IPSAS Adoption in Developing Countries: Drivers, Challenges and Outcomes

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Abstract: International organisations like the World Bank have advocated for the adoption of the international public sector accounting standards (IPSAS) as part of accounting reforms in public sector institutions. Therefore, this paper seeks to add to the existing accounting literature by providing a review on IPSAS adoption in developing countries and identifying the factors driving its adoption, challenges encountered and outcomes. This paper employs a qualitative research methods approach, involving a review of papers in the Web of Science database from 2004 to November 2023. The adoption of IPSAS in developing countries has been driven by various factors, including pressure from international institutions, the need to attract funds, efforts improve accountability and transparency, the fight against corruption, the influence of governmental and professional bodies and the pursuit of legitimacy. However, there are also challenges associated with this adoption, such as a lack of educational knowledge, weak infrastructure in the public sector, resistance from various stakeholders, pressures from politicians and professionals, high implementation costs, corruption and limited resources. The consequences of implementing IPSAS include positive impacts, such as improved accountability, transparency, and governance quality, as well as unintended outcomes such as decoupling, and manipulation. This research provides a synthesis on the drivers, challenges, and outcomes of IPSAS adoption in developing countries. These findings have important implications for governments, policymakers, and regulators. In addition, this research identifies potential areas for future research.

Keywords: IPSAS, developing countries, public sector accounting, accrual accounting, review.

JEL Codes: H83, M48, O43, M41.

1. INTRODUCTION

In the past few decades, there has been a rising interest in International Public Sector Accounting Standards (IPSAS) due to the need for efficient and effective performance and management in the public sector. The quality of financial reporting is crucial as it affects governance quality, the ability to secure funding, resource allocation, public trust, and economic stability and growth (IPSASB, 2019). IPSAS was developed by the International Public Sector Accounting Standards Board (IPSASB), an independent international body that operates under the International Federation of Accountants (IFAC). The IPSASB established IPSAS to enhance transparency, financial reporting, and accountability of public sector institutions. Public sector reforms have been globally endorsed by international institutions such as the World Bank (WB) and the International Monetary Fund (IMF) (Gomez-Villegas *et al.*, 2020; Krishnan, 2021; Rajib *et al*., 2019).

In the context of developing countries, previous literature on IPSAS has documented the impact of various institutional, political, and economic factors that have motivated its adoption (Harun *et al*., 2021; Sellami and Gafsi, 2020). Other research investigated the outcomes of adoption (Hasarzadeh and Behbahaninia, 2022; Tawiah 2023a, b). However, despite the advocated benefits of IPSAS adoption, negative outcomes have been documented (ACCA, 2017; Rajib *et al*., 2019). These unintended outcomes could be expected in developing countries due to their different cultural, social, political, economic and institutional contexts (Bakre et al., 2022; Boolaky *et al*., 2020). Furthermore, studies have emphasized the need for a better understanding of IPSAS and its outcomes (Liberato *et al.*, 2023). Therefore, this literature review aims to provide a more focused review on two main aspects. First, it will explore theoretical and empirical aspects related to IPSAS adoption drivers and challenges. Second, it will review the literature on IPSAS implementation outcomes in developing nations.

This research aims to contribute to the current understanding of IPSAS adoption, offering valuable insights and implications for governments, policy makers, and regulators regarding the theoretical explanations, drivers, challenges and outcomes of implementing IPSAS. The approach used in this review is qualitative, following the methodology of previous scholars (Borgi,a 2022; Tawiah, 2019; van Helden and Uddin, 2016). This research addresses the following research questions:

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RQ1: What are the drivers for IPSAS adoption?

RQ2: What are the challenges associated with IPSAS adoption?

RQ3: What are the outcomes of IPSAS adoption?

The remaining of the paper is structured in the following order: Section 2 highlights the background on IPSAS, Section 3 outlines the research methods, Section 4 provides a categorisation of the reviewed literature, and finally, Section 5 discusses the findings and future research avenues.

2. INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

IPSASs generally align with the international accounting standards but they also incorporate some variations such as additional commentaries, distinct terminologies, and definitions that are aligned with public sector.

While the IPSASB primarily emphasizes the promotion of accrual-based IPSASs, international bodies are urging developing countries tofirst adopt cash-basis IPSAS as a preliminary step before transitioning to accrual-based IPSASs (Adhikari et al., 2015). International bodies, to embrace Cash Basis IPSAS as an initial step preceding a more extended shift toward accrual-based IPSASs. In this regard, Adhikari and Mellemvik (2010) examine IPSAS adoption in South Asia and showcase a comparative study that highlights the collaboration between the WB and professional accounting institutions in the region. This study emphasizes the importance of initially complying with cash basis IPSAS before attempting to transition to accrual accounting, as it is believed that such a transition would not be successful without first meeting this requirement.

