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Original Research

Determinants of Accrual-Based Accounting Compliance Among the Selected Federal MDAS in Nigeria

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Abstract

Lack of accountability public service such as road maintenance, education, and asset management has contributed to inefficiencies, corruption, and poor decision-making within Nigeria's federal Ministries, Departments, and Agencies (MDAs). Weak reporting mechanisms enable contractors and public officers to act without sufficient oversight, resulting in substandard infrastructure and ineffective service delivery. To address these challenges, this study examines the determinants of accrual-based accounting compliance among the selected federal Ministries, Departments, and Agencies (MDAs) in Kwara State. Specifically, the study investigates the relationships between regulatory pressure, staff competence, management support, organizational culture, information technology usage, and accrual-based accounting compliance among the selected federal MDAs in the state. A survey research design was adopted, and data were collected from 136 management staff drawn from a total population of 206 respondents. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to investigate the relationships among the study variables. The findings reported that regulatory pressure and organizational culture have negative effects on accrual-based accounting compliance, while staff competence, management support, and information technology usage exert positive and statistically significant influences on accrual-based accounting compliance. The study concludes that the model possesses substantial explanatory power, with the selected variables accounting for a significant

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proportion of the variation in compliance behavior. Therefore, the study recommends that a coordinated approach that integrates human, technological, and institutional reforms supported by effective monitoring and evaluation systems will ensure sustainable and improved accrual accounting compliance in the public sector.

Keywords: Information Technology Usage, Management Support, Regulatory Accrual Accounting Compliance, Staff Competence.

Introduction

Corruption and poor governance continue to pose significant challenges in the global public sector, often resulting in the misappropriation of public funds, opaque financial practices, bureaucratic delays, and ineffective service delivery. Centralized decision-making, poor transparency, and weak accountability have contributed to inefficient resource use, poor infrastructure, and diminished public trust. The challenges of traditional cash-based accounting system such as failure to record assets, liabilities, inventories, receivables, and payables further hinder accurate financial reporting and accountability. In response to these shortcomings, many countries, including Nigeria, have adopted not fully adopted accrual-based accounting. Although Nigeria announced IPSAS adoption in 2010 and directed MDAs to transition first to cash-based IPSAS by 2014 and to full accrual IPSAS by 2016, compliance remains weak, with many MDAs yet to fully implement the standards (Changwony & Paterson, 2019).

Challenges associated with stewardship in accounting reporting remain prevalent among federal MDAs in Nigeria. Lack of accountability in the area of road maintenance, school, asset management and other essential services usually resulted to inefficiencies, corruption, and suboptimal decision-making. Similarly, lack of proper reporting mechanisms allows contractors to cut corners in road construction without being detected or penalized, resulting in poor-quality roads, funds allocated for road repairs and maintenance are often misappropriated or underutilized, leaving roads in a state of disrepair (Blöndal, 2019). However, this study is of the argument that factors responsible for the low adoption of IPSAS among the federal MDA`s are Information technology, regulatory pressure, management support, staff competence and organizational culture. This argument was also supported by (Hepworth et al., 2018).

Consistent with the preceding discussion, information technology usage is the availability of modern technological tools essential for the operations of the MDAs. Adequate networking infrastructure, appropriate computer systems, up-to-date software, and integrated databases can facilitate IPSAS adoption and enhance financial reporting. However, factors such as resistance to change, legislative limitations, and insufficient technical expertise may impede the shift from manual to computerized systems, as many federal MDAs in Nigeria continue to rely on manual accounting processes, which discourages accrual accounting implementation (Flynn, Moretti & Cavanagh, 2016). Therefore, information technology is crucial for successful IPSAS adoption.

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Regulatory pressure is another determinant of compliance with accrual-based accounting. Pressure from society, international organizations, and other external entities has become central to public sector accounting reforms in Nigeria. Institutional theory suggests that organizations respond to external pressures through coercive, mimetic, and normative isomorphism (DiMaggio & Powell, 2000), underscoring the importance of regulatory influence. Management support seems to equally affect accrual accounting compliance. When management understands the importance of accrual accounting and actively supports its implementation, communication and information sharing within the organization improve, fostering successful adoption. Institutional theory emphasizes the role of communication in enhancing organizational effectiveness, reinforcing the contribution of management support (Paillé et al., 2014).

Staff competence appears to influence accrual-based accounting compliance. Many accountants in federal MDAs lack sufficient knowledge and experience of accrual accounting, and professional bodies have limited influence on government accounting reforms. Training, education, and effective communication are therefore essential for improving staff competence and ensuring compliance. Institutional normative isomorphism supports this, as training enhances professional capability (Bisbee & Honig, 2021). Organizational culture, representing shared values, beliefs, and norms, also seems to shape employees' acceptance of change. A supportive culture promotes learning, innovation, and effective implementation of new accounting systems. Conversely, a weak culture can hinder the adoption of accrual accounting (Nah & Johnson, 2020; Annamalai & Ramayah, 2023).

