

DOI: 10.5281/zenodo.122.126191

THE THROUGH LINE: AUDIT CULTURE, INSTITUTIONAL THEORY, AND SYMBOLIC INTERACTIONISM IN HOSPITAL SETTINGS

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Received: 20/10/2025

Accepted: 01/12/2025

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ABSTRACT

This study aimed to thoroughly investigate the role of audit culture in institutional theory, particularly in relation to the institutionalization process of insurance-based payment systems in hospitals and the development of this process. The study encompasses the fields of accounting and anthropology, converging in the study of hospital management. It was a case study investigation that conducted an in-depth examination of one form of audit culture in hospitals, specifically the institutionalization process of insurance-based payment systems. The findings revealed that the insurance-based payment system achieved full institutionalization, as evidenced by hospitals' compliance with imposed standards. However, it could not be categorized as robust full institutionalization, as this process remained inauthentic and not deeply embedded. This condition arose due to a coercive institutionalization mechanism, driven by interventions from the state-owned Health Care and Social Security Agency. The majority of the public relies on this insurance as a government-provided healthcare program. The study found that audit culture contributed to the application of institutional theory in hospital organizations. This contribution was internalized through three main elements: the presence of regulations as external institutional interventions, the standardization of all forms of audit culture as an effort toward isomorphism, and the outcomes of audit culture as a form of organizational legitimacy.

KEYWORDS: Audit Culture, Institutional Theory, Symbolic Interactionism, Hospitals, Hospital Management, Health Policy.

1. INTRODUCTION

The term “audit culture” was introduced by sociologists and anthropologists to describe a societal condition that emphasizes and is oriented toward the importance of evidence-based examination. This culture establishes the core values of auditing and accounting rationality as a guiding principle in organizational governance (Shore & Wright, 2024). The concept of audit culture gained prominence in anthropological discussions following its introduction by Michael Power, an accountant and professor, who offered a self-reflective critique of his own profession as a component of what he termed the “audit society” (Lempert, 2011). The “audit” in this context refers to any evidence-based examination activity conducted to meet recognized standards within social and societal contexts. These activities encompass both financial audits, such as the examination of financial statements, and non-financial audits. Non-financial audits may include processes that do not explicitly use the term “audit,” such as accreditation, certification, assessment, evaluation, monitoring, or similar activities. These, too, are considered part of audit culture. Audit culture has expanded to include practices such as evaluation, monitoring, accreditation, and certification, all of which follow the same evidence-based approach as traditional auditing. Consequently, audit practices demonstrate how commitment to evidence-based practice and audit governance evolves within the context of governance, in line with the narrative of audit expansion (Österberg & Licht, 2023).

The transformation of organizational culture and management within public sector institutions, particularly in healthcare and education, stems from the New Public Management (NPM) reforms (Martin-Sardesai et al., 2020). These reforms have reshaped public sector organizations by emphasizing managerial aspects that prioritize efficiency, competition, and performance-based assessment. NPM has garnered significant attention, particularly for its focus on governance, public administration, and specific practices such as privatization, performance evaluation, and customer-oriented service delivery (Denhardt & Denhardt, 2003). These elements align closely with the ongoing implementation of audit culture. Audit culture within institutions can be analyzed through the lens of institutional theory, which provides a framework for understanding deeply embedded social structures within organizations.

Institutional theory is defined as a deep

sociological framework that explains how institutions are formed and maintained within social structures. This theory views structures as processes composed of schemas, rules, norms, and routines that serve as authoritative guidelines for social behavior (David et al., 2014). It is frequently used to analyze the adoption and dissemination of formal organizational structures, including written policies and standardized practices. Within this framework, audit culture can be viewed as an organizational routine closely tied to institutional theory, emphasizing the application of evidence-based routines rooted in established schemas, rules, written policies, and practical standards (Scott, 2008). The presence of audit culture supports the institutionalization process by reinforcing standardized practices.

