# 'Does your walk match your talk?' Analysing IPSASs diffusion in developing and developed countries

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# ‘Does Your Walk Match Your Talk?’ Analysing IPSASs Diffusion in Developed and Developing Countries

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## Abstract

**Purpose** – This research aims to provide a global overview of the adoption status of IPSASs in the different contexts of developed and developing countries on central government level, particularly delineating key reform issues and attempts to overcome these.

**Design/methodology/approach** – The material for this paper was derived through document analysis and a synthesis of prior research. Applying an analytical framework that combines neo-institutional theory with diffusion theory, this material is re-analysed.

**Findings** – There are substantial differences regarding whether countries acknowledge having experienced large implementation challenges and the extent to which the reform benefits have been achieved. The study sheds light on the (institutional) underpinnings of these differences.

**Research limitations/implications** – First, the analysis could be extended to regional and local governments, as well as social funds. Both qualitative and quantitative strategies are suggested. Second, the implementation of the conceptual framework deserves further attention. Third, further research should more thoroughly scrutinise cost-benefit analyses used for justifying the (non)implementation of IPSASs, and in particular the assumptions that are being made in such analyses.

**Practical implications** – The paper informs policymakers and standard setters by delineating the areas and issues complicating the widespread adoption of IPSASs across countries, including pointing out directions to overcome these.

**Social implications** – Substantial amounts of public money are invested internationally to converge accounting standards and translate them into native languages. A close(r) monitoring is needed to ensure that these efforts obtain sufficient value for money.

**Originality/value** – This study is original as it applies an analytical framework that combines neo-institutional theory and diffusion theory to examine public sector accounting convergence issues internationally. Such an approach explicitly puts a focus on decoupling between reform 'walk' (decision) and 'talk' (implementation) and helps to analyse the reasons for this decoupling.

## Introduction

Steps taken by Western developed countries to adopt public sector accounting reforms – mainly accrual accounting (henceforth ACC.A) – have resulted in an intense academic debate (see, for example, Manes Rossi et al., 2016, amongst many others). Whilst some academics are convinced of the benefits of ACC.A (Brusca and Martinez, 2016; Bergmann, 2012), others believe these are largely overstated (Guthrie, 1998; Bromwich and Lapsley, 1997). Cases where politicians and other users have actually utilised accrual information in decision-making are scarce (Ezzamel et al., 2014; Hepworth, 2015; Liguori and Steccolini, 2018). Developed countries are becoming increasingly convinced of the need for ACC.A, either as a means for demonstrating governments' long-term sustainability or for managing the consequences of fiscal and sovereign debt crises (Adhikari and Gårseth-Nesbakk, 2016). It has been argued that the recent financial crisis has made the adoption of ACC.A inevitable for public sector entities in Western countries (Ball and Pflugrath, 2012). However, the debate has now shifted towards the significance of the adoption of International Public Sector Accounting Standards (IPSASs) for achieving the above-mentioned aims (Christiaens et al., 2015; Manes Rossi et al., 2015). The IPSASs supposedly supplement the effective use of ACC.A and reinforce intended benefits for improved public sector governance and accountability (Ball and Pflugrath, 2012; Manes Rossi et al., 2016). Mirroring the scope of this special issue, this study centres on the diffusion of IPSASs in developed and developing countries.

Although not to the same extent as studies of Western countries, research covering the efforts of developing countries to streamline their public sector accounting systems has increased in recent years (Adhikari and Mellemvik, 2010; Hopper et al., 2017). Particularly, international organisations – the World Bank (WB) and the International Monetary Fund (IMF) – push ACC.A and IPSASs as being allegedly important to improve day-to-day accounting (Goddard et al., 2016; Harun et al., 2012). These reforms are promoted as being learnt from the 'best (accounting) practices' of Western countries. Their adoption in developing countries is reckoned to be paramount to ensure sound governance, accountability and sustained economic growth (ACCA, 2017). More recently, however, challenges associated with adopting ACC.A and IPSASs in developing countries have been acknowledged (Bakre et al., 2017; Goddard et al., 2016; Hopper et al., 2017; Lassou, 2017), and their suitability has been questioned (Hepworth, 2017). This has led international organisations and donors to promote the Cash Basis IPSAS as an intermediate step to improve the quality of accounting information and financial reporting in these countries (Adhikari et al., 2015). The Cash Basis IPSAS is predicated on the assumption that it would help developing countries obtain the required capacity and competence to undertake a transition towards ACC.A in the longer term.

Extant work demonstrates that while IPSASs adoption (we refer to this in this paper as the 'talk') has become largely an externally driven exercise in a range of countries, the (actual) implementation and outcomes (i.e. the 'walk') have been often disappointing (Anglo-Saxon countries being an exception). Critics state that IPSASs privilege the interests of international financial organisations (e.g. the WB and the IMF), policymakers and standard setters (e.g. the Organisation for Economic Cooperation and Development [OECD], the International Federation of Accountants [IFAC] and the European Commission), and professional accounting firms and associations (e.g. the Association of Chartered Certified Accountants [ACCA] or PricewaterhouseCoopers), marginalising the context-specific elements, as well as the actual accounting needs of countries (Adhikari and Gårseth-Nesbakk, 2016).

This research aims to provide an overview of the adoption status of IPSASs in the different contexts of developed and developing countries on central government level, particularly delineating key reform issues and attempts to overcome these. Mirroring these aims, the research question is as follows: *What is the current status of the adoption and implementation of the IPSASs at central government level in developing and developed countries?*

The material for this paper was derived through document analysis and a synthesis of prior research. Drawing on an analytical framework that combines neo-institutional theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) and diffusion theory (Rogers, 2003; Abrahamson, 1991), this material is re-analysed. The research is relevant, as substantial amounts of public money are invested internationally to streamline public sector accounting systems. A close(r) monitoring is needed to ensure that these efforts obtain sufficient value for money. In a nutshell, it is found that there are considerable differences regarding whether countries acknowledge having experienced large implementation challenges, and the extent to which the reform benefits have been achieved and shed light on the (institutional) underpinnings of these. With this, the paper also informs policymakers and standard setters by delineating the areas and issues complicating the widespread adoption and implementation of IPSASs across countries.

The remainder of the study is structured as follows. Section two highlights the key ideas of neo-institutional and diffusion theory and discusses their significance in the current work. The method is presented in section three, followed by two parts addressing IPSASs in developing and developed countries, respectively. These two sections comment on major tendencies in the countries dealing with IPSASs, including implementation strategies and drivers, as well as associated challenges and unintended consequences. The last section combines the associated discussion and provides a number of concluding remarks.

## Combining Neo-Institutionalism and Diffusion Theory in the Study of Public Sector Accounting Reforms

Neo-institutional theory has become a dominant lens through which to generate insights into public sector accounting reforms, focusing on the role of external institutional factors. Accounting researchers have analysed the types of pressures that dominate the adoption of IPSASs (Modell, 2009; Jacobs, 2012). However, the implementation of IPSASs across countries has not been straightforward, which has resulted in the modification of and resistance to standards in different contexts (Oulasvirta, 2014).

