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Governance at source through management accounting benchmarking: A way forward for the public sector

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Abstract

Benchmarking of management accounting involves the search for best practices amongst players in the industry and is considered critically important for organisational survival as it promotes the application of best management tools and techniques to achieve superior value creation and business performance. Despite the allegations that management accounting has lost its relevance for not providing adequate support to business managers within the competitive global economy, tools and techniques such as balanced scorecard, key performance indicators and economic value added have been applied rigorously. In view of this, the National Award for Management Accounting (NA*f*MA) was pioneered in Malaysia which aimed towards "regaining management accounting prominence" where the award's focuses were on the management accounting excellence, management accounting best practices and management accounting best practice solutions. In essence, management accounting can be considered as "governance at source" where management accountants provide relevant financial and non-financial information to the management teams to facilitate them to make the best decisions for their respective organisations. Moving forward, we posit that a special management accounting award for the public sector should be developed and promoted in which new elements such as leadership, management accounting information, resource management, community and customer focus, stakeholder partnership management, performance management and service delivery outcomes are embedded in the new suggested framework. This paper proposes the award criteria that propagate accountability, transparency, efficiency and effectiveness for sustainable value creation amongst the Malaysian public sector entities.

Keywords: Management accounting, Benchmarking, Governance at source, Public sector, Malaysia

Introduction

Bad perception can be merciless. A country may fall, a civilisation may collapse. As Malaysia's ranking in the Corruption Perceptions Index was 50/175, it is important that the country further secure better perception of our integrity. We may pay heed to the saying – a man may not be perfect in a hundred years, but he may corrupt in half a day. Hence, to avoid the evil of corruption from spreading and to win better perception, one of the ways the nation can hone is through benchmarking of management accounting that serves as a "governance at source" mechanism for the public sector.

Malaysian public sector provides a good example in this context. The country was clamoured with the rampant corruption, involving the government, which was internationally described as kleptocracy. The change of government in Malaysia, in which Pakatan Harapan (PH) took over the administration on this nation in the 14^{th} election, has witnessed PH's vows in bringing political, social and economic reforms for a more transparent and accountable government. Following the winning of PH, Malaysia aspires to be known for its integrity and not corruption. The country has since shown its commitment against the corruption at the outset and followed down the line by various sectors, particularly the public sector that is urged of transparency, accountability and integrity. The government has pledged its commitment to address corruption by promoting transparency, accountability and integrity in the public services as outlined in the Sustainable Development Goal (SDG), Goal 16 which aims at promoting inclusive societies (and administration) for sustainable development. Thus, the award is seen as a measure of calling such public interest entities as government entities (including GLCs) to be together in effort to fight corruption so that governance can prevail. Interestingly, such governance will be restored through sound management accounting benchmarking that would promote best practices amongst organizations in the public sector.

Indeed, the introduction of the management accounting award for the excellence of public sector entities is in line with the political reformation in this country. This award is elaborated further in this paper at a later section. Benchmarking is utilised in enhancing public sector entities' competitiveness in getting this award. Technically, benchmarking refers to the process of identifying the highest standards of excellence for products, services, or processes, and then making the improvements necessary to reach those standards (Elmuti & Kathawala, 1997). Meanwhile, management accounting is defined by the International Federation of Accountants Committee (IFAC) *as*

> *"[…] the process of identification, measurement, accumulation, analysis, preparation, interpretation, and communication of information (both financial and operating) used by management to plan, evaluate, and control within an organisation and to assure use of and accountability of its resources".*
>
> *(IFAC, 1998)*

Given that management accounting forms an integral part of the management process, serving as a vital tool for cost determination, pricing strategy and financial control, benchmarking of its practices is deemed important, particularly in improving business performance. For benchmarking to function well, management accounting information should play an important role in enhancing decision making, guiding strategy development, evaluating existing strategies and performance whilst focusing efforts on improving organisational performance (Kaplan and Atkinson, 1998). Characterised as a strong future orientation that is subject to changes in economic conditions, management accounting enhances decision making, guiding strategy development, evaluating existing strategies and performance whilst focusing efforts on improving organisational performance (Kaplan and Atkinson, 1998). The 'value creation' role embraced by management accountants within organisations is deemed as a bedrock for a more relevant management accounting function in view that business is dynamic and constantly evolving. Such role and function should underpin the accounting profession (in the business context) in creating values for organisations in which management accountants serve. Nevertheless, the traditional definitions of the profession are seen as too limiting that we lose sight of the fundamentals of management accounting. The definition needs to include such concepts as leadership, business partnering, and continuous improvement as illustrated in Table 1 below.

Table 1: Management Accounting Framework
Adding Stakeholder Value

Leadership	**Strategic Management**	**Operational Alignment**	**Continuous Learning & Improvement**
Creating and infusing shared beliefs	Formulating and communicating strategy	Planning for the future	Enabling individual and organisational learning
Creating and infusing shared boundaries	Identifying, managing risks	Communicating vertically	Acquiring process improvement skills
Facilitating effective decision-making	Assessing performance	Coordinating horizontally	Acquiring process improvement skills
Enabling organisational change & innovation	Analysing decision alternatives	Evaluating & rewarding employees	Streamlining compliance duties
			Partnering to improve operations

Source: Brewer (2008)

This framework reinforces the IFAC perspective that value is created when resources and technologies are utilised effectively to generate value for key organisational stakeholders namely the employees, customers, shareholders and the community at large. Viewed as the "value-creators" amongst the accountants, they provide information for managers to improve and enhance the organisation's operational processes, specifically information that relates to the following business activities (Nishimura and Willet, 2005):

a) Control of current activities of an organisation
b) Planning organisational future strategies, tactics and operations
c) Optimal use of resources
d) Performance evaluation
e) Effective decision-making process by reducing subjectivity
f) Improving internal and external communication

In creating values for every business activity indicated above, management accountants have a bigger role to play. Today, the role of managerial accountants differs greatly from what was practiced decades ago. While it was typical to see managerial accountants operating in a strictly staff or advisory capacity, separated from whom they provided reports for, managerial accountants nowadays are expected to work side by side in cross-functional teams with managers from all areas of the organisation. This change can be attributed to the turbulent business environment that has forced businesses to adapt to radical changes.

Essentially, the proactive role of managerial accountants in leading edge companies is best captured by Siegel's (2000) definition as one that "has been transformed from number crunchers and financial historians to being business partners and trusted advisors."

