

**ACCRUAL ACCOUNTING TRANSITION IN FEDERAL
GOVERNMENT OF MALAYSIA: CURRENT STATUS AND
CHALLENGES**

KHAIRUNNISA BINTI YAHYA

**FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYA
KUALA LUMPUR**

2024

**ACCRUAL ACCOUNTING TRANSITION IN FEDERAL
GOVERNMENT OF MALAYSIA: CURRENT STATUS
AND CHALLENGES**

KHAIRUNNISA BINTI YAHYA

**DISSERTATION SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER IN ACCOUNTING (REPORTING
AND MANAGEMENT ACCOUNTABILITY) (MAcc)**

**FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYA
KUALA LUMPUR**

2024

UNIVERSITI MALAYA
ORIGINAL LITERARY WORK DECLARATION

Name of Candidate: Khairunnisa binti Yahya

Matric No: S2011333/1

Name of Degree: Master of Accounting (Reporting and Management Accountability)

Title of Project Paper/Research Report/Dissertation/Thesis (“this Work”):

Accrual Accounting Transition in Federal Government of Malaysia: Current Status and Challenges

Field of Study: Accounting

I do solemnly and sincerely declare that:

- (1) I am the sole author/writer of this Work;
- (2) This Work is original;
- (3) Any use of any work in which copyright exists was done by way of fair dealing and for permitted purposes and any excerpt or extract from, or reference to or reproduction of any copyright work has been disclosed expressly and sufficiently and the title of the Work and its authorship have been acknowledged in this Work;
- (4) I do not have any actual knowledge nor do I ought reasonably to know that the making of this work constitutes an infringement of any copyright work;
- (5) I hereby assign all and every rights in the copyright to this Work to the University of Malaya (“UM”), who henceforth shall be owner of the copyright in this Work and that any reproduction or use in any form or by any means whatsoever is prohibited without the written consent of UM having been first had and obtained;
- (6) I am fully aware that if in the course of making this Work I have infringed any copyright whether intentionally or otherwise, I may be subject to legal action or any other action as may be determined by UM.

Candidate’s Signature

Date: 2.9.2024

Subscribed and solemnly declared before,

Witness’s Signature

Date: 2.9.2024

Name:

Designation:

ACCRUAL ACCOUNTING TRANSITION IN FEDERAL GOVERNMENT OF MALAYSIA: CURRENT STATUS AND CHALLENGES

ABSTRACT

The International Public Sector Accounting Standards (IPSAS) were purportedly grounded the accounting reforms, providing governments across the globe with the opportunity to improve fiscal transparency, accountability and performance. Taking Federal Government of Malaysia (FGoM) as the setting, the research seeks to understand the current progress in the adoption of Malaysia Public Sector Accounting Standards (MPSAS) (accrual-based IPSAS), identify major challenges that occur during implementation phases as well as assess the effectiveness of accrual financial reporting from the implemented reform. Drawing on institutional change model from a theoretical standpoint, the research acknowledges that ongoing reforms are influenced by the political and socioeconomic environment, acting as barriers and causing delays. Research findings also highlights the importance of well-structured governance and comprehensive reform strategy. The data reveals challenges during the transition phase, including the complexity of developing a financial system for a large and distinctive government, as well as difficulties in managing organizational cultural change, capacity building, and expertise. Furthermore, the findings indicate that accrual-based reporting is perceived as a powerful tool for enhancing fiscal accountability and transparency, while also emphasizing the importance of cautious disclosure to prevent misinterpretation. This research also underscores the need for a holistic approach during the design and implementation of accounting reforms. It prompts policymakers and practitioners to tailor reform strategies to the specific context of their respective jurisdictions.

Keywords: IPSAS, MPSAS, Public Sector Accounting Reform, Developing Countries, Institutional Theory

PERALIHAN PERAKAUNAN AKRUAN DALAM KERAJAAN

PERSEKUTUAN: STATUS DAN CABARAN SEMASA

ABSTRAK

Piawaian perakaunan *International Public Sector Accounting Standards (IPSAS)* merupakan nadi pencetus kepada kerajaan untuk meningkatkan ketelusan, akauntabiliti dan prestasi fiskal. Dengan mengambil Kerajaan Persekutuan Malaysia (*FGoM*) sebagai kes kajian, kajian ini bertujuan untuk memahami proses peralihan dan pelaksanaan transformasi perakaunan akruan berasaskan Piawaian Perakaunan Sektor Awam Malaysia (*MPSAS*) yang diadaptasi dari *IPSAS* dan mengenal pasti cabaran utama yang dihadapi semasa fasa pelaksanaan. Berdasarkan model perubahan institusi dari sudut teori, kajian ini mendapati bahawa pelaksanaan transformasi dipengaruhi oleh persekitaran politik dan sosioekonomi serta menekankan kepentingan struktur tadbir urus dan strategi pembaharuan yang komprehensif. Data kajian juga mendedahkan cabaran fasa peralihan, termasuk kompleksiti dalam pembangunan sistem kewangan kerajaan dan kesukaran dalam pengurusan perubahan organisasi dan pembinaan kapasiti. Selain itu, dapatan kajian juga menunjukkan bahawa pelaporan berasaskan akruan dianggap sebagai salah satu medium untuk meningkatkan ketelusan dan akauntabiliti fiskal, sambil menekankan kepentingan mengambil langkah berjaga-jaga dalam pendedahan maklumat kewangan bagi mengelakkan salahguna maklumat kewangan Kerajaan. Kesimpulannya, kajian ini menekankan keperluan untuk pendekatan holistik bagi pembentukan strategi dan pelaksanaan transformasi perakaunan sektor awam yang mana ia menggesa penggubal dasar menyesuaikan strategi pembaharuan mengikut konteks khusus negara.

Kata Kunci: IPSAS, MPSAS, Transformasi Perakaunan Sektor Awam, Negara Membangun, Teori Institusi

ACKNOWLEDGEMENTS

All gratitude and praises to Allah, the Most Gracious, for His blessings and guidance, enabling me to complete this journey successfully. I would like to extend my profound thanks to all those who contributed to the completion of this dissertation.

In particular, I sincerely thank Professor Dr. Zakiah binti Saleh, whom I owe an immeasurable debt for her expertise, knowledge, patience, and guidance throughout the preparation of this dissertation. Without her constant guidance and support, this research may not have reached its completion. My heartfelt appreciation is also extended to the academic staff of the Faculty of Business and Economics at the Universiti Malaya for their support throughout my academic journey.

I respectfully dedicate this dissertation to Public Service Department for the sponsorship and the opportunity to continue my education. Special thanks are extended to my counterparts at Accountant Generals' Department, Ministry of Finance of Malaysia and the Central Bank of Malaysia for their cooperation and participation in the research. Their contributions were indispensable to the success of this research.

To my wonderful husband, Muhammad Faiz, and beloved son, Muhammad Al Fatih, I convey my deepest gratitude for their unwavering support, patience, and encouragement throughout the entire process. Heartfelt thanks to my beloved mother, Suhaya binti Ibrahim and father, Yahya bin Kama for their continuous encouragement and love. My in-laws also deserve my deepest gratitude for their prayers and support. Their unconditional support has been my pillar of strength. May Allah bless them with a long life, good health, and prosperity. I dedicate this dissertation to all of them.

TABLE OF CONTENTS

Original Literary Work Declaration.....	ii
Abstract.....	iii
Abstrak.....	iv
Acknowledgements.....	v
Table of Contents.....	vi
List of Figures.....	x
List of Tables.....	xi
List of Symbols and Abbreviations.....	xii
List of Appendices.....	xiv
CHAPTER 1: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Public Sector Accounting Reform.....	2
1.2 Problem Statement.....	4
1.3 Research Gap.....	5
1.4 Research Objectives and Research Questions.....	7
1.5 Research Motivations.....	9
1.6 Organisation of the Study.....	11
CHAPTER 2: LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Background of the Study.....	13
2.2.1 Public Sector Accounting Reform.....	18
2.3 Major Challenges and Obstacles.....	20
2.3.1 Institutional Factors – Bureaucratic Nature of Public Sector.....	21

2.3.2	Technical Aspects of Reform	26
2.4	Key Success Factor of IPSAS Implementation	29
2.5	Effectiveness of IPSAS Financial Reporting.....	30
2.6	Summary – Research Gap	32
 CHAPTER 3: THEORETICAL FRAMING.....		34
3.1	Introduction.....	34
3.2	New Public Management Framework	34
3.3	Institutional Theory as Theoretical Lens for Accounting Reform.....	35
3.4	Institutional Theory on Effective Financial Reporting.....	41
3.5	Chapter Summary	43
 CHAPTER 4: RESEARCH METHODOLOGY		44
4.1	Introduction.....	44
4.2	Qualitative Research.....	44
4.3	Research Design: Case Study Research	45
4.4	Data Collection and Sampling.....	47
4.4.1	Source and Data Collection Techniques	48
4.4.1.1	Document Reviews	48
4.4.1.2	Semi-Structured Interviews.....	49
4.4.2	Sampling Strategy for Semi-Structured Interviews.....	50
4.4.2.1	Sample Size	51
4.4.2.2	Process Involved in Interview Phase.....	52
4.5	Data Analysis.....	58
4.6	Trustworthiness and Reliability.....	60
4.7	Chapter Summary	61

CHAPTER 5: RESEARCH FINDINGS	63
5.1 Introduction.....	63
5.2 Result of Data Analysis	64
5.3 Findings for RQ1: Current Status of Reform Progress on MPSAS Adoption	67
5.3.1 New Ideals	67
5.3.2 Progress on the Acceptance of New Ideals	67
5.3.2.1 The Diffusion of New Logic of Accrual Accounting	71
5.3.3 New Discourse - Status of Implementation Strategy	74
5.3.3.1 Proper Reform Coordination and Management	74
5.3.4 New Technique.....	77
5.3.4.1 Status on the Enhancement of Act and Regulations	77
5.3.4.2 Development of Accrual Accounting Standards and Policies ..	79
5.3.4.3 Development of New Integrated Accounting System.....	82
5.3.5 Internalisation.....	84
5.3.5.1 Preparation of New Accrual Financial Reporting	85
5.3.5.2 Ongoing Efforts on Shaping Capabilities.....	87
5.4 Findings for RQ2: Reform Challenges on MPSAS Adoption by FGoM.....	89
5.4.1 Complexity in Developing Accrual Accounting System	89
5.4.2 Organisational Culture and Human Resource Challenges	91
5.5 Findings for RQ3: Perception of the Effectiveness of Financial Reporting.....	96
5.5.1 Accountability, Transparency and Demonstrating Legitimacy Power	96
5.6 Summary of Findings	100
5.6.1 RQ1: Current Status of Reform Progress	100
5.6.2 RQ2: Reform Challenges on MPSAS Adoption	102
5.6.3 RQ3: Perception on Financial Reporting Effectiveness.....	104

CHAPTER 6: CONCLUSION AND CONTRIBUTION	106
6.1 Conclusion	106
6.2 Importance and Relevance of the Study	108
6.2.1 Contribution to Body of Knowledge	109
6.2.2 Contribution to Practice.....	111
6.3 Limitation of the Study	113
6.4 Suggestions for Future Research	113
References	114
Appendix A: List of Documents Review	129
Appendix B: Interview Invitation Letter.....	132
Appendix C: Interview Questions Guide	135

Universiti Malaysia

LIST OF FIGURES

Figure 3.1: Four Phases of Institutionalisation Process	39
Figure 4.1: Steps in Interview Phase and Analysis	52
Figure 5.1: A Model Summarises the Accounting Reform Progress and Challenges of FGoM.....	66
Figure 5.2: FGoM's Governance Structure of Accrual Accounting	75
Figure 5.3: Four Strategic Areas of Accounting Change Implementation Strategy	76
Figure 5.4: Accrual Accounting Key Activities and Tasks.....	76

Universiti Malaysia

LIST OF TABLES

Table 3.1: Summary of Institutionalisation Process	40
Table 4.1: Relationship between Research Objectives, Research Questions and Research Methods	46
Table 4.2: Sampling Selection	56
Table 4.3: Interviews Schedule and Duration	57
Table 5.1: List of MPSAS Issued by AGD	80

Universiti Malaysia

LIST OF SYMBOLS AND ABBREVIATIONS

AGD	Accountant Generals' Department
AAIC	Accrual Accounting Implementation Committee
CA	Chief Accountant
DG	Director General
ETP	Economic Transformation Programme
FGoM	Federal Government of Malaysia
FMIS	Financial Management Information System
GASAC	Government Accounting Standards Advisory Committee
iGFMAS	Government Financial Management Accounting System
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standard
IPSASB	International Public Sector Accounting Standard Board
MoF	Ministry of Finance
MPSAS	Malaysia Public Sector Accounting Standard
MPS	Malaysian Public Sector
NEM	New Economic Model
NPFM	New Public Financial Management
NPM	New Public Management
AGD	Accountant Generals' Department
AAIC	Accrual Accounting Implementation Committee
CA	Chief Accountant
DG	Director General

ETP	Economic Transformation Programme
FGoM	Federal Government of Malaysia
FMIS	Financial Management Information System
GASAC	Government Accounting Standards Advisory Committee
iGFMAS	Government Financial Management Accounting System
IFAC	International Federation of Accountants

Universiti Malaya

LIST OF APPENDICES

Appendix A: List of Documents Review.....	129
Appendix B: Interview Invitation Letter	132
Appendix C: Interview Questions Guide.....	135

Universiti Malaya

CHAPTER 1: INTRODUCTION

The purpose of this chapter is to provide an overview of the research by providing background information and establishing the problem statement that needs to be addressed. Essentially, this chapter outlines the research objectives of the study, followed by research questions that emerged from those objectives, as well as deriving the research gap. Over and above, this section sheds light on the study's context and outlines the motivations for conducting the research.

1.1 Background of the Study

Over the last three decades, criticism regarding the efficacy of governments has surged notably, highlighting concerns especially on sovereign debt crises, stemming from a lack of transparent governance, ineffective public finance management and poor public sector financial reporting practices (Salia & Atuilik, 2018). Extant prior literatures also indicates that weak governmental accounting practices have arguably exacerbated public corruption prevalent in many developing countries (Abdulkarim et al., 2023; Cohen & Karatzimas, 2017).

In Malaysia, Mat et al. (2019) observed that the issue of integrity in public governance and the associated concerns about accountability have garnered significant attention, especially in recent years, indicating that this matter is not new. Malaysians are becoming more vocal and critical towards the government, and growing societal awareness of public spheres has encouraged a renewed sense of optimism for higher transparency and curbing abuse of power (Kamaruddin & Rogers, 2020). This heightened awareness has led the Malaysians to witness a historic general election result, which reflects the public's desire for anti-corruption reforms and improved public services (Transparency International, 2018). Since then, the political environment in remained particularly unstable, characterized by party-switching and leadership transition, thereby eroding public trust

and raising concerns about long-term stability. These challenges were further compounded by the exacerbating impact of the COVID-19 pandemic (Gomes et al., 2023). Therefore, in order to rebuild Malaysia, the current government is compelled to undertake extensive corrective measures, particularly in transforming institutions, to restore credibility, transparency, and accountability.

1.1.1 Public Sector Accounting Reform

Global socioeconomic growth is mostly reliant on an efficiently run public sector that can responsibly manage its financial resources while providing services that meet the expectations of its people (Broadbent & Guthrie, 2008). Therefore, it is logical to presume that the information presented in the government's financial statements would be of interest to the general public. Seemingly, this underscores the significance of governments disclosing details about their financial performance in order to meet public expectations and empower citizens to hold their governments accountable (van Helden et al., 2021; Mnif & Gafsi, 2020; Budding & van Schaik, 2015).

The primary pillars of any government financial reporting system are the accuracy, consistency, and timeliness of reporting government expenditures, income, assets, and liabilities (Aboukhadeer et al., 2023). Only then can financial reporting fulfil its purpose of providing an accurate picture of the use of public funds to parliament and the wider public. In most countries, government accounting and reporting systems are governed by specific laws, rules, and regulations that reflect the nation's legal and regulatory tradition and its unique requirements (Baskerville & Grossi, 2019). The global financial crisis and subsequent sovereign debt scandals have exposed a lack of transparency in public finances. In contrast, poor public financial management can undermine governments' ability to meet public debt obligations and fulfil their welfare and other public service delivery responsibilities. Therefore, accrual reporting is seen as an effective tool to ensure

the transparent utilization of public funds, hold public officials accountable, and formally recognise future obligations, thereby providing a comprehensive view of government finances (Mattei et al., 2020).

In recent decades, significant strides in public-sector accounting have been prolific, aligning public-sector accounting practices more closely with those employed in the business sector (Gomes et al., 2023). New Zealand has been at the forefront of promoting private-sector accounting practices and financial reporting techniques (Rompotis & Balios, 2023; Polzer et al., 2019). The International Public Sector Accounting Standards (IPSAS) were purportedly grounded in accounting reforms, offering the governments the chance to improve fiscal transparency, accountability and performance (Abdulkarim et al., 2023).

The diffusion of IPSAS has become the central focus of the global transformation in public sector accounting, driven by the persistent pursuit of greater comparability in financial statement reporting through global best practices. According to the International Federation of Accountants (IFAC) report, IPSAS was widely recognized as the international accrual-based accounting standards that deliver high-quality and accurate financial information, enhancing accountability and fostering public confidence (IFAC, 2021). IPSAS serves as the public sector counterpart to International Financial Reporting Standards (IFRS) used in the private sector. IFRS has already brought about a more transparent and accurate financial picture of listed corporations worldwide through the use of accrual accounting. Inevitably, the shift to IPSAS will revolutionize financial reporting practices in the public sector, similar to the impact IFRS had on publicly traded companies. The development of IPSAS, issued by the International Public Sector Accounting Standards Board (IPSASB) under the support of the International Federation of Accountants (IFAC), has emerged as a result of ongoing reforms in public sector

accounting (Christiaens et al., 2010). These reforms aim to address the growing demands for transparency and accountability in government financial reporting worldwide. The advantages of adopting accrual-based IPSAS have been extensively discussed in the literature on public-sector accounting. According to Ademola et al. (2020), adopting IPSAS promotes superior financial operations by fostering accountability and transparency. Furthermore, it promptly exposes financial mismanagement within the public sector, regardless of the institution's size, as IPSAS establishes self-regulating internal control mechanism.

1.2 Problem Statement

The implementation of Malaysian Public Sector Accounting Standard (MPSAS), adapted from IPSAS, reflects Malaysia's commitment to enhancing transparency, accountability and financial management within its public sector. Transitioning from cash-based to accrual-based accounting aligns with global best practices, aiming to provide a more accurate picture of the government's financial position.

However, the process of transitioning has not been without challenges. Previous studies have indicated that the implementation of accrual accounting at the central government level in Malaysia is an exceptionally complex endeavor, as evidenced by the delays experienced during the transformation (Mahadi, 2019). The new accrual accounting system (iGFMAS) was initially scheduled to be readily used in 2015 (Hasan et al., 2023). Nonetheless, the system development faced significant setbacks due to an underestimation of the complexity and the intricacy of government financial transactions, financial reporting structures and requirements (Hasan et al., 2023; Mahadi, 2019; Yusof & Jaafar, 2018). As a result of these delays, the training of end-users on the new accrual accounting system also had to be postponed. Remarkably, more than a decade has lapsed since the transition process began in 2011, and full implementation of accrual accounting

has yet to be achieved. This unfavourable situation has substantially impacted the overall reform and change management strategy, making it increasingly difficult to ensure that all institutional members at all governmental levels, particularly public sector accountants, to fully prepared and support the institutional change of the accounting reform.

These challenges demonstrate that initiating and implementing institutional change in the public sector is not a clear-cut effort. Ali (2017) argues that implementing change in a highly institutionalized environment is inherently challenging, and a poorly organised change management strategy can further expose the change effort to resistance from institutional members who may be skeptical of the transformation project (i.e., accrual accounting). As the lead agency, the Accountant General's Department of Malaysia (AGD) was tasked with modifying the long-standing existing accounting system (i.e., the cash accounting basis) which has been in practice for so many decades. In doing so, the AGD needed to strategically devise ways to convince and gain support from the institutional members for the transformation to accrual accounting. Therefore, it appears that the Malaysian public sector's move to accrual accounting warrants close examination. It is imperative to provide explanations and insights into how the accounting change process unfolded, how the change actors uninstalled the current institutional practice, instilled a new culture, and established a new institution framework of accrual accounting, particularly at central government level.

1.3 Research Gap

Over the past few decades, a growing body of literature reflects the increasing need to enhance public financial management in both developed and developing countries worldwide. Previous research primarily focused on the adoption of IPSAS in developed countries, but more recently, there has been a surge in studies exploring the experiences

of developing countries in improving their public sector accounting systems (Abdulkarim et al., 2020; Tallaki & Bracci, 2019; Ismail et al., 2018; ACCA, 2017). These studies have examined various aspects, including the effects of IPSAS adoption, harmonization in public sector financial reporting, and the updates on the implementation of accrual accounting in an effort to improve public transparency and accountability.

In the context of Malaysia's public sector accounting reform, the research gap identified in the literature encompasses several critical areas that warrant further exploration. Firstly, prior studies primarily focused on opportunities, challenges, accounting information system effectiveness, factors influencing implementation, and the understanding of accrual accounting (Hasan et al., 2023; Baba et al., 2023; Mohd Ali et al., 2020; Ismail et al., 2018). Although prior studies have explored various dimensions of public sector accrual accounting transformation in Malaysia, there is discernible gap in the literature examining the ongoing reform progress towards complete implementation of accrual accounting since 2018. Thus far, proof of MPSAS implementation is still at the initial stage, and the current development of the accrual accounting system, as well as its practical application, is still unknown. This represents a significant gap in literature, as understanding the dynamics of this transition is crucial for assessing effectiveness and sustainability of the accounting reform of Malaysian Government.

Secondly, there is an evident need for post-implementation evaluations that investigate the challenges encountered during the transitioning process to accrual-based accounting and assess the benefits realised through this transition Chytis et al. (2020). Such evaluations are essentials for identifying existing gaps and areas that require improvement within the process of accounting reform. Without these insights, the reform process may fail to achieve its intended outcomes and opportunities for optimisation could be missed. Ali (2017) also suggested that future studies need to be done to measure Federal

Government of Malaysia (FGoM) reform progress. According to the author, research on the adoption of MPSAS is notably limited, particularly at the central government level. The scarcity of adequate studies hinders a full understanding of how these accounting standards are being adopted and its practical implications for public sector financial management. Given the centrality of MPSAS to the accrual accounting reform, this gap in the literature represents a critical area for further investigation.

Thus, this study seeks to fill these identified gaps and respond to the recommendations for more extensive research, specifically in the context of Malaysia's accrual accounting transition. Imperatively, the study will consider the influence of country-specific factors, the intricacies of institutional complexity of public sector and practical challenges throughout the reform process.

The study employs institutional theory to shed light on the slow pace of reforms during the transition journey and identify the specific institutional challenges of the accounting reform. The interplay between institutional structures, practices and the complexity as well as multicaeted issue of the reform process requires deeper examination. By understanding the rules, procedures, practices, and structures within institutions, this theory helps explain the reform journey taken by FGoM and challenges it faces. Thus, institutional theory forms the foundation of this study.

1.4 Research Objectives and Research Questions

In light of the problem statement and research gap presented earlier, the study has formulated three (3) specific research objectives and questions to address. The primary objective of this study is to expand the existing understanding of Public Sector Accounting Reform (PSAR) in Malaysia by investigating the interconnectedness between institutions and the implementation of accounting change by the FGoM. The research objectives (ROs) of this study can be summarized as follows:

- i. Research Objective 1 (RO1): To assess the current progress of MPSAS adoption by the Federal Government of Malaysia (FGoM)

The study examines MPSAS adoption and how accrual accounting is becoming institutionalized within the political and administrative systems. Specifically, the study evaluates the extent to which the environment created for accounting reforms (transition journey) is conducive and assesses the accomplishments achieved during the transition.

- ii. Research Objective 2 (RO2): To identify the primary challenges faced by the Federal Government of Malaysia (FGoM) in its journey towards full implementation of accrual-based accounting through the adoption of MPSAS.

The research aims to investigate the complexities arising from institutional factors and unintended consequences that emerge during the transition period, posing significant challenges to the implementation of accrual accounting by FGoM.

- iii. Research Objective 3 (RO3): To evaluate the perceived effectiveness of financial reporting prepared under the MPSAS framework.

The research aims to provide an analysis of the effectiveness of accrual financial reporting prepared under the MPSAS framework, considering the viewpoints of internal and external stakeholders. This evaluation is particularly relevant to the Malaysian context, shedding light on the stakeholders' perspectives regarding the financial reporting's quality and usefulness.

The aforementioned problem statement and research aims are addressed through the research questions (RQs) below:

- i. Research Question 1 (RQ1): What is the current progress in the adoption of MPSAS by the Federal Government of Malaysia (FGoM)?
- ii. Research Question 2 (RQ2): What are the major challenges faced by the FGoM in its journey towards full implementation of accrual-based accounting under the adoption of MPSAS?
- iii. Research Question 3 (RQ3): How is the perceived effectiveness of financial reporting prepared under the MPSAS framework assessed?

To answer these research questions, this study employs a qualitative research approach by utilising a case study method that involves document reviews and conducting semi-structured interviews. The study is designed to encompass the period from 2018 to 2022, with a specific focus on the period of transition coinciding with the introduction of the new accrual accounting system (iGFMAS).

1.5 Research Motivations

In recent years, there has been a significant increase in studies examining the experiences of developing countries in improving their public sector accounting systems and adopting accrual-based IPSAS (Polzer et al., 2019). However, research on the implementation of the Malaysia Public Sector Accounting Standard (MPSAS), which is based on accrual-based IPSAS, remains limited and inadequate (Ismail et al., 2018). According to Yusof and Jaafar (2018), the full implementation of accrual accounting by the Malaysian Federal Government (FGoM) has been delayed due to various issues and challenges during the transition process. The Auditor General's Report in 2020 stated that the delayed completion of the iGFMAS (accrual accounting system) cost the government RM230.74 million. This news has raised concerns about the credibility of the Accountant

General's Department of Malaysia (AGD) as to whether they can navigate the reform to success. Consequently, the accrual accounting initiatives may be mistakenly perceived as another wasteful government expenditure. Therefore, this study aims to provide valid and in-depth findings and outcomes, as well as a comprehensive understanding of the development of accrual accounting in the FGoM.

