

IPN Journal of Research and Practice in Public Sector Accounting and Management

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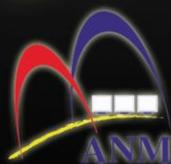
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Traits and Relevant Skills of the Forensic Accountant: Empirical Survey of Public Sector Organisations ¹

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Abstract

Forensic accountants play an important role in government where they need to look for signs of suspicious financial activity and fraudulent activities. According to Digabriele (2008), forensic accountants should possess various combinations of skill and knowledge including accounting, auditing, law, investigation techniques along with strong ethical values and soft skills. There is no research carried out in Malaysia which investigates on the essential traits and relevant skills of forensic accountants in the public sector organisations. Therefore, the main objective of this empirical survey is to investigate the perceptions of public sector accountants and other professionals such as accounting academicians and users of forensic accounting services on the essential traits and relevant skills of forensic accountants in the public sector organisations. The scope of essential traits will also focus on the Islamic values and work ethics to enhance the forensic accountant's skills in the public sector. This conceptual paper presents the literature review, research method and the research model of a forensic accountant in the public sector for further empirical investigation.

Keywords: Traits and Skills of Forensic Accountant, Public Sector Organisation, Malaysia

Introduction

Public sector governance requires controlling and accounting officers to discharge their responsibilities of stewardship of public resources by being open, accountable, prudent in decision making, managing and delivering results (Buang, 2008). The provision of the Financial Procedure **Act 1957** also places a high premium for controlling officers to be personally responsible and accountable for propriety and accountability. Therefore, the need to be aware of fraud in all its manifestations is an essential component of good governance in public sector.

¹ Acknowledgement

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Some of the most typical frauds are bribery, false statements and false claims, embezzlement, conflict of interest, phantom contractor, collusive bidding, progress payment fraud, over or under invoicing, extortion, nepotism and favouritism, loss of revenues on account of tax or duty evasion, unfair recruitment, computer frauds and others. With the increase use of information technology systems in the function of government entities, the preparation of fraud, corruption and consequently the detection of such activities become more complicated (Buang, 2008).

According to Buang (2008), some of the commonly perceived high risk areas of fraud in public sectors are:

- Contracts of service
- Procurement of goods & services
- Inventory management
- Sanction/clearances
- Programme management
- Revenue receipt
- Cash management
- General expenditure
- Other areas with public interface

Thus, management of government entities should have the primary responsibility for the prevention, detection and investigation of fraud. All public officers have to be alert to the possibility of fraud and misconduct. To meet this responsibility, public officers must possess some knowledge of fraud indicators or symptoms that will enable them to evaluate accounting frauds/ errors and materially misstated financial statements (Buang, 2008).

Research continuously confirms that preventing fraud and uncovering deceptive accounting practices are in strong demand as private and public sector organisations have to respond to closer scrutiny of their financial activities by stakeholders, regulatory bodies and courts (Kahan, 2006). Therefore, the use of forensic accounting procedures to detect financial reporting fraud shall be increased with forensic accountants currently require to apply their unique expertise to determine whether there has been any intentional misrepresentations associated with an organisation's financial records (American Institute of Certified Public Accountants, 2008).

Forensic accountants see where and what others don't see. Forensic accountants see beyond financial records. Numbers alone are meaningless. Financial records analyzed by a forensic accountant are meaningful. The true challenge for forensic accountants is seeing beyond financial records.

Forensic accountants utilize an understanding of business information and financial reporting systems, accounting and auditing standards and procedures, evidence gathering and investigative techniques, and litigation processes and procedures to perform their

work. Forensic accountants are also increasingly playing more proactive risk reduction roles by designing and performing extended procedures as part of the statutory audit, acting as advisers to audit committees, fraud deterrence engagements, and assisting in investment analyst research (Crumbley, Lester & Stevenson, 2005)

The skills and preparation for precision, attention to detail, objectivity, problem-solving ability, and strong oral and written communication skills are important for forensic specialists (Torpe, 2009). Some forensic specialists, such as computer forensic investigators, have a background in law enforcement and an understanding of or experience with the law and legal procedures can be helpful for many forensics careers. Similarly, forensic accountants are also required to examine financial transactions related to a legal case or issue to help identify fraudulent or illegal activity (Torpe, 2009).

According to Digabriele (2008), forensic accountants currently apply their unique expertise to an array of diverse assignments and are often hired to determine whether there has been any intentional misrepresentation associated with an organisation's financial records. Fraudulent misrepresentation can range from overvaluation of inventory and improper capitalization of expenses to misstatement of earnings and embezzlement (Messmer, 2004). According to Digabriele (2008), forensic accountants currently apply their unique expertise to an array of diverse assignments and are often hired to determine whether there has been any intentional misrepresentation associated with an organisation's financial records. Fraudulent misrepresentation can range from overvaluation of inventory and improper capitalization of expenses to misstatement of earnings and embezzlement (Messmer, 2004)

The AICPA (2009) has recognized forensic accounting services to generally involved:

- The application of specialized knowledge and investigative skills
- Collecting, analyzing and evaluating evidential matters
- Interpreting and communicating findings in the courtroom, boardroom or other legal/administrative venue (Durkin and Ueltzen, 2009)

Based on the AICPA's understanding, a forensic accountants should possess certain skills and characteristics that include analytical characteristics and investigative and communication skills in addition to the core skills (traditional accounting fields), fundamental forensic knowledge and specialized forensic knowledge.

In the case of Muslim accountants, the Quran highlights an important aspect of Islam's concept of leadership in forensic skills. In Islam, leadership is an amanah (a trust) and the job of the leader is to discharge this responsibility to the best of his abilities through personal sacrifice, courage and the ability to keep the group focused on the goal.

Therefore, the objectives of this paper are as follows;

1. To identify essential traits for a forensic accountant in public sector.

2. To identify the core skills and knowledge a forensic accountant in public sector needs to possess.
3. To determine whether Islamic knowledge and values can enhance the relevant skills of forensic accountants in public sector.
4. To investigate the perceptions among professionals in public sector and those associated with forensic accountants from the various types of government agencies on the traits and relevant skills for forensic accountants.

Significance of Research

There is no research carried out in a public sector accounting organization in Malaysia which investigates on the relevant skills of forensic accountants as well as the focus on the work ethics and detection strategies to combat financial fraud in the public sector.

The results of this study are intended to provide an insight on the level of awareness and commitment in public sector organisation in managing knowledge workers such as public sector accountants to be forensic accountants and in promoting ethical practices in forensic accounting services. Since public sector accountants are the controlling officers, they are therefore required to provide forensic services for the prevention, detection and investigation of fraudulent activities and corruption practices.

Literature Review and Hypotheses Testing

Forensic accounting is more than counting numbers; it involves solving complex financial puzzles, particularly in fraud, insurance, disputes, and providing legal evidence for presentation in a legal forum (Grippio, 2003). Activities include investigations of business information and data. These investigations can be to establish employee fraud, provide litigation support such as substantiation of insurance claims, analysis of facts, formulation of questions and examination of accounting systems and also business valuations. The accountant is already trained in many of the skills required for such tasks but needs some additional specialised skills to the skills of a traditionally trained accountant.

Analytical and critical skills are required for litigation support and fraud investigation. "An auditor may be a watchdog, but a forensic accountant is a bloodhound." (de Lorenzo, 1993, p.24). A forensic accountant is like a detective and must thoroughly examine cases for indicators of fraud.

Technology can provide hard evidence to track and support claims of fraud, but suspicion and intuition of misappropriation of funds is needed in the first instance. Forensic accountants therefore must integrate IT, audit, fraud and legal knowledge with advanced detective skills (Harris & Brown, 2000).

Once the detective work is done, good interpersonal and communication skills are necessary. There must be an ability to communicate findings to many audiences, many with

no knowledge of accounting. Forensic accountants must deal with a range of people from board of directors to government authorities and judge, jury, defendants and lawyers and good, clear, precise explanations are required for all of these (Harris & Brown, 2000).

Digabriele (2008) had identified and suggested the relevant skills for forensic accountants from a nationwide survey on a random sample of 1,500 accounting academics, forensic accounting practitioners and users of forensic accounting services,. The relevant skills of forensic accountants are 1) deductive analysis, 2) critical thinking, 3) unstructured problem solving, 4) investigative flexibility, 5) analytical proficiency 6) oral communication 7) written communication, 8) specific legal knowledge and 9) composure.

Digabriele (2008) had surveyed practitioners, academics and users of forensic accounting services throughout the United States to determine whether there were differences in views of the relevant skills suggested in the practitioner literature. Digabriele had identified nine competencies of forensic accountants. Digabriele was able to group the competencies into those related to knowledge, ability and those related to performance. The knowledge and abilities component relates to whether an individual has the background knowledge and thinking skills to be effective whereas the performance component relates to the individual's ability to turn this knowledge and ability into an effective presentation. Results from Digabriele's study suggested that the three major stakeholder groups differ on all of the knowledge and ability items but agree on all of the performance items. His results also suggested that academics and practitioners have more agreement over the important forensic accountant skills than the users of forensic accounting services. His research revealed that practitioners and academics agreed that critical thinking, unstructured problem solving, investigative flexibility, analytical proficiency and legal knowledge are important skills of forensic accountants. The respondent groups did not differ on oral communication, written communication or composure rankings.

Another study by AICPA report (Davies, Farrell & Ogilby,2008) found that communications skills, the ability to simplify the complex and the ability present opinions in a legal setting are critical to the effectiveness of the forensic accountants. In other words, non technical skills such as communication, problem solving and interpersonal skills were important for the accounting professionals besides the accounting and legal knowledge.

Researchers in this research field should also look into the Islamic knowledge and moral values for the more appropriate traits and relevant skills required for forensic accountants in rendering forensic accounting services. Table 1 showed the twelve (12) pillars of ethical values for the civil service in Malaysia based on the concept of Islamic values as established by theNational Institute of Public Administration in Malaysia.

Ethical Values	Islamic Values
Value of time	Trustworthiness
Success of Perseverance	Sincerity
Pleasure of Working	Accountability
Dignity of Simplicity	Dedication
Worth of Character	Gratefulness
Power of kindness	Moderation
Influences of Examples	Consistency
Obligation of Duties	Cleanliness
Wisdom of Economy	Discipline
Virtue of Patience	Cooperation
Improvement of Talent	Justice
Joy of Originating	

The following are the scope of research questions that need to be asked and investigated from the respondents' perspectives:

- Essential traits for a forensic accountant in the public sector
- Relevant skills and knowledge for a forensic accountant in the public sector
- Islamic knowledge and values as well as work ethics to enhance forensic accountant's skills in the public sector.

Based on the research model proposed in Figure 1: this study seeks empirical evidence to support the following research hypotheses:

- Essential traits or personal characteristics will have a positive and significant effect for a forensic accountant in public sector
- Components of relevant skills and knowledge will have a positive and significant effect for a forensic accountant in the public sector
- Islamic values and work ethics will have a positive and significant effect for a forensic accountant in the public sector

The following figure 1 is the research model generated for the empirical investigation of this study

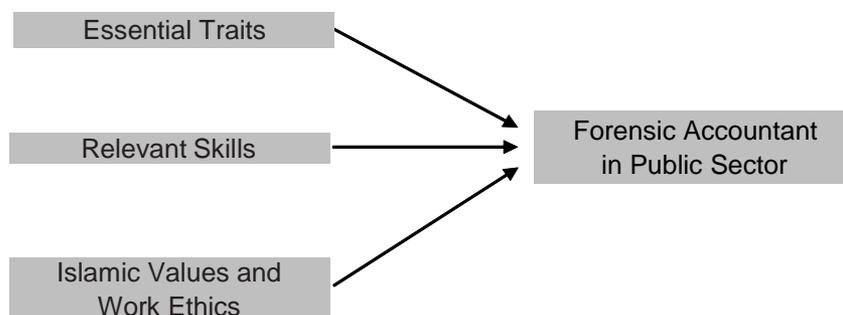


Figure 1: Research Model

Research Methodology

This is a survey research where a structured questionnaire will be distributed to the target population i.e. public sector accountants in Malaysia and other professionals associated with forensic accountants from all types of government agencies in Malaysia. Public sector accountants are primarily responsible for areas needed for forensic services and investigations. Public sector accountants employed by Accountant General's Department and those who worked with State Government and Local Authorities will be selected to represent the population sample. In addition, professionals who employ the services of forensic accountants such as auditors, lawyers, public managers and police officers as well as academicians in the field of accounting and law will also be surveyed to determine their views on the relevant skills of forensic accountants.

Several statistical techniques will be used to explore and test the relationships between study variables of the research model. Data analysis will be analysed using the statistical package for the social science (SPSS) and the structural equation modeling computer package (AMOS).

Contribution of Study and Future Research

The findings from this empirical study would help policy makers and regulators in government sector to recognise:

1. Essential traits and relevant skills for forensic accountants in public sector
2. The important of ethical culture and Islamic values for good public governance, national integrity plan and New Economic Model
3. Professional bodies and academic institutions can expand their forensic accounting education and training programs
4. More efforts from employers should be directed towards providing insights and trainings on the required traits and relevant skills needed to qualify as a forensic accountant

It is hoped that the tested and validated survey instrument from this empirical survey can be used as a research tool to further investigate on the relevant skills of forensic accountants in the public sector.

