International Consortium on Governmental Financial Management

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens”

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General Information

“Working globally with governments, organizations, and individuals, the International Consortium on Governmental Financial Management is dedicated to improving financial management so that governments may better serve their citizens.”

Our mission includes three key elements. First, it highlights that, within the international community, the International Consortium on Governmental Financial Management (ICGFM or the “Consortium”) is unique - it serves as an “umbrella” bringing together diverse governmental entities, organizations (including universities, firms, and other professional associations), and individuals. At the same time, it welcomes a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, and national). Additionally, the mission statement emphasizes the organization’s commitment to improving government infrastructure so that needs of the people are better met. Our programs provide activities and products to advance governmental financial management principles and standards and promote their implementation and application.

Internationally, the Consortium: (1) sponsors meetings, conferences, and training that bring together financial managers from around the world to share information about and experiences in governmental financial management; and (2) promotes best practices and professional standards in governmental financial management and disseminates information about best practices and professional standards to our members and the public. ICGFM provides three options for membership:

1. Sustaining Members: organizations promoting professional development, training, research or technical assistance in financial management; willing to assume responsibility for and to actively participate in the affairs of the Consortium. Each Sustaining Member has a seat on the ICGFM Board of Directors. (Dues: $1,500)

2. Organization Members: government entities with financial management responsibilities, educational institutions, firms, regional and governmental organizations, and other professional associations. Six organization members serve on the ICGFM Board of Directors. (Dues: $250/$150*)

3. Individual Members: persons interested in or dedicated to activities directly related to financial management and who wish to be members in their own right. Six members of the ICGFM Board of Directors will be selected from among all individual members. (Dues: $100/$50*)

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Foreword

Despite the last three decades have witnessed the adoption and implementation of public sector accounting reforms which aim at creating an informative accounting system, the public sector accounting literature indicates the lack of actual use of accounting information in public organizations and many politicians fail to use the available accounting information, or they use it under certain conditions. To date, however, the public sector accounting literature appears to have arrived at few conclusions with regard to the rationale underlying the lack of actual use of accounting information by the politicians. The public sector accounting literature has yet to articulate in a coherent way the relationship between the producers (supply side) and the users (demand side) of accounting information that can enhance the actual use of accounting information by the politicians and public managers. Therefore, the current issue focuses on public sector accounting information use and communication of governmental information.

First article of this issue deals with Information Fit Theory (IFT) which is based on governmental accounting information matching between producers and users. In this article, Hassan Ouda has developed a theory that aims to explain how, in what way, for what reasons and under what circumstances the accounting information can actually be used by the users, e.g. politicians. Therefore, it has attempted to develop a holistic framework for information matching relationship between the producers and the users of accounting information which reaching a level of maturity of a theory. The notion is that the actual use of accounting information and hence its usefulness will be enhanced when there is a cognitive fit (matching) between the accounting information provided by the producers in each stage and that information required by the user for each stage.

Second article focuses on promoting transparency and better governance: The case of Bangladesh Customs Portal. In this paper, Khairuzzaman Mozumder examines the scope for dissemination of trade and customs information in Bangladesh and the promotion of transparency and governance through the establishment of the Bangladesh Customs Portal. Reviewing the steps undertaken through the adoption of relevant international standards, and assessing the status of their implementation, the paper finds that the Government has been able to develop a recognizably modern, easily navigable customs website that serves as a complete and comprehensive repository for all customs procedures, forms, laws and other information, and caters to informational requirements of both government officials and private sector users from home and abroad.

Third article deals with entity reporting on the contribution towards the attainment of sustainable development goals: Counteractions to information asymmetry. In this paper, Tetiana Iefymenko and Liudmyla Lovinska have highlighted the core international trends towards non-financial reporting regulation. They have described a model of non-financial reporting, based on combined approaches of Directive 2013/34/EU and Sustainable Development Agenda A/RES/70/1.

Fourth article focuses on employers’ expectation towards global certified accountants and financial management graduates: A study on focal spot. In this article, Rejaul Abedin has investigated the certified accountants and financial management graduates’ knowledge and skills desired by employers and their level of satisfaction with skills demonstrated by professional accountants.
We hope the articles in this issue will stimulate discussion on contemporary problems of public organizations. If you would like to participate in such discussions, please contribute to the next issue of this Journal and/or attend future ICGFM events. We would also be pleased to receive reviews and suggestions for future issues. Send them to icgfm@icgfm.org.

We look forward to hearing from you!

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# May 2019 Issue

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Information Fit: A Theory Based on Governmental Accounting Information Matching Between Producers and Users

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Abstract

This paper aims at developing a theory; Information Fit Theory (hereafter IFT), that explains the matching relationship between the producers and the users of public sector accounting information and matching between information provided in each stage of the policy decision making processes with that information required for each stage. The core aspects of the IFT are: (1) Actors: The use of accounting information is basically a bilateral task between the producer and the user of information; (2) Stages of use and type of accounting information: The actual use of accounting information will be enhanced when it is specific to the problems the user face in each stage. Information that does not fit is likely to be disregarded, therefore, the extent and type of use of accounting information might depend on the policy-decision making process where different stages can be identified: - Agenda-setting; -policy formulation; - decision making; -implementation; and evaluation; (3) Factors influencing the quality of information provided: The quality of information provided can influence organizational performance and degree of the actual use of accounting information, therefore, the following factors that affect the quality of information provided should be taken into account: - competences of accounting specialists; - experiences with certain types of accounting information; - resources to develop new types of accounting information; - professional standards for propagating certain types of accounting information; - discretion in producing accounting information. (4) Matching: The actual use of accounting information and hence its usefulness will be enhanced when there is a cognitive fit (matching) between the information provided by the producer in each stage and that information required by the user for each stage; (5) Presentation: Like all people, politicians and managers have limited information-processing skills, therefore, proper presentation of information by the producers in a language and format understandable by politicians can contribute to both efficient and effective use of accounting information especially when the politicians have no business background. (6) Driving forces for use: The mere existence of information and its proper presentation does not mean that it will directly be used, therefore, there should be driving forces and accountability framework for the politicians to use the accounting information; (7) The way and purpose of use of accounting information: the way of use of accounting information whether it is symbolic, instrumental or conceptual can help in determining the purpose of using it; (8) Information use audits: Performs two tasks: - Show producers where, how and whether which information is used by users (Feedback for the producers – to close the theory-practice gap); and - Ensuring dynamic interplay between producers and users of accounting information.

Keywords: Use of accounting information, Information Fit Theory, Users and producers.

1- Introduction

The use of accounting information is increasingly becoming a central issue in the public sector literature (Ter Bogt, 2003; Van Dooren and Van de Walle, 2008) and practice. Experience of
earlier reforming countries, such as UK, has indicated that many users, especially the politicians, do not use the improved accounting information that resulted from revamping the public sector accounting. This has been proven by different studies such as Luder's case study (2013) about the adoption of accrual budgeting and accounting in the German state of Hessen. One of his conclusions was that the politicians neither appreciated nor used the improved accounting information resulting from the adoption of accrual accounting and budgeting in the state of Hessen. Other researchers such as Hyndman et al (2005) have also reached the same conclusion where they concluded that the politicians are not interested in the information provided by the accrual accounting and budgeting. These results have led Van Helden (CIGAR Newsletter, Jan, 2014) to pose the following two questions: 1) Is it mere stupidity or ignorance of politicians to underestimate the value of accrual accounting? Or 2) Do we, as accounting scholars, fail to understand what financial topics really matter top politicians? The two questions of Van Helden could indicate that the use of accounting information by users depends on two actors: producers (supply side) and users (demand side). To date, however, whether, how and under what circumstances politicians actually use accounting information is significantly under-researched (Pollitt, 2006; Van Helden, 2015). Scholars have mainly focused on demand side (Mbelwa, 2014; van Helden, 2016 and Giacomini, et al 2016) which is the use of information by the users and neglected the supply side which is the provision of information by the producers. Very few studies (for example: Mimba et al., 2007 and Van Dooren and Van de Walle, 2008) have focused on both the supply and demand sides. However, the latter studies did not consider the policy decision-making process and its five stages identified by Lasswell (1956), which include agenda-setting, policy formulation, decision-making, implementation and evaluation, nor did it consider the information required by politicians and public sector managers in each stage. Similar to the study of van Dooren (2005), this study will use the supply and consumption analogy to study the use of accounting information. One actor provides information; another actor uses (consumes) the information. For example, public sector accountants provide the information and the politicians use the information. To date, however, the public sector accounting literature appears to have arrived at few conclusions with regard to the rationale underlying the lack of actual use of accounting information by the politicians. The public sector accounting literature has yet to articulate in a coherent way the relationship between the producers (supply side) and the users (demand side) of accounting information that can enhance the actual use of accounting information by the politicians and public managers. So the question is:

- How, in what way, for what purpose and under what circumstances the accounting information can actually be used by the politicians.

If the use of accounting information is to be considered in a comprehensive and coherent way taking into consideration both the producers and the users of accounting information, a theory of information matching between the producers and the users is needed. The accounting literature does not currently provide such a theory, nor does it promise one in the foreseeable future. The aim of this paper is to fill this important gap by developing a theory that explains the matching relationship between the producers and the users of accounting information and matching between information provided in each stage of the policy decision making processes to the information required for each stage. The notion is that the actual use of accounting information and hence its usefulness will be enhanced when there is a cognitive fit (matching) between the accounting information provided by the producers in each stage and that information required
by the user for each stage. This notion is termed information fit. The information fit theory, which is partially based on cognitive fit theory, aims to explain how, in what way, for what reasons and under what circumstances the accounting information can actually be used by the users, e.g. politicians.

Thus, the contribution of this paper to existing literature is fourfold: First, it shows that the actual use of accounting information is basically a bilateral task between two actors: the producers and the users of accounting information; and it provides better understanding to this dilemma through deep understanding of the nature and characteristics of both actors. Second, since the accounting information users (e.g., politicians) have limited information-processing skills, therefore, proper presentation of information by the producer in a language, format, and reports understandable by politicians can contribute to both efficient and effective use of accounting information especially when the politicians have no business background. The notion is that the technicality and complexity of accounting information will be effectively reduced when the accounting information is presented in a proper way that facilitates its use by the users. Third, it made clear that the actual use of accounting information will be enhanced when it is specific to the problems the user face in each stage. Therefore, the accounting information should be fit for use. Finally, it shows the importance of information use audit that aims to close the theory-practice gap and ensuring dynamic interplay between the producers and the users of accounting information.

The structure of the paper is as follows: Section 2 presents briefly the existing conceptualization attempts of accounting information use in the public sector accounting literature. Section 3 develops the theoretical framework of the IFT. Section 4 presents a discussion and implication for practice. Finally, the conclusion and future research will be discussed in section 5.

2- Conceptualization of Accounting Information Use: Literature Review

Despite the last three decades have witnessed the adoption and implementation of public sector accounting reforms which aim at creating an informative accounting system, the public sector accounting literature indicates the lack of actual use of accounting information in public organizations and many politicians do not use the available accounting information at all, or they use it under certain conditions (Ter Bogt, 2004, Askim, 2007, Mimba et al., 2007, Van Dooren and Van de Walle, 2008, Giacomini, et al 2016, Van Helden, 2016). While a considerable body of researches has been conducted on conceptualizing accounting information use by the politicians and public managers, these conceptualization attempts focused mainly on addressing this issue from the demand side and very few studies have focused on both the supply and the demand sides (Giacomini, et al 2016, van Helden, 2016, Guarini, 2016, and van Helden, et al, 2016). Even the studies (Van Dooren, 2005; Van Dooren and Van de Walle, 2008) that have addressed this issue from both supply and demand sides, they did not address this issue from a coherent, dynamic and comprehensive perspective.

One attempt to conceptualize the politicians' use of accounting information is Van Helden's (2016) study, which focused only on the demand side and distinguishes between information usefulness and information use. It argued that information usefulness is assumed to be driven by user needs which, in turn, are identified by problems need to be solved and challenges to be coped with. Most of studies that focused on the usefulness and use of accounting information are based on accounting documents such as performance budgets or income statements. It
further argued that these documents are influenced by legislation such as accounting principles and rules. Figure 1 demonstrates the conceptualization attempt of van Helden (2016).

Figure 1. Conceptualizing politicians’ accounting information use.

Source: Van Helden (2016)

Another study that focused also on the demand side is Mbelwa's (2015) study that aims at determining the factors influencing the use of accounting information in budgetary decision-making processes in Tanzanian local government. The institutional theory is used to establish the theoretical framework for explaining the factors affecting the use of accounting information. This study has determined three types of factors which can influence the use of accounting information and their relationship with the way of use of accounting information. The three determinants include: a- External Institutional Pressure-Related factors such as pressure from donors; pressure from citizen and professionalism-pressure from accounting professional board. b- Organization's internal institutional and contingency factors such as enforcement of internal regulations; availability of customized training program; decentralization of accounting personnel to accounting department; and early submission of reports to the users. c- Individual actors' characteristics-related factors such as general level of education; experience with working with local government and knowledge of government of accounting (Mbelwa, 2015).

In addition to the three types of factors, this study has also addressed three types of accounting information use which are instrumental, conceptual and symbolic (Diamantopoulos and Souchon, 1999). Kurunmaki et al., (2003) argue that instrumental use is treating accounting information as a technical aspect which increases efficiency in the decision-making process. Amara et al, (2004) and Philemon (2010) argue that the conceptual use refers to thinking of an issue without putting information to any specific documentable use. Therefore, some researchers such as Diamantopoulos & Souchon (1999) and Dunn (1986) consider the instrumental use is a particular type of conceptual use and these two modes of use of information have similarities in affecting organization performance (Amara, et al., 2004 and Weiss, 1980). On the other hand, the symbolic use of information is all about using information for legitimizing and confirming decisions (Kurunmaki, et al, 2003; Amara, et al, 2004). So this study has determined the factors affecting the use of accounting information and their impact on the way of use –instrumental-conceptual use and the symbolic use- without addressing the accounting information use from both demand and supply sides.
While the aforementioned two studies have focused on the demand side of accounting information, there are also conceptualization attempts of accounting information use which distinguish between the supply of and demand for accounting information. For example, the study of Van Dooren, (2005). This study focused on the performance information and has used the supply and consumption analogy to study the performance measurement. It has considered the information as goods or services where one actor provides it and another uses (consumes) it. It considers that the main advantage of using the supply and consumption analogy is clear distinction between the production process of the information on the one hand and the use of the information on the other hand (Van Dooren, 2005 and Harty, 1999).

Another study of Van Dooren, Bouckaert and Halligan (2010) " in their book: Performance Management in the public sector" have studied the use of performance information from the supply and demand perspective. They argue that measurement could be seen as the supply side whereas the envisaged use is the demand side. Supply and demand will not automatically adjust to each other. Hence, incorporation assures the link between both. This relationship is reflected in the flowing figure:

**Figure 2: Measurement, incorporation, use**

Supply of Performance Information | Demand for Performance Information
---|---
Measurement | Incorporation | Use

Measurement is considered as the producer of information through systematically collecting data by observing and registering performance-related issues for some performance purpose. Incorporating is intentionally importing performance-related data in documents and procedures with the potential and purpose of using them. The purpose is to create the possibility of including performance-related information in the discourse and ultimately in the culture and the memory of the organization. Using incorporated performance information is considered as demand side which refers to debates and institutionalized procedures for stakeholders for the purpose of designing policies, for deciding, for allocating resources, competencies, and responsibilities, for controlling and redirecting implementation, for (self) evaluating and assessing behaviour and results, and for substantiating reporting and accountability mechanisms (van Dooren et al., 2010).

In addition, Van Helden, Argento, Caperchione and Caruana (2016). In the editorial section of Public Money and Management November (2016), they have attempted to conceptualize accounting information use by the politicians. This study identified the groups of variables affecting the politicians' use of accounting information, including their inter-relationships. This study addressed the issue of accounting information use from both supply and demand sides. It assumed that the intensity and type of accounting information use are expected to be dependent upon the interplay of two groups. The first group includes the variables that are related to the context, in which the accounting information is used. This study identified the context as, for example, the level of conflict between the politicians in a particular jurisdiction. For example the higher political conflict can give a rise to more use of accounting information. Also the
political priorities can increase the use of accounting information, for instance, the accounting information can be used to demand more resources for a service or policy. The second group comprises the variable related to the individual characteristics of politicians that may preclude the use of accounting information such as suffering from information overload or make this use selective. (van Helden, et al, 2016). This study has also indicated to the interrelationships between contextual variables and individual variables which contribute to an understanding of politicians’ use of accounting information. This study has focused also on the supply side as it argued that accounting information use can be influenced by the production of accounting information: the higher the quality and the more suited it is to information needs, the higher the intensity of use and possible also the rationality of its use. (van Helden at al, 2016).

Figure 3: Conceptualization of politicians’ accounting information use

Source: Van Helden et al., 2016.

While the current public sector accounting literature, including the aforementioned studies, provides some disparate explanations of the factors that can influence the use of accounting information by the politicians whether from the demand side and/or the supply side, it provides no theory that explain the matching relationship between the producers and the users of accounting information and the matching between information provided in each stage with the information required for each stage. This theory is currently missed. Therefore, this paper makes an attempt to develop the Information Fit Theory (IFT) through elaborating the features that characterize the paradigm of Information Fit in the following theoretical assumptions.

