



Reconstructing identity and logic through the implementation of accrual accounting in Malaysia: an intra-organisational analysis

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Abstract

The purpose of this paper is to explain the change to accrual accounting in the Malaysian public sector, examined through the transition of institutional logics at intra-organisational levels, which effected changes in the public sector identity's construction from independence in 1957 until the implementation of accrual accounting. A qualitative approach was used in this study, with the data being mainly derived from interviews with the relevant actors involved. Substantive data from documentation reviews were utilised to capture the development of institutional logics in the Malaysian government and the Accountant-General Department. The change to accrual accounting in Malaysia was precipitated by the transition in logics that resulted from the change from a bureaucratic to a managerialist administration. The introduction of accrual accounting as a new accounting practice represents a tool of change that bridged the variant of logics occurring between the governmental level and departmental level, and, at the same time, it has become a mechanism for reconstructing desired identities and practices.

Keywords Accrual accounting · Public sector · Institutional logics · Accounting change · Malaysia

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1 Introduction

Accrual accounting, a component of public financial management reform, constitutes efforts to institute broad changes in public sector administration. International organisations, such as the International Monetary Fund (IMF) and World Bank, and northern professional accounting associations, among others, have heavily advocated the use of the accrual system in developing and emerging economies (Adhikari & Gårseth-Nesbakk, 2016; Adhikari & Jayasinghe, 2017; Adhikari & Mellemvik, 2011; Harun et al., 2012). Advocates share the view that governmental accounting in developing countries is deficient (Hopper et al., 2009). Consequently, developing and emerging economies have adopted the accrual accounting system for their public sector due to coercive or mimetic pressures, rather than as a means to improve their existing governmental accounting practices. The benefits gained from the accrual accounting system in developing countries are contested, with empirical evidence of dysfunctional implementation resulting in unintended consequences and failure, leading some to abandon the reform (Adhikari & Jayasinghe, 2017).

As accrual accounting, based on the Anglo-American accounting model, has certain underlying values and philosophy, and requires the existence of a particular institutional structure (Annisette, 2000; Hopper et al., 2017), the implementation of accrual accounting in developing countries must be cognizant of the administrative, political and cultural contexts, and also significant social and political changes in the society in question (Christensen et al., 2019; Harun et al., 2012; Hepworth, 2015). The adoption of accrual accounting is not just a change in technical practice, but also a cultural issue, as an accounting system and its practices are shaped by and reflect the underlying norms and practices of the public sector (Anessi-Pessina & Cantu, 2017). Therefore, the implementation of accrual accounting builds on the existing structure, and is also influenced by changing norms, the values of public sector organisations, and key implementers, as shown by a number of studies. Thus, the changes of the public sector paradigm/model will affect the accounting system (Anessi-Pessin & Cantu, 2017).

Hence, the focus of this paper is the change to accrual accounting in the Malaysian public sector, examined through the transition of institutional logics (i.e. the norms, practices and values) at intra-organisational levels, which effected changes in the public sector identity's construction from independence in 1957 until the implementation of accrual accounting. An institutional perspective is used in this research, as we examined the change in logics at two levels of the Malaysian public sector, i.e. the central level and the AGD level. Specifically, the changes in the public sector paradigm at the macro level (central level), and those associated with the change of logics (norms and values) at the AGD level, and the influence in this transition of logics in the introduction of accrual accounting are examined. As noted by Anessi-Pessina and Cantu (2017), an accounting system is a crucial element of a public sector paradigm, and reflects its underlying logic. Thus, the introduction of accrual accounting in this paper is examined in view of the transition in logics that results from the change in one form of

public administration to another, and also from the micro–macro-level connection between the logics at the central level and the departmental level. Through this focus, the roles of actors, specifically the AGD, in the change to accrual accounting are elucidated in this paper.

Our study addresses a gap in the literature, as the change to accrual accounting has mainly been examined at the national or state level, with a limited amount of empirical research analysing the role of the implementers, such as public sector accountants who influence and shape the implementation process (Adhikari & Gårseth-Nesbakk, 2016; Harun et al., 2012; Hyndman & Liguori, 2019). In addition, our study examines how accrual accounting is implicated within these changes at the various levels of the public sector (e.g. Hyndman & Liguori, 2018; Liguori & Steccolini, 2011, 2014). Consequently, due to this gap in the literature, there is a lack of understanding of the relationship between accrual accounting as a product of change and the roles of public sector accountants in initiating and institutionalising accrual accounting in public sector organisations. Our study also seeks to provide theoretical and practical contributions. As noted by Thornton et al. (2012), the issue of how changes in logics correlate to changes in identities and practices requires further empirical investigation and theoretical development. Examining the linkages between accounting change and institutional logics enhances understanding of institutional change and the consequences of change in accounting techniques. Such understanding is crucial for policy makers, especially before embarking on changes to public administration policies, including the change to accrual accounting.

The rest of this paper is structured as follows. The next section provides the literature review, followed by the theoretical insights that informed this paper. This is followed by a discussion of the methodology employed. The subsequent section provides a contextual description of public sector accounting in Malaysia, and this is followed by the findings and empirical analysis. The final section details the contributions and limitations of this research.

2 Literature review

New public management (NPM) refers to administrative reform which involves seeking to adopt private sector practices in public sector organisations, including accrual accounting (Christensen et al., 2019; Hyndman & McKillop, 2019). New Public Management is underpinned by neoliberal philosophy, which effects changes in public sector values from the traditional bureaucratic norms of managing based on formal rules and regulations, with accountability for inputs, towards more market-based norms with increased monitoring, reporting and accountability for results (Hopper et al., 2017; Lapsley & Miller, 2019; Hyndman & McKillop, 2019). Using accrual accounting as the basis of the public sector financial reporting system was argued to provide a mechanism to obtain better data, thus enhancing the transparency of the government's financial position (Adhikari & Gårseth-Nesbakk, 2016).

Previous literature on public sector accounting change shows that environmental pressures, such as economic and political crises, were among the main field-level

conditions that drove the introduction of accrual accounting systems into the public sector (Harun et al., 2012; Yamamoto, 1999). The adoption of accrual accounting is influenced by the social, economic and historical context, as well as by external pressures. Ter Bogt (2008) explained how economic factors played an important role in the introduction of accrual accounting systems in the Netherlands' local government. Meanwhile, other studies in developed countries—such as those of Lande (2004), Carpenter et al. (2007), and Carpenter and Feroz (1992)—defined the weight of coercive, normative and mimetic forces that push central and state governments to implement accrual accounting practices. Similarly, in several developing countries, accrual accounting was implemented due to pressures exerted by international institutions such as the World Bank and the IMF (e.g. Adhikari & Jayasinghe, 2017; Harun et al., 2012, 2015; Lassou et al., 2019). Nevertheless, professional accountants and technocrats have also played a decisive role in pushing governments to adopt an accrual basis for governmental financial reporting practices (Adhikari & Mellempik, 2011; Harun et al., 2012).

Thus, empirical research has also shown the influence of the key actors (the technical experts such as international consultants, professional accounting bodies and accounting associations) and the implementers at the organisational level, who influence the adoption and implementation of the accrual accounting system (Adhikari & Jayasinghe, 2017; Adhikari & Gårseth-Nesbakk, 2016; Harun et al., 2012; Christensen et al., 2019; Dissanayake et al., 2019). Christensen et al. (2019) examined accounting change with respect to the wider changes in society, linking the role of accounting with the globalisation and neoliberalism agenda. Their study illustrates how a group of experts (accountants, consultants and auditor-generals) and their shared belief shaped the early reform process. They also noted that the Auditors-General in Australia and New Zealand were not successful in their advocacy of accrual accounting until professional accounting bodies and international consultants became involved (Christensen et al., 2019). In another study, Adhikari and Gårseth-Nesbakk (2016) examined how accrual accounting was transferred from the OECD to member states and implementers. Most adopters were required to invest significantly greater resources than originally planned, due to a lack of guidance regarding the suitability of accrual accounting within their context, and a lack of the skills required by implementers. The technical ambiguities, complexity and intricacies of implementation were not fully understood by the adopters. Consequently, implementation varied, due to variation in the understanding of the key officers who dealt with accrual accounting implementation. Bruno and Lapsley's (2018) study of accrual accounting implementation for a regional government in Italy highlighted the various influences of the key actors (academicians, consultants and politicians) on accrual accounting implementation. Hyndman and Liguori's (2019) study also showed that the involvement of operational managers in the development and early implementation process of change provided opportunities to effect changes, with the potential for further legitimation afterwards.

Examination of the influence of norms and values at both the governmental and organisational levels is required to understand the extent of change to an accrual accounting system in the case of developing countries. Accounting models and practices are based on Northern ideologies driven by international institutions and

professional accounting firms (Hopper et al., 2017), and these are expected to disrupt and challenge the prevailing norms, values and material practices (Steccolini, 2019). As Hepworth (2015) argued, the benefits of accrual accounting will be realised in a strong democracy, with empowered citizens, a strong external audit function, and the presence of public officers with capability and expertise.

A number of studies have shown that the adoption of accrual accounting is also influenced by the norms and values of public sector organisations and key implementers. For example, the studies of Harun et al., (2012, 2015) showed that, in Indonesia, the outcome of accounting reform was influenced by the case of historical centralised control. In their study of the institutionalisation of accrual accounting in an Indonesian local government, Harun et al. (2012) examined the changes at the field/national level which led to calls for the adoption of accrual accounting in Indonesia. The initial reform advocated by the key actors was not successful, due to the tight political control, and the ideal/norms did not take hold with the wider public sector. Subsequently, changes in the key political actors, pressures from international bodies, and new norms taking hold at the national level all led to the adoption of accrual accounting at the central level in Indonesia. However, the system was not institutionalised at the local government level, due to old habits and norms at the organisational level, and a lack of skills and training of public servants, who also followed old habits/norms. The values and norms at the local government level did not change, and consequently the reform was not successful at this level. Thus, low compliance and unintended consequences resulted from the accrual accounting implementation. These issues were further compounded by the interest/power between the two key actors (ministries) overseeing local government, resulting in different reporting systems.