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Financial Reporting Reform in Malaysian Local Authorities

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I. Introduction

In Malaysia, the Local Government Act of 1976 has provided local authority broad functions and responsibilities. These include environmental, public amenities, public health and cleansing, social functions and development projects. To perform these functions and responsibilities, Malaysia has 145 local authorities represented by 10 City Councils, 33 Municipal Councils and 102 District Councils.

For the past few years, local authorities in Malaysia are facing issues from many interested parties regarding their financial performance. Financial performance shows the end result of the Statement of Financial Performance (or Income Statement). It will indicate break-even, surplus or deficits fund balance. Fund balance is the difference of current year revenue and expenditure (Rubin, 1996).

ACCA (2007) stated that surplus fund balance may arise due to a failure to provide agreed level of services by the local authorities. ACCA further indicated that deficit fund balance may be a signal of responsiveness to a change in local needs and demand. The continuous deficit in fund can lead to bankruptcy, debt default and the government entities being not able to meet with the increasing expenditure (ACIR, 1985).

The issue of deficit in local authority is serious but it continuously recurring. Many studies had been done to evaluate the financial performance of local authorities. The trend analysis is commonly and extensively used in practice because it is relatively simple to apply (Colbert, 1991). According to a study by Gregory (1994) financial trend analysis indicates that the number of local authorities reporting a deficit fund balance increases and thus, the size of deficits also increases. Other prior studies emphasize the effect of revenue and expenditure in local authority financial trend analysis over years such as by Ibrahim (1994), Gregory (1994), Pradhan and Swaroop (1993), Matton (2004) etc.

The United Nations (1998) stated that the most concern area in local authority finance in Malaysia is on revenue and expenditure. Nafsiah et al (2006) indicated that district councils mainly do not have additional revenue to meet the demands and expectations of their communities compared to city councils. The study further indicated that district councils more tended to have deficits fund balance compared to municipal or city councils. Thus,

this situation warns that the district councils may face continuing financial distress (Gregory, 1994). On the other hand, Pradhan and Swaroop (1993) identify that over development expenditure in local authorities could also lead to financial distress.

Today, local authorities have a greater need for sound and practical financial information. The situations clearly points to the need for better planning and evaluation of the current and future financial needs of the local authorities.

II. Financial Trend Analysis

Not many studies have been done to identify the trend of revenue and expenditure and particularly surplus and deficits status in local authority. A study done by Ibrahim (1994) over seven years among three groups of United Kingdom local authority evaluation in expenditure trend analysis identified that there were differences in expenditure because of the political ideology of the controlling political party. However, in Malaysia this is not relevant since most state governments in Malaysia currently is governed by the ruling party except for state of Kelantan, Kedah, Pulau Pinang and Selangor.

Another study evaluates the trend analysis of revenue and expenditure of local authorities in a financial crisis as well as the ability of the entity to provide services. Gregory (1994) affirmed that part of the local authority method to acquire more revenue is that they tend to raise taxes and fees, reduce expenditure and use "accounting gimmicks" which slows economic growth. Also cited by Gregory is a study done by the United States General Accounting Office (GAO) on local authorities in United States, which covered seven years period of 1985 to 1991. The study revealed that the year-end budget surpluses were down because the spending grows faster than revenue. According to his study, financial trend analysis indicates that the number of local authorities reporting a deficit fund balance increases and the size of deficits also increases in three years. The government reduced their spending through salary cut, stopped necessity new workers, reduced capital expenditures and reduced pension contribution in time of decline in economic growth in 1989.

A study done by Matton (2004), on surplus and deficit performance trend analysis of state government and local authority found that the economic recession in 2002 led to an effect on the revenue and expenditure structure, as well as the funding structure. The study also indicates that differences of the structure of financing and financial crisis should be taken into consideration in order to manage overall financial performance. The study was conducted for a 42 year period starting from 1960 until 2002 in the United States.

The literature on financial trend analysis of local authority indicates that this type of analysis will identify the abnormal pattern that may give signs of danger. The trend analysis is also commonly and extensively used in practice because it is relatively simple to apply (Colbert, 1991). In addition, the pattern will reveal other factors that may influence the financial performance and financial condition of local authority such as the primary factor being highlighted in the literature is economic crisis.

Performance measurement includes non-financial (service) and financial measures. Performance measurement is able to promote accountability to stakeholders. There is the need to measure performance particularly in government entities, as there is an increasing demand for accountability from citizens and media at present. Foltin (2005) mentioned that there is little information on government performance. There is a necessity for performance measurement of government since the issue of economic crisis, decreasing revenue streams, federal funding reduction and to improve government entity's operation. Performance measurement by definition as he stated " the process of determining how effectively and efficiently taxpayers resources are being used for the delivery of services or the administration of programs" which include Activity Based Costing (ABC), The Balanced Scorecard, Benchmarking, Best Practices, Outsourcing/ Privatisation, Performance Budgeting, Process Reengineering, Ratio Analysis and Shared Services.

Many studies in local authorities in the early 20th century have made an effort to improve government performance by addressing issues of efficiency, effectiveness, and economy in services (Ingraham et al, 2003). Efficiency is defined as minimizing inputs for a required output or maximizing output for a given set of inputs. Effectiveness is defined as to accomplish the defined task to the given period (Palmer, 1993). While economy is defined as acquiring resources in sufficient quantity at minimum cost, effectiveness is consistent with concepts of non-financial accountability.

The most essential measurement for performance emphasized in determining accountability is in financial and accounting information (Hyndman and Anderson, 1995). In addition measuring economy and efficiency can be categorized as financial performance (Fitzgerald et al., 1991, and Kaplan and Norton's, 1992) that is measured from financial information. Therefore, the government sector has to be more concerned about their financial performance as this exhibit their accountability and as well as the economy and efficiency measurement.

III. Financial Reporting Requirement

There is no requirement that it is obligatory for the local authorities in Malaysia to adopt specific financial reporting standards. Tayib (1995) identified four accounting standards that are being practiced by local authorities in Malaysia namely; International Accounting Standards (IAS), guidance issued by the Ministry of Housing and Local Government (GMHLG), self created accounting practices (SCAP) and Federal Treasury Circular (FTC). Thus, the optional requirements give alternatives to the local authorities in Malaysia to adopt which they feel suit better to them. Consequently, this led to inconsistency in presentation of the Financial Statements, which are difficult to compare within the same entities.

Accordingly, financial deficit in government measurements as identified by Blejer and Cheasty (1991), is uncertain because there are no standard accounting regulations being practiced. The two main differences identified by them which are firstly, how the revenue and expenditure, and financing characteristic caused the deficit and secondly the period of

sources being measured because there are two basis of preparation of financial statement whether accrual or cash basis or both applied.

However, all the local authorities in Malaysia financial reporting complied with IAS (Asmah and Erolyn, 2006) and guidance provided by Federal Treasury Circular (FTC) where the local authorities being audited primarily by Government Auditor General (Tayib et al, 1999). Different practices in Financial Reporting by local authorities make it difficult in term of comparisons.

If a local authority is not able to pay its liabilities and its expenditure exceeds its revenue, this would result in deficit. Deficit occurred due to revenue in arrears (Mahamad Tayib and Rose Shamsiah, 2002; and Mahamad Tayib, 2004). According to the Auditor General Office, one of the reasons for revenue in arrears in local authorities was due to cheques, money orders and postal orders not presented to the bank on time (Mariam, 2004). All the head of agency are not supervising properly the financial and account transactions.

This directly affect the States performance where in 2002, all States had incurred deficit. Thus, it is important that these issues are studied and recommendations made to assist the local authorities in managing their fund.

IV. Conclusion

Initiatives taken by the Accountant's General Department to award a research grant relating to the financial performance of local authorities to Universiti Teknologi MARA is the perfect timing. It is hope that the objectives of the study are achieved and would benefit the local authorities and other relevant authorities.

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Knowledge Management and Public Sector Accountants: Knowledge Management Models in the Accountant General's Department of Malaysia

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Abstract

Knowledge Management (KM) in an accounting organization in developing countries has not yet received much attention in the research literature. Therefore, this study aims to investigate how accountants as professional intellects working in a public sector accounting organization perceived the importance of KM implementation factors in their organization. The Accountant General's Department (AGD) of Malaysia is selected for an in-depth study of KM in a public sector accounting organization because it is a knowledge intensive organization and it has a large pool of public sector accountants. This paper presents the knowledge sharing (KS) model and the integrated KM model that interconnect KM enablers and performance of KM in the AGD. Literature reviews and previous empirical studies provide the basis for the study models which integrate KM solution through learning, leadership, technology and organizational structure and culture to improve organizational performance.

A questionnaire was used to collect data from accountants employed by the AGD. Through factor and multiple regression analysis, the results provide support for the KS model and KM model with the positive effects of KM enablers on knowledge sharing process and organizational performance. Performance evaluation and incentives has a high significant impact on the knowledge sharing performance. However, when both KM enablers and knowledge sharing process are regarded as antecedents of organizational performance, knowledge sharing process and technology resources are among those of highly significant KM enablers. As a knowledge nexus of public sector accounting knowledge and practices, ACD has to give serious emphasis to those significant KM enablers in drawing up its KM models and KM implementation strategy in managing and leveraging the intellectual assets of its professional intellects.

Keywords: Knowledge Management, Knowledge Sharing Model, an Integrated KM Model, Public Sector Accounting Organization, Accountants.

1.0 Introduction

In the Knowledge based Economy (K-Economy) era, the success of an organization lies more in its intellectual capital and system capabilities than its physical assets and financial capital. Therefore, professional intellects are an important source of intelligence for most organizations (Quinn et al., 1996). Managers, lawyers, doctors, systems analysts, accountants are all professional intellects or knowledge workers who are the product of experiences, values, processes, education with the ability to be creative and innovative aligned with corporate culture (Awad and Ghaziri, 2004).

KM is the systematic process of creating, maintaining and nurturing an organization to make the best use of its individual and collective knowledge to achieve the corporate mission. The mission is generally viewed as achieving high performance for public sector or maintains competitive advantage in the private sector (Bennet and Bennet, 2003). Therefore, technology, process, people and the organization structure and culture are the key enablers of the KM. Apart from having effective KM strategies and adequate technology infrastructure, Ruggles (1998) and Taylor & Wright (2004) highlighted that the main barriers to implementing KM were people related issues such as poor understanding of the KM benefits, a lack of top management leadership and a culture that inhibited knowledge sharing.

Therefore, this study aims to investigate how accountants as professional intellects working in the public sector perceived the importance of KM in their organization. The Accountant General's Department (AGD) of Malaysia was selected for an in-depth study of KM in the public sector accounting organization. AGD is a knowledge intensive organization and it has a large pool of public sector accountants. KM implementation in the AGD can take advantage the transfer and sharing process of professional intellects for the organization's embedded intellectual capital. Further, the AGD has the key KM criteria such as the leadership focus on technological development and human resources development which is ideal to be empirically investigated to support its future KM implementation strategy. Therefore, KM in this study is concerned with the flow of accounting knowledge during the sharing process of professional intellects and getting value through the knowledge flow for performance organization. A survey questionnaire was used to collect data from accountants employed by the AGD.

This study also attempts to address the absence of study on KM in a public sector accounting organization. This contextually driven research aims to provide knowledge sharing (KS) model and an integrative perspective of KM model for future implementation of KM in the AGD. Literature reviews, previous empirical studies, personal interviews and survey questionnaires have provided the basis for the study models of KM in this case study of a public sector organization in Malaysia.

The research objectives for this study of KM in the AGD are 1) to investigate the relationship between KM enablers and knowledge sharing performance and 2) to investigate the relationship when both KM enablers and knowledge sharing process are antecedents of the organizational performance.

In this study, the tested KM enablers include 1) ICT know-how and skill, 2) job training, 3) job rotation, 4) feedback on performance evaluation, 5) learning opportunities, 6) information sourcing opportunities, 7) leadership support, 8) knowledge sharing culture 9) individualism 10)

ICT infrastructure and software 11) KM technologies and 12) knowledge sharing process are considered positively and significantly important to leverage the professional intellect's knowledge and expertise for the effective flow of explicit and tacit knowledge to improve the organizational performance.

In the following sections, the important scope of literature definitions and previous studies are highlighted in section 2. The literature review on understanding the KM enablers and KM performance together with the conceptual framework for this study are discussed in section 3. This is followed by the section 4 to explain the data collection method. Data analysis and discussion of results are included in section 5 and finally section 6 provides the conclusions of this research paper.