3- Theoretical Framework of Information Fit Theory (IFT)

Kingdon (1984) argued that an understanding of the overall process is crucial for both academic and practitioners in the field of public sector accounting. The strength of the theoretical framework of the IFT is that it allows an otherwise disparate range of facts to be merged to
provide a clearer understanding of the factors that can increase the actual use of accounting information by the politicians. Therefore, understanding the behavior and characteristics of the two actors (producers and users) is considered the starting point of the theoretical framework of the IFT. Secondly, the producer's framework should be determined. Herein, the production process of information consists of several steps. a- The stages of policy-decision making process need to be identified and what is the accounting information required for each stage? b- What are the factors that influencing the quality of accounting information provided? c- The producers' framework ends with the reporting of accounting information in a language, format and reports understandable by the politicians. Thirdly, the users' framework should be identified. This will include the driving forces for the use of accounting information; the way of use; and the purpose of use. Finally, the information fit theory ends with the information use audit: this gives feedback to the producers and ensure a dynamic interplay between producers and users of accounting information (see figure 4). The foundation of the IFT will be laid out as follows:

3.1 Actors:

Explaining the dilemma of actual use of accounting information by the users through relying only on the demand side does not help in understanding the problem from a comprehensive and coherent perspective. Information may be considered as goods and services where one actor provides information (producers); another actor uses the information (users) (van Dooren, 2005). In this paper, the focus will basically be on the public sector accountants as producers of accounting information and on the politicians as the users of accounting information. Understanding the personal nature and characteristics of the public sector accountants and the politicians can contribute to explaining why accounting information is not actually used into practice and can shed light on what is required from both of them to increase the actual use of accounting information. To understand the nature of politicians, Milton Friedman (who received Nobile Prize in Economic Science, 1976) argues that “When a man spends his own money to buy something for himself, he is very careful about how much he spends and how he spends it. When a man spends his own money to buy something for someone else, he is still very careful about how much he spends, but somewhat less what he spends it on. When a man spends someone else's money to buy something for himself, he is very careful about what he buys, but doesn't care at all how much he spends. And when a man spends someone else's money on someone else, he doesn't care how much he spends or what he spends it on. And that's government for you.” (Friedman, 1976). Bear in mind that the politicians are members of the governments. Similarly, if a politician makes a private decision, he is keen to use all relevant accounting information because he is going to bear the full results of his own decision. However, when a politician makes a decision for someone else (e.g., the public), he does not really care to use all relevant accounting information for this decision, because the consequences of his decision will be borne by someone else. This finding is consistent with Van Helden's (2016) conclusion that decision-makers (e.g., politicians) do not strive for the best but for what is considered as satisfactory. So, when we deal with the politicians we should not forget the fact that consequences of the politician's decisions are not borne by them but by someone else, consequently, he is not keen enough to make the best use of the available accounting information.

On the other hand, public sector accountants are not better off than the politicians. They are driven by accounting regulations and policies, and they are obliged to follow these accounting
regulations and policies regardless of whether this will produce the accounting information required by the users or not. In other words, they are more loyal to accounting standards than the politicians’ information needs because they are accountable for the compliance with accounting standards. This also obvious from the Norwegian, Dutch and Japanese experiences that a great part of the politicians’ financial information needs are not satisfied by tradition accounting regulations and policies. Frankly speaking, they need specific accounting information that cannot be provided by an accounting system that is constrained by GAAP. They mainly need information such as finding resources for new policy initiatives, trade-offs and financial cuts, avoiding overspending of budgets, resource allocation, avoiding depreciation costs and cash flows (Olson, 2001, van Helden, 2014 and Yamamoto, 2014). The Norwegian experience has indicated that the specific information required by the politicians cannot be provided by the traditional accounting system that is constrained by GAAP, but it requires a context bounded accounting system (Olson, 2001). Olson (2001) further indicated that the context bounded accounting system does not require us to sacrifice the traditional form of accounting but it can be considered as an extra work and innovation from the accountants’ side to help the politicians in their decision making through designing accounting system where we translate the accounting information in a form that can be understandable by the politicians.

Consequently, the main problem is that the producers are controlled by accounting standards and the politicians are making decisions for someone else who is going to bear the consequences of their decisions. This dilemma needs to be solved. Thus, on the one hand, the producers of information should not only include the public sector accountants (preparers of financial statements) but also the standard-setting bodies. This is important because the standard setting bodies can make the required changes for the accounting standards to provide the information required by users. On the other hand, there should be a responsibility and accountability framework for the politicians to increase the actual use of accounting information and to control the consequences of their decisions. Based on the aforementioned, the following assumption is stated:

**Assumption 1:** The use of accounting information is basically a bilateral task between the producers and the users of information and this requires deep understanding of their personal behavior and characteristics.
Figure 4: Information Fit: A Theory Based on Governmental Accounting Information Matching Between Producers and Users

Producers Framework:
- The five stages of Policy-Decision making Process:
  - Agenda setting
  - Policy formulation
  - Decision making
  - Implementation
  - Evaluation
- Provision of relevant accounting information for each stage
- Presentation of accounting information in understandable language, format and reports for users, e.g., politicians
- Factors influencing quality of information:
  1. Competence of Acc. specialists
  2. Experiences with certain types of Acc. Info.
  3. Resources to develop new types of Acc. Info.
  4. Professional standards for propagating certain types of Acc. Info.
  5. Discretion in producing Acc. Info.

Matching of Information:

Users Framework:
- Driving Forces for use, include:
  1. Political competition
  2. Laws and regulations
  3. Accountability framework & transparency
  4. Challenges & problems
  5. Training, qualifications, & experience of politicians.
- Purpose of Use
  1. Internal organizational efficiency
  OR
  2. External financial legitimacy
- Ways of Use:
  - Symbolic;
  - Instrumental; and
  - Conceptual

Information Use Audit: Performs two tasks:
- Show producers where, how and whether which information is used by users (feedback for the producers – to close the theory-practice gap)
- Ensuring dynamic interplay between producers and users of accounting information.
3.2 Producers Framework:

-Stages of use and type of accounting information: The extent and type of use of accounting information might depend on the policy-decision making processes where different stages can be identified: - Agenda-setting; -policy formulation; - decision making; -implementation; and evaluation. This needs in-depth investigations into the role of accounting information in each stage of policy-decision making processes.

Agenda-Setting:

This stage includes politicians' actions to bring a new issue to the attention of their fellow politicians, such as introducing performance budget (van Helden, 2016). In this stage the politicians can raise and advocate ideas in a particular policy domain and promote a particular line of change (Ryan, 1998). They can also raise the awareness of issue early in its life and soften up other issues (Kingdon, 1984). However, bringing an issue into the politicians’ agenda needs to create demand for this issue. The process of conversion from a “demand” to an “issue” tends to mobilize the interest of actors not previously involved in the issue (Cobb and Elder, 1972). Moreover, the process of creating an issue and placing it on the political agenda means that politicians and other influential actors in the policy community are made aware of a particular problem (Cobb and Elder, 1972, Kingdon, 1984; and Ryan, 1998). For instance, the experience of Australia in introducing the accrual accounting financial reporting due to the lack of accountability of government agencies, experiencing a fiscal crisis and growing public concern about the spending of government, the process of converting a “demand” for changes to accrual financial reporting into an “issue” mobilized the accounting profession which had hitherto not previously taken an active interest in the public sector (Ryan, 1998). The insufficient accounting information about the spending of government, accountability of government agencies and inefficiency of measuring the government performance has been used to create the change to accrual financial reporting into an issue and make other actors such as accounting profession aware by the issue. Other example, in order for the politicians to create the demand required for introducing a new health policy or transportation policy, they need specific accounting information that assists them in promoting these health and transportation policies. If the producers of accounting information are able to provide the required information that make the users to be able to bring and promote a new issue to the attention of others (public or/and other politicians) and enable them to put it into political agenda, this will increase the opportunity of the actual use of accounting information whether it is financial or managerial or both. The accounting information will be used to convince the others by the raised issue through reducing or removing uncertainty (Burchell at al., 1980 and Giacomini at al., 2016).

Policy Formulation: (identification of alternatives for action)

After the issue is created and placed on the policy agenda, policy formulation is the development of effective and acceptable courses of action for addressing what has been placed on the policy agenda. The scope of the policy formulated by the government depends on the area that such policy is going to cover (Kingdon, 1984). Policies are formulated by the government in order to provide a guideline in attaining certain objectives for the benefit of the people. In this stage, the politicians are required to identify and assess the alternatives: the various alternatives that are available to the politicians need to be evaluated, as they should evaluate how these alternatives can contribute towards the achievement of targeted objectives. The available alternatives can be assessed by the help of relevant accounting information.
Accounting information like resource requirements, costs and benefits related to each alternative are assumed to be helpful in evaluation of the alternatives. In addition, there is a need for information to help in predicting the potential effectiveness of alternative programs and costs of alternatives and on whether these resources have been directed towards current expenditure or capital expenditure (Ouda, 2005). This information may also include internal data on past costs of activities and effectiveness of existing programs. Politicians will also need information on the potential impact of different programs on the various sources of government revenue (Ferguson and Drebin, 1981). This of course will increase the opportunity of actual use of accounting information. Accounting information can be used in policy formulation stage to provide answers to improve understanding (Giacomini, 2016). Therefore, the use of accounting information will be increased when there is matching between the accounting information provided in the policy formulation stage and demanded by the users in this stage.

**Decision Making: (the formal decision to take on the policy)**

Several studies make distinction between various stages of the decision making process (Askim, 2007, Giacomini et al., 2016), Ter Bogt, el al., 2015). This is due to the fact that the nature, the extent and the type of information required for a decision making will be differred according to each stage of decision making process. Also the degree of ambiguity of/disagreement on goals, i.e. the level of conflict over decisions is also affecting the accounting information use. Some authors argued that contextualization of the political decisions entails that two factors should be taken into account (Giacomini et al., 2016): the different policy stages at which decision take place and degree of political conflict over goals. Giacomini, et al., (2016) have identified two policy stages: policy formulation (this stage takes place when the alderman of the council's executive board drafts, discusses and approves the budget proposals to be submitted to the council) and decision-making (it takes place when the whole council approves the budget). They have identified for each of the two stages, three decisions according to level of political conflict:

- Low: services for people with disabilities
- Moderate: waste collection
- High: bike path

This study has concluded that the level of conflict affect the quantity of information used as well as the type of uses. Also the role of accounting information is affected by the degree of conflict over goals. For instance, when conflict increase, in the policy formulation stage, accounting information is used to answer questions, and in decision making stage it will be used in terms of rational economic considerations (Giacomini, et al., 2016). Also the accounting information will be differred according to the budgeting decision process. Budgeting process involve three basic stages: budget preparation, budget approval and budget execution. These three basic stages will require different accounting information. However, Melkers and Willoughby (2005) found that accounting information was most useful to decision-making during the budget preparation. In addition, Halachmi (2005) argues that accounting information can be useful not only in determining whether things were done correctly, but also for exploratory deliberations over what to do. Moreover, Askim (2007) argued that the degree of accounting information use will also be differred according to whether the decision is related to hard core tasks or soft low tasks. For example, Johansson (1995) expects high use of accounting information when dealing with ‘hard core’ tasks like technical services, and low use when dealing with ‘soft core’ tasks like
social services. Consequently, it could be inferred that when producers provide the accounting information that suits each decision-making stage, this will increase the actual use of accounting information.

**Implementation**

Having identified the policy formulation and the decision is made on the alternative to be implemented; the implementation stage starts with putting the decision made into action with conviction and intention of delivering the services required. Services delivery can be viewed as three stage-process, including inputs, outputs and impacts (Washnis, 1980). The use of accounting information can be increased by providing the information required to the implementation process. Herein, the management needs information to help in predicting the relationship between units of input and units of output. In order to improve efficiency, the public managers and politicians may require information of existing costs per unit of output. Information helpful in predicting the cost of alternative programs would also be useful to the politicians in making implementation decisions.

**Evaluation**

This stage focuses on monitoring the results of decisions made and includes follow-up and measurement of actual performance, comparing actual performance with planned performance, determining of variances, analyzing of variances, and determining the responsibility for variances (Noufal, 1985). In short, this involves measuring performance to see whether objectives are being accomplished and constraints are being observed and taking remedial actions whenever unfavorable results are indicated (Ferguson and Drebin, 1981). In reality, the politicians need financial information, which provides measures for the evaluation stage. For example, comparison of appropriation with expenditures indicates how short-term flows of resources have been handled; and comparison of future commitments with future projected resources inflows indicates whether the long-term financial status of the government is being adequately protected (Drebin, 1978). Similarly, the evaluation stage needs specific accounting information that can assist the public managers and politicians in monitoring and evaluating the results of decisions made. This can also increase the actual use of accounting information in practice.

Based on the above stated, the second assumption can be stated as follows:

**Assumption 2:** The actual use of accounting information will be enhanced when it is specific to the problems the user face in each stage.

**Factors influencing the quality of information provided:** The quality of information provided can affect the degree of actual use of accounting information. Quality of information is defined in terms of the extent to which information successfully serves the purpose of the users, and thus the extent to which information fits the users' needs and specifications (Khan, at al., 2002; Walle and Bovaird, 2007; and Mbelwa, 2014). Houghton (1998) describes the quality of information as the way producers and users communicate to make more informative meaning and enhance knowledge to users, which in turn influence accounting information use in decision-making. Also the decision-usefulness concept attempts to describe accounting as a process for providing relevant information to relevant decision-makers. Thus, for the accounting information to be used by the politicians, it should have the relevance quality (Shipper and Vincent, 2003, and Sutton, 2009). Furthermore, the quality of information in terms of reliability
and variability can increase the actual use of accounting information. In fact, reliability is a fundamental characteristic for accounting information's usefulness in all stages of the policy decision-making processes. Obaidat (2007) argued that reliability is the quality of information that allows the users to depend on it with confidence. However, for the accounting information to be relevant, reliable and useful for all stages its quality should be improved. The following factors could play an essential role in improving the quality of accounting information provided: Firstly, competences of accounting specialists. Well-trained, well-educated and motivated accounting personnel are a basic requirement for ensuring the quality of accounting information. Provision of effective quality of the accounting information that suits the different stages of policy decision making processes will require highly competent accounting specialists. Sustainable provision of high quality accounting information calls for specific accounting skills and cannot be effectively pursued with the help of an accounting personnel that is merely literate at basic level. Therefore, it can be assumed that the competences of accounting specialist would contribute to increasing the opportunity of the actual use of accounting information by the politicians. Secondly, resources which are required to develop new types of accounting information are also significant for improving the quality of accounting information. Frankly speaking, information that does not fit is likely to be disregarded. It will, therefore, be difficult to convince the users (e.g. Politicians and public sector managers) to take new and contradictory information into account, no matter how available, qualitative, or well-presented it is. For accounting information to be specific for each stage, there should be resources available to provide the new types of information that is not currently provided through the conventional accounting documents. Thirdly, the professional standards for propagating certain types of accounting information are considered as an essential factor for increasing the quality of accounting information. The Norwegian experience has indicated that the specific information required by the politicians cannot be provided by the traditional accounting system that is constrained by GAAP, but it requires a context bounded accounting system (Olson, 2001). This means that the supply side should provide extra accounting information even though the currently used GAAP does not provide this type of information. Therefore, the professional standards are required to disseminate and promote the need and significance of a certain types of accounting information and assist in producing and providing them. Fourthly, experiences with certain types of accounting information can also increase the actual use of accounting information that serves specific needs of top politicians. Finally, reducing the volume of discretion in producing the accounting information can also enhance the quality of accounting information. Discretion in producing accounting information seems to allow politicians to speculate on accounting numbers (Guarini, 2016). In other words, the discretion in producing the accounting information provides an incentive for using the discretionary accounting choices in an opportunistic manner to present an inaccurate picture of financial performance. Therefore, the improving the quality of accounting standards would reduce this behavior (Guarini, 2016). The producers should take all these factors into consideration to increase the quality of accounting information, and hence, enhance its actual use into practice by the politicians. Accordingly, the third assumption can be formulated as follows:

**Assumption 3:** For the accounting information to be used, it should have the relevance quality.

**Presentation:** The notion is that the technicality and complexity of accounting information will be effectively reduced when the accounting information is presented in a proper way that facilitates its use by the users. According to the Cognitive Fit Theory, understandability of the
users increases when the information is classified, characterized and presented in clear and concise format (Beest at al, 2009 and Meblwa, 2014). Strong and Portz (2003) argued that accounting information presentation format affect the cognitive ability of individual actors to use accounting information. This is due to the fact that the way of presentation of the accounting information can impact financial decision-making accuracy and hence can enhance the actual use of the accounting information. In order to explain how the way of presenting the accounting information can increase the understandability of the politicians and hence increase the actual use of accounting information, I will present two practical cases that can explain to what extent the proper presentation of accounting information by the producer in a language and format understandable by politicians can contribute to both efficient and effective use of accounting information:

Case one is the Norwegian experience. In an attempt to increase the actual use of accounting information by the politicians, Norwegian public sector accountants have perceived that the specific accounting information required by politicians cannot usually provided by a conventional accounting system that is constrained by GAAP. Therefore, they have attempted to design a context bounded accounting system which can serve the specific needs of the top politicians and top-managers and carrying out the budget functions. Olson (2001) argues that a context bounded accounting system was defined as a system, which is constructed upon the ideas of the actors in the organization and their discourses related to the organization. This should be viewed in contrast to a situation when an accounting system is based on general discourses of external actors, i.e. a contextual discourse. If we, as public sector accountants, provide the needed information by politicians we shall not follow New Public Financial Management (NPFM) but we are going to follow the political discourse which is not guided by existing accounting theories and contrasts with the NPFM. The main focus of the politicians is on the cash flows: Financially, they focused on the cash flows. Simple, understandable and useful measures, but effective. Olson further notes that existing accounting theories are not guidelines in construction of context bounded accounting practice. This is also a very sharp contrast to NPFM, which almost totally has existing accounting procedures and control arrangements as a point of departure. This means that context bounded give the politicians information they want to include in their political discourses, while NPFM give the politicians information they have to adapt their political discourses to (Olson, 2001).

