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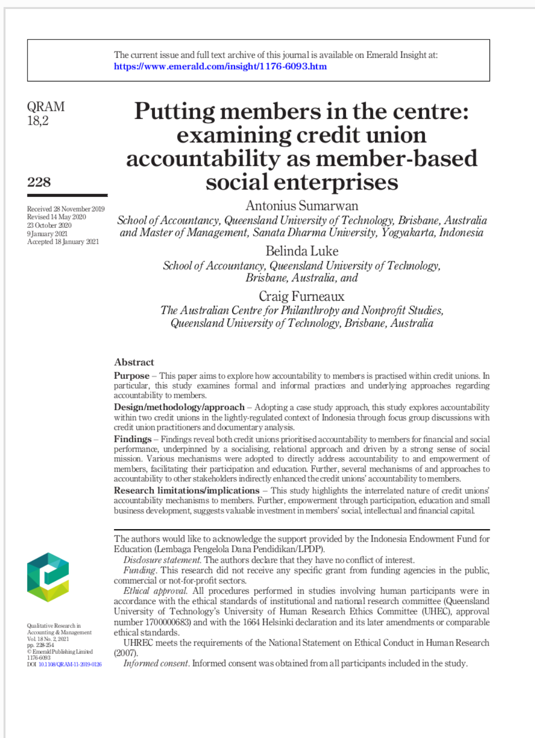
File name:	edit_union_accountability_as_member-based_social_enterpri...
File size:	315.94K
Page count:	27
Word count:	13,924
Character count:	82,742
Submission date:	28-Jul-2022 02:10PM (UTC+0700)
Submission ID:	1876114034



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QRAM
18,2

228

Received 28 November 2019
Revised 14 May 2020
23 October 2020
9 January 2021
Accepted 18 January 2021

Putting members in the centre: examining credit union accountability as member-based social enterprises

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Abstract

Purpose – This paper aims to explore how accountability to members is practised within credit unions. In particular, this study examines formal and informal practices and underlying approaches regarding accountability to members.

Design/methodology/approach – Adopting a case study approach, this study explores accountability within two credit unions in the lightly-regulated context of Indonesia through focus group discussions with credit union practitioners and documentary analysis.

Findings – Findings reveal both credit unions prioritised accountability to members for financial and social performance, underpinned by a socialising, relational approach and driven by a strong sense of social mission. Various mechanisms were adopted to directly address accountability to and empowerment of members, facilitating their participation and education. Further, several mechanisms of and approaches to accountability to other stakeholders indirectly enhanced the credit unions' accountability to members.

Research limitations/implications – This study highlights the interrelated nature of credit unions' accountability mechanisms to members. Further, empowerment through participation, education and small business development, suggests valuable investment in members' social, intellectual and financial capital.

The authors would like to acknowledge the support provided by the Indonesia Endowment Fund for Education (Lembaga Pengelola Dana Pendidikan/LPDP).

Disclosure statement. The authors declare that they have no conflict of interest.

Funding. This research did not receive any specific grant from funding agencies in the public, commercial or not-for-profit sectors.

Ethical approval. All procedures performed in studies involving human participants were in accordance with the ethical standards of institutional and national research committee (Queensland University of Technology's University of Human Research Ethics Committee (UHEC), approval number 1700000683) and with the 1664 Helsinki declaration and its later amendments or comparable ethical standards.

UHREC meets the requirements of the National Statement on Ethical Conduct in Human Research (2007).

Informed consent. Informed consent was obtained from all participants included in the study.

Qualitative Research in Accounting & Management
Vol. 18 No. 2, 2021
pp. 228-254
© Emerald Publishing Limited
1176-6093
DOI 10.1108/QRAM-11-2019-0126

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by Sumarwan Antonius

Submission date: 28-Jul-2022 02:10PM (UTC+0700)
Submission ID: 1876114034
File name: edit_union_accountability_as_member-based_social_enterprises.pdf (315.94K)
Word count: 13924
Character count: 82742

The current issue and full text archive of this journal is available on Emerald Insight at:
https://www.emerald.com/insight/1176-6093.htm

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Qualitative Research in Accounting & Management
Vol. 18 No. 2, 2021
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1176-6093
DOI 10.1108/QRAM-11-2019-0126

Originality/value – This study examines the socialising nature of accountability to credit union members and other stakeholders to support members' interests, providing insights into how third sector organisations more broadly might enhance accountability to those the organisation seeks to serve.

Keywords Developing countries, Credit unions, Member/beneficiary accountability, Socialising accountability

Paper type Research paper

1. Introduction

Credit unions are financial cooperatives providing valuable financial and social services to members (McKillop and Wilson, 2011, 2015). In 2018 there were over 85,400 credit unions across 118 countries with more than 274 million members and approximately US$2.1tn in assets (WOCCU, 2019). In some countries, credit unions are small volunteer-based organisations offering a basic savings account and unsecured personal loans. In other countries, they are managed by professionals and provide a full range of financial services (Ferguson and McKillop, 2000; McKillop and Wilson, 2011). Credit unions' importance lies not only in their market share or financial value but also in their social value due to the type of activity they perform. Specifically, credit unions finance a large range of individuals and small business ventures and help to support employment and growth in the locations where they operate (Glass *et al.*, 2014). Moreover, credit unions provide access to financial services to those who are often excluded by mainstream financial institutions (Davis and Brockie, 2001; Hyndman and McKillop, 2004; Kalmi, 2012; McKillop and Wilson, 2011).

By pursuing both social and financial objectives, credit unions are often regarded as member-based social enterprises (Borzaga and Defourny, 2004; Borzaga and Spear, 2004; Server and Capó, 2011; Spear *et al.*, 2009), accountable for both social and financial performance. However, extant studies predominately focus on credit unions' financial accountability to government and industry bodies ("upward" accountability to powerful stakeholders) in well-regulated contexts (Hyndman *et al.*, 2004; Hyndman and McKillop, 2004). Less considered, however is credit union accountability to members, individuals the organisation exists to serve, in less developed contexts (Hyndman *et al.*, 2004). Accordingly, the purpose of this study is to examine how credit unions practice accountability to members through a case study examination of two credit unions in Indonesia.

Previous research on the third sector more broadly (e.g. non-government organisations (NGOs) and non-profit organisations (NPOs)), has examined accountability "downwards" to beneficiaries, noting a need for enhanced accountability to those the organisation seeks to serve and challenges in the implementation (Dewi *et al.*, 2019; Uddin and Belal, 2019; Zyl and Claeyé, 2019). This paper extends the discussion of beneficiary accountability using credit unions as the study context given credit unions have distinct characteristics compared to NGOs and NPOs. NPO or NGO beneficiaries are typically considered in the literature as dependent stakeholders lacking agency and power (Cordery and Sim, 2018). However, members/beneficiaries of credit unions typically have agency and may exercise power given credit unions' legal structure and related accountability mechanisms (Ebrahim, 2007; McKillop and Wilson, 2011). Other differences extend to organisational goals (primarily social in NPOs/NGOs versus social and financial in credit unions), shared or common interests of credit union members (in their role as both "beneficiaries" and "owners") and associated accountability mechanisms or processes (informal versus formal) (Cordery and Sim, 2018; Ebrahim, 2010; Kilby, 2006). Therefore, this study contributes to third sector accountability literature by showing how credit unions – member-based social enterprises – prioritise their accountability to members and enact accountability to other stakeholders to support members' interests. The socialising and interrelated nature of credit unions' accountability mechanisms provide insights into how third sector organisations more broadly might enhance accountability to those the organisation seeks to serve.