The Evolution of Management Accounting

The roles and functions of the management accounting systems as it should be practiced can be better understood by considering the management accounting evolution as proposed by the International Federation of Accountants (IFAC, 1998). This framework depicts that management accounting has experienced four different stages of evolution where in each stage, the old techniques has been combined and reshaped with new techniques developed in order to match the environment in respective periods. The framework is illustrated in Figure 1 and summarised in Table 2 respectively.

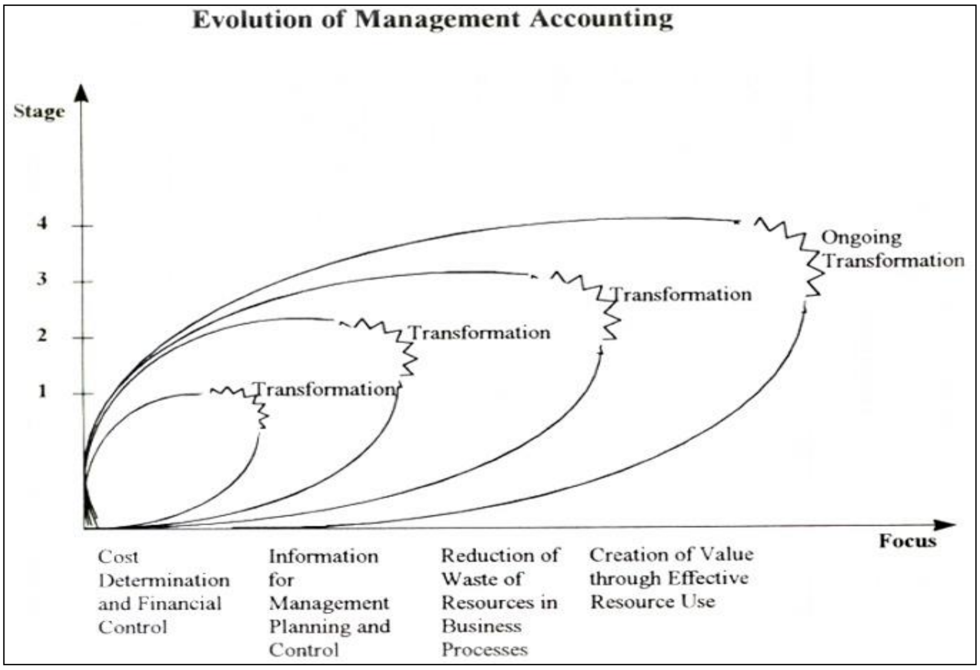

Figure 1: The Evolution of Management Accounting by IFAC

Table 2: Stages in the Evolution of Management Accounting

Stages	Explanations
Stage One (Prior to 1950)	Focused on cost determination related to stock valuation and allocation of overheads. Cost estimation is used to control financial position. Amongst the techniques developed during this stage included the ratio analysis, budgeting, financial statement analysis, first in first out (FIFO) and last in first out (LIFO)

Stage Two (1965-1985)	Emphasised on generating information that is useful for management planning and control. Techniques developed included marginal costing, standard costing, cost-volume-profit analysis, transfer pricing, as well as responsibility accounting.
Stage Three (1985-1995)	Focused on process analysis together with cost management technologies with special attention devoted to waste reduction, process analysis and cost management techniques in order to eliminate non-value-added activities. Techniques practiced included Just-in-Time (JIT) and Activity-Based Costing (ABC).
Stage Four (1995- onwards)	Attention was given on enhancing the creation of value through effective use of resources and technologies. Techniques practiced at this stage are Total Quality Management (TQM), Activity Based Management (ABM), Benchmarking and Reengineering.

Notably, despite the marked evolutionary stages, the techniques used in the preceding phases continued to be used in the later stages. Indeed, as we move, according to Nishimura (2002), the integration of traditional and new management accounting techniques could result in more effective cost management accounting systems.

Next, it is also important to note that the theory that underpins this paper is the management accounting conceptual framework developed by IFAC in 1989. The same conceptual framework has been used in developing the original Management Accounting Award framework. The management accounting conceptual framework consist of four interrelated characteristics: distinctive managerial function, utility of work outcomes, value of work processes and technologies and capabilities required for function effectiveness. This framework is illustrated in Figure 2 while Table 3 summarises the explanation behind each of the characteristic mentioned above (Sulaiman, Omar, & Rahman, 2005).

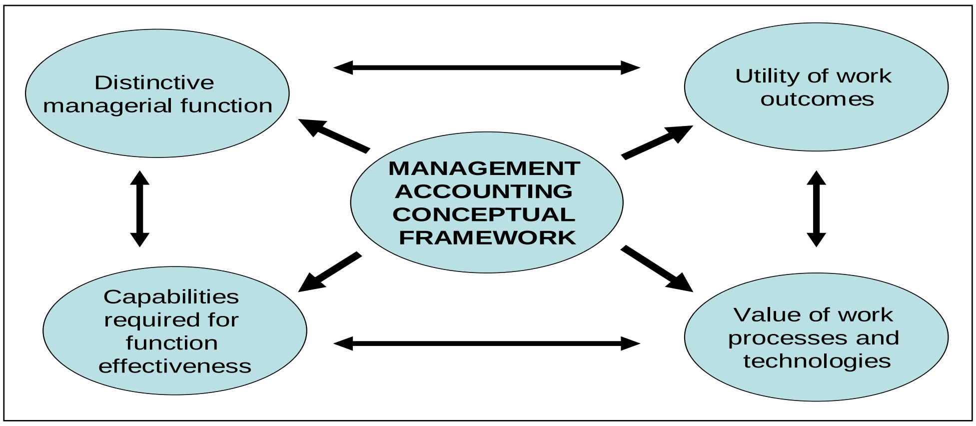

Figure 2: Management Accounting Conceptual Framework (Source: IFAC, 1998)

The framework as depicted by Figure 2 focuses on four inter-related characteristics. Each characteristic is explained below:

- The distinctive function of management accounting within the management process in organisations
- The way in which the utility of the outcomes of the management process can be tested
- Criteria which can be used to assess the value of the processes and work technologies used in managerial accounting
- Capabilities necessarily associated with the effectiveness of the management accounting overall

Table 3: Description of Management Accounting Conceptual Framework Elements Description

Elements	***Description***
Distinctive managerial function	Describes a management accounting system that focuses on value creation through four activities; efficient and effective use of resources in organisations, optimisation of value generation over the long run; continuous evaluation of organisational value chain and formation of strategic terms.
Utility of work outcome	Management accounting utilisation is assessed in the context of accountability, performance criteria and benchmarked performance. The output delivered from management accounting processes is examined on the value added to the organisation.
Value of work processes and technologies	Where the management accounting processes are integrated with other management processes in assessing and act as guidance to the development of work technologies for more effective and innovative accounting systems.
Capabilities required for function effectiveness	Looking at the capabilities required for effective performance by the management accounting function. Basically, this is where effective management accounting has become a core competency or embodied in an organisation culture. These would allow continuous improvement, opportunity creation on the ability of critical self-consciousness.

