The relationship between IPSAS adoption and perceived levels of corruption: does political stability matter?

Mounira Hamed-Sidhom *, Nadia Loukil **

* Corresponding author, Unity of Research Finance Accounting and Taxation (FCF), Faculty of Economic Sciences and Management (FSEG) of Tunis, University of Tunis El Manar, Tunis, Tunisia
** Unity of Research Finance Accounting and Taxation (FCF), Faculty of Economic Sciences and Management (FSEG) of Tunis, University of Tunis El Manar, Tunis, Tunisia

How to cite this paper: Hamed-Sidhom, M., & Loukil, N. (2021). The relationship between IPSAS adoption and perceived levels of corruption: Does political stability matter? Corporate Ownership & Control, 19(1), 17-28. https://doi.org/10.22495/coccv19i1art2

The paper aims to examine the relationship between International Public Sector Accounting Standards (IPSAS) adoption and the perceived level of corruption in developing countries. It also attempts to inspect the mediating effect of political stability on this relationship. We follow the methodology used by the International Federation of Accountants (IFAC) to assess country adoption status and we apply a panel regression analysis to 57 developing countries over the 2016–2019 period. Our findings suggest that country’s decision to adopt IPSAS cannot shortly lead to a reduction of its corruption perceived level. In addition, we make evidence that the level of corruption does not matter on the relationship between the IPSAS adoption and the corruption perceived level. We find also that political stability, while decreases corruption, doesn’t contribute to enhance the effect of IPSAS adoption on the perceived corruption level. This paper provides insights into the role of IPSAS adoption to countries’ corruption levels. It will be of interest to accounting standard-setters, regulators, and policymakers in countries that are transitioning to or considering International Public Sector Accounting Standards. It will also be of interest to regulators and policymakers, multilateral institutions in their effort to fight corruption.

Keywords: IPSAS, Political Stability, Corruption, Developing Countries

Authors’ individual contribution: Conceptualization — M.H.-S.; Methodology — M.H.-S. and N.L.; Writing — M.H.-S. and N.L.; Investigation — M.H.-S. and N.L.; Resources — M.H.-S.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Corruption has been a phenomenon of life since antiquity. It is defined broadly as the use of public office for unauthorized private gain (Shleifer & Vishny, 1993). It is the “abuse of discretionary power by bureaucratic officials advancing their own interests by engaging in unauthorized rent-seeking activities” (Houque & Monem, 2016, p. 2). Corruption has harmful effects, including weakening social institutions, diverting funds from food, health care, poverty alleviation or education projects, and slowing economic growth (Rodriguez, Siegel, Hillman, & Eden, 2006).

Corruption can be simply defined as the abuse of authority for private benefit (Rodriguez et al., 2006). A large literature exists on its determinants and consequences and ways to constrain it (e.g., Ades & Di Tella, 1996; Fisman & Svensson, 2007; Tanzi, 1998; Treisman, 2007).
Corruption is a major obstacle to development and growth in large parts of the world (Mauro, 1995; Ades & Di Tella, 1999; Treisman, 2000; Montinola & Jackman, 2002; Gerring & Thacker, 2004). It has negative effects on international business trade and economic growth. Kraay, Zoido-Lobaton, and Kaufmann (1999) clearly show that increased levels of corruption are associated with smaller rates of economic growth. Salifu (2008) argues that the opportunity cost of corruption is a renunciation of economic development. Hence, corruption affects directly the quality of public services, disbelieves the rule of law, compromises economies, markets, and the countries' standard of living. A high level of corruption harms the well-being of citizens and is therefore undesirable.

Developing and transition countries tend to exhibit higher levels of corruption (Svensson, 2005). Treisman (2000, 2014) found that more developed, democratic, and open economies tend to be less corrupt. Mauro (1998) claimed that levels of corruption in developing countries are higher than those in developed ones. Tavitis (2010) found that there is a high level of perceived corruption in underdeveloped countries and an alarming upward trend of corruption in developed countries.

Given its harmful consequences, corruption has and continues to be a primary focus of policymakers, regulators, and civil society around the world. It is a key concern on the agenda of supranational organizations and is enshrined under Goal No. 16 of the new United Nations Sustainable Development Goals (SDGs).

Corruption is a complex phenomenon that cannot be explained by a single cause. Due to its complexity, the fight against corruption is a crucial issue and governments have a lot to do to curve this harmful phenomenon. To a large extent, through their policies and actions, governments create the environment and incentives that influence those who pay bribes and those who accept or demand them. With focused and determined efforts, corruption can be reduced and mitigated. It is not realistic to claim a short-term result by simply increasing public sector employees’ wages, imposing excessive restrictions on civil rights, or creating an anti-corruption office. The fight against corruption cannot be separated from transparency. In this sense, transparency in processes and policies may involve less power for those who impose bribes, so that their discretion to affect the welfare of groups is reduced. Overall, when the accounting environment in a country improves, corruption is likely to decline.

Siame (2002) underlined that as a result of a “lack of accountability and transparency on the part of public integrity systems”, corruption in developing countries seems to be higher and more intense than it is in developed ones. He argued that poor accounting systems are prone to fraudulent and corrupt practices. Similarly, Sanderson and Van Schaik (2008) pointed out that the lack of a rigorous public sector accounting framework is associated with a high level of corruption in developing countries. Other studies have also reported that the increasing level of corruption in developing countries (Chan, 2003; Johnson, 2002) is largely related to the lack of standardized reporting and disclosure requirements.

Over years, many initiatives have emerged in the quest to reduce the level and the impact of corruption. Governments in both developed and developing countries have undertaken numerous public reforms that focus on enhancing transparency, accountability, and governance.

In recent years, substantial research has taken place in the way that transparency due to the adoption of high-quality accounting rules can reduce corruption. Considerable attention has been given to the accounting literature examining the association between International Financial Reporting Standards (IFRS) adoption and corruption (Houq & Monem, 2016). These papers find that transparency is significantly improved when countries adopt IFRS and provide higher information quality.

The impact of corruption in the public sector is particularly overwhelming. Governments are mandated by citizens to manage public resources. They are expected to provide a wide range of quality public services. Public standard-setters consider that high-quality public financial reporting is critical to governments accomplishing their role. Particularly, the adoption of international standards is supposed to improve transparency and clear up illicit cash flows and irregular transactions for public monitoring.

This paper deals with this central and recurring theme, namely the impact of the International Public Sector Accounting Standards (IPSAS) on the level of corruption.

IPSAS is currently a globally recognized body of accounting standards for the public sector. IPSAS aims to improve the quality of public sector financial reporting leading to better-informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability. Evidence suggests that the transition toward IPSAS implementation at the country level has several economic consequences.

Harmonization of public sector accounting, through IPSAS standards, is seen as useful support for policy decision-making processes (Sutcliffe, 2003) since it enhances information quality. Proponents of IPSASs view its adoption and implementation as a positive force for improved transparency in public finances. Then, IPSAS implementation is supposed to lead to more reliable, comprehensive, and comparable information (Bastida & Benito, 2007; Kopits & Craig, 1998; Wang, 2002). Consequently, IPSAS can improve the quality of accounting information, which has a positive impact on transparency and accountability in the public sector (e.g., Bellanca, 2014; Groot & Budding, 2008; Lapsley, Mussari, & Paulsson, 2009; Mack & Ryan, 2006).

