International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

The Impact of Accrual Accounting on Public Sector Management in Zimbabwe

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Abstract
Accrual accounting, as a more advanced accounting system, has gained traction in the public sector, notably for improving financial transparency, accountability, and decision-making. This article investigates the effects of accrual accounting on public sector management in Zimbabwe, focusing on the benefits, problems, and overall impact on financial management. The study critically reviews literature to identify how accrual accounting contributes to enhancing public sector transparency, financial accountability, efficiency, decision making processes and resource allocation within public institutions. The paper investigates highlights the hurdles Zimbabwe confronts in implementing accrual accounting in the public sector. It provides recommendations for improving financial management practices and enhancing governance appropriate to the Zimbabwean environment. It looks at recent developments, benefits, challenges, and implications for financial reporting, budgeting, and accountability. It draws on literature from 2015 to 2024 and case studies to provide a nuanced understanding of how accrual accounting can enhance public sector management in Zimbabwe.
The study's goal is to provide information that will help policymakers make better decisions and improve the overall integrity of Zimbabwean government's financial management.

Keywords: Accrual Accounting, Public Sector Accounting, Public Finance Management

Introduction

There is a growing trend worldwide for the public sector to shift its perspective from cash accounting to accrual accounting. It is thought that the accrual accounting system is more business oriented. It offers an accurate, relevant, and transparent picture of the financial and non-financial performance of public entities. Better financial management in the public sector results from the improvements in accountability, transparency, and the capacity to appropriately represent heritage that accrual accounting brings. Public institutions are evolving into entrepreneurial organizations in need of a management structure tailored to the business world.

Accrual accounting is gaining traction among public sector entities globally, according to IFAC (2020), because of its ability to enhance decision-making, accountability, and transparency. Therefore, the International Public Sector Accounting Standards (IPSAS) urge that public entities switch from cash-based accounting to accruals accounting in their accounting systems. According to Najimudeen (2024), accrual accounting is an essential component of public sector accounting since it can accurately depict a country's financial situation, future course of development, and operational performance. Through an accurate reflection of financial transactions and commitments, accrual accounting enhances accountability and transparency in the public sector by facilitating improved monitoring of both revenues and expenditures.

Public finance management plays a key role in the development and economic growth of a nation, hence the rationale and scope of the public sector. According to Mlambo et al., (2019), historically, Zimbabwe's public sector accounting relied on cash-based accounting, which records transactions only when cash is exchanged. Nhema, (2015), concurred that prior to the adoption of accrual accounting, the public sector in Zimbabwe relied on the cash-based accounting systems. Although this system is simple, it does not provide a comprehensive view of the government's financial position. This system was criticized for its failure to present a comprehensive picture of the government's financial health, particularly in tracking assets, liabilities, and long-term obligations (Mugabe & Marufu, 2021; Khumalo, 2018). Conversely, accrual accounting tracks economic events as they arise, irrespective of cash movements, providing a more thorough financial picture. It offers a transformative approach for public sector financial management and is more consistent with the economic reality of public sector operations.

Public sector management in Zimbabwe has faced significant numerous challenges in financial mismanagement, corruption, financial reporting, transparency, and accountability (Matamande et al., 2020; Chakaipa, 2010). The adoption of accrual accounting, as recommended by the IPSAS, has been pursued as a reform to address these issues (Makanyeza et al., 2019; Hyndman & Connolly, 2011), hence its emergence as a vital tool in promoting transparency and accountability in public finance. To improve financial transparency and accountability, Zimbabwe is moving toward accrual accounting in line with global trends (Matamande et al., 2020). The International Public Sector Accounting Standards, which were developed in 1996 by the International Federation of Accountants (IFAC) as a set of accounting standards for public sector entities, eventually resulted in 31 IPSAS standards that are related to IAS/IFRS and are based on the accrual accounting model (IFAC, 2010). As a result, Zimbabwe is converting its public sector accounting system to the new accounting standards with an emphasis on transforming to global trends in the field and conforming to globally acknowledged best practices that streamline processes, boost output, and reduce operating expenses. Numerous legal amendments were required because of these profound changes, with the goal being to create a framework that incorporated the unique features and attributes of the new accounting system (Nistor et al., 2009). However, given that accounting systems vary over time, geography, and place, they must be harmonized with International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