Case two is the case of Geologist and Astronauts. During the years between 1967 and 1973 one geologist Prof. Farouk El-Baz who worked on the choice of 16 distinctive areas on the moon landing by astronauts in order to obtain a larger gain of knowledge about the geological composition of the moon and learn the history of the moon formation and composition of the moon relationship configures the ground. During that time, he starts to provide the astronauts by information about the geological nature of the moon and what the areas are that they must landing on it and to bring some small pieces from the moon that helps in analyzing the geological composition of the moon. He starts to talk with the astronauts in geological terminology and he found out that it was extremely difficult for the astronauts to understand the geological terminology and even they were not interested at all in the geology. The solution was that he translated the geology in a language understandable by the astronauts by this way the astronauts became willing to work with him and they used the information provided to them to carry out their mission on the moon. So if we, as public sector accountants, will not do the same, the dilemma of not actual use of the accounting information by the politicians will permanently
continue in the future. We should understand the nature of the politicians and start to think in an innovative way on how we can translate the accounting information in a language, format, and reports understandable by the politicians regardless whether the innovative way (which will be considered as extra work from the public sector accountants side) is consistent with the GAAP or not. Based on the aforementioned, the fourth assumption can be stated as follows:

**Assumption 4:** The proper presentation of information by the producer in a language, format and reports understandable by the politicians can contribute to both efficient and effective use of accounting information.

### 3.3 Matching of Information:

This section is based on the cognitive fit theory that assumes that performance in a task will be enhanced when there is cognitive fit (match) between the information emphasized in the representation type and that required by the task type; that is, when graphs support spatial tasks and when tables support symbolic tasks (Vessy, 1991). Similarly, this assumption represents the core aspect of the information fit theory. The actual use of accounting information is a result of the matching relationship between provided information that suits each stage and the required information by the users for each stage. Matching relationship means that the information provided is specific to the problems the user face in each stage and hence the accounting information is fit for use. The research into consumer behavior shows that decision makers perform better when the problem representation matches the task to be performed (Vessy, 199; and Simkin and Hastie, 1987).

This suggests that the politicians as decision makers perform better when different information provided is adapted directly to different problems faced. Herein, the information fit results when the producers and users emphasize the same type of information that fits a specific stage and this can occur when mental representation formulated by problem representation is consistent with mental representation formulated by the task representation.

**Figure 5: Model of Cognitive Fit (Vessey, 1991)**

On the other hand, when a mismatch occurs between problem representation and task, cognitive fit will not result, since similar processes cannot be used to both act on the problem representation and solve the problem (Vessey & Galletta, 1991). In the other words, mismatching results in that mental representation formulated by problem representation to be inconsistent with mental representation formulated by the task representation and this will impede better problem solving performance (Hubona et al., 1998). Consequently, the fifth assumption can be formulated as follows:
Assumption 5: The actual use of accounting information and hence its usefulness will be enhanced when there is a cognitive fit (matching) between the information provided by the producer in each stage and that information required by the user for each stage.

3.4 Users Framework:

- Driving forces for use: While some studies focus on the factors affecting the use of accounting information by politicians in budgetary decision-making process (Raudla, 2012, Mbelwa, 2014 and 2015) and some others focus on the factors influencing the use of performance information to improve the performance in the public sector (Askim, 2007, Van Walle and Van Dooren, 2010, and Van Dooren and Van Walle, 2008, Gaspar and Mkasiwa, 2014), the IFT focuses on the use of accounting information in all stages of the policy decision-making processes and therefore, it will address the factors affecting the use of accounting information by the politicians from a comprehensive perspective. Most of current literature studies have determined the factors affecting the accounting information use based on different theories such as Institutional Theory, Organizational Learning Theory and Contingency Theory (Proeller, et al., 2010; Moynihan and Ingraham, 2004; and Moynihan and Pandy, 2010). These theories have assisted in explaining the factors characteristics that can affect the accounting information use such as institutional factors, contingent factors and individual factors. Mbelwa (2014) argued that all these theories do not explain accounting information as input which also include the technical characteristics that can be useful for decision making. The literature has addressed the determination of factors affecting the use of accounting information from different perspectives (Kurunmaki, et al., 2003; Mkasiwa, 2011; Vyas and Souchon, 2003; Assad and Goddard, 2006; Mzenzi, 2013). Some of these studies have been focused on the external environment and consider it as a crucial element in the emergence of legitimizing behaviour of using accounting information and activities in public sector budgeting decision-making that does not necessarily increase efficiency (Kurunmaki, et al., 2003). Other studies (Raudla, 2012 and Askim, 2008) have focused on both institutional elements (e.g., the powers and the role the legislature in the budget process, budget format) and individual characteristics (e.g., length of politicians; political experience) as the most likely factors that can influence the use of performance information. Furthermore, there were other studies that have addressed this issue from different dimensions such as external institutional factors, internal organizational related factors, individual actors related factors and processing of accounting information related factors (Mbelwa, 2014 and 2015). Based on the extant literature (theoretical and empirical), I will focus on the factors that are most likely to influence the use of accounting information by the politicians. These factors are as follows:

- Political competition and conflict:

The public sector accounting literature has indicated from both theoretical and empirical perspectives that the degree of political competition can affect the degree of accounting information use by the politicians. Moynihan and Ingraham (2004) assumed that the greater the degree of political competition, the higher the expected use of accounting information by the politicians. The political competition can be enhanced by strength the role of the opposition parties against the ruling parties. Askim (2008) argued that the political competition is high when there is balance between the politicians who belong to the governing parties and the member of the opposition parties. A Norwegian study conducted by Askim and his colleagues
(2008) supports this assumption. This study found that municipalities were most likely to take benchmarking experiences into consideration when many parties competed to affect policies. Moreover, an empirical study (Mbelwa, 2014) has explored that the higher the balance between the ruling and opposition parties, the higher the competition, which, in turn, enhances the use of accounting information by the politicians. In addition to the political competition, the degree of political conflict can also influence the degree of the accounting information use. As it is previously stated by Giacomini and his colleagues (2016) that political conflict levels can affect the three levels of decisions which are: low, moderate and high. Each level will, in turn, affect the degree of accounting information use and the type of accounting information use. Also Askim (2008) argued that high-conflict environments increase the opportunities that opposition parties employ performance information in their efforts to embarrass the governing parties in power, in particular, when the performance of governing parties is poor. Accordingly, one of the most driving forces to enhance the use of accounting information by the politicians is the political competition and conflict; therefore, strengthen the opposition parties can contribute to forcing the governing bodies to increase the use of accounting information.

- Laws and regulations:

Some of the practical problems that decrease the use of accounting information by the politicians are legal in origin (Ouda, 2005). Namely, when there are no regulations, rules and laws that do clearly require from the politicians to use the accounting information in all stages of policy decision making processes, this will lead to a lack of legal pressure and hence, reduce the commitment of the politicians to using such information. In reality, the lack of legal pressure could in part account for the governing body’s lack of enthusiasm to pursue the development of government accounting system, which can enhance the financial accounting information provided to the politicians and give rise to increasing the chance for the use of accounting information. Empirical results support this notion, as Mbelwa (2014) argued that the availability and enforcement of updated financial rules, procedures, regulations and by-laws constitute generally coercive factors that influenced the use of accounting information and have contributed to influence instrumental-conceptual use of accounting information in budget decision-making processes. Thus, the legal pressure can provide the vehicle for compelling recalcitrant bureaucratic and politicians and other users to be committed to use the improved accounting information resulting from the developed government accounting and information system.

- Accountability framework and transparency:

Transparency and accountability are interrelated concepts and mutually enhancing. Without transparency there could not be any accountability. Unless there is accountability, transparency would be of no value. In fact, transparency is built on a free flow of information and it requires that the governments should be explicit about their fiscal objectives and should report on a wide range of economic and fiscal information (Ouda, 2005). The empirical results of Mbelwa's study (2014) indicated that the culture of transparency in local government can affect instrumental-conceptual use and reduce symbolic non-use of accounting information. Vyas and Scuchon (2003) defined the symbolic non-use of information in decision-making as the lack of export information use owing to either lack of information availability or avoidance of information that is readily available. However, it was indicated that the lack of transparency leads to symbolic
non-use of accounting information whereas its availability leads to instrumental-conceptual use of accounting information (Mbelwa, 2014).

In addition to the existence of transparency, the accountability requires a system to monitor and control the performance of government officers and organizations, particularly with respect to quality, inefficiency and the abuse of resources. Hence, open and rigorous systems of financial management, accounting and auditing, and revenue collection are also necessary. Therefore, there should be accountability framework that makes the politicians to be able to be held responsible for their decisions and actions and to be accountable for the consequences of their decisions. This will assist in making the politicians to make the best use of available information.

-Challenges and problems:

Generally, the politicians do not seriously tackle the root cause of their problems until the situation approaches crisis conditions and the need for remedial action becomes evident and broadly accepted by the unions and the population at large (OECD, Paris, 1988). The political commitment for the use of accounting information is obtained, either through the politicians becoming aware of a problem (awareness of a problem can occur either by a disaster or by the persistent efforts of actors proactively raising attention to an issue) or through a change of administration which alters the political priorities (Kingdon, 1984 p. 92).

It is also assumed that when there are severe challenges and problems face the politicians, this makes them to strive for the best use of accounting information. The accounting information can be used not only to solve the problems and challenges but also to justify or interpret them. It can also be used to find a rationale reasons for emerging these problems and challenges. This means that in such cases, the politicians will do their best to use the accounting information to justify their failure in achieving the targeted objectives because they have faced severe problems and challenges, especially if the accounting information can support their interpretation. Furthermore, they can use the accounting information to alleviate the consequences of these problems and challenges.

-Training, experience and qualifications of politicians:

In reality, the training, experience and qualifications of the staff that is going to use the accounting information in all policy decision making processes are essential and they should be taken into consideration while researching the use of accounting information. However, neglecting or not recognizing the training, experience and qualification of the politicians has been persistently mentioned as a constraint in using the accounting information in the public sector (Ouda, 2005). Generally, based on their popularities, the politicians are elected, not appointed or recruited like administrators. Mbelwa (2014) argued that the election of the councillors in Tanzania is based more on their political capability than on their educational level, let alone professional credentials. She gave an example, the legal framework, which governs election in Tanzania, allows any citizen to contest for councillorship as long as he/she has a sound mind and can read and write (Mbelwa, 2014). The similar situation takes place in most of the developing countries, for instance, in Egypt, according to the Egyptian constitution, 50% of the parliament members should be elected from the workers and farmers as long as he/she can read and write. So you can imagine a parliament member all his qualifications are about just his capability to read and write. It is fruitless to talk here about the usefulness of
accounting information and how it should be used in all stages in the policy decision making processes.

Accordingly, the need for training the politicians should be considered as part of the decision to increase the use of accounting information in the public sector. Thus, the training, qualification and experience of the politicians are of great importance for enhancing the use of accounting information. Moynihan and Ingraham (2004) argued that highly educated staff members are more likely to use the performance information than staffers who are less educated. The rationale behind this assumption is that the politicians with advanced degree and training are skilled at handling large amounts of formal, numerical and technical information. These skills are required to collect, analyze and use the accounting information (Askim, 2008). Some developing countries have solved these problems by offering a specific training to the politicians, such Tanzania. Mbelwa (2014) argued that the political actors and administrators have revealed that their knowledge was enhanced by participating training offered within and outside the organization, such as workshops and employee transfers. Other has attempted to train and educate the party's members whether the governing parties or opposition parties. This can enhance the parties' members' capability on understanding the financial statements and financial matters which can increase the opportunity for using the accounting information.

- External pressure from donors and other parties:

The external pressure does not only mean here the pressure that comes from outside the country such as the pressure that is exerted by the international organizations (such as IMF and World Bank). What we really mean, is the pressure that can be exerted by the following three parties:

- Pressure from the international organizations- IMF and World Bank;

- Pressure from outside the government e.g. from civil society and taxpayers; and

- Pressure from legislative and oversight bodies on the politicians/governmental entities to use the accounting information.

The first pressure is exerted by donors /the international financial institutions, such as International Monetary Fund (IMF) and World Bank (WB), on most countries to make the required economic reform, including the public sector accounting reform. This pressure is termed coercive pressure according to the New Institutional Theory and can more be observed in underdeveloped and transitional economies where international organizations require particular accounting innovations to be effected as a sine qua non of assistance being provided (Godfrey et al.1999). However, the donors usually follow up what the funded government did by the money. They have also set difficult conditions for access to the funds. In order for the politicians to be able to have access to the funds, they must use the accounting information to legitimize the funds. This is consistent with the empirical results obtained by Mbelaw (2014) that the existence of the coercive donor pressure increase symbolic-legitimating use than instrumental use of accounting information in the budget decision-making process.

The second can be operationalized when civil societies have reached a degree of consciousness that enables them to measure and evaluate the performance of the government. This is in addition to the availability of opportunity for the civil societies to elect their real representatives, especially, who will hold the financial responsibilities and to be accountable to citizen and taxpayers. Moynihan and Ingraham (2004) found a positive relationship between the direct use
of performance information and strong citizen pressure in the public sector. Other study is also indicated that the lack of this kind of pressure is assumed to be a barrier for the use of accounting information especially in the developing countries, (Ouda, 2005). However, the empirical results have indicated that citizen pressure can be used to influence both symbolic-legitimating use of accounting information such as in the mass media and instrumental-conceptual use of accounting information in decisions related to introducing and collecting a new fees or charges as own sources of revenues of local government (Mbelwa, 2014 & 2015). Finally, it is assumed that the pressure from the legislative and oversight bodies on the executive politicians is considered to be a real enhancing factor for increasing the actual use of accounting information. However, this kind of pressure can really occur when real structural reforms of government activities and tasks are taking place. Structural reforms aim at improving the quality of policy and management, improving information flows and strengthening incentives for performance; shaping the accountability relationships between politicians, civil servants and managers of public institutions. Accordingly, the structural reforms of government can exert real pressure on the politicians/governmental entities to use the accounting information (Ouda, 2005). The above-mentioned analysis can lead to the sixth assumption:

**Assumption 6:** The mere existence of information and its proper presentation does not mean that it will directly be used, therefore, there should be driving forces and accountability framework for the politicians to use the accounting information.

**The way and purpose of use of accounting information:** The accounting literature has discussed three ways of using the accounting information by actors in the public sector (Diamantopoulos and Souchon, 1999; Vyas and Souchon, 2003; Kurunmaki, Melia, and, Lapsley, 2003; Amara et al, 2004; Walle and Bovaired, 2007; and Philemon, 2010; Raudla, 2012). These three ways are symbolic, instrumental and conceptual.

**-Symbolic use of accounting information**

Symbolic use is defined as information use for appearance's sake rather than for any intrinsic value it may have (Strieter, at al., 1999 and Vyas and Souchon, 2003). It is also described as using information politically while responding to a hidden agenda - e.g. self-promotion (Brown, 1994; Vyas and Souchon, 2003). Philemon (2010) argued that the actors use accounting information for political purpose rather than for enhancing the organizational efficiency. Mbelwa (2014) argued that the symbolic use of information is all about using information for legitimizing and confirming decisions. Vyas and Souchon (2003) have determined the eight key dimensions of symbolic use of information as follows: social use, power seeking use, affective use, legitimating use, self-promotion use, symbolic non-use, haphazard use, and information distortion.

**First:** Social symbolic use is defined as the use of information to consolidate relationships with information providers. The social use aims a building interaction relationship between the users and producers of accounting information, this, in turn, can enhance the matching relationship that the IFT is seeking for and enhance the accounting information quality that fit the decision making in different stages of the policy decision making processes. Vyas and Souchon (2003) argued that the symbolic social use of information can contribute to overcoming the culture differences between the producers and users of information. **Second:** Power seeking use of
information is defined as symbolic use of information to obtain, maintain, or enhance the power of the decision-makers (Vyas and Souchon, 2003). This means that the information use can be directed towards power-seeking rather than promoting the efficiency of the organizations (Boyne, 2002, Pilcher, 2005). However, some authors see that power seeking use can also be used to improve the organizational efficiency, if the actors use the accounting information for the power seeking with meaningful on the organization budget decision-making processes (Mbelwa, 2014).

Third: Affective use of information is defined as the use of information to bolster levels of confidence in the decisions to be made (Vyas and Souchon, 2003). Menon and Varadarajan (1992) argued that rather than using information for its intrinsic and direct value to the decision at hand, information can be used to increase the confidence in the decision made. The rationale reasons for the symbolic affective use of accounting information is when there is a high fear of failure and the decision is made within a turbulent environment (Vyas and Souchon, 2003).

Fourth: Legitimating use of information is the symbolic use of accounting information to justify decisions made on the basis of intuition or preconceptions prior to objective analysis (Sabatier, 1978, and Vyas and Souchon, 2003). Most of studies conducted in the public sector of developing countries (Assad, 2001; Assad and Goddard, 2006; Mkasiwa, 2011; Mzenzi, 2013, Mbelwa, 2014) have indicated that legitimating use of accounting information is conducted to obtaining external financial legitimacy.

Fifth: Self-promoting use is defined by Feldman and March (1981) as the use of information to visibly portray knowledge and competence to others in the organization (Vyas and Souchon, 2003). Self-promoting use of accounting information will be more used when there are political competition and conflict and can prevail among political actors, especially in open public meeting to promote themselves to the voters (Mbelwa, 2014). Sixth: Symbolic non-use refers to a lack of information use owing to either lack of information availability or avoidance of information that is readily available (Souchon and Diamantopoulos, 1992 and Vyas and Souchon, 2003). In fact, the politicians are tending to use only the information which supports the decisions already made, and ignore all other information which does not or when information contradicts what the politicians believes (Vyas and Souchon, 2003). It has been also argued that information users "tend to look for supportive evidence and to ignore or resist negative evidence (Beyer and Trice, 1982). Seventh: Haphazard use/non-systematic use is described as the use of information on the basis of its availability or accessibility rather than its relevance (Glazer et al., 1992 and Vyas and Souchon, 2003). The haphazard use of information occurs when the politicians do not have time to make well-informed decisions by digesting the vast amounts of information that may be available to them (Rich, 1991). Finally: Distortion of information use occurs when the politicians distort information through manipulation or conscious modification that contradicts existing preconceptions in order to support decisions made on other grounds (Bettis-Outland, 1999 and Vyas and Souchon, 2003).

