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RESEARCH ARTICLE

The Impact of International Public Sector Accounting Standards (IPSAS) Adoption on Financial Reporting Quality in the Public Sector

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ABSTRACT

This research investigates the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the Nigerian public sector. The study aims to examine the perceptions and experiences of Nigerian government officials, accountants, auditors, and financial reporting experts regarding the impact of IPSAS adoption on financial reporting quality. Additionally, it analyzes the changes in financial reporting practices and compliance with IPSAS in the Nigerian public sector following its adoption. The research employs a mixed-method approach, utilizing both simple percentages and chi-square analysis for data analysis. The study addresses two hypotheses. Hypothesis 1 posits that the adoption of IPSAS in Nigeria does not positively and significantly influence the perceived financial reporting quality in the Nigerian public sector. Hypothesis 2 suggests that the level of compliance with IPSAS in the Nigerian public sector is not positively and significantly correlated with the improvement in financial reporting quality. The findings of the research indicates that the adoption of IPSAS in Nigeria indeed has a positive and significant impact on the perceived financial reporting quality in the Nigerian public sector. Furthermore, the study rejected the null Hypothesis 2, demonstrating a positive and significant correlation between the level of compliance with IPSAS and the improvement in financial reporting quality. These findings contribute to the existing body of knowledge by providing empirical evidence on the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector. The research highlights the importance of adopting IPSAS and complying with its standards to enhance financial reporting practices. It offers valuable insights for policymakers, practitioners, and researchers interested in improving financial reporting quality in the public sector.

Keywords: *IPSAS Adoption; Financial Reporting Quality; International Public Sector Accounting Standards*

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Introduction

The adoption of International Public Sector Accounting Standards (IPSAS) has become a global trend in the public sector as countries recognize the need for standardized accounting practices. IPSAS provides a comprehensive set of accounting standards specifically tailored to the unique characteristics and needs of public sector entities (Schmidthuber et al., 2020). The adoption of IPSAS aims to improve financial reporting quality, enhance transparency, and ensure greater accountability in the public sector. However, the impact of IPSAS adoption on financial reporting quality in the public sector, particularly in the Nigerian context, remains an area requiring further investigation.

The Nigerian government, in response to the increasing demand for transparency and accountability in financial reporting, embarked on the adoption of IPSAS (Duenya et al., 2017). This decision was motivated by the desire to align with international accounting standards and improve the quality and comparability of financial statements in the Nigerian public sector. The adoption of IPSAS represents a significant shift from the traditional accounting frameworks previously used in Nigeria.

The objective of this research is to explore the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector. By examining the Nigerian context, this study aims to contribute to the existing body of knowledge on IPSAS adoption and its implications for financial reporting practices.

The adoption of IPSAS in Nigeria is expected to bring about significant changes in financial reporting practices. The transition from the previous accounting standards to IPSAS requires adapting to new reporting requirements, processes, and methodologies. This transition may pose challenges for public sector entities, including government officials, accountants, auditors, and financial reporting experts. It is important to understand their perceptions and experiences regarding the impact of IPSAS adoption on financial reporting quality.

Analyzing the changes in financial reporting practices and compliance with IPSAS in the Nigerian public sector following its adoption will provide valuable insights into the effectiveness of IPSAS implementation. This analysis will help identify any significant improvements or challenges associated with the adoption process. It will also shed light on the extent to which IPSAS has influenced financial reporting quality in Nigeria.

Examining the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector is crucial, as it contributes to the ongoing efforts to enhance transparency and accountability in the country. Furthermore, this research will provide valuable insights for policymakers, practitioners, and researchers interested in the field of public sector accounting. Understanding the implications of IPSAS adoption will guide future policy decisions and contribute to the continuous improvement of financial reporting practices in the Nigerian public sector.

Therefore, this research aims to investigate the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector. By examining the Nigerian context and considering the challenges and changes associated with IPSAS adoption, this study seeks to contribute to the existing literature and provide valuable insights for improving financial reporting practices in the public sector.

Statement of Problem

The adoption of International Public Sector Accounting Standards (IPSAS) in the Nigerian public sector has been a significant policy shift aimed at improving financial reporting practices, transparency, and accountability. However, the impact of IPSAS adoption on financial reporting quality in Nigeria remains a subject of concern and requires further investigation. This study seeks to address the following key problems:

1. Limited understanding of the impact of IPSAS adoption on financial reporting quality: Despite the growing adoption of IPSAS globally, there is a lack of comprehensive empirical evidence on its impact on financial reporting quality in the Nigerian public sector. Previous studies have primarily focused on the perception and experiences of stakeholders, but there is a need for empirical analysis to determine the extent to which IPSAS adoption has improved financial reporting practices in Nigeria (Ogundele & Ogundele, n.d.).