The Indonesian context is particularly interesting for several reasons. Firstly, it is considered to be lightly-regulated due to limited reporting requirements and minimal enforcement of those requirements (Aspinall, 2019; McLeod, 2010). Further, the credit union sector in Indonesia has strong religious ties (Irnawan, 2010; Taruk, 2018), providing a somewhat unique dimension to accountability within this sector.

The following sections of this paper explore accountability priorities of third sector organisations in general and credit unions in particular and accountability practices focussing on members/beneficiaries in Section 2. Background details regarding the context of Indonesia's credit union sector in Section 3 and the methodology to investigate organisations in Section 4. Section 5 presents the findings, Section 6 mentions discussion and Section 7 outlines conclusions, limitations and areas for future research.

2. Third sector accountability practices, priorities and approaches

There has been a growing demand for accountability in third sector institutions and organisations (Bovens, 2007; Ebrahim, 2010; Koppell, 2005). However, accountability can mean different things to different people (Bovens, 2007, 2010; Ebrahim, 2003b; Ebrahim and Weisband, 2007; Koppell, 2005; Williams and Taylor, 2013). Accountability studies tend to focus on the actions of individuals and organisations in the context of institutional arrangements (Bovens, 2010). This research considers accountability in the context of credit unions as member-based social enterprises, focussing on the mechanisms and approaches of accountability to members in pursuing both financial and social objectives. Here accountability is understood as "the means through which individuals and organisations are held externally responsible for their actions and as the means by which they take internal responsibility for continuously shaping organisational mission, goals, performance" (Ebrahim, 2003a, p. 194).

Third sector research increasingly acknowledges the importance of "downwards" accountability (Dewi *et al.*, 2019; Mercelis *et al.*, 2016; Uddin and Belal, 2019); beneficiaries being the reason such organisations exist (Andrews, 2014; Kilby, 2006). Yet the demands of multiple stakeholders (Ebrahim *et al.*, 2014; Zyl and Claeyé, 2019) and in particular powerful stakeholders (Agyemang *et al.*, 2017; Dixon *et al.*, 2006; Murtaza, 2012), means accountability to them is often prioritised. As a result, accountability to less powerful stakeholders (e.g. beneficiaries or members) is often less attended to Dixon *et al.* (2006), O'Dwyer and Unerman (2010), Schmitz *et al.* (2012). Further, various challenges regarding accountability to beneficiaries have been noted in the third sector literature. These include downward accountability processes, which lack substance (Najam, 1996; O'Dwyer and Unerman, 2010; O'Leary, 2017) or are not tailored to beneficiaries' needs (Jacobs, 2000). At an individual level, concerns regarding beneficiaries' willingness and ability to effectively articulate their interests (O'Leary, 2017) have been raised.

2.1 Organisational differences between credit unions and non-government organisations/non-profit organisations

Reflecting on beneficiary accountability in the context of member-based social enterprises such as credit unions and other third sector organisations such as NGOs and NPOs, it is necessary to consider both similarities and differences between those organisations. At an organisational level, each institution is established to assist those in need. However, funding of NGOs or NPOs is often through external sources (e.g. donors) (Cordery and Sim, 2018), whereas social enterprises (as social and commercial organisations) aim to be self-funded through profits/surplus reinvested in the business (Ebrahim *et al.*, 2014). Similarly, at an organisational level, there are differences between beneficiaries of NGOs/NPOs who often receive support in the form of aid or charitable services, without formal agreements, commitments or monetary consideration. Further, in the case of NGOs which do provide services involving contracts and/or monetary transactions (e.g. microfinance and micro-credit organisations), these organisations often focus on the poor, individuals living in poverty, who lack agency (Mercelis *et al.*, 2016; O'Dwyer and Unerman, 2010; Zyl and Claeyé, 2019). Hence, NGOs/NPOs' reliance on external funding, beneficiaries' lack of agency due to their dependency on the NGO/NPO, informal contracts between NGOs/NPOs and beneficiaries and limited accountability mechanisms available to beneficiaries, mean beneficiary accountability is often less attended to within NGOs/NPOs.

In contrast, member-based organisations such as credit unions are considered to have some structural advantages in their accountability to members (Cordery and Sim, 2018; Ebrahim, 2010; Kilby, 2006). As co-operatives owned by and serving members, credit unions operate within an organisational structure that induces them to prioritise members, given they represent both "beneficiaries" and "owners" (Jones, 2008; McKillop and Wilson, 2015). Further, the legal structure of credit unions gives members express rights through formal and informal processes (Ebrahim, 2007; McKillop and Wilson, 2011). Specifically, mechanisms of accountability available to members include the exercise of "voice" by voting for the organisation's leaders (e.g. management and board), "exit" by revoking membership and dues or joining another organisation and "loyalty" by attempting to reform the organisation either by influencing leaders or by nominating themselves for a leadership position (Ebrahim, 2007, 2010; Hirschman, 1970). Thus, member-based social enterprises such as credit unions benefit from the common interest of members' social and financial welfare, the dual roles members assume and the availability of formal and informal mechanisms to enhance accountability to them.

In other words, credit union "beneficiaries" or members do enter into a formal contract with the organisation (typically starting with savings deposited) and in exchange, become members with formal rights, including the right to voice through voting (McKillop and Wilson, 2011). Thus, while concerns within the broader third sector are important, various aspects (e.g. legal structure, funding, organisational goals) of member-based organisations such as credit unions may alleviate some of these concerns. Table 1 summarises some of the

	Credit unions	NPOs/NGOs
Organisational goals	Financial and social	Primarily social
Legal structure	Members as "beneficiaries" and "owners"	Clients as service recipients
Funding	Self-funded	Reliant on external funding
Contract	Formal	Informal agreements
Agency of members	Self-sufficient (independent)	Minimal (dependent)
Formal and informal accountability mechanisms	Voice through voting Exit Loyalty	Informal processes (dependent on the organisation)

Table 1. Organisational differences between credit unions and other third sector organisations

key differences identified between NGO/NPOs and credit unions, including associated accountability implications.

Essentially, however, it is an organisational decision regarding what accountability mechanisms are used and the approaches to accountability in that context, which are important.

2.2 Accountability mechanisms and approaches

Various mechanisms and approaches to accountability have been presented in the literature. In the context of NPOs, Ebrahim (2010) identifies five types of accountability mechanisms: reports and disclosure statements, evaluation and performance assessment, industry self-regulation, participation and adaptive learning. While the first two categories are typically directed to more powerful and informed stakeholders (e.g. donors/funders in the context of NGOs/NPOs), self-regulation is industry-focussed and adaptive learning is an internal organisational mechanism. Thus, the literature on beneficiary accountability and empowerment largely focusses on participation (Bawole and Langnel, 2016; Wellens and Jegers, 2014; Zyl *et al.*, 2019) and to a lesser extent beneficiary evaluation (Kingston *et al.*, 2019). This raises the question, however, as to how accountability to beneficiaries or members (less powerful stakeholders, service recipients) is positioned and practised by third sector organisations such as credit unions and whether other accountability dimensions or mechanisms might also be adopted to strengthen this accountability.