The motivation for this research also arises from the need to evaluate government financial management reforms aimed at reducing corruption as well as enhancing accountability and transparency in public services through the adoption of accrual accounting standards (MPSAS). Over the past two decades, Malaysia has undergone several public sector reforms due to growing concerns about the perceived lack of transparency and accountability. Thus, the implementation of accrual accounting through the new accrual accounting system, iGFMAS is seen as a crucial measure to combat corruption and enhance transparency and accountability in the Malaysian Federal Government. Currently, there is limited in-depth research to understand many aspects of the reform process, especially regarding how the drivers of the reform address the detailed reporting requirements imposed by accrual accounting.

With a larger organizational size and substantial economic transactions compared to the private sector, there is controversy surrounding how the government embark on the transformation plan, considering the initial implementation costs and the readiness of public accountants in terms of technical capabilities. Additionally, prior to the reform, accounting information was seldom utilized in decision-making and management processes in the public sector. Hence, there is scepticism on whether the new practices can encourage public managers to fully utilize the new accounting information to address the existing deficiencies in cash-based reporting. These critical dilemmas have driven the motivation for this research.

1.6 Organisation of the Study

Building upon the contextual background of the research, the forthcoming argument of this study unfolds across the next seven chapters.

Chapter 1 - Introduction: The purpose of this study's first chapter is to give background information on the field of study in order for the reader to gain an understanding and familiarity with the research topic. The background information serves as the foundation for this research before presenting the research objectives and research gap at the end.

Chapter 2 - Literature Review: In this chapter, the researcher presents a review of the literature on PSAR, encompassing the experiences of nations worldwide in upgrading their public accounting systems through the adoption of IPSAS. It explores the specific implications of accrual accounting and the IPSAS reporting framework in the context of this transformation journey. It highlights the shared perspective among various perspectives in the recent accounting reform literature that contextualizing accrual accounting reforms within the broader "ecosystem" of administrative reforms in emerging economies and low-income countries are crucial, thereby justifying the current study.

Chapter 3 - Theoretical Framework: This chapter elaborates on the underlying theoretical framework employed in this study, focusing on institutional theory as a guiding tool to address the research questions and identify the underlying causes and influences of observed phenomena. Building on the work of Greenwood et al., 2011 and Dambrin et al., 2007, a conceptual framework is developed to explain the variability in organizational responses conceptually.

Chapter 4 - Research Methodology: In this chapter, the researcher outlines the research methodology, explaining the qualitative approach employed through case studies to answer the research questions and acquire and analyses the data gathered from the document reviews and interviews.

Chapter 5 - Research Findings: This chapter provides an empirical context for the research, presenting relevant background information on the accounting reform implemented by Federal Government of Malaysia. It then presents the main findings of the study, answering the research questions presented in Chapter 1 by employing the theories and establishing links with the literature presented in Chapter 2 and 3.

Chapter 6 Conclusion: In this final chapter, the researcher will discuss the overall findings before concluding with the contribution of the study and recommendations for relevant stakeholders; in theory and knowledge. Finally, the chapter acknowledges the limitations of the study and suggests future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of prior literature on the implementation status of IPSASs, highlighting significant reform challenges and measures to address them. Following this introduction, Section 2.2 offers an overview of accounting reform literature in various settings of developed and developing nations, setting the context of this research. Section 2.3 then examines the major challenges and obstacles in the implementation of public sector accrual accounting before moving on to Section 2.4, which briefly discusses key success factors of IPSAS adoption presented in prior literature. Section 2.5 covers the debate on fundamental principles of effective public sector financial reporting and what makes the financial information credible, particularly for decision-making purposes. The discussion is particularly valuable in analysing the implementation outcomes as one of the important tools to measure the success of the reform journey. The research gap, which serves as a summary of this chapter, is then presented in Section 2.6.

2.2 Background of the Study

A growing number of countries around the world have engaged in accounting reform and modernisation of government accounting system, driven by heightened demands for increased transparency and accountability in the administration of public funds (Schmidhuber et al., 2022; Gourfinkel, 2021; van Helden et al., 2021). The reforms have led to the introduction of accrual accounting and the adoption of IPSAS (Sellami & Gafsi, 2020). As a result, the evolution of public sector accounting has given rise to extensive literature providing insights and analysis on the level of implementation, advantages and challenges encountered by public sector entities in their transition towards IPSAS adoption.

In recent years, governments have been compelled to modify their accounting systems in order to produce high-quality financial reporting. Ensuring transparency in government financial transactions has become essential, serving as a critical tool for public accountability. The adoption of International Public Sector Accounting Standards (IPSAS) is considered one of the essential NPFM reform components in the fiscal policy of many nations, aiming to improve fiscal transparency, high-quality reporting, and enhance comparability of the different countries' financial information. Credibility can be defined as the attribute of being believed or trusted by others. Fuchs et al. (2017) argue that worldwide implementation of IPSAS makes it possible for greater universally perceived credibility of financial information, which undoubtedly improves public accountability by governments across the globe. Mbelwa et al. (2019) agree with this notion, noting that the implementation of IPSAS discloses significant facts and figures in government financial activities. In addition, it fosters people's trust and confidence both domestically and internationally. This, in turn, attracts investors and broadens the scope of foreign assistance available to the nation. IPSAS aligns government accounting with the best accounting practises by utilising credible accounting standards, improving internal controls, providing comprehensive information about costs for results-oriented management, and promoting cross-border investments, thereby increasing the flow of foreign direct investment (Atuilik et al., 2016).

The International Public Sector Accounting Standards Board (IPSASB) is responsible for developing two distinct forms of IPSAS: accrual-based IPSAS (42 standards) and cash-based IPSAS (one standard). Accrual-based IPSAS, as opposed to cash-based standards, provides more accurate information not just on cash flows but also on revenue, costs, assets, liabilities, and equity (ACCA, 2017; Ijeoma & Oghoghomeh, 2014; Mnif & Gafsi, 2020). They guarantee improved levels of service and secure the continued viability of the organisation over the long run (Kartiko et al., 2018). IPSAS also offer

improved tools for measuring financial performance as well as financial situation. The IPSAS study by Ernst & Young (2012) states that accrual-based IPSAS are indisputably beneficial notwithstanding various challenges in its implementation by the member states of the EU. The International Public Sector Financial Accountability Index published by IFAC-CIPFA (2018) reveals that 25% of the studied population reports on accrual-based accounting, while 51% of those countries employ IPSAS in various methods. In a similar vein, the IPSAS's (2019) Standard Adoption Report, which provides additional details on information on IPSAS and other standards' adoption status on a country-by-country basis, reveals that an increasing number of nations are adopting IPSAS as the fundamental accounting reference in their public sector. Nevertheless, the adoption status of IPSAS (mandatory/voluntary, full/partial, direct/indirect) is contingent on each nation's public sector institutional structure of and the degree of the implemented reforms.

According to the most current International Public Sector Financial Accountability Index established by IFAC and CIPFA, the adoption of IPSAS by countries worldwide grew from 51% in 2018 to 57% in 2020 (IFAC & CIPFA, 2021). The report revealed that full accrual accounting, which is in compliance with IPSAS requirements, is widely adopted in Anglo-American nations such as Australia, Canada, New Zealand, the United Kingdom, and the United States. Pina and Torres (2003) argue that, generally, these nations implement New Public Management reforms where it includes the transition towards accrual accounting and reporting as one of their reform strategies.

In 2017, OECD and IFAC reported that developed nations like New Zealand benefit greatly from having a large pool of knowledgeable and experienced accountants when adopting private sector techniques and procedures, particularly with regard to IT systems. In the UK, the government employed pilot tests and dry runs to reduce reform risks and, at the same time, emphasise the importance of best practices and stakeholder

commitment. The report further highlights that the goal to "modernise, increase accountability, and improve decision-making" was the driving force for accrual accounting adoption, and IPSASs were commonly referenced as the key source for establishing public sector accounting standards. The report also revealed that only a small percentage of countries (South Korea, New Zealand, and Spain) claimed to have fully achieved the reform benefits. More than 60% stated that the benefits had been partially realized, while almost a third reported no specific benefits yet, either because their reform process was ongoing or recently completed. Increased transparency, accountability, and public understanding of government finances were frequently mentioned as the advantages of these reforms. However, many countries cited difficulties in making information sufficiently relevant and understandable for stakeholders. Furthermore, the challenges faced during accrual accounting reform varied significantly among nations. Approximately 14.7% reported no significant obstacles (Austria, Canada, Japan, and South Korea), while others encountered various substantial challenges, including delayed implementation times of up to 25 years.

The encouraging phenomena of accounting change reform have given rise to a number of studies that investigate how the implementation of IPSAS might improve transparency in the context of developing countries (Abdulkarim et al., 2020; de Silva Lokuwaduge & de Silva, 2020; ACCA, 2017; Adhikari & Gårseth-Nesbakk, 2016). In a developing country context, prior research has highlighted that the extent of implementation varies from one country to another due to a wide range of issues and constraints to IPSAS implementation (Abdulkarim et al., 2023). It has been observed that, while struggling with numerous institutional pressures, governments may adopt IPSASs without being fully aware of the true benefits that the country may gain from implementation or without fully understanding the standards' applicability in the environment in which a particular

government operates (Mnif & Gafsi, 2023; Hepworth, 2017; Adhikari & Gårseth-Nesbakk, 2016).

Developing nations, who mostly rely on foreign resources, are compelled to comply with the terms set by international financial institutions, often forcing the country to modernise its public accounting system in accordance with IPSAS requirements. This is mainly the case for many African nations (ACCA, 2017). In Africa, institutional pressures for the adoption and implementation of IPSASs have garnered greater criticism than in other developing regions (Hopper et al., 2017). According to Lassou and Hopper (2016), many African nations sought to implement the Cash Basis of IPSAS in the previous decade to deal with external pressures. However, the standard's criteria proved impracticable in their unique settings. The two primary criteria of the Cash Basis IPSAS – generating consolidated accounts and declaring in-kind assistance from donors – in particular, have led to a substantial number of African nations rejecting the adoption. Other nations, such as Zimbabwe and Ghana, have proclaimed the implementation of IPSASs with a multi-year transition period. This has raised questions about whether their objectives are genuine or motivated by a desire to portray facades (ACCA, 2017; Lassou, 2017). Goddard et al. (2016) provide the situation of Tanzania, where all financial statements were marked as "full IPSASs compliant," despite the fact that this was far from true. This ruse was intended to persuade donors and international organisations that they could deal with institutional challenges and assure the transfer of allocated cash. A similar issue has been seen in Benin, where IPSASs and other public sector accounting reforms have created an environment conducive to corruption and favouritism rather than improving governance and accountability (Lassou, 2017).

Thus, the fact that every nation has its own unique financial reporting requirements. It is equally important that each nation is being examined independently in order to identify the elements that may inspire or impede the efficient implementation of IPSAS, as each reform journey is being experienced differently from one central government to the next (Schmidhuber et al., 2022; Polzer et al., 2022).

2.2.1 Public Sector Accounting Reform

So far, evidence on the application of MPSAS (accrual-based IPSAS) is sparse and insufficient (Ismail et al., 2018). As highlighted by Sariman et al. (2017), accrual accounting implementation in the public sector is challenging. The study further commented that it is important for developing nations such as Malaysia to consider the constituency factors (internal/external pressures), barriers (issues/challenges) as well as facilitators influencing the implementation. Reviews on prior research conducted in Malaysian context mostly revolve around the arguments, particularly on the best practices, perceptions and challenges in the context of technical aspects of the reform and the institutional factors which influence the journey of the reform (Hasan et al., 2023; Mahadi, 2019; Sariman et al., 2017). Topics covered include the formulation of implementation strategy and change management, developing technological infrastructure, preparing human capabilities and technical skills to produce high-quality accrual financial reporting and last but not least, issues on obtaining political-buy-in from the elected politicians to support the accounting reform.

The most recent study on Malaysia's attempt at accounting reform by Hasan et al. (2023) presented various issues and challenges in the implementation of IPSAS, where classifying the challenges into three categories. First, there are resource limits, such as a lack of qualified accounting and financial personnel, as well as inadequate IT infrastructure to support accrual accounting operations and reporting. Second, there are

issues of intricacy and complexity in recognising, measuring, and reporting government financial transactions, which are mainly not as straight forward as normal business transactions. And third, the commitment issues of senior management to ensure the success of change management programmes. In a different perspective, (Ismail et al., 2018) investigated the degree of preparedness of public sector accountants in Malaysia for the introduction of accrual accounting. The authors proposed that change valence (organisational attitudes about how effective and helpful change is) is important in affecting successful accrual accounting adoption. Of course, this requires careful preparation and efficient communication.

Azmi and Mohamed (2014), on the other hand, performed a case study at the Ministry of Education. The findings indicate that the staff were ready to apply accrual accounting, but their qualifications and abilities to properly execute the new system were a major problem. Similarly, Atan and Yahya (2015) discover a promising attitude toward change among public sector accounting professionals. These findings were supported by a more recent study by Mosuin et al. (2019), which emphasized the importance of technology acceptance in fostering a positive attitude of government accountants and readiness to accept new responsibilities towards the accounting reform. Findings from Mohd Ali et al. (2020) further emphasize the need for accountants to be equipped with sufficient knowledge to apply the new accounting method diligently. According to Mahadi (2019), Malaysia should learn from New Zealand, Australia, and the United Kingdom in addressing implementation challenges such as issues in asset and liability recognition and valuation, human competence, and high implementation costs. Another noteworthy argument by Yusof and Jaafar (2018) in their study is that countries on the transition journey may take more time than initially expected. According to the authors, careful thought, strategies, and consideration need to be given to areas such as the employee technical skills and competency, the stability of the accounting system as well as the

accounting standards and policies to ensure successful implementation of accrual-based accounting.

Despite its promising aspects, the implementation of accrual accounting in the public sector is not as straight forward as in the private sector, where stakeholders' needs can be clearly identified. Government activities are far-reaching, and its financial transactions deal more with the macroeconomic environment. Additionally, goals, objectives and aims are not all financially driven (thus, they often have to address the nation's social problems). As such, wider stakeholder's needs must be met and satisfied.

2.3 Major Challenges and Obstacles

ACCA (2017) conducted an assessment of the practical implementation of IPSAS globally and concluded that the implementation journey is fraught with numerous obstacles. On a similar nuance, Gourfinkel (2021) identifies ten major challenges of public sector accounting reform: lack of political will and support, timing and strategy of the reform, coordination of the reform, availability of sufficient financial and human resources, legal and regulatory framework, organization's structure and accounting function, risk management and mitigation mechanism, strategy for managing change and developing capacity, integrated accounting system, and monitoring and control.

The complexities of IPSASs have proven to be one of the most difficult obstacles to overcome, which many reform countries experiencing similar implementation issues. Specifically within developing nations, IPSAS requires substantial cultural change. Adhikari et al. (2021) note that the direct adoption of accrual accounting is problematic for Asian countries. Hasty attempts to put these changes into effect could lead to unintended consequences and superficial modifications as the public sector's cultural environment is difficult to adjust (ACCA, 2017). Hepworth (2017) claimed that an often-overlooked requirement for adopting accounting reforms is the need for managerial and

cultural transformations. Thus, based on the literature review, implementation issues during the transition period can be classified into two (2) major themes as follows:

- i. Institutional factors relating to the bureaucratic nature of the public sector; and
- ii. Challenges related to technical aspects of reform (knowledge, financial and technological resources)

The following subsection discusses at length the major issues and obstacles encountered by reforming countries throughout the transition period based on these two (2) major themes.

2.3.1 Institutional Factors – Bureaucratic Nature of Public Sector

Instituting accrual accounting represents a transformative effort, and the presence of a supportive organizational climate and culture plays a crucial role in ensuring the effective institutionalisation of the new accrual accounting framework (Saleh et al., 2018; Hyndman et al., 2018). A study by Dabbicco and Mattei (2021) indicated that legislative context and political culture significantly influence the implementation of accounting reforms. These reforms introduce novel ideas, technologies, and/or accounting practices which involve cultural change and require validation before gaining acceptance and being put into practice within the public sector. The study further revealed no significant progress in the implementation of accrual accounting in Italy due to its conservative and bureaucratic culture, in contrast to the United Kingdom's successful accounting reform efforts, where citizens prioritized public accountability and fiscal transparency.

Looking further into the context of developing countries, IPSAS adoption in developing countries has grown significantly over the past few years (Mnif & Gafsi, 2023; Abdulkarim et al., 2020; Ismail et al., 2018). However, the authors argue that IPSAS is especially difficult to be adopted in these countries. Since IPSAS originated in the West, its adoption aligns with their level of economic development and cultural

context, making it potentially less acceptable in emerging economies or developing countries, which tend to be more conservative in their cultural dimension (Abdulkarim et al., 2023, Hepworth, 2017). For instance, the lack of institutional capacity and resources in Sri Lanka, together with a high level of political engagement in decision-making, acted as the most important barrier to the implementation of reforms in that country (de Silva Lokuwaduge & de Silva, 2020). The results backed up previous research by Hopper and Major (2007), which emphasized the importance of the social and political environment in the institutionalization and implementation of new policies and practices, as it provides legitimacy and a regulatory framework for the change.

A recent study by Gourfinkel (2021) and Ismaili (2021) supported prior research findings (Ijeoma & Oghoghomeh, 2014; Adejola et al., 2015; Biraud, 2010), in which all concluded that implementing accrual-based IPSAS has sparked a great deal of discussion about numerous challenges and risks, including those related to cost and period of transitioning and implementation, human capacity and funding, cultural and organisational issues, legislation and political willingness as well complexity on infrastructure building.

A study by Boolaky et al. (2020), focusing on single-country settings evidenced that Indonesian municipalities took a longer time to complete the transition due to numerous challenges encountered along the reform journey. The author argued that the pace of IPSAS adoption is influenced by the commitment level of government members, who may prioritize other political and economic agendas over the adoption of IPSAS. In the same vein, prior research by de Silva Lokuwaduge and Godage (2020) argued that government disputes, strong political engagement, and bureaucracy in public policy decision-making serve as the most significant impediments to accrual-based IPSAS implementation in Sri Lanka. Prior studies also explained why developing countries

appear to be sluggish in their efforts and commitment to accounting reform, as many nations are still struggling to stabilise their social, economic, and political environments, making it more difficult to institutionalise and implement new policies and practices (Mnif & Gafsi, 2023; van Helden et al., 2021). These recent findings reinforce the study done by Luder (1992), which stated that the shift from conventional governmental accounting practices to a more modern accounting system is predominantly influenced by the historical, cultural, legal, economic, and political context of a nation.

Mustapha et al. (2017) supported Burns and Scapens' (2000) earlier research by utilizing contingency and institutional theories to argue that politics is crucial in influencing change processes. They contended that political pressures are vital instruments for influencing change processes to institutionalise accrual accounting adoption. To this effect, the demands and effects of political pressure in the organisational setting have significantly impacted the disclosure of financial reporting (Mnif & Gafsi, 2023; Adhikari & Gårseth-Nesbakk, 2016).

Furthermore, Mustapha et al. (2019) revealed that government employees need to be motivated and willing to support the reform agenda. Discussing the same matter, a more recent study by Tran et al. (2021) points out that public sector employees may be innovative; however, their capacity is limited by prevailing cultural norms and values. Tallaki and Bracci (2019) revealed a compelling discovery particularly relevant to developing nations, indicating that accountants in public sector institutions are not encouraged to be risk-takers. In a similar vein, Abdulkarim et al. (2020) identified that insufficient autonomy, limited decentralization power, and a distant high-authority culture contribute to a lack of support for reform implementation. Rajib et al. (2019) added that a lack of education and training for government accountants, as well as a lack of performance-based awards, have essentially undermined public administrators'

willingness to participate in the transformation process and learn about new accrual accounting and financial reporting fundamentals.

Prior studies also highlighted that internally driven reforms have proven to be more effective in developing countries than externally propagated improvements like IPSASs and accrual accounting (Sellami & Gafsi, 2020; Rajib et al., 2019; Lassou & Hopper, 2016). The studies argue that institutional changes by the government have the potential to be more beneficial and effective in developing countries than externally propagated reforms. External coercion may be one of the most crucial aspects in the government's decision to embark on the accounting change reform. However, it clearly is not one of the elements guaranteeing the end of a successful journey. What matters the most is that when the government sees public sector accounting changes as necessary and inevitable, they will make careful preparation for the transition journey and be enthusiastically motivated to participate in the reform process, armed with adequate knowledge and skills. As evidenced by Lassou (2017), local involvement and engagement have been shown to contribute to effective reform implementation in countries such as Benin and Ghana.

Numerous earlier researchers also found notable variations in accounting practices among countries and that there were considerable departures from IPSAS throughout its adoption (Polzer et al., 2022; Schmidhuber et al., 2020; Baskerville & Grossi, 2019; Goddard et al., 2016). In this respect, the studies emphasize the importance of the diffusion of accounting change and IPSAS adoption at different levels of the organizational process, how highly embedded actors, especially the public accountants, can exert changes and the field-level conditions (endogenous and indigenous factors/pressures) that push the change to happen. Arguably, current public sector accounting literature still lacks an explanation of the roles and actions of the actors in exerting, diffusing and stabilising change in highly institutionalised public sector

organizations (Hyndman & Liguori, 2018; Ali, 2017; Battilana et al., 2009). Implementing such reforms is always a daunting task, and more often than not, the outcome may not be as expected (Gourfinkel, 2021; Adhikari et al., 2021; Boolaky et al., 2020; ACCA, 2017).

In many prior cases, the introduction of new procedures and policies has failed in Malaysia due to lack of top management support and resistance to change by the impacted members of the organization (Hasan et al., 2023; Mahadi, 2019; Yusof & Jaafar, 2018; Ali, 2017). The resistance to change occurs generally due to a lack of understanding of the change process as well as the occurrence of unintended outcomes such as the need for change in reform strategy due to complexities in the development of accrual accounting IT infrastructure (Sanip & Abdul Rahman, 2018). Furthermore, changing norms are especially difficult to implement in highly embedded environments like governmental sectors or any other environment where members of the old systems benefit from the old practices (Battilana et al., 2009).

Summing up, Mnif and Gafsi, 2023 conclude that IPSAS represents intricate and complex standards which demand more than just substantial transformation in management processes and systems; the adoption also requires a shift in accounting culture, especially for governments accustomed to employing cash-basis accounting for decades. The study backed up by Pina and Torres (2003) suggests that accounting reforms exhibit non-uniformity across the world as each nation employs diverse strategic approaches in addressing institutional pressures for conformity and paradigm shifts towards the institutional framework embedded in the organization and its political-administration system. The need to understand how institutions influence actors' behaviour and how actors influence and change the institutions is urgent (Battilana et al., 2009). There has been inadequate research on the variation in organisational processes

throughout the institutional and cultural change, especially at inter- or intra-organisational levels (Abdulkarim et al., 2023; Thornton et al., 2012). Furthermore, the authors further argue that current public sector accounting literature is still lacking in explaining the roles and the actions of the actors in exerting, diffusing and stabilising change in highly institutionalised public sector organizations.

2.3.2 Technical Aspects of Reform

Several scholars have identified various factors contributing to the failure of IPSAS adoption, which include the high costs and the lack of adequately qualified staff (Adhikari et al., 2021; Salia & Atuilik, 2018; Atuilik et al., 2016; Tanjeh, 2016). Implementing accrual accounting and IPSAS is challenging due to differing capabilities and limited resources (ACCA, 2017; Chan, 2006). This is particularly true in the context of emerging economies, and developing countries since the implementation of IPSAS in these nations often necessitates significant investments in time and money for education and training in accrual accounting.

Empirically, Ranjani and Neba (2016) argued that the technological infrastructure of Nigerian government was inadequate to support the accrual of financial and accounting functions, thus hampering the reform efforts and journey. A study by Adebisi et al. (2019) investigated the extent of IPSAS implementation and identified the accomplishments of the reform. According to their findings, the percentage of implementation was still less than forty per cent. The findings revealed that the low level of achievement is attributed to numerous implementation challenges, including inadequate training, high costs associated with training and re-training, poor record-keeping and apathy on the part of implementers (“reform fatigue”), which leads to low motivation of staff. Therefore, significant conscious efforts were required to address these technical difficulties during

the implementation process in order to ensure the goals of accrual-based IPSAS Financial Reporting were achieved in southwestern Nigeria.

Additionally, due to the vast differences in accounting principles between the cash basis and accrual basis of accounting, the degree of implementation somewhat varies, especially among governments in transition (Abdulkarim et al., 2023; Polzer et al., 2019). The complexity of complying with IPSAS requirements and resource constraints leads many nations to decide to adopt some parts of the accrual accounting criteria, which is referred to as “modified accrual accounting”. A study by Dabicco and Mattei (2021) further indicates that the direct adoption of accrual accounting poses challenges for developing countries in South Asia. As a workaround, cash-basis iterations of IPSAS are still necessary. However, these adaptations might lead to sporadic use of accrual accounting, diminishing developing countries to reap potential full benefits from the adoption.

Adhikari et al. (2021) noted that in emerging economies such as Egypt and Bangladesh, public sector accountants play a crucial role in either expediting or impeding the adoption of IPSAS. Similar findings were observed in a study by Alshujairi (2014), which strongly emphasized the significance of having adequately trained staff members and demonstrating a good level of familiarity with IPSAS in order to ensure an efficient level of adoption can be achieved. A study that was conducted by Gigli and Mariani (2018) in Italy revealed that the government accountants’ lack of technical accrual accounting knowledge and its application posed a key barrier to successful IPSAS implementation. Tanjeh (2016) listed similar key determinants of successful IPSAS implementation, which include knowledge and awareness, recruiting competent staff, investing in staff training and the cost of implementation.

In a similar vein, research conducted by Hamisi (2012) and Harun et al. (2012) found that having access to relevant accrual accounting knowledge is crucial to the successful implementation of IPSAS and that a lack of it or insufficient abilities may lead to delays in the implementation process. The findings of this study align with a study by Matekele and Komba (2020) that was carried out in Tanzania, another country in Africa. That study found that the most important factors influencing IPSAS implementation are the level of staff experience, the amount of in-house training that is provided, the use of a standardised financial reporting format, the participation of professional accountants, and the sanctions that are imposed by regulatory authorities. In addition, earlier studies also showed a significant link between educational qualification and professional credentials in terms of IPSAS adoption (Adhikari et al., 2021; Tanjeh, 2016). Researchers Agyemang and Yensu (2018) also found a positive association between education and training and the application of IPSAS standards. The finding suggests that improving the competence of government accountants, particularly in accrual accounting and auditing skills is crucial for facilitating the successful implementation of accrual- based IPSAS.

