

Research Article

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Determinants of International Public Sector Accounting Standards (IPSAS) Adoption: An Institutional, Political, and Cultural Perspective from Developing Economies

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Abstract: *This study examines the institutional, political, and cultural determinants influencing the adoption of International Public Sector Accounting Standards (IPSAS), with a particular focus on developing economies such as Ghana. The research employs a qualitative descriptive approach based on an extensive review of academic literature, policy documents, and reports from international organizations. Drawing on institutional theory, the study identifies ten critical factors shaping IPSAS adoption: awareness level, implementation cost, technical capacity, education and experience, expertise availability, top management support, external pressure, technological readiness, transition management, and strategic planning. Evidence from prior studies suggests that IPSAS adoption is primarily driven by institutional pressures, including coercive influences from international organizations and mimetic tendencies among countries seeking legitimacy (Amiri & Hamza, 2020); (Chatti et al., 2024). Additionally, empirical findings indicate that factors such as training, cost, and technological infrastructure significantly influence successful implementation (Ademola et al., 2019). The study contributes to the literature by integrating institutional and contextual perspectives to explain IPSAS adoption behavior. It provides policy-relevant insights for governments aiming to enhance transparency, accountability, and comparability in public sector financial reporting.*

Keywords: *IPSAS adoption, public sector accounting, institutional theory, developing countries.*

Introduction

Public sector financial management has undergone profound transformation over the past few decades, driven by globalization, fiscal pressures, and increasing demands for transparency and accountability. Governments are now expected to provide high-quality financial information that supports effective decision-making, enhances public trust, and aligns with international best practices. In response to these demands, the adoption of International Public Sector Accounting Standards (IPSAS) has emerged as a key reform initiative aimed at improving the quality, comparability, and reliability of public sector financial reporting.

IPSAS, developed by the International Public Sector Accounting Standards Board (IPSASB), provides a globally recognized framework for the preparation and presentation of financial statements in the public sector. These standards are primarily based on accrual accounting principles, which offer a more comprehensive view of government financial performance and position compared to traditional cash-based systems. The shift from cash-based to accrual-based accounting represents a significant paradigm change, requiring substantial institutional, technical, and cultural adjustments.

The global diffusion of IPSAS has been strongly influenced by international organizations such as the International Monetary Fund (IMF), the World Bank, and regional bodies. These institutions advocate for the adoption of IPSAS as part of broader public financial management reforms, emphasizing its role in enhancing fiscal transparency, improving governance, and strengthening accountability mechanisms. Empirical evidence suggests that IPSAS adoption can significantly improve the quality of financial

reporting and transparency in the public sector (Olaru, 2023); (Sulaiman & Odunlade, 2025). Furthermore, IPSAS adoption has been associated with improvements in governance quality and, in some contexts, reductions in corruption levels (Maali & Morshed, 2025).

Despite these potential benefits, IPSAS adoption remains uneven across countries, particularly in developing economies. While some countries have fully adopted accrual-based IPSAS, others are still in transition or continue to rely on modified cash-based systems. This variation reflects the complex and context-dependent nature of accounting reforms in the public sector. In many cases, adoption decisions are not driven solely by efficiency considerations but are influenced by broader institutional, political, and cultural factors.

Institutional theory provides a useful lens for understanding these dynamics. According to this perspective, organizations and governments adopt practices not only for technical efficiency but also to gain legitimacy and conform to external expectations. The concept of institutional isomorphism explains how countries tend to adopt similar practices due to coercive pressures from international organizations, mimetic pressures arising from uncertainty, and normative pressures from professional bodies. Empirical studies confirm that institutional pressures play a significant role in shaping IPSAS adoption decisions (Amiri & Hamza, 2020).

In addition to institutional pressures, contextual factors such as political stability, economic development, technological readiness, and human capital significantly influence the adoption and implementation of IPSAS. Recent research highlights that IPSAS adoption is not a one-size-fits-all process but depends on the interaction between global standards and local institutional environments (Chatti et al., 2024). This perspective is often described as “glocalization,” where global standards are adapted to fit local contexts (Baskerville & Grossi, 2019).

One of the major challenges associated with IPSAS adoption is the high cost of implementation. Transitioning to accrual-based accounting requires significant investments in training, information systems, and institutional restructuring. Studies have identified implementation cost as a critical barrier, particularly in developing countries with limited financial resources (Ademola et al., 2019). In addition, the lack of technical capacity and skilled personnel often hampers the effective implementation of IPSAS, leading to delays and partial adoption.

