. The first regards the sample size, 410 participants from five *pasar* in two cities (see Subsection 5.6.2). The large sample size meets the PCA ideal (Pallant, 2016; Tabachnick and Fidell, 2019).

The second issue regards the strength of the intercorrelations among the items. Three statistical measures to show these in the PCA are the Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy, Bartlett's test of sphericity and the communality value, each of which has a standard value that must be fulfilled (Sarstedt and Mooi, 2014; Pallant, 2016; Tabachnick and Fidell, 2019).

The KMO value specifies whether the other variables can explain the correlation between variables in the dataset (Sarstedt and Mooi, 2014) and must exceed .6, to a maximum of 1, in order to analyse the data further (Kaiser, 1974; Pallant, 2016). On the other hand, Bartlett's test of sphericity assesses whether the variables used are sufficiently correlated (Sarstedt and Mooi, 2014). A significant value of $\rho < .05$ for Bartlett's sphericity test is considered appropriate (Pallant, 2016). At the same time, a correlation greater than $r = .3$ for the correlation matrix is recommended and suitable for PCA (Pallant, 2016).

Table 5.7 indicates that the KMO and Bartlett's test for the pilot data in this study met the criteria. Also, some of the data has the minimum value of $r = .3$ (see Appendix 5). Therefore, the data in this study can be used for further analysis in the PCA.

Table 5.7 KMO and Bartlett's test result for the pilot data

KMO and Bartlett's Test	**Value**
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.736
Bartlett's Test of Sphericity (significant value)	.000

Source: Author's own (using SPSS version 26.0)

As the data allows further analysis, the next step is to assess the adequacy of extraction and the number of principal components or factors constructed. According to Tabachnick and Fidell (2007), the common criteria for selecting a suitable number of principal components are Kaiser's (1960) criteria, often referred to as eigenvalues and a scree test (Cattell, 1966).

Eigenvalue is often used to determine how many factors or components can be retained as the new reduced data set (Hair *et al.*, 2014). As a rule of thumb, an eigenvalue greater than 1 is normally used to determine the number of factors, so an eigenvalue less than 1 is considered unimportant (Tabachnick and Fidell, 2007).

The use of a scree test identifies the optimal number of factors that can be extracted before the amount of unique variance begins to dominate the common variance structure (Cattell, 1966). The scree test output produced by SPSS statistical software commonly shows a figure of factors in descending order (decreasing negatively) along the abscissa with eigenvalue as the ordinate (see Figure 7.1 as example). Once the descending slope of the factors has started to form a straight line or reduced its gradient, the numbers of factors can be determined (Tabachnick and Fidell, 2007).

The outcome of the reduced data set generated from the PCA aims to extract maximum variance from the data set with each component (Tabachnick and Fidell, 2007). It means that the first component extracts the most variance and the last component the least variance. For *pasar*, the new data set is used to add background to the case being studied and as data input for the independent sample t-test in the next stage of the analysis (see Subsection 5.7.2.3).

5.7.2.3 Independent sample t-test analysis

The purpose of the independent sample t-test is to determine whether there is a significant difference between two different levels of the independent variable (Zikmund *et al.*, 2013). In this thesis, the use of the independent samples t-test helps to show whether merchants and customers in Jakarta and Bandung have significant differences in receiving the services. Also, by comparing mean scores across merchant and customer participants, the researcher can see whether they have different perceptions of assessing the ‘tangible’ and ‘intangible’ services in *pasar*. In conclusion, the result of the independent sample t-test and mean comparison between the two groups can enhance the qualitative analysis in answering both research questions.

5.8 Conclusion

This chapter explains the overall methodology, research design and data-collection strategy used in this research. The reality is viewed from the stance of a pragmatic paradigm that allows the researcher to combine qualitative and quantitative approaches in a single study, known as mixed methods, to better understand the phenomenon under study.

This thesis adopts a concurrent approach in the embedded mixed-methods design. Obtaining both qualitative and quantitative data during the field research occurs at the same time. In this study, the researcher set the qualitative approach as the priority; thus, the quantitative data is embedded into a larger qualitative data set.

The embedded mixed-method design in this study is integrated within the case-study framework that focuses on developing a detailed understanding of a case (or multiple cases) by gathering various data sources. Multiple cases were selected for the study because the researcher aimed to understand the similarities and differences among them. The researcher also intends to gain a more comprehensive understanding by conducting a multiple-case study.

Based on the two criteria for a usable case, i.e. uniqueness and a minimum of 25 years of existence, two *pasar* in Jakarta and three *pasar* in Bandung were selected as the cases for study. The qualitative sources from multiple cases of *pasar* were acquired by conducting interviews with the key participants, observations of *pasar* and review of relevant documents. The quantitative data came from a survey questionnaire completed by *pasar* stakeholders, namely, merchants and customers, to capture a broader perception of the issues that arise in *pasar*. The next chapter (Chapter 6) discusses the findings and analyses of the qualitative part of this research.

Chapter 6

Illustrative Case Studies: Findings and Analysis

6.1 Introduction

Chapter 6 presents the findings and analysis from the fieldwork activities, conducted using semistructured interviews with the managers of *pasar* and their stakeholders. Simultaneously, observation of *pasar* facilities and review of documents on regulations and relevant information concerning *pasar* were also performed while doing the fieldwork.

This thesis aims to explore how the managers respond to the multiple demands for accountability, by answering the two research questions. The first research question asks how far the challenges in *pasar* diminish the capability of managers in satisfying the multiple demands of accountability. The second research question is to seek whether and how the diverse stakeholders affect the accountability functions in *pasar*.

In order to answer the research questions, the researcher performed interviews and observations of *pasar* in two cities, Jakarta and Bandung. The aim of using illustrative case studies from different *pasar* across the two cities is to gain insights from multiple perspectives and to investigate similarities and differences in the cases of *pasar* studied.

This chapter also discusses the interplay of stakeholder salience attributes (power, legitimacy, urgency) to identify and classify the different groups of stakeholders of *pasar* and to investigate whether having multiple but distinct stakeholders affects the accountability functions in *pasar*.

6.2 Interview-based case studies

Pasar have served society for more than ten centuries in Indonesia. Its indigenous features, such as its appearances, bargaining process, and perceptions by society, have never changed. *Pasar* provide mainly essential products, i.e. groceries and fresh products, at a bargained price and in an old-fashioned way of shopping, different from those that modern markets offer.

Today, *pasar* face numerous challenges and deal with multiple demands from diverse stakeholders. The challenges arise from the dual missions of *pasar*, financial and social. These missions imply that the managers are held accountable to the vertical (financial) and horizontal (social) stakeholders. In other words, the managers must deal with different stakeholders to which they relate both vertically and horizontally.

This thesis explores how the managers of *pasar* respond to the multiple demands of accountability. Interview with managers and stakeholders capture different perceptions of how accountability functions in *pasar*. The responses from the participants appear below.

6.2.1 The case of *pasar* in Jakarta

Jakarta had approximately 10.6 million people in 2019, representing 4 per cent of Indonesia's total population (Jakarta Statistics Bureau, 2020). Jakarta is a multiethnic city that comprises 36.2 per cent Javanese, 28.3 per cent Betawinese,14.6 per cent Sundanese and the remaining 20.9 per cent from different points of origin in Indonesia (Pitoyo and Triwahyudi, 2017). There are 151 *pasar* that a locally owned enterprise, *PD Pasar Jaya* Jakarta manages and operates (Jakarta Statistics Bureau, 2020). *PD Pasar Jaya* must ensure that these 151 *pasar* are available to capture and satisfy 10.6 million potential heterogeneous customers. Choosing Jakarta enriched the researcher's understanding of how those who live in a big, complex and multicultural city see *pasar*.

The researcher investigated how far these challenges in *pasar* reduce the managers' abilities to satisfy the multiple demands of accountability (RQ1). Therefore, at the beginning of the interview, the researcher asked the managers to explain the goals of *pasar* (AW1). The question aimed to explore 'for what are the managers accountable' (Bovens, 2007; Fowler and Cordery, 2015; Kurland, 2017).

The Director of Operational *PD Pasar Jaya* Jakarta (DJ) and the manager of *pasar* Mayestik (MJ2) described the goals of *pasar* in the same way as follows:

> *"… We have three goals… first, to manage the area of pasar; second, to develop the capability of the merchants; third, to support the stability of the prices and the distribution of goods to pasar… by managing the area in pasar, we are expected to make a profit from pasar, whereas the other goal is to fulfil the social function of pasar"* (DJ).

> *"…PD Pasar Jaya has three functions; first is to generate profit, and then second, of course, to develop the competencies of the merchants, and third is to maintain a steady price of the goods in pasar… so pasar Mayestik follows PD Pasar Jaya…"* (MJ2).

The above descriptions from the two respondents (DJ, MJ2) signify the three essential roles of *pasar*. First, the managers must share the profit of the *pasar* with the state's budget. One of the means to achieve the target profit is to exploit the *pasar* area. For instance, they can offer the available stalls to the potential merchant. They can also use the parking spaces available for commercial events. The aim is to make a profit from the areas the *pasar* occupy.

Second, merchants are the front-liners of *pasar*, essential for continuing business in *pasar*. They pay their taxes to the government and rent the stalls with the authorisation of the managers. Their presence in *pasar* becomes the responsibility of the government, via the managers' control.

Third, *pasar* represent the government. The 100 per cent ownership signifies that the government has great concern for the activities and achievement of the *pasar* missions. One of the missions is to support price stability and the distribution of goods to *pasar*. This means that certain products, i.e. groceries, must be kept at prices where the public can purchase them.

Other than these responsibilities, the managers must submit audited financial reports, update information on the activities in the *pasar* and complete numerous other administrative tasks related to the *pasar* for the government (MJ1).

> *"…the point is to serve the community, to be a place for a safe and comfortable transaction... on the other hand, we are also obliged to do administrative tasks as a form of accountability to our superior…"* (MJ1).

The financial reports submitted included the statement of financial position, the statement of profit or loss, the statement of cash flow, the budgeted report and the operational activities of pasar. The submission of these reports is according to a schedule, as they are obliged to be returned in a timely way by the regulations (see Jakarta Decree Number 2, 2009 and Bandung Decree Number 2, 2012). For instance, the statement of the financial position, the statement of profit or loss and the statement of cash flow must be submitted within three months after the fiscal year ends.

The managers' work includes such areas as legal compliance and financial reporting, and general policies and performance, for which individuals or organisations are held accountable (Mulgan, 2001). At one end, the managers must comply with the government's regulations by meeting the financial target (financial mission) and submitting numerous reports related to the budgets and activities in *pasar*. At the same time, they must ensure certain products' availability, i.e. groceries, in *pasar*, at a bargained price (social mission). Otherwise, they must meet the obligation to make *pasar* convenient places for merchants and customers. In conclusion, the managers are accountable for the *pasar* financial and social mission.

Accountability can be associated with responsibility. Behn (2001) describes accountability as the responsibility to answer, explain and justify specific action (or inaction) to those who can call for an account. Accountability generally signifies a responsibility to those assigned to manage resources, such as *pasar* (Nelson, Banks and Fisher, 2003). The managers of *pasar* cannot be held accountable if they do not have responsibility for doing so (Day and Klein, 1987).

As the identified twofold missions of *pasar* were identified, the managers were asked to explain their responsibility to achieve the goals (AW3). The aim was to explore how the managers' responsibilities meet the dual missions of *pasar* and the extra administrative work that must be done simultaneously.

Respondent MJ1 explained his responsibilities as follows:

> *"I oversee administrative work such as yearly budget, make sure that all is run as agreed by the PD Pasar Jaya and be in charge of generating profit. Secondly, I am also accountable to the merchants and customers… We had provided trainings for the merchants, for instance, how to provide services to the customers… we also have a special space next door for those who have complaints on the services in pasar… "* (MJ1).

The response above implies that the managers have made many changes to make *pasar* better. Organising training on the current business issues for the merchants and providing a room to hear and accept complaints regarding the services in *pasar* are among many other progressive steps to make *pasar* better. The manager also stated that he must generate profit and satisfy the merchants (and customers) and must do administrative tasks.

On the other hand, respondent MJ2 explained that his responsibilities are to manage a 12.000 m^2 area of *pasar* (also part of generating profit from *pasar*). Respondent MJ2 also stated that he had provided and organised training sessions for the merchants, on topics related to e-commerce and online marketing as part of his responsibilities and fulfilling one of the missions *of pasar*. Also, a customer-service division is provided so that if any complaints regarding the services arise in *pasar,* they can be solved immediately. As respondent MJ2 explained:

> *"I am handling pasar Mayestik with an area of 12.000 m^2...as part of my responsibility as a manager, we have trained our merchants in the skills of e-commerce and online marketing... we also provide standard operating procedures and customer services to receive any complaints concerning activities in pasar ..."* (MJ2).

Based on the explanation above, the two cases of *pasar* in Jakarta have adopted an advanced approach to providing services, commonly found in the modern organisation. The negative perceptions of *pasar* in society made the managers take more initiatives to change their image.

Next, the responses from the managers were verified with the related governmental units. They were also asked to explain the purposes of *pasar*. The aim was to gain a different perspective from the key stakeholders of *pasar*. The Head of the Division of Foods, Utilities, Marketing, and Industry, Province of Jakarta (GJ1), explained that the managers of *PD Pasar Jaya* must share its profit with the state budget while keeping the price of groceries affordable for the public.

> *"…if we see the purpose of forming a locally owned enterprise, one of them is to share its profit with the state's budget... but we also need to make sure that we can control the price of the groceries…"* (GJ1).

On the other hand, the Head of the Economics Bureau (GJ2) and the Head of the Foods Resilience Division (GJ3) stated that the purpose of *pasar* is to make sure that the price of the products, specifically groceries and meats, remains stable. The government, through its relevant unit, frequently visits *pasar* (typically on a weekly basis) to monitor the price of certain products e.g. groceries. However, the relevant government units, together with police officers and local authorities, can go directly to *pasar* and intervene on prices when complaints have surfaced in the media (DJ3). As part of the units related to *pasar*, the participants (GJ2, GJ3) emphasise the social mission of *pasar*.

> *"Well, PD Pasar has a target… to make sure that the prices are stable…"* (GJ2).

> *"Other than that, pasar aim to ensure that the price is stable… so if the price of those groceries and meats increases, those who are less fortunate will not suffer much, because the government will intervene by providing substitutes and give subsidies to the affected products…"* (GJ3).

The government are investors who expect financial benefits in return because they own the assets and resources in *pasar* (Boyne, 2002). Tax is not the only source of income for the state budget. The establishment of locally owned enterprises, such as *pasar*, are intended to add to the state's cash inflows. At the same time, the government has a responsibility to ensure that the public's welfare and needs are satisfied. That is why the purpose of locally owned enterprises, regionally owned enterprises and other government businesses is mainly to serve the public.

As the managers have responsibilities to carry out the purposes of *pasar*, the government gives its support to make sure that the managers perform their tasks as required, and the targets are met successfully. Therefore, the government participants were asked to describe their responsibilities related to *pasar* (AW3).

Respondent GJ1 explained that their division is responsible for monitoring the business plan and activities performed by the management of *PD Pasar Jaya* Jakarta. As respondent GJ1 said:

> *".... Our Division is responsible for monitoring the business plan and activities of PD Pasar Jaya… as the Governor's representative, our task is to ensure the Governor's policy and expectations of pasar are implemented by the board of directors of PD Pasar Jaya…"* (GJ1).

The managers' tasks are to achieve the profit, serve the merchants and customers and submit numerous reports related to the financial and operational activities in *pasar*. According to respondent GJ1, the governor assigns the Division of Foods, Utilities, Marketing, and to monitor the activities in *pasar* closely and make sure that the managers of *PD Pasar Jaya* perform their responsibilities in an accountable manner.

On the other hand, respondent GJ2 explained that their bureau is related to *pasar* because it is their responsibility to make certain regulations and decrees on *pasar* and other shopping centres, such as supermarkets and hypermarkets, in the area of Jakarta. The regulations are mainly to support the merchants and the business in *pasar*. As respondent GJ2 said:

> *"… our bureau is responsible for forming drafts of regulations on pasar in Jakarta… that includes modern markets, such as supermarkets, mini markets… so our bureau is only forming a draft of general policies on pasar, whereas the details will be in the form of the governor's decree and others…"* (GJ2).

Moreover, respondent GJ2 stated that for any decrees issued by the management of *PD Pasar Jaya*, specifically concerning the merchants and details on *pasar* activities, the economics bureau is also informed. As respondent GJ2 said:

> *"… business is growing. So, if we make the decree too specific, any minor changes will affect the decree, and the process to issue a revised decree is difficult. It cannot be done in one or two years. Thus, the details on the decree are issued through a governor's decree or the management of PD Pasar Jaya's decree… any decrees issued by the management, specifically, that can affect the merchants and any details on pasar activities, our bureau will be informed…"* (GJ2).

The response above indicates that the government, via the economics bureau, has continued to make regulations to safeguard the existence of *pasar* and facilitate supporting the development of *pasar*, specifically in the area of Jakarta. It also implies that the governments have shown their commitment to ensuring that *pasar* satisfy society's needs and meet the profit target to increase the city's income.

The attitudes of GJ1 and GJ2 were supported by the next respondent, the Head of the Foods Resilience Division (GJ3), who confirmed the vital role of the government in *pasar* by saying:

> *"First is to monitor the hygiene of the foods. Second, we also have a low-priced foods program for those who are in need… so, the low-priced foods program is in line with one of the missions of pasar, i.e. to support the stability of the prices and the distribution of goods in pasar…*" (GJ3).

Maintaining the low-prices and sustaining the distribution of the products is one of the essential goals of *pasar.* The government, which assigns the managers to run *pasar*, continuously support them so that their aim to provide services can reach the public.

Despite the government's continuous support in assisting the managers in achieving many goals, the managers experience quite a few challenges (AW4). As respondent DJ said:

> *"…so many challenges. For instance, nowadays, so many customers prefer to buy products via online… thus, we need to modernise our system, following the digital marketing… it is difficult for us to compete if we remain like this… the new concept of one-stop-shopping is what we are after…"* (DJ).

Respondent DJ emphasises the merchants' needs to transform the means of selling and marketing the products. Respondent DJ argued that at present, customers favour an effortless, yet express means of shopping. In the same way, respondent MJ2 argued that the merchants are ignorant of the changes in the business. Merchants continue their conventional means of transaction where they meet face-to-face and bargain with the customers. As respondent MJ2 said:

> *"The challenge comes mostly from the perspective of the merchants. The merchants have not been able to change their mentality to keep selling their products via offline... we have informed them about the online businesses that may threaten their existing business…"* (MJ2).

The two responses above (DJ, MJ2 imply that the managers of *pasar* have concerns about the online means of shopping that may affect the merchants making a profit. A survey that McKinsey & Company conducted in 2017 had shown approximately 30 million online shoppers, the equivalent of 15 per cent of the total adult population of Indonesia (Das *et al.*, 2018). Ipsos's research indicated that young families in Indonesia, which fell between 25 and 30 years of age, dominated 64 per cent of online shopping in 2018 (Muchtar, 2018).

The two different surveys signify the importance of transforming the merchants' conventional business techniques to match the digital and online-business competitors. However, changing the modes of transaction from traditional bargaining while shopping into online shopping may take away the unique and indigenous characteristics of *pasar*. Even more, it may arguably reduce the social interaction between the seller and the buyer.

On the other hand, respondent MJ1 claimed that as a manager, he carries the burden to transform the perception of *pasar* in society. Making *pasar* a convenient place for both merchants and customers is challenging. Besides, uniting the merchants' different characteristics and assuring them of the importance of grouping similar products in one area in *pasar* makes the challenge even harder. As respondent MJ1 said:

> *"Of course, there are challenges… to change the image of pasar, and mainly changing the merchants' attitudes is not easy. These merchants come from different ethnicities, different characteristics…our responsibility is to merge these differences so they can align with our goals… for instance, assuring these merchants about the importance of placing the similar products in one zone is also difficult…"* (MJ1).

As Indonesia's capital city, Jakarta attracts many people from villages and other smaller cities throughout Indonesia, who expect a better life. It explains why the people in Jakarta comprise many different ethnicities. It makes even *Betawinese,* the indigenous ethnicity of Jakarta, not the majority ethnicity in their homeland (Arifin *et al.*, 2015). Therefore, it is common to see multi-ethnic workers in offices, specifically in *pasar*, either as merchants or customers.

However, having cultural diversity in a workplace tends to trigger interpersonal conflicts among the personnel (Martin, 2014). These merchants also come from different educational backgrounds, social statuses and ages, making it even more difficult for managers to cooperate and comply with the regulations. This denotes why the managers face difficulty in harmonising the relationships among the merchants in *pasar*.

The above responses imply that the managers are meeting the financial and social missions of *pasar* and face critical issues that arise in *pasar*. First is the need to transform the mental attitudes of merchants who insist on maintaining the old-fashioned way of offering their stall products. Second is the urge to make the merchants understand the significance of the appearance of *pasar*, such as stalls arrangement and cleanliness of the floors. Third is the effort to change the acute perception of *pasar* in society.

The description above indicates the many tasks that managers must fulfil and the challenges embedded in the missions. It also illustrates the relationship between the actors (managers) and the forum (the stakeholders). It means that the managers are accountable to the forum because of the nature of the relationship's obligations (Bovens, 2007). In other words, the managers can be called to account vertically or horizontally, depending on the nature of the obligations (Bovens, 2007; Luhrmann, Marquardt and Mechkova, 2017). For instance, the managers' duties to submit financial reports should be vertical, to their superior, i.e. the government. On the other hand, keeping business sustainable for the merchants and making *pasar* a convenient shopping place for the customers are necessary for the managers to meet the horizontal demands.

The descriptions above specify the many demands that the managers must meet. The demands include training for the merchants, price stability, submission of various reports, and profit. As the 'accountability for what' has been identified, the researcher argues here that it is also necessary to understand 'to whom the managers of *pasar* should be responsible' (Bovens, 2007; Fowler and Cordery, 2015; Kurland, 2017).

It is evident in this context that the managers are the actors who will take responsibility. In other words, the managers of *pasar* are the people who are held accountable for something (Hagbjer *et al.*, 2017). However, it is also crucial to identify to which internal and external groups or organisations the managers are accountable (Thynne, 1994; Grossi and Thomasson, 2011). In other words, it is significant to identify the stakeholders of *pasar* so that the managers know to whom they must answer for their actions.

Therefore, the researcher asked the participants regarding to whom the managers are accountable. (AW3). Respondent DJ described the stakeholders of *pasar* as follows:

> *"We have many stakeholders… The government of Jakarta is absolutely 100%; specifically, it is the Division of Foods, Utilities, Marketing and Industry of the government of Jakarta. Those two bureaus are closely linked to pasar… Other than that, there is also one bureau, the Economics Bureau, at the provincial level, that supervises our activities. They are the representatives of the Governor of Jakarta.… and there is another one, the Food Resilience Division of Province of Jakarta. The third bureau works together with us in ensuring the price stability in pasar…"* (DJ).

Sharing the same thought, respondent MJ1 believed that the stakeholders of *pasar* are mainly the governmental units.

> *"…in general, our stakeholders are the governmental institutions. That includes the head of the sub-district, head of the districts, and the Mayor of North Jakarta. We must communicate and coordinate with many others. Regarding the economics, we work together with the Food Resilience Division..."* (MJ1).

The similar responses from both respondents DJ and MJ1 imply how the managers see the government's dominance over *pasar*. They also set the government as the primary stakeholder, whose roles determine the continuation of *pasar* in the retail business (Clarkson, 1995). Consequently, if the government decides to end the support, it can end *pasar's* ability to operate.

In contrast, the following direct quotes by respondent MJ2 exemplify a different opinion on stakeholders of *pasar*:

> *"…a cooperative which is managed by the merchants..."* (MJ2).

According to respondent MJ2, a cooperative in *pasar* has been formed by the merchants as a group community to gather aspirations, complaints or other matters from individual merchants who are unwilling to speak up to the manager and staff. This cooperative engages actively with the manager and staffs, which, according to respondent MJ2, makes their presence crucial in *pasar*.

The managers' views regarding the stakeholders of *pasar* can be summarised as follows. Respondent DJ and MJ1 believed that the government is the key and foremost stakeholder of *pasar*. On the other hand, respondent MJ2 believed that the merchants were the stakeholders of *pasar*. The difference is argued here due to the intense interaction between the managers and the stakeholders.

As the Operational Director of *PD Pasar Jaya* Jakarta, Respondent DJ does not interact directly with the merchants and customers. His responsibility is to supervise 151 *pasar* in Jakarta and coordinate with many governmental units that relate to the activities of *pasar*. This explains why the government was said to be a stakeholder. The response is similar to respondent MJ1's, who interacts intensively with the governmental units, claiming that the government is the stakeholder of *pasar*. Alternatively, respondent MJ2 who communicates actively with the merchants, believed that the stakeholder of *pasar* is, indeed, the merchants. Despite the different responses, the government and the merchants are the main groups undeniably important to *pasar*.

The governmental units were also asked the same question, to see whom they view as the stakeholders of *pasar*. Respondent GJ1 and GJ3 shared the same thoughts, stating that the governmental units are the stakeholders of *pasar*.

According to Respondent GJ1:

> *"the closest one is the economics bureau. The bureau is responsible for making and issuing policies on pasar and modern markets… then also the Foods Resilience Division that is responsible for making sure that the price is stable."* (GJ1).

While respondent GJ3 said:

> *"PD Pasar has many stakeholders. Most of them are governmental units. It depends on the responsibilities. For instance, if it is related to the price's stability, they will cooperate with us. There is also the Economics bureau… However, pasar are mainly related to the Division of Foods, Utilities, Marketing and Industry".* (GJ3).

The answers from the two respondents (GJ1, GJ3) above once again verified governments' dominant roles over *pasar*. To some extent, merchants are also related to *pasar*, making them important. As respondent GJ2 said:

> *"The Governor is the stakeholder, because the Governor owns pasar… Well, of course, along with the governmental units, merchants also are the stakeholders. Even some of the parliament members are representative of the merchants."* (GJ2).

In conclusion, the various responses above answer the problem of identifying 'to whom the managers of *pasar* should be responsible'. In other words, based on the participants' responses, the managers are accountable to the government and the merchants.