The government of Zimbabwe has developed the IPSAS Framework to help it achieve the required results-based performance through effective resource use , timely and transparent reporting. This is vital for improving and strengthening the Public Finance Management System. As a result, the Zimbabwe Financial Reporting Manual was developed to strengthen public sector accounting and to align with the public financial management principles enshrined in Section 298 of Zimbabwe's Constitution. The section demands accountability and transparency in financial matters; public funds to be utilized in a transparent, sensible, economic, and effective manner; and responsible and explicit financial management and fiscal reporting. The constitution of Zimbabwe delegates oversight duty for state revenues and expenditures to Parliament through the enactment of Acts of Parliament. To integrate cash-based accounting with budgetary accounting, the Ministry of Finance and Economic Development was responsible for restructuring the system. Consequently, the following regulations govern the way public finances are administered in Zimbabwe:

- Public Finance Management Act, [Chapter 22:19]

- Public Procurement and Disposal of Public Assets (PPDA) Act [Chapter 22: 23]
- Appropriation Acts
- Finance Acts
- Public Debt Management Act, [Chapter 22:21]
- Rural District Councils established under the Rural District Councils Act (Chapter 29:13)
- Urban Councils established under the Urban Councils Act [Chapter 29:15]
- Public Procurement and Disposal of Public Assets (General) Regulations, 2018
- Public Finance Management (Treasury Instructions), 2019
- Public Finance Management (General) Regulations, 2019
- Public Debt Management Regulations, SI 79 of 2019
- And any other relevant legislation

The effect of this accounting change on Zimbabwe's public sector management is examined in this paper. By analyzing its implications on financial reporting, governance, and decision-making, it evaluates accrual accounting's influence on public sector management in Zimbabwe.

Research Objectives

1. Evaluate the impact of accrual accounting on transparency and accountability in Zimbabwe's public sector.
2. Assess the effectiveness of accrual accounting in improving financial reporting and resource allocation.
3. Identify challenges and opportunities in implementing accrual accounting in Zimbabwe's public sector.

Research Questions

1. How has accrual accounting affected transparency and accountability in Zimbabwe's public sector?
2. What impact has accrual accounting had on financial reporting and resource allocation?
3. What challenges and opportunities arise from the implementation of accrual accounting in Zimbabwe?

Scope of the Study

The paper focuses on the accrual accounting in Zimbabwe's central government, local authorities, and state-owned enterprises from 2015 to 2024. It examines how public sector accounting principles and practices influence financial management activities, with an emphasis on legal frameworks, audits, and financial controls.

Literature Review

Introduction

Any nation's economy depends heavily on the public sector accounting system. It relates to policies, procedures, guidelines, and accounting standards that institutions can utilize to compile financial reports and assess the equity, responsibility, and transparency of the state of the public sector's finances. Accrual accounting, which is independent of cash flow, records revenues as they are received and expenses as they are incurred. By tracking all assets and liabilities, this approach offers a more comprehensive picture of financial performance (Mbelwa & Nnindito, 2020). To improve decision-making, encourage accountability, and increase transparency in reporting, the public sector has been using accrual accounting more and more (Muchemwa et al., 2019). Accrual accounting transition includes recognition of stocks and flows, institutional coverage, accounting principles, systems, practices, and acceptance of global accounting standards.

