National Culture, IPSAS Adoption, and Economic Development: A Cross-Country Analysis

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Abstract

The study examines the relationship between the dimensions of national culture at the country level, measured by Hofstede's framework, IPSAS adoption, and a country's economic development levels. It uses a quantitative analysis method for a sample of 95 countries over ten years (2014-2023). The analysis using linear correlation analysis and multiple regression analysis of variables reveals a statistically significant relationship between three national cultural factors and the adoption of reporting standards for public sector units at the state level. The national culture factors of power distance, uncertainty avoidance, and individualism significantly affect the adoption of IPSAS. Meanwhile, the relationships between masculinity, long-term orientation, indulgence, and the adoption of IPSAS were insignificant. The results also show that adopting IPSAS contributes directly to enhancing economic development at the country level by supporting transparency and enhancing investor confidence in the national economy. The results also show a significant relationship between four national cultural factors and the level of economic development at the country level. This study provides a better understanding of the impact of the society's cultural background in achieving sustainable economic development through adopting measures that support economic development plans and attracting foreign investment. In addition, the current study provides a basis for accounting policymakers at the state level to identify the determinants of the transition toward adopting international financial reporting standards for public sector units. Our results also help economic policymakers in developing countries formulate economic policies in line with the country's cultural environment to enable them to achieve the desired goals.

Keywords: *National Culture Theory, IPSAS, Economic Development, Hofstede's Theory, Accounting Standards*
JEL Classification: A13, H83, D25, O11, P36.

Introduction

There is no doubt that achieving a high level of economic development for the country is one of the priorities of governments at the global level, and it is a complex process that requires concerted efforts aimed at improving the level of economic welfare of society (Saleh et al., 2020). Government efforts to achieve economic and social development require achieving the highest possible growth in GDP, reducing poverty levels in society, and providing a safe climate for investment in various economic sectors (A. H. Almagtome et al., 2020). The importance of promoting economic development is represented by its many advantages for the state and society, including providing job opportunities, reducing wealth disparity, enhancing the quality of public services, and contributing to social welfare for society. Transparency and accountability are fundamental pillars for developing the infrastructure of various economic sectors and an important element in achieving sustainable economic development. Disclosure of information related to government spending, especially investment spending, is an important factor in gaining public confidence in the government's ability to achieve planned development goals. Therefore, many countries in the world have moved to adopt the International Public Sector Accounting Standards (IPSAS) as a tool to achieve transparency in government spending and monitor the activities of its various units. The application of these standards aims to improve the quality of accounting information for public sector units and enable stakeholders to evaluate government performance more effectively. In addition, implementing IPSAS provides many benefits to government units by improving the quality of their financial reports and public confidence in the information disclosed by the government. International accounting standards for government units also enhance the consistency and reliability of financial information and enhance the ability of government departments to make sound financial decisions. (A. Almagtome et al., 2020).

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Countries around the world vary in their adoption of IPSAS, ranging from full implementation of the standards, partial implementation, implementation of IFRSs, or implementation of local financial reporting standards in government units (Almagtome & Aljaafari, 2023). This variation in the level of implementation may be attributed to the cultural background of the country and the degree of acceptance of society in general for changes in the financial reporting pattern. Many studies have sought to test the impact of national cultural values of countries on different patterns of behavior within society. National cultural values of any country include a set of beliefs, values, and norms that shape the general direction of behavior of individuals in society and determine leadership styles and organizational behavior of economic units (Akaliyski et al., 2021). Dimensions of national culture are generally measured using different approaches, most notably Hofstede's theory of national cultural values, which identifies the most prominent features of societies and determines general trends of society with regard to institutional practices and economic policy-making (Alyaseri et al., 2024). The relationship between society's cultural orientations and economic growth levels can be clearly identified by differences in income levels between developed countries and developing countries that differ economically and culturally. The cultural impact on levels of economic growth is evident in the tangible differences in the standard of living between countries of the North and the South, which can be attributed to cultural differences, beliefs, and the historical background of society. The economic literature emphasizes the need to explore the impact of cultural diversity on economic development, especially with regard to achieving accountability and transparency in government reporting and its role in enhancing indicators of economic development (Khan et al., 2022). There is also a need to explore the role of cultural diversity and the application of IPSAS in achieving sustainable economic development. Therefore, this study aims to test the relationship between the cultural diversity of a society, the application of IPSAS, and the level of economic growth of a country. This study tests the relationship between national cultural values, according to Hofstede, the application of IPSAS, and the economic growth of a country, which is measured by the country's GDP.

