



UNIVERSITI
TEKNOLOGI
MARA

ACCOUNTING BULLETIN

Faculty of Accountancy
UiTM Kedah

eISSN 2637-0646



9 772637 064007

2022
Vol. 4

ACCOUNTING BULLETIN

Faculty of Accountancy
UiTM Kedah

eISSN 2637 0646

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Accountancy
Universiti Teknologi MARA (UiTM) Kedah

Copyright @ 2018 Universiti Teknologi MARA (UiTM) Kedah.

All rights reserved. No part of this publication may be reproduced, copied, stored in any retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission from the Rector, Universiti Teknologi MARA Kedah, 08400 Merbok, Kedah, Malaysia.

The views, opinions and technical recommendations expressed by the authors are entirely their own and do not necessarily reflect the views of the Faculty or the University.



ACCOUNTING
BULLETIN

Faculty of Accountancy
UiTM Kedah



EDITORIAL BOARD

| | | |
|-------------------------|---|--|
| Advisor | : | Dr Intan Marzita Saidon |
| Chief Editor | : | Dr Marzlin Marzuki |
| Managing Editor | : | Ms Siti Sakinah Azizan Ms Jurina Ismail |
| Language Editor | : | Ms Ho Chui Chui Ms Norlizawati Md Tahir |
| Cover and Layout Editor | : | Mr Asrol Hasan |



ACCOUNTING BULLETIN

Faculty of Accountancy
UiTM Kedah

From the Rector's Desk

Professor Dr Roshima Haji Said

Assalamualaikum warahmatullahi wabaratuh,

I would like to congratulate the Faculty of Accountancy of Universiti Teknologi MARA, Kedah Branch for the success of the Accounting Bulletin publication. It must have been rewarding to see the results of all the hard work put to publish the fourth issue of this bulletin. I believe by publishing this Accounting Bulletin, it will motivate the academics from the Faculty of Accountancy to publish more academic materials, as well as improving their academic writing skills.

I am proud to acknowledge that the Faculty of Accountancy is actively participating in the dissemination of knowledge to the public. Furthermore, knowledge seeking and sharing are critical, and more initiatives should be launched to support this life-long learning process.

Congratulations once again to the Faculty of Accountancy of UiTM Kedah Branch on the publication of the Accounting Bulletin. I wish the Faculty of Accountancy of UiTM Kedah Branch, the very best and it is my sincere hope that Accounting Bulletin will continue to grow and move rapidly forward in the future.

Thank you.

Professor Dr. Roshima Haji Said
Rector
Universiti Teknologi MARA (UiTM) Kedah Branch

ACCOUNTING
BULLETIN

Faculty of Accountancy
UiTM Kedah



Message from the Head of Faculty

Dr Intan Marzita Saidon

Dear Readers,

The faculty is especially proud to announce and welcome the new editorial board of the Accounting Bulletin. I am confident that the new team will bring new ideas to ensure that Accounting Bulletin keeps evolving for the betterment. My deepest gratitude to the previous editorial board for their longstanding commitment to the bulletin. Their hard work had successfully provided a secure footing for the bulletin to be one of the online publication platforms at Universiti Teknologi MARA (UiTM), Kedah.

Accounting Bulletin will continue to publish short articles to share knowledge in various fields with readers. I am happy with the excitement and commitment of all faculty members in materialising this aim. As faculty members, you have demonstrated incredible care in fulfilling your various responsibilities as lecturers.

The yearly publication of the Accounting Bulletin reflects the effort and support from the Faculty of Accountancy to promote a writing culture among the faculty members. It is a venue where our faculty members can share knowledge and showcase their research findings more casually with readers. Lastly, to all faculty members, thank you once again for your amazing support and continued efforts to ensure that Accounting Bulletin is recognised as the main online platform for publishing short articles at Universiti Teknologi MARA (UiTM), Kedah.

Dr. Intan Marzita Saidon
Head of Faculty
Faculty of Accountancy
Universiti Teknologi MARA (UiTM) Kedah Branch

ACCOUNTING
BULLETIN

Faculty of Accountancy
UiTM Kedah



Editor's Note

Dr Marzlin Marzuki

First and foremost, I would like to thank the Almighty for giving me this fortunate opportunity to see through this project till the end. Alhamdulillah, with his blessing, the Accounting Bulletin and its fourth issue has finally been published. In this issue, there are fourteen (14) short articles covering various topics on accounting such as financial accounting, management accounting, taxation, accounting education and corporate governance. Therefore, some of the articles highlight the current issues in accounting, current development of the related concept in accounting and its application in Malaysia.

I hope that this effort of an online publication might assist the accounting academicians to flourish with their publication in the future. The Accounting Bulletin is an initiative of the Faculty of Accountancy at Universiti Teknologi MARA Kedah Branch (UiTM Kedah) to encourage accounting academic staff to participate in academic writing. Accounting Bulletin provides accounting academics a platform to share and disseminate their academic knowledge to a wider audience. The experience gained from writing articles for this bulletin may help accounting academics improve their academic writing skills and increase their confidence in producing academic materials in the future.

I would like to extend my gratitude to all the authors that contributed towards the completion of the Accounting Bulletin. Additionally, thank you for the continuous support to the Faculty of Accountancy UiTM Kedah and by extension the management of UiTM Kedah. Last but not least, I want to thank the members of the Editorial Board for their hard work in making this publication a reality. I sincerely hope all of you will find enjoyment when reading these short articles.

Thank you.

Dr. Marzlin Marzuki
Chief Editor
Faculty of Accountancy
Universiti Teknologi MARA (UiTM) Kedah Branch

ACCOUNTING
BULLETIN

Faculty of Accountancy
UiTM Kedah



Table of Contents

| | |
|---|-----|
| From The Rector's Desk | ii |
| Message from The Head of Faculty | iii |
| Editor's Note | iv |
| Workplace Bullying: A Point to Ponder | 1 |
| A Brief Note on Target Costing | 3 |
| Cost Behaviour as Cost and Management Accounting Tools in Decision Making Process | 5 |
| Estate Under Administration: What Should We Know? | 7 |
| Separate Assessment Vs Joint Assessment: Which One is Suitable for You? | 9 |
| Tax Incentive for Organising Conferences in Malaysia | 10 |
| Suggested Factors for Millennials' Whistleblowing Intentions | 12 |
| Does Director's Contacts Really Matter in Malaysia? | 14 |
| A Brief History of Audit Committee in Malaysia | 16 |
| Accounting Theory and Practice | 18 |
| Financial Accounting Diagnosis Tool in Vulnerable Economics Environment | 20 |
| Accounting Firms and Industry 4.0 | 22 |
| Corporate Finance at a Glance | 24 |
| Learning-Through-Play in Accounting Education | 26 |





WORKPLACE BULLYING: A POINT TO PONDER

INTAN MARZITA SAIDON AND NADZRI AB GHANI
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
i.marzita@uitm.edu.my

The need to have an in-depth understanding of workplace bullying has long been posited by many scholars (Giorgi, 2012; Barratt-Pugh & Krestelica, 2019). This workplace issue is known to occur in various employment sectors. It has been identified that education, health and public administration are at a higher risk of experiencing this phenomenon (Hubert & van Veldhoven, 2001; Vartia & Hyyti, 2002). A fine line between workplace bullying and strong management could be the possible reasons behind this phenomenon.

There are many definitions and terms used to describe workplace bullying. Leymann (1996, p.168) described workplace bullying as “a social interaction through which an individual is attacked by one or more individuals almost on a daily basis and for periods of many months, bringing the person into an almost helpless position with potentially high risk of expulsion”. Despite the lack of consensus in defining workplace bullying, common characteristics such as behaviours, the pattern of such behaviours and individuals engaged in such behaviours generally help distinguish workplace bullying from other forms of negative or deviant workplace behaviours. In short, workplace bullying refers to repeated negative behaviours of one person or a group of people toward another (Barron, 1998), consequently creating a hostile work environment (Yamada, 2000).