Public sector accrual accounting is governed by the conceptual framework developed by the International Public Sector Accounting Standards Board (IPSASB). The implementation of accrual accounting and the consequent rise in IPSAS usage have had profound effects on politics and society. Global public sector accounting harmonization is made possible by the creation of IPSAS. According to Aversano and Van Cauwenberge, (2015), the focus of IPSAS and accrual accounting systems is on excellent accounting procedures that can aid in the creation of reliable accounting data. Transparency and accountability in the public sector can be improved with more monitoring of information availability and timely financial reports. Thus, financial information can be compared across national borders while minimizing variances in General Accepted Accounting Principles (GAAP) across jurisdictions. Nonetheless, a lot of central governments, like Germany and Finland, have been hesitant to use IPSAS-based accounting systems. The IPSAS criticism of inadequate examination of some subsectors, business-style accounting in central government, and a lack of push to follow standards are just a few of the many reasons for this reluctance (Bakre et al., 2017). According to Bergmann (2009), IPSAS enhances transparency and accountability in financial transactions, whereas Schmidthuber et al. (2020) claim that IPSAS facilitates decision-making by providing accurate information on expenses, liabilities, and assets.

Globally, accrual accounting has been effectively adopted by nations like Australia and New Zealand, enhancing the caliber of financial administration and decision-making (Brusca et al., 2016). However, many nations run into issues with technical ambiguity and the number of resources and knowledge required for a successful implementation when attempting to apply accrual accounting in the public sector. Zimbabwe is a developing nation functioning in a globalized world; hence, the political, social, and economic spheres must merge and align with global best practices. By doing this, she will be able to maintain her relevance and competitiveness both domestically and globally.

McKinnon, (2003), asserts that global economic reforms, propelled by neoliberal principles like counter-inflation, monetary policy, and fiscal restraint at the macroeconomic level, are responsible for the public-sector accounting reforms. These reforms result in reasonable public budgets and microeconomic adjustments for free trade and the expansion of the business sector. It is crucial to remember that public sector accounting reforms are meaningless on their own if they are not connected to customs, cultural norms, political, and economic variables. As a result, as economic, political, and social circumstances change, the public sector accounting system improves the standard of the public management system. As part of its public financial reforms, Zimbabwe has welcomed this trend; nonetheless, there have been several obstacles to the shift, such as capacity concerns and resource limitations (Muchemwa et al., 2019). In Zimbabwe, the introduction of accrual accounting in public sector administration has been gradual. Although the shift in policy toward accrual accounting has been favorable, Mugabe and Marufu (2021) point out that response to change and a lack of technical competence have made the implementation of this policy more sluggish. Moreover, the economic challenges faced by the nation have impeded the complete achievement of the advantages linked to accrual accounting reforms (Matamande et al., 2020).

Zimbabwe's public sector has not yet fully transitioned to an accrual accounting system; the goal is to do so by 2025. Thi Thanh et al.(2020) assert that accrual accounting will enhance the quality of financial reporting information, offer useful information for making decisions and accepting responsibility, required in many nations' public sectors. Nonetheless, several variables affect how the transformational process is carried out. The accounting personnel (human factor), the cost of the accounting reforms, professional support and training, the degree of IT application in the accounting function, funding and assistance from international organizations, and the legal environment in the public sector are some of the factors that are relevant to Zimbabwe.

Theoretical Review

The IPSAS serves as the foundation for accrual accounting and is intended to improve accountability and transparency in public financial reporting (IFAC, 2023). To provide a more accurate view of financial performance and position, IPSAS places a strong emphasis on the recognition of revenues and expenses as they arise. In recent years, there has been a considerable shift towards accrual accounting in the public sector globally. For example, there has been a growing push to use IPSAS to enhance financial reporting and accountability (Christiaens & Rommel, 2020).

Several accounting theories and principles that place an emphasis on accountability, transparency, and effective financial management serve as the foundation for the public sector's adoption of accrual accounting. The theoretical review examines these fundamental concepts and how Zimbabwe's public sector reforms relate to them.

