

**Government accounting, crisis, reforms, and
accountability, an institutional theory
perspective: Evidence from Kuwait**

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Abstract

This study examines the rationale, management, and implications of accrual accounting reform in Kuwait's public sector, focusing on how international standards, particularly International Public Sector Accounting Standards (IPSAS), are adopted and experienced in a resource-rich, non-crisis environment. While much of the public sector accounting literature centres on reforms driven by external pressure or fiscal crises, this research explores how reforms develop in politically stable contexts where coercive forces are weak, but legitimacy pressures are strong.

Drawing on institutional theory, the study explores three interconnected research questions: 1. What is the rationale for the transition from cash to accrual accounting in Kuwait's public sector? 2. How has the Ministry of Finance (MoF) managed and responded to the accounting reform process? 3. What have been the effects of this accounting reform?

Using a qualitative method, the research combines analysis of archival documents (1978–2022) with 25 semi-structured interviews involving senior officials, accountants, and MoF staff. The findings reveal that the reform was largely driven by mimetic and normative isomorphism, aimed at aligning with international practices and signalling modernisation, rather than an internal fiscal crisis. Implementation was fragmented, procedural, and centralised, with limited legal reform, cross-entity coordination, and behavioural integration. While technical systems such as the Government Financial Management Information System (GFMS) were implemented, accrual accounting remained symbolically adopted and decoupled from core accounting practices.

The study contributes to institutional theory by demonstrating how symbolic compliance, institutional inertia, and logics of legitimacy shape reform in high-capacity, non-crisis states. It provides practical lessons for policymakers and those seeking to embed accounting reforms in similar contexts, emphasising the need for legal alignment, professional engagement, and local continuity, underscoring the complex institutional dynamics of public sector reform beyond crisis-driven models.

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Chapter 1: Introduction:

1.1 Background:

Over the past decades, public-sector accounting has experienced a significant global transformation, most notably shifting from cash-based to accrual-based accounting. This change has been heavily influenced by the rise of New Public Management (NPM), which introduced market-oriented principles into public administration, along with increasing demands for transparency, accountability, and performance-based governance (Hyndman & Lapsley, 2016; Hyndman & Connolly, 2011; Ball & Pflugrath, 2012). In the context of this reform, accrual accounting has been advocated as a tool to enhance financial reporting, asset management, and strategic decision-making within the public sector (Lye et al., 2005; Gill & Sharma, 2023).

A central pillar of this reform agenda is the promotion of International Public-Sector Accounting Standards (IPSAS), developed by the International Federation of Accountants (IFAC). These standards aim to harmonise public financial reporting worldwide, improve fiscal comparability, and support robust financial governance (Benito et al., 2007; Chan, 2006; Polzer et al., 2022). IPSAS, and more broadly, accrual accounting, have been adopted or adapted in numerous countries, often as part of broader efforts to modernise public financial management systems (Pina et al., 2009; Brusca et al., 2013). However, despite their widespread promotion, implementation outcomes have varied significantly, shaped by local institutional structures, administrative cultures, and political incentives (Bekiaris & Paraponti, 2022; Harun et al., 2012).

The literature reveals that while many governments adopt accrual accounting to enhance fiscal discipline and comply with international expectations, reforms are often driven as much by symbolic and political considerations as by technical logic (Biondi, 2016; Krishnan, 2023). In crisis-affected or donor-dependent contexts, adoption is often externally motivated, acting as a legitimacy signal to international institutions (Brusca et al., 2013; McKendrick, 2007). In other cases, reforms are pursued to modernise governance or to align with regional benchmarks, even in the absence of fiscal urgency or domestic reform pressure (Zhang, 2024; Portal et al., 2012).

Kuwait presents a distinctive and underexplored case within this global landscape. As a resource-rich, fiscally stable, and centrally governed state, Kuwait is not subject to the same financial constraints or donor pressures that have driven reform in other countries. Nevertheless, the Kuwaiti government has pursued a reform programme that includes the transition to accrual accounting and alignment with IPSAS principles, led primarily by the Ministry of Finance (MoF). This reform initiative is occurring in a context characterised by legalism, hierarchical bureaucratic structures, and limited public pressure for accountability, raising important questions about the rationale, implementation, and implications of reform in such a context (Rozaidy & Siti-Nabiha, 2023; Adhikari & Jayasinghe, 2017).

