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## Management Accounting Best Practices Award for Improving Corruption in Public Sector Agencies

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### Abstract

Management accounting best practices are important on critical success factors in ensuring organizational survival and competitiveness, provide relevant financial and non-financial information at different levels to make informed decisions. Private sector organizations continue to apply more sophisticated management accounting technologies to support their complex structures and activities. Such practices have been regarded as mediums for enabling organizations to create long-term value emerging from excellent organizational performance. Numerous claims alleging that management accounting had somewhat lost its relevance as it failed to provide adequate support to managers who faced intense challenges within competitive world's economy which was characterized by globalization and rapid technological advancement. In essence, management accounting can be considered as "governance at source" that supports organizations through the provision of accounting information. This proposal aims to develop measures for Management Accounting Best Practices Award for Public Sector Organizations in improving Malaysia's CPI. Both quantitative and qualitative methods were used in data collections. Whilst showcasing management accounting excellence has been an important agenda, we believe that management accounting is also needed by public sector organizations, especially with the rising concerns on "poor" public service deliveries and "unfavorable" rating of the Corruption Perception Index (CPI). CPI is used to measure the transparency, accountability, and integrity, in view of these, the introduction of the Management Accounting Award for Public Sector Organizations is a must. This proposal also involves modifying existing measures used by National Award for Management Accounting (NAfMA) Best Practices for Private Sector Organizations on 2004, to stimulate effective and efficient decision making processes to suit public sector organizations' contexts. A proposed new framework should reflect the following as preliminary measures: leadership, management accounting information, resource management, community and customer focus, stakeholder partnership management, performance management and service delivery outcomes. The management accounting measures used to propose Award should promote mainly on transparency, accountability, and integrity among Public Sector Organizations.

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## 1. Introduction

The roles that the government plays in improving public sector service deliveries have become a serious concern particularly after increasing criticisms from various stakeholders that the government should improve the corruption perception index (CPI) issued by the international body. Following such criticisms, the government claims that they have gradually improved the deliveries by instilling good organizational practices, such as transparent procurement activities. At some points, the government has avowed their commitment to, and constantly expressed the desire to mitigate the negative perceptions over its administrations. However, until to-date, it has been unsuccessful to change such perceptions due to a rising number of public sector scandals.

Viewing these from Public Sector Management Accounting perspectives, there is a need to develop a comprehensive and multi-dimensional Best Practice Framework for Management Accounting Best Practices Award in Public Sector. Frauds and corruptions can be committed by various levels of officers; from the president and top political leadership (political corruption), down through the hierarchy (bureaucratic) corruption, to the most remote local government public servants. Emphasis should be given on ethical professional practices (which include competence, confidential, credibility and integrity), and elements in CPI for Public Sector Organizations (which include integrity, accountability, and transparency). CPI is a quantitative indicator of cross-country corruption used to assess the politicians and public officers in terms of the degrees that they are believed to accept bribes, take illicit payment in public procurement, embezzle public funds, and commit similar offences.

Unlike financial accounting which focuses on the summary, analysis and reporting of financial transactions pertaining to a business which has been done in the past, management accounting focuses on how managers use the provisions of accounting information in order to better inform themselves before they decide the matters within their organizations, which allow them to better manage and perform control functions. This means that management accounting can be known as "Governance at Source" which relates to the current ongoing activities. Any possible discrepancies or unethical professional practices in the management accounting process such as frauds in managing tenders could be avoided or reduced if the best practice framework is followed. Therefore, in developing the Management Accounting Best Practices Award for Public Sector, consideration should be given on closing the gaps that exist in the current available best practices to best suit the current management accounting environment in Public Sector.

### 1.1. Problem Statement

The roles that the government plays in improving public service deliveries have become a serious concern particularly after increasing criticisms from various stakeholders over poor public service deliveries by governmental ministries, departments and agencies and over the lack of governmental efforts to improve the CPI that has been rated unfavorably by international bodies. Following such criticisms, the government claims that they have gradually improved their deliveries by instilling good organizational practices, such as transparent procurement activities. At some points, the government has avowed their commitment to, and constantly expressed the desire to mitigate the negative perceptions over its administrations. However, until to-date, it has been unsuccessful to change such perceptions due to a rising number of public sector scandals. Viewing from public sector management accounting perspective, there is a need to develop a set of comprehensive and multi-dimensional Management Accounting Best Practices Award for Public Sector Organizations. Frauds and corruptions can be initiated by any officers at different levels, from the president and top political leadership (political corruption), down through the hierarchical (bureaucratic) corruption to most remote local governments. Emphasis should also be given on ethical professional practices (which include competence, confidential, credibility, and integrity), and elements in the CPI for public sector (which include transparency, accountability, and integrity). CPI is a quantitative indicator of cross-country corruption used to assess some practices of politicians and public officers in terms of the degrees that they are believed to accept bribes, to take illicit payment in public procurement, to embezzle public funds, and to commit similar offences. Management focuses on how managers use the provisions of accounting information in order to better inform themselves before they decide matters within their organizations, which allow them to better manage and perform control functions. This means that Management Accounting can be known as "Governance at Source" which is related to the current ongoing activities. Any possible discrepancies or unethical professional practices in

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