The advocated advantages of governments embracing IPSASs involve improved decision-making, transparency, efficiency and accountability (Muraina and Dandago, 2020). However, despite these contentions, literature indicates that aligning and unifying accounting systemsthrough IPSAS, could encounter obstacles, including diverse national conventions, implementation expenses, and the preservation of sovereignty (Adhikari *et al*., 2021; Bakre *et al*., 2022; Mkasiwa, 2022). For instance, in Asian context, Adhikari and Mellemvik (2011) note that despite struggling with basic cash accounting systems, the country initially committed to adopting IPSASs. However, due to resource limitations, the decision was delayed for a decade and the focus shifted to adopting Cash Basis IPSAS instead.

Similarly, in Latin American nations, Gomez-Villegas *et al.* (2020) argue that there is a significant disparity between rhetoric and actual implementation, even though most countries began implementation efforts years ago. In African countries, IPSAS reforms have been criticised for worsening existing governance issues, including patronage politics and widespread corruption, rather than improving accountability mechanisms (Bakre *et al*., 2017). Moreover, there is a criticism that IPSASs reflect the Anglo-Saxon approach to public sector accounting, claiming their irrelevance in settings where budgetary control remains dominant (Adhikari and Gårseth-Nesbakk, 2016).

3. RESEARCH METHODS

This research employs a qualitative research approach, in which the relevant literature on IPSAS in developing countries was reviewed, with a particular focus on theories, adoption drivers, challenges, and consequences. This review was not restricted to specific analysis years, so it covers the period from 2004 until November 2023, including academic papers from the Web of Science (WOS) database. The initial search generated 302 papers, with the earliest papers dating back to 2004 and the latest ones up to 2023.

The search was then limited to English-language, peer reviewed articles, excluding reviews, book chapters, editorials, and proceedings. This exclusion allowed for the acquisition of specific knowledge on certain topics (Podsakoff et al., 2005). Afterward, that the research papers were narrowed down to 159 papers in the research areas of public administration, business economics, development studies and government laws. However, due to the objective of this paper, each of these papers was manually filtered. Papers that were relevant the research topic and those focusing on developed countries were removed, resulting in a sample of 36 papers.

The classification of developing nations is established on the IMF country composition of the World Economic Outlook[1], which categorises countries into dual main classifications: Advanced Economies and Emerging and Developing Economies.

4. RESULTS AND DISCUSSIONS

The results of the review show that there has been a recent increase in papers explicitly examining the adoption of IPSAS. The sampled papers were published in eighteen different journals. Figure 1 displays the distribution of these papers, with ten papers published in the *International Journal of Public Sector Management*, and five each in *Public Money and Management*. Four papers were published in the *International Review of Administrative Sciences,* and three in *Accounting Forum*. *Financial Accountability and Management*, as well as the *Journal of Accounting and Organisational Change*, each published two papers. The remaining journals each published one paper. Fig. (**1**) also reveals that the majority of papers on IPSAS adoption are published in journals that focus on public sector management. Therefore, indicating that these specific journals would mostly attract topics associated to IPSAS.

The highest volume of papers emerged in the years 2020 and 2022. Fig. (**2**) illustrates the paperdistribution throughout these years, highlighting the increasing interest in examining IPSAS adoption in recent years.

The following sections will provide a more in-depth analysis of the theories, drivers, challenges and outcomes associated with the implementation of IPSAS.

[1]https://www.imf.org/en/Publications/WEO/weo-database/2023/April/groups-and-aggregates