Agency Theory

According to agency theory, the public or taxpayers (as principals) and the government (as an agent) have a principal-agent relationship. In this relationship, the government bears responsibility of managing public resources on behalf of the public. The agent, government officials, might not always act in the best interests of the principal, citizens, due to knowledge asymmetry. This is addressed by accrual accounting, which offers thorough financial reporting that reduces information asymmetry and promotes accountability (Jensen & Meckling, 1976). In public sector management, accrual accounting can reduce the dangers of moral hazard and adverse selection by providing improved tracking of assets, liabilities, and overall financial health.

New Public Management

It is a framework that promotes the public sector's adoption of private sector practices to boost accountability and efficiency (Hood, 1991). The New Public Management was adopted by New Zealand as the first country to support the introduction of transformative changes in the public sector. To improve efficiency and effectiveness, the public sector adopted more business-like practices with the transition from cash-based accounting to accrual accounting. To improve resource management, financial reporting, and accountability within its public sector, Australia adopted comparable measures after other countries. For financial reporting, other industrialized countries like the United States, Canada, and France also adopted accrual-based accounting systems. Public enterprises were required to take greater responsibility for their performance because of the change towards results-oriented management. Within this context, accrual accounting helps managers make well-informed decisions by giving them a more comprehensive grasp of costs and financial commitments. It also provides a clearer image of financial performance and long-term sustainability. In line with the New Public Management's emphasis on responsibility, efficiency, and results, this accounting method also encourages a transparent culture.

Stakeholder Theory

This theory emphasizes that organizations, particularly those in the public sector, have obligations to multiple stakeholders, such as citizens, creditors, donors, and international organizations (Freeman 1984). These stakeholders want transparency and accountability in financial management. Accrual accounting fulfils these expectations by producing complete financial reports that indicate the government's overall financial status, rather than just cash inflows and outflows. Accrual accounting recognizes assets and liabilities, ensuring that all stakeholders have access to accurate and detailed financial information, allowing for improved monitoring and examination.

Decision-Usefulness Theory

According to the accounting decision-usefulness theory, financial information should provide relevant insights to decision-makers (Staubus, 2000). Accrual accounting improves decision-making in the public sector by providing rich financial data that captures the economic substance of transactions, including non-cash activities like asset depreciation and liabilities. This allows government officials to make more informed decisions about resource allocation, public spending, and long-term investments. Accrual accounting facilitates improved fiscal planning and policymaking by providing a clearer picture of the government's financial responsibilities and resources.

Empirical Review

The empirical review examines recent studies that have explored the implementation and impact of accrual accounting in public sector management, with a focus on Zimbabwe and similar contexts in Africa.

Adoption of Accrual Accounting in Africa

Several African countries have begun the transition to accrual accounting in response to international pressure and a desire to improve public sector financial management. Empirical research has emphasized both the benefits and challenges of these transitions. For example, Mwelwa and Nnindito (2020) investigated the adoption of accrual accounting in Tanzania and Zimbabwe, concluding that, while the benefits of improved transparency and financial reporting were obvious, both countries faced significant technical challenges as well as resistance from entrenched cash-based accounting systems. The report also emphasized the significance of international organizations like the International Public Sector Accounting Standards Board (IPSASB) in supporting the adoption of accrual accounting in African countries.

Countries in Africa, including South Africa and Kenya, have embraced IPSAS-based accrual accounting to promote public sector financial transparency and governance (Mbelwa and Nnindito, 2020). Adhikari and Gårseth-Nesbakk (2016) reported that Tanzania and Nigeria implemented accrual accounting and IPSAS in their public sectors in 2013 and 2016, respectively. They anticipated it would increase the efficiency, efficacy, transparency, and accountability of delivering public goods and services, as well as public funds. However, Mbelwa et al. (2019) contend that poor implementation plagued the two nations as they struggle to engage with the standards of accrual accounting, and the corresponding benefits have been rarely realized in practice.

