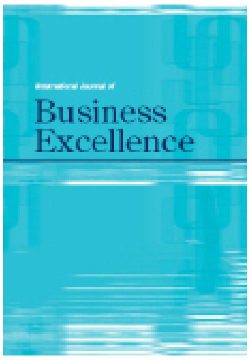

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Accountability in social enterprises: the role of institutional pressure and social performance

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Accountability in social enterprises: the role of institutional pressure and social performance

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Abstract: A social organisation with multiple goals, such as pursuing a social mission and seeking profit, faces the risk of losing the concept of social mission. This study aims to investigate how accountability affects the performance of social organisations. It also investigates social performance as a mediator, and the moderating effect of institutional pressure on the relationship between accountability and social performance. The population in this study included social village owned enterprises (VOE) from four districts in Indonesia. This study involved 451 participants who filled out a questionnaire. The findings show that accountability is crucial to improve social and financial performance. Social performance can mediate the relationship between accountability and financial performance. Meanwhile, institutional pressure also reduces the accountability and financial performance of VOE. This research provides feedback to policymakers for formulating regulations to improve VOE performance.

Keywords: accountability; institutional pressure; social performance; financial performance.

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1 Introduction

Social enterprise is a business entity that pursues the profits and benefits of social causes (Katsushi, 2020; Maksum et al., 2020; Gupta et al., 2020; Harsanto et al., 2022; He et al., 2022; Musinguzi et al., 2023a). Nowadays, Social business has grown globally (Suriyankietkaew et al., 2022; Del Gesso, 2019). Social enterprises can be developed in several fields, such as education, health, cooperatives, cooperative associations, finance, retail, and consumer products (Ko and Liu, 2021; Yun et al., 2020; Khan et al., 2022). When running a social enterprise, some groups view the market as a means to achieve financial stability (Park and Kim, 2020; Weerawardena et al., 2021). In addition, social enterprises are seen as a viable platform for generating social and economic benefits (Chandna, 2022; Ho and Yoon, 2022; Weerakoon and McMurray, 2023). Therefore, they need to maintain their social goals and vision.

Social goals often go unnoticed in the pursuit of big profits (del Val Talen, 2022; Farnese et al., 2022; Mersland et al., 2019; Jones, 2007; Searing et al., 2022). The expectations of paying clients must also be balanced with the maximum effort of social enterprises (Mogapi et al., 2019; Stub, 2019; Beaton and Dowin Kennedy, 2021; McMullen and Bergman, 2018). It is unlikely that social businesses will retain their hybrid nature because they will eventually veer into business forms and forget their social purpose (Savarese et al., 2021). Some social enterprises have come under fire for putting their financial success ahead of their social goals (Staessens et al., 2019; Mamabolo and Myres, 2020; White et al., 2022; Musinguzi et al., 2023b).

Therefore, social enterprises face governance challenges that must be addressed (Jayawardhana et al., 2022). In response, numerous studies on the management of social companies in the UK have been carried out (Mswaka and Aluko, 2014). The studies found the relationship between the outcomes and the architecture of the governance structure. According to Mswaka and Aluko (2014), governance usually yields more significant results than studies of democratic government. In addition, research conducted by Mswaka and Aluko (2015) focuses on the design of governance structures (management versus democratic governance) and their impact on outcomes rather than examining the application of governance principles. Besides, Kolodinsky et al. (2022), Ma et al. (2022) and Grossi et al. (2022) emphasise the importance of accountability in social enterprises to minimise conflicts due to shifts in interests between groups.

Most developing social entrepreneurs in Indonesia are associated with village owned enterprises (VOE). VOE is formed to achieve a social purpose, that is to improve the economy of rural communities. However, VOE is also a business that emphasises profit (Sofyani et al., 2019).

In 2021, the number of VOE in Indonesia increased by 57,273. Data from several websites indicate that 12,040 VOE are inactive; in other words, 21% of VOEs have not made contribution (Kotawaringinbaratkab.go.id, 2022). Based on a study conducted by Apriliani et al. (2021) and Puspitasari and Bayu (2021),VOE management accountability is still problematic, which has an impact on the success of VOEs. This also indicates that VOEs should be fully reliable as an institution that can improve the economy of rural communities.