2.0 Literature Review

Since this study investigates the perceived opinion of public sector accountants on the future implementation of KM in their organization, the following are few definitions for KM and KM process which are being considered in this study:

- KM is a process of leveraging and articulating skills and expertise of employees with the support of information technology (Chong et al., 2000) and using the collective expertise and intelligence in an organization to foster innovation by creating a learning organization (Quinn et al., 1996).
- KM is the process of managing, leveraging and articulating knowledge, skills and expertise of professional intellects to gain the value of knowledge and KM investment through knowledge transfer and sharing process with the support of information technology (Salleh, 2008, Salleh et al., 2008).
- KM process is the effective sharing of tacit knowledge and effective transfer of explicit knowledge in enhancing organizational performance and innovativeness (Becerra-Fernandez et al., 2004).
- KM process is about ensuring that what is learned by individuals within the organization is shared and utilized and to prevent knowledge from being lost because of individuals retiring or leaving the organization (Edwards et al., 2005).

In Malaysia, Syed-Ikhsan and Rowland (2004) and Syed-Ikhsan (2006) have identified the organizational elements such as organizational culture, organizational structure, technology and people/human resource as well as the political directives that determine the performance of knowledge transfer in the Ministry of Entrepreneur Development in Malaysia. This first empirical study via survey questionnaire revealed that ICT know-how of the people and knowledge sharing culture of the organization have an impact on the performance of knowledge transfer in this general administration public sector organization in Malaysia.

In Australia, Taylor (2004) studied the knowledge transfer activities of members of Chartered Public Accountants (CPA), Australia who hold senior and top positions in the public sector entities at Federal, State and Local Governments. His study tested the relationship between CPA's extent of knowledge transfer activities and their organization's information consciousness and accountability. Results of his study presented preliminary evidence that the information sourcing opportunities had the strongest positive relationship to knowledge connector activities.

3.0 Conceptual Framework in exploring the relationship between KM enablers and performance of KM

Since there is no universal accepted definition of KM and KM process, therefore, different researchers and practitioners tend to develop their KM framework based on their own academic background, experience fields and interests (Chong, 2006). For the purpose of this study, a KM framework developed by Stankosky (2005) and an empirical study of KM conducted by Edwards et al. (2005) were adapted.

Figure 1 depicts the effects of KM enablers on the knowledge sharing performance and the effects on the organizational performance when both KM enablers and knowledge sharing process are antecedents of organizational performance.

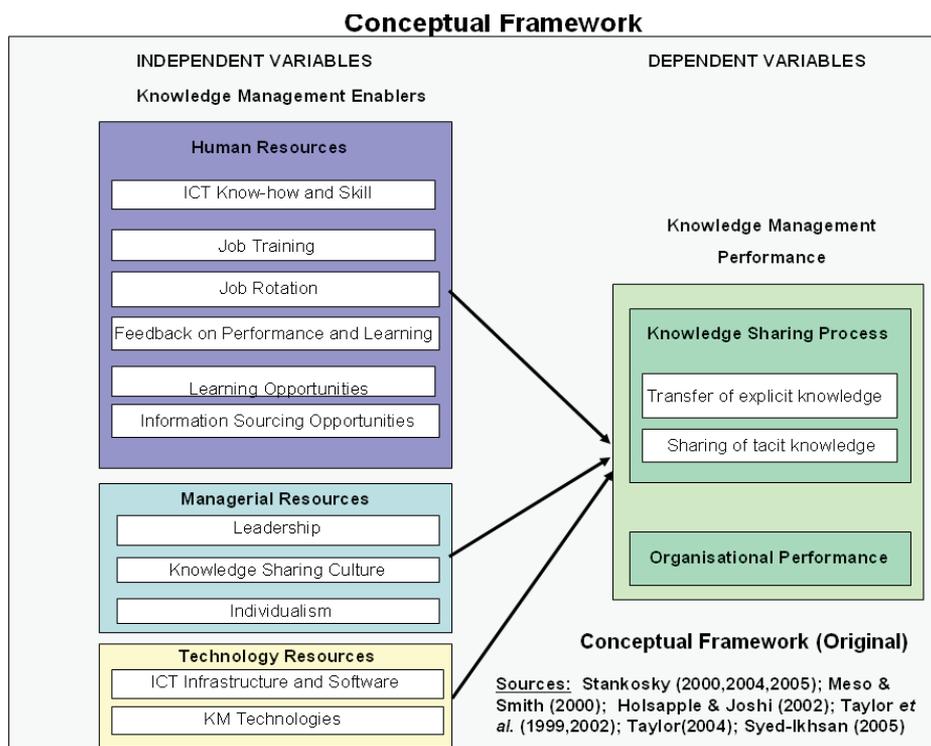


Figure 1: Conceptual Framework (Original)

Stankosky (2005) suggested that a successful implementation of KM requires the integration and balancing of the four KM pillars: leadership, learning, organisational structure and culture, and technology in an organisational - wide setting. KM activities must have the visible support and follow-through by the leadership and the organisation must nurture the environment of open knowledge sharing, collaboration and learning, enabled by the power of leading-edge technology (Stankosky, 2005). Leadership is responsible for practicing strategic planning in

making the best use of resources and fostering a knowledge sharing and a learning culture. Organisational structure and culture should facilitate personal interactions and support social interactions to capture the tacit and explicit knowledge within an organisation. Technology infrastructures should promote the efficient and effective capture of both tacit and explicit knowledge and to support knowledge sharing in the organisation. The role of learning in leveraging knowledge is to manage information to build organisational knowledge and use it to promote organisational learning and performance.

Edwards et al. (2005) have identified that people solutions, process solutions and technological solutions are important for KM to improve KM processes. In Edwards et al.'s study, the suggested KM solutions were based upon the responses obtained from ten functional areas in different organizations in the United Kingdom. In this study, people solutions were concerned with staff retention, motivation, training and networking. Technological solutions were concerned with making effective use of databases and intranet access. Process solutions were concerned with process instructions such as better manuals to document the procedures and also to finding the right balance between formal and informal internal communication and knowledge sharing arrangements.

The four pillars of Stankosky's KM theoretical framework and KM solutions suggested by Edwards et al. (2005) are included in the KM conceptual framework of this study. This study has identified eleven (11) independent variables (IV) of KM enablers in managing human resources, technology resources and managerial resources. The KM enablers include six factors (6 IVs) of employee learning, two factors (2 IVs) of ICT infrastructure and KM technologies and three factors (3 IVs) of leadership and organizational support to nurture a knowledge sharing culture. If these identified KM enablers (IVs) can be managed efficiently and effectively, the explicit accounting knowledge can be effectively transferred and the tacit accounting knowledge can easily be shared and electronically codified to improve the organizational performance of the AGD.

Drawing from the extensive review of literature, the following Table 1 shows the summary information of literature review of study variables (both the dependent and independent variables) to support the conceptual framework and hypotheses testing. The following are eleven (11) KM enablers which are identified as an integral part of KM implementation process for the AGD that could contribute to the two (2) measurement criteria of KM performance i.e. performance outcomes of knowledge sharing process and organizational performance.

Table 1: Summary Information of Literature Review on KM Enablers and KM Performance

KM Enablers / KM Performance	Literature Review
ICT Know-How and Skills	The more trainings provided for ICT skill upgrading, the more knowledgeable the person will have using all the ICT tools and KM technologies and hence, more knowledge can be transferred and shared within and outside the organization (Syed-Ikhsan and Rowland, 2004).
Job Training	Knowledge gained by employees, through job training, will enable them to translate their knowledge into the organization's routines, competencies, job descriptions and business processes, plans, strategies and cultures (Holsapple and Singh, 2003).
Job Rotation	Through job rotation programs, part of knowledge and experience acquired from a prior department may be transported to the new department (Bogdanowicz and Bailey, 2002).
Feedback on Performance and Learning	Performance evaluation provides the opportunity for coaching, continuous learning, encouraging strong performance and strengthening weak performance (Shapero, 1985). Thus, feedback on performance evaluation and learning is an important motivator of professionals as it is a means of receiving information required to develop greater expertise and advancement within their profession (Taylor <i>et al.</i> , 2002)
Learning Opportunities	This concept of nutrient information is referred to as the information that furnishes nourishment or promotes growth and repairs the natural wastage of an individual's knowledge base. Demonstrated interest in career planning, financial resources or incentives provided to attend conferences or opportunity to pursue life long learning are examples of professional staffs' needs for nutrient information (Shapero, 1985).
Information Sourcing Opportunities	The concept of information consciousness is concerned with the organization's attitude towards valuing information as a resource and the consequent processes of making organizational learning available to all by facilitating knowledge transfer and sharing amongst the professional staff (Brown and Starkey, 1994). Regular access to technical and professional information, communication network and expert information are examples of information sourcing opportunities (Taylor <i>et al.</i> , 2002).
Leadership Support	Leadership is responsible for practicing strategic planning for making the best use of resources, fostering knowledge sharing, and promoting a learning culture. Top management and senior executives must demonstrate the sharing of knowledge, for example by using other people's knowledge in their actions and giving credit to the knowledge sharers (Barnes, 2001).

Knowledge Sharing Culture	Knowledge sharing culture will not occur unless its employees and work groups display a high level of trust and co-operative behavior (Goh, 2002). Knowledge sharing can work only if the organizational culture can promote it (Stoddart, 2001). Change in culture and individual behavior must aim towards encouraging the use of knowledge not for an individual's advantage but for the benefits of the organization as a whole (Barnes, 2001).
Individualism	Most employees and managers see critical knowledge as a source of power, as job security, as leverage or as a guarantee of continued employment and thus they are reluctant to share it (Bennet and Bennet, 2003; Bogdanowicz and Bailey, 2002; Goh, 2002)
ICT Infrastructure and software	To support knowledge sharing in the entire organization, the ICT infrastructure and software should promote the efficient and effective capture of both tacit and explicit knowledge. In fact, effective knowledge management depends on people sharing their knowledge through computer facilities together with the users of knowledge throughout the organization (Martin, 2000).
KM Technologies	Communication networks, electronic mail, Intranet, data warehousing and decision support systems are some of the basic elements of KM technology infrastructure (Stankosky, 2005). Technologies that have been designed with KM in mind would include workflow and document management systems, advanced knowledge bases and expert systems employed in developing corporate memory, data mining and filtering systems and also those technologies such as groupware, Intranets and Internet that link organization to intra and inter-organizational level and to the outside world (Martin, 2000).
Knowledge Sharing Process	Effective transfer and sharing of both tacit and explicit knowledge is clearly an important KM process in enhancing organizational performance and innovativeness (Becerra-Fernandez et al., 2004). The speed and reliability of knowledge transfer are used to measure the transfer process of explicit knowledge (Syed-Ikhsan, 2006 and Syed-Ikhsan and Rowland, 2004). For the sharing process of tacit knowledge, it must be shared and made explicit (formalized) in order to have a significant value to an organization. Only formalized knowledge can be represented electronically, be stored, shared, and effectively applied (Beckman, 1999).
Organizational Performance	The current measures of KM performance integrate the use of financial (tangible) and non-financial (non-tangible) measures. The measurement criteria for KM performance outcomes adopted in previous studies such as improved internal process, improved communication and learning process, enhanced collaboration and teamwork and enhanced knowledge sharing performance were used for measuring the organizational performance (Chong <i>et al.</i> , 2006; Anantatmula, 2005; Liebowitz and Chen, 2003 and Salleh <i>et al.</i> , 2006).

4.0 Research Method

A self-administered survey questionnaire was used as the main research instrument to collect data from all public sector accountants employed by the AGD. The first section of the questionnaire obtained profile information about the respondents. The second section of the questionnaire focused on measuring the variables involved in the conceptual framework. Each question consisted of multiple question items, and respondents were asked to indicate their perceptions of the variables. A seven point Likert like scale were used and their level of agreement were measured from 1 to 7, where 1 represents 'strongly disagree', 2 represents 'disagree', 3 represents 'slightly disagree', 4 represents 'neutral', 5 represents 'slightly agree', 6 represents 'agree', and 7 represents 'strongly agree'. The definition of knowledge and knowledge management was included in the questionnaire to provide respondents a uniform understanding of KM.

Pre-testing and pilot testing of the questionnaire were undertaken and some revisions were made prior to the full administration of it. In total, there were 365 questionnaires distributed and 203 useable responses (56% response rate) were received. Data were analyzed using several statistical tests such as factor analysis, correlation and multiple regression analysis.

5.0 Results and Discussion

5.1 Demographic Profile of Respondents

All accountants employed by the AGD were sampled as they are primarily responsible for the accounting knowledge, accounting processes, computerised accounting systems and preparation of financial reports. They are also engaged in the operational and strategic decision making processes that affect the future success of KM implementation. Thus, their opinions to the issues raised in the questionnaires have credibility. Out of the 365 questionnaires distributed, 203 respondents (56% response rate) returned the completed questionnaires. About 60% of the respondents were between the ages of 24 and 37 years old and the balance 40% were between 38 and 55 years old. About 57% of the respondents were female and 43% were male accountants. On average, respondents had been in the AGD for ten years. The majority (56%) of the respondents was junior accountants and the remaining respondents (44%) were senior accountants (30%) and top management level of accountants (14%). This study emphasizes the managerial position and accumulated work experiences of the respondent in answering the questionnaire. Only 35% of the respondents were given the opportunity by the AGD to attend KM related seminars and conferences to enhance their awareness and understanding of KM.