Workplace bullying has a very high tendency to bring about negative consequences to both organizations and employees. For instance, if not controlled, this workplace issue will lead to various workplace problems such as high turnover intention, low job satisfaction, low performance, low work engagement and low physical and psychological well-being (Nielsen & Einarsen, 2012). Workplace bullying has been described as a “silent epidemic” (McAvoy & Murtagh, 2003) that could contribute to mental illness and depression.

Having a clear and consistent monitoring system at the workplace may help curb this issue. Likewise, understanding the contributing factors to this issue is of utmost importance because many victims may choose to suffer in silence as they fear of losing their jobs.

Reference

- Barratt-Pugh, L. G., & Krestelica, D. (2019). Bullying in higher education: Culture change requires more than policy. *Perspectives: Policy and Practice in Higher Education*, 23(2–3), 109–114.
- Barron, O. (1998). *The distinction between workplace bullying and workplace violence and the ramifications for OHS [Earlier version of this paper was presented at the Bullying at Work Research Update Conference (1998 : Staffordshire University Business School, UK)]* *Inst. 14*(6), 6409.
- Giorgi, G. (2012). Workplace bullying in academia creates a negative work environment. An Italian study. *Employee Responsibilities and Rights Journal*, 24, 261–275.



- Hubert, A. B., & van Veldhoven, M. (2001). Risk sectors for undesirable behaviour and mobbing. *European Journal of Work and Organizational Psychology*, 10(4), 415–424.
- Leymann, H. (1996). The content and development of mobbing at work. *European Journal of Work and Organizational Psychology*, 5(2), 165–184. <https://doi.org/10.1080/13594329608414853>
- McAvoy, B. R., & Murtagh, J. (2003). Workplace bullying: the silent epidemic. *British Medical Journal*, 326(7393), 776–777.
- Nielsen, M. B., & Einarsen, S. (2012). Outcomes of exposure to workplace bullying: A meta-analytic review. *Work and Stress*, 26(4), 309–332. <https://doi.org/10.1080/02678373.2012.734709>
- Vartia, M., & Hyyti, J. (2002). Gender differences in workplace bullying among prison officers. *European Journal of Work and Organizational Psychology*, 11(1), 113–126.
- Yamada, D. C. (2000). The Phenomenon of Workplace Bullying and the Need for Status-Blind Hostil Work Environment Protection. *Georgetown Law Journal*, 88(March), 475–536. <http://heinonline.org/HOL/Page?handle=hein.journals/glj88&id=497&div=&collection=journals>



A BRIEF NOTE ON TARGET COSTING

MARZLIN MARZUKI & NORAINI ABDUL RAHIM
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
marzlinm@uitm.edu.my

Demands from customers and rapid change in technology has called for alternative ways in setting the selling price and controlling the product cost. One of the ways to address this issue is by the application of target costing. The concept of target costing was first introduced in Japan in the 1960s [Ansari, Bell and Okano (2007); Kato, (1993)]. It is widely used in various industries such as the automobile, electrical and equipment-manufacturing industries (Celayir, 2020).

According to Chartered Institute of Management Accountants (CIMA), target cost is a product cost estimate derived from a competitive market price. Langfield-Smith et al. (2019) refer to target costing as the system of profit planning and cost management that determines the life cycle cost at which a proposed product must be produced in order to generate the firm's desired level of profit with the anticipated selling price. This means that target costing is a cost management technique rather than a product costing technique (Cooper & Slagmulder, 1997).

There are seven (7) key principles of target costing; namely price-led costing, focus on the customer, focus on product design, focus on process design, cross-functional teams, life-cycle costs and value chain orientation (Celayir, 2020). Price-led costing means that the price of the product is set first and then the target product cost is determined. This is opposite from the traditional cost-plus pricing approach in setting the price of the product. Focus on customer means management must listen to the company's customers to ensure the successfulness of target costing. Listening to the customers means identifying the product that the customers' desire, the features of the product that the customers would like to have and the estimated price that the customers is willing to pay. As for the focus on product design refers to focusing on the cost reduction efforts as early as at the design stage. Each aspect of the production process must be considered thoroughly to ensure that the product is produced efficiently with the target cost in mind.

The next key principle of target costing is focus on process design. Since most costs arise in production, cost control on the use of labour, technology, resourcing in procurement and every aspect of the production process must be emphasised at the product and process design stage. Cross-functional teams requires the involvement of people and tasks from various functions in an organization such as from research and development, design engineering, procurement and material handling, production, sales and marketing and also cost management. This cross functional teams are responsible for the entire product at every stage. Another important principle is life-cycle costs. The focus is to minimize product life cycle costs for both producers and customers. The producers focus on reducing life cycle costs of producing the product that include the costs for planning and designing, material purchase price, production and operation costs; distribution and customer service costs. Therefore, cost of ownership for customers will be minimised. Lastly is the value chain orientation in organisation that involves all stakeholders as part of the target costing process. It helps to focus on cost reduction efforts throughout the value chain by eliminating the non-value added activities.



In conclusion, target costing involves setting a target cost by deducting a desired profit margin from the target selling price. It focuses on reducing and managing a product's cost. Target costing is a powerful mechanism for monitoring products from the design stage throughout their product life cycle.

References

- Ansari, S., Bell, J. & Okano, H. (2007). Target costing: Uncharted research theory. In Chapman, C.S., Hopwood, A.G., & Shields, M. D (Eds). *Handbook of Management Accounting Research* (pp.507-530). Elsevier Ltd.
- Langfield- Smith, K., Smooth, D., Andon, P., Hilton, R., & Thorne, H. (2019). *Management Accounting (Customised Publication)*, 8th ed. McGraw Hill, Malaysia.
- Celayir, D., (2020). Target costing as a strategic cost management tool and a survey on its implementation in the Turkish furniture industry. *Journal of Business Research-Turk*, 12(2), 1308-1321.
- CIMA retrieved from <https://www.cgma.org/resources/tools/cost-transformation-model/target-costing.html>
- Cooper, R. & Slagmulder, R. (1997). *Target costing and value engineering*. Portland, Oregon: Productivity Press.
- Kato, Y., (1993). Target costing support systems: Lessons from leading Japanese companies. *Management Accounting Research*, 4, 33-47.



COST BEHAVIOUR AS COST AND MANAGEMENT ACCOUNTING TOOLS IN DECISION MAKING PROCESS

JURINA ISMAIL

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

jurina573@uitm.edu.my

Decision making is the most crucial task being done in an organization. To achieve the best decision is always difficult for the management team. In order to decide, a person needs to evaluate the current situations, predict for the future and then choose the best alternative.

Cost and management accounting methodologies such as cost volume profit analysis, marginal costing and relevant cost analysis are commonly applied in a profitable organization as a tool in decision making process.

In order to apply Cost and Management Accounting methodologies, a person needs to analyse the cost behaviour. Cost will be classified as fixed and variable based on its relation to the product or activities. Variable costs are being identified as the main costs that influence the decision making process. As been described by Drury (2007), variable costs change proportionately with changes in the volume of production. While fixed costs remain unchanged regardless the level of activity. Knowing how costs change as activity output changes is an essential part of planning, controlling, and decision making (Hansen at el, 2009).

The identification of cost behaviour will help to identify the amount to be sold to achieve a target profit, minimum units to be sold or at least to avoid lost. This is being calculated in cost volume profit analysis. While in marginal costing approach, an income statement is being prepared based on the cost behaviour. Fixed and variable costs have to be separated in order to determine the contribution. The contribution is then being evaluated as the main indicator in most of the decision making processes.

While in relevant cost analysis, only relevant costs which are focusing on the differential or an incremental cost are being evaluated. Once again, the cost behaviour is the main tool in this process. Technically the cost behaviour analysis has been used in most of the management techniques and evaluations for short term and long term either in a production or services industry. Even in conducting a social program, the cost classification is being analysed and evaluated. This will help to present more meaningful and useful cost information, so that social program decision making and cost inclusive evaluations can be enhanced (Nadini Persaud,2020).

Therefore, cost behavior can be concluded as one of management accounting tools in order to help management analyses the relevant information, performing their task and responsibilities in all types of business, profit organizations and even in social activities. In fact, the knowledge of cost behavior will also help other parties such as communities and nonprofit organizations in order to make better decisions.