Literature Review and Hypothesis

National Culture and IPSAS Adoption

Recently, the application of IPSAS has become widespread in different countries due to the global economic openness and the efforts of international organizations that support transparency and accountability in government institutions (Castañeda-Rodríguez, 2022). However, the application of financial reporting standards for public sector units faces many challenges in the field of application, including political, social, and cultural. Cultural diversity is one of the factors influencing governments' orientations to adopt these standards due to the differences in countries in terms of the general cultural orientation (Al-Fatlawi et al., 2021). National cultural values are a set of beliefs, ideas, norms, and practices that shape the identity of a society and affect the joints of economic and political life. Therefore, adopting IPSAS and the desired economic growth may encounter cultural obstacles that prevent it (Rincón-Soto & Gómez-Villegas, 2020). National culture shapes individuals' personal identity in society and influences their attitudes, decisions, and the institutions in which they work. The society's cultural background also influences individuals' adherence to laws, regulations, and instructions. Countries with a high degree of rule of law are more receptive to applying international accounting standards for public sector units (Almagtome & Abo-aljun, 2023). Conversely, it will be more difficult in countries with high levels of financial and administrative corruption and a lack of rule of law, where the judiciary does not play a role in reducing corruption. In addition, the strength of professional institutions in countries is an important factor in the adoption of these standards. Countries with strong professional accounting institutions are expected to adopt IPSAS more easily than other countries (Kroon et al., 2021). Another factor influencing the implementation of IPSAS is the role of international organizations that support the implementation, as international organizations, especially international accounting organizations, seek to implement these standards worldwide to ensure the unification of government financial indicators for different countries of the world (Khaghaany et al., 2024). In many cases, countries that wish to move towards implementing IPSAS standards receive technical and financial support from international institutions concerned with accounting matters. Therefore, external influences can interact with cultural factors in shaping the general orientation of the country towards adopting financial reporting standards for public sector units. However,

these global forces must align with local cultural values and institutional capacity to achieve lasting change.

National culture encompasses common values, beliefs, and behaviors within a community and may significantly influence the perception and implementation of accounting standards such as IPSAS.

Edward Hofstede's cultural dimensions theory is a fundamental framework for comprehending cultural disparities (Signorini et al., 2009). It encompasses six essential components: power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long-term versus short-term orientation, and indulgence versus restraint. Each of these aspects substantially impacts how governments interpret and implement IPSAS.

Power Distance: In societies characterized by a considerable power distance, there is a strong reverence for organizational hierarchies, and decision-making is often concentrated on a single authority. Power distance, as a cultural value characterized by the distancing of individuals from political participation and oversight of government actions, leads to the non-adoption of IPSAS due to the lack of acceptance of change toward transparency and accountability in the management of public funds. On the contrary, we find that accepting the transition to IPSAS is more acceptable in societies with low power distance and accepting equality between individuals and political participation (K Matekele & V Komba, 2020).

Individualism vs. Collectivism: Individualistic cultures emphasize personal success and responsibility, which might encourage a proactive attitude towards implementing IPSAS for improved transparency and governance (Gomes dos Santos & Albuquerque, 2024). Conversely, collectivist cultures value social harmony and oppose transparency and accountability, which may lead to opposition to the shift to IPSAS and abandonment of the status quo.

Masculinity Versus Femininity: Masculine societies are often characterized by assertiveness, ambition, and a focus on material success, while traditional roles dictate that men embody strength and dominance. A masculine culture is likely to embrace IPSAS due to its emphasis on responsibility and control, which are values that coincide with the concepts of IPSAS (Gomes dos Santos & Albuquerque, 2024). The preservation of historic power systems might motivate the adoption of these standards since they embody long-standing values within these environments.

Uncertainty Avoidance: Strong uncertainty avoidance Cultures often oppose change and instead favor well-defined norms and principles. Implementing IPSAS might be complicated due to transitioning from old approaches to more dynamic, principle-based frameworks. On the other hand, societies with a low inclination to avoid uncertainty tend to be more flexible and receptive to new ideas, making it easier for them to implement IPSAS (NAGY, 2017).

Long-Term Vs. Short-Term Orientation : Long-term orientation prioritizes characteristics such as persistence, frugality, and a concentration on future benefits, which are crucial for maintaining continuous development and achieving success in both personal and corporate settings. Societies prioritizing long-term goals often implement the International Public Sector Accounting Standards (IPSAS) because these standards emphasize sustainable governance, openness, and accountability (Jensen, 2023). Cultures with a long-term focus encourage planning and endurance, which aligns with the principles of IPSAS. IPSAS aims to improve the quality of financial reporting in the public sector.

Indulgence Versus Restraint: Cultures that are indulgent place a high value on the pursuit of pleasure and the satisfaction of basic human desires, which typically results in elevated levels of happiness and optimism among their populace. Societies characterized by a strong commitment to work and avoidance of entertainment, with moral discipline and suppression of desires, do not care much about monitoring government performance and accountability for public money. On the contrary, we find that those whose individuals are characterized by tolerance and openness to the pleasures of life and entertainment tend to adopt IPSAS standards because it is consistent with their moral values and guarantees the rights of citizens from waste and manipulation (Yaşar, 2014). Therefore, it is expected that societies characterized by tolerance will tend to adopt IPSAS standards more than societies characterized by restraint.