5.2 Data Analysis and Discussion of Results

Factor Analysis was used to confirm that only eight (8) out of eleven (11) KM enablers are valid and are in conformity to the literature review and prior empirical evidences. On the basis of the factor loadings, all the extracted factors were identified and named accordingly in conformity to the survey literature.

Figure 2 depicts the revised conceptual framework with the effects of KM enablers on the knowledge sharing performance and the effects on the organizational performance when both KM enablers and knowledge sharing process are antecedents of the organizational performance.

Pearson correlation tests and multiple regression models were then used to explore the positive significant relationships between KM enablers (independent variables) and KM performance (dependent variables) as well as to identify the significant KM enablers that could contribute to the knowledge sharing performance and organizational performance.

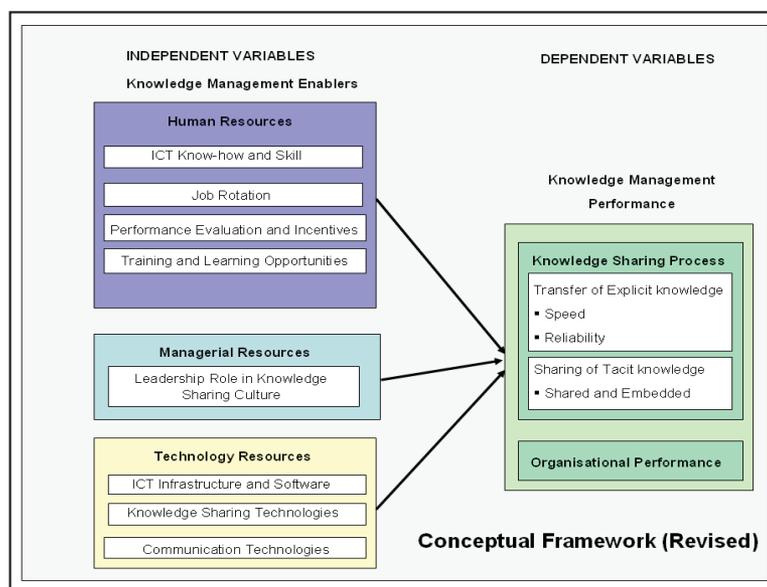


Figure 2: Conceptual Framework (Revised)

Table 2: Summary of Regression Results on the relationships between KM Enablers and Knowledge Sharing Performance and Organisational Performance

KM Models	Knowledge Sharing Model	An Integrated KM Model
KM Performance	(Knowledge Sharing Performance)	(Organisational performance)
	Model 1	Model 2
Standard Multiple Regression Result	$R^2 = 0.502$ F = 24.172 Sig. = 0.000***	$R^2 = 0.677$ F = 39.693 Sig. = 0.000***
KM Enablers	B = Beta Coefficient P = P-Value	B = Beta Coefficient P = P-Value
ICT know-how and skills	B = 0.092 p = 0.133	B = - 0.096 p = 0.055 *
Job Rotation	B = 0.011 p = 0.846	B = 0.075 p = 0.088 *
Performance evaluation & Incentives	B = 0.274 p = 0.000 ***	B = 0.087 p = 0.156
Training & Learning Opportunities	B = 0.051 p = 0.551	B = - 0.024 p = 0.731
Leadership roles in knowledge sharing culture	B = 0.195 p = 0.024 **	B = 0.129 p = 0.069 *
ICT infrastructure & software	B = 0.089 p = 0.209	B = 0.201 p = 0.001 ***
Knowledge Sharing technologies	B = 0.169 p = 0.016 **	B = 0.165 p = 0.006 ***
Communication technologies	B = 0.028 p = 0.661	B = 0.144 p = 0.007 ***
Knowledge Sharing Process		B = 0.369 p = 0.000 ***
Note: Supported hypotheses in boldface type: ***p < 0.01, **p < 0.05, * p < 0.1		

5.2.1 Knowledge Sharing Model - The relationships between KM Enablers and Knowledge Sharing Performance

The first multiple regression model for finding the relationship between KM enablers and knowledge sharing performance (Knowledge Sharing Model) is shown in Table 2. In this standard multiple regression analysis, knowledge sharing performance is considered as an aggregated variable when the transfer process of explicit knowledge and sharing process of tacit knowledge were grouped together. Regression result for Model 1 in Table 2 shows the value of R is 0.708 and the R-Square is 0.502. This indicates that the regression model for Knowledge Sharing Model explains 50.20% of variances in the knowledge sharing performance. Three independent variables or KM enablers have emerged as highly significant and moderately significant factors in explaining the overall performance of knowledge sharing process of both tacit and explicit knowledge in AGD.

In Knowledge Sharing model (Model 1 in Table 2), performance evaluation and incentives (p-value of 0.001) is highly, positively and significantly related to the dependent variable at 1% level of significant test. Knowledge sharing technologies (p-value of 0.016) and leadership roles in knowledge sharing culture (p-value of 0.024) are moderately significant and positively associated with the knowledge sharing performance (dependent variable) at 5% level of significant test. This regression result implies that knowledge sharing performance among professional intellectuals i.e. public sector accountants in the AGD is positively and significantly related with KM enablers such as performance evaluation and incentives (learning factor), leadership roles in nurturing knowledge sharing culture (leadership factor) and knowledge sharing technologies (technology factor).

Leadership in a knowledge based organization is of great importance when dealing with knowledge workers with specialised knowledge, particularly, leaders in the AGD. Leaders should be aware that they are no longer the main source of knowledge because knowledge can also come from their subordinates. Therefore, leaders should share the burden of decision making with their subordinates i.e. professional intellectuals or knowledge workers by becoming coaches and mentors that encourage, motivate, asking the right questions and help knowledge workers to learn and get involved (Bukowitz and Williams, 1999). To succeed in KM, leaders in the AGD should change their approach to focus on all those of KM activities such as feedback culture on performance evaluation and use KM technologies for communication channels and knowledge networks which can help them to better handle knowledge sharing process in the AGD. Leaders should use their leadership mechanisms such as recruitment and promotional procedure, motivational tools, reward system, communication styles in implementing and sustaining a knowledge sharing culture to facilitate KM (Ribiere and Sitar, 2003).

5.2.2 An Integrated KM Model – The relationship when both KM Enablers and Knowledge Sharing Process are Antecedent Variables to Organizational Performance

The second multiple regression model related to an integrated Knowledge Management Model is to regress another new independent component i.e. knowledge sharing process, which is also referred to as KM enabler (Van Buren, 1999), to the existing eight KM enablers against the organizational performance of KM.

Knowledge sharing process for this integrated KM model is an aggregated variable where the transfer process of explicit knowledge and sharing process of tacit knowledge were grouped / combined together.

The results for the second regression model by regressing nine independent variables against the organizational performance of KM can be seen in Table 2. This regression model shows the value of R is 0.823 and the R-Square is 0.677. The regression result indicates that 67.70% of the variances in the KM related organizational performance has been significantly explained by the nine independent variables.

To answer the second objective of this study i.e. the integrated KM model of the AGD, knowledge sharing process together with eight KM enablers were tested in order to find out which KM enablers are more important for the organizational performance. By including knowledge sharing process as a new additional component of KM enablers, it is observed that seven out of nine KM enablers (independent variables) have positive and significant relationship to the organizational performance.

Thus, this second regression model had presented the integrated model of KM in the AGD which interconnects KM enablers, knowledge sharing process and organizational performance. When both KM enablers and knowledge sharing process are regarded as antecedents to organizational performance, knowledge sharing process and technology resources such as ICT infrastructure and software, knowledge sharing technologies and communication technologies are among four of highly significant explanatory variables to determine the successful implementation of KM in the AGD.

In terms of human resource components, job rotation is positive and marginally significant as compared to ICT know-how and skills which is also a significant KM enabler but in negative direction in their relationship to the organizational performance at 10% level of significant test. However, training and learning opportunities is the human resource component which is found to be not significant to both knowledge sharing performance and organizational performance. Besides that, managerial resource such as leadership roles in nurturing knowledge sharing culture is also marginally significant to the organizational performance at 10% level of significance.

In summary, the second regression model is an appropriate integrated KM model for the AGD provided it is incorporated after the AGD has first adopted the knowledge sharing model for its effective knowledge sharing process as formulated by the first regression model in Table 2.

6. Conclusions

This study provides empirical evidence in identifying several key factors for the successful implementation of KM in the AGD in its effort to manage, leverage and articulate the knowledge, experiences and expertise of its professional intellects. Since the AGD's main task is heavily related to accounting process and technology to improve its data integrity and organizational performance, the results of this research attempts to find the relationship among KM implementation factors such as KM enablers, knowledge sharing process and organizational performance in an integrative perspective.

The regression result for knowledge sharing model shows that performance evaluation and incentive is a highly significant variable while leadership roles in knowledge sharing culture and knowledge sharing technologies are moderately significant variables in their relationships with the sharing process of explicit and tacit knowledge. In other words, the result implies that frequent feedback on performance evaluation and rewards to recognize personal and group achievement based on shared personal experiences and innovative ideas are the means to stimulate the effective transfer and sharing of both explicit and tacit knowledge in the AGD.

The subsequent regression result for KM model highlights that knowledge sharing process (process) and ICT infrastructure and software, knowledge sharing technologies and communication technologies (technology) are the most important KM enablers for the successful KM implementation in the AGD. This analysis also confirms the significant impact of process and technology as KM enablers to facilitate high organizational performance of the AGD since the core business of AGD in accounting functions and financial services is heavily related to accounting process and information technology. By adopting KM models i.e. knowledge sharing model (regression model 1 in Table 2) and the subsequent adoption of integrated KM model (regression model 2 in Table 2), it can help the AGD to take the full advantage of the human knowledge and technology innovation for the growth of the organization's embedded intellectual capital.

KM is a long term information and communication technology (ICT) plan of the AGD which is to be adopted in the year 2010 (<http://www.janm.gov.my>). The last phase of the AGD's ICT plateau plan is to build full service capability for decision support via KM. Therefore, for the initial KM efforts to succeed in the AGD, leadership focus for KM is of great importance to support knowledge sharing culture in order to take a holistic approach for this value creation process and in ensuring the successful journey of KM working culture. As a knowledge nexus of public sector accounting knowledge and practices, ACD has to give serious emphasis to these significant and non-significant KM enablers in drawing up its KM models and KM implementation strategy in managing and leveraging the intellectual assets of its professional intellects.

However, the results of this study may not be generalisable to other public sector accountants who are working in other public sector accounting organizations such as state government, local government and statutory bodies because this survey research was limited to public sector accountants working in the AGD only.

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Transformation Of Government's Computerised Accounting System (CAS): Case in Jabatan Akauntan Negara Malaysia (JANM)

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Abstract

This research is focused in the Computerised Accounting System (CAS) that conceptually applied in Jabatan Akauntan Negara Malaysia (JANM). It is important to view the level of transformation of Branch Accounting System (BAS) towards Government Financial Management Accounting System (GFMAS). This transformation is because of the problems that occurred and needs to be improving on the efficiency of processes in particular system so that the public sector or government will achieve the level of outstanding development and achievement soon. This information is gathered from the interview amongst all experienced staffs in JANM at Labuan Branch towards the application of this system. The result from the interview is referred to seven (7) successful factors of the successfulness of application system as a measure to the content, accuracy of the report, format of the report, ease to use, time, speed of the operation and reliability of the system according to Doll and Torkzadeh's model. Besides of JANM, the Malaysian Administrative Modernization and Management Planning Unit (MAMPU) also very important and helps in gathering information which is more efficiency whenever the current system and established for each JANM branches soon.

Keywords: Computerised Accounting System (CAS), Branch Accounting System (BAS), Government Financial Management Accounting System (GFMAS), transformation.

Computerised Accounting System in Public Sector

Computerised Accounting System (CAS) is an important medium for particular organisation nowadays towards producing financial reports that is accurate and useful for both side. As we know, an overall and complete accounting system is previously used by private sectors compared to the public sector that still use some of manual recorder of accounting manually. The changes of this manual system to Computerised Accounting System (CAS) needs research or observation so that it will fulfilled the needs and interest of staffs and applying the system someday.

It is essential to get to know the procedures of account recorder and public sectors in order to fulfilling the government's reports format. There are few important characteristics in this accounting system that need to be focused on which are the report's content, accuracy of the report, ease of use, time, speed of the operation, and realibility towards the system. This is proven by the research of Doll and Torkzadeh [3] Chin and Lee [2]. Whereas, they examine the level of satisfaction of end users towards the computerised systems by using the seven (7) factors. These factors plays important role by ensuring the successful system according to the reserach done by Azleen et al. [1], level of satisfaction in the Computerised Accounting System (CAS) towards the end users of companies in private sector has been applied all factors. These seven factors related closely with each other and giving the strong impact to overall satisfaction.

The succesful of this Computerised Accounting syatem (CAS) in public sector need to be focuses on the importance of these factors in inner organisations by producing an easy application and understandable in order to give best benifits and the best cost. In this reserah study, the reseracher has simply identify the changes of accounting system in Jabatan Akauntan Negara Malaysia (JANM) according to the interview with experinced staffs in applying this Computerised Accounting system (CAS) [4].