The responses to 'who are the stakeholders of *pasar*' indicate the managers' reason to be accountable. According to Bovens (2007), the reason managers are accountable is the nature of the obligation embedded in the relationship. In the context of *pasar* in Jakarta, the managers are accountable to the government and merchants.

The managers are in a vertical relationship with the government, signifying how they are accountable. According to Christensen and Ebrahim (2006), vertical accountability designates where demands come from the actors, e.g. the government, who are hierarchically above the agent, i.e. the managers. In the context of *pasar*, the government demands that the managers generate profit. Also, they require the managers to submit reports, i.e. audit reports and activities reports, on a timely basis. These obligations indicate the many responsibilities toward the government that it requires the managers to fulfil.

On the other hand, the managers have also formed a relationship with the merchants. As the respondents (GJ2, MJ2) mentioned, merchants are the stakeholders of *pasar*; therefore, merchants can affect or be affected by any decision made in *pasar*. Merchants pay some amount of money to obtain the right to sell their products in a stall (or stalls). Thus, these merchants have expectations in return. Some examples are the convenient facilities available in *pasar*, many customers coming to *pasar* and complaints are solved immediately. In this case, managers and merchants are bonded in a contractual agreement that both parties must fulfil.

However, the contract between managers and merchants is beyond a mutual business agreement. It is more like a relationship between the public and a government. Merchants have long perceived *pasar* as one of the governmental units that serve the public; in this case, merchants are part of the public.

As part of the public, merchants own the right to receive the best service possible from the government. As the managers are seen as representatives of the government, unsatisfied services performed in *pasar* lead to negative impressions. This is one of the reasons that supervisory boards are placed in *pasar* (DJ, GJ1). These supervisory boards assist the managers in meeting the *pasar*'s objectives and making sure that the activities in *pasar* follow the regulations and decrees.

However, the form of the relationship established between managers and merchants differs from how managers communicate with the government. It is not a hierarchical form of relationship where the managers must obey the merchants. It is based on the principle of ownership, where *pasar* must serve the public, i.e. merchants, due to its legal status as a locally owned enterprise that uses public funds. Consequently, the managers are accountable horizontally with the merchants (Mulgan, 2003; Schillemans, 2011).

The relationships built vertically between the managers and the government and horizontally with the merchants make the managers account for their decisions and actions (Bovens, 2007; Luhrmann, Marquardt and Mechkova, 2017). Dealing with multiple stakeholders with different demands is another challenge the managers face. However, the extent to which these challenges diminish managers' capability to satisfy multiple stakeholder demands (RQ1) needs further analysis.

As explained above, the managers are accountable to a different group of stakeholders. First, the managers must fulfil the government's demands, such as making a profit out of *pasar* and submitting several reports (financial and activities) related to *pasar*. To investigate how the managers fulfil these demands, the researcher interviewed those respondents.

According to respondent GJ1, the government assigns independent supervisory boards, whose roles are to advise and make recommendations for any policies and directions from the managers of *PD Pasar Jaya*, to ensure that the managers can meet both targets, financial and social. As respondent GJ1 said:

> *"… So, there is one board in the structure of PD Pasar Jaya, that is the supervisory board. This supervisory board monitors managers' policies. So, if the managers want to make any strategic decisions, at least they have to inform and consult with the supervisory board…"* (GJ1).

Furthermore, respondent GJ1 described the extensive roles of the supervisory boards in *pasar*.

> *"... So, we evaluate and monitor the managers' performance every quarter… when each quarter ends, the managers have to submit a quarterly report to the governor via the supervisory boards. Supervisory board, with help from a team, including government auditors and economics bureau, performs an audit of their quarterly financial report. At least we know their progress and whether they have any concerns in achieving the target…"* (GJ1).

> *"…the government has placed a huge amount of money to finance the activities in pasar. It includes financing the projects to revitalise some of the old buildings of pasar. Thus, we call the managers every quarter to see the progress… We also call the managers for an account if the targets cannot be fulfilled"* (GJ1).

The responses above imply that the government had a few reasons to place supervisory boards in *pasar*. First, merchants see *pasar* as representative of the government. Consequently, the decisions and actions made in *pasar* are perceived as the act of the government. Therefore, these supervisory boards demand that the managers consult with them before a decision is made.

Second, the government used public funds taken from the state budget to support the establishment of *pasar*. Consequently, the government demands full accountability from the managers to ensure that these public funds are spent prudently. Therefore, the government assigns supervisory boards with the responsibility to monitor *pasar* financial activities and ensure that relevant reports, i.e. audit and budget reports, are submitted to the government on a timely basis.

In order to see if managers had fulfilled the government's demands successfully, the researcher managed to obtain an explanation from the respondent. According to respondent GJ1:

> *"…at present, there were no exact amount of how many per cent should pasar share their profit with the state budget. Also, the Key Performance Indicator*

(KPI) was just created in 2016; thus, at present, it cannot be effectively used to assess the performance of the managers". (GJ1).

Although the KPI at the time of this research fieldwork was absent, the managers are believed to be performing well in meeting the government's accountability demands. Submitting the numerous reports occurs regularly, and the supervisory board monitors the progress frequently.

However, regarding the profit, the researcher could not obtain information on how much profit *pasar* earned yearly, as the information that both managers and the government officials provide is not published. Thus, it cannot be determined whether *pasar* were able to share any profit with the state budget.

In *pasar*, the managers are not solely accountable to their government as their superiors at the vertical level; merchants demand the same satisfaction at the horizontal level. The demands from the merchants include making *pasar* a convenient place for selling their products.

To learn how convenient *pasar* are, the researcher interviewed managers, government and merchants, to discover whether they were satisfied with both tangible and intangible services in *pasar*. Also, questionnaires were distributed to the merchants to capture their perceptions regarding the services in *pasar* (see Chapter 7). This question arises because making *pasar* a convenient place is the 'accountable for what' aspect of what binds the managers.

The following responses below signify how the respondents described their satisfaction (or complaints) about the tangible and intangible services in *pasar*.

"Of course, there are lots of complaints… Mostly they are about the physical structure of pasar… the physical structure of the buildings in pasar is not that good. Only 51% of pasar are in good condition. Those remaining are not in good

shape. It means that there are only 79 of 151 pasar that are appropriate in Jakarta region…" (DJ).

"… I have received some complaints from customers relating to the unavailability of products in pasar or related to the short open hours of pasar… Merchants have also complained about the diminishing of customers in pasar…" (MJ1).

"… mostly about the facilities in pasar…" (MJ2).

"…We often receive complaints regarding the operational activities of PD Pasar Jaya from the people, the merchants and from mass media…" (GJ1).

"…Very often. Normally the merchants complain directly to the Governor. And then the Governor informs us regarding the complaints. We will try to accommodate the complaints as long as we comply with the regulations…" (GJ2).

"…The complaints normally concern the prices of certain products... Merchants are furious with the prices of some products, which have increased..." (GJ3).

"…So many complaints about pasar. First is about the lack of clean water facilities available in pasar. Second is about the violation of non-smoking policy in the area of pasar. Third is about the absence of safety from theft, as my son's vehicle was stolen in the parking area. Fourth is about undisciplined attitudes of other merchants regarding the arrangement of the stalls, and fifth is about the lack of care among the merchants ..." (MCJ1).

"…Mostly about the garbage problem…" (MCJ2).

"…mainly about the facilities, such as the lights that were off, the entrance to pasar, and the air conditioner that was not cold enough…" (MCJ4).

The responses above indicate that making *pasar* a convenient place, the specifics of 'for what the managers are accountable', has not been fulfilled successfully. In other words, meeting the horizontal demands have not been achieved in as satisfying a manner as fulfilling the vertical demands. Even though having supervisory boards in *pasar* can help the managers meet the government's expectations, at the same time, the involvement of supervisory boards can also make the decision-making process in *pasar* slower (Massaro, Dumay and Garlatti, 2015) because significant decisions or actions, e.g. refurbishing or replacing the current facilities in *pasar*, require supervisory-board approval.

This process indicates that a hierarchical system is still practised in *pasar*, where decision-making cannot occur solely at the lower level. According to Bovens (2005), a hierarchical system is commonly found in a public-sector organisation because of the bureaucratic nature of the sector (Goodin, 2003). Thus, supervisory boards' role can increase the managers' complexity in attempting to meet the missions of *pasar,* both vertically and horizontally and, this thesis argues that it can reduce managers' capabilities in meeting the multiple demands of accountability.

6.2.2 The case of *pasar* in Bandung

Bandung is the capital city of West Java Province. It is roughly 95.5 miles, or around 2 hours and 50 minutes of driving to reach Bandung from Jakarta. It had approximately 2.5 million people in 2019, representing roughly 5 per cent of the total population in West Java province and 0.9 per cent of Indonesia's total population (Bandung Statistics Bureau, 2020). The West Java Province had 49.3 million people in 2019, making it the most populous province (roughly 18.5 per cent of the total population) in Indonesia (West Java Province Statistics Bureau, 2020).

Sunda is the original ethnicity in Bandung and West Java Province and remains the leading ethnicity in the cities and regencies of West Java Province at 71.9 per cent, followed by the ethnic Java with 13.3 per cent and Betawi at 6.2 per cent (Pitoyo and Triwahyudi, 2017). Although the three main ethnicities in West Java Province (Java, Sunda and Betawi) are similar to Jakarta, the dominance of Sunda in the region signifies the population's homogeneous characteristics.

The difference in characteristics of ethnic dominance between Jakarta and Bandung appear here to offer more breadth and depth for the multiple cases of *pasar* under examination. Therefore, choosing Bandung as a case study to compare to Jakarta for a cross-case analysis is appropriate.

The respondents in Bandung received similar questions to those in Jakarta. The aim was to see whether the two cities' respondents share the same thoughts on particular issues that arise in *pasar*. In the beginning, the managers were asked for their understanding of the goals of *pasar* (AW1), to explore for what the managers are accountable (see Subsection 5.6.1.1.3). The first respondent was the General Manager of *PD Pasar Bermartabat* Bandung (DB). He said:

> *"… the goals of pasar are to serve the public in Bandung city. Also, pasar should share its profit with the city's budget, which is different from the general revenues obtained from the taxes…"* (DB).

Managers of *pasar* Cihapit (MB2) and Andir (MB3) echoed a similar response, stating that the aims of *pasar* are profit (financial) and society (social).

> *"There are many purposes of pasar. For commercial purposes, of course, we look for profit by managing pasar. As for its social function, it is a place where sellers and buyers meet when they do transactions…"* (MB2).

> *"The regulation of the local government states that we serve as best as possible by providing service for the community in terms of providing daily needs such as food… it is our duty as PD Pasar, as mandated by the municipality, to accompany, to develop, and now, to share the profit of pasar with the city's revenue…"* (MB3).

These responses are similar to the answers from the managers of *pasar* in Jakarta (see Subsection 6.2.1). They imply that the locally owned enterprises in each region that manage *pasar* have the same objectives.

However, the manager of *pasar* Kosambi (MB1) viewed the matter differently. He said that the establishment of *pasar* is mainly intended to serve the community (social) rather than to aim at a profit (financial).

> *"Well, pasar Kosambi has been here since a long time ago. The people living nearby need pasar. So, it is more for the service of the economy of the people… it is mostly for social function, not profit"* (MB1).

All in all, it can be said that all manager participants in Bandung agreed that the social functions of *pasar* is more dominant than their financial goals. They claimed that the establishment and presence of *pasar* are mainly to serve the community. The similar tone of the primary goals of *pasar* mentioned above signifies how the public commonly perceive *pasar*. This is because *pasar* have a long history of people being able to get products at a bargained price in a sociable environment (see Chapter 2, Section 2.4). This tradition has run for centuries and still exists.

However, since the emergence of modern markets, i.e. supermarkets, hypermarkets, shopping malls in the 1990s', *pasar* have started to adapt by transforming their functions, to not only serve the society (social) but also to make money out of it (profit). It means that at present, financial and social purposes are embedded in the characteristics of *pasar*. In other words, the managers are challenged to meet the demand to make a profit out of *pasar* and, at the same time, to fulfil the social needs of the public. The many but different demands denote how the managers are held accountable to diverse stakeholders. However, the dual goals of *pasar* are complementary rather than contradictory.

Next, the managers were questioned regarding their responsibilities (AW3), to explore how the managers' responsibilities can meet the dual missions of *pasar*, ideally balanced and successful.

Respondent MB1 explained his responsibilities:

> *"To coordinate the work among the merchants, accommodate what the merchants want and pass their demands to pasar headquarters, create a safe environment and order among the merchants. Making pasar a comfortable place for the consumers…"* (MB1).

The response implies that as a manager, respondent MB1 is responsible for making *pasar* convenient for merchants and customers. The level of comfort differs for the merchants and the customers. For example, the merchants' stalls are grouped based on the type of products they sell. The stalls that provide clothing are on a different floor from the stalls that provide fish and meats. Grouping the products in one area or floor is easier for the customers wanting to find the products they intend to purchase.

Also, the merchants sometimes use the alleyways to display their products (for example, pictures 2.2 and 2.3 in Chapter 2, Section 2.4). By doing so, the merchants expect customers to see, come in and buy their products. Their action, however, made the passages in *pasar* even tighter and potentially endangered everyone, in case of fire and pickpockets.

Alternatively, respondent MB2 claimed that her responsibilities are beyond the goals of *pasar*. She must handle the matters that concern both the government and the merchants.

> *"Everything. Such as maintaining the cleanliness of pasar, stalls rental payment, and extension license for renting the stalls… Other than that, it is also our responsibilities to take care of administrative parts such as coordinating with the head of the local community, district, sub-district…"* (MB2).

At present, managers must profit from *pasar*, and one of the revenue sources in *pasar* is stall rent payments. Therefore, respondent MB2, as the manager, ensures the stalls payments arrive as scheduled. Also, respondent MB2 is always available to assist the merchants who desire to obtain and extend the license for renting the stalls. She claimed that her presence in *pasar* is one of her efforts to ensure that merchants feel the convenience.

Other than that, respondent MB2 said that she regularly maintains communication and interaction with the representatives of the local communities' nearby *pasar*. The aim of building a close relationship with the surroundings is to create a safe environment for both merchants and customers, and purposely so the presence of *pasar* gains local community acceptance.

The many tasks that respondent MB2 must do imply that the managers attempt to be flexible and responsive in performing their duties (Koliba, Zia and Mills, 2011). In this case, respondent MB2 put her effort into making merchants feel comfortable and safe while doing business in *pasar*.

Alternatively, respondent MB3 said that his main concern is in the operation of *pasar*, meaning that he is responsible for maintaining the environment and making a profit from *pasar*.

> *"My responsibility is managing the building of pasar. Technically, I must make sure that cleanliness, comfort and regulations are applied in pasar respectfully. I shall also maintain the building and make profit out of the building…"* (MB3).

The three managers agreed that making *pasar* a comfortable place is a priority. However, it can also be a challenge as they have many other tasks to fulfil.

As the responsibilities must match the goals of *pasar*, the researcher argues here the necessity of capturing different views on the missions of *pasar* from the related governmental units. The aim was to confirm whether the managers and the government have a similar perception of those missions. Therefore, the governments were asked to explain the missions of *pasar*.

The first respondent, Head of Sub-Division Investment and Business Development Region of Bandung (GB1), explained that the government owns four locally owned enterprises in Bandung: the enterprise that manages the water-supply utilities; the enterprise that administers the waste-recycling services; the enterprise that runs commercial business, i.e. the bank; the local-enterprise that manages traditional indigenous markets (*pasar*), e.g. *PD Pasar Bermartabat*. These locally owned enterprises share the same goal: They must share profit with the city's budget and serve the public. As respondent GB1 said in the interview:

> *"... institutionally, the government owns four locally owned enterprises…all four, including PD Pasar Bermartabat, are obliged to provide service quality for the public and generate profit"* (GB1).

Similarly, the Head of the Sub-Division of Economics Planning and Financial Resources Region Bandung (GB2) said that *pasar* must be profitable. However, to do so, respondent GB2 argued that the managers must ensure that the services improve, especially for the merchants.

> *"At one end, pasar must be profitable, and on the other end, it must also increase its services to the public. It means that the profit must go to the owner, that is the Mayor of Bandung city. However, if the managers want to make a profit and increase the revenue generated from pasar, they need to improve their services to the merchants."* (GB2).

Merchants are the backbone and front-liners of *pasar*, one of the key income generators for *pasar*. However, *pasar* have long been perceived as all but hygienic, making them unattractive and unpleasant places to visit (Purnomo *et al.*, 2016). The negative perception downgrades *pasar's* competitiveness and triggers potential customers to choose modern markets over *pasar* (Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016; Hermawan, Ismiyati and Indarto, 2018). This situation may cause the merchants to take their business away from *pasar* and find a better market to sell their products.

The managers have responsibilities to meet the goals of *pasar*. The government has a great interest in ensuring that the managers can perform their jobs and meet their targets. Managers of *pasar* are seen as government representatives. To learn how the government supports the managers, the researcher asked the employees of the government to explain its responsibilities related to *pasar* (AW3). Respondent GB1 said that:

> *"...our division (economic division) is responsible for supervising the managers to run the business following the governments' program… as pasar aim to serve the public and to make a profit, it is our division's responsibility to make sure that the target can be fulfilled… we also need to make sure that all locally owned enterprises (including PD pasar) are in good condition, both financially and non-financially. If the financial condition is healthy, then PD Pasar can make a profit."* (GB1).

This response implies that the Mayor of Bandung assigns Sub-Division Investment and Business Development Region of Bandung to monitor all locally owned enterprises in Bandung city to meet the required targets. The roles of this sub-division differ from other divisions related to *pasar*.

For instance, the Sub-Division Economics Planning and Financial Resources is only responsible for assisting the managers of *pasar* in the planning phase, because the regular monitoring process is the responsibility of other divisions. As respondent GB2 said:

> *"… our division is a planning division, including economics planning. Pasar are one of the potential businesses… if PD Pasar needs a concept of business development and business plan, we are here to facilitate them…However, we only assist them in the early phase… whereas the implementation and all their reports are submitted to the economics division…"* (GB2).

Alternatively, the Trading Resources Division is responsible for arranging training sessions for the merchants, working together with the managers of *PD Pasar Bermartabat* to schedule regular merchant training programs. As respondent GB3 said:

> *"...we helped the management of PD Pasar Bermartabat with several activities… one of them is we provide trainings for the merchants…such as book-keeping, how to increase capital, how to make loans from the bank... monitoring the price of the groceries in pasar is also our responsibility…"* (GB3).

The three governmental units above denote how each division supports the managers, based on the manager's tasks. It is also part of their job descriptions and responsibilities to look after *pasar*.

Even though the government offers full support for the managers to achieve the many goals, the managers experience quite a few challenges (AW4). For instance, respondent DB said:

> *"We have at least two challenges… first, to contribute profit to the government. In this case, we need to be conservative... it means that we cannot do anything other than give this task to another sub-division in PD Pasar that focuses on generating profit… second, the services we provide must be satisfying. For instance, to provide a clean and safe place for the merchants…this will also be the responsibility for a specific sub-division. To coordinate these two tasks is challenging"* (DB).

The response implies that the top management has set a specific task-force unit to focus on making a profit from *pasar*. Simultaneously, ensuring a clean and safe place in *pasar* for the merchants is also an essential task that must be fulfilled. However, coordinating the two sub-divisions and fulfilling these two goals in practice is difficult. According to respondent DB, the problem was due to the many tasks that must be done at once.

On the other hand, respondent MB1 claimed that the risk of fire, leakage and theft are among the potential problems commonly happening in *pasar*. As respondent MB1 said:

> *"… the challenges that we are facing are so many… first, we are afraid of fire; thus, we often inform the merchants how to use the cooker cautiously, and we also teach them how to use the fire extinguisher. Then, the issue of leakage… Moreover, a theft problem also disturbs us as we are the ones who are responsible in pasar."* (MB1).

In this case, among the existing challenges, respondent MB1 stressed the lack of appropriate facilities and safety equipment available in *pasar*.

In *pasar* Cihapit, the manager (MB2) worried about the wide-ranging works that she must handle. As respondent MB2 said:

> *"…a lot… there are so many things to handle… the merchants do not want to be disturbed by minor issues in pasar… For instance, the merchants wanted to extend their contract to rent the stalls, so I need to provide the paperwork as soon as possible and arrange everything for them until it is done. Another problem, I was once attending a meeting in the head office; the merchants then asked where I was on that day. So, I need to inform them of my absence from pasar…It means that I have to be available all the time in pasar to solve their everyday problems…"* (MB2).

The response implies that the manager is the key person, a problem-solver who must handle all matters arising in *pasar*. Every disturbance in *pasar* will be the responsibility of the managers. A joint agreement between the merchants and managers, based on the principle of ownership, makes the managers horizontally accountable (Mulgan, 2003; Schillemans, 2011: p.390). Whenever the merchants feel uncomfortable, they can come to the manager's office and demand that problems be solved immediately.

Respondent MB3 emphasised the merchants' rights to receive excellent services from the managers as the managers fulfilling that is compulsory. However, these demands can be a challenge when the managers face difficulty satisfying them. As respondent MB3 said:

> *"... plenty of challenges… the point is in the rights and obligation. The rights for the merchants are to get clean, comfortable and quality service from us. Immediate response in administration, a clean building, safe environment for both the merchants and the customers… Therefore, one of the things that we did is to provide CCTV in pasar."* (MB3).

The three managers above explained how they face different challenges while also fulfilling the dual missions of *pasar*, profit and social. Other than the dual missions, the management of *PD Pasar Bermartabat*, who supervise 37 managers of *pasar* in Bandung, are also burdened with submitting reports to the government.

Respondent GB1 explained that the management of *PD Pasar Bermartabat* must submit an activity report (quarterly) and a budget report (yearly) to the government, the Mayor of Bandung must approve. As respondent GB1 said:

> *"…every year, they need to submit a budget report, for which we will ask the progress and achievement of the activities stated in that report…they also have a quarterly report which we will evaluate. If the quarterly target is not achieved, we will call the management and evaluate their performance…" (GB1).*

This response implies that the management of *PD Pasar Bermartabat* not only focus their tasks on achieving profit and serving society; they are also troubled by the obligations to regularly submit various reports, i.e. budget and progress reports, to the government.

The numerous tasks also indicate how 'what managers are accountable for' in Bandung is similar to Jakarta. However, to seek whether meeting the different demands had been successful in Bandung required further elaboration.

Therefore, the researcher continued the interview with the respondents, by asking them 'to whom they should be responsible' (Bovens, 2007; Fowler and

Cordery, 2015; Kurland, 2017), to investigate whether the managers know to whom they must answer for their responsibilities. The researchers also must understand whether the participants' response is similar (or different) than the respondents in Jakarta.

Respondent DB said that the stakeholders of *pasar* are merchants, government and society. As respondent DB said:

> *"first the merchants, and second the government… and the people in Bandung who experienced the transformation in Bandung…" (DB).*

The three groups of stakeholders, such as the government, merchants, and customers, mentioned above are those whom Freeman (1984: p.46) defined as 'any group or individual that can affect or is affected by the achievement of the organization's objectives'.

The government, via the governors, mayors or regents, is the owner of *pasar*. The 100-per cent public funds used to establish and operate *pasar* makes the government accountable to the public. Consequently, what happens in *pasar* makes the government responsible. As the sole owner of *pasar*, the government acts as the shareholder and as the key stakeholder. The presence and continuation of the business in *pasar* becomes their great concern.

Besides the government and merchants, respondent DB also mentioned customers as stakeholders. On this point, the response differs from the case of *pasar* in Jakarta. The respondents in Jakarta tended to accentuate the roles of Government (see the responses from DJ, MJ1, GJ1, GJ2 and GJ3 in Subsection 6.2.1) and merchant (see a response from MJ2 in Subsection 6.2.1) as key stakeholders. Strikingly, none of these respondents mentioned customers as being significant stakeholder of *pasar*.

These divergent responses can be explained by the distinct role of customers in *pasar*, as compared to that of merchants. Merchants pay taxes to the government and, at the same time, pay the managers service charges and rent for the stalls in *pasar*. Also, by agreement managers pay a visit to the same merchants every day in *pasar*. On the other hand, besides paying tax to the government, customers do not have any obligation to pay any managers' fees.

Customers may only visit *pasar* less than four times in a month in Bandung (see Chapter 7 Subsection 7.2.2) or can visit more than four times in a month in some *pasar*, for example as seen in Jakarta (see Chapter 7 Subsection 7.2.1). In other words, there is a different degree and intensity of interaction between managers, compared to the government and merchants, and to managers and the customers. These differences may influence the ways in which the respondents understand the stakeholders.

Despite these differences in responses, having customers in *pasar* either in Jakarta or Bandung, ideally in large numbers, means good potential revenues for the merchants. Therefore, making *pasar* a convenient place for customers means encouraging more merchants to stay, generating more profit to *pasar* and, finally, sharing the desired profit with the state budget.

Meanwhile, respondent MB1 emphasised government, specifically the trading division, law enforcement (police officers) and society, explaining that the trading division of the government of Bandung regularly visits *pasar* and frequently monitors price stability. Respondent MB1 said:

> *"... trading division, law enforcement. If a theft happened in pasar, we would coordinate with the police officers... we also cooperate with trading division regarding the issues on the price... because some of the groceries' prices in pasar have increased...definitely with the society" (MB1).*

In this case, respondent MB1 specifies the dominant role of government in *pasar*. The trading division and law enforcement represent the government as the stakeholder. At the same time, the increased prices of the groceries in *pasar* mainly affect the customers, whom respondent MB1 referred to as 'the society'. Thus, respondent MB1 considered only two groups, i.e. government and society, as stakeholders of *pasar*.

Similarly, respondent MB2 classified the stakeholders of *pasar* into two main groups, the governmental units and society. Respondent MB2 claimed that *pasar* provide everyday groceries and fresh products to the community; thus, their presence is essential. Also, respondent MB2 mentioned several governmental units that cooperate with *pasar*, including the trading division, the economics division, and law enforcement.

> *"… governmental units and society… the society needs pasar* because *pasar offer daily necessities. There are so many activities in pasar that relate with governmental units, such as trading division, economics division, law enforcement… and we also collaborate with a governmental unit which is responsible for recycling garbage..." (MB2).*

According to respondent MB3, the merchants are the main stakeholders of *pasar*. A merchant association commonly refers to a group of merchants who unite for joint action (Kohn, 2003), where merchants can gather to share their expectations, complaints or other urgent matters, especially individual merchants who are not keen to speak up to the manager and staff. Thus, a big organisation like *pasar* requires the existence of this association.