Symbolic interactionism suggests that individuals communicate through language and significant symbols, shaping social reality. As a micro-sociological perspective, it explores how repeated, meaningful face-to-face interactions enable individuals to create, interpret, and sustain societal norms and meanings (Carter & Fuller, 2015). These interactions not only reflect individual identities but also shape their perspectives and behaviors (Langley & Tsoukas, 2017).

This study examined audit culture within the context of Indonesia’s hospital payment systems, specifically those related to health insurance. The insurance-based payment system has generated significant controversy among the public and within hospitals, which directly encounter its implementation. Issues, including perceived unfairness in tariff setting and rigidities in the claim process, have driven ongoing debates. Despite these controversies, the institutionalization of insurance-based payment systems has advanced steadily, achieving what institutional theory terms full institutionalization. This study aimed to explore three key questions: (1) How does audit culture function within the framework of institutional theory? (2) What is the institutional logic of hospitals regarding audit culture? (3) How has the institutionalization of insurance-based payment systems developed?

2. LITERATURE REVIEW

The term “audit culture” combines two concepts from distinct disciplinary domains. In accounting, “audit” refers to a systematic, evidence-based examination, typically involving the evaluation of accountability. In contrast, “culture,” rooted in anthropology, denotes a way of life shaped by the

habits and practices of a specific social group. Together, audit culture describes a societal practice characterized by evidence-based scrutiny as a central organizing principle. Alternatively, audit culture can be understood as a culturally accepted norm of social practice evaluation through accountability (Owczarzak *et al.*, 2016; Strathern, 2000; Vannier, 2010).

Audit culture is a societal practice that applies the principles, techniques, and rationalities of financial accounting as a core framework for organizing all aspects of society (Shore & Wright, 2015). Standardization as institutional work: standards (e.g. responsible investment indices/ initiatives) acquire “regulatory power” and direct organizational behavior (Slager *et al.*, 2012)

As anthropologists argue, culture is continuously created and recreated, becoming more tangible over time (Shore & Wright, 2024). This dynamic applies to audit practices, which have become a sustained and normative part of societal life. At its core, auditing involves the evidence-based verification or examination of information. The widespread and normatively accepted implementation of audits across various domains of social life has established a culture of verification.

Fundamentally, audits were introduced due to skepticism or distrust regarding the quality of professional work (Kipnis, 2008), particularly in relation to financial value (Nash, 2019). However, the rationalities and practices of accounting have transcended financial domains, becoming a foundational principle for management instruments across public and private sector organizations (Shore & Wright, 2015). Over time, auditing has evolved beyond its original purpose, occasionally serving as a political tool to control societal behavior, as noted in prior studies (e.g., Maguire *et al.*, 2001; Shore & Wright, 2015; St-Hilaire, 2021). Audit culture reflects an analytical categorization that transforms one description into another, presenting a particular “truth” while potentially obscuring underlying realities (Moors, 2019). Although the standardization and development of audit culture appear to be simplified technological management procedures, the fact is far more complex (Vonderau, 2015). Critics argue that audit culture often fails to meet demands for enhanced transparency and accountability (Parlee & Wiberb, 2015).

Institutional theory, widely recognized for its insights into organizational and individual behavior, provides a robust framework for understanding these dynamics. Institutions play a critical role in driving or shaping change, yet they themselves

transform over time. Institutional change can occur gradually, often unnoticed, or abruptly, disrupting established patterns (Dacin *et al.*, 2002). Baker *et al.* (2014) highlighted the evolution of regulatory structures, such as the Sarbanes-Oxley Act, which emerged in response to a high-profile audit failure in the United States. While similar failures were not observed in countries like France or Canada, the Act’s regulations were applied globally, illustrating significant external influence.

For regulatory structures to achieve their objectives, they must interact with institutional fields in ways that are contextually acceptable and effective. This phenomenon is evident in audit culture, which has been internalized across various sectors, including healthcare, particularly in hospitals. Institutional theory emphasizes the interplay between professional regulatory evolution and governmental regulatory authority. It is increasingly used to understand the dynamics of globalization. In the context of audit culture, institutional theory explores how audit practices are applied within hospitals and their impact on operational routines, rules, and schemas (Baker *et al.*, 2014).