In relation to VOE issues, several studies show that governance of VOE needs to be improved (Sofyani et al., 2020; Budiono, 2015; Nelly Sari et al., 2022; Petison and Kantabutra, 2023; Harsanto et al., 2022) state that conflicts of interest between parties are one of the problems that hinders social enterprises from fulfilling their intended mission. Accountability is something that social organisations can implement to realise their social and business mission (Rouault and Albertini, 2022).

A number of previous studies have examined the significance of enhancing social and financial performance of social enterprises. Based on Ebrahim et al. (2014), accountability is crucial for maintaining social and organisational goals. Other studies have also proven that this accountability affects the performance improvement of social organisations (Han and Hong, 2019; Demir et al., 2019; Cazacu et al., 2023). However Ebrahim et al. (2014) show different results. The different results of these studies reveal a gap for further research to examine the accountability of social organisations in Indonesia. VOEs, social organisations starting to grow and develop, need attention. Achieving the objective of profitability must be realised by considering social performance.

In order to address the research's consistency issues, this study proposes social performance as a mediator. According to Ebrahim and Rangan (2014), Cabral et al. (2019) and Xue et al. (2022), social organisations can achieve their mission, namely social performance based on accountability. Lu et al. (2018) and Ebrahim and Rangan (2014) also stated that achieving the social objective would be made possible by improved accountability. Research by Laari et al. (2016) and Alzoubi et al. (2022) also showed that achieving social performance, such as increased satisfaction and corporate reputation levels, will ultimately result in more customers and increased sales.

Improved performance in social organisations is also influenced by institutional pressures (D'Souza et al., 2022; Ebrahim et al., 2014). Institutional theory (DiMaggio and Powell's, 1983) explains that organisations cannot be separated from the pressures of the surrounding environment. Demands for accountability in social organisations come from governments, regulations, and society. It causes the organisation to consider various parties. The relationship between the company and its environment is examined in accountability. The right to evaluate and examine the organisation's activities by other constituencies is enforced through norms, mimesis, or regulatory mechanisms, indicating prosecution accountability requirements (Albu et al., 2022; Wang et al., 2023). Based on this explanation, this study examine the relationship between responsibility and the financial performance of social organisations moderated by institutional pressure.

This research examines how accountability affects financial performance in social organisations, namely VOEs in Indonesia. In this study, the relationship between responsibility and financial performance is mediated by social performance. This study also examines institutional pressure as moderation.

2 Literature review

2.1 Theoretical framework

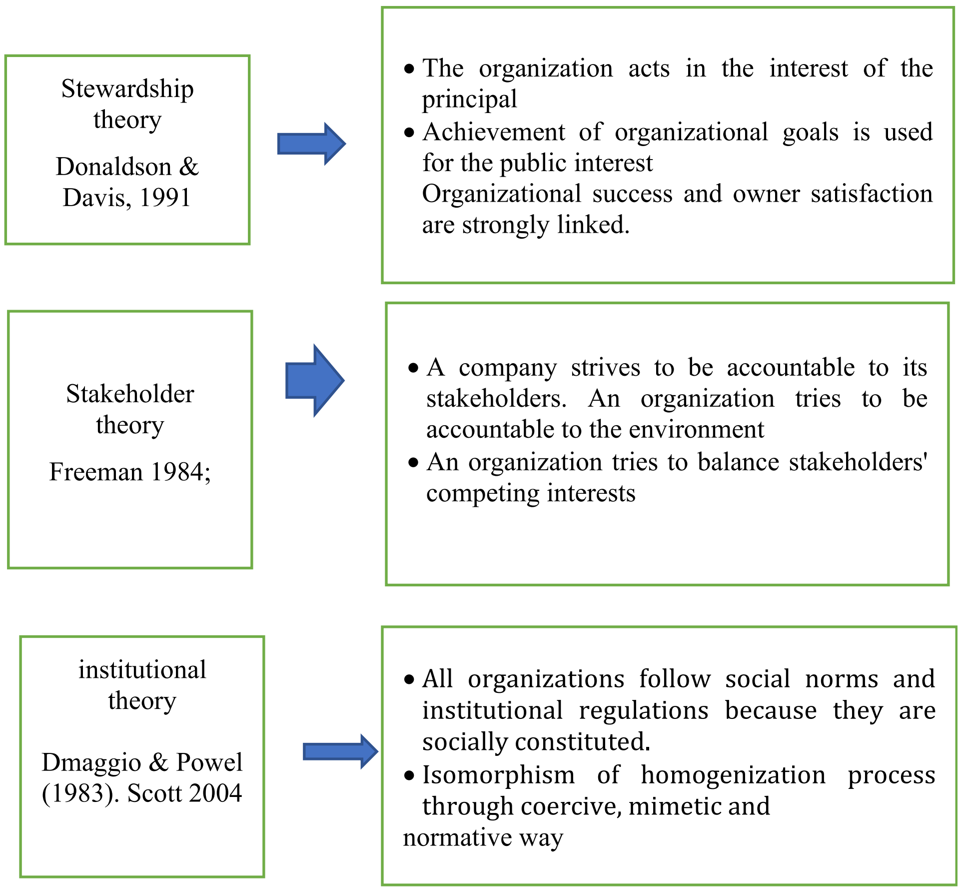
Many studies have focused on accountability and its effect on a company's performance. Different theories have been employed to explain the issue. In social organisations, the concepts of stewardship, stakeholder, and institutional theories have been used.