Generally, while most of the empirical studies have indicated that the symbolic use of accounting information does not help to the organizational efficiency and lead to poor organizational performance (see Diamantopoulos and Souchon, 1999; Assad, 2001; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004; Philemon, 2010; Mkasiwa, 2011; Mzenzi, 2012; and Mbelwa, 2014), they have demonstrated that the symbolic use of accounting information supports the external financial legitimacy (Kurunmaki, Melia, & Lapsley, 2003; Mkasiwa, 2011; Mzenzi, 2013).
Instrumental-conceptual use of accounting information

The instrumental use of accounting information is mainly related to relevant information of decisions making that can affect the efficiency of organization and enhance its performance. Chua (1988) defined the instrumental use of accounting information as the use of information through analysis and evaluation, searching for data and testing for solutions. In addition, Kurunmaki et al., (2003) argued that the instrumental use is treating accounting information as a technical aspect which increases efficiency in the decision-making process. However, according to Duni (1986), instrumental use is not a separate dimension but rather a particular type of conceptual use. Some authors distinguish instrumental use from conceptual use whereas instrumental use is regarded as direct use of accounting information, the conceptual use is considered as indirect use of accounting information. Beyer (1997) sees that instrumental use involves using accounting information in specific, direct ways. Conceptual use involves using accounting information for general enlightenment; results influence actions but more indirectly and less specifically than in instrumental use. Moreover, Walle and Bovaird (2007) argued that the instrumental use is treating accounting information as a technical aspect which increases efficiency in the decision-making process. In this regard, information use does not only help to improve the technical quality of decisions, but also legitimizes the decision made. On the other hand, with respect to the conceptual use, it has been reported by Hall (2010) that the politicians and public managers use accounting information not only directly in specific decisions but also for getting a more general understanding of their work environment. The findings of the most empirical studies have found that the instrumental-conceptual use positively predict organizational performance and focused basically on the organizational efficiency (Diamantopoulos and Souchon, 1999; Amara, Ouimet, & Landry, 2004; Philemon, 2010). To this end, assumption 7 can be stated as follows:

Assumption 7: The way of use of accounting information whether it is symbolic, instrumental or conceptual can help in determining the purpose of using it whether it is for external financial legitimacy or internal organizational efficiency.

3.5 Information Use Audit:

Frankly speaking, whatever the information provided to the users by the producers, there is no absolutely guarantee that the provided information will satisfy the users' needs. Potential users assess the quality of accounting information often in a fundamentally different way than providers of accounting information. The gap is based on a misconception about what the producers think on what information should be provided and what the users will actually need. As such, this gap cannot be bridged either by users using the provided accounting information as is or producers conforming to constraints and limitation of their ability to provide the required information. Rather, I see that a new relationship between the producers and the users must be thought, which will be referred to as Information Use Audit (Mutual Feedback Relationship). In fact, unless there is a mutual feedback relationship between the producers and users, there could not be a real satisfaction about the information provided. The rationale evidence underlying this is what has been stated by Van Helden (2016) that" it is never absolutely clear in advance which accounting information will be helpful; politicians have to determine what they want to know and what information is available. Only then can the information be helpful in framing relatively complex problems". Therefore, existence of a mutual interaction between the producers and users is of a great importance because it shows the
producers where, how and whether which information is used by the users. Moreover, it matches what is needed with what is provided; this can contribute to knowing what ought to be provided to satisfy the users' need.

Furthermore, information use audit aims at ensuring a dynamic interplay between the producers and the users of accounting information. The provision of required information is an ongoing process which entails continuous interplay between the producers and the users.

Finally, one of the most important roles of the information use audit is to allow public auditors to play active role in scrutinizing accounting information and in the media to reduce perverse use of accounting information (Guarini, 2016). In fact, discretion in producing and using of accounting information can give the politicians the chance to manipulate the accounting figures for self-promoting or using it against his competitors. The absence of the public auditors from the appearance in the public media to scrutinize the accounting information will encourage the politicians misinterpret the accounting information or to using it in an incorrect manner. Therefore, the information use audit can assist in reducing the opportunistic behavior from the politician’s side and can be considered as a barrier to the speculative use of accounting information (Guarini, 2016). Accordingly, assumption 8 can be stated as follows:

**Assumption 8:** Unless there is a mutual feedback relationship (information use audit) between the producers and users, there will not be a real use of the accounting information provided.

### 4 Discussion and implication for practice

This paper describes one of the first attempts at theorizing politicians' use of accounting information. It recognizes the fact that provision of information to fit different stages of policy decision making processes is a critical step towards increasing the actual use of accounting information by the politicians. However, unless such information is actually put to use, little will in fact have been accomplished. Therefore, the theoretical framework of the information fit theory suggested that enhancing the actual use of accounting information by the politicians will depend on interaction and collaboration of five dimensions: understanding the nature and characteristics of the two actors; operationalization of the producers’ framework; matching the information between the producers and the users; operationalization of the users’ framework; and information use audit.

**Nature of the two actors:**

Accordingly, the starting point of increasing the actual use of accounting information into practice lies in a deliberate understanding of the personal behavior and characteristics of both public sector accountants (producers) and the politicians (users). The latter, as indicated by Milton Friedman, spends someone else's money on someone else and they do not bear the consequences of their decisions but these consequences are borne by someone else. Thus, they are not keen enough to make the best use of the available accounting information. Therefore, there should be driving forces and accountability framework for the use of accounting information by the politicians. Most of the earlier conducted studies have failed to recognize the significance of understanding the behavior of the politicians and its impact on the use or not use of the accounting information in the policy decision making processes. This study has revealed that deep understanding of the behavior of the politicians and their attitudes can obviously explain why many politicians do not use the available accounting information at all or they use it under certain conditions. Moreover, understanding the personal behavior and characteristics of
the politicians can assist in determining the way that can urge them to use the accounting information.

On the other hand, the producers are more loyal to the compliance with the accounting regulations and policies rather than the type and amount of information required by the users. The logic here is that they are finally accountable for the use of accounting standards regardless of this compliance will satisfy the information needs of the users. Generally, certain information needs of the users cannot be provided by an accounting system that is constrained by GAAP, but it requires from the public sector accountants to do extra work and innovation to be able to provide the specific accounting information required in each stage of the policy decision making processes. This can, to some extent, be achieved by considering both standards-setting bodies and public sector accountants as the producers of accounting information, as both can make the required changes in the accounting standards to provide the specific accounting information needs for each stage.

**Operationalization of the producer’s framework:**

Unlike previous studies, the IFT has recognized that the accounting information required will be differed according to each stage of the policy decision making processes. This means that what is required for the agenda-setting stage will entirely differ from what is required for policy formulation stage. For instance, the information required to create an issue and placing it into the political agenda will, to a great extent, differ from the information required to identify various alternative policies and to select the right alternative to implement. Therefore, to increase the chance of the actual use of accounting information, the producers should provide specific information that can satisfy the specific needs of each stage of the policy decision making processes.

It has also recognized that the type and the extent of information not only differ among the stages but also within the stage itself. For example, the accounting information for the decision making stage will differ according to the degree of conflict over decisions. In addition, the quality of information provided can also affect the degree of actual use of accounting information into practice. Therefore, there are some factors should be taken into consideration to increase the quality of information provided such as: competences of accounting specialists; experiences with certain types of accounting information; resources to develop new types of accounting information; professional standards for propagating certain types of accounting information; and discretion in producing accounting information. Thus, increasing the quality of the information provided can contribute to increasing the actual use of accounting information by the politicians.

Drawing on the Cognitive Fit Theory, the IFT recognizes the significance of the proper presentation of the accounting information to the users. Presentation of the accounting information in a format, reports and language understandable by the politicians is an essential factor in increasing the opportunity of the actual use of accounting information by the politicians. In addition, in order to provide the needed information by the politicians, public sector accountants should innovate and design a new accounting system which can serve the specific needs of the politicians. This does not mean that we will sacrifice the conventional accounting system that is based on GAAP, but it can be considered as extra work from the producers to provide the accounting information that the politicians want to include in their political discourses.
Matching of information

Building on the Cognitive Fit Theory, the fundamental aspect of the IFT is that the actual use of accounting information by the politicians will be enhanced and the politicians will perform better when the information provided matches the task to be performed. This means that the information fit results when both producers and users emphasize the same type of information that fits a specific stage or task. Consequently, matching problem representation to task leads to the use of similar, and therefore, consistent, problem-solving processes, and hence to the formulation of a consistent mental representation that emphasizes the same type of information (Vessey, 1991). This means that the problem representation a decision maker uses must be considered in the context of the task to be solved. On the other hand, if the information provided by the producers mismatch the information required by the users, this will not lead to enhancing the actual use of accounting information by the politicians.

Operationalization of the Users Framework:

One can infer from the aforementioned that increasing the actual use of accounting information by politicians depends on the one hand on to what extent the producers (supply side) do their homework in an efficient and effective way and on the other hand on the operationalization of the users’ framework which aim at creating an accountability framework that urges the politicians and make them be able to use the accounting information in their decision making. This framework should include the driving forces that make the politicians to use accounting information in all stages of the policy decision making processes. Moreover, it comprises the way of use of accounting information whether symbolic, instrumental and conceptual and the purpose of using it, as the way of use can determine the purpose of use. Determination of the way and the purpose of use are important because each way of use needs specific information to achieve the purpose of using a specific way. For instance, the symbolic use of accounting information generally comprises eight key dimensions: social use, power seeking use, affective use, legitimating use, self-promotion use, symbolic non-use, haphazard use, and information distortion. Each dimension of symbolic use of information is used to reach a certain purpose. Accordingly, understanding the way and the purpose of use can help in providing the required information that can assist in achieving specific purposes.

Information Use Audit:

Unlike the previous conducted studies, the most important contribution of the IFT is that introducing the information use audit. As stated by Van Helden (2016) "it is never absolutely clear in advance which accounting information will be helpful; politicians have to determine what they want to know and what information is available. Only then can the information be helpful in framing relatively complex problems". This concurs with Ouda's study (2005) that has concluded that the politicians themselves are not only unable to determine their information needs but also the information that should be provided to them. This result is consistent with Sutcliffe (1985) when said, “One of the biggest problems in identifying users’ needs is their own inability to articulate what these are in any convincing way. They cannot assess the importance of information that has not previously been provided and, if asked, tend to ask for information that reflects the prevailing conventional wisdom”. Anthony (1978) has also argued that users (e.g. politicians) can neither appreciate nor judge the importance of information that has not been furnished yet. Therefore, there is an urgent need for a Mutual Feedback Relationship (information use audit) between the producers and users of the accounting
information. This relationship is of a great importance for the following reasons: - first, it assists in overcoming the theory–practice gap as it shows the producers where, how and whether which information is used by users and whether or not the provided information is satisfying the users' needs or it requires specific information for specific problems. Second, it ensures dynamic interplay between both the producers and users due to the fact that the politicians are working in a turbulent environment and require dynamic information to be able to make their decisions in such an environment. Finally, it helps in reducing the distortion of accounting information by the politicians and reduces the perverse use of accounting information.

5 Conclusion and future research

This paper aims at explaining how, in what way, for what reasons and under what circumstances the accounting information can actually be used by the politicians. Therefore, it has attempted to develop a holistic framework for information matching relationship between the producers and the users of accounting information which reaching a level of maturity of a theory. According to the Information Fit Theory, the actual use of accounting information can be enhanced based on the following five dimensions: 1- Understanding the personal nature and characteristics of the producers and the users of accounting information can contribute to understanding their way of thinking and behaving; 2- Operationalization of the producers framework that aims at providing and proper presenting the required information that suits each stage; 3- Operationalization of the users framework which create a climate fit for urging the politicians to use the accounting information; 4- Matching of information provided in each stage with that information required in each stage will enhance the actual use of accounting information by the politicians in practice; and 5- Finally, creating the information use audit to close the theory-practice gap through creating a mutual feedback relationship and ensuring dynamic interplay between the supply side and demand side.

In addition, future research can address the personal behavior and characteristics of both the producers and the users and how they can affect the actual use of accounting information. Moreover, while it is assumed that the improving the quality of accounting information can enhance the actual use of accounting information by the politicians, there is a lack of research about how the improved quality can increase the actual use of accounting information by the politicians. In addition, future research can study how cognitive fit can lead to matching of accounting information between the producers and the users and how both producers and users can emphasis the same type of information. Furthermore, future research can address how understanding the way and the purpose of use can help in providing the required information that can assist in achieving specific purposes. Also the issue of creation of a mutual feedback between the two actors and how this issue can ensure dynamic interplay between the two actors need to be researched. Finally, future research is required to empirically test the validity of the IFT.
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Promoting Transparency and Better Governance: The Case of Bangladesh Customs Portal

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Abstract
Communication of governmental information through electronic dissemination is recognized as an effective instrument to promote government transparency. Aiming to bring transparency in trade information, countries have, therefore, adopted international standards and best practice that reaffirm the importance of the use of internet in achieving trade transparency and thus better governance. The paper examines the scope for dissemination of trade and customs information in Bangladesh and the promotion of transparency and governance through the establishment of the Bangladesh Customs Portal. Reviewing the steps undertaken through the adoption of relevant international standards, and assessing the status of their implementation, the paper finds that the Government has been able to develop a recognizably modern, easily navigable customs website that serves as a complete and comprehensive repository for all customs procedures, forms, laws and other information, and caters to informational requirements of both government officials and private sector users from home and abroad.

Introduction
Despite the slow progress on the part of the Negotiating Group on Trade Facilitation (NGTF) over the years since the launch of the World Trade Organization (WTO) negotiations on trade facilitation in 2004, significant progress was finally made in 2013. After intense negotiations throughout the last half of 2013 as part of a plan to deliver something concrete at the 9th WTO Ministerial, the WTO members were finally able to conclude the much anticipated Trade Facilitation Agreement (TFA) at Bali, Indonesia, in December 2013. With its ratification by two-thirds of WTO members, the TFA came into force in February 2017. Provisions under the TFA comprise various trade facilitation measures that the WTO members will have to implement over the next few years.

The purpose of this research paper is neither to chronicle all the events that unfolded and the negotiating processes that evolved over the years and ultimately led to the finalized text of the TFA, nor to focus at length on all aspects of the Agreement itself. Instead, the paper restricts its scope to an important component of the Agreement, that is, publication and availability of trade information. More specifically, it aims at examining the possible scope for dissemination of trade and customs information in Bangladesh and the promotion of governmental transparency and governance through the establishment of the Bangladesh Customs Portal. While there are several government agencies that deal with trade related issues, in order to obtain an in-depth analysis of the extent of electronic dissemination of customs information and the role it plays in

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1 The WTO General Council adopted on 1 August 2004 a decision on the Doha Work Programme, generally known as the “July Package”, which defined modalities for negotiations in the current round of trade talks. Among others, the “July Package” included “Modalities for Negotiations on Trade Facilitation”, which mandated the WTO members to launch negotiations on this issue. Accordingly, the NGTF started working in November 2004.
easing the process of information collection by the trade and business community, this study limits its focus to the National Board of Revenue (NBR) and Customs. Most trade-related information comes from Customs, and creation a Customs information portal will go a long way towards ensuring wide electronic dissemination of trade information. Future refinements in the portal could incorporate trade data from other government agencies.

The paper progresses through a number of sections. While section I attempts to set the theoretical context on the role of internet as an instrument to communicate trade information and a means to promote governmental transparency and governance, section II elaborates on various standards that reaffirm the importance of the use of internet in achieving these objectives. Section III assesses the status in Bangladesh in implementing international standards and best practice in this regard, and section IV elaborates on governmental efforts to improve the existing capacity in electronic dissemination of customs information.

I. Role of internet in communicating trade information and promoting transparency

This section attempts to set the broader theoretical context on the growing emphasis on, and recognition for, internet or electronic information as an effective instrument for communicating trade and customs information, and a means for promoting governmental transparency on trade policies and processes. It begins with a discussion on what the term ‘government transparency’ entails, and how the access to electronic information contributes to such transparency.

The Federal Institute for Access to Public Information\(^2\) (cf Santos and others, 2013, p.34) defines government transparency in terms of its three elements that include ‘openness of information from the government’, ‘communication or knowledge-sharing on the part of citizens’, and ‘accountability or justification, to the citizens, of decisions taken by the government’. It is somewhat similar to the concept of ‘open government’ advocated by the Obama Administration in the United States (US) with its three goals of transparency, collaboration and citizen participation. Such ‘open government’ policy made it obligatory for the US government agencies to resort to internet or electronic communication for making available to the public ‘their missions, activities, and results so as to facilitate public dialogue, and to solicit feedback, questions, and suggestions for how to improve government’ (Sharon & Natalie, 2010).

From that perspective, the issue of electronic government or e-government assumes paramount importance when it comes to ensuring better governance and thus promoting transparency. Emphasizing the role of information and communication technologies (ICTs) in general and electronic communication in particular, Welch (2012) defines ‘transparency’ as the “active disclosure of information by an organization that enables external actors to monitor and assess its internal workings, decisions and performance”. Such disclosure of information is generally a ‘one-way communication process in which the organization provides information to other stakeholders’. For Welch, the widespread use of government websites is positively associated

\(^2\) A Mexican institution that aims at guaranteeing the right to access public information, issuing resolution on denial of requests for access to information, and protecting personal data.
with satisfaction of e-government (Welch and others, 2005). Provision of useful, timely and reliable information enhances transparency on the part of the government that in turn garners citizens’ trust with the government.

This leads us to the issue of governmental information, which, according to Batista, is a public good, and therefore needs to be “available to citizens, not only through the physical environment, but also through a language that is accessible, intelligible, and translated for the average citizen” (cf Santos and others, 2013, p.36). It implies that the simple availability of technological resources, such as internet, is not enough in guaranteeing transparency, which would also require the existence of effective and enhanced websites that provide adequate information in clear language or medium for the common citizen and in easily accessible manner. The ideal example of such web communication is the “Data.gov”, a government website in the US that provides extensive access to public information sources across different government organizations or locations offering electronic access to government finance, performance, and decisions. Another example of governmental information promoting transparency is that of Taiwan, where, as one study revealed, over 70% of public agencies provide freedom of information requests, and that “half of them offer electronic resources for accessibility of information, while the other half provide e-mail” (cf Santos and others, 2013, p.35).

