

**MALAYSIAN PRIVATE ENTITY REPORTING STANDARD
(MPERS) ADOPTION AND THE FINANCIAL REPORTING
QUALITY BY SMALL AND MEDIUM ENTERPRISES (SMEs) IN
MALAYSIA**

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AUTHOR DECLARATION

I hereby declare that the work in this thesis is my own except for quotations and summaries which have been duly acknowledged.

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ABSTRAK

Sejak 2006, Piawaian Pelaporan Entiti Persendirian (PERS) tidak dikemas kini walaupun terdapat perubahan dalam persekitaran perniagaan, maka Malaysia memerlukan piawaian baharu untuk mengawal selia pelaporan entiti swasta di Malaysia. Piawaian Pelaporan Entiti Persendirian Malaysia (MPERS) berfungsi sebagai rangka kerja pelaporan baharu untuk entiti swasta dan piawaian ini penting untuk pasaran modal. Tesis ini menyiasat hubungan antara penerimaan dan penggunaan MPERS terhadap kualiti pelaporan kewangan untuk PKS di Malaysia dengan menyediakan bukti empirikal. Kajian tentang PKS dirangkumi oleh semua sektor. Sektor-sektor tersebut dipilih berdasarkan landskap PKS Malaysia berikutan penggunaan MPERS pada 1 Januari 2016. Penyelidikan ini bertujuan untuk (1) menentukan sama ada PKS telah menerima pakai MPERS, dianalisis menggunakan kekerapan peratusan; (2) mengakses kualiti pelaporan kewangan oleh PKS, dianalisis menggunakan statistik deskriptif; dan (3) memastikan hubungan antara penerimaan MPERS dan kualiti pelaporan kewangan oleh PKS di Malaysia, dan ini akan dianalisis menggunakan analisis korelasi dan regresi. Sampel kajian ialah pengamal perakaunan, seperti akauntan, juruaudit, dan ejen cukai, yang terdiri daripada 384 responden yang memahami dan melaksanakan MPERS dalam pelaporan kewangan mereka; namun, hanya 310 daripadanya yang dapat diperolehi. Dapatan kajian menunjukkan semua pembolehubah kualiti pelaporan kewangan, iaitu perkaitan, ketepatan masa, kebolehbandingan, kebolehfahaman dan kebolehpercayaan, berkorelasi positif dengan penerimaan MPERS, menurut analisis korelasi. Berdasarkan keputusan analisis regresi, kebolehpercayaan, perkaitan, dan kebolehfahaman mempunyai perkaitan linear positif yang tertinggi dengan penerimaan MPERS. Ini menunjukkan bahawa penyata kewangan yang disediakan adalah jelas relevan kepada pengguna, membentangkan dalam tempoh masa keputusan, membentangkan maklumat yang boleh difahami, menunjukkan keutuhan, berkecuali, dan ketepatan, dan boleh dibandingkan dengan mudah antara tempoh, perniagaan yang sama dan keseluruhan industri, dan penyata kewangan boleh dipercayai, bebas daripada material yang salah dan berat sebelah. Secara umumnya, kebanyakan PKS menggunakan MPERS secara purata, menunjukkan bahawa PKS telah melaksanakan rangka kerja MPERS. Penggunaan MPERS berasas kerana dapat meningkatkan kualiti pelaporan kewangan, yang sepatutnya membawa kepada lebih banyak PKS mengguna pakai rangka kerja MPERS. Kajian ini berbeza daripada kajian terdahulu, kerana ia memberi sumbangan yang besar ke arah meningkatkan pengetahuan seseorang tentang hubungan antara penerimaan MPERS dan kualiti pelaporan kewangan di Malaysia. Kajian ini penting kerana ia memberikan pengetahuan tambahan tentang kesan penggunaan MPERS, dan menambah baik pelaporan kewangan, serta meningkatkan kualiti pelaporan kewangan.

ABSTRACT

Private Entity Reporting Standard (PERS) was not been updated since 2006 even though there are changes in the business environment, so Malaysia needs a new standard in order to regulate the private entities reporting in Malaysia. Malaysian Private Entity Reporting Standard (MPERS) serves as a new reporting framework for private entities and significant milestones in the capital market. This thesis investigates the relationship between the adoption and the use of MPERS on financial reporting quality for SMEs in Malaysia by providing empirical evidence. The study of SMEs was covered by all sectors. The sectors were selected based on the SME landscape of Malaysia following the adoption of MPERS on 1st January 2016. This research was aimed to (1) establish whether SMEs have adopted MPERS using percentage frequencies; (2) access the quality of financial reporting by SMEs using descriptive statistics; and (3) ascertain the relationship between MPERS adoption and financial reporting quality by SMEs in Malaysia, and these would be analysed using correlation and regression analysis. The sample of the study is the accounting practitioners, such as accountants, auditors, and tax agents, comprising 384 respondents who implement and experience MPERS in their financial reporting; nevertheless, only 310 of them can be reached. Findings of the study indicate all variables of financial reporting quality, which are relevance, timeliness, comparability, understandability, and reliability, were positively correlated with MPERS adoption, according to the correlation analysis. According to the results of the regression analysis, reliability, relevance, and understandability have a higher positive linear association with MPERS adoption. It showed that the financial statements prepared were demonstrably relevant to users, presenting within the decision time frame, presenting the information understandable, exuding completeness, neutrality, and accuracy, and could be easily compared between periods, similar businesses, and the whole industry, and financial statements were reliable, free from material error and bias. In general, most SMEs followed MPERS on average, suggesting that SMEs had implemented the MPERS framework. MPERS adoption made sense because it improved financial reporting quality, which should lead to even more SMEs adopting the MPERS framework. This study is different from prior studies, in that it makes a significant contribution toward enhancing one's knowledge of the relationship between MPERS adoption and financial reporting quality in Malaysia. This study is important as it provides additional knowledge about the impact of MPERS adoption, and improves financial reporting, as well as improves the quality of the financial reporting.