Diffusion theory explores challenges that externally propagated ideas (IPSASs) have encountered in the process of implementation. While neo-institutional theory facilitates understanding of IPSASs dissemination across countries, diffusion theory enables an analysis of the varied context-specific elements that have provided obstacles in their implementation. This attempt at applying multiple theories based on similar ontological and epistemological assumptions is considered a promising way to offer deeper reflections on public sector accounting practices and reforms (Modell, 2013; Modell et al., 2017; Jacobs, 2012 and 2013).

Neo-institutional theory holds the view that an organisation's success and survival largely depend on how it engages with its external environment in day-to-day operations (Meyer and Rowan, 1977). Based on an organisation's position and influence, available knowledge and availability of resources, external influences and pressures can take different forms, ranging from coercive to mimetic to normative (DiMaggio and Powell, 1983). While coercive pressure is linked to state intervention and excess dependency on external resources, mimetic pressure concerns with imitating other successful organisations, especially when environmental, regulatory and technical uncertainties are abounding. Normative pressures are, however, more subtle as they tend to originate from the profession and scholars (ibid.). While the dissemination of IPSASs in developing countries is often related to coercive pressure (Adhikari et al., 2013), their adoption by some developed countries is in some cases claimed to be an imitation fuelled by anxiety-driven pressures to conform to stresses brought about by modernity (Hyndman and Connolly, 2011; Adhikari and Gårseth-Nesbakk, 2016). Professional accounting firms have become important boundary spanners in disseminating IPSASs in developed and developing countries (Jackson and Lapsley, 2003). In the presence of multiple institutional pressures, countries might embrace IPSASs without being convinced of the expected benefits and without ascertaining whether they really fit into their operating context (Hepworth, 2017). Prior studies show that compliance with external requirements enhances legitimacy, but the externally inflicted ideas tend to remain dysfunctional or decoupled in practice (Adhikari et al., 2013).

Diffusion theory has been appreciated for the emphasis it has placed on elaborating on the notion of decoupling (Adhikari et al., 2015; Ezzamel et al., 2014). This theory traces six different stages in the reform process: 'prior conditions', 'knowledge on reform innovations', 'persuasion', 'decision', 'implementation' and 'confirmation' (Rogers, 2003). The first four phases largely overlap with neo-institutional theory, as they are connected to organisations' interactions with their external environments (Malmi, 1991).

Decisions on adopting reforms rather than their actual implementation are usually sufficient to ensure legitimacy and survival. This is exemplified by a range of failed accounting reforms in developing countries (Hopper et al., 2017). However, central to diffusion theory is the fact that the decisions on reforms do not automatically lead to their implementation in practice and their confirmation. Implementation is considered to be the most complex and problematic stage of the diffusion trajectory (Rogers, 2003). Prior work based on diffusion theory states that the implementation of reforms is determined by at least three different contextual factors: the complexity of reforms; the engagement of adopters, including communication flows, informal networking and boundary spanning; and the consistency of reforms with the adopters' values (Adhikari et al., 2015; Ezzamel et al., 2014; Jackson and Lapsley, 2003). At the implementation phase, reforms tend to be altered, modified and reinvented so as to comply with the requirements of the specific settings. Studies have delineated cases where reforms have failed to replace the prevailing practices, thereby just layering up and becoming rather ceremonial. For example, Adhikari et al. (2015) argue that ceremonial adoption is more striking when reforms are supplier-led (i.e. by international donors in the case of developing countries) and when local requirements and needs are marginalised. The supplier-led reforms are often influenced by 'pro-innovation biases', which implies that externally prescribed best practices are likely to bring benefits to the adopting organisations (Abrahamson, 1991; Jackson and Lapsley, 2003; Malmi, 1991). What is more, Baskerville and Grossi (2019) observe a 'glocalisation' of accounting standards, i.e. local adaptation of global standards. All such tactics, including alternation, modification and reinvention, enable organisations and countries to claim conformity, without abandoning the reforms or having to put them into practice.

Combining central ideas of neo-institutional theory and diffusion theory, the paper analyses the diffusion of IPSASs in both developed and developing countries – differentiating between formally decided and actually implemented reforms. Also, light will be shed on the (possible) reasons for if a decoupling between reform 'walk' (decision) and 'talk' (implementation) has been identified.

## Method

In order to obtain an overview of IPSAS adoption in developing and developed countries, a literature search was conducted, using the 'ABI/INFORM', 'EBSCO', 'Google Scholar' and 'Web of Science' databases as points of departure. Key words for the search included 'IPSAS AND developed countr*', as well as 'IPSAS AND developing countr*' and 'IPSAS AND emerging econom*'. As the topic is still relatively under-researched (at least for developing countries – Lassou, 2017), studies issued by professional accounting bodies were also considered, such as the IFAC and the ACCA, alongside publications by international organisations (the latter included the Asian Development Bank [ADB], the IMF, the OECD and the WB). In particular, a survey conducted and published jointly by the IFAC and the OECD was an important source for mapping the IPSASs adoption in developed countries (IFAC and OECD, 2017). This search strategy was complemented with a snowballing approach, i.e. going through the references of a source to identify additional sources. The findings were structured by grouping the extracted information into geographic regions and administrative cultures according to certain categories. The first interest was the implementation strategy pursued, as several principles for sequencing public financial reforms have been previously discussed (Bietenhader and Bergmann, 2010). Next, in order to trace the institutional factors propelling adoption, there was a concentration on the drivers of implementation. Last, in order to look deeply into decoupling between reform ‘walk’ and ‘talk’ (in cases identified), a focus was placed on two further aspects: implementation challenges and unintended consequences of implementation. An overview of the results of the analysis of the identified studies is presented in three tables in the Appendix (Table 1: IPSASs in Developing Countries; Table 2: IPSASs in Developed Countries; Table 3: ACC.A Reforms in OECD Countries).

## IPSASs in Developing Countries

### *IPSASs in South Asia*

The diffusion of IPSASs, particularly the Cash Basis, was triggered in the region after the WB issued a report in 2007 (Adhikari and Mellemvik, 2010; Wang and Miraj, 2018). The report, for each individual country, compared existing public sector accounting and auditing standards with international standards.

In Bangladesh, institutional pressures for the Cash Basis IPSAS have increased in recent years due to the involvement of professional accountants. However, technical ambiguities and a lack of training and education for public administrators manifest that its implementation has remained more a rhetoric than a reality (Rajib et al., 2017; Sellami and Gafsi, 2019).

A similar situation is evident in Nepal, in which the progress of implementing the Cash Basis IPSAS adopted in 2009 has been confined to the experimentation of the standard in a few central level ministries (Adhikari and Jayasinghe, 2017). In addition, stakeholder engagement is regarded as low (Adhikari et al., 2015).

In India, although the Government Accounting Standards Advisory Board has issued several accrual-based standards using IPSASs as a reference, these are yet be approved by central government (Wang and Miraj, 2018). In its report, the ACCA (2017) states that IPSASs adoption in India is likely to be delayed for ten to 12 years due to the requirements of the valuation of assets and liabilities when preparing the opening balance sheet (OBS).

