

**FACTORS AFFECTING THE IMPLEMENTATION OF THE ACCRUAL-BASED
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) AS
PLANNED IN ZAMBIA**

By

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requirements for the award of a Degree in Master of Business Administration –
Management Strategy**

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DECLARATION

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APPROVAL

The Dissertation by Saliya Kaira is approved a fulfilment the requirements for the award of the degree of Master of Business Administration – Management Strategy

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ABSTRACT

The purpose of this Dissertation was to determine factors affecting the implementation of the accrual-based International Public Sector Accounting Standards (IPSAS) as planned in Zambia. In 2013, the Zambian Government announced its intentions to transition to Accrual based IPSAS from the traditional cash-based method of accounting. However, by the end of 2021, Zambia was yet to migrate to accrual based IPSAS. The study adopted a quantitative research design. The results of the study showed 88.1 percent of the participants were aware of the Government's intention to adopt accrual based IPSAS. In terms of perceived benefits, the findings agreed that overall, the accrual based IPSAS had more benefits compared to the traditional cash-based method. However, the participants disagreed that the Zambian Government could not adequately finance the costs related to the implementation of accrual based IPSAS. Additionally, they also disagreed with the statement that the public sector lacked adequate human resources to implement the accrual based IPSAS in Zambia. Further, they were of the view that the current policy and regulatory frameworks were adequate to support the adoption of accrual based IPSAS. Furthermore, the technology that is currently in use in public institutions was noted to be compatible with accrual based IPSAS. The findings showed that challenges in the adoption process included the inadequate knowledge among public institutions' staff on the use and application of accrual based IPSAS in Zambia. Equally, there was inadequate training among public institutions' staff in the application and use of accrual based IPSAS. With regards to whether Government had devoted many resources to the process of adopting the accrual based IPSAS, the participants were of view that it had not. The Dissertation recommends that the government, through the Ministry of Finance as an implementing policy agency, should ensure there is sufficient awareness of the road map for the adoption process with clear milestones defined. Additionally, the government should engage more stakeholders in the road map implementation process and consider implementing the accrual based IPSAS in a phased manner. Furthermore, there is need to assess the status of the current infrastructure compatibility for accrual based IPSAS. This will help to address the impediments currently being faced in the migration process.

Key words: IPSAS, Zambian Government, Accrual based, factors affecting implementation, adoption process

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DEDICATION

This research is dedicated to my son Seth Tikwiza Makasa and my dear late mother Mrs Jean Chindalo Kaira.

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CHAPTER 1

1. INTRODUCTION

The purpose of this Dissertation is to determine factors affecting the implementation of the Accrual-Based International Public Sector Accounting Standards (IPSAS) as planned in Zambia. IPSAS are high quality global financial reporting standards that have been developed for use in Government institutions and other non-commercial public and international organizations. The financial standards are issued by the International Public Sector Accounting Standards Board (IPSASB). The main aim of the standards is to enhance quality of financial reporting in public institutions worldwide.

1.1 Background

IPSAS is being adopted by countries worldwide, regardless of their political and economic systems. The main benefit of IPSAS is increased transparency which provides a better understanding of financial performance. IPSAS also brings greater accountability to make informed decisions about resource utilization, and improved financial information to support governance, management of assets, and decision-making. Furthermore, IPSAS brings harmonization in financial reporting, as well as improves comparability of financial statements regionally and internationally. The IPSAS were born from the introduction of the IPSASB by the International Federation of Accountants (IFAC), in 1986, which functioned as the Public Sector Committee. The role of the Committee was to develop financial reporting standards that were meant for applications under the public sector (Alshujairi, 2014). This was part of global reforms on the need for the transparency as well as financial accountability in Government institutions. Additionally, these reforms also sought to promote the comparability of financial reporting between Governments in different countries (Matekele, 2018).

Public sector accounting is generally classified into four types namely; cash, modified cash, full accruals and modified accruals basis (International Federation of Accountants, 2021). The cash basis of accounting recognizes cash flows in the moment they take effect. Meanwhile, modified cash basis gives an additional period of time after the end of year in order to allow for the settling

of liabilities in the year just ended. Full accrual basis of accounting is more complex as it allows for the recognition of expenditures and revenues as they fall. This makes it different from the cash accounting approach as it records the statement of affairs accounts and also records depreciation on assets with finite lives. This approach is not undertaken in the cash accounting approach. Meanwhile, the modified accruals basis of accounting takes a similar approach to the full accruals basis, but it ignores the capitalization of fixed assets (National Assembly, 2017).

Kalusa (2021) states that cash basis constitutes one of the 42 IPSAS and is among the three Recommended Practice Guidelines developed for Government institutions' use and other non-commercial entities worldwide. It was launched in 2003 and later revised to include budget information and external assistance in 2006 and 2007, respectively. The standards were meant to encourage and promote accountability, reliability and quality in the reporting of financial information. Additionally, it served to improve the economic performance as well as financial management and sought to unify the international reporting requirements (Ibid, 2021). The Zambian Government adopted and implemented the IPSAS cash basis accounting in 2009 (Zambia Institute of Chartered Accountants, 2014). The Ministry of Finance has been mandated to issue financial reporting guidelines and standards to all Government Ministries, Provinces and Spending Agencies in order to promote and record all financial transactions across the Government in a uniform manner. This is done through following the Public Finance Act, 2018 and the Financial Regulations, 2006 as well as a number of circulars issued by the Ministry of Finance (National Assembly, 2017).

Over time, there has been a growing concern for Governments globally, to migrate from pure cash accounting toward accrual accounting, including Zambia. This effectively entails that all Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under accruals IPSAS framework. Accrual based IPSAS enhance the quality and transparency of public sector financial reporting and strengthen stakeholder confidence in public financial management (Matekele, 2018).

The cash-based accounting which the Government of Zambia has been using has various limitations and shortfalls that affect financial transactions including poor budget implementation,

misapplication and misappropriation of funds among others. This has been because while using cash basis of accounting, there is no attempt to match expenses to revenues (Matekele, 2018). This means that the income statement and balance sheet do not provide a fair picture of the country’s financial status. Zambia has therefore taken initiatives to reform its Public Sector Financial Management in order to reduce the public financial management risks. While accrual accounting has been the norm among private corporations for over a century, the vast majority of Governments continue to prepare their budgets and accounts on a cash basis today. According to the International Public Sector Financial Index (2021), 30 percent of Governments in 165 countries had reported accrual in the financial statements published, reflecting a growth of 6 percent from 2018. Meanwhile, 40 percent reported some partial accrual elements in the financial statements, while 30 percent were on cash basis (International Federation of Accountants, 2021). A summary of the differences between the cash based and accrual based IPSAS is shown in Table 1.

Table 1: Summary of differences between Cash based IPSAS and Accrual based IPSAS.

No.	Cash Based IPSAS	Accrual Based IPSAS
1.	Transactions are recorded on a cash basis upon receipt of cash or a payment is made.	Transactions are recorded on a full accrual basis upon receipt of goods or services.
2.	The expenditures reported denotes the disbursements as well as the unliquidated obligations	Expenses are recognized based on goods and services received.
3.	The inventory is expensed upon their purchase.	The value of inventories at the end of the financial period is recorded as an asset in the statement of financial position
4.	Recognition of income on a cash basis	Revenue is recorded when a binding agreement is signed with no ‘subject to’ clause.
5.	Property, plant, and equipment is expensed when purchased	Property, plant, and equipment is capitalized and depreciated over its useful life
6.	Items that are Intangible items are expensed when incurred	Intangible assets are capitalized and depreciated(armotized) over the usefull life period of the asset
7.	Lease payments are recognized as an expense upon payment	Leases are classified into operating and financial lease. A liability and an asset is
8.	After service health insurance and annual leave liability are reported in the financial statements as notes only.	Full recognition of liabilities and expenses relating to employee benefits in the financial statements.