Another important factor influencing IPSAS adoption is the level of awareness and understanding among stakeholders. Limited awareness of the benefits and requirements of IPSAS can result in resistance to change and low commitment to reform initiatives. This challenge is compounded by the complexity of accrual accounting, which requires a significant shift in mindset among public sector accountants and managers.

Technological readiness also plays a crucial role in facilitating IPSAS adoption. Modern accounting systems require robust information and communication technology (ICT) infrastructure to support data collection, processing, and reporting. Without adequate technological support, the implementation of IPSAS becomes significantly more difficult and costly. Empirical studies have shown that technological factors are among the key determinants of successful IPSAS adoption (Whitefield & Savvas, 2016).

Furthermore, the role of political leadership and top management support cannot be overlooked. Successful accounting reforms require strong commitment from policymakers and senior government officials. Without such support, reform initiatives are likely to face resistance and may fail to achieve their intended objectives. Political will is particularly important in developing countries, where institutional weaknesses and bureaucratic inertia can hinder reform efforts.

External pressure from international organizations and donor agencies is another significant driver of IPSAS adoption. Developing countries often adopt IPSAS as part of broader conditions attached to financial assistance or as a means of enhancing their credibility in the international community. While such pressures can accelerate adoption, they may also lead to superficial implementation if not accompanied by adequate domestic capacity and commitment.

In the context of Ghana, IPSAS adoption reflects many of these challenges and opportunities. Ghana has made significant progress in public financial management reforms, yet the implementation of IPSAS remains a work in progress. Factors such as limited technical expertise, inadequate infrastructure, and resource constraints continue to pose significant challenges. At the same time, increasing awareness of the benefits of IPSAS and growing support from international organizations provide opportunities for further advancement.

The literature on IPSAS adoption has identified a wide range of factors influencing the adoption process. However, there is still a need for a comprehensive framework that integrates institutional, political, and cultural perspectives. Most existing studies focus on individual factors or specific contexts, limiting their generalizability. This study seeks to address this gap by synthesizing existing literature and identifying the key determinants of IPSAS adoption in a holistic manner.

Specifically, this study aims to examine the institutional, political, and cultural factors that influence a country's decision to adopt IPSAS. It also seeks to identify the critical success factors for effective implementation, drawing on evidence from both developed and developing countries. By doing so, the study contributes to the ongoing debate on public sector accounting reforms and provides practical insights for policymakers and practitioners.

In summary, IPSAS adoption represents a significant step toward improving public sector financial management. However, its success depends on a complex interplay of factors, including institutional pressures, technical capacity, political support, and cultural context. Understanding these factors is essential for designing effective reform strategies and achieving the intended benefits of IPSAS adoption.

Method

This study employs a qualitative descriptive research design to examine the determinants influencing the adoption of International Public Sector Accounting Standards (IPSAS). The choice of this approach is appropriate given the study's objective of synthesizing existing theoretical and empirical insights rather than testing hypotheses through primary data collection. A qualitative literature-based method allows for a comprehensive understanding of complex institutional, political, and cultural dynamics underlying IPSAS adoption.

The data for this study were obtained from secondary sources, including peer-reviewed journal articles, conference papers, institutional reports, and publications from international organizations such as the International Federation of Accountants (IFAC), the World Bank, and the International Monetary Fund (IMF). The core reference material also includes the primary manuscript under review, which was critically analyzed and substantially revised to meet international academic standards.

A systematic literature review strategy was adopted to ensure the relevance and quality of the selected sources. Articles were selected based on their focus on IPSAS adoption, public sector accounting reforms, and institutional theory perspectives. Priority was given to studies published in reputable international journals and those providing empirical evidence on developing countries.

The analysis followed a thematic approach, where key determinants of IPSAS adoption were identified, categorized, and interpreted. These determinants were grouped into major dimensions, including institutional pressures, technical capacity, political support, and socio-cultural factors. The study then synthesized these themes to develop an integrated framework explaining IPSAS adoption dynamics.

To enhance the rigor of the study, triangulation was applied by comparing findings across multiple sources and contexts. However, the study acknowledges certain limitations, including reliance on secondary data and the absence of country-specific empirical testing. Despite these limitations, the methodology provides a robust foundation for understanding the multifaceted nature of IPSAS adoption and offers valuable insights for policymakers and researchers.