Pakistan is still in the process of achieving compliance between IPSASs and the ‘New Accounting Mode’ that has been developed in collaboration with the WB and other donors (ACCA, 2017). The Pakistani financial statements have been found to be compliant with the requirements prescribed by the Cash Basis IPSAS (Miraj and Wang, 2018).

Sri Lanka was an exception in that the Cash Basis IPSAS had already been in force since 2002 (Yapa and Ukwatte, 2015; Wang and Miraj, 2018). However, the implementation of accrual basis IPSASs has remained uncertain here, due to a lack of political support, as well as internal conflicts between the Treasury and the Institute of Chartered Accountants with regard to the authority over the standards. Although the accrual basis IPSASs (SLPSASs) are available for voluntary compliance, there is no evidence suggesting that any public entities comply with these standards while preparing their financial statements (Adhikari et al., 2013; Wang and Miraj, 2018). Other countries, including Afghanistan, Bhutan and the Maldives, have expressed their desire to maintain compliance with the Cash Basis IPSAS since almost a decade ago (Adhikari and Mellemvik, 2010). However, this desire is yet to have been materialised in practice.

Summing up, in the case of South Asia, almost all countries, except India and Sri Lanka, have declared the adoption of Cash Basis, as part of satisfying the lending conditionality of the WB and donors (Adhikari and Mellemvik, 2010). With India as an exception, both the institutional pressures and the existence of pro-innovation biases towards the Cash Basis IPSAS are clearly evident in the region. However, technical ambiguities inherited into these standards, the intervention of professional accountants and a lack of education and training of public administrators have hampered the implementation process, making it merely a legitimacy seeking activity.

*IPSASs in Africa*

Institutional pressures for the adoption of IPSASs and their implementation have drawn more critics in Africa as compared with other developing contexts (Hopper et al., 2017). Wynne (2013) states that more than 30 governments in Africa have attempted to adopt the Cash Basis of IPSAS in the last decade to cope with external pressures, but the standard's requirements have proved to be impractical in their specific contexts. In particular, the two key requirements of the Cash Basis IPSAS – developing consolidated statements and disclosing support received in kind from donors – have led to a large number of African countries abandoning the adoption.

A few other countries have attempted to comply with the requirements of preparing the consolidated statements, but not in a way as prescribed by the standard. For instance, South Africa produces separate consolidated statements for its public entities and these are not reconciled with those developed by national ministries (Wynne, 2013). Van Wyk (2007) has demonstrated that IPSASs implementation in the provincial governments of South Africa has become dysfunctional due to a shortage of skilled staff. Similarly, Uganda produces consolidated statements incorporating central level ministries, but excluding its government business entities (ACCA, 2017).

Other countries, including Zimbabwe and Ghana, have declared the adoption of IPSASs with a transition period spanning over several years. This has led to suspicions as to whether their intentions are genuine or driven by a desire of representing facades (ACCA, 2017; Lassou, 2017). Goddard et al. (2016, p. 19) demonstrate the case of Tanzania in which all financial statements were stamped as 'fully IPSASs compliant', although this was far from the reality. This manipulation was meant to convince donors and international organisations that they could cope with their institutional pressures and to ensure the release of committed resources.

More recent studies demonstrate that the forceful adoption of IPSASs in many African countries, as part of complying with the WB's lending conditionality, has resulted in disastrous results, promoting the rise of corruption, patronage politics and neo-patrimonialism (Hopper et al., 2017). For instance, in their study of IPSASs in Nigeria, Bakre et al. (2017) have demonstrated how the adoption of these IPSASs enabled the politicians to conceal widespread patronage and corruption in the sale of government properties. A similar situation has been experienced in Benin where IPSASs and other public sector accounting reforms have provided a space for clientelism, corruption and patronage to flourish rather than leading to any improvements in governance and accountability (Lassou, 2017). It is concluded that 'decoupling appeared to be facilitated or prompted by the prevailing neo-patrimonial governance system wherein implementation decisions are taken in informal settings underpinned by a culture of secrecy' (ibid., p. 502).

In conclusion, the African cases manifest that the adoption of IPSASs in the continent has become more a symbolic means of seeking external legitimacy, and these reforms are loosely, if not completely, decoupled from day-to-day practices, not least due to their technical complexities (Andrews, 2010). A lack of engagement of the professional accounting institutions and an absence of boundary spanners have added further difficulties in implementing reforms in many African countries.

*IPSASs in the Asia-Pacific Region*

In the Asia-Pacific region, Indonesian public sector accounting reforms have apparently drawn much attention of accounting researchers (Harun et al., 2012, 2013 and 2019; McLeod and Harun, 2014). ACC.A has been widely disseminated in Indonesia both at central and local levels. This development follows regulatory changes and the formulation of a new set of standards for public sector accounting based on double-entry and the accrual principle at the beginning of the new century. The implementation of ACC.A has been underpinned by the Indonesian Government Accounting Standards, which comply with the accrual basis IPSAS (APEC, 2013). However, politicians and other stakeholders are neither convinced of the benefits of ACC.A nor capable of applying accrual information in decision-making. As a result, cash accounting and ACC.A run in parallel (McLeod and Harun, 2014). In a recent study, it was found that 'reforms have produced serious unintended outcomes: local élites (i.e. elected officials) are not acting in the public interests, the internal audit of local governments has been weakened and corruption continues' (Harun et al., 2019, p. 93).

ACC.A and Thai public sector accrual accounting standards (TPSASs), which are based on IPSASs, have encountered challenges in the implementation stage (Nakmahachalasint and Narktabtee, 2019). It is argued that the 'walk' has not been as intended in the country due to multiple factors, including the prevailing rule-based accounting culture of the country, a lack of qualified accountants and insufficient training on standards, and a failure to understand and apply accrual information at the political level. In Vietnam, a new accounting law came into effect in 2017, which is claimed to be a response of the central government to the WB and the ADB for their recurring criticisms over a lack of transparency in financial reporting (ACCA, 2017). Central to this new law is the enforcement of accrual-based standards across public entities, although such accounting standards are non-existent at the moment (ADB, 2016). A transition towards ACC.A with accrual-based IPSASs has been ongoing in the central government of Malaysia since 2014. It could be argued that Malaysia might be in a better position in terms of adopting IPSASs due to its relatively well-developed accounting profession and accounting education inherited from the colonial eras. However, its National Audit Office has highlighted several cases of non-compliance of the regulations by ministries and departments. This questions the extent to which the accrual-based Malaysian Public Sector Accounting Standards (MPSASs), which correspond to IPSASs, would cater for the requirements of a local context (NADM, 2016).

To sum up, although the ADB (2013, p. 2) claimed in a report that '33 countries in Asia and the Pacific and nine non-regional ADB member countries have adopted or are adopting accrual-based IPSAS, or converging their national standards to the IPSAS-based accounting framework', empirical evidence supporting this claim is weak. Limited communication flows at different levels and the underestimation of the complexities of IPSASs have appeared to be the key factors making the diffusion trajectory of IPSASs ineffective in Asia-Pacific regions.

*IPSASs in Latin America*

There is little interest in the Cash Basis IPSAS in Latin America, as most governments have moved away from pure cash to modified cash accounting in the last decade (IFAC, 2010). Institutional pressures for modernising cash accounting have been rather coercive given the substantial fiscal risks that countries in the region are exposed to (Manes Rossi et al., 2016). A large number of Latin American countries have therefore envisaged accrual IPSASs as a means of modernising their government accounting practice (Brusca and Martinez, 2016).