A case study of Zimbabwe

Accrual accounting could help Zimbabwean public entities deal with financial reporting and transparency issues. Accurate financial accounts may enhance oversight and public trust. The 2021 World Bank report emphasizes that adopting accrual accounting could improve financial transparency and reporting in Zimbabwe's public sector, which is why they are supporting the development of the Zimbabwe Financial Reporting Manual (ZFRM). Thus, the Zimbabwean government confirmed its commitment to move to this Framework on January 1, 2018. This was followed by the publication of Statutory Instrument 41 of 2019, which formally adopted the IPSAS reporting framework in Zimbabwe. Accrual accounting may improve budgeting by providing detailed information about future financial obligations and resources. Madzimure's (2023) analysis of Zimbabwe's public sector demonstrates how accrual accounting can improve budgeting and financial management by providing a more complete view of financial commitments.

Zimbabwe confronts similar issues as other countries switching to accrual accounting, such as initial costs and complexity. Chirisa and Mabhena (2022) examined Zimbabwe's specific challenges in implementing accrual accounting, which included budgetary and capacity limits. Mlambo et al. (2019) state that many public sector accountants and auditors lack the expertise required to completely implement and sustain accrual accounting systems. Furthermore, the country's financial management systems are outdated, making the move to accrual accounting more difficult (Muchemwa et al., 2019). Makanyeza et al. (2019) suggest that government employees who are used to cash-based accounting are generally resistant to the more sophisticated accrual system, which necessitates greater transparency and financial management knowledge. Furthermore, according to Mugabe and Marufu (2021), political resistance emerged as a barrier, as certain government officials are concerned that the increased transparency brought about by accrual accounting may reveal financial wrongdoing.

Accrual accounting provides considerable benefits for Zimbabwean public sector management, such as improved financial reporting, budgeting, and accountability. However, the switch to accrual accounting presents challenges such as implementation complexity, initial costs, and the requirement for extensive training. Addressing these issues properly is critical to maximizing the benefits of accrual accounting and enhancing Zimbabwe's public sector fiscal management.

Accrual Accounting and Financial Transparency

In Zimbabwe, empirical evidence suggests that accrual accounting increases financial transparency. Matamande et al. (2020) conducted a study on Zimbabwe's public financial management changes, finding that accrual accounting improved the government's ability to deliver more comprehensive financial statements that included both cash flows and long-term liabilities. This transparency has been critical to enhancing public sector governance and enabling more effective audit processes. The study also found that accrual accounting makes it easier to track public assets and liabilities, lowering the risk of financial malfeasance.

Accrual Accounting and Decision-Making

Government officials were able to make more informed decisions based on comprehensive financial data, which included information on unpaid obligations, depreciation of assets, and the actual cost of public projects. The study by Mugabe and Marufu (2021) also noted that accrual accounting facilitated better long-term planning, as it provided a clearer picture of the government's future financial obligations. Finally, accrual accounting has been shown to improve decision-making in the public sector by providing a more accurate representation of the government's financial position.

Challenges in Implementing Accrual Accounting

The adoption of accrual accounting in Zimbabwe has not been without difficulties, despite its benefits. Mlambo et al. (2019) noted a number of obstacles to the successful implementation of accrual accounting, such as the technical inadequacy of public sector auditors and accountants, insufficient training, and antiquated financial management systems. The study also highlighted the prohibitive cost of switching to an accrual-based system, which requires huge investments in technology and capacity building, as well as resistance from public officials used to the more straightforward cash-based system. The same challenges have been observed in other African nations, where political opposition and a lack of resources have impeded adoption (Muchemwa et al., 2019).

