

**A STUDY ON FINANCIAL PERFORMANCE
MEASUREMENT PRACTICES
IN PUBLIC SECTOR: A CASE STUDY OF
UNIVERSITI TEKNOLOGI MARA (UiTM)**

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**A DISSERTATION SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF ACCOUNTANCY IN THE
FACULTY OF ACCOUNTANCY, MARA UNIVERSITY
OF TECHNOLOGY, SHAH ALAM**

SEPTEMBER 2002

ABSTRACT

The objective of this study is to examine how the Bursary uses UiTM Budget as the main financial performance measurement and to identify other financial performance measurement instruments initiated by the Bursary for financial control purpose. The study finds that the Bursary uses budget mechanism such as deduction, 'virement' and additional allocation to ensure all allocation is spent in a target range. It is found that procurement, payment, salary, closing of account and audit queries had initiated by the Bursary for financial control purposes. Other financial performance measurement and budget act as a control mechanism to ensure the Bursary achieves its mission to provide an efficient, fast, accurate, and responsible financial services in line with the objective and mission of UiTM. The Balanced Scorecard Model has been used to link between financial and non-financial measurement in the Bursary. The Balanced Scorecard translates the Bursary mission and strategy into tangible objectives and measures. The measures represent a balance between external measures for government agency and customers, and internal measures of critical financial process, innovation, and learning and growth. The measures are a balance between the outcome measure-the results from past efforts-and the measures that drive future performance. The findings hope to provide some guidelines into the future financial performance measurement instruments practices in Public Higher Learning Institutions.

ACKNOWLEDGEMENT

In the name of Allah who is most grateful and merciful

Firstly and foremost, special thanks dedicated to my advisor, Associate Professor Dr Nafsiah Mohamed for the advice and guidelines that has been given for the completion of this dissertation despite her heavy schedules. Without your help, I would not be able to complete this research.

My sincere appreciation to the Department of Staff Training and Development UiTM, and Cik Hajah Siha Saat, the Bursar for giving me the opportunity to further my studies in Master Program.

My heartiest thanks also go to En.Anuar Marzuki and Pn Hajah Fadzilah Hj Abdullah, UiTM Accountant, for their willingness to edit and proofread my writing. Many thanks to all individuals who have helped me during my research work.

My gratitude is also extended to my family, especially to my beloved mother, , my wife Suzita , my sons, Ahmad Luqman and Ahmad Aqil and my daughters Afiqah Alya and Afiqah Alani, that they continue to discover within themselves real beauty and splendour.

Last, I like to thank all my course mate for their willingness to share and spent their time discussing, explaining and providing me information of the matter regarding this dissertation.

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CHAPTER ONE

INTRODUCTION

1.0 STUDY OVERVIEW

Performance measurement is a very timely topic in public and non-profit sectors in Malaysia and in many countries around the world. Executive and legislative initiatives have required that public fund managers identify performance measures, set performance targets, and report their progress. Funders have similarly asked nonprofit organizations to show results for the support provided them.

There are several references on research done on performance measurement practices in Public Higher Learning Institutions. The outcome from this study will hopefully provide some insights that can be used as guidelines for future financial performance measurement practices in Public Higher Learning institutes.

Abdullah (1998) conducted research on budget-related behavior and performance goals of cost center managers in a Public institute of Higher Learning in Malaysia. The analytical results provided conclusive evidence that feedback and report action plan, involvement in budgeting process and interaction with superior (budget-related behavior) have significant relationship to performance goals of the cost center managers of the institute.

A research by Ismail (1999) on accountability and performance indicators of Malaysian Universities attempted to examine the quantity and quality of information disclosed in annual reports of Malaysian universities from 1994 to