No.	Cash Based IPSAS	Accrual Based IPSAS
9.	Annual financial audits	Annual financial audits are required

Source: Halid, S.J. (2017)

Among the countries that had completely transitioned to accrual basis, two were in Africa namely Tanzania and Nigeria. Whereas the Zambian Government adopted and implemented the IPSAS cash basis accounting in 2009, it had expressed desire, in 2013, to move in line with developments in the financial sector to transition to an accrual based IPSAS by 2020 (Zambia Institute of Chartered Accountants, 2014). However, six years later on 8th October, 2019, the Secretary to the Treasury issued a Circular No. 10 of 2019, Treasury and Financial Management policy guidelines. The purpose of these policy guidelines was to provide direction on the preparation of Financial Statements in Local Authorities using cash basis IPSAS before the migration to accrual basis accounting IPSAS. Additionally, this saw an indication that the earlier target of 2020 deadline would not be attainable, as it clearly stated that the guidelines would be in use until transiting to Accrual basis in 2022. Meanwhile, the Zambia Institute of Chartered Accountants reported that the adopted of Accrual basis IPSAS in the public sector will be implemented in 2024 (International Federation of Accountants, 2022). Thus, this research was aimed determining factors affecting the implementation of IPSAS in Zambia.

1.2 Statement of the Problem

In 2013, the Zambian Government announced its intentions to transition to Accrual based IPSAS from the traditional cash based IPSAS. Zambia implemented the cash based IPSAS in 2009 as part of its public financial sector reforms aimed to enhance accountability and transparency. Whereas cash based IPSAS possess its own merits, accrual based IPSAS was developed to strengthen public sector reporting worldwide. According to Matekele (2018), accrual based IPSAS is better suited to planning, financial management and decision making as compared to cash based. Unlike the accrual based IPSAS, the cash accounting approach does not try to match an expense with the revenue it generates. This does not give a good picture as to the actual true position of the statement of financial performance and statement of financial position. Consequently, this results in inadequate budget implementation in public institutions. For instance, the Auditor-General of

Zambia has consistently reported failure to collect and account for revenue in its annual publications (Auditor General's office, 2017). Basic financial management controls seem to be lacking including expenditure that exceeded the budget and spending incurred in the contravention of existing procurement procedures. Despite the reported advantages of the accrual based IPSAS, only two African Countries had fully implemented the system as of 2021 (International Federation of Accountants, 2021). Zambia had pronounced the intention to migrate to accrual based IPSAS by 2020. However, the target was shifted to 2022 and later moved to 2024. It is against this background that this study attempted to study the factors affecting the implementation of accrual based IPSAS as planned in Zambia.

1.3 Aim of the study

The aim of the study is to assess the factors affecting the implementation of accrual based IPSAS as planned in Zambia.

1.4 Specific Objectives:

The specific objectives were:

- 1 To determine the stakeholders' knowledge of accrual based IPSAS.
- 2 To determine the stakeholders' participation levels in the adoption of accrual based IPSAS in Zambia.
- 3 To establish stakeholder's perceptions of the accrual based IPSAS implantation in Zambia.

1.5 Research Questions

- 1 How do you rate the knowledge levels of accrual based IPSAS in Zambia?
- 2 Do you think that there is adequate stakeholders' participation in the implementation of accrual based IPSAS in Zambia?
- 3 What is your perception of the accrual based IPSAS implementation by the Government?

1.6 Significance of the study

The findings of the study will contribute to the knowledge on financial sector reforms in Zambia. It is hoped that it would highlight factors impeding the adoption of accrual IPSAS in Zambia and

provide lessons for the region as well. The study will also enhance knowledge on the role of stakeholders in the process of implementing accrual based IPSAS in the public sector.

1.7 Scope of the Study

The scope of the study was limited to factors affecting the implementation of IPSAS as Planned in Zambia. The study was conducted in Lusaka district and used registered accountants under the Zambia Institute of Chartered Accountants.

1.8 Dissertation structure

The paper is arranged as follows: Chapter one gives an overview and main objectives of the study. Meanwhile, chapter two provides a discussion of literature review based on the topic of study. Chapter three highlights the conceptual and theoretical framework while, chapter four provides an overview of the methodology that was employed to address the research objectives. Further chapter five presents the research findings, while chapter six discusses the research findings. Finally, the conclusion and recommendations are reflected in chapter seven.

CHAPTER 2

LITERATURE REVIEW

2 Introduction

This chapter will discuss the adoption of accrual based IPSAS from three parts as follows: global; regional; and the local perspectives. The chapter will conclude with a summary.

2.1 Global Status and implementation of IPSAS

Accounting reforms were focused on the private sector businesses and companies in the developed economies. However, towards the end of the late eighties and early nineties, some developed countries such as the United Kingdom and Sweden shifted their focus to also reform public sector accounting. This was to be done via different public sector financial management reforms (Eriazeri , 2020). Subsequently, more and more advanced economies migrated to the use of IPSAS or some other accrual locally modified accounting that was in line with IPSAS. This saw the evolution of public financial reporting to adopt accrual based financial reporting. The IPSAS refer to the set of accounting standards developed and administered by the IPSASB. The IPSASB is specialized in addressing the accounting and financial reporting requirements for the public sector such as Governments and Non- Commercial entities. The public sector refers to the section of a country's economy providing basic goods and services to citizens under the framework of a governmental organization (Okungu, 2015). The origins and development of the IPSAS is imbedded in the accounting profession in order to promote financial reporting and enhance confidence in public sector financial management through transparency and accountability. With support from the International Federation of Accountants (IFAC), the IPSASB is an independent standard setting Board whose responsibility is to issue SAS, guidance as well as other resources for utilization by the public sector, globally.

There are four main types of IPSASs developed and issued by IPSASB. However, these can be summed up into two main types as the other two come into being after modifications. The two types are accrual basis of accounting and cash basis of accounting. Cash basis of accounting measures the financial results for a period as the difference between cash receipts and cash

payments. This is because this method only records transactions when cash is settled. Thus, this method is commonly associated with the production of cash flows statements and cash balances which are derived from the cash book. Meanwhile, accrual basis of accounting approach recognizes transactions and other events as they happen, and not when a cash payment is made or received. This implies that the record of the transactions are entered in the accounting records and recognized in the financial statements of the periods to which they relate as based on the matching concept. According to Kalusa (2021), cash basis constitutes one of the 42 IPSASs and is among the three Recommended Practice Guidelines developed for Government institutions' use and other non-commercial entities worldwide. It was launched in 2003 and later revised to include budget information and external assistance in 2006 and 2007, respectively. The standards were meant to encourage and promote accountability, reliability and quality in the reporting of financial information. Additionally, it served to improve the economic performance as well as financial management and sought to unify the international reporting requirements (Ibid, 2021)

2.2 Status and factors affecting implementation of IPSAS in developing countries

In 2016, the accrual based IPSAS was adopted in Nigeria's Federal Government. However, each of Nigeria's independent states was at liberty to set their own implementation date. The Financial Reporting Council of Nigeria Act of 2011 empowers the Nigeria's Financial Reporting Council to set public sector accounting standards based on the accrual based IPSAS. A road map was developed for the transition in a phased-out approach in all the levels of Nigeria's Federal Government. Despite this, some selected Government States have failed to progress to IPSAS as stated in the road map. Challenges identified include the inadequate capacity to deal with the IPSAS implementation. In addition, the high cost of IPSAS implementation and low staff capacity for IPSAS implementation was also cited as a limitation in the adoption process. Further, technological requirements and low IPSAS knowledge and awareness were also contributing factors.

Zimbabwe, on the other hand, is still under the cash accounting system. According to the Auditor General's Office, this system has weaknesses with regards to the quality of accounts prepared, although it was found that there have been general improvements in transparency and

accountability in the audits. The Auditor General's report highlighted governance weaknesses and delays in submitting accounts as some of the challenges in the implementation of accrual based IPSAS. Additionally, the weak debt recovery systems and the lack of reconciliations were also cited.

According to Javed and Zhuquan (2018), Pakistan undertook an overhaul of the public sector accounting system through the Federal Government of Pakistan (GOP), with support of the World Bank. The reforms were implemented through the Project to improve Financial Reporting and Auditing (PIFRA) that commenced in 1997. The main objectives of the reforms were to modernize Pakistan's accounting and auditing system and procedure. In order to improve transparency and accountability as well as improving the quality of the public sector service to international standards, cash basis IPSAS were introduced. The reforms also saw the introduction of a legislative framework for financial management in federal and provincial Governments under the Constitution of Pakistan. Despite this, Pakistan encountered some setbacks in migrating to IPSAS. These setbacks included the following:

- a) The accuracy, reliability, completeness and timeliness of information;
- b) Inconsistency of processes across Government entities in recognising and recording transactions;
- c) Inadequate staff capacity of finance staff at government entities to deal with the requirements of the standards, particularly as they change.
- d) Integration between accounting and budgeting, so that both frameworks are compatible and enable stakeholders to hold entities accountable for the manner in which they spend allocate resources (Babar, 2012).

