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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.

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From the Rector's Desk
Professor Dr Roshima Haji Said

Assalamualaikum warahmatullahi wabarakatuh,

It is with great pleasure that I introduce the 6th edition of the Accounting Bulletin, a continuation of our collective journey to nurture academic excellence within the accounting community. Reflecting on the achievements of the 5th edition, I extend my heartfelt gratitude to all contributors—writers, reviewers, and the editorial board—whose relentless dedication and insightful contributions have propelled this publication to new heights.

The Accounting Bulletin remains a pivotal platform for sharing innovative ideas, research, and best practices. The commitment of our accounting lecturers, particularly from UiTM Kedah Campus, continues to shape a rich tapestry of knowledge and discovery. Through their collaborative efforts, they have not only enriched the field but have also fostered intellectual curiosity, encouraging dialogue and continuous learning.

This 6th edition build on the solid foundation of previous editions, furthering our mission to advance accounting education. I am incredibly proud to witness the positive impact this publication has had on our academic community. As we look forward, we remain committed to ensuring that the Accounting Bulletin serves as a cornerstone for the growth and development of future generations of accounting educators.

To everyone involved in this journey, your contributions are invaluable, and your dedication is deeply appreciated. Let us continue to inspire, learn, and grow together in pursuit of academic and professional excellence.

Thank you.

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

Message from the Head of Faculty
Assoc. Prof. Dr Hajah Intan Marzita Saidon

I am pleased to announce the successful publication of the 2024 Accounting Bulletin. This bulletin, which offers a rich collection of short articles on numerous topics is a noteworthy accomplishment for the faculty. This publication showcases the tireless dedication of faculty members toward academic excellence. As the head of the faculty, I am deeply honoured to witness their steadfast dedication and the exceptional work that they have displayed.

The success of this bulletin would not have been possible without the dedication and hard work of many individuals. I extend my deepest gratitude to the editorial team for their meticulous attention to detail and their unwavering commitment to quality to ensure the success of this publication. I also wish to sincerely thank all our contributors, whose insightful articles form the foundation of this publication.

This bulletin represents a significant step toward fostering a robust writing culture within our faculty. Writing, whether for academic or professional purposes, is not only an essential skill but also a powerful medium through which we communicate our ideas, influence our field, and contribute to broader societal discussions. I encourage every member of our faculty to view writing as an opportunity to share knowledge, foster innovation, and continue developing professionally. Let us build on this achievement by continuing to cultivate an environment that values and promotes writing. Together, we can make our faculty a shining example of excellence, where knowledge and innovation thrive.

Thank you once again to everyone who has contributed to this remarkable accomplishment.

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

Editor's Note
Dr Marzlin Marzuki

It is with great pleasure that I present to you the 6th edition of the Accounting Bulletin. This edition marks another milestone in our journey to provide a platform for accounting educators to share their research and insights.

In this edition, we are proud to feature a total of 17 articles spanning a diverse range of topics, reflecting the dynamism of the accounting field. We have received invaluable contributions in areas such as financial accounting, management accounting, taxation, corporate governance, public sector accounting, and accounting education. Notably, this edition also includes emerging discussions on the integration of artificial intelligence in accounting, showcasing how technology is transforming our profession.

The breadth of topics covered is a clear indication of the depth of knowledge within our community. Each article offers a unique perspective and contributes to a well-rounded understanding of both traditional and contemporary accounting issues. The richness of content presented here ensures that our publication serves as a valuable resource in shaping the future of accounting education.

I extend my heartfelt gratitude to all the contributors for their dedication and hard work. Your willingness to share your research and insights has been critical to the success of this edition. As we look forward, I am confident that your contributions will inspire further discussions and research within the accounting community. Together, we are making a meaningful impact on the advancement of accounting knowledge and education.

Thank you once again for your significant contributions. Your commitment to excellence is truly appreciated, and I look forward to the continued success of the Accounting Bulletin.

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

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The rapid advancements in technology have significantly transformed various sectors, including accounting, which now faces significant challenges. Undoubtedly, the emergence of digital technologies such as artificial intelligence, cloud computing and big data analytics somehow significantly impacted the way accounting processes are carried out (Yoon, 2020). These days, due to the digital revolution, accounting professionals can handle massive amounts of data almost instantly, which leads to more informed and data-driven decision-making (Rehm, 2017). As a result, higher education needs to take proactive actions in preparing future accountants so that they are well-equipped with relevant knowledge and skills when they are out to join the workforce.

Updating the curriculum to include current technological skills is essential for students to thrive in this digital era. Migrating from conventional, transaction-based learning to one that prioritises automation, analytics and system thinking (Tavares et al., 2023) is crucial. Students must learn how to interpret large datasets and use predictive analytics to make informed financial recommendations. Additionally, developing soft skills like critical thinking, problem-solving and digital literacy is equally important. Future accountants are expected to not only know how to handle the complexities of modern accounting software but also understand the broader implications of digital tools on financial transparency and regulatory compliance.

As for lecturers, they must also adapt their teaching methods to meet the demands of the digital age. The conventional teacher-centered approach where lecturers give direct instructions or explanations and students passively receive information is no longer effective. Experiential learning approaches are better suited to current digital needs (Mathur & Singh, 2022). Online learning platforms, simulations and virtual labs allow students to be involved with accounting scenarios that mirror actual industry challenges. Simulation software, for example, enables students to practice auditing, tax calculations and financial reporting in a controlled, risk-free environment (Gonzales, 2022). Massive Open Online Courses (MOOCs) and other online learning platforms also offer access to advanced accounting knowledge, enhancing learning outcomes and boosting student confidence.

Nevertheless, one common hurdle faced by higher institutions is limited financial resources to invest in high-end software, sophisticated hardware and reliable internet access. Also, resistance from lecturers who refuse to change their teaching methods because they have spent years teaching in a pre-digital era further complicates the transition. Despite these obstacles, the need to move forward in preparing well-rounded accounting graduates prevails.

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SOFT SKILLS: KEY TO SHAPING FUTURE ACCOUNTANTS

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Accounting professionals must be more than just technical experts in today's fast-changing business environment. Employers are increasingly emphasising the value of soft skills including communication, teamwork, and problem-solving, which are critical for career success (Jackling & De Lange, 2009; Dolce et al., 2020). While technical accounting abilities are still necessary, the ability to engage effectively with clients, manage teams, and handle complicated workplace dynamics has become equally crucial.

Soft skills, often referred to as interpersonal or people skills, encompass a wide range of abilities that influence how individuals interact with others and handle workplace challenges. Unlike technical skills, which are specific to accounting tasks such as financial reporting or auditing, soft skills are transferable across various roles and industries. They include communication, emotional intelligence, time management, leadership, and conflict resolution (Succi & Canovi, 2020). For accounting students, developing these skills can improve their capacity to work collaboratively, present complex financial information to non-experts, and adapt to the changing demands of the profession. Developing these abilities can help accounting students work more cooperatively, convey difficult financial information to non-experts, and adjust to changing professional needs.