Similarly, the lack of skills and the influence of historical context were shown by the study of Lassou et al. (2019), which examined governmental accounting reform in Ghana and Benin. The system was not implemented in Benin, as the public officers were not prepared and did not possess the relevant skills. Similarly, in the case of Ghana, accrual accounting was adopted due to pressures from the World Bank, without consideration of the necessary technological infrastructure, accounting skills and political will. Adhikari and Jayasinghe's (2017) study of World Bank-led accounting reform in Nepal indicated that the reform was not successful, and was resisted, as it represented a threat to the positions of key actors, who wished to maintain the prevailing budgetary practices. The study of Dissanayake et al. (2019), assessing the central government-mandated public sector accounting standards (SLPSAS), revealed that the standards were hindered due to a lack of progress in managing the change, a lack of coordination across the governmental levels, and a lack of communication policies.

However, there was also a lack of understanding of the relationship between accrual accounting as a product of change and the roles of public sector accountants in initiating and institutionalising accrual accounting in public sector organisations. Such a lack of understanding was due to the 'lack of public sector accounting changes research seeking to examine variation in organisational processes, especially at inter- or intra-organisational levels (Friedland & Alford, 1991; Thornton et al., 2012). Only a limited amount of empirical research has analysed these changes at

different levels of analysis (e.g. Hyndman & Liguori, 2018; Liguori & Steccolini, 2011, 2014). However, even these researchers mainly focused on one level of analysis, either comparing the state level of one country to that of another (e.g. Hyndman & Liguori, 2018), or comparing local authorities across multiple countries (e.g. Liguori & Steccolini, 2014). As organisations are not only influenced by field-level logics, but also by other (in most cases contradicting) logics, the study of accrual accounting adoption in developing countries should also focus on different levels and the dialectic relationship with accrual accounting implementation.

3 Theoretical insights

Institutional logics were defined by Thornton and Ocasio (1999, p. 804) as “the socially constructed, historical pattern of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material substances, organise time and space, and provide meaning to their social reality”. Institutional logics perspective builds on the view of culture as a critical dimension of institutions, and, consequently, the societal-level institutional logics provide accessible categories and schemes for sense-making and actions (Olsen et al., 2017; Thornton et al., 2012). Over time, symbolic construction will be translated and adopted in the institutional field at three levels of abstractions, i.e. (i) *theories*, the guiding principles and explanations regarding why and how institutional structures and practices should operate; (ii) *frames*, the schemes of interpretation that allow individuals in the field to locate, perceive, identify and label their world; and (iii) *narratives*, which provide meaning to specific actors, events and practices, while helping to make sense of events, create legitimacy, and construct identities (Thornton et al., 2012).

3.1 The role of variants of logics in the intra-organisational relationship

Many factors lead to the change or replacement of institutional logic. Although much literature has sought to identify the motivation for and processes of institutional change, most attention has been given to exogenous “jolts” (Clemens & Cook, 1999; Meyer, 1982). Jolts take the form of social upheaval, technological disruptions, competitive discontinuities and regulatory change (Thornton, 2002; Thornton & Ocasio, 2008). To impose institutional change, institutional entrepreneurs need to discredit the prevalent logic by exposing the contradictions of the existing institutional logic with the current values or practices that they are championing (Strang & Meyer, 1994). Moreover, the existence of competing or rival logics within the field may enable the actors to engage with divergent change and become institutional entrepreneurs.

For example, Fligstein (1997) explained how entrepreneurs showed the existence of the contradiction of logics in the field, and manipulated contradictions in institutional logics to further their own motives. Seo and Creed (2002) underlined the importance of contradictions in institutional logics, as their existence will motivate actors to engage with institutional change. Meyer and Hammerschmid (2006) found

that institutional change in the Austrian public sector was derived from the contradiction between the public sector's old legalistic–bureaucratic logic and the new managerial logic. Thus, contradictions and competition between institutional logics in multiple organisational fields raise awareness among institutional actors. This not only reduces embedded actors' exposure to resistance to change, but also enables central actors to become institutional entrepreneurs (Greenwood & Suddaby, 2006).

In another study, Reay and Hinings (2005) analysed two contradictions between competing institutional logics in Canadian health care organisations, and found that two competing institutional logics co-existed through collaborative efforts that encouraged independence and separate identities. These conflicting logics co-exist during the transitional period of time, until one of the logics wins, and the field reforms around the winning dominant logic (DiMaggio, 1983; Hensmans, 2003; Hoffman, 1999), or a new logic emerges, which is a hybrid version of the two previous logics (Ezzamel et al., 2012; Glynn & Lounsbury, 2005; Thornton et al., 2005). Assimilation is one of the mechanisms that causes the institutional logic to transform from one form to another, where the elements of one logic are combined with the prevalent logic. However, the core elements of the original logic prevail, producing new practices and symbols, attached as part of the prevalent logic (Thornton et al., 2012).

Despite efforts to study the variants of institutional logics at the field level, especially the process by which institutional logics change, a limited number of studies have been conducted around the development of logics at different organisational levels (Friedland, 2012). Literature on variations in the coexistence of institutional logics in the field, especially in public sector accounting, is limited.

Market and state are the two institutional logics in the public sector. The move towards NPM will bring in the market/managerialist logics, and will influence the accounting system, as the system is argued to reflect the underlying logic of the public sector (Anessi-Pessina & Cantu, 2017), and also to change public servants' identities (Meyer et al., 2013).

The early studies of competing logics in public sector accounting discussed how changes in institutional field levels were caused by the emergence of a new logic that challenged the old logic in the field, and influenced the spread of new accounting practices in public sectors (i.e. accrual financial reporting, accrual budgeting). Covalleski et al. (2013) conducted a notable study regarding the employment of institutional logics in public sector accounting, identifying different levels of entrepreneurs and their strategies for manoeuvring reforms in the budgeting system, whereby two contesting logics, market and governance logic, evolved and survived through budgeting compromises between two systems of welfare delivery (i.e. competitive tendering and performance contracts). Similarly, Ezzamel et al. (2012) examined the budgetary practices in the UK context when the central government imposed NPM-inspired rules. They found that newly implemented budgetary practices in the educational context may be heterogeneous rather than homogeneous, as they are shaped by competing “institutional logics”, which aim to reform or preserve the status quo of established organisations. Variations in practices and institutional logics in public agencies are affected by the adoption of new accounting techniques (Rautiainen & Jarvenpaa, 2012).

In contrast to most studies that examined the imposition of managerial logics by central government on the lower tier of public sectors (e.g. Ezzamel et al., 2012) Anessi-Pessina and Cantu (2017) examined the accounting impact from the emergence of the traditional public administrative (PA) logic on the lower-level organisation with entrenched managerialist logic. Anessi-Pessina and Cantu (2017) concluded that the emergence of PA logic in the managerialist organisation led to the coexistence of these two logics. Even though the accounting system did not change to become cash- and commitment-based (i.e. accrual accounting continued to be used), Anessi-Pessina and Cantu (2017) suggested that accrual accounting data would be interpreted and used in accordance with public administration logics. Similarly, Meyer et al. (2013), in their survey on public officers' identity changes due to the shifting logics towards managerialism, found that the identity of public officers was still anchored in bureaucratic logic. Interestingly, they also found that a hybrid identity was a significant component of public officers (i.e. Weberian bureaucracy with a new focus on professionalism). Thus, the reform does not lead to a change in logics, but "layering" of the logic, leading to new identity elements while still being anchored in bureaucratic logic.

There is limited research on accrual accounting that examines changes in institutional logics at different levels of the public sector. Such studies are necessary, as they will enhance our understanding of how changes in logics influence social actors' implementation strategies in legitimising new practices, and, at the same time, how they resolve the issue of embedded agency (Battilana et al., 2009; Friedland, 2012; Thornton et al., 2012). Most institutional studies of accrual accounting have examined its implementation at national or state level, but more limited studies have focused on the implementation of accrual accounting in the public sector at different organisational levels. Previous empirical research on public sector accounting change, including accrual accounting, focused on how institutional pressures influence governments to introduce new accounting ideas, and how new accounting ideas gain legitimacy within their social environment. The pressures can be coercive, i.e. formal or informal pressures, with penalties for noncompliance, and mimetic (that is, following the practices of other countries/organisations) or normative pressures arising from professional norms and values (DiMaggio & Powell, 1991). The exceptions are the studies of Hyndman and Liguori (2018), Liguori and Steccolini (2011, 2014) which conducted inter-organisational-level analysis. However, even these studies simply performed a comparative study with one level of organisational analysis, either comparing the state level of one country to that of another (e.g. Hyndman & Liguori, 2018), or local authorities across multiple countries (e.g. Liguori & Steccolini, 2014). Hence, this study adds to the literature by examining whether the variants in institutional logics that have been developed at intra-organisational levels (in this case, between the central and departmental levels) have the ability to influence or change actors' implementation strategies for legitimising new accounting practices. This study also answers the call for empirical examination of whether changes in logics correlate with changes in identities and practices (Thornton et al., 2012).

4 Methodology

An interpretive approach was used in this study to explore the socio-historical context by incorporating the subjective interpretations of its multiple participants. A qualitative methodology such as this case study is suitable, because it provides the platform from which to study the subjects' world by gaining an understanding of the meanings that lie behind human actions (Schwartz & Jacobs, 1979). An initial visit was made to the case organisation (AGD) in 2014, mainly to determine the progress of the adoption of accrual accounting. Preliminary data collection was conducted in 2015; however, data collection had not fully matured, since full formal access had not yet been granted by the AGD. More extensive data were collected in 2016 when full access was granted. The interviewees were key actors from various federal government agencies and several state agencies, i.e. the state accounting departments and additional agencies that deliver accounting services. The interviewees were chosen for their critical knowledge and involvement with the implementation of accrual accounting in the Malaysian public sector. Table 1 shows the list of people interviewed.

Twenty-seven formal and recorded interviews were conducted with accounting personnel: nine in the federal ministries' account division, twelve in AGD's various divisions, one in the Auditor-General Department, one in the Malaysia Administrative Modernisation and Management Planning Unit (MAMPU),¹ one with a member of the Governmental Accounting Standards Advisory Council (GASAC),² one with the public university's treasurer, and two with state treasurers. The duration of the interviews conducted ranged from half an hour to one and a half hour. However, the data analysis also takes into account two formal but unrecorded interviews, as the interviewees did not give permission for the recording, but sufficient notes were taken during these interviews. The interviewees encompassed a range of positions and experience levels, such as Deputy Accountant-General (AG), State Treasurer, Assistant State Treasurer, chief accountants, other accountants and non-accountants. Some of them held top-ranking positions in the AGD divisions, such as directors and deputy directors in several departments. Most of them were public sector accountants, involved in management meetings and actively involved in the formulation of the accrual accounting implementation process. Both accountants and non-accountants were interviewed in order to determine the shared understanding that drove the actions and shaped the thinking of the members of the organisations. The key issues discussed during the interviews covered (a) the historical development of Malaysian governmental accounting practices and techniques; (b) the important figures and/or institutions responsible for shaping the accounting landscape throughout the establishment of AGD; (c) the critical factors, motivations and events that propelled the changes in the governmental accounting landscape; and (d) the AGD's actions and

¹ MAMPU's main responsibilities are to provide public sector modernisation and management consultation to other public agencies.

