Governance At Source Through Management Accounting Benchmarking: A Way Forward For The Public Sector
Professorial Lecture

Governance At Source Through Management Accounting Benchmarking: A Way Forward For The Public Sector
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Benchmarking of management accounting involves the search for best practices within the industry and is considered critically important for organisational survival as it enables businesses to use the best management tools and techniques to achieve superior value creation and business performance. There has been allegations that management accounting has somewhat lost its relevance as it was not providing adequate support to managers who are faced with various challenges within rigorous competitive global economy. In view of this the National Award for Management Accounting (Management Accounting Award) was pioneered in Malaysia. Aimed towards “regaining management accounting prominence” the management accounting award focuses on showcasing (i) management accounting excellence; (ii) management accounting best practices; (iii) management accounting best practice solution. When the award was launched in 2004, it was to be a benchmarking tool for management accounting practices by the nation.

The management accounting award project had humble beginnings. The benchmarking idea was initially mooted in 2003 by the Financial Management and Accounting Committee (FMAC), also known as Professional Accountants in Business (PAIB) of the Malaysian Institute of Accountants (MIA). To organise the initiative, the MIA collaborated with the Chartered Institute of Management Accountants (CIMA) Malaysia Division. MIA and CIMA then invited Universiti
Teknologi MARA (UiTM) and the National Productivity Centre (NPC, now Malaysian Productivity Corporation or MPC) to become strategic partners and to share their expertise to make Management Accounting Award a reality.

Initially in 2004, the Management Accounting Award had only targeted larger corporations, namely public listed and multinational companies. In 2005, the organising committee agreed to include smaller companies. Hence, the Management Accounting Award for small and medium enterprises (SMEs) was introduced.

The collaboration between the professional bodies and academia is a product of almost 20 years of continued involvement of UiTM academics to enhance management accounting practices in the region. The invaluable experience of the author gained from professional collaborations with Mr. Yeo Teck Ling (chairman of the PAIB Committee MIA from 2000 to 2006) and MIA council member from 2004-2008, provided rich foundations for a research project on Management Accounting Benchmarking in Asia (2002 to 2004). That research project which was led, was the author was funded by the Japanese Society for the Promotion of Science (JPSS). The author’s other co-researchers comprised of Professor Akira Nishimura (Kyushu University), Professor Dr. Maliah Sulaiman (International Islamic University), Professor Suppaporn (University of Chullalongkorn), Professor Chan Yoke Kai (Singapore) and Professor Dr. Normah Omar and Professor Dr. Zubaidah Zainal Abidin both from UiTM.

This monograph describes the events leading to the formation of Management Accounting Award in Malaysia and illustrates its principles while showcasing case studies of award winning firms which was published by MIA, CIMA, MPC and UiTM. The case studies was prepared by Professor Datin Dr. Suzana Sulaiman and her team. It contains an account of some features of management accounting practices in the case studies.
In essence, management accounting can be considered as “governance at source”. Management accountants provide relevant financial and non-financial information to the management team and facilitate them to make the best decision for their respective organisations. At the same time, management accounting information is also the main composition of an organisation’s management control system. Whilst our initial effort was to showcase management accounting excellence within the business environment framework, the Management Accounting Award is also suitable to be introduced for the public sector. The management accounting attributes used for the award promote not only profitability and market growth for business entities, more importantly; they propagate accountability, transparency, efficiency and effectiveness for sustainable value creation. Moving forward, a special Management Accounting Award for the Public Sector should be considered. To realise this aspiration, the monograph also describes the Management Accounting Award framework and assessment criteria, which can be used by the public sector. Thus merges the elements of Management Accounting Awards for Public Sector: leadership, management accounting information, resource management, community and customer focus, stakeholder partnership management, performance management and service delivery outcome embedded in the new suggested framework.
ACKNOWLEDGEMENTS

Vice Chancellor, Universiti Teknologi MARA
Deputy Vice Chancellors, Universiti Teknologi MARA
Assistant Vice Chancellors, Universiti Teknologi MARA
Top Management, Universiti Teknologi MARA
Ministry of Higher Education
The Charted Institute of Management Accountants
(CIMA) Malaysia Division
Malaysia Productivity Corporation (MPC)
Malaysian Institute of Accountants
Faculty of Accountancy, Universiti Teknologi MARA
Accounting Research Institute, Universiti Teknologi MARA
Institute of Leadership & Quality Management
UiTM Press
Professorial Lecture Committee Members
Dr. Intan Salwani Mohamed
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Ms. Stephanie Chong Li Fah
Post Graduate Students:
Mr. Lukman Ibrahim
Mr. Ahmad Abdullah Saad Al-Dhubaibi
Mr. Mohd Haniff Zainuldin
Mr. Mohd Nur Hakim Bahaman
GOVERNANCE AT SOURCE THROUGH MANAGEMENT ACCOUNTING BENCHMARKING: A WAY FORWARD FOR PUBLIC SECTOR

WHAT IS MANAGEMENT ACCOUNTING?

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

Management Accounting is defined by the International Federation of Accountants Committee (IFAC) as

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

(IFAC, 1998)

The profession forms an integral part of the management process, serving as a vital tool for cost determination, pricing strategy and
financial control. Management accounting information is also vital for enhancing decision making, guiding strategy development, evaluating existing strategies and performance whilst focusing efforts on improving organisational performance (Kaplan and Atkinson, 1998).

In essence, it differs from financial accounting. Financial accounting caters to the needs of managers within the organisation whilst the latter caters to external parties such as creditors, bankers and shareholders. A major difference also lies in their reporting, where management accounting having a strong future orientation subject to changes in economic conditions, while financial accounting reports past financial transactions.

Moreover, management accounting focuses on different segments of an organisation such as different departments, product lines or activities. It places considerable weight on non-monetary information such as customer satisfaction and timeliness of information.

In contrast, financial accounting reports are mandatory and prepared in accordance with generally accepted accounting practices (GAAP). Financial accounting is also more holistic, emphasising objectivity, precision and verification of data, which incur higher costs and time. They are also subject to third party audits that lead to comparability and fraud prevention.

As management accounting reports are for internal use, they are less constrained, with no restrictions on the form and content where as financial accounting is statutorily governed.

It is thus beneficial to highlight the 'value creation' role embraced by the management accountant in an organisation, especially as research in this field is dynamic and constantly evolving. Traditional definitions of the profession are seen as too limiting that we lose sight of the fundamentals of management accounting. The definition needs to include concepts of leadership, business partnering and continuous improvement as illustrated in Table 1.
Table 1: Management Accounting Framework Adding Stakeholder Value

<table>
<thead>
<tr>
<th>LEADERSHIP</th>
<th>STRATEGIC MANAGEMENT</th>
<th>OPERATIONAL ALIGNMENT</th>
<th>CONTINUOUS LEARNING &amp; IMPROVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating and infusing shared beliefs</td>
<td>Formulating and communicating strategy</td>
<td>Planning for the future</td>
<td>Enable individual and organisational learning</td>
</tr>
<tr>
<td>Creating and infusing shared boundaries</td>
<td>Identifying, managing risks</td>
<td>Communicating vertically</td>
<td>Acquiring process improvement skills</td>
</tr>
<tr>
<td>Facilitating effective decision-making</td>
<td>Assessing performance</td>
<td>Coordinating horizontally</td>
<td>Acquiring process improvement skills</td>
</tr>
<tr>
<td>Enabling organisational change &amp; innovation</td>
<td>Analysing decision alternatives</td>
<td>Evaluating &amp; rewarding employees</td>
<td>Streamlining compliance duties</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Partnering to improve operations</td>
</tr>
</tbody>
</table>


This framework reinforces the IFAC perspective that value is created when resources and technologies are utilised effectively to generate value for key organisational stakeholders namely the employees, customers, shareholders and the community at large. Viewed as the “value-creators” amongst the accountants, they provide information for managers to improve and enhance the organisation’s operational processes, specifically information that relates to the following business activities (Parker, 2002 in Nishimura and Willet, 2005):

- Control of current activities of an organisation.
- Planning organisational future strategies, tactics and operations.
- Optimal use of resources.
- Performance evaluation.
- Effective decision making process by reducing subjectivity.
- Improving internal and external communication.
The fundamental difference between management accounting and financial accounting reporting lies in the fact that management accounting is not a compliance based profession. While the financial accounting is concerned with the external parties of an organisation such as the creditors, government, shareholders and other stakeholders, management accounting focuses on the needs and requirements of the managers within the organisation (Nishimura and Willet, 2005).

**EVOLUTION OF MANAGEMENT ACCOUNTING**

"Accountants are witch-doctors of the modern world and willing to turn their hands to any kind of magic".

Charles Eustace Harman, British judge

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

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

The roles and functions of the management accounting systems as it should be practiced can be better understood by considering the management accounting evolution as proposed by the International Federation of Accountants (IFAC, 1998).

Fundamentally, the evolution can be distinguished into four phases:
Stage 1 (prior to 1950)

- Focus was on cost determination related to stock valuation and allocation of overheads.
- Techniques included Last in First Out (LIFO) and First in First Out (FIFO).

Stage 2 (1965-1985)

- Focus on generating information for management planning and control.
- Techniques included marginal costing and responsibility accounting.
- Aimed at helping managers to choose course of action and create strategic business units.

Stage 3 (1985-1995)

- Focus was on process analysis together with cost management technologies.
- Techniques included Just in Time (JIT) and Activity Based Costing (ABC).
- Aimed at reducing waste and expenses incurred, thus increasing expected profits.

Stage 4 (1995 onwards)

- Identifying factors that could potentially increase shareholder's value and eliminating non-value added activities.
- Techniques included Total Quality Management (TQM), Activity Based Management (ABM), Benchmarking and Re-engineering.
- Aimed at value creation through resources.

Notably, despite the marked evolutionary stages, the techniques used in the preceding phases continued to be used in the later stages. Indeed, as we move, according to Nishimura (2002), the integration of...
traditional and new management accounting techniques could result in more effective cost management accounting systems. Figure 1 illustrates IFAC's Conceptual Framework on Management Accounting.

![Management Accounting Conceptual Framework](image)

**Figure 1: Management Accounting Conceptual Framework**

The framework as depicted by Figure 2 focuses on four interrelated characteristics as follows:

- The distinctive function of management accounting within the management process in organisations.
- The way in which the utility of the outcomes of the management process can be tested.
- Criteria which can be used to assess the value of the processes and work technologies used in managerial accounting.
- Capabilities necessarily associated with the effectiveness of the management accounting overall.
Distinctive managerial function describes a management accounting system that emphasises value creation through four activities: efficient and effective use of resources in organisations; optimisation of value generation over the long run; continuous evaluation of organisational value chain and the formation of strategic teams.

Utility of work outcomes addresses the utility and assessment of the management accounting function in terms of accountability, performance criteria and benchmarked performance. The outcomes of the managerial accounting processes are assessed on the value for an organisation.

Value of work processes and technologies is where management accounting processes integrate with other management processes. They are used to assess or guide the development of work technologies of more effective and innovative management accounting systems.
Function capability related concepts refer to the capabilities required for effective performance. They are basically centred on the necessary core competencies, a culture that embodies continuous improvement and opportunity for critical self-consciousness.

