The role of IPSAS application in meeting voters yearnings

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Abstract

Research Question: How does the IPSAS application affect Accountability and government effectiveness in Nigeria?

Motivation: Inadequate disclosure of public account information has made a mess of public resources management regarding accountability and government effectiveness, necessitating rational actions for minimising cover-up of unethical practices in government. This study employs Tawiah (2022); Schmidthuber *et al.* (2022) to tailor IPSAS and governance concepts. It creates unique constructs of voters' turnout rates to measure government effectiveness and buttress Accountability.

Idea: This study examines governance status based on public support through the voters' election turnout. It anchors the research variables on the institutional and theoretical framework of IPSAS and public responses to government effectiveness

Data: It analyses 1999 to 2020, a 22-year-time series data covering before and after the IPSAS application; obtained from the World Bank Development Indicators data bank and the National Assembly Federal Republic of Nigeria resources.

Tools: It uses descriptive, ordinary least square regression, correlation statistical, and econometric analyses.

Findings: During IPSAS application period, Accountability improves while government effectiveness declines. Whereas, during GAAP period, Government accountability progresses while Presidential and House of Representatives elections negatively influence the government's effectiveness. Hence, the Voters' turnout dwindled.

Contributions: A unique methodology involving voters, political parties, officeholders, foreign direct investors and gross domestic products in studying government financial reporting standards. Combination of two regimes of GAAP and IPSAS to demonstrate

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deeper analyses of accounting standards and public performance evaluation. Evidences that the hidden economic problems associated with resource misallocation are aggravated during the IPSAS period.

Keywords: Accountability; Government Effectiveness; IPSAS application; Institutional framework; IPSAS; Voters' Turnout.

JEL Classification: H11, H21 and H83

1. Introduction

Governments need public financial resources from taxpayers, voters and fund providers to defray governance expenses and meet peoples' expectations by providing a decent standard of living, human capital and infrastructural development. The funding must be accounted for to encourage the providers and reduce recklessness. Hence, a reliable government financial reporting system is essential for transparently disclosing finances because the Citizens Perceptions about government policy matter **Error! Reference source not found.**. Nonetheless, citizens sometimes encourage poor accountability through vote-buying, which aids corruption (United Nations Office on Drug and Crime, 2019). Transparency in financial reporting promotes reliability and, consequently, the usefulness of financial reports in meeting users' information needs, such as taxpayers'. Henceforth, relevant information in the financial reports must be accurate. However, the contribution of the government financial reporting style to good governance has been criticised by scholars as needing an efficient process to improve Accountability. Scholars argue that poor Accountability is a significant plunderer of a Nation's ability to attain sustainable growth (United Nations Office on Drug and Crime, 2019).

Therefore, scarce resources management should be transparent to the electorates so that Accountability and government effectiveness, could improve to renew citizens hope. Moreso, Nigeria's essential governmental responsibilities are unmet because of ineffectiveness (Agidi, 2022; Ilelah, 2022). This study observes that the weakness has had a traumatic turn on the people. For instance, the World Bank Group (2019) opines that weak Accountability consequences such as low electricity, are the most unique, multifaceted and constitutionally sensitive constraint to development.

Moreover, efforts have been made by successive government regimes in Nigeria to minimise depletions and improve effectiveness (Nwatu *et al*., 2022). However, such efforts like the Treasury Single Account (TSA) Executive Order No. 55 of 2011 were sometimes side-lined (Nwatu *et al*., 2022). TSA rests on section 80 (1)

of the 1999 Constitution, which stipulates that government should account for all revenues or other money the Federation receives in a single Consolidated Revenue Fund account. 'Curiously, deceitful public officers still launder public funds for selfish use without being questioned' (Eme *et al*., 2014, p.495). The perpetual failure in Accountability has to be addressed. Hence, the need for IPSAS application in government has been argued by scholars as a means to address the issue because Accounting Standards should provide the framework that will ensure Accountability and government effectiveness consistency and comparability in the information provided (Caruana, 2021).

Nonetheless, IFAC, through IPSASB, produced financial reporting standards for the public sector, which is the International Public Sector Accounting Standard (IPSAS) as the model for reporting government finances except for Commercial Public Sector Entities (CPSE), that use IFRS (Schmidthuber *et al*., 2022). IPSAS was first issued to follow public sector tradition on a cash accounting basis in January 2003. However, IPSASB revised the cash basis IPSAS to those based on accrual accounting by 2008 (Wynne, 2008). Forty-three IPSAS were issued as of 31st January 2022. They include IPSAS 43 on Leases (International Public Sector Accounting Standards Board (IPSASB), 2022). All countries need to embrace IPSAS for their government financial reporting. Hence, Nigeria adopted IPSAS in 2010 (Ndalu *et al*., 2021). Helldorff and Christiaens (2023) stressed the need for harmonising government financial reports for reliability.

Moreso, despite the IPSAS adoption, Nigerian government financial reports are still criticised by scholars such as Ogunsanya (2022). They expressed concern over executive incumbents' reckless decisions over natural resources revenue management because legislative opposition accommodates wastages. Pazarskis *et al.* (2020) argue that public revenue should be protected. Some Scholars also advocate for utilising public funds towards developmental strategies rather than short-term political survival (Goes, 2022).

The scholarly concern necessitates further delving into the Nigerian governance system. For instance, the National Assembly Federal Republic of Nigeria (2022) explains that following the 1999 Federal Republic of Nigeria constitution, the governance system operates a democracy of three arms of government: the Executive, Legislative and Judiciary. This study observes that the three arms operate under a political affiliation and lobbyist style that could frustrate a good intention. All three arms of government have to support an accounting reform such as IPSAS to achieve success. The democratic system rests on the Presidential system of democracy through elections for the executive and legislative positions, while judiciary positions are by appointment.

Furthermore, accountability has been linked to financial reporting because of the need to intensify the entire disclosure of information for performance assessment

(Schlenker & Weigold, 1989). Henceforth, the role-playing of the officeholders is crucial and should portray Accountability and government effectiveness. Nonetheless, the Country needs public financial resources to defray government expenses and meet peoples' expectations by providing a decent standard of living, human capital and infrastructural development. Hence, managing scarce resources should be transparent via an informative accountability process to the electorates. The erudite discussions suggest that integrating IPSAS into the government financial reporting system is essential for its benefits, including financial reporting uniformity and accountability restructuring (Polzer *et al.*, 2021).