Besides, several researchers (Ball, 2012; Bergmann, 2012; Brusca, Caperchiione, Cohen, & Rossi, 2015; Brusca, Labrador, & Larran, 2018; Cohen & Karatzimas, 2015) noted that the modernization of government accounting, through IPSAS and accrual accounting reforms, can result in several benefits in terms of transparency and accountability. Hence, countries have invested enormous resources and effort into building a new set of standards builds upon IPSAS. Others have simply adopted them. We can then cast serious doubts on whether...
countries could reduce corruption by simply transiting toward a set of high-quality accounting standards such as IPSAS.

Moreover, a great amount of empirical research reported that the political system grandiosely affects the country’s corruption level. Hence, political instability can seriously alleviate the expected effect of IPSAS adoption. Then it would seem reasonable to assume that the political stability affects the efficiency of IPSAS to curve corrupt behavior. It is then important to examine whether developing countries with different levels of political stability faced different effects of IPSAS adoption on their corruption level.

In this paper, we are interested to know if the adoption of IPSAS can play a capital role in reducing corruption in developing countries. We contribute to the existent literature in several ways. First, whether vast literature has widely examined the determinants of IPSAS adoption and their economic consequences, and many researchers have examined ways to reduce corruption, literature linking corruption with public accounting is sparse. This study makes a new contribution to the accounting literature by providing direct evidence on the association between IPSAS adoption and corruption. Second, Public Sector Accounting Standards and political stability have so far been analyzed separately. To the best of our knowledge, this is the first cross-country study to examine the combined effect of IPSAS adoption and political stability on corruption in developing countries.

In summary, our main results suggest that countries cannot reduce their perceived corruption level by simply announcing IPSAS adoption. However, we find that this effect differs across countries. Indeed, the beneficial impact of IPSAS adoption is not felt in less corrupted and high corrupted countries. We find also that political stability reduces corruption but it hasn’t any moderating effect on the relationship between IPSAS and corruption.

The rest of this paper is structured as follows. Section 2 presents background on IPSAS adoption around the world, discusses the theoretical framework, reviews the relevant literature, and formulates the hypotheses. Section 3 specifies our research design and explains the data and variables used in the study. Section 4 presents the empirical results and Section 5 concludes the paper.

2. LITERATURE REVIEW

2.1. IPSAS adoption around the world

There is significant IPSAS adoption activity underway across all regions of the world. Several international bodies (International Federation of Accountants (IFAC), the World Bank, the International Monetary Fund (IMF), and Eurostat of the European Commission) encourage governments, especially those of developing countries to adopt IPSAS. They support the adoption of IPSAS standards as they serve the public interest by developing high-quality accounting standards that can improve financial reporting by public sector entities, with likely improvements in their financial management and sustainability.

IPSAS are widely adopted around the world. The number of countries adopting IPSAS has noticeably increased and a growing number of developing countries adopt or decide to transit to IPSAS. Literature shows that adoption rates are high among decentralized governments compared to central governments (Christiaens, Vanhee, Manes-Rossi, Aversano, & van Cauwenberge, 2015; Christiaens, Reyniers, & Rollé, 2010; Pina, Torres, & Yetano, 2009). A PwC Global survey on accounting and reporting by central governments showed that while a high level of diversity in accounting practices still exists, the trend towards accrual accounting is confirmed and even amplified (PwC, 2015).

One of the reasons for this strong adoption could be increased accountability pressure on the decentralized governments of different stakeholders, including local citizens, central government, and financial resource providers.

In its 2019 Global Status Report, the IFAC indicates that 42% of IFAC member jurisdictions directly refer to the IPSAS, while 16% of jurisdictions have convergence processes. This widespread adoption of IPSAS has generated significant interest among researchers.

2.2. Theoretical background

2.2.1. The fraud triangle theory: A theoretical framework for corruption determinants

To explain the factors behind fraud and corruption, literature has often used the fraud triangle theory credited to the work of American sociologist Donald Cressey. This dominant framework is embedded in professional auditing standards around the world (IAASB, 2009; PCAOB, 2005) and in several national contexts. According to Cressey's (1953) pioneering work, fraud is related to the presence of the three factors, namely pressure or incentive that provides a motive to commit fraud; an opportunity for fraud to be perpetrated (e.g., weaknesses in, or ability to override, internal controls); and an attitude that enables the individual to commit fraud or the ability to rationalize the fraud.

The condition that creates pressure or incentive providing a motive to commit fraud contains, among other, personal financial problems. Condition creating an opportunity for fraud to be perpetrated orders particularly to weaknesses in institutional structures and political instability (Pellegrini & Gerlagh, 2008).

Actions that eliminate the three factors in the fraud triangle are likely to reduce the incidence of fraud and corruption. It is reasonably expected that a weak financial reporting environment is an opportunity for corruption, as it allows fraudsters to hide fraudulent and corrupt activities by not reporting such transactions.

2.2.2 Diffusion of innovation: A theoretical framework for IPSAS adoption

Diffusion theory provides new insights on how to examine the effect of IPSAS adoption and implementation. It has been largely used in accounting studies and it has been also advocated as relevant and appropriate for the study of accounting innovations in public sector settings (Jackson &
Lapsley, 2003; Lapsley & Wright, 2004). Diffusion of innovation provides an explanation for how, why, and at what rate innovation spread (Rogers, 1983, 1995, 2003). According to Rogers, innovation requires long periods of time to be widely adopted. He proposes that four essential factors impact the spread of a new idea: the innovation itself, communication channels, time, and a social system. Consequently, societies adopt innovation at different times and in different manners (i.e., extent of adoption: full or partial). Then, the response to the introduction of an innovation is driven by the dominant characteristics of each adopter category.

2.3. IPSAS adoption and corruption relationship

An enormous body of literature on public sector accounting has already emerged and is still growing. The accounting literature on IPSAS adoption has focused on the characteristics of IPSAS adopters and the factors that determine a country’s adoption of these standards (e.g., Adhikari & Garth-Garrett, 2016; Ben Amor & Damak Ayadi, 2019; Christiaens et al., 2015; Pina et al., 2009). Other studies focused on the degree of IPSAS compliance (Anderson, 2009; Humphrey, Miller, & Scapens, 1993; Pendlebury, Jones, & Karbari, 1994; Torres, 2004). However, except for a few studies, the impact of IPSAS on corruption has received little attention in this literature.

Prior literature documented evidence on the beneficial effect of high-quality accounting adoption on corruption reduction of a country (Changwony & Paterson, 2019; Houque & Monem, 2016; Kimbro, 2002; Malagueño, Albrecht, Ainge, & Stephens, 2010). Houque and Monem (2016) employed cross-country data to investigate the link between corruption perception, IFRS adoption, and the extent of disclosure. Based on a sample covering 104 countries over the period 2009–2011, and after controlling for the strength of political institutions and the level of economic development, they found that the low corruption perception is positively related to the length of IFRS experience and the extent of disclosure. They also found that developing countries benefit more from IFRS experience than developed ones.

Several other cross-country studies examined the impact of diverse proxies of high-quality accounting practices on corruption. Using three proxies including a composite index, Kimbro (2002) found that countries with high scores of the three measures that he used are less likely to be corrupt. Similarly, Zarb (2008) found that accounting regulation and transparency have a statistically significant impact on the perception of corruption in developed countries.

In the same way, Malagueño et al. (2010) performed a cross-country analysis using two different proxies, namely, the percentage of firms audited by Big 4 and the World Economic Forum index of the strength of accounting standards. They found evidence that the level of perceived corruption in a country is significantly associated with accounting and auditing quality. Their finding corroborates that countries with more transparent reporting have shorter smaller levels of perceived corruption. Then, improving accounting and auditing quality results in a reduction in the level of the country’s perceived corruption.