While research on credit unions has examined formal accountability through disclosure statements and reports involving powerful stakeholders such as government (Hyndman *et al.*, 2004; Hyndman and McKillop, 2004), as well as evaluation to credit union associations through PEARLS[1] (Davis and Brockie, 2001; Hyndman and McKillop, 2006), research on participation and adaptive learning as mechanisms of accountability are largely overlooked. Thus, formal accountability involving hierarchical, impersonal and individualising approaches have been explored. Yet informal, personal (e.g. face-to-face) approaches where people are assumed to have relatively equal power and the opportunity to challenge, elaborate, clarify and question (Roberts, 1991) – socialising accountability remain under-explored. Importantly, socialising forms of accountability potentially build a sense of interdependence and generate shared and credible understandings of organisational reality (Roberts, 2001). Further, Roberts (2001, p. 1567) suggests that “over time, such face-to-face accountability is a vital source of learning and can produce complex relationships of respect, trust and felt reciprocal obligation”. Thus, socialising accountability is intended not only to inform but also to promote development within participants and the organisation. Accordingly, this study seeks to explore socialising forms of accountability within credit unions.

In examining the motivations for credit union accountability, reports, disclosure statements and evaluation are typically formal processes driven by external impetus (Hyndman *et al.*, 2004; Davis and Brockie, 2001); individualising forms of accountability. However, in the context of third sector organisations, accountability to beneficiaries or members is often an expectation rather than a formal requirement, driven by internal motivations. In this regard, literature has considered organisations’ accountability may be internally focussed (Ebrahim, 2003a) based on “identity accountability” (Ospina *et al.*, 2002; Yang and Northcott, 2018), individuals’ identification with an organisation’s mission and values (Andrews, 2014; Kilby, 2006); and “felt responsibility” referring to perceptions of personal responsibility to those in need (Agyemang *et al.*, 2017; Fry, 1995; O’Leary, 2017). In this context, accountability tends to be less formal and hierarchical (Awio *et al.*, 2011; Mercelis *et al.*, 2016), but rather more socialising in nature (Dewi *et al.*, 2019; Roberts, 1991) based on informal and personal (e.g. face-to-face, relational) approaches. These notions are similar to Kingston *et al.*'s (2019) consideration of transactional versus relational accountability, comparing accountability through the dissemination of information (transactional) versus ongoing exchanges aimed at developing relationships based on regular communication (dialogue), understanding and organisational responses based on that understanding.

Thus, while the literature highlights the importance of accountability to beneficiaries in third sector organisations, there is an acknowledgement of both the challenges of achieving this and the limited progress in practice. However, there are also several distinctions between the context of prior literature focussing primarily on NGOs/NPOs and that of credit unions, member-based social enterprises. Accordingly, this study seeks to contribute to the literature by examining accountability to members in the context of credit unions, exploring accountability mechanisms adopted (both formal and informal) and how credit unions' member-based characteristics influence their accountability to members. Further, given research has predominantly focussed on a limited range of accountability mechanisms, this study considers whether other accountability mechanisms might be used to strengthen accountability to credit union members in the rather unique context of Indonesia, being lightly-regulated, with strong religious ties. The background to this context is considered below.

3. Background: credit unions in Indonesia

The credit union movement in Indonesia began in 1970 and reached the highest point in terms of the number of institutions in 1995 with 1,601 credit unions (Irnawan, 2010). The number of credit union institutions since then has decreased (886 in 2018) largely due to mergers and consolidations, as well as the closure of some credit unions due to mismanagement. However, total credit union membership has continued to increase (3.2 million individuals in 2018) (Inkopdit, 2019). Following the same trend, credit union assets have increased nearly 125 fold, from IDR242bn[2] (US$19m) in 2000 to IDR32.5tn (US$2.3bn) in 2018. In 2018 Indonesia had the 15th biggest credit union sector in the world, just below Ireland (the biggest credit union sector in Europe in terms of membership) (WOCCU, 2019). However, in percentage terms, credit unions in Indonesia service approximately 1.96% of the country's population (264 million), competing with rural banks and other financial institutions.

Initiated and promoted by the Catholic Church, the credit union movement in Indonesia has strong religious ties (Irnawan, 2010). Although membership is open to any individual regardless of their religious background, parishes become fundamental social units around which many credit unions operate. Many Catholics who participate in credit unions as board members, supervisory committee members or staff consider their involvement as implementing Catholic social values, particularly the duty to serve the poor and promotion of a just society (Benedict-XVI, 2009; KWI, 2006; Sumarwan, 2015; Taruk, 2018). However, various credit unions in Indonesia now operate with ties to other religious denominations (e.g. Protestant, Muslim) or with no religious ties.

Credit unions in Indonesia are subject to Indonesian Cooperative Law No. 25 (1992) which imposes limited obligations (e.g. holding annual members' meetings (Art. 26) where the board and the supervisory committee discharge their accountability to members (Art. 25, 31, 37 and 39)). This law also assigns minimal roles to the government in regulating the sector, namely, to give and revoke legal entity status to not only a cooperative (Art. 9 and 46) but also a general assistance role: aiding in the development of cooperatives by "providing guidance, facilities and protection" to them (Art. 60). There are other rules and decrees for cooperatives, but without specified sanctions for non-compliance. Thus, Indonesian credit unions operate in an environment considered to be lightly-regulated (Aspinall, 2019; McLeod, 2010).

In theory, credit union members assume supreme power and exercise this through annual members' meetings (McKillop and Wilson, 2011). In practice, however, in Indonesia, three levels of authority exist – the supervisory committee, the board of directors and management (Indonesian Cooperative Law No. 25, 1992, art. 21). Board directors (from within the credit union's membership) are elected by members and establish policies under which the credit union operates. The board may use management and staff (who are also required to be members of the credit union), to manage the credit union's daily operations, supported by volunteers. Management, staff and volunteers are accountable to the board, while the board is accountable to both members and the supervisory committee, who are chosen by members to supervise the board. Figure 1 shows the structure of cooperatives in Indonesia, with the members in theory holding supreme power within the organisation (via the members' meetings), but delegating organisational governance to the board.

Thus, in a context with light-regulation, strong religious affiliations and a mission pursuing both social and financial objectives, credit unions in Indonesia provide a valuable and interesting context to explore how accountability to members is positioned and practised.

4. Methodology

Given the exploratory nature of this study (Scapens, 1990), a qualitative methodology was used, adopting a case study approach to gain in-depth knowledge of two credit unions (Eisenhardt, 1989; Yin, 2014). Case study methodology allows the researcher to obtain a holistic understanding of the unit of analysis (i.e. credit unions) and characteristics of real events through multiple data sources (Eisenhardt, 1989; Yin, 2014).

While organisations are commonly assumed as being accountable to internal and external stakeholders (AbouAssi and Trent, 2016; Benjamin, 2008; Connolly and Hyndman, 2013; Ebrahim *et al.*, 2014), ultimately, in the context of credit unions in Indonesia, it is the management (e.g. executives, board directors and supervisory committee) of the organisation who act on behalf of the organisation and are accountable in practice. Accordingly, focus group discussions involving 25 individuals from these three separate levels of management were conducted and archival documents were reviewed (Eisenhardt, 1989; Recker, 2013; Yin, 2014).