² GASAC was formed in 1984, concurrent with the establishment of the Governmental Accounting Standards Board (GASB).

Table 1 List of people interviewed

	Ministry/Department/Agency	Position(s)
1	National Audit Department	Director Deputy Director Chief Assistant Director
2	Account Division, Prime Minister's Department	Chief Accountant Deputy Chief Accountant (Management)
3	Accrual Accounting Implementation Team, Accountant-General Department (AGD)	Deputy Director Chief Assistant Director
4	Execution and Data Management Unit, Accrual Accounting Implementation Team, AGD	Deputy Director (A)
5	Policy and Standards Unit, Accrual Accounting Implementation Team, AGD	Deputy Director (C)
6	Account Division, Ministry of Natural Resources and Environment (NRE)	Chief Accountant Deputy Chief Accountant
7	Change Management Unit, Accrual Accounting Implementation Team, AGD	Chief Assistant Director (A)
8	Governmental Accounting Standards Advisory Council (GASAC) / University	GASAC member and academician GASAC member
9	Account Division, Ministry of Health	Head of Branch (Operation)
10	Account Division, Ministry of Works	Chief Accountant, Accountant-1 and Accountant-2
11	Account Division, Ministry of Home Affairs	Chief Accountant
12	Selangor State Treasury	State Treasurer
13	Sabah State Treasury	Assistant State Treasurer
14	Accountant-General Department	Deputy Accountant-General (Corporate)
15	Account Division, Ministry of Transport Malaysia	Deputy Chief Accountant, Accountant-3 and Accountant-4
16	Change Management Unit, Accrual Accounting Implementation Team, AGD	Deputy Director (A)
17	Account Division, Ministry of Tourism and Culture (MOT)	Chief Accountant
18	Malaysian Administrative Modernisation and Management Planning Unit (MAMPU)	Deputy Director Senior Assistant Director
19	Change Management Unit, Accrual Accounting Implementation Team, AGD	Chief Senior Assistant Director (code: Deputy Director-A)

Table 1 (continued)

	Ministry/Department/Agency	Position(s)
20	Top Management, Accrual Accounting Implementation Team, AGD	Director (retired)
21	(GASAC)/ Universiti Pertahanan Nasional Malaysia	GASAC member
22	Change Management Unit, Accrual Accounting Implementation Team, AGD	Chief Senior Assistant Director A)
23	Change Management Unit, Accrual Accounting Implementation Team, AGD	Deputy Director (A)
24	Quality and Administration Unit, Accrual Accounting Implementation Team, AGD	Chief Assistant Director
25	Change Management Unit, Accrual Accounting Implementation Team, AGD	Chief Assistant Director (A)
26	Centre of Professional Development, Institut Perakaunan Negara	Chief Assistant Director
27	Account Division, Ministry of Agriculture and Agro-based Industry Malaysia (MOA)	Chief Accountant
28	Quality and Administration Unit, Accrual Accounting Implementation Team, AGD	Deputy Director
29	Penang State Treasury Department	Chief Senior Assistant Director
30	Ministry of Finance	State Treasurer
31	Accountant-General Department	Secretary General of Treasury (Extracted from video interview) Accountant-General (former Accountant-General) (Extracted from video interview)

Accrual Accounting Implementation Team is referred to as Implementation Team in the paper

responses regarding the government's fiscal, monetary and economic agendas/policies, which implicitly and/or explicitly impacted the governmental accounting practices in Malaysia.

Besides interviews, archival materials that covered a period of over 60 years since Malaysia's independence (from 1957 to 2018) were reviewed and analysed. This included the official accrual accounting implementation documents from 1960 to 2017, so as to trace the motivations or factors that the federal government or AGD had considered when initiating the change of accounting system. In addition, articles and speeches by high-ranking government officers, and academic materials, such as journal articles and books related to finance and public administration policies, were used to examine the chronology of events, reveal details not available from interviews, and provide textual accounts of debates and discussions. The documentary data were mainly from governmental documents and various acts and regulations, especially those pertaining to financial and accounting regulations and procedures, including those issued by the AGD, and the Treasury. Most of the documents were retrieved from the AGD/Ministry/PPPA official websites. The following archival materials were analysed:

- Official accrual accounting implementation documents, such as bulletins, online news and circular letters.
- Meeting/briefing/seminar/conference materials (retrieved from PPPA and AGD official websites), which contain information about the implementation of accrual accounting.

The evidence from the interviews and documentary review was strengthened by the incorporation of other sources of data, such as observations of and informal conversations with the members inside the organisations.

4.1 Data analysis

The main focus of the analysis was the transition of institutional logic at two levels of the Malaysian public sector, i.e. the Malaysian government and the AGD, from independence in 1957 until the implementation of accrual accounting (from 2012 to 2018). As looking at the past required the firm grounding of archival evidence and a theoretical perspective (Napier, 2009), before analysing the data, the sources of evidence, especially the documents, were assessed. As most of the documents were from the government, the "authenticity" of the documents was not a significant issue in the analysis of the data.

The documentary data, the interview transcriptions and the field notes were read and reread to gain an overall view of the change in the Malaysian public sector and the AGD department. The data were categorised and themes were developed, and consequently we determined the key turning points of the changes in accounting structures (Carnegie & Napier, 2002). This was crucial, as we needed to set out what we conceived to be the "old" structure and the "new" structure, and decide which is the dominant institutional logic within the field. Two questions guided the analysis

of the data at this stage, concerning (i) how the exogenous and endogenous institutional factors³ enabled the accrual accounting change in Malaysia's federal government; and (ii) how the changes in institutional logics in the Malaysian public sector and the AGD influenced the development of accrual accounting in the Malaysian federal government. These questions were designed to capture the underlying justificatory accounts of different actors engaged in the implementation of accrual accounting in the public sector, and how that influenced the government's decision to adopt accrual accounting.

Then, the codes were arranged for the data for each of the primary actors (accountants, non-accountants, academics and treasurers) and the various documentary data. The data were coded again into several major themes and, finally, we diagrammed the findings and the data on the logics at the AGD and federal government levels, and we rechecked the data again to validate our findings. Table 2 illustrates a sample of logic appeals identified in the transcriptions.

Thus, in understanding the emergence of accrual accounting and its implications, we identified the logic underlying the two sub-periods within the two organisational structures (1956–1980 and 1980 onwards) aligned with the changes made to the accounting structure in Malaysia that significantly altered the logics at both organisational levels, the Malaysian government and the AGD. We found that the logics were neither static nor clearly demarcated between the two periods. The analysis conducted in the identification of the logics was constructed based on an understanding of the institutional belief systems (logic) that shaped the institutional field of the organisation (i.e. the federal government and the AGD). We followed the approach of Thornton et al., (2005, 2012) and Reay and Hinings' (2005) to identify the logics underpinning the two sub-periods for the Malaysian government, as well as for the AGD level. In general, the logics were identified from the vocabularies of motive, and the sense of identity projected by the actors—in this case, these were based on statements in the documentary data and the interviews. Thus, the government and AGD sector belief systems were characterised and constructed by analysing the historical patterns of material practices and the use of new language/rhetoric in official documents and other communication mediums.

The operationalisation of institutional logics in this study was conducted through two levels of analysis. During the first-level analysis, the data were examined in view of the literature, i.e. the logics in this study were identified from the approaches utilised in previous literature and other related public's documents. First, we analysed the historical background of past and present Malaysia's national agendas, public administration policies, and governmental accounting practices. Among primary references that were utilised to identify the historical events that occurred in the public administration domain in Malaysia are the following: Awang (1995),

³ Exogenous and endogenous institutional factors of the Malaysian public sector (at both levels, federal and agency/department) were examined and operationalised from related literature (e.g. Adhikari & Gårseth-Nesbakk, 2016; Adhikari & Jayasinghe, 2017; Adhikari & Mellemvik, 2011; Common, 2001; Harun et al., 2012; Saleh, 2002; Siddiquee, 2006), as well as from the collection of respondents' (interviewees') answers pertaining to the contribution factors that pushed the government to change their administration and accounting policies.

Table 2 Ideal types of institutional logics in the Malaysian government administration and Malaysian public sector accounting (table categories adapted from Thornton et al., (2005, 2012) and Reay and Hinings (2005))

Characteristics	Bureaucratic logic	Market-managerialistic logic	Scorekeeper logic	Professionalism logic
Source of identity	Bureaucracy political ideology	New Public Management (NPM) ideology	Public accountant as a book-keeper to the government	Public accountant as business partner to the government
Source of legitimacy	Representative democracy	Professional expertise	Traditional roles of public sector accountants and conservatism	Public accountants are recognised as professional accountants and involved in the government decision-making process
Source of authority	-Rules and standards -Government regulation	-Private–Public Partnership (PPP) -Government regulation	Government's financial regulation	Professional association and government's financial regulation
Basic strategy	Centralising and standardising of national policies and practices	-Incorporated more private lookalike policies -Privatised major public entities -Introduction of MBS and KPIs systems	Standardisation of financial reporting through modified cash accounting practices	The implementation of accrual accounting at federal level
Values/rationality	Conventionalism and traditional model	Modern, progressive and private sector-friendly government	Simple and straightforward, through measuring the difference between cash received and cash disbursed in a certain period of time	Enhancing the accountability, transparency and comprehensiveness of public accounts
Governance mechanism	Centralised governmental system	Partly decentralised governmental system	Cash accounting outputs function as a financial control mechanism (i.e. closely tied to cash budgeting and taxes)	Accrual accounting allows the distinction between expenditures, incomes, assets and liabilities
Institutional entrepreneurs	British government – continuing after independence	4 th Prime Minister (Dr. Mahathir Mohammed) in early 1980s	Inherited from British administration system	The AGD

Table 2 (continued)

Characteristics	Bureaucratic logic	Market-managerialistic logic	Scorekeeper logic	Professionalism logic
Event sequencing	Maintained most of the prior independence (1957) public guidelines and national policies under British administration	The modernisation of Malaysia through the introduction of Malaysia Incorporation Policy, Vision 2020, and Look East Policy (early 1980s and throughout 1990s)	In 1957 cash accounting was practised, continuation of the British system, with the change to modified cash accounting in 1974	The incorporation of accrual accounting practice in the New Economic Model policy's strategies in 2010

Nor-Aziah and Scapens (2007), Common (2001), Saleh (2002), Siddiquee (2006), Adhikari and Mellemvik (2011), Harun et al. (2012), Saleh et al. (2012), and Mail (2014). Examining important policies and regulations is crucial to understanding the transitional episodes of Malaysia's socio-economic and public administration policies which significantly shaped the development of logics at the federal and departmental levels. These historical episodes were analysed and compared with relevant accounting literature, such as Buhr (2012), Pallot (2003), Mellett and Williams (1996), Hodges and Mellett (2003), Lande (2004), Christiaens and Rommel (2008), Harun et al. (2012), Adhikari and Mellemvik (2011), Christensen (2002), Marwata and Alam (2006), Ezzamel et al. (2012), Thornton et al. (2012), Tolbert and Zucker (1996), Greenwood and Suddaby (2006), and Seo and Creed (2002). Table 3 illustrates the main papers utilised in identifying and analysing ideal logic types.

