

ALIGNING WITH GLOBAL TRENDS: ASSESSING EXECUTIVE AND FISCAL REFORMS IN MALAYSIA'S PUBLIC SECTOR

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ABSTRACT

Background and Purpose: Due to Barisan Nasional (BN) governance issues, corruption, and financial scandals, Pakatan Harapan (PH) sought institutional reforms in Malaysia. International Public Sector Accounting Standard (IPSAS) and Malaysian Public Sector Accounting Standard (MPSAS) improved financial reporting and transparency. New accounting regulations' costs and benefits, especially in honesty and fairness, are difficult to weigh. Therefore, the article examines how these reforms affect Federal Statutory Bodies and honest and fair view reporting.

Methodology: Malaysian Federal Statutory Bodies' accounting staff self-administered a quantitative survey questionnaire. Senior financial reporters with three years of experience participated. For clarification, a Malay and English five-point Likert scale poll had 99 valid responses. A questionnaire encompassed cost-benefit evaluations, social ideals, and honest reporting. We performed descriptive and inferential statistical tests, including factor and bivariate analysis.

Findings: Accurate financial reporting requires cost-benefit analysis, highlighting strategic accounting reform decision-making. Accrual accounting procedures justify the high initial costs with openness,

uniformity, and financial monitoring. Social values favourably promote true and fair perspective reporting, however they lack statistical significance in the Malaysian public sector due to its stringent regulatory system.

Contributions: This study illuminates financial reporting complexities and suggests employing qualitative methods to improve findings and overcome limitations.

Keywords: True and fair view, reporting, societal values, balancing cost-benefit concern, public sector.

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1.0 INTRODUCTION

According to Lee's (2020) analysis, institutional reforms in Malaysia were initiated as a response to perceived governance shortcomings within the ruling coalition, Barisan Nasional (BN). These governance deficiencies, which were prominently featured in the electoral agenda and campaign rhetoric of the opposition coalition, Pakatan Harapan (PH), were linked to entrenched issues within the governance framework. The widespread corruption and financial scandals highlighted these institutional weaknesses, leading the PH-led government to place a strong emphasis on implementing institutional reforms. The PH election manifesto outlined a tactical agenda for institutional change with 19 pledges under Pillar 2, "institutional and political reform," which would be implemented over the course of the next five years. Of particular interest was the emphasis on the executive branch as a key area for institutional reform in government administration.

Following the Federal Government issuing Treasury Circular PS 1.2/2020, FSBs must now adopt the Malaysian Public Sector Accounting Standard (MPSAS). Despite the fact that accrual accounting is the foundation of both standards, there are enough distinctions between them to cause a number of accounting conundrums. Expanding on this discussion, Abdulkarim et al. (2020) argued that the implementation of the Malaysian Public Sector Accounting Standards (MPSAS) aligns with the International Public Sector Accounting Standards (IPSAS). Several countries have made significant improvements to their accounting systems across all levels of government as a result. These changes are primarily driven by the need to ensure high-quality reporting and the provision of relevant information, which ultimately enhances both transparency and accountability. The International Public Sector Accounting

Standard (IPSAS) defines accrual accounting as an accounting method where transactions and other events are recorded at the time they occur, rather than only when cash or its equivalent is received or disbursed.

According to Johari et al. (2020), a lack of integrity can lead to instances of fraudulent behaviour, the misappropriation of power, the creation of conflicts of interest, and the improper use of resources. Some chief executive officers (CEOs) may exhibit a propensity to utilise unethical practises as a means of augmenting their revenue sources. These practices reflect an "organizational culture" that encourages the notion that breaking rules for the company's benefit demonstrates keen business acumen (Rosli et al., 2015). The arguments that highlight issues like standardised norms, better strategic decision-making, increased openness and accountability, and easier access to credit markets (Polzer & Reichard, 2020). The initial adoption of MPSAS is viewed as an indication of enhanced financial statement quality, addressing longstanding concerns among both users and preparers. Consequently, the cost-benefit considerations are closely tied to information dissemination. Although implementing a new accounting standard incurs higher costs, it can significantly improve the comparability of financial statements. Therefore, balancing costs and benefits is a frequent challenge in ensuring honest and fair disclosure.