On another perspective of implementation challenges, Olusegun (2019) researched the many variables contributing to the sluggish deployment of IPSAS in Nigeria. The result demonstrated that the majority of respondents agreed that excessive costs related to data collection of government assets, complex accrual accounting transactions (especially regarding consolidation and reconciliation of budget and financial statement information), and shortage of qualified accountants were significant obstacles to executing the implementation of IPSAS effectively.

To conclude, recent results from a study conducted by Ademola et al. (2020) make it abundantly clear that the cost of implementing IPSAS, along with technical aspects such as staff training, technological factors, IPSAS knowledge and awareness, and the

availability of expertise, play significant roles in determining whether or not an organisation will be successful in implementing IPSAS.

2.4 Key Success Factor of IPSAS Implementation

According to a recent study by (Mnif & Gafsi, 2020), the degree of government openness (political culture), quality of public administration and management, and prior experience with International Accounting Standards (IAS)/ (IFRS) in the public sector positively influence the successful implementation of accrual-based IPSAS. The study also noted that government financial condition is a nonsignificant factor. This finding aligns with a study conducted by Amor and Ayadi (2019), stating that the general profile of IPSAS adopters includes state-of-the-art accrual accounting systems, a flexible legal structure, and the adoption of an internationally legitimised private accounting system based on IFRS.

Fahmid et al. (2020) elaborate at length on the most recent advancements in IPSAS adoption, outlining the key aspects for developing countries to consider the adoption. First, the research emphasises the necessity of stakeholder interaction, particularly in the early stages of transformation. The awareness and understanding, education, and participation of key stakeholders such as lawmakers, state auditors, ministries, and local government, as well as representation of residents from less developed and indigenous areas, are required for the successful implementation of IPSAS.

The study also emphasized that a well-developed legal system is necessary to guarantee compliance with the accounting standards. Emerging countries should also consider a consistent source of financial assistance since the transformation involves significant investment, particularly in technology and infrastructure development, as well as in employee training. Last but not least, governments should think about simplifying reporting. An IPSAS-based reporting system is basically a contemporary business

language, and it is often beyond the general public's comprehension, much alone those with limited access to education and current business operations, particularly in developing countries (Abdulkarim et al., 2023). Therefore, the author strongly suggested that IPSAS-derived reporting and budgeting criteria must be simplified for easier understanding.

2.5 Effectiveness of IPSAS Financial Reporting

Effective financial reporting refers to the degree to which financial reports are relevant, reliable, understandable, and transparent, ensuring that the information provided in the financial statement is justified by their usefulness and reliability (Mbelwa, 2015). The author further emphasized that if one of these criteria (relevance and reliability) is missing from a financial statement, the data is meaningless and ineffectual in meeting accountability requirements. Thus, with regard to the usefulness and accountability function, many scholars are unequivocally convinced that accrual accounting can bring so many advantages to the implementer (Tawiah, 2023; Soguel & Luta, 2021; Schmidhuber et al., 2020; Bakre et al., 2017; Fuchs et al., 2017; Brusca & Martínez, 2016).

There is evidence in prior literatures that politicians or other users have made decisions based on information provided by accrual accounting (Giacomini, 2020; Caruana & Grima, 2019; Saliterer et al., 2019; Liguori et al., 2018). Zarei et al. (2022) recommend that developing nations embrace IPSAS in order to promote financial discipline and thereby accelerate their respective levels of economic growth and development. A study conducted by Bisogno and Cuadrado-Ballesteros (2020) indicated that accrual accounting was positively associated with efficiency where it provides better-quality information to external stakeholders. The finding supported prior research by Moynihan (2009), highlighting that accrual accounting stimulates the purposeful use of information.

Evidence from prior studies stated that in order for the implementation of public sector accrual accounting to be successful, the financial reporting prepared under the said framework needed to be useful for decision-making purposes and enable the government to discharge its accountability function more effectively. They argue that managerial accountability and effective decision-usefulness contribute to the successful implementation of accrual accounting (Gourfinkel, 2021; Mbelwa et al., 2019). Phuong-Nguyen et al. (2020) concluded that to ensure the success of the accounting reform in Vietnam, it needs to improve the usefulness of financial statements by continuously revising the regulations or standards pertaining to transparency issues of the information published in the financial statements. Seemingly, effective and purposeful financial reporting is necessary to ensure the success of IPSAS implementation.

Despite many researches highlighting significant benefits associated with IPSAS reporting, there are also opposing views about its effectiveness and usefulness from such reporting (Polzer et al., 2022; Manes-Rossi et al., 2016). On this matter, the studies revealed that the use of the government's accrual accounting information is still relatively low, and politicians are generally less interested in such information. A study by Tawiah (2023) revealed that the benefits of IPSAS, which encourages accountability and transparency between the government and its people, are mainly evident in developed nations.

Going further, Elmezughi and Wakil (2018) in their study, found that accrual accounting benefits could not fully be materialised due to government accountant's lack of accrual accounting knowledge and encounters various issues on the valuation of fixed assets. Other studies, such as Mnif and Gafsi (2023), claimed that IPSAS reporting primarily focuses on fulfilling external accountability obligations (institutional isomorphism) rather than improving internal government accountability, thus impacting

the effectiveness of IPSAS for planning and control. Ball (2020) provided a similar result by pointing out that IPSAS financial reporting appears more the product of institutional isomorphism rather than an attempt to increase productivity.

Therefore, as evidenced in prior studies discussed above, it is crucial to evaluate the decision usefulness of accrual accounting information even at the initial stage of implementation to ensure the successfulness of the accounting reform. Inevitably, particularly in the Malaysian public sector context, this study seeks to fill the gap in the lack of in-depth assessments of stakeholders' perceptions of how accrual accounting information fulfils accountability purposes.

2.6 Summary – Research Gap

The literature review seeks to offer an overview of the adoption status of IPSASs at the central government level across various settings in both developed and developing nations, highlighting key reform challenges and measures to address them. Finally, the chapter provides an analysis of elements that constitute effective and credible public-sector financial reporting for decision-making purposes.

The review of prior studies in this chapter reveals several important gaps in the literature. First, there appears to be an absence of recent in-depth evidence in public sector literature assessing the reform journey of developing countries, particularly Malaysia. As such, this gap is addressed in RQ1 of this research. Additionally, there is a scarcity of in-depth studies offering substantial evidence, particularly within the Malaysian context, especially on how the key players, particularly public accountants within the central government, address challenges in accounting reform and propel the implementation of MPSAS. This gap is addressed in RQ2 in this research. Thirdly, it was revealed from the literature that it is vitally important to assess the decision usefulness of accrual accounting information according to stakeholders' perception even at the initial stage of

implementation to ensure the successfulness of the accounting reform. Thus, particularly in Malaysian public sector financial reporting requirements, the study further explores this concern in RQ3. The research methodology employed in this study is discussed in the following chapter.

Universiti Malaya

CHAPTER 3: THEORETICAL FRAMING

3.1 Introduction

The chapter starts with a general discussion on the fundamental concept of isomorphism and legitimacy embedded in institutional theory, which predominantly influences the innovation and the evolution of government accounting practice through NPM ideology in Section 3.2. The discussion continues in Section 3.3, focusing on the appropriateness of institutional theory as a theoretical lens in this research to unfold the organisational change process in a specific public sector institution or environment. Then, the discussion on institutional theory is extended to describe the effectiveness of financial statements in fulfilling the accountability requirement in Section 3.4 before concluding the chapter in Section 3.5.

3.2 New Public Management Framework

The NPM methodology has been used to examine the development of both theory and practise. Over the course of time, the ideas behind NPM have grown and largely been improved for the three roles of the public sector, which consist of regulation, the distribution of public resources, and income redistribution. Despite the fact that activities in the public sector have grown immensely over the last decade, its effectiveness has been questioned. Furthermore, with greater public-private initiatives have taken place, together with a more commercial approach to the delivery of public services, it became the driving force behind the adoption of best practises from the private sector into government financial reporting. NPM advocates believe that the implementation of accrual accounting will improve the financial accountability and resource management of the government. Nevertheless, there are always two sides of the same coin as accrual accounting implementation in the public sector has been criticised, both the conceptual and practical levels due to the fact that numerous unsatisfactory implementation outcomes were evidenced in prior literatures.

The NPM focuses on the adaptation of private management techniques into the public sector on the premise that private-sector management styles are much superior to public-sector directorship methods (Tiede & Krispenz, 2007). NPM is a phrase that was used in the early 1980s to denote a transition toward a new public management style. Late in the 1990s, under the NPM umbrella, New Public Financial Management (NPFM) gained significant development during that time where accounting started to play a pivotal role in improving the efficiency and effectiveness of government where, focusing on enhancing the accounting and financial management practices within the public sector (Olson et al., 2001). According to Pina and Torres (2003), NPFM reforms contribute to accrual accounting advancements in governmental accounting. The push toward accounting and financial reporting changes is one of the most basic parts of NPFM. As a result, the NPFM has promoted accrual accounting as the cornerstone for changing the financial information and reporting systems of public sector companies. This trend proved the cornerstone of NPFM in bringing together corporate and public practises, with IPSAS heavily drawn on International Financial Reporting Standards (IFRS) utilised in the business sector. According to Halid (2017), IPSAS convergence with IFRSs would improve comparability and make financial statements more meaningful and relevant for decision-making. In this view, the adoption of accrual accounting principles into the financial statements of public sector enterprises is seen to be one of the most important factors in improving financial management and decision-making.

3.3 Institutional Theory as Theoretical Lens for Accounting Reform

This research employs institutional theory as its theoretical basis to understand the journey of the accounting change reform process and how it is eventually institutionally embedded in the FGoM. By using social interaction and institutional logic, this theory is profoundly relevant as it is able to explain the diversity in the diffusion of organisational change within a particular environment (Thornton & Ocasio, 2008). In the public sector,

organisational changes are carried out by actors at various governmental units in the hierarchies of large organisations. Each actor has their own view, choice, value, and belief towards such changes. More often than not, they do not correspond well with the expectations of the organisation, which leads to a state of decoupling and deviation from the expected outcome. In addition, prior public accounting research argued that accounting change is to be understood as a social practise, for which social theory may provide a better explanation rather than be considered as the diffusion of new technical practice into the organisation (Hasan et al., 2023). It is imperative to consider for social, cultural, economic and political context must be taken into account while discussing this accounting change reform (Mnif & Gafsi, 2023; Tallaki and Bracci, 2019; Adhikari & Mellemvik, 2010).

Particularly relevant to this study, institutional theory serves as the theoretical lens in examining how the IPSAS-based accrual accounting framework is institutionally integrated within the central government of Malaysia. In order to describe the variation in the process of organizational change in a specific environment, this theory emphasizes social interaction and the idea of institutional logic (Thornton & Ocasio, 2008). Accounting changes in the public sector are carried out by actors at various governmental units within a large organizational structure, each with its own distinct viewpoints, values, and belief systems about such changes. Thus, these may not always be in line with the expectations of the organization, which can lead to a situation where there is a lot of deviation from the actual timeline and objectives, as well as a decoupling scenario. Furthermore, prior research argued that accounting change should be considered as a social context rather than a technical standpoint and that social theory may explain the accounting change phenomena better.

A study by Hepworth (2017) discussed the need for cultural change in the implementation of accrual accounting by the public sector. According to the author, public sector accrual accounting is about the whole process of financial management and thus, IPSAS adopters should not focus on financial reporting only. In other words, the author's view is consistent with prior literature whereby it is suggested that the introduction of accrual accounting should not be viewed as a technical accounting change, but to view the change as part of the process of reform in the delivery of public services (i.e., social context).

Another study by Harun et al. (2021) examined the institutionalization of IPSAS in Indonesia by utilizing the Integrated Model of Institutionalisation (IMI), incorporating the work of Dillard et al. (2004) and Dambrin et al. (2007). Their studies show that the introduction of new ideals of accrual accounting in the public sector is related to innovation and, therefore shall undergo a complex diffusion process due to the inherent uncertainty associated with these novel ideas. Thus, these findings support the initial assertions of prior studies that the success of an accounting reform relies heavily on favourable conditions, past performance, the interests and values of involved stakeholders, and the technical capabilities of those affected by the change. Consequently, achieving the intended goal of IPSAS will take more time for the governments.

By employing Institutional Logic, a most recent study by Rozaidy and Siti-Nabiha (2022) was able to explain MPSAS adoption by Malaysian Government. The findings indicate that accounting reform is not solely a technical phenomenon but also involves changing norms of social organisation practice. Seemingly, its implementation in public administration will be highly influenced by the underlying norms and values embedded in the organisation. Therefore, the authors suggest that a more gradual approach to accounting reform would be less disruptive as compared to adopting a big-bang approach,

which would be more challenging and perplexing due to a lack of expertise, as well as differing values and belief systems. This is particularly relevant in cases of developing nations where the public sector lacks professional accounting expertise. Previously, due to its simplicity, the conventional cash-basis system does not demand accountants with specialised training or experience.

Research on government accounting reform employed institutional theory as a theoretical lens and relied heavily on the concept of isomorphism to explain the onset of reform. Accrual accounting practices were examined using the isomorphism idea by prior public sector accounting researchers. Meyer and Rowan (1977) asserted that organisations are shaped by the elements in their surroundings, leading them to adopt a structure that mirrors those elements. Consequently, accounting systems or practices typically develop in reaction to the isomorphic pressures of the institutional environment (Scott & Meyer, 1991). Thus, notably the theory is valuable in highlighting the importance of acknowledging how organisations frequently adhere to what they believe to be the expectations of their wider environment. Another important theory of government accounting reform that it is generally implemented for the sole purpose of gaining legitimacy: to meet the expectations of the organizational field and to safeguard their position, rather than reason to enhance efficiency (March & Feldman, 1981).

Thus, in light of this belief, the researcher would like to draw on the ideas of institutional isomorphism to give an in-depth understanding of the transition journey of MPSAS adoption in FGoM, led by the lead agency, AGD. Thus, in establishing the understanding, the research applied the institutional change model; a framework focusing on the process of institutional transformations proposed by Dambrin et al. (2007), which explains how institutional logics in influencing actors' responses to numerous and competing logics situations. They argued that the success of the institutionalisation

process required a cohesive relationship between the four principles shown in **Figure 3.1**, which explains how the new accounting practice is put into effect. This includes, among other things, disseminating new ideals, establishing new discourses to materialise the new ideals, developing new techniques to support the new ideals, and internalising defined techniques.

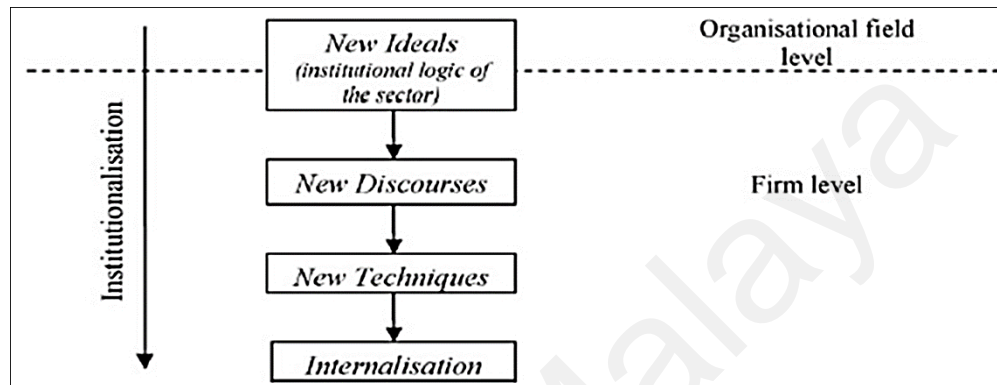


Figure 3.1: Four Phases of Institutionalisation Process
 (Source: Dambrin, C., Lambert, C., & Sponem, S. (2007). Control and change—Analysing the process of institutionalisation)

Table 3.1 summarised the definitions of these four phases of the institutionalisation process, which were distinguished by the level of depth and precision in which it described the new activities. Although it seems to be a progressive process, this framework may be used as an analytical tool to unravel the composite totality that comprises the institutionalisation process.

Table 3.1: Summary of Institutionalisation Process

Phases	Definition	Characteristic	Institutional Change
New Ideals	Diffusion of the original intent and fundamental concepts of the new practices.	Abstract ideas and high-level in nature	A formal announcement to introduce the new institutional logic that will be disseminated from the organisational field to the organisation level.
New discourses	Translation of the fundamental concept into more detail planning in order to achieve the original intent.	Definition of specific features of the new logic and its principles. The strategy to achieve the goal is properly documented.	Formal documentation on the objectives, policy statements, the strategy and description of the new practices.
New techniques	Explanation of the new practices for the actor to take action and establish the output.	Structured processes, as well as controlling and monitoring mechanisms, are precisely identified and established.	Establishing new routines and actions to be taken is governed by controlling and monitoring mechanisms.
Internalisation	The actor's action being enacted through role development.	Day-to-day actor's action of the new practices.	The governing controlling and monitoring mechanisms ensure that the new practices gradually become the actual practice.

Institutional logic underpins institutionalisation processes, explaining the event and circumstance required for generating mechanism activation. Thus, at the beginning of this empirical research, the researcher explores the institutional logic, i.e. the new ideal that was promoted inside the organisation and significantly influenced the structures and mechanisms that shape the actor's thought and conduct. Next, the researcher will look at how the new ideal transforms into a discourse where the organisational goals and strategies, as well as roles and tasks are being defined. According to Hasselbladh and Kallinikos (2000), discourses are the heart of the whole institutionalisation process. Then,

when the discourses are institutionalised, it requires the development of new techniques to measure and document the controlling action to ensure the objective of the accounting reform is met and ensure the success of implementation. However, adopting a technique can remain a ceremonial act. Therefore, the stage of institutionalisation can only be completed when the internalisation of the new rationales by organisational actors occurs.

The whole analysis of the institutionalisation process involves the observation of how the key actors carry out their tasks during the transformation phase, both on the field and organizational level. This research believes it can help understand the abstract knowledge of generative mechanisms, which in turn allows for more in-depth explanations of the complexity and process of accounting reforms. This philosophical premise will also guide this research's perception of the issue and data analysis in the field. It is therefore an endeavour by the researcher to extend the institutional theory in this study by examining the responses of various stakeholders who are accountable for implementing accrual accounting reform. The researcher strives to generate additional viewpoints in understanding diversity in implementing public sector accounting reforms and the outcomes of reforms in the context of financial information and reporting. Further perspectives on diversity in public sector accounting reform implementation and reform outcomes are a primary goal of this researcher's research.

3.4 Institutional Theory on Effective Financial Reporting

Accountability is the requirement to account for one's actions, take responsibility for them, and transparently report the results. It may also involve money or other entrusted property. Accountability includes managerial, financial, and political accountability. Prior accounting literatures have utilized institutional theory in examining financial and management accountability (Potter, 2002; Samkin & Schneider, 2010; Vamosi, 2005). Individuals are held accountable for efficiently conducting a financial procedure within a

financial transaction process. On this account, a successful financial process shall be established from a clear financial accountability framework. Financial, political, and managerial accountability are defined as the amount to which management/technocrats fulfil their accountability duty, and financial statements reflect the consequences of management's stewardship or accountability.

Institutional theory suggests that every organization can create their own accountability structure by replicating other institutions' systems and processes. Accountability practises may be interpreted in different ways by different organisations (Vamosi, 2005). The public sector's accountability mechanism is more complicated than the private sector, where the stakeholders–manager relationship in the private sector is specifically defined, and the level of accountability is negotiated in an orderly manner (Samkin & Schneider, 2010). The nature of public organisations, pressures from a certain group of stakeholders for specific information and institutional isomorphism in determining a level of accountability for public organisations shall be thoroughly examined when evaluating the effectiveness of the accountability system in general.

Cohen and Karatzimas (2017) evaluate the quality and perceived effectiveness and usefulness of modified cash (which includes several accrual characteristics) financial reporting at the central government by accessing information requirements of four user groups, which comprises of the citizens, public sector, investors and oversight bodies. The findings from the research revealed that the accounting reform did not result in high-quality financial statements as expected by the government authorities. As for the perceived usefulness, the result suggested that even after the accounting change, the user groups' satisfactory level of information prepared in the financial statements is still low and listed the inadequacy of two key characteristics: relevance and understandability as the main factors that leads to the provided information under the new accounting regime

are moderately use by the users. Thus, in this regard, the research suggested that future studies may reveal if over time, there are changes in the level and the direction of the satisfaction towards public sector accrual reporting.

Therefore, this research relies on the idea of institutional theory to unveil the perception of the stakeholders on the effectiveness of accrual financial reporting prepared under the MPSAS framework from internal and external stakeholders' viewpoint as described in RQ in the previous section.

3.5 Chapter Summary

In the first part of the chapter, it delineates the theoretical appropriateness of institutional theory as the main theoretical lens in this research to unfold the organisational change process in a specific institution or environment. Particularly, the research applied the institutional change model proposed by (Dambrin et al., 2007) to explain how institutional logics in influencing actors' responses to numerous and competing logics situations. As a prior study revealed that accounting reform did not result in high-quality financial statements as expected by the government authorities, there is a pressing need to evaluate the effectiveness of public sector accrual financial reporting especially on its two important characteristics: relevance and understandability. Therefore, the institutional theory is also being extended to describe the effectiveness of financial statements in fulfilling accountability requirements. The research design and methodology will be discussed in the next chapter.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

This study aims to examine the transition of government accounting practices from cash basis to MPSAS (accrual-based IPSAS) reporting through a single country-case study. The research was conducted mainly to identify the current status of reform progress on MPSAS adoption by FGoM and to analyse the significant challenges faced by the key actors during the transition process. In the previous chapter, it outlines the theoretical framework, serving as a guide for selecting the most appropriate research approach and sampling method, and therefore, drives the presentation of data analysis and findings. Therefore, through this chapter, the researcher outlines the research methodology of the research. Section 4.2 in this chapter provides an explanation of the qualitative method employed for this study. It then proceeds to Section 4.3, which discusses case study research as the most suitable research design for achieving the study's objectives and answering the research questions. Section 4.4 elaborates on the data collection and sampling strategy, whilst Section 4.5 explains how the data analysis is performed. The chapter assesses the trustworthiness and reliability of the findings in Section 4.6 before summarizing the key points discussed in Section 4.7.

4.2 Qualitative Research

Qualitative research is an exploration that investigates into a social or human issues through the varied structured methodology of inquiry process (Creswell, 1998). This inquiry process can be generally characterized as research that yields results that are not quantifiable by statistical methods or any other quantitative methods (Strauss & Corbin, 1990). According to Yin (2009), a qualitative research design is the “logic that links data to be collected (and the conclusions to be drawn) to the initial questions of the study”.

One of the primary features of qualitative research is that it is able to generate in-depth information with sufficient detail in order for the researcher to comprehend the reality of events and true experiences (Bowen, 2005). In the context of this research, qualitative research is the most appropriate method for addressing all RQs because it enables inductive reasoning about the phenomena that occur during the transitioning or the accounting change process.

As noted by Miles et al. (2014), qualitative data add value by allowing for the development of unique insights and explanations of processes in recognizable local contexts. Therefore, considering the aim of this research, the qualitative method is the most appropriate approach to gain understanding and evaluate the progress of accounting reform carried out by the key actors in FGoM. By adopting the qualitative method, the research will be able to yield rich and meaningful details, contexts and experiences which are crucial and valuable to uncover the phenomena and conceptual reality of the accounting change process and the momentous journey of the reform, which none of this can be generated statistically using quantitative method.

4.3 Research Design: Case Study Research

The case study design is an approach to qualitative research that focuses on the study of a single person or entity using an extensive variety of data. Thus, in an attempt to answer the research questions, the research adopts a single-country case study approach. The case study conducted for this research can be defined as descriptive in that it describes changes to the public sector accounting and reporting systems of FGoM, and explanatory in that it conducts an investigation and analysis of the forces, challenges and results of the MPSAS adoption. Case study research is an appropriate research design when the researcher wants to gain intricacies, contextual, profound knowledge about a specific real-world subject. This is in-line with the suggestion made by Yin (2009), which emphasizes

that the case study approach is instrumental in understanding complex organisational phenomena under a specific contextual setting. It allows the researcher to explore the key characteristics, meanings, and implications of the current status of the reform process as well as major challenges in the adoption of MPSAS by FGoM.

Furthermore, this method will be able to produce a meaningful preliminary insight into the perceived effectiveness of financial information prepared under the adoption of MPSAS. The method is also suitable for the researcher to gain a better understanding of the policy research and governmental changes initiatives which cannot be analysed or interpreted by statistical information. In essence, the basic qualitative study and case study research methods allow the researcher to uncover recurrent patterns or common themes in the data. It is important to note that theoretical ideas are important in case study design and are usually developed prior to data collection since they guide the type of data collected. Particularly relevant to this research, interviews and document analysis are used to acquire data for this type of investigation. **Table 4.1** shows the summary of the relationship between research objectives, research questions and research methods.

Table 4.1: Relationship between Research Objectives, Research Questions and Research Methods

Research Objectives (ROs)	Research Questions (RQs)	Research methods
RO1: To identify the current status of reform progress and stage of MPSAS adoption by FGoM.	RQ1: What is the current status of reform progress and stage of MPSAS adoption by FGoM?	1. Document Reviews <ul style="list-style-type: none"> - Federal Constitution - Financial Procedures Act - IPSAS - MPSAS - Accrual accounting policies - AGD accrual accounting circulars - Federal government Accrual Accounting Manual - Accrual Chart of Account - iGFMAS work procedures manual
RQ2: To identify major challenges encountered by FGoM in its journey towards full implementation of accrual-based accounting under the adoption of MPSAS	RQ2: What are the major challenges encountered by FGoM in its journey towards full implementation of accrual-based accounting under the adoption of MPSAS?	

Research Objectives (ROs)	Research Questions (RQs)	Research methods
RO3: to examine the perceived effectiveness of accrual accounting information prepared under the MPSAS framework.	RQ3:What are the perceived effectiveness of accrual accounting information prepared under the MPSAS framework?	<ul style="list-style-type: none"> - Minutes of meetings (AGD level) - Internal Audit report - National Audit report - Project progress report - Press releases <p>2. Semi structured interviews</p> <ul style="list-style-type: none"> - Internal participants <ul style="list-style-type: none"> ● Officers in divisions of Accountant General’s Department ● Officers in Fiscal Policy and Debt Management Office, Treasury ● Officers in Fiscal Policy and Debt Management Office - External participants <ul style="list-style-type: none"> ● Consultants - Officers in the CentralBank of Malaysia

4.4 Data Collection and Sampling

This study employs two primary methods for data collection, namely document reviews and semi-structured interviews. Stake (1995) suggests that in depth understanding of a case study can be achieved by utilizing multiple sources of evidence over an extended period. Regarding the sampling strategy, a purposeful sampling technique is being utilized for participation selection for semi-structure interviews. Purposeful sampling is widely utilized in qualitative research and aims to identify and select information-rich cases efficiently (Patton, 1990). According to Cresswell and Clark (2011), the process involves the identification and selection of group of individuals possessing specialized knowledge related to the case study. Additionally, Bernard (2002) emphasizes the significant factors such as availability, willingness to participate, and the ability to articulate, express, and reflect on experiences and opinions.