The second step involved identifying the characteristics of the ideal types of the four logics (i.e. bureaucratic, scorekeeper, market-managerialistic, and professional logics). The process began by analysing the findings obtained in step one, and aligned the findings with the work of Thornton et al. (2005, 2012) and Reay and Hinings (2005). For example, the analysis found that the source of identity for market-managerialistic logic was shaped by the New Public Management (NPM) ideology. The influence of NPM philosophy significantly propelled Malaysia's public management paradigm shift, from a bureaucratic-centralised style (i.e. bureaucratic logic) to managerialism-private orientation (i.e. market-managerialistic logic). Moreover, the identified ideal type of institutional logic has enabled us to frame an understanding of the implication of the NPM philosophy at the governmental field level in reshaping the AGD's logic at the departmental level, specifically in determining how institutional logic at higher (governmental) field level influences the identity construction at lower (department) field level. In this case, this concerns how changes in Malaysian government logic, from bureaucratic logic to new dominant market-managerialistic logic, have transformed the AGD's old scorekeeper logic into new dominant professional logic, which has subsequently altered the AGD's desired identity from the traditional role of bookkeeper to that of a business partner.

The second-level analysis for operationalisation logics was expanded by analysing the quotations from the interviews and triangulating them with the identified ideal types of logic obtained from the first-level analysis data. The process was conducted to ensure that our identification of the logics' characteristics was in line with the findings from our primary sources—the respondents' feedback and understanding of the research's issues. For instance, to understand the effect of the public administration policies, induced by the government's bureaucratic logic, on the AGD's role and identity as a scorekeeper in the public administration domain, the identified ideal types of scorekeeper logic were compared and analysed with quotations from the interviews. For example, in Table 4, respondent B13 explains the traditional roles of Malaysian public sector accountants in managing government finance, and he also complains about the disadvantage of cash accounting in the development of modern roles for government accountants. Meanwhile, respondent B5A explains the meaning of "scorekeeper" in the public accounting sector, and

Table 3 The main literature utilised in identifying and analysing ideal logic types

Themes/field-levels	Accountant-General's Department		
	Market-manager/fiduciary logic	Scorekeeper logic	Professionalisation logic
Period	1957–1980	1957–1990	1990–
	<p>Main references in analysing logics between field-levels</p> <ul style="list-style-type: none">-The colonial legacy remains as strong in Malaysia as it does in other former British colonies prior to independence: the civil service in Malaysia was a "political bureaucracy" that made policy and maintained law and order (Common, 2001)-Malaysia's public service structurally serve to centralise the public sector (Common, 2001)-The main objective of public sector accounting during this time period was bookkeeping, recording activities in the collection of revenue, and disbursements of the government's funds (Saleh, 2002)-Cash accounting practices were coherent with the post-independence financial management ideology and the need to ensure continuity with the colonial and the legacy of expenditure (Common, 2001; Saleh, 2002)-Cash accounting practices were adopted to ensure that public resources were obtained and spent in accordance with the adopted budget and its requirements (Mail, 2014)-Cash accounting is based on conventionalism and the traditional model and emphasises rules and regulations to a greater degree (Saleh, 2002)-The British bureaucratic administration paradigm has framed Malaysia's public sector financial administration (Common, 2001; Saleh, 2002; Siddiquee, 2006)	<p>Scorekeeper logic</p> <ul style="list-style-type: none">-Cash accounting is simple given that there is no matching principle in cash accounting – no matching transactions in the inventory can be linked to other related accounts. Consequently, there are no accounts receivable or accounts payable records, which makes it difficult for the government to trace its outstanding bills, and subsequently impacts the ability of the balance sheet to reflect the true financial position of the federal government (Fidlar & Mutin, 2006)-Malaysia's Treasury Circular No. 8 in 1974, and subsequently in 1997, specifies that the accounting principle to be used by both federal and state governments is a modified cash basis (Saleh, 2002)-The traditional role of accountants was shaped through the process of standardisation, conservatism, and association with government administration (Greenwood & Suddaby, 2006; Thornton et al., 2005)	<p>Professionalisation logic</p> <ul style="list-style-type: none">-Professionalism and behaviour have played significant roles in setting the accrual accounting standards for public sector use, such as in New Zealand, Australia, Nepal, France and Belgium (Lundie, 2004; Bahr, 2012; Harun et al., 2012; Adhikari & Malmgren, 2011; Christensen, 2002; Marasata & Alun, 2006)-Two contributing factors that led to success in accounting change at national level were the fact that both countries received commitment from the politicians (Hassan, 2015) and that they had great support from the accounting profession (Oudiz, 2004)-The study of Thornton et al. (2005) on accounting in an organisational setting found two prevalent logics guiding the behaviour of accounting professionals in the field. Their study revealed that the old fiduciary logic in the accounting field was institutionalised through the professionalisation of public accounting from the end of the 1800s until the 1930s-The study of Etzarnad et al. (2012) on competing logics in the north-west of England in two phases (in the 1990s and 2011) discovered the emergence of a new business logic, a prevailing professional logic and governance logic in education's fieldwork. The work of Etzarnad et al. (2012) was based on the work of Thornton et al. (2012) and they found that newly implemented budgetary practices may be heterogeneous rather than homogeneous, as they are shaped by competing "institutional logics" that are comprehensible in pursuing reform or preserving the status quo of established organisations-For Malaysia, the study also found the influence of the colonial administrative paradigm (i.e. professional working style) became dominant in the public sector. The MBS (Mokhsel) in the 1990s, MBS desired to be a professional organisation by granting greater authority to the controlling officers to manage their financial resources (Common, 2001; 2009; Mail, 2014)-In Malaysia, since the 1990s, many professionals who have worked with Malaysia's government-linked companies (GLC) have held key positions in public sector agencies (Common, 2001; Saleh, 2002; Saleh et al., 2012; Siddiquee, 2006)-The assistance of professionals in the public sector decision-making process has significantly influenced the Malaysian government's decision to adopt the managerialist type of accrual-based accounting practices (Saleh et al., 2012)-Professionals played a major role in pushing their government to adopt Western-style accrual-based reporting practices throughout the public sector (Adhikari & Malmgren, 2011; Bahr & Dale, 1998; Harun et al., 2012)-The presence of antagonistic contradictions to the organisational fields is evidenced by the lower degree of institutionalisation of the new professional logic in the organisational field (Greenwood & Suddaby, 2006; Seo & Creed, 2012; Tolbert & Zucker, 1996)-Compared to other highly skilled professions (i.e. those of lawyers and medical doctors), the professionalisation values that are present throughout NPM's managerialism philosophy failed to produce the desired results for public sector accountants (Saleh, 2002)

Table 4 Exemplary quotations for institutional logic identification and analysis

Theme	Exemplary quotations
Bureaucratic logic	<p>B13 “Under cash basis, all records are based on cash. We will record when we pay. We will record the revenue when we receive it regardless of the period, even though it is for next year. When payment is complete, only then will it be considered as an expense. If no payment is made even though it should be paid, it will not be considered as an expense [...] there is no need for an accounting background to understand the current transactions now. It is not done by us.”</p> <p>A15 “I always asked when I was in BPOPA, ‘Are we not being transparent now?’ We are transparent. Just that the requirement from modified cash accounting is only to report what we have received and what we have paid. We are not classifying as it is supposed to be classified.”</p>
Market-managerialistic logic	<p>A1 “We are facing some [financial] issues, such as bond issue [...] if there were foreign investors want to invest in our country, their perceptions on our [financial] condition will be indirectly affected because we are still using cash accounting system. [...] [The accrual accounting transformation agenda] happened because of changes in [national/public] leaders and policies. [...] We see the importance of accrual accounting implementation. Because we were heading toward becoming a developed nation, and all developed nations have been using accrual accounting [...] that is why our Prime Minister [the 6th PM] stressed out the importance to compete with other developed countries like Australia and the UK. Therefore, in order to be a developed nation, [the implementation] of accrual accounting is needed. It also part of country’s financial strategic reformation.”</p> <p>A3 “[...] this [accrual accounting initiative] is under New Economic Model (NEM). Under that [NEM], there is one initiative called Public Finance Reform. Accrual accounting is one of the initiatives under the Public Finance Reform. The objective of the implementation is to enhance fiscal finance, accountability, and transparency. [...] It is a top-down decision [to implement accrual accounting]. [...] It is mostly [financial reform initiatives] come from the think tank [policy institute] such as MoF’s [Ministry of Finance’s] fiscal department. One of them that I know was the former secretary of fiscal department. [...] [For the motivation] to go forward, accountability and transparency also important because we do not want to face a similar situation [as that] faced by Greece.”</p>

Table 4 (continued)

Theme	Exemplary quotations
Scorekeeper logic	<p>B5A “People [AGD’s staff] will get angry if [I said that] we are labelled as a scorekeeper. Let’s see our transformation [the role of government accountants] as an accountant [since independence], our function as a public accountant is only focused on preparing payments. That is our only function. We don’t [want to] be part of the government’s personnel [involved] in decision-making [process].”</p> <p>B13 “Now, we feed the information. If the KSU or any department requires information, we will provide them with information, such as the expenses and revenues collection. We will give them information, and that is our role. People can easily understand it because cash basis is direct ... therefore, there is no need for an accounting background to understand the current transactions. It is not done by us.”</p>
Professional logic	<p>B5B “Yes, we have to grab this opportunity because we are professionals. Our profession is [that of] an accountant. We are looking at the strategic capability [...] when we have accrual accounting, we will be consulted on key decisions such as investments and so on. We are building our professionalism. Thus, we can be outstanding when we have this advantage as compared to those who do not understand the accounts. [...] The accountants are currently focused on the payments only [...] we want people to understand and know the importance of the role of accounting. For instance, when we refer to the overseas, we want to go from a scorekeeper to a business partner.”</p>

highlights why the accounting change agenda is fundamentally crucial for public accountants in elevating their status in the public administration sector.