Additionally, the electorate should have a say on who governs them, either as a President or a Representative through their votes. Henceforth, relying on accounting reporting standards in government is a means to address the issues (Tawiah, 2022). Therefore, IPSAS become handy in matters of government accountability and transparency. Cuadrado-Ballesteros *et al.* (2019) argued for improved governance through transparent reporting and advocated necessary accounting reforms towards Accountability.

Several scholars have contributed to the IPSAS benefits literature (Polzer *et al.*, 2021; Tawiah, 2022). However, they are yet to agree on the ability of IPSAS to satisfy the various demands of users regarding government accountability and effectiveness. Therefore, the current challenge is that the extant literature on IPSAS needs to successfully chart the way forward in harnessing the benefits of the IPSAS application. Hence, this study is a different empirical approach with a versatile methodology to IPSAS literature and governance politics.

The new understanding emerging from this study is that the IPSAS application is necessary to improve Accountability at its roots. This study developed a unique methodology for studying public sector financial reporting standards in a developing economy with a demonstration of deeper analyses of results, making this study unique. This study exposed government effectiveness and its implication on the economy which may pass unnoticed. This study, uncommonly, rests on Marxist theory in public sector accounting studies. Delving into the principles advocated in the theory of Accountability to evidence the findings is a landmark contribution. The evidence is encouraging because it buttresses the argument that the IPSAS application is desirable. Nations can move forward by prioritising accountability decisions to accommodate the IPSAS application.

Moreover, this study observes that weak governance is costly, which dampen the people's morale and undermine the incentives for democratic governance. This study covers some governance routes, such as the response of the electorates to accept political leaders for example, the President and House of Representatives members. Pernia and Panao (2023) explain that a Representative approach should be promoted in governance. This study also focuses on leaders' programme

spending implication on the ability of the nation to attract investment from foreigners as an external response. Henceforth, this study covers governance response to IPSAS application concerning Accountability and government effectiveness; IPSAS should affect Accountability and government effectiveness.

Furthermore, Nigeria is peculiar in politics, voters' expectations, and the economy. Nigeria is a democracy run by two major party-political, the All Progressive Congress (APC) and the Peoples Democratic Party (PDP), with various manifestos. This study observes that the parties continue to deteriorate in Accountability and government effectiveness. However, poverty is a problem that is biting hard on the Voters (IMF, 2022). Hence, voters continue to grudge through their turnout in elections due to massive youth unemployment, hunger, and anger as constraints to poverty reduction and prosperity.

Therefore, this study aims to provide evidence of the connection between IPSAS application, Accountability, and government effectiveness in Nigeria, particularly it examines the IPSAS application effects on Accountability in Nigeria; and investigates the effects of IPSAS application on government effectiveness in Nigeria. A Research question drives the study: How does the IPSAS application affect Accountability and government effectiveness in Nigeria?

This study assists Scholars of accounting in IPSAS's knowledge concerning the public sector accounting prospectus by the National Universities Commission (NUC). Researchers could uncover unexplored critical areas of the governance process. This study provides a methodological framework for academicians. It is helpful to administrators and regulators for effective planning and control of government activities, such as the accountability terms established by the United Kingdom in this BREXIT era. Policymakers would see the need to implement IPSAS. Through this study, government consultants, local and foreign investors would appreciate the necessity for quality public sector financial information. This study has implications for donor agencies on developing economies' aid issues. Lenders, rating agencies and non-governmental Organisations could use this valuable study for decision-making on the governmental programme.

The scope covers the voters' judgment. The pivot extends to third-party perception in governance assessment through the FDI and GDP relationship. The analysis covers the GAAP period of 1999 to 2009 and the IPSAS period of 2010 to 2020, based on the IPSAS adoption date 2010. Hence, this study covers pre and post-IPSAS application periods. Following this introduction is section 2 on Literature review, 3 covers Theoretical framework. 4 highlights the methods. Sections 5 and 6 cover Results, Discussions and Conclusion, respectively.

2. Literature review and Hypotheses development

Earlier studies have interrogated IPSAS application and its expected outcome with divergent outcomes. However, this current study focuses on IPSAS and office holders performance in terms of accountability and effectiveness. Therefore, this literature review focuses on the conceptual, theoretical and empirical studies in the related areas.

2.1 Public sector accounting

Public sector accounting entails transparent reporting, which is enshrined in the financial reporting system (Abdulkarim *et al*., 2023). Behind the accounting are the human elements and role-playing of politicians such as the President and House of Representatives members. For example, van Helden and Reichard (2019) observe that public accounting reporting benefits are jeopardised in countries with endemic corruption, such as Nigeria. In contrast, the government owes the owner of the fund a duty of care and must account effectively, efficiently and in a transparent manner to the people. However, the situation changes at the whims and caprices of officeholders who jettisoned the teachings of public accounting, which has a long history. For instance, the public sector accounting system was embraced in Nigeria around 1886 when Nigeria got its royal charter to the Royal Niger Company. However, financial recklessness continues. A case in point is the universal fiscal crisis of 2008, which was attributed to shoddy financial reporting, covering up the public sector's recklessness (Schmidthuber *et al*., 2022). The COVID-19 pandemic also negatively impacts Household welfare and food insecurity with more fiscal deficits (Ojide *et al*., 2022). The numerous crises have excavated severe financial reporting issues, including recession with an adverse effect on the standard of living. Hence, the IPSAS application studies are contemporary.