Transformation of Computerised Accounting System (CAS)

Jabatan Akauntan Negara Malaysia (JANM) is absolutely applying Branch Accounting System (BAS) and has changed into Government Financial Management Accounting System (GFMAS). This system is used only by Jabatan Akauntan Negara Malaysia (JANM) . However, the Planning System and Kawalan Belanjawan Elektronik or e-SPKB is a system applied between the Jabatan Akauntan Negara Malaysia (JANM) and other public sectors identified as Pusat Tanggungjawab (PTJ).

Earlier System: Branch Accounting System (BAS)

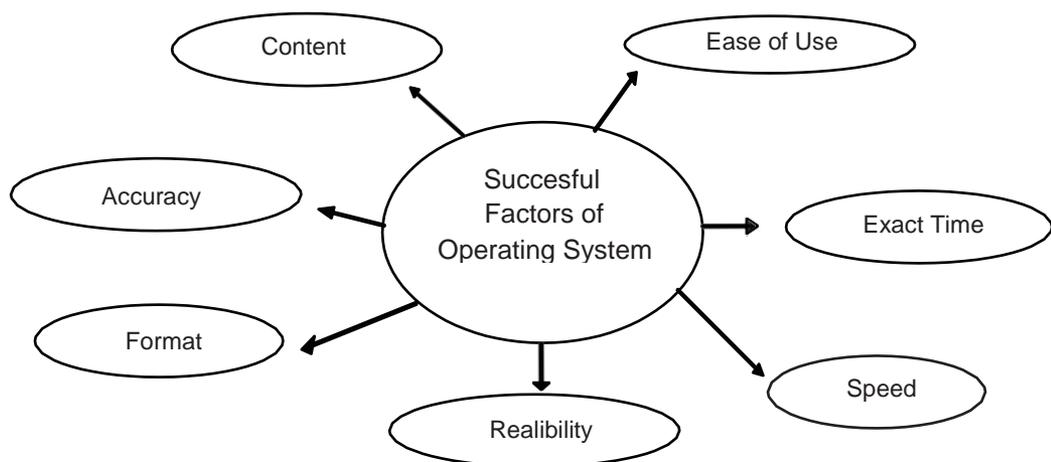
The BAS system is a system that is processed by an individual in Main Department started in year of 1986 and existed to replace the manual accounting system. This system is a system that is adopted from the government system in Australia. The application of the system is only for computer unit staffs and not involving other staff in government financial affairs. For BAS system, the machine that has been used is OMPD or known as Operating Machine Processing Data.

Branch Accounting System (BAS) Problems

There are lots of problems occurred due to the BAS system according to the users' experiences that involved in the application of the system in producing the financial reports. Transformation of the system is implemented according to the previous problems. Firstly, there are no expertises in accounting. Hence, it is sure to be less fulfilling the format and content of financial information and unable to give satisfaction towards the users and staffs

that are responsible for decision making. This system is unable to produce the report in screen softcopy and needs to be regenerate back up for each information. Every data need to be used must be searched and reprocess. In addition, the report product is in film. Thus, every task cannot be done in one time. The machine for the BAS system is unable to process the duties of payment and outcomes at the same time because this machine only has limited capacity for particular tasks. There are few factors for the meantime and unable to finished in the time given. Fourthly, the correction process of the information takes a long time. Staffs and data processes machine will take a long time and there are mistakes in repeated data and failed to be process. In examples the processes of bank reconciliation and each correc-tion must be done in main department. Fifth , the use of password. OMPD machine has password that open the BAS system and it can't logout preventing the staffs from changing and processing the data. Each computer units' staff is able to enter the system if the system is open. Thus, it has weaknesses in the security of the information or system. Sixth, the updated information that has been save can only mplemented in every end of months and in exact date. Whereas every processed data can be useful information. Seventh, the system will take six hours of electricity interruption and it is hard to restore and operating as usual. The speed of the operating time is hard to achieve and not showing the efficiency. Eighth, it takes long time in information consistency if they are any information needs to be corected after closing the account because of the BAS's Machine has limited capacity i.e the machine will takes four (4) to five (5) hours the preparing the cheque and do the payment. Finally, the changes and reformation of BAS system will take more than 15 years. This long time might be because there is no observation towards the response of using the system among staffs directly or indirectly. It is important to focused on the factors as shown in figure one (1) for transformation of one particular system. This is to ensure the level of satisfaction of ends user or staffs system as a whole and maintains the operating system and the level of development which is checked from year to years.

Figure 1: Successful Factors of Operating System



Current System: Government Financial Management Accounting System (GFMAS)

Based on problems that has been occurred and aware of government sector, the exchange and changes of GFMAS started to be implement in early years of 2005. This system is a system that is adapted from SAP system which has been used by most of private sector companies according to the particular modules and comprehensive based on the suitability of public sector.

Before the existence of GFMAS, the negotiators or suppliers of computer unit in JAMN take a right procedure by doing the research and observation towards the needs of changes in the use of the system previously and the needs of the system in the future. This is important to guarantee the changes of application that is more effective and efficient and able to enhance the duties of financial branches and main department of Jabatan Akauntan Negara Malaysia (JANM). This system contains their own modules for each task which are salary payment, account receivable and account payable. This system reformed the previous system and has strength according to current situation.

The Strength of Currently Computerised Accounting System (CAS)

The changing system has brought to lots of strengths that enhance the development of information for government organisation. Firstly, the GFMAS system has better inner control. Whereas, the GFMAS system in each branch become responsible for an accounting department in managing every module and each transaction that involving in receiving e-SPKB system's voucher from PJT. Futhermore, the achievement of information is limited only in branches stage and computerised as consolidated can't be achieved. So, the conflict of interest cannot be prevented among the staffs that applied in the system. Secondly, the format and the output of the system are proven to follow the current needs and staffs interest that will use the information to make decision later. There are in softcopy and hardcopy that can be saved and achieved easily. The information becomes useful information and there's no need to backup as previous system that was implemented spontaneously. Thirdly, the department staffs are given courses and tasks that are more consistences based on the modules that help them in understanding the system for financial data and using the new system because every system has its own function. However, this system has high level of ease of use or easy to conduct by the staffs. Fourth, achievement of information, ease in data processing, fast and user-friendly. This strengths help staffs to interact easily and understanding in order to achieve available information in accurate time and not out-of-date for the purpose of decision making by the upper leaders. Fifth, the consistency process and renewal information is fast and takes a short time. This is because the implementation of the process after entering of the data is done according to capacity and the ability of system is unlimited. Sixth, the mistakes of entering the data can be corrected when the report has been finalised and checked. Most of mistakes occurred while entering data and its more to human error. Seventh, each staffs involved will have their own password for the purpose of entering data, data processing and information achievement. With these procedures, the security of information is guaranteed and other inner control could be prevented. Finally, the implementation of GFMAS can be established, which staffs involved and account and financial expertise directly before and after the implementation. This will ensure the system will be

established according to the users' need, reports and decision making. From the strengths gathered, the writer is able to state that the development of GFMAS system is not more or not less in following the successful factors to ensure the end user satisfaction as stated in figure one (1). However, this system still needs to be improved from time to time to ensure the successful management of financial information in each organisation.

Summary

It has been shown that problems occurred from the BAS system and the successful of the system which is GFMAS. Based on the staffs' point of view that have been interviewed in details, transformation of Computerised Accounting System (CAS) will help in enabling the proficiency of the preparation of task payment, accepting and financial report as a whole. This is to help in completing the users' task if followed the seven (7) factors that are able to receive the outcome from the usage of the system. Besides, the quality of product from CAS is very important and need to be improve from time to time. This can be done if the response from the staffs towards the system is taken into consideration to look at the impact of using the system to their tasks or duties. The Malaysian Administrative Modernization and Management Planning Unit (MAMPU) also plays important role in succeeding the implementation on this information technology because it can be managed and guarantee the importance in every public sector and a better process used in each government financial processes and information between department and ministry. Beside that, the financial management will be more efficient as applied in private sectors, and beneficial impact will be more than development cost when the system used help in information management process and decision making.

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The Implementation Of Key Performance Indicators (Kpis): Case In Higher Education Institution

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Abstract

This reserach is focused on the Key Performance Indicators (KPIs) spesifically for academic staffs or lecturers that are especially from universities or higher education institutions. This is based on the specific tasks that are needed to be execute which are teaching and learning, research and publishment, conference, negotiation and comunity services. This system is created based on Robert S. Kaplan and David P. Norton framework's model. The first concept of KPIs was introduced through a research called The Balanced Scorecard (BSC). It was prepared with the examples of indicators for each framework perspective which covered the financial growth, cliens, internal development, learning and innovation as a whole to enhance the development of the indicator system soon.

Keywords: Key Performance Indicator, KPIs, The Balanced Scorecard (BSC), acedemic, universities, higher education institutions.

Key Performance Indicators (KPIs)

Key Performance Indicators (KPIs) of organisations focuses on the profit and income in financial based was previously applied to encourage outstanding performance from every staff from each deivision and department. Usually, the indicator that previously used was the Financial Indicators, but nowadays they also take extra care on the Non Financial Indicators (NFIs). The combination of these two is very important to make sure that the indicators show effectiveness and efficient key to achieve any goal of organisation according to the strategies that have been decided on.

In the other hand, Key Performance Indicators KPIs is very important and has been take into consideration by the Ministry of Higher Education to enhance the performance and achievement as a whole fit to the principle of national education or Falsafah Pendidikan Negara. Most of higher education institution considered achievement comes from profit of teaching, learning and research. However, there still have few tasks that have been take into consideration such as negotiation and profesionalism, conference, and society service. Every performance indicators are very important to evaluate an acedemician in a particular

way of achievement. It is not only evaluated by quantity, but the quality becomes the priority to make sure that an individual achievement gives realistic impact to the young learners.

Moreover, it is a must to higher education institutions to take essential steps to achieve any key performance. However, each institution must be aware of the ability and the suitability of each academic staffs to achieve any mission of that particular country. This is proven according to Smeby [3]. He states that most of universities in the world are encouraged to teach as many numbers or capacity of students, offered with many fields of study in universities. However, they are encouraged to maintain their quality of teaching learning of any course programmes. So, mismatch of the mission has been occurred and the institutions have to find a way to achieve both so that the key performance of academic staffs will be achieved successfully.

For example, it has been assumed that teaching and learning as a main task for each class of academicians and it is essential to have the key performance indicators with high validity. In the other hand, the measurement must be relevant and precise because the quantity of the learners in the lecture hall and their examination results are not the only cause to approve the efficiency of an academic staff. This can be evaluated through questionnaires and observations on the learners regarding the subject taught by the lecturer. This is to gather the information related on how far the learners understand on particular subjects or courses. It is important because the understanding will guarantee whether the students can really master the subject taught by the lecturer through theories or practical ways. According to the writer's experience, the questionnaire and observation still unable to evaluate the ability of the lecturer currently. Moreover, this will help the academic staffs to improve on their work performance and producing excellent learners in the future.

Instead of teaching and learning, research and publication are very important to be evaluated from the quality of publication so that it can be applied by learners and public effectively and contributing to new knowledge acquisitions. This will help in maintain and guarantee the quality of research and help the young lecturers to improve on their research professionalism.

Meanwhile, conference is also concerning in research and publications in contributing and sharing the knowledge between the candidates from foreign or local country in many fields of study. Moreover, this research professionalism networking can be initiated to maintain and enhance the research professionalism in the university. The products from the conference are expected to help in promoting the level of excellence among universities and also lecturers.

Beside that, negotiation between the lecturers plays an important role in promoting the brand of university because these contributions could help in the importance of organisation, university and probably public. The institutions are responsible to ensure the quality of negotiation that will help the lecturers and academic staffs in achieving a successful level of negotiation someday.

Finally, the implementataion of the evaluation of the contributions towards the uni-versities and society. This is important to be measured because of thier volunteer contribu-tions of acedemic fields in the university become one of the source that moved the society . One of the examples is one lecturer that has been promoted by the principal of a college resident and contributing to students' leadership in college activities is very useful and give lots of benefits to the students and university in producing excellent learners with first class mindset. In the other hand, its become the institutions' responsible by involving lecturers into suitable activities and exercises despite of acedemic tasks.

Overall, the applications of KPIs will help on the effectiveness of acedemic staff du-ties towards the university in the future and the level of evaluation and measurement will be establish and guarentee the qualities of deliver as a whole.

Key Performance Indicators Reformation

In implementing this effective system, the model of Roberts S. Kaplan and David P Norton [1], [2] was applied because the first KPIs concept is based on its research called The Balanced Scorecard (BSC) and it is a score card which become an impetus of the per-formance involving the measurement of operational and money. There are four (4) important perspectives which are able to translate the organisation's or institution's objectives towards the measurement of the performance, that are logic and realistic can be achieve according to figure one (1) below, which are institutions' financial growth perspectives, clients, inner development of higher education institutions and innovation sources of higher education institutions.