While accounting education has typically focused on technical expertise, soft skills are increasingly becoming an important component of the professional toolset. Recent research indicates that accounting students with excellent soft skills are more likely to succeed in the profession because they can effectively engage with clients and colleagues, negotiate complicated corporate environments, and take on leadership responsibilities De Lange et al., 2023; Raimee & Mad Radzi, 2020). As globalisation and digitalisation affect the accounting landscape, the ability to collaborate in varied, interdisciplinary teams becomes more valuable.

Communication is a vital soft skill for accounting professionals, as they must present complex financial information to individuals without financial backgrounds (Alshbili & Elamer, 2020). This requires not only clarity but also the ability to tailor messages for different audiences. Effective communication is highly valued by employers, often on par with technical skills, as it enhances the ability to convey critical financial data to stakeholders (Boritz & Carnaghan, 2017).

Teamwork is equally important for accountants, as many accounting projects involve collaboration across various departments. Being able to work well in teams is crucial for project management and organisational success. Building strong relationships and collaborating effectively can enhance productivity and foster innovation by leveraging diverse perspectives (Kavanagh & Drennan, 2008; Jackling & De Lange, 2009).

Another important soft talent is problem solving (Alshbili & Elamer, 2020). Problem-solving is an important soft skill for accountants since they constantly face complex, dynamic circumstances that require creative and analytical thinking. Developing these skills enables accounting students to approach problems methodically and produce effective solutions, which is beneficial to both technical work and strategic decision making.

In conclusion, soft skills are crucial in developing accounting professionals who can succeed in today's competitive employment market. As the industry evolves, accounting students must focus on developing both technical and interpersonal abilities to succeed. Communication, teamwork, and problem-solving skills are especially vital for navigating the complicated situations that accountants work in. Graduates who develop these abilities are believed to be more prepared to negotiate real-world business circumstances and satisfy job requirements. Universities and accounting programs should prioritise incorporating soft skills into their curricula to ensure that graduates are prepared for the demands of the modern workplace.

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ARTIFICIAL INTELLIGENCE IN RISK MANAGEMENT

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Risk management is a process of identifying, assessing and controlling the threats of organizations that affect their profitability and operations. Risk management normally starts with identifying risks, assessing the risks identified, planning the risk management strategy, and monitoring the strategies. Each process plays an important role in ensuring that the risks of the organizations are being dealt with.

In recent years, the use of Artificial Intelligence (AI) has transformed many aspects of organizations including the risk management process. Conventionally, risk identification involves manual processes, reliance on historical data, and a heavy dependence on management judgment, which can be very subjective and vague. By using AI in risk identification, it can help to extract large volumes of data from various sources in real-time, making the data more relevant. For instance, in identifying credit risk, AI can search financial records, social media activities, news and reports that are more recent and relevant to assess the credit score of a customer. Furthermore, AI has significantly enhanced the quality of regulatory complaints, fraud detection, as well as decisions on credit and loans (Mer. A et al, 2024).

Assessing risks that have been identified can also be enhanced using AI. An essential component of AI, known as machine learning algorithms, can find patterns and connections in enormous amounts of data, including financial records, social media, and internal company data which will be faster and more efficient than humans could. Additionally, AI can provide predictive analysis of risks, just by evaluating the possible risk before it occurs. For example, in the transportation industry, AI can help to predict weather events that could impact transportation routes, which may result in the likelihood of delays in shipment. Furthermore, AI can assist in suggesting alternative routes that can minimize the risk based on the analysis. Hence, AI predictive analysis enables organizations to reduce risks by preparing in advance, minimizing potential repercussions and maintaining smooth operations.

In risk management strategies, AI plays a crucial role in helping organizations to develop response strategies to minimize risks. Once the risks have been identified and assessed, AI-powered scenario simulation tools can help organizations prepare for various risk scenarios. For instance, in disaster preparation, AI can simulate and assess the possible effects of events like earthquakes, fires, and floods on operations. Organizations can evaluate various response techniques, such as backup power supply or evacuation processes. Hence, they can ascertain the most successful contingency plans and make required modifications.

AI also facilitates risk assessment that includes real-time monitoring, which is crucial for sectors like cybersecurity, healthcare and finance. For example, in financial markets, AI can scan enormous volumes of data and identify anomalies that may affect stock price fluctuations or unusual trading volumes. Since AI enables a prompt response to possible threats, real-time monitoring may help businesses to reduce losses and protect their assets.

Most importantly, AI can learn from past incidents and improve over time, enhancing its monitoring and detection capabilities based on new data. AI can adapt to its learning process and become more accurate in identifying risks and improving risk management strategies. For example, AI algorithms can be updated if a new threat is found, hence enabling organizations to provide better strategies if they face a similar threat in the future.

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INTEGRATING ARTIFICIAL INTELLIGENCE (AI) INTO FINANCIAL REPORTING AND ANALYSIS

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The financial sector has consistently led in technical innovations, and the incorporation of artificial intelligence (AI) into financial reporting and analysis has emerged as a subject of increasing relevance and importance (Suleiman et al., 2020). AI-driven tools and methodologies possess the capacity to transform the processing, analysis, and reporting of financial data, presenting numerous advantages for the industry. These improvements may redefine the methods by which financial and business organisations manage data, derive insights and execute informed judgements as well as revolutionising the financial sector's overall landscape.

The main advantage of integrating AI into financial reporting and analysis is the automation of repetitive and labour-intensive operations, including data entry, reconciliation, and regular reporting (Hu, 2020). This automation improves efficiency and mitigates the possibility of human error, resulting in more precise and predictable financial information. Furthermore, AI-driven natural language processing algorithms can derive significant insights from unstructured data sources, including financial statements, regulatory filings, and news articles, thereby empowering decision-makers with a better understanding of market trends, competitive dynamics, and regulatory changes (Maple et al., 2023; Suleiman et al., 2020).

Another significant advantage of AI integration is the capacity to enhance the efficiency of financial reporting. By automating many phases of the reporting process, organisations can accelerate the dissemination of financial information to stakeholders, allowing for more informed decision-making based on current data. The promptness of response is even more vital in rapidly evolving market conditions, where the capacity to react promptly to new information might confer a competitive edge (Antwi et al., 2024).

Although AI offers exciting opportunities in financial reporting and analysis, significant barriers must be addressed. A significant concern is the possibility for bias and limited transparency in AI-driven decision-making. The translucent character of many AI models, wherein their internal mechanisms and decision-making processes are not readily understandable, may result in concerns over accountability and reliability (Kiseleva et al., 2022). The absence of transparency complicates the comprehension of the rationale behind the suggestions or predictions produced by AI systems, presenting a difficulty for financial professionals who must justify their judgements to regulatory authorities and stakeholders. Furthermore, the incorporation of AI within the financial industry triggers significant concerns regarding data protection and security. AI systems depend on extensive datasets for model training and refinement, raising the threat of data breaches and the potential for fraudulent use of sensitive financial information.