The quotations analysis from B13 and B5A gives us three contextual understandings; firstly, the explanation from respondent B13 positively corresponds with our identification of scorekeeper’s logic characteristics. Secondly, the word “scorekeeper” echoed throughout our primary data, which means that most of the respondents’ understanding of the influence of a cash accounting regime on their identity and roles in the public sector was encapsulated by the influence of scorekeeper’s logic. Thirdly, the quotation from B5A revealed the enabling field-level condition for institutional change at department level, from a cash accounting structure to an accrual accounting system, which is that the desire to be important and to be recognised as a professional accountant has induced the AGD to envisage divergent change strategies in restructuring Malaysia’s governmental accounting system, which is to the accountants’ liking.

A similar approach applies to the other two logics, market-managerialistic and professional logics. For instance, in Table 4, the quotations from respondents A1 and A3 reaffirm the ideal types characteristic of market-managerialistic logic (i.e. modern, progressive, and private-sector friendly). The respondents’ A1 and A3 explanations exhibit that the rationale behind the adoption of an accrual accounting system at the government’s field level was market-managerialism’s values, which involve looking modern and progressive, as per other developed nations, and being

able to offer the private sector's financial outlook. Meanwhile, the quotation from respondent B5B matched the professional logic's ideal type characteristics, which is to be valued as a professional accountant. At the same time, the accrual accounting transformation was pragmatically viewed as the elevation mechanism in enhancing the AGD's professional identity as a business partner, which is similar to the modern professional role of an accountant in the private sector.

5 Public sector accounting in Malaysia

Malaysia, consisting of 13 states and three federal territories, is a constitutional monarchy with an elected parliament. The executive power lies in the hands of the government, the Prime Minister, and members of the cabinet and the parliament. The Malaysian public sector is comprised of three tiers of government: federal, state and local government. The federal government controls external affairs, defence, internal security, civil and criminal law, citizenship, finance, commerce and industry, shipping, education, health, and labour. As the Malaysian governmental structure follows the Westminster system, its public accounting system is similar to the British system; the parliament handles most of the government's financial issues, while the executive body is responsible for the administration of financial matters. A set of rules governs the procedures and practices of accounting and reporting in the federal and state governments in Malaysia.

In general, the development of governmental accounting in Malaysia is influenced by the administration's arrangements, comprising the AGD, the National Audit Department (NAD) and the Public Accounts Committee (PAC) (Saleh, 2002). These institutions constitute one part of the Malaysian government's accounting cycle. The Treasury controls the collection and allocation of resources, while the AGD, as a part of the Treasury, manages the accounting of these resources. The accounting cycle in the Malaysian public sector commences with budget preparation at the Treasury, with the approval of the budget by the parliament. Then, resources are allocated to various departments and agencies as per the approved budget. Next, AGD prepares the accounts, which are then audited by the NAD and submitted to the PAC. They are then tabled in the parliament for approval.

An overview of the Malaysian governmental accounting framework and structures is useful in understanding the intra-organisational relationship between the government of Malaysia and the AGD. In this case, the federal government, the executive entity of public administration, represents the highest-ranking organisational entity, i.e. governmental level. It has the authority to formulate, govern and administrate core policies, strategies and regulations for the public sector in Malaysia, including financial and accounting policies. Meanwhile, the departmental level is referred to as the second tier of public sector administration, including ministries, statutory bodies, units, and centres. These public offices are responsible for executing and/or empowering government's (first-level government or federal) plans, policies and strategies. More specifically, department level studied is the AGD. The AGD has been bestowed with a certain level of authority to execute its role as an accountant for the Malaysian government. These two intra-organisational entities,

the government and the department, interact and correspond to each other within their own level of authority and capacity in order to run the financial and accounting functions in the public sector.

6 Empirical analysis and discussions

This section discusses the emergence/development of institutional logics, which occurred in Malaysia at federal level and AGD level during two phases: (i) from independence (1957) to the 1980s, and (ii) the 1980s to the present day.

6.1 Institutional logics' development (1957–1980)

At the governmental level, the British administration paradigm has framed Malaysia's bureaucratic logic, and consequently shaped the public sector's financial environment (Common, 2001; Saleh, 2002; Siddiquee, 2006). The government's bureaucratic logic influenced the norms, material practices and identity of public sector accountants, characterised by the identity of the bookkeeper, and, as a result, public sector accountants' role was a consequence of their standardisation and conservatism, and association with government regulations (Greenwood & Suddaby, 2006; Thornton et al., 2005).

6.1.1 Governmental level: dominance of bureaucratic logic

The custodial nature of the public sector and its limited development, inherited from the British colonial administration following independence, continued until the 1960s (Siti-Nabiha, 2008). Due to rapid economic and social development which took place in Malaysia after the 1960s, various national development plans were formulated and implemented to address the changing needs of a newly independent nation. These centralised national policies and practices guided the development of the country. The government's direct involvement in the economy increased with the establishment of public enterprises (PEs), and various government agencies and entities. During the 1980s, Malaysia had the largest number of PEs in the world (Alam & Rafsanjani, 1997).

The government has instituted a centralised and elaborate system of bureaucratic rules and procedures in managing its fiscal policies and public expenditure decisions. In other words, at governmental level (i.e. federal), the logics' characteristics shaped in the formulation of public policies, particularly related to financial policies, were framed from central-bureaucratic logic that stemmed from the concepts of simplicity, objectivity, and ability to demonstrate the government's fiscal direction. This centralised and bureaucratic ideology subsequently enshrined other public administration policies, including public financial management practices, such as the budgeting system and the financial accounting framework.

The formulation of Malaysia's public sector accounting framework was heavily influenced by Britain's financial structure. The accounting system of the newly independent country also reflected the custodial nature of its administration. Prior to the 1980s, public accounting played a stewardship role—that is, ensuring control and ascertaining the legality of public expenditure (Joon-Chien, 1981). In the post-colonial era, the main objectives of public sector accounting were book-keeping, recording activities in the collection of revenue, and disbursing the government's funds (Saleh, 2002). These public sector accounting objectives were derived from the budgeting characteristics of traditional line-item budgeting, with a cash accounting basis to record the financial transactions. The continuation of the cash accounting practices, left by the British administration during that time, focused on control, rule compliance and the legality of expenditure, in accordance with line-item budgeting requirements (Dean, 1989; Mail, 2014; Saleh, 2002). This ideology encapsulated the parliament's primary interest in knowing which types of funds must be raised through taxation, and how much these expenditures would account for in the coming fiscal year. The following statement illustrates the main objectives of cash accounting as practised by the Malaysian government:

Under cash basis, all records are based on cash. We will record when we pay. We will record the revenue when we receive it...

[Chief Accountant, MOA]

The cash accounting practices were subsequently changed to a modified cash accounting system in 1974. This change was initiated based upon the fact that expenditures were incurred in the 12th month of the financial year, but paid in the 13th month (which is in excess of the budgeted financial term by one month, or labelled as code AP58A) (Saleh, 2002). This modification to the cash-basis system impacted the recognition of accounts payable for purchases that were expected to be paid in the 13th month, as explained below:

... Under cash basis, whatever we have spent in this year, it must be paid within the same year. When we have AP58A, the budget is allocated for this year, being paid next year and will be included in next year's budget. Therefore, the next year's budget will decrease. That is why we do not want a high AP58A.

[Chief Senior Assistant Director A, Implementation Team]

You recognize in your book upon payment and receipt. But in Malaysia we have a period which we called as account payable period, where we were allowed to make payment.

[Deputy Accountant-General (Corporate)]

The adoption of a modified cash accounting system was primarily motivated by the need to certify the proportion of the allocated budget spent in the allocated year. Although modified cash accounting has replaced the traditional cash accounting systems, the majority of the reporting basis remains in the cash accounting format. Thus, the adoption of modified cash accounting was viewed

by the federal government as a tool to improve financial reporting, rather than to improve the government's financial performance.

Nevertheless, improvements were made in the budgeting process, with the intention of reforming the public sector's financial performance. In 1968, public sector financial management was subject to major reform through the introduction of a new budgeting system called the Programme Performance Budgeting System (PPBS). With technical assistance from the International Monetary Fund (IMF), PPBS was introduced to assist the government to structure and plan the public programme in the most efficient and economical way, i.e. by establishing budget priorities between competing programmes (Common, 2001). However, PPBS was not successful due to various issues, including lack of accounting skills, incongruities between accounting bases and budgeting systems, lack of top management, and problems in determining programme structures and performance measures (Dean, 1989).

6.1.2 AGD level: scorekeeper logic and public accountants' identity

The government's policies and agendas shape the roles played by institutional members at departmental level (i.e. ministries, statutory bodies, departments, centres and units). An institutional hierarchical order in an intra-organisational setting suggests that the higher-level organisation's values pose greater influence in shaping how the lower-level organisation should behave in a particular institutional field (Thornton et al., 2012). In this context, the institutional logics relationship in an intra-organisational setting, which is between government (federal) and department (AGD), is dictated by the characteristics of the government's bureaucratic logic, which later trickles down to the departmental level, and, subsequently, frames the roles played by AGD.