IFAC further proposes that the development of an effective management accounting best practice framework in organisations requires deliberate actions and collaboration among the following four core players:

a) ***Managers*** for understanding and evaluating their distinctive areas of work (marketing, production, human resources etc.) concerned with the effective use of resources;
b) ***Professional accountants in management*** in focusing, benchmarking and developing their contributions to management accounting processes in organisations;
c) ***Educators*** in refocusing and consolidating efforts on a rapidly evolving areas of practice, where capacities to both understand and contribute to change are important outcomes of learning processes; and
d) ***Professional associations and others*** in reformulating and consolidating the work technologies associated with current and future management accounting.

Together, they are arguably influential in creating values for organisations through various roles that they play. With reference to the IFAC framework, Nishimura (2004) proposed that value creation is optimised through integrative management accounting, as commonly practiced by Japanese companies worldwide. Figure 3 illustrates the Japanese translation of IFAC's model.

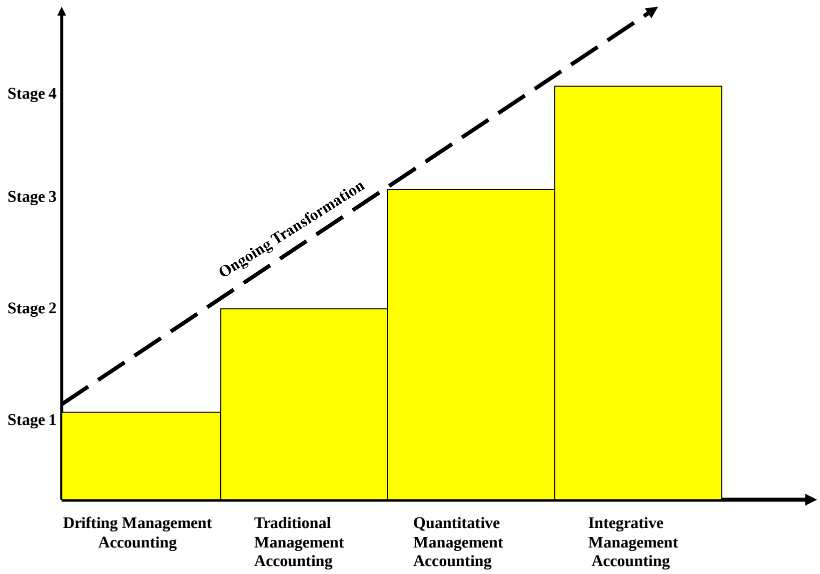

Figure 3: Evolution of Management Accounting – Japanese Perspective (Source: Nishimura, 2004)

Generally, the Japanese use management accounting as a strategic competitive tool (Hiromoto, 1998; Morgan and Werakoo, 1989; Hariman, 1990; Nishimura, 2002). In the *Drifting Stage*, financial based methods such as ratio analysis and financial statement analysis are used. The *Traditional Stage* saw a move towards using traditional methods such as budgetary controls, standard costing and Cost Volume Profit (CVP) analysis. While the *Quantitative Method Stage* focused on the usage of mathematical formula and equations. However, according to Nishimura (2002), the Japanese skipped this stage and leapt to the *Integration Stage* that promotes the usage of Just in Time (JIT), Total Quality Management (TQM), Target Costing, Kaizen or Continuous Improvement and Benchmarking. Though these techniques are accounting-based, they are simple enough to be used by other users. Such usage can be promoted through benchmarking practices which aim at improving organisational performance.

BENCHMARKING AND ORGANISATIONAL PERFORMANCE

Benchmarking: A Conceptualisation

In simple words, benchmarking is a continuous performance evaluation which is much needed by organisations regardless of size and nature (Azhar & Rahman, 2008). Since its development in 1940s, benchmarking has passed through six generations.

The first generation is "reverse engineering" that involved comparing product characteristics, functionality and performance of competitive offerings. Secondly is "competitive benchmarking" where it compared processes. The third generation is "process benchmarking" where sharing of information was less restricted, and learning was made from companies out of the industry. The fourth is "strategic benchmarking", which was a systematic process to evaluate options, implement strategies and improve performance by understanding and adopting successful strategies of external partners.

Then as digital communication improved, the fifth generation concerned on "global orientation". "Competence benchmarking" is the sixth. In the sixth generation, organisations have stated to improve their effectiveness by developing competences and skills by changing attitudes and practices. In the sixth generation too, the term "bench-learning" has been used by Karlof and Ostblom (1995) in which they refer to the cultural change which promote organisations to becoming learning organisations.

Benchmarking in Malaysia

In Malaysia, the Malaysian Productivity Corporation (MPC), formerly known as the National Productivity Corporation (NPC), formed the Malaysian Benchmarking Service (MBS) in 1997 to establish an information and reference centre to train Malaysian industries on how to organise and conduct benchmarking. Its objective was to provide information on benchmarks and best practices through partnerships and networking.

Small and medium enterprises (SMEs) in Malaysia prefer financial accounting practices where they prepare financial statements for tax purposes and shareholders. However, there was least effort in implementing management accounting practices for the company's report. It was found that benchmarking report was the least management accounting report prepared after the cash and sales budget and variance analysis. This can be due to since the SMEs are mostly operated in niche market, therefore, they find that it difficult to find a suitable company to benchmark.

It is learnt that the most influential factors in benchmarking by the manufacturing companies in Malaysia is employee participation. This is supported by Arthur (1994) which stated that organisations that allow employee participation at work would obtain better organisation performance. Employee participation factor relates to the employees' understanding of the project's objectives and benefits whether they are trained in benchmarking and committed to quality improvement. Thus, organisation are able to attain employee satisfaction, improving quality as well as enhancing productivity. Top management commitment and role of quality department also contribute significant impact on the benchmarking adoption as s strategic tool. Top management is willing to commit time and resources to improvement project in order to integrate quality improvement into organisation's strategic planning, while, quality department have the power or autonomy to run any project for quality improvement as well as to boost their employees' awareness regarding quality program. Besides these factors, the size of the organisation and type of industry are also related to benchmarking adoption.