The growing importance of internet in government transparency has also been stressed upon by some scholars (Mitchinson & Ratner, 2004). Mitchinson & Ratner basically underscores the current age of knowledge economy, which is characterized by the rise in ICTs that has enabled ‘the rapid and easy flow of information from one location to another’. The advent of the knowledge economy has influenced the governments around the world to increasingly focus on e-governance as a way of promoting transparency. The term ‘e-government’ generally implies the use of ICT and internet by the public sector ‘in support of public administration’ (Mitchinson & Ratner, 2004). The so-called knowledge revolution has also popularized the use of internet or website as an effective and efficient method for electronic dissemination of government information to the public.

After this brief theoretical construct on the linkage between effective communication of information through websites and promotion of government transparency, let us now try to address the same issue from the perspective of trade policy decision making and trade processes and procedures. Transparency in policy was always considered an important aspect of trade facilitation, and predictability in trade policy and simplification in trade procedures and processes were regarded as two crucial aspects of trade policy transparency (Helble and others, 2007). However, in recent years, the issue of availability of trade information has also assumed importance in negotiations and discussions at the multilateral trade fora (e.g. the WTO) as another key element of trade policy transparency.

Persons often need specific information about the process(es) and procedure(s) involved in a particular trade/customs operation they intend to carry out, and the responsibility to provide such information completely and accurately lies with trade/Customs agencies. While easy internet access to such information will contribute in facilitating their trade/customs operation, it will also promote transparency in such process or procedure. It is, therefore, necessary for
relevant government agencies, such as Customs, to undertake steps that will improve the means of delivery of such information. Providing adequate and effective internet-based capacity for electronic dissemination of trade/customs information may be the key to achieving that transparency. In addition to such proactive dissemination\(^3\) of trade information to the public, in order to ensure trade transparency, it will also be necessary to facilitate demand-driven access in order to have true transparency. Demand-driven access can be ensured by creating a mechanism to “respond to citizens’ requests for specific kinds of information or documents which otherwise would not be accessible” (Turnes & Ernst, 2015, p.3).

The WTO TFA aims at increasing the transparency and efficiency of customs and other administrative procedures involved in trading goods across international borders. Recognizing the importance of electronic dissemination in effectively communicating trade information and increasing government transparency, the TFA obligates all member countries to supply trade information through the electronic format, e.g. through internet websites, as it allows wider dissemination and provides information in readily downloadable form. Again, the TFA mandates members to provide demand-driven access in the form of e-service delivery through enquiry points. The World Customs Organization (WCO) Revised KYOTO Convention (RKC) also emphasizes the need to make customs information available to interested persons.

Realizing the potential of such electronic dissemination, countries across the world are increasingly enhancing their trade/customs websites to transform them into repositories or reservoirs of trade information and to facilitate e-service delivery of such information. A number of country practices in Asia are cited here as illustrations. For example, the Trade Portal of the Lao PDR is a good model for the developing countries, as it has created a single repository for all import and export information for the country (UNNeXT, 2016). The Trade Portal developed by the Department of Commerce in India is another example. As reported in UNNeXT (2016), there are similar initiatives from international organizations. For example, UNCTAD’s Business Facilitation Program is ‘a web-based e-government system to help the developing countries work towards business facilitation through transparency, simplification and automation of trade processes’. Again, the Asia Pacific Economic Cooperation’s Services Trade Access Requirement (STAR) Database is a business friendly online tool to help services providers from the APEC countries by ‘gathering information on services market access into a single, easily accessible knowledge bank, aimed at increasing business awareness of the regulatory requirements to trade’ (UNNeXT, 2016, p.9).

II. Transparency in Customs information and relevant international standards

This section examines the issue of transparency in customs information through elaborating on various standards that stress on the importance of the use of internet or access to electronic information as a means for communicating governmental information in trade and customs, and for promoting transparency.

\(^3\) According to Turnes & Ernst (2015: p.3), the term ‘proactive dissemination’ refers to “information that the government makes public about its activities and performance”.

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The WCO RKC (WCO, 1999) states that contracting parties to its General Annex must accept, *inter alia*, the principle of transparency and predictability of customs actions. Chapter 9 of the General Annex of the RKC emphasizes the availability of customs information to interested persons. But it does not specify the means and channels through which such availability could be ensured. According to Chapter 9(A):

“A. Information of General Application

9.1. Standard

*The Customs shall ensure that all relevant information of general application pertaining to Customs law is readily available to any interested person.*

9.3. Transitional Standard

*The Customs shall use information technology to enhance the provision of information.*”

The WTO has attempted to devise international standards aiming to increase the transparency of trade regulations. For example, Article X (Publication & Administration of Trade Regulations) of GATT 1994 delineates the transparency obligations by incorporating provisions for publication and administration of trade regulations (WTO, 1994). It urges all WTO members to ‘publish and disseminate laws, regulations and judicial decisions’ that could be relevant to international trade (Turnes & Ernst, 2015, p.2). However, it only requires that information be published in such a manner as to enable governments and traders to become acquainted with them. Like the RKC, GATT 1994 does not specify the means and channels of such publication.

The WTO attempted to address the lacunae while framing the TFA. Article 1 of the Agreement deals with publication and availability of trade/ customs information. Paragraph 2 of Article 1 specifies the need for information to be available through internet (WTO, 2013). According to paragraph 2 of Article 1:-

“1. Each Member shall make available, and update to the extent possible and as appropriate, the following through the internet:

a. A description of its importation, exportation and transit procedures, including appeal procedures, that informs governments, traders and other interested parties of the practical steps needed to import and export, and for transit;

b. The forms and documents required for importation into, exportation from, or transit through the territory of that Member;

c. Contact information on enquiry points.

2. Whenever practicable, the description referred to in subparagraph 2.1 a. shall also be made available in one of the official languages of the WTO.”
3. Members are encouraged to make available further trade related information through the internet, including relevant trade-related legislation and other items referred to in paragraph 1.1.

Paragraph 3 of Article 1 of the TFA deals with enquiry points. According to Article 1, paragraph 3, sup-paragraph (1):

“Each Member shall, within its available resources, establish or maintain one or more enquiry points to answer reasonable enquiries of governments, traders and other interested parties on matters covered by paragraph 1.1 as well as to provide the required forms and documents referred to in subparagraph 1.1(a). ....”

From the perspective of increasing transparency of trade related information across the world, the TFA is particularly significant as its Article 1 not only specifies information technology as the means to ensure availability of their trade/customs information, but also makes it obligatory for member countries to publish such information through the internet.

Examining Bangladeshi standards, we find that the Right To Information (RTI) Act 2009 provides for extensive proactive disclosure provisions, whereby public bodies must place defined types of information in the public domain (GoB, 2009). Such proactive disclosure needs to follow the principles outlined below:

- Information should be accessible (easy to find),
- It should be easy to understand,
- It should be relevant, and
- It needs to be regularly updated.

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4 Article 1, paragraph 1 of the TFA is as follows: Each Member shall promptly publish the following information in a non-discriminatory and easily accessible manner in order to enable governments, traders and other interested parties to become acquainted with them:

- a. Importation, exportation and transit procedures and required forms and documents;
- b. Applied rates of duties and taxes of any kind imposed on or in connection with importation or exportation;
- c. Fees and charges imposed by or for governmental agencies on or in connection with importation, exportation or transit;
- d. Rules for the classification or valuation of products for customs purposes;
- e. Laws, regulations and administrative rulings of general application relating to rules of origin;
- f. Import, export or transit restrictions or prohibitions;
- g. Penalty provisions against breaches of import, export or transit formalities;
- h. Appeal procedures;
- i. Agreements or parts thereof with any country or countries relating to importation, exportation or transit;
- j. Procedures relating to the administration of tariff quotas.
After highlighting, in this section, various standards and international best practice that mandate, as trade facilitation measures, the use of internet or websites to communicate trade-related governmental information and to promote transparency, the following section will try to assess the situation or status with respect to their implementation in Bangladesh.

III. Electronic dissemination of customs information in Bangladesh - Current Situation

Bangladesh strictly adheres to the developments made in the WTO and the WCO in relation to the facilitation of international trade and securitization of the international supply chain management of goods. Recognizing the role of trade facilitation in fostering economic growth long before the conclusion of the WTO TFA, Bangladesh made significant changes to its customs and trade procedures relating to many trade facilitation areas, such as automation of customs processes, simplification of customs procedures etc., by the time the TFA was concluded in December 2013.

However, as will be evident from the following discussion, the progress was less pronounced in the area of publication and availability of trade/customs information, especially in relation to the availability of such information through the internet. Electronic dissemination of trade-related information is dealt with by different Bangledeshi government agencies through a number of websites with hyperlinks to the websites of their subordinate departments, and those of other agencies. The two main government agencies are the NBR that disseminates customs information, and the Ministry of Commerce that disseminates non-customs trade information. Other government agencies include the Department of Agriculture Extension (for information on quarantine procedures) and Bangladesh Standards and Testing Institute (for information on standards issues). However, as emphasized earlier, this article limits its focus to the NBR websites only.

In collaboration with development partners, a number of studies (UNCTAD, 2012; IFC, 2014) were conducted to assess the current status in relation to the trade facilitation initiatives, and to devise the country implementation plan. These studies focused on the trade facilitation areas in general and, therefore, lacked any direct relevance to the specific issue of internet-based provision of trade and customs information. The Bangladesh Trade Facilitation Activity (BTFA) program of the USAID\(^5\) attempted to address this caveat and undertook a situation assessment for this particular purpose\(^6\).

The USAID BTFA study (IBI, 2015a) conducted a technical assessment covering the current state of internet accessibility of customs information, and examining the extent of availability of information through the internet immediately after the conclusion of the WTO TFA. The findings revealed that though there were three websites at the NBR (www.nbr.gov.bd/).

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\(^5\) The project was implemented by IBI.

\(^6\) The study titled *Situation Assessment: Internet-Based Trade/Customs Information in Bangladesh* (IBI, 2015a) was conducted by a team comprising three IBI consultants including me. The other two consultants were Dr. Mohammad Abu Yusuf and Md. Rezwanur Rahman.
customs.gov.bd/ and www.nbr-bd.org/) with different domain names, none contained adequate information, forms and documents that could fully satisfy international standards or ensure transparency (e.g. accessibility and availability) of internet-based customs information. It also revealed a number of inadequacies with these websites in terms of both accessibility to the websites and availability of customs information.

Common inadequacies in terms of accessibility of Customs information, as highlighted in the USAID BTFA study (IBI, 2015a), were as follows:

- The websites were not well designed or organized, and were not easy to read or navigate. In other words, these were not user friendly.
- Information, rules, procedures and documents available on the websites were not grouped under a proper ‘menu/heading’.
- As information, documents, etc. were not regularly and timely uploaded and updated, these were not easily accessible by users.
- None of the websites had any interactive feature.
- The websites lacked options for users to give feedback or lodge complaints on customs matters or to ‘check with expert’ on customs matters.
- The websites did not tell users when they were last revised, modified, or updated.

Common inadequacies in terms of availability of customs information, as highlighted in the USAID BTFA study (IBI, 2015a), were as follows:

- Absence of a Description of the practical steps in the import, export, transit and appeal procedures.
- Absence of the forms and documents required for Customs purposes.
- Absence of internet-based national enquiry point for customs information (as part of e-service delivery).
- Lack of manifest submission and processing information that relates to both goods and cargo declarations (while one website (www.customs.gov.bd) provided some information on goods declaration, it was not user-friendly and extraction of information on the current status was very difficult).
- Absence of the operative tariff schedule/the provision of a duty calculator.
- Lack of information on advance rulings.
- Absence of a valuation database.
- No information on currency exchange rates.
- Lack of information for travelers and tourists (such as duty free allowances, tourist refund scheme, information for air crew, updated baggage rules).

Following a recommendation from the USAID BTFA study, the NBR has discontinued one of the websites (www.nbr-bd.org/).

While the term ‘goods declaration’ implies the submission by the importer of a bill of entry or a bill of export for clearance of goods, ‘cargo declaration’ implies the submission by the steamer agent of an import general manifest for an in-bound vessel or export general manifest for an out-bound vessel.
• Absence of a separate menu for customs information relating to the Export Processing Zones and Economic Zones.
• Lack of an archiving facility (to store previous years' budget documents, previous baggage rules, finance acts, etc.).
• Lack of a media center (news, events) and link with other trade agencies (although there were some links, they were not functional).
• Information on donor and GoB projects.
• Non-availability of specific information on risk management (RM) (e.g. compliance management and audit) including the existing RM practice.
• Information, rules, procedures and documents available on websites were not easily accessible by users, and were not regularly updated.
• The NBR websites did not have necessary systems to allow the users, clients, general public, and third parties, e.g. the banks, the agents etc., to report questionable behavior by NBR employees.

IV. Actions taken to improve the provision of electronic dissemination of custom information

This section highlights the actions taken by the NBR, since the conclusion of the WTO TFA, to improve the provision of customs information through the internet. In order to comply with international standards and best practice, and more importantly, to comply with the mandatory measure under the TFA relating to the provision of trade information through the internet, the NBR has undertaken the task of improving its existing capacity in electronic dissemination. With technical assistance and support from the USAID BTFA, the NBR has pursued a two-pronged strategy to attain this objective. These included- (i) creation of a dedicated Customs Information Portal through enhancing the customs website, and (ii) facilitation of e-service delivery through the establishment of a national enquiry point for customs.

(i) Creation of a Customs Information Portal:

The NBR decided to create the Bangladesh Customs Portal with a view to developing a recognizably modern, easily navigable customs website that would correspond to best practice internationally. The ultimate aim was to create a website that would serve as a complete and comprehensive, one-stop shop, for all procedures, forms, laws and other information pertaining to customs in Bangladesh. In the interest of trade facilitation, it would provide increased and rapid access to organized customs information to an international audience as well as Bangladesh’s public and private sector. It was also envisaged that the enhanced customs website would respond to an identified requirement for transparency and to the citizens of Bangladesh’s demand for increased information and services.

The first task undertaken to accomplish this objective was the development of an architecture for the proposed portal. The USAID assisted the NBR in developing the said Architecture (IBI, 2015b). While preparing the architecture, content and functional requirements for the planned NBR Customs Website were gathered and analyzed through a series of meetings with both public and private sector. Such meetings proved extremely useful, especially in identifying the probable informational requirements for different stakeholders of the NBR and users of customs.
information. In preparing the architecture, the aesthetic requirements were also considered, and the approach taken to gather requirements was through an iterative series of presentations of a wireframe user interface. Efforts were also made to address the inadequacies identified by the BTFA study (IBI, 2015a) highlighted in Section III.

The next step was the development of the web design for the Customs Portal, using the agreed architecture as the basis. While working on the web design, the NBR also developed the content for the Portal. With technical assistance and support from the USAID, the NBR updated and compiled all customs Statutory Regulatory Orders (SROs), administrative procedures/orders, etc. so that these could be posted on the ‘Bangladesh Customs Portal’. The third step was to obtain the allocation of a URL and a dedicated web server from the Bangladesh Telecommunications Company Ltd. under the Ministry of Post, Telecommunications and Information Technology for this purpose. For the hosting of the Bangladesh Customs Portal, the NBR selected the URL or domain name of www.bangladeshcustoms.gov.bd.

Using the web design developed as per the architecture, all contents were uploaded to www.bangladeshcustoms.gov.bd in 2016. Then, with the successful beta testing of the website that continued for more than a year, the www.bangladeshcustoms.gov.bd website was officially launched by the NBR in September 2017 as the Bangladesh Customs Portal. A screenshot of the home page of the Customs Portal is presented as Figure 1, which gives a glimpse of the wealth of information the Customs Portal does offer to its users.

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9 Wireframing is a structural way to design websites. A wireframe is used in the early stage of website development to lay out content and functionality on a page that takes into account user needs and user journeys.

10 The architecture is the first essential step in a website development process, and represents the technical, functional and visual aspects of the proposed website. Once the architecture is accepted and agreed upon, the website designers begin to design and develop the actual website on its basis.

11 A beta test is a type of testing period for a computer product prior to its commercial or official release.

12 Even though the contents were uploaded in early 2016, the NBR took a long time with the beta testing of the website, and the official launch proved a major challenge and required a lot to convincing to do. However, when it was finally launched in September 2017, the Customs Portal proved a major success for the NBR, as it became popular among users due to its reservoir of information.
Figure 1

International Journal on Governmental Financial Management - Vol. XIX, No 1, 2019
An illustrative presentation of the extent of availability of information in the Customs Information Portal is made in the screenshot below as **Figure 2**, which provides a detailed view of the pop-up menu for ‘Trade Info’, one of the main menus in the Portal.

The Bangladesh Customs Portal is now publicly accessible and widely visited. Its audience (or users) include primarily:

- Any party participating in trade (e.g. exporter/importer/agent).
- Any customs official wishing to access legislation, procedures etc. for reference.
- Other branches of the public sector, other government agencies.

**(ii) Establishment of a national enquiry point:**

According to Article 1, paragraph 3 of the WTO TFA, countries are required to establish and maintain one or more enquiry points to answer reasonable enquiries from governments, traders and other interested parties on trade-related matters as well as to provide the forms and documents required to transact business (WTO, 2013). As discussed in Section III, neither the NBR head office nor any of its field offices had any officially designated enquiry point. In order to assist the NBR in establishing its own National Enquiry Point or NEP, the USAID BTFA has provided necessary technical assistance.

A national enquiry point can be either internet-based or phone-based or both. While the usefulness of a phone-based or call centre type NEP cannot be underestimated or downplayed, considering the growing recognition for e-service delivery and the ease in retrieving or collecting customs information through electronic means, internet-based NEP assumes a greater significance. Therefore, the NBR has opted for the internet-based enquiry point.
To establish the internet-based National Enquiry Point for Customs, the NBR followed the same processes as it did in the case of Bangladesh Customs Portal. The process began with the development of an architecture for the proposed NEP that was finalized incorporating inputs and feedback from extensive stakeholder consultations (IBI, 2016a). The next step was the development of a software for the Customs NEP using the agreed architecture as the basis, with technical assistance from the USAID. For the purpose of introducing the NEP for Customs, the Bangladesh Customs Portal has been used as the platform. Since it is linked from the Customs Information Portal, the NEP has been able to introduce a simple and always-available channel of communication between public and private sector, and accelerate e-governance through efficient e-customs information delivery. To facilitate the establishment of an internet-based NEP at the NBR, an exhaustive database of frequently asked questions (FAQs) and their appropriate and up-to-date answers have been developed in collaboration with the USAID BTFA program (IBI, 2016b), which was posted in the NEP site.