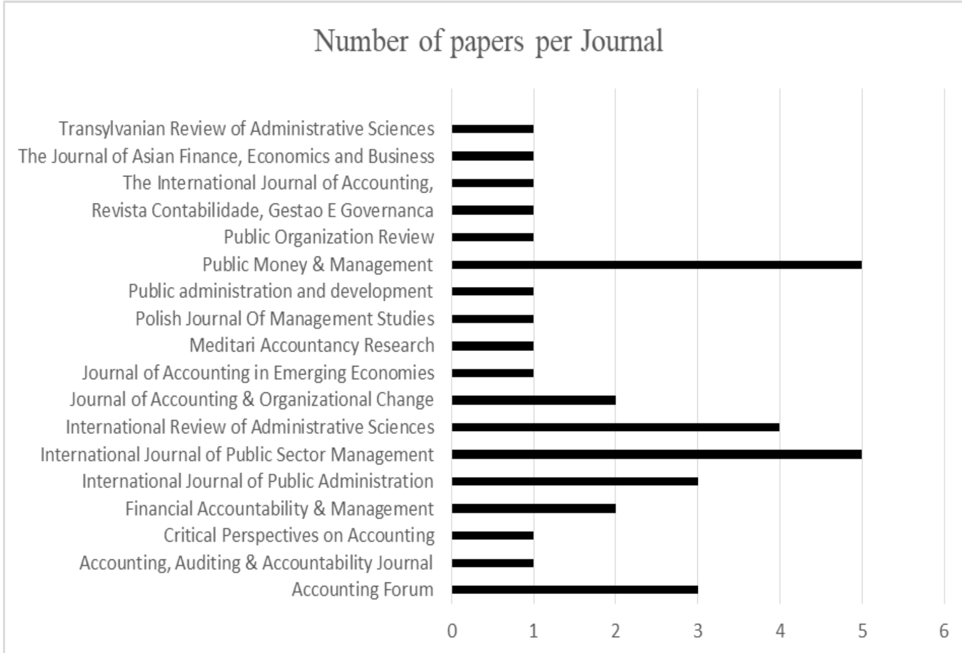

Fig. (1). Number of papers per Journal.

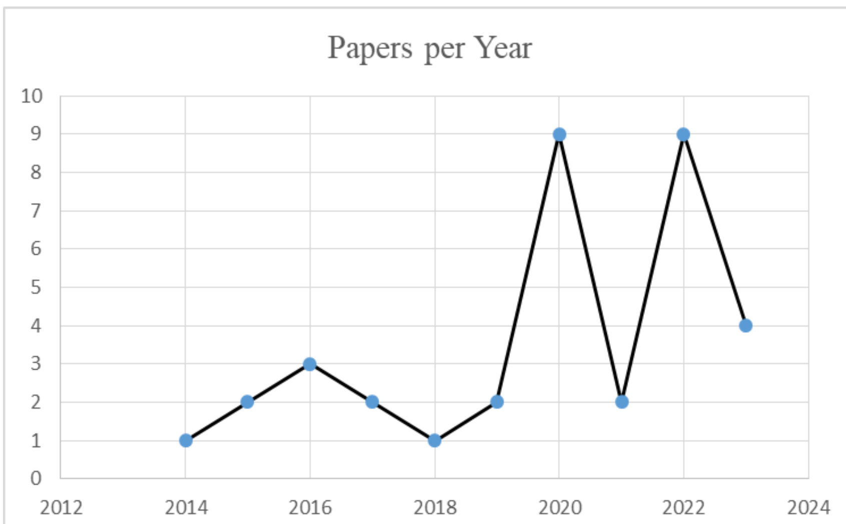

Fig. (2). Papers per Year.

4.1. Theories

In developing nations, papers investigating the adoption of IPSAS have employed various theories, as shown in Fig. (**3**). These theories have greatly contributed to establishing an in-depth understanding of the drivers, barriers, and outcomes of IPSAS adoption. This section will review the prominent theories that researchers have incorporated.

The most commonly used theories are the institutional theory (Ada and Christiaens 2018; Brusca *et al.*, 2016; Gomez-Villegas *et al.*, 2020; Krishnan, 2023; Sellami and Gafsi 2019; Silva *et al.*, 2022) and the neo-institutional theory (Aquino *et al.*, 2020; Boolaky *et al.*, 2020; Harun *et al.*, 2021; Polzer et al., 2022; Rajib *et al.*, 2019). Institutional theory in IPSAS adoption studies, examines how external pressures, norms, and institutions influence organizational behaviour and choices. A subset of this theory, known as neo-institutional theory, goes deeper into understanding how public sector institutions respond to these pressures by considering the isomorphic forces that shape their behaviour. In the context of IPSAS adoption studies, both theories explore how countries conform to accounting norms under the influence of global standards and institutions. They also assess the aspects that drive or hinder the implementation of IPSAS, such as coercive pressures from international bodies, the tendency to mimetic others' practices, and the normative influences that shape attitudes towards accounting reforms. These theories postulate valuable insights into the complexities involved in IPSAS adoption in various institutional contexts.

The second most commonly employed theories are the contingency theory (de silva and de silva 2020; Mnif and