2.0 LITERATURE REVIEW

2.1 True and Fair View

As per Treasury Circular PA 3.1/2013, Generally Accepted Accounting Principles (GAAP) in Malaysia are delineated in Treasury Circular No. 15 of 1994 as "standard accounting principles and practices that are developed and announced by a legally established professional organization for its members to use when preparing annual financial statements for trade, industry, and business purposes." Consequently, all Financial Services Businesses (FSBs) adhere to the accounting regulations established by the Malaysian Accounting Standards Board (MASB) when producing annual financial statements. The MASB accounting standards have been succeeded by two new standards, namely Financial Reporting Standards (FRS) and Private Entity Reporting Standards (PERS). The concept of a "true and fair view" in financial statement reporting and auditing entails the auditor deeming the presented evidence satisfactory after thoroughly assessing all audit documents. This necessitates a competent evaluation of the accessible data and the extent to which it can be verified. The term "true and fair" was introduced in the United Kingdom in 1948, signifying a concept demanding the exercise of judgment by accountants and auditors (Stacy, 1997). To ascertain if financial records

accurately reflect a "true and fair" evaluation, both the accountant and the auditor must exercise their discernment, expertise, and professional acumen.

The notion of "True and Fair View" (TFV) is explicitly defined in Section 226(2) of the Companies Act 1985 (UK), mandating that the balance sheet and profit and loss account faithfully represent a company's financial position and performance. Professionals in accounting and auditing are well-versed in the tenets of "true and fair view" (TFV), a foundational principle underpinning audited financial statements. Jayalakshmy et al. (2005) mentioned, the imperative to present a True and Fair View (TFV) originated in the Companies Act of 1948 in the United Kingdom, coinciding with the establishment of accounting standards. The publication of the Statement of Standard Accounting Practice (SSAP) I – Accounting for Associated Companies (ASC) in January 1971 marked a pivotal step in this trajectory. In light of subsequent releases of new accounting regulations and pronouncements by the Accounting Standards Board (ASB), it becomes imperative to ascertain whether the accounts accurately convey the true and fair value (TFV). Given the absence of a universally acknowledged definition of TFV, its categorization primarily hinges on legal considerations.

In their investigation, Ullah et al. (2021) aim to evaluate the quality of financial reporting by applying established accounting concepts widely utilized in prior scholarly inquiries. The operationalization of "quality" financial reporting aligns with the criteria outlined in the Financial Accounting Standards Board's (FASB) Characteristics of Accounting Information and the Australian Accounting Standards Board Conceptual Framework. Within the domain of sustainability reporting, these criteria have received formal acknowledgment. The qualitative attributes employed for assessing reporting quality encompass understanding, completeness, correctness, verifiability, comparability, and timeliness, as stipulated by the Australian Accounting Standards Board (AASB) Conceptual Framework of 2009. Teruki et al. (2019) defined, financial disclosure as the intentional release of financial information, whether numerical or qualitative, through mandatory or voluntary means, and via formal or informal channels. Numerous studies investigating disclosure practices in the public sector have concentrated on the advantages associated with presenting financial information and have scrutinized the quality of disclosure.

In response to the global financial crisis of the past decade, Muraina and Dandago (2020) highlight that numerous governments globally have undertaken pivotal measures to enhance the oversight of their public finances. Public sector entities on a global scale are implementing various managerial accounting initiatives aimed at fortifying accountability, transparency, and reducing financial inefficiencies, in accordance with the guidance provided

by the International Federation of Accountants. This involves the incorporation of accrual-based International Public Sector Accounting Standards (IPSAS). The adoption and administration of government funds experience substantial enhancement through the application of accrual-based IPSAS, contributing to more effective financial management. Saleh et al. (2021) emphasize that the International Public Sector Accounting Standards Board (IPSASB) has formulated and disseminated both cash basis and accrual basis IPSAS with the aim of enhancing the quality of reporting and standardizing accounting practices across governments. A significant proportion of IPSAS is adapted from International Financial Reporting Standards (IFRS) designed for the private sector, ensuring consistency in financial reporting. In instances where IFRS does not address specific financial reporting issues or is unrelated to them, a new set of standards has been devised. The ongoing initiative by IPSASB is to encourage global governments to embrace IPSAS by actively developing and maintaining IPSAS along with providing high-quality financial reporting guidance for the public sector. This endeavor also involves promoting awareness of IPSAS and the advantages associated with the adoption of accrual accounting, as detailed on the IPSASB website.