According to Donaldson and Davis (1991), Stewardship Theory is a way to describe managers who do not about their own goals but instead want to do what is best for the company. The stewardship theory presupposes that there is a robust connection between the success of an organisation and the contentment of its owners. The steward is responsible for preserving and maximising the wealth of the organisation in conjunction with the performance of the enterprise in order to maximise the utility function. The manager's goals should be aligned with those of the owners; this is a key tenet of good stewardship. Nonetheless, this does not imply that stewards have no individual requirements (Chrisman, 2019; Saputra, 2021; Basri et al., 2021). This theory relates to non-profit organisations' social and financial performance accountability and achievement.

Stakeholder theory (Freeman and McVea, 2001) is based on the view that several parties are interested in corporate behaviour and decision-making besides shareholders. Stakeholder theory asserts that a company cannot survive without the backing of several interest groups; hence, company actions must also involve acknowledgment from stakeholders (Hörisch et al., 2020; Dmytriyev et al., 2021). Stakeholder theory argues that in its operations, the aim is not only to maximise financial performance but also to pay attention to the positive and negative impacts on the environment through good environmental performance and the impact on the surrounding community through social performance (Dmytriyev et al., 2021; Barauskaite and Streimikiene, 2021).

Institutional theory argues that businesses fight for more than just market share and resources, including political influence, institutional credibility, and public support (DiMaggio and Powell, 1983). DiMaggio and Powell (1983) introduced isomorphic change, namely organisational change towards the same direction (homogenisation) due to outside influences. DiMaggio and Powell (1983) discovered three isomorphic transformation processes: coercive isomorphism, normative isomorphism, and mimetic isomorphism. Outside political influence and legitimacy difficulties cause coercive isomorphism. Normative isomorphism is a change mechanism within the organisation triggered by professionalism. Mimetic isomorphism is an organisational change due to uncertainty in a specific context when faced with uncertainty or there is no clear standard that must be followed. Based on the explanation, we develop a theoretical framework in Figure 1.

Figure 1 Theoretical framework (see online version for colours)



2.2 *Impact of accountability on performance*

In the context of social organisations, accountability focuses on upholding the social mission by acting with care, commitment, and adherence to advancing the organisation's social goals (Ebrahim et al., 2014; Ebrahim, 2016). Therefore, in a social organisation, accountability ensures the achievement of the social mission (Ebrahim and Rangan, 2014; Cabral et al., 2019; Xue et al., 2022). According to stakeholder theory, the firm is an entity that is required to benefit stakeholders as well as its own interests (Freeman and McVea, 2001).

Therefore, accountability is needed to ensure that these goals can be achieved Pererva et al. (2021), Grøgaard et al. (2019), Abed et al., (2022) and Tiep et al. (2022) also state that accountability provides added value for stakeholders, both for achieving social performance and business achievement.