The accrual based IPSAS have also been implemented in Kosovo. These were implemented under a difficult environment given that Kosovo is a post-conflict country (Zhuquan & Javed, 2018). However, it managed under legal and governance reforms in order to achieve international public financial management standards. Kosovo presents good learning lessons for most developing countries in migrating to accrual based IPSAS that Governments could leverage on. Improving Public Financial Management (PFM) has cross-cutting effects. However, the country still has some challenges mainly on account of the historical and macro-economic situation. Nevertheless, there have been improved economic development, financial management, transparency and civil service

capacity building. The key learning points in the migration to accrual based IPSAS include the simple centralized financial management, configuration of their initial system with the Yugoslav model before updating their own internal standards. Additionally, the Kosovo also enhanced the country's financial management system. This was followed by legal reforms and the decentralization of line ministries and municipal governments as well as capacity building of staff. In addition Kosovo undertook the Treasury Single Account system in order to promote the use and management of all Government funds, ensuring that government accounting, fixed asset management and purchasing functionality were all in line with government objectives. Additionally, Kosovo also sought to improve and aligned its macro-fiscal framework to that of Government budgets objectives. This included the support of Medium-Term Expenditure Frameworks too. As part of the reforms, budget reports were published on a monthly, quarterly and yearly. The migration to accrual based in Kosovo was successful not only due to resource based, but also due to the way the country sequenced the adoption process (Zhuquan & Javed, 2018).

Jordan is another developing country that implemented the accrual based IPSAS in 2015. The country migrated from the modified cash basis IPSAS over a five-year implementation roadmap. The implementation of IPSAS in Jordan was supported by the United States Agency for International Development (USAID) under a project known as Jordan's Fiscal Reform. Additional support from the International Arab Society of Certified Accountants (IASCA) enabled the translation of IPSAS into Arabic. Further, IASCA also provided training events on accrual based IPSAS (IFAC, 2017). As part of the reforms Jordan undertook various steps that included the following:

- a) The adoption of cash basis IPSAS;
- b) a review and consolidation of tax legislation;
- c) the adoption of results-oriented budgeting;
- d) applying a new chart of accounts;
- e) applying a common data standard;
- f) moving to a Treasury single account; and
- g) Establishing a government financial management information system.

Meanwhile, Jordan faced some challenges in the migration process to accrual based IPSAS which included limited number of qualified staff, difficulties in collecting data for payments made by third parties and administrative arrangements (Zhuquan & Javed, 2018).

In addition, Barbados commenced its public financial management reforms in 1993 and in 2005 the migration towards the implementation of full IPSAS accrual accounting began until 2010. The early stages of implementation included; multi-year budgeting; computerization of accounting and reporting systems; improved reporting and management of public debt; and establishing a central revenue authority to collect income tax, VAT, license income and land tax (Ibid, 2018). The country is in its second phase of its reforms whose objectives are to consolidate the financial accounts of all Government owned enterprises to produce annual financial statements. Additionally, the based on the Auditor-General of Barbados, in 2016 the financial statements did not fully comply with IPSAS in terms of presenting a true and fair view and several misstatements were identified (Barbados Audit Office, 2017). The reported challenges include the following:

- a) Management of the change process was difficult, including getting buy-in from staff and stakeholders and developing an effective communication strategy.
- b) Significant investments of money and human resources were required to support the introduction of accrual based computerized systems.
- c) The need for training of staff on the standards and systems use was greater than expected and a lack of relevant expertise and skills within the public sector was found, meaning manuals had to be prepared.
- d) Accounting for fixed assets was a specific challenge as fixed asset registers had not been kept under the old cash basis accounting system (Ibid, 2017).

2.3 Status and factors affecting implementation of IPSAS – Zambia

In Zambia, the Ministry of Finance is mandated by law to spearhead and provide guidance with regards to financial public sector reporting for all Government Ministries and Spending Agencies. The Government has taken several reforms in the sector. One such aspect has been the Public Financial Management Reforms under the New Public Management (NPM). These reforms have advocated for the change in Government Accounting Systems to the adoption of IPSAS that has been considered as a catalyst for modernization. This process has been taken in consultation with

key stakeholders that include regulators, professional accounting bodies, academia, political parties and the state. These stakeholders are engaged in the PFM cycle to ensure that the system operates effectively and transparently while preserving accountability.

The Zambian Government adopted and implemented the IPSAS cash basis accounting in 2009 (Zambia Institute of Chartered Accountants, 2014). The Ministry of Finance has been mandated to issue financial reporting guidelines and standards to all Government Ministries, Provinces and Spending Agencies in order to promote and record all financial transactions across the Government in a uniform manner. This is done through following the Public Finance Act, 2004 and the Financial Regulations, 2006 and several circulars issued by the Ministry of Finance (National Assembly, 2017).

Over time, there has been a growing concern for Governments globally to migrate from pure cash accounting toward accrual accounting including Zambia. This effectively entails that all Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under accruals IPSAS framework. Accrual based IPSAS enhance the quality and transparency of public sector financial reporting and strengthen stakeholder confidence in public financial management (Matekele, 2018).

The cash-based accounting which the Government has been using has various limitations and shortfalls that affect financial transactions including poor budget implementation, misapplication and misappropriation of funds among others. This has been because while using cash basis of accounting, there is no attempt to match expenses to revenues (Matekele, 2018). This means that the income statement and balance sheet do not provide a fair picture of the country's financial status. Zambia has therefore taken initiatives to reform its Public Sector Financial Management in order to reduce the public financial management risks. While accrual accounting has been the norm among private corporations for over a century, many Governments continue to prepare their budgets and accounts on a cash basis today.

Whereas the Zambian Government adopted and implemented the IPSAS cash basis accounting in 2009, it had expressed desire to move in line with developments in the financial sector to transition to an accrual based IPSAS by 2020 in 2013 (Zambia Institute of Chartered Accountants, 2014). However, six years later on 8th October, 2019, the Secretary to the Treasury issued a Circular No.

10 of 2019, Treasury and Financial Management policy guidelines. The purpose of this policy guideline was to provide direction on the preparation of Financial Statements in Local Authorities using Cash Basis IPSAS before the migration to Accrual Basis Accounting IPSAS. Additionally, this saw an indication that the earlier target of 2020 deadline would not be attainable, as it clearly stated that the guidelines would be in use until transiting to Accrual basis in 2022. Meanwhile, the Zambia Institute of Chartered Accountants reported that the adopted of Accrual basis IPSAS in the public sector will be implemented in 2024 (International Federation of Accountants, 2022).

Summary

In summary, it is evident that the adoption of accrual based IPSAS has not been smooth as countries have faced some challenges in the process of implementation. However, one thing that is common among the developing countries that adopted and implemented the accrual based IPSAS is that they developed a defined plan and implemented each stage sequentially. The literature has shown that a phased approach, with specified deadlines and milestones was used in the most countries. Programme management was critical during the process to ensure that deadlines were met where project managers were appointed to ensure strict deadlines. Meanwhile, there has been no study done to determine to identify factors affecting the implementation of accrual-based IPAS in Zambia. Though, pronouncements have been made to migrate to accrual based IPSAS in Zambia, this study sought to contribute to the body of knowledge.