According to the research of Venkatesh [6], 50% of companies listed in The Fortune of north America and 40%-45% companies in Europe in 2001 succeed in applying this BSC system. In addition, there are current researchs in researching the implementation of BSC system in higher education institution in western countries. [4][5].

Figure 1: Four (4) pespectives of the Translation of the Objectives to Performance Measure

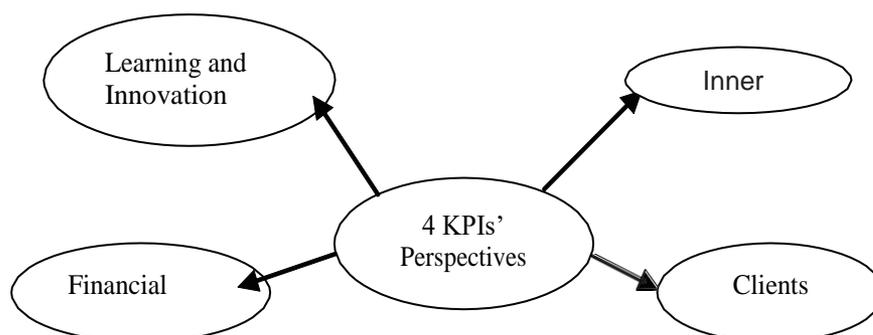


Table 1: Key Performance Indicator System for Academic Staffs

KPIs Perspectives	Examples of Indicators
Financial Growth	<ol style="list-style-type: none"> 1. Students' and lecturers' development expenses. 2. Fees for each student. 3. Needed cost for every credit hour offered. 4. Needed sources for teaching and learning purposes. 5. Needed expenses for the developments of faculty activities.
Clients	<ol style="list-style-type: none"> 1. The level of satisfaction of students and stakeholders towards cocurriculum study specifically and the offered services. 2. Students' result are compulsorily based on variety methods of evaluation and shows achievement of the objectives as a whole. 3. The numbers of graduate needed in the market and the numbers of jobs offered. 4. The increasing salary amount of staffs match with thier duties. 5. Amount and types of research awards or grants recieved by the lecturers inside and outside of university (industry) 6. Numbers of getting the benefits from each programs and courses offered to lectureres or students. 7. The rate of lecturer's needs for each students in particular course. 8. The numbers and qualifications of students in each semester. 9. Observations on the satisfaction of the graduate, ex-students towards the implementation of faculty or university.

The universities' indicator system is difference from non-government organisation that more to profit objectives in every perspectives; however it has to be academic-oriented. In example, the rate of lecturers and students, the learners' pass percentage, the students' number in classroom, the rate of learners who are able to graduate, the rate of graduate who are employed, teaching burdens, publications and research in faculty, the completion of facilities in one particular university, and also the expectations and satisfaction of lecturers and learners towards the faculty. According to the table below, there is the example of indicator system according to four perspectives adapted from BSC in particular university of faculty.

Inner Development	<ol style="list-style-type: none"> 1. Needs and capacity that are essential to improve the performance and development of students and education culture. 2. The key is to measure the responses towards fulfilling the needs of students and stakeholders. 3. The main key is to measure the level of overall achievement in order to realise the objectives and planning of faculty and university. 4. The numbers and type of courses and new subjects offered in improving the faculty's and university's cocurriculum. 5. Rate of students' achievement quality, cocurriculum or lecturers as implemented by Malaysia Quality Assurance (MQA) 6. Numbers and types of professionalism possessed by lecturer to ensure it is accurate according to the needs of faculty and university. 7. Numbers and the fields of study of lecturers to further thier studies according the needs of the faculty. 8. Observation towards implementation of programs and courses in faculty or university by industrial group in order to get responses and enhance the level of satisfaction towards all groups of people.
Learning and innovation	<ol style="list-style-type: none"> 1. Consistence increasing performance of lecturers in faculty. 2. Types and numbers of tasks given to lecturers to improve on the level of proficiency in teaching and learning, research, publication, negotiation, community services, and leadership. 3. Skills' improvement received by lecturers from tasks, courses related. 4. Lecturers' level of satisfaction and tranquility towards thier duties as a whole. 5. How far the technological and comunication skills applied in the lecturers. 6. Numbers and types of job posting in industry based on thier qualification and specification. 7. Allocation specialised for faculty and university by sending lecturers to outside courses, presentation, workshops or seminar. 8. Observation towards lectures by getting the response and the needs of exercise or tasks that is important or essentials for them.

It is essential for the university to take extra care towards four (4) perspectives to ensure the lecturers' and students' level of evaluation always matched with the objectives and planning of the faculty and mission of universities as a whole, as applied in private sectors.

Summary

This research study is based on readings and observations towards the implementation of Key Performance Indicators (KPIs) specifically for academics staff or lecturers and adapting the Balanced Scoreboard System (BSC) which was created by Robert S. Kaplan and David P. Norton [1], [2] that are financial growth, clients, inner development, and learning and innovation. However, this system needs to be matched with lecturers' duties or tasks which have been discussed before such as teaching and learning, research and publication, conference, negotiation and community service. This is because every performance's achievement is important to fulfill the lecturers need and desire whenever the development process and improvement is in full attention someday. Moreover, this will guarantee the quality and achievement of each university and higher education institution which is not only money oriented.

In addition, the Malaysian Administrative modernisation and Management Planning Unit (MAMPU) plays important role to guarantee the successes of the implementation in each university or higher education institution. This is because the quality in each indicators need to be researched and observed previously to ensure the realistic relevance that is able to achieved by each person.

Nowadays, the achievement of this system is very important because each university and higher education institution has thier own big responsibility and challenges in order to acheive the best quality of curriculum by producing excellent learners with more experienced lecturers with outstanding performance in each fields as a whole towards the contributions of nation.

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How To Get It Right – Malaysia Government Agencies Toward Service Quality

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Abstract

With the rapid global growth in services industry has witnessed Malaysia government to explosively recognized service quality as an indicator to determine success rate in providing services as well as to be an excellent service provider. The unit of analysis of this study is Malaysia government agencies inclusive the State government, local authorities and statutory bodies. Challenges and failures will occur once the unperformed government agencies unable to deliver expected services to the perceived customers. Therefore, this study is concerning into the discussion of SERVQUAL dimensions and suggestions of recommendations by various researchers that can help the Malaysia government agencies to overcome those problems that appeared in every government agencies transactions.

Quality As A Strategic Orientation

Nearly a decade ago, academicians and researchers alike lamented the lack of research on quality within the services arena [18]. Today, service based research studies of quality are quite extensive. In fact, quality has become a major research interest [2][5]. Quality has been linked to factors such as customer satisfaction [7][19], return behaviour [12], recommendations to others [10], choice behaviour [21] and interaction with employees [11]. Organization worldwide have heard the promise of performance excellence through quality and have responded by making quality a predominant strategy [1][24]. From a strategic point of view, quality was initially proposed as a complementary component of cost leadership strategies through the development of value [22]. Quality has also been incorporated as a means by which firms may enhance differentiation strategies, allowing organizations to increasingly distance themselves from the competition [26]. For example, Bharadwaj identified quality and customer service skills as potential sources of competitive advantage. In their contingency model of sustainable competitive advantage, Bharadwaj maintains that delivering quality service can help to support a firm's competitive position in much the same way as cost synergies, organizational expertise, and brand equity [3]. Indeed, quality plays more than a supporting role in the strategic arena. The benefits to be gained from combining quality orientations with traditional generic strategies, such as cost leadership and differentiation, have resulted in a situation where quality now assumes a role as a strategy unto itself.

Indeed, quality is a viable competitive opportunity that may assume a singular strategic role within the organization [25].

Service Quality

How do we evaluate the quality of batteries? The value creation to the customer is one-dimensional and most people evaluate batteries according to their lifespan. Thus, when comparing a set of batteries, one can tell objectively which battery exhibits the best quality. However, when you turn to services, how objective can be an evaluation of a dentist, a theatre performance or even a flight- where at first sight in the last case the only relevant attribute is arrival on time at the scheduled destination? However, when evaluating airlines, customers also focus to the friendliness of the staff, waiting times at the check-in, etc [4]. This shows to us the importance of service quality in measuring customer satisfaction. Relevant caused- factors are not only based on single factor contribution but ultimately to a set of a group of factors. Concerning to the group of factors, had encourage various authors especially researchers in services industry to call out a list of them. Those researchers include A.Parasuraman, Christian Gronroos, Leonard Berry and others as well as Valarie Zeithaml. Valarie Zeithaml approach to the market and industry the "10 criteria consumers use in evaluating service quality" and in subsequent research, they found a high degree of correlation among several factors and consolidated them into five broad dimensions which is tangibles (concerning appearance of physical elements), reliability (measuring the dependability and accurate performance), responsiveness (promptness and helpfulness), assurance (looking into the matter of competence, courtesy, credibility and security), and empathy (pertaining easy access, good communications, and customer understanding). This dimensions have lead Valarie Zeithaml [27] to develop a survey research instruments called SERVQUAL which will help the customers to evaluate a firm's service quality by comparing their perceptions of its service with their own expectations. It is believed that these instruments had helped many researchers to evaluate more into customer satisfaction in various industries and has become one of the best indicators of customer satisfaction so far, even it has been criticised by some other experts.

Service Quality in Malaysia Government Agencies

In today's economic and political climate, government must find ways to trim costs and manage cash-flow while continuing to deliver excellent customer service. Elected officials are challenging their departments to increase efficiency, prevent errors and provide their constituents with more value for their tax dollars. It should be misleading to suggest that every government agency has not been concerned with quality throughout its existence. Government agencies evolved as a function of representative government and therefore have to concern themselves with the legitimate interests of their citizens. Government agencies were therefore required to be not only accountable to the localities in which they existed, but also proactive by "improving" the physical environment and the "civility" or manners of

the urban populace. In addition to external political pressures for change in local government, the emergency of quality control and total quality management in the latter part of the twentieth century has created various discourses which include the concepts of “excellence”, “value”, “conformance to specifications” and “meeting or exceeding customer expectations”. [13]

Service quality in Malaysia government agencies has been a challenging concept to be achieved. Whilst developing themselves in capturing the interests of the localities, they are facing with lots of challenges of becoming the best service provider. Due to that, researchers suggested few ways of achieving quality-based government agencies by referring to SERQUAL model as proposed by Valarie Zeithaml [27]. The servicescape and physical evidence of service organizations is manifest, internally and externally, in a variety of ways. Internally it is represented by the design and decor of the organization; furniture and furnishings; the grooming and appearance of staff; a wide range of collateral including, for example, brochures, pamphlets and other related stationery; and general facilities and equipment. Externally it is represented by the geographic location and environment, and the exterior design and appearance of the building and its surrounding. All of these considerations function, potentially powerful, as symbols and cues that serve to create expectations and influence perceptions. Furthermore, if these same considerations are designed purposefully to create sensory appeal, they also serve to create an environment which can attract and retain customers, and which is conducive to staff doing what they have to do in the best possible way. Consequently, we can say that the physical environment, or servicescape, can fulfil the number of roles, of both a strategic and functional nature. Functionally, it can serve to facilitate, rather than impede, service delivery; it can enable and enhance, rather than discourage, social interaction; and it can play a communications and promotion role. Strategically, the servicescape can foster approach rather than avoidance behaviour; it can provide a means of competitive differentiation; it can represent physically the quality and value offering of a service organization; and it also serve in established a particular ambient mood- for employees as well as customers [17]. Tangibility as the first dimension in SERQUAL is understood as concerning to the appearance of physical elements where the government agencies need to aware of physical facilities, equipment, personnel and communication materials. Furthermore, government agencies have to concentrate on the availability of providing excellent in displaying modern looking equipment, visually appealing physical facilities, the neat appearance of the employees as well as the ambience in the organization itself.

Satisfaction can be expressed via positive word of mouth, giving compliments to the service provider, and via loyalty to the brand, the shop or the dealer. In recent case, the relationship between customer and service provider is continued. Service quality, mutual trust and responsiveness are other important factors determining satisfaction and the continuation of the bond between the customer and the service provider. This implies it is critical to look further afield than merely reviewing satisfaction [14]. Making promises and turning it to be real is an answer to the second dimension in SERVQUAL; reliability. This dimension is proven by illustrating the ability of the government agencies to perform the promised service dependably and accurately. Malaysia government agencies need to take action of showing

interest in solving customer's problem within the given time scheduled or by certain of time as what had they promised to do so. In the conjunction with customer satisfaction, government agencies will have to perform their services right the first time where it will avoid service failure that might be lead to dissatisfaction and unacceptable conditions by the customers.

To be noted, as a good service provider, Malaysia government agencies are encourage to providing their services at the time they promised to do and perhaps to develop value among the employer in achieving error-free records. Consequently, in order to create value, the service interaction process starts by integrating the customer into the service production process. Therefore a primary value activity of the service provider is to render possible customer integration. Within the interaction process of the value chain, everything is done to satisfy the customer. This includes all service options during the "moments of truth", starting with little services that are self-evident for government agencies [4]. Hence, responsiveness as the third SERQUAL dimensions acts as the appetizer in putting the whole service environment on track. It starts with the process of employees of excellent government agencies providing prompt services where they will tell the customers exactly when the services will be performed. Employees will be always willing to help customers and never be too busy to respond to customer requests. The process of entertaining the customers will change the negative perception once the customers understands and pretty well get the job done within the time limit and constraints. Responding to customers will help the government agencies to operate.

