THE EFFECT OF STRATEGIC PERFORMANCE MEASUREMENT SYSTEM DESIGN AND USE ON PSYCHOLOGICAL EMPOWERMENT AND CREATIVITY FROM LEVERS OF CONTROL PERSPECTIVES IN MANUFACTURING INDUSTRY IN MALAYSIA

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Abstract

Strategic Performance Measurement System (SPMS) have gain attention and become the debatable subject among the academician and the practitioners globally particularly in 21st century. SPMS can have functional and dysfunctional effect on organization. Generally, the purpose of SPMS is help managers to define and achieve strategic objectives, drives motivation and attitude ultimately enhance performance. However, recent effect of SPMS was also been critics for several reasons including creating tension which brought to negative employee behavior, stifle innovation and having little impact in decision making. Surprisingly, some evidence provides no effect on organizational performance. In response this, academician have devoting attention on the extensive research on the development of performance measurement system and highlighting its roles as strategic development and its implementation. Nevertheless, the knowledge on the SPMS use in practice the role in supplying information for decision making provided ambiguous results. Thus to fill the gap, this study developing the model in explaining of how the effect of SPMS on managerial performance by using Simons lever of control framework of business strategy. By applying motivation and cognitive theory, this study propose that strategic performance measurement system design and use can generate psychological empowerment and creativity thus enhance managerial performance.

Keywords: Strategic Performance Measurement System (SPMS), psychological empowerment, creativity, lever of control.
Abstract
This paper discusses the underlying principles of Sukuk structures in Shariah compliant companies as fund raising instrument by issuance of Sukuk. The main objective of the study is to provide an understanding on important role of Sukuk as corporate fundraising in Malaysia. A comparison from year 2014 to 2016 on the size of Sukuk structures by observing sources of data from documents and texts obtain from Securities Commission Malaysia (SC), Rating Agency Malaysia (RAM) and Malaysian Rating Corporation Berhad (MARC), Standard & Poor subject matter. This paper also looks into a variety of factors that may impact a company’s decision on capital raising strategies as choices often have to be made and evaluated by a company before deciding on the most suitable method of fund raising. This is because companies which plan to expand through expansion or acquisition often issue stock rather than Sukuk due to debt obligation on Sukuk issuance and capital paid back. Hence, there is a limitation as to how many Sukuk can be issued before the burden of repayment of principal and profit on a company’s debt becomes too great and further offerings become impractical.

Keywords: Sukuk, Capital raising, Sukuk Structures
MODELLING SOCIO ECONOMIC IMPACT MEASUREMENT SYSTEM FOR MALAYSIAN ISLAMIC NON PROFIT ORGANISATIONS

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Abstract

The study of impact measurement in the context of Non Profit Organisations (NPOs) is very scant. The importance of NPO is starting to be recognised by the government when they work hand in hand with the government to deliver quality public service to the citizens. The current study attempts to identify factors that contribute to the application of impact measurement in Islamic non-profit organisations within the third sector in Malaysia. Next, the project will examine the implementation of the impact measurement for the Islamic non-profit organisations using the identified factors. Finally, the project will identify the recommended best practices for modelling social impact system for Malaysian Islamic non-profit organisations. The findings are expected to contribute towards the development of the Islamic NPOs in measuring socio-economic impacts beyond the Shariah compliance.

Keywords: Third Sector Organisation; Impact Measurement; Islamic NPOs.
Abstract

Fraud is a global issue overwhelming all aspects of human economic and business activities as it poses potential threat of financial losses. Many detection and prevention mechanisms such as internal control systems, operational audits, codes of conduct and forensic accounting have been applied in organizations aiming at effectively mitigate internal fraud activities with questionable outcomes. Instead of putting much attentions studying the effectiveness of existing fraud prevention mechanisms in mitigating the fraud but less promising outcomes, this doctoral-level research proposal explores the determinants of the effectiveness of organizational fraud prevention programs. In doing so, the proposed study would base the exploration on the theory of planned behaviour (TPB). The central part of this study is to investigate the behavioral intentions as determinants following the variables of TPB. By this exploration, the potential determinants of the effectiveness of the prevention programs and how those determinants influence current practice related to the fraud prevention mechanisms could be learnt. This proposed study would be a quantitative study in which local authorities in Peninsula Malaysia will be solicited for data collection.
INTERNAL CONTROL EFFECTIVENESS AND THE INFLUENCE OF INTERNAL AUDIT IN COOPERATIVE IN MALAYSIA: CONCEPTUAL PAPER