Officially launched by the NBR in September 2018, the internet-based NEP for Customs now provides always-available, public access to the vital customs information required for conducting trade. In addition to an already rich source of information through the FAQ database, it also provides a means to submit a direct enquiry to customs which are responded to personally by a customs officer. Each enquiry further enriches both the quality and plenitude of the NEP. Mandatory forms and documents for importation, exportation and transit are also provided by this NEP. An illustrative presentation of the Customs NEP site is made in the screenshot below in Figure 3.

![Figure 3](image-url)
Thus the NEP for Customs has enabled interested traders or business people or any interested person to gather information related to customs processes and procedures, and has, in turn, contributed to promoting governmental transparency.

Implementation of this major reform program, that is, establishment and launch of the Bangladesh Customs Portal and the Customs NEP, faced a number of challenges. The initial challenges among them were threefold. First, due to the initial lack of interest and enthusiasm among officials at the NBR in launching an information portal that will provide on-line access to customs and other trade related information for any interested person/user/citizen, the time taken for beta testing was longer than usual. Secondly, functional officers posted at the Customs wing of the NBR were reluctant as they were not aware of transparency requirements, and of WTO TFA requirements. Thirdly, IT officers posted at the ICT wing of the NBR were also not interested, as they were mostly busy with running the ASYCUDA World system, and considered handling of the new Portal and the NEP site an additional burden. Once the NBR officials were motivated, the next challenge was to acquire a dedicated web server and an URL for the proposed Web Portal. This required approval from the Bangladesh Computer Council (which hosts the Server) and the ICT Division under the Ministry of Telecommunications. The process took a long time. For example, the NBR took time to decide on the URL name (www.bangladeshcustoms.gov.bd). Again, persuasion was required to deal with complex bureaucratic procedures at the Bangladesh Computer Council and the ICT Division to get a dedicated server.

V. Conclusions

The information revolution since the 1990s and the ensuing advent of the knowledge economy have enhanced the popularity of internet and contributed to its widespread use. Accordingly, communication of governmental information through electronic dissemination has come to be recognized as an effective instrument to promote government transparency. The same has been true in the area of international trade. Growing recognition among countries of the need to ensure better governance and bring transparency in trade information has contributed in the adoption of international standards and best practice that emphasize on ensuring adequate availability of such information through the internet and proper accessibility to internet sites that provide them.

The establishment and launch by the NBR of a recognizably modern, easily navigable Customs Portal demonstrates the commitment of the Government of Bangladesh to promote transparency in customs and trade information through improving its capacity in electronic dissemination of information and thus ensuring better governance. The Bangladesh Customs Portal serves as a complete and comprehensive repository for all customs procedures, forms, laws and other information, and caters to informational requirements of both government officials and private sector users (e.g. exporter, importer, agents or any other person) from home and abroad. Similarly, the establishment and launch by the NBR of the internet-based NEP has improved the NBR’s ability to ensure demand-driven access to customs information through e-information delivery. While promoting transparency in Customs information, these activities also give users access to a great deal of information about customs rules, regulations, processes and procedures.
In order to succeed in upgrading the capacity for electronic dissemination of customs information, and thereby promoting transparency in such information, the NBR needs to focus on achieving a number of important requisites. First, it will have to develop well-conceived plans for the operation, management and sustainability of both the Customs Portal and the Customs NEP so that the same or increased level of capacity for electronic dissemination and e-information delivery can be maintained over time. Secondly, a difficult challenge usually faced by governments while providing information through the internet is to move beyond the culture of secrecy and find ways to actively disseminate information to the public (Mitchinson & Ratner, 2004). In order to ensure that it is not the case with the Bangladesh Customs Portal and the Customs NEP, and that these provide the ‘bedrock to transparent and accountable customs administration’, the NBR will have to take necessary and adequate steps. Through formulation of an effective management structure, ensuring constant flow of information, development of a system of accountability in the timely delivery of internet-based enquiry point services, and ensuring renewed commitment in improving access to the internet, the NBR will be able to make a significant progress with regard to facilitating effective communication of customs information. This in turn will ensure better governance and thus promoting transparency of the customs administration.
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5. IBI (2016a) *Customs National Enquiry Point: A Draft Architecture*, prepared for the National Board of Revenue by USAID BTFA program, Washington, DC


Entity Reporting on the Contribution Towards the Attainment of Sustainable Development Goals: Counteractions to Information Asymmetry

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Abstract

The core international trends towards non-financial reporting regulation are highlighted in the article. The model of non-financial reporting, based on combined approaches of Directive 2013/34/EU and Sustainable Development Agenda A/RES/70/1, is described by the authors. This model is the basis for the developed draft form of the management report and Guidance on preparing the management report. The level of information support in preparing management reports by Ukrainian entities according to the list of core indicators defined in the document, developed by UNCTAD, “Guidance on Core indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals” is explored. The necessity of the Guidance designed by national regulators that provides explanations on how to issue non-financial statements is substantiated.

Keywords: non-financial reporting, Sustainable Development Goals, UNCTAD ISAR, Directive 2013/34/EU, Directive 2014/95/EU, management report.

Introduction

The Sustainable Development Agenda 2030¹ is a new conceptual framework for management strategies of developing companies. Information basis for monitoring the attainment and efficient implementation of Sustainable Development Goals (SDGs) is entities’ reporting on their contribution to this process. First and foremost, the issue the regulators encounter in implementing entity reporting is to form the list of indicators that monitor the attainment of SDGs and the methodology for their definition. UNCTAD Intergovernmental Working Group of Experts on International Accounting and Reporting Standards (UNCTAD ISAR) is making a significant contribution addressing this problem. The UNCTAD ISAR activity resulted in the draft document “Guidance on Core Indicators for entity reporting on the contribution towards the attainment of the Sustainable Development Goals” (ISAR Guidance), that was approved at the 35 UNCTAD ISAR Session, held on 24-26 October, 2018 (Geneva, Switzerland) (UNCTAD ISAR, 2018, Guidance).

However, of no less importance are the issues of organizational support for entities reporting on the contribution towards the attainment of SDGs. These issues include:

- firstly, what information bases should be used for such reporting?
- secondly, will it not be an additional burden for entities reporting on their contribution?

¹ On September 25, 2015, the General Assembly of the United Nations adopted Resolution A/RES/70/1 on the final document Transforming our World: the 2030 Agenda for Sustainable Development

The experts of the SESE “Academy of Financial Management” made an attempt to address these issues working on draft non-financial reporting of corporations in Ukraine. Regarding the methodological support of reporting on sustainable development, it is necessary to note that the issues of its preparation are solved by the ISAR Guidance.

The UNCTAD document is based on the methodological provisions of generally recognized and accepted international mechanisms that regulate the definition of indicators and outline the concepts on which the methodology for calculating is based, namely: Conceptual Framework for Financial Reporting, International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Directive 2013/34/EU, Directive 2014/95/EU, Consolidated set of GRI sustainability reporting standards and others (table 1):

<table>
<thead>
<tr>
<th>International frameworks</th>
<th>European Union-based frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ UN Global Compact</td>
<td>➢ the Eco-Management and Audit Scheme (EMAS) and the related Sectoral Reference Documents</td>
</tr>
<tr>
<td>✓ UN Guiding Principles on Business and Human Rights implementing the UN ‘Protect, Respect and Remedy’ Framework</td>
<td>➢ Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings</td>
</tr>
<tr>
<td>✓ OECD Guidelines for Multinational Enterprises</td>
<td>➢ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 as regards disclosure of non-financial and diversity information by certain large undertakings and groups</td>
</tr>
<tr>
<td>✓ International Organisation for Standardisation’s ISO 26000</td>
<td>➢ Guidelines on non-financial reporting Communication from the Commission 2017/C215/01</td>
</tr>
<tr>
<td>✓ International Labour Organisation’s Tripartite Declaration of principles concerning multinational enterprises and social policy</td>
<td></td>
</tr>
</tbody>
</table>


Therefore, entity reporting, prepared in line with the above-mentioned documents, can be used as the information base for reporting on the attainment of SDGs. At the same time, it is important to underline that transition economy countries do not take full advantage of this opportunity. The reason lies in the fact that these countries possess a low quality of reporting data, insufficient comparability and low awareness regarding international and national initiatives in the field of reporting on sustainable development. This is stated in a document issued by the European Parliament “Monitoring the implementation of the Sustainable Development Goals – The role of the data revolution” (European Parliament, 2016).

In addition, transition economy countries are characterized by a complete or partial lack of coordination, data exchange and cooperation of entities that prepare, collect, process, and use reporting on the attainment of SDGs. Users of such reporting include: government, international, and non-governmental organizations. The preparers of such information act as
corporate sector entities (European Parliament, 2016). Therefore, there is an institutional problem of interaction between users and compilers of reporting, that reduces the effectiveness of the regions and state management, and the coordination at the global level.

There is no a unified solution to this problem. That is why, it is necessary to consider the issues of institutional support for reporting on SDGs based on the ISAR Guidance.

In Ukraine, the work on attainment of SDGs was initiated in 2015. In this context the national report “Sustainable Development Goals: Ukraine” was presented. This document provides the baseline and benchmarks for Ukraine to achieve the SDGs. The national report was prepared by the Ministry of Economic Development and Trade of Ukraine under the chairmanship of the First Vice Prime Minister of Ukraine – the Minister of Economic Development and Trade of Ukraine and the UN Resident Coordinator in Ukraine, Humanitarian Coordinator in Ukraine and UNDP Resident Representative in Ukraine. The national report presents the outcomes of the adaptation of 17 global SDGs based on the country’s specific experience (the Ministry of Economic Development and trade of Ukraine, 2017, National baseline Report).

The practices of the countries that have progressed towards sustainable development show that the implementation of the state policy in this field requires coordination of efforts at the level of executive authorities and a wide range of NGOs (non-governmental organizations). Among the main trends the following initiatives require special attention: the UN initiatives; the EU initiatives and other recognized international initiatives for the disclosure of non-financial information.

The United Nations initiatives, in particular, the ISAR Guidance, are of greatest interest. This is evidenced by their focus on promoting corporate social responsibility and support in solving entrepreneurial problems of globalization and creating a more stable and comprehensive economy.

The methodology for forming the key indicators stated in the UN Guidance draft is based on the best international and national practices (standards developers, regulators, etc.).

It is important to note that the indicators are universal for different jurisdictions and industries and reflect the current practice of cross-cutting existing standards, enterprise capabilities, investors’ needs, and a monitoring mechanism of the attainment of SDGs.

The key indicators defined in the document provide an opportunity for more detailed disclosure of information by entities, taking into account specifics and regulatory requirements. These indicators show the contribution of the corporate sector towards the attainment of SDGs, in particular targets 6, 7, 12, 17. At the same time, a relatively short list of indicators defined in the ISAR Guidance draft and information bases for their identification will contribute to the implementation of a unified approach to reporting on the attainment of SDGs and removal of information asymmetry between countries through the provision of the comparability principle (table 2).
### Table 2: Sustainable Development Goals and Indicators of Their Attainment in Entity Reporting

<table>
<thead>
<tr>
<th>SDG</th>
<th>Indicators of SDGs’ attainment</th>
<th>Indicators of SDGs’ attainment in Ukraine (indicators and comments are presented in accordance with the document)</th>
</tr>
</thead>
</table>
| SDG 6 «Ensure availability and sustainable management of water and sanitation for all» | 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally | 6.3. Reduce the discharge of untreated wastewater, primarily through innovative technologies of water purification at the national and individual levels  
*Note: the target takes into account the national context* |
| | 6.4 By 2030, substantially increase water use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity | 6.4. Increase the efficiency of water use  
*Note: the target takes into account the national context* |
| SDG 7 «Ensure access to affordable, reliable, sustainable and modern energy for all» | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix | 7.3. Increase the share of renewable energy in the national energy balance, in particular through the introduction of additional capacities at facilities that produce energy from renewable sources  
*Note: the target takes into account the national context* |
| | 7.3 By 2030, double the global rate of improvement in energy efficiency | 7.4. Increase the energy efficiency of the economy  
*Note: the target takes into account the national context* |
| SDG 12 «Ensure sustainable consumption and production patterns» | 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate information sustainability into their reporting cycle | The target is addressed  
*Note: the target is not defined separately, because it is addressed in the appropriate policy documents* |
| SDG 17 «Strengthen the means of implementation and revitalize the global partnership for sustainable development» | 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity | 17.1. Mobilize additional financial resources by promoting foreign and domestic investments  
*Note: the target is based on key priorities identified during expert and* |
The consolidation of efforts at entity reporting on the attainment of SDGs at the national level could serve as an example of the implementation in Ukraine recognized international initiatives, in particular the ISAR Guidance and the requirements of Directive 2013/34/EU, a general purpose of which is the implementation and a unified methodological approach that involves assistance to entities in disclosing information on all aspects of sustainable development (economic, environmental, social, managerial).

The Ministry of Finance of Ukraine challenged the SESE “Academy of Financial Management” to develop the draft Methodology for the preparation of the management report (the draft Methodology). Provisions of the UNCTAD ISAR Sustainable Development Reporting, as well as provisions of the ISAR Guidance, were applied while working on the draft Methodology. With this approach, the information capabilities of the management report have expanded, in particular through applying the recorded data to be reported on the attainment of SDGs.

The draft Methodology has been elaborated to address the following tasks:

- at the state level: to assist entities in preparing high quality, relevant, useful, transparent and comparable non-financial information coordinating at the state level the list of indicators of the management report and unified methodology for their calculation;

- at the interstate level: to create conditions for disclosure of information on the contribution of Ukrainian entities towards the attainment of SDGs.

The international documents that make recommendations for the report mainly cover a broad list of key indicators to provide enterprises with their own initiative in choosing the ones to be disclosed in the report (European Commission Guidelines on non-financial reporting); or specific examples of such indicators (the ISAR Guidance).

A variety of reporting techniques results in lowering their value for end users. Important information is blurred in large volumes of data disclosed by modern enterprises. The following paradox arises: the desire to achieve greater transparency through greater disclosure leads to the emergence of a large number of forms and lower transparency of the enterprise. In this context, the combination of EU directives and the ISAR Guidance will be a compromise for countries
with economies in transition and have a synergistic impact, considering the need for enhanced
transparency and accountability of companies, as well as improving approaches to management
reporting and attainment of SDGs.

The analysis of the provisions of these documents, and a detailed study of their content, has
shown that implementing combined international requirements will enhance the enterprise
performance transparency by ensuring transparency and openness of information flows on the
market; will ensure the reduction of information asymmetry and ultimately contribute towards
the attainment of sustainable development goals through balancing the interests of stakeholders
on the market.

The proposed key indicators cover the economic, environmental, social and managerial aspects
of the business in line with the Triple Bottom-Line concept.

In developing the draft Methodology, a great deal of attention was focused on the selection of a
limited number of key quantitative indicators and on the development of agreed methodologies
for their calculation that would be of universal character and relevant to all entities, regardless
of the type of activity, sectoral affiliation. Having this in mind, a study on the structure of
information support for reporting on SDGs has been conducted (figure 1).

![Figure 1: The number of indicators by which the information in entity reporting of Ukraine is available or absent (according to the list of indicators, defined by the ISAR Guidance) *](image)


The analysis of the availability of information bases for calculating the quantitative indicators of
reporting on the contribution towards the attainment of SDGs has showed that 18% of the total
number of indicators (6 indicators) defined in accordance with the ISAR Guidance are not
included in the appropriate official and published information bases in Ukraine for disclosure in
entities’ reporting. This indicates that there is no national practice to collect information on such
indicators.
The structure of the information base for the management report by the list of indicators, based on the draft UNCTAD document, is as follows:

- according to financial reporting, 3% of the indicators are defined;
- according to tax reporting – 3% of the indicators;
- according to statistical reporting – 49% of the indicators;
- according to the accounting data and internal documents of the reporting entity – 27% of the indicators (figure 2).

**Figure 2: Structure of information bases for entities reporting on their contribution towards the attainment of the SDG**

![Figure 2: Structure of information bases for entities reporting on their contribution towards the attainment of the SDG](image)


Thus, the comparative analysis and assessment of the content of financial, tax and statistical reporting in Ukraine have shown that the overwhelming majority of indicators, stated in the ISAR Guidance, are contained in these reports. Therefore, this reporting can be applied as an information base for preparing the management report.

According to some indicators, the information base in Ukraine is absent, which, in its turn, may bring about information asymmetry. There is a probability of insufficient level of comparability and transparency of entities’ reporting data on their contribution towards the attainment of SDGs at the interstate, national, sectoral and entity level.

Certain indicators require minor additional calculations. These indicators include:

- **A. Economic area**: value added; net value added; percentage of local procurement;
- **B. Environmental area**: renewable energy; energy efficiency;
- **C. Social area**: the proportion of women in leadership positions; percentage of employees covered by collective agreement;

Information bases are not officially published.
D. Institutional area: all proposed by ISAR Guidances, except those for which the information base is not included in the appropriate official and published information bases in Ukraine for disclosure in the entities’ reporting (amount of fines paid or payable in accordance with convictions, average number of hours of training on anti-corruption issues per year per employee), require insignificant additional calculations according to internal documents, accounting and entity reporting.

The concept of ensuring transparency and comparability of information on the economic, environmental and social aspects of entity performance, as well as the unification of approaches to their disclosure has laid the basis for the development of the national document. The advantage was given to the quantitative indicators and to the agreed methodology for their calculation.