Despite Kuwait's ongoing engagement with accrual reform, there is limited empirical research on how these reforms are understood, managed, and institutionalised within the country. Most existing literature focuses on OECD countries, crisis-driven environments, or donor-led reforms in low-income settings (Bekiaris & Paraponti, 2022). The Kuwaiti case provides a unique opportunity to examine how international reform models are interpreted and implemented in a context where reform is not reactive but strategically adopted for the pursuit of modernisation, reputation, and institutional alignment.

1.2 Research Problem:

Despite the widespread global adoption of accrual accounting and reforms inspired by IPSAS, a significant gap remains in understanding how these reforms develop in contexts where fiscal crises, donor pressure, or public-sector inefficiency are not the main drivers. Much of the existing research has focused on countries adopting accrual accounting as a reactive step, often in response to financial instability (e.g., Greece, Spain), donor conditions (e.g., Indonesia, Nepal), or New Public Management-driven agendas (e.g., New Zealand, Australia). These studies have provided valuable insights into both successful and failed reforms (Cohen & Karatzimas, 2016; Brusca et al., 2013; McLeod & Harun, 2014; Adhikari & Jayasinghe, 2017; Newberry, 2014; Lye et al., 2005; Barton, 2009).

However, there has been limited attention to the rationales and processes of reform in resource-rich, fiscally stable, and legally centralised states, contexts where the need for

financial modernisation is not driven by external pressures but by internal administrative aims or international alignment goals. In such environments, the motivations behind reform might be more symbolic than practical, and the results more uncertain. This raises important questions about why reforms are adopted, how they are managed internally, and whether they lead to meaningful improvements in accountability or performance.

Kuwait, as a high-income oil-exporting country, presents a unique case. In 2015, the Kuwaiti government, through the Ministry of Finance (MoF), officially decided to adopt accrual accounting, aligning with IPSAS principles as part of its wider public financial management reform plan. However, nearly a decade later, the system has yet to be implemented. Despite the initial policy declaration, there is currently no accrual-based accounting system in place, and no published timeline for the full transition. This situation creates a significant gap between policy and practice, where reform exists in narrative and intention but is absent in actual operations.

Given Kuwait's legalistic governance framework, bureaucratic hierarchy, and absence of fiscal crises or donor pressure, the factors influencing reform are likely to differ from those in more commonly studied cases. However, there is currently no empirical research examining how accrual reform is being understood, managed, or delayed in Kuwait. The lack of studies on this case limits our understanding of how public-sector reforms are implemented or resisted in contexts where the reform drive is not caused by crisis, but by institutional ambitions and external visibility.

This study addresses this gap by examining the rationale, implementation dynamics, and accountability implications of accrual accounting reform in Kuwait. It examines why the reform was adopted, as well as why its adoption has been delayed, and what this reveals about the broader dynamics of public-sector change in a high-capacity, non-crisis environment.

1.3 Research Aim and Objectives:

1.3.1 Aim:

This research aims to critically examine the rationale, implementation, and implications of accrual accounting reform in Kuwait's public sector, with a particular focus on how

international standards are understood, managed, and experienced within a resource-rich, non-crisis context. By examining the gap between policy adoption and practical implementation, the study investigates the institutional, cultural, and political dynamics that influence public-sector reform in Kuwait.

1.3.2 Objectives:

To achieve this aim, the study pursues the following objectives:

- A. To explore the rationale behind the decision to adopt accrual accounting in Kuwait, including political, institutional, and international influences.
- B. To investigate how the Ministry of Finance (MoF) has managed and responded to the reform process since the policy decision in 2015.
- C. To assess the effects of the reform initiative, or lack thereof, on perceptions of accountability, transparency, and public financial management.
- D. To contribute to the literature on public-sector accounting reform by presenting a case study from a resource-rich, non-crisis context, where reform is not externally imposed but internally managed.

1.4 Research Questions:

Building on the aim and objectives, this study is guided by the following central research questions:

1. What is the primary rationale for shifting to accrual accounting in Kuwait?

This question examines the motivations behind the reform, including internal administrative aims, political factors, and international influence.

2. How has the Ministry of Finance (MoF) managed and responded to the accounting transition?

This examines how institutions manage the reform process, including planning, coordination, challenges, and any internal resistance or delays.

3. What are the perceived impacts of the accounting reform on Kuwait's public financial management?

This evaluates how stakeholders interpret the results (or lack thereof) of the accounting reform, particularly in terms of enhancing public accountability and performance.

