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Determinants of IPSAS Adoption in the Public Service of the South Western States in Nigeria

Zacch Adelabu ADEDEJI
Department of Management and Accounting
Obafemi Awolowo University Ile Ife, Nigeria

ABSTRACT

The study examined the factors affecting the adoption of IPSAS in the South Western States of Nigeria. The focus of the study was mainly the isomorphic factors, and the survey included all the MDAs in the geopolitical zone. A well-structured questionnaire was used to harvest information from the prospective respondents who are accounting officers in the public service of the states in the geopolitical zone. A total sample of 400 respondents were selected using Taro Yammne sampling technique. The data were analyzed using both descriptive statistics and Structural Equation Modelling. The results from the findings indicate that normative (interest group political power, resources and capacity) and coercive (from federal government, international institutions, and the state fiscal imbalance) factors influenced the adoption of IPSASs in the sample states. It is recommended that these factors are to be involved in policy formulation that will improve adoption of IPSAS in the Nigerian public sector.

Key Words: IPSAS Adoption, Determinants, Isomorphic Factor

INTRODUCTION

There have been legitimate concerns about public sector activities, accountability and financial reporting in the context of Nigeria. These concerns have been worsened by the country's continued poor ranking in corruption index by Transparency International (TI). One of the measures embarked upon by the Nigerian government to address the concern, was the mandate given to all arms of government to adopt IPSAS in 2015. The government embraced IPSASs to inter-alia, overturn the weakness and inefficiencies hampering transparency and accountability in the country (Ademola, Adegoke & Oyeleye, 2017). This adoption has led to plethora of studies on the adoption of IPSAS and its application to Nigeria. Thus, IPSASs adoption by Nigeria, which is arguably the giant of Africa, represents a research area for empirical evidence for evaluating the quality of financial reports.

Though, the Nigerian federal government mandated all states and public sector organisations to migrate to IPSASs accounting system, but evidence may vary on the extent of adoption among the states and the Ministry, Department, and Agencies (MDAs). The argument is that IPSASs is a principle-based standard and its flexibility allow diverse application by different jurisdictions (Benito, Brusca, & Montesinos, 2007). While some jurisdictions may adopt the accrual-based standards, others may adopt the cash-based standards. Furthermore, some other jurisdictions may choose between modified cash – or- accrual basis. These different applications will result in various implementation results (Adhikari & Mellemvik, 2010). While majority of studies have distinguished between adopters and non-adopters of IPSASs (Mnif & Gafsi, 2020), other studies have focused on the determinants of IPSAS either in a single economy or comparatively (Amiri & Hamza, 2020) without regard to varying levels of IPSASs adoption (Sellami & Gafsi, 2019).

All these different levels and patterns of IPAS adoption have varied degrees of implication on its effectiveness. More importantly isomorphic factors responsible for the adoption of a particular form of IPAS are bound to differ as well. Consequently, this study

intends to focus on the South Western States in Nigeria which arguably is the most developed geopolitical zone ij the country to investigate these factors that might likely be affecting the adoption of IPAS with a view to contributing to the existing debate in this regard and make policy recommendation that is rooted in empirical evidence as it affects adoption of IPAS in the public sector of Nigeria. The rest of the paper is divided into the literature review, methodology, results and discussion, conclusion and recommendations.

LITERATURE REVIEW

Several studies have investigated factors affecting IPAS adoption with different conclusions that are mostly influenced by the case studies. Some of these studies are reviewed as follows;

Haji Din and El Haron (2023) examined the factors which influence the accrual basis of IPSAS adoption. The study identified seven variable factors to influence IPSAS adoption. These variables include Knowledge, Experience, Top Management Support, expertise availability, External Pressure, Implementation Cost and Technology. The study adopted the use of agency theory and institutional theory to support the above conceptual framework. The study aims are achieved through a review of literature in Dubai's public sector. Juanda, Setyawan and Inata (2023) analysed the disclosure of local government reporting information following international public sector accounting standards. The study directly considered how the specific IPSAS quality of reporting such as openness and audit opinion, and the support of the government in terms of financing and enabling growth influence the adoption and meeting of the disclosure requirements of IPSAS. The study sample 64 local governments which provide the study with secondary data. These data were analysed with the help of multiple regression analysis. The study found that these factors including openness, experience and audit opinion influence the adoption of the IPSAS disclosure in these local governments.