> *"We have what we call a 'paguyuban' (an association) here. This 'paguyuban' can accommodate the merchants… Other stakeholders are those who have an interest outside of this market….no governmental units as our stakeholders… we report directly to PD Pasar" (MB3).*

At the same time, respondent MB3 denied that governmental units are stakeholders of *pasar*. He said that communications and interactions go directly to the management of *PD Pasar* Bermartabat as a locally owned enterprise that supervises 37 *pasar* in Bandung, instead of to the government. Thus, respondent MB3 believed that he is accountable to the management of *PD Pasar* Bermartabat, not to the government.

The governmental units were also questioned about whom they consider as stakeholders of *pasar*. According to respondent GB1:

> *"When it relates to budget, PD Pasar communicates with us… the stakeholder is mainly in the economics division. Well, there are other divisions too, but their roles are not as significant as ours."* (GB1).

The response above signifies the substantial role of Sub-Division Investment and Business Development in supervising and controlling *pasar*. It also implies how financial matters related to *pasar*, e.g. budget, are controlled and must be discussed with this division.

With a similar tone, respondent GB2 said that the Mayor of Bandung, with the relevant governmental units, is the primary stakeholder of *pasar*. This is due to the 100-per cent government financial support of *pasar* operational activities.

> *"The ones that have great concern for pasar are, of course, the owner (mayor of Bandung). Then, the merchants… I think the members of parliament are also included. PD Pasar relates to the members of parliament in terms of the budgeting approval process... The government still subsidises the operational activities in pasar. Thus, it needs the approval from the parliament".* (GB2).

Respondent GB2 mentioned members of parliament and merchants as the stakeholders of *pasar*, with parliament members' relevant due to their role in agreeing (or refusing) *pasar* budgets.

In Indonesia, governors and mayors are elected through a democratic mechanism where winners are those who obtain the largest vote of the people. Citizens vote for a chosen representative, i.e. governor or mayor, to take responsibility and use public resources (funds) to serve the society (Jorge de Jesus and Eirado, 2012; Almquist *et al.*, 2013). Simultaneously, citizens also select their representatives in the parliament to monitor whether their taxes are spent appropriately by elected governors or mayors. Therefore, when *pasar*, which rely on the public budget, do not satisfy the public, the government is blamed.

This situation signifies how political components and stakeholders with different interests and substantial control over such organisations as *pasar* still control them (Boyne, 2002; Mimba, Van Helden and Tillema, 2007). In addition, it legitimises the influence of political actors in the decision-making process in *pasar*. Thus, *pasar* are similar to public-sector organisations, prone to instability because of political changes in each election, which may influence organisations' functioning (Bozeman, 1987).

The merchants, whom respondent GB2 said are undeniably the stakeholders of *pasar*, are income generators for them. Their presence means that business in *pasar* is still active. Thus, making *pasar* comfortable for merchants' activities is essential.

Respondent GB3 identified the stakeholders of *pasar*:

> *"There are plenty of stakeholders… one of them is the Foods Resilience division. Their division is responsible for coordinating with the managers of pasar to ensure that the prices are stable and the distribution of the products to pasar is normal… whereas our division is related to pasar because we assist the managers in providing training for the merchants."* (GB3).

Summarising the various responses above indicates that the stakeholders of *pasar* are government, merchants, customers and parliament members. These answers differ from the stakeholders mentioned in the case of *pasar* in Jakarta, which include mainly government and merchants. Despite the difference, government and merchants are indeed primary stakeholders of *pasar* because their presence is crucial to the continuation of *pasar* (Clarkson, 1995).

However, the researcher argues that customers are also significant for the existence of *pasar* because the money they spend in *pasar* affects the livelihood of the merchants. Therefore, customers were among the stakeholders of *pasar* whom the researcher interviewed in this research, giving them a questionnaire with which to participate.

Despite their significant role in approving *pasar* budgets, the researcher did not consider parliament members as primary stakeholders of *pasar*, due to their minimum interaction with the management of *PD Pasar Bermartabat* Bandung, which reports directly to the Mayor of Bandung via Sub-Division Investment and Business Development, not to parliament members.

In conclusion, based on the participants' responses concerning *pasar* in Bandung, the managers are accountable to the government, merchants and customers. These responses also signify 'to whom the managers of *pasar* should be responsible' and 'the reason why the managers are accountable'.

Like Jakarta, managers of *pasar* in Bandung build a vertical relationship with the government and a horizontal relationship with merchants and customers. The difference between the two cities is only in terms of acknowledging customers as stakeholders.

Despite the difference, managers of *pasar* in Bandung also face challenges from multiple stakeholders with different demands. Therefore, the researcher continued interviewing the participants to understand how far these challenges diminish managers' capability to satisfy the multiple demands of stakeholders (RQ1).

As the government supports the *pasar*, it assigns independent supervisory boards to supervise and monitor the activities in the *pasar*. Respondent GB1 said:

> *"Basically, any actions made in pasar must receive approvals from the supervisory boards. Some decisions need the mayor's approval… the decree explains the responsibilities of the supervisory boards."* (GB1).

The supervisory boards' role also includes supervising the *pasar* business plan and monitoring the budgets, to see whether the managers are implementing the business plan accordingly.

> *"… because the government has representatives in pasar (supervisory boards). The supervisory boards control the budget, business plan, and the implementations of those plans… if there is no supervision from the supervisory boards or representatives from the government, the managers of pasar will act for their own interest."* (GB2)

The responses implicitly indicate why supervisory boards must be placed in *pasar*; they are how the government is accountable to the public. Having supervisory boards in *pasar* in Bandung city represents the model for government managing *pasar* in every region throughout Indonesia.

Although financial statements were not provided during the fieldwork research activities in Bandung, the scheduled monitoring process and continuous supervision in *pasar* are arguably successful. In other words, the managers had met the vertical-stakeholder demands. However, to explore how the horizontal-stakeholder demands had been met, the researcher interviewed managers, government, merchants and customers, to explore whether they were satisfied with tangible and intangible services in *pasar*. Also, questionnaires were distributed to the merchants and customers in

Bandung, to capture their perceptions regarding the services in *pasar* (see Chapter 7). This question aimed to explore whether 'accountability for what' was fulfilled for both vertical and horizontal stakeholders. The following responses specify how the respondents described their satisfaction (or complaints) about the services in *pasar*.

> *"...so far, we have not received any complaints from the government… however, complaints from merchants are mostly on the facilities and infrastructure of pasar…"* (DB).

> *"Yes, there are complaints from merchants and customers. They complain mostly about the facilities… There are some leakages from the roofs …"* (MB1).

> *"...lot of complaints. There was a complaint published in a newspaper… well, the complaints mostly on the administrative, and also the cleanliness of the facilities, especially during the rainy season…"* (MB2).

> *"...very often. Mostly on the facilities in pasar. They paid tax and service charges to us. It is reasonable if they want convenient facilities in return…"* (MB3).

> *"...for any concerns, we treated complaints from the merchants or society case by case. If the issues are about technical matters in pasar, we encourage the management of pasar to solve the problem themselves, but if the complaint is about the regulations, then we will communicate with the relevant governmental units…"* (GB1).

> *"...we often receive complaints… for instance, when there was a plan to modernise one of the pasar… there was also a complaint when the prices in pasar went up. Well, they complained to the Mayor, but then the Mayor assigned our division to confirm the issue."* (GB3).

> *"...yes, I had. First, it is about the safety of the place. Second, it is about the entrance access to pasar… I had reported the two issues to the manager, but there were no further actions"* (MCB2).

> *"...very often, but the response was too slow, too bureaucratic. The managers needed to inform the relevant unit in pasar's head office. Then, the issue needed to be discussed in a meeting. After the meeting, a decision is made, and we will be informed about the result. It is just too long for us to wait"* (MCB3).

The various responses indicate that making *pasar* convenient places—'for what are the managers accountable' aspect—had not been fulfilled. The numerous complaints mentioned above also show how *pasar* in both cities, Bandung and Jakarta, face a similar issue: lack of appropriate facilities. The negative perception of *pasar* has not improved significantly.

The aim of having supervisory boards is basically to help managers meet the goals of *pasar*. However, at the same time, the involvement of supervisory boards can also slow the decision-making process in *pasar* (Massaro, Dumay and Garlatti, 2015) because managers must obtain approval from the supervisory boards when significant decisions or actions should occur.

Therefore, supervisor boards' role can add to the complexity of the managers fulfilling the missions of *pasar*, both vertically and horizontally. Their intervention can reduce managers' capabilities to meet the multiple demands of accountability.

6.3 The challenges to meeting accountability demands

The findings from the cases of *pasar* in both Jakarta and Bandung indicate the multiple demands (see Figure 6.1), and the forms of accountability (see Figure 6.2) that currently apply in *pasar*, thereby emphasising the key challenges that *pasar* managers are facing today. The findings also exposed their limits in meeting the multiple demands.

The government assigns the managers to administer *pasar*, selecting them based on their expertise and experience (source: interview with respondents DJ and DB). For instance, the current Operational Director of *PD Pasar Jaya* Jakarta (DJ) previously had 15 years of experience in modern retailing. The general manager of *PD Pasar Bermartabat* Bandung (DB) spent 20 years working in the private sector. This means that the government had taken the matter of transforming *pasar* seriously, by assigning these professionals. Consequently, these managers are expected to perform their job in the best possible way to achieve the goals of *pasar*.

Pasar managers perform numerous tasks. However, the responsibility to serve the public is their priority. All participants from both cities stated that as the main goal of *pasar*, meaning that the prices of the specified products, i.e. groceries, must remain low and affordable for the public. If a person is interested in buying a product at a bargained price, *pasar* can provide one. This is how society has perceived *pasar* for over ten centuries. The purpose of maintaining price stability specifies the social mission commonly embedded in a hybrid organisation’s identity (Santos, 2012).

Price increases in *pasar* will affect the public, i.e. the customers, so the government regularly observes *pasar* to ensure that prices remain stable (GJ1, GJ2, GJ3, GB3, DJ, MJ1, MB1). The government works with the managers to keep updated on price fluctuation (DJ, MJ1). Through their involvement, the government shows its accountability to the public.

The managers of *pasar* also face the merchants as stakeholders whose needs they must fulfil. Approximately 2.5 million merchants were available in 14,182 *pasar* in 2018 (Statistics *on Pasar and Modern Markets*, 2018), whose income the emerging modern markets threaten. The presence of modern markets, e.g. hypermarkets and supermarkets, since the 1990s (Reardon *et al.*, 2003) has given the customers an alternative place to shop for necessities.

Modern markets offer a better atmosphere for shopping, better service quality and a clean environment, different from *pasar* (Purnomo *et al.*, 2016; Najib and Sosianika, 2017). Modern markets also provide a cashless basis for transactions, i.e.

an Electronic Data Capture (EDC) Machine (known as a card-swipe machine), and an online shopping mode not commonly found in *pasar*. The usage of technology and an efficient means of completing a transaction have changed indigenous ways of shopping to the modern markets' new, effective shopping methods, with the government's revised regulations and the decrees to prevent the merchants from suffering a significant loss of business and starting to abandon *pasar*. Therefore, providing relevant training for the merchants has become one of the managers' responsibilities (DJ, MJ2, GB2, GB3).

However, changing the mindset of the merchants is difficult (MJ1, MJ2, GB3). Merchants arguably ignorant regarding adopting technology for managing their business (MJ2). They also neglect the importance of grouping similar products in one area ('zoning') in *pasar* (MJ1). Even worse, they refused to attend some training sessions the government provided (GB3).

These attitudes are among the challenges facing the managers, which must be solved because the managers are professionally accountable for performing such tasks in *pasar*. The managers must combine their expertise, abilities, adaptability and responsiveness to be professionally accountable for performing their duties (Koliba, Zia and Mills, 2011).

On the other hand, the managers also face a typical issue arising in *pasar,* the perception of *pasar* as unhygienic, murky and stuffy, which has existed for generations. Most participants said that *pasar* have received numerous complaints, mainly about the facilities (DJ, GJ1, GJ2, MJ2, DB, GB1, MB1, MB2, and MB3). For instance, 49 per cent of *pasar* in Jakarta have severe physical problems (DJ). Some leakages from roofs (MB1) and a few water-soaked floors during the rainy season

(MB2) were still commonly found in *pasar* in Bandung. These conditions increased doubts about whether the managers have taken considerable actions to make *pasar* convenient places for both the merchants and the customers.

Prior studies found that the image of *pasar* being dirty (Purnomo *et al.*, 2016) causes younger generations to choose modern markets over *pasar* (Prabowo and Rahadi, 2015). Hypermarkets, supermarkets and mini-markets present a better environment and atmosphere for shopping, providing customers with diverse and high-quality products (Reardon and Gulati, 2008). Since the modern markets surfaced rapidly in the early 2000s in Indonesia (Reardon, Timmer and Minten, 2012), customers have various alternatives in choosing a place to shop. The managers in modern markets offer a clean and convenient place for shopping and provide a better-quality service, in terms of responsiveness, reliability and hospitality for both their tenants and the customers.

The government responded to modern markets by revising regulations to make *pasar* convenience one of the tasks the managers must fulfil, to meet the public demand (Said, Alam and Bin Abd Aziz, 2015). This also indicates how the government attempts to be reliable and responsive to the public, to create a positive perception (Salminen and Lehto, 2012).

However, the managers are held accountable to the merchants, the customers and the government. One of the purposes of having a locally owned enterprise in each region managing *pasar* is to administer them professionally. The government had supported the business of *pasar* since it was first established (GJ1, DJ, and GB2). A significant amount of money was taken from the state budget to finance *pasar* activities. The public funds to support *pasar* made the government accountable to the public. Therefore, to make sure that the managers make a profit from *pasar*, the government assigned supervisory boards to supervise their activities (GJ1, GB1, and GB2).

According to the respondent (GJ1), the target profit for *pasar* in Jakarta had not been set before. Even though the estimated share of the profit can be calculated, the respondent (GJ1) claimed that *pasar* could not generate a significant profit, like other locally owned enterprises. Similarly, the respondent (GB1) in Bandung stated that now, *pasar* still focus on developing business. Thus, the respondent (GB1) said that achieving a profit is not the managers' priority.

According to Ebrahim, Battilana and Mair (2014), the difficulty in achieving the profit from *pasar* in both cities is that an organisation more concerned with its social mission may experience the possibility of 'revenue drift', as its operational activities tend to be inefficient. *Pasar* managers have tasks commonly embedded in a public-service organisation, namely, to improve their ability by educating and enriching themselves with knowledge and technical skills. The managers are also obliged to ensure that certain grocery products, such as rice, spices, eggs and vegetables, follow the government prices. Consequently, the social mission affects operational efficiency in *pasar*.

The bureaucratic practices in *pasar* also amplify their complexity. The supervisory boards' assignment, the hierarchical authorisation process for significant decisions and parliament members' involvement in approving the budget reduce the managers' responsiveness in meeting the demands of the merchants and the customers.

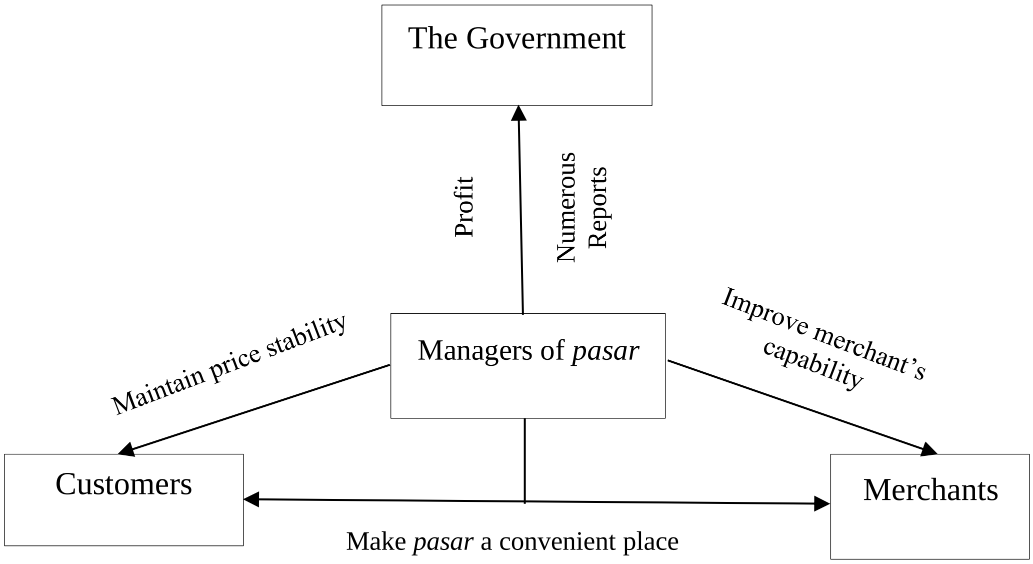
Moreover, the bureaucratic system in *pasar* signifies a hierarchical relationship between the managers and the government. As the government's subordinates, the managers are held accountable vertically to the government (Bovens, 2007; Luhrmann, Marquardt and Mechkova, 2017). Consequently, if the managers' performance is below expectations, the government can terminate the managers' contract (Mechkova, Lührmann and Lindberg, 2019). As their superior, the government can reward or punish the managers (Romzek and Dubnick, 1987).

This thesis attempts to show how managers respond to the multiple demands for accountability. The first research question (RQ1) investigates how far the challenges in *pasar* reduce managers' capabilities of satisfying multiple demands.

The discussions of the many responsibilities embedded in *pasar* indicate that challenges may jeopardise *pasar* survival and success. They also imply that the dual mission of *pasar* (i.e. profit and social) create a highly complex institutional form, *pasar* must address (and ideally satisfy) both government and business demands (Gomes and Gomes, 2008; Wood, 2010).

Also, supervisory boards in *pasar* entail both positive and negative consequences. They can help the managers meet the government's demands and limit their independence in making decisions (Massaro, Dumay and Garlatti, 2015). Thus, satisfying both vertical and horizontal demands within the limitation facing the managers is difficult, insofar as the limitations reduce the managers' capabilities of satisfying the different demands for accountability.

Figure 6.1 The multiple accountability demands[1]



6.4 Stakeholder typology analysis in *pasar*

The majority of the managers (DJ, MJ1, DB, MB1 and MB2) and all government participants (GJ1, GJ2, GJ3, GB1, GB2 and GB3) said that the government is the

[1] Stakeholders are defined as 'any group or individual who can affect or is affected by the achievement of an organisation's objectives' (Freeman, 1984). It means that *pasar* managers, governments, merchants and customers are those who are considered as *pasar* stakeholders. However, stakeholders can be divided into internal and external stakeholders, depending on their interests (see Moraru, 2012; Pinheiro, 2015). Internal stakeholders' priorities are fulfilling the mission of their organisations, while external stakeholders' priorities are making demands from their organisations.

The objective of this research is to explore how managers of hybrid organisations, like *pasar*, respond to the multiple demands of accountability. These multiple demands result from any external group or individual who can affect, or is affected by, the achievement of *pasar'* objectives. In this study, governments, merchants, and customers are those stakeholder groups who make the demands. As the *pasar* managers are responsible for meeting these various demands, they are excluded from the stakeholder group in this study.

stakeholder of *pasar*, followed by the merchants (GJ2, MJ2, GB2, DB and MB3) and the customers (DB, MB1 and MB2) (see Section 6.2). The different responses contribute to the debate around identifying who and what stakeholders are (Mitchell, Agle and Wood, 1997; Miles, 2017). The definition of a stakeholder as 'any group or individual who can affect or is affected by the achievement of an organisation's objectives' (Freeman, 1984: p.46) has never reached consensus (Mainardes, Alves and Raposo, 2011); definitions are considered too broad or too narrow (Moon and Hyun, 2009).

Identifying certain stakeholder groups and combining their various and competing interests is a fundamental issue unidentified in the initial idea of a stakeholder (Preston and Sapienza, 1990). Therefore, this thesis argues that the different responses may mislead parties to whom the managers should be accountable as managers may respond differently to different stakeholders.

Arguably, *pasar* have numerous stakeholders with different characteristics. The broad and wide-ranging scope of stakeholders implies that the managers are held accountable to the different types. Because accountability is restricted to identifying a relationship within an organisation (e.g. shareholders) and simultaneously dealing with many stakeholders (Almquist *et al.*, 2013), the large number of *pasar* stakeholders make it impossible to meet all their demands at the same time.

The findings from the cases of *pasar* in two cities specify how the hybrid mission (profit and social services) and the bureaucratic processes prevent the managers from successfully meeting vertical and horizontal accountability (see Section 6.3). However, defining 'accountability for what' is not the only challenge facing managers. Integrating conflicting interests amongst the stakeholders and deciding whose interests should come first cause another problem (accountability to whom) (Zahra *et al.*, 2009; Battilana and Dorado, 2010; Ebrahim, Battilana and Mair, 2014).

This thesis used the stakeholder salience model of Mitchell, Agle and Wood (1997), who distinguish stakeholders by the three attributes—'power', 'legitimacy', and 'urgency of claims'—to investigate how the managers perceive the multiple stakeholder claims. Based on these three attributes, Mitchell, Agle and Wood (1997) classify stakeholders into seven different groups: 'dormant', 'discretionary', 'demanding', 'dominant', 'dependent', 'dangerous', and 'definitive'. They also classified parties that do not belong to the seven groups, yet potentially could become stakeholders, as 'non-stakeholders' (see Chapter 4 Section 4.5).

This thesis aims to explore how managers respond to the multiple demands of accountability. Research Question 2 prompts investigation of whether diverse stakeholders can affect the accountability functions in *pasar*, and employing the stakeholder salience model meets the research objective of answering the question.

6.4.1 Government: The 'definitive' stakeholder

The state budget funds the establishment and some of the operational activities of *pasar* (GJ1 and GB2). Consequently, the government owns 100 per cent of *pasar* (DJ, GJ2, and GB2), and sole possession grants the government ultimate power over *pasar*. Power itself can be obtained using utilitarian, coercive or normative means (Etzioni, 1964).

'Utilitarian power' is the type of power that uses extrinsic rewards or materials to keep and transfer the power to control the recipients (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Lunenburg, 2012). The government owns financial resources and transfers a significant amount of funds from the state budget to aid the establishment and operational activities of *pasar*. Thus, funds confer 'utilitarian power' that enables the government to control and direct the managers to obey and follow the government's standards and goals.

According to Mcquarrie, Kondra and Lamertz (2013), coercive power has two components: regulatory coercion and social coercion. The government is a stakeholder who owns coercive power. As a formal and legal authority, the government possesses regulatory coercive power to set laws, regulations and decrees regarding standards for how an organisation operates. It can also make business organisations, including *pasar*, obey and fulfil the government's demand; failure to do so is an illegal act that generates sanctions or penalties (Kondra and Hinings, 1998).

In Jakarta, the economics bureau supports *pasar* by forming regulations and decrees to benefit *pasar* (GJ2). Also, if the managers intend to make new policies that affect the merchants and activities in *pasar*, they must have the policies reviewed first by the economics bureau (GJ2). Thus, the authority to set regulations and determine how *pasar* operate allows the government 'coercive power' (Mcquarrie, Kondra and Lamertz, 2013).

Social coercion is the use of power for gaining social approval or legitimacy from different stakeholders, such as the public and professionals (Mcquarrie, Kondra and Lamertz, 2013). The public sees *pasar* as representatives of the government. For social coercion to work, the government must increase and demonstrate a legitimacy that is accepted and can be seen by other stakeholders, such as the merchants and the customers. Thus, the government assigns supervisory boards in *pasar* to ensure that the managers can meet the public's demands (GJ1, GB1 and GB2). The government employs its social coercion power to gain trust from other stakeholders.

As the authority, the government has unlimited access to the mass media, such as newspapers, television or radio. The government can use these media to influence people outside of *pasar*, i.e. the public (customers). These privileges allow the government to hold ‘normative power’ over the managers (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Majoch, Hoepner and Hebb, 2017). Therefore, the government owns the ‘power’ based on the different means of acquiring and exercising it, namely, ‘utilitarian’, ‘coercive’ and ‘normative’ means.

According to Hill and Jones (1992), ‘legitimacy’ is an exchange or contractual relationship between the stakeholders and the firms. The contract signifies the rights and obligations that bind both interest groups. At least two reasons make the government a ‘legitimate’ stakeholder for the managers of *pasar*. First, the government has invested a considerable amount of money from the state budget to support the business of *pasar* (GJ1, DJ, and GB2). The state entrusts the budget to the governor (or mayor) to use for the public’s benefits. Consequently, the money used from the state budget to finance *pasar* must be publicly disclosed and given back to the public.

Second, the government assigns the managers to run *pasar* (GJ, GB). By signing the contract, the managers agree to perform the duties and accept the sanctions if the specified obligations are not fulfilled. The relationship implies how the managers are held accountable to the government. The managers must explain their actions to the government, and they may face the consequences if they cannot give a satisfactory justification (Bovens, 2007). The relationship also specifies how the government stands as a ‘legitimate’ stakeholder for the managers.

Suchman (1995) argues that the managers’ decisions or actions should consider society’s perception outside the firms. As society sees the managers as representative of the government, the managers must be cautious in making a decision. That is one reason why the government has appointed supervisory boards in *pasar*. The government needs the managers to perform their work professionally and to meet the demands of the *pasar* missions. As a result, the government owns 'legitimacy' in dealing with the managers of *pasar*.

The government, via the supervisory board, can call for the management's immediate attention to any *pasar* issues. The supervisory boards own the power to demand explanations and answers from *pasar* managers for any decision or action. The government also possesses 'urgency', by virtue of the exclusive government ownership (100 per cent) of *pasar*, making their needs supreme priorities for *pasar* managers, for whom they are the key stakeholder.

6.4.2 Merchants: The 'dominant' stakeholder

The respondents (GJ2, MJ2, GB2, DB and MB3) identified merchants as stakeholders of *pasar* less frequently than they did the government. The managers own the rights to utilise the spaces available in *pasar* to make a profit, one of their responsibilities to fulfil and, therefore, signifies how the managers are accountable to their superiors in the government.