CHAPTER 3:

THEORETICAL AND CONCEPTUAL FRAMEWORK

3.1 The New Public Financial Management

Numerous theories have been put forward to explain how organisations respond to changes in financial reporting as well as the adoption and implementation of accrual based IPSASs. This section will outline some of these theories. The New Public Financial Management (NPFM) is probably the most prominent theory used by many authors (Matekele, 2018). Its use came into being in the early 1980 to denote the shift towards a new style of public management. It is characterized by two main features. The first referred to as the primary feature is known as public sector distinctiveness and rules versus discretion. This postulates that differences between public and private sectors need to be reduced with a view of total removal. In order to achieve this, there is need to increase competition between or among public sector entities. One way this could be achieved is through the unbundling of institutions into separate entities. For instance, in the case of bundled entities such as public utilities, a company can be segregated into generation, transmission and distribution entities. Meanwhile, the other feature is known as rules versus discretion. This means that the public sector was set to improve its accountability through creating well defined and measurable standards. Additionally, it implies assignment of defined responsibilities and the introduction of performance measurement in the public sector. This also entails placing more focus on results, unlike procedures and controls (Matekele, 2018). This theory emphasized the need for the public sector to adapt and apply private sector management style. This is premised on the fact that the private sector management style is more superior in comparison to the public sector directorial processes. Thus, the NPFM recommends the use of accrual accounting in the public sector as it is used in the private sector. This is regarded as the key in reforming the credibility and integrity of the financial reporting in the public sector as compared to the existing cash accounting systems.

The NPFM states that accounting contributed to a larger extent in reforming the public sector. Thus, the migration towards accountingization was fundamental to effecting change in public management. Accountingization is used to refer to the introduction of unequivocal cost classifications in places which initially bundled the total costs together. The main objective of the NPFM is to improve the accountability of an institution, thus accounting acts as an important tool

to realize transparency and to measure accountability through presenting information on the performance of a public sector entity in monetary units. Additionally, given that public accounts attract the concern of many stakeholders, close monitoring is required. Therefore, the traditional cash accounting that is being used in the public sector is no longer considered appropriate to achieve a transparent and accountable management. Cash accounting in the public sector is considered to merely execute the budget and legal compliance without regards to managing economic resources effectively. In this regard, the NPFM has recommended the use of the accrual accounting as an appropriate accounting system as it allows public officials to know the full costs to their various activities and get a picture on the assets and liabilities. This enables proper monitoring of return on investment and financial sustainability.

Many public institutions have had their financial statements transformed to include the accrual accounting approach under the auspices of NPFM principles.

Institutional theory is another approach used to explain the rationale applied by organizations to adopt and implement certain accounting standards in order to enable them to respond to institutional pressure. It ought to be noted that the chosen accounting system standards could either be positive or negative. Thus, this can be regarded as one of the push factors for different Government and public sector entities to adopt and implement accrual based IPSAS. This is because one of the advocates for the transition to accrual-based systems are international organisations and developed countries, thus developing countries could be pressured to adopt and implement the accounting system. One of the arguments put forward by the developing partners is that accrual based IPSAS protects investors and other interested users from having financial statements which are misleading. Thus, the adoption and use of accrual based IPSAS in the public sector is influenced by institutional theory.

This study employed the NPFM theoretical framework because the move towards accrual based IPSAS by the government of Zambia is based on the need to improve accountability. Zambia has taken initiatives to reform its public sector financial management. One of the reform agendas was to amend the Financial Act and move to IPSAS accrual basis for improved financial reporting. It is expected that improved financial reporting would enhance financial accountabilities of the

governmental agencies and assist both internal and external decision makers whose decisions are be based on the financial reports.

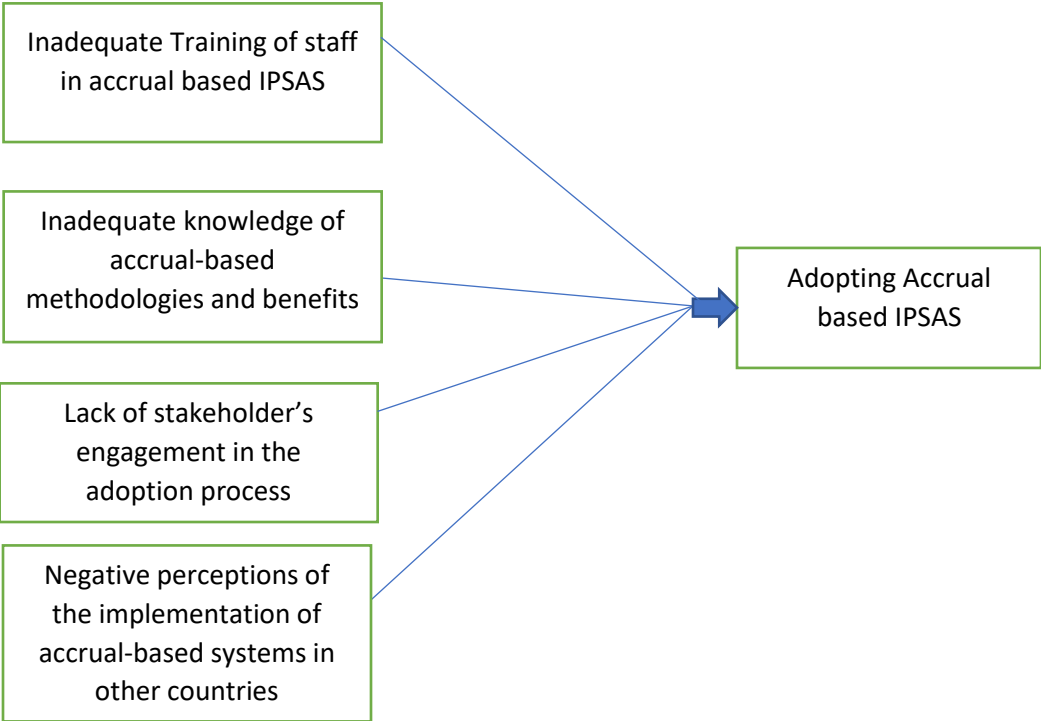
3.2 Conceptual framework

The author adopted a similar conceptual framework used by Halid (2017) in study on the benefits and challenges of adopting IPSAS in Foreign Charities of Ethiopia but modified to suit the Zambian environment. The conceptual framework highlights the factors affecting the implementation of the accrual based IPSAS as planned in Zambia.

3.3 Description of key variables

No.	Variable	Comment
1.	Training: Adequate training on the use and application of accrual based is key for the successful application of accrual based IPSAS.	Independent variable
2.	Knowledge: The level of knowledge on the application and use among accountants is an important factor in the implementation process.	Independent variable
3.	Limited stakeholder's participation: Stakeholder's consultation process is critical for the successful implementation of accrual bases IPSAS.	Independent variable
4.	Negative perception: Stakeholders' perception of the implementation process is important factors as it can identifying the challenges.	Independent variable
5.	Adoption of accrual based IPSAS	Dependent

Figure 1: Conceptual framework



CHAPTER 4:

METHODOLOGY

4. Introduction

Methodology refers to the theoretical analysis of the methods appropriate to a field or to the body of methods and principles particular to a branch of knowledge (Sekaran1992). This chapter discusses the research design, target population, sampling data collection and analysis techniques used.

4.1 Research Design

This research was based on a quantitative approach and guided data collection as well as data analysis. Quantitative research involves the measurement of variables and the delivery of findings in numerical form in which research findings are described by levels of significance, confidence intervals, and mathematically demonstrated relationships (Abili, 2009).

4.2 Target population

The population of the study comprised key stakeholders registered under the Zambia Institute of Chartered Accountants (ZICA) working for key institutions considered to play a critical role in the adoption process of accrual IPSAS in Zambia. These were classified included into three categories namely Government, Private and Non-Profit. The representation included Office of the Auditor General, Government Ministries, Auditing firms and Non- Governmental Organizations. According to ZICA, there were 6,000 registered members as at 31st May, 2022. The membership is classified into four types namely: Fellow Member, Associate Member, Technician Member and Graduate Member. However, the focus was limited to the 1,375 Fellowship members¹.

¹ <https://www.zica.co.zm/membership-categories/>

4.3 Sample size

According to Siegel, (2003), a sample is a set of entities drawn from a population with the aim of estimating characteristics of the population. How will **IPSAS** improve the general financial reporting of the Zambian Government? (2014) states that in order to make an inference or generalization, statistically, a sample size with a minimum 10 percent of a population is sufficient to give good reliability. Additionally, he argues that at least 30 elements (participants) must exist. This point was also echoed by Orodho and Kombo (2002) who stated that there is no universally accepted sample size, however, they argued that a sample size of 10% of the total population is reasonable to collect accurate data. Therefore, a total of 138 participants comprising of ZICA Fellows was drawn from the population of 1,375.