Literature Review

Empirical evidence from various national settings has explored the factors influencing accrual accounting compliance. For example, Adhikari and Gårseth-Nesbakk (2019) examined the implementation of public sector accrual accounting across OECD member countries and identified a wider range of political and technical complexities than those typically highlighted in prior academic literature and official reform reports. The study revealed that these ambiguities, when transmitted to the organisational level, generate significant uncertainty and confusion among budget and treasury officials responsible for applying accrual practices within their respective jurisdictions. Consequently, such challenges may undermine organisational legitimacy and hinder effective implementation of accrual-based accounting systems.

Changwony and Paterson (2019) investigated the relationship between accounting practices, fiscal decentralization, and corruption using multiple data sources. Their findings indicate that fiscal decentralization contributes to a reduction in corruption in countries where accounting practices are of high quality, with the effect strengthening as accounting quality improves. Conversely, in contexts where accounting systems are weak, decentralization appears to be less effective and may even exacerbate corruption. The study further confirms that these results remain consistent across alternative measures of accounting quality, decentralization, and corruption, as well as under various endogeneity checks. Overall, the findings underscore the critical role of robust accounting systems in supporting effective monitoring within decentralized frameworks and in mitigating corrupt practices.

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Arnaboldi and Lapsley (2009) examined the implementation of accrual accounting within local government from an implementation-oriented perspective, drawing on Matland's (1995) ambiguity–conflict model as the analytical framework. The study employed a mixed-methods approach, combining an analysis of public documents and policy debates with survey data obtained from local authority capital accountants, alongside case study evidence reflecting managerial perceptions of the accounting information. The findings indicate that the outcomes of reform initiatives are multifaceted, with accrual accounting practices largely confined to the accounting function. As a result, these reforms have had minimal influence on broader stakeholders and have not fully realized their potential in enhancing the use of accounting information beyond the accounting domain.

Christiaens and Rommel (2008) argue, based on practical experiences in governmental accounting and growing critiques of accrual-based systems, that the successful adoption of accrual accounting in the public sector is likely to be limited to more business-oriented segments of government. Their proposition is grounded in concerns about the direct transfer of accounting frameworks from the private sector, the insufficient recognition of the complexities associated with accrual budgeting, and the limited consideration given to the political context within which public sector accounting operates. The study further contends that proponents of accrual accounting have overlooked several critical issues, which may constrain the effectiveness and broader applicability of such reforms in government settings.

Collin, Tagesson, Andersson, Cato, and Hansson (2009) examined the determinants influencing the selection of accounting standards in municipal corporations, drawing on both positive accounting theory and institutional theory as alternative or complementary explanatory frameworks. The study proposed that various factors derived from these theories would significantly shape the accounting standard choices of Swedish municipal corporations (SMCs). The findings reveal that SMCs generally tend to adopt the more conservative and less detailed standards issued by the Swedish Accounting Standards Board (SASB), rather than the more comprehensive and less conservative standards associated with SFASC. Nonetheless, notable variations were observed, including the pronounced influence of auditing firms, a relatively weaker effect of organizational size and location in larger cities, and a minimal impact of industry characteristics on standard selection decisions.

de Sousa et al. (2013) examined stakeholders' perceptions of adopting accrual accounting in the Brazilian public sector using an exploratory survey and non-parametric analysis. The results show that respondents generally believe accrual accounting enhances the quality and usefulness of information for decision-making. The findings also suggest that adoption is not driven solely by regulatory pressure but reflects perceived practical benefits. Differences across respondent groups indicate that training and awareness initiatives by NBCASP managers have improved acceptance, especially among internal and external users.

Falkman and Tagesson (2008) investigate the factors impeding the implementation and compliance with accounting standards in Swedish municipal accounting. The findings revealed that legislative and standard-setting reforms had limited impact on

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accounting practices in Swedish municipalities. Overall compliance with accounting standards remained low, consistent with positive accounting theory predictions. However, differences among preparers were evident and better explained by institutional theory. Larger municipalities were more likely to produce higher-quality, standards-compliant accounting information. Weak audit quality was identified as a major factor contributing to poor compliance levels.

Flynn, Moretti & Cavanagh (2016) investigates the factors which have forced the country to accept the Cash Basis IPSAS but have delayed its implementation in practice. Different approaches towards the Cash Basis IPSAS are now distinct in the Central Government of Bangladesh. Differences between Bangladesh and other emerging economies have been narrowed as the potency of institutional pressures has increased, and there is a risk, as experienced in other emerging economies, that the very adoption of the Cash Basis IPSAS may remain more a rhetoric than a reality in Bangladesh. The paper demonstrates that the extent to which professional accountants and their associations participate in reforms determines the public sector accounting reform trajectories in emerging economies.