The accounting literature is full of studies that address national cultural values and their impact on various economic, political, and social aspects. In the field of accounting, previous studies have focused on the impact of national culture on the adoption of international accounting standards and their compatibility with the accounting values of countries, but they have not yet taken into account the potential role of national culture as a determinant of the adoption of IPSAS by official authorities in the country. A deep understanding of cultural dimensions can contribute to explaining the slowness of implementation by some countries, as well as ways to accelerate the transition to IPSAS and enjoy the benefits it provides for the control of public funds (Abdulkarim et al., 2023). The economic policymakers in the country have the responsibility to consider the cultural diversity of the society and to try to balance the requirements of international professional organizations and the needs of the society within sound institutional frameworks. Therefore, the current study seeks to draw a clear vision for economic policymakers on the ways of the sound transition towards adopting IPSAS, taking into account the cultural and social challenges in order to achieve the maximum possible economic prosperity for society.

H1: The adoption of IPSAS standards is significantly associated with a country's national culture.

This hypothesis is broken down into six other sub-hypotheses to examine the association between the adoption of IPSAS standards and dimensions of national culture as follows:

H1.1: The adoption of IPSAS standards is significantly associated with the power distance dimension within a country's national culture.

H1.2: The adoption of IPSAS standards is significantly associated with the individualism dimension within a country's national culture.

H1.3: The adoption of IPSAS standards is significantly associated with the masculinity dimension within a country's national culture.

H1.4: The adoption of IPSAS standards is significantly associated with the uncertainty avoidance dimension within a country's national culture.

H1.5: The adoption of IPSAS standards is significantly associated with the long-term orientation dimension within a country's national culture.

H1.6: The adoption of IPSAS standards is significantly associated with the indulgence dimension within a country's national culture

IPSAS Adoption and National Economic Development

Financial reporting in government units has received great attention from international organizations because these organizations believe that the application of these standards will contribute to enhancing economic development, achieving social welfare, and creating job opportunities by directing resources toward their real goals, as well as enhancing transparency and accountability at the country level(Opanyi, 2016). The importance of applying international standards for government units has increased recently as a result of the recurring financial crises that the world has experienced and the poor distribution of wealth, which has created an imbalance in access to public services for members of society. Therefore, the implementation of financial reporting standards for public sector units has gained a special global status due to its role in enhancing accountability and transparency and reducing waste of public money. International standards for public sector units create consistent financial reports characterized by clarity, transparency, and comparability. Thus, they can be used as a basis for evaluating the performance of government units and judging their success in achieving their set goals. In addition, the application of IPSAS will inevitably contribute to enhancing public confidence in the performance of government units and their participation in economic and financial decision-making in the country, which motivates government departments to implement their programs with the utmost efficiency and effectiveness. One of the main features of the IPSAS application is the provision of consistent financial information,

comparable to the provision of unified government statistics that reflect the country's economic development paths. These features allow the public and stakeholders in general to understand the government's financial decisions and the ways to allocate financial resources to various areas of spending in the state's general budget. Enhancing the public's understanding of accounting figures in government units' financial reports enhances community members' social responsibility and participation in the decision-making process. It enhances transparency in the presentation of financial statements. This feature enables the government to combat financial and administrative corruption and mismanagement through popular oversight procedures on the financial transactions of government units. On the other hand, the application of financial reporting standards for public sector units enhances the accountability function by providing the information necessary to evaluate the performance of government units, which is an important function to gain public confidence and thus create a stable economic climate that enhances opportunities for economic development. In addition, the application of IPSAS contributes to encouraging government units to make resource allocation decisions more accurately and effectively and provides a control tool to monitor government expenditures and their areas of allocation (Atuilik & Salia, 2019). Another advantage of IPSAS is that it provides the necessary information for managing public finances to ensure sustainable financial flows and predict the financial deficit in advance based on historical indicators and trends of government revenues and expenditures. This is due to the adoption of the accrual basis in government accounting, as the accrual basis is one of the pillars of IPSAS implementation, which gives governments a clear picture of the financial position and the level of current and future obligations of the state (Dak-Adzaklo & Wong, 2024). Economic growth requires the achievement of a set of objective and operational conditions to enhance the effectiveness of government procedures. These procedures specifically include sound governance mechanisms that are compatible with the application of international accounting standards for public sector units. The application of these standards requires the availability of an appropriate and stable institutional environment that gains the confidence of stakeholders, especially investors. Investment in general and foreign investment represent one of the tools for achieving economic development and attracting capital and global technology to enhance the infrastructure of the national economy. The government's commitment to applying international accounting standards for public sector units contributes to attracting foreign investment because the investor seeks guarantees to protect his investment and wishes to work in an economic environment characterized by trust, equality of opportunity, and low levels of financial and administrative corruption, which is what the application of IPSAS provides (Adeniyi et al., 2012). In addition, foreign investors tend to prefer investing in countries that have sound accounting and financial systems that comply with international accounting standards and provide reliable, consistent, and comparable information that ensures that investment risks are reduced to a minimum. Moreover, compliance with IPSAS might result in improved credit ratings for nations, since global credit rating organizations often consider the caliber of public financial management and reporting when evaluating sovereign risks. Improved credit ratings allow governments to get loans at reduced expenses, therefore releasing funds for important infrastructure, education, and healthcare expenditures, all of which are vital for economic progress. IPSAS facilitates governments in making well-informed choices about resource allocation by fostering improved reporting and performance assessment (Jones & Caruana, 2016). Precise financial accounts and more transparency into government finances enable policymakers to evaluate the efficacy and efficiency of programs. Consequently, resources may be allocated to sectors that provide the greatest social and economic benefits, promoting total economic expansion. Aligning budgets with performance results guarantees that public expenditures provide substantial developmental consequences, therefore boosting public services, infrastructure, and the general quality of life for residents.