As a result, taking into account key international trends in disclosure of non-financial information and selected approach, the Guidance defines indicators in two areas:

1) key indicators which show significant economic, environmental and social impacts of reporting entities;
2) other essential information disclosed in accordance with the size and complexity of the business.

The methodological basis for the development of the list of key indicators is Directive 2013/34/EU and the ISAR Guidance.

Application of the unified approach, the ISAR Guidance and Directive 2013/34/EU, taking into account national peculiarities, makes it possible to address the issue of aggregated record in the information management report, which shows the economic, environmental and social aspects of entity performance, development prospects and contribution towards the attainment of SDGs.

The implementation of proposed national initiatives (draft Guidance on preparing the management report) will facilitate the process of preparing the management report by entities, promote its transparency, comparability of indicators and provide a mechanism for monitoring the attainment of SDGs by all public interest entities the range of which is wider than the range of companies according to the Ukrainian legislation (Article 1, Chapter I, the Law of Ukraine “On Accounting and Financial reporting in Ukraine” dated 16.07.1999 No 996-XIV), in particular indicator 12.6.1 Number of companies publishing sustainability reports SDG 12 «Ensure sustainable consumption and production patterns» (The Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, 1999).

Conclusion

Based on the practice of the regulatory procedures for preparing non-financial reporting by Ukrainian entities, it is necessary to recommend for transition economy countries to take into account the risks associated with the implementation of the management report and attainment of SDGs, in particular:
– noncompliance of national legislation with international reporting requirements for the attainment of SDGs;

– low level of entities’ awareness of existing international and national corporate social responsibility initiatives and other non-financial reporting initiatives.

In order to avoid and mitigate these risks, it is important to encourage governments of transition economy countries to take into account national peculiarities of the legal framework and the requirements of recognized international initiatives (UN documents, EU legislative requirements, GRI and others) in developing national reporting guidelines on the contribution towards the attainment of SDGs, to be prepared by entities (figure 3).

Figure 3: Strengthening the comparability of entity reporting on the contribution to SDG

![Diagram](image)


In conclusion, it is necessary to point out that the implementation of this initiative will allow:

– strengthen the information support for monitoring SDGs at the national level;

– to ensure comparability of reporting between countries, geographic regions, industries and entities in the context of the definition of Indicator12.6.1. Number of companies publishing sustainability reports SDG 12 “Ensuring sustainable consumption and production patterns”.

Strengthening information support, comparability of reporting between countries, geographic regions, industries and entities in the context of defining indicator 12.6.1 as an important tool for assessing the private sector contribution towards the attainment of the Sustainable Development Goals defined in the UN Agenda 2030 and in the framework of monitoring national initiatives

NATIONAL REGULATORS

Elaboration of national Guidance to prepare entity reporting on the contribution to SDG attainment

Recognized international initiatives (UN documents, EU legislative directives, GRI and others)
References


Employers Expectation Towards Global Certified Accountants and Financial Management Graduates: A Study on Focal Spot

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Abstract

This study investigated the certified accountants and financial management graduates’ knowledge and skills desired by employers and their level of satisfaction with skills demonstrated by professional accountants. It is known that many employers desired to hire certified accountants for their organizations with qualities, including: computing techniques or IT skills, written communication, time management, adaptability, confidentiality, integrity, reliability, leadership, reporting skills, strategic decision making, creative problem-solving skills and more. In contrast, employers perceive accounting graduates to be extremely skilled in reporting skills, measurement skills and research skills. Furthermore, as far as technological skills are concerned, employers expected that the accountants are better trained in the Microsoft Office package including MS Excel or spreadsheet, Internet competencies, accounting software and knowledge of communication skills. Employers expect more knowledge of professional accounting on strategic decision making and the ability to mitigate business related problems as well as the ability to provide desired output in a timely manner. The results from this study provide useful information for administrators and academics that are making changes to their curriculum which helps the concerned accountants to rectify themselves through professionalism and continuing professional development (CPD). The service of accountants to raise an organization’s intellectual capital is not a new phenomenon. But it is clear that there is less demand for traditional commerce graduates all over the world rather than there is a high demand for professional accountants, due to the lack of skills between conventional commerce graduates’ competencies and employers’ expectations and also due to the weak relationship between college & university and the business sector.

Key words: Employers expectations, Global Certified Accountants, Financial Management graduates, Management accountant, Employers level of satisfaction, Accountants skills, Technological skills, Accountants professional knowledge

Introduction

In today’s changing environment characterized by globalization, increased competition, voluminous business transactions, new technologies and regulations and the growth of the knowledge economy, the role of the certified accountant is no more one of a ‘bean counter’. The role is much more about being a true advisor to employers or managers requiring accounting professionals to be equipped with more than technical skills, in particular what diverse authors call alternatively, graduate attributes, generic or non-technical skills. As part of the global arena, particularly in Oceania, the arrival of the ‘Learning and Teaching Academic Standards for Accounting’ set five minimum threshold learning outcomes for Bachelor in Accounting and Master’s Degree in Accounting: ability to exercise judgment, communication skills, teamwork, self-management & disciplinary knowledge. (Tempone, Kavanagh, Segal, Hancock, Howieson, and Kent, 2011). Prior work on attributes of accounting graduates and in particular the skill development of accounting students highlighted by De Lange, Jackling and Gut, (2006);
Jackling and De Lange, (2009); Jackling and Watty (2010) show that in an environment of increasing accountability in higher education, declining enrollment numbers in accounting and the lack of attraction of the discipline to pupils and current professionals, various stakeholders and corporate business owners had expressed concerns regarding the quality of accounting graduates. Current accountants lack many of the attributes required of employers, partly because educators fail to promote their acquisition. This perceived mismatch between attributes which employers expect and attributes graduates display, gives rise to what researchers have labeled an ‘expectation-performance gap’ (Bui and Porter, 2010; Jackling and De Lange, 2009). In essence, Certified Professional Accountant, Chartered Accountant, Cost Accountant, Financial Accountant, Financial management graduates, Certified Public Accountant, Management Accountant, General Accountant, Auditor, Tax Accountant, CMA, CIMA, CA, CPA, CFA, CIA, MBA in Accounting & AIS (Accounting and Information System) and other similar skills can be more than suitable for the employers to mitigate their expectations and employers’ level of satisfaction.

**Objective of the study:** There are several aims in order to conduct this research; they are appended below:

To search out the expectations of global employers towards certified accountants.

To identify the gap area of accounting research in regard with satisfaction of international employers.

To assess the perception of employers towards recruiting commerce or business graduates.

To find out the level of satisfaction of employers and the quality of commerce or business graduates.

**Problems of the study:** There are a lot of organizations available operating and located internationally. Global employers’ entire satisfaction and expectation could not be judged through merely the study interview method residing at Sylhet city of Bangladesh. Also, it is unable to conduct study through distance mode as well as via any sort of communication medium. Hence, in this study secondary data and information has been applied. Finally, time constraint is the prime barrier for research.

**Research Methodology of the study:** This research paper mainly adopts a methodological approach based on all secondary data as it utilizes universal information and data derived from respective international journals, research papers, reports, academic books, magazines and websites, etc. All information and data used in this research is based on global employers’ desired viewpoints on what employers expect from certified accountants. Due to data collection, interview method was introduced.

**Data Collection:**

Based on the following research questions, interviews were conducted with employers and recruiters through fact to face and Skype and telephonic conversation where the employers’ expectations were discovered and stated elaborately in this paper in the Para “Employers Expectation towards Global Certified Accountants and Financial Management Graduates from Point 1 to 16”:

1. What specific skills do employers require from certified accountants?
2. From your own experience, would you say that the accountants you employ generally meet your desired expectations in terms of having the necessary skills and competencies? If not, where are they lacking?

3. Which types of accounting graduate skills are more important?

4. Do you think Commerce or business graduates are suitable for accountant’s profession?

5. Do employers looking for technological skills or IT skills to a certified accountant?

6. Do you think that accounting institutes or colleges or universities are training students well enough for accountant’s work?

7. What ‘traditional’ or ‘non-technical’ skills do you desire in your accountants?

8. Are there any differences between the requirements of employers and the skills demonstrated by certified accountants?

9. Is it important for accounting graduates to have a degree qualification from University or college? Does the accounting graduate met CA (Chartered Accountant) or CMA (Certified/Chartered Management Accountant) requirements?

10. Is an accountant’s prior work experience an important consideration when looking for new accountant for your organization?

11. What sorts of other qualities do you think an accountant should have during his career for your organization?

Participants industries: Real Estate, Financial Institutions, NGO’s, Healthcare providers, Insurance Company, Manufacturing industries, Pharmaceutical company, Educational institute, University, College, etc.

Participants positions/ranks in their industries: CEO (Chief Executive Officer), Chairman, Owner, Self Employed, Principal, Director, General Manager, Manager, Manager (Human Resources), Recruiter, etc.

Participants Education: MBA, Master of Commerce (M.Com.), B.Com. B.A, CA, CMA, CIMA, MA, MSC.

Participants sex and age: All participants were male and female aged between 36 and 65.

Participants Countries: Japan, Malaysia, Bangladesh, Vietnam, UK, USA, Australia, Canada.

Literature Review: For individuals and for all countries, education is the key to creating, adapting and spreading knowledge. For the past twelve years, employers, educators and university administrators have been greatly concerned about the quality of accounting graduates or accountants and financial management graduates because those graduates have less demand in the labor market. Therefore, much research has been done addressing the employability and quality of accounting graduates and the expectation and satisfaction levels of employers towards those graduates. According to the research findings: They are (a) university accounting or financial management graduates are poorly trained and unproductive on the job; (b) accounting graduate skills have steadily worsened over the past decade; (c) weaknesses are particularly severe in oral and written communication in English language and in applied technical or IT skills. The research found that there are three additional reasons for the poor performance & poor quality in education. Those reasons are: (i) acceleration of deprived quality deterioration (ii) quality deterioration in key skill areas (iii) production of poor-quality graduates by poor-
quality staff. Similar findings have been recognized by Harvey L. and research done in Birmingham, Duoc and Metzger—research conducted on quality of business graduates in Vietnamese institutions, Murray & Robinson, Nabi & Bagley—research covered the graduates in the UK. All this research concluded that commerce graduates should develop a range of soft skills including general and transferrable skills, business skills, self and personal skills, and attitudes, in order to increase their employability in the potential labor market as well as to meet the employers’ desired level of expectations.

It is common knowledge that different employers or stakeholders have different expectations in terms of the skills, attributes and competencies (in addition to the technical skills) that new accounting graduates should possess due to competitive pressures, technology and an increasingly changing global environment. Thus, the changing nature of higher education and labor market has led to the emphasis on work-readiness and employability of the accounting graduates across borders. The role of the accountant in the twenty first century is to be “generalists with special knowledge” or “knowledge specialists” (Howieson, 2003; Jackling and De Lange, 2009). An accountant advises and consults (Jones and Abraham, year: 2007) and even become a business partner or chief financial officer rather than just do the compliance work as it happened in the past. The views of employers across industries on the attributes of accounting graduates were voiced and echoed in a number of studies. For example, Bennett et al. (year: 2002) in a project for the UK Economic and Social Research found that employers and employees both had different opinions and understandings of the importance of generic skills in the workplace. Other findings, (Bridges, 2000; Holmes, 2001) stresses that “employers expect graduates to be able to function in the workplace, be confident communicators, good team players, critical thinkers, problem solvers and, in addition, to be adaptive, adaptable and transformative people capable of initiating and responding to change” (Harvey et al., year: 1997). Over the last 20 years, the lists of accounting graduate attributes most valued by employers are getting longer and more complex. For example, incorporating ethical behavior as a part of the accounting skill set is essential because of the increasing accounting scandals in corporations in the US and other parts of the world (De Lange, 2009). Employers across the world are becoming increasingly concerned of the quality of the graduate that undergraduate programs are producing since they lack the necessary skills for their careers (de la Harpe et al., year: 2000). Studies have been conducted to address the employer satisfaction with university accounting graduates across countries (AC Nielsen Research Services, 2000; Albrecht & Sach, 2000; Bennett et al., 2002; Mazuki et al., 2007).

Much of the literature has emphasized the need for accounting graduates to be employable as well as the concern of the skill deficiencies of graduates entering the workforce. Researchers such as Lee and Blaszczyński (year: 1999) suggested that employers, specifically Fortune 500 executives expected accounting students to learn a variety of skills, not simply how to generate and use accounting information. The skills employers most value includes being able to communicate, work in a group environment, solve real-world problems, and use computer and Internet tools. A survey of employers’ expectations of accounting graduates derived from classified job advertisements in the US in the year 1993 (Johnson and Johnson, year: 1995) identified that after professional accounting qualifications (57%), accounting positions called for organization skills (7%), communication skills (15%), and interpersonal skills (5%).

**Required Skills of Accountants:** In terms of specific technical skills for accountants, this study found that for the skill set, it was most desirable that accounting and financial
management graduates have a good knowledge of basic accounting, including accounting principles, concepts and standards.

Technical and Non-Technical (Generic) although without precise definition, ‘generic skills’ can be described as those capabilities, separate from technical skills, required by accounting graduates for employability and career success (Abayadeera & Watty, 2014). Sugahara et al. (2010) similarly define generic skills as the “transferable qualities required to suit the industry in which individuals work” (p.132). Tempone et al. (2012) also affirm that generic skills are interchangeable with the term ‘soft skills’. Perreault (2004) defines these skills as the qualities, attributes, or levels of commitment individuals possess and which distinguishes them from those with similar skills and experience. In terms of technical skills, Bui and Porter (2010) and Jackling and de Lange (2009) found that technical skills have become presumed in accounting graduates, and it was instead “the transferable generic skills that appeared as a distinguishing quality in the selection process” (Jackling & de Lange, 2009, p. 378).

The AICPA (American Institute of Certified Practicing Accountants) (1999), Birkett (1993), Botes (2009), ICAEW (Institute of Chartered Accountants of England and Wales) (1996), and Klibi and Oussii (2013) identified that over and above technical skills, accountants require general business skills, personal skills, and interpersonal skills, which ultimately allow accountants to “make successful use of the knowledge gained through education” (ICAEW, 1996, p. 16). As Jackling and de Lange (2009) suggest, with certain technical skills presumed in accounting graduates, the emphasis is now placed more on generic skill development. This increased emphasis on generic skills aligns with the works of Hunton (2002) who affirms that a significant amount of work traditionally performed by accountants have now become computerized, which has resulted in a greater emphasis by employees on generic skills. Studies of employer expectations have even shown that employers prioritized generic skills above technical skills (Botes, 2009; Jackling & de Lange, 2009). This was reaffirmed by Tempone et al. (2012), who note that studies by Jackling and Watty (2010), Jones and Abraham (2007), and Jones and Sin (2003) have shown employers are increasingly emphasizing generic skills equally if not more so than specialist accounting knowledge.

Employers Expectation towards Global Certified Accountants: The employer-employee strong and long-term effective relationship actually based on fulfilling employers’ entire expectations. When accountants are appointed into an organization, it is expected to possess a certain set of skills, qualities and attributes. The core technical skills required might vary depending on the accountant’s position or in the level of position within organizations; but the ideal mindset would be almost similar for all employers. Here goes below the employer expectations that every new accountant or university commerce graduates or institutes concern should follow:

1. **Accounting Skills:** Several studies have suggested modifications and up gradation to accounting teaching in college or universities. Hastings, Philip, and Lannie (2002), it is noted that for accountants to find relevance in the ever-changing environment, they have to demonstrate new technological skills like software operating etc. Changes to the core curriculum that reflect the necessary skill set have to be clearly recognizable from an employer’s perspective (AECC,1990). Albrecht (2002) describes that skills in critical and analytical thinking, teamwork, technology and communication are crucial for transforming the accounting profession in the future. Several studies also identifying essential skills in the accounting profession have been carried out within the last decade. Boritz (1999)
affirmed that most college or universities are adding IT subjects while sacrificing various important aspects of the accounting degree program. Lin, Xiaoyan, and Min (2005) examined the required accounting skills and knowledge from both learners and accounting instructor perspectives. It is true that the most important skills are professional manner, technical knowledge, communication and critical thinking. An analysis of contemporary systems by Arnold and Sutton (2007), stresses the failure of current accounting tutoring in delivering the skills and knowledge that essential to be successful in the present situation. Lin (2008) researched, through a survey, the required accounting knowledge and skills in China using factor analysis (37 skill and knowledge variables). Six areas were identified as the most important: core accounting knowledge, business skills, business knowledge, personal characteristics, basic techniques and general knowledge. Business knowledge was ranked as the most important of these. Chandra, Cheh, and Il-Woon (2006) notes that substantive evidence suggests a disparity relating to information technology (IT) skills supplied by universities and the IT skills demanded by employers. The extent of IT content in accounting was not at the employer-expected level. In the field of IT, an accountant must demonstrate knowledge of a Microsoft spreadsheet package, a word processing package, an accounting package and a database package (IEG 9, 1996; Mohamed & Lashine 2003).

Jones (2011) examined on communication skills needed by accounting employers and found basic writing skills as the most significant, the second being effective documentation & filing skills. Jones (2011) stated the following written communication skills as the most important (listed in priority order) (1) effectively organizing sentences and paragraphs; (2) writing clearly and precisely; (3) spelling correctly; (4) preparing concise, accurate, and supportive documents; (4) documenting work completely and accurately; (5) using correct grammar; (6) conscientiously editing and revising documents; and (7) effectively using email. This research paper is looking for to clarify such contradictions.

Do employers require technological skills such as Microsoft spreadsheet package, a word processing package, and an accounting package more than other skills such as communication skills? A study conducted in Australia-wide study that interviewed employers and accounting professional bodies, employers affirmed that teamwork, communication, and self-management were the most essential skills for university accounting graduates (Tempone et al., 2012). Worldwide, employers face different environments across countries and their thinking regarding the importance of graduate skills will therefore vary depending on local circumstances.

2. **Information Technology (IT) Skills:** Accountants should look to be knowledgeable in general (Information Technology) IT and accounting software, especially when it is likely their client will know how to use it too.