In this study, institutional theory serves as a lens to interpret audit culture phenomena in hospitals, selected for its processual nature, which focuses on “how” phenomena occur and emphasizes narrative approaches (Van De Ven & Poole, 2005). Narratives are particularly relevant for analyzing organizational processes, as informants not only recount experiences but also enact them. However, process theories must be grounded in deeper, less observable structures (Pentland, 1999). Moreover, process theory underscores the importance of researchers observing experiential processes to explain event mechanisms and their interconnections, making contextual explanations critical (D. R. Morris, 2005).

Institutional theory highlights three key mechanisms: (1) organizational institutionalization through the adoption of external elements, (2) isomorphism, which fosters institutional uniformity, and (3) legitimation. Institutions adopt rules and structures not necessarily for their effectiveness but because they are perceived as legitimate and modern. Isomorphism drives uniformity by aligning with shared institutional myths (Meyer *et al.*, 2007). Institutional theory also examines the alignment between policies and their implementation, known as “coupling.” Tight coupling reflects strong alignment between rules and their application, while loose coupling indicates discrepancies (Orton & Weick, 1990).

Institutional logic provides a framework for understanding how cultural elements influence organizational change, while historical event sequencing reveals underlying patterns of cultural transformation (Thornton et al., 2005). Institutional logic encompasses the social, economic, and normative frameworks that shape a set of collectively understood actions within an organization. It guides rational and deliberate behavior by individual and organizational actors, who play a significant role in shaping and transforming institutional logic. This logic is both material and symbolic, providing formal and informal rules that govern actions, interactions, and interpretations, directing and constraining decision-makers in fulfilling organizational tasks, achieving social status, and navigating rewards or sanctions (Ocasio, 1997).

Globalization has introduced environmental changes that influence governmental thinking and policies, particularly in public hospitals. These changes are closely tied to New Public Management (NPM) initiatives, which emphasize oversight, public-private partnerships, and an enhanced governmental role as a regulator and policymaker. These objectives are effectively realized through monitoring and evaluation processes, integral components of audit culture. In the healthcare sector, the government, as a regulator, establishes standards for nutritional values, health technology certification guidelines, healthcare financing policies, accreditation and certification standards, licensing, oversight, and public health insurance systems. However, its role in directly providing services has relatively diminished (Trisnantoro, 2005).

Hospitals, fundamentally perceived as social institutions that process inputs to deliver healthcare services, face a contextual tension in their institutional logic. This tension arises from a conflict between their social mission and market pressures that push hospitals toward corporatization (Trisnantoro, 2005). Hospitals operate with various subsystems, including medical subsystems (e.g., medicine and nursing) and non-medical subsystems (e.g., finance, human resources, technology, and informatics), all designed to produce diverse healthcare service outputs.

Human behavior in hospitals can be observed through two dimensions: interactional and symbolic. Interactional behavior reflects performance, while symbolic behavior pertains to the meanings attached to these performances (Denzin, 2009; C. Morris, 1946). These interactions shape, or are shaped by, individual actions, with this natural reality mediated through symbols (Chua, 1988), such as verbal

expressions, nonverbal gestures, attire, or other meaningful signs (Denzin, 2009). Blumer (1969) outlined three core premises of symbolic interactionism: (1) individuals act based on the meanings they attribute to objects or phenomena, (2) these meanings emerge from social interactions with others, and (3) meanings are refined and modified through interpretive processes as individuals navigate their experiences.

3. METHODOLOGY

This study employed a qualitative case study approach to gain an in-depth understanding of audit culture, particularly in the context of insurance-based payment systems in Indonesian hospitals, which are inherently linked to audit culture. The insurance-based payment system has drawn significant scrutiny from the public and hospitals due to its controversial implementation. A case study approach is deemed appropriate as it allows for a detailed exploration of audit culture phenomena within hospitals, providing a comprehensive description of the case (Ylikoski & Zahle, 2019).