In a closely related study, Changwony and Paterson (2019) found evidence that the quality of accounting practice in a country plays a crucial role in determining the contribution of decentralization in reducing corruption in that country. Changwony and Paterson (2019) used a cross-section of up to 128 countries and showed that decentralization has a positive and growing net effect in reducing corruption in countries that have a high-quality accounting practice. However, decentralization has a negative and decreasing influence in reducing corruption in countries that have a weak-quality accounting practice.

Although the quality of accounting practice is found to be related to the reduction of the corruption level in these cross-country studies, some other research notably case studies found mixed results (e.g., Everett, Neu, & Rahaman, 2007; Neu, Everett, & Rahaman, 2013, 2015). Using a case study of a Canadian government sponsorship program, Neu et al. (2013) show how, in a context of macro-level political concerns, corruption is possible despite the existence of intensive audit activities and increasing propensity towards verification. Thereby, the likelihood that corrupt activities can be detected is limited.

Furthermore, an important study examined the introduction of accrual accounting in the Scottish Parliament (Ezzamel, Hyndman, Johnsen, & Lapsley, 2014). The author’s conclusions are that the major motive for moving to accrual accounting was managerial, and was not directly carried out to addressing the information needs of parliament’s members. Consequently, the move to accrual accounting did not lead to increased accountability. A stream of researchers considers the view that one of the key beneficiaries of a move to accrual accounting is members of the accounting profession and especially the consulting firms. This has given an opportunity to these firms to gain commercial opportunities (Christensen, 2002; Christensen & Parker, 2010).

Of closer relevance to our study is a paper by Atuilik (2016) that examined the relationship between the adoption of IPSAS and the country’s perceived levels of corruption. Atuilik (2016) used a quasi-experimental design and Transparency International’s (TI) Corruption Perception Index (CPI) of adopting governments for periods after the announcement of the adoption of IPSAS. He found clear evidence that for developing countries, governments that announce adopting IPSAS have better ratings on perceptions of corruption compared to non-adopting governments. However, for developed countries, Atuilik (2016) found that corruption perception does not differ significantly between governments that have adopted IPSAS and those that have not adopted IPSAS.

This paper extends the study of Atuilik (2016) who used a quasi-experimental design in developing and developed countries and tested the difference between the means of perceived levels of corruption between governments that have announced IPSAS adoption and those that have not announced IPSAS adoption. Atuilik’s (2016) findings only show that, for developing countries, the corruption perception of IPSAS adopting government is better than that of not IPSAS adopting government. Our paper applies
a panel regression analysis and explores other factors affecting the impact of IPSAS adoption upon the country’s corruption level such as the level of economic development, openness trading, and country size. Another differentiating point of the current paper compared with Atuilik (2016) is the study of the mediating effect of political stability on the relationship between IPSAS adoption and corruption.

2.4. Hypothesis development

IPSAS adoption and corruption

Accounting literature suggests that the use of quality accounting standards results in strong and higher quality financial reporting (Hail, Leuz, & Wysocki, 2010) and that high-quality financial information leads to better accountability (Michael, 2005; Chan, 2003; Klüvers & Tippett, 2010). Accounting literature also suggests that improved accountability leads to lower perceived levels of corruption (Monfardini, 2010; Zarb, 2008) because the possibilities of concealing corruption are reduced.

The relationship between IPSAS adoption and corruption can be explained in several ways:

First, IPSAS are considered as a set of high-quality accounting standards applicable to public entities. They are often perceived in those ways, especially in developing context. The country’s commitment to adopt IPSAS is likely to be viewed as a government’s commitment to more accountability, transparency, and disclosure enhancement. Such commitments could be perceived as positive steps towards decreasing corruption.

Second, introducing IPSAS as a unique set of international standards that governments in different countries could adopt enhances comparability. It leads to comparable information that can deter government officials from engaging in corruption and rent-seeking activities (Cuadrado-Ballesteros, Citro, & Bisogno, 2019).

In addition, the accrual basis of accounting is a crucial element of IPSASs. The 2018 Status Report of the IFAC (IFAC, 2018) showed that “25% of jurisdictions reported on accrual in their last set of published financial statements, while 45% are transitioning to accrual or already have some element of accrual in their financial reports” (p. 2). The majority of the accrual basis IPSASs are based on IFRSs. Accrual basis reporting helps to show a precise, current picture of performance and financial position. It records the economic and commercial substance of transactions when they occur rather than when cash settlement occurs. Literature argued that accrual-based accounting systems can contribute to reducing agency conflicts arising from information asymmetries (Banker & Patton, 1987). Reporting under an accrual accounting produces useful information for accountability and for decision-making. It goes ahead with the production of reliable accounting information with more monitoring information reported regularly and timely, enhancing transparency and accountability (Adhikari & Gärseht-Nesbakk, 2016; Christiaens et al., 2015; Pina et al., 2009).

In this respect, accrual-based accounting can reduce information cost by ensuring regular, credible, and timely production of accounting information which in turn increases monitoring incentives, thereby helping to prevent corruption.

Then, adherence to IPSAS as high-quality accounting standards is a powerful tool for minimising political opportunism. Accountable governments render reliable and relevant accounts to citizens during the reporting period. So, they can better assess the resource allocation decisions made by the public sector and enables them to monitor the performance of people in public office (Laswad, Fisher, & Oyelere, 2005).

Furthermore, many international organizations (the World Bank, IMF) work to improve public sector financial reporting worldwide and to enhance IPSAS adoption efforts globally. They even impose it as a condition of financing (Alfredson et al., 2009). Consequently, the public support of IPSAS is likely to have an indirect effect on reducing corruption by improving the information environment (Horton, Serafeim, & Serafeim, 2013). Moreover, in their recommendation on fighting corruption, these international financial institutions highlighted the necessity of adopting and applying internationally accepted accounting standards (Bookar, Tawiah, & Soobaroyen, 2020; World Bank, 1994).

Overall, accounting reporting under IPSAS comprehensively captures financial performance and position. Then, high-quality information relating to the sources and uses of public resources is expected. Hence, relevant information will be reported to citizens helping them to evaluate the effectiveness and efficiency of government officials in managing public resources. Then, a higher accounting system based on IPSAS is more likely to keep government officials in check. It is more likely to lead them to apply public funds in the public interest (Atuilik, 2016). Consequently, high-quality accounting practices under IPSAS contribute to reducing the area to manipulate information and decrease opportunities for rent-seeking. Hence, by promoting relevant disclosure and establishing accountability, IPSAS are likely to play a crucial role in reducing corruption.

Therefore, we expect that the adoption of IPSAS by governments in developing countries leads to an improvement in the transparency levels and governmental accountability, which in turn results in a reduction of corruption levels.

Based on these arguments, we set our first hypothesis as follows:

H1: The adoption of IPSAS reduces the country’s level of corruption.

Political stability and corruption

Empirical research reported that corruption is lower in democratic countries. Under a democratic system, citizens elect officials to manage state public resources on their behalf. Then, those who are more likely to act toward the improvement of the collective well members of the society are conveyed to power (Zweifel & Navia, 2000). However, under an autocratic system, those who run retain state resources in the name of the rest of the citizens (Atuilik, 2016).

Furthermore, under a democratic government system, officials tend to change more frequently creating uncertainty about whom to corrupt (Bohara, Mitchell, & Mittendorff, 2004). Using World Bank’s
data on corruption from 1996 to 2000, Bohara et al. (2004) found a strong positive correlation between the practice of democracy and the control of corruption. Moreover, a democratic environment is better in protecting the freedom of speech and in creating greater civil liberties increasing in return the cost of corrupt behavior and raising the effectiveness of anti-corruption measures.