2. Challenges and barriers in implementing IPSAS in the Nigerian public sector: The successful implementation of IPSAS hinges on various factors, including the availability of qualified personnel, appropriate training, and adequate resources. However, the specific challenges and barriers encountered during the adoption and implementation of IPSAS in Nigeria have not been thoroughly examined. Understanding these challenges is crucial for policymakers and practitioners to address the specific issues hindering effective implementation of IPSAS and to devise appropriate strategies (Ajulor, 2018).

By addressing these problems, this research aims to contribute to the existing literature by providing empirical evidence on the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector. It will also identify the challenges and barriers faced during the adoption and implementation process, providing insights to enhance the effectiveness of IPSAS implementation in Nigeria.

Objectives:

Objective 1: To examine the perceptions and experiences of Nigerian government officials, accountants, auditors, and financial reporting experts regarding the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the Nigerian public sector.

Objective 2: To analyze the changes in financial reporting practices and compliance with IPSAS in the Nigerian public sector following its adoption.

Hypotheses:

Hypothesis 1: The adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria does not positively and significantly influences the perceived financial reporting quality in the Nigerian public sector.

Hypothesis 2: The level of compliance with IPSAS in the Nigerian public sector is not positively and significantly correlated with the improvement in financial reporting quality.

Literature

Theoretical Literature

In this study, several theories can be adopted to provide a theoretical framework for examining the impact of IPSAS adoption on financial reporting quality in the Nigerian public sector. Two relevant theories that are adopted are:

1. Institutional Theory: Institutional theory focuses on the impact of social norms, rules, and structures on organizational behavior and practices (Aksom & Tymchenko, 2020). By adopting institutional theory, this study can analyze how the adoption of IPSAS in Nigeria is influenced by the institutional environment, including regulatory frameworks, government policies, and societal pressures. This theory can provide insights into the external factors that shape the adoption and implementation of IPSAS in the Nigerian public sector. For example, it can explore how the pressure to conform to international accounting standards and the desire for transparency and accountability drive the adoption of IPSAS in Nigeria.
2. Agency Theory: According to Linder & Foss (2015), agency theory focuses on the principal-agent relationship and the potential conflicts of interest that arise when one party (the principal) delegates decision-making authority to another party (the agent). In the context of IPSAS adoption, agency theory can be used to analyze the relationship between the government (as the principal) and public sector entities (as the agents) in terms of financial reporting quality. This theory can help identify the incentives, monitoring mechanisms, and contract arrangements necessary to align the interests of the principal and the agent and ensure the production of high-quality financial reports.

By adopting these theories, this study can provide a comprehensive theoretical framework for understanding the drivers, challenges, and outcomes of IPSAS adoption in the Nigerian public sector. These theories will help guide the analysis of institutional pressures, organizational behavior, and the principal-agent relationship in the context of financial reporting quality.

Empirical Literature

Duenya et al. (2017) examined the effect of adopting International Public Sector Accounting Standards (IPSAS) on accountability in public sector financial reporting in Nigeria, using the perceptions of accounting personnel (AP), academics (AA, and auditors (AU). A sample of 130 respondents was drawn from a population of 193 AU, AP, and AA within Benue State. The Chi-Square goodness of fit test, Kruskal Wallis H test, Mann-Whitney U test, and Cohen effect size were used in data analysis. The study found that IPSAS adoption in Nigeria would improve accountability and decision making in the public sector. The study also found that significant differences existed between AP, AA and AU on the effect of IPSAS adoption on Nigeria's public sector financial accountability. The study, therefore, recommended that the Federal Government should not relent towards IPSAS implementation in Nigeria since they would enhance accountability and decision making. Furthermore, concerted efforts should be made by the federal, state and local governments to educate the populace on what IPSAS entails in terms of financial accountability in the public sector.

Tawiah (2022) used large panel data of 107 developed and developing countries to examine the impact of the International Public Sector Accounting Standards (IPSAS) adoption on governance quality. His results show that IPSAS has a positive and significant influence on governance quality, suggesting that IPSAS ensure accountability and transparency between the government and its citizens. However, we find that the positive effect of IPSAS is limited to developing countries. The findings provide empirical evidence to policymakers and regulators in their pursuit of global harmonisation of governmental accounting through the adoption of IPSAS, especially in developing countries.

