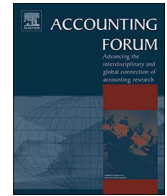


Contents lists available at [ScienceDirect](https://www.sciencedirect.com)

Accounting Forum

journal homepage: www.elsevier.com/locate/accfor

Framing public governance in Malaysia: Rhetorical appeals through accrual accounting

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ARTICLE INFO

Keywords:

Framing
Rhetoric
Accrual accounting
Governance
Corruption
New public management (NPM)
Malaysia
Developing countries

ABSTRACT

In government, the challenges of governance and anti-corruption are exacerbated by accounting not being fit for purpose. In developing countries, many governments adopt accrual accounting as a panacea. Drawing on Goffman's frame analysis, and rhetorical appeals to logic, credibility and emotion, this paper examines the adoption of accrual accounting in Malaysia. It was found accrual accounting has potential for keying governance and anti-corruption. However, rhetorical appeals that attempt to legitimate neo-liberalism and engender public support in the name of progress were hindered by perceptions of endemic corruption and relatively weak democratic institutions of 'good' governance common to developing countries.

1. Introduction

Public corruption, experienced by many developing countries, has been arguably exacerbated by weak governmental accounting practices (Cohen, Guillamon, Lapsley, & Robbins, 2015). The criticisms of governmental accounting stem from its failure to address the needs of users. For instance, the disconnection from macro-economic management (Premchand, 1995), its inadequacy to detect fraudulent activities, and in concealing corruption scandals (Neu, Everett, Rahaman, & Martinez, 2013). As a response, to help enable better governance practices to facilitate anti-corruption, many governments in developing countries are implementing accrual accounting (PricewaterhouseCoopers, 2013). This accords with advice from the International Federation of Accountants (IFAC) and the Chartered Institute of Public Finance and Accountancy (CIPFA) who issued an international framework for public governance. This set out the importance of accrual accounting in the public sector, and argued that better financial reporting is critical to reduce levels of public corruption (see Ace, 2014; IFAC/CIPFA, 2014). More widely, there has been coverage by international media on the role of accounting in the context of corruption (Lehman & Thorne, 2015).

Prior research has noted the technical nature of accrual accounting for sound financial management in public sector organisations (Christiaens & Rommel, 2008; Ellwood & Newberry, 2007; Groot & Budding, 2008; Hyndman & Connolly, 2011; Lapsley, Mussari, & Paulsson, 2009; Saleh & Pendlebury, 2006) especially concerning its 'perceived' benefits for decision usefulness and accountability (Bergmann, 2012; Laughlin, 2012). However, accounting arguably has a broader governance potential (Ferry and Ahrens, 2017; Ferry, Eckersley, & Zakaria, 2015). Indeed, 'Accounting Forum' has called for more research into governance and anti-corruption and

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<http://dx.doi.org/10.1016/j.accfor.2017.07.002>

Received 30 June 2017; Accepted 8 July 2017

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how calculative practices such as accounting can be significant beyond their logic of a technical potential (Ahmad Khair, Haniffa, & Abdul Karim, 2015; Lehman & Thorne, 2015). Accrual accounting can play a key role in improving the governance of public sector organisations (IFAC/CIFPA, 2014) and in maintaining their integrity (Doig & McIvor, 2003; Espejo, Bula, & Zarama, 2001). However, if accounting is analysed merely at a logic level of its technical potential, it would miss the rhetorical appeals to credibility and emotion that engender a broader governance and socio-economic potential (Ahrens & Ferry, 2015, 2016; Broadbent & Laughlin, 2002).

This paper addresses the rhetorical appeal of accrual accounting beyond its technical logic, and considers its credibility and emotional potential for governance and anti-corruption through the case of Malaysia. This is pertinent at a time of serious corruption allegations in Malaysia up to Prime Ministerial level and public anti-corruption (and by implication anti-governmental) protests. Further, whilst there has been a history of neo-liberal reforms in the public sector it has been questioned whether the Malaysian populace has actually benefitted (Ahmad Khair et al., 2015). Such a case is particularly illustrative for the international community, not least due to the globalization of developing nations, such as Malaysia, evidenced through increasing international trade levels and inward and outward investment.