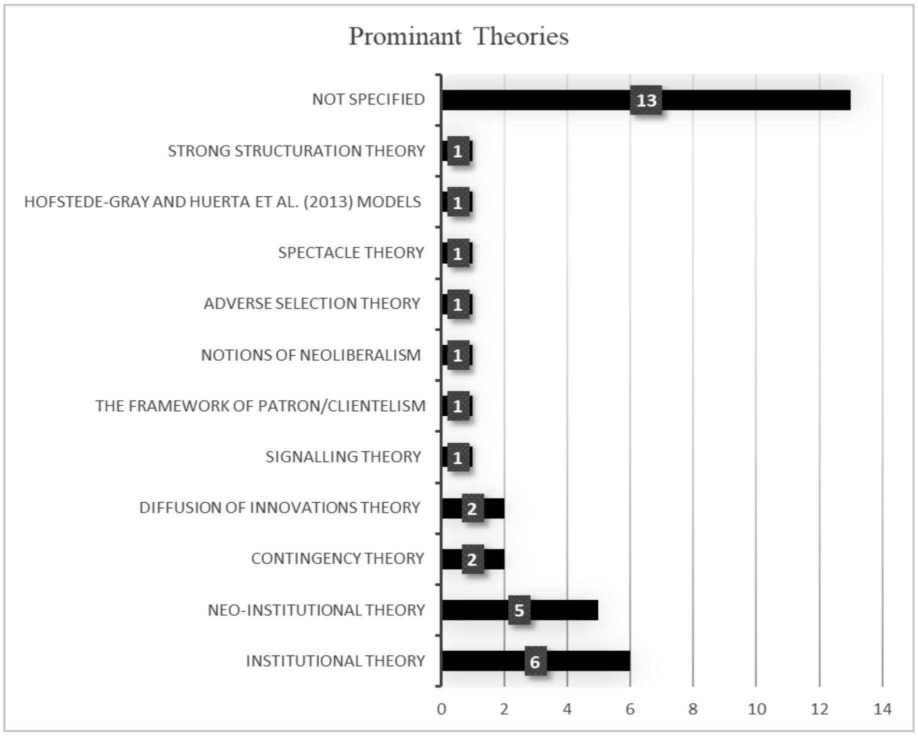

Fig. (3). Prominent Theories.

Gafsi 2020) and the diffusion of innovations theory (Abdulkarim et al., 2020; Adhikari et al., 2021). Contingency theory emphasizes that the IPSAS implementation's success is reliant on contextual factors. It suggests that the fit between these factors and IPSAS practices determines the success of adoption. On the other hand, diffusion of innovations theory focuses on the spread and adoption of IPSAS as a new idea. It examines how innovations, like IPSAS, are communicated, adopted, and diffused across different entities, taking into account factors such as the adopters' characteristics, and communication channels.

Other studies utilised different theoretical lenses that offer different perceptions and understanding of IPSAS adoption in developing countries. These theoretical lenses include signalling theory (Tawiah and Soobaroyen, 2022), the framework of patron/clientelism (Bakre *et al.*, 2017), notions of neoliberalism (Bakre *et al.*, 2022), adverse selection theory (Hasarzadeh and Behbahaninia, 2022), spectacle theory (Mkasiwa, 2022), Hofstede-Gray and Huerta *et al.* (2013) frameworks (Abdulkarim *et al*., 2023), and strong structuration theory (Adhikari and Jayasinghe, 2017). Lastly, several studies did not incorporate theories in their investigations.

4.2. Drivers to adopt IPSAS

Several papers have focused on examining the factors that motivated the adoption of IPSAS. For example, Krishnan (2023) employed institutional theory, specifically focusing on concepts of transitional governance and legitimacy, to emphasize the role of socio-political and institutional demands in driving public sector accounting reforms in India. Two main pressures were identified: the demand from the public for enhanced accountability at the national level and global pressures from international institutions. To establish legitimacy, the state engaged with international institutions, which were perceived as sources of accountability. These institutions offered conditional promises of legitimacy, requiring adherence to international standards. While heavily influenced by IPSAS, India's standards are called Indian Government Financial Reporting Standards, indicating the state's voluntary approach to adopting global practices (IPSAS) in order to address local demands for increased transparency and accountability and to enhance its national legitimacy. Therefore, IPSAS was not adopted completely, but rather the new standards converged with them.

In their research in Latin American nations, Gomez-Villegas *et al.*, (2020) found a variety of external and internal institutional driving forces for IPSAS adoption. These included the need to control corruption and improve accountability and transparency, pressure from supreme audit institutions to improve the standard of financial statements, dependence on external finance, meeting the needs of investors, and international institutional pressures from the WB and the IMF.

By incorporating neo-institutional theory, Boolaky *et al.*, (2020) identified three isomorphic pressures driving the adoption of IPSAS in Indonesia. These pressures (Di Maggio and Powell, 1983) included coercive factors such as foreign grants and auditor's opinion by the Supreme Audit Office regarding financial reports. They also included mimetic pressure, which was influenced by included the size of the municipal, and normative pressure, which was influenced by the education system and religious beliefs. In the context of Brazil, de Azevedo *et al.*, (2020) reported that local governments adopted IPSAS due to pressures from commercial software providers.

Table 1. Main Driving factors for IPSAS adoption.