2.2 Societal Values

As strong corporate governance is closely associated with positive societal values, with firm success and transparency positively correlated with effective governance practices. Companies that uphold stronger shareholder rights tend to have higher value, profitability, and sales growth. The public generally favors companies that demonstrate robust corporate governance and transparency. Ghani and Said (2010) found that the digital financial disclosure practices of Malaysian Local Authorities are influenced by performance and social responsibility. However, challenges such as insufficient experience, technology, and enforcement have hindered effective disclosure. While previous research focused on digital disclosure methods, Teruki et al. (2019) expanded the scope to include various disclosure modalities.

Johari et al. (2019) noted that public sector organizations are often labeled as "red tape" organizations due to the numerous rules and regulations that constrain employee behavior. Characteristics such as formalization and centralization are prevalent in these organizations. Despite numerous transformational reforms, Siddiquee (2006) observed that the Malaysian public sector remains highly bureaucratic, with centralized and overly complex procedures that often delay or obstruct actions and decisions.

Pacheco Paredes and Wheatley (2017) theorized that accountants' value systems, as described by Hofstede's four dimensions, are influenced by and derived from societal values.

In turn, these accounting values affect accounting systems. Institutional factors, such as legislative frameworks and capital market regulations—which are themselves shaped by societal values—also impact accounting systems. Cultural factors, therefore, influence the accounting system in two ways: by shaping value systems and by affecting institutional aspects and their outcomes. Thus, this study aims to establish a hypothesis asserting a positive link between economic consequences and true and fair views reporting. The first hypothesis posits further exploration of this relationship.

The discussion in this paragraph gives rise to the third hypothesis that there is a significant relationship between societal values and true and fair view reporting. The first hypothesis statement of the investigation is as follows: -

H1: Societal value has positive relationship on the ‘true and fair view’ reporting

2.3 Balancing Cost-Benefit Concerns

In the pursuit of justifications, as posited by Polzer and Reichard (2020), future considerations should prioritize issues such as improved strategic decision-making, heightened transparency, and enhanced accountability. The quest for these justifications necessitates a balanced perspective, acknowledging cost-benefit considerations. This entails a careful examination of potential significant expenses linked to reform efforts and concerns regarding lawmakers' aptitude for comprehending intricate accounting information. Advocates of these reforms underscore the advantages of heightened comparability and consistency in financial accounting data, deeming them essential for achieving more efficient fiscal oversight and fostering integration, especially within the European Union (EU) framework. Additionally, the consolidation of government financials is envisioned to elevate government openness, thereby enhancing its standing within financial markets.

Contrarily, Bamber (2017) argues that, according to proponents, the inherent expenses associated with adoption may outweigh potential cost savings or benefits. In the United Kingdom, there has been a prolonged preference for voluntary risk reporting over mandated reporting due to its capacity to offer more comprehensive and nuanced disclosures. Participants contend that organizations must invest in systems, technology, and other preparatory expenditures, even if the current reporting structure yields minimal improvement in terms of cost. Non-compliance may result from oversights by management, lack of knowledge, or deliberate choices. One rationale for noncompliance is the perceived high cost of making necessary disclosures, posing a risk to the organization's aims and objectives, aligning with

Dye's proprietary cost theory's disclosure choice equilibrium and the consequential constraints on managers to disclose due to real and financial externalities.

Saleh et al. (2021) ascertain that the implementation of accrual accounting is influenced by various concerns, obstacles, and causes. Drawing lessons from New Zealand, Australia, and the United Kingdom, Malaysia can address implementation challenges, including asset and liability recognition and valuation, human competency, and high implementation costs. In addition to human resource expertise, identified software and technological capabilities, accounting policy and standard suitability, and effective communication are deemed prerequisites for successful accrual accounting implementation, culminating in accurate financial statement reporting.