References

- Drury, C. (2007), *Management and Cost Accounting*, Sixth Edition, Thomson Learning.
- Hansen, Don R., Mowen, M. M. & Guan, L. (2009), *Cost management: accounting & control*, 6th ed. Mason: South-Western.
- Persaud. N (2020), Adopting Tools from Cost and Management Accounting to Improve the Manner in Which Costs in Social Programs Are Analyzed and Evaluated *Journal of Multidisciplinary Evaluation* Volume 16, Issue 34, 2020, 1-13. Retrieve from https://journals.sfu.ca/jmde/index.php/jmde_1/issue/view/57.pdf



ESTATE UNDER ADMINISTRATION: WHAT SHOULD WE KNOW?

NOR AZRINA MOHD YUSOF

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

yinal437@uitm.edu.my

Nothing is certain except for death and taxes. Benjamin Franklin coined this famous phrase in 1789. Choong (20221) stated that even if a person dies, they cannot avoid paying income tax. But, how knowledgeable are we as a family member, spouse, or child of a deceased individual to deal with all issues such as debt settlement, income tax payment, hunting for unknown income left by the deceased individual, and distributing the balance of the deceased individual's wealth to lawful beneficiaries? Is there an executor named by the deceased individual to handle their affairs, including paying income taxes? Or do we need to petition to the court as an administrator to act on behalf of a deceased individual as a family member, spouse, or children? Maybe all of us have to answer these questions one day.

Choong (2021, p.140) defines an executor as "the person who administers or manages the estate of a deceased individual." It should be noted that the term "estate" refers to the money owned by the person at the time of his death. The executor is the individual who will be responsible for following the deceased's desires as stated in the will, including distributing his or her assets among the beneficiaries (Fontinelle & McGurran 2021). In terms of taxes, the executor is the person who is responsible to issue notices of death and files final tax returns with the Inland Revenue Board of Malaysia. The post of executor exists because the deceased individual leaves a will declaring that they wish to appoint this person (the executor) to handle their affairs in accordance with the requirements of the will.

However, if the deceased individual dies without leaving a will, the court will appoint an administrator to handle their affairs, including distributing the deceased person's money to the rightful beneficiaries (Choong, 2021). In addition, the administrator must distribute the estate in line with the Distribution (Amendment) Act 1997 (Choong, 2021). This Distribution (Amendment) Act of 1997 applies only to non-Muslims. Meanwhile, the allocation for Muslims will be based on Hibah or Faraid. The Distribution (Amendment) Act of 1997 is shown in Table 1.

Table 1: Distribution (Amendment) Act 1997

| Deceased person with | Deceased's parents | Deceased's spouse | Deceased's children |
|------------------------------|--------------------|-------------------|---------------------|
| Parents only | 100% | - | - |
| Spouse only | - | 100% | - |
| Children only | - | - | 100% |
| Parents and spouse | 50% | 50% | - |
| Spouse and children | - | 1/3 | 2/3 |
| Parents, spouse and children | 25% | 25% | 50% |

Furthermore, if the deceased individual appointed an executor in their will, that executor is assessable and liable to tax on the estate's assets (Choong, 2021). He emphasized that income tax is not



payable by him directly, but rather through the estate of the deceased. Furthermore, as noted by Fontinelle and McGurran (2021), the executor cannot do things that are not in the best interests of the estate. For example, the executor cannot prioritize their own interests over those of the estate. Furthermore, the executor cannot override the will, nor can they refuse to pay legal creditors or withhold the wealth of a beneficiary. In the case of taxation, if the executor fails to execute their job, they must pay a penalty equal to the amount of tax paid by everyone else.

So, how prepared are we if one day our name is proposed as an executor for our spouse, family members, or friends? How much do we know about estates that are being administered? Should we allow the court to appoint an administrator to manage the deceased person's affairs? It is entirely up to you!

References

- Choong, K. F. (2021). *Estate Under Administration* (Vol. 22). Infoworld.
- Fontinelle, A., & McGurran, B. (2021). *Executor of Estate: What Do They Do?* Retrieved from <https://www.forbes.com/advisor/mortgages/real-estate/executor-of-estate/>



SEPARATE ASSESSMENT VS JOINT ASSESSMENT: WHICH ONE IS SUITABLE FOR YOU?

SITI SALMAH ABU BAKAR AND SAZILAH MOHD SAAD
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
ssalmah211@uitm.edu.my

Marriage is a big commitment, that establishes rights and obligations between man and woman. With regards to the decisions relating to taxes, Section 45 of the Income Tax Act 1967 stated that in Malaysia, every married taxpayer has the option to file either separate or joint assessments on their income tax returns (IRBM, 2021). Malaysia uses a self-assessment tax system, which means that each taxpayer is responsible for calculating their chargeable income, determining how much tax is owed, and paying any outstanding taxes. Therefore, choosing the appropriate filing status is a vital tax decision for married couples. This article briefs each assessment and the most beneficial one from the view of the taxpayer.

Husband and wife will be assessed individually under separate assessments. Each of them is responsible to obtain and complete the Income Tax Return Form with correct disclosure, submit the completed Income Tax Return Form within the stipulated time and pay the balance of income tax payable (if any) within the stipulated time. Each of them will be able to claim their personal relief of RM9,000 and will not be eligible to claim spouse relief of RM4,000 or additional relief of RM5,000 for a spouse with a disability if they elect to assess taxes separately (IRBM, 2022).

Under joint assessment, the husband and wife will be assessed as an individual where the income of the husband and wife will be combined at total income. According to S45(2) of the Income Tax Act 1967, the wife (or husband) may elect in writing by 1st April that her (or his) total income to be aggregated with the total income of her husband (or wife) and assessed in his (or her) name for that year of assessment (IRBM, 2021). Hence, the responsibility to obtain, declare income, submit the Income Tax Return Form, and also pay the tax lies with the assessed person. Only the assessed person can claim the personal relief and other reliefs up to the maximum limit available for an individual.

There is no specific method to determine which type of assessment is most suitable for you and your spouse. It all depends on the total income earned and the amount of tax deductions and relief claimed by both parties. As a general rule of thumb, it is always advisable to go for a separate assessment in order to claim the tax deductions and reliefs available if in a particular year of assessment both husband and wife earn high incomes. The separate assessment would be ideal for a couple with a monthly salary or has business income, as it will result in a lower chargeable income and thus would be taxed at a lower tax bracket. However, the best way for the married couple to determine whether the separate or joint assessment is suitable for them is to fill up the Income Tax Return Form in both ways. Then, compare the calculations under both assessments and choose the assessment that has a net tax refund or lower net tax payable.



References:

- Inland Revenue Board of Malaysia (IRBM). (March 1, 2021). Income Tax Act 1967. Retrieved from <https://www.hasil.gov.my/en/legislation/act/>
- Inland Revenue Board of Malaysia (IRBM). (March 2, 2022). Tax Reliefs. Retrieved from <https://www.hasil.gov.my/en/individual/individual-life-cycle/how-to-declare-income/tax-reliefs/>



TAX INCENTIVE FOR ORGANISING CONFERENCES IN MALAYSIA

ROSHIDAH SAFEEI

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

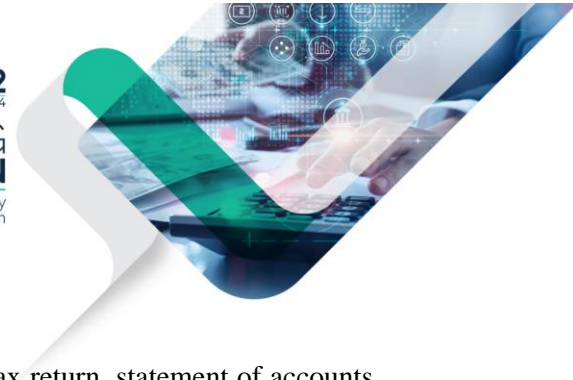
roshidah112@uitm.edu.my

Each year, Malaysia becomes a venue for a conference among researchers, academicians and professional. A conference is a large meeting that can bring them together to share their work, ideas and research findings in their fields such as medicine, law, science, engineering, technologies, business management, accounting, etc. Normally, the conference will be organised by public or private universities' committees in order to generate income for their universities. However, there are certain companies which specialised in organising the conference activities. These companies received income from the conference activities they have organised.