Drivers	Number of papers
Global pressures from international institutions	7
Enhancing accountability, transparency and efficiency of public sector management	5
National pressures from influential bodies or parties	5
External funds	3
Stakeholder demand	2
Control corruption	1
Education system	1
Religious beliefs	1
Familiarity with international accounting standards	1
Political and macroeconomic factors	1
Memetic behaviour	1

In their study, Mnif and Gafsi (2020) utilised the contingency theory to classify the drivers of IPSAS disclosure within 100 public sector enterprises worldwide. They determined that factors such as government transparency, the efficiency of government administration and oversight, coupled with a grasp of international accounting and financial reporting standards applicable to public sector enterprises played a role in IPSAS disclosure. Likewise, de Silva and de Silva (2020) applied the contingency theory and found that professional associations, government commissions, standard-setting bodies, audit institutions, scholarly networks, and consultancy firms were influential in driving IPSAS adoption in Sri Lanka.

Rajib *et al.*, (2019) highlighted that the influence of international institutions drove the implementation of cash-basis IPSAS in Bangladesh. Similarly, Christiaens et al., (2015) explored the influence of IPSAS on the reform of governmental financial reporting in various countries through conducting a survey. The findings revealed that some central governments maintained cash accounting due to political and macroeconomic factors. Emerging countries, often reliant on IMF support, tended to adopt IPSAS during financial system reforms.

Moreover, Sellami and Gafsi (2019) employed institutional theory and economic regulation theory to examine the institutional and economic influences that impacts IPSAS adoption in 110 developed and developing nations. Their results indicate that coercive pressures stemming from external public funding, mimetic pressures related to the level of external transparency and the significance of governmental sector enterprises were among the factors impacting IPSAS implementation. In contrast to Boolaky et al., (2020), the educational system was not identified as a normative pressure in the examined countries.

Brusca *et al.*, (2016) examined the Latin American countries of Peru and Colombia and found that the need for modernising accounting systems, improving the transparency of financial reports, and gaining legitimacy and prestige from international institutions motivated the adoption of IPSAS. This supports earlier findings by Brusca and Martinez (2016), who examined developed and developing countries in America and Europe and also found that the modernisation of accounting systems and the importance of harmonisation in the governmental sector were among the stimuli for IPSAS implementation.

Others have identifies various driving forces for financial transparency. These include the need to provide high-quality information to donors, investors, and other stakeholders (Cuadrado-Ballesteros *et al.*, 2022). Institutional pressure from local governments can also play a role (Harun *et al.*, 2021), as well as external pressure from international institutions like the WB and IMF (Ada and Christiaens, 2018; Adhikari *et al.*, 2021). Furthermore, professional bodies and powerful actors can exert influence (Adhikari et al., 2021). Financial transparency can also enhance comparability of financial reporting at both national and international levels and facilitate financial statement consolidation (Christiaens et al., 2015).

In summary, as Table **1** shows the above papers emphasize the driving forces for implementing IPSAS in developing countries, shedding light on various factors.

4.3. Challenges

The adoption of IPSAS in developing countries has faced several challenges, which this section address. Table **2** presents a summary of the most significant challenges documented in the papers. Abdulkarim *et al*., (2023) highlighted that due to strong government control over the public sector, as well as the introduction of the foreign concepts brought by IPSAS, cultural and language barriers have hindered IPSAS adoption in Qatar. Corruption has been identified as one of the main challenges in successfully implementing IPSAS (Bakre *et al.*, 2017; Mnif and Gafsi, 2020; Tawiah, 2023b). In this regard, Bakre *et al.*, (2017) highlight how corruption in Nigeria has led to the manipulation of IPSAS to serve the needs of corrupt politicians and other individuals.

Table 2. Main challenges for IPSAS adoption.

Challenges	Number of papers
Lack of knowledge, educational training and expertise	6
Insufficient human and financial resources	5
Weak quality of regulations and political uncertainty	5
Complexity of the implementation process	4
Resistance to change	3
Increased costs of implementation	2
Absence of commitment from top management and leadership	2
Incompatibility of cash-based system	2
Conflicts between influential parties	2
Bureaucracy	2
Corruption	2
Limited political support	2
Cultural and Language barriers	1
Difficulties in applying IPSAS measurements	1
Fear of losing standard-setting authority	1
National accounting standards	1

In the Jordanian context, Shahadeh *et al.*, (2022) conducted a questionnaire targeting accounting professors. The survey revealed that the adoption of accrual-based IPSAS faced several challenges. These challenges included high implementation costs, lack of commitment from top management, insufficient human and financial resources, issues with educational training for accountants in the public sector, resistance to change, difficulties in applying IPSAS measurements, and the complexity of the implementation process. These challenges align with the barriers identified in other developing countries (ACCA, 2017). In the case of Tanzania, Mkasiwa (2022) reported that the cash basis system implemented in public institutions was not compatible with the accrual-based IPSAS. Additionally, a lack of knowledge was identified as one of the barriers to IPSAS adoption.