Dubnick (2005), Li et al. (2023) and Cazacu et al. (2023) also state that achieving accountability within an organisation will positively impact transparency and business performance. Implementation of accountability results in substantial community control, forcing social group managements to comply with predetermined rules (Grossi et al., 2022). They will eventually be able to develop high-quality performance. Previous studies (Anh et al., 2022; Di Vaio et al., 2023) prove that accountability also impacts social enterprises that operate financially. Likewise, the study conducted by Katsushi (2020), Maksum et al.(2020), Gupta et al. (2020), Kuckertz et al. (2023) and Urdaneta et al. (2021) also state that social enterprises also have the intention to generate profits. Therefore, achieving profitability is a goal that must be considered. Accountability will provide added value for shareholders or owners (Pererva et al., 2021; Grøgaard et al., 2019; Abed et al., 2022; Tiep et al., 2022) also found that accountability improves financial performance.

Based on the explanation above, the following hypothesis is proposed:

H1 Accountability affects social performance.

H2 Accountability affects financial performance.

2.3 Impact of social performance on financial performance

As previously explained, social performance in hybrid companies is significant for higher financial returns (Gali et al., 2020; Zafar et al., 2022). Based on the underlying principle, the degree to which a company addresses the broader stakeholder interests correlates with the successful outcome of social performance (Van der Laan et al., 2008; Homer et al., 2023). When hybrid firms interact with multiple stakeholders in meaningful ways, they enhance their legitimacy, reputation (Orlitzky and Swanson, 2008; Gigliotti and Runfola, 2022), and performance (Rahman et al., 2020), and financial feasibility.

By stakeholder theory (Freeman, 1984), entities also operate for their own interests without neglecting stakeholders. Therefore, it is only natural that, in the end, social enterprises also want business profitability. Business profitability can be achieved by realising social performance.

The return on sales correlated highly positively with changes in firm social performance, suggesting that increased social performance may have long-term financial benefits (Ruf et al., 2001; Basri et al., 2022) Based on the description above, we propose the following hypothesis:

H3 Social performance influences financial performance.

2.4 Mediation of social performance in the relationship between accountability and financial performance

Based on stakeholder theory, accountability affects social and financial performance. However, accountability for long-term profitability is not immediately achieved. Several studies have looked at how accountability affects financial performance. The findings show that accountability improves organisational performance in public sector organisations (Junior et al., 2020; Auditya et al., 2013). Studies by Hwang (2013), Katsushi (2020), Maksum et al. (2020), Gupta et al. (2020) and Kuckertz et al. (2023) show positive results that when accountability requirements are adequately managed, they can, directly and indirectly, improve organisational performance and public services. However, several studies have also shown contradictory results. Ebrahim et al. (2014) state that responsibility has no direct impact on financial performance in social organisations.

Wang (2009) argues that social enterprises build accountability relationships with consumers based on economic exchange. Consumers aim to maximise utility and are free to choose from different products. In the business world, businesses can constantly adjust prices and product features and withdraw goods or services from the market to maximise their revenue. Thus, the achievement of social performance can increase the company's profitability.

In line with Cabral et al. (2019) and Ariani (2023) found that responsibilities in social organisations affect social performance such as customer satisfaction, increasing market share, and increasing profitability. So are research findings Nirino et al. (2022), Mahalakshmi and Karthikeyan, (2018), Bakri et al. (2021) and Torrent-Sellens et al. (2023) that social performance will increase business profitability.

Based on the discussion above, this study suggests that accountability and financial success are linked through social performance.

Based on this, the following hypothesis is proposed:

H4 The effect of accountability on financial performance is mediated by social performance.

2.5 Moderation of institutional pressure in the relationship between accountability and financial performance

A study has come to different conclusions about how accountability affects financial performance. According to research conducted by Ebrahim et al. (2014), accountability implementation is influenced by institutional pressure., Still, it has different effects on how well social enterprises do financially.

Following the theory of institutions, DiMaggio and Powell (1983) state that the organisation cannot be separated from the pressure of the surrounding environment. When organisations are under pressure from the organisations on which they depend and from societal expectations, they tend to resemble one another. This phenomenon is known as coercive pressure isomorphism (DiMaggio and Powell, 1983). For instance, factors such as labour law, government regulation, and trade unions and works councils all play a role in shaping the workplace. The occurrence of mimetic isomorphism requires environmental ambiguity.