As a company, the income received will be chargeable under company income tax in Malaysia. In budget 2020, the Malaysian government has proposed tax incentives for the companies that organize and run the conference or known as conference promoters. This tax incentive is given to encourage the conference promoter to promote Malaysia as the best place for international conferences. Thus, on 26 April 2021, the government has gazetted and issued a public ruling regarding this matter which is Income Tax (Exemption) (No. 53) Order 2000 [P.U. (A) 500]. The public ruling explains the tax incentive is available to any entity whose main activity is promoting and organising conferences in Malaysia. The entity or the qualifying person must be a company incorporated under the Companies Act 2016, or an association or organization registered under the Societies Act 1966.

According to the public ruling, a resident company, association or organization whose main activities are promoting and organizing conferences is exempted from tax on statutory income derived from organizing conferences. This exemption is granted on the condition that the conference operator brings in at least 500 foreign participants each year to Malaysia. The conference promoter is entitled to the tax incentive effective from the year of assessment 1997 onwards. The tax incentive is given in terms of 100% tax exemption on the statutory income derived from organising conferences held in Malaysia in the relevant year of assessment.

Currently, on 29 July 2022, the Inland Revenue Board of Malaysia published Public Ruling No. 2/2022 titled "Tax incentive for organising conferences in Malaysia" after they published the first public ruling regarding the same tax incentive in 2021. This new public ruling is to explain more details and provide examples of the tax incentive. Under this new public ruling, tax exemption is granted for eligible conference promoters who carry on businesses or activities other than businesses or activities of promoting and organising conferences in Malaysia, including the arranging of accommodation, tours and sightseeing for foreign participants that is effective from the year of assessment 2020 until the year of assessment 2025. They still need to bring in at least five hundred foreign participants to attend conferences held in Malaysia on the basis year for a year of assessment and the exemption granted is on 100% of the statutory income derived from organising conferences held in Malaysia in the relevant assessment year.



Nevertheless, the conference promoters need to submit any tax return, statement of accounts, or any other information as required under the Income Tax Act 1967 although they are entitled to the tax incentive. They are required to maintain and keep a separate account for the income tax exemption. This tax incentive gives an advantage and opportunity to conference promoters to generate income without paying tax as well as promoting Malaysia as one of the best conference places that can attract foreigners to come and visit Malaysia.

References

- Inland Revenue Board of Malaysia. *The Income Tax (Exemption) (No.4) Order 2021 [P.U. (A) 195/2021]*. In <https://www.hasil.gov.my/en/legislation/public-rulings/>.
- Inland Revenue Board of Malaysia. *The Income Tax (Exemption) (No. 53) Order 2000 [P.U. (A) 500]*. In <https://www.hasil.gov.my/en/legislation/public-rulings/>.
- CCS & CO. (2022, August 26). *Tax Incentive For Organising Conferences In Malaysia*. <https://www.ccs-co.com/post/tax-incentive-for-organising-conferences-in-malaysia>
- EY Malaysia. *Income tax exemption for organizing conferences in Malaysia* https://www.ey.com/en_my/tax-alerts/income-tax-exemption-for-organizing-conferences-in-Malaysia



SUGGESTED FACTORS FOR MILLENNIALS' WHISTLEBLOWING INTENTIONS

NADZRI AB GHANI & INTAN MARZITA SAIDON
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
nadzri.abghani@uitm.edu.my

Millennials are the modern-day generation (Generation Y) that dominates the workforce today (Puspanathan et al., 2017). This generation's uniqueness concerns modern-day whistleblowers. The distinctive claim is that millennials possess unique characteristics for becoming whistleblowers (Campos, 2019). Thus, with such traits, such millennials should possess the intention to whistleblow on wrongdoings in the working environment.

Whistleblowing intention is to report illegal, immoral, or wrongdoings to a person or an institution that can provide corrective actions for the public interest (Alleyne & Weekes-Marshall, 2013). Whistleblowing intention examples can include criminal activities, such as theft, or unethical or unjust behaviour in the workplace, including racist, sexist or homophobic behaviour.

As for Malaysia, Emily (2022) argued that the poor reputation of corruption took a severe hit with the 2015 scandal concerning the 1MDB, and things have not improved much since then. Therefore, scholars have made many attempts on why millennials are reluctant to perform whistleblowing actions. The attempts include investigating individual and contextual factors on millennials' whistleblowing intentions. For example, such attempts include the individual factors of studying the magnitude of consequences, social consensus, proximity, and fear of retaliation (Abdul Aziz & Abdul Latiff, 2019). While for the contextual factor, the studies only focus on the limitation of the Whistleblowing Protection Act 2010 (WPA 2010) (Emily, 2022).

Perhaps, several other factors need to be considered in studying and investigating the millennials' whistleblowing intentions. For example, Ab Ghani et al. (2011) stated that every individual should possess ethical reasoning skills for every intention to act ethically. Ethical reasoning refers to an individual's ability to apply moral values, uphold moral standards to socio-moral problems, and determine a course of action (Ab Ghani & Saidon, 2020). Without such skills, no matter in what generation, whistleblowing intention will not exist. However, such skills have not been tested yet within the Malaysian environment for millennials.

Another critical individual factor is an individual locus of control. Initially, the internal locus of control is the thought that consequences are generally contingent upon the work and effort put into them (Ab Ghani et al., 2012). Since then, this factor has affected whistleblowing intention (Fitriyah & Nagara, 2017). However, prior studies in Malaysia have shown that the factor does not provide consistent results with other countries' findings (Ab Ghani, 2013). Still, additional investigations on this factor have remained silent among Malaysian researchers to provide conclusive evidence.



Having said the above, one crucial factor under the contextual factor is a reward. Previously, a reward was essential in determining an individual's ethical reasoning and whistleblowing intention (Xu & Ziegenfuss, 2003). Yet, in Malaysia, such a study can be considered non-existence among researchers.

To conclude, researchers and scholars should be aware of the importance of the whistleblowing intention for any ethical action to protect the public interest. Exploring unchallenged factors for investigations on this issue is far worth considering. Not only to enhance research but also to show ourselves as rigorous researchers.

Reference

- Ab Ghani, N. (2013). *Predicting whistleblowing intention in Malaysia : evidence from manufacturing companies* [Curtin University Australia]. <http://hdl.handle.net/20.500.11937/1740>
- Ab Ghani, N., Galbreath, J., & Evans, R. (2012). Predicting whistleblowing intention among supervisors in Malaysia. *Journal of Global Management*, 3(1), 1–18.
- Ab Ghani, N., & Saidon, I. M. (2020). The Role of Ethical Reasoning in the Relationship Between Work Experience and Whistleblowing Intention. In *Ethics, Governance and Risk Management in Organizations* (pp. 35–51). Springer.
- Abdul Aziz, N. F. ., & Abdul Latiff, A. R. (2019). *Factors Affecting Whistleblowing Intention Among Working Millennials in Malaysia*.
http://www.maicsa.org.my/media/5949/academic_research_farisha_razman.pdf
- Alleyne, P., & Weekes-Marshall, D. A. (2013). Exploring Factors Influencing Whistleblowing Intentions among Accountants in Barbados Whistleblowing project in the Caribbean View project Auditor independence in the Caribbean View project. *Journal of Eastern Caribbean Studies*, 38(June), 35–62.
- Campos, M. A. (2019). *The impact of coporate corruption and whistleblowing on perceived, reputation, consumer behavior and prospective employment*.
- Emily, H. (2022). *How To Improve Whistleblower Protection in Malaysia*. GAB | The Global Anticorruption Blog Law, Social Science, and Policy.
<https://globalanticorruptionblog.com/2022/05/16/how-to-improve-whistleblower-protection-in-malaysia/>
- Fitriyah, F. K., & Nagara, T. K. (2017). The Effect of Professionalism, Violation Severity Levels, and Internal Locus of Control on Whistle Blowing Intention. *Review of Integrative Business and Economics Research*, 6, 133–153.
- Puspanathan, C. A., Ramendran, C., Muthurajan, P., & Balwant Singh, N. S. (2017). Perceptions of Generation Y Undergraduate Students on Career Choices and Employment Leadership: A Study on Private Higher Education Institutions in Selangor. *Malaysian Online Journal of Educational Sciences*, 5(3), 46–59.
- Xu, Y., & Ziegenfuss, D. E. (2003). Reward Systems, Moral Reasoning, and Internal Auditors' Reporting Wrongdoing Behavior. *Jurnal Akuntansi*, June.