The Cloud accounting is the latest technology break-through in the accounting industry. Due to working in the cloud, data and software are available anytime and anywhere, so clients can keep their finances up to date across different platforms. Many clients will also be technically savvy regarding the cloud, but for those who aren’t, the accountant requires to step in and explain it clearly.

It is mainly true that accounting packages (for example Pastel, QuickBooks), spreadsheet packages, word-processing packages and knowledge of communication software (for
example Outlook) are the five highly-rated (Information Technology) IT skills needed by employers. In contrast, employers noted that accounting graduates demonstrate word-processing skills, communication software (for instance Outlook) skills and World Wide Web skills. The analysis illustrates that word-processing and knowledge of communication software are both needed and demonstrated by accounting graduates. This study found that accounting graduates lacked sufficient knowledge of accounting packages. Thus research directs that the faculty has managed to develop students’ in word processing, communications software, and electronic commerce skills. However, the knowledge of accounting packages and spreadsheet packages need to be further developed.

3. **Integrity & Reliability Skills:** Accountants to be straightforward and honest in all professional and business relationships, specially reliability or dependability these must have to be maintained. Say for example, if an accountant to be recruited in any organization then the CEO or owner will be closely shared his or her confidential financial information as well as other sensitive data which should not be disclosed to any third parties without the consent of the CEO or owner. This falls under the trustworthiness virtues of an accountant. On the other hand, accountant generally deals with monetary issues and liquid money. Employer always wants an accountant to be honest who will not embezzle cash or liquid money of his or her organization.

4. **Professional competencies skills:** Accountants have to nourish & maintain professional knowledge and skill at the level required to ensure that a client or employer receives competent professional services based on current developments in practice, legislation and techniques and act carefully and in accordance with applicable technical and accounting professional standards.

The accountants should reflect themselves as if they had mastery or experience that they don’t have. The professional competency is gained through the theoretical education at the Accounting institute or at the time of university study, then special training, courses and practical work experience. Gaining professional competency necessities that one had worked for the first time at public or private organization at a certain period of time.

Professional behavior of accountants should have to be complied with relevant laws and regulations and avoid any action that discredits the profession.

5. **Adaptability Skills:** Nowadays, the professional accounting industry is changing rapidly. Role of the accountant is becoming more of an advisory one as technology automates processes and removes the need for paper. Employers have new expectations, and based on the situation accountants can now collaborate and work with their clients in real time. With technology upgrading, modern accountants require to be able to adapt swiftly and react to whatever curve ball is thrown at them.

6. **Proactive Skills:** Employers expect to their new accountant to be self-driven and proactive. In today’s active world, nobody preserve idle time and energy to guide someone all the time regarding issue to learn. Thus, an accountant needs to maintain a proactive and preset of mind at their job every single day i.e. they should involve willingly to learn something comply with first.

7. **Strategic decision-making Skills:** With the aid of Automation, many administrative tasks can be accomplished in time which means accountants have more time to focus on strategic decision-making beside of their role. Clients and firms will consider accountant
professional who have strong commercial skills and have trained themselves in accounting highly too.

8. **Communication Skills:** If an accountant having strong communication skills and knowledge then customers and colleagues can communicate with you on their official needs at any time they want to from anywhere in the world. Accountants need to be willing to interact with people across all mediums through online or offline whatsoever it is, even though from phone to video conferencing. It is good sorts of skills to master social media as well as responding email in timely and professional manner. If accountants have such strong communication skills then clients may contact with accountant regularly via the telephone or mobile, most clients may choice face-to-face meetings. Also this is the best way to build a mutual trust and business relationship, especially when it comes to complex financial or technical discussions issues then accountants are able to dispatch applicable information clearly and concisely.

9. **Creative problem-solving Skills:** Having creative problem-solving skills is highly important for accountants. Change is always bringing about challenges as well as risks but problem-solving skills enable them to eradicate that problem. Therefore, organizations need accountants who can think outside the box and come up with effective ways to solve problems. Creative skills to an accountant are highly valued by employers because employers closely work and share with a professional and reliable management accountant. It is known to employers that a creative, professional, educational, trained accountant can help a businessman to improve their business performance.

10. **Customer relationship and prompt service skills:** The accountants those who are working in public practice, it is highly essential to be able to build a strong relationship with existing customers, to retain them, as well as to attract new customers the relationship quality skills is essential. Also, prompt service skills are indispensible because to satisfy customers this skill is invaluable.

11. **Industry Skills:** Accountants needed to be an expert in the accounting industry as well as to the industries where they are working or will work in future endeavor and any changes or reengineering the new skills should have to be applied for the development of that respective industry’s performance.

12. **Confidentiality:** In order to respect the confidentiality of information acquired as a result of professional and business relationships and, thus, not discloses any such information to third parties except proper & specific authority, unless there is a legal or professional right or duty to disclose it, nor use the information for the individual advantage of the professional accountant or third parties. Usually, clients shared their personal or business information to accountants which is highly confidential to the client. There confidentiality must be respected as it is recommended. Accountants and clients’ mutual terms and conditions of engagement should maintain confidentiality and promises. If such confidential information has been flashed to others, this indicates potential financial abuse and breaches of the law.

13. **Morality & Reliability:** The morality means good qualities and good habits. In different words, morality is the rules of behavior adopted by people in the community to which they are obliged to comply (Works & Compassionate, 2003). It could be spoken of individual morality when this behavior and way of life has individual nature, social morality when it has social nature and professional ethics when it is about a particular occupational group.
respectively. Established at the end of a given period, these rules vary from individual to individual and society to society. Nowadays, morality and ethics are used interchangeably in most cases, what they refer to is usually diverse. The accounting morality may vary according to time and space, however, when the ethics in accounting is mentioned, what is usually observed is whether the methods employed by accounting to achieve its objectives are righteous or unrighteous.

The accounting ethics, in simplest terms, can be summarized as providing the most perfect information for the addressee through financial statements in accordance with accounting rules.

Accounting reliability refers to whether financial information can be verified and used consistently by investors and creditors with the same results. Basically, reliability refers to the trustworthiness of the financial statements. Can the end users trust what is on the financial statements of the organization?

If decision makers cannot trust what is on the financial statements, financial reporting in general is useless. That is why the FASB (Financial Accounting and Standard Board) is so concerned with the reliability of financial statement information.

14. **Accuracy and Impartiality:** The accounting transaction should have to be accurate and impartial. This principle of accuracy is having the work done within the framework of justice rather than it’s being right. Every transaction, which matches with laws and accounting regulations, is not accepted as correct. The moral side of accounting emerges here. Practicing the job right is not the same thing with doing it in conformity with the principles of morality. The accounting transactions, that are in accordance with the related laws but are unethical, are called “Creative Accounting” and there is a lot of work on this issue.

15. **Transferable Skills:** Accountants should develop several transferable skills which allow them to serve anywhere. Examples comprise critical thinking and communications skills, which are essential part in understanding and explaining complex financial data clearly. Interpersonal skills are vital, since accountants often serve in a team atmosphere.Analyzing and interpreting data correctly requires excellent research and investigative skills, too. Hence, certified accountants applying themselves in these areas can expect to excel, whether they occupy in the current profession or change his or her careers.

16. **Tax Computation Skills:** Most of the companies have to pay certain taxes relevant to their institutes or business income to the state or government. So, accountants keep records of their income. That’s why; accountants have to identify basic monthly or yearly income properly.

17. **Cost and management accounting skills:** To cost and management accountants, employers want to apply the skills and knowledge to boost sales and increase business’s profits. These skills are transferable and relevant to a multitude of roles, including budget analyst, financial analyst, financial planner, financial or cost controller, stock controller, fixed asset accounting and cash management accounting etc. An accountant who has helped former employers cut costs, reduce monetary waste and stay out of legal hassles from taxation and value added tax is a huge bonus point for his career. Cutting unnecessary costs is part of a great accountant’s regular work. It should be easy for a good
accountant to name a few examples of situations where they were able to positively impact their employer’s bottom line.

Business owners typically think their company is unique or even the best. So, to help an entity identify cost cutting measures they hadn't previously discovered, developing tax strategies or performing sensitivity financial analysis to support revenue projects and forecasts is thrilling to an accountant.

18. **Industry Certifications & Membership:** Perhaps more than in any other industry, professional designations are critical in finance and accounting. Even people with no knowledge of finance have heard the name of Chartered Accountant (CA), Certified Management Accountant (CMA) and Chartered Financial Analyst (CFA) designations. These qualifications are absolute musts for many financial and accounting jobs. Membership certificate from accounting and financial bodies such as ACA, FCA, ACMA, FCMA, ACFA, FCFA, ACMA, FCMA, ACMAN, FCMAN, CIMA, CPA, ACPA, FCPA, CGA, CGFA may also be required. It’s also true that employers appreciate additional credentials and courses like CICA In-Depth I, II or III, CA (CC) and CMA (Intermediate).

19. **Other Qualifications:** It is no surprise that some employers require contracts or applicants to be bonded, have a release letter from an earlier employer, are able to pass a criminal background check or provide a police clearance certificate to qualify for the accounting or financial position.

**Employers Expectation to Professional Accountants:** A combination of accredited or affiliated qualifications and excellent interpersonal and professional accounting or financial management skills will allow an accountant to pursue a successful accounting career.

**Employer’s Expectations** - There are two key things that employers can look at such as: i) skills and ii) talents where skill means “the ability to do something well; expertise and the talent means “natural aptitude or skill”. Moreover, some few expectations from graduates which are depicted below:

   a) Managing multiple priorities.
   b) Making decisions.
   c) Problem solving.
   d) Written and oral communication skills.

**Employer expectations for Accounting & Finance professionals very high in spite of growing shortage of candidates**

1. “Senior candidates are expected to be able to use their thorough understanding of accounting rules and standards to have the confidence to think outside the box.”

2. “Employers are looking for Accountancy & Finance talent to take on a wider scope of responsibilities and are therefore expecting candidates to have more qualifications and experience as well as English language skills.”

3. “Financial planning and analysis (FPA) talent remain in very strong demand across financial services, retail, manufacturing and healthcare, particularly pharmaceuticals.”

4. “Senior financial controllers are in demand for roles in the manufacturing and financial services.”
5. “Finance managers are highly sought by manufacturing and financial services employers and also retailers and pharmaceutical firms.”

6. “As employers are not using salary to entice talent, younger Accountancy & Finance professionals are moving jobs to secure a salary increase or promotion. They favor joining start-ups, consulting firms and large foreign firms.”

7. “Younger candidates are also looking for improved work life balance to spend more family time and achieve better physical and mental health.”

8. “Most companies are still promoting on seniority, but some savvy employers are promoting on merit to keep high potential employees.”

[Source: By Marc regarding the Accounting & Finance market in Japan.]

Accountant candidates with strong English language skills as well as the right qualifications and experience are in particularly high demand, but employers are still trying to control negotiations. Despite a market that favors candidates, employers are not using higher salaries to secure talent and most are still not willing to hire from overseas to fill the gap.

“Many employers hiring qualified accountants are looking for the extras that set a candidate apart including English language skills, a CPA qualification, but also specialist experience whether that is J GAAP or experience implementing SAP,” he says.

“Candidates, particularly young professionals, are looking for more when changing roles with money at the top of their list although a better working environment including hours is also on their wish lists.”

“Demand for talent is high but so too are the expectations of employers around what they expect to see on a candidate’s resume,” says Marc Burrage, Managing Director of Hays in Japan.

“We all know the population is aging rapidly in Japan and that the market is likely to remain candidate short. For this reason and to contain costs, many companies want to broaden the scope of job roles and hire accordingly.”

“To date there has been a reluctance to offer higher salaries to secure a preferred candidate or a promotion to entice someone to stay in a job, but this may have to change in the future.”

[Source: Hays Co., Japan (PR- Press Releases)].

Findings & Results of the Study: Findings of this study showed that among the other university accounting graduates, except engineers and doctors, business or commerce graduates have more or less the necessary skills and qualities needed to work in private and public sector work places. Pure certified accountants like CA, CMA, CIMA, CFA etc., look fairly trustworthy to the employers. But those skills and qualities are not up to the accounting standard expected by the private sector employers. Among those skills some local business graduates especially lack ICT or technological skills, English language proficiency and accounting practical knowledge. Hence, the commerce or business graduates of some countries should improve the essential skills in related areas. They need to improve attitudes and qualities in order to create a good demand in the accounting job sectors for the available job market and to compete with other professionally qualified personnel.

Results direct that almost half (43%) of employers do not provide on-the-job training, instead, these employers expect for these graduates to know everything. It is almost tough for all
university graduates during their college education to have the required skills, knowledge, capabilities and resources to succeed in a position without any job-related training.

The results from 11 (eleven) questions asked during interviews with several employers & recruiters from different countries such as Japan, Malaysia, Bangladesh, Vietnam, UK, USA, Australia, and Canada. A total of 20 (twenty) interviews were conducted with identified key personnel like CEO (Chief Executive Officer), Chairman, Owner, Self Employed, Principal, Director, General Manager, Manager, Manager (Human Resources), Recruiter from different industries as such Real Estate, Financial Institutions, NGO’s, Healthcare providers, Insurance Company, Manufacturing industries, Pharmaceutical company, Educational institute, University, College, etc.

During the interviews with employers and recruiters it is commonly found that they expected skills and qualities of the certified accountants and commerce graduates such as Accounting standard skills, Accounting convention, a necessary part of the accounting profession, Financial Reporting Standards (IFRSs) skills, Cost accounting for manufacturing industry, knowledge on generally accepted accounting principles (GAAP), IT skills, integrity and reliability, professional competencies, adaptability, proactive skills, strategic decision making skills, communication, creative problem-solving skills, customer relationship & service skills, industry skills, confidentiality, morality, impartiality, transferable skills, tax computation skills and more. If these skills, knowledge and expertise gaps are filled by accounting employees then employers’ expectations and satisfaction will be fulfilled.

Conclusion and Recommendations: This paper explored the literature on certified accountants from the accounting institute, the commerce or business graduate attributes and employers’ expectations which showed a sight of global context. Although most studies on the subject emanate from developed countries and in particular the US and the UK, there doesn’t seem to be any major difference between the attributes that accounting or financial management graduates develop and what their employers expect in different contexts. One study by Truong and Metzger (2007) showed that employers in Vietnam expect commerce or business graduates to develop communication and IT skills as well as English proficiency. They value the ability to apply knowledge, above all, showing the need for universities to teach students problem-solving skills using case studies among other tools or making internship necessary. However, Vietnamese universities still equip students with basic business skills leaving the bulk of the training to the future employers. This study is confirmed by Jones (2010)’s study showing that generic skills are specific to their educational and professional context, in particular problem-solving, critical thinking and communication. This should be followed by studies on the specificity of generic skills to various regional and professional contexts, in particular in developing countries, if those attributes change with the graduates’ career. Other studies (Keneley and Jackling, 2011) also point at the need to explore the difference in acquisition of generic skills between diverse student cohorts in particular local and international students.

This research sought to investigate the skills employers need and to solicit their level of satisfaction with new accounting graduates using survey research. Results indicate that employers require computing techniques, written communication and reporting skills. Employers perceive accounting graduates to be highly skilled in measurement skills, reporting skills and research skills. Employers were satisfied with the students’ training in word-processing and knowledge of communications software skills, although they need more knowledge of accounting packages and spreadsheet competencies. The conclusions from this survey provide empirical and relevant input for content review of the accounting programs in
order to improve the essential skills and knowledge for accountants. Accounting or financial graduates entering the workforce are expected to be trained more in computing techniques, communication, reporting, measurement and professional skills. The way to address the skills deficiencies would require accounting instructors to look beyond the basic computer skills of Word, Excel and Access. They need to incorporate advanced Excel skills and the teaching of widely-used accounting packages skills such as Pastel, QuickBooks, FreshBooks, Sage 50Cloud, FinancialForce Accounting, Accounting by wave, LedgerLite, etc. Accounting students need to learn about telecommunications software, intranets and client/server management. We also found no major difference between the skills needed and skills demonstrated by accounting graduates. The graduating accountants are not significantly different from what employers expect of an accounting graduate. There has been disapproval over the years of how accounting students are being taught. This finding suggests positive results from curriculum modifications over the years. The consistent skills gap across both professional skills and technological skills still needs to be addressed. Other business subjects studied by accounting students have helped accounting graduates to become aware of the impact of a diverse work environment including global and environmental issues. Accounting academics need to continue in this direction in order to address the quality of accounting education. Academics need to continue providing a comprehensive understanding of accounting knowledge, revising their accounting curricula to meet the continuous changes in employer demands. Future research could investigate accounting knowledge and skills needed by entry level accounting graduates to work in the ever-changing marketplace since accounting graduates face unpredictable futures. In addition, future research may want to focus on why “advanced Excel skills” and skills with accounting packages are important.

The context and dynamics of the global business environment has resulted in changes in the skill set required by accountants seeking to add value for their clients. These new business models have meant the new prospect and scope of business is no longer limited by national boundaries. As suppliers of business information, the international business environment has implications for accountants as “knowledge professionals” helping to drive businesses forward. Many corporate bodies now seek business opportunities in the global market place. Changing markets and advances in technology have manifested themselves in rapid changes for all stakeholders where business practices, markets and capital adjust and or move as part of a persistent quest for marginal revenue and their business growth.

In researching accounting employers’ expectations of certified accounting and financial management graduates, findings recommend that, in terms of technical skills, employers require at least a sound understanding of fundamental accounting skills. Beyond this, little more is expected technically of commerce graduates as the requisite technical skills are possibly learned from on-the-job training. Instead, employers place more emphasis on the generic, non-technical skills graduates have. Results suggest that employers find these non-technical skills more important or at least equally important as technical skills. Of the non-technical skills sought, the most required skills were found to be a candidate’s interpersonal skills, ability to work with the organizational culture of the firm, as well as verbal communication skills. Employers also place considerable emphasis on listening skills, teamwork skills, creative problem-solving skills, perceived ambition and motivation. Importantly, there was no significant variance found among employers from small to medium sized accounting firms compared with big corporate firms.
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