Relationship quality stands for the customer's perception of the relationship to the provider and is defined as the ability of the provider to fulfil the customer's relational needs. Relationship quality is not just the sum of the qualities of all the interactions within a customer relationship, but also concerning the aspects that are central to the concept of the relationship. Consequently, relationship quality consists of dimensions that are different from quality service. In two studies, two central dimensions of relationship quality could be identified customer's trust in the corporation and familiarity between the customer and corporation. Trust is defined as the customer's willingness to forgo any additional investigation and just rely on the corporation's behaviour in the future. Various processes for the emergence of trust can be identified in the context of the trust-building process [4]. In the fourth dimension of SERQUAL, it concerns the variable of assurance where focusing into the matter of credibility, competence, courtesy and security. This dimension comprehend those values of trustworthiness, believability, honesty of the service provider, possession of the skills and knowledge required to perform the service, politeness, respect, consideration and friendliness. Here, focus will tag along the freedom from danger, risk or doubt. Up to this concern, Malaysia government agencies should ensure that the behaviour of their employees as an excellent service provider will instil confidence in the heart of customers. As for customers, they need to be able to feel safe in every of their transaction as they put high level of trustworthiness the service transactions. In achieving good service quality, it is to be encouraged that excellent government agencies need to consistently courteous with customers as they perceived the service value. The government agencies need to guarantee that each of their employee will have the knowledge to answer customers' questions not only to develop cus-

customer's trust but up to the relationship quality between the service provider and customer as it is an important driver to optimize positive customer's behaviour.

While the post-purchase stage is treated in considerable detail in the chapters dealing with customer satisfaction and complaining behaviour, there is nonetheless a need to examine work in the area of consumers' intrinsic needs and values to gain a comprehensive understanding of the decision-making process. Intrinsic needs and values are of central importance to managers who seek to understand and influence consumer behaviour. Because of the social interaction involved in service delivery (at least for high –contact services), understanding customers' values or fundamental human needs (as distinct from desired service attributes or expectations) is essential to achieving a successful outcome, satisfaction and loyalty. Conscious expectations about the performance of product attributes are a means to an end- the end being the fulfilment of deeper, more fundamental human needs and personal values, such as self-esteem, respect, self expression and power [17]. Therefore, the last dimension in SERQUAL is empathy variable where it pertains to easy access, good communications, and customer understanding. This will cover matters of approachability and ease of contact, listening to customers and keeping them informed in language they can understand and making the efforts to know customers and their needs. Based on empathy dimension, Malaysia government agencies are hearten to provide and give customers individual attention as they need it from the beginning of the service encounter. To be excellent, it is necessitated for the Malaysia government agencies to provide operating hours that convenient to all customers. Employees are encouraged to have the customers' best interests at heart as they need to understand the specific needs of their customers.

How To Get It Right - Service Quality Adoption In Delivering Services By Government Agencies

Hire the Right People

Hiring the right people includes competing for applications from the best employees in the labour market, then selecting from this pool the best candidates for the specific jobs to be filled. That means a firm has to compete first for talent market share, engaging in, as called "the war for talent". Competing in the labour market means having an attractive value proposition for prospective employees, and includes factors such as having a good image as a place to work, as well as delivering high-quality products and services that make employees proud to be part of the team. There's no such thing as the perfect employees. Different positions are often to be filled by people with different skill sets, styles, and personalities. For example most of the services companies assess prospective employees in terms of their potential for frontstage or backstage work. Frontstage workers, known as frontliners, are assigned to the roles for which their appearance, personalities, and skills provide the best match. What makes outstanding service performers so special? Often it is things that cannot be taught. It is the qualities that are intrinsic to the people, and qualities they would bring

with them to any employer. Also, HR managers have discovered that whereas good manners and the need to smile and make eye contact can be taught, warmth itself cannot. The only realistic solution is to ensure that the organization's recruitment criteria favour candidates with naturally warm personalities. The logical conclusion is that service firms particularly in this focus area; Malaysia government agencies should devote great care to attracting and hiring the right candidates [16].

Enable Your People

If a firm has a good people, investment in training can yield outstanding results. Service champions show a strong commitment to training, in words, dollar and action. As Benjamin Schneider and David Bowen put it, "The combination of attracting a diverse and competent applicant pool, utilizing effective techniques for hiring the most appropriate people from that pool, and then training the heck out of them would be gangbusters in any market [23]. Therefore, service employees need to learn first, the organizational culture, purpose and strategy. Employees need to start strongly with new hires, and focus on getting emotional commitment to the firm's core strategy. Promote core values such as commitment to service excellence, responsiveness, team spirit, mutual respect, honesty and integrity. Secondly is interpersonal and technical skill. Interpersonal skills tend to be generic across service jobs, and include visual communications skills such as making eye contact, attentive listening, body language and even facial expressions. Technical skills encompass all the required knowledge related to processes, machines/ system and rules and regulations related to customer service processes. Both technical and interpersonal skills are necessary, but neither alone is sufficient for optimal job performance. Lastly is concerning product/ service knowledge where knowledgeable staffs are a key aspect of service quality. They must be able to explain product/ service features effectively and also position the product/ service correctly [16].

Virtually all breakthrough service firms have legendary stories of employees who recovered failed service transactions, or walked the extra mile to make a customer's day, or avoid some kind of disaster for that client. To allow this to happen, employees have to be empowered. Employee-self direction has become increasingly important, especially in service firms, because front-line staffs frequently operate on their own, face to face with their customers, and it tends to be difficult for managers to monitor their behaviour closely. Research has also linked high empowerment to higher customer satisfaction. For many services, providing employees with greater discretion (and training in how to use their judgement) enables them to provide superior service on the spot, rather than taking time to take permission from supervisors. Empowerment looks to front-line staff to find solutions to service problems, and to make appropriate decisions about customizing service delivery [16].

Motivate and energize Your People

Once a firm hired the right people, trained them well, empowered them, and organized them into service delivery teams, it's the time for ensuring excellence service delivery. Staff performance is a function of ability and motivation. Effective hiring, training, empower-

ment, and teams give a firm able people; reward systems, meantime, are the keys to motivation. Service staffs must get the message that providing quality service holds the key for them to be rewarded. Motivating and rewarding strong service performers are some of the most effective ways of retaining them. The staffs understand that those who get fired are those who haven't delivered at customer level. Service providers considered as fail when they are unable to utilize the full range of available rewards effectively. Most of firms think in term of money as reward, but it does not pass the test of an effective reward. Receiving a fair salary is a hygienic factor rather than a motivating factor. Paying more than what is seen as fair has only short-term motivating effects, and wears off quickly. On the other hands, bonuses that are contingent on performance have to be earned again and again, and therefore tends to be more lasting in their effectiveness. Other, more lasting rewards are the job content itself, recognition and feedback, and goal accomplishment [16].

Conclusion

As a developing country that envisage development through Malaysia Vision 2020, it is believed that Malaysia Government is now moving towards grasping all strategies in achieving those success elements in Vision 2020. Researchers believe that the importance of seeing service quality as an indicator to measure success can bring up many advantages in turning the perception of avoidance and rejection to an acceptance and satisfaction. This study shown us that the ability and initiatives taken in order to provide better service in becoming a good government service provider can be took place at the very beginning as of hiring people or staffs. This is due to the individual's spirit of placing themselves into the right position and plays the role as what they are required to do so. Whenever the service performance is played, the perceived value of the recipient is counts. Therefore, researchers always believe that putting the right person on the right time will turn a disaster to a big pleasure; turning a complainer to a loyal customer.

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Driving Improvements at Local Government External Auditing: A Lesson for Malaysia

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Introduction

External auditing has had a long history of assuring stewardship and accountability between principal and agent, mainly in the private sector but also encompassing and benefiting the public sector. As it works more consulting-like for the public sector or non-profit organization, it has been used widely as one of many inspection activities performed on local authorities especially in the developed countries. In the local government, audit started as tools to provide assurance concerning the reliability of the accounts of an authority and on the legality of the underlying transactions. However, since the 1980s, external auditing has been applied in a variety of contexts referring to new and (or) more intense account-giving and verification requirements (Courville et al, 2003), which is argued by Power (1997) as the 'audit explosion'. This article intends to introduce the success of external auditing in driving improvement at local government in England so their experience could be shared among managers of Malaysian local government and public sector at large.

Utilising External Audit for the Public Sector

An effective public sector audit activity strengthens governance by materially increasing citizens' ability to hold their government accountable (The IIA, 2006). Auditors perform an especially important functions in those aspects of governance that are crucial in the public sector to promote credibility, equity, and appropriate behaviour of government officials, while reducing the risk of public corruption. Therefore it is crucial that government audit activities are configured appropriately and have a broad mandate to achieve these objectives. The audit activity must be empowered to act with integrity and produce reliable services, although the specific means by which auditors achieve these goals vary.

Government auditing supports the governance roles of oversight, insight and foresight (The IIA, 2006). Because government's success is measured mainly by its ability to deliver services successfully and carry out programs in an equitable and appropriate manner, government audit activities should have the authority and competency to evaluate financial and program integrity, effectiveness, and efficiency. Auditors also have to protect the core values of the government as it serves all citizens.

The public sector represents a principal-agent relationship (The IIA, 2006). The officials, acting as the agent, must periodically account to the principal for their use and stewardship of resources and the extent to which the public's objectives have been accomplished. The inherent risks in the principal-agent relationship may be reduced by an effective accountability mechanism. Thus, governments place greater value on public audit to secure local authorities' accountability (Laughlin, 1996). There has been much evidence of increasing inspection activities since 1980s which is described as audit (Kelly, 2003; Hood et al, 1998). The principal relies upon the auditor to provide an independent, objective evaluation of the accuracy of the agent's accounting and to report on whether the agent uses the resources in accordance with the principal's wishes. This is also reflected in Power's (1997) argument that there had been an explosion in audit, in which auditors' work extends to cover assessment of services. The author also argues that there are more people watching and less people doing; increase in the policing of policing where an auditor inspects the control systems of local government. The money spent for these policing of policing activities is also increasing (Hood et. al., 1999).

Accountability is said to be improved by transparency, when an agent is required to provide more information, that would make them more accountable and more likely to work for common good (Prat, 2006, Heald, 2006b). However, there is not more transparency in practice for several reasons such as that 'strong entrenched interests' prevent transparency, full disclosure may not be an optimal policy, the direct cost of information disclosure and difficulty in communicating the information (Prat, 2006, p. 94-96). Introducing or increasing transparency would be beneficial only if it is seen to make a difference (Heald, 2006a). Furthermore, the ability to objectively measure efficiency, effectiveness and economy has always been argued by many researchers to be problematic because of its complexity for auditors and as a concept in practice (Lapsley and Pong, 2000).

English Local Governments' Experience

In the context of local authorities in England, the establishment of the Audit Commission (AC) was clearly an important landmark. Although inspection is not new for English local authorities, its intensity has been increasing since the 1980s, because of government concern that local authorities and councillors were losing accountability, effectiveness, even legitimacy (Kelly, 2003). Governments have had recourse to placing greater value on external auditing to secure local authority accountability to their various stakeholders (Laughlin, 1996). External auditors' work for local authorities in England covers the Use of Resources (UoR) assessment which is one component of the Comprehensive Performance Assessment (CPA) regime. Figure 1 below shows the framework of comprehensive assessment performed at English local government.

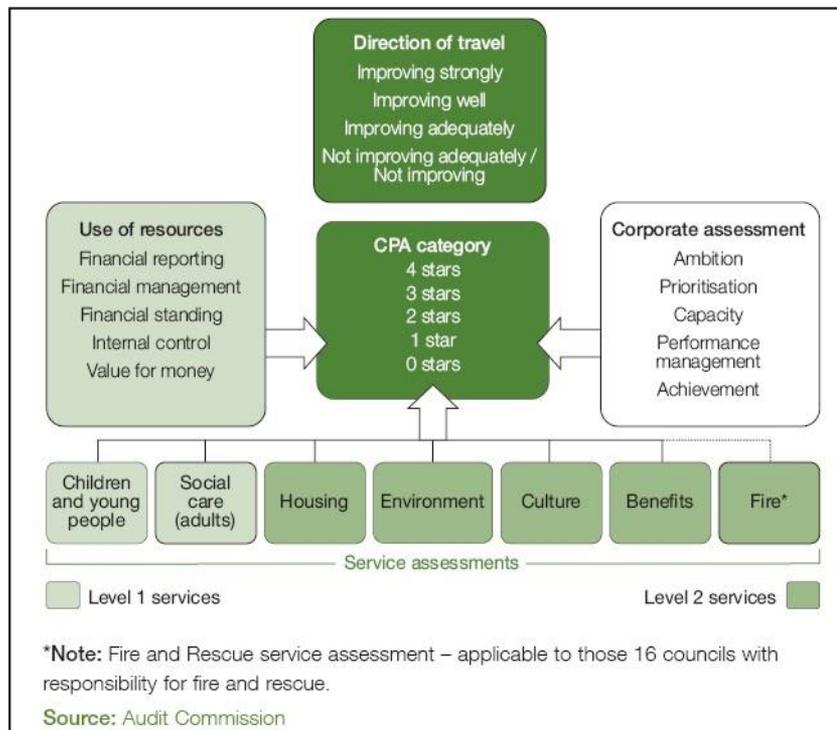


Figure 1: Single Tier and County Councils CPA –the harder test Framework for 2006-2008 (Source: Audit Commission, 2006b)

UoR assessment which also covers aspects of certification audit besides assessment of local government performance is part of the bigger assessment framework called CPA. UoR assessment is divided into five themes of financial reporting, financial management, financial standing, internal control and value for money. All these themes have specific criteria and evidence for evaluation. Local governments are invited to provide inputs prior to setting the indicators and criteria for evaluation through consultation processes. The AC communicates and disseminated the indicators, criteria and evidence for these assessments to all local government at the beginning of the year of audit so to provide clear picture of what local government should ensure are in place when auditors visit and evaluate their activities and documentation.