Harun and Robinson (2010) conducted a historically informed study using a modified version of Luder's (1992) Contingency Model (LCM) to investigate the contextual factors influencing the adoption of accrual accounting in the Indonesian public sector. The study found that the move toward accrual accounting was driven by the economic crisis, pro-democracy movements, and international pressures advocating public sector reform. However, the implementation of these accounting reforms faced significant obstacles, including legal challenges, limited political support, and shortages of skilled personnel. These barriers have, in turn, hindered the achievement of the intended objectives associated with broader economic and public sector reforms in Indonesia's newly democratized context.

Harun, Van Peursem, and Eggleton (2012) examined the institutionalization of accrual accounting in the Indonesian public sector, highlighting how the government's 2003 decision to adopt accrual accounting was embedded within broader political and economic reforms following the 1998 financial and political crisis. Initially conceptualized in the early 1980s by technocrats in the Ministry of Finance, the implementation of accrual accounting was delayed and later shaped by a series of national political developments. The internalization of these practices at the municipal level was driven not only by new legislation but also by the local institutional context, including historical practices and prevailing habits. As a result, the adoption was often partially decoupled from the original ideals, discourses, and technical frameworks envisioned for the system.

Lampe, Hilgers, and Ihl (2015) investigated whether the adoption of accrual accounting enhances the efficiency of municipalities in Germany. The study assessed the impact of new accounting and budgeting regimes by examining the cost efficiency of local governments in North Rhine-Westphalia over a three-year period, employing a stochastic frontier analysis. The results provide evidence that municipalities experienced improvements in efficiency following the implementation of accrual-based accounting practices.

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A review of the empirical literature reveals significant gaps that justify further investigation into accrual-based accounting compliance, particularly within the Nigerian public sector. One major gap is contextual, as most existing studies such as (Falkman and Tagesson 2008; Harun, Van Peursem, and Eggleton, 2012; Lampe, Hilgers, and Ihl (2015) were conducted in developed and other emerging economies such as OECD countries, Sweden, Germany, Indonesia, and Bangladesh. Due to differences in institutional structures and administrative environments, these findings may not be directly applicable to Nigeria. Consequently, there is limited context-specific evidence on accrual accounting compliance among federal Ministries, Departments, and Agencies (MDAs) in Nigeria.

Additionally, there are notable theoretical and methodological gaps in the literature. Many studies such as (Christiaens and Rommel, 2008; Harun and Robinson, 2010; Adhikari and Gårseth-Nesbakk, 2019)rely on single theoretical frameworks, such as institutional theory or contingency models, without integrating multiple perspectives to provide a comprehensive explanation of compliance behavior. In particular, the interaction between institutional factors and innovation-related variables, such as information technology usage and management support, remains underexplored. Methodologically, a large proportion of studies adopt qualitative or descriptive approaches, limiting the generalizability of findings and highlighting the need for more robust quantitative analyses, such as structural equation modeling.

Furthermore, gaps exist in the scope of variables examined and in policy application. Prior research tends to focus more on macro-level factors like regulatory frameworks and political influences, while paying less attention to micro-level organizational factors such as staff competence, organizational culture, and management support. In addition, there is limited emphasis on translating research findings into actionable policy strategies. These gaps underscore the need for a comprehensive and empirically driven study that integrates organizational, technological, and institutional factors to provide practical and context-relevant solutions for improving accrual accounting compliance in Nigerian federal MDAs.

The theoretical framework of this study is anchored on **Institutional Theory** and the **Diffusion of Innovation Theory**. Institutional Theory provides a strong basis for explaining how regulatory pressure and organizational culture influence accrual-based accounting compliance among Federal MDAs in Nigeria. The theory posits that organizations tend to conform to external rules and internal norms to gain legitimacy and ensure survival. Regulatory pressure represents coercive forces imposed by government authorities and oversight bodies, compelling MDAs to adopt and comply with accrual-based accounting standards. At the same time, organizational culture reflects normative pressures, where shared values, beliefs, and professional practices within an organization shape attitudes toward transparency, accountability, and compliance. Together, these institutional forces determine the extent to which MDAs align with mandated accounting reforms.

On the other hand, Innovation Diffusion Theory explains how internal organizational factors such as IT usage and management support facilitate the adoption and implementation of accrual-based accounting as an innovation. The theory emphasizes that the successful diffusion of new practices depends on their perceived usefulness and the

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availability of enabling resources. In this context, effective IT systems enhance data processing, reporting accuracy, and overall financial management, thereby promoting compliance. Similarly, management support plays a critical role by providing leadership commitment, allocating resources, and encouraging staff to embrace change, which ultimately accelerates the adoption of accrual-based accounting practices within MDAs.