Although individual interviews are useful for gaining an understanding of individual experiences, focus group discussions assuming the nature of group interviews (Frey and Fontana, 1991) can offer a synergy of multiple, often shared experiences from different perspectives [3]. This approach allows participants' understandings and contributions to be

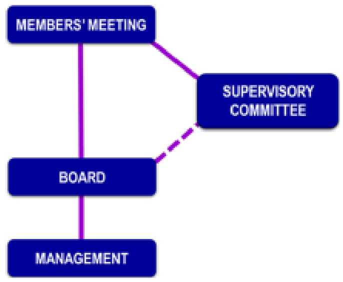

Figure 1.
The organisational structure of cooperatives in Indonesia

compared, contrasted and enriched by one another during the course of the discussion (Agyemang *et al.*, 2009) and has previously been applied in research on accountability in not-for-profit organisations (Christensen and Ebrahim, 2006), NGOs (Dewi *et al.*, 2019) and credit unions (Thomas *et al.*, 2008), resulting in insightful findings.

This study used theoretical sampling (Eisenhardt, 1989), choosing two cases that had similarities and differences. Both participating credit unions shared an aspiration to be innovative in achieving social goals, particularly community development, were of similar age (approximately 10 years old) and shared the same religious affiliation (Catholic). Each credit union emphasised social goals (to be an institution for improving members' welfare; to empower the members). Both credit unions also performed well in the five years up to 2016 regarding growth in membership and assets, as well as the achievement of PEARLS ratio goals. However, differences included the first credit union, Credit Union Sauan Sibarrung (CUSS), being based in a less competitive market and having a large membership and asset base (31,608 members; US$29m in assets), while the second credit union, CU Tyas Manunggal (CUTM), was based in a more competitive market and had a smaller membership and asset base (2,514 members; US$1.4m in assets). Regarding the governance structure and the size of management and staff (including members who had volunteered to undertake informal leadership roles), they differed on the number of staff and volunteers (132 staff, 36 branch committee members and 350 volunteers in CUSS; 14 staff and 47 volunteers in CUTM). Table 2 presents a summary profile of the two credit unions, highlighting similarities and differences based on the publicly available information (annual reports).

Regarding primary data collection, in each case, separate focus group discussions were conducted with board directors, the supervisory committee and senior managers. As the

	Characteristics	CUSS 2016	CUTM 2016
Similarities	Social focus		
	Vision	An institution for improving members' welfare	
	Mission	To empower the members	
	Age	10 years	11 years
	Performance		
	Growth in the past 5 years:		
	Membership (%)	44	157
	Assets (%)	110	191
	PEARLS ratio goals achieved	7	9
Differences	Size		
	Membership	31,608	2,399
	Assets (in US$)	29,357,794	1,462,499
	Branches	12	1
	Governance and HR		
	Board members	7	5
	Supervisory committee members	3	3
	Staff	132	14
	Branch committee members	36	–
	Volunteers	350	47
	Environment		
	Location (island)	Sulawesi	Java
	Population density (per km^2)	186	1,201
	Ratio of population to rural banks	206,905	16,357

Table 2. Similarities and differences of the cases

main actors who discharge accountability in credit unions, these individuals were able to provide valuable insights on accountability from a management perspective, at both a personal and intra-organisational level. A semi-structured focus group discussion protocol was designed to explore accountability priorities, practices and underlying approaches (Appendix). While questions did not specifically focus on members, questions regarding "which stakeholder group is most important"? And "why"? Led to probing around accountability to members, how this was positioned and practised. This standardised format helped to enhance comparability and effective data analysis (Krueger and Casey, 2015; Morgan, 1997), while also ensuring discussion was open to explore further details or stimulate the exchange of ideas.

Focus group discussions were conducted in person, at each credit union's office, in Bahasa Indonesia (the native language of both the interviewer (lead researcher) and interviewees) to facilitate ease of expression. The discussions ranged from approximately one to one and a half hours each. The lead researcher's experience (working in Indonesia's credit union sector for approximately 10 years), provided valuable industry awareness and the opportunity to probe and explore issues in detail. Discussions were audio-recorded, transcribed verbatim (resulting in 40,687 words) and the transcripts then were translated into English. Table 3 summarises the participants of the focus group discussions.

Archival data included the credit unions' two most recent strategic planning documents (2016 and 2012) and annual reports for the corresponding periods. While the strategic planning documents provided information about the ideal and long-term goals of the organisations, the annual reports detailed the achievement of these goals on a yearly basis.

While formal data collection involved focus group discussions and archival data, the lead researcher also made several site visits to each credit union during the data collection period (approximately one week for each credit union). This involved visits for informal meetings (with various credit union management, staff and members; approximately 20 people in total) and attendance at a committee meeting, both of which were at management's invitation. These visits provided further opportunity to consider the views of and observe interactions amongst members, staff and management in the credit unions.

Transcripts of the focus group discussions and secondary data were reviewed systematically to identify, analyse and interpret meaning and underlying themes within the data (Clarke and Braun, 2017), to better understand credit union accountability to members (Lapadat, 2010). Themes were identified through both deductive analysis (guided by the interview protocol) and abductive analysis, moving between data and theory (Alvesson, 2009; Dubois and Gadde, 2002; Lukka and Modell, 2010). They were then compared across data sources within each case and across the two cases, to identify similarities and differences (Eisenhardt, 1989). Initial themes focussed on accountability to whom (accountability priorities) and accountability how (practices). Further analysis considered these practices in terms of formal versus informal and the underlying approaches and implications. Findings from this analysis are detailed below.

Table 3.
Participants of the focus group discussions

	CUSS		CUTM	
Role	Participants	Duration	Participants	Duration
Board directors	4	01:06	3	01:18
Supervisory committee	2	01:32	2	0:53
Senior managers	10	01:18	4	01:30
Total	16	03:56	9	03:41

5. Findings

Findings examine who credit unions prioritised accountability to, amongst their various stakeholders, given the tensions noted between demands and needs of upward and downward accountability. Practices of accountability (both formal and informal) are then examined, to explore underlying accountability approaches (e.g. individualising, transactional, socialising, relational). While the focus of this study is accountability to members, examination of accountability to other stakeholders was important not only for comparison but also to consider the potentially interrelated nature of accountability to different stakeholder groups.

5.1 Accountability priorities

While each credit union considered they were accountable to a range of stakeholders, both internal (management's personal accountability to itself) and external (government, credit union network, community or general public), all interviewees from both credit unions agreed that the main stakeholders of the credit unions were the members and the credit unions were primarily accountable to them. This prioritisation of accountability to members was felt to be self-evident, showing how cooperative principles had been internalised and shaped the organisations' identity as membership organisations:

> This CU is meaningless without members (The Supervisory Committee, CUTM (2017)).

Although both credit unions considered their most fundamental accountability was to members for effective management of the credit union and services intended to help members improve their quality of life, this was conveyed slightly differently by the two credit unions in their strategic planning documents. CUSS emphasised its plan as being "a sustainable empowerment institution [. . .] for members' welfare" and evaluated performance based on PEARLS ratios and ACCESS[4] metrics (CUSS, 2013a, p. 1). CUTM's plan involved being a "welfare community", with welfare considered broadly and long-term, as "the fulfilment of all needs in time" (CUTM, 2016, p. 1). Thus, both organisations emphasised welfare and temporality (e.g. sustainability, in time).

Further, where accountability to other stakeholder groups was identified, these accountability relationships were often linked to a felt sense of accountability to mission – serving members and thus supporting accountability to them:

> We are [accountable] more to its *members*; that is the first thing. If we accept this task as a call, we have to be responsible to ourselves first then the members (Board, CUSS (2017)).

Both the managers and the supervisory committee members of CUSS also acknowledged a broader accountability to mission extended to formal accountability (e.g. to government) and informal accountability (e.g. to potential members – the public and to personal religious and moral values):

> To *members* [. . .] [Also] in general, CUSS is accountable to the *public*. We are a legal entity, so, we have to be accountable also to the *government*. However, we cannot leave moral accountability even if there is no demand. There is *moral accountability* that we must accomplish. This is our accountability to God (Managers, CUSS (2017)).