Overall, the implementation of IPSAS has a profound impact on economic progress. IPSAS plays a crucial role in developing a strong public financial management system by promoting transparency, enforcing fiscal discipline, enhancing governance, boosting investor confidence, and improving resource allocation. As nations progressively acknowledge the significance of dependable and clear financial reporting in attaining sustainable economic expansion, adopting IPSAS will remain essential to their development strategy. In conclusion, the effective implementation of IPSAS may enable governments to provide a favorable atmosphere for economic growth, which will have positive outcomes for present and future generations. Therefore, this research posits the following hypotheses:

H2: The adoption of IPSAS standards is significantly associated with Economic Development.

Impact of National Culture on National Economic Development

National culture is an intricate fusion of values, beliefs, conventions, and practices that define a society (Smagorinsky, 2022). Achieving high levels of economic growth is affected by many internal and external factors of the country, such as political stability, social situation, availability of resources, geographical location, and international political position (Ketterer & Rodríguez-Pose, 2018). However, the country's cultural background is no less important in its impact on economic development trends than these factors, as it represents a decisive factor in determining the country's effective economic policies and the efficiency of implementing the government's development plans and programs. The country's strategies regarding innovation and entrepreneurship initiatives and the digital transformation of business models may face cultural obstacles that hinder their implementation in the field. In this context, societies that give importance to individuality and personal achievement tend to promote innovative and entrepreneurial projects and encourage innovative ideas and their application in various economic sectors compared to collectivist societies. In addition, societies that encourage risk and competition tend to establish leading companies in innovative economic fields and economic projects characterized by creativity and innovation. These projects can achieve high spread and monopoly of the global market in innovative economic fields that create world-leading brands in various sectors. The culture of encouraging entrepreneurship is a society that seeks to provide favorable conditions for creativity and create new business models based on rapidly accelerating technological developments globally (Tula et al., 2024). Collectivist societies are characterized by cooperation to achieve common good goals that contribute to the well-being of society as a whole, but they are less motivated to encourage individual projects and develop the economic resources of the private sector. They prioritize achieving political and social stability at the expense of risk and maximizing individual benefits through establishing new economic projects. This fact emphasizes the role of the cultural background of the society in stimulating or frustrating the efforts of the country's economic development (Cappelli, 2015).

In short, the cultural factor is a fundamental pillar governing the country's economic development trends and a driver of economic development efforts. Societies vary in terms of their encouragement of new pioneering innovative projects in various economic fields. Therefore, it is necessary for the government to formulate its economic policies in a manner consistent with the cultural background of the society to unify efforts towards enhancing economic growth in the long term. Based on the above, the third main research hypothesis can be formulated as follows:

H3: The economic development of any country is strongly associated with its national culture.

This hypothesis is broken down into 6 other sub-hypotheses to examine the association between dimensions of national culture and national economic development as follows:

H3.1: The economic development of any country is strongly associated with the power distance dimension in its national culture.

H3.2: The economic development of any country is strongly associated with the individualism dimension in its national culture.

H3.3: The economic development of any country is strongly associated with the masculinity dimension in its national culture.

H3.4: The economic development of any country is strongly associated with the uncertainty avoidance dimension in its national culture.

H3.5: The economic development of any country is strongly associated with the long-term orientation dimension in its

national culture.

H3.6: The economic development of any country is strongly associated with the indulgence dimension in its national culture.