1.5 Significance of the Study:

This study contributes to the growing body of literature on public-sector accounting reform by exploring a context that has been largely overlooked: a resource-rich, fiscally stable country that voluntarily adopted accrual accounting without pressure from donors or a fiscal crisis. Most existing research focuses on countries implementing accrual reforms in response to external mandates, inefficiencies in the public sector, or legitimacy crises (Brusca et al., 2013). In contrast, Kuwait provides a unique opportunity to examine reform dynamics in a non-crisis, high-capacity environment, where decisions are influenced less by urgency and more by strategic positioning, modernisation objectives, and reputational considerations.

The case of Kuwait also provides important insights into the policy implementation gap. Although the government officially announced its adoption of accrual accounting in 2015, the reform remains unimplemented nearly a decade later. This disconnect raises questions about the symbolic nature of reform, the institutional capacity for implementation, and the real meaning of accounting change. By examining this gap, the study sheds light on the bureaucratic, legal, and professional dynamics that influence reform in centralised administrative states.

Theoretically, the study contributes to the literature on institutional theory, especially regarding isomorphism, symbolic compliance, and institutional logics. It critically examines how reforms are adopted, as well as how they are interpreted, negotiated, and resisted by actors within the public sector. It helps explain why reforms might stall, even when they are politically supported and technically viable.

From a policy perspective, the study provides practical insights for reform leaders, international organisations, and regional governments engaged in public financial management modernisation. By identifying both the enablers and barriers to reform in Kuwait, it provides lessons for designing accounting reforms that are not only officially adopted but also meaningfully institutionalised.

In summary, this research provides both context-specific insights into Kuwait's reform path and theoretical contributions to understanding how accounting reforms develop in high-capacity, non-crisis states.

1.6 Theoretical Framework Overview:

This study draws on institutional theory, which provides a powerful lens for understanding how accounting reforms in the public sector develop not merely as technical procedures but as socially and politically rooted phenomena. Institutional theory highlights that organisations do not operate in isolation but are influenced by norms, rules, traditions, and legitimate pressures from their environment (DiMaggio & Powell, 1983).

Three key concepts from institutional theory underpin this research. The first is isomorphism, where governments may adopt similar reforms due to coercive, mimetic, or normative pressures rather than because those reforms are operationally necessary. In Kuwait's case, isomorphism might help explain the desire to align with international standards or regional best practices despite the absence of domestic fiscal urgency (DiMaggio & Powell, 1983). Second, institutional logics and professional identity, where reforms are often interpreted and enacted differently by actors within the same organisation (Thornton et al., 2012). Public accountants, financial officers, and bureaucrats operate within institutional logics that shape their views of their roles and responsibilities. These logics may conflict with the managerialist principles embedded in accrual accounting reforms (Greenwood et al., 2011). Third, symbolic adoption and decoupling, where institutional theory also recognises that reforms may be adopted symbolically, as a way of signalling modernity or compliance, while actual practices remain unchanged (Meyer & Rowan, 1977). This concept is particularly relevant for understanding the gap between Kuwait's 2015 reform decision and its lack of implementation nearly a decade later.

By applying institutional theory, this study does not treat reform as a straightforward, technocratic process. Instead, it explores how reforms are interpreted, accepted, and acted upon by individuals and institutions situated in a specific historical and political context. This theoretical approach enables a deeper understanding of how global

standards interact with local logics, and how reform can be present in discourse without necessarily being realised in practice.

1.7 Summary and Structure of the Study:

This thesis is organised into seven chapters, each contributing to a comprehensive understanding of the rationale, implementation, and implications of accrual accounting reform in Kuwait. Chapter 1: Introduction introduces the research topic, outlines the background and context, defines the research problem, articulates the aim and objectives, presents the research questions, and explains the significance and theoretical framework of the study.

Chapter 2 critically reviews the global literature on public-sector accounting reform across six thematic areas: government accounting reforms, institutional theory as an analytical lens for the adoption of accrual accounting, accountability and accrual accounting, crises and reform dynamics, international influence and IPSAS convergence, and implementation challenges. The review is integrated with the study's theoretical framework by drawing on institutional theory to interpret reform processes. It provides the analytical lens guiding the examination of accrual accounting reform and actor behaviour in the Kuwaiti context.

Chapter 3: Methodology, which outlines the research design, methodology, and data collection strategy. It explains the rationale for using a qualitative case study approach, describes the selection of participants, and details the methods of data analysis, including how the institutional theory framework is applied to interpret the findings.

Chapter 4: Findings and Discussion of Archival Documents presents the empirical findings from analysing archival documents. It is organised thematically around the research questions and discusses the findings in relation to the theoretical framework and existing literature.

