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Examining the factors affecting the implementation of international public sector accounting standards (IPSAS) in Zambia

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Abstract

The implementation of International Public Sector Accounting Standards (IPSAS) is essential for enhancing transparency, accountability, and comparability in public sector financial reporting. This study examines the challenges Zambia faces in achieving full IPSAS compliance despite its adoption in 2009. A quantitative research approach was employed, collecting primary data from 100 public sector accountants and financial officers in Lusaka through structured questionnaires. Data analysis included descriptive and inferential statistics using SPSS.

Findings indicate that government support ($B = 0.714$, $p = 0.005$) positively influences IPSAS adoption, while high implementation costs ($B = -0.956$, $p = 0.000$) are the most significant barrier. Complexity in transitioning ($B = 0.464$, $p = 0.035$) also affects adoption, while professional capacity ($B = 0.152$, $p = 0.457$) does not significantly impact implementation. Although Zambia has made progress, these barriers hinder full compliance. Recommendations include enhanced government funding, cost-effective transition strategies, and capacity-building programs to improve IPSAS adoption.

Keywords: International Public Sector Accounting Standards; IPSAS; Public sector accounting; Implementation challenges; Zambia; Government support; Financial constraints; Professional capacity and public accountability

1. Introduction

IPSAS are globally recognized financial reporting standards designed to improve transparency, accountability, and financial comparability in the public sector (IFAC, 2021). Developed by the IPSAS Board under the International Federation of Accountants, these standards address government accounting challenges worldwide (Hayfron, 2020). Zambia adopted IPSAS in 2009 to enhance financial reporting quality but has faced slow implementation due to insufficient government support, high costs, and limited professional capacity (ACCA Global, 2017; Thi, 2023). Unlike Ghana and Nigeria, which adopted modified IPSAS, Zambia's direct transition to accrual-based IPSAS has intensified these challenges (Njuguna & Matengo, 2020; Akintoye & Olowo, 2018).

Globally, IPSAS has improved public financial management in countries like New Zealand, Kenya, and Indonesia, attracting foreign investment (Rodica Gabriel & Farcane, 2019; Udeh & Samuel, 2020). However, a lack of harmonization between IPSAS and local regulations limits effectiveness in many developing countries, including Zambia (Amanamah, 2017; Salia & Atuilik, 2018).

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1.1. Problem Statement

Zambia struggles with funding shortages, high implementation costs, and a lack of skilled accountants, impeding full IPSAS adoption (ZICA, 2020; Adamu, 2022). Failure to implement IPSAS fully leads to inconsistent financial data, inefficient resource management, and reduced public trust (ACCA Global, 2017). The complex transition to accrual-based IPSAS has further delayed progress, leaving Zambia behind regional counterparts (Njuguna & Matengo, 2020).

1.2. Research Objectives

1.2.1. General Objective

To examine the factors affecting the implementation of International Public Sector Accounting Standards (IPSAS) and propose solutions to enhance compliance in Zambia

1.2.2. Specific Objectives

- To determine the extent to which the Zambian government has implemented IPSAS in alignment with the IPSAS framework.
- To analyze the factors influencing the full implementation of IPSAS in Zambia, including government support, implementation costs, transitioning complexities, and professional capacity.
- To recommend strategies for overcoming challenges and improving IPSAS adoption in Zambia.

1.2.3. Research Hypotheses

- **H1**: Government support has a significant positive impact on IPSAS implementation in Zambia.
- **H2**: High implementation costs negatively affect IPSAS adoption.
- **H3**: Inadequate professional capacity is a critical barrier to successful IPSAS implementation.

2. Literature Review

2.1. Global Studies on IPSAS Adoption

Globally, studies have highlighted the transformative impact of IPSAS on public sector financial management. For instance, Rodica Gabriel and Farcane (2019) demonstrated how IPSAS adoption in New Zealand improved the reliability and comparability of financial statements, fostering public trust and enhancing resource allocation. Similarly, Udeh and Samuel (2020) found that IPSAS implementation in Kenya and Nigeria promoted transparency, reduced corruption, and attracted foreign investment. However, these successes were attributed to strong institutional frameworks, adequate resources, and political support—factors often lacking in developing countries like Zambia.

2.2. Studies in Developing Countries

In developing countries, IPSAS adoption has been hindered by various factors, including insufficient funding, lack of professional capacity, and resistance to change. Amanamah (2017) examined IPSAS implementation in Ghana and highlighted challenges such as inadequate stakeholder engagement and the high costs of training public sector accountants. Similarly, Njuguna and Matengo (2020) found that political instability and inconsistent regulatory frameworks hindered IPSAS compliance in Kenya. In Nigeria, Akintoye and Olowo (2018) observed that while IPSAS adoption improved financial reporting quality, its implementation was marred by delays and inconsistencies due to limited technical expertise and weak enforcement mechanisms.

2.3. Studies in Zambia

In the Zambian context, research on IPSAS adoption is sparse but growing. A study by Felix Chilingwe (2024) identified significant barriers to IPSAS implementation, including high costs, insufficient government support, and limited professional capacity. While these findings align with those from other developing countries, the study highlighted Zambia's unique challenges, such as difficulties in transitioning from cash-based to accrual-based accounting and the lack of harmonization between IPSAS and local regulations. Additionally, the study noted that Zambia's reliance on external funding for IPSAS-related initiatives raises concerns about sustainability.