Methodology

In order to measure the study variables and test the relationship between them, the comparative quantitative analysis method was used for a group of countries around the world that apply IPSAS to varying degrees. The study deals with three basic variables: national cultural values, IPSAS application, and national economic development. The study aims to test the relationship between the three variables above by applying it to a sample of 95 countries for a period of 10 years from 2023-2024. Data sources vary according to the nature of the study variables and were collected from several sources, including Hofstede's dimensions of national culture, International Accounting Federation bulletins, and World Bank publications related to GDP statistics for different countries around the world. The national cultural dimensions were determined for each of the sample nations using the values of the six cultural dimensions obtained from The Culture Factor Group website. The research relies on two additional main databases: the International Federation of Accountants (IFAC) publications and the World Bank (WBG) database. These databases are utilized to identify economic development indicators, particularly GDP. Hofstede's National Cultural Values Index was adopted to measure the national culture of the study sample countries.

Our measuring approach includes the second component, which is the adoption of IPSAS. The worldwide acceptance of IPSAS adoption is categorized into five levels: Directly adopted IPSAS (DSAS), Indirectly adopted IPSAS through national standards (INSAS), National standards based on IPSAS as a reference point (NSAS), National standards based on IFRS (NIFRS), and Other National Financial Reporting Standards (ONFRS) (AL-Jawahry et al., 2022). Hence, this research will use a grading system that allocates grades of 5, 4, 3, 2, and 1 to the financial reporting forms DSAS, INSAS, NSAS, NIFRS, and ONFRS, respectively.

The present research investigates the correlation between national culture, the adoption of IPSAS, and economic development. The yearly GDP (Gross Domestic Product) amount is used as an indicator to measure economic development at the national level. The data for the period 2014-2023 is obtained from World Bank statistics.

Afterward, a quantitative analysis is used to examine the statistical correlation between the six characteristics of national culture and the adoption of IPSAS (hypotheses 1:1 to 1:6) and economic progress (hypotheses 3:1 to 3:6). It is also used to investigate the statistical correlation between the adoption of IPSAS and economic development (Hypothesis 2). The correlations are shown in Figure 1.
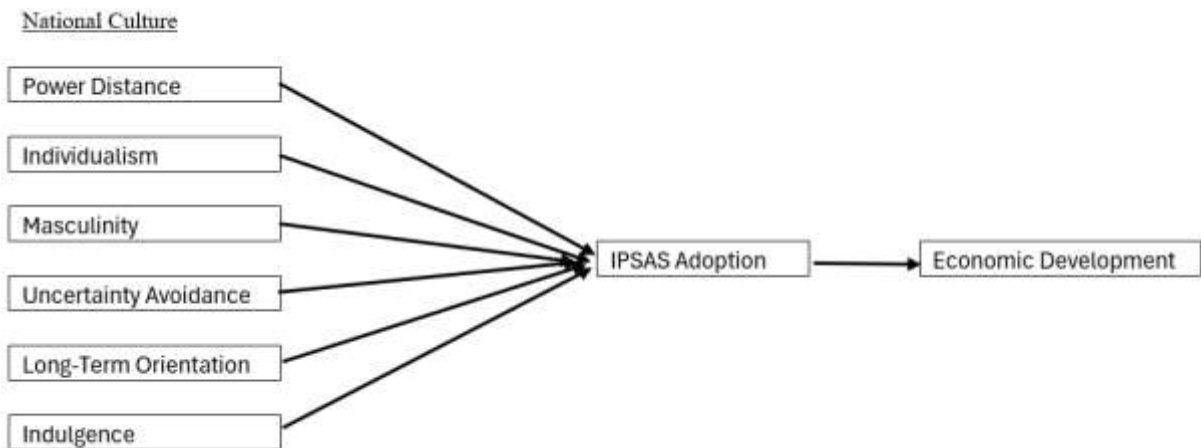
Figure 1. The Study Theoretical Framework.

By following the methodological steps, scientific conclusions can be reached that may be applied to a wider range of situations. This research aims to uncover the statistically significant impact of national cultural values on the adoption of IPSAS and provide the statistical basis for cultural factors that influence economic growth trajectories within national economies.

Results

Table 1 displays certain descriptive statistics, including the minimum, maximum, mean, median, and standard deviation. It also presents the results of normality tests for the variables, such as skewness and kurtosis, which were used in the statistical study.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
POD	95	11.00	104.00	65.5263	20.90854	-.427	.247	-.425	.490
IDV	95	10.00	91.00	40.2842	22.05924	.644	.247	-.782	.490
MAS	95	5.00	110.00	47.5474	18.72521	.176	.247	.971	.490
UNA	95	8.00	112.00	67.3895	21.80684	-.293	.247	-.681	.490
LTO	95	.00	100.00	44.5579	24.06671	.251	.247	-.992	.490
IND	95	.00	100.00	45.2105	23.76968	.279	.247	-.820	.490
IPSAS	95	1.00	5.00	3.2947	.97712	1.072	.247	1.126	.490
GDP	95	1.30	13407.51	553.8104	1679.11037	6.227	.247	42.651	.490
Valid N (listwise)	95								

This study indicates average cultural dimensions across countries; the average score of cultural values were power distance (65.5263), individualism (40.2842), masculinity (47.5474), Uncertainty avoidance (67.3895), long-term orientation (44.5579), and Indulgence (45.2105). The research findings also show that the average IPSAS adoption average score was 3.2947 across sample countries. The results indicate that the collected sample's average annual GDP across countries is $ 553 billion. The results of the normal distribution test of the data show that all study variables are normally distributed, excluding IPSAS and GDP, which are not normally distributed, according to the skewness and Kurtosis results in Table 1.