4.4 Sampling Design

This study adopted purposive probability sampling design. According to Kothari (2007), this sampling technique involves identifying and selecting participants, by the researcher, who are knowledgeable on the research subject. Further, there was need for research participants to express willingness to take part in the survey. This involved identifying participants based on the ZICA register. Purposive sampling method is effective when the focus is on one particular group, which were members of ZICA working in the private, public and non-Governmental organizations. The sampled participants had similar characteristics as they were all accountants working in different organizations but were under the same category of membership. The sampled were experienced and expected to understand the objectives and migration to accrual based IPSASs.

4.5 Data Collection

Primary data was used in the study that was collected using a questionnaire. The data collection was done through an online google form that was self-administered. The participants were selected mainly on account of their experience and understanding of the migration to the accrual based IPSAS. The data collection instrument consisted of both open –ended and close-ended questions (refer to Appendix 1). In assessing the perception, the five-point Likert Scale with ratings consisting of Strongly Agree (5); Agree (4); Neutral (3); Disagree (2) and Strongly

Disagree (1) was adopted. Additionally, the questionnaire also consisted of open-end questions that allowed participants a chance to give opinions on the subject matter. These questions enabled the participants to explain on the “how” part that was useful in the study. The questionnaire was divided into four sections. The first section highlighted the participant’s demographic data such as age, gender, education, work experience and professional qualifications. The other three parts were in line with the key objectives of the study as highlighted in the first section of the paper.

4.6 Data Analysis and Reporting

The data collected was checked for completeness and consistency and coded in various categories. The study utilized quantitative data and therefore used descriptive and inferential statistics to perform a quantitative data analysis using statistical package for social sciences software package version 27 (SPSS). Descriptive statistical tools enable a researcher to present data that is organized and well summarized. Using SPSS the following were derived percentages, measures of central tendencies values, frequencies, tables and charts. This enabled the researcher to assess the participants perception on the adoption of accrual based IPSAS in Zambia.

Additionally, the inferential statistics is used in interpreting the study findings and make conclusions. The Likert scale was used in collecting data from the participants through descriptive statistics and frequency distribution. The units of analysis were the individual participants based on the sample size as mentioned earlier.

4.7 Data Reliability and Validity

Data reliability of research instruments measures the consistency of the instruments. In this study Chronbach’s alpha test was employed to test reliability. According to Alvi (2016) it is important to subject research instrument for consistency in order to ensure that it is reliable.

In determining the reliability of a research instrument, the Cronbach’s alpha is interpreted as follows:

- a. ≥ 0.9 – Excellent;
- b. ≥ 0.8 – Good;
- c. ≥ 0.7 – Acceptable;

- d. ≥ 0.6 – Questionable;
- e. ≥ 0.5 – Poor; and
- f. ≤ 0.5 – Unacceptable.

The results of the Cronbach Alpha test as depicted in Table 2 shows that it ranged from 0.71 to 0.93 and this implies that they were valid and reliable.

Table 2: Cronbach Alpha test results

No	Description	Results
1	The accrual based IPSAS reform will improve the transparency of financial information in Zambia.	0.710**
2	The accrual based IPSAS will improve the accountability relating to performance of the public sector	0.731**
3	The accrual based IPSAS will improve quality of accounting system	0.910**
4	Accrual based IPSAS is more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector.	0.820**
5	Accrual based IPSAS gives a better financial integrity assurance compared to cash or modified cash-based accounting	0.660**
6	The adoption accrual based IPSAS will help to mitigate financial irregularities in the public sector compared to cash or modified cash-based accounting	0.890**
7	Accrual based IPSAS conform to international organizations or development aid providers.	0.744**
8	Accrual based IPSAS would enhance information transparency and accountability of government to citizens, voters, their representatives, and the general public	0.938**
9	Accrual based IPSAS would be a benchmark for evaluating and improving government accounting in the world.	0.723**
10	Accrual based IPSAS will facilitate the consolidation of financial statements better than the cash based accounting system	0.659**
11	The Zambian Government cannot manage to adequately finance the costs related to the implementation of accrual based IPSAS	0.759**
12	The public sector lacks adequate human resources to implement the accrual based IPSAS in Zambia?	0.859**
13	The current cash basis IPSAS is adequate in financial reporting in Zambia?	0.91**
14	The Government has not devoted much resources in the adoption of accrual based IPSAS in Zambia?	0.92**
15	There is resistance to the adoption process among public service workers?	0.669**
16	The Government has done enough stakeholders engagements on the adoption of accrual based IPSAS in Zambia?	0.779**
17	The current policy and regulatory frameworks is adequate to support the adoption of accrual based IPSAS?	0.889**
18	There is enough external support for the adoption of accrual based IPSAS?	0.680**
19	The current technology in use in public institutions are compatible with accrual based IPSAS?	0.821**
20	There is adequate knowledge among public institutions staff on the use and application of accrual based IPSAS?	0.735**
21	There is adequate training among public institutions staff in accrual based IPSAS?	0.795**

*Note: **Significant at 5%*

Meanwhile, in determining the research validity, the researcher employed both internal and external approaches. According to Grix (2004) the extent to which the researcher has reliable and adequate evidence for the statement is referred to as Internal Validity. This means that the researcher can attribute changes in a dependent variable to an independent variable only. Meanwhile, the generalizability of the research findings to the population and settings is known as External Validity. However, the findings of the study could not be generalized to the entire

population as it was based on purposive sampling. The research instruments were distributed to ZICA Fellow members who had a minimum three years practical experience in the field of accounting. Thus, it obtained the results from experienced respondents and provides a great insight on the adoption of accrual based in Zambia. Further, this was expected to enhance the external validity of the study. Additionally, the research conducted literature on the subject in both developed and developing countries as a way of cross validating the data. The researcher employed a pilot study in order to ensure that the research instruments addressed the research study objectives.

CHAPTER 5:

PRESENTATION OF DATA

5.1 Introduction

This section discusses the research findings based on the research objectives of the study. The study sought to determine factors affecting the implementation of the IPSAS as planned in Zambia.

5.2 Demographic Data

Table 3 depicts the Social and Demographic characteristics of the respondents. The study recorded a response rate of 76.1 percent. Given that online self-administered questionnaires usually have a low response rate, the study achieved a good response rate. Mugenda (2009) states that a response rate of 50 percent is considered adequate for data analysis and reporting. Additionally, a 60 percent response rate is regarded as good while excellent for responses above 70 percent. Based on the aforementioned, the response rate of 76.1 percent was excellent for this study.

Table 3: Respondents' Social and Demographic characteristics

Sex (n =105)	Frequency	Percentage
Male	67	63.8
Female	38	36.2
Age Group in Years (n=105)		
20-30	8	7.5%
31-40	53	50.7%
41-50	31	29.9%
Above 51	12	11.9%
Education level attainment (n = 105)		
Certificate in Accounting	2	1.5%
Diploma	3	3.0%
ACCA	2	1.5%
Bachelors Degree in Accounting	42	40.3%
Master Degree	56	53.7%
Type of Employer (n=105)		
Government	69	65.7%
Private	25	23.9%
Non-Profit Making	11	10.4%
Position (n=105)		
Entry Level	36	34.3%
Middle Management	50	47.8%

Sex (n =105)	Frequency	Percentage
Senior Management	19	17.9%
Work Experience (n=105)		
3 - 5 years	11	10.4%
6 - 9 years	28	26.9%
Above 10 years	66	62.7%

Overall, 63.8 percent of the participants were male, while 36.2 percent were female. This implies that the responses were dominated by the males than females in the study. The highest proportions of the participants at 50.7 percent were in the age group 31-40 years old, while 41-50 accounted for 29.9 percent. The lowest at 7.5 percent accounted were in the age group of 20 – 30. Meanwhile, participants above the age of 51 years old were at 11.9 percent. Most of the participants attained a Master’s Degree at 53.7 percent followed by those that had a Bachelor’s Degree in Accounting at 40.3 percent. An equal percentage of participants at 1.5 percent indicated ACCA and Certificate in Accounting as their highest level of education attainment. Meanwhile, 3 percent stated that they had obtained a diploma. In terms of work experience, most of the participants at 62.7 percent had work experience of above 10 years followed by those that had worked for 6 to 9 years at 26.9 percent. Meanwhile, 10.4 percent of the respondents had work experience of between 3 to 5 years. Accordingly the results of the study shows that the participants had adequate work experience based on the number of years to know about the migration and adoption of IPSAS.

