

The Perceived Benefits of Accrual Accounting: Evidence from Malaysian Accountant General's Department

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Abstract

Accrual accounting is targeted to be fully implemented in Malaysia by the year 2015, with the aim to improve financial management procedures in the public sector. Therefore, this study is to examine the government servants' perception on the perceived benefits for applying accrual accounting in Malaysia. This study also investigates the significant difference between demographic factors (year of services with the government, course attended that relates to accrual accounting, education level and professional qualification) and their perceptions in relations to AGD. The 300 questionnaires regarding the government servants' perception on four benefits of adopting accrual accounting is distributed to the various divisions in the headquarters of Accountant General's Department (AGD) in Putrajaya. To test the objectives, the frequency analysis and ANOVA were used. The general finding shows that the respondents have positive attitude on accrual accounting. This paper also shows evidence that demographic factors influence the government servants' perceptions, based on the significant results between enhance specific transparency with the years of service with the government and courses attended that are related to accrual accounting. On the other hand, the significant difference for professional qualification at 0.05 level with enhance unspecific transparency, enhance actions and decisions as well as avoided bad actions and decisions. These results are important for the government so that it can play a more proactive role to ensure accrual accounting in Malaysia is successfully implemented.

Keywords: Accrual Accounting, Benefits, AGD, Malaysia.

1. Introduction

In Malaysia, the implementation of accrual accounting across all levels in the public sector is expected to be completed by 2015. This accrual accounting refers to the economic events that are recognized by matching revenues to expenses at the time the transaction occurs rather than when payment is made or received (Falkman and Tagesson, 2008). As mentioned by the Accountant General of Malaysia, to become a high-income nation, one of the key priorities is strengthening and reforming fiscal discipline. In line with this goal, the National Economic Advisory Council (NEAC), through New Economic Model (NEM), recommends the migration

from cash-based accounting to accrual accounting in the public sector.

Prime Minister of Malaysia, Dato' Sri Mohd Najib Tun Abdul Razak states that, "The NEM will help Malaysia to create a high-income nation that is sustainable and inclusive. Put more simply, our goal is to make Malaysia a prosperous country that benefits everyone, now and for future generations." (Accountant Today, August 2011, p.6). Migration to accrual accounting is an aspiration of the Malaysian Government in attaining the developed nation status with the drive for "People first, Performance now". As quoted in Accounting Today (June 2011), Prime Minister, Dato' Sri Najib Tun Razak mentions, "We need a government that enables and empowers the private sector. This means re-shaping and energising the public sector to be more responsive and accountable to the needs of private citizens and businesses" (June 2011, p.6).

Usually, it takes from five to ten years for a country to complete the migration to accrual accounting. For example, in New Zealand, the process has reportedly taken ten years. On the other hand, the United Kingdom and Sweden are reported to take seven and eight years respectively (Irvine, 2011). For Malaysia, it is expected to take five years for the implementation of accrual accounting (Accrual Accounting Project Team of AGD, 2011).

To migrate from cash accounting to accrual accounting, new accounting policies are drafted, which consist of general accounting policies, (i.e. the policies on consolidated funds, assets, liabilities, revenue and expenses) and are endorsed by the Government Accounting Standards Advisory Board (GASAB). Accountant General Department (AGD), on the other hand, has organized 36 awareness programmes to educate its officers on accrual accounting for government agencies. A review on the current business processes of all modules in the Government Financial Management and Accounting System (GFMAS) is done to enable a new computer software system design for accrual accounting, which is expected to be completed by the end of 2012 (PEMANDU, 2012).

From this migration, there are four significant benefits, namely enhance unspecific transparency, enhance specific transparency, enhance actions and decisions as well as avoided bad actions and decisions. Besides, the introduction of accrual accounting system in the public sector may lead to better transparency in the government's financial management since the current basis of accounting system is unable to do so. Accrual accounting allows a comprehensive statement of the position of an organization at the end of a period and a comprehensive statement of the performance of an organization during the period to be prepared. In addition, accrual accounting is expected to facilitate asset-liability management and, hence, comprehensive and prudent fiscal management (Accountant Today, August 2011). Therefore, this study aims to identify the government servants' perception on the significant benefits for applying accrual accounting in Malaysia, which is motivated by previous research done in Germany (Jagalla, Becker, and Weber, 2011; Christiaens, 2008; Vonck, 2004).