Correspondingly, Harun *et al*., (2021) discovered that the implementation of IPSAS in Indonesian local administrations faced challenges including increasing external influence, limited demand for IPSAS-compliant reports, and higher implementation costs. Adhikari *et al*., (2021) examined the adoption of IPSAS in three developing countries: Egypt, Nepal and Sri Lanka. They identified obstacles including fragmented approaches to the implementation process, resistance, lack of clear technical standards, limited political support, and conflicts between professional accountants and public administrators. In case of Qatar, Abdulakarim *et al*., (2020) reported that issues such as lack of coordination between departments, bureaucratic hurdles, inadequate IPSAS implementation procedures, organisational complexity, absence of leadership commitment and poor quality of regulations and accounting standards.

de Azevedo et al. (2020), highlighted the challenges of IPSAS implementation in Brazilian municipalities revolve around the financial and operational complexities associated with implementing new accounting routines. The introduction of IPSAS necessitates changes in operational models, procedures, and measurement techniques, including considerations for new account entries and the recognition of transactions not previously accounted for. De Silva and De Silva (2020) notedthe ongoing political instability, restricted institutional capabilities and bureaucratic hurdles in decision-making in Sri Lanka as having adversely affecting the progress of IPSAS implementation.

Boolaky *et al*., (2020) reported that several factors, including the scheduling and regularity of council gatherings, allocations of government funding, participation of opposition representatives in council sessions, influence exerted by the Supreme Audit Office, and religious convictions, significantly affected the pace of IPSAS accrual adoption in Indonesian local governments. These results underline the effect of institutional pressures, such as normative, coerciveandmimetic pressures, on the speed of IPSAS implementation. This suggests that political and economic priorities may take precedence over the implementation of accrual IPSAS. Furthermore, Silva *et al*., (2022) examined the institutional and cultural factors driving the adoption of IPSAS across 73 developing and developed nations. They reported that the fruitful implementation of IPSAS is dependent on substantial resource allocation and political support particularly for accountability and transparent expenditure disclosures in critical sectors. This poses challenges for developing countries that lack financial capabilities and transparent practices.

In their international country comparison, Christiaens et al., (2015) emphasized several barriers to IPSAS adoption. These include local accounting regulations and standards, concerns from officials about losing standard-setting authority, unfamiliarity with the standards, limited expertise, and neglect of some accounting procedures and public sector concerns by IPSAS. Additionally, some jurisdictions have developed their own accrual accounting regulations, which has slowed IPSAS compliance. Other challenges include limited resources (de Silva and de Silva 2020), ineffective government and regulatory systems (Bakre et al., 2017), lack of training and technologies (Brusca et al., 2016), resistance to change, absence of competencies and capacity to enforce IPSAS (Rajib et al., 2019), and the implementation of cash-basis IPSAS system (Adhikari and Jayasinghe, 2017; Mkasiwa 2022; Rajib et al., 2019).

Regarding IPSAS disclosure barriers, Mnif and Gafsi (2020) reported that in Sub-Saharan African nations the barriers included weak legal frameworks, lack of political support, corruption in public sector administration and insufficient skills and training programs. These findings align with other research conducted in an African context (Sellami and Gafsi, 2020).

4.4. IPSAS Adoption Outcomes

The sampled papers have employed various research approaches to examine the consequences of implementing IPSAS. Some papers focused on cross-country investigations, while others focused on investigations within several countries or a single country. For example, Tawiah (2023a) conducted a study on the effects of IPSAS implementation on the quality of governance in 107 developing and developed nations. The results suggest that IPSAS has a significant positive influence on governance and accountability in the governmental sector. Surprisingly, the benefits of IPSAS seem to be more favourable in developing nations and potentially less beneficial in developed countries. This could explain the slower adoption rate among developed nations, as the benefits are not as clear. Additionally, the analysis reveals that accrual-based IPSAS have a stronger effect on the quality of governance compared to cash-based IPSAS.

In a recent study, Tawiah (2023b) investigated the influence of implementing IPSAS on corruption. The results of the sampled 77 developed and developing nations, show that the implementation of IPSAS resultsin a reduction in corruption. Despite possibility of discretionary misuse associated with IPSAS' accrual-based accounting, its emphasis on comprehensive disclosure and timely recognition appears to discourage corruption. Moreover, the advantages of IPSAS combating corruption are more apparent in developing nations that fully embrace accrual-based IPSAS, as opposed to those that only adopt cash-based IPSAS standards.

Moreover, Tawiah and Soobareyon (2022) explored 54 developing nations to assess the potential advantages of adopting IPSAS, particularly improving external funding access such as foreign aid. The findings suggest that adopting IPSAS signals positive attributes related to a country's integrity, transparency, and financial stability, potentially increasing the likelihood of receiving more financial support such as debt. This effect was more notable in accrual-based IPSAS adoption compared to cash-based IPSAS adoption. The lack of influence from institutional quality implies that developing nations might take advantage from embracing IPSAS. This study demonstrates how IPSAS adoption influences government financing, contributing to a better understanding of the broader impacts and motivations behind implementing global government sector accounting standards in developing nations.