5.3 Professional Accounting Affiliation

Overall, all the participants were affiliated to ZICA as mandated by the law in Zambia. Meanwhile, in addition to ZICA membership, the highest percentages of the participants were affiliated to ACCA at 77.6 percent. This was followed by CIMA at 9 percent, CPA at 6 percent, while other was at 7.5 percent. Table 4 shows the participant’s professional affiliations.

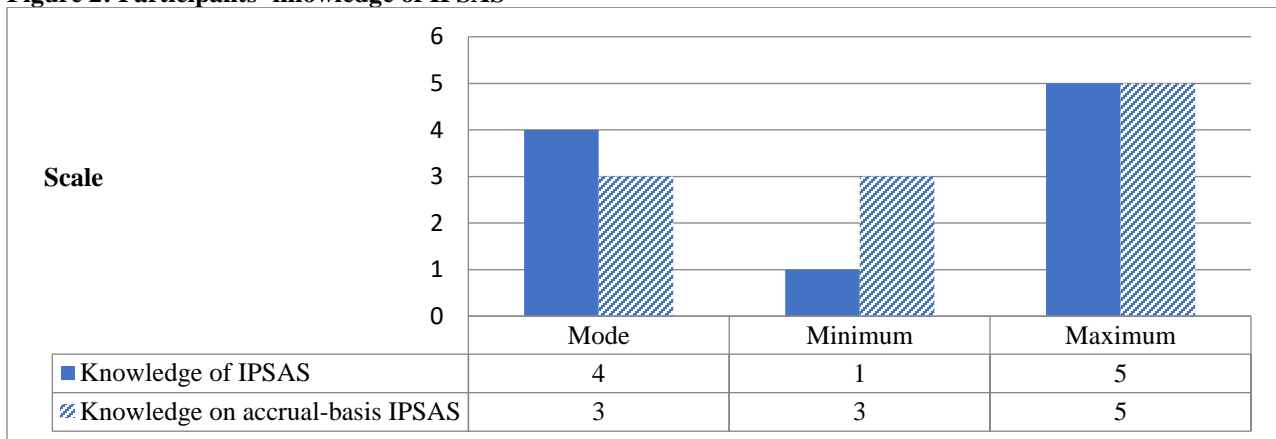
Table 4: Participant’s professional affiliations

Description	Frequency	Percentage
ACCA	81	77.6%
CIMA	9	9.0%
CPA	6	6.0%
Other	8	7.5%
Total	105	100

5.4 Stakeholders' knowledge on cash based versus accrual based IPSAS.

One of the objectives of the study was to assess the level of knowledge of Stakeholders on IPSAS. A five point Likert scale was used comprising Excellent (5); Fairly Extensive (4); Generally adequate (3); Somewhat Limited (2); and Extremely Limited (1). The mode which is the most frequent score was used in interpreting the findings. This was in line with De and Dodou (2010) that stated that the mode is better suited for interpreting Likert scale compared to the other measures of central tendency. The results show that participants were more knowledgeable on cash based IPSAS in general than the accrual based IPSAS. The participants indicated that their level of knowledge on cash based IPSAS in general was Fairly Extensive (4) compared to generally adequate (3) under accrual based IPSAS. The results are shown in Figure 2.

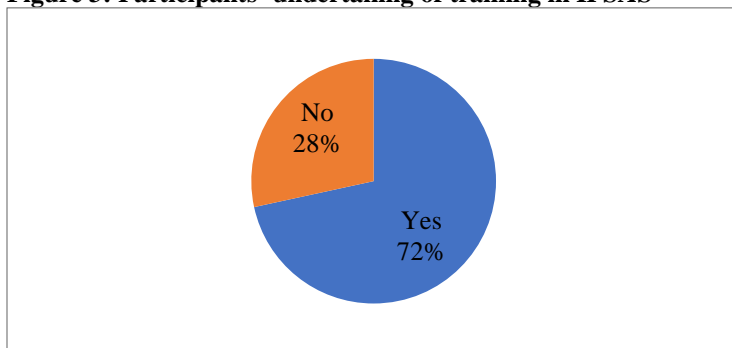
Figure 2: Participants' knowledge of IPSAS



5.5 Training in IPSAS

Results revealed that 72 percent of the participants had undergone training in IPSAS in general as depicted in Figure 3.

Figure 3: Participants' undertaking of training in IPSAS



5.6 Stakeholders' awareness levels on the adoption of accrual based IPSAS in Zambia

The research sought to establish stakeholders' awareness on the proposed adoption of accrual based IPSAS in Zambia. Overall, most (89.4%) of stakeholders across all the three classes of employer categories were aware of this development. Specifically, 63 out of the 68 employees reflecting 93 percent under Government indicated that they were aware. Equally, 81.3 percent under the private sector and 85.7 percent of the employees in Non-Profit Making were aware of the proposed migration to accrual based IPSAS in Zambia as shown in Table 5.

Table 5: Stakeholder's awareness levels on the adoption of accrual based IPSAS in Zambia

Description	Government		Private		Non-Profit Making		Total	
Yes	63	93.00%	20	81.3%	10	85.70%	94	89.40%
No	5	7.00%	5	18.8%	2	14.30%	11	10.60%
Total	68	100	25	100	12	100	105	100

5.7 Stakeholders' Perceptive norms about accrual based IPSAS

In determining stakeholders' perceptive norms about accrual based IPSAS, a five point Likert Scale was used consisting of Strongly Agree (5); Agree (4); Neutral (3); Disagree (2) and Strongly Disagree (1). The participants were asked to state to what extent they agreed on the perceived advantages to accrual based IPSAS compared to the traditional cash-based method. As mentioned earlier, the mode was used to interpret the findings of the results. The results are highlighted in Table 6.

Table 6: Stakeholders' Perceptive norms about accrual based IPSAS

No	Description	N	Mode	Min	Max
1.	The accrual based IPSAS reform will improve the transparency of financial information in Zambia.	105	4	1	5
2.	The accrual based IPSAS will improve the accountability relating to performance of the public sector	105	4	1	5
3.	The accrual based IPSAS will improve quality of accounting system	105	4	1	5
4.	Accrual based IPSAS is more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector.	105	4	1	5
5.	Accrual based IPSAS gives a better financial integrity assurance compared to cash or modified cash-based accounting	105	4	1	5
6.	The adoption accrual based IPSAS will help to mitigate financial irregularities in the public sector compared to cash or modified cash-based accounting	105	4	1	5
7.	Accrual based IPSAS conform to international organizations or development aid providers.	105	4	2	5
8.	Accrual based IPSAS would enhance information transparency and accountability of government to citizens, voters, their representatives, and the general public	105	4	1	5
9.	Accrual based IPSAS would be a benchmark for evaluating and improving government accounting in the world.	105	4	1	5

No	Description	N	Mode	Min	Max
10.	Accrual based IPSAS will facilitate the consolidation of financial statements better than the cash based accounting system	105	4	1	5

Overall, of the 10 questions, the most frequent score was four, reflecting agreed. In particular, most participants agreed that the accrual based IPSAS would improve the transparency of financial information in Zambia. Equally, they agreed that the adoption of the accrual based IPSAS would improve the accountability and quality of accounting system relating to performance of the public sector. In addition, participants agreed that accrual based IPSAS was more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector. They agreed that it gave a better financial integrity assurance compared to cash or modified cash-based accounting. Furthermore, they agreed that accrual based IPSAS would facilitate the consolidation of financial statements better than the cash based accounting system.

5.8 Stakeholders' perceptions of the challenges in the implementation of accrual based IPSAS in Zambia

Stakeholders were requested to indicate to what extent they agreed on a variety of statements regarding the perceived challenges as follows: a five point Likert Scale was used consisting of Strongly Agree (5); Agree (4); Neutral (3); Disagree (2) and Strongly Disagree (1). The results are highlighted in Table 7.