These inspection activities have been called 'auditing' and performed by auditors, even though the coverage of inspection goes beyond traditional definitions of auditing. HM Treasury (in Byatt and Lyons, 2001) believes that external review provides a potentially valuable incentive for improving performance as well as providing independent assurance on standards. Although the 'Modernising Government' agenda demands that inspection activities be combined with performance management to achieve the goal of continuous improvement (Cabinet Office, 1999, p. 40), coordination and sharing of learning between

inspectorates was weak (Byatt and Lyons, 2001). Thus the AC has been proposed to take the lead role of coordinating inspection in 2001 to achieve the aspiration of 'Modernising Government' agenda.

The road travelled by AC and English local government was not easy and short. Establishment of the AC was done during an earlier period of controversy about the performance, roles, size, and funding of local government and the wider public service (McSweeney, 1988). It was part of the Conservative Government's agenda to improve local authorities, introducing 'market' systems where local authorities had to function more like business organizations. The emphasis on service standards has subsequently been maintained by the Labour Government after 1997; their pledge to improve public services during general election campaign in 1997 was a major element contributing to their electoral success (Boyne, 1998). The AC, carrying the mandate from central government to regulate local authorities since 1980 has introduced a number of inspection activities using various indicators, which have been changed from one year to another.

The AC's first set of statutory performance indicators (PI) in English and Welsh local government was introduced and applied from assessment year of 1993/94 until later in the assessment year 2001/02, when Best Value Performance Indicators (BVPI) were introduced to replace the PI. To coordinate the performance of local authorities assessed by various inspectorates, the AC introduced CPA in 2002. CPA is an extension to the auditor's work of certifying the financial statements to include certifying services provided by the local authorities. Under the CPA regime, external auditors perform their duties of inspection to gather data and evidence on almost all aspects of local authority activities from financial matters to services provided to the public. The CPA exercise is done on an annual basis and covers all local authorities in England. The AC's appointed auditors write a report on each local authority's performance and later the individual local authority performance is combined to form a report on the performance of the country as a whole. Local authorities are also ranked according to their performance ranging on a five star scale from 0 stars to 4 stars. Reports are published on the AC website. The CPA has come to its 8th year of assessing local authorities in 2009 and has gone through various changes since it was first introduced. The CPA will be replaced by Comprehensive Area Assessment in 2010.

The Evidence

Supporting arguments on the ability of comprehensive assessment in promoting improvement is an analysis of English local governments' improvement. Auditors' evaluation of local government concluded in scores of 1 to 5 have been obtained and tabulated. Mean scores were calculated and compared for all local authorities in England as well as combined local authorities in each region. This was done for UoR overall and its themes scores from 2002 to 2006. English local authorities are divided into two main categories – the single tier and county councils (STCC) and the district councils (DC). As STCC and DC represents different sizes and activities, their separation is deemed necessary to prove that the assessment regime could enhance performance regardless of local authorities' sizes.

Table 1: Overall UoR Mean Score for England 2002-2006*

Mean Score for England	2002	2003	2004	2005	2006
Single Tier and County councils	3.00	3.49	3.67	2.57	2.86
District councils				2.32	2.57
All councils	3.00	3.49	3.67	2.41	2.68

*Data presented throughout this article are from Abu Hasan, H. (2009) The Impact of External Audit and Use of Resources Assessment on Local Authorities: A Study of Yorkshire and The Humber Region of England, PhD Thesis, University of Sheffield, UK

Table 1 shows the overall UoR mean scores from 2002 to 2006 calculated for England. As the DC only have scores from 2005, the mean score for 2002 to 2004 for England is the same mean score for all STCC. The mean score for whole England shows an increased from 3.00 in 2002 to 3.67 in 2004. A break in improvement pattern exhibited from 2005 is due to the changes made on the assessment regime where *'the harder test'* was introduced. The mean score was restarted at 2.41 in 2005, and shows an increased to 2.68 in 2006. The mean score for STCC throughout England experienced similar steady increases from 2002 to 2004; a drop in the mean score in 2005 and an increase from 2005 to 2006. The mean score for the DC is lower than the STCC in both 2005 and 2006. Table below will compare results of 2005 and 2006 only, to highlight the shared improvement patterns among all English local authorities. 2005 and 2006 were chosen as both utilises the same assessment regime, CPA –*the harder test*.

Table 2: Single tier and county councils – mean scores for overall UoR based on governmental region

Mean Score for Overall UoR	2005	2006
England- 150 councils	2.57	2.86
Yorkshire and The Humber- 15 councils	2.67	2.73
West Midlands- 13 councils	2.85	3.15
South West- 16 councils	2.38	2.69
South East- 19 councils	2.53	2.89
North West- 22 councils	2.55	2.86
North East- 12 councils	2.58	3.17
London- 33 councils	2.73	3.00
East of England- 10 councils	2.20	2.50
East Midlands- 9 councils	2.56	2.67

Table 2 shows the UoR mean scores for single tier and county councils for the whole of England and also the mean scores when these local authorities are divided into their respective government regions. There are nine government regions altogether, where each government region comprises of several single tier and county councils, the numbers of councils in each region are shown in the table. From the information presented, all government regions exhibit improvement from 2005 to 2006. Variation between the regions scoring the lowest mean to the regions with the highest mean was 0.65 in 2005 and 0.5 in 2006.

Table 3: District councils – mean scores for overall UoR based on governmental region

Mean Score for Overall UoR	2005	2006
England- 238 councils	2.32	2.57
Yorkshire and The Humber- 7 councils	2.14	2.71
West Midlands- 24 councils	2.21	2.50
South West- 35 councils	2.09	2.40
South East- 55 councils	2.56	2.76
North West- 24 councils	2.46	2.46
North East- 13 councils	2.15	2.77
East of England- 44 councils	2.27	2.45
East Midlands- 36 councils	2.28	2.58

Table 3 shows the mean scores calculated for all the district councils in England and also the mean scores when these district councils are divided into their respective government regions. Although there are nine government regions altogether in England, only eight regions have district councils. Governmental region of London comprises only of the single tier and county councils. The numbers of district councils in each of the region are also reported in the table. Mean scores for the district councils are lower compared to the mean scores for single tier and county councils except for the scores of the district councils in South East and East of England regions. The variation in mean score between the regions from lowest to the highest is small, 0.47 in 2005 and 0.37 in 2006 with the South West region being the poorest performing in both years. The range of mean scores between regions narrows from 2005 to 2006 for both the single tier and county councils and the district councils.

Table 4: All councils – mean scores for overall UoR based on governmental regions

Mean Score for Overall UoR	2005	2006
England- 388 councils	2.41	2.68
Yorkshire and The Humber- 22 councils	2.50	2.73
West Midlands- 37 councils	2.43	2.73

South West- 51 councils	2.18	2.49
South East- 74 councils	2.55	2.80
North West- 46 councils	2.50	2.65
North East- 25 councils	2.36	2.96
London- 33 councils	2.73	3.00
East of England- 54 councils	2.26	2.46
East Midlands- 45 councils	2.33	2.60

Table 4 shows mean scores calculated for the whole of England and its nine regions combining both the STCC and the DC. The best performing was London in both years (London has no district councils). The worst performing was the South West region in 2005 and East of England region in 2006. However, the range between the best and worst performing region not wide, 0.55 in 2005 and 0.54 in 2006.

What Malaysia Could Learn

The results analysed above revealed patterns of improvement in local authorities' performance. This pattern indicated that the comprehensive performance measurement coupled with clear indicators, effective audit and communication are good drivers for improvement. The assessment method also has to be regularly evaluated and upgraded to foster continuous improvement effort. Although the change in assessment regime resulted in a drop of scored performance, the scored performance seems to be higher in the following year. Clearer indicators and effective measurement by auditors also encouraged learning and motivation among the staff at local authorities. Local authorities would have clearer target with the indicators and detailed procedures and evidence that are required of them. These will attain their focus and encouraged local authorities to exhibit good achievement. However the assessment regime has to be carefully designed, consulted and communicated among all stakeholders to achieve an optimum measures so to avoid measuring the unnecessary. Therefore similar effort could be initiated at our local government. Starting from clear objective statements, detail assessment criteria can be developed, consulted and communicated to the local authorities.

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Include a separate title page with the title of the manuscript, author's name, affiliation, address, phone number, fax number and email. All correspondence will be directed only to the first author.

Abstract

An abstract of 150 to 200 words outlines the purpose, scope and conclusions of the manuscript as well as five selected keywords. If the manuscript is written in Bahasa Malaysia, an abstract in English should be provided.

Figures and Tables

All figures (charts, graphs, drawings etc) and tables should be titled and numbered. Figures and Tables should supplement the text and not duplicate it. Here are some examples:

Figure 2.5 Evolution of Training's Role

Source: Noe, RA 2005, *Employee Training and Development*, p.41.

Table 6.20 Fit Indices for Hypothesised Structural Model

Appendices

Use a separate page for appendices (if required). Provide each appendix with a title.

Reference Citations

Use author-date method. Here are some examples:

If one author:

Laker (1990) proposed

If two authors:

Broad and Newstrom (1992) also noted that

If two or more works cited at the end of the text:

Transfer of training is generally defined as the degree to which trainees apply the knowledge, skills and attitudes gained in training to their job (Ford & Weissbein 1997; Tannenbaum & Yulk 1992; Wexley & Latham 1991).

If more than two authors and their work is again cited in the text, use 'et al.' For example,

First citation in text:

For instance, Tziner, Haccoun and Kadish (1991) noted that the fundamental purpose of training is to help people develop skills and abilities which, when applied at work, will enhance their average job performance in their current job.

Subsequent citation in text:

The definition provided by Tziner et al. (1991) links the acquisition of knowledge and skills gained through training to an application in the workplace.

Reference List

All references in the reference list must be cited in text and should be arranged in an alphabetical order.

Here are some examples:

Cormier, SM & Hagman, J 1987, *Transfer of learning: contemporary research and applications*, Academic Press Inc, London.

Books

Cohen, JW 1988, *Statistical power analysis for the behavioural sciences*, 2nd edn, Lawrence Erlbaum Associates, Hillsdale, NJ.

Book Chapters

Kozlowski, SW & Salas, E 1997, 'An organisational systems approach for the implementation and transfer of training', in Ford, JK., Kozlowski, SW., Kraiger, K., Salas, E & Teachout, MS (eds), *Improving training effectiveness in work organisation* (pp.247-87), Lawrence Erlbaum, New Jersey

Encyclopaedia

Tuijnman, AC (ed.) 1996, *International Encyclopaedia of Adult Education and Training*, Pergamon, NY

Journals

Bates, RA 2001, 'Public sector training participation: an empirical investigation', *International Journal of Training and Development*, vol.5, no.2, pp.136-152

Connelly, CE & Kelloway, EK 2003, 'Predictors of employees' perceptions of knowledge sharing cultures', *Leadership & Organisation Development Journal*, vol.24, no.5, pp.294-301.

Colquitt, JA., LePine, JA & Noe, RA 2000, 'Toward an integrative theory of training motivation: a meta-analytic path analysis of 20 years of research', *Journal of Applied Psychology*, vol.85, pp.679-707

Internet

Ahmad Badawi, A 2006, 'Strengthening resilience, meeting challenges', The 2006 Budget Speech, viewed 20 February 2007, <http://www.treasury.gov.my/index.php?ch=12&lang=eng>

Proceedings

Bates, RA & Holton, EF III 1999, 'Learning transfer in a social service agency: test of an expectancy model of motivation', in KP Kuchinke (eds.), Academy of Human Resource Development 1999 Conference Proceedings (pp.1092-1099), Academy of Human Resource Development, Baton Rouge, LA.).

Dissertation

Chen, CH 2003, Crosscultural construct validation of the learning transfer system inventory in Taiwan, Unpublished Doctoral Dissertation, Louisiana State University.





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