The Malaysian Automotive Components manufacturing SMEs' top management's still lack awareness of the benchmarking technique and its role for business survival. The majority of Malaysian automotive manufacturing companies lack knowledge of benchmarking concept and its role in enhancing business effectiveness and competitiveness. Hence there is a huge call to improve the management's knowledge and awareness on benchmarking technique.

Pitfalls of Benchmarking

Despite the usefulness of benchmarking, there are a number of pitfalls associated with this practice's application. According to Davies and Kochhar (2002), among the factors that contribute to benchmarking failure are lack of use of benchmarking metric, lack of implementation of best practices, no formal benchmarking strategy, checklist or definitions, and no feedback results into business plan target. Freytag and Hollensen (2001) have identified that sometimes companies are too focused on data rather than the actual process, lost focus on customer and employee, over-reliance on quantitative data and perceived benchmarking as a one-time project has made benchmarking become ineffective.

In summary, benchmarking techniques has had tremendous development over the years in terms of benchmarking practices and methods. Benchmarking has been evolving around the last five generations which started from reverse engineering and followed by competitive benchmarking, process benchmarking, strategic benchmarking, global orientation and lastly, competence benchmarking. A new generation of benchmarking which known as network benchmarking is soon to be introduced. Benchmarking has been an effective technique in assessing the performance of a company as a company is compared to other companies in a particular industry by which the company with best practices is used to benchmark. However, according to the studies done by a few researchers, it can be concluded that benchmarking is not been widely adopted by local companies in Malaysia (Saman, 2000; Deou, 1998).

Organisational Performance: A Conceptualisation

Performance management systems is one of the management accounting techniques that has been used by most organisations regardless of whether they are of for-profit or not-for-profit nature. Many people are questioning on why some organisations succeeded while others failed. Since failure may be due to poor management awareness of roles and responsibilities, inadequate communication and collaboration, lack of clarity indecision making, and low level of accountability, the responsibilities to identify and understand which factors influencing organisational performance lies with the managers so that appropriate steps can be taken to initiate them.

However, there are different opinions among scholars in defining, conceptualising and measuring organisational performance. According to Abu Jarad *et al.* (2010), organisational performance has different meaning according to its different point of view. From a process point of view, performance may mean transformation of inputs into outputs for achieving certain outcomes. Whilst, the definition of performance from the economic point of view is the relationship between effective cost and realised output and achieved outcome, which is the effectiveness. Besides, Daft (2000) has defined organisational performance as the organisation's ability to attain its goals by using resources in an efficient and effective manner.

There are some objectives that organisations need to achieve in measuring their business performance as listed by Parker (2000). They include appraising organisations towards achieving customer satisfaction, assisting organisations in understanding the complex business processes, guaranteeing that the decision-making process is based on facts and is aligned with the evaluation of organisational performance, as well as assisting the management to compare planning and eventual outcomes. The previous literature review has suggested that there are various aspects that an organisation may consider in improving organisational performance. Among others are organisational culture (Lime, 1995), effective human resource management (Wright, Geroy and MacPhae, 2000), benchmarking (Goncharuk and Monat, 2009), business competitive strategies (Jusoh and Parnell, 2008), strengthening diversity and unity (Harung and Harung, 1995), performance-driven behaviour (Waal, 2010), balanced scorecard and KPIs.

Interestingly, a number of scholars have examined the link between organisational performance with the organisational culture. For instance, according to Peter and Waterman (1982), successful organisations should process certain cultural traits of "excellent". Deal and Kennedy (1982) also supported the arguments that a strong culture is very important in contributing towards successful organisational performance. According to Lim (1995), organisational culture can be viewed as a continuous recreation of shared meanings. There are three levels that constitute culture which is the behaviours and artefacts, values and basic assumptions. As Zain, Ishak, & Ghani (2009) argue, culture has influenced organisational performance through such good practices as teamwork, communication, rewards and recognition and training and development.

Organisational Performance in Malaysia

Malaysian companies adopted various performance measures. Among them are customer satisfaction and loyalty measures, and employees' satisfaction and training measures. The performance measures play an important role which to provide useful information to the managers in order to achieve organizational strategic objectives.

One type of performance measurements is on total quality management (TQM) where the ISO 9000 standards present a positive impact to SMEs' business performance. Most SMEs in Malaysia, which utilise the ISO 9000 certification, tend to apply TQM technique even more as compared to those without such certification. However, there is greater attention of SME companies in Malaysia in obtaining the certification so as to further improve the organisational performance.

In the same vein, the Malaysian manufacturing companies employ multiple performance measures. Apart from the financial information, the non-financial measures also seem to have been used in the manufacturing companies of Malaysia. Nevertheless, as Schneier, Shaw, & Beatty (1991) argue, financial measures alone are not enough to appraise performance. Instead, it must be accompanied by non-financial measures as well. One type of performance measurement system which consist of non-financial measures adopted by the manufacturing companies in Malaysia as examined by Jusoh *et al.* (2008) is the Balanced Scorecard (BSC). This system measures in the form of internal and external business processes, as well as the learning and innovation measures which have a big impact to the company's performance. The results suggest that firm's performance is much better when all the four perspectives of BSC are used rather than just relying on the individual perspectives. BSC is an effective performance measures for an effective management as well as for company's improvement (Schneier, Shaw, & Beatty, 1991).

Meanwhile, the Malaysian government-linked companies (GLCs) use routine mechanism for appraising their employees' performance and it have become decoupled from the organisational activities. Therefore, it seems that, in Malaysian GLCs, performance management systems do not really seem to be effective in changing the existing way of doing things in the organizations (Siti-Nabiha and Scapens, 2005; Nor-Aziah and Scapens, 2007; Norhayati and Siti Nabiha, 2009). Other than that, implementation of new practices may not be successful if there are insufficient forces to support the change. These studies also reveal that in order to transform the organisational culture of GLCs, the process might incur more cost and time as well as resistance to change. Therefore, strong management support is essential for any change in management accounting of GLCs.