Table 7: Stakeholders' perceptions of the challenges in the implementation of accrual based IPSAS in Zambia

No	Description	N	Mode	Min	Max
1	The Zambian Government cannot manage to adequately finance the costs related to the implementation of accrual based IPSAS	105	2	1	5
2	The public sector lacks adequate human resources to implement the accrual based IPSAS in Zambia?	105	2	1	5
3	The current cash basis IPSAS is adequate in financial reporting in Zambia?	105	2	1	5
4	The Government has not devoted much resources in the adoption of accrual based IPSAS in Zambia?	105	4	1	5
5	There is resistance to the adoption process among public service workers?	105	3	1	5
6	The Government has done enough stakeholders engagements on the adoption of accrual based IPSAS in Zambia?	105	2	1	5
7	The current policy and regulatory frameworks is adequate to support the adoption of accrual based IPSAS?	105	4	1	5
8	There is enough external support for the adoption of accrual based IPSAS?	105	3	2	5
9	The current technology in use in public institutions are compatible with accrual based IPSAS?	105	4	1	5

No	Description	N	Mode	Min	Max
10	There is adequate knowledge among public institutions staff on the use and application of accrual based IPSAS?	105	2	1	5
11	There is adequate training among public institutions staff in accrual based IPSAS?	105	2	1	5

The results showed that most of the participants disagreed with the statement that the Zambian Government could not manage to adequately finance the costs related to the implementation of accrual based IPSAS. Similarly, most of the participants also disagreed with the statements that the public sector lacked adequate human resources to implement the accrual based IPSAS in Zambia as well as the assertion that the cash basis IPSAS was adequate in financial reporting in Zambia. Further, they also disagreed with the statement that there was adequate knowledge among public institutions staff on the use and application of accrual based IPSAS in Zambia. Equally, they disagreed with the statement that there was adequate training among public institutions staff in the application and use of accrual based IPSAS. Meanwhile, participants were neutral on the assertion that there was resistance to the adoption process among public service workers and that there was enough external support for the adoption of accrual based IPSAS in the country. With regards to whether Government had devoted much resources to the process of adopting the accrual based IPSAS, the participants were of the view that it had not. Likewise, they agreed that the current technology that was in public institutions was compatible with accrual based IPSAS.

CHAPTER 6:

DISCUSSION OF FINDINGS

6.1 Introduction

This section will highlight the discussion of the research findings in relation to the main objectives of the study.

6.2 Participants demographics

The participants' highest proportion had a University qualification at 94 percent with a Master's Degree in Accounting at 53.7 percent and Bachelor's Degree at 40.3 percent. In terms of work experience, the highest proportion at 62.7 percent indicated that they had been working for over 10 years indicating that good number to know about IPSAS. These results were supported by the research findings that showed that 72 percent of the participants had undergone training in IPSAS. Meanwhile, the participants were classified into three employer categories as follows: Government (65.7%); Private Sector (23.9%); and Non-Profit Making (10.4%). Overall, the participant's social and demographic data suggests that the study findings could be relied upon as the participants had adequate academic and professional experience on IPSAS. Consequently, their responses could be relied upon in the study.

6.3 Stakeholders' knowledge on accrual based IPSAS.

The results showed that participants were more knowledgeable on cash basis IPSAS in general than the accrual based IPSAS. When asked to state their level of knowledge on cash basis IPSAS and accrual based IPSAS, they indicated Fairly Extensive (4) under cash based IPSAS compared to Generally Adequate (3) on accrual based IPSAS. The findings are not unique as Wynne (2004) found that accrual accounting is yet to be used in most countries globally. Most countries still use the cash based accounting IPSAS and as such, it is less likely that they would have more knowledge on accrual based IPSAS. These findings are also in line with the International Public Sector Financial Index Accountability Index (2021) that stated that only 30 percent of Governments in 165 countries had reported accrual based IPSAS in the financial statements in 2021. Among the countries that had completely transitioned to accrual basis, two were in Africa

namely Tanzania and Nigeria. As stated earlier, the Zambian Government adopted and implemented the IPSAS cash basis accounting in 2009 (Zambia Institute of Chartered Accountants, 2014).

6.4 Stakeholders' awareness levels on the adoption of accrual based IPSAS in Zambia

The research sought to establish stakeholders' awareness on the proposed adoption of accrual based IPSAS in Zambia. Overall, most (89.4%) of stakeholders across all the three classes of employer categories were aware of this development. Specifically, 63 out of the 68 employees reflecting 93 percent under Government indicated that they were aware. Equally, 81.3 percent under the private sector and 85.7 percent of the employees in the Non-Profit Making were aware of the migration. The findings suggest that the message on the adoption of the accrual based IPSAS had been well received in the three categories of employers. There have been various workshops organized by ZICA as well as ACCA Zambia on the proposed adoption process. Given that attending these workshops is part of the Accountants Continuous Professional Development programme, most people were likely to attend and in the process, the information reached them.

6.5 Stakeholders' Perceptive norms about accrual based IPSAS

The research findings revealed that most frequent option (mode) chosen by the participants was 4 implying that they agreed overall, that the accrual based IPSAS had more benefits compared to the traditional cash based method. In particular, most participants agreed that the accrual based IPSAS would improve the transparency of financial information in Zambia. Equally, they agreed that the adoption of the accrual based IPSAS would improve the accountability and quality of accounting system relating to performance of the public sector. In addition, participants agreed that accrual based IPSAS was more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector. They agreed that it gave a better financial integrity assurance compared to cash or modified cash-based accounting. Furthermore, they agreed that accrual based IPSAS would facilitate the consolidation of financial statements better than the cash based accounting system. In a study conducted by ACCA on the global IPSAS implementation current status and

challenges, it was established that there was empirical evidence that adoption of accrual based IPSAS had shown significant and similar advantages across countries such as greater accountability and transparency. Additionally, the study indicated that the use of accrual based IPSAS had provided a better and clearer financial position of the public sector. Hence, the perceptions of the stakeholders were in line with the available evidence conducted on accrual based IPSAS.

Wanye (2004), in a study on the migration to accrual bases IPSAS, argued that among the advantages of adopting this was that it was a better approach with regards to comparability of results that are not affected by the timing of cash payments and receipts. This transaction includes information about fixed and current assets and liabilities. Generally, in line with mitigating the fight against corruption, the accrual based IPSAS promotion of transparency is seen as a way of curbing fraud and corruption. This is due to the requirement that the actual receipts and allocation are captured in the records. In addition, Halid (2017) Established that the adoption of accrual based IPSASs in Ethiopian Charities improved the disclosure and measurement of financial elements. Consequently, this has led to most charities making full disclosure an important aspect in the country. He argued that that was a strong positive correlation between adoption of accrual based IPSASs and solving serious problems of foreign charity's accounting system, providing an improved quality of accounting information, proper use of resources, building the confidence of donors and the public at large.

6.6 Stakeholders' perceptions of the challenges in the implementation of accrual based IPSAS in Zambia

One of the challenges identified in literature facing most countries in migrating to full accrual based IPSAS was on the perceived financial and resource based costs of implementation. For instance, ACCA stated that costs to be incurred include training of staff in the use of specialized external consultants. Additionally, it requires that there should be technological upgrades made to the existing infrastructure. It also requires that Government sets aside funds for stakeholders' engagement on the adoption process and awareness levels in the country. However, the participants were of the view that the Zambian Government could adequately finance the costs related to the implementation of accrual based IPSAS. Additionally, they disagreed with the

statements that the public sector lacked adequate human resources to implement the accrual based IPSAS in Zambia. In addition, they were of the view that the current policy and regulatory frameworks were adequate to support the adoption of accrual based IPSAS. Furthermore, the technology that was in use in public institutions was compatible with accrual based IPSAS. These findings suggest that Zambia was relatively in a better position compared to other African countries where these challenges still persist. Thus, this provides a better opportunity for the migration process to accrual based IPSAS.

Meanwhile, stakeholders disagreed with the statement that there was adequate knowledge among public institutions' staff on the use and application of accrual based IPSAS in Zambia. Equally, they disagreed with the statement that there was adequate training among public institutions staff in the application and use of accrual based IPSAS. Matekele (2018) argues that skills capacity has been one of the major challenges that countries face in the adoption process of accrual based IPSAS. The migration to accrual based IPSAS requires adequate training of staff. The training goes beyond the use of technology but also involves knowledge and understanding of accounting standards, regulations and guidance. This might also require a paradigm shift in the finance culture and mindset to exploit the opportunities presented by professional Accountants to drive value (Ibid, 2018).