Based on these theoretical foundations, the study's hypotheses can be explicitly derived by linking each construct to its respective theory. Institutional Theory supports the hypotheses that regulatory pressure and organizational culture have significant positive effects on compliance, as organizations respond to external demands and internal norms. Meanwhile, Innovation Diffusion Theory underpins the hypotheses that IT usage and management support positively influence compliance by enabling and sustaining the adoption of accounting innovations. Thus, the integration of both theories offers a comprehensive framework that explains not only why MDAs comply with accrual-based accounting requirements but also how such compliance is effectively achieved. In light of the above explanations, the adoption of the contingency and innovation diffusion theories as the theoretical framework for this study is well justified.

Based on the theoretical framework outlined, this study seeks to test the following hypotheses:

H_{01}: Information technology usage does not have a significant relationship with accrual accounting compliance among federal MDAs in Kwara State, Nigeria.

H_{02}: Regulatory pressure does not exert a significant effect on accrual accounting compliance among federal MDAs in Kwara State, Nigeria.

H_{03}: Staff competence is not significantly associated with accrual accounting compliance among federal MDAs in Kwara State, Nigeria.

H_{04}: Management support does not have a significant impact on accrual accounting compliance among federal MDAs in Kwara State, Nigeria.

H_{05}: Organizational culture is not significantly related to accrual accounting compliance among federal MDAs in Kwara State, Nigeria.

Methodology

This section describes the procedures used to collect, validate, and analyze data in order to address the research questions and test the hypotheses formulated above. The research questions reflect the main objective of the study, which is to examine the determinants of accrual accounting compliance among federal MDAs in Kwara State. Specifically, the study considers information technology usage, management support, staff competence, regulatory pressure, and organizational culture as explanatory factors. The study adopted a survey research design, which is suitable for measuring the opinions of many respondents at a single point in time (Churchill, 2019). Accordingly, data were collected from selected federal parastatals and agencies with self-accounting units in Kwara State at one point in time to examine the relationships among the variables under investigation.

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The population of the study consists of 206 senior staff drawn from selected federal parastatals and agencies operating self-accounting units in Kwara State, Nigeria. These include the National Centre for Hydropower Research and Development (NCHRD), Federal Road Maintenance Agency (FERMA), Michael Imoudu National Institute for Labour Studies (MINILS), University of Ilorin Teaching Hospital (UITH), Independent National Electoral Commission (INEC), Lower Niger River Basin Development Authority (LNRBDA), National Stored Products Research Institute (NSPRI), Agricultural and Rural Management Training Institute (ARMTI), National Centre for Agricultural Mechanization (NCAM), Federal Polytechnic Offa (FEDPOFFA), and the University of Ilorin (UI). The total number of 206 population is the staff that were selected from eleven parastatals and agencies operating self-accounting unit (See Table 3.2). This total population was selected on the basis that the target respondents were senior staff of the accounting and finance department that possess the relevant knowledge, skill and experience to be able to provide relevant information required by the researcher.

The sample size for the study is one hundred and thirty-six (136) respondents. The sample size was determined using the following Taro & Yamane (1967) formular.

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

Where:

n= sample size, N= entire Population, e = Significance level (5% level of significance).
n= 206

$$n = \frac{206}{1 + 206\,(0.05)2} \qquad (2)$$

n = 135.9735
n = 136 respondents.

The sample was selected using a proportionate stratified random sampling technique. This method is suitable because the population is **heterogeneous across organizations** but relatively **homogeneous within each organization**, particularly since respondents are all senior staff in accounting and finance units. Each parastatal such as Independent National Electoral Commission, University of Ilorin, Federal Road Maintenance Agency represents a distinct subgroup (stratum) with potentially different operational structures and experiences. Selection of respondents was done using a random number generator to select the required number of respondents from each agency's accounting/finance department. Since each parastatal has unique administrative and financial structures, stratification ensures that no group is under- or over-represented. The total of 136 respondents sampled were determined to represent the senior staff of the selected self-Accounting Federal Parastatals and Agencies in Kwara state, Nigeria.

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Table 1: Population of Self-Accounting Federal MDA`s

S/N	Self-Accounting Federal MDAs	Population	Sample size
1.	National Center for Hydropower Research and Development (NCHRD)	10	10/206 x 136 = 7
2.	Federal Road Maintenance Agency (FRMA)	12	12/206 x 136 = 8
3.	Michael Imoudu National Institute for Labour Studies (MINILS)	33	33/206 x 136 = 22
4.	University of Ilorin Teaching Hospital (UITH)	16	16/206 x 136 = 11
5.	Independent National Electoral Commission (INEC)	9	9/206 x 136 = 6
6.	Lower Niger River Basin Development Authority (LNRBDA)	11	11/206 x 136 = 7
7.	National Store Product Research Institute (NSPRI),	13	13/206 x 136 = 9
8.	Agricultural and Rural Management Training Institute (ARMTI),	22	22/206 x 136 = 15
9.	National Centre for Agricultural Mechanization (NCAM)	15	15/206 x 136 = 10
10.	Federal Polytechnic Offa (FEDPOFA),	34	34/206 x 136 = 22
11.	University of Ilorin (UI)	31	31/206 x 136 = 20
	Total	206	136

Senior management personnel such as Heads of Accounts and Finance, Chief Accountants, Principal Accountants, and other senior officers were selected as respondents for the study. Questionnaires were administered to these officials, and their phone numbers were obtained to facilitate follow-up. A total of 91.9% of the distributed questionnaires were completed and returned, and all were considered suitable for analysis. The questionnaire data were edited, coded, and tabulated to ensure completeness, accuracy, and efficiency. Descriptive and inferential statistics were used for data presentation.

