Meeting the Challenges of the Knowledge Economy: Exploring Glocalisation in Accounting Education and Financial Accounting and Reporting

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INTRODUCTION

Recent studies indicate that corporate fraud continues to be a significant threat to large and small corporations worldwide, including countries in the Asia-Pacific (The Star, 2005). In the previous two years, about 39 percent of companies in the Asia-Pacific suffered from fraud. The average fraud recovery on losses was about 20 percent or less. Corruption and bribery were the two most common types of corporate fraud found in companies in the Asia-Pacific, including Malaysia.

It has long been established that one of the expanded role of an independent professional accountant is to detect, prevent and report financial fraud (Goldstein and Dixon, 1989). However, the recent events, i.e. the Enron fiasco and an unremitting flood of other accounting scams and corporate scandals (Williams, 2004; Kane, 2004) have made us ponder whether the accounting profession still effectively assumes this role. According to Williams (2004), accounting scholarship is in a sorry state. He argued that the increasing accounting scams and corporate scandals occur because of the historical inter-connection of accounting practice, education and scholarship. As pointed out by Albrecht and Sack (2000) there are serious problems in the present accounting education and if those problems are not seriously addressed and overcome, they may lead to the demise of accounting education. In the same line of thought, Kane (2004) traces a major part of the problem (i.e. increased corporate scandals) to the flawed ethics of the accounting profession.

In Malaysia, the government has promoted the concept of Islam Hadhari as one way to combat the increasing ethical problems among Malaysians. It is an approach that emphasises development, which is consistent with the Islamic teachings through the mastery of knowledge. As noted by Mohd Zin (2005), Islam Hadhari would mean a developed Islamic society that encompasses three main aspects comprising the physical, spiritual and intellectual.

This chapter, therefore, explores the Islamic dimension of ethics and its possible adoption in restoring the image of the accounting profession in Malaysia.