Therefore, this study uses the Spearman correlation coefficient test to examine the correlation hypotheses 1, 2, and 3 and their sub-hypotheses. Spearman's rank correlation is mostly used to evaluate the magnitude and direction of the relationship between two variables that have been ranked. This method is especially useful when the data does not match the normality assumptions necessary for parametric tests such as Pearson's correlation coefficient (Grzegorzewski & Ziembińska, 2011). Although Spearman's correlation may be used for any ordinal data, even those that follow a normal distribution, it is essential to note that its effectiveness is most significant in non-parametric situations where the data may be skewed or include outliers (Bhar, 2014).

Table 2 shows Spearman's correlation coefficients of hypothesis 1, which examines the relationship between National culture and IPSAS adoption. Afterward, it provides a detailed explanation of the information shown in Table 2, which shows the relationships between different aspects of national culture and the adoption of IPSAS (International Public Sector Accounting Standards) in the nations included in the sample. The data covers the years 2014 to 2023.

Table 2. Spearman's Correlations Coefficients of H1

			POD	IDV	MAS	UNA	LTO	IND	IPSAS
Spearman's rho	POD	Correlation Coefficient	1.000	-.582**	-.011	.243*	.010	-.315**	-.236*
		Sig. (2-tailed)	.	.000	.913	.018	.924	.002	.021
		N	95	95	95	95	95	95	95
	IDV	Correlation Coefficient	-.582**	1.000	.126	-.185	.181	.089	.204*
		Sig. (2-tailed)	.000	.	.224	.073	.080	.389	.048
		N	95	95	95	95	95	95	95
	MAS	Correlation Coefficient	-.011	.126	1.000	-.086	-.034	.080	.178
		Sig. (2-tailed)	.913	.224	.	.406	.744	.441	.084
		N	95	95	95	95	95	95	95
	UNA	Correlation Coefficient	.243*	-.185	-.086	1.000	.208*	-.254*	-.225*
		Sig. (2-tailed)	.018	.073	.406	.	.043	.013	.028
		N	95	95	95	95	95	95	95
	LTO	Correlation Coefficient	.010	.181	-.034	.208*	1.000	-.510**	.044
		Sig. (2-tailed)	.924	.080	.744	.043	.	.000	.673
		N	95	95	95	95	95	95	95
	IND	Correlation Coefficient	-.315**	.089	.080	-.254*	-.510**	1.000	.078
		Sig. (2-tailed)	.002	.389	.441	.013	.000	.	.453
		N	95	95	95	95	95	95	95
	IPSAS	Correlation Coefficient	-.236*	.204*	.178	-.225*	.044	.078	1.000
		Sig. (2-tailed)	.021	.048	.084	.028	.673	.453	.
		N	95	95	95	95	95	95	95

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Based on the results shown in Table 2, out of the six sub-hypotheses, only 3 hypotheses were accepted, and statistically significant are hypotheses 1.1, 1.2, and 1.4. In contrast, sub-hypotheses 1.3, 1.5, and 1.6 are rejected and deemed irrelevant. Therefore, it can be elucidated that adopting IPSAS is driven by three cultural dimensions: power distance, individualism, and uncertainty avoidance. Conversely, the adoption of IPSAS is not associated with masculinity, long-term orientation, or indulgence.

The findings show that the Spearman correlation coefficient for H:1.1 is (-.236), indicating a significant negative correlation between power distance and IPSAS adoption. The significance level is 0.021, which is less than 0.05. The Spearman correlation coefficient for H:1.2 is 0.204, indicating a statistically significant positive link between individualism and IPSAS adoption. The significance level is 0.048, which is less than the threshold of 0.05. The Spearman correlation coefficient for H:1.4 is (-.225), indicating a significant negative link between Uncertainty Avoidance and IPSAS adoption. The significance level is 0.028, which is less than 0.05. Therefore, it can be elucidated that the adoption of IPSAS is driven by three cultural dimensions: power distance, individualism, and uncertainty avoidance. There is no relationship between IPSAS adoption and the dimensions of masculinity, long-term orientation, and indulgence among the nations included in the sample. Nevertheless, when these elements are merged into a collective culture, a noteworthy correlation emerges between the national culture and the adoption of IPSAS throughout the nations included in the sample.

Table 3 shows the Spearman Correlation coefficients of hypothesis 2, which investigates the relationship between IPSAS Adoption and economic development across the sample countries.