Polzer, Adhikari and Garseth-Nesbakk (2021) examined the international public sector accounting standards adoption in developing economies through a review of existing literature with the key aim of proposing policy agenda for future research. The study was built on an analytical framework base on diffusion theory and the sample of the study yielded 42 articles from the 427 articles available in four different databases with the aid of PRISMA flow diagram. The study found that IPSAS is a relevant issue in developing countries based on the outcome of many research. These studies are known to have relied on secondary data for analysis mainly through content analysis and few of them relied on primary analysis through the use of interviews and questionnaires. The study identified the need for future research to contextualise the use of IPSAS in most developing economies.

Ninson (2022) scouted the possible challenges faced by the support systems for the adoption of international public sector accounting standards in Ghana. The close-ended questionnaire was adopted through a quantitative method of descriptive analysis. With this, the study was able to conclude a strong proposition that the existence of a support system is needed to ensure a smooth transition to the adoption of IPSAS. Therefore, the study found a strong positive association between the support functions with IPSAS adoption. Matekele and Komba (2020) scouted the influencing factors to the implementation of the accrual-based IPSAS among the local governments in Tanzanian. The data of the study were obtained from structured questionnaires using the basic idea of questionnaire administration called the drop-and-pick method. The analysis was carried out through the identification of 15 factors influencing the implementation of accrual-based IPSAS including training in-house, involvement of professional accountants, understanding, publication of information based on disclosures, staff experience, policies, pressure from authorities, the extent of sanctions etc. The study found that the majority of these factors influence the IPSAS implementation and adoption by these local governments significantly.

Chibunu (2019) examined accountants' perception of the IPSAS application in Tanzanian local government using the Manyara region as a case study. The study primary direction was to consider perceived knowledge of IPSAS, reporting quality and as well considered the ease of transition of the IPSAS. The study sampled one hundred and sixteen accountants and auditors among these local governments through structured questionnaires after the selection of the sample through the use of a purposive sampling technique. The study carried out regression analysis to examine the association between IPSAS perceived knowledge, its ease of use and the possible benefits to be received from its adoption. The study concludes that IPSAS implementation especially through transition should encourage a n increased understanding for all accountants who needed to apply

Dauda (2016) scouted the perception of stakeholders on the implementation of IPSAS in public sector entities. The stakeholders hold different perceptions regarding the benefits which the IPSAS adoption tends to provide. The study sampled key stakeholders including taxpayers, heads of government agencies, permanent secretaries, representatives of legislators, professional chartered accountants etc. Therefore, the sample selected after the use of the purposive sampling technique was administered with structured questionnaires to obtain the required information. The gathered data underwent analysis employing a combination of descriptive and inferential statistical methods, which encompassed parametric tests, correlation analysis, and regression analysis. The study found that there exists a significant difference in the stakeholders' perception and the benefits of IPSAS adoption.

METHODOLOGY

Research Design

The particular study adopted survey research design. The quantitative research involved the analysis of data. The survey research design captures data through the viewpoints, demographic details, perceptions, and motivations of the respondents. This method was considered appropriate because it allowed quantitative analysis to gain direct and deeper insight into the research questions. The method was recognized as valuable because it allowed direct access to critical data valuable for the research.

Area of the Study

The area of study for this research was South-western Nigeria. The South-western region consisted of Lagos, Ekiti, Ondo, Ogun, Oyo, and Osun States. The study area was chosen because all the South-western States had directed the migration to IPSASs for the preparation of financial statements. The South-western region was one of the four regions of the country, and is reputed as the economic nerve centre of the country. Studies had shown that two States in the South-western Nigeria, that is, Lagos and Ogun States, had very high internally generated revenues and a huge number of businesses domiciled in the States.

Population, Sample Size and Sampling Technique

The study population comprised 1, 492 respondents comprised all accountants and auditors from grade level 12 and above in the Southwest States. These set of respondents had adequate experience and knowledge to give appropriate responses to the study's research questions. The sample size was determined using Yamane formula. Table 1 showed the distribution of the population and the sample size for each State in the South-western Nigeria. Simple random sampling was applied as basis for the distribution of the sample among the States.