In order to overcome these challenges, financial and business organizations must establish comprehensive governance frameworks and ethical standards that promote responsible and transparent implementation of AI (Kurshan et al., 2021). This involves the implementation of stringent testing and monitoring mechanisms to evaluate the accuracy, fairness, and accessibility of AI-driven financial reporting and analytical instruments.

In conclusion, the application of artificial intelligence into financial reporting and analysis provides considerable challenges and significant potential for the financial sector. By meticulously addressing potential challenges and utilising the advantages of AI, financial institutions may improve the efficiency, accuracy, and timeliness of their financial reporting, hence promoting more informed decision-making and better-informed stakeholders. As AI advances and becomes increasingly sophisticated, financial institutions must proactively establish comprehensive governance frameworks and ethical standards that promote the appropriate and transparent implementation of new technologies. The strategic integration of AI has the potential to transform the financial sector, enhancing financial transparency, expediting and refining reporting processes, and facilitating more informed decision-making that improves both the industry and its stakeholders.

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ARTIFICIAL INTELLIGENCE IN FRAUD DETECTION

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In the era of globalization, many companies have shifted from traditional transactions to online transactions. Therefore, using artificial intelligence (AI) to detect fraud is essential. It helps organizations in many ways, such as enhancing accuracy and speed, strengthening security measures, reducing financial losses, protecting customer trust, and preserving the integrity of business operations.

The rapid advancements in AI are changing the game in fraud detection. Recent updates show that AI-powered systems are increasingly sophisticated at spotting complex patterns and anomalies that traditional methods often overlook. The latest developments in AI for fraud detection are new machine learning algorithms and deep learning models, whereby these AI systems can analyze vast amounts of transaction data in real time, identifying suspicious activities with remarkable accuracy (Bello & Olufemi, 2024). This means fraud can be prevented more efficiently, reducing false alarms and catching even the most sophisticated schemes.

Moreover, AI-driven fraud detection systems continuously evolve through iterative learning, adapting to emerging fraud tactics and improving over time without human intervention. This transformative capability not only enhances security measures but also fosters greater trust among consumers and stakeholders, reinforcing the resilience of financial ecosystems in an increasingly digital and interconnected world (Javaid, 2024).

However, the rise of AI in fraud detection is not without its challenges. It is putting a lot of pressure on older, rule-based systems and manual reviews, which struggle to keep up with the speed and cunning of modern fraudsters. Implementing AI-driven fraud prevention strategies comes with its challenges, ranging from data privacy concerns to the quality of datasets and the interpretability of AI models (Bello & Olufemi, 2024). Additionally, cybercriminals are starting to use AI to craft more sophisticated and harder-to-detect scams, posing new threats even to advanced AI defenses.

As AI becomes a bigger part of fraud detection, it is crucial to make sure these systems are transparent, fair, and accountable. This will help protect both companies and individuals, ensuring that the benefits of AI are fully realized while minimizing potential risks.

Internal auditors play a vital role in an organization by exercising their roles to the top management and audit committee. Internal auditors are positive about their roles in corporate governance but are less confident concerning how to put such a role into practice (Leung et al., 2015). Some myths are believed by the regulatory bodies that the internal auditors are the governance watchdogs. However, there is a finding that suggests the beliefs of the regulatory bodies are not accurate, as this does not reflect the commitment of the internal auditors.

In corporate governance and management, internal auditors are keen to perform two key roles (Lukman & Chariri, 2023). First, internal auditors have the role of a protector that later is divided into two such as the roles of a protective shield and a keeper of secrets. When the internal auditors act as the protector, it means that they are acting as a 'protector' to the top management, managers, and audit committee from any difficulties and obstacles that might happen to them without proper protection. Then, the internal auditors will display their protective shields to protect the organization. Because of this, when expected issues cannot be avoided, internal auditors are frequently eager to minimize the challenges or barriers that top management, managers, and the audit committee must overcome to minimize the damage. Moreover, secrets will also be kept by internal auditors. In this role, internal auditors purposefully withhold information from members of the audit committee or other elected officials. To maintain the goodwill of upper management, they may carefully limit the information.

Second, the roles of a helper are also subdivided into two such as support of organizational performance and guide. To support organizational performance, there are three ways that internal auditors can apply-; (i) by performing value-for-money audits, (ii) by providing strategic consulting, and (iii) by taking part in organizational management committees (Roussy, 2013). Furthermore, an internal auditor can also be a guide when there are new developments in management practices that need professional acts to lead the organization. For example, in the study done by Roussy (2013) that involved 13 public sector organizations in Quebec, The National Assembly is required to receive an annual management report, new software programmes must be developed and introduced, and a risk management procedure must be implemented.

Now, from the perspectives of internal auditors' roles in artificial intelligence, to adjust to new developing risks like data analytics, cybersecurity, politics and regulation, and talent management, internal auditors must offer value addition and assist with strategic and operational risks. However, internal auditors should make use of artificial intelligence's cognitive powers, which are typically enhanced or substituted by human intelligence in a way that is intuitive and natural. Hence, artificial intelligence-powered internal auditors can enable businesses to enhance their risk management, governance, and internal control while also being able to differentiate between the truth and the lies.

While AI offers transformative potential for internal auditing, ensuring its effective implementation requires addressing challenges related to transparency, data quality, and skill development. By embracing AI and addressing the associated challenges, internal auditors can leverage AI to enhance their roles in fraud detection, ultimately contributing to stronger corporate governance and organizational resilience.

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THE IMPACT OF ARTIFICIAL INTELLIGENCE (AI) ON DATA ANALYSIS CAPABILITIES OF MANAGEMENT ACCOUNTANTS

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Artificial intelligence (AI) has drastically revolutionised many sectors, including management accounting, as it appears to be more successful at analysing data and assisting in decision making. Management accountants can increasingly rely on AI solutions to improve their analytical powers, allowing for improved planning and decision making.

AI technology help management accountants process data more quickly and accurately. Meanwhile, traditional data analysis methods require human intervention, such as keying in data, which can lead to human mistakes. It demonstrates how technology enables accountants to focus on understanding results rather than managing data, allowing them to save valuable time.

With AI, management accountants may spend less time manually entering data and more time analysing and interpreting it to make strategic decisions. AI has the potential to significantly improve management accountants by automating repetitive activities, improving forecasting and budgeting accuracy, and detecting fraud and errors (D'Souza, n.d.).

Predictive analytics is one of the most important applications of artificial intelligence in management accounting. In comparison to traditional approaches, AI can accurately predict future trends and performance by examining historical data patterns. It also provides timely perspective, identifies trends, and highlights related issues, allowing accountants to be more proactive in their strategic planning. This capability also enables management accountants to make comprehensive, timely, and advanced decisions.