With regards to whether Government had devoted much resources to the process of adopting the accrual based IPSAS, the participants were of the view that it had not. In this regard, one of the key stages in the process of adopting accrual based IPSAS is the involvement and devotion of resources.

Meanwhile, participants disagreed with the statement that Government had done enough stakeholder engagements on the adoption of accrual based IPSAS in Zambia. In addition, they were neutral on the assertion that there was resistance to the adoption process among public service workers and that there was enough external support for the adoption of accrual based IPSAS in the country. Given that most public entities were applying cash accounting principles, stakeholder engagement is required and important to enlighten the users on the perceived benefits and applications. Kalusa (2021) argues that a successful adoption process would require

a stakeholders buy in and not imposition. Though the process might be difficult, it requires political support internal engagements between the finance and audit functions institutions.

CHAPTER 7:

CONCLUSION AND RECOMMENDATIONS

The main objective of the study was to determine factors affecting the implementation of the IPSAS as planned in Zambia. The results of the study showed that participants were more knowledgeable on IPSAS in general than the accrual based IPSAS. Using the mode to interpret the study findings, participants stated that they had fairly extensive (4) knowledge on cash based IPSAS compared to generally adequate (3) under accrual based IPSAS. Additionally, 89.4 percent of the participants were aware of the Government's desire to adopt accrual based IPSAS in Zambia.

In terms of perceived benefits, participants were asked to state to what extent they agreed based on a five point Likert scale. Using the mode, the most frequent score was 4 implying agreed to the statement that overall, the accrual based IPSAS had more benefits compared to the traditional cash based method. In particular, most participants agreed that the accrual based IPSAS would improve transparency of financial information in Zambia. Equally, they agreed that the adoption of the accrual based IPSAS would improve accountability and quality of the accounting system relating to performance of the public sector.

In addition, participants agreed that accrual based IPSAS was more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector. They agreed that it gave a better financial integrity assurance compared to cash or modified cash-based accounting.

The participants disagreed that the *Zambian Government* could not adequately finance the costs related to the implementation of accrual based IPSAS. Additionally, they also disagreed with the statement that the public sector lacked adequate human resources to implement the accrual based IPSAS in Zambia. Furthermore, they were of the view that the current policy and regulatory frameworks were adequate to support the adoption of accrual based IPSAS. Additionally, the technology that was in use in public institutions was compatible with accrual based IPSAS.

Meanwhile, the perceived challenges in the adoption process included the inadequate knowledge among public institutions' staff on the use and application of accrual based IPSAS in Zambia. Equally, there was inadequate training among public institutions' staff in the application and use of accrual based IPSAS. With regards to whether government had devoted much resources to the process of adopting the accrual based IPSAS, the participants were of view that it had not. However, they were neutral on the assertion that there was resistance to the adoption process among public service workers and that there was enough external support for the adoption of accrual based IPSAS in the country. This implies that most stakeholders welcome the proposed migration. Additionally, most participants were of view that the current infrastructure being used for cash based IPSAS is compatible for accrual based IPSAS.

In light of the findings, there is need for the government, through the Ministry of Finance as an implementing policy agency, to consider setting up a clear road map for the adoption process with clear milestones defined that are measurable in order to measure progress. Additionally, the government should also consider engaging more stakeholders in the process of development of the road map on the adoption process. This would ensure that the process reflects concerns of the stakeholders. Furthermore, the implementation process of accrual based should be done in a phased manner. Finally, there is need to assess the status of the current infrastructure compatibility for Accrual based IPSAS.

Recommendation for future study

The study has assessed factors affecting the implementation of the IPSAS as planned in Zambia. However, there is need to undertake a national wide study to assess the cost of the migration process in future in order to guide policy makers.

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Appendix 1: Questionnaire

I am Kaira Saliya, a Master's in Business Administration student at the University of Zambia. I am conducting research on factors affecting the implementation of the accrual-based International Public Sector Accounting Standards (IPSAS) as planned in Zambia. This research is for academic purposes only. You are assured that all the information you will provide will be treated with the highest level of confidentiality. Please feel free to answer all the questions honestly. Your cooperation will be highly appreciated.

Section A: General characteristics

1. Gender of respondent: *(Circle appropriate answer)*
 - a) Male
 - b) Female
2. Position of the respondent in the Institution:

3. Name of Institution currently working for? _____
4. Length of work experience
 - a) Below 1 year
 - b) 2 – 5 years
 - c) 6 – 9 years
 - d) Above 10
5. What is your highest level of academic qualifications?
 - a) Certificate in Accounting
 - b) Diploma in Accounting
 - c) Bachelor Degree in Accounting
 - d) Masters Degree
 - e) PhD
 - f) Other
6. What are your professional qualifications?
 - a) ACCA
 - b) ZIACA

- c) CIMA
 - d) Other
7. On the scale below what is your knowledge of Cash basis IPSAS (*Circle appropriate response*)
- a) Excellent
 - b) Fairly Extensive
 - c) Generally adequate
 - d) Somewhat Limited
 - e) Extremely Limited
8. On the scale below what is your knowledge of accrual based IPSAS (*Circle appropriate response*)
- f) Excellent
 - g) Fairly Extensive
 - h) Generally adequate
 - i) Somewhat Limited
 - j) Extremely Limited
9. Have you undergone IPSAS training either from work or on personal development basis?
(*Circle appropriate response*)
- a) Yes
 - b) No
10. Are you aware of the Government's pronouncements to adopt accrual-basis IPSAS in Zambia? (*Circle appropriate response*)
- a) Yes
 - b) No

Section B: Perceptive norms about IPSAS accrual

B1. The accrual IPSAS reform will improve the transparency of financial information. (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

B3 The accrual IPSAS will improve the accountability about performance of public sector (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

B4. The accrual IPSAS will improve quality of accounting system. (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

Section C: Motives for applying IPSAS Accrual

C1. IPSAS accrual is more effective than cash or modified cash-based accounting in giving information of the financial position and performance of the government sector. (*Circle appropriate response*)

- a) Strongly agree
- b) Agree

- c) No opinion
- d) Disagree
- e) Strongly disagree

C2. IPSAS accrual gives a better financial integrity assurance compared to cash or modified cash-based accounting. *(Circle appropriate response)*

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

C3. The financial irregularities will reduce following the adoption of the accrual based IPSAS compared to cash or modified cash-based accounting. *(Circle appropriate response)*

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

C4. Accrual based IPSAS conform to international organizations or development aid providers. *(Circle appropriate response)*

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

C5. IPSAS Accrual would enhance information transparency and accountability of government to citizens, voters, their representatives, and the general public. *(Circle appropriate response)*

- a) Strongly agree
- b) Agree

- c) No opinion
- d) Disagree
- e) Strongly disagree

C6. IPSAS Accrual would be a benchmark for evaluating and improving government accounting in the world. (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

C7. Accrual based IPSAS will facilitate the consolidation of financial statements better than the cash based accounting system. (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

Section D: Challenges in adopting accrual based IPSAS accrual in Zambia

D1. The Zambian Government cannot managed to adequately finance the costs related to the implementation of accrual based IPSAS (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D2. The public sector lacks adequate human resources to implement the accrual based IPSAS in Zambia? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion

- d) Disagree
- e) Strongly disagree

D3. The current cash basis IPSAS is adequate in financial reporting in Zambia? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D4. The Government has not devoted much resources in the adoption of accrual based IPSAS in Zambia? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D5. Poor account records keeping among employees (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D6. There is resistance to the adoption process among public service workers? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree

- e) Strongly disagree

D7. The Government has done enough stakeholder's engagements on the adoption of accrual based IPSAS in Zambia? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D8. There current policy and regulatory frameworks is adequate to support the adoption of accrual based IPSAS? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D9. There is enough external support for the adoption of accrual based IPSAS? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D10. The current technology in use in public institutions are compatible with accrual based IPSAS? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D11. There is adequate knowledge among public institutions staff on the use and application of accrual based IPSAS? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

D12. There is adequate training among public institutions staff in accrual based IPSAS? (*Circle appropriate response*)

- a) Strongly agree
- b) Agree
- c) No opinion
- d) Disagree
- e) Strongly disagree

Thank you for your time and response