Accrual Accounting and Governance

There is empirical evidence connecting accrual accounting to enhanced accountability and governance in the public sector. In a 2019 study, Makanyeza et al. examined how IPSAS improved governance in Zimbabwe and discovered that accrual accounting reduced corruption by offering more transparent financial records. The study found that it is more difficult for officials to commit financial mismanagement or engage in corrupt activities when government institutions are forced to account for all their assets, liabilities, and contingent responsibilities. Additionally, accrual accounting has made it simpler for oversight organizations and external auditors to hold public officials responsible for their financial actions.

Evaluating the impact of accrual accounting on transparency in Zimbabwe's public sector

In line with the global trend toward more public sector transparency, Zimbabwe uses accrual accounting, which provides a more transparent picture of the nation's financial health and performance. Accrual accounting offers more accountability and transparency than cash-based systems since it gives an in-depth account of assets, liabilities, and resource flows (World Bank, 2016). To increase the quality and accessibility of financial data, Zimbabwe is moving to accrual-based IPSAS. This would allow for better control of public finances and ensure that stakeholders and citizens may review public financial management practices (Tonde & Ncube, 2020). Restoring trust in public sector governance, which has historically been plagued by issues with financial mismanagement, has been seen as dependent on this shift.

The goal of implementing accrual accounting in Zimbabwe's public sector is to increase transparency by giving citizens a more complete picture of the government's assets, liabilities, income, and outlays. The government may now publish financial statements that take into consideration long-term economic ramifications thanks to the adoption of the International Public Sector Accounting Standards (IPSAS), which replaces the previous cash-based accounting system. By enhancing the quality and timeliness of financial reporting, accrual accounting fosters improved decision-making and enhances public confidence in government operations. The change is a part of larger reforms aimed at enhancing accountability and public financial management (PFM), which are being supported by development partners like the IMF and World Bank as well as international organizations like the International Federation of Accountants (IFAC). It is anticipated that this new approach will increase transparency, particularly in the distribution and use of public resources, which will facilitate the evaluation of government performance in relation to predetermined strategic plans.

Assessing the effectiveness of accrual accounting in improving financial reporting and resource allocation

It is widely acknowledged that accrual accounting is an essential instrument for raising the quality of financial reporting and public finance decision-making. According to Chan (2016), accrual accounting guarantees a more thorough evaluation of financial performance by offering insights into future obligations, the true cost of public services, and not just the current financial situation. This change has been welcomed by the Zimbabwean government, which wants to close the gaps in resource management under cash-based systems. Ndunduru (2020) asserts that accrual accounting enhances the credibility of financial reports by incorporating long-term obligations and facilitating better-informed resource allocation choices. The importance of accrual systems in enhancing the relationship between performance and budgeting is further highlighted in studies conducted by PwC Zimbabwe (2020). This helps policymakers make resource allocation decisions based on clear, fact-based financial data.

In Zimbabwe, accrual accounting is seen as a vital instrument for enhancing financial reporting since it offers a comprehensive view of the state of the government's finances, including obligations for the future and the financial effects of recent choices. It moves the emphasis from short-term cash flows to an evaluation of financial performance and asset management that is more comprehensive. This is especially crucial for more effective resource allocation because it enables decision-makers to base their choices on precise information about expenses, liabilities, and income. Accrual-based reporting, which links expenditure to performance goals, will facilitate a more efficient use of public funds, according to the Zimbabwean Ministry of Finance. It is anticipated that this will increase the correlation between results and budgets, resulting in a more deliberate distribution of resources among various sectors.

Identifying challenges and opportunities in implementing accrual accounting in Zimbabwe's public sector

There have been opportunities and challenges associated with Zimbabwe's shift to accrual accounting. As Ndurunduru (2020) pointed out, a major obstacle has been the low capability within public institutions. Revision of legal frameworks to suit the new system and significant investment in public sector accountant training are required. While PwC (2020) finds opportunities in using international relationships for technical support, the World Bank (2017) highlights the significance of capacity building in guaranteeing successful implementation. Notwithstanding these obstacles, through improved resource and liability monitoring, the change offers substantial potential to enhance accountability, public financial management, and governance (Makwara, 2021).