AI is now a necessary tool for management accounting reporting, analysis, strategic planning, and decision-making. By combining human capabilities with advanced technologies, organisations can create and improve effective and efficient business development strategies. However, integrating AI into management accounting brings several challenges, including data privacy and reliability. As financial and management accounting decisions become more reliant on AI, upholding ethical standards and transparency in data utilisation becomes critical. According to Kazim and Koshiyama (2021), there is a rising number of high-profile incidents of harm resulting from the misuse of technology. Schweitzer (2024) also emphasised that incorporating AI into accounting is a potential frontier with huge practical benefits, but it requires a sophisticated evaluation of its ethical implications.

Overall, the influence of AI on management accountants' data analysis ability appears to be more positive than negative. By boosting data processing, enabling predictive analytics, and improving decision-making, AI enables accountants to do their duties more successfully. However, management accountants must be aware of the ethical implications and issues involved with new technologies in order to perform and maintain their professionalism.

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REMOTE WORK AND CLOUD ACCOUNTING

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Remote work has seen a dramatic rise, particularly due to advancements in technology and the global shifts in working arrangements, largely accelerated by the COVID-19 pandemic. This shift has fostered the adoption of cloud accounting, a system where accounting functions are performed using software hosted on remote servers, enabling seamless access and collaboration across different geographical locations (Smith, 2021). Cloud accounting and remote work have together revolutionised the way businesses manage their finances, providing flexibility, efficiency, and enhanced collaboration.

Cloud accounting offers numerous advantages for businesses engaged in remote work. Firstly, the cloud environment provides easy access to financial data from anywhere, at any time, as long as there is an internet connection. This eliminates the need for physical presence or local network connections, which are critical in traditional accounting systems (Jones & Patel, 2020). Moreover, with cloud accounting, updates to financial records can be made in real-time, allowing for more accurate and timely decision-making. This real-time access to data ensures that business leaders can track cash flow, expenses, and revenues, regardless of their location, making remote work feasible for finance teams.

Another critical advantage of cloud accounting is its ability to foster collaboration among distributed teams. Teams working remotely can share data and collaborate in real-time on financial documents. This feature significantly reduces the delays associated with traditional systems, where multiple versions of the same document may circulate among team members, causing confusion and inefficiencies (Brown, 2022). Furthermore, cloud accounting software often comes with built-in security features like multi-factor authentication and encryption, offering strong protection against data breaches or unauthorised access (Martin & Williams, 2021). These security measures ensure that financial data is safeguarded while being accessible to remote employees.

Despite its advantages, cloud accounting has some challenges, particularly related to data privacy and internet dependency. Since cloud systems store sensitive financial information on third-party servers, concerns over data breaches and loss of control over proprietary information arise. Additionally, the functionality of cloud-based accounting systems is highly dependent on internet connectivity, which can be a limitation in areas with unreliable or slow internet services (Johnson & Clark, 2020). However, many cloud accounting platforms are addressing these issues by offering offline capabilities and complying with stringent data protection regulations like the General Data Protection Regulation (GDPR) in the European Union (Thompson, 2023).

In conclusion, the integration of remote work with cloud accounting offers businesses greater flexibility, improved collaboration, and enhanced real-time data access. While challenges such as data security and reliance on internet connectivity exist, ongoing advancements in cloud technology are continuously mitigating these risks. The future of accounting is likely to see even more seamless integrations between remote work and cloud-based financial management systems.

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FINANCIAL REPORTING FRAUD IN MALAYSIA: CAUSES, REGULATORY RESPONSES AND CHALLENGES

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Financial reporting fraud remains a significant issue in Malaysia, posing a critical threat to corporate governance, investor confidence, and economic integrity. Malaysia has witnessed several high-profile financial fraud cases over the past two decades, with notable examples such as the 1MDB scandal and the financial irregularities in companies like Serba Dinamik Holdings Berhad. These cases have shed light on the susceptibility of Malaysian firms to unethical accounting practices, ranging from overstating revenues to concealing liabilities. Recent research indicates that the number of reported financial fraud cases remains substantial, particularly among publicly listed companies seeking to meet market expectations. In a 2022 study, Jaswadi et al. highlighted the limited publication of fraud cases in the region, despite the introduction of risk-based supervision, suggesting that many cases remain hidden from public view. Large firms, in particular, may manipulate financial data to avoid reputational damage or to ensure compliance with shareholder expectations, thereby exacerbating the issue of financial fraud.

The underlying causes of financial fraud in Malaysia are multifaceted, including corporate pressures, weak governance structures, and regulatory inefficiencies. Most companies in Malaysia often face financial pressures due to competition, market volatility, and shareholder demands. These pressures create opportunities for management to manipulate financial statements, especially when internal controls and regulatory oversight are weak. Corporate governance failures have also been a key contributor to financial fraud in Malaysia. Research by Mohd-Sanusi et al. (2015) found that weak governance structures, including ineffective boards and insufficient internal controls, create an environment where fraudulent financial reporting can thrive. Companies with poor governance are more likely to engage in unethical practices, as there is little to no accountability at the top levels of management. Moreover, in many cases, the lack of effective enforcement by regulatory bodies has allowed financial fraud to go unchecked for extended periods.

In response to the growing incidence of financial fraud, Malaysian regulatory authorities have implemented various reforms aimed at improving corporate governance and accountability. The Malaysian Code on Corporate Governance (MCCG) has introduced stricter guidelines for board independence, audit committees, and risk management practices. The establishment of risk management committees (RMCs) within firms has been shown to improve oversight and accountability, reducing the likelihood of fraudulent activities. A 2022 study by Novatiani et al. emphasized that strong risk management practices, including the identification and monitoring of operational risks, can significantly reduce the potential for financial fraud. Additionally, the Securities Commission Malaysia (SC) has ramped up its enforcement efforts, imposing fines and sanctions on companies found guilty of financial misconduct.

However, while these reforms have led to improvements in certain areas, challenges remain. A key issue is the inconsistency in the application of governance principles across different sectors and firms. Smaller firms, in particular, may lack the resources or expertise to implement comprehensive risk management and governance frameworks, leaving them vulnerable to financial fraud. Another challenge is the effectiveness of enforcement. Although regulatory bodies like the SC and the Malaysian Anti-Corruption Commission (MACC) have made strides in combating fraud, their efforts are often hampered by limited resources and the complexity of financial fraud cases. High-profile cases, such as the 1MDB scandal, have demonstrated the difficulty of detecting and prosecuting financial fraud, particularly when it involves sophisticated financial schemes and high-level political involvement.

As a conclusion, financial reporting fraud continues to be a pressing issue in Malaysia, driven by a combination of corporate pressures, weak governance, and regulatory gaps. While efforts have been made to improve corporate governance and strengthen enforcement, challenges remain in ensuring consistent and effective implementation across the corporate sector. The role of risk management in preventing financial fraud cannot be overstated, as it provides a proactive approach to identifying and mitigating potential vulnerabilities. Moving forward, a stronger emphasis on governance reforms, coupled with more robust enforcement mechanisms, will be crucial in addressing the persistent problem of financial reporting fraud in Malaysia.

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ACCOUNTING FOR NON-ACCOUNTING STUDENTS: WHY?