Unfortunately, the beneficial effects of democracy appear only when it is a decades-old established tradition (Serra, 2006). In fact, during the early years of transition from autocracy, the full regime changes create political instability which results initially in greater corruption. This assertion is supported by Montinola and Jackman (2002) who found evidence that corruption is lower in dictatorships than in partial democracies, but democratic regimes fare better once democratization reaches a certain threshold. Similar findings were established by Sung (2004), who accounts for nonlinearities in the relationship between democracy and corruption.

Political instability is among one of the most robust corruption determinants (Serra, 2006). The effect of political instability on corruption has received considerable research interest, especially in recent decades where several countries move from dictatorship to democracy. This transition is often associated with political instability that reduces the expected advantages of the democratic system.

According to Leite and Weidman (1999), government officials, under political instability, do not have enough political clout to adopt effective anti-corruption programs. Campante, Chor, and Do (2009) report that, under political instability, officials’ tenure is abbreviated, which is an incentive factor to corruption. Nur-tegin and Czap (2012) combined the regime type with political stability and compared unstable democracies to stable dictatorships in terms of corruption. They found evidence that the level of corruption is lower in unstable democracies than in stable dictatorships. We argue that political instability is likely to inhibit monitoring and thus reduce benefits in adopting high-quality standards such as IPSAS.

Based on these arguments, we set our second hypothesis as follows:

\[ H_2: \text{The influence of IPSAS adoption upon the corruption level is stronger in countries with lower levels of political stability compared to countries with higher levels of political stability.} \]

3. RESEARCH METHODOLOGY

3.1. Data

Our analysis is conducted on the likelihood of IPSAS adoption in developing countries during the period between 2016 and 2019. Since we used in this study independents variables, one year delayed, we collected data related to these variables for the period 2015-2018. The initial sample includes 57 countries but, because of missing data, the final total sample consists of 56 countries during 4 years. Hence, the number of observations used reaches 223 because of one missing data. Data are provided by Transparency International, IFAC, and World Bank. Table 1 lists the variables used in this study, their definition, and data sources.

3.2. Dependent variables: the corruption level

Prior corruption literature advances that perception-based corruption measures are a more valid measure of corruption. According to Triesman (2007), perception-based corruption measures are highly correlated to real elements that usually lead to corruption. Moreover, Wilhelm (2002) provides empirical evidence on the validity of corruption-perception indices. Also, Hoque and Menem (2013) and Atulik (2016) used a perception-based corruption index as a measure of corruption.

The CPI classifies countries and territories according to the perception of corruption in their public sector on a scale of 0 to 100: where 0 means that a country is highly corrupt and 100 means it is very clean. The CPI is a widely used corruption indicator in the world (Heywood, 2009; Murphy, 2011; Tanzi, 1998; Treisman, 2007; Wilhelm, 2002).

3.3. Independent variables

IPSAS adoption

We followed the methodology used by IFAC (2017) to assess country adoption status. Full adoption means accrual-based IPSAS have been adopted as accounting standards for all public sector entities. Partially adopted means not all IPSAS have been adopted or cash-basis IPSAS have been adopted or the IPSAS have been adopted for only some public sector entities. Not adopted means the IPSAS have not been adopted.

Information for determining the adoption status was obtained from the IFAC jurisdiction profile and ACCA (2017) report on IPSAS implementation around the world. Similar to Ramanna and Sletten (2014), we use a three-point categorical scale. IPSAS takes 0 for non-adopters; 1 for partial adopters, and 2 for full adopters.

Political stability

We use the index of political stability and absence of violence/terrorism. This index reflects the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.

Control variables

According to empirical literature related to the country’s level of corruption, we include relevant and commonly used variables.

Economic development

As already documented by Serra (2006), economic development is one of the most robust control variables. The level of economic development is most often proxied by per capita GDP. For this paper, we measure economic development using the log of the gross domestic product per capita in 2010 dollars obtained from the World Development Indicators (WDI) database.
Openness to trade (OPEN)

Greater openness to trade has come up as a relevant variable that reduces corruption (Ades & Di Tella, 1999; Brunetti & Weder, 2003; Herzfeld & Weiss, 2003). This measure is calculated as follows:

\[
\text{Open} = \frac{\text{Imports+Exports}}{\text{GDP}}
\]  

(1)

Country size

The link between the country size and corruption has been well-established and country size was found to be a relevant determinant of corruption (Fisman & Gatti, 2002; Knack & Azfar, 2003). Large countries are likely to be highly decentralized and may have low per capita public services, which creates a favorable environment to engage in corruption (Banerjee, 1997; Fisman & Gatti, 2002). Country size is measured as follows:

\[
\text{Country size} = \ln(\text{Total population})
\]  

(2)

Data are collected from the world developing database.

Table 1. Variables definition

| Variables | Definition | Period | Sources |
|-----------|------------|--------|---------|
| CPI | Corruption Perception Index ranging from 0 (highest corruption) to 100 (absence of corruption). | 2016–2019 | Transparency International |
| IPSAS | A categorical variable that takes the value 2 if a country has adopted IPSAS, the value 1 if it partially adopts IPSAS, and the value 0 otherwise. | 2015–2018 | IFAC Adoption Status by country: Adoption of International Standards ACCA report (2017) |
| POLISTA | Political stability and absence of violence/terrorism ranging from 2.5 (weak) to 2.5 (strong) government performance. | 2015–2018 | World Bank WDI |
| ECODEV | The level of economic development is measured as the GDP (in US$) as per the World Bank (2010). | 2015–2018 | World Bank WDI |
| OPENNESS | Imports plus exports as a share of the GDP. | 2015–2018 | World Bank WDI |
| SIZE | The size of the country is measured as the country’s population. | 2015–2018 | World Bank WDI |

3.4. Model

To assess the influence of IPSAS and political stability on perceived corruption level, we run the following model (equation 3). Where, CPI, is a measure of corruption perception index of the firm i at the year t (high values representing less corruption). As the adoption of IPSAS and other countries specific indicators are not likely to influence corruption level in the short term, we consider a one-year lag for independent variables: Political stability (POLISTA), the level of economic development (ECODEV), the level of openness trading (OPENNESS) and country size (SIZE).

Model 1

\[
\text{CPI}_i(t) = \beta_0 + \beta_1\text{IPSAS}_i(t-1) + \beta_2\text{POLISTA}_i(t-1) + \beta_3\text{IPSAS}_i(t-1) * \text{IPSAS}_i(t-1) + \beta_4\text{ECODEV}_i(t-1) + \beta_5\text{OPENNESS}_i(t-1) + \beta_6\text{SIZE}_i(t-1) + \epsilon_{it}
\]  

(3)

4. RESULTS AND DISCUSSIONS

4.1. Univariate analysis

Descriptive statistics (Table 2) shows that the mean of the CPI equals 35.66 while the highest score value reaches 71 and the lowest one equals 14.