Results and Discussion

Overview of IPSAS Adoption Determinants

The findings of this study reveal that the adoption of International Public Sector Accounting Standards (IPSAS) is influenced by a complex interplay of institutional, technical, political, and socio-cultural factors. Consistent with institutional theory, the adoption process is not purely driven by efficiency considerations but is significantly shaped by external pressures and internal organizational readiness. Empirical evidence suggests that countries adopt IPSAS to enhance legitimacy, improve transparency, and align with global best practices (Amiri & Hamza, 2020); (Baskerville & Grossi, 2019).

The analysis identifies ten critical determinants that significantly influence IPSAS adoption: awareness level, implementation cost, technical capacity, education and experience, availability of expertise, top management support, external pressure, technological readiness, transition management, and strategic planning. These findings align with prior studies highlighting that IPSAS adoption is multidimensional and context-dependent (Chatti et al., 2024).

Awareness and Understanding of IPSAS

One of the most fundamental determinants of IPSAS adoption is the level of awareness among stakeholders. The findings indicate that low awareness and limited understanding of IPSAS significantly hinder adoption efforts. Many public sector managers perceive IPSAS as a costly reform without fully appreciating its long-term benefits.

Empirical studies show that awareness and knowledge of IPSAS positively influence its implementation, as they reduce resistance to change and enhance stakeholder engagement (Ademola et al., 2019). In developing countries, insufficient dissemination of information and lack of training programs contribute to weak awareness levels, thereby delaying adoption.

This finding suggests that governments must prioritize awareness campaigns and stakeholder education to ensure successful implementation. Without adequate understanding, even well-designed reforms may fail to achieve their intended outcomes.

Cost of IPSAS Implementation

The cost of implementing IPSAS is identified as a major barrier, particularly in developing economies. Transitioning from cash-based to accrual-based accounting requires substantial financial investment in training, system upgrades, and consultancy services.

Studies confirm that high implementation costs are negatively associated with IPSAS adoption, especially in resource-constrained environments (Ademola et al., 2019). Additionally, the need for

continuous investment in capacity building and system maintenance further increases the financial burden.

However, despite these initial costs, IPSAS adoption is associated with long-term benefits, including improved financial reporting quality and enhanced accountability (Olaru, 2023). Therefore, policymakers must balance short-term financial constraints with long-term gains when considering IPSAS implementation.

Technical Capacity and Human Capital

Technical capacity is another critical determinant of IPSAS adoption. The findings indicate that a lack of skilled personnel and inadequate training significantly impede implementation efforts. Accrual-based accounting requires advanced technical knowledge, which is often lacking in public sector institutions in developing countries.

Empirical evidence shows that staff training and professional competence are positively associated with IPSAS adoption (Ademola et al., 2019). Similarly, studies in South Asia highlight that the shortage of experienced staff is a key barrier to IPSAS implementation (Wang & Miraj, 2018).

These findings emphasize the importance of investing in human capital development through training programs, professional education, and continuous learning initiatives. Without adequate technical capacity, IPSAS adoption is likely to remain superficial and ineffective.

Education, Experience, and Expertise

Closely related to technical capacity is the role of education, experience, and expertise in facilitating IPSAS adoption. The findings indicate that countries with higher levels of professional education and experience in accounting are better positioned to implement IPSAS successfully.

The availability of qualified accountants and experts enhances the quality of financial reporting and supports the adoption process. Conversely, the absence of such expertise leads to delays and implementation challenges. This is consistent with findings that emphasize the importance of professional competence in accounting reforms.

Moreover, expertise is not limited to technical knowledge but also includes practical experience in applying accounting standards. Countries that have previously implemented similar reforms are more likely to succeed in adopting IPSAS.

Top Management Support and Political Will

Top management support and political commitment are crucial for the successful adoption of IPSAS. The findings reveal that strong leadership and commitment from senior government officials significantly enhance the likelihood of successful implementation.

Accounting reforms often require substantial organizational change, which can only be achieved with strong political will. Without support from policymakers and top management, reform initiatives may face resistance and lack the necessary resources for implementation.

Studies highlight that leadership commitment plays a critical role in driving organizational change and ensuring the success of IPSAS adoption. In many developing countries, weak political support is a major barrier to reform.

External Pressure and Institutional Isomorphism

External pressure from international organizations and donor agencies is a key driver of IPSAS

adoption. The findings confirm that coercive pressures, such as conditions attached to financial assistance, and mimetic pressures, such as the desire to emulate successful countries, significantly influence adoption decisions.