These deliberations culminate in the formulation of the fourth hypothesis, positing a significant relationship between the delicate balance of cost-benefit concerns and the attainment of true and fair view reporting. The second hypothesis statement of this investigation is as follows: -

H2: Balancing cost-benefit has positive relationship on the 'true and fair view' reporting

2.4 Underpinning Theory: Institutional Theory

The Malaysian government has transitioned from a modified cash basis accounting system to an accrual accounting system to enhance transparency and accountability in financial reporting (Ahmad et al., 2021). This shift aligns well with institutional theory, which serves as an appropriate framework to examine the influence of these reforms on the roles of preparers, regulators, and standard setters within the Malaysian public sector. Originally grounded in social science, institutional theory has evolved through extensive research to encompass elements of political science, organizational behavior, strategic management (particularly in decision-making processes), and the fields of accounting and regulatory compliance (Weber, 1947). This theoretical lens not only impacts the practices surrounding financial statement preparation and disclosure but also plays a crucial role in harmonizing accounting standards across public sector entities such as Malaysia's Federal Statutory Bodies, where achieving true and fair view disclosure remains a primary objective (Polzer & Reichard, 2020).

Institutional theory further explains how organizational policy changes are shaped by external pressures, emphasizing the complex legal, economic, and social factors that influence regulatory environments (Bell & Lundblad, 2011). External forces—exerted by governmental bodies, regulatory agencies, and societal expectations—create a landscape where organizations

are driven to align with formal conventions, norms, and traditions to preserve their legitimacy and status (Bruton et al., 2015). Institutional pressures can arise from three primary sources, according to Dacin et al. (2002): Functional pressure, originating from internal operational challenges; Political pressure, reflecting the influence of power dynamics; and Social pressure, stemming from diverse societal beliefs and practices.

Historical institutionalism, a perspective within institutional theory, further investigates how socio-economic and political behaviors develop over time, emphasizing the effects of power distribution and path dependence on organizational change. Within this context, multiple factors influence the attainment of a true and fair view in financial reporting, directly affecting the quality of financial disclosures and the credibility of the information provided.

3.0 RESEARCH METHODOLOGY

The research exclusively collected and analyzed data from a single source, specifically utilizing primary data collection methods. The primary means of data collection involve the distribution of self-administered questionnaires containing closed-ended questions presented in a Likert-Scale format with five items which are 1-strongly disagree, 2-disagree, 3-neutral, 4-agree and 5-strongly disagree. These questionnaires were distributed to Accounting Personnel, specifically targeting the Head of Public Accountant or the head of the accounting department, possessing a minimum of three years of experience or holding a position comparable to Grade 41 or above in the Federal Statutory Bodies. These individuals are required to have extensive expertise in reporting. The questionnaire is structured into several sections, namely Section A, Section B, Section C, and Section D.

Section A focuses on respondents' personal information, drawing from studies conducted by Abdulkarim et al. (2020), Naysary et al. (2020), and Haustein et al. (2021). Section B comprises Questions 1 to 10, pertaining to the concept of a "True and fair view," drawing from the works of Cheung et al. (2010), Tarr and Mack (2013), Jayalakshmy et al. (2005), Ullah et al. (2021), and Puroila and Mäkelä (2019). Questions 11 to 20 in Section C focus on the topic of "Societal Values", based on the works of Johari et al. (2020), Pacheco Paredes and Wheatley (2017) and Feng et al. (2017). Lastly, Questions 21 to 30 in Section D pertain to "Balancing Cost-benefit Concern" adapted from the studies of Bamber (2017), and Polzer and Reichard (2020). Beyond the visual format, the questionnaires are articulated in both Malay and English to avert misinterpretation and mitigate potential language barriers. This translation aims to enhance accessibility, considering Malay as the national language and

the predominant ethnic background of Public Sector Employees in Malaysia being Malay Ghani and Said (2010).