Table 3. Spearman's Correlations Coefficients of H2

			IPSAS	GDP
Spearman's rho	IPSAS	Correlation Coefficient	1.000	.468**
		Sig. (2-tailed)	.	.000
		N	95	95
	GDP	Correlation Coefficient	.468**	1.000
		Sig. (2-tailed)	.000	.
		N	95	95
**. Correlation is significant at the 0.01 level (2-tailed).				

The Spearman correlation coefficient has a value of .468, indicating a significant association. The significance level is 0.000, which is less than 0.001. The result suggests that there is a notable and favorable correlation between the adoption of IPSAS (International Public Sector Accounting Standards) and the economic progress in the nations included in the sample, as measured by the yearly GDP (Gross Domestic Product).

Table 5 shows Spearman's correlation coefficients of hypothesis 3, which examines the relationship between national culture and adoption of economic development across the sample countries. Subsequently, it elucidates the data shown in Table 4, which illustrates the correlations between many aspects of a country's culture and its economic progress. The table encompasses the nations included in the sample from 2014 to 2023.

Table 4. Spearman's Correlations Coefficients of H3

	POD	IDV	MAS	UNA	LTO	IND	GDP

Spearman's rho	POD	Correlation Coefficient	1.000	-.582**	-.011	.243*	.010	-.315**	-.319**
		Sig. (2-tailed)	.	.000	.913	.018	.924	.002	.002
		N	95	95	95	95	95	95	95
	IDV	Correlation Coefficient	-.582**	1.000	.126	-.185	.181	.089	.392**
		Sig. (2-tailed)	.000	.	.224	.073	.080	.389	.000
		N	95	95	95	95	95	95	95
	MAS	Correlation Coefficient	-.011	.126	1.000	-.086	-.034	.080	.315**
		Sig. (2-tailed)	.913	.224	.	.406	.744	.441	.002
		N	95	95	95	95	95	95	95
	UNA	Correlation Coefficient	.243*	-.185	-.086	1.000	.208*	-.254*	-.201
		Sig. (2-tailed)	.018	.073	.406	.	.043	.013	.051
		N	95	95	95	95	95	95	95
	LTO	Correlation Coefficient	.010	.181	-.034	.208*	1.000	-.510**	.150
		Sig. (2-tailed)	.924	.080	.744	.043	.	.000	.148
		N	95	95	95	95	95	95	95
	IND	Correlation Coefficient	-.315**	.089	.080	-.254*	-.510**	1.000	.141
		Sig. (2-tailed)	.002	.389	.441	.013	.000	.	.171
		N	95	95	95	95	95	95	95
	GDP	Correlation Coefficient	-.319**	.392**	.315**	-.201	.150	.141	1.000
		Sig. (2-tailed)	.002	.000	.002	.051	.148	.171	.
		N	95	95	95	95	95	95	95
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Table 4 shows that out of the six sub-hypotheses of hypothesis 3, only three were found to be accepted, and hypotheses 3.1, 3.2, and 3.3 are statistically significant. In contrast, sub-hypotheses 1.4, 1.5, and 1.6 are rejected and deemed insignificant. Therefore, economic development is driven by three cultural dimensions: power distance, individualism, and masculinity. Conversely, economic development is not associated with uncertainty avoidance, long-term orientation, or indulgence.

The findings show that the Spearman correlation coefficient for H:3.1 is (-.319), indicating a significant negative correlation between power distance and economic development. The significance level is 0.002, which is less than 0.01. The Spearman correlation coefficient for H:3.2 is 0.392, indicating a statistically significant positive correlation between individualism and economic development. The significance level is 0.000, less than the threshold of 0.01. The Spearman correlation coefficient for H:3.3 is (.315), indicating a significant positive correlation between masculinity and economic development. The significance level is 0.002, which is less than 0.01. Therefore, it can be concluded that economic development is driven by three cultural dimensions: power distance, individualism, and masculinity. Conversely, there is no relationship between uncertainty avoidance, long-term orientation, indulgence, and economic development across the sample countries.

Discussion

This study examines the relationship between national culture, IPSAS adoption, and economic development using secondary data from 95 countries for ten years, from 2014 to 2023. The results of this study show, with regard to the first hypothesis, that there is a statistically significant relationship between national cultural values and the level of transition toward implementing IPSAS in the country. However, this result was significant for only three national cultural values: power distance, individualism, and uncertainty avoidance. The results reveal that there is an inverse relationship between the variables of power distance and uncertainty avoidance and the level of transition towards IPSAS, while the relationship between the variable of individualism and the level of transition towards implementing IPSAS was positive and significant. As for the rest of the dimensions, the correlations were not significant for the dimensions of masculinity, long-term orientation, and tolerance of the level of transition toward implementing IPSAS. The results of testing the first main hypothesis in our study confirm the clear influence of the cultural background of society in shaping the general perception of the state about the importance of implementing these standards and the feasibility of adopting them at the national level, as the decision to implement them is affected by the general social perception about the importance of certain principles such as transparency and accountability for public money in society. These results are consistent with the results of (Abdallah et al., 2022), which shows that societies characterized by greater power distance tend to expand disclosure in their financial statements, while societies characterized by individualism and masculinity tend to be conservative in the government financial reporting process.