2.2 The institutional context of the IPSAS application effects

IPSAS application aims at disclosing information for stewardship and government effectiveness, among others (IPSASB, 2022). IPSAS govern public sector accounting in response to improved financial accountability demands. Henceforth, the IPSAS adoption in 2010 was a strategy in Nigeria aimed at strengthening Accountability and financial reporting framework to improve government effectiveness in consonance with global stewardship standards. (Ndalu *et al*., 2021). There are two significant accounting bases for recording transactions, an accrual basis and the public sector traditional cash basis. The cash basis is on an obligation basis, meaning outlays and receipts are recognised when the cash flow occurs. Alternatively, the accrual basis is transaction-based. Transactions are recognised when the related resources are utilised, liabilities increase, and receipts are earned (Tawiah, 2022). IPSAS were initially issued on a cash basis of

accounting, otherwise known as cash IPSAS (Tawiah, 2022). The accrual basis was rare in government but used in the business organisations. Whereas accrual accounting helps government to report holistic governance outlook (Ismail, 2023). IPSAS application is desirable (Caruana, 2021). Moreover, scholars such as Wang and Miraj (2018); Brusca *et al*. (2016); Mustapha *et al*. (2017) favour IPSAS application accounting for Household welfare. Sutcliffe (2006) explains that IFAC promotes the IPSAS to ensure international best practices while IPSASs improves fiscal operations, management and reporting

2.3 IPSAS application Globalization trend

Despite the IPSAS attributes concerning Accountability and effectiveness, its adoption across the globe is 14% and 47% as of 31st December 2021, an improvement over the 2019 level of 11% and 42% for full and partial adoption, respectively **Error! Reference source not found.**. The improvement was due to the progress in adoption among Latin American countries, with Ecuador joining IFAC membership in 2020. Guatemala and Uruguay represent three of the five jurisdictions moving to full adoption. In addition, the current access to Spanish translations of IPSAS has enabled these countries to embrace the IPSAS application directly into law (International Federation of Accountants, 2022). IPSAS adoption is promoted by both IMF and the World Bank (Amor & Ayadia, 2019).

Henceforth, the different approach to IPSAS by the various jurisdictions is blamed on the unclear conceptualisation of IPSAS by IPSASB and IFAC (Christiaens *et al*., 2015). Also, because of the non-enforceable system and punitive measures, the level of discipline exhibited by the different jurisdictions differ (Christiaens *et al*., 2015). Moreover, many countries tailor the adoption and application timetable to suit their purpose. Therefore, the application strategy needs to improve in some jurisdictions.

In addition to the IFAC efforts, scholars advocate compliance with reforms in public financial reporting through the IPSAS application (van Helden & Reichard, 2019). The application could be divergent and more robust (ACCA, 2017). For instance, in Europe, significant achievement has been made in implementing IPSAS in Australia and New Zealand. In contrast, developing economies such as Nigeria, Cameroon, Ghana and South Asia still need to be assertive. Some Countries apply IPSAS using a decentralised strategy. Some start at the local government or municipal level before trying it at the State or Federal level because the buy-in of grassroots matters in the success of any government reform (Lombrano & Zanin, 2013). Europe, Austria, Denmark, Spain, the UK, France, Belgium, Sweden, and Switzerland have implemented IPSAS; about 28.6% of European Anglo-Saxon countries, such as Canada and Australia, have recorded 71.4%. Nigeria, Morocco, Ghana and Uganda have made some progress in

applying IPSAS. Latin America recorded some progress in Chile, Costa Rica, Mexico, Uruguay and Brazil. Asia is applying IPSAS to some extent. Bahrainis, Indonesia, and Malaysia have made some progress. Japan, China, the Russian Federation, Turkey, UAE, and Vietnam have cautiously adopted IPSAS. The National Agency for Financial Management in Sweden mandates that the Government should not adopt the IPSAS entirely but that adaptations be made more frequently by guided transformation (Baskerville & Grossi, 2019). OECD emphasises alliance in the governance system (Bergmann *et al*., 2015)

Whereas, some other developing economies have adopted IPSAS. Iraq was mandated to adopt IPSAS through law no. 95 of 2004 due to the criticism that Iraqi national budgets lack transparency (Huweish & Alshujairi, 2014). India's initiative towards IPSAS implementation was in 2013. Similarly, Sri Lanka and Indonesia implemented IPSAS for improved recognition of revenue, assets and liabilities (Saleh *et al*., 2021). The total number of jurisdictions implementing IPSAS worldwide is about 25% (International Federation of Accountants, 2017; Wang & Miraj, 2018). To harness IPSAS gains, some scholars expect an improvement in the application level in the World's best interest. However, high resistance to implementing IPSAS obtains due to some challenges such as language and environment (Tanjeh, 2016). For example, in addressing the language challenge, the Arabs translated IPSAS into Arabic and implemented them by learning from each other (ACCA, 2017). Albu *et al*. (2014) encourages the use of accounting standards in emerging markets.

2.4 IPSASs application in Nigeria

African countries such as Nigeria mostly use the traditional cash accounting system and have been reluctant to change to accrual accounting under IPSAS. Christiaens *et al*. (2015) explain that Africa have many central system with weak accounting traditions. African countries were colonised with the consequent influence of their colonial masters, such as English and French traditions (Muiu, 2010). Whereas developing countries need a more progressive public sector accounting framework to minimise excessive waste in jurisdictions such as Nigeria.

Nigeria is currently a democratic country under the Presidential system of government based on election according to parties' affiliations as a Federal republic with 36 States. The Country elects its executive officers, such as the President, the House of Representatives, and the local government chairman at the Centre, State and Local governments. Nigeria adopted IPSAS and backed it up with a review of the accounting standard issues law. The Country had an institution to guide standard-setting matters, the defunct Nigerian Accounting Standards Board (NASB), created in 1982. The body was replaced with the Financial Reporting Council of Nigeria (FRCN) through the Financial Reporting Council of Nigeria Act 2011 (Odunuga, 2015). FRCN is the only body responsible for

standard setting for Nigeria's public and private sector organisations. Although the FRCN possesses the power to set standards for financial reporting in Nigeria, it is the office of the Accountant-General of the Federation (AGF) in cooperation with the Federation Accounts Allocation Committee (FAAC) that has been active in the implementation of IPSAS because of its importance to public sector financial reporting.

Moreso, Nigeria recorded better success in IFRS but not with IPSAS. Undoubtedly, there could be associated challenges, as highlighted in Nurunnabi (2017). However, suppose the same Country succeeds in implementing IFRS with its private sector entity, which it regulates; despite which the Country has been found wanting in accountability at almost a static score of less than 3 out of 10 in the past five years of 2018 to 2022 for corruption perception index (Transparency International, 2022). Also, the challenges of accounting change to IFRS are similar. Consequently, a comparative approach to successfully implement IFRS could be adopted for IPSAS. Nigeria's slow trend in IPSAS application and the woeful transparency ranking over the years presuppose non-conformity. It is expected that office-holders should pursue voters' yearnings for accountability as compensation for the tax revenue they provide. Scholars such as Bisogno (2019) have focused on IPSAS but only a few from voters' perspective as this current study.