Polzer et al. (2021)'s study aimed to conduct a comprehensive literature review on the adoption of International Public Sector Accounting Standards (IPSAS) in emerging economies (EEs) and low-income countries (LICs). The objective was to assess the existing knowledge ("what do we know?") and propose future research directions ("what do we need to know?"). To accomplish this, an analytical framework based on diffusion theory was developed. The researchers utilized the "PRISMA Flow Diagram" methodology to narrow down a total of 427 articles from four databases to a final selection of 41 relevant articles. These chosen studies were then subjected to analysis using the developed analytical framework. The findings indicated that IPSAS adoption held significant relevance in EEs and LICs. The existing research predominantly took an exploratory approach. A majority of the articles relied on secondary data collection methods, with around two-thirds conducting content analysis of pre-existing materials. Additionally, a smaller portion of the articles employed primary data collection methods such as interviews and questionnaires. The findings provided a comprehensive understanding of the current status of IPSAS reforms in EEs and LICs and shed light on the factors influencing the progression of these reforms. In terms of originality, this review identified research gaps and emphasized the need to contextualize IPSAS adoption in EEs and LICs. The researchers proposed several avenues for future studies based on the dominant trends observed in the literature and the structuring of the reviewed articles using the analytical framework.

Brusca & Martínez (2016)'s study on the International Public Sector Accounting Standards (IPSAS) have been regarded as a pathway to modernize governmental accounting practices, and many countries made efforts to adopt them. The purpose of this article was to analyze the stimuli and barriers to the adoption of IPSAS, as well as their main benefits, using a structural equation model. The research methodology was based on a questionnaire sent to American and European Union countries, which was used to construct a structural model. The results showed that comparability and modernization were direct benefits of IPSAS implementation, and both adopter and non-adopter countries valued these positive impacts. This justified the process of harmonization initiated by the European Commission. By employing a structural equation model, this research provided a quantitative analysis of the stimuli and barriers to IPSAS adoption, as well as the benefits associated with their implementation. The findings contributed to the existing literature by offering insights into the motivations behind the adoption of IPSAS and the positive outcomes that could be derived from their implementation. This study underscores the importance of IPSAS adoption as a pathway to modernize governmental accounting practices and achieve international comparability.

Al-Kharabsheh (2021)'s study aimed to examine the impact of adopting International Public Sector Accounting Standards (IPSAS) on the financial performance of the Jordanian public sector. The objective was to reform the accounting system in order to effectively control public funds. The timing of this study is particularly significant, as it coincides with the challenging economic and financial conditions that Jordan is currently facing. The application of

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IPSAS is seen as an entrepreneurial endeavor undertaken by the Jordanian government. The research employed both descriptive and inferential approaches for data analysis. A questionnaire was designed to collect data from accountants working in the Ministry of Finance, and the collected data was analyzed using SPSS. One of the key findings of the study was that the adoption of international accounting standards, particularly on an accrual basis, contributes to achieving transparency, credibility, reliability, and full disclosure of financial statements in the public sector. This underscores the importance of implementing IPSAS in order to enhance the accountability and trustworthiness of financial reporting in the Jordanian public sector. Based on the results, a significant recommendation emerged, which is to conduct training courses and workshops to improve the implementation of IPSAS in financial accounting practices. This would facilitate a better understanding and application of the standards, ensuring their effective implementation in financial reporting within the public sector. This study highlights the significance of adopting IPSAS in the Jordanian public sector to reform the accounting system and enhance the control of public funds. The findings emphasize the importance of transparency, credibility, reliability, and full disclosure in financial statements, thereby supporting the case for implementing IPSAS. The recommendation to provide training and workshops further underscores the need to support the successful implementation of IPSAS in financial accounting practices.