Results

This section gives detailed information about the response rate, data presentation, analysis and discussion of findings with the aid of descriptive and inferential statistics. This section summarizes the distribution and returns of the questionnaires. Out of a total of 136 questionnaires distributed, 131 (96.3%) were returned. Following data screening, 125 of the returned questionnaires were deemed usable. Therefore, the analysis is based on these 125 properly completed questionnaires, representing 91.9% of the total distributed. According to Tabachnick and Fidell (2013), this response rate is adequate for statistical reliability and generalization.

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Table 2: Summary of Response Rate

S/N	Items	No of Copies	Percentage (%)
1.	Copies of questionnaire distributed	136	100
2.	Copies of questionnaires returned and valid	125	91.9
3.	Unreturned questionnaires	6	4.4
4.	Invalid	5	3.6

All variables recorded mean scores above 4.0 on a five-point Likert scale, indicating a high level of agreement among respondents that public sector organizations in the study area are highly prepared for the adoption of accrual accounting practices. All standard deviations are relatively low (0.30–0.38), showing that responses are highly consistent across the respondents, with minimal disagreement regarding the conditions supporting accrual accounting. This low variability provides confidence in the reliability and stability of the measurement scales. Therefore, respondents in the study area generally share similar views about the state of accrual accounting adoption.

Table 3: Summary Statistics of the Study Variables

Variables	N	Mean	Standard Deviation
Information Technology Usage	125	4.104	.31685
Regulatory Pressure	125	4.372	.35498
Staff Competence	125	4.001	.30512
Management Support	125	4.523	.37831
Organizational Culture	125	4.431	.32708
Accrual Accounting Compliance	125	4.422	.36717

Table 4 presents the Variance Inflation Factor (VIF) values for all measurement items used in the model. VIF is employed to assess the presence of multicollinearity, which occurs when indicators are highly correlated and may distort the stability and reliability of regression estimates. In structural equation modeling, VIF values below 5.0 (and more conservatively below 3.3) are generally considered acceptable, indicating that collinearity is not a critical concern.

From the results, all VIF values range between 1.152 and 1.987, which are well below the recommended threshold. Specifically, the indicators for Accrual Accounting Compliance (AAC1–AAC3) show VIF values between 1.152 and 1.987, suggesting minimal redundancy among the items measuring the dependent construct. Similarly, the indicators for Regulatory Pressure (RP1–RP3), Staff Competence (SC1–SC3), Management Support (MS1–MS3), and Organizational Culture (OC1–OC3) all exhibit VIF values close to 1, indicating a low degree of intercorrelation among the indicators within each construct.

These findings imply that each measurement item contributes unique information to its respective construct without significant overlap. The absence of high multicollinearity enhances the precision and stability of the estimated path coefficients in the structural model. It also confirms that the constructs are measured reliably and that the regression

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results are not biased due to inflated standard errors. In conclusion, the VIF results demonstrate that collinearity is not a threat to the validity of the model, and the data are suitable for further structural analysis and hypothesis testing.

Table 4: Variance Inflation Factors (VIF)

Variables	VIF
AAC_1	1.987
AAC_2	1.397
AAC_3	1.152
RP_1	1.518
RP_2	1.525
RP_3	1.275
SC_1	1.314
SC_2	1.692
SC_3	1.612
MS_1	1.513
MS_2	1.610
MS_3	1.290
OC_1	1.710
OC_2	1.434
OC_3	1.612

Table 5 presents the assessment of the measurement model, focusing on indicator reliability, internal consistency reliability, and convergent validity for all constructs in the study. Beginning with indicator reliability, the outer loadings for most items exceed the commonly accepted threshold of 0.70, indicating that the indicators adequately represent their respective constructs. For Accrual Accounting Compliance (AAC1–AAC3), loadings range from 0.858 to 0.899, demonstrating strong item reliability. Similarly, Information Technology (ITU1–ITU3), Regulatory Pressure (RP1–RP3), Staff Competence (SC1–SC3), Management Support (MS1–MS3), and Organizational Culture (OC1–OC3) generally exhibit satisfactory loadings. Although a few items such as ITU1 (0.716), RP3 (0.701), MS1 (0.753), and OC1 (0.698) are slightly lower, they still remain within acceptable limits, particularly in exploratory or social science research, and therefore do not warrant removal.