This study began by formulating study questions outlined in the introduction. The study was conducted over one year at hospitals XYZ and VWX, with the unit of analysis comprising hospital management and professional staff. Management includes those responsible for executing managerial functions, while experienced staff focus on delivering essential healthcare services to the public.

This study relied on emic data to explore processes, experiences, and perceptions within the context of the study subject. Emic data capture informs the attitudes, perspectives, beliefs, or thought patterns of informants as insiders within the studied environment (Haapanen & Manninen, 2023). Therefore, data were collected through interviews, observations, and document analysis, with triangulation using multiple data sources to enhance the credibility of the findings.

Data analysis involved qualitative coding and thematic analysis, integrated with the lens of institutional theory to examine how audit culture supports the institutionalization process. Findings were validated through cross-checking data sources and maintaining an audit trail to review the study process.

4. DISCUSSION

4.1. *Audit Culture-Institutional Theory-Symbolic Interactionism*

Institutional theory, as a framework for understanding institutionalization, emphasizes three

core elements: (1) institutionalization through external adoption or intervention, (2) isomorphism, or the standardization of organizational practices, and (3) legitimation as an organizational goal. Observations of audit culture reveal that audit systems, standards, and outcomes are closely aligned with institutional theory, demonstrating a strong interconnection in their organizational implementation.

First, societal demands for objective evidence have given rise to a pervasive audit system that extends beyond its original financial domain into various sectors, including healthcare. In hospitals, which primarily focus on healthcare delivery, audit culture manifests in daily operational activities. Regulatory interventions support the intensification and expansion of audit culture. The study captured how hospitals gradually accept various forms of audit culture, accompanied by shifts in systems and regulations. Regulations serve as the foundation for implementing audit culture, ensuring its robust execution through external interventions. These external regulations are often reinforced by internal policies, socialized among relevant hospital stakeholders, thereby systematizing the institutionalization of audit culture.

Second, institutional standardization, or isomorphism, aligns with audit culture through the concept of standardization. Standardized criteria are essential for evaluation, requiring uniformity across assessed organizations. For instance, standardized diagnostic menus for health insurance claims encourage hospitals to meet these standards to secure

claim approvals. Isomorphism ensures equal opportunities for organizations, regardless of whether they operate in advanced urban areas or developing rural regions, fostering uniform performance without exception. Standardization is critical for achieving legitimacy.

Third, legitimacy—the acceptance and recognition of an institution—is achieved by fulfilling the requirements of audit culture. The outcomes of audit culture, such as financial audit opinions, accreditation ratings (e.g., paripurna, utama, madya), hospital classifications (e.g., Type A/B/C/D), or insurance claim statuses (e.g., approved, pending, disputed), reflect this legitimacy. High ratings enhance an organization's reputation, not only among accrediting bodies but also in the eyes of the public, who increasingly understand audit outcomes as symbols of financial and operational credibility (Nurhidayah, 2020).

Based on the researchers' examination of the relationship between audit culture and institutional theory, it was found that audit culture played a significant role in the application of institutional theory within hospital organizations, particularly at Hospital XYZ. This role was internalized through three key elements: the presence of regulations as external institutional interventions, the standardization of all forms of audit culture as an effort toward isomorphism, and the outcomes of audit culture as a form of organizational legitimacy. The relationship between institutional theory and audit culture is illustrated in Figure 1 below:

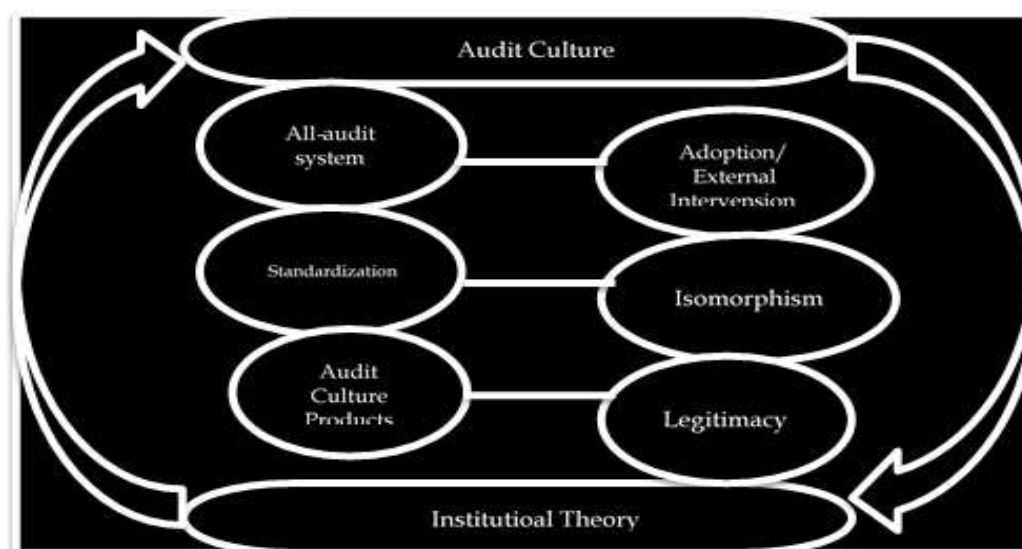


Figure 1: Audit Culture and Institutional Theory.

Institutionalization also relies on symbolic interactionism as a micro-level mechanism for

creating shared meanings. Institutionalization represents the macro-level outcome of symbolic interactions, achieved when meanings are widely accepted and recognized. Symbols, initially introduced through language or narratives, establish confidence in new practices. These symbols are negotiated through interactions, forming shared meanings that evolve into social norms. Full institutionalization occurs when these symbols are

universally accepted and implemented without debate or controversy. Symbolic interactionism operates through the exchange of symbols—language, terminology, or narratives—that are interpreted to create collective meaning, serving as a gateway to institutionalization. The relationship between audit culture, institutional theory, and symbolic interactionism is depicted in Figure 2.

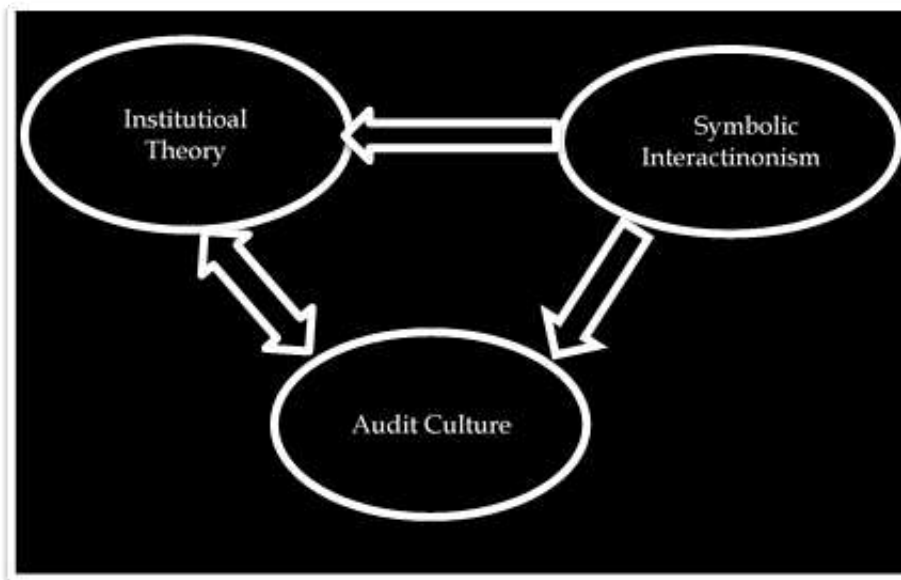


Figure 2: *The Connection between Audit Culture, Institutional Theory, and Symbolic Interactionism.*

4.2. Relationship between Audit Culture, Institutional Theory, and Symbolic Interactionism in Hospitals

Audit culture, institutional theory, and symbolic interactionism converge in the process of institutionalization. This section illustrates the institutionalization of health insurance tariffs as a case study of audit culture in hospitals. The institutionalization process, within the framework of institutional theory, unfolds through three stages. In the initial stage, known as pre-institutionalization, health service tariffs within the health insurance system are introduced as a narrative to instill confidence in a new practice to be implemented in health insurance programs. This narrative is formalized through the Republic of Indonesia's Minister of Health Regulation No. 3 of 2023 on Healthcare Tariffs for Health Insurance Programs. This regulation represents the first level of audit, understood as a programmed audit that encapsulates values of fairness in formalized rules, followed by ongoing monitoring.