Table 1: List of Population, Sample Size and Sampling Techniques

		Population	Sample size by Yamane formula	Margin of error	Final sample
SN	**States**	**Total**			
1	Lagos	378	80	21	101
2	Ogun	327	69	19	88
3	Oyo	265	56	15	71
4	Osun	176	37	10	47
5	Ondo	192	41	11	52
6	Ekiti	154	32	9	41
	Total	**1,492**	**315**	**85**	**400**

Source: Field Study, 2023

The Taro Yamane formula is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where "n" represented sample size; "N" represented the population of the study; and "e" represented the margin error of 5%

$$n = \frac{1,492}{1 + 1,492(0.05)^2} = \frac{1,492}{4.73} = 315$$

Data and Sources of Data

The study used both secondary and primary sources of data. The primary data were extracted from the administration of questionnaire on relevant respondents (accountants and auditors on grade level 12 and above in all South-western States).

Research Instrument

The administration of a structured questionnaire was adopted in eliciting information from the targeted respondents. The questionnaire design was achieved through the combination of deductive and inductive approaches (Tharenou, Donohue, & Cooper, 2007). The deductive approach involved an extensive literature review of pre-existing scale while the inductive approach involved opinions gathered from relevant respondents. The instrument will be assessed using a 5-point agreement scale, with scores ranging from 0 to 4.

The purpose of scaling is to facilitate the conceptualisation and management of a construct and to produce quantitative metrics that are used to test hypotheses (Neuman, 2006). The scaling system is in line with literature that standard estimations performed well with indicators measured on 5 or more categories. Indicators measured with fewer categories may result in non-trivially attenuated covariances and inflated fit statistics (Joreskog, 1994; Muthen, 1984; Hoyle, 2000). Responses to each item in the questionnaire were constructed in such a way that higher scores will indicate a more favourable agreement. The survey instrument was pre-tested on 20 accountants and auditors in Kwara public sector in order to ascertain face and content validity of the instrument. Comments made at the level of pre-test were incorporated in the instrument. The instrument was divided into 4 sections.

Section A comprised information about the demographic characteristics of the respondents to validate the suitability of the respondents. Section B elicited information about financial reporting quality, while Section C detailed information about the extent of IPSASs adoption in South-western Nigeria. Section D showed contingency factors including isomorphic variables and other isomorphic factors influencing the adoption of IPSASs. The measurement of FRQ was based on the qualitative and enhancing characteristics of quality

accounting information and these have been validated in prior studies (e.g., Van Beest, Braam, & Boelens, 2009; Jonas & Blanchet, 2000). There are 30 items where 7 items (R1-R7) seek information on "relevance", 6 items (F1-F6) seek information on "faithful representation", 8 items (U1-U8) seek information on "understandability".

Reliability and Validity of Research Instrument

Pre-administration Tests

Content validity was adopted as a pre-administration test to determine the suitability of the contents of the questionnaire. According to Rubio (2005), content validity "relies on people's judgement of the extent to which the item and/or measure is valid". Two methods for assessing content validity are face and logical validity. This study adopted the face validity measure by administering the questionnaire on 6 experts on IPSASs adoption both in academia and the public sector.

Post-administration Test

The study conducted reliability and validity tests on the research instrument after it was administered to the respondents. The reliability of the instrument was determined by Cronbach's alpha (with benchmark to 0.7). The validity of the research instrument was determined by discriminant validity tests.

Model Specification

Isomorphic Factors influencing the Adoption of IPSASs in the South-western States

The objective investigated the isomorphic factors influencing the adoption of IPSASs in South-western Nigeria. The study adopted institutional theory which recognised the concept of "isomorphism" as basis for the explanation of factors that can influence the adoption of IPSASs. Following prior studies (e.g., Sellami & Gafsi, 2017), the model for the achievement of the objective was as follows:

$$ipsas_i = \beta_0 + \beta_1 mim_{1\,i} + \beta_2 nor_{2\,i} + \beta_3 coe_{3\,i} + \varepsilon_{it} \quad \text{Eq. 1}$$

Where:

$ipsas_i = IPSASs$ adoption

$mim_{1\,i} = mimetic\ factors\ =\ Factor\ 1$

$nor_{2\,i} = normative\ factors = Factor\ 2$

$coe_{3\,i} = coercive\ factors =\ Factor\ 3$

The dependent variable is IPSASs adoption which is proxied by the different variation of IPSASs adoption as contained in section C of the questionnaire. In line with institutional theory, the determinants of IPSASs adoption considered in the study were: mimetic factors (factor 1), normative factors (factor 2), and coercive factors (factor 3).