الملخص

لم يتم تحديث معيار تقارير الكيانات الخاصة PERS منذ عام 2006 على الرغم من وجود تغييرات في بيئة الأعمال ، لذلك تحتاج ماليزيا إلى معيار جديد من أجل تنظيم تقارير الكيانات الخاصة في ماليزيا. يعمل المعيار الماليزي للإبلاغ عن الكيانات الخاصة (MPERS) كإطار عمل جديد لإعداد التقارير للكيانات الخاصة ومعالم مهمة في سوق رأس المال. تبحث هذه الأطروحة في العلاقة بين تبني واستخدام MPERS في جودة التقارير المالية للشركات الصغيرة والمتوسطة في ماليزيا من خلال تقديم أدلة تجريبية. تمت دراسة الشركات الصغيرة والمتوسطة من قبل جميع القطاعات. تم اختيار القطاعات بناءً على مشهد الشركات الصغيرة والمتوسطة في ماليزيا بعد اعتماد MPERS في 1 يناير 2016. وكان الهدف من هذا البحث (1) تحديد ما إذا كانت الشركات الصغيرة والمتوسطة قد اعتمدت MPERS باستخدام الترددات المثوية ؛ (2) الوصول إلى جودة التقارير المالية من قبل الشركات الصغيرة والمتوسطة باستخدام الإحصاءات الوصفية ؛ و (3) التأكد من العلاقة بين تبني MPERS وجودة التقارير المالية من قبل الشركات الصغيرة والمتوسطة في ماليزيا ، وسيتم تحليلها باستخدام تحليل الارتباط والانحدار. عينة الدراسة هي ممارسو المحاسبة ، مثل المحاسبين والمراجعين ووكلاء الضرائب ، ويتألفون من 384 مستجيبًا يطبقون ويختبرون MPERS في تقاريرهم المالية ؛ ومع ذلك ، يمكن الوصول إلى 310 منهم فقط. تشير نتائج الدراسة إلى أن جميع متغيرات جودة التقارير المالية ، والتي تتعلق بالملاءمة والتوقيت وقابلية المقارنة والفهم والموثوقية ، كانت مرتبطة بشكل إيجابي باعتماد MPERS ، وفقًا لتحليل الارتباط. وفقًا لنتائج تحليل الانحدار ، فإن الموثوقية والملاءمة والمفهوم لها ارتباط خطي إيجابي أعلى باعتماد MPERS. أظهر أن البيانات المالية المعدة كانت ذات صلة بشكل واضح بالمستخدمين ، حيث يتم تقديمها ضمن الإطار الزمني للقرار ، وتعرض المعلومات المفهومة ، وتكشف عن الاكتمال والحيادية والدقة ، ويمكن مقارنتها بسهولة بين الفترات ، والأعمال التجارية المماثلة ، والصناعة بأكملها ، وكانت البيانات المالية موثوقة وخالية من الأخطاء المادية والتحيز. بشكل عام ، اتبعت معظم الشركات الصغيرة والمتوسطة MPERS في المتوسط ، مما يشير إلى أن الشركات الصغيرة والمتوسطة قد نفذت إطار MPERS. كان اعتماد MPERS منطقيًا لأنه أدى إلى تحسين جودة التقارير المالية ، الأمر الذي ينبغي أن يؤدي إلى اعتماد المزيد من الشركات الصغيرة والمتوسطة لإطار MPERS. تختلف هذه الدراسة عن الدراسات السابقة ، من حيث أنها تقدم مساهمة كبيرة في تعزيز معرفة الفرد بالعلاقة بين تبني MPERS وجودة التقارير المالية في ماليزيا. هذه الدراسة مهمة لأنها توفر معرفة إضافية حول تأثير تبني MPERS ، وتحسن التقارير المالية ، وكذلك تحسن جودة التقارير المالية.

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LIST OF ABBREVIATION

AICPA	American Institute of Certified Public Accountants
ASEAN	Association of Southeast Asian Nations
BNM	Bank Negara Malaysia
FASB	Financial Accounting Standard Board
FIFO	First In First Out
FRA	Financial Reporting Accounting
FRQ	Financial Reporting Quality
FRS	Financial Reporting Standards
GDP	Gross Domestic Product
GST	Goods and Services Tax
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee
ICT	Information Communication and Technology
IFRS	International Financial Reporting Standards
IFRS for SMEs	International Financial Reporting Standards for Small and Medium Enterprises
IMF	International Monetary Fund
LIFO	Last In First Out
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MICPA	Malaysian Institute of Certified Public Accountants
MPERS	Malaysian Private Entity Reporting Standards
PERS	Private Entity Reporting Standards
SMEs	Small and Medium Enterprises
SMP	Small and Medium Practices
SST	Sales and Services Tax