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Abstract

Number of cooperative in Malaysia has grown significantly from 4,771 cooperatives in 2005 to 12,493 in June 2015 with total asset of more than RM120 billion asset and total revenues have reached more than RM16 billion in 2015. Malaysian cooperatives have considerably contributed 3.65% (RM35 billion) of Malaysian 2015 Gross Domestic Product (GDP). However the Ministers have real concern on the internal control of these organisations as in the past, several cooperatives had suffer losses due to lack of internal control. This paper aims to examine the internal control effectiveness of Malaysian cooperatives and the influence of cooperative’s internal audit. This paper reviews and synthesises relevant literature on method of evaluating internal control effectiveness and effective internal audit characteristic that influences the internal control effectiveness in Malaysian cooperatives. This is a preliminary review of current research that identifies the issues that will be addressed in future empirical research. An empirical research will be conducted to measure the effectiveness of cooperative’s internal control. This future research also examines the relationship between having effective internal auditor characteristics and internal control effectiveness. There is abundant research on public companies regarding internal control effectiveness and internal audit. However, to date, there are limited study involving Malaysian cooperative organisation and study that evaluate the effectiveness of the Malaysian cooperatives.
Abstract

The defence of provocation provides protection for an accused whose self-control has been undermined resulted from the provocation initiated by a deceased person. However, it does not constitute a full defence but merely a partial defence which means it does not relieve the accused of his criminal liability but merely reduce from murder to culpable homicide not amounting to murder. The main reason for its partial defence is that the accused who has been provoked should also be partly blamed because of his failure to manage his anger and restrain himself from committing murder. In terms of its application, it is subject to strict conditions as set out in Exception 1 to section 300 of the Penal code which among others essentially require the presence of grave and sudden provocation. A reading of the section does not provide a clear guidance on the interpretation of these two words thereby allowing courts to interpret the words in accordance with the facts and circumstances of each case. This has caused unpredictability in the application of this defence. This article aims to analyse factors usually considered by the courts when determining the existence of grave and sudden provocation. The article consists of a detailed critical analysis of legislations and law cases and scholarly writing. The article concludes that the application of the defence of provocation is not sufficiently clear thereby risking the right of the accused who relies on this defence.

Keywords: Provocation, defence, grave, reduce, sudden, murder, culpable homicide.
INTERNAL CONTROL, ORGANISATIONAL CULTURE AND QUALITY MANAGEMENT SYSTEMS TOWARDS ENHANCING ORGANISATIONAL INTEGRITY: A STUDY OF MALAYSIAN GOVERNMENT DEPARTMENTS