However, the findings contradict the results of Abdulkarim and Umlai (2024) who found that cultural diversity has a negative impact on the adoption of IPSAS using a sample of 106 countries from different countries. The results of the second main hypothesis show that applying IPSAS standards is positively related to enhancing economic development in countries. These standards also lead to achieving a higher level of economic growth because they enhance transparency and accountability and reduce the levels of financial and administrative corruption. The results also indicate a significant positive association between adopting international accounting standards in the public sector and economic development. These effects may vary from one country to another depending on the cultural and social background of the country and the level of difficulties faced in applying IPSAS, which is in line with the results of Wang and Miraj (2018). The results of the third central hypothesis show that national cultural values are significantly associated with levels of economic development in countries for only three cultural dimensions, including power distance, individualism, and masculinity. Individualism is positively correlated with the level of economic development, while the dimensions of power distance and masculinity are negatively correlated with the country's economic development level. In contrast, there are no significant correlations between dimensions of uncertainty avoidance, long-term orientation, and indulgence and economic development across countries. The justification for this result is that the cultural background of society contributes to a large extent to determining the positions of economic policymakers in the country towards entrepreneurial projects and the establishment of new innovative projects, and also leads to hindering the support for the dissemination of entrepreneurial and innovative ideas in the country.

Conclusions

In developing countries and many other countries, local economies operate within a distinct social and economic environment that governs the nature of economic activity and follows the prevailing attitudes of the social group representing the country's majority. Often, these societies do not have cultural diversity and are characterized by dominant features such as individualism, power distance, masculinity, and other cultural features that reflect the nature of individuals' behaviors. The existence of common cultural characteristics for the majority of society may shape the state's economic policy and significantly limit its global competitiveness and economic growth. Therefore, the application of IPSAS is necessary for such societies because it allows the provision of financial information that achieves the function of accountability and participation in the management of public money, with the necessity of a gradual transformation of these standards due to the cultural specificity of the country. The advantages of implementing IPSAS are that it provides useful information to stakeholders that is reliable, consistent, and

comparable, allowing users to evaluate the performance of government units and enhance the accountability function. The results of our current study provide better insights and understanding of the nature of the relationship between national cultural values and the desire to move towards implementing IPSAS on the one hand, and its impact on the levels of economic development of the country on the other hand. The results show that national cultural values of power distance, individualism, and avoidance of uncertainty have a significant correlation with the adoption of IPSAS. The application of these criteria is positively related to societies characterized by individualism and negatively related to societies characterized by power distance and avoidance of uncertainty. Also, the country's economic development level is related to three cultural and national values, including power distance, individualism, and masculinity. Economic growth levels in countries increase with the increase in levels of individualism and masculinity and with the decrease in power distance. For future studies, we suggest conducting comparative studies between two groups of developed and developing countries to explore the impact of cultural diversity on sectoral economic indicators such as health, education, defense, and others. In addition, while the present research relied on secondary data, there is still the possibility of acquiring comprehensive data via longitudinal studies, especially in relation to the cultural aspects and sustainable competitiveness in Hofstede's theory. It is important to mention that the findings of this study do not provide conclusive evidence of significant relationships between national cultural dimensions, the adoption of IPSAS, and economic development in Hofstede's theory. However, these findings suggest the need for further research, particularly through comparative analyses involving both developing and advanced economies.

Foreign direct investment (FDI) is of utmost importance in the economic growth of nations, particularly in developing economies, within the framework of the interaction between national culture and economic development. The influence of national culture is not limited to the acceptability of adopting international public sector accounting standards or other international standards or requirements for financial reporting but also affects the economic identity of the country. The cultural background of the country may be characterized by a religious, ethnic, racial, or national characteristic of the degraded group in society, and this characteristic is a determining factor in attracting foreign investment. The attitude of society towards strangers may create obstacles for foreign investors, which may represent high levels of taxes or restrictions on foreign ownership in the country and vice versa. The prevailing national culture in society has a complete impact on the economic environment in the country, especially in terms of the legislation governing economic units and the levels of bureaucracy in economic activity. For example, in countries that enjoy a high level of rule of law and low levels of financial and administrative corruption, foreign investors have increased confidence in the strength of the economy due to the existence of legislation guaranteeing the rights of investors. Conversely, investors lose confidence in the economies of countries with high levels of financial and administrative corruption, low rule of law, and no legal guarantees to protect foreign investment. Providing legal guarantees that protect investors is very important in attracting foreign direct investment and is a decisive factor in achieving economic development in countries, especially in developing countries.

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