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

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

With reference to the IFAC framework, Nishimura (2004) proposed that value creation is optimised through integrative management accounting, as commonly practiced by Japanese companies worldwide. Figure 3 illustrates the Japanese translation of IFAC’s model.
Generally, the Japanese use management accounting as a strategic competitive tool (Hiromoto, 1998; Morgan and Werakoo, 1989; Hariman, 1990; Nishimura, 2002). In the Drifting Stage, financial based methods such as ratio analysis and financial statement analysis are used. The Traditional Stage saw a move towards using traditional methods such as budgetary controls, standard costing and Cost Volume Profit (CVP) analysis. While the Quantitative Method Stage focused on the usage of mathematical formula and equations. However, according to Nishimura (2002), the Japanese skipped this stage and leapt to the Integration Stage that promotes the usage of Just in Time (JIT), Total Quality Management (TQM), Target Costing, Kaizen or Continuous Improvement and Benchmarking. Though these techniques are accounting-based, they are simple enough to be used by other users.
HAS MANAGEMENT ACCOUNTING RELEVANCE BEEN LOST?

The publication of Relevance Lost: The Rise and Fall of Management Accounting (Johnson and Kaplan, 1987) caused quite a stir, with the authors' arguing for a change in management accounting practices to provide appropriate support to managers in a rapidly changing economic environment. The management accounting system then had been developed after the First World War and as such was deemed unsuitable for the current environment. In most cases, management accounting reports were found to be too aggregated, too late and at worst, not relevant for management. The authors further proposed that management accounting should drastically change to regain its relevance.

Four bases of criticisms were used as evidence. First, Johnson and Kaplan (1987) claimed that there was then very limited evidence of technical developments within management accounting practices despite major changes taking place on manufacturing technology. Second, the management accounting system was seen to be subservient to financial accounting. As such, management accounting information was found to be historical, less timely and too aggregated. Third, blame was specifically directed towards accounting academics for failure to
innovate and address issues of the practice in their teaching. Subsequently, new graduates were ill-equipped and not able to influence the industry with the "latest" management accounting techniques or ideas. Finally, the rapid historical development of management accounting, as seen in the 19th Century, had somewhat slowed down, causing management accounting to lose its relevance in the new millennium. Though harsh, Johnson’s and Kaplan’s criticisms proved to be the much needed “wake up call” for the management accounting fraternity worldwide.

This then begets the question as to whether management accounting had indeed lost its relevance in Malaysia. A review of various relevant empirical studies in this area suggested that the empirical evidence on management accounting practices in Malaysia remained inconclusive. Generally, Malaysian organisations practiced management accounting as it was perceived to be appropriate although not much thought was given to IFAC’s suggestion on what should constitute the management accounting best practice framework (IFAC, 1998).

Abu Bakar et. al (1995) for example, found that management accounting was quite successful in promoting and maintaining governance practices in Malaysian companies. While Loo et. al (1998) thought that manufacturing companies in Malaysia still largely employed traditional management accounting systems for both internal and external reporting purposes, with Standard Costing as the favourite method used by practitioners. Similarly, in comparing local and multinational companies, Omar et. al (2003) said that most Malaysian owned companies still used traditional methods such as standard costing and budgetary control. Interestingly, while smaller companies relied on financial accounting data to make management accounting decisions, the larger companies practiced the newer techniques such as JIT, Balanced Scorecard, Activity Based Costing and Target Costing. Additionally, studies on some fairly successful Japanese owned and other multinationals in Malaysia reported that the use of traditional management accounting information was effective in influencing, rather than just informing employees and management. At this point, it was then suggested that professional accounting bodies such as MIA
and CIMA take deliberate steps to promote management accounting best practices.

GLOBAL MANAGEMENT ACCOUNTING PRACTICES (MAP)

Studies on Management Accounting Practices (MAP) reported the use of traditional and new management accounting techniques simultaneously, as it was argued that the combination was effective (Omar et.al, 2004). This view was augmented by Tuan Mat et. al (2010) whose survey on Malaysian manufacturing firms concluded that the benefits and usefulness of the traditional accounting was equivalent to that of advanced management accounting. Fundamentally, the combination of traditional and advanced MAPs provided effective support for the evolutionary MAP rather than the radical replacement method (Kellet & Sweeting, 1991). Subsequent sub-sections describe management accounting practices in various developed and developing countries.

MAP in UK

Based on IFAC Framework classification of management accounting practice level of advancement, (Abdel-Kader & Luther, 2006) concluded that the four levels of advancement are practiced by UK firms. Although, considerable number of firms have shifted to the advanced stages of MAP, the traditional stages still implemented by those firms as well. Surprisingly, 60% of the firms surveyed (specifically in the food manufacturing industry) continued to use the traditional management accounting techniques and were classified by this study to be in stage one and stage two of the management accounting advancement hierarchy.
MAP in Australia

A large scale survey about the use of 42 management accounting techniques by Australian manufacturing firms was conducted by (Chenhall & Langfield-Smith, 1998) revealed that, Australian firms use the traditional MAP such as budgeting and classic performance measurement tools more than their use of the advanced MAP. Furthermore, Australian firms perceived the traditional MAP to be more beneficial than the advanced tools. The non-financial measures of performance were at moderate use while the advanced costing techniques such as Activity-Based Costing and Target Costing were found to be used by less than 50% of the surveyed firms.

MAP in Japan

A comparative study between Japanese MAP and western MAP represented by Australian practice highlighted the major differences between Japanese management accounting and western style in respect to the priority emphasis and ways of development. In this study (Wijewardena & De Zoysa, 1999) pointed out that Japanese companies have adopted more sophisticated management accounting techniques compared to their counterparts Australian companies. On the other hand, Japanese companies place more importance on cost reduction and minimisation during the planning stage in contrast to Australian companies who recognise the cost control during the production stage. The dissimilarity of cost management time could explain the variation between Australian companies in their emphasis on the importance of Activity-Based Costing technique and Japanese rivals who perceived the Target Costing technique to be more important.

MAP in Finland

Finnish firms showed more interest in the adoption and implementation of the new management accounting techniques. Hyvonen (2005), conducted a comparative study between the Finnish and Australian firms and explained the drivers of MAP advancement.
MANAGEMENT ACCOUNTING PRACTICES

in Finland. The researcher indicated that, Finland is a technology-intensive economy. Therefore, the advancement of MAP is consistent with the innovative technology context.

MAP in Greece

Recent studies, (Angelakis, Theriou, & Floropoulos, 2010) reported the increasing rate of advanced management accounting tools adoption by Greek firms, although the traditional practice still widely used and preferred by Greek firms. However, Greek firms showed their intention to change their management accounting systems and adopt the best practice tools in the future.

MAP in Ireland

Two studies that were carried out in Ireland in 1997 and 2004 explored MAP by Irish firms and observed the dominance of traditional techniques within the surveyed firms (Clarke, 1997, 2004).

MAP in China

Chinese firms did not pay attention to the management accounting importance until the early 1990s, when the country started to shift from the central state economy into the capital market that allowed for large private owned companies to emerge. The joint ventures established by Chinese firms with the international firms facilitated the transformation and adaptation of the management accounting systems by Chinese firms based on the practice prevailed in western partners firms (Fisher, 1998). (O’Connor, Chow, & Wu, 2004) observed the incremental adoption of the advanced management accounting techniques by Chinese firms.

MAP in India

Studies about MAP in India reported the wide use of the traditional techniques with low and slow adoption of the new and modern techniques. Indian firms alleges that they derive more benefits
and outcomes from the implementation of the traditional MAP when compared to the new MAP (Joshi, 2001).

**MAP in Turkey**

Uyar (2010) conducted an exploratory study about the management accounting practice in Turkey. He found that Turkish firms appreciate the traditional MAP more than the new practice.

**MAP in Vietnam**

Anh, Nguyen, and Mia (2011) explored the status of MAP in Vietnam. The majority of Vietnamese firms implement the traditional MAP such as budgeting tools although there are indicators for relatively a good adoption rate of the advanced MAP such as Just-In-Time, Total Quality Management, And Activity-Based Costing. The tendency of Vietnamese firms to adopt more recent MAP will facilitate the move to the best practice that utilise the more innovative management accounting tools.

**MAP in Malaysia**

MAP in Malaysia conform to the level and types of practice found to be prevailed in the context of the developing countries. Abdul Rahman, Morshidi, and Omar (2002) acknowledge the limited scope of advanced MAP in Malaysian firms. More specifically, Omar, Abd Rahman, and Sulaiman (2004) asserted that if the MAP to be classified according to Akira model (Nishimura, 2002), firms in Malaysia will be at stage two with less at stage three and few exception at stage four. More recent study by (Smith, Abdullah, & Razak, 2008) demonstrated the stages of practice based on Akira model as perceived by Malaysia firms. Respondents firms were classified as 3% at stage one (drafting), 37% at stage two (traditional), 40% at stage three (mathematical), and 20% at stage four (integrated).
MAP in Middle East

The study by (McLellan & Moustafa, 2011) about MAP in the Gulf Cooperative Council Countries (GCC) provided a summary on the practice in the middle east. The six countries namely; Saudi Arabia, United Arab Emirates, Qatar, Oman, Kuwait, and Bahrain were found to have similar level of MAP that relies more on the traditional tools such as budgeting for planning and divisional profit and variance analysis for performance evaluation. Another study by (Abdel Al & McLellan, 2011) was aimed at exploring MAP in Egyptian firms. This study results showed similar results as Egyptian firms use traditional tools more than the advanced tools and claim to obtain even more benefits from their use of the old tools.
BENCHMARKING: A CONCEPTUALISATION

In a simple word, benchmarking is a continuous performance evaluation which is much needed by organisations regardless of size and nature. Since its development in 1940s benchmarking has undergone five generations.

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

Then as digital communication improved, the fifth generation was “global orientated”. “Competence benchmarking” was the sixth. In the sixth, organisations improved their effectiveness by developing competences and skills by changing attitudes and practices. In the sixth too, the term “benchlearning” was used by Karlof and Ostblom (1995) which referred to the cultural change to becoming a learning organisation.
BENCHMARKING IN MALAYSIA

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

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

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

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

PITFALLS OF BENCHMARKING

However, benchmarking still has its pitfalls if it was not conducted correctly. According to Davies and Kochhar (2002) among the factors that contribute to benchmarking failure are lack of use of benchmarking metric, lack of implementation of best practices, no formal benchmarking strategy, checklist or definitions, and no feedback results into business plan target. Freytag and Hollensen (2001) has identified that sometimes companies are too focused on data rather than the actual process, lost focus on customer and employee, over-reliance on quantitative data, and perceived benchmarking as a one-time project has make benchmarking become ineffective.

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

ORGANISATIONAL PERFORMANCE:
A CONCEPTUALISATION

Organisational performance is one of the Management Accounting
techniques that have been the most important issue around every
organisation, regardless of whether it is for profit or non-for-profit
organisation. Many people is questioning on why some organisations
succeeded while others failed. This failure may be due to poor
management awareness of roles and responsibilities, inadequate
communication and collaboration, lack of clarity indecision making,
and low level of accountability. Therefore, the responsibilities to identify
and understand which factors influencing organisational performance
lies with the managers so that appropriate steps can be taken to initiate
them.

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

Some objectives to be achieve in measuring organisational
performance as listed by Parker (2000) such as to appraise organisation
in achieving customer satisfaction, assist organisation in understanding its process, to guarantee that the decision making process is based on facts and evaluation of the organisation’s performance and to assist the organisation to compare planning and its events.

There are few scholars that have examined the link between organisational performances with the organisational culture. For instance, according to Peter and Waterman (1982), successful organisations should process certain cultural traits of “excellent”. Deal and Kennedy (1982) also supported the arguments that a strong culture is very important in contributing towards successful organisational performance. According to Lim (1995), organisational culture can be viewed as a continuous recreation of shared meanings. There are three levels that constitute culture which is the behaviours and artefacts, values and basic assumptions.