Pessoa and Pimenta (2016) have attempted to categorise Latin American countries into four groups in terms of undertaking a transition toward IPSASs. The first group consists of Argentina, Bolivia, Paraguay and Uruguay – countries that have not formally initiated any steps towards IPSASs despite the commitment. El Salvador, Guatemala, Nicaragua and Panama have been put into the second group, as these countries have developed a public sector accounting reform strategy in which the adoption of IPSASs has been claimed to be a final goal. In the third group, there are countries – including Colombia, the Dominican Republic, Ecuador and Honduras – which have officially declared the adoption of IPSASs on a gradual basis, after having revisited the existing accounting regulations and policies. For instance, Ecuador has developed a timeline to complete the adoption of IPSASs by 2019. IPSASs have officially been adopted in countries belonging to the last group, which includes, for example, Brazil, Costa Rica and Peru. However, the actual implementation of IPSASs in these countries has been rather disappointing. The modernisation of government accounting through the adoption of IPSASs has turned out to be more rhetorical than real in Peru. Here, a great deal of work, crucial for an effective implementation of IPSASs, has been left incomplete (Brusca et al., 2016). Errors were abounding in the reporting of assets, liabilities, depreciation, service concessions and pension liabilities, which have questioned the capacity of the Peruvian central government to adhere to the requirements of IPSASs (Ramirez, 2015). The pursuit of cash budgeting despite the adoption of ACC.A and IPSASs has made accrual information costly and at the same time useless in Brazil (ACCA, 2017).

In conclusion, although Pessoa and Pimenta (2016) state that Latin American countries have embarked on IPSASs trajectories, no country in the region has fully implemented IPSASs in practice as intended. A key challenge these countries have experienced concerns the technicalities inherited into IPSASs. A range of IPSASs (e.g. IPSAS 17: Property, Plant and Equipment, IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets, or IPSAS 31: Intangible Assets) have proved to be far too complex in the Latin American context (ACCA, 2017). Similar to other regions, insufficient engagement of the professional accounting institutions, the prevalence of pro-innovation biases, an absence of the boundary-spanning process and limited communication flows (Jackson and Lapsley, 2004) have all deviated the diffusion trajectory of IPSASs in Latin American countries.

**IPSASs in Developed Countries**

The description of IPSASs in developed countries concentrates on OECD countries (with accompanying details in Table 1 in the Appendix), due to the OECD's long-standing and persistent devotion to accounting reforms in its membership countries – encompassing geographically widely dispersed countries. One of the triggers of implementing IPSASs is a general trend in private sector accounting towards International Financial Reporting Standards (IFRSs; these are the basis on which IPSASs are developed), at least in some European countries. Together with the IFAC, the OECD recently conducted a survey amongst its then 34 member countries to learn more about ACC.A implementations and experiences (IFAC and OECD, 2017). The major findings are presented below and enriched by further studies identified in the literature review (the values do sometimes not sum up to 100% due to rounding differences).

Amongst the OECD countries, 73.5% prepare annual financial reports on an accrual basis, 17.6% on a cash basis and 8.8% are transitioning toward ACC.A. 29.4% report IPSASs as the primary reference point for standard setting. Still, amongst all OECD countries, only Switzerland reports that it has directly implemented IPSASs, and even here, the government's cabinet can authorise deviations from single IPSAS standards. 11.8% of countries consider IPSASs as a reference point going forward (IFAC and OECD, 2017). Within the European Union, there is a general view supporting the development of a separate set of European Public Sector Accounting Standards (EPSASs) rather than a compliance with IPSASs (Pontoppidan and Brusca, 2016); yet, IPSASs provided a starting point for such considerations. A professional report was commissioned that assessed the 'accounting maturity' of member states, taking IPSASs as a reference (PwC, 2014).

When it comes to reform benefits being achieved, eight 'no-reformers' have been excluded (listed as N/A in Table 1). 11.8% of the countries (South Korea, New Zealand and Spain) claim the ACC.A reform benefits have been fully achieved, 61.8% state they have partially been achieved, while 26.5% have not reported any specific benefits being achieved (typically because their reform endeavour has not come to an end or because they only recently completed the reform). Improved transparency, accountability and public awareness of public finances are the most commonly heralded benefits. Yet, a large proportion of the countries also report they are struggling with usefulness, i.e. making ACC.A information sufficiently relevant (and understandable) for users. Finally, the responses of countries vary a great deal when assessing the types and degrees of challenges they encountered during their ACC.A reform. 14.7% argue they did not encounter any major challenges (Austria, Canada, Japan and South Korea), while other countries list a range of major challenging issues, such as long implementation periods of up to 25 years (OECD and IFAC, 2017).

*IPSASs in Anglo-Saxon Countries*

The Anglo-Saxon countries, except Ireland (i.e. Australia, Canada, New Zealand, the United Kingdom and the United States), represent early reformers, as they initiated ACC.A reforms during the late 1980s to the mid-1990s. For instance, in the United States, the Federal Accounting Standards Advisory Board was established in 1990 (IFAC, 2006), while the move toward ACC.A started in 1996 (Global Government Forum, 2017). Most of the Anglo-Saxon countries have an independent standard-setting body (Australia, Canada, New Zealand and the United States). Only New Zealand refers mainly to IPSASs, while the rest adhere to the IFRSs or have no particular basis (OECD and IFAC, 2017). With respect to implementation strategy, ACC.A implementation emerged as part of a larger performance-driven reform in Australia and New Zealand, seeking also to strengthen the fiscal position and financial management system. In Ireland, there had been a degree of ACC.A 'rhetoric', which largely disappeared in 2002 (Hyndman and Connolly, 2011). Nowadays, the consideration of a larger accrual reform appears to have been driven by developments at EU level (particularly the EPSASs project), as well as recommendations from the IMF (OECD and IFAC, 2017).

Canada emphasised competence building and a stepwise reform approach, which resulted in a 'smooth reform implementation' (OECD and IFAC, 2017, p. 50). New Zealand benefitted from having experienced and qualified staff members and 'leveraging systems and practices from the private sector' (e.g. professional accountants and corporate IT systems)' (ibid., p. 94). Having IPSASs as a reference also simplified the process. In the United Kingdom, pilots and dry runs were used to reduce the reform risks, while disseminating best practice became important, alongside stakeholder commitment (ibid.). Here, the driver behind ACC.A adoption was the desire to 'modernise, enhance accountability and improve decision-making' (ibid., 2017, pp. 122–123). Australia worked with consultants during the implementation phase, for example, while conducting staff training.