Similarly, Al-Jawahry et al., (2022) conducted an investigation in 159 countries located across the globe to determine the effect of implementing IPSAS on sustainable tourism development. The results indicate that greater adherence to IPSAS is associated with increased investment in tourism.

Through an examination of 100 public sector institutions across diverse global regions, Mnif and Gafsi (2020) discovered that IPSAS disclosure level shows a positive association with government transparancy, the efficiency of public administration, and prior familiarity with global standards in the public sector. The resultsalign withpriorresearch, emphasizing how specific national factors significantlyaffectaccounting transparency in government (Sellami and Gafsi, 2020).

Hasarzadeh and Behbahaninia (2022) demonstrated a connection between IPSAS implementation and reduced Economic Policy Uncertainty (EPU), supporting the idea that IPSAS reinforces transparency and accountability, thus lowering EPU. This connection is particularly evident in developing nationsthat are have poor political stability, weaker quality of regulation, and limited government efficiency. These findings are consistent with previous research by Tawiah (2023a, b) and Polzer *et al.* (2021), which suggest that IPSAS implementation is more significant for developing countries compared to high-income countries. Further, Brusca and Martinez (2016) examined the implementation of IPSAS in various European Union and American continental nations. Their findings emphasized that the non-adopters and adopters acknowledged the advantages of IPSAS in attaining global comparison and enhancing financial reporting quality. The countries included in theirresearch recognised that embracing IPSAS had indeed resulted in increased transparency and accountability. In contrast, Silva *et al*., (2022) found that developed nations are more likely to adopt IPSAS compared to developing nations, indicating that factors such as legitimacy, influence, and soft power influence institutionally strong countries to adhere to international standards.

Additionally, Muraina and Dandago (2020) reported a significant and positive connection among accountability and the quality of financial reporting in Nigeria. They observed that the implementation of IPSAS notably improved accountability in budgetary planning and execution, consequently enhancing financial reporting. The application of IPSAS also a clearer representation of tangible and intangiblepublic assets. Overall, accountability emerged as the most crucial factor in improving financial reporting quality through accrual-based IPSAS.

Nevertheless, other studies have identified unintended consequences of IPSAS. Building on Stones' (2005) strong structuration theory, Adhikari and Jayasinghe (2017) explore the reasons the mechanisms through which key stakeholders in Nepal's central government accounting realm maintain established accounting practices, resisting external pressures from the WB to implement reforms like a cash-basis IPSAS. The researchers emphasize the significant influence of government accountants on budget procedures, as they hold a prominent social position when interacting with various stakeholders, including qualified accountants, global advisors, higher-ranking officials, politiciansand auditors. By leveraging their social standing and ingrained predispositions, these government accountants strategically exert their influence, resulting in the perpetuation of traditional accounting practices and resistance against WB reforms.

Similarly, Rajib *et al.*, (2019) note that the implementation of cash-basis IPSAS has become a tool used by international organizations like the WB to exert influence and facilitate the disbursement of funds under the pretext of enhancing governance and accountability in emerging economies such as Bangladesh. Furthermore, they argue that these interests do not align with the public sector accounting needs of these economies, leading to setbacks and unintended repercussions when put into practice. Additionally, Harun *et al.*, (2021) highlighted that the establishment of IPSAS-based public accounting standards in 2005 was primarily driven by the Indonesian Department of Finance, aligning the demands for reforms and transparency from international financial authorities. The internalization of IPSAS within the studied local administrations was marked by increased involvement of external actors, limited demand for utilizing IPSAS reports when making decisions, and rising expenses, which compromised the intended benefits of IPSAS adoption. These findings support earlier assertions that accounting system changes depend on conducive conditions, existing practices, actor interests and values, and technical capabilities. Achieving the intended objectives of IPSAS adoption in local governments may take longer than anticipated.

In a similar vein, Krishnan (2023) examines the decision making process within the governmental sector amidst reforms in India and identifies two significant pressures for change. One is the demand from the public for increased accountability at the national level, and the second the request for greater transparency from global financial institutions at the international level. Both of these pressures influence the state's pursuit of greater legitimacy. Consequently, the government responds to events such as political scandals by implementing public sector accounting reforms to bolster its legitimacy. However, due to institutional pressures at the national level, new standards were established that drew from the IPSAS in order to gain legitimacy. Therefore, instead of fully adopting IPSAS, the new standards converged with them.