The process then transitions to semi-institutionalization, where symbols are exchanged

and negotiated through interactions such as socialization meetings, discussions, and the creation of relevant documents. Additionally, detailed narratives emerge from various stakeholders as exchanged symbols, including transparency in health insurance funding, cross-subsidies, tariff evaluation adjustments, efficiency, diagnostic groupings, claim standards, and other related symbols. These exchanged symbols generate meanings that form social norms. During this stage, the implementation of health insurance tariffs begins to be adopted by different organizations, leading to isomorphism based on established standards. This reflects a key characteristic of audit culture, which consistently emphasizes standardization in its implementation.

It is important to note that, despite widespread adoption, health insurance tariffs continue to spark debate among healthcare providers and the general public. Organizations tend to comply with these tariffs not out of full acceptance but due to pressures for legitimacy. This creates a disconnect between the displayed reality and actual conditions, a phenomenon known as decoupling in institutional theory. This situation is currently observable.

The culmination of the institutionalization process is full institutionalization, achieved when a new practice is widely adopted without debate. This occurs when institutions and society perceive the practice as a natural and appropriate part of the social order. Based on the researchers' observations, the current implementation of health insurance tariffs is institutionalized, though weakly. Resistance persists in the form of criticism and varying degrees of implementation among some stakeholders, indicating that the practice is merely adopted and remains subject to ongoing debate.

This resistance stems from experiences of rigidity, as hospitals prioritize meeting standards over service quality, sometimes superficially (decoupling). For instance, on Thursday, September 25, 2025, at 9:35 AM, researchers conducted an evaluation at hospital VWX as part of their continued collaboration with the state-owned Health Care and Social Security Agency (BPJS). A staff member instructed a patient's family (including one researcher) on how to respond to BPJS inquiries to align with room classification standards and adjusted room conditions to meet BPJS requirements, such as bed distance from walls, curtain height, and air humidity levels. Such practices may also occur at hospital XYZ.

This condition reflects a coercive institutionalization process, where BPJS imposes regulatory pressures and threatens to discontinue funding partnerships, critical for hospitals serving communities reliant on health insurance. While this process appears to achieve full institutionalization through compliance with standards, the superficial nature of implementation indicates weak institutionalization. Although health insurance tariff practices have been adopted, ongoing debates and resistance suggest they have not yet reached robust institutionalization. Nevertheless, audit culture—encompassing patient admission, service delivery, and claim evaluation—remains mandatory due to the demands of legitimacy.

4.3. Hospital Institutional Logic on Audit Culture

Institutional logic, derived from neo-institutional theory, serves as a lens to understand organizational norms and values. Logic is broadly defined as a reasoning framework that guides decision-making through rational processes, shaping thought patterns influenced by external factors such as the environment and education. These factors can lead to variations in individual logic, even within the same organization.

This study revealed differences in institutional logic regarding audit culture between hospital

management and professional staff. Management generally demonstrated compliance and agreement with audit culture practices, which are rooted in adherence to regulations. This alignment stems from their responsibilities in planning, organizing, directing, and controlling hospital activities, which are closely tied to regulatory compliance. Management was often involved in establishing internal standards, making deviation from audit culture norms unlikely. However, this rule-based logic can limit creativity and innovation, trapping management in dictated routines that hinder the realization of full potential.