Institutional theory formed the basis of the design of the questionnaire regarding the isomorphic factors influencing IPSASs adoption. The questions as contained in section D of the questionnaire was categorized based on isomorphic factors (coercive, mimetic and normative isomorphic pressures) and other contingency factors such as size, structure, strategy, culture, environment and financial performance.

Method of data analysis

Analysis of the Isomorphic factors determining the Adoption of IPSASs in South-western Nigeria will be done by adopting Partial least square- structural equation modeling (PLS-SEM). This is because there is the presence of latent variables in the model.

RESULTS AND DISCUSSION

This aspect of the papers analyse the data interpret and discuss the empirical results. This starts with the response rate analysis

Response Rate

An initial sample of 315 respondents was determined using the Taro Yamane formula, and an additional 85 respondents were added to compensate for the margin of error. Therefore, a sample of 400 respondents was considered as the final sample. 389 separate copies of the questionnaire were returned, while 13 copies of the questionnaire were discarded because of deliberate omission by the respondent to avoid some of the questions. Therefore, 376 validly filled copies of the questionnaire, which amounted to 94%, were used for the study.

Table 2: Response Rate statistics

Total copies of Questionnaire Administered	Total copies of questionnaire retrieved	Total copies of questionnaire correctly filled	Total copies of Questionnaire Discarded
400	389	376	13

Source: Field Survey, 2023

Demographic Analysis

Table 3 displayed the findings related to the demographic characteristics of the respondents. The respondents were asked to indicate their State of residence, post occupied, gender, age group, marital status, highest academic degree acquired, professional qualification, position in office, work experience, number of trainings attended, place of training, and training sponsor. With regard to the respondents' State of residence, the results showed that 93 (24.7%) of the respondents resided in Lagos, 63 (16.8%) resided in Oyo, 50 (13.3%) resided in Ondo, 39 (10.4%) in Osun, 43 (11.4%) in Ekiti, and 88 (23.4%) resided in Ogun State. Table 3 also showed that 237 (63%) respondents were accountants and 139 (37%) were auditors. In relation to gender, 191 (50.8%) were male, while 185 (49.2%) were female. Furthermore, the respondents were required to indicate their age group; the results showed that 26 (6.9%) respondents were between the ages of 18-30 years, 206 (54.8%) were between the ages of 31.45 years, and 144 (38.3%) were between the ages of 46-60 years.

With regards to the respondents' marital status, Table 3 showed that 36 (9.6%) were single, 338 (89.9%) constituting the larger proportion of respondents were married, while 2 (0.5%) were divorced. In addition, 15 (4.0%) respondents had only SSCE, 278(73.9%) had B.Sc./HND, 78 (20.7%) had M.Sc., while 5 (1.3%) respondents had a PhD. The results also showed that 247 (65.7%) respondents were associate members of relevant and recognised professional bodies, while 86 (22.9%) respondents were fellows of the professional bodies, while 43 (11.4%) indicated other qualifications.

Respondents were also requested to specify their office positions. As shown in Table 3 284 (75.5%) respondents were on grade level 12-14, 59 (15.7%) were on grade level 15 while 33 (8.8%) were on the management cadre. For work experience, 26 (6.9%) had less than 5 years' work experience, 102 (27.1%) had between 5 and 10 years, 107 (28.5%) had between 10- and 15-years' experience, 79 (21%) had between 15- and 20-years' experience, while 62 (16.5%) had above 20 years' experience. Table 3 also showed that 66 (17.6%) respondents had not attended any training, while 226 (60.1%) had attended between 1-5 trainings, 54 (14.4%) had attended training between 6-10 times, while 30 (8%) had attended training more than 10. Furthermore, the results showed that 334 (88.8%) respondents had local training while 42 (11.2%) attended the oversea trainings. Table 3 also showed 282 (75%) respondents had their trainings sponsored by the government, 82 (21.8%) self-sponsored their training, while 12 (3.2%) respondents were sponsored by private organisations.