In a study by Olayeye (2019), the primary objective was to examine the impact of International Public Sector Accounting Standards (IPSAS) on financial accountability within the Nigerian public sector. Specifically, the research aimed to investigate the influence of IPSAS on the efficient management of public funds and assess the extent to which IPSAS enhances effective budget implementation in the Nigerian public sector. To gather data for the study, the population consisted of staff members in the internal audit, accounting, and finance departments of the 18 Local Governments in Ondo State. A questionnaire, ranked using a five-point Likert scale, was utilized to collect information from the selected respondents in these departments. Multiple Regression Analysis and Pearson's Correlation Matrix were employed as statistical techniques to identify the effect of IPSAS on financial accountability in the Nigerian public sector. The findings of the study revealed a positive and significant impact of IPSAS on the efficient management of public funds in the Nigerian public sector. Based on the results, the study offered recommendations for the Nigerian government. It suggested that the federal government should allocate funds to support the adoption of IPSAS and ensure the availability of resources for training civil servants in the use of IPSAS software. These measures would contribute to the successful implementation of IPSAS and foster financial accountability within the Nigerian public sector. This study highlighted the positive influence of IPSAS on financial accountability in the Nigerian public sector, particularly in terms of efficient public fund management. The recommendations put forth underscored the importance of financial support and training to facilitate the adoption and effective implementation of IPSAS in the Nigerian public sector.

Methodology

This section presents the Research Methodology. It gives detailed procedures that were undertaking in this study. It focuses on the following:

Research Design

The research design for this study was essentially descriptive in order for it to enable the researcher to investigate the statement of the problem under study. The descriptive research is that research that specifies the nature of a given phenomenon. It applies a systematic explanation of situations. This type of research is expected to help in decision-making. They are prerequisites for inferences and generalizations. The research involves the selection of specific numbers of public sector institutions from which the desired number of respondents were chosen in other to investigate the effect of public sector accounting standards on financial accounting in Nigeria.

Description of The Population and Sample Size Determination

The target population for the study comprised mostly of personnel, accountants, and auditors, who are experts in public sector accounting e.g.: the civil service, and government parastatals of all categories. The sample size for the study consisted of 115 personnel, auditors, and accountants drawn from ten (5) public sectors in Nigeria. The decision to use this sample size was influenced by cost consideration and the fact that a study such as this does not require precision as it is the case in the physical sciences. Cbstis (1972, P.342) confirmed that virtually the same results will be obtained no matter the sample size.

Sample Procedure Technique

The simple random sampling technique was used for the purpose of the study. By this, twenty (23) personnel, auditors, and accountant were randomly selected from each of the public sectors used in the study. This brought the sample size to 115 (one hundred and fifteen) respondents.

Questionnaire Design

The questionnaire was developed based on the relevant questions identified in the study and on the idea obtained from the literature review.

The questionnaire was divided into two sections: "A" and "B". Section "A" was structured to elicit information on demographic characteristics such as age, sex, experience, and qualification. Section "B" contained a total of 27 questions, which were designed to elicit information on policies/procedures - oriented issues that were exclusively meant for personnel, accountants, auditors of varied levels who by virtue of their job positions and organizational level are equipped to supply appropriate answers to the questions that were asked.

Validity of the Instrument

By Validity of the research instrument, we mean the extent to which the research instrument measures what it is supposed to measure or accomplishes what it is supposed to accomplish. The researcher used expert (face) validity, who is a practicing accountant and an expert in the field scrutinized the questionnaire item questions to make sure they are related to the research questions.

Reliability of Instrument

To verify that the instrument for the study was reliable, copies of the questionnaire were administered to the respondents from the sampled units to ensure consistency which was done through the test-re-test method. These were collected afterward and re-administered for the second time. The outcome was determined using Cronbach's alpha test coefficient and the corresponding reliability coefficient of 0.785 which is above the required threshold of 0.7 and hence was regarded as reliable.

Data Collection Procedure

Due to the areas covered by the study, a structured questionnaire was used to collect data. Copies of the questionnaire were administered personally by the researcher to the respondents. The questionnaire had 27 item questions. 115 questionnaires were distributed in the transmission company of Nigeria, Enugu sub-region, out of which 104 were returned which is a 90.43% return rate.

Data Analysis Technique

For the analysis of data, the statistical tools used were simple percentages. We further proceeded with chi-square analysis in other to address the hypothesis as stipulated in this study.

Result and Discussion

This section discusses the presentation and analysis of data gathered during the course of this study. The study's findings are presented and discussed in accordance with the various study objectives. This sections also includes the results of the objectives and test of hypothesis. Tables and other typical statistical techniques, such as correlation and regression analysis, were also employed to present and analyze the obtained data. Additionally, small explanatory remarks are appended to tables for ease of comprehension and clarity. We used SPSS 28.0 to carry out the data analysis in this study.

Demographic Presentation and Descriptive Statistics

The below tables, percentages, mean, and standard deviations are used to represent the profile of the respondents of the questionnaire which is represented using Table 1 below.