Furthermore, this study also investigates the significant difference between demographic factors (year of services with the government, course attended that relates to accrual

accounting, education level and professional qualification) and their perceptions. Thus, this study fills the gaps identified in the literature.

1.1 Motivations of the Study

The Government is committed to migrate to accrual accounting as one of the mechanisms to boost greater stability, accountability and holistic sustainability in the global economic system (The Performance Management and Delivery Unit (PEMANDU), 2010; Accountant Today, 2012). This migration also will help the Government to deal with the issue of budget deficit in Malaysia public sector. In 2012, Malaysia government had spent RM231 billion in managing economy with RM456 billion of liabilities and unquantifiable resource assets. Furthermore, Malaysia has been in a budget deficit since 1997 and reported 4.7% budget deficit for 2012.

Besides, there are lacks of study that emphasize in accrual accounting in Malaysia public sector. Most of the accrual accounting practices is undertaken by foreign practices for example New Zealand, Australia, UK and Canada (Wayne, 2004). In Malaysia, accrual accounting still a new concept introduced. Furthermore, only a few studies that emphasize on officers perception in AGD, Malaysia. Studies conducted by Amran et. al (2005) focused more on the current practice in local authorities in Kedah, while Chong et al. (2011) focus on knowledge management in AGD. It is important to do the research on AGD because the AGD is known for its expertise in government accounting and a knowledge provider of accounting services, looking at the large volumes of financial transactions with accounting operations greatly diversified and decentralized with offices spreading all over the country (Chong et al., 2011). Therefore, this study will help the AGDs staffs to have better perceptions in the benefits of accrual accounting since they are expected to have better information and expertise pertaining to accrual accounting.

2. Literature Reviews

Accrual accounting is a method that measures the financial performance and financial position of an entity to recognize the effects of transactions or events as they occur. Accrual accounting is different from cash accounting since cash accounting is seen as cash or its equivalent, either when it is received or paid. The International Public Sector Accounting Standards Board (IPSASB), which is under the Federation of Accountant (IFAC), is known to be responsible for developing International Public Sector Accounting Standards (IPSAS) and it strongly encourages the national government to implement accrual accounting (Saleh & Pendlebury, 2006).

The migration to accrual accounting by 2015 is a target of the Malaysia Government. It is one of the Policy Measures for the Malaysia Public Sector Transformation Agenda. Previously, the main focus was on the management of accounting initiatives for the development of governmental accounting. Currently, the implementation of accrual accounting is being considered in an attempt to improve the financial management procedures in Malaysia. In June 2011, the Malaysian government took the challenge to migrate from cash accounting to

accrual accounting. Wynne (2004) believes that the migration to accrual accounting is part of the process of adopting the style of financial statements practised by companies in the private sector into the public sector.

Prior studies suggest that there are benefits in transitioning from cash accounting to accrual accounting in the public sector. Benefits of accrual accounting consists of enhance unspecific transparency (IFAC, 2012; Jagalla et. al, 2011), enhance specific transparency (Guthrie, 1998; Mellett, 2002), enhance actions and decisions (Blondal, 2004) and avoided bad actions and decisions (IFAC, 2012).

By implementing accrual accounting, it will enhance unspecific transparency. Government must implement necessary arrangements which required enhancing public sector financial management transparency and accountability. An integral and essential part of these arrangements is the use of accrual accounting through the adoption and implementation of the International Public Sector Accounting Standards (IPSASs) which promotes greater transparency and accountability in public sector finances and allows for enhanced monitoring of government debt and liabilities (IFAC, 2012). Evidence was found from a German study has identify that accrual accounting do enhance unspecific transparency as the accrual accounting year end reporting have a lot more sophisticated and transparent compared than what they have before (Jagalla et al., 2011).

Accrual accounting also enhance specific transparency as well. This statement has been argued that transparency emerges because the information supplied by an accrual accounting system is deemed to be more comprehensive (Guthrie, 1998). In addition, the better of cost transparency benefits such as systematic recording of the fixed assets (Mellett, 1997). In term of enhancing actions and decisions, recent study by Blondal (2004) has outlines some benefits of accrual accounting and highlight most about the accrual accounting improved cost information to enhance actions and decisions making and improved discipline for budget execution purpose. Decisions will now be based on the total cost of producing outcomes and outputs rather than only the immediate cash outlay.