Similar findings emerged for CUTM, highlighting not only accountability to members as prioritised but also accountability to government (Department of Cooperatives), other credit unions which formed part of the industry network and the community in pursuing credit unions' objectives. Thus, accountability to members was prioritised and both a formal, as well as an informal (felt) sense of accountability was noted to other stakeholders. The following sections examine the credit unions' formal and informal accountability practices in more detail.

5.2 Accountability practices

Formal accountability. Several formal (compliance-based or required) member-orientated accountability mechanisms were adopted in practice. These primarily occurred in the annual members' meeting (AMM). Here, the board reported on the performance of the credit union and the realisation of its programmes and the supervisory committee presented their supervision reports and gave an opinion concerning both the financial and operational health of the credit union, as well as suggestions for improvement. Having received the written reports a few days earlier, during the face-to-face AMM members had the opportunity to ask questions and give comments and suggestions to the board and the supervisory committee, who, in turn, provided explanations and responses. Thus, despite its formality, the AMM also assumed a socialising dimension:

> In the AMM, we account, of course, the *financial statement*. Members want to know the incomes and expenses. Some also ask about our vision and mission (The Supervisory Committee, CUTM (2017)).

Once satisfied with the explanations provided, the members then formally accepted the report, including the following year's programmes and budget. Thus, through AMM the members exercised their supreme power within the organisation.

Further, other aspects of socialising accountability were noted, as the formal accountability forum of the AMM was used as an opportunity to educate members. Both credit unions considered providing financial and management skills training (e.g. basic education and financial literacy training) to members as the realisation of their social mission (CUSS, *Annual Report*, 2012, 2016; CUTM, *Annual Report*, 2012, 2016). Thus, rather than simply providing reports and disclosure statements, during the AMM the board and the supervisory committee helped members develop the skills to assess these reports, evaluating the credit union's financial health using PEARLS:

> The simplest tool to explain this organisation situation to common people is by using PEARLS analysis. They learned a lot from it. PEARLS analysis is the instrument to help them understand (The Supervisory Committee, CUSS (2017)).

Both credit unions noted that financial aspects (surplus of the business, dividends or distributions, how to access solidarity funds[5]) were more important to members, particularly in the early years. Over time, however, there were changes in the members' interests, focussing more on the education and empowerment programmes:

> In the first [to the fifth] year, most of them inquired about the balance sheet reports. However, in the sixth year onward, the mindset of the members shifted. They mostly inquire about technical matters related to economic empowerment. For example, someone said that he had opened a coffee shop in front of the campus, but he did not know how to manage it, so, we would discuss it (The Supervisory Committee, CUSS (2017)).

This progress occurred through members attending AMMs (and pre-AMMs, discussed below) and learning about how the credit union was managed (such as how to assess the credit union's financial health using the PEARLS system). As such, members were empowered through the development of financial knowledge and skills, such that their trust in the credit union grew.

Additionally, through the AMM, the governing bodies of the credit union not only discharged their formal accountability to members but also emphasised informal aspects, understanding members' aspirations and working to address these by involving them, encouraging suggestions and participation and then modifying the credit unions' operations accordingly:

> Last year, there were one or two persons who suggested that next year, if possible, there could be a decrease in loan interest rates. This year, we have created a product where members can get a lower rate of loan interest depending on their savings. From that product, members can get reasonable loan interest based on their savings. That was one of the members' aspirations which were accommodated. Our members always propose advanced training. So, we held private entrepreneurship training. We are currently working on it this year (Senior Managers, CUSS (2017)).

Other formal mechanisms, which were directed to other stakeholders and considered to support accountability of the organisation to its members included accountability to *management and staff* in CUSS as the larger credit union which had more than 500 individuals in 2016 (compared to approximately 70 individuals in CUTM). Thus, CUSS adopted more internal structures and formal accountability mechanisms (e.g. rules and procedures and various meetings involving branch committees, managers, staff and volunteers at the branch level and central levels), serving as mechanisms of accountability to monitor effectiveness of programmes, operations and compliance:

> At first, we worried related to accountability. However, after we build a system or rules, we feel better. We formulated operating manuals (OMs) from those rules. The system is indeed very helpful and our worries began to diminish. We have made lots of OMs, so we think if it is followed well, there will be no problem (The Supervisory Committee, CUSS (2017)).

Structures such as clear rules and procedures (e.g. job descriptions, distribution of power and authority) facilitated a positive working environment for the board and management and enhanced the credit union's internal accountability for mission, reflecting an underlying accountability to members:

> [. . .] the policy has already existed and the structure in management has been arranged in such a way which keeps the system running well [. . .] (Managers, CUSS (2017)).

Through various meetings and monitoring, CUSS exercised hierarchical accountability (e.g. when the board monitored the management or the headquarter managers monitored branch managers and staff). Additionally, by assigning the branch committees (volunteers who were members) to monitor branch managers, the board also ensured internal accountability. While these mechanisms of accountability (e.g. quarterly monitoring and evaluation meeting at the central level) were formal, they also involved a collective, socialising dimension where the participants met in person and had the opportunity to critique and learn from one another. Through this process, they built a sense of interdependence, trust and reciprocal obligation:

> In the monitoring and evaluation, we have to be careful in reporting [. . .]. Some branch offices compete with another branch in monitoring and evaluation meetings. It is a matter of governance and internal transparency. We will appreciate those who are successful, but for those who are not yet successful, the chairman will ask them to explain (The Supervisory Committee, CUSS (2017)).

Regarding accountability to the *Government*, both credit unions worked to satisfy government rules and requirements (e.g. licences for business operation, social security for employees, taxes), as well as submitting annual reports to the Department of Cooperatives:

> We always send the AMM report to the government (The Supervisory Committee, CUSS (2017)).

However, both credit unions also invited Government officials to attend their AMMs and interact with management and members. Hence, formal accountability to Government was leveraged to incorporate a socialising dimension.

Interviewees of CUTM also identified accountability to the *credit union network* as important, involving the submission of financial reports to the Credit Union Central of Indonesia for members to qualify for certain benefits:

> Since we have been involved in the Joint Protection Fund [6] organised by the Credit Cooperative Centre of Indonesia, we have to submit financial reports regularly. If we do not submit the report, it will affect us when we want to make claims (Board, CUTM (2017)).

For CUSS, being accredited as an ACCESS credit union by the Asian Confederation of Credit Unions (ACCU) was considered a hallmark of accountability within the credit union network. The general manager noted that the process of accreditation by ACCU helped CUSS improve its financial and operating performance and enhance its accountability to members.

Hence, formal accountability was viewed as important not only to ensure regulatory compliance but also to improve the organisations' operations, considered a reflection of their accountability to members. Despite their formality, those mechanisms of accountability involved an informal, socialising dimension. The informal aspects associated with accountability in each of these contexts are considered below.

Informal accountability. Informal accountability to members involved various practices, including pre-annual members' meeting (pre-AMM) and community meetings. While not required by law, pre-AMMs enabled members who could not (or were not elected to) participate in the AMM to be informed about the current condition of the credit union [7]. Pre-AMMs were intended to educate members and inform them of any new policies or gather members' feedback, promoting transparency and dialogue:

> Even though it is not an official accountability report, we feel that [pre-AMM] is the moment where we can deliver our accountability report to members ("Board, CUSS (2017)").