Table 2. Descriptive statistics of quantitative variables

| Variables | N   | Min  | Max  | Mean  | Standard-deviation | Skeweness  | Kurtosis  |
|-----------|-----|------|------|-------|-------------------|------------|----------|
| CPI       | 224 | 12   | 71   | 35.66 | 10.69             | 0.715      | 3.478    |
| POLISTA   | 224 | -2.5 | 1.06 | 0.46  | 0.745             | -0.715     | 3.478    |
| ECODEV    | 224 | 2.51E+09 | 1.08E+13 | 3.81E+11 | 1.34E+12 | 6.439894 | 46.00501 |
| OPENNESS  | 223 | 19.1008 | 208.3067 | 69.16706 | 32.934     | 1.264      | 5.303    |
| SIZE      | 224 | 76.3432 | 1.39E+09 | 8.61E+07 | 2.49E+08 | 4.703634 | 24.1658  |

Notes: CPI: corruption perception index; POLISTA: political stability; ECODEV: the level of economic development measured as the GDP (in US$) as per the World Bank; OPENNESS: the level of openness trading; SIZE: the country population.
Table 3. Descriptive statistics of qualitative variables: Table of frequencies

|        | 2015   | 2016   | 2017   | 2018   |
|--------|--------|--------|--------|--------|
| 0      | 87.2%  | 70.18% | 36.14% | 40.35% |
| 1      | 10.33% | 26.32% | 33.09% | 47.37% |
| 2      | 1.75%  | 3.51%  | 8.77%  | 12.28% |
| Total  | 100%   | 100%   | 100%   | 100%   |

Notes: IPSAS: A categorical variable that takes the value 2 if a country has adopted IPSAS, the value 1 if it partially adopts IPSAS, and the value 0 otherwise.

Table 4. Correlation matrix and VIF test

|      | CPI    | IPSAS  | OPENNESS | POLISTA | ECODEDEV | SIZE   | VIF   |
|------|--------|--------|----------|---------|----------|--------|-------|
| CPI  | 1      | 0.1096 | 0.0088   | 1       | 0.0996   | -0.1116*| 1.01  |
| IPSAS|        | 0.1105*| 0.0993   | 0.292***| -0.428***| -0.4971***| 1.19  |
| OPENNESS | 0.4300***| 0.0093 | 0.292***| -0.428***| -0.4857***| 0.8028***| 1.42  |
| POLISTA | 0.1703***| 0.0996 | -0.4328***| -0.2185***| 1       | 1      | 0.243 |
| SIZE  | -0.1116*| 0.0641 | -0.4971***| -0.4857***| 0.8028***| 1      | 1.44  |

Notes: CPI: corruption perception index; IPSAS: a categorical variable that takes the value 2 if a country has adopted IPSAS, the value 1 if it partially adopts IPSAS and the value 0 otherwise; POLISTA: political stability; ECODEDEV: the level of economic development measured as the GDP (in US$) as per the World Bank; OPENNESS: the level of openness trading; SIZE: the country population.

Table 5. Estimation results: The effect of IPSAS adoption on corruption level

|      | CPI    | IPSAS  | POLISTA | POLISTA * IPSAS | OPENNESS | ECODEDEV | SIZE   | Constant |
|------|--------|--------|---------|-----------------|----------|----------|--------|----------|
| CPI  |        | 0.0729 | 3.957***| 0.243           | 0.001    | 4.332***| -4.148*** | 0.886    |
| R-squared | 0.779  | 97.82 | 0.000   | 222             | 56       |

Notes: CPI: corruption perception index; IPSAS: a categorical variable that takes the value 2 if a country has adopted IPSAS, the value 1 if it partially adopts IPSAS and the value 0 otherwise; POLISTA: political stability; ECODEDEV: the level of economic development measured as the natural logarithm of GDP (in US$) as per the World Bank; OPENNESS: the level of openness trading; SIZE: the natural logarithm country population.

4.2. Multivariate analysis

4.2.1. Basic model

Before making the estimates and their interpretation, we do some preliminary tests to check, firstly, the presence of individual effects in panel data and secondly to test the problem of heteroscedasticity and autocorrelation.

The tests’ results are not reported, but available upon request. Findings confirm, first, the existence of individual effects in panel data which justify the adoption of the panel data model. We conclude, second, that our model suffers from the problem of heteroscedasticity and autocorrelation errors. For this, we used the generalized least squares (GLS) method using panel data.

Results reported in Table 5 show that the adoption of IPSAS has a positive and non-significant coefficient. This finding does not support H1. Hence, IPSAS adoption does not lead to a reduction of bribery. Moreover, the coefficient of the interaction between corruption and political stability is not significant. Hence, H2 is rejected. Thus, whatever the level of political stability, IPSAS adoption has no significant effect on corruption level.

These interesting results can be explained by the fact that the adoption of the International Public Sector Accounting Standards is a long process and the reform of the financial information system takes a while. It is so possible that the one lagged year used to examine the influence of IPSAS adoption on corruption level cannot be sufficient. Furthermore, the announcement by a given country to adopt IPSAS is not the same as IPSAS implementation. It not necessarily implies the publication of financial statements in compliance with the prescriptions of IPSAS.

For other countries’ characteristics, we find that countries with low corruption levels, in other words, high CPI are small countries (SIZE) and characterized by higher openness trade and economic development and strong governance performance (POLISTA).

4.2.2. Robustness analysis

Does the corruption level matter?

This analysis aims to take into account the possible problem of endogeneity in the model. Indeed, we test if the IPSAS adoption effect on corruption depends on the level of corruption. For thus, we classify countries as less corrupted and high corrupted ones. These later are classified as high corrupted when the CPI is below 50 points. In our sample, we remark that 50 countries are classified...
as highly corrupted and only 6 countries are less corrupted ones. Regressions on the two sub-samples show that previous findings (results are available upon request) are robust. Hence, in the high corrupted country, the IPSAS adoption has no effect on the corruption perceived level.

**IPSAS adoption binary variable**

Moreover, to check the robustness of our results while using the three-way coding, we have employed a dichotomous variable as an alternative measurement of IPSAS (IPSAS = 1 if the country adopts or partially adopts IPSAS standards; 0 otherwise). Results presented in Table 6 indicate that previous results are robust and IPSAS adoption partially or totally has no effect on corruption perception in emerging countries.

**Table 6. Robustness checks: Alternative measure of IPSAS adoption**

| CPI         | IPSAS | POLISTA | POLISTA * IPSAS | OPENNESS | ECODEV | SIZE | \text{Constant} |
|-------------|-------|---------|-----------------|----------|--------|------|-----------------|
| CPI         | -0.595 | 5.994*** | -0.050         | -0.002   | 4.368*** | -4.178*** | 0.704           |
| R-squared   | 0.790   | 95.63   | 0.000           | 223      | 56     |
| Wald Chi-squared | 0.000 | 1.000   | 0.000           | 1.000    | 1.000   |
| Probs       | 0.000   | 0.000   | 0.000           | 0.000    | 0.000   |
| N           | 223     | 56      | 56              | 56       | 56      |
| Countries   | 56      | 56      | 56              | 56       | 56      |

Notes: CPI: corruption perception index; IPSAS: a categorical variable that takes the value 1 if a country has adopted IPSAS and the value 0 otherwise; POLISTA: political stability; ECODEV: the level of economic development measured as the natural logarithm of GDP (in US$) as per the World Bank; OPENNESS: the level of openness trading; SIZE: the natural logarithm country population. ***, **, * are statistically significant at the 1%, 5%, and 10% levels, respectively.

**5. CONCLUSION**

In this paper, we aim to examine whether the country’s decision to move forward to the IPSAS may affect its corruption level. Given the prior evidence on the beneficial effect of IFRS adoption on corruption reduction, we argue that decision to move forward to IPSAS can also negatively affect the country’s level of corruption. Indeed strong financial accounting systems can inhibit monitoring incentives and thus curve corruption.

Few studies have examined the effect of the IPSAS adoption on corruption. Our paper aims to fill this gap. It set out to test two hypotheses. The first is related to the effect of IPSAS adoption on country’s corruption level, while the second aims to examine whether political stability can play a moderator effect in this relation.

Our results argue that IPSAS adoption by a country in itself does not necessarily guarantee corruption limitation in emerging economies. Then we demonstrate that political stability cannot affect the association between translation to IPSAS and corruption decrease.