Given the population of 132, and following the guidelines provided by Krejcie and Morgan (1970), a minimum of 97 respondents is required for survey completion. According to Gpower, the study necessitates distributing questionnaires to 75 respondents, with equal importance assigned to all remaining respondents. This approach is deemed cost-effective and straightforward for the population, resulting in a sample of 99 respondents. Data collection was conducted online, with scheduled appointments arranged beforehand through telephone or email to ensure timely responses. The email included the questionnaire as an electronic survey or in Google Forms, along with contact details for addressing any concerns. Respondents can click on the provided hyperlink, and in case of unresponsiveness, promptly contact the provided information for a swift resolution. The primary advantage of electronic surveys lies in significant time savings for researchers, eliminating the need for physical data gathering and facilitating seamless data importation into specialized statistical tools or spreadsheets for thorough analysis.

The data analysis was conducted in two phases. The first phase involves a statistical analysis of the quantitative components of the questionnaire, while the second phase focuses on a thematic analysis of the responses to open-ended questions. The analysis incorporated descriptive, bivariate, and multivariate statistical methods. Descriptive analysis utilized distribution data, including frequencies, means, medians, modes, and standard deviations. These fundamental data characteristics help in quantifying, defining, organizing, simplifying, summarizing, and preparing the data for further analysis. Factors such as knowledge, skills, attitudes, suitability, feasibility, acceptability, and intention was subjected to factor analysis before being combined into a summary scale. Factor analysis, commonly used in psychology, aims to model underlying variables by predicting the values of observed items through one or more factors. Bivariate analysis was used to explore individual occurrences by examining demographic characteristics, which assisted in identifying potential extraneous factors. The following table 1 summarises the independent factors discovered throughout the literature review.

Table 1: Operational definition

No.	Variables	Definition	Items/indicators of measurement (the survey)	Sources or References
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1	True and fair view	Perceived quality of the financial disclosure produced in accordance to the standards and frameworks.	Section B (10 items)	(Cheung et al., 2010) (Tarr & Mack, 2013) (Jayalakshmy et al., 2005) (Ullah et al., 2021) (Puroila & Mäkelä, 2019) (Johari et al., 2020)
2	Societal values	Perceived societal value of the collective behaviour of the accounting personnel in producing true and fair view financial reports.	Section C (10 items)	(Pacheco Paredes & Wheatley, 2017) (Feng et al., 2017) (Haniffa & Cooke, 2002)
3	Balancing cost-benefit concerns	Perceived cost incurred to gain specific benefit out of the quality of the financial reporting and disclosure	Section D (10 items)	(Bamber, 2017) (Polzer & Reichard, 2020)

4.0 ANALYSIS AND DISCUSSION

4.1 Descriptive Analysis

The response rate is determined by calculating the ratio of the total number of valid responses received to the number of eligible participants in the sample. The response rate is crucial in a study as it directly affects the study's credibility. A lower response rate can weaken the statistical power of the data, compromising the assessment of its reliability. This, in turn, can reduce the study's overall reliability and limit the generalizability of the findings to a broader population. Achieving a high response rate depends significantly on the accessibility and availability of the target population. When accessibility and availability are limited, a lower response rate is likely; conversely, greater accessibility and availability are associated with higher response rates.

Therefore, researchers must allocate additional time and effort to thoroughly examine the research subject, objectives, inquiry, and target demographic. This proactive approach enhances response rates, subsequently bolstering the credibility and publishability of their study. In this study, questionnaires were distributed electronically through Email and WhatsApp, and the overall response rate is presented in Table 2 below.

Table 2: Sample descriptions and response rate

Questionnaire (Google-form)	Number of Questionnaire (Google-form)	Percentage (%)
Distributed	132	100
Valid Returned	99	75
Invalid Returned	0	0
Not Return	33	25

As illustrated in Table 2, the researchers distributed a total of 132 questionnaires, representing 100% of the sample. Of these, 99 completed questionnaires were successfully retrieved, yielding a response rate of 75%. Notably, all collected questionnaires were valid, and 33 questionnaires were not returned. The achieved response rate of 75% exceeds the 70% threshold recommended by Thomas et al. (2020). Concise summaries of the sample and data measures are included in the descriptive analysis, also recognized as a description coefficient. The mean and standard deviation for both the dependent and independent variables, acquired from the survey, are detailed in Table 3.