Other than that, according to the previous literature review, there are various techniques that an organisation may adopt to ensure successful organisational performance. Among others are organisational culture (Lime, 1995), effective human resource management (Wright, Geroy and MacPhae, 2000), benchmarking (Goncharuk and Monat, 2009), business competitive strategies (Jusoh and Parnell, 2008), strengthening diversity and unity (Harung and Harung, 1995), performance-driven behaviour (Waal, 2010), balanced scorecard and key performance indicators.

**ORGANISATIONAL PERFORMANCE IN MALAYSIA**

Malaysian companies adopted various performance measures. Among them are customer satisfaction and loyalty measures, and employees’ satisfaction and training measures. The performance measures play an important role which to provide useful information to the managers in order to achieve organisational strategic objectives.
One type of performance measurements is on total quality management (TQM) where the ISO 9000 standards present a positive impact to the SMEs organisational performance. Majority of the SME companies in Malaysia, which utilises the ISO 9000 certification, tends to apply TQM practices more rather than companies without it. However, there is greater attention of SME companies in Malaysia in obtaining the certification so as to further improve the organisational performance.

In the same vein, the Malaysian manufacturing companies employ multiple performance measures. Despite of financial information, non-financial measures also seems to have been used in the manufacturing companies of Malaysia. Financial measures alone are not enough to measures performance. It must be accompanied by non-financial measures as well. One type of performance measurement system which consist of non-financial measures adopted by the manufacturing companies in Malaysia as examined by Jusoh et.al. (2008) is the Balanced Scorecard (BSC). It measures in the form of internal and external business processes as well as the learning and innovation measures which have a big impact to the company’s performance. The results suggest that firm’s performance is much better when they using all the four perspective of BSC rather than just relying on the individual perspective solely. BSC is an effective performance measures for an effective management as well as for company’s improvement.

While the Malaysian government linked companies (GLCs) use routine mechanism for appraising their employees’ performances and it have become decoupled from the organisational activities. Therefore, it seems that, in Malaysian government-linked companies, PMS does not really seem to be effective in changing the existing way of doing things in the organisations. Other than that, implementation of new practices may not be successful if there were insufficient forces to support the change. The study also reveals that in order to transform the organisational culture of government-linked companies, the process might incur more cost and time as well as resistance to change.
Therefore, strong management support is essential for any change in management accounting of government-linked organisations.

There are other various methods and techniques of performance measurement system that have effectively been implemented by the examined manufacturing companies in Malaysia. Among others are Balanced Scorecard, Key Performance Indicators (KPI), Benchmarking, Trend Analysis, Performance Segmental Reporting, Quality Report, Financial Statements Analysis, Ratio Analysis, and Safety Statistics. These provide an insight that the companies in Malaysia has been trying to adopt more contemporary management accounting approaches in order to improve the organisational performance as well as to ensure survival and competitiveness especially in today's competitiveness changing business environment.

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

RELEVANCE LOST AND REGAINED

The spin-off from Johnson and Kaplan’s (1987) publication included an acute awareness among practitioners and academics for the need to invest and innovate management accounting applications. As a result, professional accounting bodies were encouraged to make deliberate effort towards promoting MA best practices in the hope that organisations adopting such practices and thus, creating value that leads to business excellence, would be given recognition. It is also to promote the application of MA techniques and systems within organisations in Malaysia in the pursuit of world-class business performance.

The integrated nature of management accounting in organisations required researchers to examine other best practice frameworks. For Malaysia, in addition to the IFAC framework, three main quality criteria were looked at: the Malcolm Bridge Quality Progammeme (2004) the Prime Minister’s Quality Award (NPC, 2003) and the European Quality Award (EQA, 2003). One common characteristic of the criteria is the integrated approach adopted by the awarding bodies when assessing an organisation such an approach is in tandem with the framework propogated by IFAC (Sulaiman et. al, 2005). Table 2 summarises the criteria used for each respective award.
Table 2: Criteria used for Quality Assessment of Organisations

<table>
<thead>
<tr>
<th>Baldridge</th>
<th>NPC</th>
<th>EQA</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Leadership</td>
<td>• Top management leadership &amp; management of quality</td>
<td>• Result orientation</td>
</tr>
<tr>
<td>• Strategic Planning</td>
<td>• Use of data quality &amp; information</td>
<td>• Customer focus</td>
</tr>
<tr>
<td>• Consumer &amp; Market Focus</td>
<td>• Human Resource Management</td>
<td>• Leadership and constancy of purpose</td>
</tr>
<tr>
<td>• Measurement, Analysis &amp; Knowledge Management</td>
<td>• Customer focus</td>
<td>• Management by processes and facts</td>
</tr>
<tr>
<td>• Human Resource Focus</td>
<td>• Quality assurance of external suppliers</td>
<td>• People development and involvement</td>
</tr>
<tr>
<td>• Process Management</td>
<td>• Process management</td>
<td>• Continuous learning, innovation and improvement</td>
</tr>
<tr>
<td>• Business Result</td>
<td>• Quality and operational business result</td>
<td>• Partnership and development</td>
</tr>
</tbody>
</table>

**BENCHMARKING AND MANAGEMENT ACCOUNTING AWARD**

Benchmarking is the comprehensive and versatile technique that can be implemented by organisations to identify gaps in the operational and strategic aspects. In the context of management accounting, benchmarking constitutes management innovation that allows an organisation to critically scrutinise itself and develop best practice framework. The first benchmarking project was initiated by Xerox when the company compared its processes and performances with Japanese photocopier manufacturers. On the other hand, The US Postal Service managed to implement benchmarking as an element in their Total Quality Management (TQM) strategy to overcome its sluggish performance and compete against private delivery services providers such as UPS and Federal Express. As a result, The US Postal managed to close gaps between its competitors by operating efficiently and offer low cost services.
Next, Malcolm Baldridge Award was introduced in the US in the year 1988. This award is a milestone in benchmarking history as this award has two main objectives where organisations can share information on quality and business process enhancements. Subsequently, this provides a huge pool of data that can be used by others to benchmark their organisation. Secondly, criteria developed act as competitive measures that an organisation need to meet throughout the time in order to sustain their high quality performances.

In Malaysia, the history of benchmarking started when the National Productivity Corporation (NPC) established the Malaysian Benchmarking Service (MBS) in 1997. The MBS was initiated to function as an information and reference centre where information on best practices are available. This centre also was set to provide training and facilities as well. A study demonstrated that Malaysia is lagged behind in this area of benchmarking, with benchmarking was found to be practiced among the big companies and mostly by the electronic industry. The same study also identified three main factors that could alleviate the benchmarking practices in this country which are; more participation from employees, top management commitment and proactive role played by the quality department to apply benchmarking in the organisation (NAfMA Case Study of Winners, 2004).

Through a collaborative and strategic partnership between MIA, CIMA, MPC and UiTM, an award known as National Award for Management Accounting (to be referred to as Management Accounting Award) was introduced on 13th of April 2004 at the CIMA Management Accountant Annual Conference (CMAC 2004). Synergistically, the Management Accounting Award was established to encourage organisations and companies in Malaysia to adopt modern technique of management accounting that would enhance the quality of their managerial decision making process. The objectives of Management Accounting Award are to recognise organisations that adopted best practices in management accounting and creating value that leads to business excellence. In addition, Management Accounting Award is held annually to promote the application of the management accounting...
techniques and systems within organisations in the country in order to achieve world class business performance.

Until 2012, Management Accounting Award has been a model of benchmarking for management accounting best practices with increasing numbers of companies participating and demonstrating remarkable practices of management accounting whilst making a breakthrough performances as well as sustaining their business growth. A year after inaugural in 2005, Management Accounting Award won the Xerox Innovation Award at the Invention, Innovation and New Product Exposition (INPEX 2005) in Pittsburgh, USA (NAfMA Case Study of Winners, 2004).

The framework of Management Accounting Award was developed by a team academicians from UiTM, professional representatives from MIA and CIMA as well as experts from the industry. The framework was based on the integration of IFAC's 1998 Management Accounting Conceptual Framework, Malcolm Baldrige Excellence Performance Award in United States, European Quality Award as well as our national Prime Minister's Quality Award. Management Accounting Award Best Practice Framework is presented below (Sulaiman, Omar & Rahman, 2006).
Since management accounting concerns are building values of the inside organisations, its main fact are the real internal economies of the enterprise – creating new businesses, optimising existing business processes and analysing customer value. These create long-term, sustainable value. Thus, in assessing value creation within organisations, one must use an integrated approach, taking into consideration both financial and non-financial information.

The Management Accounting Award was the "brainchild" of a strategic collaboration among four main agencies: the Malaysian Institute of Accountants (MIA), the Chartered Institute of Management Accountants (CIMA) Malaysian Division, CIMA-UiTM Asian Management Accounting Research Centre and the National Productivity Corporation (NPC). Initially, the development of Management Accounting Award was to fill the need for a measurement system to evaluate current practices of management accounting in the country. Once developed, it was expected to become a reference point to benchmark management accounting. As such, Management Accounting Award was expected to take into consideration relatively comprehensive assessment dimensions.

In ensuring the smooth running of Management Accounting Award processes, three important committees were established. The
Organising Committee (OC), with members representing MIA, CIMA, UiTM and NPC, coordinated the overall Management Accounting Award processes (from the development of assessment criteria to the selection of award winners). The Selection Criteria Committee (SCC), was headed by academics who represented UiTM, and the selected management accounting practitioners. They were to develop Management Accounting Award’s assessment criteria. Finally, the Assessment Committee (AC) was to work collaboratively with the SCC to develop an assessment matrix, backed by specific key performance indicators. The NPC’s role was to provide its expertise and experiences (in conducting national-level productivity and quality awards for Malaysia) to all the three Management Accounting Award committees (NAfMA Case Study of Winners, 2004).

Since Management Accounting Award was a pioneering project in the country, the Management Accounting Award 2004 assessment focused specifically on the development of a management accounting framework for large corporations, namely Public Listed Companies (PLCs) or Multinational Corporations (MNCs). The framework, which integrates IFAC’s proposal and other worldwide best practice criteria was finally developed after undergoing several painstaking brainstorming and benchmarking sessions, detailed focus group discussions and various management accounting workshops with practitioners.

Management Accounting Award was officially launched by the President of the Malaysian Institute of Accountants (MIA), and the President of CIMA on 13th April 2004 in Kuala Lumpur. The launch was held in conjunction with the CIMA Management Accounting conference (CMAC), in the presence of the Malaysian Deputy Prime Minister I, Dato’ Dr Ng Yen Yen, and the chairman of the Professional Accountants in Business Commerce of IFAC, Mr Bill Connell (NAfMA Case Study of Winners, 2004).
OBJECTIVES OF MANAGEMENT ACCOUNTING AWARD

The Management Accounting Award was developed to measure actual management accounting practices by organisations. In tandem with IFAC's definition, the objectives of Management Accounting Award are to:

- Recognise organisations adopting best practices in management accounting and creating value that leads to business excellence.
- Promote the application of management accounting techniques and systems within organisations in Malaysia.

KEY FEATURES OF MANAGEMENT ACCOUNTING AWARD FRAMEWORK

Eight selected criteria, namely leadership, management accounting information, resource management, custom/market focus, partnership management, value creation, business results (performance measurement) and corporate social responsibility were used to assess participating companies (NAfMA Case Study of Winners, 2005).