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Abstract

Fraud costs the world around $3.7 trillion USD for the year 2014 (ACFE, 2016). The Association of Certified Fraud Examiners indicated that an organisation loses 5% of their revenue due to fraud. Government agencies report around 37% cases of fraud that which they have experienced (Pricewaterhouse Survey, 2011). The concern here is that more than half of these surveys show that men represents the higher percentage of the gender that is probable to commit these economic crime and when groups of people (collusion) engage in fraud the losses will become higher. The main purpose of this study is to examine and analyse the effectiveness of internal control and Quality Management Systems (QMS) towards organisational integrity of the Malaysian government public sector. The study analyses the Malaysian government internal control systems through the conceptual model of international internal control frameworks which was developed by COSO Committee of Sponsoring Organizations and evaluations of QMS effectiveness. Malaysian ministries strive to adhere towards achieving ISO accreditation of which the body of Malaysian Standards are the regulators. There are ISO 9001 which encompasses Quality Management systems which are related to internal control in terms of the leadership aspect and process approach. Malaysia has a multiracial population which consists of Malay, Chinese, Indians, and numerous indigenous communities. Malaysia’s per capita GDP stood at $10,830 (RM47,600) at 2014 (G. of Malaysia, 2014) as most nations worldwide stood at an average of $10,804, it is considered that Malaysia can share common economic characteristics with emerging and highly developing economics such as Indonesia and China. Although through these positive statements, there can be no doubt that even countries such as Malaysia are susceptible to fraud. Further of when it involves the government sectors which are also experiencing these economic crimes. The study examines Malaysian Departmental Ministries internal control systems and QMS of their effectiveness towards enhancing organisational integrity. The research process has been divided into two separate phases which is based on a mix method type of study. Phase one is using qualitative study based on interviews of several experts and hands on people who are directly involved in the evaluation and currently employed government employees. Phase two is deploying a questionnaire towards relevant departmental head of departments in government ministries reviewing their level of internal control and QMS systems.
Abstract
In recent years, the quality of financial report has been questioned. The quality of earnings reported in the financial statement is very vital as it will be the key characteristic to improve capital market efficiency. Related party transactions (RPTs) are the hot matter these days and it is very special in corporate world as some of them have associated with quite well known frauds. The main concern on RPTs is whether the issues surrounding RPTs will brings negative effect or not in a business. It is because RPTs can be a good business activity and at the same time also can be a negative impact towards the company’s performance. RPTs have attracted particular interest because of predominance of family business structures where RPTs are common place. Even there are some mechanisms exist in monitoring the RPTs in many jurisdictions, abusive RPTs is still pervasive. The reported cases involving RPTs is an evidence of arise of conflict of interest between managers and shareholders; or between controlling shareholders and minority shareholders. Senior management or controlling shareholders may misuse their power or position in the company when there is an opportunity for them to benefits themselves rather than to maximize the shareholders’ wealth. As a result, the managers or controlling shareholders may be hesitant to uncover the information they have to investors. Therefore, there is a need to study the effect of RPTs on financial reporting quality in emerging countries because such research is limited, particularly in Malaysia. Due to that, this is also very interesting to scrutiny the effect of family ownerships on the financial reporting quality in Asian countries, particularly in Malaysia as such study is still having loopholes, especially regarding the matters of RPTs.
ANTECEDENTS OF FINANCIAL STATEMENT FRAUD BEHAVIOUR AMONG CHARTERED ACCOUNTANTS IN MALAYSIA

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Abstract

Financial statements provide business owners and other stakeholders with indication of companies’ financial status for specific period of time. It is commonly certified by Chartered Accountants (CAs). However, many CAs also hold senior managerial roles in corporations which offer position to alter, enhance, or impair the accounts to portray healthy and sound financial state; even though in reality it is otherwise. The act of intentionally omits and improperly disclose material or pertinent information in the financial statements is referred as financial statement fraud (FSF) – a sub-concept of management fraud. FSF behaviour has attracted multiple studies; however, there is only a paucity of literature that examined the FSF behaviour in Asia, including Malaysia using an integrated and validated model. Therefore, this study aims to conceptualise and validate a model examining the antecedents of intention and the conduct of FSF behaviour. Using the Theory of Planned Behaviour (TPB) as a core theory, the research framework is extended with the Fraud Diamond Theory, and caring ethical climate – a component of the Ethical Climate Theory (ECT). The integration of these three theories permit the simultaneous assessment of personal cognitive factors and fraud enabling factors in influencing the intention and the conduct of FSF behaviour. Furthermore, the integrative framework allows assessment of the caring ethical climate (organisational factor) and demographic attributes in moderating the relationship. Employing CAs from the Malaysian Institute of Accountant (MIA) membership database as potential respondents, mailed questionnaire will be utilised as a data collection instrument. Feedback from respondents will be analysed by deployment of the Partial Least Squares Structural Equation Modelling (PLS-SEM). SEM allows measurement model analysis, structural model analysis, and multi group analysis for validation testing, hypothesis testing, and moderating effects testing respectively. The outcomes of this proposed research are expected to benefit policy makers, regulators, professional accountants, and professional associations in overcoming FSF behaviour.

Keywords: Theory of planned behaviour (TPB), Fraud diamond theory, Ethical climate theory (ECT), Financial statement fraud, Chartered Accountant.