

THE IMPACT OF COMPUTER-BASED ACCOUNTING
SYSTEMS ON MALAYSIAN PUBLIC SECTOR
AGENCIES

WAN ZURIATI WAN ZAKARIA

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WAN ZURIATI WAN ZAKARIA

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ABSTRACT

The positive and negative impacts of information technology (IT) have been continuously discussed and debated by researchers, practitioners and scholars for several years. In the public sector environment, IT can be a powerful tool for improving the delivery of government services with better collaboration among various governments. Therefore, the Malaysian Government, similar to many other governments, has planned and implemented a number of programmes to embrace the digital world by transforming itself to deliver information and services electronically. In public sector audit and accounting practices, the Malaysian Government has experienced local reform aimed at escalating transparency, streamlining accountability and improving overall financial management in line with international standards and practices.

The purpose of this study is to evaluate the impact of computer-based accounting systems (CBASs) on the effectiveness of performing accounting tasks by Malaysian public sector agencies (PSAs). This study focuses on the impact of performance-based outcomes at three levels: individual task, accounting-related task, and organisational level performance. With regard to accounting-related task performance outcomes, this study aims to analyse the impact of CBASs on the typical processes, which are related to budgeting, financial reporting, auditing and financial controlling. This study also seeks to investigate the influence of driving factors comprising management support and organisational resources and capabilities on the effectiveness of the system. In order to achieve the objectives of this study, a conceptual model was developed based on theoretical perspectives from previous studies and in recognition of the practical realities on the ground.

A questionnaire-based survey was carried out to seek responses from CBAS users of Malaysian PSAs. A total of 643 questionnaires were distributed and 399 were collected, which resulted in 374 usable responses that were used for data analysis. This study performed two phases of data analyses: preliminary analysis and structural equation modelling (SEM) analysis. The preliminary data analysis was performed using the statistical procedures of SPSS version 18.0 (also known as

PASW 18), while structural equation modelling was performed by AMOS 18.0. The results showed that the CBASs have no direct impact on individual and organisational performance outcomes. In contrast, the CBASs have impacted directly and significantly on the accounting-related task performance outcomes, comprising budgeting, accounting and reporting, auditing, and controlling tasks in the organisations. Furthermore, this study found that management support and organisational resources and capabilities influenced the effectiveness of CBASs within the organisation. Thus, it can be suggested that the effectiveness of CBASs is influenced by management support and organisational resources and capabilities, which directly impact on the improvement of tasks performed and indirectly on the improvement of individual performance as well as organisational performance. Thus, the CBASs have some 'indirect' positive effects on performance at the individual and organisational levels.

Several implications emerge from the empirical findings. This study contributes to the accounting literature, in general, and government computerised accounting system literature, in particular. The empirical findings with regard to the accounting-related task performance outcomes suggest that the system may improve the effectiveness and efficiency of financial administration processes and also improve their accounting systems and practices. The findings may also add to our understanding of the current status of CBAS implementation and its significant contributions to organisations and society. This study has also given an insight into the degree and complexities of public financial management issues that often need to be dealt with in PSAs, especially in developing countries and emerging economies. The findings may be useful as guidance for helping organisations to improve their public financial management, which requires continuous commitment from top management and the provision of organisational resources and capabilities for a sustainable system. Moreover, the PSAs should also seriously take into account the impact of the system on the management and employees attached to the system itself in order to make sure that the system is successfully implemented and efficiently operated. As the findings provide an insight into the changes of the system on accounting processes, organisations need to develop new strategies to adapt to the demand of the technology and also to get the best results for the organisations. On

the other hand, the public or stakeholders may evaluate the contribution of the system in creating value to the organisations. The findings of this study should also be considered by the decision-makers or policymakers as an input for future strategy formulation and planning to benefit the organisations and their clients.

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