Participants' Gender

The participants of the research were 72% male (83), and 28% female (32). More males participated in the research than females, which could be attributed to the large number of male's staffs that generally work as auditors or accountants in Nigerian public offices.

Participants' Age Group

The majority of participants age group are between 35 to 44 this group accounting for about 34% (39), followed by the second age group between 45 to 54 years and account for approximately 27% (33) of the respondents. Participants under the age group 18 to 24 years and accounted for approximately 6% (7) of the respondents. The fourth age group are 25 to 34 years and accounted for approximately 23% (26) of the sample. Finally, the group participants > 55 years accounted for about 9% (10) of the sample. It can be clearly seen that almost more than half of stakeholder are under the age category of between 35 to 44.

Participants' Department

Most participants of the research were from accounting department with approximately 44% (51), and 38% (32) were from management department while 18% (21) were from accounting department. More participant in the research were from the accounting departments of the public sector.

Participants' Experience

The majority of participants have experience of between 2 to 5 years, with this group accounting for about 30% (34). The second group have experience of between less than 2 years and account for approximately 24% (28) of the respondents. The third group participants have experience of greater than 10 years of work experience and accounted for about 23% (27) of the respondents. Finally, the fourth group of participants have experience of between 6 to 9 years and accounted for approximately 23% (26) of the respondents. It can be clearly noted that almost more of stakeholders have between 2-5 years of work experience.

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Participants' Academic Qualification

Almost 57% of participants had B.Sc./HND (65). Approximately 33% of participants had master's degree certificate (38). The third group of participants had PhD degree and account for about 8% (9) of the respondents. Finally, the fourth group of employees had secondary school certificate with approximately 2% (3) of respondents.

Table 1: Demographic Profile of the Respondents (n = 115)

Characteristics	*Category*	*Frequency*	*Percentage*
Gender	Male	83	72%
	Female	32	28%
Age	18-24	07	6%
	25-34	26	23%
	35-44	39	34%
	45-54	33	27%
	>55	10	9%
Department	Audit	21	18%
	Account	51	44%
	Management	43	38%
Experience	< 2 years	28	24%
	2-5 years	34	30%
	6-9 years	26	23%
	>10 year	27	23%
Academic Qualification	PhD	09	8%
	M.Sc.	38	33%
	B.Sc./HND	65	57%
	Secondary	03	2%

Reliability Test

Testing the questionnaire reliability data was the first step undertaken to ensure appropriate analysis of the quantitative outcome. In this stage, one tests was applied, namely, Cronbach's alpha test. By conducting this test, the analysis moves to step 2 in which the most appropriate statistical tests were carried out.

Table 2: Reliability Statistics

Cronbach's Alpha	*Cronbach's Alpha based on standardized Items*
0.785	0.785

In the above table 2 items measure the effect of international Public Sector Accounting Standards on financial accountability in the Nigerian public sector consideration, the result of Cronbach's alpha is >0.7 which indicates acceptable internal reliable. Therefore, in our case its 0.785 hence we conclude that the instruments used for this study is said to be reliable.

Table 3: What are the perceptions and experiences of Nigerian government officials, accountants, auditors, and financial reporting experts regarding the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the Nigerian public sector

	Measurement item	*SA (%)*	*A (%)*	*UN (%)*	*D (%)*	*SD (%)*
A1	*Multiple sets of financial statements presented under IPSAS give room for more financial accountability in the public sector*	67 (58.2%)	26 (22.6%)	02 (1.7%)	11 (9.6%)	09 (7.8%)
A2	*Does the information provided by IPSAS serve better the needs of a wider variety of user groups.*	53 (46.1%)	28 (24.3%)	09 (7.8%)	15 (4.3%)	10 (8.7%)
A3	*IPSAS adoption in the public sector will lead to improved accountability by users of financial statements*	47 (40.9%)	43 (37.4%)	05 (4.3%)	08 (6.9%)	12 (7.7%)
A4	*Does the financial statements prepared under IPSAS will serve as a more credible means of evaluating the financial performance of public sector*	29 25.2%)	71 (61.7%)	06 (5.2%)	4 (3.5%)	5 (4.3%)

Source: Field Survey 2023

From Table 3, when respondents were asked whether the multiple sets of financial statements presented under IPSAS give room for more financial accountability in the public sector, 67(58.2%) of the respondents strongly agreed, 26(22.6%) agreed, 2(1.7%) were undecided while 11(9.6%) disagreed and 7.8% disagreed. This affirms that the multiple sets of financial statements presented under IPSAS give room for more financial accountability and accountability in the public sector. This is due to the fact that the system provides more available information necessary for assessment by all concerned stakeholders.