Table 3: Descriptive analysis

Descriptive Analysis of the Variable		
Variable	Mean	Standard Deviation
True and Fair View	4.081	0.429
Societal Values	3.543	0.699
Balancing Cost-benefit Concerns	3.600	0.560

The assessment of all items within the variables employed a 5-point Likert scale. Following a comprehensive descriptive analysis of all variables, it was determined that the mean value for the variable "true and fair view" is 4.081. Among the independent variables, the balancing cost-benefit concerns factor exhibited a slightly higher mean at 3.600 compared to societal values which recorded a mean of 3.543. The standard deviation for the "true and fair view" variable

is 0.429. Among the independent factors, the societal values feature a highest standard deviation of 0.699, while the standard deviation is observed in balancing cost-benefit concerns at 0.560. True and fair view demonstrates the lowest standard deviation, whereas societal values exhibit the most significant standard variance.

4.2 Regression Analysis

Table 4: Significant value for independent variable

Independent Variables	t	Sig
Societal Values	0.044	0.965
Balancing Cost-benefit Concerns	1.729	0.087

According to the above table, only balancing cost-benefit concerns are accepted, within the order are the significant predictors. The significant value for balancing cost-benefit concern is 0.087, unlike, the societal values' p-value is 0.965 which is above threshold value. The significant value as in the p-value is 0.10.

From the table:

Hypothesis 1 (H1) which is Societal values has positive relationship on the true and fair view reporting is supported by the actual analysis

Hypothesis 2 (H2) which is Balancing cost-benefit concerns has positive relationship on the true and fair view reporting is supported with the greatest impact among other variables

Table 5: ANOVA table

ANOVA Table for Model 1:

	Sum of Squares	df	Mean Square	F	Significant
Regression	3.854	3	0.964	6.397	.000 ^a

Significance of model:

H0: The model is not significant.

H1: The model is significant.

The parameter is as per below:

If P-value is $<$ Sig [1%, 5% and 10%], reject H0, means H0 is false, accept H1.

If P-value is $>$ Sig [1%, 5% and 10%], do not reject H0, means H0 is true, accept H0.

The P-value for model 1 = (0.000) $<$ 0.05, hence the result has Reject H0. Therefore, model 1 is significant and can be used for the data analysis.

Table 6: Normality test (part 1)

Normality Test:		
	Kolmogorov-Smirnov	Shapiro-Wilk
	Sig.	Sig.
Standardised Residual	0.013	0.001

H0: The residual is Normally distributed.

H1: The residual is not Normally distributed.

The p-value of the standardised residual according to both Kolmogorov-Smirnov and Shapiro-Wilk are above the p-values which are = 0.013 or 0.001 $>$ 0.001 \rightarrow do not reject H0. Hence, the residuals are Normally distributed.

Residual Statistics:

Table 7: Normality test (part 2)

Normality Test:		
	Mahal. Distance	Cook's Distance
Residual Statistic	12.132	0.439

The maximum Mahal distance = 12.132 $<$ 13.82 (critical value as for 2 Independent Variables), hence no outlier detected.

The maximum Cook's distance = 0.439 < 1, hence no unusual or extreme case detected.

Multicollinearity Screening:

Table 8: Coefficient table

Dependent Variable	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	2.949	0.308		9.565	<0.001	
Societal Values	0.003	0.066	0.005	0.044	0.965	1.388
Balancing Cost-benefit Concerns	0.148	0.085	0.193	1.729	0.087	1.486

The degree of multicollinearity in a regression model is quantified by the variance inflation factor (VIF). In a multivariate regression model, multicollinearity occurs when there is a correlation between several of the independent variables.

The Variance Inflation Factors (VIF) for societal values is 1.388 and for balancing cost-benefit concerns is 1.486. All VIF are less than 10, hence no multicollinearity issue detected for this model analysis.