There are other various methods and techniques of performance measurement system that have effectively been implemented by the examined manufacturing companies in Malaysia. Among others are balanced scorecard, KPIs, benchmarking, trend analysis, performance segmental reporting, quality report, financial statements analysis, ratio analysis and safety statistics. These provide an insight that the companies in Malaysia has been trying to adopt more contemporary management accounting approaches in order to improve the organisational performance as well as to ensure survival and competitiveness especially in today's competitiveness changing business environment.

In summary, organisational performance has become an important factor in ensuring company's survival and gaining competitive advantage in today's competitive changing business environment. Therefore, it is essential for a company that is wanted to be regarded as an "excellent" company, to adopt such performance measures. For Malaysian companies' context, it can be concluded that there is a greater attention and awareness by Malaysian companies to adopt and implement various organisational performance measures such as balanced scorecard, KPIs, quality measurement and others in order to improve their organisational performance as well as to ensure sustainability and competitiveness in the industry.

New Opportunity for Management Accounting in the Public Sector

"Public sector" has been defined as all government departments and agencies as well as enterprises where government owns effective control through major shareholding and otherwise. However, public sector bears social and political objectives compared to private enterprises. Therefore, it is said that their modus operandi and philosophy are greatly influenced by economic, social and political factors determined by the government and ultimately, accountable to the society (Han, 1991).

A study conducted in the UK at the early stage of integrating accounting and finance professionals into the public sector shows that there was a new perspective on the role of accountants in the public sector. From the study, it is found that accountants were managed to build good rapport with the other Social Service officers and in the same time maintain their financial perspectives while working. This resulted in wider and broader roles of accountants in the public sector and not just purely restricted within the finance function as per their appointment letter (Rosenberg, Tomkins, & Day, 1982).

Moreover, there was an article written in "Management Accounting Research Journal" published in 2010 calling on the integration of ideas and instruments of reforming and "modernising" the governments through the implementation of management accounting. The authors believe that accounting is more than doing calculation and includes how the accounting is mobilised, things it inspires, and roles defined for accountants (Kurunmaki, Lapsley, & Miller, 2011).

Another study urged that management accounting together with other disciplines such as financial reporting and auditing could give better contribution to the public sector. This is crucially important since the public sector has been criticised since the past two decades for being ineffective and inefficient. In consequence, new techniques for better measurement and accurate costing is needed (van Helden, Aardema, ter Bogt, & Groot, 2010).

Furthermore, it has been found that in another case study done on one Malaysian public utility has shown that social relationship and workplace interactions are essential between operational manager and accountants in order to explain how they understand and execute budget that already being planned for their daily activities (Nor-Aziah and Scapens, 2007).

However, it has been also identified that there was a problem occurred between the accountants and the public utility manager due to trust problem. This happened when new system such as budgetary control imposed in the public utility by the accountants reduced the autonomy given to the managers. The managers later were perceived as not to be trusted and they themselves did not trust the accountants and the accounting system imposed (Nor-Aziah and Scapens, 2007).

Research Frameworks

In order to develop a management accounting best practice model that suits the Malaysian public sector, we have considered five main frameworks. The theories are:

a) Management accounting evolutions (as discussed earlier)
b) Management accounting conceptual framework (as discussed earlier)
c) Stakeholder theory
d) Management Accounting Award Best Practice Framework (NA*f*MA)
e) Malcolm Baldrige Performance Excellence Award Framework

Apart from the first two frameworks which we have already described above, another theory that needs to be integrated in the development of the proposed framework for the public sector is "stakeholder theory". This theory is described as corporations having some kind of responsibilities to other people and entities other than stockholders, which are affected by the organisational decisions. Stakeholder theory discussed about how corporations operate and achieve their performance goals (Radin, 1999). Furthermore, it is claimed that this theory acted as foundation of business ethics and became the theory of civil society for the 21st century (Bonnafous-Boucher & Porcher, 2010) and is closely affiliated with mainly commercial corporations. However, for the purpose of this paper, the corporations described in this theory are substituted with public entities rather than business organisations.

In addition to stakeholder theory, this paper uses the original NA*f*MA framework in developing the best practice framework for the public sector. The elements of this framework are presented in Table 4.

Table 4: Management Accounting Award Best Practice Framework

No.	*Criteria*	*Explanation*
1.	Leadership	Describes top management commitment in leading the organisation to reach its mission and vision. This criterion also looks at how the management support the use of management accounting application in the organisation.
2.	Management Accounting Information (MAI)	This criterion describes the strategic functions of management accounting in formulating and implementing the organisation objectives. Effective management accounting information is measured as accessible, reliable and timely information.
3.	Resource Management	Resource Management focuses on the overall career development for the accounting personnel within the organisation. This criterion addresses issues on career opportunity, training, recognition, incentives and other continuous improvements made available to accounting workforce in the organisation.
4.	Customer/ Market Focus	Describes the steps taken by the organisation in establishing its market niche as well as fulfiling customers' needs and satisfactions. Strategically, this criterion also addresses techniques used to meet market demand.
5.	Partnership Management	Partnership management refers to the organisation's strategic approaches in managing relationships with its various stakeholders (e.g., the government, suppliers, customers, employees, and the community at large) in achieving a win-win situation.
6.	Value Creation	Stands as a core variable in the framework, this criterion focuses on the deliberate steps taken by top management and accounting personnel in promoting value added activities in management accounting. The outcome is overall value enhancement for the company (financially or otherwise). Although, value creation is the ultimate aim of the fourth stage in the IFAC's evaluation, companies must always focus on creating organisational value in each of the other three earlier stages.
7.	Business Results/ Performance Measurement	This criterion summarises the application of the various management accounting techniques and their implications on business results and organisational performance.

8.	Corporate Social Responsibility	Corporate social responsibility is practiced by organisations and due recognition is appropriately given. Items covered in this section include attributes such as environmental commitment, community services and the like.

The next framework used for developing the framework of Management Accounting Award for the public sector is Malcolm Baldrige Performance Excellence Award's framework. This framework is administered by National Institute of Standards and Technology (NIST) of the United States. This framework emphasises integration of elements such as leadership, strategic planning, knowledge management, customer focus, workforce focus and operation focus with respective organisation profile which later will be reflected in the results of the organization's performance. The Malcolm Baldrige Performance Excellence Framework is shown in Figure 4 below.