Benefits of accrual accounting also rely on avoided bad actions and decisions making aspects. Past study from IFAC (2012) has stated that implementing of accrual accounting will avoid implication of making decisions to invest or not invest. This will result in foregone potential benefits which represents an opportunity cost where citizens in the future will pay for the mismanagement of today. It also can avoid poor decisions making that might be is the best way to made in the short-term period or at worst which is made in the self-interest of politicians and public servants.

Nevertheless, there are several reasons why the Malaysian government migrates to accrual accounting. Generally, Malaysia is in the process to be one of the developed countries. The implementation of accrual accounting will provide greater accountability and transparency for the government finances, while optimising decision-making. In other words, accrual accounting will facilitate the costing of resources, which is essential to the effectiveness of Outcome-

Based Budgeting (OBB) in promoting the sustainability of fiscal policies. Accrual accounting will also help to promote greater integrity by curbing teeming and lading of expenditure, promoting transparency, as well as minimising year-end shopping and it is compatible with developed economies (Wan Sulaiman, 2012). All of these benefits will enhance the efficiency and effectiveness of fiscal management, consumption of resources and, subsequently, improves the performance and financial management of each agency (Tocqueville, 2009).

3. Research Design

To achieve the objectives of this study, the staff from the Headquarter of Accountant General's Department (AGD) in Putrajaya was selected as the respondents. There is a total population of 800 staff. For this study, 300 questionnaires are distributed to the various divisions in the headquarters of Accountant General's Department (AGD) in Putrajaya. However, only 146 questionnaires (48.67%) are completed by the respondent as stated in Table 1.

Table 1: Frequency Table of Samples

	Frequency	Percentage
Population	800	100%
Final sample	300	37.5%
Missing	86	28.67%
Not complete	68	22.67%
Questionnaire complete	146	48.67%

This questionnaire is adapted from three different past research papers from Vonck (2004), Christiaens (2008) as well as Jagalla et al. (2011). It consists of two parts. In the first part of the questionnaire is Demography (D), which gathers personal information of the respondents. There are six questions in this part. The second part of the questionnaire is about the government servants' perception on the significant benefits of applying accrual accounting. There are 23 questions stated. In this part, the respondents are instructed to show the extent of their agreement or disagreement using a six-point Likert scale, ranging from 1 for "strongly disagree", 2 for "disagree", 3 for "slightly disagree", 4 for "slightly agree", 5 for "agree" and 6 for "strongly agree". This method provides a clear definition to construct of interest of the respondents.

3.1 Respondents' Profile

Table 2 shows the socio-demographic profiles of the respondents. 84 respondents (57.5%) are female, and the remaining of 62 respondents (42.5%) are male. 61 of the respondents (41.8%) have served the Government between five to nine years. Followed by, 41 respondents (28.1%) and 32 respondents (21.9%) have served from zero to four years and 10 to 14

years of service with the government. Only five respondents (3.4%) from the total number of respondents have served the government from 15 to 19 years. Three respondents (2.1%) have served the government from 20 to 24 years. The remaining four respondents (2.7%) have loyally served the government for 25 years or more.

Apart from that, 67 respondents (45.9%), are Accounting Clerk grade W17. 33 respondents (22.6%) are Accountants grade W41, 11 respondents (7.4%) are Accounting Clerks grade W22, 10 respondents (6.8%) are Assistant Accountants grade W27 and W32, 5 respondents (3.4%) are Accountants grade W48, 2 respondents (1.4%) are Accounting Clerks grade W26 and Accountants grade W44, while only one respondent (0.7%) is Accounting Clerk grade W18, Accountant grade W52, Assistant of Information Technology's Officer grade F32 and F29. Although almost the respondents is from low level management, but, majority of the respondent have served the government for more than four years. Therefore, the result of the question still relevance.

128 respondents (87.7%) do not have any professional qualifications. On the other hand, 16 respondents (11.0%) are the members of Malaysian Institute of Accountants (MIA). One respondent (0.7%) is a member of both Malaysian Institute of Certified Public Accountants (MICPA) and Institute of Internal Auditors (IIA).