These findings can be argued by the complexity of implementation of IPSAS rules for governments notably with limited financial expertise and experience. Difficulties to compile and to understand IPSASs affect their effective implementation. Difficulties can also be explained by the size and complexity of the government’s financial transactions and the way in which information is presented (Ezzamel et al., 2014). Complexity and difficulties of IPSAS implementation reduce their effective use and effect. This appeared in concordance with a stream within the diffusion literature witch advanced the idea of externally induced innovation as potential valuable to successful organizations innovation (Van de Ven, 1986), but indicated that in poorly performing organizations it may simply perpetuate poor performance.

Another explanation can be related to the fact that country-level corruption can also affect the effective implementation of IPSASs. This is further advocated by the Global Innovation Index, which pointed out that countries with great levels of perceived corruption are likely to have the lowest rankings in the Global Innovation Index,

Our study makes incremental contributions in several manners. First, while literature focused on the effect of IPSAS adoption in developing countries (e.g., Cuadrado-Ballesteros et al., 2019), little attention has been paid to their effect in developing ones. Our study focuses on IPSAS adoption in developing countries, which provides a relevant setting for examining the contribution of public accounting to reducing corruption.

Then, we provide empirical evidence that a country’s decision to adopt IPSAS is less likely to reduce corruption perception level. The benefit of IPSAS controlling corruption seems manifested as the country continues to use the international public standards.

While our findings are interesting, our study has some limitations. The first limitation is related to the lack of data regarding the status and the level of IPSAS adoption by governments. This scantly information forced the choice of IPSAS adoption proxies and of one lagged year for our independent variables.

Another limitation is related to the lag between IPSAS adoption and implementation which can reduce the interpretations of our results. The beneficial effects of adopting IPSAS can depend on the longevity of its use within countries. Other studies can investigate how experience with IPSAS can affect corruption.

A further limitation can be the use of TI’s CPI to measure the level of perceptions of corruption. Likely, CPI does not reflect actual levels of corruption in the countries whilst literature argues that these two measures are related. Consequently, our results could be sensitive to alternative proxies for the variables used in our paper. Future research may attempt to use other alternative proxies.
REFERENCES

1. ACCA. (2017). IPSAS implementation: Current status and challenges. Retrieved from https://www.accaglobal.com/e/en/technical-activities/technical-resources-search/2017/october/ipsas-implementations-current-status-and-challenges.html

2. Adhikari, P., & Garseth-Nesbakken, L. (2016). Implementing public sector accruals in OECD member states: Major issues and challenges. Accounting Forum, 40(2), 125-142. https://doi.org/10.1016/j.acfor.2016.02.001

3. Adhikari, P., & Garseth-Nesbakken, L. (2016). Implementing public sector accruals in OECD member states: Major issues and challenges. Accounting Forum, 40(2), 125-142. https://doi.org/10.1016/j.acfor.2016.02.001

4. Alfredson, K., Leo, K., Picker, R., Loftus, J., Clark, K., Wise, V., & Dyki, M. (2009). Applying international financial reporting standards. Journal of International Accounting Research, 9(2), 70-71. https://doi.org/10.2308/jiar.2010.9.2.70

5. Anderson, J. (2009). Illusions of accountability: Credit and blame sense making in public administration. Administrative Theory & Praxis, 31(3), 322-339. https://doi.org/10.1057/9781137461346

6. Anderson, S., & Heywood, P. M. (2009). The politics of perception: Use and abuse of transparency international's approach to measuring corruption. Political Studies, 57(4), 746-767. https://doi.org/10.1111/j.1467-9248.2008.00738.x

7. Anagnostou, C. (2016). The relationship between the adoption of international public sector accounting standards (IPSAS) by governments and perceived levels of corruption. International Journal of Current Research, 8(5), 32052-32070. Retrieved from http://www.journalcrca.com/article/relationship-between-adoption-IPSAS-sector-accounting-standards-IPSA

8. Ball, I. (2012). New development: Transparency in the public sector. Public Money & Management, 32(1), 35-40. https://doi.org/10.1111/pmm.2012.32.issue-1

9. Banerjee, A. V. (1997). A theory of misgovernance. The Quarterly Journal of Economics, 112(4), 1289-1332. https://doi.org/10.1162/003355300555484

10. Banker, R. D., & Patton, J. M. (1987). Analytical agency theory and municipal accounting: An introduction and an application. Research in Governmental and Nonprofit Accounting, 3, 29-50.

11. Basta, F., & Benito, B. (2007). Central government budget practices and transparency: An international comparison. Public Administration, 85(3), 667-716. https://doi.org/10.1111/j.1467-9299.2007.00664.x

12. Bellanca, S. (2014). Budgetary transparency in the European Union: The role of IPSAS. International Advances in Economic Research, 20(4), 455-457. https://doi.org/10.1177/1071144214546580

13. Ben Amor, D., & Damak Ayadi, S. (2019). The profile of IPSAS-adopters. Accounting and Management Information Systems, 28(42), 262-289. https://doi.org/10.2481/ams.2019.02005

14. Bergmann, A. (2012). The influence of the nature of government accounting and reporting in decision-making: Evidence from Switzerland. Public Money & Management, 32(1), 15-20. https://doi.org/10.1108/03540962.2012.634305

15. Bohara, A. K., Mitchell, N. J., & Mitterndorff, C. F. (2004). Compound democracy and the control of corruption: A cross-country investigation. Policy Studies Journal, 32(4), 481-499. https://doi.org/10.1111/j.1461-0072.2004.00077.x

16. Boolaky, P., Tawiah, V., & Soobaryen, T. (2020). Why do African countries adopt IFRS? An institutional perspective. The International Journal of Accounting, 55(1), 2050005. https://doi.org/10.1142/S1094406020500055

17. Brunetti, A., & Weder, B. (2003). A free press is bad news for corruption. Journal of Public Economics, 87(7-8), 1801-1824. https://doi.org/10.1016/S0047-2727(01)00186-4

18. Bruusa, I., Caperchione, E., Cohen, S., & Rossi, F. (2015). Public sector accounting and auditing in Europe: The challenge of harmonization. https://doi.org/10.1057/9781137461346

19. Brusca, I., Labrador, M., & Lurran, M. (2018). The challenge of sustainability and integrated reporting at universities: A case study. Journal of Cleaner Production, 188, 347-354. https://doi.org/10.1016/j.jclepro.2018.03.292

20. Campante, F. R., Chor, D., & Do, Q.-A. (2009). Instability and the incentives for corruption. Economics & Politics, 21(2), 42-92. https://doi.org/10.1111/j.1464-0343.2008.00335.x

21. Chan, J. (2003). Government accounting: An assessment of theory, purposes and standards. British Accounting Review, 51(5), 1008-1034. https://doi.org/10.1016/j.bar.2019.04.003

22. Christensen, A. (2002). Accrual accounting in the public sector: The case of the New South Wales government. Accounting History, 7(2), 93-124. https://doi.org/10.11177/10323732020070205

23. Christensen, M., & Parker, L. (2010). Using ideas to advance professions: Public sector accrual accounting. Financial Accountability & Management, 26(3), 246-266. https://doi.org/10.1111/j.1468-0408.2010.00501.x

24. Christiens, A., Reyniers, B., & Rollé, C. (2010). Impact of IPSAS on reforming governmental financial information systems: A comparative study. International Review of Administrative Sciences, 76(3), 537-554. https://doi.org/10.1177/0020852310372449

25. Christiansen, J., Van Hercke, C., Masone-Rossi, F., Avensano, N., & van Cauwenberge, P. (2015). The effect of IPSAS on reforming governmental financial reporting: An international comparison. International Review of Administrative Sciences, 81(1), 158-177. https://doi.org/10.1177/002085231456580