The complete adoption of accrual accounting in Zimbabwe will not be easy, especially when it comes to establishing the required infrastructure in public sector organizations. The absence of experts possessing accrual accounting skills is a significant obstacle. The Public Accountants and Auditors Board (PAAB) and other entities have started capacity-building initiatives in response to this, but the process has been sluggish. It is also necessary to integrate institutional and legal frameworks to support the new accounting system. But there are also big opportunities: the switch to accrual accounting lays the groundwork for better PFM and increased transparency. Zimbabwe has the chance to take advantage of international collaborations and assistance, particularly from institutions such as IFAC and the UK Department for International Development (DFID), to establish a more resilient public financial management system.

Review Summary

According to the theoretical and empirical reviews, accrual accounting has a lot to offer public sector management, especially when it comes to enhancing accountability, transparency, decision-making, and governance. Nonetheless, the slow adoption of accrual accounting in Zimbabwe and other African nations has been caused by issues like inadequate technical capability, opposition to change, and the extremely high implementation costs. To fully achieve the goal of accrual accounting in public sector management, evidence supports the need for ongoing initiatives in capacity building, financial management system modernization, and stronger political will.

The accuracy and thoroughness of financial reports are enhanced by accrual accounting. It offers a more accurate picture of financial performance and position by identifying transactions as they happen. According to Christiaens and Rommel's (2020) research, accrual accounting enhances stakeholder trust and decision-making by providing a more comprehensive and accurate picture of public sector finances. By giving thorough information on potential liabilities and assets, accrual accounting facilitates improved financial planning and budgeting. More accurate forecasting and budgeting are made possible by accrual accounting, according to Kraan (2019), and this is essential for efficient resource allocation in the public sector. Accrual accounting improves responsibility giving a clearer view of financial commitments and resources, which increases transparency. According to studies by Gordon and Paciello (2021), accrual accounting increases financial statements' transparency and dependability, which enhances public sector accountability. Accrual accounting gives an extensive overview of financial health and helps to better align revenues with associated expenses, which facilitates better financial decision-making. According to Barton (2018), accrual accounting's comprehensive financial information allows for better-informed decision-making in public sector management. Better management of assets and liabilities, especially long-term commitments, is made possible by accrual accounting. The study by Pallot, (2020) offers evidence in support of the claim that accrual accounting enhances long-term asset and liability management, which is essential for the financial stability of the public sector.

Notwithstanding these advantages, accrual accounting is not without its difficulties. These include change opposition, training and capacity building, implementation complexity, and initial costs. Financial systems and procedures must be significantly altered to switch to accrual accounting, which can be a difficult and resource-intensive process. The study of Weygandt et al. (2022) draws attention to the difficulties in putting accrual accounting into practice, including personnel training and system upgrades. Accrual accounting implementation can have high upfront expenses, including purchases of new equipment and personnel training. The financial hardship of switching to accrual accounting—which includes expenses for new systems and in-depth training—is covered by Christiaens and Rommel (2021). Financial staff members must receive extensive training in accrual accounting concepts for adoption to be implemented effectively. To provide employees with the abilities required for accrual accounting, Gordon and Paciello (2022) emphasized the significance of thorough training programs. Opposition to accrual accounting emerges among public sector organizations used to cash-based processes, as has always been the case in circumstances where change is at the center. According to Kraan (2020), adopting accrual accounting can be significantly hampered by resistance to change. However, overcoming this resistance is essential for successful adoption.