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Accounting is the structured process of classifying, recording, analyzing, summarizing, and reporting an organization's financial transactions. This field provides valuable insights into financial health, aiding stakeholders in helping decision-making about budgeting, investment, and management. Beyond tracking income and expenses, accounting evaluates an organization's financial performance and encourages following financial regulations (American Institute of Certified Public Accountants [AICPA], 2023; Funzi, 2023).

Accounting is essential in financial systems, promoting transparency, accuracy, and accountability. Through financial statements such as balance sheets, income statements, and cash flow statements, accounting provides a comprehensive view of an organization's economic position, essential for decision-making by both internal and external users (Harvard Business School, 2020).

Accounting knowledge is increasingly seen as valuable for non-accounting students across disciplines, highlighting the importance of financial literacy in both personal and professional realms. For those pursuing non-accounting careers, understanding fundamental accounting principles gives a basic framework for making wise financial decisions whether in personal finance management, business ownership, or managerial roles. These skills enable non-accountants to interpret financial statements, monitor organizational performance, and assess budgets and costs accurately, enhancing wise decision-making and long-term planning (Funzi, 2023).

Moreover, non-accounting students should learn accounting due to the rising significance of interdisciplinary knowledge in today's workforce. Employers favor candidates with diverse skills, including financial literacy, which improves job performance and adaptability. For example, professionals in marketing, human resources, and project management can benefit from understanding accounting principles to optimize resource allocation, manage budgets, and evaluate project viability. Knowledge of financial data is important for understanding and aligning departmental goals with organizational financial objectives (Harvard Business School, 2020).

Furthermore, accounting knowledge allows non-accounting students to reduce financial mistakes in both their careers and personal lives. Basic familiarity with financial statements, cash flow, and budgeting enhances financial management skills, allowing individuals to analyze spending, set financial goals, and make informed investment decisions (Amir & Mohamad Shabri, 2022). This knowledge minimizes potential for debt issues, which can lead to long-term consequences. For small business owners or entrepreneurs, financial skills are notably beneficial, as it promotes sustainable growth by supporting responsible financial management and strategic investment decisions (Quora, 2022). The increasing focus on data-driven decision-making has emphasized the role of accounting knowledge for non-accountants. Business analytics, budgeting, and forecasting depend extensively on financial data interpretation—skills grounded in core accounting principles. Non-accountants with the capacity to effectively assess data and forecast trends have a significant edge in today's data-driven business climate.

In summary, accounting education plays a crucial role for non-accounting students due to its relevance in both professional and personal spheres. It not only strengthens employment potential by developing cross-functional skills but also enables individuals to make careful financial decisions, thus contributing to both personal financial stability and organizational performance. In a fast-changing economic landscape, providing accounting information to students from many areas is a proactive approach that improves financial literacy, risk analysis, and informed decision-making.

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TAX INCENTIVES IN MALAYSIA MANUFACTURING LANDSCAPE

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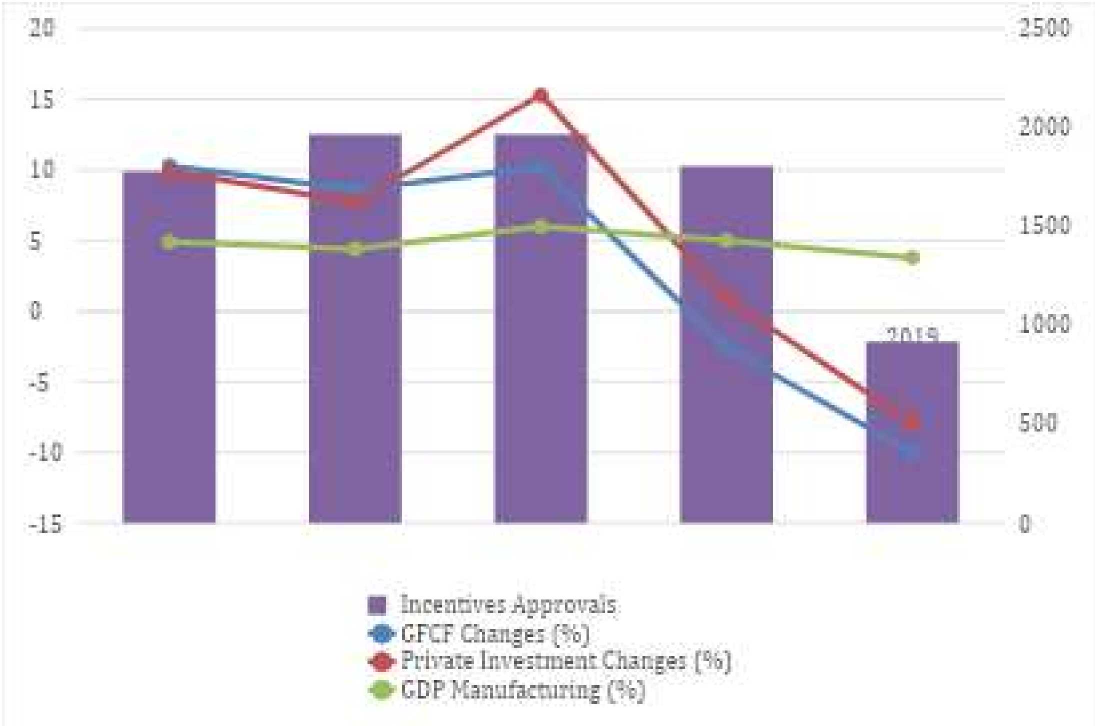
For decades, Malaysia has held a competitive advantage over its neighboring countries due to its strategic location, absence of a language barrier, and low labor costs, which made it a prime destination for foreign direct investments (FDI) during the early stages of its industrialization. The increasing presence of multinational corporations (MNCs), particularly in key sectors like electrical and electronics, has further cemented Malaysia's reputation as a desirable business hub. Between 2010 and 2016, Malaysia became one of the primary profit centers for FDI in the region, with an average return rate of 12.9%. This success can be partly attributed to the aggressive use of tax incentives by the Malaysian government. However, these incentives have come at a significant cost, leading to over RM10 billion in annual revenue loss for the government (Mohd et al., 2017).

Despite the rise in both investment and the approval of incentives, a study conducted by the World Bank in 2016 revealed that Malaysia has experienced limited spillover effects from the incentives provided to foreign firms. While investment approvals in the manufacturing sector have increased, indicators such as gross fixed capital formation, private manufacturing expenditure, and manufacturing gross domestic product (GDP) growth have shown a downward trend. Furthermore, although Malaysia was the second-largest recipient of FDI inflows in Southeast Asia in 2018, the Organisation for Economic Co-operation and Development (OECD) observed that Malaysia's share of overall FDI in the region has been declining over time.