H_{o1}: *IPSAS application does not significantly affect Accountability in Nigeria.*

Accountability is complex and dynamic, and it involves psyche management. It is crucial in running an entity. It is dynamic, ubiquitous, and pervasive. It is not an option but a compulsion and necessity. It is an assurance and compliance issue that involves behaviour. This study avers that Accountability is about being responsible for and having a sense of responsibility for the trust reposed on one. It is to use the trust to improve the lives of those who volunteer the trust in return through conscientious stewardship. Accountability entails disclosing a public programme worth so that users such as lenders and taxpayers have sufficient and timely information for proper utilisation. The accountability level of the government report matters (Copley & Douthett, 2014). Moreso, the value relevant reports are useful for accountability (Amor & Ayadia, 2019). Accountability is at the forefront of many government activities. For instance, Rees-Mogg (2022) established a term of reference for the United Kingdom accountability framework covering the role of public servants in governance.

Similarly, accountability extends to the response of the elected public officers to the voters in terms of the right to transparent governance, relevant information, anticorruption enforcement, electoral dispute resolution, tax and fiscal policy system and safeguarding the rights of people with disabilities. (Ashish, 2022) finds a need for more credibility in government contracts in India. Accountability

includes effectively communicating policies and programmes to the electorate through appropriate financial reporting as enshrined in IPSAS. Because IPSAS portray a high level of financial Accountability (Jensen, 2018; Muller-Marques Berger, 2018). However, despite adopting IPSAS Accountability is still poor which is curious. Hence, the hypotheses to pursue the research question are formulated as follows:

H_{o2}: *IPSAS application does not have significant effects on government effectiveness*

Effectiveness entails practising open administrative procedures and policies regarding public resources distribution. Effective communication of government activities is an opportunity for public scrutiny, aiming to reduce corruption and stimulate public confidence in officeholders (Transparency International, 2022; UNECA, 2015). Furthermore, government effectiveness covers independence from the political alliance and commitment to policy application (World Bank, 2022). Nonetheless, Nigeria's government effectiveness percentile rank continues to degenerate over the years. It was 10% in 2010, 12.5% in 2020 and degenerated to 3.3% by 2022, respectively (World Bank, 2023). One of the reasons for the poor ranking could be because the government is motivated to meet the expectations of its political affiliation and those of its leaders and parties, including favouritism, if it intends to secure support in subsequent elections, irrespective of voters' expectations. Because tribal alignment, loyalists' and lobbyists' styles affect constituents' attitudes toward public sector management reforms, given the numerous benefits of IPSAS as mentioned in Rompotis and Balios (2023). Cuadrado-Ballesteros *et al*. (2019) explain that the IPSAS application improves government effectiveness. Likewise, Sellami and Gafsi (2020a) find that IPSAS improve management in government. Caruana (2021) argue that the complexity of public account management entails using IPSAS.

2.5 Conceptual framework

This literature review assists with identifying knowledge and evidence gaps which this study seeks to fill. For instance, many of the studies reviewed (International Institute for Democracy and Electoral Assistance (IDEA), 2021; Omolehinwa & Naiyeju, 2018; Rees-Mogg, 2022; Tawiah, 2022) discussed IPSAS but undermined the lessons learned in the process of application. Neither did they pinpoint IPSAS implication to economic well-being factors, such as government effectiveness which concerns this study.

Furthermore, Dehon *et al*. (2023) argue that there is a lingering complex problem in public governance. However, the study did not cover the financial reporting innovation as done in this current study. Moreso, several recent studies, including Tawiah (2022); Polzer *et al*. (2021); Sellami and Gafsi (2020b) emphasise the benefits of IPSAS in terms of Accountability. However, Accountability is the

minimum benefit required and the starting point, while government effectiveness is the result. Gamra *et al.* (2022) worked on financial reporting but they covered the private sector which uses International Financial Reporting Standards. Hence, there is a crucial missing link that some of the studies tend to have underestimated: the issue of the IPSAS public sector financial reports output as it affects government effectiveness, and it still needs to be discussed further, as done in this study. Nonetheless, Voters' expectation of government effectiveness is still an ongoing discourse. The identified gaps need attention to provide insightful information to policymakers.

More work is necessary regarding how factors such as leadership acumen collectively affect Accountability. Hence, this study probes the President and House of Representatives involvement in accountable financial reporting because the issue of local politics and voters' influence is a severe factor for consideration in the IPSAS application. Moreover, neglect of local governance factors like an accountability-driven mechanism affects peoples' understanding of the implications of IPSAS benefits of credible financial reporting on a nation's development (Schmidthuber *et al.*, 2022).

Additionally, government effectiveness factors need to be adequately examined in the literature regarding adherence to voters' expectations as enjoined in the Marxist contract principle of stewardship of officeholders such as the President and House of Representatives members. Although there is pressure from IPSASB for countries to imbibe IPSAS, the problem of having 'second thoughts' and a lack of total embracement still needs to be addressed. This literature review has identified the highlighted knowledge gaps in the ongoing public finance intervention in financial reporting standards, necessitating further research such as this current study. Therefore, the compelling message in the theories and related literature covers relevant constructs for the current study as guided by a conceptual model, as shown in Figure 1.
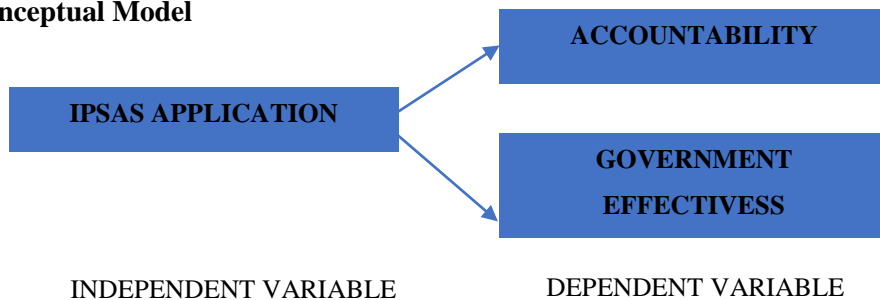
Conceptual Model

INDEPENDENT VARIABLE   DEPENDENT VARIABLE

**Figure 1. Conceptual model of IPSAS application,
Accountability and Government effectiveness relationship.**
Source: Researcher's design, 2023.