Table 3 illustrates a detailed explanation of the eight Management Accounting Award criteria.
<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Leadership</td>
<td>Leadership describes the top management’s commitment and responsibility in driving the organisation towards its vision and strategic goals. This section focuses on management support for the management accounting applications in the organisation.</td>
</tr>
<tr>
<td>2</td>
<td>Management Accounting Information (MAI)</td>
<td>MAI describes the strategic functions of management accounting in the formulation and implementation of organisational objectives. Effective management accounting information focuses on accessibility, reliability and timeliness of the information.</td>
</tr>
<tr>
<td>3</td>
<td>Resource Management</td>
<td>Resource Management focuses on the overall career development for the accounting personnel within the organisation. Specifically, it addresses issues on career opportunity, training, recognition, incentives and other continuous improvements.</td>
</tr>
<tr>
<td>4</td>
<td>Customer/Market Focus</td>
<td>This item highlights the steps taken by the organisation in establishing its market niche and in fulfilling customer’s needs and satisfaction. Strategically, it addresses techniques used to meet market demand.</td>
</tr>
<tr>
<td>5</td>
<td>Partnership Management</td>
<td>Partnership Management refers to the organisation’s strategic approaches in managing relationships with its various stakeholders (e.g. Government, suppliers, customers, employees and the community in large) in achieving a win-win situation.</td>
</tr>
<tr>
<td>6</td>
<td>Value Creation</td>
<td>Being the core variable for this framework, value creation focuses on the deliberate steps taken by top management as well as personnel in promoting value added activities in management accounting applications. The outcome is overall value enhancement for the company (financially or otherwise). Though value creation is the ultimate aim of the fourth stage of IFAC’s management accounting evolution, companies must always focus on creating organisational value in each of the other three earlier stages.</td>
</tr>
<tr>
<td>7</td>
<td>Business Results/Performance Measurement</td>
<td>This section summarises the application of the various management accounting techniques and their implication business results and organisational performance.</td>
</tr>
<tr>
<td>8</td>
<td>Corporate Social Responsibility (CSR)</td>
<td>Corporate Social Responsibility is practiced by many organisations and due recognition should be given. Items covered in this section include attributes such as environmental commitment, community services and the like.</td>
</tr>
</tbody>
</table>

THE ASSESSMENT PROCESS: THREE STAGES

- **Preliminary Assessment**
  Completed applications undergo the Preliminary Assessment process to ensure compliance with the Entry Requirements. An applicant qualifies for the next stage if the Entry Requirements have been fulfilled.

- **Detailed Assessment**
  A panel of assessors is assigned by the Assessment Committee to review the information submitted by the applicant in the format described in the Management Accounting Award Submission report (NSR). The participating companies are assessed based on the eight criteria outlined in the framework.

- **Site Visit**
  Where there are gaps between the information provided and confidential data, the assessors make site visits to these companies. Great care taken to protect the confidentiality of the submitted documents. Following the site visits, the companies were short-listed for the top awards. To ensure the impartiality of the assessment, an independent panel of assessors will make second site visits to these short-listed companies (NAfMA Case Study of Winners, 2005).

TYPES OF AWARDS

The Management Accounting Award was divided into different categories.

- **Public Listed Companies and Non-listed Companies**
  - **Excellence Award**
    This is the top award for the organisation with outstanding best practice in management accounting.
- **Best Practice Award**
  This award is for best practices, focusing on fully implemented management accounting systems that set new standards or introduce innovations in the workplace. These systems have been benchmarked and tested. Their outcomes have been carefully measured, evaluated, and documented. Best practices will generally have broad impact and applicability within a particular organisation.

- **Practice Solution Award**
  This award is for most effective management accounting system, tool or technique that has had a positive impact on daily practice. This application may have led to process improvement, improved efficiency, lowered costs or otherwise addressed process improvement, improvement efficiency, lowered costs or otherwise addressed a particular problem in the workplace (NAfMA Case Study of Winners, 2005).

- **Small & Medium Enterprises (SME)**
  - **SME Star Award**
    This is the top award for organisation with outstanding best practices in Management Accounting.

  - **SME Best Practice Award**
    Fully implemented Management Accounting System that sets new standards or introduce new innovations in the workplace.

  - **SME Practice Solution Award**
    This award is for the most effective Management Accounting System, tool or technique that has had a positive impact on daily practice (NAfMA Case Study of Winners, 2005).
Based on the assessment criteria used for the different categories of Management Accounting Awards, this chapter lists and briefly describes management accounting best practices of winners. Due to proprietary restrictions, this chapter will only describe management accounting practices of the companies. For detailed case study analysis, readers may approach either MIA or CIMA for copies of the Case Study Booklets.

MANAGEMENT ACCOUNTING TECHNIQUES USED BY MANAGEMENT ACCOUNTING AWARD WINNERS

Malayan Banking Malaysia Berhad (Maybank)

"A strong and effective management accounting framework is vital to help Maybank focus on pursuing strategies that enhance value creation for the stakeholders".

Dato' Mohamed Hussein, Maybank Deputy President

- Management Accounting Techniques

  - Financial Statement and Ratio Analysis
    Financial statement and ratio analysis help Maybank identify
its strengths and weaknesses in areas such as performance, short term liquidity or long term financial position.

- **Budgetary Control and Budgeting**
  For investment in resources such as staffing, capital expenditure and ICT projects, the annual budget is used as a control tool for approval and empowerment.

- **Computerised Standard Costing**
  There is a standard time (also known as reasonable time estimate by the staff to complete an activity) for nearly 90% of the bank's transactions.

- **Cost Benefits Analysis**
  Return on investment (ROI) is the criterion adopted by Maybank for decision making on major investments or projects. Moreover, the ROI is used to delegate responsibility for using capital efficiently to the division managers.

- **Cost Volume Profit Analysis**
  Maybank utilises Cost Volume Profit Analysis (CVP) in many of its decision making processes. CVP gives an indication on the viability of products; for instance, whether a product should be continued or discontinued, or whether a new product should be introduced.

- **Cost Management: Cost Planning and Cost Control**
  Maybank places great emphasis on planning and controlling costs e.g. the freezing of permanent staff recruitment should the revenue fall below the minimum target. However, rather than cost control per se, Maybank stresses more on cost-benefit and the cost-to-income ratio.

- **Risk Adjustment Return on Capital**
  Maybank is working towards implementing “Risk Adjusted Return on Capital” (RARC) per customer. The RARC per
customer is then aggregated to produce the RARC per Business Segment.

- Quality Improvement Activities
  The aim is to improve organisational performance through the effective use of production capability and technology and operations strategy. These activities range from control charts to ISO 9000 to Total Quality Management (TQM) and Business Process Re-Engineering (BPR). The result is Maybank obtained ISO Certification for several processes which included cards processing (for Cards Business), payment transfers, collections and crediting proceeds (for Central Operations).

- Activity-Based Costing
  Many processes/services at Maybank are centralised. The Activity-Based Costing (ABC) uses the driver of the centralised services as the basis for assigning cost to cost object. Therefore, ABC enables Maybank to charge-back major centralised services/processes to individual companies within the group. The profitability of companies within the group can be accurately determined.

- Benchmarking
  At Maybank Group, benchmarking of the Group’s Key Performance Indicators (KPI) and other ratios against the industry average, major competitors and relevant regional peers have long been used for performance analysis.

- Enterprise Risk Management
  At Maybank Group, all risk management activities regarding credit, market, liquidity and operational risks are under the responsibility of the Group’s Chief Risk Officer since April 2002, who is a member of the Group Management Committee. Currently, the organisation unit is responsible for driving 14 key initiatives identified from an Integrated
Risk Management diagnostic/gap analysis blueprint and oversees the implementation of road maps.

- **Balanced Scorecard**
  Maybank Group has adopted the Balanced Scorecard (BSC) as a performance management framework. The BSC format incorporates the contribution from the non-financial performance perspective, for example, customer satisfaction, process efficiency, innovation and employee development. The introduction of BSC strikes a balance between financial and non-financial measures.

- **Six Sigma**
  Maybank has implemented Six Sigma to look at internal process improvement activities by applying various quality techniques. Six Sigma means a measure of quality that strives for near perfection.

(Source: NAfMA Case Study of Winners, 2004).

**Nestle (Malaysia) Berhad**

“Management accounting is the key dynamic tool for businesses to plain their strategy, track its implementation and allocate resources, in order to generate profitable sales growth and create value for our shareholders and stakeholders.”

Management accounting tools used in Nestle have enhanced decision making process within the company. It also has increased the transparency and enhanced the corporate governance across the board. The management of Nestle uses management accounting tools to implement and enhance the dynamic planning and forecasting.

- **Management Accounting Techniques**
  - Balanced Scorecard.
Balanced Scorecard is used as a performance management system by integrating both financial and non-financial indicators. Whilst profitability is crucial, Nestle values its employees and customers and often uses BSC to measure enhancement in their “learning and growth” indicators.

- Activity-Based Costing/Management.
  As Nestle produces diversified products, it is important that overhead costs are optimally managed. By using ABC, Nestle identifies non-value added activities and eliminate them quickly or replace them with more efficient processes.

- Economic Valued Added (EVA).
  Economic Valued Added is the profit earned by the firm less the cost of financing the firm’s capital. The idea is that value is created when the return on the firm’s economic capital employed is greater than the cost of that capital. For Nestle, this amount can be determined by making adjustments to GAAP accounting.

- Shareholders Value Management.
  Shareholder value is a business term, sometimes phrased as shareholder value maximisation or as the shareholder value model, which implies that the ultimate measure of a company’s success is the extent to which it enriches shareholders. Nestle provides updates on shareholders’ value on its website.

- Business Planning:
  - Market and Business Strategy (MBS).
  - Dynamic Forecast (DF).
  - Operational Plan (OPL).

- Strategic Management Accounting.
  Strategic management accounting is a type of accounting that focuses not only on internal factors of a company,
but factors that are external. This includes industry-wide financials, averages and upcoming trends. Nestle appoints a team to gather relevant competitive data of its competitors.

(Source: NAfMA Case Study of Winners, 2005).

Telekom Malaysia Berhad

"The Balanced Scorecard methodology as a Management Accounting Tool, is the cornerstone or Telekom Malaysia (TM)'s strategic management to ensure that our strategic direction is aligned between group strategy and business operations, as well as our ability to monitor business performance."

One of the top managers at TM

- **Management Accounting Techniques**
  - Standard and Activity Based Costing.
  - Material Resources Planning (MRP).
  - Total Quality Management (TQM).
  - ISO Management System and Standards.
  - Six sigma.
  - Target Costing and Value Engineering.
  - CSR – Corporate Social Responsibility.
  - Balanced Scorecard (BSC):
    - BSC online e-learning.
    - BSC Resource Team Development Programme.
    - BSC Health Check.
Linkage of KPIs to TM's rewards and recognition system.

- Economic Order Quantity (EOQ).

- Economic Value Added (EVA).

- Analysis of trends, Financial Ratio, and Benchmark.

- Customer and Vendor Satisfaction Survey.

- Customer Relationship Management.

- The Frango Consolidated System – to centralise TM Group’s MA reporting tool.

- TM Competency Based Development Framework – identify core competencies at management level.

- Internalisation of TM’s Core Organisational Values called KRISTAL - includes three core principles namely; Total Commitment to Customers, Uncompromising Integrity and Respect & Care.

(Source: NAfMA Case Study of Winners, 2007).

Bank Rakyat Malaysia Berhad

“Management accounting has become an integral part of the Bank’s affirmative culture and added better value in decision making. It enables us to be innovative in our products and services and be competitive in pricing whilst observing accounting prudence and best practices. It has helped us to achieve our strategic objectives. Management accounting is beyond bottom line achievement.”
Accessibility, reliability and timeliness of the Management Accounting information is one of the corporate strengths at Bank Kerjasama Rakyat Malaysia Berhad. It has enabled the company to respond effectively in a competitive environment and improved its ability to monitor the performance of subsidiaries and companies related to it, which in turn enhances decision making process.