Table 3: Demographic analysis

Variables	Items/Options	Freq	%
Respondents' State of residence	Lagos	93	24.7
	Oyo	63	16.8
	Ondo	50	13.3
	Osun	39	10.4
	Ekiti	43	11.4
	Ogun	88	23.4
	Total	**376**	**100.0**
Post Occupied	Accountant	237	63
	Auditor	139	37
	Total	**376**	**100.0**
Sex	Male	191	50.8
	Female	185	49.2
	Total	**376**	**100.0**
Age group	18-30 years	26	6.9
	31-45 years	206	54.8
	46-60 years	144	38.3
	Total	376	100.0
Marital Status	Single	36	9.6
	Married	338	89.9
	Divorced	2	0.5
	Total	**376**	**100.0**
Highest Educational Qualification	SSCE	15	4.0
	B.Sc./HND	278	73.9
	M.Sc.	78	20.7
	PhD	5	1.3
	Total	**376**	**100.0**
Professional qualification	ACA/CAN	247	65.7
	FCA/FCNA	86	22.9
	Others	43	11.4
	Total	**376**	**100.0**
Position in office	Grade level 12-14	284	75.5
	Grade levels 15	59	15.7
	Management	33	8.8
	Total	**376**	**100.0**
Work experience	Less than 5 years	26	6.9
	From 5 to less than 10	102	27.1
	From 10 to les than15	107	28.5
	From 15 years to less than 20	79	21.0
	From 20 years and above	62	16.5
	Total	**376**	**100.0**
Number of trainings attended	None	66	17.6
	1-5 times	226	60.1
	6-10 times	54	14.4
	Above 10 times	30	8.0
	Total	376	100.0
Place of training	Local	334	88.8

	Overseas	42	11.2
	Total	**376**	**100.0**
Training sponsor	Government	282	75
	Self	82	21.8
	Private Organisation	12	3.2
	Total	**376**	**100.0**

Source: Data Collected from Field Survey in 2023

Analysis of Determinants of Adoption of IPAS

This is done using the descriptive statistics as indicated via the **SEM** model analysis. The result via descriptive statistics are shown in Table 4.

Table 4: Descriptive analysis of the determinants of IPAs Adoption

Code	Items	N	Min	Max	Mean	Std. Dev	Skewness		Kurtosis	
							Statistic	Std. Error	Statistic	Std. Error
CP1	Pressure from FG to adopt	376	0	4	3.09	0.844	-0.574	0.126	-0.182	0.251
CP2	Pressure from International organisations to adopt	376	0	4	3.17	0.814	-1.003	0.126	1.594	0.251
CP3	Pressure from State's fiscal imbalance	376	0	4	2.71	0.887	-0.557	0.126	0.492	0.251
Coercive Pressures		**376**			**2.99**	**.58**	**-.383**	**.126**	**-.169**	**.251**
MP1	Need to access international credit markets for funding	376	0	4	3.12	0.84	-1.2	0.126	2.259	0.251
MP2	Pressure from other States in Nigeria that have adopted	376	0	4	2.77	0.92	-0.428	0.126	-0.134	0.251
MP3	Pressure from friends in international countries	376	0	4	2.76	0.992	-0.818	0.126	0.524	0.251
MP4	Other States that have adopted having benefitted from multilateral fundings	376	0	4	3.01	1.004	-1.409	0.126	2.11	0.251
MP5	Other States who have adopted IPSASs are perceived as more transparent	376	0	4	3.13	0.832	-1.163	0.126	2.101	0.251
Mimetic Pressure		**376**			**2.96**	**.62**	**-.584**	**.126**	**.436**	**.251**
NP1	Pressure from interest group	376	0	4	2.67	1.016	-0.615	0.126	0.122	0.251

NP2	The capacity of interest group to influence adoption is high	376	0	4	2.56	0.959	-0.46	0.126	0.24	0.251
NP3	Resource capacity of interest group	376	0	4	2.51	0.966	-0.594	0.126	0.105	0.251
NP4	High number of interest groups	376	0	4	2.44	1.01	-0.464	0.126	0.038	0.251
NP5	Political power of interest group	376	0	4	2.49	1.107	-0.618	0.126	-0.191	0.251
Normative Pressure		**376**			**2.53**	**.80**	**-.647**	**.126**	**.449**	**.251**

Source: Field Survey, 2023

The factors were measured using three variables: coercive pressure, mimetic pressure, and normative pressure. Coercive pressure was measured using three items, mimetic pressure was measured using five items and normative pressure was measured using five items. The items were measured using a five-point Likert Scale ranging from 1(strongly disagree) to 5 (strongly agree). The response was coded from undecided as zero (0) to strongly agree as four (4).

