

## Initiatives Towards Constructing a Definition of a Commercial Public Sector Entity in Malaysia

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### Abstract

**Purpose:** This study explores the possibility of applying the definition of “government business entity” (GBE) to construct the definition of “commercial public sector entity” (CPSE) based on the characteristics of GBE. Comparison was made between the characteristics of GBE in nine countries, namely the United Kingdom, the United States, Canada, Australia, South Africa, New Zealand, Indonesia, Thailand, and Malaysia. This is followed by identification of the issues related to the definitions and characteristics of GBE and the challenges faced by the Accountant General's Department of Malaysia (AGD) in developing the definition of CPSE.

**Design/ Methodology/ Approach:** This study utilised the content analysis of the documents, such as accounting standards and articles related to commercial public entities. A qualitative approach was employed by conducting interviews with public sector accountants who are directly involved with the accounting standard's implementation in AGD.

**Findings:** The results recorded similar and different characteristics constituting the definitions of GBE adopted in nine countries. In the application of the GBE definition to construct the definition of CPSE, four main issues were identified: diversity of definition, spectrum of entities, government funding, and rules and regulations of financial reporting. This was

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followed by several other challenges, including the non-reliance solely on the GBE definition, substance over form, purpose of establishment, and jurisdiction of the federal government and existing acts.

**Research Limitations/ Implications:** It was implied in this study that GBE's definition should be revisited to resolve specific issues before constructing the definition of CPSE.

**Practical Implications:** It was indicated from the results of CPSE in a Malaysian context that may be developed after considering the issues that may arise due to accounting and financial reporting practises.

**Originality/ Value:** This study is the first attempt towards constructing a definition for CPSE.

**Keywords:** GBE, CPSE, definition, spectrum of entity, government funding, rules and regulation of financial reporting, Malaysia.