- **Management Accounting Techniques**

  - A comprehensive five years strategic plan implementation which covers vision, mission, directions, targets, long-term growth, delivery channel, strategic project, SWOT analysis and economic development.

  - Customer Survey and Profiling to understand the needs of different segments of the market and create niche products to fulfill these needs through high quality service.

  - Conduct various campaigns in promoting Bank's products and services in a unique and specialised package. For example, programmes such as ASLAH, TIJARI, TAKAFUL etc.

  - Implementation of a six strategy efficiency enhancement programme for employees which includes skills upgrading, career development, efficiency in line with market needs, competency re-training, succession planning and knowledge.

  - Cost Benefit Analysis.

  - Statistical Analysis.

  - Credit Scoring to determine the creditworthiness of potential borrowers.

  - Implementation of Enterprise Risk Management.
- Product Risk Management.
- Extensive Annual Budget formulation in determining targets in various areas.
- Back testing in building effective algorithmic trading strategies.
- Implementation of BASEL II.

(Source: NAfMA Case Study of Winners, 2008).

Pharmaniaga Berhad

"Management accounting will help to better align organisations with corporate strategic objectives."

Pharmaniaga manages the operational business excellence through the “PEPSI” framework. Through the effective use of resources and technologies, which examines the drivers of customer value, shareholder value and organisational innovation, value creation can be achieved (International Management Accounting Practices Statement IMAPS 1).

Pharmaniaga has concentrated on value creation by aligning its key strategic objectives with the outcome measures based on a 5-point focus, as follow:

- Productivity of resources (P)
- Expansion and growth (E)
- People and organisational development (P)
- System and processes improvement (S)
- Image and perception improvement (I)

Value creation focuses on the steps taken to promote activities that will enhance the overall value of the company. The role of
management accounting is to concentrate on processes and techniques that would ensure the effective use of organisational resources, and the development of the organisation in financial and non-financial areas. This has become the key focus for all contemporary managers.

Every division in Pharmaniaga understands how this is translated into their action plan. For example, the manufacturing division aims to maximise utilisation of the machine, minimise manufacturing down time and maximise throughput but at the same time maintain its quality. The warehouse division encourages its staff to multitask and be flexible to move from one task to another and from one location to another to improve productivity.

(Source: NAfMA Case Study of Winners, 2008).

**Bank Muamalat Malaysia Bhd**

- **Financial Statements and Ratio Analysis**
The bank uses the financial statement ration analysis to ascertain the financial health of the bank on monthly basis. It also keeps the board of directors informed the performance of the bank. The ratios are used as performance indicator and hence as a benchmark tool.

- **Segmental Performance Reporting**
This technique has been used by the bank to provide useful information on performance by business units, branches and products. Segmental Performance Reporting enables informed decision making on product allocation policy and provides detailed information on business units and branches performance.

- **Budgetary Control**
The bank uses budgetary control to monitor the bank’s actual performance. Immediate actions are taken for short and long term improvement. Therefore, it ascertains the business strategy, annual operation and strategic planning.
• **Productivity Analysis**

This is to monitor performance of the bank between specific periods and to gauge performance with other competitors on specific operational areas.

• **Trend Analysis**

The bank uses is to identify any changes in performance trends of a product to facilitate decision making that would maximise profitability of the bank.

• **Value Chain Analysis**

Value chain analysis is to separate the business system into a series of value-generating activities. Consequently, it will provide better understanding of the activities through which the bank develops a competitive advantage and creates value.

• **Benchmarking**

Benchmarking is to compare the bank’s performance to market and competitors. This comparison will enable the bank to develop plans on how to make improvement or adopt best practice.

• **Total quality management**

This is to encourage staff to get involved in quality improvement activities. Furthermore, to identify and solve problems that are related to working together. Improved quality of the bank products and services, facilitates enhancement of the competitive position of the bank.

• **Risk Management**

Risk management is to support strategic and business planning through the balance of risk and desired level of return. Identifying, measuring and managing risk, result in fewer shocks and unwelcome surprises.

ASIA Highway

Asia Highway implemented Balanced Scorecard (BSC) in 2009 and four perspectives were established: Financial, Customer, Internal Business Process and Organisational Learning and Growth. All Asia Highway’s vision, mission, and quality policy are embedded in the company’s BSC.

Asia Highway adopted Balanced Scorecard approach as the company’s performance measurement system. Therefore, the company strategic objectives are defined based on BSC’s four perspectives which are “Financial”, “Customer”, “Business Process”, and “learning and growth”.

Under the “Customer” perspectives, Asia Highway outlines three objectives to achieve outstanding customer engagement. Those three are to exceed customer expectations, provide consistent positive experience and be committed in social responsibility. These key objectives are further translated in Asia Highway’s customer focus perspective. This perspective is developed to identify the important areas for Asia Highway to create values. Other techniques used are:

- Target costing
- Value engineering
- Six sigma
- Enterprise risk management system
- Quality plus team
- benchmarking

(Source: Bahaman and Abdul Rahman, 2014).

Ipoh Specialist Hospital

“Management Accounting creates a culture that leads to the achievement of our strategic, tactical and operating objectives.”
The success recipe for Ipoh Specialist Hospital (ISH) lies in the effective utilisation of its resources. In view of its huge dependency on human capital as the main driver of revenue growth, ISH placed a high importance in building the capacity of its human resources. The employees are given numerous opportunities to improve their knowledge and skills while at the same time they are expected to provide quality services to the patients.

Transparent work assessment through the Balanced Scorecard enables the management to determine an employee’s level of performance. The company’s strategic planning is translated into specific objectives under the four perspectives: (1) internal process (2) financial and business (3) employee development and improvement (4) customer. In addition, there are several other management accounting techniques used such as Benchmarking and Total Quality Management to measure the performance of the employees and the company as a whole.

ISH deploys both basic and rudimentary (e.g. financial statement and ratio analysis) and advanced management accounting techniques (e.g. economic value added) in its fund utilisation. These management accounting techniques enable the management to manage and control funds effectively to achieve its mission and vision. As for material utilisation, the electronic tracking of inventory enables ISH to improve its operational efficiency, i.e. the inventory turnover days. In addition, the hospital operations are administered by the centralised management software or HITS. The HITS system provides the management with the necessary reports and analysis which are pertinent for their decision making and strategic planning process.

(Source: NAfMA Case Study of Winners, 2005).

Ryoden (Malaysia) Sdn. Bhd.

"Management Accounting definitely plays as a big role in our company's growth and achievement of our vision."
In 2004, Ryoden (Malaysia) Sdn Bhd had won the Management Accounting Award 2004 Award under the Practice Solution category for the multinational corporation (MNC) grouping. Specifically, the company won the award for its effective usage of management accounting techniques in managing its working capital and credit control.

Ryoden was aware that in order to move forward, especially after the Asian Economic Crisis in 1997/98, it must improve its collection and payment of its Accounts Receivable and Accounts Payable respectively. In 1999, the company decided to improve its Working Capital management by implementing drastic measures. One of the most successful measures undertaken was the Integrated Collection Service (ICS).

Basically, ICS requires Ryoden to re-look at the following targets:

- Efficiency of products and services.
- Improvements of its cash flows.
- Reduction of paperwork.
- Reduction of free float.
- Simplification of its processes.
- Earlier closing of the Accounts Receivable (AR) to allow for an earlier generation of AR report.
- Reduction of Cycle Time.
- Reduction of bank charges and financing costs that Ryoden has to bear for its loan and Accounts Payable (AP).

Upon implementing this, the company was able to reduce its AR collection days from 193 days in 1998 to a competitive 98 days in March 2004.

(Source: NAfMA Case Study of Winners, 2004).

"Management Accounting will be a key element for business survival."

This company has undertaken many initiatives vis-à-vis best practices, aiming at improving the ways of doing business and achieving organisational excellence. This will enable the company to be competitive, on par with world-class manufacturers and well prepared to face competition and challenges in the post trade liberalisation era. The initiatives that have been implemented are as follow:

- **Cost Benefit Analysis (CBA)**
  This is a study of cost comparison either to compare the cost impact before/after or between two or more costs.

- **Statistical Analysis**
  This is about using statistical tools to conduct analysis for improvement of a process.

- **Quality Management System Upgrading**

- **Jishuken Kaizen**
  It is a practical and structured problem solving methodology to enhance productivity and quality.

- **Six Sigma**
  It is a systematic approach towards improving the capability of processes using statistical tools.

- **Lean Six Sigma**
  It will make a process simpler and reduce variation in the process.
• **VE/VA**  
VE/VA is used to improve the product value.

• **Just-In-Time Procurement**  
This is about procuring material and components just in time for production use.

• **Just-In-Time Manufacturing**  
It is to plan where Stamping and Assembly are synchronized.

• **Just-In-Time Delivery**  
This is about making deliveries to comply with the customer Kanban system.

*(Source: NAfMA Case Study of Winners, 2006).*

**Faber Medi-Serve Sdn. Bhd.**

"Our quest for excellence is a never-ending journey and Management Accounting has played an important role in this."

Faber Medi-Serve Sdn Bhd (FMS) utilises the management cycle of Plan-Do-Check-Act (PDCA) as a process to disseminate its quality strategic values to all employees. Its top management comprises of Board of Directors, Managing Directors, Heads of Subsidiaries, Heads of Departments, Heads of Operations, Heads of Services, Heads of Divisions, Regional Managers and Head of Hospitals. They are committed and directly involved in the use of management accounting concepts and techniques. An example of such use is the translation of corporate strategy into measurable key business drivers and criteria. In the pursuit of improvements and excellence, regular formal and informal dialogues are held with its stakeholders, shareholders, Board of Directors, customers, employees and suppliers to solicit input for improvement.

*(Source: NAfMA Case Study of Winners, 2007).*

"Management accounting plays a big role in our organisation as it promotes continuous improvement, enhances competitiveness and add value to our operations"

The top management believes that only appropriate application of management accounting techniques play a significant role in placing the company right on the track to achieve its objectives and mission. The top management regards continuous improvement and control measures as some of the core value to increase the productivity level and making optimal use of resources. The management accounting techniques that have been implemented are as follows;

- Budgeting
- Variance analysis and tracking system
- Ratio analysis
- Standard costing
- Cost benefit analysis
- Productivity analysis
- Hedging
- ISO certification

(Source: NAfMA Case Study of Winners, 2008).

VALUE CREATION THROUGH MANAGEMENT ACCOUNTING TECHNIQUES USED BY AWARD WINNERS

Value creation promoted by management accounting award winners focuses on the deliberate steps taken by top management and personnel to promote value added activities. The outcome is overall value enhancement for the company (financially or otherwise). Though value creation is the ultimate aim of the fourth stage of IFAC’s management accounting evolution, companies must always focus on creating
organisational value in each of the other three earlier stages. Summary of Value Creation is depicted in Table 4.