In terms of internal consistency reliability, both Cronbach's Alpha and Composite Reliability (CR) values for all constructs exceed the recommended minimum of 0.70. Cronbach's Alpha values range from 0.715 to 0.857, while Composite Reliability values fall between 0.839 and 0.913. These results indicate a high level of consistency among the items measuring each construct, with Composite Reliability further confirming the robustness of the measurement model.

Regarding convergent validity, the Average Variance Extracted (AVE) for all constructs is above the threshold of 0.50, with values ranging from 0.639 to 0.777. This implies that each construct explains more than half of the variance of its indicators, confirming that the items converge well in representing their respective latent variables.

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In conclusion, the measurement model demonstrates adequate reliability and validity. The indicators are sufficiently correlated with their constructs, the constructs exhibit strong internal consistency, and the AVE values confirm satisfactory convergent validity. These results suggest that the measurement model is sound and appropriate for proceeding to the structural model analysis.

Table 5: Result of Measurement Model

Construct	Items	Loading	Cronbach's Alpha	CR	AVE
Accrual Accounting	AAC_1	0.858	0.857	0.913	0.777
	AAC_2	0.899			
	AAC_3	0.888			
Information Technology	ITU_1	0.716	0.793	0.863	0.680
	ITU_2	0.961			
	ITU_3	0.777			
Regulatory Pressure	RP_1	0.861	0.715	0.839	0.639
	RP_2	0.822			
	RP_3	0.701			
Staff Competence	SC_1	0.776	0.741	0.853	0.659
	SC_2	0.844			
	SC_3	0.816			
Management Support	MS_1	0.753	0.722	0.841	0.639
	MS_2	0.875			
	MS_3	0.765			
Organizational Culture	OC_1	0.698	0.775	0.852	0.659
	OC_2	0.898			
	OC_3	0.826			

The structural model illustrated below shows the relationships between the five exogenous latent variables (information technology usage (ITU), regulatory pressure (RP), staff competence (SC), management support (MS), and organizational culture (OC) and the endogenous variable, accrual accounting compliance (AAC). The model also includes the outer loadings for all corresponding measurement items.

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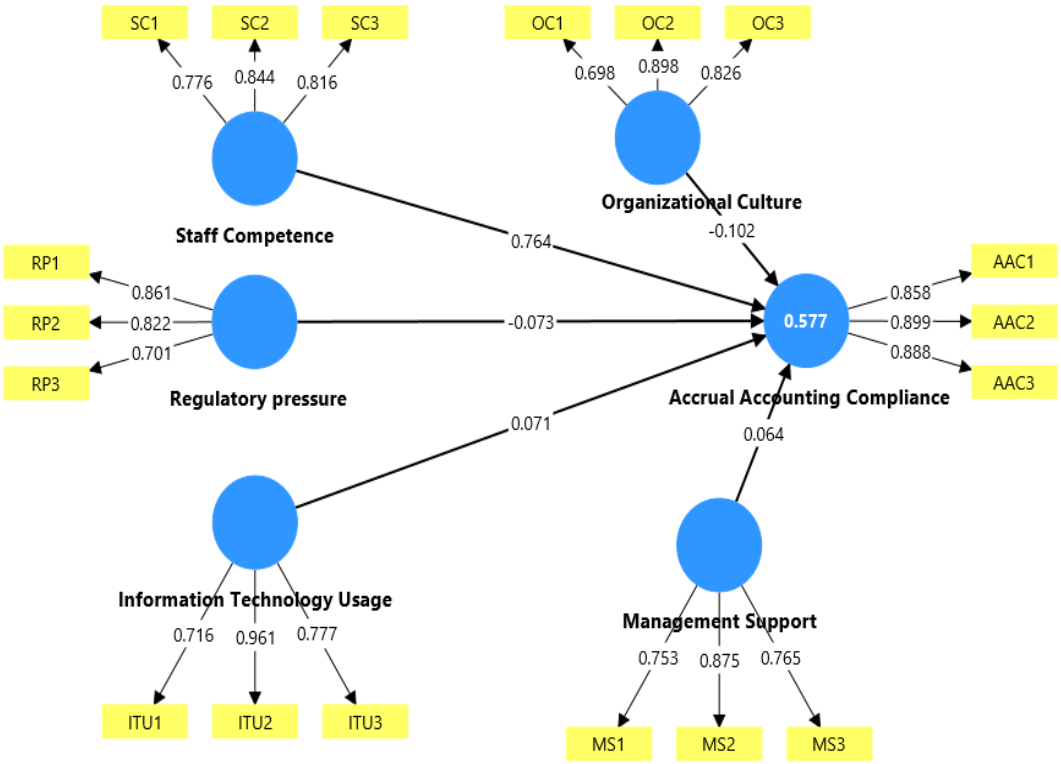


Table 6 presents the path coefficients, standard errors, R^2 value, and the results of the hypothesis tests examining the effects of ITU, RP, SC, MS, and OC on accrual accounting compliance.

