

The Role Of Climate And Culture In The Implementation Of Accrual Accounting: A Conceptual Paper¹

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Abstract

Accrual accounting is recognized to provide more accurate financial information compared to cash accounting. Implementing accrual accounting is among the strategic initiatives by governments across the globe, as well as Malaysia to ensure transparency and accountability in government's financial reporting. The transition from cash basis accounting traditionally used by government to the new accrual accounting regime is highly dependent on the acceptance and commitment of the members of the organizations. As implementation of accrual accounting is a form of change initiatives, conducive organizational climate and culture are important in ensuring successful implementation of the new regime of accrual accounting. Change climate involves change of policies, practices, procedures, routine and rewards systems while change culture involves change of employees' deeply held values and beliefs. This paper proposes a research framework to explore the influence of organizational climate and culture towards successful implementation of accrual accounting in Malaysia.

Keywords: accrual accounting, organizational culture, organizational climate, change management, public sector