Accountability demands on social organisations come from governments, regulations, and society. They cause an organisation to consider various parties. The right to evaluate and examine the organisation's activities by other constituents is upheld through several things, such as norms, mimesis, or regulatory mechanisms, which indicate the demands of accountability requirements.

Based on Kim and Lee (2009), nonprofit workers compete with conflicting accountability demands from employers and clients. It causes strain and low performance (Ezzamel et al., 2007). Based on this explanation, the hypothesis proposed is:

H5 The effect of accountability on financial performance is moderated by institutional pressure.

Based on the previous explanation, the conceptual framework can be seen in Figure 1.

3 Research methods

3.1 Data

This study is a survey-based investigation with many hypotheses to examine. It employed the explanatory research model. The study conducted hypothesis testing to examine the relationship between one variable and another factor (Creswell, 2015). This study was conducted on Indonesia's most significant social organisation, namely VOEs in Riau Province.

The 239 VOEs were selected from 4 sub-districts, namely Rokan Hilir, Bengkalis, Kampar, and Pelalawan Regencies. The VOE managers participated in the survey as respondents. Each VOE sent 3–5 questionnaires. This investigation primarily used primary data, which are different types of information. The questionnaires distributed to the respondents became the primary data source. Participants in this survey included managers from VOE. A questionnaire survey was used as a data collection tool for this study. The surveys were sent out both directly and indirectly/online (through Google Forms). It was done because some respondents could not be met in person. Therefore, the researcher asked them to fill out a questionnaire online.

3.2 Measures

Accountability was measured by the adopted indicators (Arsik and Lawelai, 2020), namely financial integrity, disclosure, and compliance with all applicable laws and regulations. Financial performance was measured using four indicators adopted and developed by Lu et al. (2018): profitability, leverage, assets, and revenue growth. Social performance is measured by social achievement. It consists of four indicators: market share, increasing employee satisfaction, community satisfaction, and VOE reputation. The questionnaire was adopted from Lu et al. (2018). Institutional pressure is part of institutional theory. The indicators used are coercive, mimetic, and normative (Subramanian and Gunasekaran, 2015).

3.3 Analysis techniques

In testing the hypotheses, the researcher used the analytical method, namely structural equation modelling (SEM), using WarpPLS. WarpPLS analysis is an extension of PLS analysis. PLS is an effective analytical method because it can be used for all data scales, which requires a few assumptions and large sample sizes are not required. As Besides being useful for theory confirmation (hypothesis testing), PLS can also be used to make influences with no theoretical basis or test propositions. The WarpPLS program can find nonlinear connections between latent variables and adjust path coefficient values according to those connections (Sholihin and Ratmono, 2013). As explained by Koch (2008), there are two mechanisms in the WarpPLS analysis, namely the outer and inner model estimation mechanisms.

4 Results, analysis, and discussion

4.1 Research results

There were 470 questionnaires distributed to 239 VOEs. Descriptive statistical methods were used to analyse data from 451 questionnaires. Table 1 presents the descriptive statistical results of each variable.

Table 1 Descriptive statistics

	N	*Reach*	*Min*	*Max*	*Method*	*St. deviation*	*Difference*
Y1	451	16	4	20	16.77	2,510	6,298
Y2	451	25	15	40	33.43	4,480	20,068
X1	451	18	12	30	25.73	3,150	9,920
Z	451	14	16	30	25.47	2,513	6,316

The standard deviation value that does not exceed the average value shown by the descriptive statistics for each variable indicates that the data is relatively excellent and homogeneous.

4.2 Outer model evaluation results

The first step in evaluating the external model is a convergent validity test. It tries to determine how strong the relationship is between each indication and its respective components. After that, the discriminant validity test was carried out to see whether the indicators from one construct were not strongly related to other constructs. Table 2 presents the findings from the convergent and discriminant validity, reliability, and R square tests.