Malaysia's cash accounting system was a product of the government's bureaucratic logic, with public sector norms and the practices of maintaining control, compliance with rules, and legality of expenditure (Common, 2001; Dean, 1989). During this period of time (1956–1980), the norms, values and material practices at the AGD level were framed by the scorekeeper's logic narratives, which revolved around bookkeeping activities—i.e. recording the collection of revenue and disbursing the government's funds. The role and identity of public sector accountants were framed on the basis of a scorekeeper's narrative:

...accountant is not more than just making payments. That is our only function. We are not part of the decision makers... we are just a scorekeeper.
[Deputy Director-3, Implementation Team]

The public sector accountants' identity during this era was shaped by the logic of a scorekeeper. The simplicity of the cash-based system meant that those doing accounting (public sector accountants), and also the decision makers, did not need to have professional accounting knowledge, as shown by the comment below:

When payment is complete, only then will it be considered as an expense. If no payment is made, even though it should be paid, it will not be considered

as an expense.... If the KSU or any department requires information, we will provide them with information such as the expenses and revenues collection. We will give them information and that is our role. People can easily understand it because cash basis is direct ... No need for an accounting background to understand the current transactions...

[Chief Accountant, MOA]

The genesis of the public sector accountant's scorekeeper identity was framed by the Malaysian government's administration scheme and structure. Public sector accountants do not play a major part in key financial decisions, and their function is limited to recording and supplying financial information, even though they form the group of people possessing accounting and financial knowledge, unlike other administrative ranks, such as chief secretaries. However, Malaysia's administrative structure favours the controlling officers—i.e. ministry chief secretaries (KSU)⁴—by empowering them with greater authority to manage the ministries' strategic decisions, including their core financial management activities, as reflected by the comments below:

[Most of] the Head of Finance Department (KSU) does not come from an accounting background. Therefore, the government structure is unique because, in Malaysia, a non-accountant will lead the finance division.

[Deputy Director A, Implementation Team]

From the public accountants' perspective, their identity as the government's accountants under the cash accounting legacy was deduced from the logic of a scorekeeper. This logic is embedded within the government's administrative structure, and it limits the active involvement of public sector accountants in the strategic decision-making process.

6.2 Second phase (mid-1980s to date)

The second phase of institutional logics at the two levels of the Malaysian public sector began in the early 1980s, and has continued to the present day. The Malaysian government's logic transformed from the prevailing bureaucratic model into new managerialism, following the changes derived from the rapid economic progress and aggressive government socio-economic development during this era. In addition, the managerialist logic was further developed from the NPM policies and practices, which disrupted the prevailing logics, and, consequently, the core value in civil services changed from bureaucracy to managerialism. The public sector modernisation was led by new institutional entrepreneurs, change actors who challenged the established logic and introduced new perspectives (Greenwood & Suddaby, 2006; Thornton et al., 2005). Their involvement in Malaysian socio-economic development was based on private-market-oriented policies, which would subsequently lead to the introduction of the accrual accounting system in the Malaysian public sector.

⁴ Ministry chief secretaries are the heads of the civil service, ministries in particular.

6.2.1 The emergence and dominance of market-managerialistic logic at governmental level

The transition of the government's institutional logic occurred from the early 1980s to 2009, and became more intensified from 2009 onwards. The rise of Mahathir Mohammad as the fourth Prime Minister (PM) in the early 1980s had significant impacts on public administration. Beside the political leaders, especially the new PM, public sector reform was supported by a generation of senior administrative officers who were exposed to the NPM discourse at that time (Common, 2001). The infusion of managerialist theories/principles into the public administration domain during the late 1980s was due to a host of factors, including the privatisation strategy in 1983, the rapid industrialisation and significant economic growth of the country, together with the NPM's narratives leading the incorporation of modern private sector management techniques into the government's human resource and quality management practices (Common, 2001; Mail, 2014; Saleh, 2002).

In addition, the significantly stronger private sector called for a reduction in the role of the public sector, as well as reduced bureaucracy (Saleh, 2002), becoming the impetus for the formulation of new public administration policies and practices founded on managerialist logic's narratives, aimed at meeting the private sector's needs (Common, 2001). For example, the introduction of the Malaysian Incorporated Policy in 1983 was due to the government's wish to legitimise itself to the business community and to gain public confidence (see Awang, 1995; Common, 2001; Mail, 2014; Nor-Aziah & Scapens, 2007).

Even though efforts were made to infuse Malaysia's civil service paradigm with Japanese and Korean decision-making ethos in public administration practices (Common, 2001; Mail, 2014; Saleh, 2002), it was the Western NPM philosophy, promoted by international bodies (i.e. the IMF and World Bank), that had more significant influence in public administration in Malaysia. For example, the privatisation master plan was referred to a British consulting firm, which was given the responsibility of undertaking the study, and submitted recommendations to the government regarding privatisation (cf. Common, 2001). The influence of international agencies on Malaysian government policy led to an infusion of values and practices often promoted as a modern and efficient way of governing a developing nation (Gomez & Jomo, 1997), as noted below:

... the World Bank and IMF always encourage adopting modern finance management. [Deputy AG (Corporate)]

A host of programmes emulated private sector practices and private-professional values, such as the Productivity Measurement Programme in 1986, Quality Management in 1989, the client charter in 1993, including at the AGD, where the shift from bureaucracy to NPM's market-managerialism occurred, which also influenced the policies' formulation. The civil servants' working style paradigm changed from a traditional administrative style to the private-professional working style, in which quality, productivity and efficiency are emphasised.

However, the managerialist logic's underlying public administration did not have a significant impact on public sector accounting. Public sector accounting discourse

still revolved around the cash accounting characteristic. The attempts made by the AGD to revive its professional function through the adoption of accrual accounting were unsuccessful. The recommendations made to the government by the AG (Accountant General) to adopt accrual accounting were not successful, due to a lack of urgency or pressure for implementation, as suggested by the Deputy AG (Corporate):

... the AG has taken few initiatives and make recommendations to the government [to introduce accrual accounting]... but it was unsuccessful... [because] there was no need for the government at that time to implement the accrual basis.

6.2.1.1 Intensification of managerialist logic at governmental level The efforts to enhance the administrative programme slowed after Mahathir stepped down in 2003. His successor was unable to push for new economic policies due to the global economic crisis in 2008, and a political struggle that led to his resignation in 2009. The subsequent loss of the two-thirds majority of the ruling party seems to indicate, among other things, public dissatisfaction with the government's service delivery. The economic crisis of 2008–2009, and appointment of the sixth Prime Minister (PM), marked the intensification of managerialism in the Malaysian public sector. The PM introduced the New Economic Model (NEM) and Government Transformation Program (GTP), with a heavy emphasis on the performance measurement of government agencies, and a focus on becoming a high-income nation by 2020. Such efforts, together with the various policies and programmes, further ingrained the dominance of managerialist logic at governmental level.

The managerialist logic “being dominant” in the public sector, the NEM agenda introduced in 2010, and the change in the political structure all enabled public sector accounting's reform, and paved the way for the adoption of the accrual accounting system. The AGD promoted the adoption of accrual accounting to achieve the objective of the reform, as one of the key initiatives of the NEM was to strengthen public finance management by enhancing its fiscal transparency (Ahmad et al., 2013). The events and situation during that time led to AGD efforts receiving a positive reception due to various factors, among which is the objective of becoming a high-income nation:

...Therefore, this transformation requires the change from cash to accrual accounting... we need to implement accrual accounting to fulfil the country's dream of becoming a developed country by 2020... and this idea start from AGD itself and not from the Ministry of Finance.

[Deputy Director B, Implementation Team]

Besides improving public financial reporting, the decision to adopt accrual accounting was partially made to improve the country's credit rating, as international rating agencies regard the use of accrual-based financial reporting as a key indicator to measure a public sector's financial integrity, as revealed by Deputy Director C, Implementation Team:

The IMF suggests to us that we have the right to decide whether to accept this proposal (accrual accounting standards) or not. If we choose to use the old standard, there is no problem, but in terms of credit rating, it may affect us – if we make a loan from an outside party, this will slightly affect our image.

The public accountants believed that a financial reporting system based on accrual accounting would be able to showcase the transparency and accountability of the government's assets and liabilities. Accrual accounting is considered to be crucial, as it provides more up-to-date, reliable data, and enhances international recognition, as discussed by the Chief Accountant, Account Division, MOA:

... the first advantage (of accrual accounting) is more reliable data, and, secondly, it is more transparent. Third, we can get (better) recognition and we can make comparisons with other countries that practising accrual accounting ... This reporting will help the relevant parties to make decisions to develop the country's economy, and also this reporting will help improve in terms of transparency. The transparency will further enhance the confidence of local or foreign stakeholders. Indirectly, will contribute to the economic progress....

Similar points were made by a member of the accrual accounting implementation team. The use of accrual accounting is considered to lead to information for decision-making purposes, thus enhancing the role of the finance ministry and the politicians:

I hope when we adopt accrual accounting in government sector, our finance ministry can play a better role since we gain more information in hand. The politicians should also play a better role. They have more information and they know whenever they come out with new policies, it will have a domino effect on the assets and liabilities, which gives impact to our financial statement, and they supposedly know that everything is recorded. Before they come out with new commitment and new project, they should know everything, such as the things that need to be look at, for example pension liabilities.

[Chief Assistant Director-A, Implementation Team]

The AGD's efforts to introduce accrual accounting were met by a positive reception, as international bodies' demands for comprehensive financial information resulted in accrual-based reporting, viewed as more than just a reporting mechanism. Adoption of an accrual system was a strategic decision to fortify investors' confidence in Malaysia. Thus, the migration from cash-based to accrual-based accounting signifies that international pressure had a significant impact on the development of governmental accounting in Malaysia. Moreover, the motivation to adopt accrual accounting was also based on mimetic pressure, which led the Malaysian government to emulate the practices that it perceived to be the most

legitimate or successful (Beckert, 2010; DiMaggio & Powell, 1983; Frumkin & Galaskiewicz, 2004; Lande, 2004; Mizruchi & Fein, 1999).

...we are heading towards the status of a developed country, and all developed countries are already using accrual accounting... Therefore, to be one of the developed countries we want to implement accrual accounting. It is also part of government's finance "strategic reformation"... [and] it is included in the NEM initiatives... one of the transformation measures is to implement accrual accounting.

[Deputy Director A, Implementation Team]

If we still use the cash accounting basis, we will be considered "backwards" as compared to other countries currently using the "accrual" system. We are also unable to provide the information [stakeholders] need because we are still using the cash basis. Therefore, this migration is necessary so that we are on par with other countries.