In contrast, the institutional logic of hospital professionals, who directly execute healthcare functions, did not fully embrace audit culture. Professionals, particularly medical staff, typically exhibited rational, systematic, and critical deductive reasoning in their analyses. Specific professional groups exhibit distinct logical approaches: physicians prioritize evidence-based practice and aim to avoid bias; nurses adopt a cautious logic; midwives demonstrate a nurturing logic characterized by gentle speech and actions; and pharmacists emphasize error prevention. As individuals delivering direct patient care, professionals are deeply immersed in the hospital's operational realities. The processes and challenges they encounter in providing public healthcare services shape a logic toward audit culture that differs significantly from that of hospital management.

These differences in perspective between management and professional staff highlight variations in attitudes toward different types of audit culture. Below is an overview of the institutional logic regarding audit culture at Hospital XYZ.

Hospital professionals often expressed resistance to audit culture, perceiving its rigid adherence to rules as a burden. The obligation to balance patient care with audit-related administrative demands frequently overwhelms professionals, particularly in hospitals that prioritize patient services. This split focus between service delivery and administrative compliance creates significant challenges. For instance, on Tuesday, September 3, 2024, researchers were granted permission to observe daily operations at a polyclinic in Hospital XYZ. Observations revealed that units worked closely together, especially in cases requiring special patient care arrangements. The patient service procedure began with registration and administrative processing, followed by the entry of patient data into the Hospital Management Information System (SIM-RS).

Patients were assigned queue numbers based on their designated polyclinic. If preliminary examinations were required before a doctor's consultation, nurses performed these tasks. Patients

then waited in the designated waiting area and were called in order of their queue number for a doctor's examination.

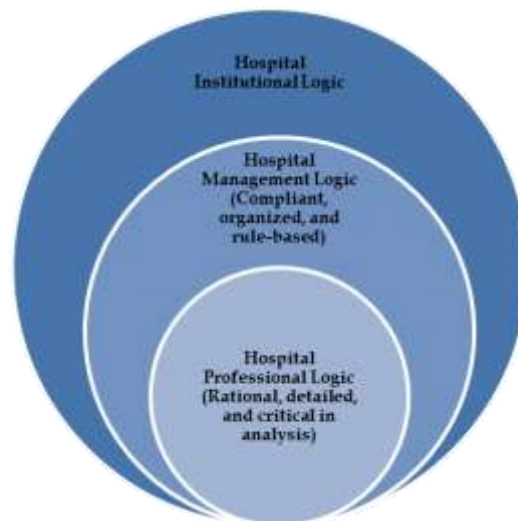


Figure 3: Overview of the Institutional Logic Regarding Audit Culture at Hospital XYZ.

At the observed polyclinic, two nurses and one doctor were on duty, each responsible for completing the Clinical Authority Details (RKK) for submission. All actions were logged into the SIM-RS, either by the doctor or nurse, illustrating the divided focus between patient care and administrative tasks. Doctors began by assessing patient complaints, conducting examinations, and prescribing medications. A key challenge arose when entering data into SIM-RS, particularly during network instability, which affected the input of prescriptions and medical procedures. This condition exemplifies the need for professionals to balance patient care with administrative duties.

Professionals often perceive audit culture as a source of blame or fear, especially when auditors seem to focus on identifying errors. Both management and professional staff express concerns about audit culture in the context of insurance-based payment systems.

In regional hospitals, professionals observe disparities in service utilization across different regions and healthcare facilities, as well as issues of delayed or rejected claims resulting from administrative discrepancies. They also express concern about the lack of involvement of regional hospitals in setting health insurance tariffs. These tariffs are perceived as non-ideal because they fail to account for regional differences in the costs of medical equipment and supplies. In practice, tariffs often do not accurately reflect the actual costs of services, especially for complex cases; yet, hospitals

are compelled to comply with these rates. This requires hospitals to develop strategies to reconcile actual costs with imposed tariffs.