Countries have experienced somewhat similar implementation challenges. These include developing and implementing new IT systems and establishing the OBS (e.g. Australia and the United Kingdom). Australia underscores the challenge of coordinating and monitoring the reform and providing guidance. Similarly, the United Kingdom stresses the capacity building and training issues. There is a stated need to improve the experienced usefulness of ACC.A information (e.g. the United Kingdom and Canada). In Canada, this is believed to relate to the modified cash-based appropriations. ACC.A information quality is a concern and could be related to limited perceived ACC.A usefulness. For example, in the United States, where the Government Accountability Office (GAO) audits the financial statements, '[s]everal long-standing material weaknesses and other scope limitations have prevented GAO from being able to express any opinion on the federal government's consolidated financial statements' (ibid., 2017, p. 126). Finally, research on New Zealand has found a shift of power from the legislative to the executive with the introduction of ACC.A reforms (here, Newberry and Pallot [2005, p. 263] ask if such initiatives represent 'a wolf in sheep's clothing') and the advancing of an 'agenda which is consistent with neo-liberal principles' (Ellwood and Newberry, 2011, p. 549).

*IPSASs in Nordic Countries*

The Nordic countries represent a 'second reform wave' of ACC.A adopters, following the Anglo-Saxon countries, particularly Sweden, Finland and Iceland, in the 1990s, as well as Denmark in 2003. Although Norway is an exception (maintaining cash accounting as the main model), an ACC.A pilot project was initiated in 2004. When designing an ACC.A implementation strategy, a stepwise approach (Bietenhader and Bergmann, 2010) was preferred (e.g. in Norway, Sweden and Denmark, and implicitly also in Iceland, given the country's gradual and long-lasting implementation period). The stepwise approach refers to the choice of starting with some organisations and then continuing with more at the same or other levels of the central government. Furthermore, such a strategy means different topics and areas were considered or developed gradually (OECD and IFAC, 2017). Norway's approach to central government accounting stands out from the rest of the Nordic countries. Norway experimented with ACC.A in a pilot project from 2004 to 2009, while deciding to assess the accrual experience on a cost-benefit approach. The project ended without mandatory changes, except the compulsory implementation of a new chart of accounts. The ACC.A-based standards that have been developed by the Ministry of Finance (MoF) are predominantly based on private sector accounting, with IPSASs standards serving as a supplementary framework in a few areas (including the numbering of the standards). After having been tested in pilot organisations they became voluntary standards. Higher educational institutions nevertheless have to report to their ministry on the basis of these standards.

As for drivers of adoption, Sweden embarked on a result-based management reform path for its central government agencies, which spurred full cost accounting information. They also wanted to make it easier to recruit professional accountants at the central government level (OECD and IFAC, 2017). As such, Sweden appears to have had a practical take on approaching ACC.A. Norway was more a mixed case, where the choice to experiment with ACC.A was driven by different internal and external forces, including the developments in other Scandinavian countries, alongside other OECD countries, modifications of the macro-economic steering and politicians desiring a more long-term financial perspective (Gårseth-Nesbakk, 2007). Finland considered the historical cost-oriented revenue/expense model – which was already established when IPSASs started to emerge – to be a better fit for the public sector than a fair value-oriented balance sheet preoccupation. Moreover, it did not face any strong institutional pressure to change toward IPSASs (Oulasvirta, 2014).

Regarding implementation challenges, Iceland, Finland (OECD and IFAC, 2017) and Norway (Gårseth-Nesbakk and Mellemvik, 2011) struggled with compiling an OBS. Finland also found it hard to get the financial statements prepared within the legal timeframe. Iceland struggled with consolidation and developing IT systems, guidance, manuals and training. Sweden's long implementation period supposedly makes it difficult to identify specific reform challenges. Decision usefulness and user interest are reportedly common struggles in the Nordic countries. Finland remains to fully achieve the benefits regarding public awareness, efficiency gains and asset management. In Denmark, analysing and linking full cost information to performance remains an issue and therefore also accountability (OECD and IFAC, 2017). In Norway (MoF Norway, 2016) and Sweden, the usefulness of the ACC.A information is questionable with regard to decision-making, not only amongst politicians, but also for other users (OECD and IFAC, 2017).

Unintended consequences of implementation include matters of complexity. In Norway, deviations from the voluntary ACC.A solutions were made to allow for other public sector-specific traits, whereby the accounting solutions were comparable with other jurisdictions in some accounting areas, but not in others. This dualism reflects autopoiesis-based ACC.A representations (Gårseth-Nesbakk, 2011), resulting in standards becoming more complex, and where users were not involved in the construction of the accounting standards (Gårseth-Nesbakk and Mellemvik, 2011).

*IPSASs in Non-Nordic European Countries*

ACC.A and IPSASs reform experiences in non-Nordic European countries are mixed. Some countries embarked early on their ACC.A reforms (e.g. Switzerland, Poland and Spain, and to some extent, also Estonia and France). Others began in the late 2000s or thereafter – constituting a 'third reform wave' together with the other OECD countries (e.g. Austria). Still, some countries have hesitated (Greece, Luxemburg and Slovenia), while others have decided against ACC.A reforms on the central government level (Germany and the Netherlands).

Switzerland is probably the most dedicated IPSASs adopter in the world (required by law to prepare its financial statements and notes in accordance with IPSAS requirements; see also Bergmann 2012). It is followed by Austria, which fully applies 20 and partially five out of 32 IPSASs that were available when the reform decision was made. Furthermore, in Estonia, the legislation requires national accounting standards to be based on IPSASs. Pontoppidan and Brusca (2016) state that along with Estonia, seven more countries – Austria, Latvia, Lithuania, Malta, Slovakia, Portugal and Spain – have incorporated IPSASs in their national regulations (see Jorge et al. [2019] on the trajectories of the latter two countries). Some countries (e.g. the Czech Republic) emphasise the need for standards to deviate from IPSASs, to allow for taking further public sector specificities into consideration (OECD and IFAC, 2017). Germany is claimed to be the most reluctant country in terms of appreciating IPSASs and their implementation (Pontoppidan and Brusca, 2016). In a recent report on the EPSASs project, the German Supreme Audit Institution took 'the view that the mandatory introduction of EPSAS[s] intended by the Commission is not an appropriate means to achieve the improvements sought' (German SAI, 2017, p. 22).

Implementation strategies reflected different reform approaches, legal traditions, and communicative and quality issues. Some countries have explicitly applied a cost-benefit approach when considering their approach toward ACC.A, either ex ante (e.g. Germany and the Netherlands, both of whom decided against ACC.A and IPSASs) or when considering the extent to which particular standards should be implemented (e.g. Austria and Poland). Countries deciding against ACC.A may still apply it in some of their central government entities (e.g. agencies in the Netherlands, or state-owned enterprises in Germany). Key reasons stated against ACC.A are the need to maintain control over public finances and maintain cash as the most relevant input to the budgetary process. In general, countries have found it useful to approach ACC.A in a stepwise manner (e.g. Belgium and Spain incorporated double-entry bookkeeping first, then modified and later full ACC.A principles). ACC.A implementation strategies are also influenced by the legal traditions in countries where accounting standards have to be enacted in legislation (examples include Poland, Portugal and Switzerland). Furthermore, in Slovenia the MoF is preparing a revision to the accounting law, which will demand reporting on both a cash basis and an ACC.A basis. The ACC.A adoption should be completed by 2022. Here, '[t]he authorities do not anticipate major challenges' (OECD and IFAC, 2017, p. 108). When forming an ACC.A implementation strategy, other countries focused particularly on communication with the public (e.g. Portugal); (planned) reliance on international frameworks for government statistics (e.g. Greece), such as the IMF's Government Finance Statistics Manual or the European Union's European System of National and Regional Accounts (OECD and IFAC, 2017); or settling for making ACC.A information complementary to cash-based reports (e.g. Italy). During operational, i.e. more progressed, phases, countries like France and Hungary have stressed the need to improve the quality of financial data and related matters, such as guidance, intern control and audit functions (ibid.).