Empirical studies show that institutional pressures play a central role in shaping IPSAS adoption (Amiri & Hamza, 2020). Additionally, the need for international legitimacy encourages countries to adopt globally recognized standards (Brusca et al., 2013).

However, reliance on external pressure may lead to symbolic adoption, where standards are formally adopted but not effectively implemented. This highlights the need for internal capacity and commitment to complement external influences.

Technological Readiness

Technological readiness is a critical factor in enabling IPSAS adoption. The implementation of accrual-based accounting requires advanced information systems capable of handling complex financial data.

Studies indicate that technological challenges significantly affect the rate of IPSAS adoption (Whitefield & Savvas, 2016). Inadequate ICT infrastructure, lack of software systems, and limited technical support can hinder implementation efforts.

Therefore, investment in technology is essential for successful IPSAS adoption. Governments must ensure that appropriate systems and infrastructure are in place to support the transition.

Transition Management and Strategic Planning

Effective transition management and strategic planning are essential for successful IPSAS implementation. The findings indicate that countries that adopt a structured and phased approach to implementation are more likely to succeed.

Transitioning to IPSAS involves significant organizational change, including changes in processes, systems, and culture. Without proper planning and management, these changes can lead to disruptions and implementation failures.

Strategic planning helps organizations anticipate challenges, allocate resources effectively, and monitor progress. It also ensures that the adoption process is aligned with broader public sector reforms.

Implications for Developing Countries

The findings of this study have important implications for developing countries. While IPSAS adoption offers significant benefits, its success depends on addressing key challenges related to capacity, cost, and institutional readiness.

Developing countries must adopt a holistic approach to IPSAS implementation, focusing on building technical capacity, enhancing awareness, and strengthening institutional frameworks. Collaboration with international organizations can provide valuable support, but domestic commitment remains essential.

Furthermore, policymakers should recognize that IPSAS adoption is not merely a technical exercise but a comprehensive institutional reform. It requires changes in governance structures, organizational culture, and human capital development.

Synthesis of Findings

Overall, the results demonstrate that IPSAS adoption is a complex and multifaceted process influenced by a combination of internal and external factors. Institutional theory provides a useful framework for understanding these dynamics, highlighting the role of legitimacy and external pressures in shaping adoption decisions.

At the same time, the study underscores the importance of internal factors such as technical capacity, leadership support, and strategic planning. Successful IPSAS adoption requires a balanced approach that integrates both external and internal perspectives.

Conclusion

This study set out to examine the key determinants influencing the adoption of International Public Sector Accounting Standards (IPSAS), with particular emphasis on institutional, political, and cultural dimensions in developing economies. The findings confirm that IPSAS adoption is a complex and multidimensional process shaped by both external pressures and internal organizational capabilities.

From an institutional perspective, the study demonstrates that coercive, mimetic, and normative pressures play a significant role in motivating governments to adopt IPSAS. Countries often pursue adoption to gain international legitimacy, align with global best practices, and meet the expectations of international financial institutions. However, such external drivers alone are insufficient to guarantee effective implementation. Without adequate domestic capacity, IPSAS adoption risks becoming symbolic rather than substantive.

The analysis further highlights that internal factors—including technical capacity, availability of expertise, and level of education and training—are critical to successful implementation. The transition to accrual-based accounting requires skilled professionals, robust institutional frameworks, and sustained investment in human capital. In this regard, capacity-building initiatives and continuous professional development emerge as essential components of reform success.

In addition, the study underscores the importance of political commitment and top management support. Strong leadership is necessary to overcome resistance to change, allocate resources effectively, and ensure coordination across government institutions. Similarly, technological readiness and the availability of appropriate information systems are indispensable for managing the complexity of IPSAS-based financial reporting.

Strategic planning and effective transition management also play a pivotal role in ensuring a smooth and sustainable implementation process. Governments that adopt a phased and well-coordinated approach are better positioned to mitigate risks and achieve long-term benefits.

Overall, the study concludes that IPSAS adoption should be viewed not merely as a technical accounting reform but as a comprehensive institutional transformation. For developing countries such as Ghana, the successful adoption of IPSAS requires a balanced integration of international best practices with local institutional realities. Policymakers are therefore encouraged to adopt a holistic approach that combines external support with internal capacity development.

Future research should focus on empirical validation of the identified determinants and explore the long-term impacts of IPSAS adoption on governance, accountability, and public sector performance.

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