Methodology

This study uses secondary data and a qualitative research approach. Government financial reports, policy papers, and scholarly works on Zimbabwe's public sector financial management were among the data sources. The data sources were reviewed qualitatively in the literature. The purpose of the study was to evaluate the effects of accrual accounting on operational effectiveness, financial transparency, and decision-making. To give a thorough examination of accrual accounting's effects on public sector management in Zimbabwe, this paper incorporates case studies and recent research. It discusses both the advantages and disadvantages of this accounting technique. Relevance has led to a prioritization of sources published during the last ten years. Peer-reviewed journal articles, reports from the Ministry of Finance and Economic Development, OECD documents on public sector accounting system reform, and publications from international standard setting boards such as the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standards Board (IPSASB). The search criteria were: “public sector accounting,” “accrual accounting,” “cash accounting,” and “public administration.”

Findings and Discussion

Muchemwa et al. (2019) claim that accrual accounting has improved Zimbabwe's financial reporting standards. It makes it possible to record the government's financial operations in a more thorough manner, recognizing assets and liabilities that were previously not included in the cash-based system. Public enterprises in Zimbabwe can now generate financial statements that give a more realistic picture of their financial positions by following IPSAS standards (Mlambo et al., 2019). Due to increased transparency, evaluating government performance has been simpler for auditors and other stakeholders (Makanyeza et al., 2019).

Better financial data, essential for well-informed decision-making, has been made available to Zimbabwe's public sector through accrual accounting (Matamande et al., 2020). According to Mbelwa and Nnindito (2020), governmental entities are now able to evaluate the entire cost of public projects, including long-term financial obligations and asset depreciation. This has enhanced resource allocation and budget planning, especially in industries like healthcare and education where thorough financial data is necessary for making policy decisions (Mugabe & Marufu, 2021). However scarce resources, such as a lack of skilled workers and poor financial management systems, have complicated the adoption of accrual accounting (Mlambo et al., 2019). This has led to disparities in the way that various government agencies have used accrual accounting standards (Muchemwa et al., 2019).

Makanyeza et al. (2019) assert that the use of accrual accounting in Zimbabwe has facilitated improved governance by elevating financial reporting's visibility and accountability. Accrual accounting has made it more difficult for officials to engage in corrupt activities or mismanage public funds by requiring government departments to declare their whole financial condition, including liabilities and contingent obligations (Mugabe & Marufu, 2021). Accrual accounting has been demonstrated in studies to decrease corruption opportunities by improving oversight mechanisms and offering a more transparent audit trial (Brusca et al., 2016).

Accrual-based accounting promotes transparency by providing a comprehensive view of government liabilities, minimizing potential for corruption. In Zimbabwe, public sector accounting reforms under IPSAS have begun to improve public finance management transparency, but their implementation has been patchy due to institutional constraints.

Recommendations

Building capacity, modernizing financial management systems, and fortifying monitoring mechanisms are

necessary to address accrual accounting's shortcomings in Zimbabwe's public sector: To increase the skill set of accountants and auditors in the public sector, the government should fund training initiatives. Mlambo et al. (2019) propose collaborations with academic institutions and professional associations as a means of augmenting accounting competencies. To facilitate the use of accrual accounting, the financial management systems must be updated. According to Muchemwa et al. (2019), investing in accounting software and technology is the answer to enhancing the precision and effectiveness of financial reporting. To guarantee adherence to IPSAS and improve public officials' accountability, more robust oversight and auditing procedures are required (Brusca et al., 2016).
The paper makes the following recommendations: improve coordination between various accounting departments; strengthen the regulatory framework and enforcement; increase internal and external audits' effectiveness; implement integrated accounting systems; foster greater accountability and transparency; encourage the full adoption of international public sector accounting standards; and address corruption to improve accountability, transparency, and governance.

Conclusion

The public sector in Zimbabwe has benefited from accrual accounting in terms of governance, decision-making, and financial reporting. The complete adoption of accrual accounting is still hampered by issues with old financial management systems, opposition to change, and technical capability. To ensure that accrual accounting helps to promote transparency, accountability, and financial management in Zimbabwe's public sector, it will be essential to address these issues through capacity building, technology advancements, and stricter oversight.

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