[GASAC Member]

Thus, international influence on the adoption of accrual accounting in particular countries can vary, especially in developing countries such as Indonesia and Nepal. Unlike the Malaysian context, where the government introduced accrual accounting in order to look modern, these countries were being pushed into adopting accrual accounting due to austerity measures demanded by the IMF as part of their loan/donation deals (Adhikari & Mellembvik, 2011; Harun et al., 2012).

6.2.2 Departmental level: reinforcing professional logic through the incorporation of an accrual accounting system

Through the infusion of private management models and techniques in public administration practices, together with external pressures, the government logic in the Malaysian public sector has been transformed from a bureaucratic model into a managerial model. This, in turn, has altered the logic in the public sector accounting field, given that the accounting norms and practices heavily influenced the national policies implemented, and public budgeting's characteristics and requirements.

The NPM's influence can be observed in the efforts to reform Malaysia's budgetary process between the 1970s and 1990s (Common, 2001; Saleh, 2002; Siddiquee, 2006). In 1990, the MBS (Modified Budgeting System) was introduced, which shifted the budgeting process and mechanism close to the NPM model. Its aim was to increase the efficiency of the financial management of government, and improve accountability among controlling officers (Common, 2001; Mail, 2014). Under the principle of "let managers manage", MBS granted greater authority to the controlling officers to manage their financial resources (Mail, 2014; MAMPU, 2000). However, the system was not implemented, and its introduction did not provide the sufficient greater authority to public sector accountants in managing financial activities, but rather gave more power to the controlling officer (i.e. the ministry's Chief Secretary) with regard to key financial decisions, especially budgeting at the ministerial level.

Despite the insertion of the professional ethos of effective, modern and timely service at governmental level significantly influencing public administration procedures and government budgeting processes, the identity of public sector accountants as bookkeepers was still intact and dominant. Nevertheless, professional logic at the AGD level emerged with the introduction of the computerisation of accounting information systems in the 1990s, together with the introduction of MBS, which can be considered the by-product of the Mahathir modernisation projects, which focused on inculcating professional qualities in public administration. Even though modern technology has extensively changed public sector accounting procedures, AGD's function is still limited to managing and supplying financial information, not involving financial decision making, as reflected by the following comments:

When we look at the private sector, the accountants have knowledge in managing budgets. But public sector accountants have no experience handling budgets, even to prepare a simple budget, unless they are accountants possessing higher grades or those officers who work at the Finance Ministry.

[Chief Accountant, Account Division, MOT]

Thus, professionalism values did not fully infuse or transform the AGD's identity and practices, as current cash accounting is loosely coupled with the AGD's professionalism logic narratives⁵ (e.g. roles as CEO, professional accountant, business partner to government). Therefore, the continuation of the cash accounting basis of the financial reporting system has hindered the AGD's role as a business partner to the government. Nevertheless, with the increasing size and activities of the government, when economic resources became limited, concerns were raised about the government's financial accountability, as well as the efficiency and effectiveness of government services (Common, 2001). Information supplied by the cash-based accounting system was inadequate to review governmental financial performance which, among other factors, led to the consideration of accrual accounting. Accrual accounting is argued to provide better financial reporting, more accurately reflecting the financial position and giving the full cost of service provision.

As mentioned, prior to 2009, the AGD had initiated multiple efforts to persuade the government to change from cash to accrual accounting. The AGD's efforts were also influenced by international trends and discourse, but its attempts were not successful, due to the lack of support from key actors—the Treasury and politicians. As there was no urgent pressure on the government, the established accounting practice was considered able to provide adequate information to policymakers. The introduction of the NEM in 2010 led to another effort by the AGD to reintroduce accrual accounting. The AGD's efforts were due to its desire to enhance its role in the government's strategic decision making, especially with regard to managing public financial activities, reflected by the comments of a chief accountant in one ministry:

So how do you become a business partner? When we use accrual accounting... it will be reports that come from the heart and mind of an accountant.

⁵ Refer to Table 2.

For example, when we read a law (acts), we need a lawyer to interpret the law because the sentence of the law is difficult to understand. So we want accounting [to be] like that. Only accountants can give advice to top management. We will be with them to help make important decisions in [ministries]; we will be acknowledged as business partners.

The initiative to infuse professional values in the government's financial policies was not new, as the infusion of private values in government policies could be observed with the participation of professionals, mainly from government-linked companies (GLC), who were brought in to hold key positions in public sector agencies (Common, 2001; Saleh, 2002; Saleh et al., 2012; Siddiquee, 2006). The involvement of professionals in the public sector decision-making process significantly influenced the Malaysian government's decision to adopt managerialist accrual-based accounting practices (Saleh et al., 2012), and provided further support for AGD efforts. Such a department's influence in the formulation of a government's administrative policy is relatively common, especially in developing countries (e.g. Indonesia and Nepal). In developing countries, professionals have played a major role in pushing their governments to adopt Western-style accrual-based reporting practices throughout the public sector (see Adhikari & Mellemvik, 2011; Harun et al., 2012; Bale & Dale, 1998). In addition, the active involvement of professional accountants in formulating public sector accounting standards within GASAC⁶ brought further private professional norms and values to governmental accounting.

With support from the professionals among the top management in government, coupled with the influence of Malaysia's AG, also a certified professional accountant, in 2011 the government decided to pursue accrual accounting as the new financial reporting basis. The AGD was mandated to be the anchor for the transformation process. The government's decision to adopt accrual accounting was the final piece in transforming the AGD's identity from bookkeeper to business partner. The AGD took this opportunity and strategically implemented various initiatives and programmes to achieve its long-desired role—to be a financial adviser or business partner to the government. This was commented on by a member of the implementation team:

We have to grab this opportunity because we are professionals... when we have accrual accounting, we will be consulted on key decisions.

Similar views on the importance of the adoption of accrual accounting—in reinforcing the professional role of public sector accountants in Malaysian ministries—can be seen in the following statements:

This change in accounting function that will take place around the civil service, from the cash basis to the accrual basis, this provides many opportunities for accountants to play a more active role as business partners to government's decision makers.

⁶ The Governmental Accounting Standards Advisory Council (GASAC) was formed in 1984, concurrent with the establishment of the Governmental Accounting Standards Board (GASB).

[Former AG – extracted from videos at AGD’s website]

AG is eager to execute with the project because we think we have to contribute. We want to play our roles, to push our capabilities.

[Deputy’s AG (Corporate)]

The AGD implemented various initiatives dedicated to preparing itself to be a main player in key government financial decisions. The main initiatives involved establishing self-accounting departments (SADs), independent accounting departments, in all ministries. Previously, only selected ministries had SADs, while the others relied on the AGD to prepare and consolidate their accounts. The establishment of SADs at all ministries led to the permanent post of Chief Accountant at every single ministry. This strategic move eventually helped the chief accountants to fulfil their identity as CFOs. The chief accountants were to provide professional opinions on the related key financial decisions to the Chief Secretary and/or minister when the accrual accounting system was fully implemented, and when the accountants were fully established in the role of business partner, as expressed in this statement:

Now all 25 ministries have chief accountants (CA). CAs will be acting in the role of Chief Financial Officer (CFO) in future. We want them to be able to interpret the financial statements. We do not want them to be just providers. We want people who know and can give advice to KSU (Chief Secretary) as well as ministers.

[Chief Senior Assistant Director A, Implementation Team]

To further reinforce the government’s accounting functions, the AGD developed a new accounting information system—iGFMAS⁷—to cater for the accrual accounting requirements mandated by the new Malaysian Public Sector Accounting Standards (MPSAS).⁸ The AGD encouraged its staff, especially chief accountants and high-ranking officers, to gain professional accounting qualifications from bodies such as ACCA, MICPA and CIMA to legitimise their identity as business partners, and at the same time to emulate more professional qualities among public sector accountants. In so doing, the AGD promised a financial incentive to any member of staff who successfully acquired professional accreditation.

The professional element embedded in accrual accounting lies in the ability of accountants to interpret new accrual-based accounting standards. However, the only people able to do this were those with accounting knowledge, i.e. accountant officers. Thus, the government’s top management require the accountants’ opinions and/or judgements to interpret the new MPSAS requirements, especially regarding how to recognise and measure the government’s assets and liabilities, which are more complicated than they were in the cash accounting framework. Hence, once accrual accounting is fully implemented at national level, the roles of public sector

⁷ Previously known as 1GFMAS, when the government changed in 2018, the name was changed to iGF-MAS.

⁸ A standard adapted from IPSAS’s accrual accounting basis for the public sector.