The descriptive statistics of coercive pressure as shown in Table 4 was 2.99 (SD=0.58). This result indicated that the level of coercive pressure to adopt IPSAS standard was above average, and the responses were not highly varied across the respondents. The second indicator had a mean score of 3.17 (SD=0.8) which indicated that higher pressure to adopt IPSASs came from international organizations. Meanwhile, lesser pressure to adopt IPSAS came from the State's fiscal imbalance as shown in the mean score of the third indicator, 2.71 (SD=0.8).

The descriptive statistics for mimetic pressure as shown in Table 4 revealed an overall mean of 2.96 (SD=.62). This result implied that the responses tilted towards agreement with slight variation in responses. The results implied that IPSASs implementation in the public sector was influenced more by the need to access international credit markets for funding than pressure from peers in international countries. The descriptive statistics for normative pressures revealed a mean of 2.53 (SD=.80). The results indicated that IPSASs adoption in the public sector was influenced more by pressure from interest group under the normative pressure dimension.

According to the adjusted R2 of the random approach, which is shown in Table 4 the explanatory factors were found to describe 40% changes in ROE. Additionally, the Dubin-Watson coefficient of 2.1983 indicates the existence of a negative serial correlation. However, Durbin Watson's existence or absence won't have changed the regression's outcome. Additionally, the F-statistics of 4.7152 for p-value 0.0000 demonstrated that, at the 1% level of significance, all predictors significantly elucidate fluctuations in Share Value.

The predictor variables must be independent of one another, which is one of the fundamental presumptions of OLS technique of estimation. The explanatory elements of the equation model underwent a multicollinearity test before moving on to the multiple regression technique. This is done to make sure that no variables were coincident with one another and, to a significant extent, to comprehend how a factor related to the others. The findings of the pairwise correlation approach were shown in Table 4 According to a widely accepted maxim, a correlation above 0.8 in absolute value denotes a strong connection and detrimental collinearity.

All conceivable bivariate permutations of the variables, viz ASSET UT, AGE, LIQ, PROF, and SALES GR, were shown in the data in Table 4 According to the findings, all variables exhibited correlation coefficients that were both positive and negative less than 0.8. This demonstrated the independence of all factors affecting the dividend per share. This implies

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PLS-SEM Estimation of the Determinants of IPAS Adoption

During the evaluation of the measurement model, it was essential to scrutinize the loadings of the constructs. Indicators with loadings of ≥0.5 were retained, while those falling below 0.5 were considered for removal. Hulland (1999) indicated that loadings above > 0.5 are generally acceptable, although Hair et al. (2019) suggested a more stringent criterion of loadings above 0.708, with a lower limit of 0.4 for exploratory research. The indicator loadings for the constructs in the study are presented in Table 5. Upon examining the results in Table 5, it was observed that none of the indicators fell below the specified threshold of 0.5.

Table 5: Indicator Loadings

Constructs	**No of indicators**	**Indicators removed**	**Indicators retained**	**Loadings**
Extent of IPSAS Adoption	4(AD1-AD4)	-	AD1	0.673
			AD2	0.5
			AD3	0.63
			AD4	0.67
Isomorphism				
Coercive Pressure	3(CP1-CP3)	-	CP1	0.687
			CP2	0.657
			CP3	0.723
Mimetic Pressure	5(MP1-MP5)	1(MP5)	MP1	0.654
			MP2	0.745
			MP3	0.789
			MP4	0.658
Normative Pressure	5(NP1-NP5)	-	NP1	0.805
			NP2	0.854
			NP3	0.836
		-	NP4	0.787
			NP5	0.712

Internal Consistency Reliability

The Internal consistency reliability of the constructs was evaluated by examining Cronbach's alpha (CA), rho_A, and Joreskog's (1971) composite reliability (CR), as presented in Table 5 The results in particular indicated that the Cronbach's alpha value for the construct "IPSAS adoption" was 0. 5. The variable was retained because each standard adoption was at varying levels and not necessarily expected to be adopted at the same level. The Cronbach Alpha values for the constructs of isomorphism: coercive, mimetic, and normative were 0.46, 0.68 and 0.85 respectively. Moreover, the evaluation of rho_A in Table 5 indicated that all the constructs exhibited rho_A and composite reliability values exceeding 0.7. As per Diamantopoulos et al. (2012), composite reliability values within the range of 0.60-0.90 are deemed satisfactory. These findings demonstrated that the composite reliability criterion was satisfied for all constructs, confirming the internal consistency and reliability of all constructs.