The model:

General multiple regression model: $Dependent\ Variable = \beta_0 + \beta_1 IV_1 + \beta_2 IV_2 + \dots$,

Final regression equation model:

True and fair view reporting = **(True and fair view) $Y = 2.949 + 0.005X_1$ (Societal Values) + $0.193X_2$ (Balancing cost-benefit concern) + Σ**

According to the standardized coefficients, balancing cost-benefit concerns in the Federal Statutory Bodies have the greatest impact on true and fair view reporting, meanwhile, societal values have a slight impact on the true and fair view reporting.

4.3 Discussion Findings

The Balancing Cost-Benefit Concerns

It is crucial to recognise that in the context of institutional reformation, putting a decision into action would unavoidably come with certain expenses in order to enjoy the benefits that come with it. The discussion of accounting harmonisation should cover a number of topics, such as increased financial market accessibility and strategic decision-making skills, as well as increased responsibility and openness. Cost-benefit issues were also anticipated, such as excessive reform costs or prices that lawmakers could find difficult to understand because of the intricacy of accounting facts (Polzer & Reichard, 2020). Any decisions made there would have an impact on the entire institution, as the institutional theory emphasises. For instance, a number of neo-institutional theory components have provided a framework for accounting research, including studies on the accounting profession, accounting regulation, and the regulatory role of the Securities and Exchange Commission (SEC). According to neo-institutional theory, "organisations" are socially constructed and subject to processes that affect how their regulatory systems are set up and operate (Baker et al., 2014). The cost of implementing any new FSB-related regulations or laws and gaining TFV in financial reporting is the subject of this study. Since the accrual accounting system is still being implemented, significant costs were incurred in order to achieve the goal.

One of the key findings of this research is the positive influence that balancing cost-benefit concerns has on ensuring a true and fair view of financial reporting. This result is particularly significant as it emphasizes the critical role of strategic decision-making in enhancing transparency and accountability within financial systems. Strategic decisions that effectively balance the costs associated with implementing complex accounting reforms against the benefits of these changes are vital for maintaining the integrity of financial reporting. While the initial costs of transforming complex accounting practices can be substantial, the long-term advantages, such as improved comparability and consistency in financial data, justify the investment. These improvements are essential for building public trust and supporting more informed policy-making processes. A careful balance between the advantages of complicated accounting reforms and their costs is necessary for effective strategic decision-making in accounting. The long-term advantages, like increased comparability and consistency of financial data, make the initial expenses of changing complicated accounting information worthwhile (Polzer & Reichard, 2020).

Furthermore, more efficient fiscal monitoring and international integration depend on increased comparability and uniformity in financial accounting data. Improving the accounting information system makes it easier for the Financial Stability Board (FSB) to consolidate government financial accounts, increasing their transparency and credibility globally (Polzer

& Reichard, 2020). The importance of balancing cost-benefit considerations in financial reporting cannot be overstated, as it is crucial for achieving a true and fair representation of financial statements. The research underscores the need for transparency and the adoption of harmonized accounting rules, which, despite their potentially high initial costs, yield significant long-term benefits. These include enhanced comparability, consistency, and more effective fiscal monitoring, which are fundamental to improving governance and ensuring financial stability. Furthermore, despite the high implementation costs and the requirement for improved human competency, Saleh et al. (2021) point out a number of requirements for the successful adoption of accrual accounting. These requirements include determining the right software and technology capabilities, making sure accounting standards and rules are adequate, and setting up efficient channels of communication. In order to achieve accurate and trustworthy financial statement reporting, several factors must be addressed.

Even while accrual-based accounting systems are widely used, their advantages are even greater, which specifically contribute to the upskilling of public sector workers (Abdulkarim et al., 2020). Bamber (2017) concluded that the intrinsic costs of adoption surpass any potential savings and advantages, challenging preconceived notions. In addition, because of a severe lack of goods that are specifically customised to the organisation and a lack of technical skills within the organisation, entities weigh the costs against the advantages (Appelbaum et al., 2016). Moreover, the research provides empirical support for this relationship, as evidenced by a low to moderate correlation ($r = 0.374$) between a true and fair view of financial reporting and cost-benefit balance, with a significance level of $p = 0.000$, well below the 0.05 threshold. Additionally, the positive standardized beta coefficient of 0.193, with a significance level of $p = 0.087$ (below the 0.10 threshold), further strengthens the credibility of this relationship. These findings highlight the necessity for governments to address the prerequisites for successful accrual accounting implementation, thereby enhancing the transparency and credibility of their financial statements, which ultimately contributes to better governance and financial stability.