3. Research Methodology

This study employed a quantitative research approach to assess IPSAS implementation using numerical data and statistical analysis. A survey strategy was utilized, collecting standardized data through structured questionnaires from public sector accountants and government officials. A descriptive research design was adopted to document IPSAS adoption and challenges without manipulating variables. Data was sourced exclusively from primary sources, with structured questionnaires capturing key influencing factors. Random sampling ensured equal selection probability, and Slovin's formula determined a sample size of 100 respondents from a population of 133 public sector financial officers in Lusaka, Zambia, using a 5% margin of error for representativeness.

4. Results and findings

4.1. Descriptive Statistics

The study gathered data from 100 respondents through structured questionnaires and semi-structured interviews. Respondents included public sector accountants, policymakers, and financial managers. The demographic breakdown is as follows:

4.2. Regression Analysis Formula

In this study, a multiple linear regression model was used to analyze the impact of various factors on the Extent of Implementation of IPSAS.

Table 1 Coefficient analysis

Coefficients					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
(Constant)	2.583	0.310		8.324	0.000
level of government support	0.714	0.252	0.371	2.839	0.005
High implementation cost	-0.956	0.210	-0.611	-4.550	0.000
Complexity of transitioning from pervious accounting standards	0.464	0.218	0.251	2.128	0.035
Inadequate professional capacity	0.152	0.204	0.075	0.745	0.457
a. Dependent Variable: Extent of implementation of IPSAS					

The regression analysis assesses the impact of various factors on IPSAS implementation in Zambia, revealing that government support, high implementation costs, transition complexity, and professional capacity influence adoption to different extents. The constant ($B = 2.583$, $p = 0.000$) suggests a baseline level of implementation even in the absence of these factors. Government support ($B = 0.714$, $\beta = 0.371$, $p = 0.005$) is a significant positive predictor, emphasizing the role of funding, training, and guidance in driving IPSAS adoption. In contrast, high implementation costs ($B = -0.956$, $\beta = -0.611$, $p = 0.000$) pose the biggest barrier, demonstrating that financial constraints strongly hinder progress. Transition complexity ($B = 0.464$, $\beta = 0.251$, $p = 0.035$) also has a significant but moderate positive impact, suggesting that structured transition strategies improve implementation. However, professional capacity ($B = 0.152$, $\beta = 0.075$, $p = 0.457$) is not a significant predictor, indicating that existing training programs may have mitigated its effect. Overall, the findings underscore the necessity of strong government support, cost mitigation strategies, and structured transition processes to enhance IPSAS adoption in Zambia's public sector.

5. Discussion of findings

5.1. Extent of IPSAS Implementation

The study found that 62% of respondents believe IPSAS implementation in Zambia has progressed significantly, though full compliance remains unachieved. Comparisons show Zambia aligns with Kenya's gradual adoption (Njuguna & Matengo, 2020) but lags behind Ghana and South Africa, where stronger government commitment and structured training have facilitated faster progress (Mensah et al., 2019). Political inertia and weak capacity-building have hindered adoption in Nigeria and Uganda (Akintoye & Olowo, 2018).

5.2. Factors Influencing IPSAS Implementation

5.2.1. Government Support

Government support (B = 0.714, β = 0.371, p = 0.005) significantly impacts IPSAS adoption, reinforcing findings by Christiaens et al. (2015). However, excessive reliance on central support may slow progress, as seen in Indonesia (Harun et al., 2012).

5.2.2. High Implementation Costs

Financial constraints (B = -0.956, β = -0.611, p = 0.000) are the biggest barrier, affecting staff training, system upgrades, and compliance costs (Brusca & Martínez, 2016). Similar challenges exist in Nigeria and Uganda (Hassan et al., 2022), highlighting the need for external funding and cost-efficient solutions.

5.2.3. Complexity of Transition

Transition complexity (B = 0.464, β = 0.251, p = 0.035) moderately influences IPSAS adoption, supporting Chan (2006) and Adhikari et al. (2019), who recommend phased implementation to ease resistance.

5.2.4. Professional Capacity

Despite concerns from 69.2% of respondents, professional capacity (B = 0.152, β = 0.075, p = 0.457) was not a significant predictor, possibly due to existing training programs (Agresta-Pontoppidan, 2011). Further capacity-building efforts remain essential.

5.3. Recommendations

- Establish a dedicated IPSAS task force within the Ministry of Finance to oversee implementation.
- Create financial assistance programs, including grants or subsidies, to support IPSAS adoption.
- Launch national capacity-building initiatives, including professional development workshops and certification programs for public sector accountants.

6. Conclusion

IPSAS implementation in Zambia faces challenges related to government support, high costs, and professional capacity gaps. While some progress has been made, full adoption requires sustained efforts, increased funding, and targeted training initiatives. The study concludes that a holistic approach, incorporating these measures, is essential for the successful implementation of IPSAS in Zambia.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study

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