4.4.1 Source and Data Collection Techniques

The research identified archival material relating to critical stages and events that occur in the process of accounting change reform in FGoM in order to shed light on critical milestones and challenges as well as key actors' actions to ensure the transitioning efforts are carried out according to plans. In addition to document analysis, the researcher conducts semi-structured interviews to gather additional information and gain a better understanding of MPSAS implementation in practice.

4.4.1.1 Document Reviews

The data collection process begins with a review of various public and organizational documents. This phase aims to gain an initial understanding of the transition plan, strategies, challenges as well as actions taken throughout the reform process. It also seeks to gain a preliminary understanding of the perceived usefulness of financial information prepared by AGD under the MPSAS adoption. As explained by Yin (2009), examining archival documents related to the issues being explored will provide broad coverage as it covers a long span of time, many events and settings. Initially, the researcher employed Google to search for news related to Malaysia's accrual accounting to acquire general overview as well as to identify pertinent documents relevant to the study. Additionally, leveraging as her role as a public sector accountant, the researcher accessed accrual accounting websites developed by the Accountant General Department, which serves as a central repository and reference for public sector accrual accounting resources and materials.

The selected documents span from 2013 to the present and include materials that provide contextual data relevant to the research question and research objectives. The archive documents selected include Bulletin (Fokus Akruan); Online News; circular letters; AGD's strategy/plan/timeline documents (retrieved from AGD official websites);

presentation slides; policy and guidelines (retrieved from PPPA and AGD official websites); and meeting/briefing/seminar/conference materials (retrieved from PPPA and AGD official websites).

The sources of information were primarily obtained from the AGD's official websites and the official hardcopy accrual implementation files approved by AGD for sighting. The contents of these material were deemed crucial for understanding government accounting change process and identifying both external and internal factors that could impact strategic planning and actions during the transition journey. In short, the reviewed documents provided essential background and context, facilitated the formulation of additional questions for semi-structured interviews, and helped validate findings from the interviews data. The meaningful data derived from document reviews were organised into columnar template and analysed according to the identified theme, as detailed in Chapter 5. A comprehensive list of reviewed documents is provided in Appendix A.

4.4.1.2 Semi-Structured Interviews

Semi-structured interviews were carried out in order to have a better understanding of the motivations of the actors of accrual accounting implementers as well as perceptions of major stakeholders towards accrual information in government financial reporting. According to Creswell (2009), semi-structured interviews allow the researcher to have loosely organized interview questions on certain subjects that the interviewer wishes to examine.

In essence, semi-structured interviews require the interviewer to prepare a handful of questions in advance. However, these questions must be left open enough that the researcher can improvise the follow-up questions subtly within the scope of the research (Wengraf, 2001). This method gives a more detailed understanding of the issues raised by document review findings. In semi-structured interviews, the interviewer sets the

scene by asking broad questions on the topic. The interviewer is free to probe and explore within the established inquiry areas, making the session more flexible and pleasant for both parties (Hoepfl, 1997). In this case, the researcher could keep the flow of the interview within the topic while enabling respondents to express their thoughts and views freely.

The interviews are conducted with participants from various roles and levels in order to improve the validity and reliability of participant information (Holstein & Gubrium, 2004). Therefore, the actors chosen for the interviews are mainly the AGD high officials who are involved in the formulation and implementation of the transition strategy. In gaining an understanding of the expectations of the quality and effectiveness of financial statements prepared under the MPSAS framework, the interviews are conducted with officials from two key central agencies, the Fiscal and Budget Office from the Ministry of Finance and the Central Bank of Malaysia. These two central agencies are particularly chosen as they are the largest and most influential organizations that use government financial information for various national and international purposes and agendas. The interview sessions are conducted through online meetings through MS Team and Zoom platforms or face-to-face interview sessions, depending on the status of the pandemic. All the interviews were between forty minutes to one hour in length, were recorded (where permitted), and transcribed. To ensure the anonymity of the respondents, the recorded files are downloaded from the researcher's account meeting apps, and the file will be saved using a password and only accessible to the researcher. Each file name will be labelled using a unique code and stored securely.

4.4.2 Sampling Strategy for Semi-Structured Interviews

In this research, non-probability sampling was applied, specifically targeting respondents perceived to possess relevant experience and expertise related to the research

questions, thus having the capability to provide essential data. The non-probability sampling employed included purposive sampling and snowball sampling. Snowball sampling, classified as a form of convenience sampling, is frequently combined with purposive sampling, where participants are chosen based on specific characteristics (Sekaran, 2016). This technique is very common in qualitative research, which explores in-depth information and real-life experiences to generate an understanding of the social phenomena being studied (Patton, 1990). Researchers' expert judgement is frequently used to choose intended samples (Tashakkori & Teddlie, 2009). The primary goal of a purposive sample is to select participants who have the essential and credible expertise, as well as relevant experiences, to emphasize and share the complexities of information on the topic under investigation. Therefore, the researcher selects the participants for semi-structured interviews using purposive sampling, as it is thought to be the best sampling approach for ensuring that the interview sessions are credible, viable, and purposeful.

4.4.2.1 Sample Size

The researcher starts off with a limited number of initial contacts who fit the research criteria and therefore are invited to participate in the research. Those who agree to participate are then requested to suggest additional contacts fitting the research criteria and potentially willing to participate. Subsequently, these recommended individuals, in turn recommend other participants, "snowballing" the chain of participants over time. The researcher also leverages her network to establish initial connections. Sampling concludes when either the target sample size or a saturation point is achieved. Particularly related to this case study, after conducting 10 interviews and completing document reviews, the researcher reached data saturation, encountering recurring themes and similar categories in the new data. According to Suter (2011), data collection concludes when evidence of saturation is apparent, eliminating the need for further collection of data.

In Federal Government of Malaysia, MoF is generally in charge of all financial matters for the government. AGD, a lead agency under the MoF is responsible for overseeing the accounting system and accounting operations as well as disseminating financial and accounting information to central government agencies as well as to the public. Therefore, for the purpose of selecting internal participants of the interview, the researcher believes that it is sufficient only to involve high-level officers from AGD and MoF as they are the ‘people of knowledge’ who can share the necessary and meaningful information needed for the study. Hence, the internal participants are selected from divisions that are directly involved with the accrual accounting reform. As for the external participants, the interviews will involve the consultants who are directly involved in assisting the lead agencies in executing the reform activities. Participants from Central Bank of Malaysia will also be selected for interviews with the purpose of gaining the expectations of the quality of financial reporting prepared under MPSAS framework.

4.4.2.2 Process Involved in Interview Phase

There are six main steps involved in collecting data under the interview phase and analysis. The summary of the process involved is shown in **Figure 4.1**.

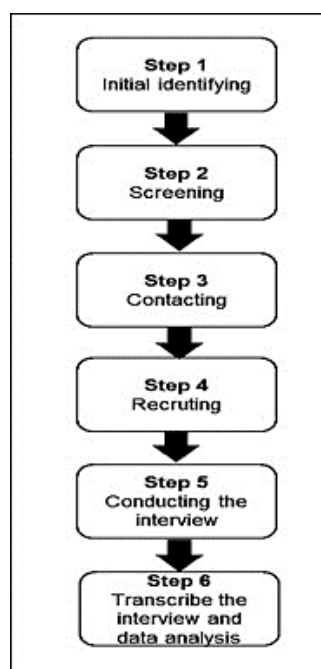


Figure 4.1: Steps in Interview Phase and Analysis

Step 1: Initial Identifying

a. Identification of participants for RO1 and RO2

AGD is a lead agency under the MoF, which is responsible for overseeing the accounting system and accounting operations as well as disseminating financial and accounting information to central government agencies and the public. As the researcher is a public servant under Accountant's Scheme, the researcher is very familiar with the organization settings, the division functions as well as the roles of portfolios in each unit of the divisions. Therefore, the connection of the researcher is being mobilized in the sampling selection process. Initially, the researcher identified seven (7) divisions of AGD that are directly and primarily involved with MPSAS implementation. Next, the researcher identified the relevant job portfolios from the selected divisions in order to select participants for the study. The researcher believes the high-level officers holding those specific portfolios are the 'people of knowledge' and demonstrate the level of their involvement in accrual accounting projects. In other words, the participants selected for the interviews possess invaluable experiences who can share the necessary and meaningful information needed for the study.

b. Identification of participants for RO3:

In order to gain a perception of the usefulness of financial reporting prepared under the MPSAS framework, additional external participants from MoF and Central Bank of Malaysia are recruited as the researcher believes these two central agencies are vital and influential organizations that use government financial information for various national and international purposes and agenda.

Step 2: Screening

The divisions in AGD are clearly set up based on its key functions and specific responsibilities for the accrual accounting projects. Firstly, based on the researcher's experience and knowledge of AGD's organisational structure, the participants are screened based on the participant's position in the relevant divisions selected for this study. Next, the potential participants are initially contacted for consent. The researcher may also rely on snowball sampling techniques if the initial potential participant refuses to participate in the study, and he or she may offer to help identify more knowledgeable and qualified participants for the study.

The participants from MoF and Central Bank of Malaysia are selected from high-level officers who work in the divisions which primarily responsible for publishing and analysing financial reports on the overall fiscal position and government finances. The participation inclusion and exclusion criteria are as follows:

a. Participant Inclusion criteria:

High level AGD officers (Grade WA48 and above) who are:

- i. primarily and actively involved in MPSAS implementation from year 2018 – 2021,
- ii. holds the job position in the selected divisions which are relevant to the study, and
- iii. more than seven years' service period.

b. Participant exclusion criteria:

- i. High level AGD officer (Grade WA48 and above) who is holding the job position (relevant to the study) for less than one year tenure.
- ii. Participants that have been selected but not available or decline to be interviewed.

Step 3: Contacting

The researcher directly contacts potential participants by contacting them informally via instant messaging or email address. Considerable care is being taken so that the person does not feel pressured to participate. It was communicated in advance to the participants that the interview would be short, which would last about 30 to 60 minutes and the researcher provided the participants with the assurance that their anonymity would be preserved when their statements are being presented. Additionally, the interviewer clarified the kind of response desired, the extent of detailing, and the terms in which it should be conveyed, as suggested by Cooper and Schindler (2003). This must be communicated in advance to the participants so that they are aware of what is expected of them.

Step 4: Recruiting

The participants were then sent three items via email once the participants agreed to enrol for the study. The items were:

- a. Formal Letter of Invitation Letter of Participation,
- b. Participation Information Statement; and
- c. Consent Form.

The participants were also asked to call for additional information or return the email with a digital copy of the signed consent form and participation information sheet if interested in participating in the study. The invitation letter is to inform prospective participants about the study. It includes a brief explanation of the research aims as well as highlighting the importance of information gathered from the interview session in achieving the ROs and answering the RQs. The participation information statement entails a concise and basic explanation of the research and participant's roles. The statement also stated that participation is voluntary, and the information revealed in the interview sessions is to be treated as confidential. It is important to

convey this information to participants as the researcher is asking the participants to share their personal thoughts and experiences (Hoepfl, 1997). The consent form assures the participants of their specific rights – prior to, during and after the interview - thus preventing potential undue influence and pressures (Kvale, 1996). Additionally, it includes the participant’s consent to allow the interview to be audio-recorded. Over the course of the recruiting phase, the researcher did not encounter major difficulties in following up the responses on the enrolment, and all the participants contacted have given positive replies and interested with the study. **Table 4.2** below shows the summary of the sampling selection for the research:

Table 4.2: Sampling Selection

No.	Group of Participants	Number of interviews	Role of participants
1.	AGD Top Management	1	1. Top Management
2.	Central Operation and Agency Services Division (BPOPA), AGD	1	2. Senior Level Officer
3.	Accrual Accounting Implementation Team (PPPA), AGD	2	3. Senior Level Officer 1 4. Senior Level Officer 2
4.	Internal Audit Management Division (BPAD), AGD	1	5. Senior Level Officer
5.	National Accounting Institute(IPN), AGD	1	6. Senior Level Officer
6.	Central Bank of Malaysia	2	7. Senior Economist 8. Assistant Economist
7.	Fiscal Policy and Debt Management Office, Treasury	2	9. Senior Assistant Secretary 10. Assistant Secretary

Step 5: Conducting the Interview

The researcher developed an interview guide that includes several questions or broad topics to be discussed during the interview session. Using the interview outline, it enables streamlining and comprehensive interviews on various subjects while also making

efficient use of limited time (Hoepfl, 1997). The questions were mostly derived from the literature review in Chapter 2.

All participants were required to read, understand, and sign the participation information statement and consent form before the interview session was held. By signing the consent form, all participants agreed to the audio recording of the interview. The fundamental benefit of recording interviews is that it allows the researcher to concentrate on the subject and dynamics of the interview rather than focusing on taking notes (Kvale, 1996). Furthermore, it assures that the interview data is more legitimate than hurriedly scribbled notes. The interviews were held in English, Malay, or a combination of the two languages. The actual interview phase consisted of ten (10) interviews being conducted with the participants from AGD, MoF and Central Bank of Malaysia. Most of the interview sessions were held physically at their offices. The length of the interviews varied from 25 minutes to 1 hour and 10 minutes. The interviews were conducted in English and Malay Language as all the respondents had full knowledge of the language and also recorded. The recordings were used to transcribe the data into separate transcripts for each respondent. Details pertaining to the respondents and the interviews conducted are detailed in **Table 4.3**.

Table 4.3: Interview Schedule and Duration

Code	Ministry/ Affiliation	Role	Experience (Years)	Interview Date	Interview Duration
P1	Central Bank of Malaysia	Senior Economist	> 3 years	4/12/2021	40 minutes
P2	Accrual Accounting Implementation Team (PPPA), AGD	Senior Level Officer 1	> 10 years	7/12/2021	53 minutes
P3	Central Operation and Agency Services Division (BOPA), AGD	Senior Level Officer	> 10 years	14/12/2021	1.10 hour
P4	AGD Top Management	Top Management	> 10 years	22/12/2021	1 hour

Code	Ministry/ Affiliation	Role	Experience (Years)	Interview Date	Interview Duration
P5	National Accounting Institute, AGD	Senior Level Officer	> 10 years	16/2/2022	45 minutes
P6	Accrual Accounting Implementation Team (PPPA), AGD	Senior Level Officer 2	> 10 years	21/2/2022	40 minutes
P7	Account Division, Ministry of Health	Senior Level Officer	> 10 years	18/3/2022	40 minutes
P8	Fiscal and Economy Division, Ministry of Finance	Senior Level Officer	> 10 years	29/3/2022	1 hour
P9	Fiscal and Economy Division, Ministry of Finance	Senior Assistant Secretary	> 5 years	29/3/2022	1 hour
P10	Internal Audit Management Division, AGD	Senior Level Officer	> 10 years	13/4/2022	1 hour

It is worth noting that the interviews with participant P1 to P4 were conducted in December 2021 whilst the interviews with the remaining participants took place between February and April 2022. This gap occurred because the participants were unavailable for interviews during year end accounting close period for Federal Government in January 2022. Despite the time gap, the data collected during both periods are consistent and do not impact the data analysis process.

4.5 Data Analysis

Saunders et al. (2017) argue that raw data holds no value until it is processed and analysed. Consequently, all data collected in this research undergoes a comprehensive data analysis process in order to transform it into research findings. The process involves managing, organizing, categorising, synthesizing, coding (selecting significant elements) and deciding how the data should be presented in the research. The categorization and coding of document review and interview data occurs simultaneously with data collection, interpretations and report writing. For instance, while doing the interviews,

the researcher may review notes from past interviews and organize the data that will eventually be included as narratives in the final report.

For data analysis, the research employed thematic analysis to analyse the data derived from interviews and document review in order to extract meaning and identify patterns of the data to address the research questions eventually. As described by Braun and Clarke (2006), thematic analysis is a versatile method which can be used in a variety of techniques because it is not connected to a single theory or philosophy. In this approach, patterns in the data, termed as “theme”, are identified and analysed before being reported as research findings.

As this research is heavily based on theory, thematic analysis for the data obtained from document review and interviews is significantly impacted and guided by the research’s theoretical framework, particularly institutional theory. In the context of accounting reform, the analysis explores context-related and behavioural-related factors influencing the environment of the reform. Therefore, the researcher employs thematic analysis to analyse data sourced from semi-structured interviews with knowledgeable and experienced officials in the public sector in FGoM and credible official government documents obtained from the AGD office. For the interview data, manual verbatim transcription was performed due to mixed language use in the interview. It was undertaken whilst listening to audio recordings in order to capture both verbal and non-verbal sentiments as well as contextual information of the spoken words during interviews into written form. Transcription is a notoriously time-consuming and often tedious task, which took the researcher between three to over eight hours to transcribe one hour of audio, depending on typing speed.

The analysis begins during the interview process as the researcher notes the recurring arguments and concepts that come up in the course of questioning. In the subsequent interviews, the researcher sometimes needs to alter the questions in order to get responses to the themes that were discussed in the prior interviews. Therefore, the researcher's role is pivotal in shaping the interview's flow and the content of data. Although time-consuming, this step is essential to gain an understanding of the pattern of the data uncover commonalities and differences across the responses. The researcher used ATLAS.ti as a tool to aid in identifying, analysing, and documenting themes from interview transcripts and document review notes. It facilitated the production of initial codes and the subsequent step to analyse the data. Consequently, the full data is organized into various codes by systematically coding interesting traits and collating the data related to each code. The codes were then analysed and organised into groups. The data related to each theme was collected in this fashion. The data's connection to the related theme was examined, and changes were made as necessary.

4.6 Trustworthiness and Reliability

The reliability of qualitative research hinges on its trustworthiness (Bryman & Bell, 2015). In order to assess the quality of qualitative research, Lincoln and Guba (1985) suggest four criteria – credibility, transferability, dependability and confirmability. Due to the subjective nature of qualitative research, this study conducted interviews with experienced accountants who have both professional qualifications and are bound by a code of ethics to ensure credible data would be obtained.

Given that qualitative research is more on the depth of the respondent's view rather than the generalizability of findings, the researcher provides ample information on the research setting and context, facilitating readers in assessing the transferability of findings to other wider populations. In addressing dependability, structured interview guides were

used, although some adjustments were made during the interviews to capture unique experiences, potentially affecting dependability. Confirmability, ensuring findings are derived from respondents are free from research bias, was upheld. The analysis and results were based on verbatim responses from interviews, corroborated with follow-up questions, confirming that the presented findings are devoid of the researcher's biases.

In relation to this particular research, data triangulation is performed by verifying the findings from the data collected in semi-structured interviews against those findings collected in the document review. Data triangulation is a crucial step in qualitative research for testing data validity by converging information from different sources to minimize potential biases (confirmability) and therefore, provide greater confidence in the trustworthiness (credibility) of the findings. The researcher considers the data collection and analysis process complete only when all relevant evidence from the documents and interviews consistently depicts the Federal Government's accrual accounting reform journey and is able to achieve the objectives of the research.

4.7 Chapter Summary

This study seeks to understand and interpret the challenges and obstacles of IPSAS adoption and implementation to provide an in-depth understanding of the topic, hence the choice of qualitative methodology. This chapter discusses the qualitative research method employed in this study for data collection as well as the analysis and interpretation of the data. Through qualitative methodology, this study will be able to rely on qualitative techniques such as interviews to gather empirical data. Such techniques are best suited to help the understanding and interpretation of actions and meanings attached to reality by social actors (Bryman & Bell, 2015). In this chapter, the research provides insight into the empirical data collection process and how empirical data has been analysed together with the philosophical positions the researchers have taken. The theoretical framework is

connected with the four strategic areas of reform strategies unveiled in the document reviews phase. Thus, the interconnectivity and relationship of institutional change, actors' action and four strategic areas of reform strategies are discussed in the next chapter.

Universiti Malaya

CHAPTER 5: RESEARCH FINDINGS

5.1 Introduction

This chapter provides all the empirical findings on the current status and challenges as well as the effectiveness of financial reporting with regards to MPSAS adoption by the FGoM. It particularly discusses the findings of:

RQ1: What is the current status of reform progress on MPSAS adoption by FGoM?

RQ2: What are the major challenges encountered by FGoM in its journey towards full implementation of accrual-based accounting under the adoption of MPSAS?

RQ3: What is the perceived effectiveness of financial reporting prepared under the MPSAS framework?

It begins with the background of data analysis in Section 5.2. It then proceeds to Section 5.3 which discusses the findings for RQ1, examining what really transpires during the transition period from cash accounting to the adoption of MPSAS. In particular, the discussion critically evaluates the progress of accrual accounting institutionalisation within FGoM by applying the four different phases of Institutional Process Model (IPM) proposed by Dambrin et al. (2007), as discussed in Chapter 2. Section 5.4 discusses the findings for RQ2 on the major challenges faced by AGD during the transition period. During the transition process, although still limited due to still at the early-stage implementation, the usefulness of accrual financial statements prepared under the MPSAS framework is expected to be identified in order to keep the reform momentum going. Therefore, the findings for RQ3 are discussed in Section 5.5. Section 5.6 offers a summary that sums up the overall findings of the research.

5.2 Result of Data Analysis

This chapter presents an analysis of the findings from the ten interviews and thirty-eight document analyses which were conducted during the data collection process. As indicated in the previous chapter, these findings have been analysed thematically by applying the theoretical framework to the process of institutional transformations. Drawing from the work by (Dambrin et al., 2007), the researcher expanded the institutional model developed by them to explain how the institutionalisation of MPSAS takes place at the organisational field and organisational level in the Malaysian public sector.

In answering RQ1, the research attempts to understand the link between the actions of people practising a new accounting system and the reasons (ideals) behind its adoption. Institutional theory is used in informing accounting changes on the interaction between institutionalised values, systems and the people actively involved in accounting systems. The findings for RQ1 were constructed according to four stages institutionalization model:

- i. Emergence of new ideals
- ii. Transformation of new ideals into new discourses
- iii. Creation of new techniques based on the new discourses
- iv. Internalisation of the new accounting system

Next, to answer RQ2, the findings critically evaluate several significant challenges that emerged during the institutionalisation effort of the MPSAS in FGoM. From the findings, two (2) broad themes emerged in the attempt to answer for RQ2:

- i. Organisational Culture and Human Resource Challenges
- ii. Complexity in developing an accrual accounting system

As for RQ3, the findings were derived from the data collected during the semi-structured interviews with the same participants as for RQ1 and RQ2. Evidence from data showed that a majority of the participants agreed that the accrual financial reporting issued during the transition period is still lacking its usefulness for decision making purposes. There are still many areas of improvement AGD need to focus on before the financial information can unveil the intended benefits. Nevertheless, many participants perceived that accrual reporting remains highly pertinent in assessing a country's overall economic condition and serves as an effective tool to fulfil the obligation of public accountability.

The next section will present a more detailed analysis of these findings under the themes displayed in **Figure 5.1**, which provides an overview of the model that summarises the accounting reform progress and its challenges within the FGoM context.

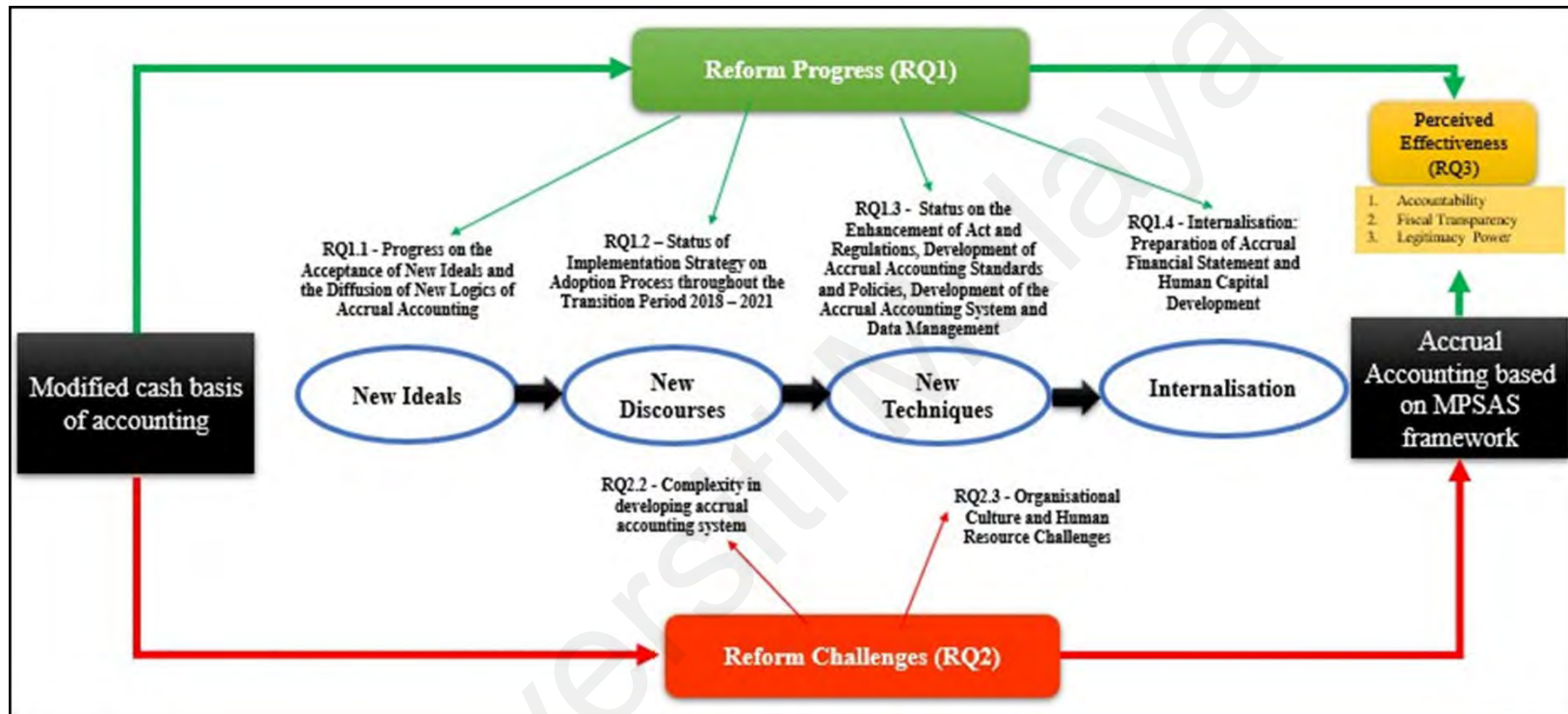


Figure 5.1: A Model Summarises the Accounting Reform Progress and Challenges of FGoM

5.3 Findings for RQ1: Current Status of Reform Progress on MPSAS Adoption

The following discussion first begins by providing the empirical findings on the current status of the acceptance and the diffusion of the new ideals of accrual accounting in the FGoM environment. The discussion then explores the progress of the interpretation and translation of institutional logic into the formulation of implementation strategies at the organisational level. This is then followed by the discussion on how key implementation strategies were then translated into new accounting regulations and accounting techniques to be adopted in FGoM during the transition period. The subchapter then proceeds to discuss the internalisation aspects of the mobilisation and the application of the new technique of accrual accounting.