26. Cohen, S., & Karatzimas, S. (2015). Tracing the future of reporting in the public sector: Introducing integrated popular reporting. International Journal of Public Sector Management, 28(6), 449-460. https://doi.org/10.1108/IPSM-11-2014-0140

27. Cressy, D. R. (1953). Other people’s money: A study of the social psychology of embezzlement. Free Press. Retrieved from https://psycnet.apa.org/record/1954-06293-000

28. Cuadrado-Ballesteros, B., Citro, F., & Bisogno, M. (2019). The role of public-sector accounting in controlling corruption: An assessment of organisation for economic co-operation and development countries. International Review of Administrative Sciences, 86(4), 729-748. https://doi.org/10.1177/0020852318819736

29. Everett, J., Neu, D., & Rahaman, A. S. (2007). Accounting and the global fight against corruption. Accounting, Organizations and Society, 32(6), 513-542. https://doi.org/10.1016/j.aos.2006.07.002
32. Ezzamel, M., Hyndman, N., Johnsen, A., & Lapsley, I. (2014). Reforming central government accounting: An evaluation of an accounting innovation. *Critical Perspectives on Accounting, 25*(4–5), 409–422. doi:10.1016/j.cpa.2013.05.006

33. Fisman, R., & Gatti, R. (2005). Decentralization and corruption: Evidence across countries. *Journal of Public Economics, 88*(3-4), 325–345. doi:10.1016/S0047-2727(00)00158-4

34. Fisman, R., & Svensson, J. (2007). Are corruption and taxation really harmful to growth? Firm level evidence. *Journal of Development Economics, 83*(1), 63–75. doi:10.1016/j.jdeveco.2005.09.009

35. Gerring, J., & Thacker, S.C. (2004). Political institutions and corruption: The role of unitarism and parliamentarism. *British Journal of Political Science, 34*(2), 295–330. doi:10.1017/S0007132004000677

36. Gokal, T., & Budding, T. (2010). New public management: The current status and future prospects. *Financial Accountability & Management, 26*(1), 1–13. doi:10.1111/j.1468-0408.2008.00440.x

37. Hall, L., Leuz, C., & Wysocki, P. (2010). Global accounting convergence and the potential adoption of IFRS by the U.S. (Part I: Conceptual underpinnings and economic analysis. *Accounting Horizons, 24*(3), 355–394. doi:10.2308/ach.2010.24.3.355

38. Herzfeld, T., & Weiss, C. (2003). Corruption and legal (in)effectiveness: An empirical investigation. *European Journal of Political Economy, 19*(3), 621–632. doi:10.1016/S0176-2680(03)00018-1

39. Horton, J., Serafeim, G., & Serafeim, I. (2013). Does mandatory IFRS adoption improve the information environment? *Contemporary Accounting Research, 30*(1), 388–423. doi:10.1111/j.1911-3846.2012.01593.x

40. Johnson, D. (2002). Progress against corruption. *Journal of Accounting and Public Policy, 21*(2), 125–158. Retrieved from https://www.ifac.org/knowledge-gateway/suppor

41. Humphrey, C., Miller, P., & Scapens, R. W. (1993). Accountability and accountable management in the UK public sector. *Accounting, Auditing & Accountability Journal, 6*(3), 7–29. doi:10.1108/09513559310042542

42. International Accounting and Auditing Standards Board (IAASB). (2009). ISA 620: Using the work of an auditor’s expert. Retrieved from https://www.ifac.org/system/files/downloads/iaasb-handbook2010-620.pdf

43. International Federation of Accountants (IFAC). (2017). International standards: 2017 Global status report. Retrieved from https://www.ifac.org/system/files/publications/files/International-Standards-2017-Global-Status-Report.pdf

44. International Federation of Accountants (IFAC). (2018). International public sector financial accountability index: 2018 status report. Retrieved from https://www.ifac.org/system/files/IFAC-CIFPA-Public-Sector-Index-2018-Status.pdf

45. International Federation of Accountants (IFAC). (2019). International standards: 2019 global status report. Retrieved from https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/international-standards-2019-global-status-report

46. Jackson, A., & Lapsley, I. (2003). The diffusion of accounting practices in the new “managerial” public sector. *Journal of Public Sector Management, 16*(5), 359–372. doi:10.1108/09513550310483034

47. Johnson, D. (2002). Progress against corruption. *Journal of Accounting and Public Policy, 21*(2), 125–158. Retrieved from https://www.ifac.org/knowledge-gateway/supp

48. Kirzner, I. (2013). Are corruption and taxation really harmful to growth? Firm level evidence. *Journal of Development Economics, 83*(1), 63–75. doi:10.1016/j.jdeveco.2005.09.009

49. King, R., & Levine, R. (1993). Corruption and growth. *Quarterly Journal of Economics, 110*(3), 543–577. doi:10.1162/003355395548248

50. Klau, K., Mikes, C., & Whited, T. (2007). The role of audit fees in reducing state corruption. *Journal of Accounting and Public Policy, 26*(1), 1–27. doi:10.1016/j.jaccpubpol.2006.03.001

51. Kopits, G., & Craig, J. D. (1998). Transparency in government operations (International Monetary Fund Occasional Paper No. 158). Retrieved from https://www.elibrary.imf.org/doc/IMF084/07499-9781557756978/Other_formats/Source_PDF/07499-9781545181972680.pdf

52. Kraay, A., Zoido-Lobatón, P., & Kaufmann, D. (1999). *Goverment matters* (Policy Research Working Paper No. 1996).

53. Lapsley, I., & Wright, H. (2004). The diffusion of management accounting innovations in the public sector: A research agenda. *Management Accounting Research, 15*(3), 355–374. doi:10.1016/j.mar.2003.12.007

54. Lapsley, I., Mussari, R., & Paulsson, G. (2009). On the adoption of accrual accounting in the public sector: A self-evident and problematic reform. *European Accounting Review, 18*(4), 719–723.

55. Laswad, F., Fisher, R., & Oyelere, P. (2005). Determinants of voluntary internet financial reporting by local government authorities. *Journal of Accounting and Public Policy, 24*(2), 101–121. doi:10.1016/j.jaccpubpol.2004.12.006

56. Leite, M. C., & Weidmann, J. (1999). Does Mother Nature Corrupt: Natural resources, corruption, and economic growth (IMF Working Papers No. 95/65). Retrieved from https://www.imf.org/external/pubs/ft/workingp/95/wp8509.pdf

57. Mack, J., & Ryan, C. (2006). Reflections on the theoretical underpinnings of the general-purpose financial reports of Australian government departments. *Accounting, Auditing & Accountability Journal, 19*(4), 592–612. doi:10.1108/09513550610679146

58. Maugeri, R., Albrecht, C., Ainge, C., & Stephens, N. (2010). Accounting and corruption: A cross-country analysis. *Journal of International Money and Law, 13*(3), 372–393. doi:10.1017/S1368520101083882

59. Mauro, P. (1995). Corruption and growth. *Quarterly Journal of Economics, 110*(3), 681–712. doi:10.2307/2946696

60. Mauro, P. (1998). Corruption: Causes, consequences, and agenda for future research. *Finance & Development, 35*(1), 11–14. Retrieved from https://www.internationalbudget.org/wp-content/uploads/Corruption-Causes-Consequences-and-Agenda-for-Further-Research.pdf

61. McKelvey, B., & Andriani, P. (2005). Why Gaussian statistics are mostly wrong for strategic organization. *Strategic Organization, 3*(2), 219–228. doi:10.11177/1476127005052700