DOES DIRECTOR'S CONTACTS REALLY MATTER IN MALAYSIA?

MOHD FAIZAL JAMALUDIN & SITI SAKINAH AZIZAN
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
mfaizalj@uitm.edu.my

Board of directors are well- recognized as one of the crucial corporate governance players especially subsequently the downfall of Enron in 2002, still becoming the focal agenda when discussion on corporate governance arises (Huang et al., 2011; Norwani et al., 2011; Zaimiee, 2007). Various theories in corporate governance studies highlighted the significant impact on the board of directors' characteristics which affect company's performance, both financial and non-financial.

One of the unobservable director's characteristics is the social networks developed by each directors either social or professional networks (Horton et al., 2012; Jamaludin & Hashim, 2017; Renneboog & Zhao, 2011). Every director appointed in a boardroom is expected to bring external resources into the company. However, the main concern is whether the external resources brought in give an advantage to the company or the director's interests?

Malaysia, an emerging market country, practice a relationship- based economy since the early years of independence and officially through the New Economy Policy in 1970 until...? (Gomez & Jomo, 1999; Jomo, 2004). During that period, the capital control mechanism imposed created a social network based on major ethnicities in Malaysia. Again, in 1998, Malaysia imposed similar capital control mechanism which enhanced the strength of network which has been created since 1970 (Jomo, 2004).

To date, the evolution of the social network in Malaysian economic environment is now becoming more intense and complicated. Directors who are well-connected and well-positioned among the counterparts have the ability to exert power or influences over the entire network (Jamaludin & Hashim, 2017). Prior to 2015, the maximum number a directorship permitted for any individual director was 25 directorships consists of 10 public listed companies and 15 non listed companies (Bursa Malaysia Securities Berhad, 2012). However, the maximum numbers of directorships have been reduced to 5 directorships in public listed companies (Bursa Malaysia Securities Berhad, 2016). As for the non-listed companies' directorship, the same guideline does not indicate any limitation exist. It seems that any individual is to hold multiple directorships without any number of restrictions. If it is not properly coordinated or oversight, there will be a 'board busyness' issues (Andres & Lehmann, 2011; Berberich & Niu, 2011).

Although there is a direct restriction on multiple directorships for listed companies, the director's networks created from informal network as well from non-listed companies still could be developed overtime. It may somewhat give the appointed directors to discharge their fiduciary duty efficiently and timely. However, from director's networks developed through informal networks, it would significantly affect the director's ability to give their commitment and prioritize the fiduciary duties. Moreover, the situation might become worse when personal interests override the interests of the company (Abdul Wahab et al., 2020).



Thus, director's network deemed to be something to be reasonably considered by the company whenever existing or potential director's appointment becomes an agenda of the day. The nomination committee are advised to consider the existing multiple directorships hold by any directors and anticipate the size and value of the network created by the directors. The director's networks not only depict how powerful or well-positioned the directors are, but also indirectly put the company itself into the network at macro-level. The company will be seen in the networks and review the position among other companies and thus discover how well the company could exert power or influence to enhance company's value and performance.

References

- Abdul Wahab, E. A., Jamaludin, M. F., Agustia, D., & Harymawan, I. (2020). Director Networks, Political Connections, and Earnings Quality in Malaysia. *Management and Organization Review*, 16(3), 687–724. <https://doi.org/10.1017/mor.2020.26>
- Andres, C., & Lehmann, M. (2011). Is Busy Really Busy? Board Governance Revisited. *SSRN Electronic Journal*, July 2015. <https://doi.org/10.2139/ssrn.1569531>
- Berberich, G., & Niu, F. (2011). Director Busyness, Director Tenure and the Likelihood of Encountering Corporate Governance Problems. *Journal of Corporate Governance*, January, 1–23.
- Bursa Malaysia Securities Berhad. (2012). *Main Market Listing Requirements*. Bursa Malaysia Berhad.
- Bursa Malaysia Securities Berhad. (2016). Corporate Governance. In *Bursa Malaysia Listing Requirement* (Issue July, pp. 1501–1508). <https://doi.org/10.1017/CBO9781107415324.004>
- Gomez, E. T., & Jomo, K. S. (1999). *Malaysia's Political Economy: Politics, Patronage and Profits*. Cambridge University Press.
- Horton, J., Millo, Y., & Serafeim, G. (2012). Resources or Power? Implications of Social Networks on Compensation and Firm Performance. *Journal of Business Finance & Accounting*, 39(3–4), 399–426. papers.ssrn.com/sol3/papers.cfm?abstract_id=1416935
- Huang, L.-Y., Lai, G. C., McNamara, M., & Wang, J. (2011). Corporate Governance and Efficiency: Evidence From U.S. Property-Liability Insurance Industry. *Journal of Risk and Insurance*, 78(3), 519–550. <https://doi.org/10.1111/j.1539-6975.2011.01410.x>
- Jamaludin, M. F., & Hashim, F. (2017). Corporate Governance, Institutional Characteristics, and Director Networks In Malaysia. *Asian Academy of Management Journal of Accounting and Finance*, 13(132), 135–154. <https://doi.org/10.21315/aamjaf2017.13.2.7>
- Jomo, K. S. (2004). The New Economic Policy and Interethnic Relations in Malaysia. *Identities, Conflict and Cohesion*, Article 7. <http://www.unrisd.org/80256B3C005BCCF9/search/A20E9AD6E5BA919780256B6D0057896B?OpenDocument>
- Norwani, N. M., Mohamad, Z. Z., & Tamby Chek, I. (2011). Corporate Governance Failure and its Impact on Financial Reporting within Selected Companies. *International Journal of Business and Social Science*, 2(21), 205–213.
- Renneboog, L., & Zhao, Y. (2011). Us knows us in the UK: On director networks and managerial compensation. *Journal of Corporate Finance*, 17(4), 1132–1157. <http://www.narcis.nl/publication/RecordID/oai:wo.uvt.nl:4859963>
- Zaimee, A. (2007). Mini-Enrons Shaking Up Malaysia's Corporate Governance? *Accountant Today*, July, 20–28.



A BRIEF HISTORY OF AUDIT COMMITTEE IN MALAYSIA

NOORA'IN OMAR

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

noorain@uitm.edu.my

In Malaysia, an audit committee today refers to a selected number of members of at least three, a majority of whom are independent. All members of the audit committee should be non-executive directors and financially literate with at least one who should be a member of an accounting association or body.

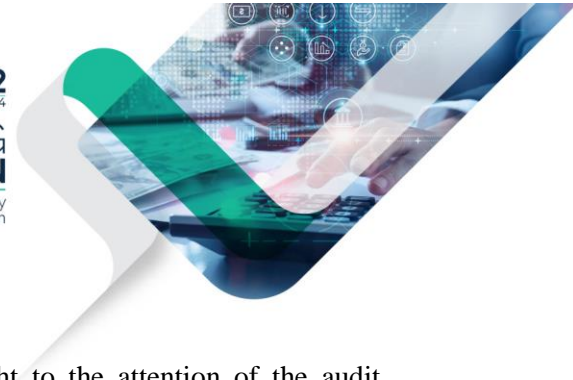
The history of audit committee in Malaysia began when the central bank (Bank Negara Malaysia) advised the financial institutions in the country in 1985 to set up audit committees (Muhamad Sori & Karbhari, 2006). In 1991, the government encouraged the setting up of these committees in listed firms to strengthen the financial reporting and provide an early warning system.