Table 2: Socio-demographic Profiles of respondents

Profile		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	62	42.5	42.5	42.5
	Female	84	57.5	57.5	100.0
Year of services	0-4	41	28.1	28.1	28.1
	5-9	61	41.8	41.8	69.9
	10-14	32	21.9	21.9	91.8
	15-19	5	3.4	3.4	95.2
	20-24	3	2.1	2.1	97.3
	≥ 25	4	2.7	2.7	100.0
Grade	W17	67	45.9	45.9	45.9
	W22	11	7.5	7.5	53.4
	W26	2	1.4	1.4	54.8
	W27	10	6.8	6.8	61.6
	W32	10	6.8	6.8	68.5
	W36	3	2.1	2.1	70.5
	W41	33	22.6	22.6	93.2
	W48	5	3.4	3.4	96.6

	W52	1	0.7	0.7	97.3
	F32	1	0.7	0.7	97.9
	F29	1	0.7	0.7	98.6
	W44	2	1.4	1.4	100.0
Education level	Master Degree	4	2.7	2.7	2.7
	Degree accounting	44	30.1	30.1	32.9
	Diploma accounting	42	28.8	28.8	61.6
	Sijil/ STPM/ SPM/ PMR	56	38.4	38.4	100.0
Professional qualification	MIA	16	11.0	11.0	11.0
	MICPA	1	0.7	0.7	11.6
	IIA	1	0.7	0.7	12.3
	None	124	87.7	87.7	100.0
Attending course	Yes	19	13.0	13.0	13.0
	No	127	87.0	87.0	100.0

Table 2 also shows that, from the total of 146 respondents, 127 respondents (87.0%) have not been trained for accrual accounting. Meanwhile, only 19 respondents (13.0%) are retrained for accrual accounting. The training courses consist of Systems Applications and Products in Data Processing (SAP), awareness talk by International Public Sector Accounting Standard (IPSAS), Practice In Audit Line for 7 Days, Seminar of Introduction to Accrual Accounting, Seminar of Accrual Accounting in Public Sector, National Conference for Public Sector Accountant on the Topic of 'Transitioning to a New Public Sector Accounting Landscape', and an Executive Talk: Accrual Accounting, Our Journey of Transformation. The training courses are mostly attended by top level management to improve their understanding before accrual accounting is fully implemented in the organization.

4. Findings

Reliability analysis is carried out to check the consistency of the questionnaire. Generally, a cronbach value of 0.5 and above indicates that the data is reliable (Abu Samah, 2012). The closer the Cronbach's alpha to 1, the higher the internal consistency reliability (Sekaran & Bougie, 2010). Cronbach's alpha coefficient in this study is above 0.853, which indicates that the reliability of the questionnaire is attained.

Table 3: Reliability Statistics for Perceived Benefits of Accrual Accounting

Taxonomy for Benefits	Cronbach's Alpha	Number of Items
Enhanced unspecific transparency	0.907	5
Enhanced specific transparency	0.950	6
Enhanced actions and decisions	0.944	9
Avoided bad actions and decisions	0.853	3

Factor analysis is conducted to explore the underlying factors associated with 23 items. Generally, Kaiser-Meyer-Olkin (KMO) should exceed 0.6 and Bartlett's test significant value should be less or equal to 0.05. The result in Table 4 is a KMO of 0.853 and Bartlett test is 0.00. Therefore, these results conclude that both are highly significant and the factors are suitable for the factor analysis.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.853
Bartlett's Test of Sphericity	Approx. Chi-Square	451.014
	df	6
Sig.		.000

Principal Component Analysis is used to construct the factors. Table 3 shows that 23 benefits to apply accrual accounting are grouped into four main identified factors, which are enhanced unspecific transparency, enhanced specific transparency, enhanced actions and decisions as well as avoided bad actions and decisions.