62. Michael, B. (2005). Questioning public sector accountability. *Public Integrity, 7*(2), 95–109. Retrieved from https://www.tandfonline.com/doi/abs/10.1080/109995220.2005.11051275?scroll=top&needAccess=true

63. Monfardini, P. (2010). Accountability in the new public sector: A comparative case study. *International Journal of Public Sector Management, 23*(7), 632–646. doi:10.1108/09513551010788897

64. Montiniola, G. R., & Jackman, R. W. (2002). Sources of corruption: A cross-country study. *British Journal of Political Science, 32*(1), 147–170. doi:10.1017/S0007123402000066
65. Murphy, J. (2011). Capitalism and transparency. Critical Perspectives on International Business, 7(2), 125-141. https://doi.org/10.1108/1742204111128212

66. Neu, D., Everett, J., & Rahaman, A. S. (2013). Internal auditing and corruption within government: The case of the Canadian sponsor program. Contemporary Accounting Research, 30(3), 1223-1250. https://doi.org/10.1111/j.1931-3864.2012.01195.x

67. Neu, D., Everett, J., & Rahaman, A. S. (2015). Preventing corruption within government procurement: Constructing the disciplined and ethical subject. Critical Perspectives on Accounting, 28, 49-61. https://doi.org/10.1016/j.cpa.2014.03.012

68. Nur-tegin, K., & Crap, H. J. (2012). Corruption: Democracy, autocracy, and political stability. Economic Analysis and Policy, 42(1), 51-66. https://doi.org/10.1016/j.eapache.2011.06.004

69. Pellegrini, L., & Gerlagh, R. (2008). Causes of corruption: A survey of cross-country analyses and extended results. Economics of Governance, 9(3), 245-263. https://doi.org/10.1007/s10101-007-0033-4

70. Pendlebury, M., Jones, R., & Karbhari, Y. (1994). Developments in the accountability and financial reporting practices of executive agencies. Financial Accountability & Management, 10(1), 33-46.

71. Pina, V., Torres, L., & Yetamo, A. (2009). Accrual accounting in EU local governments: One method, several approaches. European Accounting Review, 18(4), 765-807. https://doi.org/10.1080/09638180903118694

72. Public Company Accounting Oversight Board (PCAOB). (2005). PCAOB update: A year-three progress report and 2006 challenges. Retrieved from https://pcaobus.org/news-events/speeches/speech-detail/pcaoab-update-a-year-three-progress-report-and-2006-challenges-1.14

73. PwC. (2015). Global survey on accounting and reporting by central governments 2nd edition: Towards a new era in government accounting and reporting. Retrieved from https://www.PwC.se/sv/pdf-reports/towards-a-new-era-in-government-accounting-and-reporting-july-2015.pdf

74. Ramanna, K., & Sletten, E. (2014). Network effects in countries’ adoption of IFRS. The Accounting Review, 89(4), 1517-1541. https://doi.org/10.2308/accr-50717

75. Reichard, C., & van Helden, J. (2017). Why cash-based budgeting still prevails in an era of accrual-based reporting in the public sector. Accounting, Finance and Governance Review, 23(1-2), 43-65. https://doi.org/10.52399/001c.25483

76. Rodriguez, P., Siegel, D. S., Hillman, A., & Eden, L. (2006). Three lenses on the multinational enterprise: Politics, corruption, and corporate social responsibility. Journal of International Business Studies, 37, 733-746. https://doi.org/10.1057/palgrave.jibs.8400229

77. Rogers, E. (1983). Diffusion of innovations (3rd ed.). New York, NY: The Free Press.

78. Rogers, E. (1995). Diffusion of innovations (4th ed.). New York, NY: The Free Press.

79. Rogers, E. (2003). Diffusion of innovations (5th ed.). New York, NY: The Free Press.

80. Salifu, A. (2008). Can corruption and economic crime be controlled in developing economies? And if so, is the cost worth it? Journal of International Accounting, 1(1), 273-283. https://doi.org/10.2307/13685200810889425

81. Sanderson, L., & Van Schaik, F. (2008). Public sector accounting standards: Strengthening accountability and improving governance. Accountancy Ireland, 40(5), 22-24.

82. Serra, D. (2006). Empirical determinants of corruption: A sensitivity analysis. Public Choice, 126(1-2), 225-256. https://doi.org/10.1007/s11127-006-0264-7

83. Shleifer, A., & Vishny, R. W. (1993). Corruption. The Quarterly Journal of Economics, 108(3), 599-617. https://doi.org/10.2307/2118402

84. Siame, F. M. (2002). Contributions and challenges in the fight against corruption — An Auditor General’s perspective. International Journal of Government Auditing, 29(4), 7-9.

85. Sung, H. E. (2004). Democracy and political corruption: A cross-national comparison. Crime, Law and Social Change, 41(2), 179-193. doi:10.1023/B:CRISIS.0000016225.75792.02

86. Sutcliffe, P. (2003). The standards programme of IFAC’s public sector committee. Public Money & Management, 23(1), 29–36. https://doi.org/10.1111/1467-9302.00338

87. Svendsen, J. (2005). Eight questions about corruption. Journal of Economic Perspectives, 19(3), 19-42. https://doi.org/10.1257/089533005774357860

88. Tanz, V. (1998). Corruption around the world: Causes, consequences, scope, and cures (IMF Working Paper No. 98/63). Retrieved from https://www.imf.org/en/Publications/WP/Issues/2016/12/30/Corruption-Around-The-World-Causes-Consequences-Scope-and-Cures-2583

89. Tavitis, M. (2010). Why do people engage in corruption? The case of Estonia. Social Forces, 88(3), 1257-1279. https://doi.org/10.1353/sf.2010.0088

90. Torres, L. (2004). Accounting and accountability: Recent developments in government financial information systems. Public Administration & Development, 24(5), 447-456. https://doi.org/10.1002/pad.332

91. Treisman, D. (2000). The causes of corruption: A cross-national study. Journal of Public Economics, 76(3), 399-457. https://doi.org/10.1016/S0047-2727(99)00092-4

92. Treisman, D. (2007). What have we learned about the causes of corruption from ten years of cross-national empirical research? Annual Review of Political Science, 10, 211-244. https://doi.org/10.1146/annurev.polisci.081205.095418

93. Treisman, D. (2014). What does cross-national empirical research reveal about the causes of corruption? In P. M. Heywood (Ed.), Routledge handbook of political corruption (pp. 109-123). Oxfordshire, England: Routledge.

94. Van de Ven, A. A. (1986). Central problems in the management of innovation. Management Science, 32(5), 590-607. https://doi.org/10.1287/mnsc.32.5.590

95. Wang, X. (2002). Assessing administrative accountability. American Review of Public Administration, 33(5), 350-370. https://doi.org/10.1177/027507400203200305

96. Wilhelm, P. G. (2002). International validation of the corruption perceptions index: Implications for business ethics and entrepreneurship education. Journal of Business Ethics, 39(3), 177-189. https://doi.org/10.1023/A:101388225402

97. World Bank. (1994). Governance: The World Bank’s experience. Retrieved from https://books.google.com.ua/books?id=LyJQW4EdtrkC&q=PR3&source=gbs_selected_pages&cad=2#v=onepage&q&dq=false

98. Zarb, B. (2008). Accounting regulation, transparency and the propensity to bribe affect the perception of corruption in developed countries? Journal of International Finance & Economics, 8(4), 164-179.

99. Zweifel, T. D., & Navia, P. (2000). Democracy, dictatorship, and infant mortality. Journal of Democracy, 11(2), 99-114. https://doi.org/10.1353/jod.2000.0047