As illustrated in Figure 1.1, incentive approvals saw a decline from 2016 to 2017 but have since experienced a steady rise. However, private investment, gross fixed capital formation, and GDP growth within the manufacturing sector do not mirror this upward trend. This suggests that not all investments have a substantial impact on Malaysia's economic progress. Importantly, Malaysia is not alone in facing mixed outcomes from tax incentive schemes. Klemm and Van Parys (2012) found that while tax incentives in Caribbean countries were effective in attracting FDI, they did not promote significant economic spillovers. Although FDI responded positively to the tax incentives in those countries, their study revealed no notable improvements in capital growth as a direct result. Other factors may contribute to this trend, such as firms limiting their spending despite receiving government incentives, as suggested by Colombo and Cruz (2021). Previous research has also shown that factors like labor costs, cash flows, and the overall investment climate play significant roles in shaping firms' investment decisions, influencing the effectiveness of tax incentives (Irawan, 2013; Zolt, 2015).

Figure 1.1:
Comparison of Incentives Approvals with Gross Fixed Capital Formation, Private Investment and GDP in Manufacturing Sectors



Sources:
Malaysia Investment Development Authority (Unpublished Data)
Annual Economic Statistic 2015-2020

Although considerable study has been done on the efficiency of tax incentives, special attention should be given in measuring the effectiveness of tax incentives from both the firm's perspective as well as government's perspective, providing empirical answers to the following questions; (i) Which incentives does Malaysia's manufacturing sector claim the most? (ii) Which type of tax incentive works better in stimulating a firm's performance? Thus, understanding the effectiveness of tax incentives requires a comprehensive approach that evaluates not only how these incentives benefit firms in the manufacturing sector, but also how they align with government objectives for economic growth and industrial development. By addressing the questions of which incentives are most commonly claimed and which types are more successful in driving firm performance, we can gain valuable insights into how tax policies can be optimized to support both firm-level competitiveness and broader national economic goal.

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THE STRATEGIC ROLE OF CAPITAL ALLOWANCES IN REDUCING TAX LIABILITIES FOR BUSINESSES

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In an increasingly competitive global business environment, tax policy has emerged as a critical factor influencing corporate decision-making, profitability, and long-term growth. Among the various tax incentives available, capital allowances play a strategic role in enabling businesses to recover the costs of capital investments over time, thereby reducing their taxable income and overall tax liabilities. As countries strive to attract foreign direct investment (FDI) and stimulate domestic business growth, capital allowances serve as a key policy tool to promote investment in essential assets, such as heavy machinery, general plant, technology, and infrastructure.

Globally, governments face the challenge of balancing economic growth with sustainable fiscal policies and tax incentives; for instance, capital allowances have been widely adopted to foster corporate investment while maintaining fiscal discipline. Capital Allowance (CA) is a tax-deductible expense that businesses can claim against their adjusted income with the aim to reduce their tax liability. The primary purpose of CA is to encourage businesses to invest in new plants and machinery, thereby expanding their businesses and stimulating economic growth. However, the effectiveness of capital allowances varies by region and economic sector, and it is critical to analyse how businesses can optimise their use of these allowances to minimise tax liabilities without undermining tax fairness. When inadequate capital allowances, especially when paired with high corporate income tax rates, can significantly increase capital costs, deter investment and lower after-tax profits for businesses.

In Malaysia, capital allowances (CA) serve as a strategic tool for businesses to reduce their taxable income, particularly by deducting the costs of qualifying capital expenditures. Capital allowances benefit businesses by allowing them to claim tax relief on expenditures related to the acquisition of assets like machinery, equipment, and vehicles, thereby lowering their tax liabilities and improving cash flow. Recent statistics emphasise the growing impact of capital allowances on Malaysian businesses. For example, small-value assets not exceeding RM2,000 per item are eligible for a 100% capital allowance, capped at RM20,000 per year, offering immediate tax deductions for small and medium-sized enterprises (SMEs). Furthermore, the accelerated capital allowance scheme, introduced during the pandemic to stimulate economic recovery, has allowed companies to write off eligible capital expenditure faster, within two years. This policy particularly benefitted industries investing in automation and digital transformation. By freeing up cash to invest in the company's growth initiatives, especially in sectors reliant on capital-intensive operations like manufacturing and logistics, this tax relief significantly supports business expansion.

As a result, capital allowances offer several key advantages for businesses by providing tax relief on capital expenditures, helping reduce their overall tax liability, and improving cash flow (Ken & Damien, 2019). Businesses can claim capital allowances as deductions against their taxable income, effectively reducing their tax liability. This allows companies to lower their annual tax payments by writing off qualifying capital expenditures, such as investments in equipment, machinery, and fixtures. In addition, capital allowances reduce tax payments, allowing businesses to retain more cash for operations, growth, or additional capital expenditures. As a result, cash flow improved for the businesses. In certain jurisdictions, businesses can claim 100% capital allowances on low-value assets, making it easier for small businesses to get immediate tax relief and improve their financial standing.

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MILLENNIALS' PERSPECTIVES ON WHISTLEBLOWING: MOTIVATIONS, CHALLENGES, AND IMPLICATIONS

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Whistleblowing, the act of reporting unethical or illegal activities within an organisation, has become a significant area of study, particularly as younger generations, notably millennials, enter the workforce. This article explores the unique characteristics of millennial whistleblowers, examining their motivations, the challenges they face, and the broader implications for organisational ethics and governance.

As an introduction, Millennials, born between 1981 and 1996, are increasingly influential in the modern workforce. Their attitudes toward ethical behaviour and whistleblowing reflect broader generational values, characterised by a heightened emphasis on transparency and social responsibility. Understanding these perspectives is crucial as organisations seek to foster ethical environments and manage risks associated with unethical conduct.

First, a strong sense of social justice and ethical accountability often drives millennials. This generation grew up during a period marked by large corporate scandals and social movements, shaping their views on the importance of transparency and ethical behaviour. Studies suggest millennials are more likely to whistle-blow when they perceive a clear ethical breach and believe their actions will lead to a positive change (Gibson, 2018). The potential for positive change is a cause for optimism and a source of hope. They are also influenced by organisational cultures that support ethical behaviour and provide protection for whistleblowers (Hollis, 2020).

Second, despite their strong ethical convictions, millennials face several challenges when blowing the whistle. Fear of retaliation remains a significant deterrent, with potential consequences including job loss, career stagnation, and personal stress (Brown & Green, 2021). Beyond that, the frequent job changes and desire for meaningful work among millennials can worsen worries about long-term consequences and decrease the chances of reporting unethical behaviour due to the transient nature of their use. It is important to acknowledge these challenges and understand the context in which millennials operate.

Thirdly, millennials are often employed in industries characterized by high levels of innovation and disruption, where organisational hierarchies may be less formal and reporting channels less established (Smith & Roberts, 2019). Within this context, the ambiguous environment can lead to uncertainty about the correct protocols for reporting misconduct and heighten the fear of facing retaliation.

In addition to the previously mentioned points, organisations aiming to assist millennial whistleblowers must tackle these obstacles with thorough strategies. Developing clear, accessible reporting mechanisms and ensuring robust protection against retaliation are crucial steps. Training programs should be tailored to emphasize the importance of ethical behaviour and provide guidance on navigating the whistleblowing process.