Table 2 displays the findings of the validity and reliability analysis. The loading factor value indicates convergent validity testing. The test results show that the loading factor is more than 0.60 for each construct for each variable. The indicator has strong convergent validity (Ghozali and Latan, 2015). In addition, the correlation between latent variables is used in the discriminant validity test. Assume the concept's AVE root is bigger than the correlation between the construct and other latent variables. In that case, this indicates that the construct has a high level of discriminant validity (Fornell and Larcker, 1981). Table 3 presents the discriminant validity

As Table 3 indicates, the square root of AVE X (accountability) is 0.843, which is higher than the correlation Z 0.57, Y1 0.682, and Y2 0.58. The square root of AVE Z (institutional pressure) is 0.688, higher than the correlation X 0.587, Y1 0.508, and Y2 0.483. The square root of Y1's AVE (social performance) is 0.774, higher than the correlations of Y1's 0.682, Z's 0.508, and Y2's 0.744. Furthermore, the square root of AVE Y2 (financial performance) is 0.851, higher than the correlation X 0.58, Z 0.483, and Y1 0.774. The fact that this value is higher than the correlation value of the other latent variable constructs shows that the discriminant validity criteria have been met. The Cronbach alpha score and the combined reliability score were found to be more than 0.7 due to the reliability test. This study shows that reliability is sufficient (Hair et al., 2021)

Table 2 Loading Factor, cronbach alpha, and composite reliability, R square

Latent variable	*Indicator*	*loading factor*	*Cronbach alpha*	*Composite reliability*	*R square*
Accountability (X)	X11	0.853	0.918	0.936	
	X12	0.858			
	X13	0.840			
	X14	0.782			
	X15	0.847			
	X16	0.872			
Institutional pressure (Z)	Z11	0.709	0.776	0.843	
	Z12	0.623			
	Z13	0.598			
	Z14	0.722			
	Z15	0.744			
	Z16	0.721			
Social performance (Y1)	Y11	0.705	0.903	0.922	0.686
	Y12	0.821			
	Y13	0.701			
	Y14	0.799			
	Y15	0.778			
	Y16	0.814			
	Y17	0.796			
	Y18	0.763			
Financial performance (Y2)	Y21	0.893	0.870	0.912	0.365
	Y22	0.901			
	Y23	0.875			
	Y24	0.721			

Table 3 Discriminant validity value

	X	*Z*	*Y1*	*Y2*
X	(0.843)	0.587	0.682	0.58
Z	0.587	(0.688)	0.508	0.483
Y1	0.682	0.508	(0.774)	0.744
Y2	0.580	0.483	0.744	(0.851)

4.3 Results of inner model evaluation

The steps in the inner model are testing the fit model, R square, and the hypothesis. Table 4 shows the results of testing the fit model.

Based on Table 4, all indicators comply with the fit model specifications. In addition, the WarpPLS test findings presented in Table 2 are used to calculate the R square results.

Table 4 Fitment model indicators

Model conformance indicator	*Supply*	*Results*	*Information*
Average path coefficient (APC)	p < 0.05, then good	0.402; P = 0.001	Healthy
Average R-square (ARS)	p < 0.05, then good	0.525; P = 0.001	Healthy
Block average VIF (AVIF)	AVIF < 5, then good	1,343	Healthy
Adjusted average R-square (AARS)	p < 0.05, then good	0.658; P = 0.001	Healthy
VIF Full average collinearity (AFVIF)	AFVIF < 5, then good	2.148	Healthy

Table 2 shows that the R-square variable Y is 0.6864, indicating that 0.686 or 68.6% accountability for social performance is explained by accountability. Other factors that are not considered can explain the remaining 31.4%. R-Square of financial performance is 0.365. This research shows that social performance, accountability, and institutional pressure moderate financial performance by 36.5%. Other factors that are not considered can explain the remaining 63.5%. R square is included in the middle group of the analysis. Based on Hair et al. (2010), the R square value above 0.75 is classified as vital. Then, the R square value between 0.26–0.50 is classified as moderate. Furthermore, the R square value below 0.26 is classified as weak.

4.4 Results of hypothesis testing

The results of hypothesis testing on the structural model estimation are presented in Figure 2 and Table 5, indicating the path coefficient values and the p-value of hypothesis testing.