Validity Test

Convergent validity was evaluated to establish the credibility of the constructs through the average variance extracted (AVE), with a generally accepted threshold of 0.5 or higher (Hair et al., 2019). The AVE values for all constructs, as indicated in Table 6, exceeded the recommended threshold of 0.5.

Table 6: Convergent Validity Test

Isomorphism	
Coercive Pressure	0.500
Mimetic Pressure	0.544
Normative Pressure	0.641

Indicator Multi-Collinearity

To assess the collinearity of the indicators using the variance inflation factor (VIF), a VIF value of 5 or higher is indicative of collinearity issues. The VIF values of the indicators, as presented in Table 7, indicated that all the indicators exhibited satisfactory collinearity, with values below 3. Therefore, there was no issue of multi-collinearity in the model.

Table 7: Collinearity of Indicators using Variance Inflator Factor

Constructs	**Indicators**	**Variance Inflation Factors**
Variants of IPSAS Adoption	AD1	1.154
	AD2	1.058
	AD3	1.137
	AD4	1.145
Coercive Pressure	CP1	1.212
	CP2	1.175
	CP3	1.042
Mimetic Pressure	MP1	1.414
	MP2	1.378
	MP3	1.729
	MP4	1.280
Normative Pressure	NP1	2.019
	NP2	2.310
	NP3	2.218
	NP4	1.854
	NP5	1.450

Source: Field Survey, 2023

In order to investigate the effect of isomorphism on IPSAS adoption in the selected states of South-western Nigeria using PLS-SEM on SmartPLS 4 (Ringle et al., 2015), the study determined the coefficient of determination (R^2), statistical significance, path coefficient, and model's out-of-sample predictive power (Hair et al., 2019).

Model Fit

Model fit assessment employed the Standardized Root Mean Square Residual (SRMR) and the Normal Fit Index (NFI), also known as the Bentler-Bonett Index. Generally, an SRMR of less than 0.085 and an NFI above 0.9 are considered acceptable thresholds. In Table 8, the SRMR is indicated as 0.083, which falls below the 0.085 threshold, thus indicating that the model fit criteria were met. However, the NFI did not satisfy the requirement. The R2, which assesses the model's predictive power within the sample (Ringle et al., 2018), was evaluated. According to Cohen (1988), an R2 value of 0.25 indicates a substantial model, though a general guideline is that R2 values of 0.25, 0.50, and 0.75 are considered weak, moderate, and strong, respectively (Hair et al., 2019). Ali et al. (2016) emphasized that the interpretation of the R2 value should consider the context of the study, as it is relative to the specific field of research. In Table 8 the R2 value reported is 0.25, which falls within the acceptable threshold. This suggests that isomorphism accounts for 25% of the variations in IPSAS adoption. The rms_theta value was 0. 178.

Table 8: $PLS_{predict}$ Statistics for Determinants (isomorphism) and IPSAS Adoption

	PLS_SEM Statistics		**Linear regression model (LM)**
	Q²_predict	PLS-SEM_RMSE	LM_RMSE
AD1	0.103	0.883	0.864
AD2	0.04	0.937	0.938
AD3	0.084	0.842	0.838
AD4	0.113	0.908	0.912