Fostering an environment of openness and ethical leadership is also essential. Companies that prioritize transparency and show dedication to addressing ethical issues are better positioned to maintain the trust and engagement of millennial employees. Research suggests that companies with strong ethical cultures not only mitigate risks associated with misconduct but also enhance employee satisfaction and loyalty (Johnson & Lee, 2022).

To conclude, Millennials' views on whistleblowing are influenced by a deep dedication to ethical conduct and social accountability. Yet, they face unique challenges that can influence their decision to report unethical conduct. By understanding these motivations and addressing the associated challenges, organisations can better support whistleblowers and promote a culture of integrity. As the workforce continues to evolve, ongoing research and proactive organisational strategies will be vital in navigating the complexities of ethical reporting and fostering a transparent, accountable business environment.

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ACCOUNTANTS INTEGRITY IN THE WORKPLACE

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The role of accountants in today's business environment is crucial, as they handle sensitive financial information and provide decision-makers with reliable data. One of the most critical qualities required of accountants is integrity, as they are often placed in positions where ethical dilemmas can arise. Without adherence to high moral standards, accountants risk undermining not only their reputation but also the trust placed in them by their clients, employers, and the public.

Integrity in accounting refers to the commitment to honesty, transparency, and ethical conduct in financial reporting and decision-making. The American Institute of Certified Public Accountants (AICPA) outlines that integrity requires accountants to act in the public interest and be free from conflicts of interest (AICPA, 2021). Accountants must present financial information that is accurate and truthful, ensuring that their work complies with both legal requirements and professional standards. Any manipulation or misrepresentation of financial data can lead to severe consequences, including legal penalties, loss of certification, and damage to the organization's reputation.

Adhering to integrity also involves safeguarding confidentiality. Accountants often work with sensitive information such as financial reports, payroll data, and strategic plans. Leaking or misusing this information for personal gain not only breaches confidentiality but also damages the credibility of the profession. Upholding confidentiality is a key aspect of maintaining trust between the accountant and the stakeholders they serve (Smith & Parker, 2020). In cases where unethical practices are discovered, accountants with strong integrity are expected to act as whistleblowers, raising concerns through appropriate channels rather than turning a blind eye.

A key component of an accountant's integrity is maintaining professional scepticism. This requires an accountant to objectively assess financial information and remain alert to signs of misrepresentation or fraud (Moore, 2019). Exercising scepticism ensures that accountants do not accept information at face value but instead scrutinize and verify the data they are provided. By challenging assumptions and evaluating the accuracy of the information, accountants can uphold the highest ethical standards in their work.

Accountants with strong integrity are also more likely to inspire a culture of ethical conduct within their organizations. They serve as role models, encouraging others to act ethically and making it clear that dishonesty or unethical behaviour will not be tolerated. This can lead to a workplace environment where transparency and ethical decision-making are prioritized, ultimately benefiting the company's financial health and reputation.

The importance of integrity in the accounting profession cannot be overstated. It underpins trust in financial reporting and ensures that accountants act in the best interest of all stakeholders. Without integrity, the profession would lose credibility, and financial markets could become unstable. Accountants must continue to demonstrate high ethical standards, embracing honesty, confidentiality, and professional scepticism to maintain the integrity of their work.

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THE IMPORTANCE OF ETHICS FOR ACCOUNTING STUDENTS

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The study of ethics is a fundamental component of accounting education, playing a pivotal role in preparing students for the professional challenges they will encounter. Ethics refers to the principles that govern an individual's behaviour in terms of what is right and wrong. In accounting, the need for ethical behaviour is critical as it influences the credibility, transparency, and reliability of financial reporting. Accounting students, therefore, must understand and internalise ethical principles to ensure the integrity of the profession.

As future accountants, students must adhere to professional codes of conduct and moral principles to maintain public trust. Accountants often have access to sensitive financial data, and ethical misconduct such as fraud, misrepresentation, or insider trading could severely harm an organisation or the public (Mintz & Morris, 2014). The inclusion of ethics in the accounting curriculum aims to shape students into professionals who can navigate moral dilemmas with integrity.

While technical skills in accounting are essential, an equal emphasis on ethical decision-making is necessary. Accounting scandals, such as those involving Enron and WorldCom, underscore the repercussions of ethical lapses. Consequently, many universities have incorporated ethics courses in their accounting programs to equip students with the tools to make morally sound decisions when faced with ethical dilemmas (Armstrong, Ketz, & Owsen, 2003).

Teaching ethics to accounting students presents unique challenges. While students may grasp the theoretical aspects of ethics, applying ethical principles in real-world situations can be more complex. The ability to translate ethical theory into practice often depends on personal values, cultural context, and the pressures of the business environment (Jones, Massey, & Thorne, 2003). Moreover, the competitive nature of the accounting profession can sometimes tempt individuals to prioritise personal gain over ethical conduct.

Ethics courses, therefore, need to move beyond theoretical discussions and provide students with practical scenarios where ethical decision-making is required. Case studies, role-playing, and ethical dilemma exercises are effective pedagogical tools that allow students to practice and reflect on their ethical reasoning skills (Cohen & Pant, 1991). By integrating ethical considerations into everyday accounting tasks, educators can better prepare students for the ethical challenges they will face in their professional careers.

Professional accounting bodies, such as the American Institute of Certified Public Accountants (AICPA), play a crucial role in setting ethical standards. These bodies establish codes of ethics that guide accountants in their professional conduct, providing a framework for accountability and discipline. Accounting students, by becoming familiar with these codes, can align their professional behaviour with the ethical expectations of the field (AICPA, 2020).

Furthermore, certification exams like the CPA include sections on ethics, ensuring that students understand the importance of ethical practices in accounting.

In conclusion, ethics education is vital for accounting students, as it prepares them to face moral challenges with integrity. The profession's emphasis on ethical standards ensures the reliability and trustworthiness of financial information, which is essential for maintaining public confidence in the financial system. Accounting educators must continue to innovate in their approach to teaching ethics, ensuring that students are well-prepared to uphold the ethical standards of the profession.

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NAVIGATING THE CHALLENGES OF ESG REPORTING IN INDONESIA'S NICKEL INDUSTRY

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The global landscape has shifted from a singular focus on high-quality financial reports to a more comprehensive evaluation of company performance, which now includes non-financial factors, particularly Environmental, Social, and Governance (ESG) considerations. In Indonesia, the importance of ESG reporting is heightened by the country’s abundant nickel resources, which have significant potential for economic development and environmental sustainability. However, the lack of mandatory regulations governing sustainability reporting has resulted in poor-quality reports, particularly among nickel mining companies.

Many businesses view sustainability as an additional burden rather than an opportunity to enhance performance and reputation. This oversight poses substantial risks, not only to the environment and local communities but also to Indonesia's long-term economic growth. Weak ESG frameworks can lead to environmental degradation and social injustices, threatening the nation’s ability to attract sustainable investments.