2.6 Theoretical framework

Accountability theory

Accountability is difficult to theorise (Han, 2019). The study explains that Accountability differs from responsiveness but encompasses three dimensions of vertical, downward and horizontal Accountability systems. Accountability typology involves bureaucracy, fiscal, audit, goodwill and reputational controls.

The accountability idea rests on four characteristics of control flow among agents and a principal on the need for information disclosure and absolute transparency to arrive at a concise decision on matters of concern to a domain. First, it is a way of responding to the governed (principal) by the agent (Governor), failure for which the agent could be sanctioned Nikitin (2001). However, the direction of control matters as explained in Borrero *et al*. (1979), which expatiated that accountability connotes the criteria for measurement of achievement involving a Goal Oriented Social Services System (GOSS)

Henceforth, the Accountability direction has been explained as a spatial relationship among different parts involving vertical, downward and horizontal control (Lindberg, 2019). The vertical accountability relationship is between shareholders and business executives. The downward concerns politicians and party leaders because politicians hold bureaucracies while leaders are responsible for their decisions. Horizontal accountability concerns the legislative and executive through oversight functions. Therefore, this study focuses on the downward and horizontal Accountability relationship in choosing its constructs.

Marxist theory of the State and Government effectiveness

Marxist theory of the state rests on fairness and equality in government affairs; propionate was Karl Marx. The theory originated in 1843 in the pre-capitalist era in Marx's work called 'Critique of Hegel's Philosophy of Right' (Nurunnabi, 2012). According to Shaapera (2012), the Marxist theory contends that a state is not in the interest of all but instead evolved in a conflict situation, with power to do and undo, but Marxists expect that the state has to imbibe fairness in the interest of all to achieve equilibrium; if not there will be chaos in the society. Furthermore, Barrow (1993) notes that the basic principle of this theory implies opposition to an economy to minimise inequity and exploitation of the masses through government effectiveness.

The Marxist theory of the state applies to the present study because the study is about a government accounting reform, which actualisation requires the state's responsibility in policy formulation, application, enforcement and financing. For instance, the IPSAS application has to be pursued in the Marxist structure of decency and fairness to actualise the benefits (Nurunnabi, 2012). Also, few studies

on government accounting standards in Nigeria have focused on the Marxist theory of the state. However, there are examples of a few such studies in other jurisdictions, like Nurunnabi's (2012) study on applying IFRS in Bangladesh.

Moreover, there are criticisms against the Marxist theory; for instance, Crockett (2019) argues that Marxism emphasises the judgement of history. It does not accommodate being on the wrong side of history. It justifies that theft, poor Accountability and corruption are endemic because the people believed that since the government claimed to own everything, the only way to survive was to steal from the government. However, Fyfe (2020) opined that Marxist orthodoxy dictated that the only reason why corruption occurred in industrial countries was due to the disparity in social classes. This study observes that such criticism is unfounded because if history is about a corrupt era, then being on the wrong side of history is better, logical and objective. The principles and counter-arguments of the Marxist theory guide the choice of government effectiveness variables. Because of the government's critical role in accounting change in funding, policy actualisation, stability and sustainability.

3. Research methodology

Strategy, context and non-response bias assessment
The study is a descriptive quantitative ex-post factor work based on secondary data. It covers the period of democracy from 1999 to 2020 that is 22 years. The data emanated from the World Bank Development Indicators data bank (World Bank, 2022), World Governance Indicators-Nigeria (World Bank, 2023) and the National Assembly resources (National Assembly Federal Republic of Nigeria, 2022). It incorporates the voters' opinion in their voting patterns to accommodate localisation and culture of voting in the first place based on the view of Albuquerque *et al*. (2023); Abdulkarim *et al*. (2023). The focus extends to third-party perception in governance assessment by incorporating the economics of FDI and GDP relationship. The analysis covers the GAAP period of 1999 to 2009 and the IPSAS period of 2010 to 2020, assuming the IPSAS adoption date of 2010 as aforementioned. Hence, this study covers pre and post-IPSAS application periods. Accordingly, the data analysis follows the period of demarcation as per the attached **Appendix**. The data analysis was with descriptive, inferential statistics frequency distribution and Linear regression in the form of Ordinary Least Square because of its power of prediction and precision (Field, 2018). As an innovation, Eviews 9 and SPSS IBM version 23 aided the analysis.

Linear regression r statistical analysis is best in this study, and the data collected meet its assumptions. In addition, it can quickly generate results of the independent variable's effects on the dependent variable. It is a proven way to determine effects

and interpret the results scientifically. It is represented by a straight line equation

$$Y = a + bX$$

Where X is the independent variable, and Y is the dependent variable. The slope of the line is b, and a is the intercept. Hence, the IPSAS application is the determinant variable. In contrast, the dependent variables are Accountability (ACCA) and government effectiveness (GEF). Accountability and government effectiveness are functions of the IPSAS application as follows:

Model I: ACCA = f IPSAS   (1)
Model II: GEF = $_f$ IPSAS   (2)

IPSAS application is measured by a score of 1 to 2. For instance, each year of the GAAP period scores 1 while each year of the IPSAS application scores 2.

Accountability (ACCA). Nigeria has several political parties, but the dominating parties are the Peoples Democratic Party and the All Progressive Party. This study focuses on PDP and APC parties only for simplicity and ease of analysis. Therefore, the average of the rate of the number of House of Representatives members from the ruling party of Peoples Democratic Party (PDPHR) or All Peoples Congress (APCHR) to the total number of the Representatives (THR) in the country because both parties ruled the Country at different times during the period under review, as combined with FDI as a percentage of GDP (FDI%GDP) for 1999 to 2020 was used to measure ACCA.