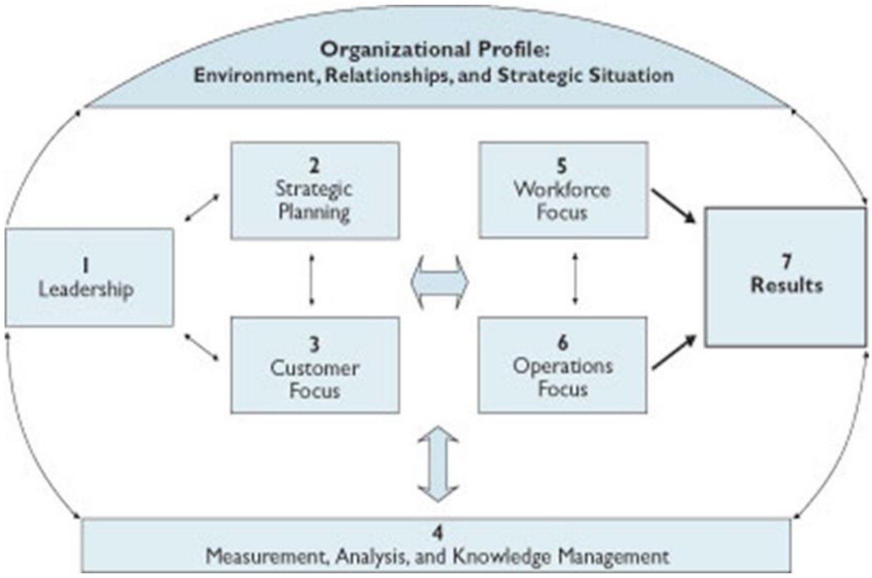

Figure 4: Malcolm Baldrige Performance Excellence Framework

This framework is being used by organisations worldwide for the purpose of sharing best practices and assessing organisational performance in accordance to a specific national quality standard. In addition, this framework appears to encourage organisations to show their vast commitment and resource utilisation to furnish evidence on their daily operational processes and subsequently, their performance results. It is also argued as capable of helping and the society to understand how results are implicated at the organisational level (Jayamaha, Grigg, & Mann, 2011).

The Conceptual Framework for Management Accounting Award for the Public Sector

Based on the frameworks discussed above, this paper has developed a benchmarking of management accounting framework for the public sector, which combines the variables suggested in NA*f*MA together with the Malcolm Baldrige Excellence Performance Award. It can be seen from the framework that as the name suggests, management accounting theory and practical application within an organisation are the main foundations that underpin the newly developed framework (see Figure 5 below).

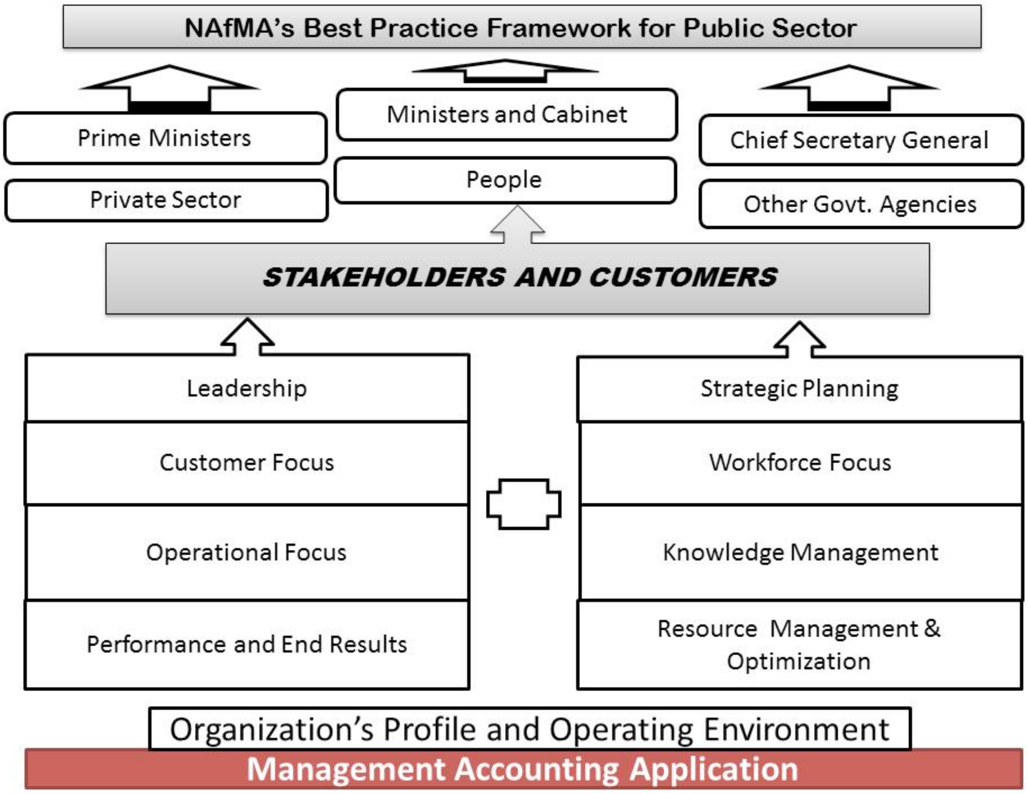

Figure 5: The General Conceptual Framework

Next, the framework will consider the organisation's profile and the environment within which organizations operate. These two elements are part of Malcolm Baldrige Framework and deemed to be important as they are capable of enhancing our understanding on organisational backgrounds and their operating environments. Consequently, management accountants can assess organizations' competitive positions and provide appropriate information that is useful in the planning and decision-making processes (Hilton, 2009).

Based on the above overview, this paper has selected eight specific variables that are drawn from the Malcolm Baldrige Performance Excellence Award's framework and the original management accounting award's best practice framework. The Malcolm Baldrige Performance Excellence Award framework is selected due to its stability of criteria established although minor adjustments were done on timely basis. The eight initial criteria will be studied further with additional consideration on the effects on as well as influences from various stakeholders and customers such as the Prime Ministers, Ministers, the Chief Secretary General, other governmental agencies, private sector and last but not least, the public. This is in line with the aspiration of 1 Malaysia: People First, Performance Now. These latter will provide us with a clear management accounting award framework that suits with the public sector.

