

IMPLEMENTATION OF ACCRUAL ACCOUNTING IN THE GHANAIAN PUBLIC SECTOR.

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Abstract

Considering the rate of failures in developing economies where accrual accounting has been implemented, the study investigated the factors that could affect the implementation of accrual accounting in Ghana. Considering the dimensions of the factors and drawing on Institutional Theory and Luder's contingency model for governmental accounting innovation, 10 hypotheses were postulated. The sequential explanatory mixed methodology was used to conduct the study. Consequently, a sample of 499 heads of accounts in public sector organizations was obtained for the quantitative phase. Eight officials were also interviewed. Data were analyzed using the Explanatory Factor Analysis, Confirmatory Factor Analysis, and Structural Equation Model program while pattern matching was used for the qualitative phase. The study results show that instrumental conceptual use had a positive relationship with the implementation of accrual accounting. Management support and personal valence were found to have a significant positive relationship with the implementation of accrual accounting. Human resources system capabilities and input-based competencies were found to have no relationship with the implementation of accrual accounting. The study also found that financial resource availability positively and significantly moderates the relationship between instrumental-conceptual uses, input-based competencies, management support, and implementation of accrual accounting but not human resource system capabilities and personal valence. The findings of the study may imply that the implementation of accrual accounting could be achieved if users of accounting information use it for decision making, and management demonstrates readiness towards the change to accruals and also provides significant budgetary allocation to support activities related to the implementation of accrual accounting.

Keywords: use of information; organizational capabilities; readiness towards change; financial resources availability; implementation of accrual accounting.