Recent events underscore the negative impacts of nickel mining on local communities, such as the flooding in Southeast Sulawesi that contaminated farmland and disrupted livelihoods. Criticism of mining companies has intensified due to poor community relations, labour practices, and governance issues, including illegal nickel exports. These problems not only expose companies to legal repercussions but also damage their reputations and stakeholder relationships.

The global emphasis on sustainability reporting highlights the necessity of integrating ESG considerations into business operations. However, the dissemination and quality of sustainability reports in Indonesia remain low, as many mining companies do not prioritize ESG compliance, viewing it as burdensome rather than beneficial.

To address these challenges, collaboration between business owners and the government is crucial. Enhancing regulatory frameworks, improving licensing processes, and fostering engagement with local communities are essential steps toward promoting sustainable practices across industries.

Neglecting ESG considerations can lead to severe environmental harm and exacerbate socioeconomic inequalities. Therefore, integrating sustainable activities is not merely an ethical obligation; it is essential for protecting the environment, supporting local communities, and ensuring the long-term viability of Indonesia's natural resources.

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GOVERNANCE IN ACCOUNTING ACADEMIA IN MALAYSIA

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Governance in accounting academia refers to the structures, policies, and processes that guide the decision-making, administration, and oversight in educational institutions. The accounting discipline, which plays a crucial role in shaping professionals who uphold financial transparency and ethical standards, is deeply influenced by governance. Effective governance in accounting academia ensures that the academic curricula are aligned with industry requirements, teaching methodologies are current, and research contributes to both academic knowledge and practical application. In the context of Malaysia, governance in accounting academia has evolved significantly, influenced by the country's economic goals, regulatory frameworks, and global trends in accounting education.

Good governance in accounting academia often mirrors corporate governance principles, emphasizing transparency, accountability, and ethical decision-making. Institutions are expected to establish clear governance structures, including boards or councils that oversee academic and administrative functions. This governance framework helps in maintaining the quality of accounting programs, ensuring that they meet the standards set by professional bodies such as the Malaysian Institute of Accountants (MIA) and the Association of Chartered Certified Accountants (ACCA). Additionally, academic governance in accounting is tied to accreditation processes, which serve as quality benchmarks for programs (Yasin et al., 2020).

In Malaysia, governance in accounting academia is particularly influenced by government policies and the internationalisation of education. The Ministry of Higher Education (MOHE) plays a central role in shaping the academic landscape, introducing policies that promote good governance and align academic institutions with national development goals (MOHE, 2021). Malaysia has also adopted the Malaysian Education Blueprint (Higher Education), which stresses autonomy for universities while maintaining robust governance structures. This framework allows universities to craft accounting programs that are flexible, competitive, and globally recognized (Abdullah & Sulaiman, 2021).

However, challenges persist. One notable issue is the gap between academic curricula and industry needs, with criticisms that governance frameworks may not always be adaptive to the rapidly changing landscape of accounting technologies and practices (Norhayati & Yunus, 2019). Additionally, there are concerns about the effectiveness of academic boards in fostering a research culture that prioritizes practical, industry-relevant outcomes. Some studies suggest that increased collaboration between universities and accounting firms could enhance governance, ensuring that programs remain relevant, and graduates are industry-ready (Aziz, 2020).

Professional accounting bodies in Malaysia, such as the MIA and ACCA, play a crucial role in shaping governance by setting accreditation standards and overseeing compliance with professional requirements. These bodies ensure that accounting programs meet global benchmarks and that graduates are equipped with the necessary skills and knowledge to thrive in the professional environment. The involvement of professional bodies in academic governance provides an external layer of oversight, promoting accountability and continuous improvement within universities (Tan, 2022).

In conclusion, governance in accounting academia, particularly in Malaysia, is a multifaceted issue that requires ongoing attention. While governance structures have made significant progress in aligning academic programs with industry demands, there is a continued need for adaptability and enhanced collaboration with professional bodies. As accounting practices evolve with advancements in technology and global trends, governance frameworks must be agile and forward-thinking to ensure that academic institutions produce competent and ethical accounting professionals.

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KEY CHALLENGES IN IMPLEMENTING ACCRUAL ACCOUNTING IN MALAYSIA'S PUBLIC SECTOR

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The implementation of accrual accounting in Malaysia's public sector is a significant shift aimed at enhancing financial transparency, accountability, and decision-making. However, the transition from a cash-based system brings challenges that must be addressed for a successful implementation.

One significant challenge is employee resistance and uncertainty as many may be unfamiliar with the new processes. The move from a cash-based system to accrual accounting can generate apprehension, especially when employees are unfamiliar with the new processes. Employees accustomed to cash-based systems may feel threatened by the change, leading to resistance or hesitation. A well-structured training program is essential to alleviate concerns and demonstrate the long-term benefits of accrual accounting. By fostering understanding and addressing uncertainty, Malaysia can create a more supportive environment for the transition.

Another significant hurdle is the lengthy implementation process. The transition to accrual accounting is a complex process that can take many years. Countries like New Zealand and Sweden took over a decade to fully transition to accrual-based systems. In Malaysia, the process is similarly expected to take several years. The extended timeframe often creates a challenge, as the benefits of the system may not be immediately visible. To address this, Malaysia must establish clear milestones and phased implementations, focusing on high-priority areas to maintain momentum and show progress over time.

High implementation costs also pose a major challenge. Developing new information systems, purchasing software, upgrading infrastructure, and retraining staff are just a few of the costs associated with this process. Additionally, some countries have experienced financial strain when the transition did not yield immediate returns on investment. Malaysia must carefully plan and budget for these expenses, considering them as long-term investments toward better financial governance.

A further obstacle is the need for customization and alignment with national circumstances. Simply adopting international standards without considering Malaysia's unique socio-political context may lead to inefficiencies. Customizing accrual accounting frameworks to reflect local economic and political realities is essential for the successful adoption of the system. Engaging local experts, policymakers, and stakeholders in the process will ensure that the implemented systems are relevant and effective within the Malaysian context.

Human resources challenges present another critical hurdle. Many public sector employees may not have the required skills or knowledge to handle the complexities of accrual accounting. This necessitates significant retraining efforts. Without proper training, employees may resist the new system or make costly errors. Investing in capacity-building programs and incentivizing professional development can help create a skilled workforce that is ready to manage the transition effectively.

Finally, technological infrastructure plays a pivotal role in the success of the transition. Malaysia's current IT systems may need upgrading to handle the demands of accrual accounting. Implementing this new system requires the adoption of sophisticated software, upgrades to existing systems, ensuring compatibility with other financial processes and ensuring that employees are proficient in using these systems will require both time and resources. Furthermore, upgrading Malaysia's technological infrastructure to support the complexities of accrual-based systems will be crucial.

In conclusion, while the transition to accrual accounting in Malaysia's public sector presents several challenges, it also offers a pathway to improved financial transparency and accountability. By strategically addressing these challenges through comprehensive planning, capacity-building, and technological investments, Malaysia can successfully navigate the complexities of accrual accounting implementation and reap its long-term benefits.

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