**Table 4: Summary of Value Creation**

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>VALUE CREATION</th>
</tr>
</thead>
</table>
| MALAYAN BANKING BERHAD    | • Key performance indicators  
                           | • Benchmarking  
                           | • Trend analysis  
                           | • Key Operating Ratios  
                           | • Key Market Share  
                           | • Increased Cost to Income Ratio from 35.3% (2001) to 40.2% (2004)  
                           | • Improved profit before tax amounting to RM3.36 billion or by 28.2%  
                           | • Increased Net ROE of 17.3% (2004) against 14.8% (2003)  
                           | • Increased dividend payout of 82% of current year distributable net profit (2004)  
                           | • Retail customer base of 7 million, with 20% internet users and more than 12% credit card  
                           |   |    | holders. Accounts for 78% of nation's internet banking subscribers.  
                           | • Extensive delivery network of 450 domestic outlets, 1,885 self-service electronic terminals, phone banking and internet service.  
                           | • In the private debt market, its merchant-banking arm was ranked third with market share of 15%.  
                           | • Market share for stock broking stood at 11.7% whilst for fund management, market share was 13.4% or in third position.  
                           | • Highly-ranked in life and non-life insurance business.  
                           | • Stronger sales culture  
                           | • Market positioning and competitive edge  
                           | (Source: NAfMA Case Study of Winners. 2004). |
| NESTLE (MALAYSIA) BERHAD  | Tools Used and Achievements  
                           | 1. Value creation is attributed to the following activities:  
                           | • Improved techniques and approaches in transforming data for decision making processes and real-time information  
                           | • Improved customer value analysis  
                           |   | building customers/strengthening relationship with most reliable customers  
                           |   | transforming minor customers to be profitable  
                           |   | increased share of revenues with customers  
                           | • Improved sales mix through value added products, and so improving profitability  
                           | • Product portfolio management based on product performance analysis  
                           | • Faster decision making processed through improved techniques of analysis in terms of profit improvement activities  
                           | • Optimisation of resources through share services, reviewing specific areas of improvements and rationalization  
                           | • Improvement in working capital and fixed capital management  
                           | 2. Achievements  
                           | • Steady sales growth and a turnover increase of 7.2% from RM2,480 million to RM2,657 million in 2003  
                           | • Increased sales of 9.2% to RM 2,902 million  
                           | (Source: NAfMA Case Study of Winners, 2005). |
### Table 4: Summary of Value Creation (cont'd)

<table>
<thead>
<tr>
<th>TELEKOM MALAYSIA BERHAD</th>
<th>Tools Used &amp; Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The management accounting practices in TM encompass all the five phases inclusive of risk management and continuous improvement</td>
</tr>
<tr>
<td></td>
<td>• Product profitability report to increase product profitability, product profitability positioning, product exit and product enhancement</td>
</tr>
<tr>
<td></td>
<td>• Standard costing and ABC to review pricing of competitive products, assist decision making on product pricing, and manage operational cost efficiency</td>
</tr>
<tr>
<td></td>
<td>• Relevant costing and decision-making analysis for cost reduction and for decisions such as asset impairment recommendations for compliance with FRS 36</td>
</tr>
</tbody>
</table>

(Source: NAfMA Case Study of Winners, 2007).

<table>
<thead>
<tr>
<th>BANK RAKYAT MALAYSIA BERHAD</th>
<th>Tools Used and Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Cost Benefit Analysis</td>
</tr>
<tr>
<td></td>
<td>• Ascertains the Islamic personal financing, Islamic house financing and hire purchase on resource basis schemes for Cagamas Berhad</td>
</tr>
<tr>
<td></td>
<td>2. Statistical Analysis</td>
</tr>
<tr>
<td></td>
<td>• Applied by the Risk management and Supervision Department for back testing validating and product risk assessment</td>
</tr>
<tr>
<td></td>
<td>• Credit scoring system</td>
</tr>
<tr>
<td></td>
<td>3. Risk Management</td>
</tr>
<tr>
<td></td>
<td>• Conducted at all hierarchy levels, supervised by the Board of Directors</td>
</tr>
<tr>
<td></td>
<td>• Assists management in making informed decisions, prioritising actions and distinguishing alternative courses of actions</td>
</tr>
<tr>
<td></td>
<td>• Contributes to achievement of objectives and improvements in legal and regulatory compliance, financial performance, product quality, efficiency in operations, corporate governance and reputation</td>
</tr>
<tr>
<td></td>
<td>4. Benchmarking and Competitor Analysis</td>
</tr>
<tr>
<td></td>
<td>• Practices external benchmarking by comparing performance with competitors and the overall industry (e.g. Total assets, total equities, total deposits, total income, return on assets (ROA), Return on Equity (ROE), risk weighted capital ratio (RWCR), cost to income ratio (CIR))</td>
</tr>
<tr>
<td></td>
<td>• Enables the bank to gather information on current position and areas for improvement</td>
</tr>
<tr>
<td></td>
<td>5. Quality Improvement Activities</td>
</tr>
<tr>
<td></td>
<td>• Monthly assessment of the quality system with reports sent to regions every quarterly based on the ISO client Charter Report</td>
</tr>
<tr>
<td></td>
<td>6. Business Results (performance Measurement)</td>
</tr>
<tr>
<td></td>
<td>• KPIs evaluated every six months for non-management staff and annually for the management</td>
</tr>
<tr>
<td></td>
<td>• Performance Linked Compensation (PLC) – Incentive Bonus distribution is conducted based on accountability level and work performance of each employee</td>
</tr>
<tr>
<td></td>
<td>7. Budgeting and budgetary Control</td>
</tr>
<tr>
<td></td>
<td>8. Financial Statement and Ratio Analysis</td>
</tr>
</tbody>
</table>

(Source: NAfMA Case Study of Winners, 2008).
Table 4: Summary of Value Creation (cont'd)

<table>
<thead>
<tr>
<th>BANK MUAMALAT MALAYSIA BHD</th>
<th>Objectives, Customer Focus &amp; Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Bank Mu'amalat initiated the Tawarruq Financing Scheme with the following objectives</td>
</tr>
<tr>
<td></td>
<td>• Syariah compliance</td>
</tr>
<tr>
<td></td>
<td>• Profitability – boost sales under new personal financing products</td>
</tr>
<tr>
<td></td>
<td>• Additional income – increase fee based income (Takaful and Wasiat)</td>
</tr>
<tr>
<td></td>
<td>• Asset Quality – structure personal financing scheme to specific targeted customers e.g. Armed Forces personnel and related agencies with zero NPF</td>
</tr>
<tr>
<td></td>
<td>• Liquidity – increase deposit based accounts, savings and current accounts</td>
</tr>
<tr>
<td></td>
<td>2. Customer Focus</td>
</tr>
<tr>
<td></td>
<td>• Gratuity Financing Scheme – available for Armed Forces Personnel under the pension scheme that are to be retired within 5 years</td>
</tr>
<tr>
<td></td>
<td>• Personal Financing for Pensioners (3P) – for pensioners with monthly pensions credited into BMMB Savings accounts</td>
</tr>
<tr>
<td></td>
<td>• Investment and Refinancing – Financing Package (PPK) – for Armed Forces and related agencies’ staff</td>
</tr>
<tr>
<td></td>
<td>3. Achievements</td>
</tr>
<tr>
<td></td>
<td>• Increased customer base</td>
</tr>
<tr>
<td></td>
<td>• Had good returns</td>
</tr>
<tr>
<td></td>
<td>• Increased profile and market share in the Islamic banking sector</td>
</tr>
<tr>
<td></td>
<td>• Increased opportunities for cross-selling companies within the group</td>
</tr>
<tr>
<td></td>
<td>• Increased deposit base</td>
</tr>
</tbody>
</table>


PHARMANIAGA BERHAD
• Improved printed packaging material usage
• Improved document handling and approval process
• Savings on paper usage
• Improved service level (product delivery)
• Cost saving
• Improved machine efficiency and safety
• Improved capacity coating process efficiency
• Energy saving

(Source: NAfMA Case Study of Winners, 2008).
### Table 4: Summary of Value Creation (cont’d)

<table>
<thead>
<tr>
<th>ASIA HIGHWAY</th>
<th>Tools Used and Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Enterprise Risk Management System</td>
</tr>
<tr>
<td></td>
<td>• KPI, Balanced Scorecard and Dashboard</td>
</tr>
<tr>
<td></td>
<td>• Cost Savings TEMAN project</td>
</tr>
<tr>
<td></td>
<td>• Trends of sales, costs toll collection, sales were sighted</td>
</tr>
<tr>
<td></td>
<td>• Increased market share of 52%</td>
</tr>
<tr>
<td></td>
<td>• Improve traffic flow on the mainline during festive seasons by proactive scheduling of travel to provide a smoother flow of traffic</td>
</tr>
<tr>
<td></td>
<td>• Minimise congestion at heavy stretches and toll plazas</td>
</tr>
<tr>
<td></td>
<td>• Increase traffic during off-peak hours</td>
</tr>
<tr>
<td></td>
<td>• Less carbon dioxide emission as the results of smoother traffic flow on the expressway</td>
</tr>
<tr>
<td></td>
<td>• Value added for customers</td>
</tr>
<tr>
<td></td>
<td>• Better distribution of traffic</td>
</tr>
<tr>
<td></td>
<td>• Save the cost</td>
</tr>
<tr>
<td></td>
<td>• Reduce the number of fraudulent toll transactions</td>
</tr>
<tr>
<td></td>
<td>• Deter the illegal practice of ticket swapping</td>
</tr>
<tr>
<td></td>
<td>• One time cost for smart card</td>
</tr>
</tbody>
</table>

(Source: Bahaman and Abdul Rahman, 2014)

<table>
<thead>
<tr>
<th>IPOH SPECIALIST HOSPITAL</th>
<th>Tools Used and Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Effective utilisation of resources in terms of manpower, money, material and machine</td>
</tr>
<tr>
<td></td>
<td>• Building the capacity of human resources</td>
</tr>
<tr>
<td></td>
<td>• Transparent work assessment</td>
</tr>
<tr>
<td></td>
<td>• Determining employees’ level of performance</td>
</tr>
<tr>
<td></td>
<td>• Manage and control fund effectively</td>
</tr>
<tr>
<td></td>
<td>• Improving operational efficiency</td>
</tr>
<tr>
<td></td>
<td>• Improving inventory turnover days</td>
</tr>
<tr>
<td></td>
<td>• Improving decision making process and strategic planning process</td>
</tr>
</tbody>
</table>

(Source: NAIMA Case Study of Winners, 2005)
### Table 4: Summary of Value Creation (cont’d)