4.1 Perceptions on the Benefits of Accrual Accounting

In this section, one of the objectives is to capture the perceptions on the significant benefits of applying accrual accounting among the respondents. Figure 1 shows, on average, the respondents slightly agree with the benefit of accrual accounting in terms of unspecific transparency (79.65 percent: mean, 4.779) and specific transparency (79.55 percent: mean, 4.773), as well as enhanced actions and decisions (78.57 percent: mean, 4.714) and avoided bad actions and decisions (77.13 percent: mean, 4.628) since the mean for each category is more than four.

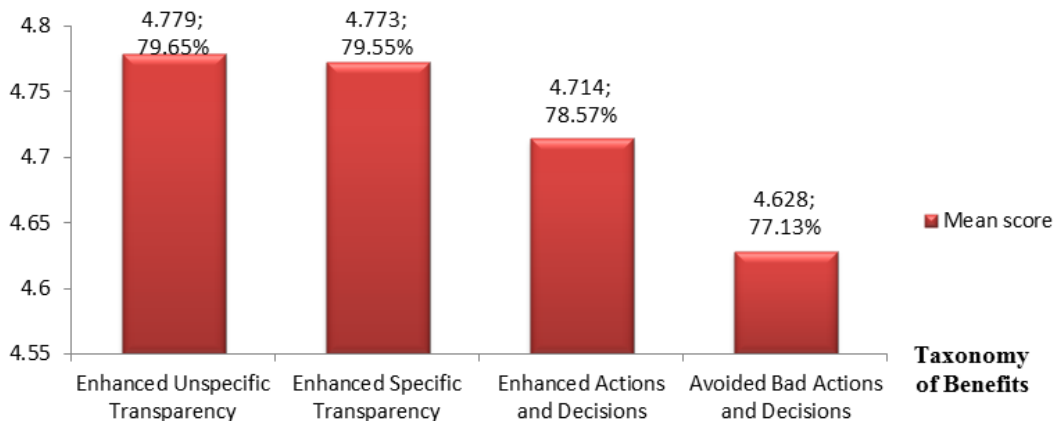


Figure 1: Means for Perceived Benefits of Accrual Accounting

Table 5 shows the majority of the respondents, generally, has positive attitude towards the benefit of accrual accounting. In terms of enhancing unspecific transparency, 100 respondents (68.5%) agree and 38 respondents (26%) slightly agree that accrual accounting provides enough financial data for future planning. The possible reason is that accrual accounting assists towards more transparent in the year-end reporting compared to what they used to have before (Jagalla et al., 2007). It is important to ensure greater accountability for the finances in the public sector and enhance the monitoring effort on the government's debt and liabilities (International Federation of Accountants, 2007).

In terms of enhance specific transparency, 85 respondents (58.2%) agree that accrual accounting provides transparency when it comes to assets and 45 respondents (30.8%) slightly agree. Specific transparency can be established since the information supplied by an accrual accounting is deemed to be more comprehensive (Guthrie, 1998). Specific transparency includes better transparency in terms of cost information, such as systematic recording of fixed assets.

Table 5: Frequency Table for the Benefits in Applying Accrual Accounting (Transparency)

Enhance Unspecific Transparency	Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	Mean	Standard deviation
UT1. Financial statement produced disclose enough data for monitoring financial position (% of respondents)	0 (0)	0 (0)	3 (2.1)	39 (26.7)	94 (64.4)	10 (6.8)	4.8	0.6
UT2. Provide enough financial data for future planning (% of respondents)	0 (0)	0 (0)	1 (0.7)	38 (26)	100 (68.5)	7 (4.8)	4.8	0.54
UT3. New perspective e.g. process instead of organization (% of respondents)	0 (0)	0 (0)	2 (1.4)	40 (27.4)	99 (67.8)	5 (3.4)	4.7	0.54
UT4. Holistic view on all assets/liabilities in one line item (% of respondents)	0 (0)	0 (0)	0 (0)	48 (32.9)	88 (60.3)	10 (6.8)	4.7	0.58
UT5. Increased quality of information (% of respondents)	0 (0)	0 (0)	2 (1.4)	38 (26)	95 (65.1)	11 (7.5)	4.8	0.59
Enhance Specific Transparency	Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	Mean	Standard deviation
ST1. In terms of cost (% of respondents)	0 (0)	0 (0)	4 (2.7)	45 (30.8)	83 (56.8)	14 (9.6)	4.7	0.67
ST2. In terms of asset (% of respondents)	0 (0)	0 (0)	1 (0.7)	45 (30.8)	85 (58.2)	15 (10.3)	4.8	0.63
ST3. In terms of debt and other liabilities (% of respondents)	0 (0)	0 (0)	1 (0.7)	43 (29.5)	84 (57.5)	18 (12.3)	4.8	0.64
ST4. In terms of non-cash charges and uses (% of respondents)	0 (0)	0 (0)	1 (0.7)	45 (30.8)	84 (57.5)	16 (11)	4.8	0.63
ST5. In terms of long-term impact of government activity (% of respondents)	0 (0)	0 (0)	2 (1.4)	45 (30.8)	81 (55.5)	18 (12.3)	4.8	0.67
ST6. In terms of revenues. (% of respondents)	0 (0)	0 (0)	2 (1.4)	47 (32.2)	84 (57.5)	13 (8.9)	4.7	0.63