Table 6: Direct Effect of Exogenous Variables

Hypotheses	Relationship	Beta	St. Error	T-Value	P-Value	R^2	Decision
H_{01}	ITU -> ACC	0.071	0.146	2.950	0.003	0.577	Supported
H_{02}	RP -> ACC	-0.073	0.134	2.104	0.035		Supported
H_{03}	SC -> ACC	0.764	0.071	13.345	0.000		Supported
H_{04}	MS -> ACC	0.064	0.107	2.498	0.001		Supported
H_{05}	OC -> ACC	-0.102	0.125	2.549	0.011		Supported

Note that: $p < 0.05$*, $p < 0.01$**, an acceptance criterion for t-value is 1.96.

Table 6 presents the direct effects of the exogenous variables such as Information Technology Usage (ITU), Regulatory Pressure (RP), Staff Competence (SC), Management Support (MS), and Organizational Culture (OC) on Accrual Accounting Compliance (ACC). The model reports an R^2 value of 0.577, indicating that approximately 57.7% of the variance in accrual accounting compliance is explained by the combined influence of these predictors. This reflects a moderate to strong explanatory power, suggesting that the model is suitable for explaining compliance behavior in the studied context.

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The result for H01 (ITU → ACC) shows a positive and statistically significant relationship (β = 0.071, t = 2.950, p = 0.003). This implies that increased utilization of information technology contributes to improved accrual accounting compliance. Although the effect size is relatively small, the statistical significance indicates that IT systems play a supportive role in enhancing accuracy, efficiency, and reporting processes within accounting practices. Therefore, H01 is supported. For H02 (RP → ACC), the findings reveal a negative but statistically significant relationship (β = -0.073, t = 2.104, p = 0.035). This suggests that regulatory pressure, while intended to enforce compliance, may have an adverse effect on compliance possibly due to resistance, compliance fatigue, or ineffective enforcement mechanisms. The negative coefficient indicates that increased pressure does not necessarily translate into better compliance outcomes. Nonetheless, given its statistical significance, H02 is supported.

The result for H03 (SC → ACC) demonstrates a strong positive and highly significant relationship (β = 0.764, t = 13.345, p = 0.000). This indicates that staff competence is the most influential determinant of accrual accounting compliance in the model. Higher levels of knowledge, skills, and professional expertise among staff significantly enhance the adoption and proper implementation of accrual accounting practices. The large beta value underscores the critical importance of human capital development. Thus, H03 is strongly supported. In the case of H04 (MS → ACC), the findings show a positive and statistically significant effect (β = 0.064, t = 2.498, p = 0.001). This suggests that management support contributes positively to compliance, although the magnitude of the effect is relatively modest. It implies that leadership commitment, resource allocation, and encouragement are important enabling factors, even if their direct influence is not as strong as staff competence. Therefore, H04 is supported.

Finally, H05 (OC → ACC) indicates a negative but statistically significant relationship (β = -0.102, t = 2.549, p = 0.011). This result implies that certain aspects of organizational culture may hinder accrual accounting compliance, possibly due to entrenched practices, resistance to change, or misalignment with reform objectives. Despite the negative direction, the statistical significance confirms that organizational culture plays a meaningful role in shaping compliance outcomes. Hence, H05 is supported. In conclusion, all hypothesized relationships are statistically significant, with staff competence emerging as the most dominant predictor, followed by weaker but meaningful contributions from IT usage and management support. Conversely, regulatory pressure and organizational culture exhibit significant negative effects, highlighting potential institutional and behavioral barriers that need to be addressed to enhance effective compliance with accrual-based accounting systems.

This section presents the discussion of the findings in relation to the research hypotheses of the study. The findings of this study provide important insights into the determinants of accrual accounting compliance by integrating perspectives from Institutional Theory and Diffusion of Innovation Theory. The model explains a substantial proportion of variance in compliance (R^2 = 0.577), indicating that both institutional pressures and innovation-related factors jointly shape the adoption and implementation of accrual accounting practices. The discussions of findings are presented in the sequence of the research hypotheses raised in the preceding paragraph.

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The positive and significant effect of Information Technology Usage (ITU) on accrual accounting compliance supports the assumptions of Diffusion of Innovation Theory, which posits that technological innovations enhance efficiency, reduce complexity, and facilitate adoption. The finding suggests that IT systems serve as enabling tools that improve the accuracy and timeliness of financial reporting. This aligns with prior studies such as Alsharari (2017), who found that technological readiness significantly influences public sector accounting reforms, and Venkatesh et al. (2012), who emphasized the role of facilitating conditions in technology adoption. Thus, ITU reflects an innovation attribute that accelerates compliance behavior. Conversely, the negative but significant relationship between Regulatory Pressure (RP) and compliance provides a nuanced interpretation within Institutional Theory. While coercive pressures are expected to enforce conformity, this finding suggests that excessive or poorly implemented regulations may trigger resistance or symbolic compliance rather than substantive adoption. This supports arguments by DiMaggio and Powell (1983) that organizations may respond ceremonially to external pressures. Similarly, Oliver (1991) highlighted that organizations may resist institutional pressures under certain conditions, which could explain the negative association observed in this study.