5.3.1 New Ideals

Traditionally speaking, Malaysian public policies are very much influenced by the Malaysian public administration's bureaucratic rationale. This goes the same for the federal government's adoption of cash accounting and government financial reporting, as the AGD's field behaviour has too, been influenced by bureaucratic thinking. The federal government's bureaucratic logic shaped the adoption of cash accounting primarily based on its simplicity, objectivity, and budgetary compliance. In other words, public accounting only focuses on bookkeeping, revenue collection, and government fund distributions. The findings also revealed that the important actors involved in the diffusion of new ideals in the public sector in Malaysia are the national government policymakers (organisational field) and top management of AGD (organisational level).

5.3.2 Progress on the Acceptance of New Ideals

As evidenced by much research in the past, the journey of accrual accounting initiatives was very much influenced by the pivotal role of political power in preventing or supporting any accounting reforms/changes in organisations. The new ideals of public

sector accrual accounting in Malaysia have been in the buzz since the 1990s. However, it was not until 2009 that it was seriously considered incorporated into the national agenda. The administration was compelled to take decisive actions to bolster the country's financial position and to reduce government debt in order to mitigate the impact of the global economic crisis in 2008.

In 2010, the New Economic Model (NEM) was unveiled in response to the great pressure exerted on the political and economic situation at the time. These pressures had spurred public demands for greater transparency and accountability in the government administration. Citizens called for clearer explanations of how the ruling government managed the country's resources and their spending through more transparent financial reporting. It was determined that the implementation of accrual accounting would be one of the key policy measures to stimulate financial reform in the public sector (Mahadi, 2019).

The ongoing high-profile issues surrounding the 1MDB Malaysia and FELDA scandal have further eroded public confidence in the ruling government administration at that time. This perception was reflected in the Corruption Perceptions Index (CPI) 2017 (released in its official website just a few months before the 12th General Election in 2018), which ranked Malaysia 62nd out of 180 countries. The ranking was recorded as the worst performance in five years and the lowest ranking since the CPI's inception in 1994. This scenario underscored the urgency to implement accrual accounting and pushed the government to improve its financial reporting, thus demonstrating enhanced public accountability and restoring public trust. The shift to accrual accounting also reflected the government's ambition to elevate the country's competitiveness up to par with other developed nations.

The document review from the research revealed that after the 14th Malaysia General Election in 2018, the newly elected ruling government fully supported the new ideal of accrual accounting. This commitment aligned with their manifesto, which was grounded on the aim for greater transparency in managing the country's resources. The government's dedication to this new ideal was further demonstrated in the document on Mid-Term Review of the Eleventh Malaysia Plan – Strategy C1 – Expanding and Expediting the Implementation of Accrual Accounting quoted as follows,

“Full disclosure of budget details will be made available to the public, which will allow scrutiny of the Government's allocation and spending. In addition, the accrual accounting system will be rolled out expeditiously to improve national accounting practices. Efforts to implement accrual accounting through the Integrated Government Financial Management and Accounting System (iGFMAS) will be expedited in the remaining Plan period. Furthermore, the financial provisions in the Financial Procedure Act 1957 and other relevant legislation pertaining to the changes will be reviewed and amended accordingly”

(Mid-Term Review of the Eleventh Malaysia Plan, p.214)

Subsequently, the commitment to fully implement accrual accounting was reinforced in the Malaysia development roadmap for 2021 to 2025, presented by then-Prime Minister, Datuk Seri Ismail Sabri in September 2021 through the Twelfth Malaysia Plan (theme: A Prosperous, Inclusive, Sustainable Malaysia). The document emphasized the efforts to enhance Public Finance Management in its Chapter 1: Strengthening Macroeconomic Fundamentals - Strengthening Fiscal Governance to Enhance Public Finance Management quoted below:

“The medium- and long-term debt and liabilities management will continue to be enhanced with the implementation of accrual accounting, introduction of medium-term debt strategy, establishment of the Debt Management Office as well as enhancement of the government guarantees framework”

(Twelfth Malaysia Plan, p.70)

However, despite official acknowledgement of accrual accounting initiatives in various government's strategies and policy documents, in reality, the findings of the research discover that the politicians are still reluctant and retain a lack of urgency to push the initiative forward. The strong momentum and acceptance of public sector accrual accounting reform seen in 2010 have not been sustained or positively stimulated. As observed by participant P1 from Central Bank of Malaysia,

“From my observation, there is not sufficient internal pressure from parliament committees, such as the Public Accounts Committee (PAC), which is responsible for examining public expenditure. They are not discussing or recognizing the importance of accrual accounting and the need for accurate and economically sound accounting standards. They do not seem to view accrual accounting as a pressing issue. Perhaps, they believe that implementing accrual accounting isn't crucial and that other initiatives may offer greater political advantages”

The research's findings also revealed that the country's administration failed to recognize the true potential of accrual reporting as a crucial tool for planning and decision-making to carry out various public programs and initiatives effectively. Emphasizing this point, the ICAEW (The Edge, 2021) argued that accrual accounting becomes even more essential during periods of crisis. During such times, it is imperative for the government to have a clear understanding of their long-term commitments or debts and the associated costs of servicing these debts before making any critical decisions. As argued by participant P3,

“Our development expenditures have been financed by debt, and this reliance on borrowing extended to COVID-19 related expenditures during the pandemic. Consequently, financing costs have significantly increased in recent years, committing the Government to repayments for the next 20-30 years. If the current administration does not consider the relevant financial aspects before making crucial decisions, particularly with regards to future government commitments, future generations will bear the burden of these financial obligations”

Participant P3 further commented.

“Additionally, current cash-based financial reporting fails to provide a complete picture of the country’s financial standing. Accrual accounting becomes crucial in this regard, offering the administration a comprehensive view of public finance management. This approach fosters a deeper understanding of the country’s financial landscape, thereby enabling more informed and responsible decision-making”

In relation to RQ1, the research findings revealed that the momentum of reform may falter due to several changes in government administration as well and the socio-economic impacts of the pandemic during the transitional period of the accounting reform. However, does the momentum on the diffusion of new logic of accrual accounting generate varying sentiments? The following theme aims to uncover and comprehend the motivations and expectations of AGD, positioned as the lead agency in diffusing the new logic on accrual accounting in FGoM.

5.3.2.1 The Diffusion of New Logic of Accrual Accounting

Over the years, the lead agency (AGD) has consistently exerted efforts to advocate the underlying logic of the necessity of accounting reforms and the importance of accrual accounting implementation in FGoM. Since 2013, the AGD has initiated a series of comprehensive and rigorous planning and activities to ensure the transition process of accounting reform is on the right track.

The top management of AGD fully supports the accrual accounting initiative, as they view this accounting reform as a pivotal opportunity to underscore a critical role in assisting the government in advancing towards developed country status. The shift from modified cash basis accounting to accrual accounting represents a significant evolution in the accountant’s role, elevating it from a mere bookkeeping function in the government’s value chain to a proactive role as a “business partner”. This transformation empowers public accountants to contribute more actively to the decision-

making processes crucial for the country's economic and social development. As the top leader in AGD, P4 pointed out,

“I am aware that many have underestimated the abilities of our public sector accountants, but I foresee a future where their role will undergo significant development. Through the effective implementation of accrual accounting within the FGoM, our accountants will assume a more substantial role and responsibility in enhancing the country's financial management. They will also be empowered to influence national leaders in implementing proper financial controls, ultimately leading to enhanced value for money. In due course, our accountants may emerge as key figures of reference on the government's financial management and reporting, leveraging their enhanced technical expertise in accounting. This expertise will be honed through navigating complex interpretations and applications of accounting standards (MPSAS) within the government sector”

The findings of the research also indicate that the momentum during the transition period is perceived to be internally driven, with little involvement of politicians in the discourse. Nevertheless, due to the unwavering support from the key stakeholders such as Chief Secretary to the Government of Malaysia and Secretary General Treasury, the top-level administrators of AGD have successfully maintained the momentum for the transition and the adoption of Malaysian Public Sector Accounting Standards (MPSAS). This commitment ensures that accrual accounting implementation remains a prominent national agenda, with the project's status is being put as one of the outputs of Key Performance Indicator (KPI) of the Ministry of Finance (Minutes of the Meeting Implementation of Accrual Accounting Working Committee No. 4/2017, para 1.2, p.1).

Although accrual accounting has not yet been officially adopted by the FGoM, a senior official from AGD, participant P3 reflected on the Department's progress after five (5) years the new accrual accounting system (iGFMAS) being implemented,

“I believe we are making significant strides. We have launched the implementation of iGFMAS five years ago, and now our focus lies in addressing several compliance issues related to MPSAS and eventually enabling the accrual financial statement to be tabled in the parliament. There's no turning back for us. Currently, I would say our only main challenge lies with political factors. I can confidently say that the accrual adoption rates have increased substantially since

the completion of iGFMAS accounting system. Moving forward, AGD's direction involves reviewing and streamlining our work process"

This statement highlights the AGD's commitment to advancing accrual accounting within the government despite existing challenges, emphasising its proactive approach towards improving financial reporting and transparency.

Supporting this perspective, another senior official of AGD, participant P5 remarked as follows,

"As far as I am concerned, following the implementation of iGFMAS by AGD, we can already consider that the federal government have already implemented accrual accounting. However, there are two divisions within AGD facing substantial challenges: supposed, that only two (2) divisions in AGD are struggling; one division needs to prepare dual reporting (cash and accrual financial reporting) as cash reporting remains tabled in Parliament and also another division working on Accrual Accounting Act its official implementation"

Thus, the research findings suggest that higher-level officers within the AGD truly embraced these reform ideas, working together with government accountants who also advocated this accounting reform, driven by their own motivations and the need for legitimacy. The research also indicates that with the existence of an accrual accounting system (i.e. iGFMAS) has bolstered confidence among AGD officials that accrual accounting will eventually receive official implementation by FGoM.

In conclusion, while the initial ideals prompting the move towards accrual accounting initially triggered at economic and political level, the transformation of these ideals into practical discourse has not yet materialised at the organisational level. This is evidenced by the Accrual Accounting Act not yet passed in the parliament for the official implementation. Nonetheless, AGD at the organisational level has made significant progress in diffusing the institutional logic of accrual accounting into new discourse over the transitional years since the unveiling of accrual accounting initiatives in 2010.

5.3.3 New Discourse - Status of Implementation Strategy

This stage involved the discussion of findings with regards to the interpretation and translation of the new logic and all of the principles related to accrual accounting into formal government policies and implementation strategies. The transformation of new ideals of accrual accounting to new discourses takes place at the organisational level, which initially led to the establishment of proper reform coordination and management arrangements.

The new structures and new organisational practices shall be regarded as demonstrating the managerial competence of the organisation. The leading agency should also develop and implement proper communication, dissemination and training strategies to minimize the risk of reform sabotage and disruption. Is it possible for all strategies to be executed in the manner that they were intended? The preliminary findings will discuss some of the answers to this question. The following subchapters will elaborate on this.

5.3.3.1 Proper Reform Coordination and Management

FGoM utilises a top-down strategy, implementation strategies and new techniques, including systems and regulations, are designed by field players prior to being implemented by organizational actors. The review of internal documentation indicated that during the transition period, the initial planning on reform strategy mainly involved the actors from AGD, the reform lead agency. According to AGD's official website, Accrual Accounting Implementation Team, widely known as PPPA (*Pasukan Pelaksanaan Perakaunan Akruan*) was established to develop a detailed reform strategy and to ensure that the implementation of accrual accounting is on track and the accrual accounting system can functions and operates successfully. An accrual implementation project requires an integrated approach, where the accounting workstream is managed alongside the information technology (IT) workstream. Apart from PPPA and IT division

(*Bahagian Pengurusan Teknologi Maklumat*, known as BPTM), other AGD divisions also play a significant role in driving the implementation. Due to the high interdependencies of each other's roles, clear and distinct functions of each division in relation to the transformation activities have been clearly established to ensure the implementation success.

According to AGD's Accrual Accounting Website, AGD had established a lead committee, Accrual Accounting Steering Committee (AASC), which the Accountant General of Malaysia chairs to govern and oversee the progress of accrual accounting implementation. To support the AASC in its efforts, three (3) working committees have been formed:

- a. Governance Accrual Accounting Standards Advisory Committee (GASAC)
- b. System Development Working Committee
- c. Accrual Accounting Implementation Committee

Together, these committees collaborate to drive the successful implementation of accrual accounting within AGD, under the leadership of the Accountant General of Malaysia. The Governance Structure of Accrual Accounting within FGoM is depicted in the accompanying diagram below.

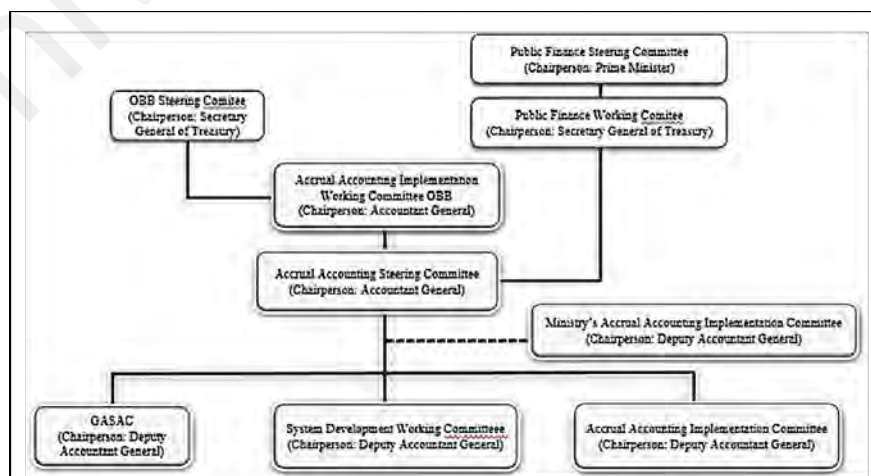


Figure 5.2: FGoM's Governance Structure of Accrual Accounting
 (Source: <https://www2.anm.gov.my/akruan/Pages/Struktur-Tadbir-Urus-Perakaunan-Akruan.aspx>)

As per AGD’s Accrual Accounting Website, AGD had appointed PWC as the external expert consultant for the project. PWC was tasked with overseeing and providing guidance on the progress of transitioning to accrual accounting for FGOM. At the inception of the project, four main strategic areas were identified, as shown in **Figure 5.3**.



Figure 5.3: Four Strategic Areas of Accounting Change Implementation Strategy

(Source: Accrual Accounting Implementation Report, AASC Meeting No.3 2019, p.2)

Accrual Accounting Implementation Report presented to the AASC in 31.10.2017 highlighted that all key activities and tasks are meticulously determined, and the progress is presented to each committee on the milestones, deadlines and relevant to the implementation project. The key activities and tasks identified were as follows.

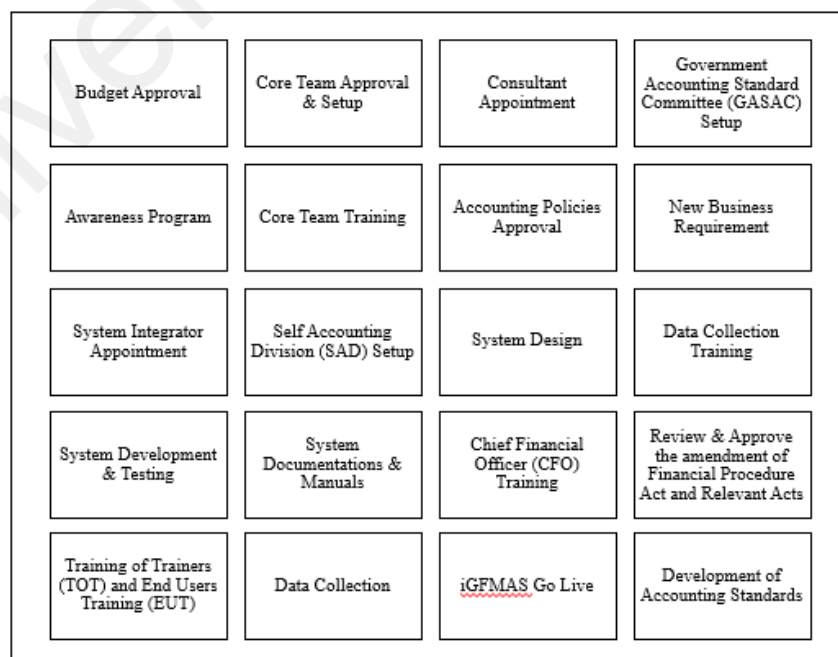


Figure 5.4: Accrual Accounting Key Activities and Tasks

(Source: Accrual Accounting Implementation Report, AASC Meeting No.3 2017, p.2-12)

From document reviews, it can be observed that during the transition period, the expected output and timeline of the deployment of the four strategic areas are periodically reported at all AGD levels of committee to ensure implementation challenges are being addressed timely and risks associated to the reform strategy are being discussed thoroughly before appropriate actions are taken by the respective parties. With a well-established governance structure and comprehensive reform strategies, can all the strategies be implemented according to its plan? The answer will be revealed in the rest of this research.

5.3.4 New Technique

Based on the radical implementation plan and top-down approach, the document review revealed that during the transition period, AGD's main objectives were to implement the three new techniques embodying the accrual accounting logic as follows:

- i. Enhancement of act and relevant regulations
- ii. Development of accounting standards, policies and guidelines
- iii. New accrual accounting system and accrual data management.

These new techniques are vital to ensure the implementation of accrual accounting is fully institutionalised and embedded within the organisation and act as controlling tools to ensure standardised practices and uniform reporting format among the ministries. The following subchapter will elaborate on this.

5.3.4.1 Status on the Enhancement of Act and Regulations

At present, the Financial Procedures Act 1957 solely mandates the presentation of a financial statement based on cash transactions to Parliament. Consequently, in order to facilitate the presentation of accrual-based financial statements to Parliament, it is necessary to introduce amendments to the Financial Procedures Act 1957 as well as other pertinent acts. Apart from legislative changes, the AGD is presently examining the

revision of Treasury Instructions (TI) to incorporate elements of accrual accounting within the definitions of revenue, expenses, assets, liabilities, and equities. These definitions may either be absent or inadequately addressed under the modified cash basis.

Based on the minutes of AASC meeting No.3/2021 on 29.6.2021 (para 3.2, p.2), the committee was informed with the current progress of AGD effort on the amendment of Treasury Instructions (TI) where the discussions on the amendments took place in April 2021 at AGD Think Tank Group and Working Group levels. According to the minutes, the main objective of TI amendments is to establish the Accrual Financial Statement as an official report at the ministry level and shall be useful for management purposes. The proposed amendments mainly include the elements of assets, liabilities and equity as well as Management Accounting. The Think Tank Group and the Working Group also suggested that accrual accounting elements for revenue and expenditure be included in the TI amendment proposal. Additionally, the proposed amendment also includes the requirement for auditing by the National Audit Office for Ministry's Financial Statement to ensure the quality and reliability of the financial reporting.

As highlighted earlier, Malaysia experienced several substantial changes of political environment within the period of 2018 till 2022, leading to a variation of momentum in managing the reform efforts of accrual accounting implementation. The ultimate power resides with the highest political decision-maker in deciding to officially enforce the full implementation of accrual accounting at the FGoM. The political decision maker has delayed the approval of the amendments of Financial Procedure Bill from 2010 until now had incited scepticism on the real intention of the politician with regards to the accrual accounting initiatives. Despite evidence from the Accrual Accounting Implementation Report dated 29th June 2020 (p.2-3) highlighting the latest development on various efforts

done by AGD, together with the MOF, to officially implement accrual accounting official for the government, these efforts have not yielded positive results.

Nonetheless, the unprecedented changes in the implementation strategy of accrual accounting were taken positively by AGD as the delays have provided more time and opportunities for them to strengthen their respective human capital with knowledge and understanding of accruals. As shared by the senior official in PPPA, participant P1 was involved with the amendment of the act,

“In my opinion, when there were several delays in passing the Accrual Accounting Act in the parliament, it was actually a blessing in disguise for AGD. It actually gives us more time to thoroughly prepare for the actual accrual accounting implementation, especially on the verification of accrual data migration and prepare our accountants for the application of MPSAS. So that when the time comes for accrual accounting to be implemented, we will be fully ready. The hassle is already over, and Federal Government accrual financial reporting will be tabled in parliament accurately and shows true and fair view”

Current recent efforts in tabling the amendment of the act however, still do not produce the intended outcome. From the interview, participant P2 informed that the discussions on Financial Procedures (Amendment) Bill 2021 are still on going with the Attorney General. She commented,

“The problem with long period of delays is that we need to deal with issue of changes of officials from MoF and Attorney General Department who involves directly with the paperwork on the amendment of the acts. Thus, the new officials undertook the responsibilities may have different take on the paperwork and this require us to review the paperwork back to square one”

5.3.4.2 Development of Accrual Accounting Standards and Policies

The AGD issued the MPSASs based on the International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants. Unless a serious public sector issue or local legislation warrants a deviation, the AGD has mostly preserved the accounting treatment and original content of the IPSASs. MPSAS are

intended to be complied in the preparation of financial reports of all public entities, including the federal government, state governments, and local governments are all considered as public sector entities unless mentioned otherwise.

According to AGD website, 33 standards have been adapted to MPSASs and issued by AGD as presented in **Table 5.1** below.

Table 5.1: List of MPSAS Issued by AGD

No.	MPSAS	
1	MPSAS 1	Presentation of Financial Statements
2	MPSAS 2	Cash Flow Statements
3	MPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors
4	MPSAS 4	The Effect of Changes in Foreign Exchange Rates
5	MPSAS 5	Borrowing Costs
6	MPSAS 9	Revenue From Exchange Transactions
7	MPSAS 11	Construction Contracts
8	MPSAS 12	Inventories
9	MPSAS 13	Leases
10	MPSAS 14	Events After The Reporting Date
11	MPSAS 16	Investment Property
12	MPSAS 17	Property, Plant and Equipment
13	MPSAS 19	Provisions, Contingent Liabilities and Contingent Assets
14	MPSAS 20	Related Party Disclosure
15	MPSAS 21	Impairment of Non-Cash-Generating Assets
16	MPSAS 22	Disclosure of Financial Information about the General Government Sector
17	MPSAS 23	Revenue From Non-Exchange Transactions Taxes & Transfers
18	MPSAS 24	Presentation of Budget Information in Financial Statements
19	MPSAS 25	Employee Benefits

No.	MPSAS	
20	MPSAS 26	Impairment of Cash-Generating Assets
21	MPSAS 27	Agriculture
22	MPSAS 28	Financial Instruments: Presentation
23	MPSAS 29	Financial Instruments: Recognition and Measurement
24	MPSAS 30	Financial Instruments: Disclosure
25	MPSAS 31	Intangible Assets
26	MPSAS 32	Service Concession Arrangements: Grantor
27	MPSAS 33	First-Time Adoption of Accrual Basis MPSASs
28	MPSAS 34	Separate Financial Statements
29	MPSAS 35	Consolidated Financial Statements
30	MPSAS 36	Investments in Associates and Joint Ventures
31	MPSAS 37	Joint Arrangements
32	MPSAS 38	Disclosure of Interest in Other Entities
33	MPSAS 40	Public Sector Combinations

(Source: <https://www.anm.gov.my/en/accounting/government-accounting-standards/accrual-basis/malaysian-public-sector-accounting-standards-mpsas>)

In December 2022, AGD had published a document which laid out the improvement and the updated version of MPSAS. The Improvements to MPSASs 2023 are based on improvements in documents made up to 2018 Handbook of International Public Sector Accounting Pronouncements. Improvements to MPSASs published in early 2023 consist of Improvements to IPSASs 2011, Improvements to IPSASs 2014, Improvements to IPSASs 2015, Impairment of Revalued Assets and The Applicability of IPSASs.

Apart from the MPSASs, the AGD has also developed several guidelines, circulars, policies and an accrual accounting manual to assist preparers of financial statements. Until now, those documents have gone through a series of improvements in line with the

current situation and compliance requirements to standards. As per the AGD's Accrual Accounting Website, below are the main accrual accounting references:

- i. Accounting policies approved by the ACSC (revised November 2019) – government accounting policies that shall be complied with by all federal ministries and departments
- ii. Interpretation of accounting policies prepared by the Standards and Policies Unit (revised 2019)
- iii. Federal Government Accrual Accounting Manual (revised September 2021) – covers accounting policies and treatment under MPSAS and examples of accounting entries for generic transactions
- iv. Accrual Accounting Implementation Guideline – two new implementation guidelines were published in 2022 on Impairment of Investment Value and Impairment of Account Receivables
- v. Chart of Accounts – The master data and chart of accounts are consistently updated each year.

5.3.4.3 Development of New Integrated Accounting System

The development and implementation of the new Government Financial and Management Accounting System (iGFMAS) is the main driving force in the implementation of Accrual Accounting. iGFMAS is an SAP-based accounting system that needed major customisation to meet the specific needs of the government. The iGFMAS system provides a platform for the Federal Government to conduct financial accounting, recording and reporting transactions on an accrual basis.