Driving forces of ACC.A (non-)implementation include the views of stakeholders. A lack of political support may hamper reform efforts (e.g. in Germany), while the opposite was reportedly the case in Poland. Moreover, in the Slovak Republic, international standards have been pursued due to the needs of stakeholders, including the national parliament, foreign investors, the IMF, etc. Similarly, in Belgium, external consultants helped out, e.g. with the IT system, while in the Slovak Republic, the WB provided technical assistance during the implementation phase (OECD and IFAC, 2017). Changes in economic systems (Poland) or related reform areas (e.g. budgeting in Austria and the Slovak Republic) also served as implementation drivers.

As for implementation challenges, developing and implementing IT systems have been difficult (e.g. in the Czech Republic, France, Hungary, Portugal, Spain and Switzerland). Informational usefulness and public awareness are regarded as struggles in Austria, Belgium, Poland and Switzerland. Competence (locating or training) is a commonly stated inadequacy (Belgium, the Czech Republic, France, Hungary, the Slovak Republic, Spain and Switzerland), and for some, developing accounting manuals (France and Spain). While establishing the OBS (in particular, valuation of assets and liabilities) is demanding (Belgium, France, Poland and Spain), also, subsequent accounting data quality relating to harmonisation (Belgium) and consolidation issues (the Czech Republic) has been found to be an issue. Amending rules and regulations has been challenging in some countries (Hungary, Italy, Poland, the Slovak Republic and Spain), while others struggled with managing the reforms (the Czech Republic, Poland and Switzerland). Stakeholder coverage is reported as an issue by Belgium and Switzerland. Finally, countries continue to strive for establishing sufficient transparency and accountability (e.g. the Czech Republic and Poland [OECD and IFAC, 2017]).

*IPSASs in Other OECD Countries*

The residual OECD countries started their ACC.A reforms in the mid or late 2000s during the 'third ACC.A reform wave' (Israel, South Korea, Mexico and Turkey), except Chile (2011) and Japan (2000). In Chile, a staged implementation approach was followed (2011: ACC.A, 2016: IPSASs for central government, and IPSASs for municipalities at a later stage). Local standards allowed for deviations from IPSASs, due to complexity, resource intensity or national specificities. Israel, Turkey and South Korea also followed a stepwise approach. Israel found this gradual approach expedient since it was used to a pure cash accounting system, while South Korea benefitted from introducing a new IT system prior to the ACC.A reform (OECD and IFAC, 2017). External assistance (handling the development of manuals and training of officials) was a driving force in Chile when incorporating IPSASs into its national accounting framework (ibid.).

As for implementation challenges, ACC.A can be more complex and demanding to implement than foreseen. For example, Mexico endeavoured to implement ACC.A in only one and a half years, but it took seven years to publish the first consolidated financial statements. Mexico struggled overall with coordinating the federal, state and local levels, while preparing the reform. Finding and training competent staff and defining their roles and responsibilities also proved difficult. Moreover, the IT system took more time to develop than expected. Furthermore, ACC.A information is not applied much in direct decision-making, management or analysis (OECD and IFAC, 2017). Similarly, in Japan, interest in ACC.A information remains low (ibid.). Israel struggled when having to introduce a centralised IT system, training and mentoring programmes. Work continues regarding coverage and quality of the financial statements (ibid.). Evidence for Turkey on IPSASs adoption suggests that harmonisation on a formal level (‘decision’) is substantially more advanced than on the material level (‘actual implementation’ [Ada/Christiaens, 2018]).

**Discussion and Conclusion**

This research was embarked on with the question: *What is the current status of the adoption and implementation of the IPSASs at central government level in developing and developed countries?* The starting point of this study was that IPSASs supposedly supplement the effective use of ACC.A and reinforce intended benefits for improved public sector governance and accountability (Ball and Pflugrath, 2012). After a re-analysis of literature from the realms of academia, professional bodies and international organisations, it was found that, first, while there have been three main ACC.A reform waves amongst OECD countries (first, Anglo-Saxon countries; second, Nordic countries; third, a portion of non-Nordic European countries – see Tables 2 and 3), the situation is less clear for developing countries (Table 1). Here, while some countries embarked on IPSASs trajectories by starting with implementing the Cash Basis IPSAS (e.g. in Asia and in Africa), the general reform trend in Latin America was changing systems initially from cash to accruals and now to accrual-based IPSASs.

Hepworth stated that for developing countries ‘the implementation of the accrual-based IPSASs […] is not an appropriate reform unless preceded or accompanied by other, essentially managerial, reforms’ (2017, p. 141). Indeed, the IPSASs, with their emphasis on enhancing transparency and accountability, might run counter the objectives of those powerful groups that control violence (e.g. warlords). Recent development theory (the ‘Access Order theory of development’ formulated by New Institutional Economists [North et al. 2013]) argues that violence in developing countries is controlled by limiting public access to political and economic organizations (‘Limited Access Order’).

Redistributing rents (e.g. from state monopolies) to those groups in power provides an incentive for their peaceful cooperation within the existing order (Bunse and Fritz 2012). Introducing the IPSASs might be at odds with such an equilibrium, as rent-skimming behaviour could be easier revealed with a more of transparency; with this, implementation incentives are low. Given this situation, it is argued that development policy should centre on how the state can strengthen its control over violence and, subsequently, on how to create a (legal) framework for that eventually leads to an 'Open Access Order' (ibid.). Therefore, the institutional context in developing countries might be largely unsuitable for introducing IPSASs. IPSASs (pushed by international donors) might be hitting the targets of donors, but remain superficial, or might even be detrimental to development. A decoupling between reform 'talk' and 'walk' would be the consequence. For example, Lassou concluded in a recent study that formal government accrual accounting reforms, including the implementation of IPSASs, have been used in Benin and Ghana as a façade to hide 'patronage and clientelism abound within an informal setting, which make adopted accounting rules and procedures redundant; hence the observed limited role of accounting in improved accountability, governance, and ultimately development (e.g. poverty reduction)' (2017, p. 502).

The majority of the developed countries that have implemented IPSASs belong to the third reform wave (middle 2000s and onwards), compared with only one (Ireland) of six Anglo-Saxon countries (first wave) and none of the five Nordic countries (second wave). This reluctance of early reformers (first and second wave) to discard institutionalised ACC.A solutions can be interpreted as them already having grown accustomed to ACC.A and their established solutions when the IPSASs emerged. A commonly observed pattern was that phased reform approaches were followed (Bietenhader and Bergmann, 2010) – maybe with the exception of Austria that moved from a cash-based accounting system directly to accrual-based IPSASs. Yet, countries have very different implementation strategies for their ACC.A and IPSASs reforms in terms of speed, which suggests they plan differently and vary (considerably) regarding their level of optimism as they embark on the reform(s). There is a great variation in countries' transition periods to ACC.A, varying from one and a half to 25 years. Slovenia, for example, appears to be very optimistic, as it has planned to implement ACC.A during a short-term period, while not expecting any large challenges along the way. This could be explained with the circumstance that Slovenia is a relatively small country, and has a relatively small public sector.