Despite these criticisms, hospital institutional logic generally supports audit culture, particularly for audits directly related to the hospital's core function as a frontline healthcare provider. This includes adherence to Standard Operating Procedures (SOPs) and the implementation of medical and clinical audits to address medical errors and improve patient care. A medical professional, SIN, emphasized the intrinsic importance of patient safety and service quality, independent of audits:

"Even without auditors, we must adhere to Minimum Service Standards (SPM) because they are our benchmarks. For example, in the Emergency Department, a doctor's response time must not exceed five minutes—accurate data must support this. Outpatient waiting times should not exceed 60 minutes, compounded medication preparation should take no longer than 60 minutes, and ready-to-use medication should take no more than 30 minutes. Even without audits, we implement these standards, and the data is reported monthly."

SIN further described the process of patient care in the Emergency Department, illustrating the application of SPM

"As the head of the hospital's Minimum Service Standards, I rely on data from care and support units to compile annual SPM reports. For instance, in the Emergency Department, our standard is zero upfront payments—patients must be treated without

requiring deposits. Some facilities demand upfront payments before service, but we do not. This standard is based on data, such as sampling 50 patients to verify whether they paid upfront in the Emergency Department. This is grounded in actual data.”

This account underscores that patient safety and service needs take precedence over administrative requirements. Audit culture supports this process through evaluations based on Minimum Service Standards (SPM).

However, other forms of audit culture intersecting with hospital operations, particularly those perceived as administrative burdens, face criticism, especially from professionals. Hospitals differ from other organizations, and audit culture can hinder service delivery by diverting focus from patient care, which should be the primary concern. Moreover, audit culture is often perceived as inauthentic because it prompts hospitals to present an idealized image that may not accurately reflect their actual conditions. The process can also induce fear and pressure due to its tendency to seek out errors.

5. CONCLUSION

This study explored the relationship of audit culture, institutional theory, and symbolic interactionism. Audit culture supports institutional theory through the adoption of external interventions, such as mandatory regulations, and the establishment of standardization, which aligns with institutional isomorphism. The outcomes of audit culture, such as accreditations and certifications, contribute to institutional legitimacy, as recognition is granted only after audit processes are completed. Symbolic interactionism serves as a

gateway to institutionalization by facilitating the exchange of symbols—such as language, terminology, or narratives—that are interpreted to form shared meanings, thereby establishing social norms within institutions. Thus, symbolic interactionism strengthens the connection between audit culture and institutional theory.

In the context of hospital institutional logic, the study revealed differing perspectives on audit culture between management and professional staff. Management fully embraces audit culture, aligning with its regulatory and administrative responsibilities. In contrast, professionals adopt a critical stance, viewing audit culture as a burden that divides their focus between patient care and administrative compliance.

The findings also reflected how audit culture contributes to a shift in the values of hospital services. This shift arises from the dilemma faced by hospital staff, who must balance their social mission with profit-driven pressures stemming from standardized tariffs that do not always reflect actual service costs. This tension highlights the complex interplay between audit culture and institutional dynamics in shaping hospital operations.

As a practical implication, a technology function is needed to connect all types of audit cultures in hospitals, thereby eliminating the impression of multi-layered audits that consume a significant amount of time, energy, and money. Furthermore, regulations also play a substantial role in audit culture. Regulation, as an aspect of implementing audit culture, should involve consideration of all elements, including those directly involved in its implementation. Therefore, those in charge of regulations, policies, rules, or whatever they are called, must consider and reflect as wisely as possible.

Author Contributions: All Authors (Nurhidayah, Made Sudarma, Ali Djamhuri, and Sari Atmini) conceptualized and designed the study. Authors Nurhidayah and Sari Atmini collected, analyzed, and interpreted the data and drafted the manuscript. Authors Made Sudarma and Ali Djamhuri critically revised the manuscript for intellectual content. All authors approved the final manuscript and took responsibility for all aspects of the work.

Acknowledgements: We acknowledge the support funding for research, authorship, and publication of this article from Beasiswa Pendidikan Indonesia (BPI) Pusat Pelayanan Pembiayaan dan Asesmen Pendidikan Tinggi (PPAPT) and Lembaga Pengelola Dana Pendidikan (LPDP), Ministry of Higher Education, Science, and Technology of the Republic of Indonesia.

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