Rationale for the Suggested Award

Unlike financial accounting which focuses on the summary, analysis and reporting of financial transactions pertaining to a business which has been done in the past, management accounting focuses on how managers use the provisions of accounting information to better inform themselves before they decide on matters within their organisations, which allows them to better manage and perform control functions. This suggests that management accounting can be known as "governance at source" which relates to the current ongoing activities. Any possible discrepancies or unethical professional practices in the management accounting processes such as frauds in managing tenders could be avoided or reduced if best practice framework is followed. Therefore, in developing the Management Accounting Award's Best Practice Framework for the Public Sector, consideration should be given on closing the gaps existed in the current available best practices to best suits the current management accounting environment in the public sector.

Advancement in social media network such as Facebook, Twitter, Instagram and LinkedIn provide opportunities to millions of people to create and share contents. It has also resulted in the emergence of new trending issues in management accounting for instance, changes in expectation of public especially among young millennial professionals. With their high expectations and achievement-oriented characteristics, the young millennial or also known as "generation Y" seek out new challenges and are not afraid to questions authority. Therefore, the needs, desires and attitudes of this vast generation should not be ignored in designing the best practice framework. Besides sharing and creating contents, social media has also enabled citizens to access free information in an "unfree" media environment. This has brought changes in political dimensions such as stronger opposition power and the increase of anti-government protests.

Viewing these from the public sector management accounting perspectives, there is a need to develop a comprehensive and multi-dimensional Best Practice Framework for Management Accounting Award in the Public Sector. As frauds and corruptions can be done by various level of officers, from the president and top political leadership (political corruption), down through the hierarchy (bureaucratic) corruption to the most remote local government public servant, the suggested Management Accounting Award for the Public Sector (Figure 5) alone is not enough to be said as "Best Practice Framework". Emphasis should also be given on ethical professional practices (which include competence, confidential, credibility, and integrity), and elements in Corruption Perceptions Index (CPI) for the public sector (which include integrity, accountability, and transparency) (see Figure 6). CPI is a quantitative indicator of cross-country corruption used to assess the politicians and public officers in terms of the degrees that they are believed to accept bribes, take illicit payment in public procurement, embezzle public funds, and commit similar offences.

Proposed Suggested Criteria

These are the suggested criteria to be included in the Management Accounting Award's Best Practice Framework for the Public Sector, illustrated below as Figures 6, 7 and 8. In comparison to NA*f*MA's framework, the proposed award introduces two new criteria, which are "community and customer focus" and "service delivery outcome". Obviously, the framework would maintain its core focus on the management accounting information integration within the respective organisations' operation. Further explanations on each criterion are provided as Table 6.

Figure 6: Suggested Management Accounting Award for the Public Sector Criteria (contain 7 Elements)

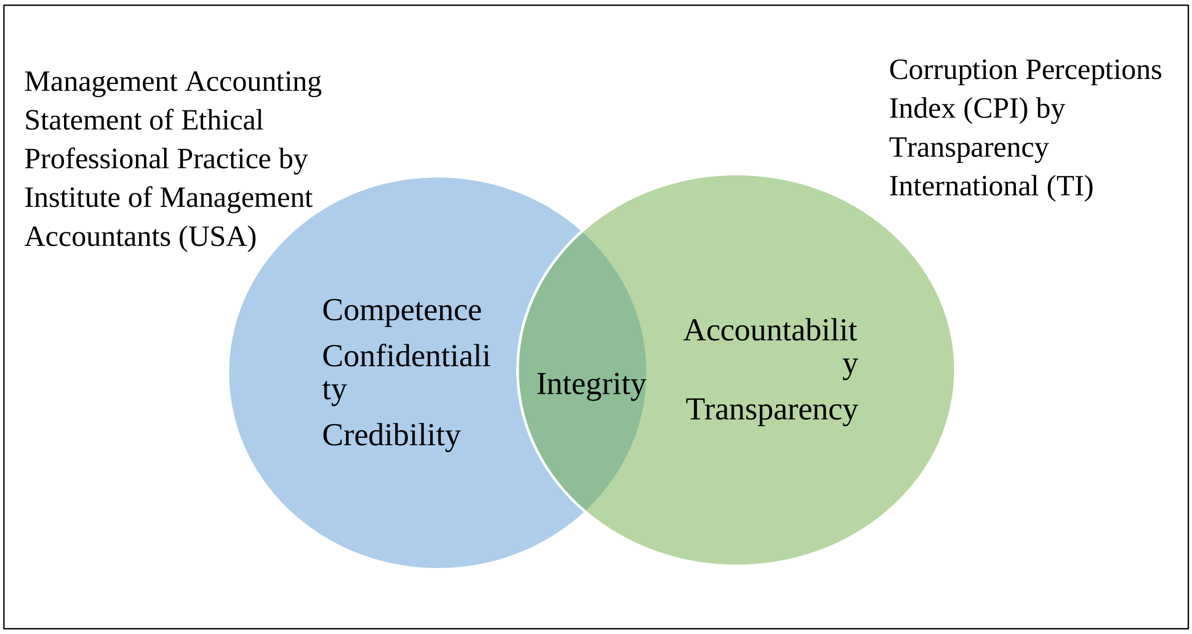

Figure 7: Features as Spelt out by Institute of Management Accountants (IMA) and Transparency International (TI)

Competence	Confidential	Credibility	**Integrity**	Accountability	Transparency
Management Accounting Statement of Ethical Professional Practice			Corruption Perceptions Index CPI for the Public Sector		

Figure 8: Integration of Features of Institute of Management Accountants (IMA) and Corruption Perceptions Index (CPI) with Suggested Management Accounting Award for the Public Sector

Note: The dotted lines signify that all these features (under the Institute of Management Accountants (IMA) and CPI are embedded into each elements of the suggested Management Accounting Award for the Public Sector

The suggested Best Practice Framework for Management Accounting Award in the Public Sector consists of seven elements (Leadership, Management Accounting Information, Resource Management, Community and Customer Focus, Stakeholder Partnership Management, Performance Management, and Service Delivery Outcome). Details of each element are defined in Table 8. All elements in the ethical professional practices and Corruption Perception Index are embedded in all seven elements of the Management Accounting Award for the Public Sector which represented by the dotted lines (see Figure 11).