However, since 1994, section 344A of the Stock Exchange (Now Bursa Malaysia Bhd) listing requirements has made it mandatory for every firm seeking a listing on the Stock Exchange to form an audit committee comprising members that are independent of the company's management. Listed firms were given a grace period of twelve months (from 1st August 1993) to form an audit committee. This requirement was imposed to improve investors' confidence and corporate governance in the capital market. In view of supporting the audit committees to effectively conduct their responsibilities, the Stock Exchange Listing Requirements were revised with additional requirements effective from 1st June 2001.

A few years later, following the financial crisis in 1998, the Malaysian government took measures as proposed by the regulatory bodies and accountancy professions to alleviate the occurrence of fraud and fraudulent financial reporting (Al-Rassas & Kamardin, 2015). This resulted in the implementation of the Malaysian Code of Corporate Governance (The Code) in March 2000. The best practices recommended are board of directors, accountability and audit, and shareholders. The establishment of audit committee is recommended under accountability and audit. The Code was then revised in 2007 to allow for greater internal monitoring control.

Under the requirement of Malaysian Code of Corporate Governance (MCCG) 2007, the board should establish an audit committee comprising at least three members, a majority of whom are independent. All members of the audit committee should be non-executive directors. The board should provide the audit committee with written terms of reference which deal clearly with its authority and duties. All members of the audit committee should be financially literate and at least one should be a member of an accounting association or body.

The Code also requires that the frequency of meetings between the audit committee and the external auditor is increased without the executive board members present. This encourages a greater exchange of free and honest views and opinions between both parties. The Code places greater emphasis on continuous training for directors and continuous engagement between the chairman of the audit committee and senior management of the company, as well as the external auditors. Through the



engagements, relevant issues affecting the company can be brought to the attention of the audit committee in a timely manner.

In 2012, the Code was further revised to enhance corporate governance. The Revised MCCG 2012 Recommendation 5.1, required that the audit committee should ensure financial statements comply with applicable financial reporting standards. In other words, the audit committee must, amongst others, ensure that the company's financial statements comply with applicable financial reporting standards as this is integral to the reliability of financial statements. In Recommendation 6.2 of MCCG 2012, the board is required to establish an internal audit function which reports directly to the Audit Committee.

As a conclusion, the audit committee characteristics in Malaysia has a trail of its own history which explains how the characteristics are as of today. In brief, the audit committee in Malaysia today has to comprise-at least three members, a majority of whom are independent. All members of the audit committee should be non-executive directors and financially literate with at least one who should be a member of an accounting association or body.

References

- Al-Rassas, A. H., & Kamardin, H. (2015). Internal and External Audit Attributes, Audit Committee Characteristics, Ownership Concentration and Earnings Quality: Evidence from Malaysia. *Mediterranean Journal of Social Sciences*, 6(3), 458–470. <https://doi.org/10.5901/mjss.2015.v6n3p458>
- Malaysian Code of Corporate Governance (MCCG) (2007). <https://ecgi.global/download/file/fid/9677>
- Malaysian Code of Corporate Governance (MCCG) (2012). <http://micg.org.my/upload/file/articles/11/CODE-CG-2012.pdf>
- Muhamad Sori, Z., & Karbhari, Y. (2006). Audit Committee and Auditor Independence : Some Evidence from Malaysia. *SSRN ELECTRONIC JOURNAL*. <https://doi.org/10.2139/ssrn.876410>



ACCOUNTING THEORY AND PRACTICE

MUHAMMAD HARIZ HAMID¹ & LEILY ADJA RADJEMAN²
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
harizhamid@uitm.edu.my

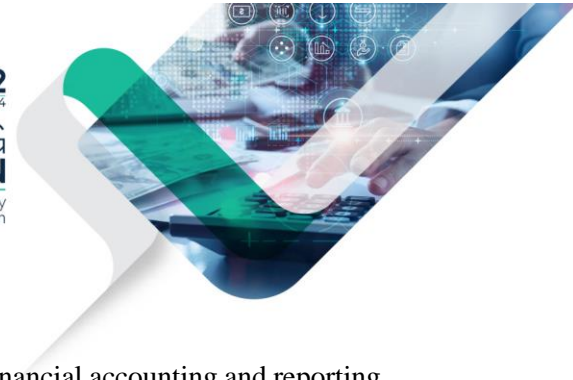
A theory explains—but not every explanation qualifies as a theory from a scientific method point of view. From the context of social science, there are numerous definitions of the term "accounting theory". For example, according to Hendriksen (1982), accounting theory is the application of logic, which is based on a set of general concepts that establishes a general framework allowing comparison of accounting practice, and leading to the creation of new practices and methods. In other words, the main objective of accounting theory should be to provide a set of logically sound guidelines that may be used to evaluate and develop effective accounting principles and procedures.

Furthermore, accounting theory can also be defined as a systematic framework of accounting principles that aims to predict and explain accounting practices. For example, an accounting theory should elucidate the rationale behind why some companies favour one accounting system over another. The theory can forecast accounting numbers that have not yet been observed if it can predict accounting processes. It is important to point out that accounting theory can be developed using both real-world examples and practices, as well as speculative and hypothetical interpretations (Glautier & Underdown, 1997).

Accounting theory greatly influences how accounting and reporting processes are carried out, and as a result, it meets the informational needs of the external users. Accounting theory offers a basis for analysing present financial accounting principles and procedures, and for creating new ones. Accounting theory provides guidance on the most suitable processes to be used in the situation whenever a new practice is required. Accounting practices have been put to the test for logic, consistency, and validity if they are derived from established accounting theories. For instance, corporate executives are interested in how the straight-line method of depreciation compares to accelerated depreciation, in terms of their effects on accounting profits.

Similarly, corporate executives look for accounting theories that better explain the connection between share prices and external annual reports. For example, changes to accounting practices or share prices may not always be the result of one another; variations may be due to some other factors. Therefore, changing accounting practices would not necessarily have an impact on share prices. Such circumstances, as well as others like these, call for an accounting theory that expounds the relationship between variables and establishes the importance of each variable.

Even when it presents arguments against a widely-accepted practice, accounting theory always intends to support accounting practice. Those who are acquainted with accounting theory will act appropriately and make their own informed decisions. Needless to say, literature on accounting theory can be useful for policy makers. Theories are helpful because they explain the fundamental issues and highlight the trade-offs involved in various theoretical methodologies to decision-makers. Although there is no single, widely recognised body of accounting theory, academics and politicians have worked



hard to build accounting theory in ways that would aid the growth of financial accounting and reporting (Underdown & Taylor, 1985).

The takeaway for decision-makers is that, until a consensus is formed, the use of accounting theories to support policy decisions should be kept to a minimum. In the lack of widespread acceptance, it is hard to expect accounting theory to provide impeccable policy recommendations. Arguably, accounting theory debate lacks unquestionable theoretical basis for reality. If the current theory does not work in practice or does not produce the anticipated results, a new, superior, and more useful theory will replace it.

References

- Glautier, M. W. E., & Underdown, B. (1997). *Accounting theory and practice*. (5th ed.). Pitman Publishing.
- Hendriksen, E.S. (1982). *Accounting theory*. Irwin.
- Underdown, B., & Taylor, P. 1. (1985). *Accounting theory and policy making*. Heinemann.



FINANCIAL ACCOUNTING DIAGNOSIS TOOL IN VULNERABLE ECONOMICS ENVIRONMENT

MAISARAH ABD RAHIM

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

maisarahrahim@uitm.edu.my

Pandemic Covid-19 has impacted people globally in early 2020 and this was totally a new experience and gave hard times for many in facing health crisis as well as financial crisis. The pandemic affects almost every single aspect of private and business lives. Many businesses were closed, people almost stopped travelling and limited spending.

In the wake of the COVID-19 pandemic crisis, the debate over how the business can survive has received growing attention in recent years. In every aspect of contemporary life, the pandemic with the coronavirus illness disrupted the economy by unbalancing consumption and production (Pourmansouri et al. 2022).

The organizations that have been able to survive during COVID-19 are the ones that quickly adapted to the new changes. If the business owner understands the direction of change, they can creatively use it as a guide to navigate their way through the darkness as a phrase says; when life gives you lemons, make lemonade.