The applied analytical framework that combined neo-institutional theory (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) with diffusion theory (Rogers, 2003) – and in particular its focus on differentiating between the 'decision' and the 'implementation' stages – helped us to identify and understand issues with (actual) implementation and unintended consequences of reforms. There are three aspects to this.

First, in a number of countries – both developing and developed – a decoupling between 'walk' and 'talk' can be observed (e.g. Tanzania: Goddard et al., 2016; Ireland: Connolly and Hyndman, 2011). This can be interpreted in that for parts of developing countries, IPSASs adoption seems to be rather an exercise of seeking legitimacy from donor organisations (Andrews, 2010; Adhikari and Gårseth-Nesbakk, 2016).

Second, diffusion theory directs attention towards taking a closer look at 'formal' and 'actual' implementation of IPSASs. While some previous studies treat IPSASs adoption as a dichotomous variable (adopters vs. non-adopters; Sellami and Gafsi, 2019), this paper showed that countries can also make some adaptations to the IPSASs during the process of adoption (see, for example, the research of Ada and Christiaens [2019] on 'formal' decision vs. 'material' implementation, or on Baskerville and Grossi's [2019] study on the 'glocalisation' of IPSASs). Using such an approach helped to better understand these issues. In most of developing countries, ACC.A and IPSASs reforms appeared to be bundled, and their implementation has remained more a rhetoric due to a number of factors, including, amongst others, a failure of the accounting profession to act as boundary spanners, limited inter-organisational communication flows and networks, and pro-innovation biases (see, for example, Jackson and Lapsley, 2003; Ezzamel et al., 2014).

Third, taking a closer look at implementation revealed quality issues of data in some developed countries, and, connected to this, usefulness of information. For instance, that there was a particular need to improve the quality, timeliness and completeness of the accounting data has been attested for Hungary and France (OECD and IFAC, 2017). Several ACC.A reforming countries struggle with attracting sufficient stakeholder interest and ensuring information usefulness. Moreover, the hesitation amongst politicians to give up their budgetary control and their attempt at maintaining dominance in public sector decision-making has in many developed countries resulted in extending uncertainty in the diffusion trajectory of ACC.A at the implementation phase. Addressing power issues and resource-control problems might therefore explain part of the struggle with attracting a greater user interest in ACC.A information, particularly in developed countries.

Summing up, there are remarkable differences regarding whether countries acknowledge having experienced large implementation challenges and the extent to which the reform benefits have been achieved. These differences have an institutional theoretical underpinning: either it is very important for some countries to appear as 'successful' and 'robust' with regard to their ACC.A and IPSASs implementation, or it is institutionally important to do it, so they are overly optimistic about the transition period. Hence, being able to claim they are doing it is arguably more important than doing it well. This leads to questions about the measures to be taken to address and overcome these challenges. A learning point for practitioners in individual countries and standard setters is that it normally takes a lot of time to persuade critics of the merits of a new accounting model or a set of accounting standards and to subsequently ensure the accounting standards and solutions are actually being implemented. Countries that have experienced better results from introducing ACC.A seem to have done it as part of a larger reform package or on the basis of an internally experienced need for change. Countries with the greatest difficulties and worst results appear to be those that have been subject to coercive (external) pressures, most commonly, the developing countries (Hopper et al., 2017). The developing countries actually exhibit diametrical effects, where theorised benefits are missing and replaced by unintended consequences such as increased corruption. A combined application of neo-institutional theory and diffusion theory has in this way enabled an outlining of many of the issues relating to ACC.A and IPSASs implementation across countries, which have remained marginalised in extant public sector accounting work.

As with any research, this study has a number of limitations that, at the same time, provide avenues for future investigation. First, the analysis centred on a synthesis of extant literature on the central government level, but regional and local governments, as well as social funds, also underwent ACC.A reforms and implemented IPSASs. Further studies could look at those tiers of government and focus in depth on contrasting reform 'talk' with the actual implementation and reform outcomes ('walk') – acknowledging that this is not a straightforward task, especially in the public sector (Bouckaert and Halligan, 2008). Here, it is proposed as a research strategy to first identify the most common and pressing implementation problems that countries are facing through interviews, and then to follow up with a survey that goes beyond treating IPSAS implementation as a binary variable (e.g. Sellami and Gafsi, 2019). Based on the obtained data, countries could be grouped into clusters, or aspects of IPSASs implementation could be explained by countries' economic, administrative and legal factors.[1] Second, this research focused on the diffusion of IPSASs and not on the implementation of the conceptual framework (CF) that was issued in 2013 by the IPSASB. Here, the scarce recent research on this topic has found that 'many structural differences still occur within and among countries, showing that much work is still necessary to obtain harmonisation as implied in the IPSASB's CF' (Manes Rossi et al., 2014, p. 456). We would encourage research on the CF, especially as some contradictions with private sector accounting frameworks have been identified (Bisogno et al., forthc.). Lastly, the application of cost-benefit calculations is common amongst a number of the countries that have either been more reluctant to move toward ACC.A (e.g. German SAI, 2017), or that have taken several deviations in their IPSASs standards and practices. It is therefore for further research to analyse more thoroughly the cost-benefit approaches that are being used for justifying the (non)implementation of IPSASs or other public sector accounting reforms – and in particular the assumptions that are being made regarding costs and benefits that have been underestimated and overestimated.

[1] We thank one of the reviewers for suggesting this.

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## Appendices

### Table 1: Implementation of IPSASs in Developing Countries

| | *Examples – Countries of Investigation* | *Implementation Strategy* | *Drivers on Implementation* | *Implementation Challenges* | *Unintended Consequences of Implementation* |
|---|---|---|---|---|---|
| South Asia | Sri Lanka; Bangladesh; India | Often, Cash Basis IPSAS are adopted | International pressures (donors) | Technical ambiguities; lack of training and education; valuation | IPSASs implementation at times rather a legitimacy seeking exercise |
| Africa | South Africa; Uganda; Zimbabwe; Ghana; Benin | More than 30 governments have adopted Cash Basis IPSAS | Donor prescriptions within good governance principles | Challenges to fulfill key reporting requirements of the Cash Basis IPSAS: consolidated statements; disclosing support received in kind from donors; long transition periods; shortage of skilled staff | Rise of corruption, patronage politics and neo-patrimonialism; fabrication of standards |
| Asia Pacific | Indonesia; Thailand; Vietnam; Malaysia | 33 countries have implemented accrual-based IPSASs; Thai/Malay Public Sector Accounting Standards (T/MPSASs) based on IPSASs | WB; ADB | Lacking will and skill of politicians and other stakeholders regarding applying accrual information in decision-making; lack of qualified accountants; insufficient trainings | In Indonesia: dysfunctional impact of contractors to implement reforms; decentralization has led to increased local corruption and paralyzed the independency of internal auditors |
| Latin America | Honduras; El Salvador; Guatemala, Nicaragua; Panama; Colombia; Dominican Republic; Ecuador; Peru; Brazil | Little interest on the Cash Basis IPSAS, as modified cash accounting has been frequently implemented; some countries are still in the process of gradual implementation, others have finished implementation | Rather coercive institutional modernization pressures given the fiscal risks that countries in the region were exposed to | Concerns with the technicalities inherited to IPSASs; complexity of certain standards; errors in reporting; merely formal adoption in some countries | Still too early to assess the implications of IPSASs implementation |