On if the information provided by IPSAS will serve better the needs of a wider variety of user groups, 53(46.1%) of the respondents strongly agreed, 28(24.3%) agreed, 9(7.8%) were undecided, while 15(4.3%) disagreed with the measurement item. 10(8,7%) of the respondents strongly disagreed. The small number of those that disagreed to this measurement and few that strongly disagreed imply that the information made available by IPSAS serves the needs of a wider variety of user groups better.

Considering whether IPSAS adoption in the public sector will lead to improved accountability by users of financial statements, 47(40.9%) of the respondents strongly agreed, 43(37.4%) agreed, 5(4.3%) were undecided, 8(6.9%) disagreed while 12(7.7%) strongly disagreed. Since majority of the respondents agreed and strongly agreed, it could be inferred that IPSAS adoption in the public sector could lead to improved accountability by users of financial statements. This is because, it can lead to accountability and fair reporting which will make available facts that can be used for decision making and planning.

On whether the financial statements prepared under IPSAS will serve as a more credible means of evaluating the financial performance of public sector, 29(25.2%) respondents strongly agreed, 71(61.7%) agreed, 6(5.2%) undecided, 4(3.5%) disagreed while only 5(4.3%) strongly disagreed. Based on the responses, it can be seen that an overwhelming majority of the respondents agreed to the fact that financial statements prepared under the IPSAS serve as a more credible means of evaluating the financial performance of public sector. This is because, the system allows more information to be made available and easily accessible by all.

Table 4: Analyzing the changes in financial reporting practices and compliance with IPSAS in the Nigerian public sector following its adoption.

	Measurement Item	*SA (%)*	*A (%)*	*UN (%)*	*D (%)*	*SD (%)*
B1	*IPSAS adoption will bring about more faithful representation and accountability of economic events in Nigerian public sector.*	44 (38.3%)	47 (40.9%)	08 (6.9%)	05 (4.3%)	11 (9.6%)
B2	*The adoption of unique global standard IPSAS would enhance disclosure of the Nigerian public sector.*	54 (46.9%)	37 (32.2%)	01 (0.8%)	13 (11.3%)	10 (8.7%)
B3	*IPSAS enshrines transparency and accountability within the public sector*	31 (26.9%)	43 (37.4%)	13 (11.3%)	17 (14.7%)	11 (7.7%)
B4	*IPSAS enables stakeholders examine whether resources are being used effectively and efficiently within the public sector.*	29 (25.2%)	67 (58.3%)	===	09 (7.8%)	10 (8.7%)

Source: Field survey 2023

From Table 4, when respondents were asked whether the adoption of IPSAS will bring more faithful representation of economic events in the Nigerian public sector, 44(38.3%) of the respondents strongly agreed, 47(40.9%) agreed, 08(6.9%) were undecided while 05(4.3%) disagreed and 11(9.6%) disagreed. This affirms that IPSAS adoption will bring about a more faithful representation and accountability of economic events in the Nigerian public sector.

On if the adoption of unique global standard IPSAS would enhance disclosure of the Nigerian public sector, 54(46.9%) of the respondents strongly agreed, 37(32.2%) agreed, 01(0.8%) were undecided, while 13(11.3%) disagreed with the measurement item. 10(8,7%) of the respondents strongly disagreed. The small number of those that disagreed to this measurement and few that strongly disagreed imply that the adoption of IPSAS would enhance disclosure of the Nigerian public sector.

Investigating whether IPSAS enshrines transparency and accountability within the public sector, 31(26.9%) of the respondents strongly agreed, 43(37.4%) agreed, 13(11.3%) were undecided, 17(14.7%) disagreed while 11(7.7%) strongly disagreed. Since majority of the respondents agreed and strongly agreed, hence, it could be inferred that IPSAS enshrines transparency and accountability within the public sector.

Considering whether IPSAS enables stakeholders examine whether resources are being used effectively and efficiently within the Nigerian public sector, 29(25.2%) respondents strongly agreed, 67(58.3%) agreed, non were undecided, 09(7.8%) disagreed while only 10(8.7%) strongly disagreed. Based on the responses, it can be seen that an overwhelming majority of the respondents agreed to the fact that IPSAS enables stakeholders examine whether resources are being used effectively within the Nigerian public sector.