Following the status of the iGFMAS development in 2017, the implementation of Accrual Accounting initially scheduled for Go-Live 2015 has been postponed to 2018. This postponement is due to significant setbacks in the development of the iGFMAS

System involving resolving the complexity aspects of the system. Given the vast differences between cash accounting and accrual accounting, as well as the existence of conflicting requirements which is to maintain cash budgeting after the introduction of accrual accounting, had caused compatibility problems between the accounting information and budgetary documents. Thus, conflicting requirements, as well as the unique nature of the government financial transactions and level of reporting give rise to more complexity, which involves dual ledger, inter-entity and asset accounting that needed to be addressed in iGFMAS before full commencement of accrual accounting. Major customisation in iGFMAS is needed, particularly to build dual ledger capabilities. This fully customised module receives all accrual transactions from the existing standard accrual SAP general ledger and makes postings to a separate ledger using cash basis rules. The development of these cash basis rules can be complicated due to the massive number of transaction types available in the government.

According to Accrual Accounting Implementation Report published on October 31st 2017 (p. 11), mock-run data migration activities have been implemented from 2015 to 2017 in order to address various issues arises before the actual rollout took place on 1st January 2018. Seemingly, AGD took a big bang approach in rolling out the operation of the new system (iGFMAS) although the accrual opening balances were migrated gradually into the accrual balance sheet in the system. A taskforce committee was set up to monitor the migration activities, which consisted of representatives from PPPA, BPTM, IA (System Consultant) and PWC (Project Coordinator). During AASC Meeting No.2/2018 on 15.5.2018 (p.1), the taskforce committee was asked by the chairman to monitor closely in terms of the infrastructure requirements and the performance of iGFMAS. The chairman also emphasizes the need for careful planning on the approved budget allocation for improvement efforts of IT infrastructure in terms of hardware,

technology and database capacity. The financial report generated from iGFMAS also needs to be stable, efficient and accurate.

According to the AGD website, as of 15th July 2020, the development of iGFMAS has reached 100%, and iGFMAS obtained Information Security Management System (ISMS) certification, MS ISO/IEC 27001: 2013 on 24th June 2020. iGFMAS had gone live starting 1st January 2018 and was adopted by 27 Ministries, 51 Accounting Officers, 6,643 Responsibility Centres and 80,000 users throughout Malaysia. The implementation of iGFMAS replaced the three (3) legacy systems, namely GFMAS, eSPKB and eTerimaan. To date, iGFMAS has operated well and integrated with 98 agencies, including ePerolehan, eBantuan, banks, salary deduction agencies, bulk agencies, collection agencies and others. The progress of overall implementation strategies and detailed timelines are reviewed periodically.

5.3.5 Internalisation

Prior to the internalisation process, the field level actors have articulated an implementation plan and a new accounting technique, as expounded in subchapter 5.3.4. This chapter uncovers the internalisation of new accounting practices in FGoM (organization level) as a further step in the progression towards full implementation of accrual accounting. The findings indicate that the internalisation of MPSAS in federal government was characterised by two (2) main activities:

- i. The adaptation and normalising of new reporting structure and continuous verification of accrual data; and
- ii. The ongoing efforts on shaping capabilities and competencies

5.3.5.1 Preparation of New Accrual Financial Reporting

According to the analysis of the document, the data revealed that the outputs from various strategic areas have been precisely identified and firmly established. The main focus of the discussion revolved around the efforts made by AGD to prepare the accrual financial statement. The financial statement serves as a crucial output and functions as a means of monitoring and control to ensure the successful diffusion of the new institutional approach to accrual accounting throughout the federal government.

The evidence from the document review revealed that the initial preparation of the accrual government financial statement presents a formidable challenge, particularly when it comes to migrating data for the accrual opening balance. The opening balance necessitates the compilation of substantial financial information that was not previously accounted for under the existing cash accounting system. This includes fixed assets, liabilities, receivables and payables, and impairment values. According to AGD Accrual Accounting website, templates were employed to gather the accrual data, and the entire process encompassed all 25 ministries involved. To aid in this extensive undertaking, an external consultant, PwC, has been engaged as a service provider to carry out data collection activities pertaining to the initial balance of assets and liabilities for the Federal Government, as well as offering technical assistance. Essentially, PwC played a crucial role in assisting AGD by compiling data and helping them prepare the proforma accrual financial statement in 2019.

According to the System Consultant Report presented in AASC Meeting in October 2017 (p.21), the migration of accrual opening balance data into iGFMAS began in 2018, and the data migration strategies were segregated into three (3) stages. The data was loaded into the system gradually according to several categories with the corresponding timeline.

Subsequently, the accrual accounting data migrated into the system undergoes regular verification for accuracy and to ensure the data is supported by proper documentation.

According to participant P2,

“The Account Division of the Ministries were consistently contacted to review the accrual opening balance that was migrated into iGFMAS. There were regular meetings held with the concerned ministries to address any issues and determine the required timeline and actions for the opening balance data that had not yet been migrated”

Continuous verification is conducted to ensure that the information presented in these statements undergoes ongoing scrutiny and verification. When asked about the preparedness of data for the complete implementation of accrual accounting, participant P2 responded with the following statement:

“Based on the current progress, I am highly optimistic that AGD is fully prepared to implement accrual accounting. The pre-transition period, spanning from 2018 until now, has provided us with ample time to thoroughly examine any flaws in our implementation strategies and activities, particularly in areas such as capacity building, the accuracy of accrual data, and the stability of iGFMAS. Undeniably, the first year of 2018 was filled with numerous challenges and tested our resilience and patience. However, we have successfully overcome these obstacles to reach our current position. While we are nearing the completion of this journey, there are still a few remaining tasks to be accomplished. Continuous efforts are being made to enhance the validity of data and improve the quality of accrual financial reporting, thereby facilitating better planning and utilization of public resources”

Agreeing with participant P2, participant P4 had this to say,

“At present, AGD recognizes the crucial role of asset accounting, as the value of assets constitutes a significant portion of the balance sheet. Consequently, it is imperative for us to ensure that the essential procedures pertaining to the recognition, measurement, and disclosure of assets are carried out in a timely manner and in accordance with the requirements outlined in MPSAS (Malaysian Public Sector Accounting Standards). This includes activities such as asset revaluation, impairment assessment, and asset disposal”

As per document review findings from Recommendation Paper on Key Performance Indicator (KPI) for Account Division in 2019 (p.7) had recommended four (4) KPIs as follows:

- i. Implementation of the Accrual Accounting Committee Meeting 2 times a year
- ii. Implementation of iGFMAS training
- iii. Submission of data migration on assets and liabilities to Ministry's Internal Audit
- iv. Preparation of Ministry's Financial Statement on monthly basis

Thus from the findings above, it can be concluded that significant efforts have been made to normalise the preparation of the new accrual financial reporting within FGoM.

5.3.5.2 Ongoing Efforts on Shaping Capabilities

In order to align with the accounting reform, the AGD recognized the need to restructure its procedures and culture. The AGD has implemented relevant change management strategies, which include numerous training programs to enhance public accountant's capabilities. The implementation of accrual accounting involves complex technological requirements, often necessitating substantial investments in human capital development to train and educate individuals involved in the process. AGD places significant importance on the development of its workforce, ensuring they possess the necessary skills and technical accounting knowledge. This commitment is reflected in their continuous training initiatives, as evidenced by their change management activities, which outline several specific focus areas for training each year.

According to the Accrual Accounting Implementation Report dated 29.6.2020 (p.15), the Change Management activities for 2021 prioritize an iGFMAS refresher course and asset accounting courses, including leases. Furthermore, AGD has long-term plans to establish itself as the MPSAS Centre of Reference through the establishment of a Task

Based Group (TBG), dedicated training for SMEs in MPSAS, and workshops for Training Strategy and Action Plan, in addition to providing ongoing training on MPSAS.

The findings from the document review also revealed that AGD took various steps to improve the accrual accounting skills, knowledge, capacity building, and competency of their accounting personnel (Accrual Accounting Implementation Report dated 29.6.2020, p.16). This involved developing a range of courses and training platforms through strategic partnerships with professional accounting bodies, universities, and major audit firms. As an example, AGD supported its accountants in pursuing professional qualifications such as ACCA, CIMA, CPA Australia, and MICPA by offering scholarships that cover tuition and exam fees (subject to specific terms and conditions). In relation to these efforts, participant P5 had commented,

“IPN engages in collaborative efforts with ACCA, MICPA, CIMA, and CPA Australia for the professional certification program, and we are currently expanding the program to include ICAEW and CIPFA. UiTM delivers lectures for the certification program. Additionally, from my perspective, while attaining a paper qualification is essential, AGD also places significant emphasis on the development of soft skills and conceptual abilities. Therefore, IPN also plays a vital role in offering the necessary courses”

Furthermore, participant P4 offered the following remarks:

"Currently, iGFMAS has achieved a stable state, and our accrual accounting guidelines and policies are considerably comprehensive. This presents an opportune moment to prioritize the enhancement of our personnel's competencies. The crucial aspect lies in ensuring that all accountants possess a thorough understanding of MPSAS and can effectively explain the figures presented in the financial statements”

This demonstrates that accounting academies, private practitioners, and professional organizations will all play a part in this transformation. They constitute a solid foundation of great training, rigorous education, and severe governance that will usher in this new era of responsibility.

5.4 Findings for RQ2: Reform Challenges on MPSAS Adoption by FGoM

This chapter identifies and discusses the institutional demands that cause the modification of reform strategies, the delays of the accrual accounting implementation as well as key actors' action in mitigating the reform challenges and carrying out their tasks to ensure the successful implementation of accrual accounting and adoption of MPSAS.

5.4.1 Complexity in Developing Accrual Accounting System

The findings from the interview revealed that one of the most challenging aspects of the entire project is the development of the new accrual accounting system, iGFMAS. iGFMAS is an SAP- based accounting system that requires substantial customization to cater to the specific requirements of the Malaysian Federal Government. To achieve this, a fully customized module had to be added to the existing standard accrual SAP system. This custom module would receive accrual transactions from the standard accrual SAP general ledger and make postings to a separate ledger based on "cash basis" rules. Developing these "cash basis" rules proved complex due to the extensive range of transaction types present in the Government.

According to iGFMAS Implementation Report presented by PwC on 6th August 2018 in the AASC Meeting No.3/2018 (p.4) highlighted the following,

“Overall status card progress shows that three (3) high-risk areas of concern on the completion of Data Migration, the ability to generate Financial Report and Release 2 Priority 1 timeline accurately. Recommended to ensure Taskforce are set up to monitor the criteria and progress of the concern areas”

Participant P1 acknowledged that the new accrual accounting system (iGFMAS) development emerged as a major factor leading to the postponement of the official implementation of accrual accounting. Following the failure of the accrual act to proceed to the second reading in parliament, AGD had to re-strategize its efforts. Participant P4 commented,

“The Malaysian government had changed its strategy, and AGD needed to develop a dual reporting system incorporating both cash basis and accrual reporting. This change had a significant impact on the existing accounting framework, resulting in delays due to the complexity of incorporating dual ledger reporting”

Additionally, participant P4 highlighted the complexity of developing a financial system for a large and unique government, distinct from the more generic and comparable accounting transactions in the private sector in his further response as follows,

“AGD had successfully launched the accrual system (iGFMAS) in 2018, initially focusing on critical modules and gradually adding the submodules. The project had the potential to affect the national payment system significantly, therefore the management decided to avoid running the old and new systems in parallel. AGD had implemented a program where users only needed to key in one transaction, and the system would generate the dual reporting in the background”

Following the system's implementation, AGD continuously encountered significant challenges in various areas, including data migration, financial report generation, and release timelines. In a more recent Accrual Accounting Implementation Report submitted to AASC on 29th June 2021 (p.14), several challenges pertaining to data migration were outlined. These challenges encompassed various aspects, such as the proper accounting treatment of non-proprietary assets, instances of double counting, difficulties in account code classification, accounting for obsolete assets, undervalued assets, and misallocation of assets to incorrect cost centres. The sheer magnitude of federal government asset data made it impractical to perform an audit of each individual asset's data thoroughly due to cost and resource constraints. Furthermore, the data migration process had commenced in 2013 but was only fully integrated into the system in 2018, necessitating the updating and revising of numerous asset data entries. On this, P3 emphasised,

"At present, AGD acknowledge that the most urgent matters requiring attention are the accuracy of accrual data and data integrity and therefore, is actively working towards resolving these issues, with the current focus being on conducting compliance”

Ensuring data integrity is paramount in any financial system. Therefore, AGD strives to achieve completeness and accuracy of the data generated by the new accrual financial systems. It is essential that core financial information, required for all levels of reporting, is derived from a single database and can be easily audited. Essentially, government financial reporting should be supported by robust accounting practices and internal control procedures.

5.4.2 Organisational Culture and Human Resource Challenges

This section provides an overview of key challenges pertaining to human resources management and organizational structure during the implementation of accounting changes at the federal government level. The research findings revealed that throughout the transition period, AGD regularly reassess its communication program to disseminate the objectives and requirements of the change process effectively. This will help clarify any misunderstandings and foster a shared understanding of the fundamental principles behind the accounting changes.

As noted in the Accrual Accounting Implementation Report No. 3/2020 (p.2-18), it can be observed that AGD has established appropriate structures, management controls, and reporting disciplines to oversee a project of this scale and importance effectively. However, operationally, AGD still encounters challenges related to the human aspects of this of this reform process. In the case of FGoM, under the previous cash basis reporting system, the government financial statements were solely prepared by AGD's central office and the financial reporting merely served as a means of compliance to the act, as opposed as a tool for performance management. However, due to the implementation of the accounting reform, government accountants in various ministries have been given broader responsibilities in fulfilling their accountability. Participant P2 had this to say,

“The Ministry's Account Division should adopt a more proactive approach in reviewing and verifying the items presented in the financial statements to ensure compliance with MPSAS requirements. The Account Division holds the responsibility of ensuring that the financial statement reporting is accurate, reliable, and provides an accurate representation of the current status of the assets being reported”

Participant P10 reaffirmed that AGD need to review and improve its communication strategy constantly and had this to say,

"I strongly believe that our Change Management program should not stop even after the official implementation of accrual accounting. Considering the dynamic and diverse nature of government accountants' roles, which are not solely focused on finance functions, along with the frequent rotation of staff across different roles and levels, confusion has arisen due to the complexity of the reporting hierarchy. Continuous engagement regarding duties, reporting, and scope of work must be consistently reinforced by AGD to ensure ongoing commitment towards MPSAS implementation, enabling a more effective transition process”

It is without a doubt that synergy and coordination among all parties within the FGoM is very crucial to ensure accurate accounting of all financial transactions in accordance with MPSAS and to maintain data integrity. With regard to this, Participant P2 had this to say,

"Every ministry has a different structure. Therefore, the Account Division at Ministry level act as the Change Agent of AGD needs to understand the “core business” of each ministry fully and shall play a more active role in coordinating various parties within the ministries. Combined effort is necessary to ensure the success of the reform”

Another significant concern raised by several interviewees pertains to the challenges involved in formulating a talent pool strategy for government accountants during the transition to MPSAS reporting. This issue did not arise during the implementation of cash-based accounting by the FGoM, as it involved straightforward accounting procedures without comprehensive and complex transactions or reporting. However, the implementation of MPSAS necessitates specific skills and knowledge in public sector accounting and financial reporting. Identifying individuals with the required

competencies and ensuring they receive adequate training could be a cumbersome process for public sector organisation with limited resources in terms of the experienced and skilled talent pool.

While governments often prioritize crucial aspects of reform, such as the development of Accrual Accounting Systems and accounting standards and policies, they frequently overlook the importance of a proper strategy for retaining and managing IPSAS knowledge within the institution. Considering the significant investment in training and the system itself made by AGD, it becomes crucial to sustain knowledge and skills effectively without compromising motivation or inducing reform fatigue when accountants remain in the same position for too long. According to the interview participants, AGD has not conducted a comprehensive assessment of the existing skills and historical competencies of its workforce in relation to MPSAS requirements and job rotation implementation. As highlighted by participant P5,

"I have noticed that AGD has taken certain actions or employed assessment tools such as psychometric tests to evaluate individuals' personal characteristics and work behaviour. However, also based on my observations, AGD currently still lacks an effective profiling system that can precisely identify and evaluate individuals' experience and skill sets in order to match them with suitable positions"

The participant believes it is vital to identify any skill gaps and develop a resourcing plan to address them. A well-balanced blend of technical expertise and change management skills is essential for the successful implementation of MPSAS. Job rotation provides employees with exposure to different facets of MPSAS implementation, enabling them to develop a broader range of knowledge and skills related to public sector accounting and financial reporting. Through experiencing various roles, employees gain a deeper understanding of the various components of IPSAS and their interactions within the organization. Participant P5 further commented, "In my opinion, job rotation plays a vital role in ensuring that AGD possesses well-rounded accountants".

However, identifying suitable replacements for employees who transition to new roles through job rotation is a crucial consideration. The task becomes challenging when there is a limited pool of qualified candidates with the necessary skills and knowledge. Job rotation can potentially disrupt departmental workflows and operations, particularly if employees are moved from critical positions or if replacements are not adequately trained or prepared. Thus, careful planning and management of job rotations are essential to minimize disruptions and ensure continuity in key responsibilities. Participant P10 had this to say,

"The importance of job profiling cannot be emphasized enough. For instance, if a staff member has received thorough training in assets accounting since the launch of iGFMAS in 2018, it would be logical to expect that when they are transferred, they would be assigned to a different ministry where they can effectively share their expertise in asset accounting, especially during the initial years of MPSAS adoption. Unfortunately, this is not always the case currently, as transferred staff may not have the opportunity to apply their specialized knowledge in their new roles. It is regrettable that we lose valuable assets accounting knowledge in such situations, which the knowledge could have been beneficial for other ministries. Therefore, I strongly believe that AGD needs to implement strategic talent pool management to bolster the capabilities of public sector accountants, particularly as we approach the crucial years leading to the official adoption of MPSAS. Failure to do so would result in regrettable knowledge loss and a wasteful outcome for the entire government"

As MPSAS is relatively new to the public sector in Malaysia, it is therefore, the responsibility to build the capacity of public sector accountants with in-depth knowledge and expertise in public sector accounting and financial reporting lies with AGD, which manages the financial matters of the biggest public sector institution in Malaysia. It is imperative for AGD to develop a robust and sustainable strategy for continuous capacity building for IPSAS transition and therefore, to keep pace with evolving IPSAS standards and ensure ongoing compliance and competence in public sector accounting and financial reporting.

The findings from the interviews also noted that government accountants are struggling particularly in developing their professional judgment skills while transitioning from traditional accounting standards to MPSAS. MPSAS adapted IPSAS' accrual standard, which is a comprehensive set of accounting standards specifically designed for the public sector. It covers a wide range of complex financial reporting issues that may be new to public sector accountants. Therefore, it can be particularly challenging if accountants have limited exposure to accrual accounting principles. Recalling own experience, participant P2 had this to say,

“After several years of iGFMAS implementation, technical accounting issues on implementation especially on MPSAS 21, MPSAS 26 and MPSAS 29 which involves high professional judgment and technical accounting skills”.

Additionally, P10 had this to comment,

“Government accountants find themselves in a state of uncertainty regarding the extent to which they should apply professional judgment. Despite the relatively new nature of this concept for public accountants, they are compelled to exercise professional judgment on a daily basis to ensure that financial transactions are recorded in accordance with MPSAS guidelines”

Discussing this matter, Participant P4 also emphasized,

“AGD at the moment need to focus more on competency. Government accountants need to be able to justify and confidently explain the reason behind the numbers being reported in the financial statement”

The availability of comprehensive training programs, guidance materials, and experienced professionals well-versed in IPSAS may be limited, especially in organizations that are early in the transition process. The lack of capacity building on technical accounting can hinder the development of professional judgment skills necessary for the effective application of IPSAS.

5.5 Findings for RQ3: Perception of the Effectiveness of Financial Reporting

The implementation of accrual-based reporting in the public sector enhances accountability and transparency. By providing additional meaningful information, it allows stakeholders to gain a deeper insight into government activities. It also aids the administration in fulfilling public accountability, an essential component of good governance and the efficient delivery of public services.

5.5.1 Accountability, Transparency and Demonstrating Legitimacy Power

Overall, the interview findings indicated that the majority of participants perceived the effectiveness of MPSAS implementation to be in its early stages, leaving ample room for improvement. The participants concur that the adoption of MPSAS Financial reporting will yield numerous advantages for the country, particularly in terms of governance and the efficient management of national resources. In relation to this matter, participant P5 expressed the following opinion,

"The integration of all financial data in iGFMAS allows for remarkable reporting capabilities. Government accountants should seize this opportunity to harness the power of accrual information, providing valuable insights to ministries through meaningful financial analysis. This, in turn, can lead to improved decision-making and foster a culture of accountability"

Meanwhile, participant P3 shared intriguing perspectives on accountability, stating,

"In my view, while there are areas that could be enhanced, the current accrual reporting prepared in accordance with MPSAS effectively represents the current financial state of the federal government, particularly considering the challenging economic circumstances following the pandemic. However, the results shown in accrual reporting are not favourable to the current administration. Nonetheless, as public accountants, it is our responsibility to support the administration in clearly articulating each aspect of the accrual reporting. This will enable them to fulfil their accountability in a way that benefits the citizens"

Furthermore, it is crucial to note that the country's administration bears the responsibility for fulfilling the nation's financial obligations. In this regard, the participant perceived and acknowledges that accrual information serves as a powerful and effective tool for conducting reality checks of a nation's financial standing. Accrual accounting recognizes assets and liabilities at their economic values, reflecting their current worth rather than just their cash values. This approach ensures that the nation's assets and liabilities are appropriately measured, reflecting their true value and providing a clearer understanding of the nation's financial obligations. As stated by participant P4,

"Accrual financial reporting serves as a catalyst for assessing the actual financial well-being of a country. It prompts the administration to engage in brainstorming sessions aimed at closing the gap, boosting revenue, exercising prudence in expenditure, and demonstrating greater discipline in policy and subsidy announcements"

Additionally, participant P6 commented,

"Having access to accrual information is crucial for evaluating the potential consequences of debt on future generations. In other words, naturally, accrual information encourages the administration to exercise greater scrutiny and considers the long-term consequences of its actions on future generations when making policy and expenditure decisions"

Ultimately, accrual information is perceived to help identify potential financial risks and challenges faced by a nation. By capturing all financial obligations, both current and future, accrual accounting reveals the magnitude and nature of financial risks. This enables policymakers to address and mitigate these risks proactively, enhancing the nation's financial stability.

The results of the interview session further unveiled that the participants perceived considerable relevance of accrual information within the country's economic context where such information enables a comprehensive assessment of the overall financial state of the government. In the absence of transparent financial disclosure, rating agencies

encounter difficulties in objectively evaluating a nation's financial health. As one of the main stakeholders of government financial reporting, participant P1 emphasized the indispensability of accrual information in promoting international transparency and facilitating meaningful comparisons between national economies, stating the following,

“The disclosure of accrual accounting information by the Federal Government of our country has been long overdue. The comparison of our financial statements with those of other nations, particularly developing countries, highlights a significant gap in our current financial reporting practices. The disclosure of true asset values and liabilities will allow us to present figures objectively. This is crucial as international rating agencies, like S&P Global Rating, Moody's, and Fitch are facing difficulties in evaluating our government's financial position. This situation has had an impact on Malaysia's credit rating, especially considering the apparent significant increase in debt value over the years. Therefore, we eagerly anticipate the prompt release of this accrual information”

Participant P1 however made an interesting remark on transparency for public sector reporting. Although promoting fiscal transparency is essential for building trust, attracting investments, and fostering sustainable economic development in the global context, it may have adverse implications if the information is misused or exploited by certain interested parties. He commented,

“However, it is important for government accountants to exercise caution when disclosing financial data in the interest of transparency. While transparency is valued, there is a risk of public and opposition parties misinterpreting the information and exploiting it to sow discord and instability within the country. If opposition parties or the public misinterpret the data to suggest financial mismanagement or instability, it can deter foreign investors and businesses from entering the market or expanding their operations, thus can impact investor confidence and the overall business environment. In many developing or underdeveloped nations, government stakeholders such as politicians may prioritize personal gain over the welfare of the nation”

To mitigate these risks, it is important for governments to proactively communicate and clarify financial information, engage in transparent dialogue with the public and opposition parties, and foster an environment that promotes informed discussions and constructive debates. It is also crucial to strengthen financial literacy and promote a better understanding of fiscal transparency among the general public and political stakeholders.

Participant P6 had this to say,

“The implementation of accrual reporting increases awareness of asset management and highlights the significance of having knowledgeable MPSAS officers who can provide advice on the financial impact of policy decisions. Accrual information also enhances holistic governance, particularly in the development of new policies and subsidies. This practice cultivates accountability and governance by considering the long-term financial implications for future generations resulting from decisions made in the present”

In addition to the aforementioned findings, the participant shared an important insight and perception regarding the effectiveness of accrual reporting. According to the participant, accrual reporting enables the finance function to integrate into day-to-day decision making seamlessly. This implies that financial decisions are no longer solely reliant on cash availability but also take into account wider financial implications. Decision makers will have the ability to evaluate how their decision could affect the organization's financial statement, including the balance sheet. As participant P6 stated,

“The availability of accrual information has the potential to instigate a cultural shift by increasing transparency and raising awareness about effective asset and debt management practices. When public sector officials recognize the importance of accrual reporting, it can lead to better collaboration between accounting officials and non-accounting officials within ministries and central agencies, particularly aims to enhance assets and debt management and streamline procedures. While this transformation may be a challenging endeavour, the recognition and adoption of accrual reporting hold the potential to drive positive change in public sector financial management practices”

Overall, the effectiveness of accrual reporting is perceived by the participants when it elevates the role of finance in national decision-making processes. The participants perceived that it is essential to implement accrual accounting to integrate the finance function into everyday decision-making effectively. By utilizing accrual reporting, decision makers in the government are provided with valuable information that highlights the balance sheet consequences of financial decisions. This empowers decision-makers with a comprehensive understanding of the broader financial implications at hand,

ensuring that they can make informed choices for decision-making, thus practicing effective financial management in discharging their public accountability responsibilities.

5.6 Summary of Findings

This chapter presents the research findings on the progress of MPSAS adoption by the FGoM, the challenges faced, and perceptions of the effectiveness of financial reporting under the MPSAS framework. The research employs the institutional theory to examine FGoM's progress in accounting reform and MPSAS adoption while addressing institutional complexity and challenges, thereby reaffirming the institutional change model proposed by Dambrin et al. (2007).

5.6.1 RQ1: Current Status of Reform Progress

The first objective of the research is to assess the current progress of MPSAS adoption by the FGoM. To achieve this objective, document reviews and interviews were conducted during the data collection process.