One way to obtain that profit is to offer the stalls available for the merchants to rent and use. The contractual business agreement made between the managers and the merchants implies that the relationship is not a superior-subordinate one, but more of an equal business partner relationship in which both shares the rights and obligations. The merchants must pay to use the stalls. In return, the merchants deserve to receive the best services from the managers. Thus, the managers see merchants as business partners, not superiors.

Stakeholders can also refer to the group of people who have a legitimate claim on the organisation (Pearce, 1982; Freeman, 1984). The business agreement between the merchants and the managers grants the merchants a legitimate claim on the managers, due to the existence of an exchange relationship (Hill and Jones, 1992).

However, merchants do not own the legal authority to form decrees (coercion power) or transfer extrinsic rewards or materials to the managers (utilitarian power). However, their association *(paguyuban)* can magnify, through the media, any issues that violate their rights in *pasar*. The ability to influence others by using the media grants the merchants ‘normative power’ (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Majoch, Hoepner and Hebb, 2017).

Also, the merchants do not own a privilege, similar to the government’s, to enjoy immediate attention from the managers. Every major decision related to *pasar* requires approval from the supervisory board. However, the supervisory board’s intense involvement in the hierarchical chain of command can cause the decision-making process to slow in *pasar*. Thus, the merchants have no ‘urgency’ to escalate a claim on the managers that depends on supervisory-board involvement.

In Indonesia’s democratic system, merchants are among the public to whom the government is accountable (Koliba, Zia and Mills, 2011). The managers are perceived as a representative of the government. Any issues that arise in *pasar* affect how merchants perceive the performance of the government. Therefore, the government expects managers to provide service quality to satisfy the merchants’ demand, to appear good among the public (Salminen and Ikola-Norrbacka, 2010).

6.4.3 Customers: The 'dormant' stakeholder

Only three respondents (DB, MB1, MB2) mentioned customers explicitly, making the customers the stakeholders of *pasar* the respondents considered least. Although the customers are not mentioned as often as the merchants and the government, their existence is essential.

The managers work together with the related governmental unit to serve the public, including the customers, by providing affordable groceries and other essential products in *pasar* and ensuring that these necessities are available at all times, so the price remains stable.

Consequently, customers can demand parliament members, their representatives, to amplify any disturbance or social issues that arise in *pasar*, due to their owning the power to impose on political decision-makers, i.e. members of parliament, for action on voters' demands (Sinclair, 1995; Lindberg, 2013). The 'normative power' that the customers posses also enables them to expose inconvenient services they experience in *pasar* through the media. The customers also own the power to complain about the services in *pasar* through an ombudsman (Law number 3, 2008).

Unlike the government and the merchants, customers have no legal, contractual relationship with *pasar* managers. Thus, they do not have the 'legitimacy' to make any claim on the managers and, thus, no authority to make managers meet their demands immediately.

This means that the customers only possess a 'power' attribute in the relationship with the managers. Even though the customers only own 'power', it is sufficient to get them counted as stakeholders. 'Power' is arguably the most fundamental and essential attribute defining a stakeholder (Jones, 1995; Parent and Deephouse, 2007; Neville, Bell and Whitwell, 2011). Having just one attribute, customers get less attention from managers (Mitchell, Agle and Wood, 1997).

6.4.4 The *pasar*-stakeholder typology

Based on the attributes possessed, the government simultaneously owns power, legitimacy and urgency to claim (see Subsection 6.4.1). The government's crucial role and intense involvement in monitoring the activities in *pasar* can overpower any issue other stakeholder groups may raise (Ahmed and Cohen, 2019). As a definitive stakeholder, the government overrides all other stakeholders for the managers' responses and actions (Mitchell, Agle and Wood, 1997).

In the findings of the cases of *pasar* in both cities referred to above (see Subsection 6.4.2), merchants possess two attributes, power and legitimacy. According to Neville, Bell and Whitwell (2011), the possession of power and legitimacy is sufficient to define and identify a stakeholder because these attributes are more critical and salient than the attribute of 'urgency'. The possession of two attributes makes merchants 'dominant' stakeholders (Mitchell, Agle and Wood, 1997).

The only attribute they possess, power (see Subsection 6.4.3), according to Neville, Bell and Whitwell (2011), is not sufficient for the customers because stakeholders who own only one attribute tend to get less attention from the managers (Mitchell, Agle and Wood, 1997).

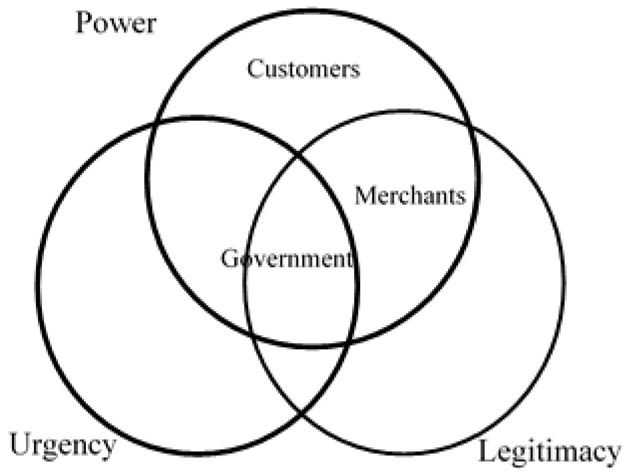
The sole power attribute that customers own, therefore, classifies them as 'dormant' stakeholders. However, customers may gain more salience if they manage to acquire legitimacy, urgency, or both; the stakeholders' attributes are dynamic and may change over time (Mitchell, Agle and Wood, 1997).

In conclusion, the government, merchants and customers have characteristics as individuals or a group. Freeman (1984) categorises them as stakeholders because they can affect or be affected by the existence of *pasar*. Their presence is also crucial to the continuation of *pasar*, so Clarkson (1995) classifies them as primary stakeholders.

Furthermore, the attributes of the three groups of stakeholders classify them differently (see Figure 6.2). The government owns all three attributes; power, legitimacy and urgency to claim, so it stands as a 'definitive' stakeholder. Therefore, the managers prioritise the government's demands. The merchants, who possess two attributes, 'power' and 'legitimacy' (making them 'dominant'), gain less attention from the managers because they do not hold the 'urgency' for making a claim on the managers. Lastly, the customers who hold only 'power' ('dormant') receive the least response from the managers. Customers' demands cannot be fulfilled at once as they do not own either 'legitimacy' or 'urgency' for making any claim on the managers.

The evidence in this thesis indicates that the managers tend to respond to the multiple demands differently and prioritise the stakeholders, based on the number of salient attributes they possessed. Different salient stakeholder attributes affect the accountability functions in *pasar* (RQ2).

Figure 6.2 *Pasar's* stakeholders typology



Source: Adapted from stakeholder salience of Mitchell, Agle and Wood (1997)

6.5 Conclusion

Chapter 6 draws together the findings and analysis based on data gathered in the semistructured interviews with managers of *pasar*, related governmental units, merchants and customers of two cities, Jakarta and Bandung. The two case studies of *pasar* present several similarities.

First, managers are obliged to serve the dual missions of *pasar*, profit and social goals. The vertical demands require managers to make a profit from *pasar* and share it with the state budget. Also, managers must submit to the government numerous reports, i.e. budget reports, audited financial reports, and activity reports, on a timely basis. Supervisory boards assigned by the governors monitor and control these processes frequently.

At the same time, managers are also accountable for satisfying horizontal demands. One of their obligations is to provide training for the merchants that aims to increase the merchants' knowledge, ability and technical skills and update them on current business matters, especially since the emergence of modern markets. Other than that, managers must ensure that the price of groceries remains stable for the customers. If there is no supply of groceries, the price tends to increase. Therefore, the managers must work together with related governmental units to ensure consistent grocery distribution to *pasar* at all times.

One of the most challenging, but demanding tasks is making *pasar* convenient places for merchants and customers. The findings of this research have exposed how most participants from both cities complain similarly about *pasar*' facilities. In some *pasar*, ethnicities trigger frictions among the merchants, and administrative and clerical demands also concern the managers.

Second, the government has placed supervisory boards in *pasar*. Their purpose is to make sure that the managers follow the government's demands and meet the required targets. However, the involvement of the supervisory boards in *pasar* makes the decision-making process time-consuming.

Despite the similarities, the managers in both cities had experienced different challenges. For instance, the Jakarta managers emphasised that changing merchants' attitudes is problematic (see Subsection 6.2.1). The need to adopt technologies in their business is critical. However, some of the merchants are resistant to change. On the other hand, the managers in Bandung claimed that the lack of modern facilities and the managers' numerous tasks were the challenges that need solving (see Subsection 6.2.2).

In conclusion, satisfying both vertical and horizontal demands within the hierarchical process that limits the independence and creativity of managers is difficult. It reduces the capabilities of managers to satisfy the different demands of accountability (RQ1).

The government finances *pasar* completely. Its sole possession of *pasar* enables the government to obtain power, legitimacy and the urgency to call on the managers for immediate attention to its claim. As their 'definitive' stakeholder, managers prioritise the government over all other stakeholders, in terms of managers' responses and actions (see Subsection 6.4.1). Alternatively, the merchants own the attributes of power and legitimacy, which grants them the status of 'dominant' stakeholder (see Subsection 6.4.2). Nonetheless, the merchants are less salient than the government, thus, unable to call the managers on urgent matters.

On the other hand, customers only hold the single attribute of 'power' in *pasar* (see Subsection 6.4.3). The 'normative' power that the customers own gives them the status of a 'dormant' stakeholder, so customers get less attention from the managers than either the merchants or the government (Mitchell, Agle and Wood, 1997).

The evidence in this thesis indicates that the managers tend to respond to the multiple demands differently and prioritise the stakeholders by the number of salient attributes they possess. Therefore, the different salient attributes of the stakeholders can affect how accountability functions in *pasar* (RQ2).

Chapter 7

Survey Responses: Findings and Analysis

7.1 Introduction

The interviews with managers of *pasar*, related governmental units, merchants and customers have revealed the numerous challenges which arise in *pasar*, such as submitting several financial and activity reports on time, generating a profit from *pasar*, and making *pasar* convenient places for merchants and customers to do business (see Chapter 6). The interviews revealed that satisfying the demands of the vertical stakeholders, (i.e., the government) can be fulfilled. The respondents claimed that the role of supervisory boards is significant in ensuring the managers meeting the demands of their superior (i.e. the government). On the other hand, the respondents claimed that the managers could not make *pasar* convenient for the merchants and customers, as many complaints have emerged.

While interviewing the respondents, the researcher, with the help from university students, conducted a survey by distributing questionnaires to the merchants and customers in Jakarta and Bandung, to capture their perceptions regarding the services in *pasar*. The aim of conducting a survey is to complement and enhance the interview results by adding a comprehensive background for the case under study.

In this chapter, the researcher elaborates the findings from the quantitative data collection, i.e. survey. The survey captures respondents' (i.e. merchants and customers in Jakarta and Bandung) demographic characteristics and perceptions of *pasar* services. Their responses complement the qualitative outcomes of meeting the research objective and answering the research questions.

7.2 Demographic characteristics

The first phase of the quantitative data collection specifies the characteristics of the 215 merchants and 195 customers who participated. Using a convenience sampling method (see Chapter 5), they were chosen for their availability and access (Elfil and Negida, 2017). The respondents had access to the two cities' (i.e. Jakarta and Bandung) five *pasar* (two in Jakarta, *pasar* Koja and *pasar* Mayestik; three in Bandung, *pasar* Kosambi, *pasar* Cihapit and *pasar* Andir).

The respondents used the first six questions to provide personal details, including gender, age, marital status, ethnicity, education and distance to *pasar.* The merchants had two additional questions on their years of experience as merchants and average monthly income from *pasar*. The customers were asked for information on their job status and their average monthly visits to *pasar*.

7.2.1 Respondent demographics in Jakarta

Table 7.1, Table 7.2 and Table 7.3 show the respondents' demographics for the case of *pasar* in Jakarta. The customers who participated in this survey were mostly females (≅59 per cent) (see Table 7.1). During observation between 10.00 AM and 02.00 PM, the researcher had found that females were dominant and easily found in *pasar*. Thus, the probability of females participating was very high.

The customers mainly reside between 1 and 5 kilometres from *pasar* (≅44 per cent), slightly more than those who lived more than 5 kilometres from *pasar* (≅43 per cent) (see Table 7.1). This 87 per cent of all respondents indicates that the majority of the customers try to visit *pasar*.

Prior research shows that cleanliness is a critical issue for customers (see Purnomo *et al.*, 2016; Najib and Sosianika, 2017), even that the negative image can lead customers to choose modern markets over *pasar* (see Prabowo and Rahadi, 2015; Septiari and Kusuma, 2016; Hermawan, Ismiyati and Indarto, 2018). However, this thesis's findings confirmed that more than 40 per cent of the female customers had visited *pasar* more than eight times per month. The frequent visits indicate that *pasar* have not lost their attractiveness.

The customer participants in this survey were aged 40 years or more (≅40 per cent) (see Table 7.1). At least three reasons explain why older generations tend to dominate visitors to Jakarta's *pasar*. First, the young generations in large urban communities like Jakarta tend to value modern markets' cleanliness, compared to *pasar* (Prabowo and Rahadi, 2015). Second, older customers consider low-price products, found in *pasar*, as a necessary factor (Mortimer and Clarke, 2011). Third, *pasar* in urban areas like Jakarta are squeezed by the growth and expansion of modern markets and the better service quality they offer to customers (Suryadarma *et al.*, 2010; Sipahutar, 2016; Najib and Sosianika, 2017; Choerudin *et al.*, 2018).

The findings indicate that more than 34 per cent of the customer participants came from different ethnicities (see Table 7.1). The multicultural heterogeneity of Jakarta results in 'other' being signified as its dominant ethnic group.

The customers of *pasar* are mostly married (≅72 per cent) (see Table 7.1). Based on observation of the two *pasar* in Jakarta, i.e. *pasar* Koja (North Jakarta) and *pasar* Mayestik (South Jakarta), the places were convenient and clean (see Picture 2.1 of *pasar* in Chapter 2, Section 2.4). The buildings were modern-type *pasar*, similar to modern markets, yet the price of the products offered was affordable and negotiable. Since the majority of the customers (≅66 per cent) aged 40 years or more (≅40 per cent) and between 31-40 years old (≅26 per cent) represent a mature generation, the element of price is arguably the significant factor that influences the customers to visit *pasar*. The visits of more than eight times per month by both females (≅40 per cent) and males (≅33 per cent) signify that most of the customers in Jakarta *pasar* still accept the existence of *pasar* as an alternative place to shop frequently.

Most customers had completed school (≅70 per cent), and 29 per cent had graduated from college (see Table 7.1). This implies that *pasar*, which identify with indigenous and traditional means of shopping, were also favoured by educated people. A study by Mortimer and Clarke (2011) finds that educated customers tend to ignore a store’s cleanliness and hygiene conditions, like those in *pasar*. More highly educated customers focus more on finding the products they need than on the store’s physical appearance, i.e. cleanliness.

In contrast with the predominantly female customers, the merchants were mostly males (≅54 per cent), in the age group of over 40 years old (≅39 per cent) (see Table 7.1), four per cent greater than those in the age group between 20 and 30 years old (≅35 per cent). The slight difference implies that jobs as merchants are not strictly the domain of older generations. For younger generations, being a merchant is also a starting point for becoming an entrepreneur. In *pasar*, finding younger generations only continuing the family business from their parents is common.

More than 81 per cent of the male participants have been merchants for more than five years (see Table 7.3). The long years of experience represent Indonesia’s tradition of men’s responsibility to continue the family business. The average income of more than Rp. 1 million per month for both male (≅97 per cent) and female merchants (≅82 per cent) (see Table 7.3) was above the 2017 minimum poverty line in Jakarta at Rp. 0.36 million per month (Sukmana, 2017). This implies that the job of a merchant is promising yet challenging. Most merchants were married (≅75 per cent). Therefore, the average monthly income they earned arguably met their household needs.

Table 7.1 Respondent demographics in Jakarta

	Merchants	Percentage	Customers	Percentage
Gender				
Male	59	54.1	39	40.6
Female	50	45.9	57	59.4
Total	**109**	**100**	**96**	**100**
Age				
Less than 20 years old	1	0.9	11	11.5
Between 20-30 years old	38	34.9	21	21.9
Between 31-40 years old	27	24.8	25	26.0
More than 40 years old	43	39.4	39	40.6
Total	**109**	**100**	**96**	**100**
Marital Status				
Single	21	19.3	23	23.9
Married	82	75.2	69	71.9
Separated/Divorce	6	5.5	4	4.2
Total	**109**	**100**	**96**	**100**
Ethnicity				
Sunda	42	38.5	22	22.9
Java	36	33.0	32	33.3
Padang	11	10.1	9	9.4
Others	20	18.4	33	34.4
Total	**109**	**100**	**96**	**100**
Educational attainment				
No schooling completed	1	0.9	1	1.0
Completed school	101	92.7	67	69.8
College graduate	7	6.4	28	29.2
Total	**109**	**100**	**96**	**100**
Distance to pasar				
Less than 1 Kilometre	26	23.8	13	13.5
Between 1 – 5 Kilometre	50	45.9	42	43.8
More than 5 Kilometres	33	30.3	41	42.7
Total	**109**	**100**	**96**	**100**

Source: Author’s Fieldwork Data

The merchants in this survey were mostly of *Sunda* origin (≅39 per cent) (see Table 7.1), slightly higher than the *Javanese* (≅33 per cent). Jakarta is a neighbouring province to West Java, the home of *Sunda* ethnicity and the 49 million people of West

Java Province in 2019 (Statistics of West Java Province, 2020). Thus, the probability of finding *Sundanese* in Jakarta is very high.

More than 92 per cent of the merchants had completed school (see Table 7.1), so these merchants are well-educated. The majority of the merchants lived 1–5 kilometres from *pasar* (≅46 per cent), while approximately 30 per cent live more than 5 kilometres from *pasar* (see Table 7.1). It means that these merchants rely on *pasar* as their only source of income.

Table 7.2 Customer demographics in Jakarta

	Male	**Percentage**	**Female**	**Percentage**
Job Status				
Professional	1	2.6	1	1.7
Civil Servant	3	7.7	1	1.7
Maid	1	2.6	3	5.4
Housekeeping	2	5.1	28	49.1
Others	32	82.0	24	42.1
Total	**39**	**100**	**57**	**100**
Average monthly visit				
Less than four times	13	33.3	16	28.1
Between 4-8 times	13	33.3	18	31.6
More than eight times	13	33.4	23	40.3
Total	**39**	**100**	**57**	**100**

Source: Author’s Fieldwork Data

Regarding customers’ job status, more than 49 per cent of the female customers are housekeepers (see Table 7.2), defined here as those whose primary jobs are at home (i.e. housewives or those not bound by working hours). Both *pasar* in Jakarta, i.e. *pasar* Koja and *pasar* Mayestik, have operating hours between 09.00 AM and 05.00 PM. Thus, the housekeepers have more free time to visit *pasar* at noontime than those engaged in offices.

Also, Table 7.2 indicates that those whose job status was ‘others’ were the second largest group of female customers that came to *pasar* (≅42 per cent) and the largest group of male customers (≅82 per cent). The ‘others’ described here are merchants or another job status not among the choices. As *pasar* offer low-price products, merchants who own smaller stalls in the region often come to *pasar* to buy the products and sell them elsewhere.

Table 7.3 Merchant demographics in Jakarta

	Male	Percentage	Female	Percentage
Experience				
Less than one year	1	1.7	10	20.0
Between 1-5 years	10	16.9	26	52.0
More than five years	48	81.4	14	28.0
Total	**59**	**100**	**50**	**100**
Average Monthly income				
Less than Rp. 500,000	0	0	1	2.0
Between Rp. 500,000-Rp.1,000.000	2	3.4	8	16.0
More than Rp. 1,000,000	57	96.6	41	82.0
Total	**59**	**100**	**50**	**100**

Source: Author’s Fieldwork Data

7.2.2 Respondent demographics in Bandung

There are main differences between Bandung and Jakarta. Unlike Jakarta, whose participants for the survey were diverse, the majority of the Bandung respondents, both merchants (≅76 per cent) and customers (≅79 per cent), indicated *Sunda* ethnicity (see Table 7.4). *Sunda* is the root ethnicity for the Province of West Java and the second largest ethnic group in Indonesia (Arifin *et al.*, 2015). As one of the cases of *pasar* was the city of Bandung, the capital city of West Java Province, the largest participant ethnic group, i.e. *Sundanese*, came from that province.

Table 7.4 Respondent demographics in Bandung

	Merchants	Percentage	Customers	Percentage
Gender				
Male	50	47.2	36	36.4
Female	56	52.8	63	63.6
Total	**106**	**100**	**99**	**100**
Age				
Less than 20 years old	10	9.4	7	7.1
Between 20-30 years old	34	32.1	42	42.3
Between 31-40 years old	22	20.8	25	25.3
More than 40 years old	40	37.7	25	25.3
Total	**106**	**100**	**99**	**100**
Marital Status				
Single	35	33.0	31	31.3
Married	70	66.0	67	67.7
Separated/Divorce	1	1.0	1	1.0
Total	**106**	**100**	**99**	**100**
Ethnicity				
Sunda	80	75.5	78	78.8
Java	12	11.3	10	10.1
Padang	9	8.5	2	2.0
Others	5	4.7	9	9.1
Total	**106**	**100**	**99**	**100**
Educational attainment				
No schooling completed	3	2.8	1	1.0
Completed school	96	90.6	71	71.7
College graduate	7	6.6	27	27.3
Total	**106**	**100**	**99**	**100**
Distance to pasar				
Less than 1 Kilometre	27	25.5	9	9.1
Between 1 – 5 Kilometre	40	37.7	15	15.2
More than 5 Kilometres	39	36.8	75	75.7
Total	**106**	**100**	**99**	**100**

Source: Author's Fieldwork Data

The majority of the customer participants in Bandung came from the age group between 20 and 30 years old (≅42 per cent) (see Table 7.4). This means that the younger generation still tends to visit *pasar*. However, the findings also reveal that most female customers (≅48 per cent) and male customers (≅42 per cent) only visited *pasar* less than four times a month (see Table 7.5). The minimum frequency of visits to *pasar* in Bandung contrasts with the 40 per cent of female customers in Jakarta who visited *pasar* more than eight times a month (see Table 7.2).

Two reasons may explain the infrequent visits. According to Prabowo and Rahadi (2015), younger generations see cleanliness and comforts as essential matters, explaining the infrequent trips to *pasar* in Bandung. Second, most customer participants resided more than 5 kilometres from *pasar* (≅76 per cent), implying that the farther the distance, the less is the frequency.

Most of the customers of *pasar* were married (≅68 per cent) and had completed school (≅72 per cent) (see Table 7.4), similar to the customers in the Jakarta case. However, these married customers in Bandung were predominantly young families, who still consider convenience one of the factors affecting their decision to visit shopping places (Prabowo and Rahadi, 2015).

The males and the females differ regarding job status. More than 44 per cent of the female customers were housekeepers (see Table 7.5). Male customers classified their job as ‘others’ (83.4 per cent), and none were housekeepers.

Table 7.5 Customer demographics in Bandung

	Male	**Percentage**	**Female**	**Percentage**
Job Status				
Professional	3	8.3	6	9.5
Civil Servant	3	8.3	2	3.2
Maid	0	0	0	0
Housekeeping	0	0	28	44.4
Others	30	83.4	27	42.9
Total	**36**	**100**	**63**	**100**
Average monthly visit				
Less than four times	15	41.7	30	47.6
Between 4-8 times	9	25.0	19	30.2
More than eight times	12	33.3	14	22.2
Total	**36**	**100**	**63**	**100**

Source: Author’s Fieldwork Data

Unlike Jakarta, the merchants in the Bandung case were predominantly females (≅53 per cent) (see Table 7.6). The merchants mainly fell within the age group of over 40 years old (≅38 per cent). However, approximately 32 per cent of the merchants were between 20 and 30 years old and the second largest number of respondents. In addition, most merchants in the case of Bandung were married (≅66 per cent), and more than 90 per cent of the merchants had completed school (see Table 7.4). These merchants mainly lived 1–5 kilometres from *pasar* (≅38 per cent), slightly more than the merchants who reside more than 5 kilometres from *pasar* (≅37 per cent). The evidence found in the three *pasar* in Bandung is similar to the two *pasar* in Jakarta, in that being a merchant does not explicitly refer to being part of the older generation. Table 7.6 shows that these merchants have more than five years of experience (48 per cent), implying that younger generations have also started to enjoy the challenge of being a merchant.

Also, more than 90 per cent of both groups of merchants, i.e. males and females, earned an average income of more than Rp. 1 million per month (see Table 7.6). As the cost of living in Bandung is lower than in Jakarta, the average take-home pay received is higher.

Table 7.6 Merchant demographics in Bandung

	Male	Percentage	Female	Percentage
Experience				
Less than one year	7	14.0	13	23.2
Between 1-5 years	19	38.0	15	26.8
More than five years	24	48.0	28	50.0
Total	**50**	**100**	**56**	**100**
Average monthly income				
Less than Rp. 500,000	4	8.0	0	0
Between Rp. 500,000-Rp.1,000.000	1	2.0	4	7.1
More than Rp. 1,000,000	45	90.0	52	92.9
Total	**50**	**100**	**56**	**100**

Source: Author's Fieldwork Data

7.2.3 Respondent demographics summary

In this thesis, the first step in analysing the closed-ended questionnaires looks to participants' demographic data. The aim of obtaining the participants' demographic data was to enrich the information the researcher can use for further analysis (Hammer, 2011). The demographics portray the characteristics of the participants from the two cities. The results, analysed using descriptive statistics (see Section 7.2), enhance the analysis of interview results (see Chapter 6) and the independent sample t-test (see Section 7.4).

The previous subsections (Subsection 7.2.1 and Subsection 7.2.2) indicate that to some extent, there are similarities and differences in the cases of *pasar* in Jakarta and Bandung. For instance, the customers in both cities were predominantly females whose profession was 'housekeeper', in contrast to the male customers who came from various professions ('others').

Females are commonly stereotyped as the main shoppers in most countries in the world (Piron, 2002). Female customers' dominance can also be seen in *pasar* (see Septiari and Kusuma, 2016; Najib and Sosianika, 2017). This is because females doing grocery shopping is a traditional segregation of duties (Kuruvilla, Joshi and Shah, 2009). It also justified why females dominated the customer participants in this thesis. It was because they simply can be found in *pasar*.