This ability to adapt to market trends keeps business going through even the toughest times. Is the business capable of delivering products or services remotely? Do the businesses need to redefine what the business brands stand for? Are there any new revenue streams the business could potentially capitalize on that will stick around long after the pandemic is over? At this point, digital transformation is more necessary during the crisis and should be prioritised based on the relevance in the current environment.

In a comprehensive literature review, Kitching et al. (2009) have identified three coping strategies to adopt when facing pressures, threats and opportunities during deep recession which include first, retrenchment strategies (cost-cutting operations and harvesting non-core businesses); second, investment strategies (innovation and diversification) and third, ambidextrous strategies (mixing retrenchment and investment).

Apart from that, as far as financial accounting is concerned, there is a need to diagnose the financial health by assessing resources, risks that may affect its business, establish vulnerability to the economic environment, and measure the weaknesses, and the possibilities for development. Achim (2015) has mentioned that financial diagnosis is a tool at the fingertips of managers that allows qualitative and/or quantitative judgments on the status, dynamics and perspectives of an entity, suggesting the need for regular review of the organisation to identify its health, vigour and capacity to adapt to predictable environmental changes. In this sense, financial accounting diagnosis can be used as a method of determining the entity's path, profitability, liquidity, solvency and financial stability of the economic entity.



Diana and Mihaela (2019) have plotted the most important characterisation aspects of defining diagnostic-financial accounting as shown in Figure 1.



Figure 1: The Characterisation of Financial Accounting Diagnosis (Diana and Mihaela, 2019)

As a conclusion, this financial diagnosis tool is a preliminary tool that verifies the functionality of an entity to establish the elements that impede the proper course of activity and provide a specialised insight of the strengths, weaknesses, opportunities, and threats of the entity over a given period. This tool could be a useful guide in evaluating the activities of the entity in facing the pre, during and post endemic economic environment.

References

- Achim, M.V. (2015). *Diagnostic financiar-contabil*, Cluj Napoca.
- Diana, H.I. (2019). The role of the financial accounting diagnosis in the monitoring of the financial health of the economic entities. *Academica Brancusi, Economy Series*, 3/2019.
- Kitching, J., Blackburn, R., Smallbone, D., & Dixon, S. (2009). Business strategies and performance during difficult economic conditions. *For the Department of Business Innovation and Skills (BIS)* (URN 09/1031).
- Pourmansouri, Rezvan, Amir, M., Vahid, S., Cristi, S. & Ramona, B. (2022). An investigation of the link between major shareholders' behaviour and corporate governance performance before and after the COVID-19 pandemic: A case study of the companies listed on the Iranian Stock Market. *Journal of Risk and Financial Management* 15: 208.



ACCOUNTING FIRMS AND INDUSTRY 4.0

NURUL FATIHAH ILIAS

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

tieha2303@uitm.edu.my

The emergence of the new phase of the industrial revolution in recent years has shifted the ways of conducting daily business activities. Basically, there are four different phases of the industrial revolution that has been experienced by the world. The first phase of the industrial revolution happened during the late 1700s and early 1800s when manufacturing focused on manual labor. Then, in the early part of the 20th century, the second revolution evolved with the introduction of steel and electricity. The third industrial revolution began in the late 1950s, when manufacturers were using more electronic, than computer technology in factories. Finally, in the past decades, the fourth industrial revolution has emerged which focuses on digital technology and real-time data.

As a developing country, Malaysia is not left behind and thus, has also evolved to the next phase of revolution referred to as the Fourth Industrial Revolution or Industry 4.0. In 2018, the Ministry of International Trade and Industry through the National Policy of Industry 4.0, highlighted the transformation drivers for Industry 4.0 are the changes in the global economic order, technological advancement, knowledge and skills, global supply chain, competitiveness, regulations, and customer behavior (Ministry of International Trade and Industry, 2018). It portrays that technological advancement was among the major drivers for shifting to Industry 4.0, which is related to, among others, artificial intelligence, big data analytics, cloud computing, and the Internet of Things (IoT).

Consequently, the emergence of Industry 4.0 has resulted in blockchain technology (BT) being accepted as part of the world ecosystem. Many of the world's largest companies have adopted BT within their business operations, for example, Amazon, BMW, Citigroup, Facebook, Google, Nestle, and JPMorgan (Castillo and Schifrin, 2020). BWM for instance has been using BT to track materials, components, and parts across its supply chain, while Google being the most famous search engine in the world, has integrated its BigQuesry data analytics platform with Chainlink, allowing outside sources to be used directly using BT.

To gain a competitive advantage over those largest companies, the big accounting firms in the world known as the Big 4 (KPMG, PwC, Deloitte, and EY) have also ventured into BT. KPMG has cooperated with Microsoft for a project that uses cases that apply BT in their business operations (Bajpai, 2017). PwC launched its digital asset using BT in 2016 and planned to adopt blockchain in live production systems by 2020 (Bajpai, 2017). Deloitte was the first to launch the BT initiative in 2014 and Ernst & Young become the first accounting firm to accept bitcoin for its services in 2017 (Bajpai, 2017). Thus, it is evidenced that the accounting industries are at par with those other industries which are also keen on adopting the new technological innovation (Heye, 2021) to provide value-added services to their clients.

Despite the variations in the business model of the accounting firm itself, the auditing process for instance has also evolved to cater to the needs of the clients. The current audit process which involved sampling techniques, auditing based on historical data, and annual audit opinion will need to



move progressively in accordance with the modern economic situation (Rozario and Vasarhelyi, 2018). The auditor will no longer need to request data or documentation from the clients or auditees as all the transactions are stored on the blockchain platform (Liu et al., 2019). It was also found that the use of blockchain helps to convert large documents and files into a blockchain-based database which allows the audit works to be safely maintained (Abreu et al., 2018). Nevertheless, further efforts on the regulatory frameworks and technological settings associated with Industry 4.0 and the accounting disciplines need to be established to realize a better environment within the disciplines.

References

- Abreu, P. W., Aparicio, M., & Costa, C. J. (2018, June). Blockchain technology in the auditing environment. In 2018 13th Iberian Conference on Information Systems and Technologies (CISTI) (pp. 1-6). IEEE.
- Bajpai, P. (2017). 'Big 4' accounting firms are experimenting with blockchain and bitcoin. Retrieved from <https://www.nasdaq.com/articles/big-4-accounting-firms-are-experimenting-blockchain-and-bitcoin-2017-07-05>
- Castillo, M. D, and Schifrin, M (2020). Forbes blockchain 50. Retrieved from <https://www.forbes.com/sites/michaeldelcastillo/2020/02/19/blockchain-50/?sh=1a363ce17553>
- Heye, A. M. (2021). *The Future of Auditing: An Analysis of AI Implementation in the Big Four Accounting Firms. Honors Theses and Capstones*. 563.
- Liu, M., Wu, K., & Xu, J. J. (2019). How will blockchain technology impact auditing and accounting: Permissionless versus permissioned blockchain. *Current Issues in auditing*, 13(2), A19-A29.
- Ministry of International Trade and Industry (MITI) (2018). National policy on industry 4.0 – Industry4WRD. <https://www.pmo.gov.my/ms/2019/07/dasar-kebangsaan-mengenai-industri-4-0/>
- Rozario, A. M., & Vasarhelyi, M. A. (2018). Auditing with Smart Contracts. *International Journal of Digital Accounting Research*, 18.



CORPORATE FINANCE AT A GLANCE

MUHAMMAD HARIZ HAMID & MARZLIN MARZUKI
Faculty of Accountancy, UiTM Kedah Branch, Malaysia
harizhamid@uitm.edu.my

Corporate finance refers to a field in finance that focuses on how corporations handle issues such as financing sources, capital structuring and investment alternatives. As it concerns business activities that have financial impacts, corporate finance might be seen as a bridge connecting the company and the capital markets.

The objective of traditional corporate finance is to maximise the company's value. In making long- and short-term investment decisions, corporate finance principles are applied. Accordingly, various techniques—both long- and short-term financial planning are used, and shareholders' value is maximised—as reflected in the stock price. All decisions pertaining to capital investments are long-term in nature, meanwhile decisions relating to working capital management are rather short-termed. Generally, making decisions on capital budgeting, capital structure and working capital management are the three main areas covered by corporate finance.