> Our members were quite a lot so it was not possible to hold an AMM which could accommodate all members in the same place [. . .] the pre-AMM maximise[s] the input from the members so they could be accommodated well (The Supervisory Committee, CUTM (2017)).

> In the pre-AMM, all suggestions are accepted because, after all, they are the members' aspirations. However, in the process, all the aspirations are discussed in the business plan. In general, our members feel already heard since we always respond to what they propose (Senior Managers, CUSS (2017)).

Similar to the AMM, the pre-AMM emphasised shared and reciprocal accountability amongst members and was considered an opportunity for learning:

> Many members come to pre-AMM because they want to learn. There are always some things new. There must be knowledge refreshment. Members know how to become a good member in the future thus everyone would be interested. It can be seen from the number of members which tends to increase each year.

> Why around 1,000 people could attend the pre-AMM while the government [8] is not able to gather that many? In the early days of this pre-AMM, the members' pragmatic desires such as [reimbursement of] transportation costs, were once coming up. Recently, fewer people inquire about it. Their questions are now related to savings, the reasons for some policies. The pre-AMM is the moment to educate the public. We give them knowledge (Board, CUSS (2017)).

Other accountability mechanisms directed to members included performance statistics (i.e. membership numbers, savings, loans, assets, income, expenditure and profit) available on announcement boards or online. Further, management noted they and other staff were available to answer questions from members at any time, emphasising the personal interaction available. Hence, these less formal mechanisms promoted transparency and inclusivity as a basis for inquiry; inviting members to ask about (and learn from) the information provided, developing both an awareness of performance and a sense of ownership.

Other informal mechanisms included accountability to *oneself,* identified within CUSS, considered as both a professional and personal accountability; a commitment to assume responsibility according to one's role in the credit union. Interviewees noted this professional accountability involved acting according to their conscience and the rules and procedures of the credit union, as well as ensuring others did not violate these rules. The motivation for this type of accountability was primarily personal, reflecting individuals' roles in management but also their role as a credit union member:

> If we have been trusted to take this responsibility on the board, we have to be responsible to ourselves first then the members (Board, CUSS (2017)).

> Thanks to being a member of this credit union, my life is getting better. Thus, I have to be a good member so that the accountability of this institution goes well (The Supervisory Committee, CUSS (2017)).

While this personal accountability was internally motivated, the internal drivers were strengthened by external factors such as expectations and demands of family members, religious leaders' advice and the image of the Church, highlighting a relational or socialising accountability. This not only provided the motivation to be accountable to oneself but also to the members and the broader public:

> As a supervisor who deals with accountability, I have to be always aware since "the decay began from within". I consider my conscience which moves me. When the priest invited my wife and me to join this credit union, he said, "If you want to join this institution, do not ever make this institution fall". Then, my wife said, "If you want to participate in managing this credit union, do not you ever violate any rule! The stakes are great [. . .]". Well, it is related to the future of my wife and children. In 10 or 13 years, we will grow together with this institution so I must not ruin my children's dream (The Supervisory Committee, CUSS (2017)).

> This CU belongs to the Catholic Church so that everyone needs to take care of it, as this CU started from zero. We never think about the cost. We do not care about the road we should take, no matter it is on the night and raining, we have a strong determination to make this CU give a positive impact on the community (Board, CUSS (2017)).

Hence, in CUSS, organisational level accountability processes and mechanisms were strongly supported by social values and religious virtues of those within the organisation. This personal accountability did not arise in the focus group discussions within CUTM. The interviewees within CUSS mentioned that on various occasions their board chairman, who was a catholic priest, often emphasised the importance of professional accountability and religious virtues.

While interviewees acknowledged their formal legal accountability to the government, they also considered less formal practices (e.g. engaging with the government by attending meetings) as an opportunity for support and recognition:

> Following the government, the requirement is a kind of cooperation practice. I perceive it positively [. . .] In my opinion, it becomes a moral support. We also got technical support like business training for our members. It is clear that they provide some facilities for us (Managers, CUTM (2017)).

Further, the credit unions used relationships with the government for the purpose of benefiting members (e.g. arguing for low or no personal income tax on small amounts of interest earned by members):

> Now, we only pay institutional tax. However, every member who gets interest on their deposits more than Rp240,000 [US$18] should pay tax. We still negotiate about it. We say that most of our members are only farmers who save money they get from very hard work. It is not their excess money. Moreover, as an institution, we have paid the tax since we save our money in the banks. In the banks, we pay the taxes already. That is our argument (The Supervisory Committee, CUSS (2017)).

Similarly, CUTM identified accountability to the credit union network as important, yet it was the informal-socialising accountability practices in this context that were particularly valued (e.g. attending meetings with and receiving visitors from other credit unions). This form of accountability involved relational processes, sharing experiences and learning from one another; which was valued in the credit union movement:

> Frankly, we will be so overwhelmed if the knowledge we have is used by ourselves only. That is why we share it. We also want other credit unions to pay attention to their members, revisit once again the spirit of the credit union and recruit as many members as possible. From my experience, we can also learn from those who want to learn from us (Board, CUTM (2017)).

The interviewees of both credit unions also acknowledged their accountability to the community or the general public. This accountability reflected a sense of felt responsibility to mission and potential members, supporting and providing basic information to the community who were not members of the credit unions:

> One of the simplest things about public accountability is informing the current condition of this institution and the social-economic development of our members. We do this through our advanced education process (Supervisor Committee, CUSS (2017)).

> When we come to a community and the community members inquire about our CU, we will gladly explain that. It does not have to be formal. There is no structured report (Managers, CUTM (2017)).

Hence, the credit unions' accountability practices were directed to a range of stakeholders. However, accountability to members was prioritised by both credit unions and accountability to others often involved both formal and informal dimensions, leveraged to further support the organisations' mission of serving members.

6. Discussion

In examining credit union accountability to members, the involvement of management as both representatives and members of the credit unions provides valuable insights into the internal dynamic of accountability within the organisation. Based on these insights, several issues emerge, including the positioning of accountability to members and the mechanisms and associated approaches of accountability to support members. Each of these issues is considered below.

6.1 Positioning accountability to members

While the credit unions differed in terms of the range of stakeholders they felt accountable to, interviewees of this study consistently identified members as the main or most salient stakeholders of the credit unions and prioritised accountability to them. This was supported by a strong awareness of identity accountability (Ospina *et al.*, 2002), that the organisations were established to serve the interest of members (Ebrahim, 2007); and by a felt sense of accountability, underpinned by moral and religious values, given the credit unions' religious affiliation (O'Leary, 2017; Yasmin *et al.*, 2014). Thus, while formal accountability requirements to members existed (Ebrahim, 2010; Kilby, 2006), informal and internal (personal and professional) motivations of management and staff largely influenced and strengthened accountability to members.

Accountability practices to various other stakeholders were noted (e.g. management and staff, government, credit union networks). However, relationships (and socialising, relational accountability) with these stakeholders were often leveraged for the benefit of members, to strengthen the organisation as a member-based social enterprise. For example, internal accountability amongst management and staff (particularly in CUSS, as a large credit union), further enhanced the organisation's identity accountability to its members (Ospina *et al.*, 2002). Similarly, relationships with the Government and the credit union network were used to benefit members (e.g. advocating on behalf of members, sharing and learning from others in the credit union network). Thus, despite having multiple accountability dimensions and demands, members were positioned as central.