Despite customers' gender similarity in Jakarta and Bandung, they had different preferences when visiting *pasar*. The customer participants in Jakarta, most of whose age is over 40 years old (see Table 7.2), had visited *pasar* more often than Bandung customers, whose largest age group is between 20 and 30 years old (see Table 7.5). This evidence is in line with prior research that discovered younger generations favouring modern markets, i.e. supermarkets, hypermarkets, mall, over *pasar* (Najib and Sosianika, 2017). In other words, since the predominant participants in Bandung were females between 20 and 30 years old, their perception of *pasar* can be significantly different from the customer participants in Jakarta, who were mainly senior citizens (see Section 7.4). The extreme age difference between the customer participants in the two cities may influence the frequencies of their visits to *pasar* (see Table 7.2 and Table 7.5). Otherwise, the culturewide beliefs about how males and females differ in their personal qualities and characteristics (Haslett, Geis and Carter, 1992) could affect their perceptions of *pasar* (see Section 7.4).

The merchants in both cities had more than five years of work experience and earned more than Rp. 1 million per month (see Table 7.3 and Table 7.6). The experience and monthly earnings imply that the merchants could sustain their business, despite the negative perceptions of *pasar* and modern markets' expansion in Indonesia. This finding contrasts to prior research that argued that customers had abandoned *pasar* (Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Najib and Sosianika, 2017).

In conclusion, the demographic characteristics that this thesis provides indicate how *pasar* presently sustain themselves against competitors in the retail business, e.g. supermarkets, malls, hypermarkets. Experienced merchants (over five years in both cities) and repeating customers (more than eight visits per month to *pasar* in Jakarta) are evidence that signal merchants' and customers' *pasar* prospects and expectations. Simultaneously, the participants' demographic characteristics also determined how they perceived *pasar* in their respective region (see Section 7.4). The participants' perception of the attributes of services in *pasar*, i.e. tangible, reliability, responsiveness, assurance and empathy, are analysed further in the next section.

7.3 The attributes analysis using the Principal Component Analysis (PCA)

This section presents and analyses the questionnaire and the attributes for the next phase in two subsections. The first (Subsection 7.3.1) presents the statistical sequence in obtaining the smaller set of attributes using PCA. Further analysing the data (see Chapter 5, Subsection 5.7.2.2) requires ensuring that the available data is appropriate for additional processing using PCA.

The second subsection (Subsection 7.3.2) discusses and analyses the new set of attributes and how the desired attributes provide input for the independent sample t-test in Section 7.4.

7.3.1 Statistical assessments for the questionnaires

In this subsection, the statistical tests examine the questionnaire responses from the two cities. First, three statistical measurements—the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO), Bartlett's test of sphericity and correlation coefficients—show whether the data fits PCA (Sarstedt and Mooi, 2014; Pallant, 2016; Tabachnick and Fidell, 2019).

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) value result is .953, and the Bartlett's Test of Sphericity value is .000 (see Table 7.7). As the ideal value for KMO must exceed .6 or above (Kaiser, 1974), and a significant value at $\rho < .05$ for Bartlett's test of sphericity is considered appropriate (Pallant, 2016), the questionnaire data have met the KMO and Bartlett's test of sphericity requirements.

Meanwhile, the correlation matrix outcome for the minimum correlation coefficients of .3 and above are found in the data (see Appendix 6). Thus, the three statistical assessments indicate that this thesis data is appropriate for PCA (see Table 7.7).

Table 7.7 Assessments for data suitability

	Statistical Results
KMO Measure of Sample Adequacy	.953
Bartlett's Test of Sphericity	.000
Correlation matrix	Majority
Data status for further analysis	**Suitable**

Source: Author's data

As the data is suitable for further analysis, the next assessment is to see whether the data can be reduced into smaller sets (or components) and how many can be analysed. Kaiser's criterion (often referred to as the eigenvalue rule) compared to MonteCarlo PCA for parallel analysis, and Cattell's (1966) scree test are two statistical tools used at this stage (see Subsection 5.7.2.2).

Kaiser's (1960) criterion is a standard statistical tool that aims to determine the number of components that can be retained for the new reduced data set (Tabachnick and Fidell, 2007; Hair *et al.*, 2014). The value of Kaiser must be greater than 1 to be important (Tabachnick and Fidell, 2007) and have a higher value compared to the output that MonteCarlo PCA for parallel analysis generates, to set the final number of components (Tabachnick and Fidell, 2007; Hair *et al.*, 2014).

For this thesis data, the Kaiser's criterion result indicated that three components have an eigenvalue of 1 or above: 11.516, 1.462 and 1.292 (see Table 7.8). The three components explain a total of 59.46 per cent of the variance (see Table 7.8). However, when the third component (1.292) was compared to the output from MonteCarlo PCA parallel analysis (1.3333) (see Appendix 7 for output details), the 1.292 value has a lesser value (see Table 7.8). This result means that only two components, 11.516 and 1.462, met the requirement for further analysis (see Table 7.8), and the two components can explain a total of 54.08 per cent of the variance.

Table 7.8 Kaiser's criterion compared to MonteCarlo PCA for parallel analysis

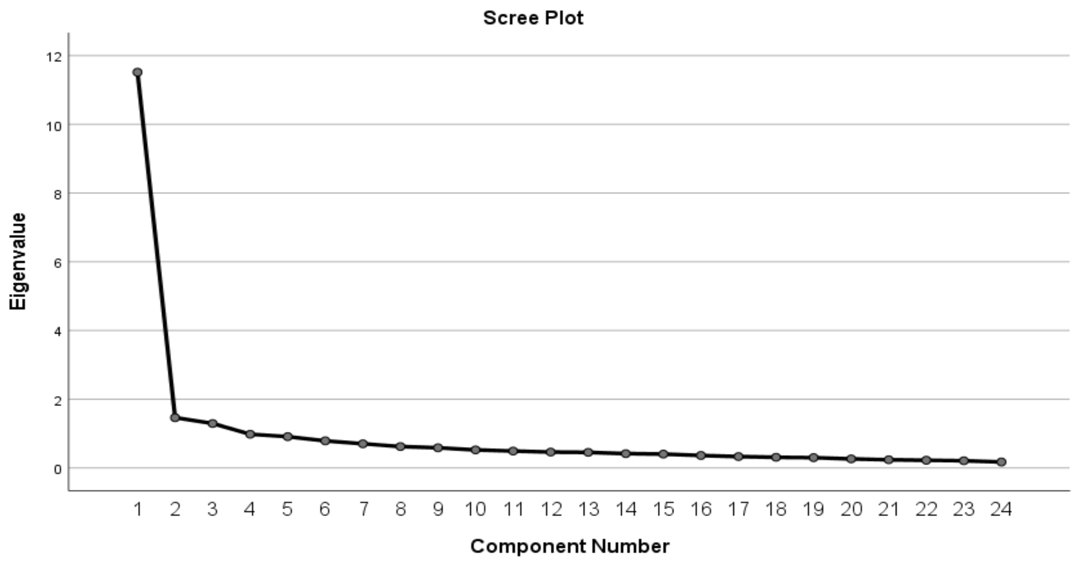
Component	Initial Eigenvalues	MonteCarlo	Cumulative % of Variance	Decision
1	11.516	1.4680	47.984	**Accept**
2	1.462	1.3945	54.076	**Accept**
3	1.292	1.3333	59.460	**Reject**

Source: Author's own (using SPSS Version 26 and MonteCarlo Statistical software)

On the other hand, the use of the scree test in this thesis is part of the preliminary test to find the optimum number of components that can be extracted before the amount of unique variance begins to dominate the common variance structure (Cattell, 1966). The evidence shows that the curve's shape starts to change direction and becomes horizontal after the second component (see Figure 7.1). In other words, only components 1 and 2 show a descending slope of the scree test.

Based on the statistical results using Kaiser's Criterion (eigenvalue rule) and the scree test, only components 1 and 2 meet PCA requirements. In conclusion, from the initial five attributes, the researcher aims to have only two components for capturing the merchants' and customers' perception of service quality in *pasar*.

Figure 7.1. Scree test for two components



7.3.2 The two components

As the number of components is generated (see Subsection 7.3.1), the next step, according to Pallant (2016), rotates the components. This thesis adopts an 'oblique' (correlated) factor solution because it allows correlating the merged components (Tabachnick and Fidell, 2019). The 'oblique' rotation creates two additional factor metrics, 'pattern' and 'structure'. The 'pattern' matrix indicates the factor loadings of each variable. Comrey and Lee (1992) differentiate a scale of quality of factor loadings into five categories: an 'excellent' loading is in excess of .71. A 'very good' one exceeds .63. Then, more than .55 is 'good'. A .45 or more is considered 'fair' and .32 and above is a 'poor' loading. The rule of thumb is that only variables with loadings of .32 and above are interpreted. Therefore, the loadings for the 'pattern' matrix in this thesis present the factors with loading above .32 (see Table 7.9).

On the other hand, the ‘structure’ matrix provides information about the correlation between variables and factors (Pallant, 2016). Although it is easier to explain the result solely based on the ‘pattern’ matrix, it is necessary to examine both ‘pattern’ and ‘structure’ matrices to gain an appropriate interpretation (Henson and Roberts, 2006). In addition, ‘communalities’ also appear. If the communalities have a value of less than .3, that could not fit well with the other items in the component (Pallant, 2016). In other words, the higher the communality value, the greater the total variance of the items that can be explained. The output of the pattern and structure matrices, as well as communalities, appear in Table 7.9 below.

Table 7.9 Pattern and Structure matrix of services perceived in *Pasar*

Item	Pattern coefficients		Structure coefficients		Communalities
	Tangible	Intangible	Tangible	Intangible	
Availability of bins	**.877**	-.105	**.805**	.499	.654
Wastewater disposal facility	**.813**	-.043	**.784**	.516	.615
Availability of fire prevention kits	**.802**	-.054	**.765**	.497	.586
Maintaining the cleanliness in *pasar*	**.772**	.045	**.803**	.576	.646
Preventing fire disaster	**.731**	.040	**.758**	.542	.576
Arrangement of the stalls	**.696**	.079	**.750**	.558	.566
Brightness condition	**.688**	-.041	**.660**	.432	.436
Stalls zoning arrangement	**.671**	.069	**.719**	.531	.519
Transportation access	**.600**	-.057	**.561**	.356	.316
Clean water facility	**.596**	-.070	**.548**	.340	.302
Public facilities condition	**.587**	.203	**.727**	.607	.550
Entry and exit access of *pasar*	**.560**	.216	**.709**	.602	.527
Reducing the impacts of natural disaster	**.555**	.159	**.665**	.541	.455
Availability of parking spaces	**.511**	.268	**.695**	.619	.521
Air circulation	**.507**	.247	**.677**	.596	.490
Taking care of *pasar* facilities	**.466**	.374	**.723**	.694	.596
Supporting merchants' business expansion	-.128	**.858**	.462	**.770**	.602
Caring attitudes	.064	**.777**	.599	**.821**	.677
Pleasantness attitudes	.027	**.775**	.560	**.794**	.631
Making *pasar* a good place for business	-.005	**.771**	.525	**.767**	.589
Hospitality attitudes	.043	**.761**	.566	**.790**	.625
Support merchants in conducting their business conveniently	.038	**.703**	.521	**.729**	.532
Responsiveness in handling any disturbance	.253	**.548**	.630	**.722**	.555
Maintaining good communication with the merchants	.185	**.499**	.529	**.627**	.411

Note: Using Principal Component Analysis with Oblimin Rotation of Two Factor Solution. Rotation converged in six iterations. Major loadings for each item are bolded. All process used SPSS Version 26.

Based on the criteria above, five items in the 'tangible' component of the 'pattern' matrix are excellent (i.e. availability of bins, wastewater disposal facility, availability of fire prevention, maintaining the cleanliness in *pasar* and preventing fire disaster). In contrast, three items of the 'tangible' component, i.e. taking care of *pasar* facilities, air circulation and availability of parking spaces, lie in the 'fair' category as they do not exceed .55 ('good'). In the 'intangible' matrix, two items are categorised as 'fair': responsiveness in handling any disturbances and maintaining good communication with the merchants.

As the objective of using PCA in this study is to reduce the five attributes of Parasuraman, Zeithaml and Berry's (1985) service quality scale into a smaller data set, in this study aiming for two components ('tangible' and 'intangible'), Table 7.2 shows that the results support the researcher's decision to retain only two components.

7.4 The merchants and customers' perception analysis

The third and last phase examines the new reduced attributes derived from PCA (Section 7.3), i.e. tangible and intangible components, using an independent sample t-test. The aim is to investigate how the average merchant and customer in Jakarta and Bandung perceived the service quality in *pasar* (see Chapter 5 Subsection 5.7.2). Also, the purpose of using an independent sample t-test is to enhance the qualitative analysis in answering whether the challenges of satisfying the multiple demands of accountability can be met and whether stakeholder diversity (government, merchants, customers) affects *pasar* accountability functions.

Complaints about *pasar* predominantly concern their physical appearance and facilities (see Chapter 6, Section 6.2). The negative image of *pasar* being dirty and lacking modern facilities has become a traditional and long-lasting issue that promoted claims of customers having abandoned *pasar* (Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Najib and Sosianika, 2017; Hermawan, Ismiyati and Indarto, 2018).

However, like many other retail business services, *pasar* emphasise the human factor as a critical feature in the provision of quality service to the stakeholders, i.e. merchants and the customers. That is a legal and contractual obligation for the managers to meet and for which they are held accountable (Mulgan, 2001; Yasmin, 2014) because interaction is the key to success of the overall services and essential to customers' perception of service quality (Nickson, Warhurst and Dutton, 2005). Therefore, the researcher argues that in acknowledging the work of Parasuraman, Zeithaml and Berry (1985), both tangible and intangible components are critical for the managers to consider; that is how both merchants and customers judge service quality.

The next two subsections present tangible (Subsection 7.4.1) and intangible (Subsection 7.4.2) components independently. The tables compare perceptions of merchants and customers in each city, judging merchants in Jakarta against those in Bandung and customers against customers from the other city.

7.4.1 Tangible perceptions

Tangible service quality is the appearance of physical facilities, equipment and personnel (Parasuraman, Zeithaml and Berry, 1985; Zeithaml, Parasuraman and Berry, 1990). It is a significant factor that customers value, leading to perceptions about the image of the store and appealing to people to visit (Kotler, 1973; Tandon, Gupta and Tripathi, 2016). In the case of *pasar*, tangibles or physical appearances are the most common complaints the managers and the government receive (see Chapter 6, Subsection 6.2.1 and 6.2.2). Therefore, capturing perspectives on tangible items from a larger sample and a different group of stakeholders (merchants and customers) in multiple cities to compare their perceptions could enrich the understanding of the case under investigation.

In Jakarta, the average merchant perceived 7 of 16 items lying between ‘good’ (=4) and ‘excellent’ (=5), higher than the average customer’s perception of the same items (see Table 7.10). In contrast, the average customer valued 2 of 16 items between ‘good’ (=4) and ‘excellent’ (=5). Also, 7 of 16 tangible items show a statistically significant difference. Overall, both merchants’ and customers’ mean score in perceiving the tangible items at least exceeded ‘average’ (=3).

Table 7.10 Tangible components: Case of *pasar* in Jakarta

Tangible Items	Means		*p*-value	Mean Differences
	Merchants	Customers		
Availability of bins	4.1284	3.9271	0.055	Insignificant
Wastewater disposal facility	3.8899	3.7396	0.180	Insignificant
Availability of fire prevention kits	**3.9633**	**3.6979**	0.032	**Significant**
Maintaining the cleanliness in *pasar*	**4.3028**	**3.9063**	0.000	**Significant**
Preventing fire disaster	**4.0642**	**3.7292**	0.002	**Significant**
Arrangement of the stalls	3.9358	3.9479	0.909	Insignificant
Brightness condition	3.9541	4.0625	0.267	Insignificant
Stalls zoning arrangement	3.8991	4.0938	0.081	Insignificant
Transportation access	**4.2202**	**3.9063**	0.001	**Significant**
Clean water facility	3.6972	3.7604	0.577	Insignificant
Public facilities condition	3.8716	3.7708	0.420	Insignificant
Entry and exit access of *pasar*	**4.2202**	**3.9896**	0.001	**Significant**
Reducing the impacts of natural disaster	**3.9817**	**3.5833**	0.011	**Significant**
Availability of parking spaces	**4.2110**	**3.7292**	0.000	**Significant**
Air circulation	3.8165	3.6146	0.055	Insignificant
Taking care of *pasar* facilities	4.1193	3.9688	0.181	Insignificant

Source: Author’s data (using SPSS Version 26)

Although average perceptions of *pasar* in Jakarta have not reached ‘excellent’ (=5), they are better than the merchants’ and the customers’ perceptions of *pasar* in Bandung. There, customers perceived 8 of 16 items between ‘fair’ (=2) and ‘average’ (=3) (see Table 7.11), slightly higher than the merchants, who perceived 7 of 16 items on the same scale. In other words, approximately 50 per cent of the tangible items in *pasar* in Bandung were perceived below ‘average’ (=3).

The low perception scores for tangible items in *pasar* in Bandung, compared to *pasar* in Jakarta, can be due to many factors. One could be the different demographic characteristics of the respondents in each city. For instance, most customer respondents from the *pasar* in Bandung were between 20 and 30 years old (see Table 7.4 while the customer respondents of the *pasar* in Jakarta were mainly in the age group over 40 years old (see Table 7.1). Arguably, older people are unlikely to change their shopping and stores quickly to try something different (Lumpkin and Greenberg, 1982; Oates, Shufeldt and Vaught, 1996). In other words, older people tend to be loyal customers where they are used to shopping. This attitude confirms the evidence showing most customers in Jakarta visiting *pasar* more than eight times in a month (see Table 7.2), in contrast to younger customers in Bandung who visit *pasar* less than four times a month (see Table 7.5).

However, customers were not the only stakeholders to perceive *pasar* as below ‘average’ (=3) in Bandung. The merchant respondents, most of whom have experienced running a business in *pasar* for more than five years (see Table 7.6), had also perceived the tangible items as less than ‘average’ (=3) (see Table 7.11). These negative perceptions confirm prior studies (see Prabowo and Rahadi, 2015; Purnomo *et al.*, 2016) on how society recognises *pasar*.

Table 7.11 Tangible items: Case of *pasar* in Bandung

Tangible Items	Means		*p*-value	Mean Differences
	Merchants	Customers		
Availability of bins	2.7453	2.8889	0.299	Insignificant
Wastewater disposal facility	**2.6132**	**2.3131**	0.023	**Significant**
Availability of fire prevention kits	**2.6981**	**2.3636**	0.016	**Significant**
Maintaining the cleanliness in *pasar*	3.0094	2.7778	0.095	Insignificant
Preventing fire disaster	**2.8491**	**2.5253**	0.007	**Significant**
Arrangement of the stalls	3.2453	3.1010	0.247	Insignificant
Brightness condition	**3.5849**	**3.3131**	0.010	**Significant**
Stalls zoning arrangement	2.8962	3.0202	0.360	Insignificant
Transportation access	3.5755	3.3636	0.080	Insignificant
Clean water facility	**3.4906**	**3.1818**	0.009	**Significant**
Public facilities condition	3.1604	2.9798	0.155	Insignificant
Entry and exit access of *pasar*	3.3491	3.1919	0.200	Insignificant
Reducing the impacts of natural disaster	**2.9528**	**2.5758**	0.007	**Significant**
Availability of parking spaces	**3.3868**	**3.1111**	0.029	**Significant**
Air circulation	2.7170	2.5960	0.333	Insignificant
Taking care of *pasar* facilities	3.0472	3.1313	0.499	Insignificant

Source: Author's data (using SPSS Version 26)

Despite different demographic characteristics of Jakarta and Bandung respondents, the goals of *pasar* are the same in both cities. *Pasar* aim to contribute financially to the state budget and serve society. The missions and visions of *pasar* designate 'who is accountable for what?' (Bovens, 2007; Fowler and Cordery, 2015;

Kurland, 2017). Serving the society (signifying ‘what’)—e.g. making *pasar* convenient for the merchants and customers—is compulsory; thus, the managers (signifying ‘who’) are held accountable for meeting this demand (Yasmin, 2014).

However, satisfying these tangible demands is not easy for the managers. They must deal with multiple stakeholders in accountability, other than the merchants and the customers who can increase the burden for managers who must face three problems at the same time, according to Zahra *et al.*, (2009), Battilana and Dorado (2010), and Ebrahim, Battilana and Mair (2014).

The first problem relates to the effort to maximise profit and meet social demands (accountability for what) at the same time. Second is aligning the different stakeholder needs (accountability to whom), and third is deciding whose interests should come first when they conflict. These three issues are essential to managers because they will most likely vary, depending on the respective relationships between the managers and the stakeholder groups (Laughlin, 1990).

Merchants and customers are similar to the government, as stakeholders of *pasar* that ideally receive equal attention from the managers. However, unlike the government, the merchants and the customers build a non-hierarchical relationship with the managers, which Schillemans (2008) categorises as a horizontal relationship.

This form of horizontal relationship practised in *pasar* does not grant the merchants and the customers the ultimate power to influence the managers' decisions and actions (O’Loughlin, 1990). This is because the weight and possession of power differ between the government and the merchants and customers. The government owns all three types of power, which Etzioni (1964) classifies as coercive, utilitarian and normative.

The government owns the coercive power to make regulations and laws; hence, it can make the managers obey and fulfil its demands, as failure can result in sanctions or penalties (Kondra and Hinings, 1998). It also owns the utilitarian power that grants the government the ability to transfer extrinsic rewards (e.g. appointment of managers, setting bonuses and rewards for them), thus, controlling the managers (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Lunenburg, 2012). In addition, the government has the normative power to control the media (e.g. newspaper, television, other media), so it can create publicity about how society perceives *pasar* (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Majoch, Hoepner and Hebb, 2017).

The possession of ultimate power over the manager signifies the hierarchical relationship and chain of command in *pasar*. The managers must obtain approval from supervisory boards that the government appoints, for any significant decisions and actions in *pasar* (see Chapter 6, Subsection 6.2.1 and 6.2.2). This bureaucratic 'vertical' relationship with the government makes it difficult for managers to respond to demands from the merchants and the customers, especially demands to make the tangible facilities better and meet merchant and customer expectations.

Despite the minimum possession of power by both merchants and customers, the merchants and the customers can still complain, via the ombudsman, of any inconvenience in services provided by institutions, including *pasar* (Law Number 37, 2008). Also, both merchants and customers can use social-coercion power to gain legitimacy from different stakeholders, such as the public and other professionals (Mcquarrie, Kondra and Lamertz, 2013). This is a common practice in the ombudsman system that involves the public in accountability (Hill, 2002). In other words, the public has a substantial role in the ombudsman system, by participating in establishing new regulations. Therefore, a horizontal relationship is as vital as a vertical relationship, even though it is not a superior-subordinate relationship. The different types of relationship (i.e. vertical and horizontal) of the government and the merchants-customers with the managers affect the type of power each stakeholder possesses.

Although merchants and customers have a similar type of power over the managers, the relationship is different in some conditions. The managers and the merchants have a mutual contractual agreement that binds the legal relationship. The managers provide the stalls for the merchants to rent. In return, the merchants must pay a certain amount of money to secure their place in *pasar*. This legal relationship gives the merchants a legitimate claim over the managers (Pearce, 1982; Freeman, 1984), different from the customers, who do not own the same legitimacy. This difference also denotes the stakeholder typology existing between the managers and the merchants and customers (see Chapter 6, Subsection 6.4.2 and 6.4.3).

Regarding the ‘urgency to claim’, both merchants and customers are less powerful than the government. They cannot make the managers respond promptly to their demands. According to Mitchell, Agle and Wood (1997), the fewer attributes the stakeholders own, the less attention they get from the managers.

7.4.2 Intangible perceptions

The questionnaire distributed to merchants and customers aimed to capture their perceptions of tangible items in *pasar* and included the intangible items, such as reliability, responsiveness, assurance and empathy. *Pasar* are similar to other retail businesses that offer both products and services. Thus, interaction is also essential and the key to success of the overall services, essential to customers’ perception of service quality (Nickson, Warhurst and Dutton, 2005).

Satisfying customer demand for excellent services is a common problem facing most public-sector managers and government officials, more familiar with financial than nonfinancial indicators (Arnaboldi and Azzone, 2010). Generally, no clear performance measurements assess success in fulfilling social demands (i.e. service quality) across comparable organisations (Salminen and Lehto, 2012; Ebrahim and Rangan, 2014). Therefore, knowing whether the beneficiaries of the services are satisfied is difficult. In addition, relying only on financial figures to assess service-delivery objectives can limit accountability because the reality of how organisations operate is more complicated than just making a profit (Bracci and Llewellyn, 2012). However, whatever the reason or the form it takes, holding one accountable means that one must explain, justify, take responsibility and bear the expectations of others (Cooper and Owen, 2007).

One of the significant problems that caused several complaints to surface in *pasar* was the high demand for *pasar* management responsiveness in improving the facilities and fulfilling both merchants' and customers' need for convenience (see Chapter 6, Subsection 6.2.1 and 6.2.2). *Pasar* management had to obtain permission from the supervisory boards and even parliaments when decisions for bettering the facilities would affect the budget.

None of the intangible items in Jakarta was perceived as more than 'good' (=4) by the average merchants and customers (see Table 7.12). Apart from 'maintaining good communications with the merchants', 'caring' and 'hospitality' attitudes are the two intangible items valued at the lowest by the customers. Customers mainly communicate and interact with merchants than to *pasar* management. However, customers may also interact with some of *pasar* employees, i.e. cleaning service staffs and security staffs, who are mostly available and can be seen in *pasar'* corridors, corners, and parking lots. Since customers visit to *pasar* are not as frequent as the merchants; thus, the impressions of 'caring' and 'hospitality' attitudes of the employees when visiting *pasar* may build perceptions on how customers are being treated.

On the other hand, merchants valued 'caring' and 'hospitality' attitudes of *pasar* management better than customers. Even better, *pasar* management had maintained 'good communication' with the merchants; thus, this item is perceived by the average merchants as 'good', and the average customers had seen the communication between *pasar* management and merchants in-between 'fair' and 'good' (see Table 7.12).