The research objectives are achieved as the main findings revealed that the initial diffusion of new ideals of accrual accounting in Malaysia occurred at the political level, where norms and values are established and disseminated to the public sector organizations, including national governments and their agencies. This finding aligns with prior literatures (Mnif & Gafsi, 2023; van Helden et al., 2021; Adhikari & Gårseth-Nesbakk, 2016; Luder, 1992). From document reviews and interviews, the finding indicates that throughout the transition period, politicians exhibited hesitancy and a lack of urgency in promoting the adoption of accrual accounting, which is consistent with previous research highlighting political factors as major obstacles in transitioning to accrual accounting (Lokuwaduge & Godage, 2020; Adhikari & Gårseth-Nesbakk, 2016; Hopper et al., 2017).

Nonetheless, at the organizational field level, the findings reveal that the AGD in Malaysia has made significant progress in embracing accrual accounting since the launch of the initiatives in 2010. The progress aligns with prior studies indicating that internally driven reforms have shown to be more effective in developing countries than externally propagated reforms like IPSASs and accrual accounting (Sellami & Gafsi, 2020; Rajib et al., 2019; Hopper et al., 2017; Lassou & Hopper, 2016).

Based on the radical implementation plan and top-down approach, the document review revealed that during the transition period, AGD's main objectives were to implement the three new techniques embodying the accrual accounting logic. Firstly, the enhancement of acts and relevant regulations, secondly the development of accounting standards, policies and guidelines and thirdly the new accrual accounting system and accrual data management. The findings corroborate with prior literatures that stated that the governments should develop a comprehensive reform strategy through clear identification of the general and specific objectives and incentives of the reform while taking into consideration the country's context and lessons learnt from the implementation of similar reforms in the past (IPSAS, 2021; Gourfinkel, 2021; Schmidhuber et al., 2022; ACCA, 2017). The research evidence also reinforces the recent studies by Hasan et al. (2022) and Gourfinkel (2021), which stated that developing a proper integrated financial system is necessary to ensure the overall success of the reform as well as to ensure the quality of financial information is not compromised.

The implementation of accrual accounting involves complex technological requirements, often necessitating substantial investments in human capital development to train and educate individuals involved in the process. The research findings revealed that throughout the transition period, AGD has implemented substantial change management strategies, which include numerous training programs to enhance public

accountant's capabilities. These findings support the early arguments of accounting scholars that the outcomes of an accounting system change depend on conducive conditions, prior practice, actors' interests and values, and the technical capacities of those involved (van Helden et al., 2021; Rajib et al., 2019; Hyndman & Liguori, 2018; Battilana et al., 2009). This is consistent with Alshujairi's (2014) study, which emphasized the significance of adequately trained staff familiar with IPSAS for efficient adoption.

5.6.2 RQ2: Reform Challenges on MPSAS Adoption

The second objective of this research is to identify the primary challenges faced by the Federal Government of Malaysia (FGoM) in its journey towards full implementation of accrual-based accounting through the adoption of MPSAS. The research objectives are fulfilled as the findings address institutional challenges during the transition period, encompassing issues related to IT infrastructure development, cultural and organizational changes, and the involvement of human resources.

On IT infrastructure development, the interview participants argued that one of the most challenging aspects of the entire project is the development of the new accrual accounting system, iGFMAS. Data integrity and ensuring quality financial reporting remain the biggest concern of the accounting transformation. The evidence aligns with previous research conducted by Gourfinkel (2021), Dabocco & Mattei (2021), Sanip and Abdul Rahman (2018), ACCA (2017), Hepworth (2017), and Azmi and Mohamad (2014), affirming that challenges in establishing accrual accounting IT infrastructure within the public sector persist as a prominent barrier impeding reform progress emphasizing the underestimation of efforts required to establish a robust IT infrastructure for accrual accounting and the need to view accrual accounting as part of broader reforms in public service delivery.

With regard to cultural and organisational changes, the interview participants mainly agree that successfully implementing change without addressing these human aspects is simply not feasible. The findings are consistent with studies conducted by Hasan et al. (2023) and Mahadi (2019). The motivation, willingness, training, and qualifications of staff participating in the change process, along with an effective communication strategy, are crucial factors that must be considered when introducing accounting reforms. The participant also believes it is vital to identify any skill gaps and develop a resourcing plan to address them. A well-balanced blend of technical expertise and change management skills is essential for the successful implementation of MPSAS. The overall findings of this research align with many previous studies, which revealed that many countries fail to address the significant disparity between accounting reform and inadequate institutional capacity during the adoption of a new accounting system (Polzer et al., 2022; Schmidhuber et al., 2020; Baskerville & Grossi, 2019; Goddard et al., 2016).

The findings from the interviews also noted that government accountants are struggling particularly in developing their professional judgment skills while transitioning from traditional accounting standards to MPSAS. MPSAS is IPSAS-based accounting standards which involve judgment and interpretation, especially when dealing with complex or unique transactions. Thus, the transition to MPSAS requires a deep understanding of the standards and their application, which can be challenging for accountants accustomed to simpler or less specific accounting frameworks. This change in perspective requires public sector accountants to think differently about financial transactions and to exercise professional judgment in determining when and how to recognize them. Therefore, the research findings correspond to research conducted by Abdulkarim et al. (2023) and Gigli and Mariani (2018), demonstrating that government accountants lack in technical accounting knowledge and skills, posing a significant obstacle to the successful implementation of IPSAS.

5.6.3 RQ3: Perception on Financial Reporting Effectiveness

The third objective of this research is to provide an analysis of the effectiveness of accrual financial reporting prepared under the MPSAS framework, considering the viewpoints of internal and external stakeholders. Regarding this, the interview findings underscore the participants' belief that while MPSAS implementation is still in its early stages with room of improvement, accrual-based financial reporting is perceived as a crucial tool for enhancing governance, transparency and accountability in the country.

This perception aligns with previous research highlighting the importance of usefulness and reliability in financial reports for effectiveness (Mbelwa, 2015). The findings also perceived that the fundamental concept of isomorphism and legitimacy embedded in institutional theory predominantly influences the innovation and the evolution of government accounting practice and reporting through NPM ideology, which is consistent with prior research (Ball, 2020; Adhikari & Gårseth-Nesbakk, 2016).

On another note, participants perceived and acknowledged that accrual information serves as a powerful and effective tool for conducting reality checks of a nation's financial standing. Participants emphasized the importance of integrating accrual information into decision-making processes, recognising its potential to improve financial management and promote financial discipline. This finding corroborates studies by Cuadrado-Ballesteros & Bisogno (2020) and Moynihan (2009), indicating that accrual accounting provides better-quality information to external stakeholders and stimulates purposeful information use. The finding also aligns with prior literature that argues accrual financial reporting facilitates easy and accurate access to information, enhancing government accountability (Tawiah, 2023; Soguel & Luta, 2021; Bakre et al., 2017; Fuchs et al., 2017; Brusca & Martínez, 2016).

In short, this research sheds light on the progress, challenges, and perception of MPSAS adoption in the FGoM. It emphasizes the importance of considering political, social, cultural, and economic contexts in accounting reform. This supports the contributions of the previous accounting literature, suggesting the importance of understanding country-specific uniqueness and financial reporting complexities of the public sector.

Universiti Malaya

CHAPTER 6: CONCLUSION AND CONTRIBUTION

6.1 Conclusion

This research employed qualitative research to examine the current progress in the adoption of MPSAS by the FGoM, identify major challenges that occur during implementation phases as well as assess the effectiveness of accrual financial reporting from the implemented reform. Based on the extensive document reviews and ten interviews conducted, the research underscores political, institutional and organisational barriers as well as emphasizes the importance of contextual factors in accounting reform.

In answering RQ1, the research recognizes that the sustainability of the ongoing momentum and efforts of public sector accrual accounting reform are very much influenced by the political and socioeconomic environment, especially in dealing with political reluctance to pass relevant acts for accrual financial reporting. The findings also indicate that despite minimal political involvement, the AGD has internally driven substantial progress since 2010, with senior officers and government accountants embracing the accounting reforms, motivated by their own needs for legitimacy and professional advancement. The findings also suggest that the existence of the new accrual accounting system (iGFMAS) has bolstered the confidence of AGD officials in its future official implementation of accrual accounting by the FGoM.

The findings also revealed that the internalisation of MPSAS within Federal Government involves two main activities; (1) adapting and normalising the new reporting structure as well as continuously verifying accrual data and (2) ongoing efforts to shape capabilities and competencies. The preparation of the initial accrual government financial statements was particularly challenging, especially on data validity and ensuring the quality of accrual financial reporting so as to facilitate better planning and utilisation of public resources. The data also demonstrates that AGD places significant emphasis on

workforce development, ensuring their employees possess the necessary skills and technical accrual accounting knowledge. The commitment is evident in their continuous training initiatives, with change management activities highlighting specific training focus areas each year. The transformation involves contributions from accounting academics, private practitioners and professional accounting organisations, establishing a robust foundation of comprehensive training, rigorous education and stringent governance. This collaborative effort is expected to usher in a new era of accountability and responsibility in public sector financial management.

With regards to RQ2, the findings identify two major challenges during the transition period; (1) complexity in developing a financial system for a large and unique government and (2) challenges in administering the organisational cultural change and capacity building and expertise. The findings show that AGD encountered tremendous challenge in ensuring data integrity and generating quality financial reporting from the accounting system. The shift from centralized to decentralized management and financial reporting structure poses human dimension challenges, necessitating continuous engagement and reminders from AGD HQ. Additionally, during the transition period, the AGD as the lead agency regularly reassesses its communication program to disseminate the objectives and requirements of the change process effectively. This effort aims to clarify misunderstandings and foster a shared understanding of the fundamental principles behind the accounting changes.

A significant concern raised by several interview participants on the difficulties in formulating effective talent pool strategy during the transition period. They agreed that talent pool strategy and capacity building are predominantly crucial, however lack of strategic implementation hinder the effective adoption of MPSAS. The participants also commented that identifying individuals with the necessary competencies and providing

adequate training is a cumbersome process for a public sector organisation with limited resources and skilled personnel.

Finally, in answering RQ3, the findings further reaffirm that accrual-based reporting is seen as having the potential to enhance accountability and transparency. Interview participants acknowledged that accrual information is a powerful and effective tool in assessing a nation's financial standing. Promoting fiscal transparency is essential for building trust, attracting investments and fostering sustainable economic development. However, while transparency is valued, the findings suggest exercising caution in disclosing financial data to prevent misinterpretation, misuse or exploitation by certain interested parties. The effectiveness of accrual reporting is also perceived when it elevates the role of finance in the national decision-making process. By utilising accrual reporting, government decision-makers are provided with valuable information which empowers them with a comprehensive understanding of broader financial implications; ensuring informed choices and effective financial management in fulfilling their public accountability responsibilities. Ultimately, the adoption of MPSAS is seen as significant step toward more effective and holistic financial management, with the potential to drive positive change and ensure long-term financial stability.

This chapter continues with the main contributions as outlined in Section 6.2 and the limitations in Section 6.3. It concludes this study by providing suggestions for future research in Section 6.4.

6.2 Importance and Relevance of the Study

The significance of this study encompasses several aspects. Firstly, it contributes to addressing the research gap concerning the reform of accrual accounting in developing nations in Asia, specifically with a focus on Malaysia. Currently, there is limited research conducted in this area, and this study aims to fill that void. Secondly, the findings of this

research have practical implications for public-sector accounting practitioners. The results can provide valuable insights into some of the important factors and elements that are crucial for the effective implementation of public sector accrual accounting. This is particularly relevant for developing countries that are facing resource constraints. By understanding these important factors, practitioners can enhance their approaches to implementing accrual accounting, even in resource-limited settings. Overall, this study holds significance in terms of expanding knowledge in an under-researched area and offering practical insights for practitioners in the public sector accounting field, especially in developing countries where resources in terms of infrastructure and technical capabilities are limited.

The importance and relevance of the study are discussed in detail according to its contribution to the body of knowledge as well as its contribution to practice.

6.2.1 Contribution to Body of Knowledge

This single-country study adds to the body of knowledge regarding accrual accounting practises in the public sector, particularly in developing countries, as previous research has tended to focus on more developed nations such as the United Kingdom, the United States of America, Australia, and New Zealand. It is critical to have an awareness of public sector accounting change and disclosure practices in developing countries in order to obtain a genuinely complete grasp of accrual accounting reform in the public sector (Goddard, 2010). The research presented contributes to the body of knowledge in the field of public sector accounting and financial management in several ways:

(a) **Institutional Theory Application:**

One of the key contributions of this research is the application of institutional theory to examine the progress of accounting reform in the FGoM. This theoretical framework offers a valuable lens for understanding how institutional complexities

and challenges influence the adoption of accrual accounting, especially in the context of the public sector. By examining these dynamics, the study enhances the theoretical insights of institutional change within the public sector. It highlights the interplay between organisational structures, cultural norms, and external pressures that shape the implementation of new accounting practices. This application of institutional theory provides a nuanced perspective on the forces driving and hindering the adoption of accrual accounting, particularly in developing countries. The theory also helps the research to reveal various ways institutional environments can facilitate or impede change, providing a richer understanding of the complexities involved. As Malaysia is a developing country, the research highlights unique challenges and opportunities in implementing accrual accounting in the public sector. This nuanced perspective contributes significantly to the public sector accounting literature, offering valuable lessons for policymakers, practitioners and scholars interested in promoting effective governance and sustainable accounting practices in a similar context.

(b) Perception of Accrual Accounting Effectiveness:

The study's findings regarding the perceived effectiveness of accrual-based reporting in enhancing accountability, transparency, and stakeholders' awareness contribute to the existing knowledge on the benefits of accrual accounting in the public sector. This aligns with previous research emphasizing the importance of usefulness and reliability in financial reports for their effectiveness.

Overall, this research enhances the understanding of the progress, challenges, and perception of MPSAS adoption in the FGoM. It adds to the body of knowledge by providing empirical evidence and insights into the complexities associated with implementing accrual accounting in the public sector. It is hoped that the findings

from this research will lead to a better understanding of institutional challenges that arise during MPSAS implementation (accrual-based IPSAS). Those moving from cash accounting to accrual accounting might benefit from the experiences of other jurisdictions that have previously made the move or are in the process of doing so.

6.2.2 Contribution to Practice

The findings from this research on MPSAS adoption by the FGoM, along with the challenges faced and the perception of accrual accounting effectiveness, have practical implications that can contribute to the field of public sector accounting and financial management. Here are some practical contributions based on the findings:

(a) **Awareness of Political Obstacles:**

The research highlights the hesitancy and lack of urgency among politicians in promoting the adoption of accrual accounting. This finding underscores the need for policymakers and stakeholders to be aware of the political factors that can hinder accounting reform efforts. It calls for strategies to address these obstacles and build political support for the adoption of accrual accounting.

(b) **Organizational-Level Progress:**

The significant progress made by the AGD in Malaysia at the organizational level in embracing accrual accounting provides a valuable example for other public sector organizations. The findings suggest the importance of highlighting success stories and best practices to inspire and motivate other entities to advance their accounting reform initiatives

(c) Addressing Institutional Challenges:

The research identifies various institutional challenges during the transition period, including IT infrastructure development, cultural and organizational changes, and human resource involvement. These challenges need to be recognized and addressed proactively to facilitate the successful implementation of accrual accounting. Organizations can use these findings to develop comprehensive strategies that encompass these challenges and ensure a smooth transition to accrual accounting.

(d) Enhancing Accountability and Transparency:

The perception of interview participants regarding the effectiveness of accrual-based reporting in enhancing accountability, transparency, and stakeholders' awareness of financial implications is valuable. This finding emphasizes the importance of maintaining and further improving the usefulness and reliability of financial reports to strengthen accountability mechanisms and ensure transparency in managing public resources.

(e) Considering Contextual Factors:

The research highlights the significance of considering political, social, cultural, and economic contexts when discussing accounting reform. This finding underscores the need for a holistic approach that takes into account these contextual factors during the design and implementation of accounting reforms. It prompts policymakers and practitioners to tailor reform strategies to the specific context of their respective jurisdictions.

By integrating these practical contributions into future accounting reform initiatives, policymakers, organizations, and stakeholders can enhance their understanding of the challenges and opportunities associated with the adoption of accrual accounting in the

public sector. This can lead to more effective and successful implementation of accounting reforms, ultimately improving financial management and accountability in public sector organizations.

6.3 Limitation of the Study

The current research is conducted in a single-country research setting, necessitating a cautious approach when extending its main conclusions to varying circumstances. Thorough examinations of the key findings are imperative before attempting to generalize or apply them to different contexts. It is also important to acknowledge that research data is limited to during the transition period only, thus imposing inherent limitations on the scope and comprehensiveness of the research. As such, conclusions drawn from this research should be considered preliminary and contingent upon further research.

6.4 Suggestions for Future Research

In light of these limitations, there is a compelling need for future research endeavours to delve deeper into the ramifications and the sustainability of accrual accounting reform within the public sector in Malaysia. A more comprehensive and longitudinal study could provide a nuanced understanding of the sustained effects of such reforms. This expanded research scope would contribute to a more robust knowledge base and facilitate informed decision-making in the realm of public sector financial management.

In summary, the accrual accounting journey of FGoM is surely a daunting task, especially AGD to go through a winding and rocky road where there is no quick fix or easy turnaround. However, as the saying goes, “it is always darkest just before dawn”, and therefore it can certainly be an exciting and tremendously satisfying path for AGD, particularly and Malaysian Government at large to be soon enough, a better and more accountable public sector.

REFERENCES

- Abdulkarim, M. E., Umlai, M. I., & Al-Saudi, L. F. (2023). Culture, language, and accounting reform: a new perspective on IPSAS implementation. *Journal of Accounting & Organizational Change*, 19(2), 376-400. <https://doi.org/10.1108/JAOC-01-2022-0006>
- Abdulkarim, M.E., Umlai, M.I. & Al-Saudi, L.F. (2020). Exploring the role of innovation in the level of readiness to adopt IPSAS. *Journal of Accounting and Organizational Change*, 16(3), 469-495. <https://doi.org/10.1108/JAOC-12-2019-0119>
- Aboukhadeer, E. A., Azam, S. F., & Albattat, A. R. S. (2023). Corporate Governance and International Public Sector Accounting Standards (IPSAS) on the Quality of Accounting Information in Libyan Government Sector. *International Journal of Professional Business Review*, 8(1),4. <https://doi.org/10.26668/businessreview/2023.v8i1.812>
- ACCA (2017). *IPSAS Implementation: Current Status and Challenges*. Retrieved January 12, 2021 from <https://www.accaglobal.com/lk/en/technicalactivities/technicalresourcessearch/2017/october/ipsas-implementation--current-status-and-challenges.html>.
- Adebisi, D.G., Oyewole, T.G., & Wright, O. (2019). Perception of stakeholders on the implementation of accrual basis IPSAS financial reporting in southwestern Nigeria. *International Journal of Research and Innovation in Social Science (IJRISS)*, 3(7), 6-10.
- Adejola, P. A. & Emmanuel, D.K. (2015). Technology Changes and the Impact on Accountancy Profession. *Bingham University Journal of Accounting and Business*, 1-30. <https://www.academia.edu/download/59113191/BUJAB-320190502-57211-1xcycql.pdf>
- Ademola, A. O., Ben-Caleb, E., Madugba, J. U., Adegboyegun, A. E., & Eluyela, F. D. (2020). International public sector accounting standards (IPSAS) adoption and implementation in Nigerian public sector. *International Journal of Financial Research*, 11(1), 434-446. <https://doi.org/10.5430/ijfr.v11n1p434>
- Adhikari, P. & Mellemvik, F., (2010). The adoption of IPSASs in south Asia: A comparative study of seven countries. *Research in Accounting in Emerging Economies*, 10, 169-199. [https://doi.org/10.1108/S1479-3563\(2010\)0000010012](https://doi.org/10.1108/S1479-3563(2010)0000010012)
- Adhikari, P., & Gårseth-Nesbakk, L. (2016). Implementing public sector accruals in OECD member states: major issues and challenges. *Accounting Forum*, 40(2), 125-142. No longer published by Elsevier. <https://doi.org/10.1016/j.accfor.2016.02.001>

- Adhikari, P., Kuruppu, C., Ouda, H., Grossi, G., & Ambalangodage, D. (2021). Unintended consequences in implementing public sector accounting reforms in emerging economies: evidence from Egypt, Nepal and Sri Lanka. *International Review of Administrative Sciences*, 87(4), 870-887. <https://doi.org/10.1177/0020852319864156>
- Agyemang, J. K., & Yensu, J. (2018). Accrual-Based International Public Sector Accounting Standards: Implementation Challenges Facing the Metropolitan, Municipal and District Assemblies in the Ashanti Region of Ghana. *International Journal of Accounting and Financial Reporting*, 8(2), 59-75. <https://doi.org/10.5296/ijafr.v8i2.12860>
- Ali, N. F. (2017). The institutionalisation of accrual accounting: exploratory evidence from the Malaysian public sector. *Doctoral dissertation*. University of Warwick, United Kingdom.
- Alshujairi, M. H. A. (2014). Government accounting system reform and the adoption of IPSAS in Iraq. *Research Journal of Finance and Accounting*, 5(24), 1-20.
- Amor, D. B., & Ayadi, S. D. (2019). The profile of IPSAS-adopters. *Accounting and Management Information Systems*, 18(2), 262-282. <https://doi.org/10.24818/jamis.2019.02005>
- Atan, R. & Yahya, F.M. (2015). Accrual Accounting Change: Malaysian Public Sector Readiness. *Journal of Management Research*, 7(2), 459-467. <https://doi.org/10.5296/jmr.v7i2.6978>
- Atuilik, W, A., Adafula, B., & Asare, N. (2016). Transitioning to IPSAS in Africa: An analysis of the benefits and challenges. *International Journal of Social Science and Economic Research*, 1(6). 676-691. <http://hdl.handle.net/123456789/4099>
- Azmi, A. H., & Mohamed, N. (2014). Readiness of Malaysian public sector employees in moving towards accrual accounting for improve accountability: The case of Ministry of Education (MOE). *Procedia-Social and Behavioral Sciences*, 164, 106-111. <https://doi.org/10.1016/j.sbspro.2014.11.057>
- Baba, Z. S., Muda, H., Abdullah, W. A. W., Wan-Mohamad, W. I. A., Harun, M. H., Jusoh, H., & Ghani, M. T. A. (2023). Awareness of Accrual-based Budgeting in the Malaysian Public Sector. *IPN Journal of Research and Practice in Public Sector Accounting and Management*, 12(1), 79-101. <https://doi.org/10.58458/ipnj.v12.01.04.0077>
- Bakre, O., Lauwo, S. G., & McCartney, S. (2017). Western accounting reforms and accountability in wealth redistribution in patronage-based Nigerian society. *Accounting, Auditing & Accountability Journal*, 30(6), 1288-1308. <https://doi.org/10.1108/AAAJ-03-2016-2477>

- Ball, I. (2020). Reflections on public financial management in the covid-19 pandemic. *Journal of Accounting and Organizational Change*, 16(4), 655-662. <https://doi.org/10.1108/JAOC-10-2020-0160>
- Baskerville, R., & Grossi, G. (2019). Glocalization of accounting standards: Observations on neo-institutionalism of IPSAS. *Public Money & Management*, 39(2), 95-103. <https://doi.org/10.1080/09540962.2019.1580894>
- Battilana, J., Leca, B., & Boxenbaum, E. (2009). How actors change institutions: towards a theory of institutional entrepreneurship. *The Academy of Management Annals*, 3(1), 65-107. <https://doi.org/10.1080/19416520903053598>
- Bernard, H. R. (2002). *Research Methods in Anthropology: Qualitative and Quantitative Approaches (3rd ed.)*. Walnut Creek, CA: Altamira Press
- Biraud, G. (2010). Preparedness of United Nations system organizations for the international public sector accounting standards (IPSAS). *Joint Inspection Unit*, United Nations, Geneva.
- Bisogno, M., & Cuadrado-Ballesteros, B. (2020). Public sector financial management and democracy quality: The role of the accounting systems. *Accounting Review*, 23(2), 238-248. <https://doi.org/10.6018/rcsar.369631>
- Boolaky, P. K., Mirosea, N., & Omoteso, K. (2020). The adoption of IPSAS (Accrual Accounting) in Indonesian local government: A neo-institutional perspective. *International Journal of Public Administration*, 43(14), 1252-1265. <https://doi.org/10.1080/01900692.2019.1669047>
- Bowen, G. A. (2005). Preparing a qualitative research-based dissertation: Lessons learned. *The Qualitative Report*, 10(2), 208-222. <http://www.nova.edu/ssss/QR/QR10-2/bowen.pdf>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77-101. <https://doi.org/10.1191/1478088706qp063oa>
- Broadbent, J. and Guthrie, J. (2008). Public sector to public services: 20 years of 'contextual' accounting research. *Accounting, Auditing and Accountability Journal*, 21(2), 129-169. <https://doi.org/10.1108/09513570810854383>

- Brusca, I., & Martínez, J. C. (2016). Adopting International Public Sector Accounting Standards: a challenge for modernizing and harmonizing public sector accounting. *International Review of Administrative Sciences*, 82(4), 724-744. <https://doi.org/10.1177/0020852315600232>
- Bryman, A. & Bell, E. (2015). *Business Research Methods, 4th Edition*. Oxford: Oxford University Press.
- Budding, T., & van Schaik, F. (2015). Public sector accounting and auditing in the Netherlands. *Public sector accounting and auditing in Europe: The challenge of harmonization*, 142-155. https://doi.org/10.1057/9781137461346_10
- Burns, J., & Scapens, R. W. (2000). Conceptualizing Management Accounting Change: An Institutional Framework. *Management Accounting Research*, 11(1), 3-25. <https://doi.org/10.1006/mare.1999.0119>
- Caruana, J., & Grima, L. (2019). IPSAS, ESA and the fiscal deficit—a question of calibration. *Public Money & Management*, 39(2), 113-122. <https://doi.org/10.1080/09540962.2019.1580897>
- Chan, J.L. (2006). IPSAS and government accounting reform in developing countries. *Accounting Reform in the Public Sector: Mimicry, Fad or Necessity*, 31-42.
- Christiaens, J., Reyniers, B., & Rollé, C. (2010). Impact of IPSAS on reforming governmental financial information systems: a comparative study. *International Review of Administrative Sciences*, 76(3), 537-554. <https://doi.org/10.1177/0020852310372449>
- Chytis, E., Georgopoulos, I., Tasios, S., & Vrodou, I. (2020). Accounting Reform and IPSAS Adoption in Greece. *European Research Studies*, 23(4), 165-184. https://econpapers.repec.org/article/ersjournal/v_3axxiii_3ay_3a2020_3ai_3a4_3ap_3a165-184.htm
- Cohen. S. & Karatzimas. S., (2017). Accounting information quality and decision-usefulness of governmental financial reporting: Moving from cash to modified cash. *Meditari Accountancy Research*, 25(1), 95-113. <https://doi.org/10.1108/MEDAR-10-2015-0070>
- Cooper, D., & Schindler, P. (2008). *Business Research Methods*. New York: McGraw-Hill.
- Creswell, J. W. (1998). *Qualitative Inquiry and Research Design: Choosing Among Five Traditions*. Thousand Oaks, CA: Sage.