Hence, $ACCA = \mu PDPHR\ or\ APCHR, FDI\%GDP$

Government Effectiveness (GEF) is the average of voters' turnout rate for Presidential (VTP) and House of Representatives' election (VTHR) that is

$$GEF = (VTP + VTHR)/2$$

4. Empirical results

The following Tables show the statistical analysis results.

4.1 Descriptive statistical analysis

**Table 1. Descriptive Statistics of the variable constructs
for both GAAP and IPSAS periods1999 to 2020**

Variable Constructs	Minimum	Maximum	Mean	Std. Deviation
FDI as a % of GDP	0.110	0.860	0.330	0.230
APC House of Representative members to total number of Representatives	0.094	0.570	0.240	0.210

Variable Constructs	Minimum	Maximum	Mean	Std. Deviation
PDP House of Representative members to total number of Representatives	0.340	0.720	0.590	0.150
Voters Turnout rate for House of Representatives' election	0.114	0.580	0.430	0.120
Voters Turnout rate for Presidential election.	0.348	0.690	0.530	0.100
IPSAS or GAAP	1.000	2.000	1.410	0.500

Sources for electoral data: https:// nass.gov.ng/mps/member;
https://www.idea.int; https://www.inecnigeria.org
Source for economic data: https://databank.worldbank.org
Source of Table: SPSS output, 2023.

Table 1, covering the GAAP and IPSAS periods, shows a low mean score for FDI at .33. Election results for the presidency and the House of Representatives' voters' turnout rate were somewhat stable. Although PDP had the upper hand at a mean of .59 compared to APC's mean score of .24 during the period under review. House of Representative members to the total number of Representatives recorded a mean score of .72 and .57 for PDP and APC, respectively.

Table 2. Comparative analysis of the Descriptive Statistics of the variable constructs of GAAP period of 1999 to 2009 and IPSAS periods 2010 to 2020

Item No.	Variable construct	GAAP Mean	IPSAS Mean	IPSAS Std. Deviation	GAAP Std. Deviation
1.	FDI as a % of GDP	0.205	0.444	0.285	0.049
2.	PDP House rep	0.673	0.515	0.184	0.017
3.	APC House rep	0.125	0.351	0.245	0.043
4.	VOTERS Turnout rate HP	0.505	0.354	0.123	0.046
5.	VOTERS Turnout rate P	0.596	0.469	0.078	0.076
6.	Accountability	0.399	0.433	0.033	0.021
7.	Government Effectiveness	0.550	0.411	0.081	0.045
8.	GAAP/ 1PSAS	1.000	0.363	0.504	0.000

Source of Table: SPSS output, 2023.

Table 2 shows that the Government attracted more FDI in the IPSAS period, which almost doubled the record for the GAAP period with a mean score of .44. Accountability improved slightly, though still below average from a mean score of .39 to .43 during IPSAS period. Government Effectiveness deteriorates from a mean score of .55. to .41 during the IPSAS period. Moreover, the electorates' disappointment over low accountability and government effectiveness was reflected in the dwindling mean scores recorded, which reduced from .50 to .35 and

from .59 to .46 for the voters turnout rate for both the House of Representatives and President respectively during IPSAS period. There was a reduced mean score for PDP House of Representatives from a mean score of .67 to .51, while the APC House of Representatives members' election improved from .12 to .35 during the IPSAS period. The standard deviations posted less than 1 for all the criteria tested, indicating a consistent outcome. Moreover, Table 2 shows deteriorating government effectiveness and a slightly improved accountability level during the IPSAS period.

4.2 Hypotheses testing results

OLS RESULTS

Table 3. Unit root test results for all the constructs
** T-statistics
[ ] - probability @ 5%

Variables		Augmented Dickey fuller statistics	Critical value at 5%	Interpretation
Accountability	APC House Representatives Members	**-4.393 [0.0029]	-3.020	Null hypothesis not supported because Augmented Dickey Fuller Statistic of -4.391 is less than the critical value at 5% level.
	PDP House Representatives Members	**-4.425 [0.003]	-3.050	Null hypothesis not supported because Augmented Dickey Fuller Statistic of -.4.425 is less than the critical value at 5% level.
	Foreign Direct Investment (FDI)	*-453 [0.003]	-3.052	Null hypothesis not supported because Augmented Dickey Fuller Statistic of -453 is less than the critical value at 5% level.
Government Effectiveness	Voters Turnout for House of Representatives Members (VTHP)	**-17.235 [0.000]	-3.175	Null hypothesis not supported because Augmented Dickey Fuller Statistic of -17.235 is less than the critical value at 5% level.
	Voters Turnout for President (VTP)	**-4.352 [0.003]		Null hypothesis not supported because Augmented Dickey Fuller Statistic of -4.352 is less than the critical value at 5% level.
IPSAS	IPSAS	**-4.472 [0.002]	-3.020	Null hypothesis not supported because Augmented Dickey Fuller Statistic of -.4.472 is less than the critical value at 5% level.

Source: Eviews 9 output, 2023.

Co-integration test

Accountability
Model 1: Accountability = F (IPSAS)
Accountability = PDP House Rep. / APC House Rep /FDI

Model 1a: APC HOUSE REP = F (IPSAS)
APC House rep = $\beta_0 + \beta_1$ + IPSAS

Table 4. Accountability Regression for APC House of Representatives members construct

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPSAS	0.291	0.066	4.359	0.000
C	-0.170	0.099	-1.709	0.102
R-squared	0.487	Mean dependent vary		0.240
Adjusted R-squared	0.461	S.D. dependent var		0.210
S.E. of regression	0.154	Akaike info criterion		-0.815
Sum squared resid	0.475	Schwarz criterion		-0.715
Log likelihood	10.965	Hannan-Quinn criter.		-0.791
F-statistic	19.001	Durbin-Watson stat		0.668
Prob(F-statistic)	0.000			

Source: Eviews 9 output, 2023.

Table 4 shows the OLS regression result of how IPAS influence accountability regarding the number of APC members in the House of Representatives. The coefficient of IPSAS of 0.291 and the probability of 0.0003 implies that IPSAS has positively significantly influenced accountability in terms of the number of APC members in the House of Representatives in Nigeria by 0.291 during the period under study at the 5% level. The R^2 value of 0.487 implies that the independent variable (IPSAS) has explained about 49% of the total variation in the dependent variable. The F-statistic probability being less than 0.05 implies that the model is statistically significant and fit. The Durbin-Watson value of 0.669 implies there is positive auto-correlation in the model.