Table 8: Management Accounting Award for the Public Sector Best Practice Framework: Criteria Explanation

No.	***Criteria***	***Explanation***
1.	Leadership	Describes top management commitment in leading the organisation to reach its mission and vision. This criterion also looks at how the management support the use of management accounting application in the organisation.
2.	Management Accounting Information (MAI)	This criterion describes the strategic functions of management accounting in formulating and implementing the organisation objectives. Effective management accounting information is measured as accessible, reliable and timely information.
3.	Resource Management	Resource Management focuses on the overall career development for the accounting personnel within the organisation. This criterion addresses issues on career opportunity, training, recognition, incentives and other continuous improvements made available to accounting workforce in the organisation.
4.	Customer & Community Focus	Describes the steps taken by the organisation in serving its community as a whole while in the same time fulfilling public (customers') needs and satisfactions.
5.	Partnership Management	Partnership management refers to the organisation's strategic approaches in managing relationships with its various stakeholders (e.g.: ministries, suppliers, and employees) in achieving a win-win situation.
6.	Service Delivery Outcomes	Stands as a core criterion in the framework, this criterion examined on the efforts taken by the management and entire organisation specifically in utilizing and promoting management accounting techniques as a unique solution to solve problems in workplace and delivering best services to the society.
7.	Performance Measurement	This criterion summaries the application of the various management accounting techniques and their implication especially on organisational financial performance.

Moving Forward and Concluding Remarks

Considering the development and issues raised earlier, the proposed Management Accounting Award for the Public Sector will facilitate the achievements of both the Government Transformation Program and the Economic Transformation Program. In essence, both transformation programs are to become essential pillars to support Malaysia's aspiration to become a high-income nation by 2020 and to address the malpractices or malfunctions of government machineries. These are in line with the government's six Strategic Reform Initiatives (SRIs) that serve as supportive policies to drive Malaysia's competitiveness at the global arena. Amongst SRIs' main thrusts include creating an efficient, competitive and business-friendly environment in Malaysia that will drive foreign direct investments into the country (Bank Negara Malaysia, 2018). Whilst SRIs are expected to increase the country's competitive index, one major issue that often confronts the country is the relatively "unfavourable" Corruption Perception Index (CPI). Such unfavourable confrontation has often resulted in inefficient and ineffective (hence "inadequacies" or "deficiencies") of the government's delivery system, in addition to low level of transparency and accountability within the Malaysian public sector (Bakar, Saleh, & Mohamad, 2011).

Premised on the assessment criteria of the Management Accounting Award for the Public Sector proposed in this paper, some of these inadequacies or deficiencies could be curbed. The assessment would focus on a holistic approach by evaluating not only on "input" for the government machineries, but more importantly, detailed examination will be carried out on the "processes", "output" and "outcome". Rather than focusing on the "sticks" by highlighting the "do's and don'ts" in the public sector, the award would reward best performance by focusing on the "carrots". John Maxwell, the famous author on leadership often mentions the fact that "what gets measured gets done"; hence the proposed Management Accounting Award for the Public Sector will provide the "carrots" for the public sector. It is hoped that this proposal will be taken up by the government and interested relevant sectors as a mechanism to ensure compliance with laws in the context of the Malaysian public sector.

Ensuring compliance with Malaysian laws has some strong association with the management of public resources that ties to the idea of maintaining the accountability. According to Yaakob, Kadir, & Jusoff (2009), accountability is often associated with answerability, responsibility, blameworthiness, liability and expectation of accounting. Such association is echoed more profoundly by Malaysia's new government perceiving accountability as a benchmark for the country to match against those with good track records in order to be considered as a country that practices good governance. In this regard, the establishment of effective and sound financial management in the government's machineries is expected to reduce manipulative activities and to promote more transparent and accountable public sector practices.

Accountability has been regarded as one of the criteria for good governance given its ability to convey an image of trustworthiness and transparency of the organisation to the public (Said & Jaafar, 2014). In the context of the public sector, accountability implies the need for public organizations to manage public funds by avoiding such practices as abuse of power and corruption through compliance with the rule of law (Morrell, 2009; Bhuiyan & Amagoh, 2011; Aziz et al., 2015; Isandla Institute, 2017). Thus, in gaining public trust, there is a need for the government needs to enhance its effectiveness and quality given that it is answerable to the public by being transparent of the source and utilisation of public funds (Christensen &

Skærbæk, 2007; Lægreid, Verhoest & Jann, 2008; Jorge de Jesus & Eirado, 2012; Almquist et al., 2013; Subramaniam, Stewart, Ng & Shulman, 2013; Gabriel, 2017).

The Malaysian government has taken numerous measures to promote and motivate the practices of accountability in every public sector entity by promoting transparency, particularly in carrying out their duties to serve the people. However, such measures and efforts appear to have little impact to the improvement of the Corruption Perception Index (CPI) by Transparency International, suggesting that they are still insufficient (Zainal, 2014). This situation persists even after the change of the government which took place in May 2018. Thus, this paper argues that the government has to consider additional, necessary steps to improve the public's perception, one of which through the introduction of Management Accounting Award for the Public Sector to promote good governance in the public sector. Such introduction is expected to address endless public criticisms for its being inefficient, corrupt, and unable to safeguard public interests, which should be unveiled to eradicate corruption and to improve governance that have become the strive of the PH government. This should be seen as one of the current PH government's attempts to repair Malaysia's image and refashion the current administration as corruption-free and well-managed administration. These have been so far realised through policy reforms at every governmental level to realise this aspiration.

The public sector is seen as the most high-risk sector when it comes to being involved in corruption due to weak administrative management in procurement and law enforcement agencies. The victory of PH in the 14th General Election has marked a beginning of a new Malaysia. It has been rejoiced with commitments to bringing about political, social and economic reforms in anticipation of more transparent and accountable government which is characterized by fair administration with adequate check and balance measures to prevent political and economic abuses. The new government is claimed to have been serious in its effort of protecting the rights of the people, addressing leakages of public funds, strengthening national security and spurring economic growth of the country. Moreover, PH was voted for its commitment towards setting the country free from corruption and deception, the award is deemed timely to restore the public's confidence for better governance at source. The civil service and the public sector agencies are the amongst the first target groups of the government's accountability pledge for good governance and professional codes of conducts. Priority attention is now given to fundamental reforms that will restore. These fundamental reforms are being carefully designed with specific measures to champion such reforms. PH's reforms shall enhance the confidence among local businessmen and foreign investors that it is committed in its approach to shape a new Malaysia. We posit that such reforms should be complemented by establishing an award which sets a high tone to eradicate corruption by strengthening political integrity and accountability, efficiency in the delivery of the public sector and improving the effectiveness and transparency in the public service deliveries as the government's effort to promote good governance in the country.

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