Figure 2 Full structural equation model

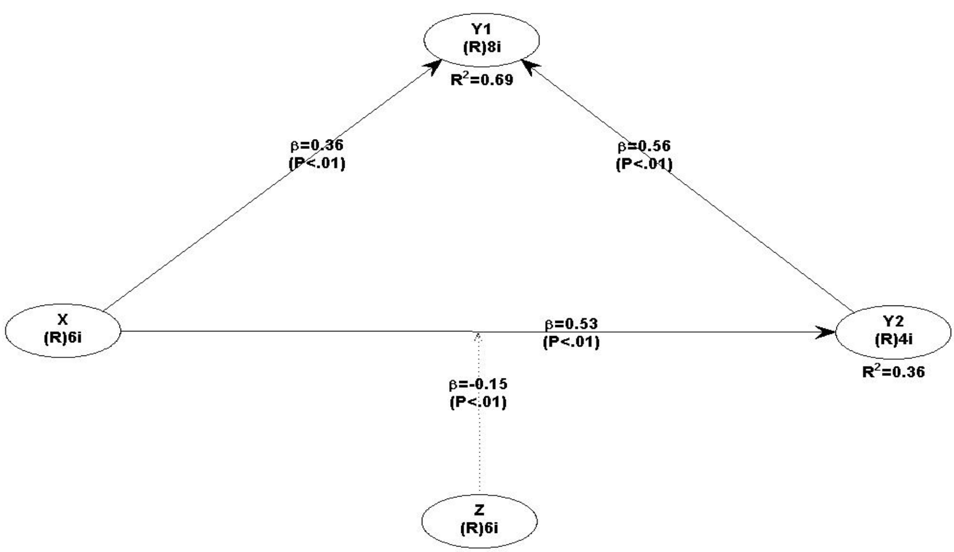


Table 5 Hypothesis testing results

Hypothesis		*Original sample (HI)*	*p-value*	*Conclusion*
H1	Accountability affects social performance	0.363	< 0.001	supported
H2	Accountability affects financial performance	0.530	< 0.001	supported
H3	Social performance affects financial performance	0.561	< 0.001	supported
H4	Social performance mediates the effect of accountability on financial performance	0.298	< 0.001	supported
H5	Institutional pressures moderate the effect of accountability on financial performance.	–0.151	< 0.001	supported

4.5 Discussion

Based on the results of the analysis, accountability has an impact on both social and financial performance, in line with Ebrahim et al. (2014) and Abraham (2016) (Ebrahim and Rangan, 2014). In the context of social organisations, accountability is focused on upholding the social mission by acting with kindness, loyalty, and obedience while furthering the charitable goals of the organisation. Thus, with accountability, social goals, namely community service and community welfare, can be carried out correctly.

Accountability has a favourable impact on financial performance. This supports Dubnick (2005), that better accountability impacts public trust and ultimately improves organisational performance. In line with Ebrahim (2016), the application of accountability creates greater control of society. It causes managers of social organisations to work with existing regulations, which will result in a good performance. Previous studies (Katsushi, 2020; Maksum et al., 2020; Gupta et al., 2020; Kuckertz et al., 2023; Urdaneta et al., 2021) also state that social enterprises also have the intention to generate profits. However, several research findings indicate that increased accountability does not directly affect financial performance (Ebrahim et al., 2014)

Although several previous studies have highlighted accountability in social organisations, social organisations in Indonesia, such as VOEs, have slightly different characteristics. VOE is the largest social enterprise with government and community funding sources. Therefore, VOE accountability is essential for increasing public trust. It has been supported by Cabral et al. (2019) and Marion (2008), who state that accountability encourages the achievement of social performance.

This study shows that good accountability of VOE encourages high social and financial performance. It is evidenced by several VOEs with an advanced category which have implemented accountability correctly; for example, in Bengkalis Regency, there are 82 VOEs with an advanced category out of 136 VOEs. Accountability is also shown by an accountability report that has been appropriately prepared.

Furthermore, the findings of this study revealed that accountability influences financial performance, which is mediated through Social Performance. Although directly or indirectly, accountability affects financial performance. This study shows that social performance is a partial mediation. This research is in line with Cornforth (2020) and Jan et al. (2021), who state that social organisations ensure overall corporate direction and accountability during the processes of organisational governance, which are codified in their different legal frameworks. Because the organisation is a hybrid organisation that combines social and profit goals, it is socially obligated to achieve social goals and organisational profitability.