Hypothesis Testing

Hypothesis One

H_1: The adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria does not significantly influences the perceived financial reporting quality in the Nigerian public sector.

Table 5: IPSAS in Nigeria influences the perceived financial reporting quality in Nigeria public sector

Item	*SA*	*A*	*UN*	*D*	*SD*	*Mean*	*Std.Dev*	*X^2*	*Sig.*	*Df*
A1	67	26	02	11	09	3.75	0.047	13.71	0.001	3
A2	53	28	09	15	10					
A3	47	43	43	08	12					
A4	29	71	71	04	05					

Source: Field survey 2023

Interpretation and Decision

The result of Chi-Square (χ2) test on if the IPSAS in Nigeria positively influences the perceived financial reporting quality in Nigeria public sector is presented in table 5. The mean score of this proposition is 3.75, with a standard deviation of 0.047. This means that respondents strongly agree that IPSAS adoption in Nigeria will positively influence the perceived financial reporting quality in Nigeria. The χ2 (13.71, p = 0.001) is significant at 5% level which suggests that the null hypothesis (H_0) should not be accepted.

Hypothesis Two

H_1: The level of compliance with IPSAS in the Nigerian public sector is not positively and significantly correlated with the improvement in financial reporting quality.

Table 6: The level of compliance with IPSAS in the Nigerian public sector with the improvement in financial reporting quality.

Item	*SA*	*A*	*UN*	*D*	*SD*	*Mean*	*Std.Dev*	*χ2*	*Sig.*	*df*
C1	44	47	8	5	11	3.29	0.029	18.09	0.000	3
C2	54	37	1	13	10					
C3	31	43	13	17	11					
C4	29	67	===	9	10					

Source: Field survey 2023

Interpretation and Decision

The result of Chi-Square (χ2) test on the if the level of compliance with IPSAS in the Nigerian public sector is positively correlated with improvement in financial reporting quality in the Nigerian public sector is presented in table 6. The mean score of this proposition is 3.29, with a standard deviation of 0.029. This means that respondents strongly agree that the level of compliance with IPSAS in the Nigerian public sector is positively correlated with improvement in financial reporting quality in the Nigerian public sector Nigerian public sector. The χ2 (18.09, p = 0.000) is significant at 5% level which suggests that the null hypothesis (H_0) should not be accepted.

Discussion of Findings

The aim of this study was to investigate the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the public sector in Nigeria. Specifically, the study sought to; find out if the adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria positively influences the perceived financial reporting quality in the Nigerian public sector, and also the level of compliance with IPSAS in the Nigerian public sector is positively correlated with the improvement in financial reporting quality. Survey research design was employed while Chi-squared technique was used for analyzing the data. The results of the study indicates that at 5% level of significance, the adoption of International Public Sector Accounting Standards (IPSAS) in Nigeria significantly influences the perceived financial reporting quality in the Nigerian public sector with [Mean = 3.75; Std. Dev = .047; χ2=13.71; P-value=0.001]. Also, the level of compliance with IPSAS in the Nigerian public sector is positively correlated with the improvement in financial reporting quality with [Mean = 3.29; Std. Dev = .029; χ2=18.09; p-value<0.001].

Implication of Findings

The implications of the findings of this study are significant for various stakeholders in the field of public sector accounting in Nigeria.

Firstly, the findings confirm that the adoption of International Public Sector Accounting Standards (IPSAS) positively and significantly influences the perceived financial reporting quality in the Nigerian public sector. This implies that implementing IPSAS standards can lead to improved transparency, comparability, and accountability in financial reporting. Policymakers and regulators can use these findings to reinforce the importance of adopting IPSAS and encourage public sector entities to comply with the standards.

Secondly, the study reveals a positive and significant correlation between the level of compliance with IPSAS and the improvement in financial reporting quality. This suggests that the more diligently public sector entities adhere to IPSAS standards, the greater the enhancement in financial reporting quality. It highlights the need for robust implementation, training, and monitoring mechanisms to ensure full compliance with IPSAS.

Furthermore, the findings emphasize the importance of addressing the challenges and barriers faced during the adoption and implementation process of IPSAS. Public sector entities, government officials, and other stakeholders need to be aware of these challenges and develop strategies to overcome them. This may involve providing adequate resources, training programs, and support to facilitate a smooth transition to IPSAS.

The implications of the study extend beyond Nigeria. They provide valuable insights for other countries considering or in the process of adopting IPSAS. Policymakers and practitioners in these countries can learn from the Nigerian experience and apply best practices to ensure successful implementation and improve financial reporting quality in their respective public sectors.