Table 7.12 Intangible items: Case of *pasar* in Jakarta

Intangible Items	**Means**		***p*-value**	**Mean Differences**
	Merchants	**Customers**		
Supporting merchants' business expansion	3.7523	3.6667	0.419	Insignificant
Caring attitudes	**3.8899**	**3.5208**	0.001	**Significant**
Pleasantness attitudes	**3.9908**	**3.7188**	0.010	**Significant**
Making *pasar* a good place for business	3.8899	3.7917	0.300	Insignificant
Hospitality attitudes	**3.8073**	**3.5833**	0.037	**Significant**
Support merchants in conducting their business conveniently	**3.9541**	**3.6354**	0.007	**Significant**
Responsiveness in handling any disturbance	3.9725	3.7917	0.098	Insignificant
Maintaining good communication with the merchants	**4.000**	**3.500**	0.001	**Significant**

Source: Author's data (using SPSS Version 26)

It is essential to maintain interaction and communication with merchants and customers, as interaction is often associated with a relationship between actors (e.g. *pasar* management) and forums (e.g. merchants and customers) (Bovens, 2007, 2010; Biela, 2014). Merchants and customers are two interrelated actors who make the business of *pasar* last. To some extent, they both own the same right to obtain the best service from *pasar* management.

Table 7.13 Intangible items of *pasar* in Bandung

Intangible Items	**Means**		***p*-value**	**Mean Differences**
	Merchants	**Customers**		
Supporting merchants' business expansion	**3.0755**	**3.3737**	0.016	**Significant**
Caring attitudes	2.9811	3.0404	0.660	Insignificant
Pleasantness attitudes	3.3491	3.2020	0.216	Insignificant
Making *pasar* a good place for business	3.0283	3.1818	0.244	Insignificant
Hospitality attitudes	3.2358	2.9899	0.050	Insignificant
Support merchants in conducting their business conveniently	3.0660	3.2121	0.230	Insignificant
Responsiveness in handling any disturbance	2.8868	3.0101	0.362	Insignificant
Maintaining good communication with the merchants	3.1226	3.1010	0.857	Insignificant

Source: Author's data (using SPSS Version 26)

Thus, *pasar* management in Jakarta understands that interaction refers to the relationship between actors (e.g. *pasar* management) and forums (e.g. merchants) (Bovens, 2007; Biela, 2014).

In Bandung, merchants and customers did not see intangible items as ‘good’ (=4). None of the eight items satisfies merchants and customers (see Table 7.13). Even worse, the majority of the merchants had perceived the degree of responsiveness in handling any disturbance in *pasar* as less than ‘average’ (=3). The *pasar* managers, less responsive (see Table 7.13) in handling any disturbance, can be so due to the bureaucratic practices in *pasar*. For instance, complaints about *pasar* facilities must go through the supervisory boards (see Chapter 6, Subsection 6.2.2).

Intangible items are as important as tangible items. Modern markets, such as supermarkets, malls and hypermarkets, have given the customers alternatives to choose a better, arguably more convenient place for shopping. Modern markets are seen as better places to shop than *pasar* because of their appearance, convenience and services (Najib and Sosianika, 2017). As the customers decide to shop in modern markets, the merchants will eventually follow them.

Pasar face a direct competitor in the retail business. It also implies that the managers of *pasar* do not have the power to control where the customers shop. They also cannot make the stall tenants (merchants) stay in *pasar* without improvements. In the end, doing work professionally to provide the best service for stakeholders' interests must be one of the key performance indicators.

7.5 Conclusion

The findings in the descriptive statistics (Section 7.2) for both cities, Jakarta and Bandung, show both similarities and differences. For instance, the similarities appear in the domination by female, married people and those who do not have a regular office job, i.e. housewives or housemaids, as customers who visit *pasar* often in a month. On the other hand, differences can be found in how often these customers visit *pasar*. The demographic characteristics this chapter presents enrich the understanding of the different and unique conditions of *pasar* in each city.

Parasuraman, Zeithaml and Berry’s (1985) five attributes of service quality were reduced to two main components, e.g. tangible and intangible (Section 7.3). The two components are explained independently in Section 7.4. The participants in Jakarta perceived the tangible components more positively than the participants in Bandung (Subsection 7.4.1). Similarly, the intangible components are seen as better in Jakarta than in Bandung (Subsection 7.4.2).

In this chapter, three quantitative analysis techniques (i.e. descriptive statistics, principal component analysis and independent sample t-test) are used for different purposes, yet they all aim to complement the qualitative results. The next chapter integrates the embedded mixed methods (Chapter 5) of qualitative results (Chapter 6) and quantitative results (Chapter 7), using the stakeholder salience model as a framework (Chapter 4) to examine the accountability issues (Chapter 3) in the context of *pasar* (Chapter 2).

Chapter 8

Accountability Challenges in *Pasar* and Policy Implications

8.1 Introduction

Chapter 8 integrates the findings from both qualitative (Chapter 6) and quantitative (Chapter 7) approaches and elaborates how these empirical results relate to the accountability issues (Chapter 3) by using stakeholder salience (Chapter 4) as the theoretical framework.

The findings (Chapter 6) expose how the challenges in *pasar*—i.e. irrelevant and clerical work, bureaucratic practices and twofold missions—had reduced *pasar* management capability for meeting the multiple demands of accountability. The dual missions have led to 'mission drift', in which *pasar* managers focus more on the social mission than on the profit mission. Also, having twofold missions imply that *pasar* management must deal with multiple but different stakeholders who affect how accountability functions in *pasar* (see Chapter 6). As a result of many challenges and the diverse stakeholders with whom *pasar* management must deal, the government must consider the policy implications by understanding alternatives.

8.2 Challenges in fulfilling multiple demands of accountability

Pursuing a single mission of profit-making has been the nature of private-sector organisations (Boyne, 2002). It determines the degree of success or failure and how effectively the organisations operate (Farnham and Horton, 1999). Meanwhile, complying with bureaucratic laws, following the government's processes and providing services quality to the public have been associated with public-sector organisations (Hodges, Wright and Keasey, 1996; Mulgan, 2003; Hodges, 2012; Fowler and Cordery, 2015), where success is determined by fulfilling social goals (Wynn-Williams, 2005).

The distinct traits of public- and private-sector organisations do not keep their organisational goals from being aligned. Seo and Creed (2002) argue that different goals embedded in a single organisation may offer more significant discretion and transformation opportunities. However, successful goal alignment depends on certain factors, such as activities, employee structures, organisation design, inter-organisational relationships and culture (Battilana and Lee, 2014).

This study finds that *pasar* management's ability to fulfil the multiple demands of accountability has decreased (see Subsection 6.3). In other words, *pasar* managers are not able to successfully perform their tasks for different stakeholders. One of the most apparent reasons is *pasar's* twofold missions: achieving profit and serving the community.

The dual missions denote that *pasar* management must deal with multiple demands for accountability. It is the 'accountability for what' that the *pasar* management must fulfil. With 'profit' as one of *pasar's* goals, the researcher was keen to determine how the management fulfilled this task. Making a profit from *pasar* can be ambiguous. For more than ten centuries, *pasar* have been perceived as places that provide services to the community. When the public describes *pasar*, similar responses surface, e.g. *pasar* offering low-priced products or *pasar* appearing to be dirty.

Pasar were the only marketplaces available until modern markets, such as supermarkets, hypermarkets, shopping malls, started to flood Indonesia in the 1990s (Reardon *et al.*, 2003). The transformation, from being a public-sector organisation with a single mission of serving society, to become an organisation that must generate a profit, is not easy.

During the interview sessions, data on *pasar's* financial performance was not provided by either the government or *pasar* management. As a result, the researcher was unable to assess whether the task of meeting the profit target is achieved. The act of holding financial information against a stakeholder concern (e.g. the researcher) dismisses how *pasar* should be accountable to the public (Ebrahim, 2003; O'Dwyer and Unerman, 2007). The lack of financial information disclosure, often referred to as 'transparency', may lead to scepticism and alleged irregularities (Ortega-Rodríguez, Licerán-Gutiérrez and Moreno-Albarracín, 2020). Goetz and Jenkins (2001) note a lack of public trust in government, common in most developing countries.

Accountability demands that those who are accountable explain and answer those who can call for an account (Day and Klein, 1987; Behn, 2001). However, accountability also requires a form of relationship between the forums and the actors (Bovens, 2007). Accountability must involve at least two people or groups tied in a relationship. Bovens (2007) says that the reason to be accountable denotes the relationship between the actors and the forum; thus, in this case, *pasar* management is in a vertical relationship with the government.

Generating a profit from *pasar* is a demand by the government, the *pasar* management's superior. Their relationship leads to upward accountability, with demands coming from the government positioned hierarchically above the management (Christensen and Ebrahim, 2006). It implies that refusing the demands or performing below the government's expectations can cause *pasar* management to receive sanctions (Mulgan, 2000).

The government had not complained about how *pasar* management fulfilled the profit demand. The absence of performance measurement and the less assertive stance of the government in demanding a monetary return from *pasar* specify that making a profit is not the main focus of a public-sector organisation, which is to keep the numbers on budget (Wynn-Williams, 2005). With that accomplished, the task of fulfilling the profit mission arguably is accomplished.

However, the government demands that *pasar* management generate a profit and submit numerous reports, i.e. financial and audited reports, regularly. Public-sector organisations submitting financial reports is seen as essential for management to discharge its accountability to the stakeholders, i.e. the government, and part of the legal obligations with which the management must comply (Tower, 1993; Connolly and Hyndman, 2003; Woodward and Marshall, 2003).

The everyday activities, i.e. major facilities improvements, in *pasar* are still subsidised by the state budget. *Pasar* management acquiring the funds requires approval from the supervisory boards that the government assigns and members of parliament in the next phase. Supervisory boards aid and monitor these processes closely. Therefore, these report submissions must follow definite timetables because they involve another influential group, members of parliament.

The hierarchical procedures for obtaining budget approval for *pasar* signify administrative accountability (Bovens, 2007), established between the subordinates (*pasar* management) and the superior (the government, via the supervisory boards). *Pasar* management had shown how they apply administrative accountability, by following the higher rank's (the government) rules for submitting the several required reports; thus, the vertical accountability worked.

The involvement of parliament members, as representatives of the public, in the process of agreeing to the proposed budget, indicates how political and public accountability of the government, through *pasar* management, works in the democratic system where the public is the root and key actors in public accountability (Cárcaba-García, López-Díaz and Pablos-Rodríguez, 2002). Other than that, as taxpayers and funders, the public owns the right to know how *pasar* are performing. This process indicates how *pasar* carry on the bureaucratic tradition.

The appointment of supervisory boards, as argued here, had reduced the independence and responsiveness of *pasar* management in decision-making. Managers need to seek advice and discuss matters with the supervisory boards before making a decision. As Boyne (2002) describes, this situation indicates how managers in public-sector organisations are less independent as they seek to fit the circumstances that they face.

Several criticisms of how the facilities in *pasar* needing repair or replacement were becoming customary (see Chapter 6, Subsection 6.2.1 and 6.2.2). The managers were aware of the necessity of significant improvements and actions; yet, decisions to respond to these complaints could not be made promptly. As a result, the average assessments of tangible facilities for *pasar* in Jakarta and Bandung were below 'Good' condition (see Chapter 7, Table 7.10 and 7.11), implicitly indicating how *pasar* management lack professional accountability in meeting the public's expectations. Also, it illustrates how the bureaucratic nature of *pasar* makes the decision-making process in the public sector, i.e. *pasar*, tend to be slower than in the private sector (Goodin, 2003; Massaro, Dumay and Garlatti, 2015).

The discussion above implies that the Government had not put the same weight on the twofold missions, profit and social, that *pasar* management must fulfil. The indigenous traditions in *pasar* and the nature of public-sector organisation embedded in *pasar*, which used to carry only a single mission to serve the community, had misled both the government and *pasar* management regarding the obligation to meet the two main goals of *pasar* in equal success. Indeed, the key purpose and core characteristic of *pasar* lies in its social services.

Prior studies show how carrying dual goals may lead to mission drift and potential conflict (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). According to Ebrahim, Battilana and Mair (2014), mission drift can appear when the organisation with dual missions prioritise one aspect of the mission over the other—for example, when the organisation focuses more on creating value for its customers who pay for services than on paying attention to the beneficiaries, or on favouring its beneficiaries and neglecting the demand to generate profit.

In conclusion, this study reveals the challenges in *pasar*, i.e. irrelevant administrative tasks, bureaucratic practices and twofold missions, which had overly burdened *pasar* management. These challenges also denote the 'accountability for what', which the *pasar* management must fulfil. These findings also answer the first research question about the extent to which these challenges reduce the capability of *pasar* management to satisfy the multiple demands of accountability.

8.3 The role of stakeholder salience in portraying accountability functions

This study exposed similar challenges—e.g. too many irrelevant administrative tasks, bureaucratic practices and twofold missions—in both cases of *pasar* in the cities of Jakarta and Bandung, which had diminished the capability of *pasar* management to meet the multiple demands of accountability (see Chapter 6, Section 6.5).

However, this research also investigates how the various stakeholders affect the accountability functions in *pasar*. The twofold missions of *pasar* signify the obligation to fulfil the demands of the stakeholders from two distinct types of organisation, i.e. in the public and the private sectors (Thomasson, 2009). Thus, *pasar* management must deal with many stakeholders whose demands must be satisfied, ideally with equal success (Jansson, 2005).

This study identifies three primary stakeholders of *pasar*, namely government, merchants and customers. Clarkson (1995) and Freeman *et al.* (2010) suggest that primary stakeholders would likely affect to whom and how an organisation responds, in terms of accountability, because primary stakeholders are vital to the organisation (Clarkson, 1995).

However, dealing with three primary stakeholders at different levels, e.g. vertically and horizontally, had amplified the challenges to *pasar* management. The problems included aligning the different stakeholder needs (accountability to whom) and whose interests should come first when they conflict. Thus, stakeholder salience (see Chapter 4, Section 4.3) in this study is relevant, as this theory aided the researcher in identifying to which primary stakeholders the managers give most of their attention (Mitchell, Agle and Wood, 1997; Agle, Mitchell and Sonnenfeld, 1999).

Power, legitimacy and urgency are the three attributes of stakeholder salience that Mitchell, Agle and Wood (1997) propose to solve the problems of identifying and classifying stakeholders. Once the stakeholders are classified, the researcher can see why *pasar* management must pay attention to certain stakeholders and to what extent they manage to fulfil the multiple demands that arise from different stakeholder groups (Boesso and Kumar, 2009).

Undeniably, the possession of ‘power’ is an imbalance among competing stakeholders (Chen, Dyball and Harrison, 2020). For instance, in the case of *pasar*, the government can have all three types of power—coercive, utilitarian and normative power (Etzioni, 1964)—at the same time. The government has a regulatory and coercive power that allows it to decree (Mcquarrie, Kondra and Lamertz, 2013) how *pasar* operate (see Jakarta Governmental Decree Number 2, 2009; Bandung Governmental Decree Number 2, 2012). Consequently, a decree granted the government supervisory boards power to ensure *pasar* managers fulfil the government’s interest.

The government also employs its utilitarian power by hiring managers (Etzioni, 1964; Lunenburg, 2012) with broad experience in retail and commercial sectors (see Chapter 6, Subsection 6.4.1). This is a common practice in the job market, as hiring candidates with profound experience in an organisation with twofold missions is difficult (Ebrahim, Battilana and Mair, 2014). Despite the lack of understanding of how a hybrid organisation operates, experienced managers can bring preconceived ideas of the responsibilities and how to familiarise themselves immediately with a new organisation, such as *pasar* (Scott, 2002; Zilber, 2002). Meanwhile, the stakeholders own the same normative power, able to use media or reputation to influence broader groups (Etzioni, 1964; Mitchell, Agle and Wood, 1997; Majoch, Hoepner and Hebb, 2017).

Possessing the attribute of power, the government fares better than the merchants and the customers. Accordingly, the government can enforce its accountability demands at the cost of merchants and customers (Laughlin, 1990). From the perspective of *pasar* management, focusing on meeting the demands of the most powerful stakeholders can provide the organisation with security and value (Clarkson, 1995; Laplume, Sonpar and Litz, 2008), indicating how significant 'power' is in determining how *pasar* management fulfil the multiple demands of accountability.

This study supports the argument of Parent and Deephouse (2007) and Neville, Bell and Whitwell (2011), who claim that 'power' is the most crucial attribute in classifying stakeholders. 'Power' denotes the level of the organisation's dependence on stakeholders (Savage *et al.*, 1991). The more an organisation relies on stakeholder support, the more powerful the stakeholders are.

Other than power, stakeholder salience suggests legitimacy and urgency to claim as attributes that classify the different groups of stakeholders to whom the managers pay attention. Legitimacy relates to those who can affect or be affected by the achievement of organisation objectives (Phillips, 2003). The government, merchants and customers own legitimacy, standing as primary stakeholders who determine the business in *pasar*. However, Hill and Jones (1992) argue that there must be an exchange relationship in order for a stakeholder to be legitimate. The government and merchants have direct interaction with *pasar* management. The government provides the funds to support *pasar* operational activities, while the merchants pay stall-rental fees and service charges to *pasar* management. Thus, they demand a return that satisfies their interest. For example, the government needs *pasar* management to obey and follow them, whereas the merchants expect *pasar* management to provide service quality and make *pasar* convenient for business. This implies that the government and the merchants both own legitimacy.

On the other hand, although customers' presence in *pasar* is essential for the merchants and significant for the continuation of the business, customers do not have a direct relationship with *pasar* management. Their visit to *pasar* is not an everyday activity (see Chapter 7, Table 7.2 and 7.5). Customers will involve *pasar* management if the price of products increases or an incident occurs, such as a pickpocket or an accident, but customers do not have the attribute of legitimacy.

Urgency is the degree to which stakeholder claims call for immediate attention (Mitchell, Agle and Wood, 1997). Such stakeholders can make *pasar* management responsive to any claims they make. In *pasar*, only the government has the urgency that can call on *pasar* management, due to the vertical relationship between the government and *pasar* management, where the government at the hierarchically superior level acts as the *pasar* management's superior. Demands of merchants and customers cannot receive immediate responses, due to *pasar's* bureaucratic process.

Despite the absence of urgency for merchants and customers, Driscoll and Starik (2004) argue that the probability of a claim could also drive urgency. When a claim is time-sensitive, vital and occurs frequently, then the managers will focus more considerable salience on claimants (Neville, Bell and Whitwell, 2011). Here, merchants better the customers, but not the government.

Customers are 'dormant' stakeholders (see Chapter 6, Subsection 6.4.3). Owning only a single attribute, e.g. 'power', does not grant customers the privilege of gaining the attention of *pasar* management, compared to the government and the merchants. However, as stakeholder salience is a dynamic concept (Mitchell, Agle and Wood, 1997; Santana, 2012), managers of *pasar* should not consider customers less salient forever. Customers can cooperate and form coalitions with other stakeholders, i.e. merchants or even the government, to increase their combined salience (Neville and Menguc, 2006).

In conclusion, the use of the stakeholder salience model in this study shows how *pasar* management classifies stakeholders. It signifies *pasar* management's responsibility for the tasks in *pasar* and to whom they are accountable. In this study, *pasar* management is accountable to the government, merchants and customers. However, the possession of stakeholder salience attributes by each stakeholder affects how accountability functions in *pasar* (RQ2). *Pasar* management prioritises the demands of the government at the expense of the merchants and the customers.

8.4 Policy implications

In this study, *pasar* management and the government emphasise their activities in pursuing the social mission more heavily than realising profit (see Section 8.1). Although serving the public, e.g. merchants and customers, was the priority, numerous complaints about the services in *pasar* were becoming a tradition (see Chapter 6, Subsection 6.2.1 and 6.2.2). Merchants and customers were not fully satisfied with either tangible and intangible services that *pasar* provide (see Chapter 7, Subsection 7.4.1 and 7.4.2). Bureaucratic practices held *pasar* management unresponsive in meeting the accountability demands of the horizontal stakeholders, e.g. merchants and customers. On the other hand, satisfying the vertical demand of the government had not raised an issue. The government had been tolerant about the fulfilment of the profit mission. In other words, the demand for meeting the profit objective was not as essential as satisfying public needs. Thus, there is an imbalanced priority on meeting the accountability functions in *pasar*.

It is common for an organisation operating with dual goals to experience mission drift that triggers a potential conflict over achieving them (Battilana and Lee, 2014; Doherty, Haugh and Lyon, 2014). Twofold missions imply that *pasar* management must deal with several stakeholders or demanders of accountability. This can trigger problems for *pasar* management attempting to maximise the profit and social benefit (accountability for what) at the same time, as well as to align the different needs amongst the different stakeholders (accountability to whom).

Despite the potential problems, scholars suggest how an organisation can make twofold missions work. For instance, Santos, Pache and Birkholz (2015) suggest that the organisation must develop strong key performance indicators to monitor the efficiency of the commercial operations while pursuing the demands of customers, to avoid the risk of mission drift. In *pasar*, the key performance indicators (KPI) were not available (see Chapter 6), and their absence made it difficult for the government to see whether the objectives of *pasar* had been satisfied. Also, when the merchants and customers were not satisfied with the *pasar* services provided (see Chapter 7), sanctions could not be implemented.

Moreover, Santos, Pache and Birkholz (2015) emphasise the crucial role of the decision-makers that manage a hybrid business at the initial stage, requiring a clear understanding of the type of hybrid they build, the characteristics of the work they do, the business model they organise and any transitions in the business model that they may face. This is relevant to the context of this study, as *pasar* have long been recognised as public-sector organisations that serve the public; hence, transforming its business model to include profit as its objective can mislead *pasar* management and the government. Billis (2010) suggests that when *pasar* management and the government fail to understand the changes in a hybrid business, the organisation may just follow accountability lines in their primary sector rather than operate in a mixed or hybrid mode. In other words, *pasar* should continue serving the public as their priority objective, so that the accountability demands only arise from one group of stakeholders, namely, the public.

8.5 Conclusion

Chapter 8 discusses the several challenges that reduced the capability of *pasar* management (see Section 8.2), the diverse stakeholders that had affected accountability functions in *pasar* (see Section 8.3) and the policy implications of present accountability functions (see Section 8.4).

Pasar management is burdened by numerous tasks, bureaucratic practices, and dual missions in fulfilling the accountability demands of its different stakeholders (see Section 8.2). *Pasar* managers were given tasks generally aiming to make a profit and to serve the public. However, they were often troubled by clerical and administrative work, as well as ethnic tensions among the merchants, needing a particular approach to solve the matter. Other than that, the hierarchical process of decision-making about the several complaints caused *pasar* management to become less responsive in satisfying the demands from the horizontal stakeholders, merchants and customers. Dealing with dual missions in *pasar* tends to be unsuccessful as both *pasar* management and the government emphasise serving the public more than generating profit (RQ1).

Pasar management must deal with different stakeholders, such as the government, merchants and customers (see Section 8.3). The government is the most salient stakeholders, possessing all salience attributes at once; thus, *pasar* management prioritises its demands. Merchants own two attributes, power and legitimacy; hence, they receive less attention from *pasar* management. The customers were the least salient stakeholders, due to their possession of power alone. Since these three distinct groups of primary stakeholders own single or combined attributes of salience, each of the groups receives distinct attention from *pasar* management. This implies how diverse stakeholders affect the accountability functions in *pasar* (RQ2).

As the challenges affect how *pasar* management responds to the multiple demands of accountability, the government had to consider the policy implications (see Section 8.4). Well-developed key performance indicators can be used to assess whether managers of *pasar* have fulfilled their tasks, like improving the capabilities of the merchants, obtaining customer satisfaction on *pasar* services, achieving the desired level of profit and a providing a clear understanding of how an organisation with a twofold missions (hybrid organisations) operates (Santos, Pache and Birkholz, 2015), in a way which should help *pasar* management and the government in making hybrids work.

Chapter 9

Conclusion, Limit of Research and Recommendation

9.1 Introduction

Chapter 9 summarises the findings, to provide answers to the research questions the study poses. This chapter also recognises a few limitations that can be improved in future studies. Despite its imperfections, this study contributes significantly to four main aspects of the *pasar* phenomenon: the literature of accountability, the stakeholder salience model, the embedded mixed-methods research approach and policy-makers.

9.2 Summary of research findings

This study aims to investigate how *pasar* management responds to multiple demands for accountability. It was carried out by exploring five *pasar* from two cities, i.e. Jakarta and Bandung, each managed and controlled by the locally owned enterprise in each city. An embedded mixed-methods research approach that emphasised qualitative rather than quantitative data, was conducted, to capture a comprehensive understanding of the cases under study (see Chapter 5). The data were mainly obtained by interviewing key informants, i.e. *pasar* managers and the stakeholders who have knowledge, experience and a thorough understanding of how *pasar* operate. Observations of the facilities and the activities in *pasar* and reviewing documents relevant to *pasar*, e.g. regulations, laws and mass media, were performed to authenticate and complement the interviews. The quantitative approach implemented through surveys added the setting of the case to the data for analysis.

This research used the attributes (power, legitimacy and urgency) of Mitchell, Agle and Wood's (1997) stakeholders salience model to understand the diverse stakeholders and how they affect accountability functions in *pasar* (see Chapter 4).

The findings presented in Chapters 6 and 7 sought to answer the following research questions:

RQ1: *To what extent do the challenges of pasar management diminish the capability of managers to satisfy the multiple demands of accountability?*

RQ2: *How does stakeholder diversity affect the accountability functions of pasar?*

9.2.1 Answer to Research Question 1: The challenges in *pasar*

The findings show that *pasar* must meet the demands of their twofold missions, profit and social. The government requires the profit, while the merchants and customers demand the social functions of *pasar*. In addition, the government obliges *pasar* managers to submit numerous reports, i.e. financial reports, audited reports, activities reports and compliance with the government's regulations. At the same time, the merchants want *pasar* managers to provide them with assistance and serve their needs, demands that often seem irrelevant to the managers' tasks. These challenges denote the 'accountability for what', with which *pasar* management must deal while performing their tasks.