Societal Values

The way FSB accountants prepare financial statement reports, whether or whether they disclose a genuine and fair view, is a reflection of social values. This is due to the fact that "Sociological Institutionalism is based on the assumption that organisations are influenced by pressure from their institutional environment and adopt the structures and/or procedures that are regarded as legitimate and the appropriate choice" (Tagesson, 2015). The nation's accounting culture and

professional organisation standards are just two of the many variables that affect how public sector accountants behave. Because of this, organisations help define what is appropriate behaviour in a certain situation, including when and how to use particular accounting data to make well-rounded judgements.

Although societal value initially shows a positive correlation with achieving a true and fair view of financial reporting, it ultimately does not hold statistical significance in the regression analysis. Specifically, the p-value for societal value is 0.965, far exceeding the conventional threshold of 0.05, which deems it statistically insignificant, despite the positive standardized beta coefficient of 0.005. This finding suggests that societal value does not significantly influence the true and fair view of financial reporting within the context of this study. The lack of significance in the regression results can be attributed to the fundamental differences between the private and public sectors. In the private sector, societal values often exert a substantial influence on corporate behavior and decision-making because companies can tailor their policies and practices to align with stakeholder expectations and evolving societal norms.

Moreover, private entities have the flexibility to adapt their rules and norms based on their specific environments, allowing societal values to play a more prominent role in shaping their financial reporting practices. In contrast, the public sector operates under a much more rigid and formalized framework, governed by federal regulations, circulars, constitutional provisions, and long-established policies. These stringent regulations limit the extent to which societal values can influence financial reporting, as public sector entities must adhere to predefined rules that leave little room for adaptation. As a result, societal values have a negligible impact on financial reporting practices within government bodies.

This distinction highlights the importance of context when evaluating the factors that influence financial reporting standards. Understanding the sectoral differences is crucial for policymakers and researchers who seek to improve the accuracy and reliability of financial reporting across various organizational settings. For instance, Johari et al. (2019) describe public sector organizations as "red tape" entities, characterized by a multitude of rules and regulations that constrain employee behavior and decision-making. The public sector's operational processes are marked by formalization and centralization, leading to bureaucratic impediments that can slow down the execution of actions or decisions. Siddiquee (2006) also noted that despite numerous reform efforts, the Malaysian public sector remains deeply entrenched in bureaucratic practices. The centralized, complex, and redundant framework

within the Malaysian public sector further exacerbates these challenges, limiting the potential for societal values to shape financial reporting practices in a meaningful way.

In summary, while societal values may be influential in more adaptable private sector environments, their effect is minimal in the public sector due to the rigid regulatory framework. This understanding is essential for crafting policies and conducting research that aim to enhance financial reporting standards in different organizational contexts.

5.0 CONCLUSION

In summary, this inquiry aimed to comprehensively investigate the factors influencing the reporting of true and fair views by federal statutory bodies in Malaysia. The study delved into the impact of societal values, and balancing cost-benefit concern providing valuable insights into the nuances of financial reporting in this specific context. Employing a quantitative methodology with a cross-sectional research design, the investigation surveyed 99 head of public accountants from W41 federal statutory bodies in Malaysia. Various statistical techniques, including descriptive analysis, and multiple regression analysis, were employed to analyze the data, revealing significant associations. Notably, robust positive correlations were identified for both between societal values and true and fair view reporting, and balancing cost-benefit concern and true and fair view. The regression analysis supported two hypotheses, uncovering a nuanced relationship between the examined factors, even though, societal values are not significant to the model but societal values has a positive relationship. However, the study acknowledged certain limitations, such as demographic constraints and reliance on a quantitative methodology. In conclusion, this research successfully achieved its objectives by shedding light on the influences of societal values and balancing cost-benefit concerns on true and fair view reporting. Recommendations for future research involve addressing identified constraints and incorporating qualitative methodologies to enrich the depth of research findings.

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