Source: Compiled by the authors, based on review of the literature

**Table 2: Implementation of IPSASs in Developed Countries**

| | *Examples – Countries of Investigation* | *Implementation Strategy* | *Drivers on Implementation* | *Implementation Challenges* | *Unintended Consequences of Implementation* |
|---|---|---|---|---|---|
| Anglo-Saxon | Australia; Canada; Ireland; New Zealand; United Kingdom; United States | Early reformers, larger reform package, often private sector oriented ACC.A | Internal forces mostly (except Ireland) | Information technology (IT) systems, OBS, ACC.A information usefulness | ACC.A information quality issues, audit opinions lacking or in jeopardy (United States especially) |
| Nordic | Denmark; Finland; Iceland; Norway; Sweden | Nordic countries followed Anglo-Saxon countries in implementing ACC.A. A stepwise approach was common | Limited (external) institutional pressure. Internal sources and practices more important | OBS, decision usefulness and user interest | Complex solutions due to special accounting techniques (e.g. Norway) |
| Non-Nordic European | Austria; Belgium; Czech Republic; Estonia; France; Germany; Greece; Hungary; Italy; Luxembourg; Netherlands; Poland; Portugal; Slovak Republic; Slovenia; Spain; Switzerland | Cost-benefit approach, stepwise manner, implementation aligned with legal traditions, continued quality enhancing measures | Different stakeholders' views – encompassing politicians, international standard setters and transnational institutions, such as IMF, consultants; combined traces of isomorphic pressures | IT systems, Informational usefulness and public awareness, competence, OBS, data quality, amending rules and regulation, managing the reform and stakeholder coverage | Argued economic consequences concerning debt levels (e.g. Greece) |
| Other OECD | Chile; Mexico; Israel; Japan; (South) Korea; Turkey | Cost-benefit approach (e.g. Chile), stepwise approach | External assistance with the practical implementation (e.g. Chile) | Complexity, training and competence, IT systems, informational usefulness and public awareness | |

Source: Compiled by the authors, based on review of the literature

**Table 3: Overview of Accrual Accounting Reforms in OECD Countries**

| *Country* | *Accounting basis* | *Primary standard setting reference* | *Accrual reform status* | *Transition period to accrual accounting* | *Benefits achieved (improved …)* |
|---|---|---|---|---|---|
| Australia | Accruals | IFRSs | Completed | Progressed through the 1990s (10 years) | Transparency, accountability, usefulness of data for fiscal analysis, asset management |
| Austria | Accruals | IPSASs | Completed | 2009-2014 (5 years) | Budgetary process applied (forecasting and evaluations) |
| Belgium | Accruals | Eurostat's European System of Accounts | Ongoing | 2009-2020? (11 years) | Financial information, standardization, consistency and integration; |
| Canada | Accruals | Not defined | Completed | Mid 1990s-2003 (8 years) | Transparency, accountability, public awareness, financial business processes |
| Chile | Accruals | IPSASs | Ongoing | 2011-? | Not assessed |
| Czech Republic | Accruals | IPSASs | Ongoing | 2007-2016? (9 years) | Fiscal statistics |
| Denmark | Accruals | Private sector (IPSAS recently) | Completed | 2003-2008 (5 years); improvements ongoing | Full costs of operation information |
| Estonia | Accruals | IPSASs | Completed | 2003-2005 (2 years) | Not stated |
| Finland | Accruals | Private sector | Completed | During 1990s (8-10 years?) | Transparency, accountability |
| France | Accruals | Not defined | Completed | 2001/2002-2006 (4 years) | Transparency, accountability, public awareness, asset and liabilities management, information to stakeholders |
| Germany | Cash | Not defined | No plans (not an option) | N/A | N/A |
| Greece | Cash transitioning to accruals | Not defined | Planned | 2016?-? | N/A |
| Hungary | Accruals | Not defined | Completed | 2013-2015 (1.5 year) | Not yet |
| Iceland | Accruals | Private sector (IPSAS recently) | Ongoing | 1998-? | Not assessed (beyond improved forecasts and ratio analysis) |
| Ireland | Cash | Not defined | Being considered | N/A | N/A |
| Israel | Accruals | IPSASs | Completed | Mid 2000s-2013/2014 (10 years) | Public awareness, user orientation/relevance, transparency, reliability, comprehensive information |
| Italy | Cash | Not defined | Ongoing | 2009-? | Not assessed |
| Japan | Accruals | Private sector | Completed | 2000-2005 (5 years) | Evaluation of the full cost of public policies |
| (South) Korea | Accruals | IPSASs | Completed | 2009-2011 (2 years) | Better information and understanding of public |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | finances, performance based fiscal management, full costs per project, transparency and financial management |
| Luxemburg | Cash | Hitherto no clear reference, planning EPSASs orientation | Planned | N/A | N/A |
| Mexico | Accruals | Not defined | Completed | 2008-2015 (7 years) | Transparency, accountability, public awareness |
| Netherlands | Cash | Not defined | No plans (not an option) | N/A | N/A |
| New Zealand | Accruals | IPSASs | Completed | 1988-1994 (6 years) | Transparency and performance based accountability evaluation |
| Norway | Cash | Main accounts: Not defined Accruals in some agencies: private sector | No plans (not an option) | N/A | N/A |
| Poland | Accruals | Not defined | Completed | 1990s | Not yet achieved |
| Portugal | Cash trans. to accruals | Transition-ing toward IPSASs | Ongoing | 2015/2016-? | N/A |
| Slovak Republic | Accruals | IPSASs | Completed | 1998-2006 (8 years) | Not stated |
| Slovenia | Cash (transition to accruals) | IMF's Government Finance Statistics Manual, (partially IFRSs) | Planned (adopted by 2022?) | N/A | N/A |
| Spain | Accruals | IPSASs | Completed | 1980s-2010 (25 years) | Financial information, standardization of business processes, accountability and transparency, (ratio) analysis |
| Sweden | Accruals | Not defined | Completed | 1990s-2010? (15 years) | Not yet (properly) achieved |
| Switzerland | Accruals | IPSASs | Completed | 2000s-? (the end not specified) | Transparency and accountability |
| Turkey | Accruals | IPSASs (vaguely) | Ongoing | 2005-? | Transparency and accountability |
| United Kingdom | Accruals | IFRSs | Completed | 1993-2002 (10 years) | Making additional financial information available, close alignment of estimates, budgets and accounts |
| United States of America | Accruals | Not defined | Not stated | 1996-? (an end is not specified) | Not stated |

Source: Compiled by the authors, based on review of the literature (foremost OECD and IFAC 2017)