6.2 Formal versus informal accountability

Formally, the credit unions were subject to regulatory requirements (Indonesian Cooperatives Law (1992, art. 22), contractual or legal responsibility (i.e. savings, loans, insurance) and financial responsibility, to members. However, ethical or moral responsibility (i.e. improving members' quality of life) predominately guided the credit unions' operations. As such, the credit unions discharged accountability as "the enactment of the self-determination promise" to empower their members (O'Leary, 2017, p. 23) and the obligation to fulfil the needs and rights of their members (Yasmin *et al.*, 2020). This notion of rights was not based on formal voting processes within the credit unions, but rather the right to be empowered, facilitated through education and informed decision-making and improving members' lives. This sense of moral responsibility was in part influenced by the credit unions' religious orientation; CUSS in particular using religious terms to express their felt sense of accountability to the Church, God and as "a call". These sentiments minimised the potentially adverse effects of the Government's lack of capacity to hold the credit unions to account, as often occurs in developing countries (Uddin and Belal, 2019). Yet the positive interactions and relationships the credit unions developed with the government also supported the freedom available within a lightly-regulated environment.

Similarly, accountability to oneself (an individual or personal accountability) was important in CUSS, creating an environment that enhanced its accountability to mission and members/beneficiaries (Andrews, 2014; Kilby, 2006). While accountability to oneself represents only one dimension of accountability, it has important organisational culture implications, impacting on the integrity of many of the other accountability dimensions. This finding is consistent with Fry (1995, p. 184), who promotes the concept of "felt responsibility" ("the internal part of behaviour") to enhance an organisation's effectiveness.

Despite the limited regulatory requirements, both credit unions worked to address these, acknowledging the importance of formal compliance, but emphasising the value of informal, face-to-face and relational processes amongst participants with relatively equal power and status as members of the credit union (i.e. socialising accountability). In CUTM accountability to Government and the credit union network was seen as an opportunity to leverage further benefit for members through increased awareness and support (inviting government officials to attend the AMM; sharing and learning from others in the credit union network). This differs from research in more developed contexts (Hyndman *et al.*, 2004; Hyndman and McKillop, 2004) where upward accountability was more onerous and relationships with government were distant and limited to regulatory compliance. Further, other accountabilities were effectively addressed due to the interrelated and complementary nature of these accountabilities (i.e. felt sense of accountability to members reinforcing the importance of compliance or regulatory accountability) and the light regulatory environment which afforded the credit unions discretion and freedom in terms of their operations and accountability approaches. Hence, findings support prior research (Connolly and Hyndman, 2013), such that multiple accountability relationships and demands can be managed and aligned, rather than conflict.

6.3 Accountability practices and underlying approaches

A range of practices were adopted to address accountability to members, including reports and disclosure statements, performance evaluation, participation and adaptive learning. Importantly, however, these mechanisms were interrelated rather than separate or discrete, involving a socialising dimension. Both the pre-AMM and AMM, for example, involved annual reports and disclosures, typically used to discharge accountability to more powerful stakeholders (Ebrahim, 2010; Murtaza, 2012; Schmitz *et al.*, 2012). However, both credit unions also emphasised the importance of financial literacy education and training for members to understand and assess these documents, thereby empowering them not only to evaluate the performance of the credit union but also to enhance their own welfare in terms of using this information to develop their own business interests. Hence, the process of reporting was linked with empowerment through participation in training and facilitated informed performance evaluation (Kilby, 2006; O'Leary, 2017). For example, financial accountability through PEARLS ratios (an analysis of the financial health of the credit unions) was used as a basis to educate members who then applied this knowledge in their own small business operations.

Interestingly, individualising accountability approaches available to members (e.g. voting, exit and loyalty) were not emphasised by the credit unions; rather a socialising approach was prioritised. This built a sense of interdependence and generated relationships of respect, trust and felt reciprocal obligation (Roberts, 1991, 2001). This approach also extended to the participation of members in identifying, designing/developing and implementing programmes, which the credit unions considered as central to their success. Further, there was a clear link between the financial performance of the credit union and objectives of empowerment or improving members' quality of life; not only through the financial gain of individuals' investment in the credit union (financial capital) but also their empowerment and educational gain (social and intellectual capital) which could be reinvested and applied in members' own individual business affairs. Thus, credit unions' financial and social objectives (Davis and Brockie, 2001; Hyndman *et al.*, 2004; McKillop and Wilson, 2015) were addressed through financial performance details (savings, loans, income and expenditure and assets) which underpinned social performance (benefiting members through education and empowerment). These findings differ from research on credit unions in Cyprus that had not invested in education and training, leading to a reduction in members' trust and participation and impacting on the organisation's financial performance (Kleanthous *et al.*, 2019).

Re-examining accountability to members shows participation through education was a basis for empowerment (i.e. understanding reports and disclosure statements, making informed evaluations, identifying areas for training and participating in that training, providing suggestions for improvement change and making members aware of the implications of those suggestions – e.g. lower interest rates on loans resulting in lower revenue for the credit union). This process is consistent with the notion of transformative participation (O'Leary, 2017), resulting in the transformation of beneficiaries through substantive, developmental interaction and transformation of the organisation through meaningful change to more effectively address members' needs.

Further, informal accountability to management and staff, government and the credit union network were also emphasised in terms of developing ongoing meaningful relationships, rather than simply providing or receiving accounts in a transactional manner (Kingston *et al.*, 2019). By way of example, monitoring and evaluation meetings within CUSS, the larger credit union was considered a forum to explain performance, such that evaluation was also an opportunity for participation and learning. Further, internal processes introduced were considered to facilitate the management and staff working together, promoting collective and reciprocal accountability (Roberts, 1991, 2001). This notion of a collaborative and collective approach reinforces the importance of socialising and relational accountability in the credit unions, not only to members but also to a range of stakeholders.

Literature suggests that organisations are driven by diverse motivations in discharging accountability such as securing resources (Benjamin, 2008; Brown and Moore, 2001), gaining and maintaining legitimacy (Andrews, 2014; Connolly and Kelly, 2011) and improving organisations' learning processes (Christensen and Ebrahim, 2006; Ebrahim, 2007; O'Leary, 2017). Each of these motivations was evident in the credit unions examined and they were mutually reinforcing. For example, some interviewees affirmed that the credit unions were accountable to members as owners of the credit unions (securing resources, gaining and maintaining legitimacy). Hence, when the credit unions organised pre-AMMs and AMMs, they used these forums to educate members (motivated by the need to improve the organisations' and members' learning and ultimately members' welfare).

Accountability to management and staff through various meetings, monitoring and evaluation processes might also be considered as being motivated by improving the organisations' learning process. Yet, by undertaking these mechanisms of accountability, the credit unions likely benefitted in securing further resources and enhancing legitimacy. Ultimately, however, the drivers of accountability were linked to each organisation having a strong identity and mission (being member-based and established to address members' needs; identity accountability), with individuals in the organisation who felt a personal and professional responsibility to pursue that mission (felt responsibility, identity accountability) and a lightly-regulated environment which provided these organisations with the freedom and support to do this. Hence, accountability practices (both formal and informal) and the underlying approaches to accountability are important. Table 4 summarises these practices to the various stakeholder groups, identifying underlying motivations and associated accountability approaches.