Prior studies on the adoption of accrual accounting have focused primarily on its logic of the technical and how the specificity of a public sector context poses implementation challenges (Arnaboldi & Lapsley, 2009; Caperchione & Lapsley, 2011; Chow, Humphrey, & Moll, 2007; Pina, Torres, & Yetano, 2009). In contrast, the present study discusses logics of the technical potential of accrual accounting but also emphasizes discourses surrounding the implementation of accrual accounting that draws on rhetorical appeals of credibility and emotion. It also considers how accounting co-exists with other governance infrastructure as a means to 'key' confidence in the government by 'framing' public accountability in a broader social context. In other words, this study does not take for granted that the logic of technical potential promised by advocates of accrual accounting is a panacea for the proper governance of public sector organisations. On the contrary, this study grounds the discussion with how the logic of technical potential inter-relates with governmental rhetorical appeals to credibility and emotion in promoting accrual accounting as part of the political agenda and related socio-economic issues (Botzem & Quack, 2009; Gallhofer & Haslam, 2007).

The technical potential of accrual accounting over the modified cash basis in improving public sector financial management has been staged as a Key Result Area (KRA) by the Malaysian government for its adoption. Specifically, accrual accounting has been cited as a KRA in enabling the accounting system to be ready for the implementation of Outcome Based Budgeting (OBB) in 2016. For example, Treasury Circular 1.1/2013 on OBB, and 1.2/2013 on accrual accounting, explain how these accounting changes are important logics of technical potential supporting the broader Government Transformation Programme (GTP). The GTP encompasses various structural changes in public sector service delivery, rooted on the concept of 1Malaysia – 'People First, Performance Now' – launched by the Prime Minister, Najib Razak, in 2010. This called upon the rhetorical appeals of emotion around social cohesion and unity among the multi-racial society in Malaysia (Ahmad Khair et al., 2015; Ferry, Zakaria, & Eckersley, 2014).

While this study presents a brief narration of the history of neo-liberalism and alleged corruption in Malaysia, the analysis is limited to ways in which discourses on accrual accounting are implicated within GTP's governance reform. Fighting corruption is one of the GTP's National Key Results Areas (NKRAs). To build on the potential of accrual accounting for better governance, this paper draws on Goffman's (1974) frame analysis to consider rhetorical appeals around logic, credibility and emotion. In doing so, it considers the ways in which accounting can be 'keyed' to go beyond its logic of technical potential in 'framing' governance. Accrual accounting is socially constructed from logics of economic and financial technicalities. However, discourses surrounding its adoption are keyed by governance and political ambitions that draw on credibility and emotional rhetorical appeals to provide a framing.

The present study contributes to frame studies in the accounting field by analysing discourses surrounding the adoption of accrual accounting in the Malaysian public sector with regards to their logic, credibility and emotion rhetorical appeals for governance and anti-corruption potential. Within this theoretical framing, this study adopts a qualitative approach to analysing data obtained through publicly available documents, circulars, texts, government websites and speeches on the adoption of accrual accounting. In line with the interest in studying discourses surrounding the adoption of accrual accounting, particular attention is given to the text and the examination of rhetoric use, i.e. the claims that a text appears to inscribe and its relation to other texts (Atkinson & Coffey, 2004). From this, the paper critically analyses accrual accounting as a technology of good governance to illustrate framing governance and anti-corruption through the keying of accrual accounting with rhetorical appeals to logic of technical potential, credibility and emotion.

The paper proceeds as follows. In the next section, we provide a background to public sector governance and corruption issues in Malaysia. Within this setting, in Section 3, we review accrual accounting, neo-liberalism and anti-corruption before setting out the theoretical framing employed to analyse accrual accounting in Section 4. In Section 5, the study considers the development of accrual accounting in Malaysia in terms of the rhetorical appeal to a logic of technical potential. We then present empirical data highlighting the ways in which the discourses surrounding the adoption of accrual accounting within the context of Malaysia are keyed through rhetorical appeals to credibility and emotion. This is followed by Section 6 which considers the move beyond governance to anti-corruption. Finally, this study offers thoughts on governance and the anti-corruption potential of accrual accounting in the context of public sector organisations by framing inter-relationships between logic, credibility and emotion rhetoric.

2. Background to Malaysia and corruption

During 1980's and mid 1990's, Malaysia became recognised as one of the South East Asian 'Tiger' economies (Selvarajah, 1994; Yusuf & Nabeshima, 2009). However, at the onset of the 1997 East Asian financial crisis, the then prime minister, Mahathir Mohamad looked to protect Malaysian businesses through organised bail-outs. He faced criticism that these measures advantaged cronies who

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