Deciding on capital investments and allocating a company's long-term capital are examples of long-term corporate finance activities. In fact, of all the activities, capital investments are deemed to have the most influence on a company's survival and success in the long run (Bennouna et al., 2010). If operating capacity is limited or financing costs are increasing, poor capital budgeting may put a company's financial position in jeopardy. Certainly, capital budgeting is one of the primary factors taken into account when making decisions about capital investments (Arnold & Hatzopoulos, 2000). A company chooses which projects to include in its capital budget by calculating estimated cash flows from proposed projects, comparing planned investments with expected earnings and considering some other criteria.

Moreover, corporate finance also includes raising capital in the form of debt or stock or both. A company can issue debt securities on the capital markets with the help of investment banks or acquire credit from commercial banks and other financial intermediaries. A company may elect to sell stocks to equity investors when it requires a huge amount of capital. Determining the right proportions or weights of debt and equity in capital financing is definitely a challenging balancing act (Myers, 1984). Too much reliance on stocks could lower earnings and value for investors, while too much debt could increase the risk of default (Miller, 1988). In the end, capital financing must adequately supply the funds needed to complete capital investments.

Finally, corporate finance encompasses short-term financial management as well, which reflects the adequacy of liquid assets for the purpose of continuing business operations. A company must be able to pay off all of its current obligations on time or otherwise risking its long-term survival (Padachi & Howorth, 2014). The focus of short-term financial management is on current assets and liabilities, working capital and operating cash flows. This necessitates having sufficient assets that can be used immediately when needed. Additionally, short-term financial management might also include acquiring additional credit lines or issuing commercial papers as a liquidity backup.



In conclusion, corporate finance departments are responsible in overseeing and guiding the financial activities and capital investment decisions of their respective organisations. Their role includes deciding whether to move forward with a suggested investment and whether it should be financed by equity, debt, or both. They also decide whether shareholders should get dividends and, if so, at what rate of return. Assets, current liabilities, and inventory control are all under the authority of the finance division. In order to reduce financial risks to which their corporations are exposed to, key corporate finance principles are applied. It goes without saying that these tools are also employed to boost corporate profits.

References

- Arnold, G. C., & Hatzopoulos, P. D. (2000). The theory-practice gap in capital budgeting: Evidence from the United Kingdom. *Journal of Business Finance & Accounting*, 27(5-6), 603-626. <http://dx.doi.org/10.1111/1468-5957.00327>.
- Bennouna, K., Meredith, G. G., & Marchant, T. (2010). Improved capital budgeting decision making: Evidence from Canada. *Management Decision*, 48(2), 225-247. <http://dx.doi.org/10.1108/00251741011022590>
- Miller, M.H. (1988). The Modigliani-Miller propositions after thirty years. *Journal of Economic Perspectives*, 2(4), 99-120. <https://doi.org/10.1257/jep.2.4.99>
- Myers, S. C. (1984). The capital structure puzzle. *The Journal of Finance*, 39(3), 574-592. <https://doi.org/10.1111/j.1540-6261.1984.tb03646.x>
- Padachi, K., & Howorth, C. (2014). Focus on working capital management practices among Mauritian SMEs: Survey evidence and empirical analysis. *Journal of Business Management and Economics*, 5(4), 97-108.



LEARNING-THROUGH-PLAY IN ACCOUNTING EDUCATION.

SITI SAKINAH AZIZAN

Faculty of Accountancy, UiTM Kedah Branch, Malaysia

ssakinah263@uitm.edu.my

Learning-through-play is a concept of gaining knowledge not only from formal teaching and learning methods but also by involving in various activities such as playing games, simulation, problem solving activities, etc. The activities are normally conducted in an interactive environment and will encourage active learning and engagement among the students. Decoster and Prater (1973) suggested that positive attitudes on learning and good participation in a learning process can be encouraged through a game as it can be a very useful tool to enhance the learning activities. Zosh et. al (2017) stated that “learning through play happens through joyful, actively engaging, iterative and socially interactive experiences”.

Learning through play can result in many positive outcomes as it enhances the knowledge and learning experiences in more meaningful ways. For example, Vogt et.al (2018) found there were significant gains in learning from the children by using card and board games. Shabalina et. al (2017) also suggested that game-based learning provides motivational support to students who are having difficulties in learning computer programming in universities. Not only by having fun, learning through play can also help in cognitive development in children as they gain the knowledge through experiences interactively.

At university level, many academics have raised the awareness of positive impacts from learning through play in university subjects. Students can sometimes feel lost and face difficulties in understanding certain subjects in universities. Some subjects were also considered ‘not interesting’ and ‘complex’. Hence, learning through play concepts may help the learning process in more interactive ways such as suggested by Shabalina et.al (2017). De La Pena et.al (2021) also found that a gamification model in learning has several positive impacts such as good interaction among the students and the lecturers, decrease in dropout rate in the courses, increase the passing rate in the particular course and the students are able to solve some problems creatively.

Accounting has often been considered as a difficult and boring subject especially in social sciences. This may be due to accounting subjects being taught in most formal teaching methods for examples by giving lectures and conducting tutorial sessions in universities. However, this formal method can be partly changed by introducing games and other interactive activities in learning accounting. Various researchers have found that students’ motivation were enhanced and demonstrated that accounting games can be an effective way for students to learn such as in Silva et.al (2019) when they tested the performance of some undergraduate students using games known as Accountingame.

Learning through play may also help the accounting students in enhancing their analysis skills. This was suggested by Elkelish and Ahmed (2022) where they found significant positive impacts on the accounting students in their higher level learning outcomes especially in analytical skills when they used LEGO® Serious Play simulation technique. Further evidence by Dangi, Adnan and Rashid (2017) who conducted a survey to 250 non-accounting students to examine their perceptions on accounting subjects while introducing them to an accounting game called AccRoBa. The result indicates that the



students felt that the game may help them to better learn accounting and can be an additional teaching tool other than case studies and videos.

In conclusion, learning through play is a good application concept that can be encouraged in a learning process. In learning difficult and complex subjects, learning through play can help to encourage the motivation of students and provide them an effective and interactive way to learn. Hence, there is a need to encourage more academics in having innovation in their teaching and learning methodologies to ensure that the learning process can be as interesting as it can be to gain positive impacts in learning outcomes.

References

- Dangi, M. R. M., Adnan, M. F., & Rashid, M. Z. A. (2017). An Innovation in Teaching and Learning of Accounting Concept Using AccRoBa© Game Approach. *Malaysian Journal of Education* (0126-6020), 42(1).
- DeCoster, D., & Prater, G. (1973). An experimental study of the use of a business game in elementary accounting. *Accounting Review*, 48(1), 137-142.
- Franziska Vogt, Bernhard Hauser, Rita Stebler, Karin Rechsteiner & Christa Urech,(2018) Learning through play – pedagogy and learning outcomes in early childhood mathematics. *European Early Childhood Education Research Journal* , 26 (4)
- Rui Silva, Ricardo Rodrigues & Carmem Leal (2019), Play it again: how game-based learning improves flow in Accounting and Marketing education, *Accounting Education*, 28 (5)
- Shabalina Olga, Malliarakis Christos, Tomos Florica & Mozelius Peter, (2017) Game-Based Learning for Learning to Program: From Learning Through Play to Learning Through Game Development , In: *Proceedings of the European Conference on Games Based Learning / [ed] Maja Pivec & Josef Gründler, Reading, UK: Academic Conferences and Publishing International Limited*, Vol. 11, 571-576
- Walaa Wahid ElKelish & Rafiuddin Ahmed (2022), Advancing accounting education using LEGO® Serious Play simulation technique, *Accounting Education*. 31 (2).
- Zosh, J. M., Hopkins, E. J., Jensen, H., Liu, C., Neale, D.,Hirsh-Pasek, K., Solis, S. L., & Whitebread, D. (2017). Learning through play: a review of the evidence (white paper). *The LEGO Foundation, UK*.