- Creswell, J. W., & Clark, V. P. (2011). *Mixed Methods Research*. Thousand Oaks, CA: SAGE Publications.
- Creswell, J.W., (2009). *Research Design: Qualitative, Quantitative and Mixed Method Approaches* (3rd ed.). Thousand Oaks, CA: SAGE Publications.
- Dabbicco, G., & Mattei, G. (2021). The reconciliation of budgeting with financial reporting: A comparative study of Italy and the UK. *Public Money & Management*, 41(2), 127-137. <https://doi.org/10.1080/09540962.2019.1708059>
- Dambrin, C., Lambert, C., & Sponem, S. (2007). Control and change—Analysing the process of institutionalisation. *Management Accounting Research*, 18(2), 172-208. <https://doi.org/10.1016/j.mar.2007.02.003>
- De Silva Lokuwaduge, C. S., & De Silva, K. (2020). Determinants of public sector accounting reforms: A case study of Sri Lanka in rapidly developing Asia. *International Journal of Public Sector Management*, 33(2/3), 191-205. <https://doi.org/10.1108/IJPSM-03-2019-0085>
- Dillard, J. F., Rigsby, J. T., & Goodman, C. (2004). The making and remaking of organization context: duality and the institutionalization process. *Accounting, Auditing & Accountability Journal*, 17(4), 506-542. <https://doi.org/10.1108/09513570410554542>
- Elmezughi, A., & Wakil, A. A. (2018). Feasibility of transformation to accrual basis of accounting in the public sector: Kingdom of Bahrain Context. *Academy of Accounting and Financial Studies Journal*, 22(6), 1-16.
- Ernst and Young (2012). *Overview and comparison of public accounting and auditing practices in the 27 EU member states prepared for Eurostat*. Retrieved January 13th, 2021 from <https://ec.europa.eu/eurostat/documents/1015035/4261806/study-on-public-accounting-and-auditing-2012.pdf/5ad43e2b2ba7-4b05-afab-d690fc2ad9dd>
- Fahmid, I. M., Harun, H., Graham, P., Carter, D., Suhab, S., An, Y., Zheng, X., & Fahmid, M. M. (2020). New development: IPSAS adoption, from G20 countries to village governments in developing countries. *Public Money & Management*, 40(2), 160-163. <https://doi.org/10.1080/09540962.2019.1617540>
- Fuchs, S., Bergmann, A., & Brusca, I. (2017). Using financial reporting for decision making as a measure towards resilient government finances: The case of Switzerland. *Lex Localis*, 15(1), 133. <https://doi.org/10.4335/15.1.133-153>

- Giacomini, D. (2020). Use of accounting information by mayors in local governments. *International Journal of Public Administration*, 43(4), 341-349. <https://doi.org/10.1080/01900692.2019.1636392>
- Gigli, S., & Mariani, L. (2018). Lost in the transition from cash to accrual accounting: Assessing the knowledge gaps in Italian public universities. *International Journal of Public Sector Management*, 31(7), 811-826. <https://doi.org/10.1108/IJPSM-07-2017-0184>
- Goddard, A. (2010). Contemporary public sector accounting research—An international comparison of journal papers. *The British Accounting Review*, 42(2), 75-87. <https://doi.org/10.1016/j.bar.2010.02.006>
- Goddard, A., Assad, M., Issa, S., Malagila, J., & Mkasiwa, T. A. (2016). The two publics and institutional theory—A study of public sector accounting in Tanzania. *Critical Perspectives on Accounting*, 40, 8-25. <https://doi.org/10.1016/j.cpa.2015.02.002>
- Gomes, P., Brusca, I., Fernandes, M. J., & Vilhena, E. (2023). The IPSAS implementation and the use and usefulness of accounting information: a comparative analysis in the Iberian Peninsula. *Journal of Public Budgeting, Accounting & Financial Management*, 35(1), 12-40. <https://doi.org/10.1108/JPBAFM-12-2021-0169>
- Gourfinkel, D. (2021). The main challenges of Public Sector Accounting reforms and World Bank's Public Sector Accounting and Reporting (PULSAR) Program. *Journal of Public Budgeting, Accounting & Financial Management*, 34(2), 347-352. <https://doi.org/10.1108/JPBAFM-05-2021-0079>
- Halid, S. J. (2017). The benefits and challenges of adopting the international public sector accounting standards in foreign charities in Ethiopia. *Unpublished Master's Thesis*. Addis Ababa University. <https://scholar.archive.org/work/hnjqzy5awbhwlcxp7lv5yf3fl4/access/wayback/https://nadre.ethernet.edu.et/record/7660/files/SanniJuhar.pdf>
- Hamisi, K. S. (2012). The factors affecting the implementation of International Public Sector Accounting Standards in Kenya. *Unpublished Master's Thesis*. University of Nairobi. <http://erepository.uonbi.ac.ke/handle/11295/13168>
- Harun, H., Eggleton, I.R.C., & Locke, S. (2021). An integrated model of IPSAS institutionalisation in Indonesia: a critical study. *International Journal of Public Sector Management*, 34(2), 155-170. <https://doi.org/10.1108/IJPSM-07-2020-0195>

- Harun, H., Van Peurse, K., & Eggleton, I. (2012). Institutionalization of accrual accounting in the Indonesian public sector. *Journal of Accounting & Organizational Change*, 8(3), 257-285. <https://doi.org/10.1108/18325911211258308>
- Hasan, H. A., Saleh, Z., & Isa, C. R. (2023). Malaysian Public Sector Accounting Standards (MPSAS) Implementation in State Governments of Malaysia: Status and Challenges. *IPN Journal of Research and Practice in Public Sector Accounting and Management*, 12(1), 33-55. <https://doi.org/10.58458/ipnj.v12.01.02.0075>
- Hasselbladh, H., & Kallinikos, J. (2000). The project of rationalization: a critique and reappraisal of neo-institutionalism in organization studies. *Organization studies*, 21(4), 697-720. <https://doi.org/10.1177/0170840600214002>
- Hepworth, N. (2017). Is implementing the IPSASs an appropriate reform?. *Public Money & Management*, 37(2), 141-148. <http://dx.doi.org/10.1080/09540962.2016.1266174>
- Hoepfl, M. C. (1997). Choosing qualitative research: A primer for technology education researchers. *Journal of Technology Education*, 9(1). <https://vtechworks.lib.vt.edu/bitstream/handle/10919/8633/hoepfl.pdf>
- Holstein, J. A., & Gubrium, J. F. (2004). Context: Working it up, down and across. *Qualitative Research Practice*, 297-311. <https://www.torrossa.com/gs/resourceProxy?an=5018485&publisher=FZ7200#page=286>
- Hopper, T., & Major, M. (2007). Extending institutional analysis through theoretical triangulation: regulation and activity-based costing in Portuguese telecommunications. *European Accounting Review*, 16(1), 59-97. <https://doi.org/10.1080/09638180701265879>
- Hopper, T., Lassou, P. & Soobaroyen, T. (2017). Globalisation, accounting and developing countries. *Critical Perspectives on Accounting*, 43, 125-148. <https://doi.org/10.1016/j.cpa.2016.06.003>
- Hyndman, N., & Liguori, M. (2018). Achieving radical change: A comparative study of public-sector accounting in Westminster and Scotland. *Accounting, Auditing & Accountability Journal*, 31(2), 428-455. <https://doi.org/10.1108/AAAJ-04-2016-2527>
- Hyndman, N., Liguori, M., Meyer, R.E., Polzer, T., Rota, S., Seiwald, J., & Steccolini, I. (2018). Legitimizing change in the public sector: the introduction of (rational?) Accounting practices in the United Kingdom, Italy and Austria. *Public Management Review*, 20(9), 1374-1399. <https://doi.org/10.1080/14719037.2017.1383781>

- IFAC (2021). *International Public Sector Financial Accountability Index 2021 status report*. Retrieved October 23rd, 2021 from <https://www.ifac.org/system/files/publications/files/IFAC-CIPFA-International-Public-SectorAccountability-Index.pdf>.
- Ijeoma, N.B. & Oghoghomeh, T. (2014). Adoption of international public sector accounting standards in Nigeria: expectations, benefits and challenges. *Journal of Investment and Management*, 3(1), 21-29. <https://doi.org/10.11648/j.jim.20140301.13>
- International Federation of Accountants (IFAC) and The Chartered Institute of Public Finance & Accountancy (CIPFA) (2021). *2021 Status Report: International Public Sector Financial Accountability Index*. Retrieved February 8th, 2023 from <https://www.ifac.org/flysystem/azure-private/publications/files/IFAC-CIPFA-International-Public-Sector-Accountability-Index.pdf>
- Ismail, S., Siraj, S. A., & Baharim, S. (2018). Implementation of accrual accounting by Malaysian Federal Government: Are the accountants ready?. *Journal of Accounting & Organizational Change*, 14(2), 234-247. <https://doi.org/10.1108/JAOC-03-2017-0020>
- Ismaili, A., Ismajli, H., & Vokshi, N. (2021). The importance and challenges of the implementation of IPSAS accrual basis to the public sector: The case of Kosovo. *Accounting*, 7(5), 1109-1118. <http://dx.doi.org/10.5267/j.ac.2021.2.028>
- Kamaruddin, N., & Rogers, R. A. (2020). Malaysia's democratic and political transformation. *Asian Affairs: An American Review*, 47(2), 126-148. <https://doi.org/10.1080/00927678.2020.1715046>
- Kartiko, S. W., Rossieta, H., Martani, D., & Wahyuni, T. (2018). Measuring accrual-based IPSAS implementation and its relationship to central government fiscal transparency. *BAR-Brazilian Administration Review*, 15(4): 1-28. <https://www.scielo.br/j/bar/a/kxbfcW9QFKVNSs6wfprrpy/>
- Kvale, S. (1996). The 1,000-page question. *Qualitative Inquiry*, 2(3), 275-284. <https://doi.org/10.1177/107780049600200302>
- Lassou, P. J. C. (2017). State of government accounting in Ghana and Benin: A “tentative” account. *Journal of Accounting in Emerging Economies*, 7(4), 486-506. <https://doi.org/10.1108/JAEE-11-2016-0101>

- Lassou, P. J. C., & Hopper, T. (2016). Government accounting reform in an ex-French African colony: The political economy of neocolonialism. *Critical Perspectives on Accounting*, 36, 39-57. <https://doi.org/10.1016/j.cpa.2015.10.006>
- Liguori, M., Steccolini, I., & Rota, S. (2018). Studying administrative reforms through textual analysis: the case of Italian central government accounting. *International Review of Administrative Sciences*, 84(2), 308-333. <https://doi.org/10.1177/0020852315619023>
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic Inquiry*. Thousand Oaks, CA: Sage Publications.
- Lokuwaduge, C. S. D. S., & Godage, K. M. D. S. (2020). Accounting Reforms for Accountable Public Sector Management: A Sri Lankan Study. *Tools, Strategies, and Practices for Modern and Accountable Public Sector Management*, 41-64. IGI Global.
- Lüder, K. (1992). A contingency model of governmental accounting innovations in the political administrative environment. *Research in Governmental and Nonprofit Accounting*, 7, 99-127. <http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.454.3070>
- Mahadi, R. (2019). The role and the process of institutional entrepreneurship in the implementation of accrual accounting by the Malaysian Federal Government *Unpublished Doctoral dissertation*, Universiti Sains Malaysia. <http://eprints.usm.my/48248/1/ROZAIDY%20MAHADI%20cut.pdf>
- Manes-Rossi, F., Cohen, S., Caperchione, E., & Brusca, I. (2016). Introduction: The Gordian knot of public sector accounting and the role of the International Public Sector Accounting Standards. *International Review of Administrative Sciences*, 82(4), 718-723. <https://doi.org/10.1177/0020852316665048>
- March, J. G., & Feldman, M. S. (1981). Information in organizations as signal and symbol. *Administrative Science Quarterly*, 26(2), 171-186.
- Mat, T. Z. T., Roslan, N. A., & Fahmi, F. M. (2023). Role of Governance in Outcome-Based Budgeting Implementation Towards Accountability in the Malaysian Public Sector. *IPN Journal of Research and Practice in Public Sector Accounting and Management*, 13(1), 101-127. <https://myjms.mohe.gov.my/index.php/jrpam/article/view/22656>
- Matekele, C. K., & Komba, G. V. (2019). Factors Influencing Implementation of Accrual Based International Public Sector Accounting Standards in Tanzanian Local Government Authorities. *Asian Journal of Economics, Business and Accounting*, 13(3): 1-25. <http://article.publish4promo.com/id/eprint/2433/1/Matekele1332019AJEBA53923.pdf>

- Mattei, G., Jorge, S., & Grandis, F.G. (2020). Comparability in IPSASs: lessons to be learned for the European standards. *Accounting in Europe*, 17(2), 158-182. <https://doi.org/10.1080/17449480.2020.1742362>
- Mbelwa, L. (2015). Factors influencing the use of accounting information in Tanzanian local government authorities (LGAs): An institutional theory approach. *Public Sector Accounting, Accountability and Auditing in Emerging Economies*, 15, 143-177. <https://doi.org/10.1108/S1479-356320150000015006>
- Mbelwa, L. H., Adhikari, P., & Shahadat, K. (2019). Investigation of the institutional and decision-usefulness factors in the implementation of accrual accounting reforms in the public sector of Tanzania. *Journal of Accounting in Emerging Economies*, 9(3): 335-365. <https://doi.org/10.1108/JAEE-01-2018-0005>
- Meyer, J. W. & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340-363. <https://www.journals.uchicago.edu/doi/abs/10.1086/22655>
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative Data Analysis: A Methods Sourcebook (3rd ed.)*. Thousand Oaks, CA: Sage.
- Mnif, Y. & Gafsi, Y. (2017). Institutional and economic factors affecting the adoption of International Public Sector Accounting Standards. *International Journal of Public Administration*, 42(2), 119-131. <https://doi.org/10.1080/01900692.2017.1405444>
- Mnif, Y. & Gafsi, Y. (2020). A contingency theory perspective on the analysis of central government accounting disclosure under International Public Sector Accounting Standards (IPSAS). *Meditari Accountancy Research*, 28(6), 1089-1117. <https://doi.org/10.1108/MEDAR-04-2019-0480>
- Mnif, Y. & Gafsi, Y. (2023). The influence of the socioeconomic and politico-administrative environment on the extent of compliance with IPSAS in developing countries. *Journal of Accounting in Emerging Economies*, (ahead-of-print). <https://doi.org/10.1108/JAEE-02-2022-0044>
- Mohd Ali, N. A., Abdullah, Z., Ab Majid, R., Basri, S. A., & Noor Minhad, S. F. (2020). Implementation of Accrual Accounting: Evidence from Public Sector Accounting Department officers in Malaysia. In *Proceedings of the 1st International Conference on Applied Social Sciences, Business, and Humanity, ICo-ASCNITY*, Padang, West Sumatra, Indonesia. <https://doi.org/10.4108/eai.1-11-2019.2293993>

- Mosuin, E., Mat, T. Z. T., Ghani, E. K., Alzeban, A., & Gunardi, A. (2019). Accountants' acceptance of accrual accounting systems in the public sector and its influence on motivation, satisfaction and performance. *Management Science Letters*, 9(5), 695–712. <http://dx.doi.org/10.5267/j.msl.2019.2.002>
- Moynihan, D. P. (2009). Through a glass, darkly: Understanding the effects of performance regimes. *Public Performance & Management Review*, 592-603. <https://doi.org/10.2139/ssrn.1507287>
- Mustapha, M., Ismail, K. N. I. K., & Ahmad, H. N. (2017). Contingency for financial reporting quality in the Public Sector under Cash-Basis IPSAS: A conceptual approach. In *3Global Conference on Business and Economics Research (GCBER) 2017 14-15 August 2017*, Universiti Putra Malaysia, Malaysia, 1-15.
- OECD/IFAC. (2017). Accrual Practices and Reform Experiences in OECD Countries. *OECD Publishing*. Retrieved January 12, 2021 from https://read.oecd-ilibrary.org/governance/accrual-practices-and-reform-experiences-in-oecd-countries_9789264270572-en#page1
- Olson, O., Humphrey, C., & Guthrie, J. (2001). Caught in an evaluatory trap: a dilemma for public services under NPFM. *European Accounting Review*, 10(3), 505-522. <https://doi.org/10.1080/09638180120088303>
- Olusegun, E. A. (2019). The effect of International Public Sector Accounting Standard (IPSAS) implementation on public financial management. *International Journal of Economics & Business*, 6 (2), 140-151. <https://www.aijbm.com/wp-content/uploads/2019/12/A2120110.pdf>
- Patton, M.Q. (1990). *Qualitative Evaluation and Research Methods*. Newbury Park, CA: Sage Publications.
- Phuong-Nguyen, T. T., Thanh, H. P., Tung-Nguyen, T., & Tien-Vo, T. T. (2020). Factors affecting accrual accounting reform and transparency of performance in the public sector in Vietnam. *Problems and Perspectives in Management*, 18(2), 180. <https://doi.org/10.21511/ppm.18%282%29.2020.16>
- Pina, V., & Torres, L. (2003). Reshaping public sector accounting: an international comparative view. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 20(4), 334-350. <https://doi.org/10.1111/j.1936-4490.2003.tb00709>

- Poland, B. D. (1995). Transcription quality as an aspect of rigor in qualitative research. *Qualitative inquiry*, 1(3), 290-310. <https://doi.org/10.1177/107780049500100302>
- Polzer, T., Gårseth-Nesbakk, L., & Adhikari, P. (2019). “Does your walk match your talk?” Analyzing IPSASs diffusion in developing and developed countries. *International Journal of Public Sector Management*, 33(2/3), 117-139. <https://doi.org/10.1108/IJPSM-03-2019-0071>
- Polzer, T., Grossi, G., & Reichard, C. (2022, January). Implementation of the international public sector accounting standards in Europe. Variations on a global theme. *Accounting Forum*, 46(1), 57-82. Routledge. <https://doi.org/10.1080/01559982.2021.1920277>
- Potter, B. (2002). Financial accounting reforms in the Australian public sector: an episode in institutional thinking. *Accounting, Auditing & Accountability Journal*, 15(1), 69-93. <https://doi.org/10.1108/09513570210418897>
- Rajib, S. U., Adhikari, P., Hoque, M., & Akter, M. (2019). Institutionalisation of the Cash Basis International Public Sector Accounting Standard in the Central Government of Bangladesh: An example of delay and resistance. *Journal of Accounting in Emerging Economies*, 9(1), 28-50. <https://doi.org/10.1108/JAEE-10-2017-0096>
- Ranjani, R. P. C., & Neba, A. A. (2016). The relationship between governmental performance and participation in public sector accounting and financial processes: the case of IPSAS implementation in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 7(1), 13-21. <https://hdl.handle.net/10520/EJC187446>
- Rompotis, G., & Balios, D. (2023). Benefits of IPSAS and their differences from IFRS: a discussion paper. *EuroMed Journal of Business*. Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/EMJB-07-2022-0139>
- Rozaidy, M., & Siti-Nabiha, A. K. (2022). Reconstructing identity and logic through the implementation of accrual accounting in Malaysia: an intra-organisational analysis. *Journal of Management and Governance*, 27(1), 331-370. <https://doi.org/10.1007/s10997-021-09615-4>
- Saleh, Z., Hasan, H. A., Isa, C. R., & Heong, Y. K. (2018). The Role of Climate and Culture in the implementation of accrual accounting: A conceptual paper. *IPN Journal of Research and Practice in Public Sector Accounting and Management*, 8(1), 73-86. <https://doi.org/10.58458/ipnj.v08.01.04.0053>

- Salia, H. & Atuilik, W.A. (2018). The implementation of international public sector accounting standards in Liberia analysis of the benefits and challenges. *European Journal of Business, Economics and Accountancy*, 6(6). 17-31. <http://hdl.handle.net/123456789/4100>
- Saliterer, I., Korac, S., Moser, B., & Rondo-Brovetto, P. (2019). How politicians use performance information in a budgetary context: New insights from the central government level. *Public Administration*, 97(4), 829-844. <https://doi.org/10.1111/padm.12604>
- Samkin, G., & Schneider, A. (2010). Accountability, narrative reporting and legitimation: the case of a New Zealand public benefit entity. *Accounting, Auditing & Accountability Journal*, 23(2), 256-289. <https://doi.org/10.1108/09513571011023219>
- Sanip, S., & Rahman, N. F. A. (2018). Integrated Cumulative Grade Point Average (iCGPA): Benefits and Challenges of Implementation for the Medical Faculty. *Education in Medicine Journal*, 10(1). <https://doi.org/10.21315/eimj2018.10.1.8>
- Sariman, N. K., Mahadi, R., Mail, R., & Noordin, R. (2017). Issues and strategies of accrual accounting implementation in Malaysia: A comparative study between federal government and state governments. *International Journal of Business Management*, 2(2), 1-19. https://myjurnal.mohe.gov.my/filebank/published_article/72008/3.pdf
- Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Burroughs, H., & Jinks, C. (2017). Saturation in qualitative research: Exploring its conceptualization and operationalization. *Quality & quantity*, 52, 1893-1907. <https://doi.org/10.1007/s11135-017-0574-8>
- Schmidhuber, L., Hilgers, D., & Hofmann, S. (2022). International Public Sector Accounting Standards (IPSASs): A systematic literature review and future research agenda. *Financial Accountability & Management*, 38(1), 119-142. <https://doi.org/10.1111/faam.12265>
- Scott, W. R. & Meyer, J. W. (1991). The rise of training-programs in firms and agencies-an institutional perspective. *Research in Organizational Behavior*, 13, 297-326.
- Sekaran, U. and Bougie, R. (2016), *Research Methods for Business: A Skill-Building Approach*, 7th ed. West Sussex: John Wiley & Sons.
- Sellami, Y. M., & Gafsi, Y. (2020). Public management systems, accounting education, and compliance with international public sector accounting standards in sub-Saharan Africa. *International Journal of Public Sector Management*, 33(2/3), 141-164. <https://doi.org/10.1108/IJPSM-12-2018-0274>

- Soguel, N., & Luta, N. (2021). On the road towards IPSAS with a maturity model: a Swiss case study. *International Journal of Public Sector Management*, 34(4), 425-440. <https://doi.org/10.1108/IJPSM-09-2020-0235>
- Stake, R.E. (1995). *The Art of Case Study Research*. Thousand Oaks, CA: Sage Publications.
- Strauss, A., & Corbin, J. (1990). *Basics of Qualitative Research*. Thousand Oaks, CA: Sage Publications.
- Suter, W. N. (2011). *Introduction to Educational Research: A Critical Thinking Approach*. Thousand Oaks, CA: Sage Publications.
- Tallaki, M. & Bracci, E. (2019). NPM reforms and institutional characteristics in developing countries: the case of Moroccan municipalities. *Journal of Accounting in Emerging Economies*, 9(1), 126-147. <https://doi.org/10.1108/JAEE-01-2018-0010>
- Tanjeh, M.S. (2016). Factors influencing the acceptance of international public sector accounting standards in Cameroon. *Accounting and Finance Research*, 5(2), 71-83. <https://ideas.repec.org/a/jfr/afr111/v5y2016i2p71.html>
- Tashakkori, A., & Teddlie, C. (2009). Integrating qualitative and quantitative approaches to research. *The SAGE Handbook of Applied Social Research Methods*, 2, 283-317.
- Tawiah, V. (2023). The effect of IPSAS adoption on governance quality: evidence from developing and developed countries. *Public Organization Review*, 23(1), 305-324. <https://doi.org/10.1007/s11115-022-00625-w>
- Thornton, P. H., & Ocasio, W. (2008). Institutional logics. *The Sage Handbook of Organizational Institutionalism*, 840(2008), 99-128.
- Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). *The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process*. New York: Oxford University Press.
- Tiede, W., & Krispenz, S. (2007). The new public accounting law in Albania—the current situation and the introduction of IPSAS to systems of public accounting. *SEER Journal for Labour and Social Affairs in Eastern Europe*, 10(2), 119-130. <https://www.ceeol.com/search/article-detail?id=222692>

- Tran, Y.T., Nguyen, N.P. and Hoang, T.C. (2021). Effects of leadership and accounting capacity on accountability through the quality of financial reporting by public organisations in Vietnam. *Journal of Asia Business Studies*, 15(3), 484-502. <https://doi.org/10.1108/JABS-02-2020-0077>
- Transparency International Malaysia (2018). *Annual Report 2018*. Retrieved January 12, 2021 from <https://www.transparency.org.my/images/webs/IelhwXZhOsPs2AMe3yyoDOlohv3xGDJeNSthRhhm.pdf>
- Vamosi, T. (2005). Management accounting and accountability in a new reality of everyday life. *The British Accounting Review*, 37(4), 443-470. <https://doi.org/10.1016/j.bar.2005.07.005>
- van Helden, J., Adhikari, P. and Kuruppu, C. (2021). Public sector accounting in emerging economies: a review of the papers published in the first decade of Journal of Accounting in Emerging Economies. *Journal of Accounting in Emerging Economies*, 11(5), 776-798. <https://doi.org/10.1108/JAEE-02-2020-0038>
- Wengraf, T (2001). *Qualitative Research Interviewing: Biographic Narrative and Semi Structured Method*. London: Sage Publications.
- Yin, R. K. (2009). *Case Study Research: Design and Methods* (4th ed.). Thousand Oaks, CA: Sage.
- Yusof, N., & Jaafar, H. (2018). The Implementation of Accrual-Based Accounting in Malaysian Public Sector: Opportunities and Challenges. *International Business Education Journal*, 11(1), 49-62. <https://doi.org/10.37134/ibej.vol11.1.5.2018>
- Zarei, H., Yazdifar, H., Dahmarde Ghaleno, M., & Namazi, N. (2022). National culture and public-sector budgeting: the mediating role of country-level institutions using a structural equation modeling approach. *Journal of Applied Accounting Research*, 23(3), 686-714.