Table 6: Frequency Table for the Benefits in Applying Accrual Accounting (Actions and Decisions)

Enhance Actions and Decisions	Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	Mean	Standard deviation
AD1. Improved general decision making (% of respondents)	0 (0)	0 (0)	3 (2.1)	51 (34.9)	82 (56.2)	10 (6.8)	4.6	0.74
AD2. In terms of cost (% of respondents)	0 (0)	0 (0)	3 (2.1)	51 (34.9)	83 (56.8)	9 (6.2)	4.7	0.62
AD3. In terms of assets (% of respondents)	0 (0)	0 (0)	3 (2.1)	43 (29.5)	92 (63.0)	8 (5.5)	4.7	0.6
AD4. In terms of debt and other liabilities (% of respondents)	0 (0)	0 (0)	4 (2.7)	46 (31.5)	86 (58.9)	10 (6.8)	4.7	0.64
AD5. In terms of resource use and maintenances (% of respondents)	0 (0)	0 (0)	2 (1.4)	48 (32.9)	85 (58.2)	11 (7.5)	4.7	0.62
AD6. Long-term decision making (% of respondents)	0 (0)	0 (0)	0 (0)	57 (32.2)	91 (62.3)	8 (5.5)	4.7	0.55
AD7. Improved investment decisions (% of respondents)	0 (0)	0 (0)	0 (0)	46 (31.5)	88 (60.3)	12 (8.2)	4.8	0.59
AD8. Ability to compare outputs among departments (% of respondents)	0 (0)	0 (0)	1 (0.7)	48 (32.9)	85 (58.2)	12 (8.2)	4.7	0.61
AD9. Links to departmental objectives (% of respondents)	0 (0)	0 (0)	1 (0.7)	49 (33.6)	88 (60.3)	8 (5.5)	4.7	0.58

Avoided Bad Actions and Decisions	Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	Mean	Standard deviation
BA1. Excessive spending, incorrect government decision. (% of respondents)	0 (0)	0 (0)	1 (0.7)	58 (39.7)	80 (54.8)	7 (4.8)	4.6	0.59
BA2. Creative accounting (to improved reliability and integrity of information) (% of respondents)	0 (0)	0 (0)	1 (0.7)	49 (33.6)	89 (61)	7 (4.8)	4.7	0.57
BA3. Bad investment decisions (% of respondents)	0 (0)	1 (0.7)	4 (2.7)	60 (41.1)	76 (52.1)	5 (3.4)	4.5	0.64

For enhancing actions and decisions, especially in terms of assets, 92 respondents (63.0%) agree and 43 respondents (29.5%) slightly agree. Cost information enables enhanced actions and decisions making as well as improved discipline for budget execution purpose since it will be based on the total cost of producing outcomes and outputs rather than only the immediate cash outlay (Blondal, 2004).

89 respondents (61%) agree and 49 respondents (33.6%) slightly agree that accrual accounting is able to avoid bad actions and decisions. The implementation of accrual accounting may avoid the implication of making wrong decisions in an investment [International Federation of Accountants (IFAC), 2012]. It can also avoid poor decisions making that may seem good for short-term periods or, worse when they are made for the interest of politicians and public servants.

