

International Conference on Accounting Studies 2014, ICAS 2014, 18-19 August 2014, Kuala Lumpur, Malaysia

Does accountability discharged through performance measurement system?

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Abstract

This paper discusses the relevant literatures with regard to the conceptualization of accountability from different perspectives, particularly from private and public sector. The importance of discharging accountability and related problems are also discussed in the paper. The next section of the paper deals with the linkages between accountability and performance measurement system comprising the issues of using performance measurement in the public sector and other implementation issues. The discussion of these issues is then relates to the philosophy of new public management (NPM) being adopted by public sector. The conflicting results on the roles of NPM in enhancing effectiveness are also being articulated, blending together the human aspects and the cultural values as pre-requisites for the success.

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Peer-review under responsibility of the School of Accountancy, College of Business, Universiti Utara Malaysia.

Keywords: Accountability; performance measurement systems; new public management

1. The conceptualisation of accountability

The section discusses the definition of accountability in general and in the context of public sector. Next, it discusses the applicability of performance measurement system to enhance accountability in public sector.

Accountability, define by Robert and Scapens (1985) and Parker and Gould (1999) quoted by Othman et al. (2006) as the giving and demanding of reasons for conducting in assurance that a certain task is performed in a

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responsible manner and the individuals or organisations answerable for their action and performance. Barton (2006) agrees that accountability involves an obligation by agent to answer to principal by providing information, either by written report or verbal communication. In the context of government, he further argues that accountability arises from the nature and role of governments in democratic nation that requires it to make wise decisions, due to the fact that citizen pays taxes, reflects the relationship between principal and agent.

From the perspective of non-government organisation (NGO), Gray, Bebbington and Collison (2006) define accountability as the rights of society (or groups/stakeholders within society) that emerge from the relationship between the accountable organisation (the accountant) and the accountee. In articulating the definition, they advocate that accountability occurs through some combination of personal contact and the visibility of the activities undertaken by the NGO. Having said that, the argument could be made that accountability and transparency should go together, because transparent (visible) means accountable. Unerman and O'Dwyer (2006), on the other hand, define accountability in the broadest view by assuming that organisations are responsible and accountable to all those upon whom their actions have (or may have) an impact. Meaning to say, organizations should be accountable to all relevant stakeholders, and not limited to certain groups of stakeholders only.

In the context of local government, Hodgkinson (1999) states the accountability is reflected by the use of public funds. Accountability in local government is most concern with the question of how local governments spend the public money, because the way local government spending the money originated from the public will give impact to the public. In a bigger perspective, public wants to know how the elected government manages the money, whether it benefits the majority or not. Why relates elected government with local government? The logical answer is because the elected government determines the composition of the local governments' councillors that will manage the public money on behalf of the elected government. If the local governments spend money wisely, it reflects that elected government is discharging the accountability. In line with contention made by Hodgkinson, it draws the proposition that accountable government is the government that wisely spent the public money, proxies by the non existence of wastage and leakages.

Having discussed the definition and importance of accountability, the next section touches on the mechanic of discharging accountability. The section discusses the relationship between accountability and performance measurement, and how it being used to discharge accountability. The discussion starts with the performance measurement in general, followed by the discussion of the performance measurement in the public sector. Then, it proceeds with the relationship between accountability and performance measurement system. Subsequent to that, problems and other relevant issues of using performance measurement systems in boosting accountability, particularly in public sector are discussed.

2. Accountability and performance measurement

Measuring of how good government spends the money is difficult without a performance measurement. This statement is in line with the argument by Kloot (1999) and Greiling (2005) that claims accountability can be promoted by using performance measurement, especially in government organizations. Shah (2003a) argues that political accountability, that relates to the question of how government performing tasks in providing services to citizen (governance process), could be enhanced through performance-based (or result oriented) budgeting approach because it leads to more concentration on outcomes and outputs rather than inputs and procedures. According to him, Malaysia and most of American states introduce measurable goals that focus on managerial and political behaviours.

Ghobadian and Ashworth (1994) also stress on a need for greater precision about the results expected by focusing on outputs as well as inputs even though it is challenging because of the complexity of the services organizations that intangible, heterogeneous and ill-defined. For example, with regard to local governments, the problem of definition has been the main obstacle to performance measurement. The main question needs to be answered is, what is meant by the word 'performance'? Usually, inputs and outputs are measurable, but when it comes to effectiveness, it becomes more difficult to measure. Anyway, Halachmi (2002) suggests that across a number of countries, there are efforts to boost accountability and prudent use of resources through performance measurement and new budgetary techniques such as performance budgeting, activity-based costing and the use of

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