<table>
<thead>
<tr>
<th>RYODEN MALAYSIA SDN. BHD.</th>
<th>Tools Used and Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Effective usage of management accounting techniques in managing its working capital</td>
</tr>
<tr>
<td></td>
<td>and credit control. It improved its collection and payment of Accounts Receivable and</td>
</tr>
<tr>
<td></td>
<td>Accounts Payable. Its drastic measures included the Integrated Collection Service (ICS)</td>
</tr>
<tr>
<td></td>
<td>incorporating the following:</td>
</tr>
<tr>
<td></td>
<td>• Efficiency of products and services</td>
</tr>
<tr>
<td></td>
<td>• Improvement of cash flows</td>
</tr>
<tr>
<td></td>
<td>• Reduction of paperwork</td>
</tr>
<tr>
<td></td>
<td>• Reduction of free float</td>
</tr>
<tr>
<td></td>
<td>• Simplification of processes</td>
</tr>
<tr>
<td></td>
<td>• Earlier closing of Accounts Receivable (AR) accounts to allow earlier generation of AR</td>
</tr>
<tr>
<td></td>
<td>reports</td>
</tr>
<tr>
<td></td>
<td>• Reduction of cycle time</td>
</tr>
<tr>
<td></td>
<td>• Reduction of bank charges and financing costs that Ryoden had to bear for its loans</td>
</tr>
<tr>
<td></td>
<td>and Accounts Payable (AP)</td>
</tr>
<tr>
<td></td>
<td>2. Other tools included</td>
</tr>
<tr>
<td></td>
<td>• Statistical analysis, to monitor collection day trends with new monthly collection</td>
</tr>
<tr>
<td></td>
<td>targets and performance comparison of all branches</td>
</tr>
<tr>
<td></td>
<td>• An in-hose inventory system for calculating the economic order quantity and reducing</td>
</tr>
<tr>
<td></td>
<td>holding cost</td>
</tr>
<tr>
<td></td>
<td>• Quality improvement activities e.g. the QCC and ISO certifications</td>
</tr>
<tr>
<td></td>
<td>• Monthly financial statement analysis to analyse division and branch performance</td>
</tr>
<tr>
<td></td>
<td>• Target costing and value engineering used for tender pricing with management</td>
</tr>
<tr>
<td></td>
<td>accounting techniques allowing the company to offer competitive prices</td>
</tr>
<tr>
<td></td>
<td>• Enterprise Risk Management, especially for foreign transactions as the company</td>
</tr>
<tr>
<td></td>
<td>imports products from Japan</td>
</tr>
<tr>
<td></td>
<td>3. Achievements</td>
</tr>
<tr>
<td></td>
<td>• Reduction in AR collection days from 193 days in 1998 to 98 in March 2004</td>
</tr>
<tr>
<td></td>
<td>• Savings of RM43,512 in 199 after one year of ICS implementation</td>
</tr>
<tr>
<td></td>
<td>• Reduction in short term loan from RM80 million prior to 1998 to zero loan. A (?) the</td>
</tr>
<tr>
<td></td>
<td>loan was converted to positive deposits of RM 50 million, involving a positive cash</td>
</tr>
<tr>
<td></td>
<td>flow of approximately RM128 million</td>
</tr>
<tr>
<td></td>
<td>• Reduction in the interest expense of RM8.55 million in 1998, with the company</td>
</tr>
<tr>
<td></td>
<td>receiving interest income from its deposit accounts</td>
</tr>
<tr>
<td></td>
<td>(Source: NAfMA Case Study of Winners, 2004).</td>
</tr>
</tbody>
</table>
Table 4: Summary of Value Creation (cont’d)

| PHN INDUSTRY SDN. BHD. | • Fewer repetitive customer audits  
| | • Expansion of sales in the international market  
| | • Improved quality system and awareness  
| | • Proper update of documents  
| | • Consistent quality  
| | • Improved operations  
| | • Better defined processes  
| | • Stronger customers and suppliers  
| | • Opportunity for individual self-improvement  
| | • Creation of a teamwork spirit  
| | • Improved communication between employee and management  
| | • Reduced part reject rate  
| | • Improved yield and productivity  
| | • Reduced or eliminated waste  
| | • Reduced inventory  
| | • Maximised value added  
| | • Improved profitability  
| | • Reduced cost  
| | • Improved cycle time  
| | • Culture change  
| | • Maximised value added  
| | (Source: NAfMA Case Study of Winners, 2006). |

| FABER MEDI-SERVE SDN. BHD. | • Improving work order completion time  
| | • Reduction of non-conformance during joint inspection at 10 hospitals  
| | • Improvement of work request completion time at Sarawak region  
| | • Reduction of linen shortfall at Sarawak General Hospital  
| | (Source: NAfMA Case Study of Winners, 2007). |

| MM VITAOILES SDN. BHD. | • Increase in sales  
| | • Increase in number of clients  
| | • Improved productivity and efficiency  
| | (Source: NAfMA Case Study of Winners, 2008). |

LEVEL OF MANAGEMENT ACCOUNTING PRACTICE ADVANCEMENT ACCORDING TO IFAC FRAMEWORK BY AWARD WINNERS

Figure 4 gives a summary on the level of management accounting applications by the winners. Interestingly it can be noted that
management accounting has not lost its relevance. None of the winners has limited their management accounting applications by using only “old”, “traditional” tools. Achieving at least the third stage of Management Accounting Evolution implicates progress and the corporations’ commitment to enhance resource management by using contemporary tools such as Activity-Based Costing (ABC), Balanced Scorecard, Target Costing, Just-in Time technology and many others. Some corporations have even reached the fourth stage of enhancing value creation using management accounting techniques such as target costing, Kanban, Kaizen and Six-Sigma to name a few. In fact it is through “Management Accounting Award” activities that one can find evidences that management accounting is still strong and has never lost its dominance.

Figure 4: Management Accounting Benchmarking of Winners
CONTRIBUTION OF THE AWARD

OUTCOMES - LESSONS LEARNT

As a mark of international recognition, Management Accounting Award, bagged the Xerox Innovation Award at the Invention, Innovation and New Product Exposition (INPEX 2005) in Pittsburgh, USA. As the first of its kind innovate benchmarking toolkit in the region, Management Accounting Award has also impacted four groups, namely the practitioners (business organisations), the professional and regulatory bodies, academia and the public sector. Additionally, the tacit lesson about benchmarking, through Management Accounting Award, has been about building strategic coalitions from these different sectors.

BUSINESS ORGANISATIONS

Through Management Accounting Award, companies can now emulate the winners who have implemented successful MA practices. The documentation of the winning companies success stories means that the strategies practiced by these companies can now be shared with others and used as benchmarks, thus enabling companies in Malaysia to move towards world-class recognition. The companies will be forced to learn and study about MA practices, especially the new and modern techniques.
PROFESSIONAL AND REGULATORY BODIES

PAIB, CIMA and MIA have advanced their role by promoting and encouraging improvements in MA practices that can lead to enhanced business performance. These professional bodies have also helped to promote Management Accounting Award extensively through updates in press coverage and advertisements. Fundamentally, their role in encouraging open and transparent management accounting through Management Accounting Award should be applauded. This is in tandem with the National Integrity Plan to promote good governance, accountability, transparency and efficiency.

ACADEMIA

Joint action, assessment and site visits conducted by the academics involved in Management Accounting Award have also opened doors to academia. Firstly, the ongoing Management Accounting Award journey has been rigorously researched, documented and published in various refereed journals, thus providing literature in the area of benchmarking management accounting practices. A case study booklet on the winners of the award has also been published, providing invaluable documented evidence for scholars and practitioners alike. The networks created through working with and assessment of the participating companies have also enabled academia to make further forays, specifically by enabling fieldwork research by M.A and PhD research students in these companies. At PhD level, these networks have enabled students to embark on qualitative research as it is easier to gain access into the participating organisation. In particular, such research may also now focus on issues faced in MA practices, or the challenges they face in applying the new and modern techniques, rather than just focusing on success stories. In the pipeline, there are also plans to promote joint action research or the industrial PhD for which the management staff from the participating companies may enroll. This will result in a win-win situation for academia and the organisations involved.
NEW OPPORTUNITY FOR MANAGEMENT ACCOUNTING IN THE PUBLIC SECTOR

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

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

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

Another study urged that management accounting together with other disciplines such as financial reporting and auditing could give better contribution to the public sector. This is crucially important since public sector has been criticized since the past two decades for being ineffective and inefficient. In consequence, new techniques for better measurement and accurate costing is needed (Helden, Aardema, Bogt, & Groot, 2010).
Furthermore, it has been found that in another case study done on one Malaysian public utility has shown that social relationship and workplace interactions are essential between operational manager and accountants in order to explain how they understand and execute budget that already being planned for their daily activities (Nor-Aziah & Scapens, 2007).

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

**Theoretical Foundation**

In order to develop a management accounting best practice model that suits public sector, there are five main theories that underpin this study. The theories are:

- Management accounting evolutions (as discussed earlier)
- Management accounting conceptual framework (as discussed earlier)
- Stakeholder theory
- Management Accounting Award Best Practice Framework (as discussed earlier)
- Malcolm Baldrige Performance Excellence Award Framework

Initially, there is a need to understand the management accounting evolution and conceptual framework proposed by the International Federation of Accountants (IFAC). This framework depicts that management accounting has experienced four different stages of evolution where in each stage, the old techniques has been combined and reshaped with new techniques developed in order to match the
environment in respective periods. The framework is illustrated in Figure 5 and summarised in Table 5 respectively.

Figure 5: The Evolution of Management Accounting by IFAC
Table 5: Stages in the Evolution of Management Accounting

<table>
<thead>
<tr>
<th>Stage</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage One (Prior to 1950)</td>
<td>Focused on cost determination that relates on stock valuation and allocation of overheads. Cost estimation is used to control financial position. Techniques developed during this stage were the ratio analysis, budgeting, financial statement analysis, first in first out (FIFO) and last in first out (LIFO)</td>
</tr>
<tr>
<td>Stage Two (1965-1985)</td>
<td>Emphasised on generating information that is useful for management planning and control. Techniques developed were marginal costing, standard costing, cost-volume-profit analysis, transfer pricing as well as responsibility accounting.</td>
</tr>
<tr>
<td>Stage Three (1985-1995)</td>
<td>Focused on waste reduction, process analysis and cost management techniques in order to eliminate non-value added activities. Techniques practiced were Just-in-Time (JIT) and Activity-Based Costing (ABC).</td>
</tr>
<tr>
<td>Stage Four (1995- onwards)</td>
<td>Attention was given on enhancing the creation of value through effective use of resources and technologies. Techniques practiced at this stage are Total Quality Management (TQM), Activity Based Management (ABM), Benchmarking and Reengineering.</td>
</tr>
</tbody>
</table>

Next, it is also important to note that the theory that underpins this study is the management accounting conceptual framework developed by IFAC in 1989. The same conceptual framework has been used in developing the original Management Accounting Award framework. The management accounting conceptual framework consists of four interrelated characteristic; distinctive managerial function, utility of work outcomes, value of work processes and technologies and capabilities required for function effectiveness. This framework is illustrated in Figure 6 while Table 6 summarises the explanation behind each of the characteristic mentioned above (Sulaiman, Omar, & Rahman, 2005).
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Figure 6: Management Accounting Conceptual Framework

Table 6: Description of Management Accounting Conceptual Framework

<table>
<thead>
<tr>
<th>Elements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distinctive managerial function</td>
<td>Describes a management accounting system that focuses on value creation through four activities; efficient and effective use of resources in organisations, optimisation of value generation over the long run; continuous evaluation of organisational value chain and formation of strategic terms.</td>
</tr>
<tr>
<td>Utility of work outcome</td>
<td>Management accounting utilisation is assessed in the context of accountability, performance criteria and benchmarked performance. The output delivered from management accounting processes is examined on the value added to the organisation.</td>
</tr>
<tr>
<td>Value of work processes and technologies</td>
<td>Where the management accounting processes are integrated with other management processes in assessing and act as guidance to the development of work technologies for more effective and innovative accounting systems.</td>
</tr>
<tr>
<td>Capabilities required for function effectiveness</td>
<td>Looking at the capabilities required for effective performance by the management accounting function. Basically, this is where effective management accounting has become a core competency or embodied in an organisation culture. These would allow continuous improvement, opportunity creation on the ability of critical self-consciousness.</td>
</tr>
</tbody>
</table>
Another theory that needs to be integrated in this study is the “stakeholder theory”. Stakeholder theory is described as corporations have responsibilities to other people and entities other than stockholders, which are affected by the firms’ decisions. Stakeholder theory discussed about how corporations operate and achieve their performance goals (Radin, 1999). Furthermore, it is claimed that this theory acts as foundation of business ethics as well as became the theory of civil society for the 21st century (Bonnafous-Boucher & Porcher, 2010). However, for the purpose of this study, the corporations described earlier are substituted with public entities rather than business organisations.