Model 1b: PDP House Rep = F (IPSAS)
PDP House rep = $\beta_0 + \beta_1$ + IPSAS

Table 5. Accountability Regression for PDP House of Representatives members construct

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPSAS	-0.198	0.050	-3.930	0.001
C	0.874	0.075	11.595	0.000

Variable	Coefficient	Std. Error	t-Statistic	Prob.
R-squared	0.435	Mean dependent var		0.595
Adjusted R-squared	0.407	S.D. dependent var		0.151
S.E. of regression	0.116	Akaike info criterion		-1.375
Sum squared resid	0.271	Schwarz criterion		-1.276
Log likelihood	17.123	Hannan-Quinn criter.		-1.351
F-statistic	15.447	Durbin-Watson stat		0.639
Prob(F-statistic)	0.000			

Source: Eviews 9 output, 2023.

Table 5 shows the OLS regression result of how IPASs have influenced Accountability regarding the number of PDP members in the House of Representatives. The coefficient of IPSAS of -0.198 and the probability of 0.0008 implies that IPSAS negatively, significantly influences Accountability regarding the number of APC members in the House of Representatives in Nigeria by 0.198 during the period under study at the 5% level. The R^2 of 0.435 signposts that the independent variable (IPSAS) has explained about 43% total variation in the dependent variable. The F-statistic probability of less than 0.05 implies that the model is statistically significant and fits at a 5% level. The Durbin-Watson value of 0.639 implies there is positive auto-correlation in the model.

Model 1c: FDI = F (IPSAS)
FDI = β_0 + β_1IPSAS

Table 6. Accountability Regression for PDP House of Representatives members construct

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPSAS	0.297	0.080	3.713	0.001
C	-0.094	0.119	-0.788	0.439
R-squared	0.408	Mean dependent var		0.325
Adjusted R-squared	0.378	S.D. dependent var		0.234
S.E. of regression	0.184	Akaike info criterion		-0.451
Sum squared resid	0.683	Schwarz criterion		-0.352
Log likelihood	6.964	Hannan-Quinn criter.		-0.427
F-statistic	13.787	Durbin-Watson stat		1.749
Prob(F-statistic)	0.001			

Source: Eviews 9 output, 2023.

Table 6 shows the effect of adopting IPSAS on the FDI in Nigeria within the period under study. The coefficient of IPSAS of 0.297 and the probability of 0.001 implies IPSAS has positively significantly attracted FDI into Nigeria by 0.297. The R^2 of 0.408 implies that about 40% of the total variation in the dependent variable has been explained by the explanatory variable. The Durbin-Watson value of 1.749 implies there is a positive autocorrelation in the model. The F-statistic probability being less than 0.05 implies that the model is statistically significant and fit at 5% level.

Government effectiveness
Model 2: Government effectiveness.
Efficiency = F (IPSAS); Efficiency = VTHP/ VTP; VTHP -Voters Turn out for House of Rep.
VTP - Voters turn out for Presidency

Model 2a: VTHP = F (IPSAS)

$$VTHP = \beta_0 + \beta_1 IPSAS$$

Table 7. Government effectiveness: Regression for VTHR construct

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPSAS	-0.126	0.033	-3.816	0.001
C	0.614	0.050	12.240	0.000
R-squared	0.433	Mean dependent var		0.433
Adjusted R-squared	0.404	S.D. dependent var		0.097
S.E. of regression	0.075	Akaike info criterion		-2.244
Sum squared resid	0.107	Schwarz criterion		-2.145
Log likelihood	25.568	Hannan-Quinn criter.		-2.222
F-statistic	14.567	Durbin-Watson stat		1.322
Prob(F-statistic)	0.001			

Source: Eviews 9 output, 2023.

Table 7 shows the OLS regression result of the relationship between Voters Turn out for House of Representatives members (VTHP) and IPSAS. The coefficient of IPSAS of -0.126 suggests that IPSAS has a negative effect on voters turn out for House of Representatives members. The probability of the coefficient of 0.001 is statistically significant at 5% level. The R^2 values of 0.433 implies that the explanatory variable has explained about 43% of total variation of the dependent variable. The Durbin Watson value of 1.322 indicates that there is a positive auto correlation in the model. The F-stat probability being less than 0.050 implies that the model is statistically significant and fit at 5% level.

Model 2b: VTP = F (IPSAS)
$VTP = \beta_0 + \beta_1 IPSAS$

Table 8. Efficiency Regression for Voters Turnout rate for President Construct

Variable	Coefficient	Std. Error	t-Statistic	Prob.
IPSAS	-0.139	0.031	-4.403	0.000
C	0.729	0.047	15.413	0.000
R-squared	0.492	Mean dependent var		0.532
Adjusted R-squared	0.466	S.D. dependent var		0.100
S.E. of regression	0.073	Akaike info criterion		-2.306
Sum squared residual	0.106	Schwarz criterion		-2.207
Log likelihood	27.374	Hannan-Quinn criterion.		-2.283
F-statistic	19.390	Durbin-Watson stat		0.757
Prob(F-statistic)	0.000			

Source: Eviews 9 output, 2023.

Table 8 depicts the relationship between Voters Turn out for Presidency (VTP) and IPSAS during the period under review in Nigeria. The coefficient of IPSAS of -0.139 implies a negative influence of IPSAS on Voters' turnout for the presidency within the period under study in Nigeria. The probability of the coefficient of 0.0003, which is less than 0.050 implies that the coefficient is statistically significant at 5% level. The R^2 of 0.492 indicates that the independent variable has explained about 49% variation of the dependent variable. The F-statistic probability being less than 0.05 indicates that the model is statistically significant and fits at the 5% level. The Durbin-Watson value of 0.757, which is less than 2, implies there is a positive serial autocorrelation in the mode.