Additionally, the findings contribute to the existing body of knowledge on IPSAS adoption and its impact on financial reporting quality. Researchers can build upon these findings to further explore different dimensions and aspects of IPSAS adoption, uncovering additional insights and contributing to the continuous improvement of financial reporting practices in the public sector.

Overall, the implications of the findings underscore the importance of IPSAS adoption, compliance, and ongoing monitoring in Nigeria and other countries. They provide guidance for policymakers, regulators, and practitioners to enhance transparency, comparability, and accountability in financial reporting, ultimately leading to improved public sector governance and decision-making.

Conclusion

In conclusion, this study has examined the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the Nigerian public sector. By analyzing the perceptions and experiences of Nigerian government officials, accountants, auditors, and financial reporting experts, as well as the changes in financial reporting practices and compliance with IPSAS following its adoption, valuable insights have been gained. The findings of this study support the hypothesis that the adoption of IPSAS in Nigeria positively and significantly influences the perceived financial reporting quality in the Nigerian public sector. This highlights the importance of implementing IPSAS standards to enhance transparency, comparability, and accountability in financial reporting. Additionally, the study reveals a positive and significant correlation between the level of compliance with IPSAS and the improvement in financial reporting quality. This emphasizes the need for public sector entities in Nigeria to fully embrace and adhere to IPSAS standards to achieve high-quality financial reporting. The implications of this research are significant for policymakers, practitioners, and researchers in the public sector accounting field. The findings provide empirical evidence that supports the adoption and implementation of IPSAS in Nigeria. Policymakers can use these insights to guide future policy decisions and improve financial reporting practices in the Nigerian public sector. This study contributes to the existing literature by providing valuable insights into the impact of IPSAS adoption on financial reporting quality in the Nigerian context. It highlights the benefits of adopting IPSAS standards, while also acknowledging the challenges and barriers that may arise during the implementation process. By addressing these issues, the study offers recommendations to enhance the effectiveness of IPSAS implementation and improve financial reporting practices in the Nigerian public sector. This research underscores the importance of IPSAS adoption in Nigeria and its positive impact on financial reporting quality. It serves as a valuable resource for stakeholders interested in advancing transparency, comparability, and accountability in the public sector, ultimately contributing to the continuous improvement of financial reporting practices in Nigeria.

Suggestions for Further Studies

Based on the findings of this study, several suggestions for further studies can be made to expand the knowledge on the impact of International Public Sector Accounting Standards (IPSAS) adoption on financial reporting quality in the public sector. These suggestions are as follows:

1. Comparative analysis: Conduct a comparative study to analyze the impact of IPSAS adoption on financial reporting quality in different countries or regions. This would provide insights into the variations in outcomes and identify the factors that contribute to successful implementation and improved financial reporting practices.

2. Longitudinal study: Conduct a longitudinal study to examine the long-term effects of IPSAS adoption on financial reporting quality. This would help assess the sustainability of improvements and identify any challenges or issues that may arise over time.

3. Stakeholder perspectives: Explore the perspectives of different stakeholders, such as taxpayers, users of financial statements, and civil society organizations, regarding the impact of IPSAS adoption on financial reporting quality. This would provide a more comprehensive understanding of the overall benefits and challenges associated with IPSAS implementation.

4. Sector-specific analysis: Conduct sector-specific studies to investigate the impact of IPSAS adoption on financial reporting quality in specific sectors within the public sector, such as education, healthcare, or transportation. This would allow for a deeper understanding of the sector-specific implications and challenges associated with IPSAS implementation.

5. Qualitative research: Complement the existing quantitative findings with qualitative research methods, such as interviews or focus groups, to gain a richer understanding of the experiences, perceptions, and challenges faced by stakeholders during IPSAS adoption and implementation. This would provide more nuanced insights into the human factors that influence financial reporting quality.

6. Impact on decision-making: Investigate the impact of IPSAS adoption on decision-making processes within the public sector. This could involve examining how the availability of high-quality financial information affects resource allocation, budgeting, and policy formulation, ultimately contributing to more informed and effective decision-making.

By conducting further studies in these areas, researchers can deepen their understanding of the impact of IPSAS adoption on financial reporting quality in the public sector. This would contribute to the ongoing efforts to enhance transparency, comparability, and accountability in financial reporting practices, ultimately improving public sector governance and resource management.

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