To examine the relationship between the year of service with the government, course attended that are related to accrual accounting, education level and professional qualification, ANOVA test is employed to compare the mean difference. Table 6 shows that there is a significant difference between specific transparency with the years of service in the government (p -value = 0.061) and courses attended that are related to accrual accounting (p -value=0.086) at 0.10 level. In addition, there is a significant difference between professional qualification with enhance unspecific transparency (p -value=0.046), between professional qualification with enhance actions and decisions (p -value=0.017) as well as professional qualification with avoided bad actions and decisions (p -value=0.027) at 0.05 level.

Table 7: Table of ANOVA

	Year of services with government		Courses Attended for accrual accounting		Educations background		Professional qualification	
	F-stat	Sig.	F-stat	Sig.	F-stat	Sig.	F-stat	Sig.
UT	1.725	0.133	0.663	0.417	1.370	0.247	2.327	0.046**
ST	2.170	0.061***	2.995	0.086***	0.913	0.458	1.736	0.130
AD	1.114	0.356	0.398	0.529	1.546	0.192	2.855	0.017**
BA	1.751	0.127	0.147	0.702	1.131	0.344	2.624	0.027**

UT is Enhance unspecific transparency; ST is Enhance specific transparency; AD is enhance actions and decisions; BA is avoided bad actions and decisions *** Sign at the 0.10 level (2-tailed), **Sign at the 0.05 level (2 tailed), *Sign at the 0.01 level (2 tailed)

However, the findings show that there are insignificant differences between unspecific transparency with the years of service in the government, courses attended for accrual accounting and educations background. Besides, specific transparency shows insignificant differences with educations background and professional qualification. In addition, Table 7 shows there are insignificant differences between enhancing actions and decisions with the year of services with government, courses attended for accrual accounting and educations background. Furthermore, there are insignificant differences between avoided bad actions and decisions with the year of services with government, courses attended for accrual accounting and educations background.

5. Conclusion

This study attempts to capture the perceptions on the significant benefits of applying accrual accounting among the staff from Accountant General's Department (AGD) in Putrajaya. Besides, this study aims to examine the relationship between the year of service with the government, course attended that are related to accrual accounting, education level and professional qualification with the benefits of accrual accounting. From the results, it can be concluded that, the majority of the government servants in AGD, Putrajaya have positive attitude towards the perceived benefits of accrual accounting. It is because on average, each item in the four benefits of accrual accounting was ranked by the respondents from slightly agreed to agree. Furthermore, based on the result from ANOVA test, it shows that demographic factors (Year of services with government, courses attended for accrual accounting and professional qualification) have influence on the staff's perceptions of the benefits gained from accrual accounting.

The findings suggest that the government should play a more proactive role to ensure accrual accounting in Malaysia is successfully implemented. This is due to the variety of

benefits that can be generated from its implementation. For that, the government needs to generate the awareness among government servants on the benefits of accrual accounting. For example, more courses/training for government servants should be provided since these courses are able to change their mind set. Furthermore, the general consensus amongst both the government and its servants will become an important management tool to enhance transparency and accountability, especially in the public sector. In this regard, in the year 2015, Malaysia is expected to be able to implement fully the accrual accounting for the benefits of the whole nation.

The practice of accrual accounting serves to build the confidence of users that the government's financial reporting is accurate and transparent. The information obtained from this study serves as the important points in the migration process to accrual accounting. Accrual accounting implementation was aspired in the New Economy Model (NEM) by the Malaysian government to improve the quality of reported financial information. It is, therefore, imperative that strong financial accounting systems and mechanism are put in place. It is important to collect information, which will help to address this impediment in the development functions of the country. This is aligned with the foundation of the Economic Transformation Programme (ETP) to become a high-income nation, which is formed by strengthening and reforming fiscal discipline.

This study has some limitations. The sample selected is only focused in one location, which is the AGD, Putrajaya, as it is the headquarters of the AGDs in Malaysia. Other samples from other AGDs should be considered in future studies in order to obtain an overall perception of the accountants in Malaysia. For example, the AGDs in East Coast, which are located in Pahang, Kelantan, and Terengganu, or AGDs that have a higher score for accountability index. Another limitation is that only questionnaire method is used to collect data. Interviews can also be used to collect data from the respondents regarding their perceptions on accrual accounting. This is because interviews may add an inner perspective towards the questions asks and clarifies any doubt.

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