In an African context, Bakre *et al.* (2017) highlighted the influence of patronage on accounting practices, such as the IPSAS, especially in patronage-centric societies like Nigeria. In such systems, wealth distribution often aligns with patronage ambitions rather than legal guidelines, and accounting methods are manipulated to favour politicians, clients, tribes, and family members. This manipulation diverges from the intended purpose of adopting IPSAS, which is wealth redistribution. In recent findings, Bakre et al. (2022) examined Nigeria's debt from international institutions and its ties to neoliberalism and IPSAS, representing economic imperialism. The findings highlight that despite debt forgiveness and the embrace of IPSAS, Nigeria still struggles with corruption, continued reliance on loans, and enduring debt burdens. In the Tanzanian context, Mkasiwa (2022) affirms that accrual IPSAS functions as a spectacle by presenting positive aspects while concealing negative elements, reinforcing its performative nature. This emphasis on unachieved anticipated benefits and incomplete implementation highlight to the incomplete nature of its implementation.

In Latin countries, Gomez-Villegas *et al.*, (2020) present the institutionalization of IPSAS in this region. Many governments have started adopting IPSAS, while others see it as a future goal. This is mainly due to international isomorphism where governments imitate each other and are influenced by international organisations, creating an IPSAS network. However, some of these nations claim to comply with the standards without meeting the necessary requirements or making internal changes. This shows a form of modernization, either influenced by neighbouring countries or due to international pressure.

Cuadrado-Ballesteros *et al*., (2022) conducted an investigation in 22 European countries but no association between the adoption of IPSAS and efficiency was discovered. Meanwhile, Polzer et al., (2022) focused on nine countries at the central government level, each with unique administrative traditions and varying degrees of IPSAS implementation. Their research revealed significant diversity in theapplicationand explanation of accounting standards. The actors involved cited various reasons for deviating from IPSAS. For instance, in the case of Poland, they followed a pragmatic process of selecting IPSAS standards that align with the national standards issued by Poland. These deviations pose a risk to comparability in financial reporting among entities and potentially hinder the full potential of reform.

Further, Ada and Christiaens (2018) incorporated institutional theory and decoupling concepts to analyze the primary influences on the transformation of Turkey's public sector accounting system. They found that international institutes acted as a powerful coercive power, advocating the implementation of accrual-based rules. Their study revealed a decoupling between the law and the implementation of IPSAS, with IPSAS being adopted solely to enhance the perception of Turkish government by international entities. Abdulkarim et al., (2023) highlight the cultural aspects that impact the successful adoption of IPSAS and explore how language may mediate this adoption process in Qatar. However, their study contradicts the propositions of the Hofstede-Gray model, which suggests that high uncertainty avoidance and collectivist societies favour secrecy. It also challenges the assertion that cultural values are directly linked to language, suggesting a sociological separation between language and broader cultural elements.

As discussed in the previous section, there are mixed findings regarding the effect of IPSAS implementation in developing nations. Some papers have reported positive ben-

Table 3. Summary of main Outcomes of IPSAS adoption.

Benefits	**Unintended Outcomes**
Control corruption	No impact on improving efficiency
Reduce economic policy uncertainty	Decoupling
Enhance accountability and transparency	Slow and complex implementation process
International comparability	Incomplete implementation
Attract international funds, donors and investors	Establishing national standards that draws from IPSAS
Increase investments	Manipulating the use of IPSAS to benefit corrupt politicians and other parties
IPSAS disclosure improves government openness	Cash-basis IPSAS do not align with public sector accounting needs
IPSAS disclosure improves quality of public administration and management	Selecting IPSAS standards that align with local national standards
Improve governance quality, quality of financial reporting and financial stability	Prevailing of traditional accounting practices and resistance to IPSAS reforms

efits, while others have highlighted unintended consequences (Al-Jawahry et al., 2022; Tawiah, 2923a,b; Hasarzadeh and Behbahaninia, 2022). Additionally, several papers have emphasised the significance and advantages of accrual-based IPSAS compared to cash-based IPSAS (Rajib *et al.*, 2019). Table **3** outlines the main outcomes of IPSAS adoption.

5. CONCLUSION

In reviewing the literature on IPSAS adoption in developing countries, a nuanced picture emerges, showcasing a spectrum of drivers, challenges, and outcomes. The initial impetus for adoption often comes from coercive pressures by international bodies and aspirations for transparency, but challenges arise due to institutional limitations, inadequate resources, and contextual complexities. Surprisingly, alongside the anticipated benefits, unintended negative outcomes were documented by some studies, such as increased bureaucracy or misalignment with local needs.

The research emphasizes the importance of fully understanding the various aspects of IPSAS adoption, while also recognizing its potential limitations and negative outcomes. Future studies could further examine the complex contextual factors that influence the implementation of IPSAS, and how these factors interact with global standards. Furthermore, studying the long-term effects of IPSAS implementation on governance, accountability, and financial management in these countries would yield valuable insights.

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