

EDITORIAL NOTE

Dear readers,

We are happy to present to you the fourth issue of the Journal of Accounting Perspectives (JAP). In this 2011 issue, we present four papers from academics that discuss varying perspectives in accounting research, namely, the use of a management accounting system in the public sector, taxation issues, Islamic governance framework for Islamic banking institutions, and the theoretical philosophy underpinning accounting studies. Although clearly distinct and varied in nature, these papers represent the current thinking concerning important and vital research areas that warrant further thought and research work.

The issue begins with a discussion by the authors Isa et al. (2011) concerning the change in the management accounting system within the Malaysian public sector. The public sector in Malaysia has undergone a series of reforms since the early years of independence. These reforms are in tandem with the global public sector reforms that emphasize the management approach of the private sector in the quest for efficiency, effectiveness and accountability in the public sector. Using the questionnaire survey method aimed at accountants in local governments as respondents, the authors find that although the traditional management accounting practices persist, innovative management accounting budgeting systems, such as modified budgeting systems (MBS), are increasingly being adopted by the public sector. This finding suggests that the current management accounting practice within the Malaysian public sector, which focuses on Key Performance Indicators (KPI), is in line with the Government's recent shift in focus to being more customer-oriented. In addition, the increasing use of the MBS in the Malaysian public sector also implies that, to a certain extent, accountability appears to be a concern. Overall, the findings indicate that change in the management accounting system is essential to facilitate reforms in the public sector. The theme of reform and change is maintained in the second paper.

In the second paper, Sapiei et al. (2011) examine the issue of tax compliance costs in the Malaysian context. Based on open-ended questionnaire surveys of tax agents, the authors find that the respondents are generally of the opinion that tax compliance costs can be minimized if the taxation rules and requirements are simplified. In addition, there are calls for the convergence of taxation and accounting treatments in an effort to reduce the burden for compliance. Apart from these points, the tax agents are of the opinion that if the regulator, in this case, the IRB, could exercise a less stringent tax audit on companies, especially with respect to immaterial items, this would assist the companies significantly in reducing

compliance costs. In providing feedback to improve the current taxation system, the tax agents also raise a valid and important point for Malaysian companies to seriously consider, which is to invest in training their own staff to be more knowledgeable concerning taxation rules and laws. As with the first paper by Isa et al. (2011), the findings by Sapiei et al. (2011) imply that an improvement in the current taxation regime should be complemented by matching technical competencies from the companies' side, as it has been proven to be invaluable in reducing compliance costs.

Compliance is also an apparent theme in the third paper by Muhamad (2011), which examines the importance of Shariah compliance by Islamic Banking Institutions (IBIs). Shariah compliance is critical for IBIs as it implies compliance with Islamic rules and teachings in accordance with the Islamic worldview. However, for the IBIs, conformance to Shariah principles alone is not sufficient, as, being part of the banking community, they are also required to comply with other applicable laws and regulations. Failure to adhere to these rules exposes the IBIs to the risk of non-compliance or reputation risk. Noting the importance of Shariah compliance as a broad-based foundation that oversees the general well-being of IBIs, including their exposure to reputation risk, Muhamad (2011) proposes a framework that calls for IBIs to establish a separate unit, an Internal Shariah Audit Team (ISAT), as part of their Internal Audit Committee (IAC). The proposal put forth by Muhamad (2011) is a good example that illustrates the application of a theoretical perspective into practice.

Moving on, converting a theoretical subject matter into an inquisitive enquiry is also an issue of concern that is discussed in the fourth paper by Cheok and Wong (2011). This paper discusses how the theoretical underpinning of an interpretive act, as contended by Giddens (1995), can be placed into the enquiry itself through an experiment involving postgraduate students in a classroom setting. The authors conclude that their findings are in line with the theoretical debate put forth by Giddens (1995) and that accounting is a representational craft; however, the representational extent is made less prevalent due to the existence of institutional practice and norms that bind the realization of actuality as perceived by the accountants themselves.

The editors are truly grateful for the support provided by the reviewers who faithfully carried out their comprehensive reviews of the papers for this edition. Our biggest thanks goes to the management team of the faculty for their continuous encouragement and financial support; and for all who have contributed directly or indirectly towards making the publication of the 2011 issue for JAP a reality – a big thank you from us.

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