This study also uses the original Management Accounting Award framework in developing the best practice framework for public sector. The original framework has been altered by putting inside suggested Management Accounting Award’s key determinants for public sector as can be seen in the Table 7.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>Describes top management commitment in leading the organisation to reach its mission and vision. This criterion also looks at how the management support the use of management accounting application in the organisation.</td>
</tr>
<tr>
<td>Management Accounting Information (MAI)</td>
<td>This criterion describes the strategic functions of management accounting in formulating and implementing the organisation objectives. Effective management accounting information is measured as accessible, reliable and timely information.</td>
</tr>
<tr>
<td>Resource Management</td>
<td>Resource Management focuses on the overall career development for the accounting personnel within the organisation. This criterion addresses issues on career opportunity, training, recognition, incentives and other continuous improvements made available to accounting workforce in the organisation.</td>
</tr>
</tbody>
</table>
### Table 7: Management Accounting Award Best Practice Framework (cont’d)

<table>
<thead>
<tr>
<th>Customer/ Market Focus</th>
<th>Describes the steps taken by the organisation in establishing its market niche as well as fulfilling customers' needs and satisfactions. Strategically, this criterion also addresses techniques used to meet market demand.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership Management</td>
<td>Partnership management refers to the organisation's strategic approaches in managing relationships with its various stakeholders (e.g.: Government, suppliers, customers, employees, and the community at large) in achieving a win-win situation.</td>
</tr>
<tr>
<td>Value Creation</td>
<td>Stands as a core variable in the framework, this criterion focuses on the deliberate steps taken by the top management and accounting personnel in promoting value added activities in management accounting. The outcome is overall value enhancement for the company (financially or otherwise). Although, value creation is the ultimate aim of the fourth stage in the IFAC's evaluation, companies must always focus on creating organisational value in each of the other three earlier stages.</td>
</tr>
<tr>
<td>Business Results/ Performance Measurement</td>
<td>This criterion summaries the application of the various management accounting techniques and their implication on business results and organisational performance.</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>Corporate Social Responsibility is practiced by many organisations and due recognition should be given. Items covered in this section include attributes such as environmental commitment, community services and the like.</td>
</tr>
</tbody>
</table>

Furthermore, Malcolm Baldrige Performance Excellence Award framework will also be used in developing the framework of Management Accounting Award for public sector. This award is administered by National Institute of Standards and Technology (NIST) of United States. This framework emphasised integration of elements such as leadership, strategic planning, knowledge management, customer focus, workforce focus and operation focus with respective organisation profile which later will be reflected in the results of the organisation’s performance. The Malcolm Baldrige Performance Excellence Framework is shown in Figure 7.
This framework is being used by organisations worldwide for the purpose of sharing best practices and assessing organisations in accordance to a specific national quality standard. Moreover, this framework is selected due its stability of criteria established although minor adjustments could be taken in place from time to time (Jayamaha, Grigg, & Mann, 2011).

Plus, it has been said that this framework would encourage organisations to show their vast commitment and resource utilisation to furnish evidence on their daily operational processes and subsequently, their performance results. This framework would also help organisation and the society to understand how results were caused within an organisation (Jayamaha, Grigg, & Mann, 2011).

![Organizational Profile: Environment, Relationships, and Strategic Situation](image)

**Figure 7: Malcolm Baldrige Performance Excellence Framework**
General Conceptual Framework for Management Accounting Award for the Public Sector

This suggested framework combines the variables suggested in the original Management Accounting Award framework together with the Malcolm Baldrige Excellence Performance Award in United States of America. It can be seen from the framework that as what the name suggests, management accounting theory and practical application within an organisation is the main foundation in the framework.

Figure 8: The General Conceptual Framework
Next, the framework will consider the organisation's profile and the environment where a respective organisation is operating. These two elements are part of Malcolm Baldrige Framework and deemed to be important because by having thorough understanding on company background as well as the operating environment, management accountants can assess organisation competitive position and provide any information needed in the planning and decision making process (Hilton, 2009).

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

Rationale for the Suggested Award

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

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

Viewing these from Public Sector Management Accounting perspectives, there is a need to develop a comprehensive and multi-dimensional Best Practice Framework for Management Accounting Award in Public Sector. As frauds and corruptions can be done by various level of officers, from the president and top political leadership (political corruption), down through the hierarchy (bureaucratic) corruption to the most remote local government public servant, the suggested Management Accounting Award for Public Sector (Figure 6) alone is not enough to be said as “Best Practice Framework”. Emphasis should also be given on ethical professional practices (which include competence, confidential, credibility, and integrity), and elements in Corruption Perceptions Index (CPI) for public sector (which include Integrity, accountability, and transparency, see Figure 7). CPI is a quantitative indicator of cross-country corruption used to assess the
politicians and public officers in terms of the degrees that they are believed to accept bribes, take illicit payment in public procurement, embezzle public funds, and commit similar offences.

Proposed Suggested Criteria

These are the suggested criteria to be included in the Management Accounting Award’s Best Practice Framework for Public Sector, illustrated below as Figures 9, 10 and 11. Compared to the original Management Accounting Award framework, Management Accounting Award for Public Sector introduces two new criteria, which are Community and Customer Focus and Service Delivery Outcome. Obviously, the framework would maintain its core focus on the Management Accounting information integration within the respective organisations’ operation. Further explanations on each criterion are provided in Table 8.

Figure 9: Suggested Management Accounting Award for Public Sector Criteria (7 elements)
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Management Accounting Statement of Ethical Professional Practice by Institute of Management Accountants (USA)

Corruption Perceptions Index (CPI) by Transparency International (TI)

Competence
Confidentiality
Credibility
Integrity
Accountability
Transparency

Figure 10: Features as Spelt out by Institute of Management Accountants (IMA) and Transparency International (TI)

Leadership
Service Delivery Outcome
Management Accounting Information
Performance Management
Resource Management
Stakeholder Partnership Management
Community and Customer Focus

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

Figure 11: Integration of Features of Institute of Management Accountants (IMA) and Corruption Perceptions Index (CPI) with Suggested Management Accounting Award for Public Sector
Note: The dotted line signifies that all these features (under Institute of Management Accountants (IMA) and Corruption Perceptions Index (CPI) are embedded into each elements of Suggested Management Accounting Award for Public Sector.

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

<table>
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<td>Resource Management</td>
<td>Resource Management focuses on the overall career development for the accounting personnel within the organisation. This criterion addresses issues on career opportunity, training, recognition, incentives and other continuous improvements made available to accounting workforce in the organisation.</td>
</tr>
<tr>
<td>Customer &amp; Community Focus</td>
<td>Describes the steps taken by the organisation in serving its community as a whole while in the same time fulfilling public (customers') needs and satisfactions.</td>
</tr>
<tr>
<td>Partnership Management</td>
<td>Partnership management refers to the organisation's strategic approaches in managing relationships with its various stakeholders (e.g.: ministries, suppliers, and employees) in achieving a win-win situation.</td>
</tr>
<tr>
<td>Service Delivery Outcomes</td>
<td>Stands as a core criterion in the framework, this criterion examined on the efforts taken by the management and entire organisation specifically in utilizing and promoting management accounting techniques as a unique solution to solve problems in workplace and delivering best services to the society.</td>
</tr>
<tr>
<td>Performance Measurement</td>
<td>This criterion summaries the application of the various management accounting techniques and their implication especially on organisational financial performance.</td>
</tr>
</tbody>
</table>
The proposed Management Accounting Award for the Public Sector (MAAPS) will facilitate the achievements of both the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP). Essentially, both transformation programmes are to become pillars to support Malaysia's aspiration to become a high income nation by 2020. Specifically for the public sector, the government has identified six Strategic Reform Initiatives (SRIs), which are made up of supportive policies that will drive Malaysia's global competitiveness. The main thrust of the SRIs is to create an efficient, competitive and business-friendly environment in Malaysia that will allow world-class, local champions to thrive and attract valuable foreign investment. Whilst the country's competitive index is increasing, the country is often "challenged" by the relatively "unfavourable" Corruption Perception Index (CPI), which implicates inefficiency and ineffectiveness in some of the government delivery system as well as low level of transparency and accountability within the public sector.

Premised on the assessment criteria of the Management Accounting Award for the Public Sector proposed in this monograph, some of these inadequacies could be curbed. The assessment focuses on a holistic approach by evaluating not only on "input" for the government machinery, more importantly, detailed examination will be
carried out on the “processes”, “output” and “outcome”. Rather than focusing on the “sticks” by highlighting the “do’s and don’ts” in the public sector, the award rewards best performances by focusing on the “carrots”. John Maxwell, the famous author often mentions the fact that “what gets measured gets done”; hence the proposed Management Accounting Award for the Public Sector (MAAPS) will provide the “carrots” for the public sector. It is hoped that this proposal will be taken up by the government and interested relevant sectors.


Abdul Rahman, I. K., Morshidi, I., & Omar, N. A study on product cost measurement and the role of product cost information in pricing decision among small and medium industries in Malaysia. Proceedings of the 3rd Annual Conference of the Asian Academic Accounting Association, Nagoya University, Japan, 71-107, 2002


International Federation of Accountants (IFAC), (1998), International Management Accounting Practice Statement: Management Accounting Concepts, New York, USA.


Lim, B. (1995)," Examining the Organisational Culture and Organisational Performance Link", Leadership and Organisation Development Journal, Vol. 16 No. 5 pp. 16-21


Benchmarking of Management Accounting involves the search for best practices within the industry and is considered critically important for organisational survival as it enables businesses to use the best management tools and techniques to achieve superior value creation and business performance. There has been allegations that management accounting has somewhat lost its relevance as it was not providing adequate support to managers who are faced with various challenges within rigorous competitive global economy. In view of this the National Award for Management Accounting (Management Accounting Award) was pioneered in Malaysia. Aimed towards “regaining management accounting prominence” the management accounting award focuses on showcasing (i) management accounting excellence; (ii) management accounting best practices; and (iii) management accounting best practice solution. When the award was launched in 2004, it was to be a benchmarking tool for management accounting practices by the nation. This monograph describes the events leading to the formation of Management Accounting Award in Malaysia and illustrates its principles while showcasing case studies of award winning firms which were published by MIA, CIMA, MPC and UiTM.

Dr Ibrahim Kamal Abdul Rahman is a professor at the Faculty of Accountancy. He has served the University for 35 years and in a variety of academic administration roles. During his tenure as the dean, the faculty has achieved a lot of awards and gained many national and international recognitions. His sound leadership has led the faculty to become one of the winners in various category of the Anugerah Kualiti Naib Chancellor (AKNC) award for several years. Well known for his excellent management in academic affairs, Professor Ibrahim serves on board of study for Bachelor of Accounting programme, University College of Technology Sarawak, academic advisory for Master in Accounting, University Malaya and as Board of Governors Kolej Universiti Tuanku Abdul Rahman. Prior to these appointments he served as board of advisor Kolej Pengurusan Bisness, Universiti Tenaga National Malaysia (UNITEN) and council member of Kolej Tuanku Abdul Rahman.

He is a member of Certified Practising Accountant (CPA) (Australia) and Chartered Accountant of Malaysian Institute of Accountants (MIA). Prof Ibrahim was a council member of MIA and the Chairperson of MIA Task Force for Review of the Bachelor of Accounting (Hons), University Tenaga Nasional. He was also a member to the Disciplinary Committee, Education Committee, accreditation Committee as well as a committee member for the “Professional Accountants in Business (PAIB) from 2001-2012. He was the President of the Malaysian Accounting Association (MYAA) from 2008 to 2014 and now remains as Adviser.