Pasar management can meet the demands of the vertical stakeholders in the hierarchy—that is, the government. The supervisory boards' role in monitoring the managers' activities is effective; for instance, they ensure that *pasar* management submits the required report on time. The researcher was unable to obtain financial information on *pasar*; however, the evidence did show that the need to share profit with the state budget is not the main concern for the managers, as *pasar* still function to serve the public, e.g. providing subsidised prices for groceries and offering training to the merchants. Consequently, the two mission leads to 'mission drift', resulting in more focus on the social mission than on making a profit

Despite the priority of serving the public, the managers fail to offer convenience in *pasar*. Merchants and customers complain about the facilities and services of *pasar* until they become customary, but improvements cannot be made promptly. Indeed, the presence of supervisory boards kept *pasar* management from responding quickly to merchants' and customers' complaints. The challenges imply that *pasar* management faces conflicting accountability, in which the demands from the horizontal stakeholders, i.e. merchants and customers, cannot generally be satisfied quickly. The bureaucratic process suggests that significant decisions and actions in *pasar* must obtain approval from the vertical stakeholders, i.e. the supervisory boards, the governor and even the parliaments. This is because *pasar* are still financed by the state budget; thus, the use of significant money, for example, for *pasar* facilities refurbishment, must go through a hierarchical process.

These challenges, the 'mission drift', bureaucratic process and irrelevant responsibilities, have reduced *pasar* management capability of fulfilling the multiple demands for accountability made by the stakeholders.

9.2.2 Answer to Research Question 2: Stakeholders diversity

The primary stakeholders of *pasar* that this study analysis are the government, merchants and customers. This study used the stakeholder salience model, with its three attributes—power, legitimacy and urgency—as a framework to investigate how the diverse stakeholders have affected accountability functions in *pasar*. The findings show that *pasar* management prioritises the government at the expense of merchants and customers because the government possesses all three attributes, power, legitimacy and urgency, simultaneously. In contrast, merchants who only have power and legitimacy and customers who own power alone get less attention from *pasar* managers. Therefore, by using the stakeholder salience model as the theoretical lens, the findings show that the diverse stakeholders affect the accountability functions in *pasar*.

9.3 Limitations and suggestions for future research

This research has limitations that can be improved in future studies. First, the context of the hybrid organisation in this study is limited to *pasar*. It concentrated on *pasar* managers as the central figures under discussion and the key participants in this study. Their perspectives on delivering the information and answering the questions reflect their subjective opinions on the case being studied. As such, bias may be present because opinion is influenced by such factors as knowledge, experience and environment. The researcher required critical thoughtfulness in selecting the targeted samples for this study, to minimise irrelevant opinion and judgement, e.g. choosing the appropriate gatekeeper and interviewing only the managers and the head of departments of relevant governmental units. However, selecting only the managers may not capture the problems in *pasar* comprehensively. Interviewing other *pasar* personnel, such as security, administrative and customer services officers, in future studies can give broader perspectives on the studied phenomenon that have not been explored through the managers.

Second, the discussion on accountability in this study is limited to three fundamental issues: ‘accountability for what?’, ‘accountability to whom?’ and ‘the reasons to be accountable'. Also, the term 'accountability' used in this study is limited to responsibility. In comparison, some scholars have associated accountability with transparency, answerability and scrutiny. Indeed, some scholars include all terms associated with accountability in their studies. As discussed in the previous chapter, accountability is an evolving concept (see Chapter 3). Therefore, this limitation does not restrict future studies from associating accountability with responsibility alone, but researchers can also duplicate the three accountability issues raised in this study to other settings.

Third, the stakeholders in this study are limited to the government, merchants and customers. These three groups are justifiably primary stakeholders in this study. The government stands as the vertical stakeholder, while merchants and customers are the horizontal stakeholders. Indeed, *pasar* have broad, yet distinct stakeholders, such as parliament members, police officers, the mass media and groceries suppliers. These stakeholders have different degrees of interest in the *pasar*; thus, the form of accountability and the relationship established with the managers can vary. Future studies could consider encompassing broader groups of stakeholders and seeking whether they can make accountability function effectively within the existing system.

Fourth, prior studies show how hybrid organisations often prioritise one mission over the other, referred to as 'mission drift'. This study limits the context of hybrid organisations to *pasar* alone. The findings support that *pasar* face a similar tendency towards mission drift. However, *pasar* are not the only hybrid organisation in Indonesia. Similar hybrid organisations, e.g. regionally owned entities and public universities, may face conflicting accountability problems and experience mission drift. Future studies should seek opportunities to investigate accountability across hybrid organisations, to examine whether 'mission drift' applies.

9.4 Research contributions

This study offers contributions to the literature of accountability, stakeholder salience theory, an embedded-mixed methods approach with a multiple-case-study design and public policy aspects of hybrid organisations. Each is elaborated in the following subsections.

9.4.1 Contributions to the literature of accountability

As an evolving concept, the implementation of accountability varies, depending on the specific context in which it operates (Mulgan, 2000). Therefore, the discourses on three fundamental issues in practising accountability—'who is accountable for what', 'who is accountable to whom' and 'why does the actor feel obliged to be accountable' (Romzek and Dubnick, 1987; Bovens, 2007: p.454; Fowler and Cordery, 2015: p.129) can be distinct for each organisation.

Prior research discusses accountability in the context of *pasar* (see Langelo, Nangoi and Warongan, 2017; Qolbia, 2017). These studies find that the government and *pasar* management lack commitment and misperceive how accountability works, causing accountability to fail in its implementation. In this study, the researcher identifies *pasar* management as burdened with irrelevant tasks, held by bureaucratic practices and facing dual missions. These challenges reduce the capabilities of *pasar* management to meet the multiple demands of accountability (see Chapter 6). The bureaucratic process also leads to several complaints about *pasar* facilities and services (see Chapter 6 and 7). The evidence here provides supporting documentation for how accountability functions fail to work in a new setting, i.e. *pasar*.

9.4.2 Contribution to the stakeholder salience model

This research supports the use of Mitchell, Agle and Wood's (1997) stakeholder salience model as a framework for investigating how accountability functions in *pasar*. The researcher examines the interplay between the three attributes of stakeholder salience: power, legitimacy and urgency. The findings indicate that the possession of stakeholder salience attributes, alone or combined, affects *pasar* management's prioritising the varying demands of its stakeholders, the government, merchants and customers (see Chapter 6). The attributes also show the accountability relationship between *pasar* management and its stakeholders (see Chapter 4).

The government established a vertical relationship with *pasar* management in which the government possesses all three attributes simultaneously; thus, its demands are prioritised. However, satisfying the demands of the horizontal stakeholders, e.g. merchants and customers, cannot occur as responsively. This is due to those stakeholders—the merchants (power and legitimacy) and customers (power)—possessing fewer and weaker stakeholder-salience attributes that result in getting them less attention from *pasar* management.

The empirical evidence here could be of particular interest to the government and policy-makers. This study's unique insights may have implications for other Indonesian organisations that have hybrid characteristics (profit and social missions), such as regionally owned entities and public universities. Therefore, the findings should help the government and policy-makers establish, prioritise and improve the accountability relationship between the managers and the stakeholders in similar hybrid organisations. The stakeholder salience model provides a comprehensive framework for understanding the challenges facing organisations that must deal with diverse stakeholders.

9.4.3 Contribution to embedded mixed-methods research

Prior research examines the typical issues that arise in *pasar* by employing a single approach, either qualitative or quantitative (see Purnomo *et al.*, 2016; Septiari and Kusuma, 2016; Sipahutar, 2016; Najib and Sosianika, 2017). Studies that specifically discuss accountability in *pasar* analysed data using either a descriptive approach alone (see Qolbia, 2017) or an exploratory approach (Langelo, Nangoi and Warongan, 2017). Using a single approach implies that prior research may have failed to capture the depth and breadth of the fundamental issue that arises in *pasar.* In this study, the researcher used an embedded mixed-methods approach in a multiple-case-study, comprising five *pasar*, 33 participants interviewed and 410 respondents to the survey, from two different cities (see Chapter 5). Therefore, this research pursues a more comprehensive understanding of the principal problems of accountability arising in *pasar* and how accountability functions in *pasar.* This approach provides depth and breadth to examining the accountability issues in *pasar,* which prior studies failed to consider.

9.4.4 Contribution to policy

The study findings identify the factors that hinder accountability functions in *pasar* (see Chapter 6). This hindrance leads to complaints and negative perceptions of how *pasar* management provide services and fulfil the horizontal demands of merchants and customers (see Chapter 7). This research suggests that the government should develop key performance indicators to assess how *pasar* management fulfil the demands of accountability. Accountability is not only demanding answers and explanations from the accountors, i.e. *pasar* management, for their decisions and actions, but also providing rewards and sanctions in the course of accountability.

The twofold missions imply that *pasar* management must deal with different stakeholders, who require equal satisfaction. However, the findings show how the government receives priority, at the expense of merchants and customers. Therefore, both the government and *pasar* management must clearly understand how organisations with profit and social missions, i.e. *pasar*, operate. Also, they should consider allowing *pasar* to focus only on a single mission, aiming for profit or serving the community. This will help managers reach *pasar* objectives. Considering these two suggestions above, both in practice and in further research, could strengthen the accountability functions in *pasar*.

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Appendix 1 University ethics approval

Department of Accounting and Finance Ethics Committee Application Form

APPLICATION FORM FOR

DEPARTMENT OF ACCOUNTING AND FINANCE ETHICS COMMITTEE

Purpose This form applies to all investigations (other than generic applications) on human subjects undertaken by staff or students of the Department of Accounting and Finance

Completion The form is designed for completion in Word, and should in any case be typed rather than handwritten. The grey-shaded text boxes on the form will expand to allow you to enter as much information as you require. Please do not alter any of the text outside the shaded areas.

Once completed the form should be submitted electronically to John Dunn, Ethics Convener, Department of Accounting and Finance (john.a.dunn@strath.ac.uk).

Your form must be accompanied by a draft copy of any research instrument that you plan to use and/or an outline of any interview questions.

RE: Ethics Application Form - Denny Andriana

JD John Dunn
To Denny Andriana

Reply Reply All Forward ...
Wed 01/11/2017 14:48

Hi Denny,

yes, that looks fine.

John

From: Denny Andriana
Sent: 31 October 2017 21:22
To: John Dunn
Cc: Julia Smith
Subject: Ethics Application Form - Denny Andriana

Dear John Dunn,

My name is Denny, a PhD student in accounting and finance.

I am going to Indonesia on the 30th of November 2017 to start a field work research.

The field work research includes interviews and surveys to traditional indigenous markets' stakeholders.

Therefore, I attached ethics application form and the supporting documents required for an approval from the department of accounting and finance ethics committee.

Best regards,
Denny Andriana

PhD Student
Department of Accounting And Finance
Strathclyde Business School
University of Strathclyde
Stenhouse Wing
199 Cathedral Street St
Glasgow G4 0QU
United Kingdom

University of Strathclyde Business School

DEPARTMENT OF ACCOUNTING & FINANCE

To Whom It May Concern

12 October 2017

Dear Sir/Madam,

RESEARCH ON THE CHALLENGES FACING *PASAR* (TRADITIONAL INDIGENOUS MARKET) ACCOUNTABILITY

Traditional indigenous markets (*pasar*) have developed in accommodating the needs of economics, social gathering and political ambition in the society. However, the number of *pasar* is declining. Several reasons have caused the decline of *pasar*, including changes in consumer behaviour preferences, overflowing modern markets, and the absence of Government action in converging existing policies on *pasar*. In addition, public sector entities such as *pasar* are demanded to satisfy the needs of accountability to the public.

Our research, while contributing to the literature on the issue of accountability in traditional indigenous markets, also aims to identify the challenges facing *pasar* accountability from the standpoint of *pasar* stakeholders. It will involve interviews and surveys to *pasar* stakeholders (i.e. *pasar* management, merchants, consumers, local government officials, etc), and observations of certain *pasar*.

Our research area targets *pasar* that have been established for more than 25 years, and that have been decreed to be a *pasar* role model in Indonesia. Further, local government institutions that are associated with *pasar* will also form part of the subjects of research. The fieldwork will take place between 4 December 2017 and 12 January 2018. Please find the attached agenda for our research activities.

We would be grateful if you could please give approval to our proposed research agenda, and inform the relevant parties about our impending research. We are happy to answer any queries you may have about the work.

Thank you.

Yours sincerely,

Julia A. Smith

DR. JULIA A. SMITH
University of Strathclyde
Glasgow, Scotland, UK

DENNY ANDRIANA
University of Strathclyde
Glasgow, Scotland, UK
denny-andriana@strath.ac.uk

The place of useful learning

REF UK TOP 20 RESEARCH-INTENSIVE UNIVERSITY

THE UK UNIVERSITY OF THE YEAR WINNER

THE UK ENTREPRENEURIAL UNIVERSITY OF THE YEAR WINNER

Appendix 2 Approval to conduct a field research from the government

PEMERINTAH KOTA BANDUNG
BADAN KESATUAN BANGSA DAN POLITIK
Jalan Wastukencana No.2 Telp. 022 4230393, 4230097 Bandung

REKOMENDASI PENELITIAN
NOMOR : 070/3393/Bakesbangpol

Dasar :
1. Undang-undang Republik Indonesia Nomor 14 Tahun 2008 tentang Keterbukaan Informasi Publik
2. Undang-undang Republik Indonesia Nomor 25 Tahun 2009 tentang Pelayanan Publik
3. Peraturan Pemerintah Republik Indonesia Nomor 18 Tahun 2016 tentang Perangkat Daerah
4. Peraturan Menteri Dalam Negeri Nomor 7 Tahun 2014 tentang Perubahan Atas Peraturan Menteri Dalam Negeri Nomor 64 Tahun 2011 tentang Pedoman Penerbitan Rekomendasi Penelitian
5. Peraturan Daerah Kota Bandung Nomor 08 Tahun 2016 tentang Pembentukan dan Susunan Perangkat Daerah Kota Bandung

Menimbang : Surat dari University of Strathclyde Nomor : - Tanggal 19 Oktober 2017 Perihal Permohonan Rekomendasi Penelitian

MEMBERITAHUKAN BAHWA :

a. Nama : **DENNY ANDRIANA ,SE.AK.,M.BA**
b. Alamat/ Identitas : Jl. Masjid Al Umar No.41 Jakarta NIK. 3175100111810009 Nomor Hp. +447496894225
c. Untuk : 1) Melakukan Penelitian, Dengan Judul "The Challenges Facing Pasar (Traditional Indigenous Market) Accountability".

2) Lokasi : Badan Perencanaan Penelitian dan Pengembangan, Badan Pengelolaan Keuangan dan Aset, Badan Pengeloaan Pendapatan Daerah, Bagian Organisasi dan Pemberdayaan Aparatur Daerah, Bagian Perekonomian, PD Pasar Bermartabat
3) Anggota Tim : -
4) Bidang Penelitian : -
5) Status Penelitian : Baru
6) Waktu Pelaksanaan : 26 Oktober 2017 s.d 26 April 2018

d. Melaporkan hasil Penelitian kepada Wali Kota Bandung c.q Kepala Badan Kesatuan Bangsa dan Politik Kota Bandung, paling lambat 1 minggu setelah selesai.

Demikian rekomendasi ini dibuat untuk digunakan seperlunya.

Bandung, 26 Oktober 2017
a.n KEPALA BADAN KESATUAN BANGSA DAN POLITIK
Sekretaris,

Dra. LUSI SUSILAYANI, M.Si
Pembina Tk. I

Appendix 3 Questionnaire for the merchants and customers

University of Strathclyde Business School

DEPARTMENT OF ACCOUNTING & FINANCE

Title of Project:

The Challenges Facing *Pasar* (Traditional Indigenous Market) Accountability

Name of Researcher : Denny Andriana

Name of Supervisors : Dr Julia Smith

Professor Gavin C Reid

Aim: The aim of this research is to identify the challenges facing *pasar* accountability in terms of the expectations of both *pasar* stakeholders and *pasar* management.

The questionnaire is targeted at *pasar*' stakeholders who have been involved actively in *pasar* as well as those who affect or are affected by *pasar*.

Confidentiality: All information provided will be treated in strict confidence and your identity and anonymity is guaranteed. Results will only be published in aggregate form and used strictly for the purpose of this research only. Any acknowledgement of you or your organisation will be made subject to your agreement.

Instructions: In the attached questionnaire, you are asked to answer the questions by ticking the appropriate boxes. Where you are given a scaled choice, you need only to tick one box per question.

QUESTIONNAIRE RESPONSE SAMPLE (IN INDONESIAN LANGUAGE)

Tanggal : 19 Desember 2017
Responden : Pelanggan / ~~pedagang~~* (*pilih satu*)
Nama Pasar : Andir
Alamat :

Isi

A. Karakteristik responden & Demografi
B. Penilaian Anda tentang layanan dan kualitas pasar

A. <u>Karakteristik responden & Demografi:</u>

Nama Responden : Wiwin.

A1. Jenis kelamin:
- a. Pria [ ]
- b. Perempuan [V]

A2. Umur Responden :
- a. Kurang dari 20 tahun [ ]
- b. 20 - 30 tahun [ ]
- c. 31 - 40 tahun [V]
- d. Lebih dari 40 tahun [ ]

A3. Pendidikan terakhir:
- a. Belum pernah sekolah [ ]
- b. Tidak tamat sekolah [ ]
- c. Menamatkan sekolah* [V]
- d. Universitas [ ]

*catatan: sebutkan tingkat pendidikan terakhir SMA

A4. Asal suku:
- a. ~~Bali~~ Sunda [V]
- b. Jawa [ ]
- c. Padang [ ]
- d. Lainnya* [ ]

*Catatan: sebutkan asal suku ....

A5. Status pernikahan:

a. Belum kawin [ ]
b. Kawin [√]
c. Cerai/pisah [ ]

A6. Jarak ke pasar:

a. Kurang dari 1 km [ ]
b. Antara 1 km - 5 km [ ]
c. Lebih dari 5 km [√]

A7 – A9 untuk pedagang.

A7. Lama pengalaman kerja:

a. Kurang dari 1 tahun [ ]
b. Antara 1 - 5 tahun [ ]
c. Lebih dari 5 tahun [ ]

A8. Rata-rata penghasilan bulanan:

a. Kurang dari Rp 500.000 [ ]
b. Antara Rp 500.000 – Rp 1.000.000 [ ]
c. Lebih dari Rp 1.000.000 [ ]

A9. Rata-rata pengeluaran bulanan:

a. Kurang dari Rp 500.000 [ ]
b. Antara Rp 500.000 – Rp 1.000.000 [ ]
c. Lebih dari Rp 1.000.000 [ ]

A10 - A12 untuk pelanggan.

A10. Pekerjaan:

a. Profesional [ ]
b. PNS/Pegawai pemerintah [ ]
c. Pembantu rumah tangga/Pelayan [ ]
d. Ibu rumah tangga [√]
e. Lainnya* [ ]

*Catatan: sebutkan pekerjaan ....

A11. Rata-rata pengeluaran bulanan di pasar:

a. Kurang dari Rp 500.000 [ ]
b. Antara Rp 500.000 – Rp 1.000.000 [√]
c. Lebih dari Rp 1.000.000 [ ]

A12. Rata-rata belanja di pasar dalam satu bulan:

a. Kurang dari 4 kali [✓]
b. Antara 4 - 8 kali [ ]
c. Lebih dari 8 kali [ ]

B. Untuk mendapatkan gambaran layanan manajemen *Pasar*

Pertanyaan 1 - 25 berikut menggunakan SERVQUAL, model yang dikembangkan oleh Parasuraman et al. (1988) untuk mengukur kualitas layanan. Ada 5 dimensi yang dikembangkan menjadi 25 pertanyaan dan disajikan dalam skala Likert 5 poin.

No	Pertanyaan	Buruk	Kurang Baik	Sedang	Baik	Sangat Baik
Berwujd: Fasilitas fisik, peralatan, dan personel						
1	Apa pendapat Anda tentang fasilitas air bersih?			✓		
2	Apa pendapat Anda tentang fasilitas pembuangan limbah air?			✓		
3	Apa pendapat Anda tentang pengaturan kios?				✓	
4	Apa pendapat Anda tentang penerangan?			✓		
5	Apa pendapat Anda tentang sirkulasi udara?		✓			
6	Apa pendapat Anda tentang kondisi fasilitas umum?				✓	
7	Apa pendapat Anda tentang ketersediaan tempat sampah?				✓	
8	Apa pendapat Anda tentang ketersediaan alat pencegahan kebakaran?		✓			
9	Apa pendapat Anda tentang ketersediaan tempat parkir?			✓		
10	Apa pendapat Anda tentang transportasi akses dari dan ke pasar?		✓			
11	Apa pendapat Anda tentang akses masuk dan keluar pasar?			✓		
Empati: peduli, perhatian manajemen pasar terhadap setiap konsumennya.						
12	Apa pendapat Anda tentang sikap perhatian pegawai manajemen pasar?				✓	
13	Apa pendapat Anda tentang penyambutan pegawai manajemen pasar?				✓	
14	Apa pendapat Anda tentang keramahan pegawai manajemen pasar?				✓	
Keandalan: Melaksanakan janji bahwa mereka dapat diandalkan dan akurat						
15	Apa pendapat Anda tentang pengaturan area kios?			✓		
	*Catatan: pengaturan area kios adalah kebijakan kios di pasar menurut jenis produk yang dijual					
16	Apa pendapat Anda tentang usaha perhatian manajemen pasar dalam pencegahan kebakaran?			✓		
17	Apa pendapat Anda tentang usaha perhatian manajemen pasar dalam mengurangi bencana alam seperti banjir dan gempa bumi?		✓			
18	Apa pendapat Anda tentang usaha perhatian manajemen pasar dalam menjaga kebersihan pasar?			✓		
19	Apa pendapat Anda tentang usaha perhatian manajemen pasar dalam mendukung pengembangan bisnis pasar?			✓		
20	Apa pendapat Anda tentang kemampuan manajemen pasar membuat pasar menjadi tempat yang bagus untuk bisnis?			✓		
	Ketanggapan untuk mendukung konsumen dan memberikan layanan cepat.					
21	Apa pendapat Anda tentang keinginan manajemen pasar dalam mendukung pedagang melakukan bisnis mereka dengan nyaman?			✓		
22	Apa pendapat Anda tentang ketanggapan manajemen pasar dalam menangani gangguan yang dihadapi pedagang?			✓		
	Ketenangan: Pengetahuan, kemampuan karyawan menciptakan rasa percaya					
23	Apa pendapat Anda tentang usaha manajemen pasar dalam menjaga fasilitas pasar?				✓	
24	Apa pendapat Anda tentang usaha manajemen pasar dalam menjaga komunikasi yang baik dengan pedagang?				✓	

QUESTIONNAIRE (IN ENGLISH)

Date :

Respondents : **Customer / Merchant (*Choose One*)**

Name of *Pasar* :

Address :

Agenda Outline

A. Respondent characteristics & Demographics

B. Stakeholders' assessment on *pasar'* services & quality

A. <u>Respondents' Characteristics & Demographic:</u>

Name of Respondent :

Q1. Gender:

a. Male [ ]

b. Female [ ]

Q2. Age of respondent:

a. Less than 20 years old [ ]

b. 20 – 30 years old [ ]

c. 31 – 40 years old [ ]

d. More than 40 years old [ ]

Q3. Educational attainment:

a. No schooling completed [ ]

b. Completed school* [ ]

c. College [ ]

*remark: specify which level of education ……..

Q4. Ethnicity origin:

a. Sunda [ ]

b. Java [ ]

c. Padang [ ]

d. Other* [ ]

*remark: specify which ethnicity ………

Q5. Marital status:

a. Single [ ]

b. Married [ ]

c. Divorce/separated [ ]

Q6. Distance to *pasar:*

a. Less than 1Km [ ]

b. Between 1Km – 5Km [ ]

c. More than 5Km [ ]

Q7 – Q10 are for merchants.

Q7. Length of working experience:

a. Less than 1 year [ ]

b. Between 1 year to 5 years [ ]

c. More than 5 years [ ]

Q8. Average monthly revenue:

a. Less than Rp. 500,000 [ ]

b. Between Rp. 500,000 – Rp. 1,000,000 [ ]

c. More than Rp. 1,000,000 [ ]

Q9. Average monthly expenditure:

a. Less than Rp. 500,000 [ ]

b. Between Rp. 500,000 – Rp. 1,000,000 [ ]

c. More than Rp. 1,000,000 [ ]

Q10 – Q12 are for customers.

Q10. Job status:

a. Professional [ ]

b. Civil servant/government officer [ ]

c. Housemaid/Servant [ ]

d. Housewife [ ]

e. Others* [ ]

*remark: specify the job ....

Q11. Average monthly spent on pasar:

a. Less than Rp. 500,000 [ ]

b. Between Rp. 500,000 – Rp. 1,000,000 [ ]

c. More than Rp. 1,000,000 [ ]

Q12. Average monthly shopping at *pasar*:

a. Less than 4 times [ ]

b. Between 4 times – 8 times [ ]

c. More than 8 times [ ]

<u>B. Objective</u>: To obtain insights on *Pasar* Characteristics and Services

The following questions number 1 – 24 uses SERVQUAL Model developed by Parasuraman et al. (1988) for measuring service quality. There are 5 dimensions which developed into 24 questions and presented in five-point Likert scale.

No	Questions	Poor	Fair	Average	Good	Excellent
Tangible: physical facilities, equipment, and appearance of personnel						
1	How do you perceived the clean water facility?					
2	How do you perceived the wastewater disposal facility?					
3	How do you perceived the arrangement of the stalls?					
4	How do you perceived the brightness condition?					

5	How do you perceived the air circulation?					
6	How do you perceived the public facilities condition?					
7	How do you perceived the availability of bins?					
8	How do you perceived the availability of fire prevention kits?					
9	How do you perceived the availability of parking spaces?					
10	How do you perceived the transportation access from and to *pasar*?					
11	How do you perceived the entry and exit access of *pasar*?					
Empathy: caring, individualized attention the firm provides its customers.						
12	How do you perceived *pasar* management's officers caring attitudes?					
13	How do you perceived the hospitality of *pasar* management's officers?					
14	How do you perceived the pleasantness of *pasar* management's officers?					
Reliability: to perform the promised service dependably and accurately						
15	How do you perceived the stalls zoning arrangement?*					
*Remark: stalls zoning arrangement is a policy to group stalls in *pasar* according to the types of goods sold						
16	How do you perceived *pasar* management's effort in preventing fire disaster?					
17	How do you perceived *pasar* management's effort in reducing the impacts of natural disaster, i.e. flood, earthquake?					
18	How do you perceived *pasar* management's effort in maintaining the cleanliness in *pasar*?					
19	How do you perceived *pasar* management's effort in					

	supporting merchants' business expansion?					
20	How do you perceived the ability of *pasar* management in making *pasar* as a good place for business?					
Responsiveness: to help customers and provide prompt service.						
21	How do you perceived the willingness of *pasar* management to support merchants in conducting their business conveniently?					
22	How do you perceived the responsiveness of *pasar* management in handling any disturbance facing merchants?					
Assurance: courtesy knowledge, ability of employees to inspire trust and confidence						
23	How do you perceived *pasar* management's effort in taking care of *pasar'* facilities?					
24	How do you perceived *pasar* management's effort in maintaining good-communication with the merchants?					