5. Results discussion and conclusion

In this study, a research question and two hypotheses are pursued. The result shows that IPSAS have a mixed significance level. The election results that tilted towards PDP could be due to the long years of PDP in the government, which is sixteen years compared to that of APC, which is about six years from 1999 to 2020 under consideration. However, the mean scores of House of Representatives members for both PDP and APC were low at .590 and .240, respectively, because the parties' leaderships still need to pursue accountability which is currently a failure on the average for both parties. The concerned leadership also scored poorly in FDI as a percentage of GDP construct, with a mean score of 0.330. The result on accountability supports Sellami and Gafsi (2020a). It bolsters the significant role of IPSAS in governance.

During the IPSAS application, Government effectiveness retards because, as expressed by the Voters' turnout during the election, which was low at a mean score of .42 and.53 for the House of Representatives and Presidential elections, and all the voters unanimously showed their dissatisfaction with governance ineffectiveness with a standard deviation of below 1 for both constructs. The findings support Tawiah (2022); Polzer *et al*. (2021), Cuadrado-Ballesteros *et al*. (2019). This study reveals that the IPSAS application is necessary as it significantly improves financial reports concerning accountability and government effectiveness. The findings have implications in public sector management and, foremost, in the profession of accountancy, economics and political science.

The result implies that there could be public good and externality deceptions in an attempt to tinker with the voters' mind-set. Voters are knowledgeable people who have learnt their lessons about the need for good governance through reforms such as IPSAS adoption. However, they cannot be bothered by whatever reforms so far there is a poor living standard with consequences on their well-being. More so, government ineffectiveness is unattractive to FDI. For example, some foreign investors are exiting Nigeria, such as GlaxoSmithKline Nigeria, a pharmaceutical company with over 1000 employees in addition to over 400 highly technical workers such as pharmacists, microbiologists, biochemists, chemists, dentists, doctors (Oladipo & Ologunagbe, 2023). The action worsens the unemployment and poverty statistics of Nigeria. The reason is associated with government ineffectiveness concerning economic growth and productivity (Azeez, 2023). Their withdrawal is after the IPSAS application and after over fifty years in the country. Hence, with this result, the government needs to re-strategize and be guided by the IPSAS application benefits. This study used secondary data and covers the latest possible year, 2020. Since democracy, further study could cover earlier and later years by examining additional relevant constructs. In addition, further studies could probe other attributes of IPSAS application apart from those examined in this current study.

The negative effect of IPSAS on government effectiveness is bothersome. Hence, the government should implement IPSAS across Nigeria so that the traditional financial reporting system's loopholes that accommodate corruption can be blocked. The government should use its might to re-orientate office-holders regarding the values that reduce corruption, to reduce favouritism and win the fight against corruption. Political support in terms of the buy-in of the ideal of IPSAS should be expedited with the Government leading by example and demonstrating a political-will by allocating financial, material and workforce resources to benefit from IPSAS attributes. The Government should pay special attention to ineffectiveness as it reverses efforts to meet the voters' expectations of a better standard of life. Policy-makers to ensure that the Government and the people are not working at cross-purposes with the IMF and IPSASB.

Based on the results empirically generated, this study concludes that the IPSAS application will enhance accountability and government effectiveness. This study contributes that with the hostile posture of officeholders' credible financial reporting in retarding government effectiveness, this is the time to apply IPSAS. The significance of this study is in establishing that IPSAS application can confront the magnitude of governance lapses in accountability and government effectiveness. Furthermore, this study evidences that office-holders as reformers could decisively address the financial scandals of corruption and the embezzlement of public funds by applying IPSAS to financial reporting. The novelty in this study covers the exposure that Voters have proven their capability to turn down ineffective leadership in line with the Marxist canon of stewardship, which is a lesson for policymakers to address. Relying on this study's findings, ongoing scholarly debates on the focus of this study should lead to a reform decision concerning IPSAS application Worldwide.

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APPENDIX

Table 9. Data utilised for the study

YEAR	YEAR NO.	FDI % of GDP	PDPHR	APCHR	IPSAS or GAAP	VTHR	VTP	ACCA	GEF	GAAP only	IPSAS only
1999	1	0.164	0.668	0.181	1	0.467	0.523	0.340	0.490	1	0
2000	2	0.169	0.669	0.183	1	0.467	0.523	0.340	0.490	1	0
2001	3	0.161	0.669	0.181	1	0.467	0.523	0.340	0.490	1	0
2002	4	0.196	0.669	0.181	1	0.467	0.523	0.350	0.490	1	0
2003	5	0.191	0.694	0.094	1	0.483	0.690	0.330	0.590	1	0
2004	6	0.137	0.694	0.094	1	0.493	0.690	0.310	0.590	1	0
2005	7	0.283	0.694	0.094	1	0.493	0.690	0.360	0.590	1	0
2006	8	0.206	0.694	0.094	1	0.493	0.690	0.330	0.590	1	0
2007	9	0.219	0.653	0.094	1	0.575	0.570	0.320	0.570	1	0
2008	10	0.241	0.653	0.094	1	0.575	0.570	0.330	0.570	1	0
2009	11	0.290	0.653	0.094	1	0.575	0.570	0.350	0.570	1	0
2010	12	0.167	0.653	0.094	2	0.575	0.570	0.300	0.570	0	2
2011	13	0.218	0.720	0.094	2	0.287	0.537	0.340	0.410	0	2
2012	14	0.155	0.720	0.094	2	0.287	0.537	0.320	0.410	0	2
2013	15	0.109	0.720	0.094	2	0.287	0.537	0.310	0.410	0	2
2014	16	0.859	0.720	0.094	2	0.287	0.537	0.560	0.410	0	2
2015	17	0.629	0.364	0.569	2	0.437	0.437	0.520	0.440	0	2
2016	18	0.853	0.364	0.569	2	0.437	0.437	0.600	0.440	0	2
2017	19	0.642	0.364	0.569	2	0.437	0.437	0.530	0.440	0	2
2018	20	0.195	0.364	0.569	2	0.437	0.437	0.380	0.440	0	2
2019	21	0.514	0.340	0.557	2	0.321	0.348	0.470	0.330	0	2
2020	22	0.552	0.340	0.557	2	0.114	0.348	0.480	0.230	0	2

Sources for electoral data: https:// nass.gov.ng/mps/member; https://www.idea.int;
https://www.inecnigeria.org
Source for economic data: https://databank.worldbank.org
Author's compilation, 2023.