The strong positive effect of Staff Competence (SC) on accrual accounting compliance is consistent with both theoretical frameworks but is particularly grounded in Diffusion of Innovation Theory. Competent staff reduce perceived complexity and increase the likelihood of successful innovation implementation. This finding corroborates prior research by Christiaens et al. (2015), who emphasized the importance of human capacity in public sector accounting reforms, and Ouda (2004), who identified skilled personnel as a critical success factor for accrual accounting adoption. The magnitude of this relationship highlights that human capital is the most decisive driver of compliance. The positive and significant influence of Management Support (MS) also aligns with Diffusion of Innovation Theory, particularly the role of leadership in facilitating innovation adoption. Management provides resources, sets priorities, and fosters a supportive environment for change. This finding is consistent with studies by Kotter (1996), who emphasized leadership commitment in successful organizational change, and Ifinedo (2011), who found that top management support significantly affects IT-enabled innovations. Within Institutional Theory, management support may also reflect normative pressures that encourage adherence to professional standards.

The negative but significant relationship between Organizational Culture (OC) and compliance further reinforces the relevance of Institutional Theory. Organizational culture represents deeply embedded norms and values that can either facilitate or hinder institutional change. The negative coefficient suggests that entrenched routines or resistance to change may obstruct the implementation of accrual accounting. This finding is consistent with Schein (2010), who argued that organizational culture can be a barrier to transformation, and Lüder (1992), who highlighted cultural factors as critical in government accounting reforms. In conclusion, the findings demonstrate that while innovation-related factors such as IT usage, staff competence, and management support promote compliance, institutional factors such as regulatory pressure and organizational

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culture may have complex or even counterproductive effects. This suggests that successful accrual accounting implementation requires not only technological and human capacity but also careful alignment of institutional frameworks and organizational values.

The study conclude that the model possesses substantial explanatory power, with the selected variables accounting for a significant proportion of the variation in compliance behavior. Hence, Therefore, achieving effective compliance requires a balanced approach that combines technical capability, institutional alignment, and organizational transformation.

Consistent with the above conclusions, the study therefore proposes the following recommendations;

Improving accrual accounting compliance in public sector organizations requires a strong emphasis on human capacity development. Given the significant role of staff competence, governments should institutionalize continuous training, professional development programs, and certification in accrual accounting and public financial management. In addition, recruitment strategies should focus on attracting qualified accounting professionals to build a technically sound workforce capable of implementing complex accounting reforms effectively.

Equally important is the effective utilization of information technology and management support. Public sector organizations should enhance the adoption and proper use of modern accounting information systems through regular training, system upgrades, and integration of financial platforms. At the same time, top management must demonstrate visible commitment by providing adequate resources, clear policy direction, and consistent supervision to ensure that accrual accounting reforms are successfully implemented and sustained.

Furthermore, regulatory and institutional reforms must be supportive and holistic. Policymakers should shift from coercive regulatory approaches to more facilitative frameworks that offer clear guidelines, technical assistance, and incentives for compliance. Promoting a culture of accountability, transparency, and openness to change is also essential to minimize resistance. Finally, a coordinated approach that integrates human, technological, and institutional reforms supported by effective monitoring and evaluation systems will ensure sustainable and improved accrual accounting compliance in the public sector.

Practical Implications of Findings

The findings of this study provide important implications for policymakers, public sector managers, and regulatory authorities aiming to enhance accrual accounting compliance. The strong influence of staff competence underscores the need for continuous capacity building and professional development. Governments and public institutions should invest in training programs, workshops, and professional certifications to strengthen employees' technical knowledge in accrual accounting. Without a competent workforce, even well-designed systems and regulatory frameworks are unlikely to achieve the intended outcomes.

In addition, the positive role of information technology usage highlights the importance of adopting and effectively utilizing modern accounting information systems. Emphasis should not only be placed on system acquisition but also on integration, user training, and technical support to maximize efficiency in financial reporting. Furthermore, the significance of management support indicates that leadership must take an active role in driving reforms by providing adequate resources, clear policy direction, and continuous motivation. Strong leadership commitment is essential for overcoming resistance and ensuring the sustainability of accrual accounting implementation.

However, the negative effect of regulatory pressure suggests the need for a shift from coercive enforcement to more supportive and participatory regulatory approaches. Policymakers should provide clear guidelines, technical assistance, and incentives to encourage genuine compliance. Similarly, the adverse influence of organizational culture calls for cultural transformation within public sector institutions, promoting values such as accountability, transparency, and openness to change. Therefore, improving accrual accounting compliance requires a holistic approach that integrates human capacity development, technological advancement, supportive leadership, adaptive regulations, and a conducive organizational culture.

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