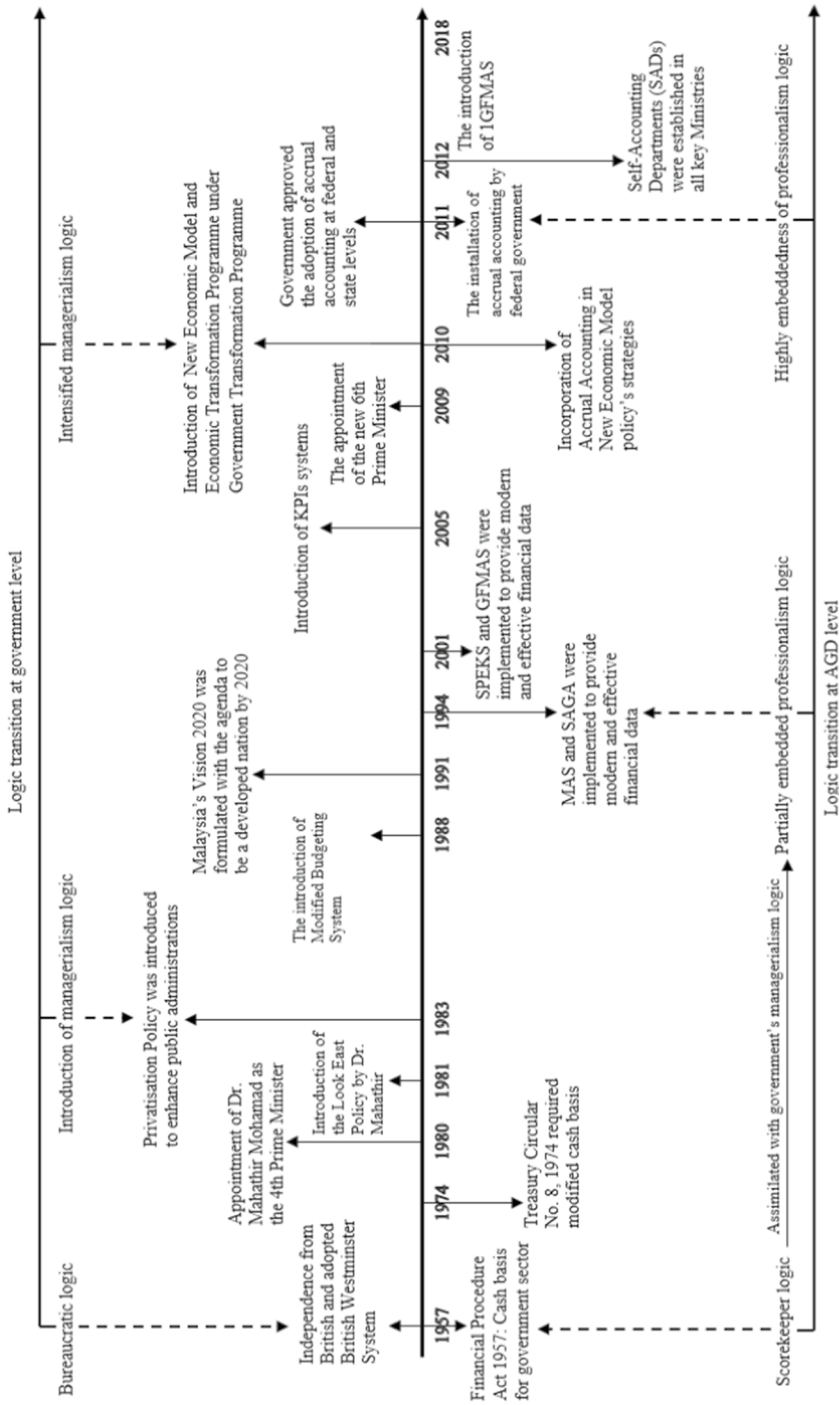


Fig. 1 Transitional of logics at inter-organisational level

accountants become more significant, as their professional opinions are crucial to any key financial decisions being made.

Figure 1 summarises the historical footprints of institutional logics between the Malaysian government and the AGD from 1957 to 2018. It illustrates the events that significantly disturbed the field and altered the financial management logics at both organisational entities. Thus, the transitional logics at inter-organisational level and the change in accounting techniques are also illustrated in Fig. 1.

7 Concluding comments

The focus of this paper is the change to accrual accounting in the Malaysian public sector, examined through the transition of institutional logics at intra-organisational levels, at the central level and at the AGD level. The adoption of accrual accounting is not just a change in technical practice, but also a cultural issue given that accounting systems and practices are shaped by and reflect the underlying norms and practices of the public sector (Anessi-Pessina & Cantu, 2017). Given that accrual accounting is a Western-based model, its adoption in developing countries will be influenced by changes in the norms and public administration model of the country in question (Hepworth, 2015; Harun et al., 2012; Christensen et al., 2019; Anessi-Pessina & Cantu, 2017).

Similarly, the findings have shown that the change to accrual accounting in Malaysia was precipitated by the transition in logics resulting from the change in one form of public administration to another, and from the micro–macro-level connection between the logics at the central level and the departmental level. When logics at the central level (the higher level of institutional order) are bureaucratic, then scorekeeping must be performed by the lower-level organisation (the AGD), as it supplements and reinforces bureaucratic administration. With the transitions of logics from bureaucratic to managerialist, it is expected that the predominant logics will affect the accounting system so as to be aligned with the shifting logics (Hynmand et al., 2014; Anessi-Pessina & Cantu, 2017). In contrast, in this study, the change in the public administration model from a bureaucratic to a managerialist administration did not initially change the accounting system, as a cash-based system was still used. Nevertheless, it has pushed public officers to emulate a professional ethos and identity in their working environment. As noted by Meyer et al. (2013, p. 865), the transformation of the public administration, from a bureaucratic to a managerialist administration, will be reflected at the micro level, specifically in the identity of officers; from initially being public servants, they become “managers of organisations and scarce resources”. Thus, accounting under the managerialist logic is supposed to report the financial implications of organisational decisions (Anessi-Pessina & Cantu, 2017). However, this study has shown that, instead of assuming their role as a consultant/advisor who actively participates in decision-making processes and can perform a broad range of functions, the Malaysian public sector accountants’ old identity and functions were still intact, as they continued to work under the old scorekeeper’s logic narrative, with identity associated with

the traditional bookkeeping function. The public sector accounting system did not change, with the continuation of a cash-basis system.

Given this contradiction, public sector accountants loosely couple the main elements/qualities of their practice with the narratives implied by the new managerialist logic of professionalism. Therefore, the infusion of professional private accountants' functions and values is loosely coupled with the Malaysian public sector accountants' practices. This type of institutional logic transformation is assimilation, i.e. the elements of one logic are combined with the prevalent logic (Thornton et al., 2012). The AGD was pushed to incorporate the characteristics of the managerialist logic (i.e. commercial-private professional virtues), while the scorekeeper's logic narrative (i.e. traditional bookkeeping identity) was still dominant. This assimilation of the AGD scorekeeper with the managerialist logic resulted in the emergence of professionalism logics at the departmental level (i.e. the AGD). Moreover, the loose coupling effect, the integration that occurred between the managerialist logics' narratives and the desired AGD identity of business partner, represent defensive action to address the conflicting expectations of their environment (being professional but playing the role of a scorekeeper), and strategic action to gain certain advantages to enhance their prospects for survival.

The findings show that the lower degree of institutionalisation of professional accounting values in the AGD has enabled it to perform acts of institutional entrepreneurship and alter the existing institutional arrangement (i.e. cash accounting) (Battilana et al., 2009; Covalleski et al., 2013; Greenwood & Suddaby, 2006; Tolbert & Zucker, 1996). This loose-coupling situation (between the logic's narratives and its identity) can also be explained through an institutional theoretical lens as an endogenous contradiction phenomenon, or, specifically, as internal contradictions (Swan et al., 2010). This implies that the institutional arrangement contradiction between the government's managerialist logic and the AGD's bookkeeping identity has enabled the AGD to initiate a strategy to break away from the existing institutional arrangement. As a result, in 2011, when the government introduced the NEM, the AGD capitalised on the new policy and used it to its advantage by pushing for accrual accounting to be one of the solutions used to reinforce its new identity, as both business partner and professional accountant to the government's public administration. Thus, accrual accounting is used as a tool to reconstruct the identity of public sector accountants to be aligned with the logic narrative.

This study has made several contributions to the literature and to practice. Examining the linkages between accounting change and institutional logics has enhanced our understanding of institutional change and the consequences of change in accounting techniques, specifically the change to accrual accounting. The findings of this study show that multiple institutional logics in the field co-exist through the assimilation process (see Thornton et al., 2012), whereby the institutional logic of the department is transformed from one form to another by being assimilated with the central government's institutional logic. The introduction of accrual accounting as a new accounting practice is a tool of change that bridged the variant logics occurring between the governmental level and departmental level, and, at the same time, it has become a mechanism for reconstructing desired identities and practices. Thus, accrual accounting is able to act as a reconstructive mechanism when there

is a loose-coupling effect between desired identity and a logic's narratives at different organisational levels in the field—in this case, in the highly embedded environment of the public sector. In addition, the study also shows the interplay between the changes in two different field levels. This means that not only the mature/higher level can influence the lower level/emergent field level, but the change actor located at the lower field level is able to influence/reshape the higher-level institutional field. Hence, in our study, the findings revealed that the change actor at the lower level possesses the ability to exert pressure on or influence the government's decision at the higher governmental level. Our study expands the explanation horizon of the issue relating to the paradox of embedded agency, i.e. changes in the highly embedded institutional field can be altered by lower or less mature institutional field-level actors.

This study also has implications for practice. The potential of accrual accounting in enabling the transformation of the public sector is due to its values being aligned with managerialist principles. Thus, the change to financial accounting practices is relevant for public sector transformation for an NPM government. A managerialist administration provides a conducive environment for the implementation of accrual accounting, with its focus on professionalism and its potential utilisation by actors to reinforce their identity.

The findings also signify clearly that accrual accounting is not purely a technical phenomenon, but a social organisational practice, and it will reflect the underlying norms and values of the public administration, thus having implications for the way in which accrual accounting is introduced in public administration. A more evolutionary approach to introducing accrual accounting—rather than the big approach or shock therapy employed in some developing countries, due to the prescriptions of international bodies—would be less disruptive, especially when the logics or values of the public administration are not aligned with the managerialist orientation, and where there is a lack of professional accounting expertise in the public sector. The traditional cash-basis system, due to its simple structure, does not require accountants of particular skill or volume in public administration. Hence, a big-bang approach would be confusing and problematic, due to a lack of skills, and different values and belief systems.

Moreover, this research contributes to the literature on the emergence of accrual accounting in developing countries. A significant body of research has examined how the public sector has impacted on the accounting system. However, there is lack of research examining how the shift in logics has impacted the accounting system and the role of actors in the process. What is interesting about this case is that the accountants advocated the adoption of accrual accounting, as they realised that it would potentially allow them to play a more important role and thus possess higher status within a managerialist administration, which provided the supporting environment for the development and implementation of accrual accounting and reconfiguration of the identity of public sector accountants.

However, one of the limitations of the paper is that it did not examine in detail the actors' institutional work, i.e. the various action and strategies undertaken to affect change in the institutions. Thus, future research could examine this issue. This study also identifies the limits of unit analysis in capturing the totality of interplay

between institutional logics and institutional change at the different levels of the Malaysian public sector. Hence, future research on accrual accounting might need to include state governments and local government levels in the analysis to provide a deeper understanding of accrual accounting as a product of change. This affects the transformation of institutional logics in a bigger organisational context, in this case, not only between a federal government and a governmental agency (the Malaysian government and the AGD), but also with other layers of governmental structures and dimensions, such as between federal, state and local departmental levels. The utilisation of this approach might provide a deeper understanding of the full chain of linkages across the governmental structure of Malaysia. Nevertheless, this study adds to the literature by providing valuable insights into the ability of accrual accounting as an accounting technique to influence the government's strategy, and concomitantly to help public sector accountants to leverage accrual accounting as a reformation platform, with the goal of amplifying its roles and establishing a new identity in the public sector.

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