7. Conclusion

As member-based social enterprises operating in many parts of the world, credit unions provide valuable financial and social services to members. Despite the growing demand for accountability experienced by mission-driven organisations, research on how credit unions discharge their accountability in practice remains scarce (Maia *et al.*, 2019). This research

Accountability to	Formal accountability	Motivations	Informal accountability	Motivations
Members	• AMM • Annual reports	• Legal requirement • Enhance accountability to members	• Pre-AMM • Training • Community meetings, announcement boards, suggestion box	• Improve members' lives • Empowerment through financial, social and intellectual capital
Management and staff	• Internal procedures and rules • Monitoring and evaluation	• Improve organisational performance • Enhance accountability to members	• Daily interaction	• Learning and improving
Oneself			• Professional and personal accountability	• Conscience (regarding self and others' actions) • Personal and religious values
Government	• Reports • Inviting government official to attend AMM	• Compliance • Enhance accountability to members	• Attending meetings	• Support, recognition • Opportunity to engage given limited regulatory requirements
Credit union network	• Reports • Accreditation	• Ensure members qualify for benefits	• Attending meetings, receiving visitors	• Knowledge sharing • Learning
Underlying approach	• Individualising, formal and transactional		• Socialising, relational, collective/shared and reciprocal	

Table 4. Accountability practices, motivations and associated approaches

examined how credit union accountability to members is positioned and practised using a multi-case study approach of two credit unions in the context of Indonesia, being lightly-regulated with strong religious ties.

Findings from this study showed each credit union prioritised accountability to members for both financial and social performance, driven by a strong sense of social mission. Further, several accountability mechanisms to other stakeholders (e.g. management, staff, government, the credit union network) enhanced the credit unions' accountability to members, strengthened by a personal sense of felt responsibility (Fry, 1995) and individuals' sense of identity accountability to the mission and values of the organisation (Kilby, 2006; Ospina *et al.*, 2002; Yang and Northcott, 2018). A primarily socialising, relational approach to accountability was identified, not only to members but also to a range of other stakeholders. This suggests that while members and improving their quality of life may be "who and what really counts" (Mitchell *et al.*, 1997), accountability to a range of stakeholders was important to support this.

Mechanisms of accountability to members went beyond participation in terms of voting, to include education and empowerment programmes facilitating informed decision-making, as well as input into the organisations' operations. Effectiveness in facilitating accountability to members through these mechanisms and associated approaches suggests these findings may be of use to other third sector organisations (e.g. NGOs, NPOs) pursuing similar accountability objectives. Of note, is that while credit union members have attributes of voice, exit and loyalty; informal voice in terms of participation – members identifying and expressing their needs – was considered more relevant than formal mechanisms. Thus, despite the differences between NGO/NPO beneficiaries and credit union members, informal voice remains common across these contexts and is, thus, important to develop (Awio *et al.*, 2011; Dewi *et al.*, 2019). This can, perhaps, be achieved in microfinance and microcredit organisations in particular, given their similarities with credit unions in aiming to provide financial services and training to facilitate empowerment; helping the poor progress out of poverty. However this notion also has relevance to the third sector more broadly by introducing measures such as notional "membership", voting by members/beneficiaries on important issues to enhance voice and having voluntary positions or roles assumed by members/beneficiaries to develop a sense of ownership (Kilby, 2006). Also of importance is empowering members or beneficiaries through education, such that they can participate in an informed way, transforming both the individual and the organisation (O'Leary, 2017).

This study makes several contributions, extending the literature on credit union accountability, highlighting the potentially interrelated nature of accountability practices, empowering members through multiple accountability processes and supporting this through appropriate accountability approaches (Ebrahim, 2010; Kilby, 2006; O'Leary, 2017). It provides empirical evidence of credit unions in a less developed context (Uddin and Belal, 2019) and explores how member-based social enterprises may enhance their accountability to members both directly and indirectly. Further, it provides insights for third sector organisations more broadly (e.g. NGOs, NPOs) in terms of how accountability to beneficiaries might be enhanced through both formal and informal/socialising approaches and the importance of education for informed (Mercelis *et al.*, 2016) and empowered voice and participation (O'Leary, 2017).

As with all research, this study has limitations. Firstly, this study explored credit union accountability based on the perspectives, understandings and intentionalities of credit union board members, the supervisory committee and managers. While these people have experience and understandings of organisational accountability from a management perspective, the findings may differ if interviews were conducted with members or lower-level management of credit unions, government officials, management of credit union networks or non-members (public), given their perspectives, awareness and understandings may vary. Hence, while this study presents a management perspective (albeit one where these individuals are also members), the voices of ordinary members not in positions of power or lower-level managers may present different views and understandings. Secondly, this study involved only two cases focussing on credit unions operating as social enterprises. While the sample size remains small, in-depth understanding of the cases was enabled through the lead researcher's familiarisation with the industry, formal data collection combined with informal observations and meetings during the case site visits over a two week period and rigour in terms of the data analysis processes which was undertaken and evaluated separately by all three members of the research team. Thus, the conclusions should be used for analytical rather than statistical generalisation and for guidance to explore credit union accountability in other contexts.

Several areas for future research arise from this study. These include incorporating the perspectives of others such as members, government, managers of credit union networks and non-members. Further, focussing on specific aspects of credit union accountability such as financial accountability (e.g. quality of financial reports, members' use and understanding of these reports) or social accountability (e.g. the impacts of credit unions' services on members' quality of life) will provide the opportunity to gain a deeper understanding of different aspects of accountability within the sector (Hyndman and McKillop, 2006; Hyndman *et al.*, 2004).

As member-based social enterprises, credit unions have a long tradition and significant experience in addressing poverty through financial inclusion and education (Kalmi, 2012; McKillop and Wilson, 2011, 2015; Peattie and Morley, 2008). Accordingly, understanding how this is achieved and the accountability mechanisms and approaches that support this, provides an appreciation of both their value (financial capital) and the types of value (social and intellectual capital) created.

Notes

1. PEARLS consists of 44 ratios within six key areas of credit unions' operations (protection, effective financial structure, asset quality, rates of return and cost, liquidity and sign of growth).
2. IDR: Indonesian Rupiah.
3. As such, participants are referred to as "interviewees" in the latter sections of this paper.
4. ACCESS is used mainly as an accreditation tool for credit unions in Asia. Based on the balanced scorecard, ACCESS can be used as a management tool and a framework for strategic planning (ACCU, 2010).
5. Pooled member contributions used to help members who faced difficulties in their life such as the death of a family member, accident or hardship (e.g. sickness, house fire and flood).
6. A form of insurance available to individual credit union members, whereby family heirs of members who pass away receive a certain amount based on the member's savings and outstanding loans are cleared. Members received these protections without paying a premium, as the credit union paid it on their behalf.
7. In larger credit unions, representatives of members were often elected to attend the AMM, as these meetings could not practically accommodate all (thousands of) members.
8. Referring to education programmes offered by the government.

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Appendix. Focus group discussion protocol

(1) Introduction
(2) Brief introduction of the research on accountability in credit unions.
(3) Brief overview of the goals and the process of the focus group discussion.
(4) Building rapport and ensure consent form signed.
(5) Understanding of accountability
(6) In the context of your credit union, what does accountability mean?
(7) Are accountability issues often discussed in your credit union? Why?
(8) To whom is your credit union accountable?
(9) Which stakeholder is the most important? Why?
(10) For what is your credit union accountable?
(11) What kind of accountability is the most important? Why?
(12) What mechanisms of accountability does your credit union employ?
(13) Do you think these mechanisms help your credit union achieve its goals? Why?
(14) Which mechanism is the most important? Why?

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Putting members in the centre: examining credit union accountability as member-based social enterprises

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