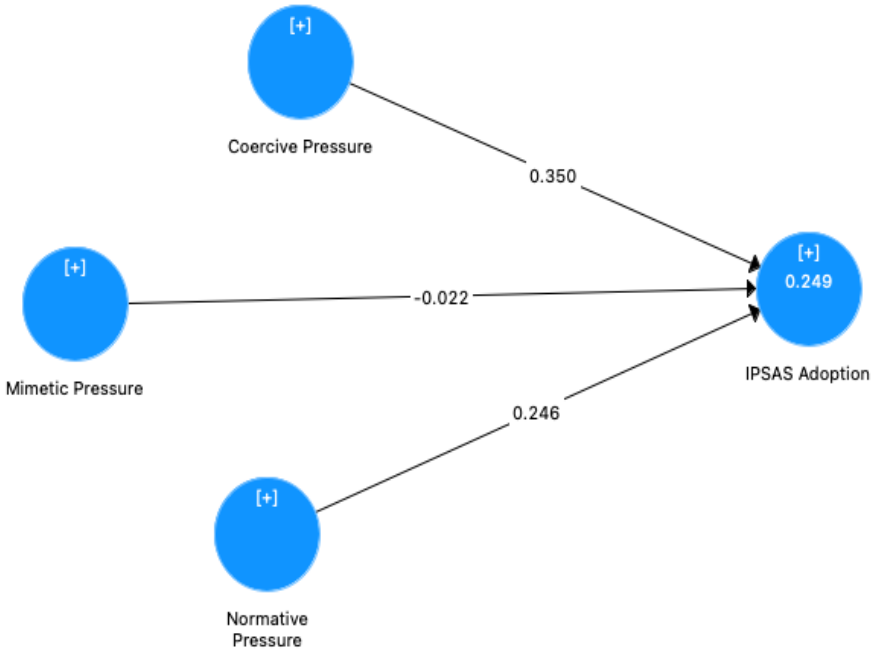
Source: Field Survey, 2023

In regard to the first hypothesis, which posited that isomorphic factors do not significantly impact IPSASs adoption in South-western Nigeria, the path model results, as displayed in Table 9, revealed the following: The influence of coercive pressure on IPSAS adoption was positive and statistically significant ($t = 5.73$, $p < 0.05$). The confidence interval further supported a significant relationship, with the lower bound value (2.50%) at 0.224 and the upper bound value (97.50%) at 0. 446. In contrast, the effect of mimetic pressure on IPSAS adoption was negative and statistically insignificant ($t = 0.331$, $p > 0.05$).

Table 9: Path Coefficient for Determinants (isomorphism) and IPSAS Adoption

Structural estimates (hypothesis testing)	***β***	***T*-Value**	***P*-value**	***f²***	**Confidence intervals**		**Decision**
					2.50%	**97.50%**	
Coercive Pressure-> IPSAS Adoption	.350	5.73	0.000	0.104	0.224	0.466	Supported
Mimetic Pressure-> IPSAS Adoption	-.022	0.331	0.741	0.000	-0.132	0.133	Not supported
Normative Pressure-> IPSAS Adoption	.246	4.173	0.000	0.056	0.128	0.356	Supported

Source: Field Survey, 2023



The confidence interval confirmed a non-statistically significant relationship, with the lower bound value (2.50%) at -0.132 and the upper bound value (97.50%) at 0. 133. Normative pressure was found to have a positive and significant effect on IPSAS adoption (β = 0.246, t = 4.173, p < 0.05, f2 = 0.056). The confidence interval supported this significant relationship, with the lower bound value (2.50%) at 0.128 and the upper bound value (97.50%) at 0.356. Based on these results, the alternative hypothesis asserting that isomorphic factors significantly influenced IPSASs adoption in South-western states of Nigeria was partially supported.

CONCLUSIONS AND RECOMMENDATIONS

The influence of coercive pressure on IPSAS adoption was positive and significant based on statistics (β = 0.350, t = 5.73, p < 0.05, f2 = 0.104). In contrast, the relationship between mimetic pressure and IPSAS adoption was negative and not statistically significant (β = -0.022, t = 0.331, p > 0.05, f2 = 0.000). Normative pressure was discovered to have positive and significant effect on IPSAS adoption (β = 0.246, t = 4.173, p < 0.05, f^2 = 0.056). The f^2 result provided more useful information in this regard. The f^2 for showed the effect size and based on Cohen's (1988) recommendations, a 0.02 threshold for small effects, 0.15 for medium effects and 0.35 for large effects is a rule of thumb. Based on this additional information, it can be argued that coercive pressure had medium effect on IPSAS adoption, while normative pressure had small effect on IPSAS adoption. The coercive pressure's effect came from the Federal Government, international aid/multilateral organisations, and the State's fiscal imbalance. Normative pressure influencing the adoption of IPSAS derived from interest group's political power, resource at their disposal and capacity to influence the adoption of IPSAS. Interestingly, mimetic power did not seem to influence the adoption of IPSAS.

Normative (interest group political power, resources and capacity) and coercive (from federal Government, international Institutions, and the State fiscal imbalance) factors influenced the adoption of IPSASs in the sample States.

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