Appendix 4 Participants responses (manual thematic)

a. Accountability For What

Profit and relating words

Social and relating words

No.	Job Title	Accountability For What
1	Director Operational PD Pasar Jaya Jakarta (DJ)	"… We have three goals… first, to manage the area of *pasar*; second, to develop the capability of the merchants; third, to support the stability of the prices and the distribution of goods to *pasar*… by managing the area in *pasar*, we are expected to make a profit from *pasar*, whereas the other goal is to fulfil the social function of *pasar*"
2	Manager Pasir Koja Jakarta (MJ1)	"…the point is to serve the community, to be a place for a safe and comfortable transaction... on the other hand; we are also obliged to do administrative tasks as a form of accountability to our superior…"
3	Manager Pasar Mayestik Jakarta (MJ2)	"…*PD Pasar Jaya* has three functions; first is to generate profit, and then, second, of course, to develop the competencies of the merchants, and third is to maintain a steady price of the goods in *pasar*… so pasar Mayestik follows *PD Pasar Jaya*…"
4	Head	"…if we see at the purpose of forming a locally owned enterprise, one of them is to share its profit with the state's budget... but we also need to make sure that we can control the price of the groceries…"

	Division of Foods, Utilities, Marketing, and Industry Jakarta (GJ1)	
5	Head Economics Bureau Jakarta (GJ2)	"Well *PD Pasar* has a target…to make sure that the prices are stable…"
6	Head Foods Resilience Division Jakarta (GJ3)	"Other than that, *pasar* aim to ensure that the price is stable… so if the price of those groceries and meats increases, those who are less fortunate will not suffer much, because the government will intervene by providing substitutes and give subsidies to the affected products…"
7	General Manager PD Pasar Bermartabat Bandung (DB)	"… the goals of *pasar* are to serve the public in Bandung city. Also, *pasar* should share its profit with the city's budget, which is different from the general revenues obtained from the taxes…"
8	Manager Pasar Kosambi Bandung (MB1)	"Well, *pasar* Kosambi has been here since a long time ago. The people living nearby need *pasar*. So, it is more for the service of the economy of the people… it is mostly for social function, not profit"
9	Manager Pasar Cihapit Bandung (MB2)	"There are many purposes of *pasar*. For commercial purpose, of course, we look for profit by managing *pasar*. As for its social function, it is a place where sellers and buyers meet when they do transactions…"

10	Manager Pasar Andir Bandung (MB3)	"The regulation of the local government states that we serve as best as possible by providing service for the community in terms of providing daily needs such as food… it is our duty as *PD Pasar*, as mandated by the municipality, to accompany, to develop, and now, to share the profit of *pasar* with the city's revenue…"
11	Head Sub-Division Investment and Business Development Bandung (GB1)	"… institutionally, the government owns four locally owned enterprises…all these four, including *PD Pasar Bermartabat*, are obliged to provide service quality for the public and generates a profit"
12	Head Sub-Division Economics Planning and Financial Resources Bandung (GB2)	"At one end, *pasar* must be profitable, and on the other end, it must also increase its services to the public. It means that the profit must go to the owner, that is the Mayor of Bandung city. However, if the managers wanted to make a profit and increase the revenue generated from *pasar*, they need to improve their services to the merchants."

b. Accountability To Whom

Stakeholders

Government and relating words

Merchants and relating words

Customers and relating words

No.	Job Title	Accountability to Whom
1	Director Operational *PD Pasar Jaya* Jakarta (DJ)	"We have many stakeholders… The government of Jakarta is absolutely 100%; specifically, it is the Division of Foods, Utilities, Marketing and Industry of the government of Jakarta. Those two bureaus are closely linked to *pasar*… Other than that, there is also one bureau, the Economics Bureau, at the provincial level, that supervises our activities. They are the representatives of the Governor of Jakarta. … and there is another one, the Food Resilience Division of Province of Jakarta. The third bureau works together with us in ensuring the price stability in *pasar*…"
2	Manager *Pasir* Koja Jakarta (MJ1)	"…in general, our stakeholders are the governmental institutions. That includes the head of the sub-district, head of the districts, and the Mayor of North Jakarta. We must communicate and coordinate with many others. Regarding the economics, we work together with the Food Resilience Division..."
3	Manager *Pasar* Mayestik Jakarta (MJ2)	"…a cooperative which is managed by the merchants..."

4	Head Division of Foods, Utilities, Marketing, and Industry Jakarta (GJ1)	"the closest one is the economics bureau. The bureau is responsible for making and issuing policies on *pasar* and modern markets… then also the Foods Resilience Division that is responsible for making sure that the price is stable."
5	Head Economics Bureau Jakarta (GJ2)	"The Governor is the stakeholder, because the Governor owns *pasar*… Well, of course, along with the governmental units, merchants also are the stakeholders. Even some of the parliament members are representative of the merchants."
6	Head Foods Resilience Division Jakarta (GJ3)	"*PD Pasar* has many stakeholders. Most of them are governmental units. It depends on the responsibilities. For instance, if it is related to the price's stability, they will cooperate with us. There is also the Economics bureau… However, *pasar* are mainly related to the Division of Foods, Utilities, Marketing and Industry".
7	General Manager *PD Pasar Bermartabat* Bandung (DB)	"first the merchants, and second the government… and the people in Bandung who experienced the transformation in Bandung…"
8	Manager *Pasar* Kosambi Bandung (MB1)	"… trading division, law enforcement. If a theft happened in pasar, we would coordinate with the police officers… we also cooperate with trading division regarding the issues on the price… because some of the groceries' prices in *pasar* have increased…definitely with the society"

9	Manager *Pasar* Cihapit Bandung (MB2)	"… governmental units and society… the society needs *pasar* because *pasar* offer daily necessities. There are so many activities in *pasar* that relate with governmental units, such as trading division, economics division, law enforcement… and we also collaborate with a governmental unit which is responsible for recycling garbage..."
10	Manager *Pasar* Andir Bandung (MB3)	"We have what we call a 'paguyuban' (an association) here. This 'paguyuban' can accommodate the merchants… Other stakeholders are those who have an interest outside of this market….no governmental units as our stakeholders… we report directly to *PD Pasar*"
11	Head Sub-Division Investment and Business Development Bandung (GB1)	"When it relates to budget, *PD Pasar* communicates with us… the stakeholder mainly in the economics division. Well, there are other divisions too, but their roles are not as significant as ours."
12	Head Sub-Division Economics Planning and Financial Resources Bandung (GB2)	"The ones that have great concern to *pasar* are, of course, the owner (mayor of Bandung). Then, the merchants… I think the members of parliament are also included. *PD Pasar* relates to the member of parliaments in terms of the budgeting approval process.. The government still subsidises the operational activities in *pasar*. Thus, it needs the approval from the parliament"
13	Head Business and Trading Resources Bandung (GB3)	"There are plenty of stakeholders… one of them is the Foods Resilience division. Their division is responsible for coordinating with the managers of *pasar* to ensure that the prices are stable and the distribution of the products to *pasar* is normal… whereas our division is related to *pasar* because we assist the managers in providing training for the merchants."

c. **Reasons to be accountable**

Responsibility and relating words

No.	Job Title	Reasons to be Accountable
1	Manager *Pasir* Koja Jakarta (MJ1)	"I oversee administrative work such as yearly budget, make sure that all is run as agreed by the *PD Pasar Jaya* and be in charge of generating profit. Secondly, I am also accountable to the merchants and customers… We had provided trainings for the merchants, for instance, how to provide services to the customers.. we also have a special space next door for those who have complaints on the services in *pasar*…"
2	Manager *Pasar* Mayestik Jakarta (MJ2)	"I am handling *pasar* Mayestik with an area of 12.000 m^2…as part of my responsibility as a manager, we have trained our merchants with the skills of e-commerce and online marketing… we also provide standard operating procedures and customer services to receive any complaints concerning activities in *pasar* …"
3	Head Division of Foods, Utilities, Marketing, and Industry Jakarta (GJ1)	"…. Our Division is responsible for monitoring the business plan and activities of *PD Pasar Jaya*… as the Governor's representative, our task is to ensure the Governor's policy and expectations of *pasar* are implemented by the board of directors of *PD Pasar Jaya*…"
4	Head Economics Bureau Jakarta (GJ2)	"… our bureau is responsible for forming drafts of regulations on *pasar* in Jakarta… that includes modern markets, such as supermarkets, mini markets… so our bureau is only forming a draft of general policies on *pasar*, whereas the details will be in the form of the governor's decree and others…"

5	Head Foods Resilience Division Jakarta (GJ3)	"First is to monitor the hygiene of the foods. Second, we also have a low-priced foods program for those who are in need…so, the low-priced foods program is in line with one of the missions of *pasar*, i.e. to support the stability of the prices and the distribution of goods in *pasar*…"
6	Manager *Pasar* Kosambi Bandung (MB1)	"To coordinate the work among the merchants, accommodate what the merchants want and pass their demands to *pasar'* headquarter, create a safe environment and orders among the merchants. Making *pasar* a comfort place for the consumers…"
7	Manager *Pasar* Cihapit Bandung (MB2)	"Everything. Such as maintaining the cleanliness of *pasar*, stalls rental payment, and extension license for renting the stalls… Other than that, it is also our responsibilities to take care of administrative parts such as coordinating with the head of the local community, district, sub-district…"
8	Manager *Pasar* Andir Bandung (MB3)	"My responsibility is managing the building of *pasar*. Technically, I must make sure that cleanliness, comfort, and regulations are applied in *pasar* respectfully. I shall also maintain the building, and make profit out of the building…"
9	Head Sub-Division Investment and Business Development Bandung (GB1)	"our division (economic division) is responsible for supervising the managers to run the business following the governments' program… as *pasar* aim to serve the public and to make a profit, it is our division's responsibility to make sure that the target can be fulfilled… we also need to make sure that all local-owned enterprises (including *PD pasar*) are in good condition both financial and non-financial. If the financial condition is healthy, then *PD Pasar* can make a profit."

10	Head Sub-Division Economics Planning and Financial Resources Bandung (GB2)	"…our division is a planning division, including economics planning. *Pasar* are one of the potential businesses… if *PD Pasar* needs a concept of business development and business plan, we are here to facilitate them…However, we only assist them in the early phase… whereas the implementation and all their reports are submitted to the economics division…"
11	Head Business and Trading Resources Bandung (GB3)	"we helped the management of *PD Pasar Bermartabat* with several activities… one of them is we provide trainings for the merchants…such as book-keeping, how to increase capital, how to make loans from the bank, e.t.c... monitoring the price of the groceries in *pasar* is also our responsibility…"

Appendix 5 Pilot data output – Correlation matrix

Correlation Matrix[a]

		Tang1	Tang2	Tang3	Tang4	Tang5	Tang6	Tang7	Tang8	Tang9	Tang10	Tang11	Emp1	Emp2	Emp3	Rel1	Rel2	Rel3	Rel4	Rel5	Rel6	Res1	Res2	Ass1	Ass2
Correlation	Tang1	1.000	.525	.261	.408	.349	.282	.314	.244	.276	-.078	.314	.256	.291	.266	.323	.237	.280	.399	.092	.118	.199	-.070	.456	.135
	Tang2	.525	1.000	.485	.394	.530	.403	.423	.659	.349	.305	.469	.601	.456	.484	.460	.643	.524	.495	.363	.237	.414	.123	.578	.596
	Tang3	.261	.485	1.000	.612	.392	.184	.282	.331	.316	.058	.259	.219	.303	.288	.545	.249	.405	.463	.255	.111	.166	-.148	.313	.252
	Tang4	.408	.394	.612	1.000	.378	.151	.233	.098	.313	-.154	.086	.039	.167	.178	.479	.116	.181	.497	.100	.012	.216	-.025	.221	-.008
	Tang5	.349	.530	.392	.378	1.000	.260	.255	.306	.069	.177	.327	.333	.303	.253	.312	.253	.391	.201	.148	.096	.244	.037	.311	.376
	Tang6	.282	.403	.184	.151	.260	1.000	.448	.443	.189	.248	.189	.336	.389	.354	.370	.569	.611	.310	.155	.171	.222	.162	.346	.412
	Tang7	.314	.423	.282	.233	.255	.448	1.000	.379	.411	.414	.351	.591	.568	.525	.335	.535	.429	.538	.381	.188	.469	.237	.668	.482
	Tang8	.244	.659	.331	.098	.306	.443	.379	1.000	.434	.240	.217	.462	.490	.346	.393	.713	.614	.281	.294	.152	.284	.062	.568	.547
	Tang9	.276	.349	.316	.313	.069	.189	.411	.434	1.000	.308	.280	.353	.381	.127	.343	.413	.492	.334	.374	.321	.287	.163	.442	.304
	Tang10	-.078	.305	.058	-.154	.177	.248	.414	.240	.308	1.000	.687	.518	.448	.342	.096	.476	.411	.065	.326	.224	.195	.186	.372	.503
	Tang11	.314	.469	.259	.086	.327	.189	.351	.217	.280	.687	1.000	.494	.339	.279	.395	.400	.434	.234	.201	.180	.199	.059	.491	.319
	Emp1	.256	.601	.219	.039	.333	.336	.591	.462	.353	.518	.494	1.000	.660	.708	.247	.469	.394	.519	.525	.339	.446	.415	.760	.778
	Emp2	.291	.456	.303	.167	.303	.389	.568	.490	.381	.448	.339	.660	1.000	.782	.334	.546	.577	.453	.584	.367	.416	.420	.608	.715
	Emp3	.266	.484	.288	.178	.253	.354	.525	.346	.127	.342	.279	.708	.782	1.000	.237	.429	.382	.641	.442	.304	.435	.388	.520	.736
	Rel1	.323	.460	.545	.479	.312	.370	.335	.393	.343	.096	.395	.247	.334	.237	1.000	.492	.599	.405	.265	.353	.437	.146	.447	.267
	Rel2	.237	.643	.249	.116	.253	.569	.535	.713	.413	.476	.400	.469	.546	.429	.492	1.000	.735	.377	.390	.282	.351	.168	.545	.481
	Rel3	.280	.524	.405	.181	.391	.611	.429	.614	.492	.411	.434	.394	.577	.382	.599	.735	1.000	.351	.356	.349	.401	.254	.481	.485
	Rel4	.399	.495	.463	.497	.201	.310	.538	.281	.334	.065	.234	.519	.453	.641	.405	.377	.351	1.000	.375	.186	.411	.228	.411	.470
	Rel5	.092	.363	.255	.100	.148	.155	.381	.294	.374	.326	.201	.525	.584	.442	.265	.390	.356	.375	1.000	.620	.401	.542	.442	.512
	Rel6	.118	.237	.111	.012	.096	.171	.188	.152	.321	.224	.180	.339	.367	.304	.353	.282	.349	.186	.620	1.000	.676	.704	.332	.382
	Res1	.199	.414	.166	.216	.244	.222	.469	.284	.287	.195	.199	.446	.416	.435	.437	.351	.401	.411	.401	.676	1.000	.646	.461	.450
	Res2	-.070	.123	-.148	-.025	.037	.162	.237	.062	.163	.186	.059	.415	.420	.388	.146	.168	.254	.228	.542	.704	.646	1.000	.288	.411
	Ass1	.456	.578	.313	.221	.311	.346	.668	.568	.442	.372	.491	.760	.608	.520	.447	.545	.481	.411	.442	.332	.461	.288	1.000	.527
	Ass2	.135	.596	.252	-.008	.376	.412	.482	.547	.304	.503	.319	.778	.715	.736	.267	.481	.485	.470	.512	.382	.450	.411	.527	1.000
Sig. (1-tailed)	Tang1		.000	.052	.004	.014	.039	.024	.065	.042	.316	.024	.055	.034	.048	.021	.071	.040	.005	.286	.235	.110	.334	.002	.204
	Tang2	.000		.001	.006	.000	.005	.003	.000	.014	.028	.001	.000	.002	.001	.001	.000	.000	.001	.011	.071	.004	.225	.000	.000
	Tang3	.052	.001		.000	.006	.128	.039	.019	.024	.362	.053	.088	.029	.036	.000	.061	.005	.001	.056	.248	.153	.181	.025	.058
	Tang4	.004	.006	.000		.008	.176	.074	.275	.025	.172	.298	.406	.152	.136	.001	.239	.131	.001	.270	.470	.090	.440	.085	.480
	Tang5	.014	.000	.006	.008		.052	.056	.027	.336	.137	.020	.018	.029	.057	.025	.058	.006	.107	.182	.278	.065	.411	.025	.008
	Tang6	.039	.005	.128	.176	.052		.002	.002	.122	.061	.121	.017	.007	.012	.009	.000	.000	.026	.169	.145	.085	.160	.014	.004
	Tang7	.024	.003	.039	.074	.056	.002		.008	.004	.004	.013	.000	.000	.000	.017	.000	.003	.000	.008	.122	.001	.070	.000	.001
	Tang8	.065	.000	.019	.275	.027	.002	.008		.003	.068	.089	.001	.001	.014	.006	.000	.000	.040	.033	.175	.038	.352	.000	.000
	Tang9	.042	.014	.024	.025	.336	.122	.004	.003		.027	.040	.013	.008	.218	.015	.004	.001	.018	.009	.022	.036	.157	.002	.028
	Tang10	.316	.028	.362	.172	.137	.061	.004	.068	.027		.000	.000	.002	.015	.277	.001	.004	.344	.020	.082	.114	.125	.009	.000
	Tang11	.024	.001	.053	.298	.020	.121	.013	.089	.040	.000		.001	.016	.041	.006	.005	.003	.073	.106	.133	.109	.359	.001	.023
	Emp1	.055	.000	.088	.406	.018	.017	.000	.001	.013	.000	.001		.000	.000	.062	.001	.006	.000	.000	.016	.002	.004	.000	.000
	Emp2	.034	.002	.029	.152	.029	.007	.000	.001	.008	.002	.016	.000		.000	.017	.000	.000	.002	.000	.010	.004	.004	.000	.000
	Emp3	.048	.001	.036	.136	.057	.012	.000	.014	.218	.015	.041	.000	.000		.070	.003	.007	.000	.002	.028	.002	.007	.000	.000
	Rel1	.021	.001	.000	.001	.025	.009	.017	.006	.015	.277	.006	.062	.017	.070		.001	.000	.005	.049	.013	.002	.184	.002	.048
	Rel2	.071	.000	.061	.239	.058	.000	.000	.000	.004	.001	.005	.001	.000	.003	.001		.000	.008	.006	.039	.013	.151	.000	.001
	Rel3	.040	.000	.005	.131	.006	.000	.003	.000	.001	.004	.003	.006	.000	.007	.000	.000		.013	.012	.014	.005	.057	.001	.001
	Rel4	.005	.001	.001	.001	.107	.026	.000	.040	.018	.344	.073	.000	.002	.000	.005	.008	.013		.008	.125	.004	.079	.004	.001
	Rel5	.286	.011	.056	.270	.182	.169	.008	.033	.009	.020	.106	.000	.000	.002	.049	.006	.012	.008		.000	.005	.000	.002	.000
	Rel6	.235	.071	.248	.470	.278	.145	.122	.175	.022	.082	.133	.016	.010	.028	.013	.039	.014	.125	.000		.000	.000	.018	.007
	Res1	.110	.004	.153	.090	.065	.085	.001	.038	.036	.114	.109	.002	.004	.002	.002	.013	.005	.004	.005	.000		.000	.001	.002
	Res2	.334	.225	.181	.440	.411	.160	.070	.352	.157	.125	.359	.004	.004	.007	.184	.151	.057	.079	.000	.000	.000		.036	.004
	Ass1	.002	.000	.025	.085	.025	.014	.000	.000	.002	.009	.001	.000	.000	.000	.002	.000	.001	.004	.002	.018	.001	.036		.000
	Ass2	.204	.000	.058	.480	.008	.004	.001	.000	.028	.000	.023	.000	.000	.000	.048	.001	.001	.001	.000	.007	.002	.004	.000	

a. Determinant = 4.477E-10

Appendix 6 Questionnaires respondents output – Correlation matrix

Correlation Matrix[a]

		Tang1	Tang2	Tang3	Tang4	Tang5	Tang6	Tang7	Tang8	Tang9	Tang10	Tang11	Emp1	Emp2	Emp3	Rel1	Rel2	Rel3	Rel4	Rel5	Rel6	Res1	Res2	Ass1	Ass2
Correlation	Tang1	1.000	.472	.469	.450	.316	.361	.370	.366	.350	.217	.306	.395	.401	.359	.322	.309	.260	.367	.275	.200	.220	.285	.295	.179
	Tang2	.472	1.000	.559	.474	.519	.516	.591	.556	.508	.397	.508	.461	.453	.472	.551	.566	.471	.589	.366	.400	.401	.460	.507	.371
	Tang3	.469	.559	1.000	.555	.463	.543	.537	.450	.522	.418	.480	.504	.478	.438	.635	.436	.437	.554	.399	.431	.401	.500	.531	.383
	Tang4	.450	.474	.555	1.000	.459	.504	.431	.399	.450	.333	.402	.408	.375	.363	.496	.382	.378	.405	.303	.370	.352	.357	.437	.253
	Tang5	.316	.519	.463	.459	1.000	.515	.528	.491	.546	.285	.495	.480	.493	.496	.445	.458	.404	.545	.368	.439	.434	.486	.507	.353
	Tang6	.361	.516	.543	.504	.515	1.000	.574	.469	.595	.272	.538	.516	.504	.469	.487	.488	.456	.559	.369	.450	.410	.514	.619	.394
	Tang7	.370	.591	.537	.431	.528	.574	1.000	.654	.519	.349	.506	.431	.382	.416	.515	.625	.490	.686	.349	.435	.418	.476	.540	.391
	Tang8	.366	.556	.450	.399	.491	.469	.654	1.000	.471	.367	.473	.448	.392	.412	.499	.733	.515	.577	.416	.416	.378	.456	.504	.362
	Tang9	.350	.508	.522	.450	.546	.595	.519	.471	1.000	.406	.569	.512	.535	.496	.431	.435	.431	.519	.398	.447	.407	.467	.494	.414
	Tang10	.217	.397	.418	.333	.285	.272	.349	.367	.406	1.000	.520	.312	.288	.302	.400	.351	.346	.406	.252	.276	.273	.324	.348	.354
	Tang11	.306	.508	.480	.402	.495	.538	.506	.473	.569	.520	1.000	.524	.505	.518	.427	.497	.444	.618	.337	.437	.416	.462	.524	.440
	Emp1	.395	.461	.504	.408	.480	.516	.431	.448	.512	.312	.524	1.000	.785	.748	.426	.465	.434	.488	.520	.515	.473	.487	.533	.420
	Emp2	.401	.453	.478	.375	.493	.504	.382	.392	.535	.288	.505	.785	1.000	.798	.416	.416	.406	.446	.439	.435	.413	.475	.470	.403
	Emp3	.359	.472	.438	.363	.496	.469	.416	.412	.496	.302	.518	.748	.798	1.000	.407	.401	.358	.479	.451	.468	.417	.499	.470	.433
	Rel1	.322	.551	.635	.496	.445	.487	.515	.499	.431	.400	.427	.426	.416	.407	1.000	.492	.409	.530	.412	.396	.453	.499	.541	.389
	Rel2	.309	.566	.436	.382	.458	.488	.625	.733	.435	.351	.497	.465	.416	.401	.492	1.000	.626	.577	.416	.454	.442	.471	.569	.424
	Rel3	.260	.471	.437	.378	.404	.456	.490	.515	.431	.346	.444	.434	.406	.358	.409	.626	1.000	.521	.384	.428	.425	.457	.504	.476
	Rel4	.367	.589	.554	.405	.545	.559	.686	.577	.519	.406	.618	.488	.446	.479	.530	.577	.521	1.000	.373	.442	.428	.535	.614	.467
	Rel5	.275	.366	.399	.303	.368	.369	.349	.416	.398	.252	.337	.520	.439	.451	.412	.416	.384	.373	1.000	.695	.591	.511	.478	.424
	Rel6	.200	.400	.431	.370	.439	.450	.435	.416	.447	.276	.437	.515	.435	.468	.396	.454	.428	.442	.695	1.000	.576	.510	.509	.412
	Res1	.220	.401	.401	.352	.434	.410	.418	.378	.407	.273	.416	.473	.413	.417	.453	.442	.425	.428	.591	.576	1.000	.585	.496	.432
	Res2	.285	.460	.500	.357	.486	.514	.476	.456	.467	.324	.462	.487	.475	.499	.499	.471	.457	.535	.511	.510	.585	1.000	.629	.471
	Ass1	.295	.507	.531	.437	.507	.619	.540	.504	.494	.348	.524	.533	.470	.470	.541	.569	.504	.614	.478	.509	.496	.629	1.000	.576
	Ass2	.179	.371	.383	.253	.353	.394	.391	.362	.414	.354	.440	.420	.403	.433	.389	.424	.476	.467	.424	.412	.432	.471	.576	1.000
Sig. (1-tailed)	Tang1		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang2	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang3	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang4	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang5	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang6	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang7	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang8	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang9	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang10	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Tang11	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Emp1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Emp2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Emp3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	Rel1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	Rel2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	Rel3	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	Rel4	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	Rel5	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	Rel6	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	Res1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	Res2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	Ass1	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	Ass2	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	

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Appendix 7 MonteCarlo output

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Number of replications: 100

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     18               0.8193                .0151
     19               0.7895                .0172
     20               0.7591                .0172
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     23               0.6588                .0217
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3/23/2018   2:05:42 AM

Monte Carlo PCA for Parallel Analysis
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