The study results show that VOEs, which have been able to meet community needs through their services, increase trust and improve the reputation of VOEs. Increasing community satisfaction has an impact on VOE profits. The survey results on advanced VOE show that most people are satisfied with the performance of the VOE.

The findings of this research provide evidence supporting the stakeholder theory (Freeman 1984), that the company will be accountable to stakeholders. The results of this study are also in line with the stewardship theory (Donaldson and Davis, 1991) which states that managers act in the public interest, so that accountability is needed to ensure the achievement of organisational goals. The results also support (Orlitzky and Swanson, 2008) and Rahman et al. (2020). When a company increases its legitimacy and develops a positive reputation, it will ultimately improve its financial performance.

There is a major impact that accountability has on financial performance. However, this effect is moderated by the pressure that institutions exert on businesses. This research implies that accountability has a major impact on financial success. However, it is mitigated by the demands placed on the company by institutional stakeholders. The results indicate a moderation of lowering institutional pressure and accountability. It means that high institutional pressure reduces accountability and causes a decrease in VOE's financial performance.

The existence of regulatory pressure from the organisational and environmental needs of VOEs has made VOEs' performance decline. The survey shows that several growing VOEs in the primary category have not achieved satisfactory profits. Tremendous pressure from the government cannot be carried out by VOE managers, thereby reducing VOE performance. In line with studies by Ezzamel et al. (2007), Romzek and Dubnick (2001), and Kim and Lee (2009), individual, group, and organisational activities all impact the level of accountability. Too much responsibility can have a negative impact on people and performance. Professionalism is constrained by conflicts over various accountability requirements, including political, administrative, and ethical. Too much oversight from authoritative sources might hurt business results. Conflicts will arise because of the many demands and tension in VOEs, ultimately hindering financial performance achievement. This situation is an opportunity for research, that the success of Bumbes is also inseparable from political interference and managerial ability to seize the opportunities that exist.

The findings of this research are consistent with the institutional theory (DiMaggio and Powell (1983), which explains that organisations cannot be separated from the pressure of the surrounding environment. Accountability demands on social organisations come from governments, regulations, and society, and organisations take action according to public needs.

5 Conclusions

This study has found some evidence about the impact of accountability on the social and financial performance of social businesses through an analysis of how social performance mediates institutional pressures and how institutional pressures moderate social performance. This study has proven that accountability has the potential to improve social and financial performance in VOEs. It also encourages social organisations to achieve their social organisation missions, such as social goals and achieving profits. The findings also show that social performance is a mediator between the impact of accountability and the financial performance of VOE. It also proves that institutional pressure reduces accountability and financial performance.

Despite the findings, this research still has some limitations. First, this study examines only one type of social organisation. It makes this research cannot be generalised to other social organisations. Second, this study only examines accountability as part of organisational governance, while other governance principles such as transparency, participation, and the rule of law have not been studied.

Responding to the limitations of this study, the researcher proposes several suggestions for further research. First, the researcher suggests further examining other social organisations, such as education, health, and non-governmental organisations to determine which research results are more generalisable to several fields of study. Second, the researcher also suggests examining the effect of sound governance principles on performance, both social and financial performance. In addition, it is necessary to pay attention to the importance of the managerial capabilities of VOE managers and the political environment.

The findings of this study have implications for stewardship theory, stakeholder and institutional theory. Stewardship theory ensures that the public is accountable to stakeholders for all of its activities; this shows that accountability must be achieved. Achievement of social performance and financial performance is also supported by stakeholder theory. The institutional theory states that pressure from the institutional environment leads to institutionalisation. An organisation needs to convince the public that it is a force that deserves support. The existence of VOEs cannot be separated from institutional pressure in the form of regulations, the community, and other organisations supporting the existence of VOEs. Supported by stakeholder theory, VOEs, as a social organisation that carries a social and profit mission, must be able to account for all of their activities to related parties. It must be done as a form of VOEs' accountability.

Ultimately, this research contributes to VOEs, in that accountability is an essential factor in achieving VOEs' performance. In addition, improving social performance also needs to be a concern. Institutional pressure is also a factor that can determine the achievement of VOEs' performance. Therefore, this research has implications for increasing accountability. For the government, this research can be used as a guide in formulating policies to increase VOEs' accountability.

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