Chapter 5: Findings and Discussion of Interviews, which presents empirical results. It is organised thematically around the research questions and discusses the findings in relation to the theoretical framework and existing literature.

Chapter 6: Conclusion and Recommendations, which summarises the key findings, reflects on the theoretical and practical implications of the study, identifies its limitations, and offers recommendations for policy, practice, and future research.

These sixth chapters aim to develop a coherent and critical understanding of accounting reform in Kuwait. The following chapter is the literature review, which sets the context for this analysis by critically evaluating the global literature on public sector accounting reform, providing the foundation for the study's analytical approach.

Chapter 2: Literature Review

2.1 Introduction

Over recent decades, public-sector accounting has undergone significant reform, driven by global demands for greater fiscal transparency, accountability, and improved financial management. Central to these reforms is the shift from cash-based to accrual-based accounting, often justified by its association with New Public Management (NPM) ideas and the diffusion of international standards, particularly the International Public Sector Accounting Standards (IPSAS) (Hood, 1995; Hyndman & Lapsley, 2016; Brusca & Martínez, 2016). Accrual accounting is commonly presented as a means of providing a more comprehensive representation of public finances, including assets and liabilities, and as a tool for strengthening transparency, performance assessment, and fiscal discipline (Bonollo, 2022).

However, a growing body of literature challenges the assumption that accrual accounting reform is a neutral or purely technical process. Empirical research demonstrates that the adoption, adaptation, and effects of accrual accounting are shaped by institutional logics, political motivations, professional cultures, and administrative traditions, often producing outcomes that diverge from reform rhetoric (Adhikari et al., 2013; Christensen et al., 2019). Rather than following a linear trajectory, accrual accounting reforms are frequently characterised by partial implementation, symbolic compliance, and limited integration into budgeting, decision-making, and accountability practices.

Despite the expanding global discourse on public-sector accounting reform, existing research remains heavily concentrated on OECD countries and crisis-driven environments, where reforms are typically reactive, performance-oriented, and subject to external fiscal pressure or international monitoring (Bekiaris & Paraponti, 2022; Polzer et al., 2022). This emphasis has contributed to a limited understanding of how accrual accounting reforms unfold in resource-rich yet fiscally stable contexts, where reform is not driven by financial crisis or donor conditionality. As a result, there is insufficient insight into why such countries initiate accounting reforms, how reforms are managed within

public institutions, and what consequences they produce in legalistic, centralised, and hierarchical administrative systems.

To address these limitations, this chapter critically reviews the literature on public-sector accounting reform through a set of interconnected themes: government accounting reform trajectories, accountability and accrual accounting, crisis and reform dynamics, international influence and IPSAS convergence, and implementation challenges. Institutional theory is employed throughout the chapter as an integrative analytical lens to interpret patterns of reform adoption, resistance, adaptation, and symbolic compliance identified in literature. The chapter concludes by synthesising key gaps and positioning the study's research questions, emphasising the importance of examining why, how, and with what consequences accrual accounting reforms are introduced and managed in the Kuwaiti public sector.

2.2 Government Accounting Reform

Government accounting reform is presented as a technical response to administrative inefficiencies and fiscal ambiguity, with accrual accounting framed as a symbol of modernisation and improved financial management. However, a critical review of the literature demonstrates that the motivations for, pathways of, and outcomes associated with these reforms are far more complex, context-specific, and politically negotiated than reform narratives suggest. Rather than being purely technical, accrual accounting reforms are deeply embedded in institutional interests, strategic behaviour, and global legitimacy discourses, shaping how governments present themselves as modern, accountable, and well governed. This body of literature challenges the assumption that accounting reform follows a straight or rational path. Instead, it highlights how reform initiatives are shaped by historical legacies, political priorities, and administrative traditions that influence both the decision to adopt accrual accounting and its implementation.

2.2.1 Historical and Global Context

Public-sector accounting reform is portrayed as a contemporary response to demands for transparency, fiscal responsibility, and modern governance. However, such narratives often obscure the historical and political foundations of government accounting systems (Bruno & Lapsley, 2018; Zhang, 2020). A growing body of research demonstrates that

accounting reform is not a neutral or purely technical process, but it is deeply embedded in state development, institutional continuity, and political power relations.

Historical evidence illustrates how accounting reforms have long been used as instruments of governance and control. Gomes et al. (2008), for example, trace the introduction of double-entry bookkeeping at the Portuguese Royal Treasury in 1761 to broader state-building reforms following the Lisbon earthquake. This accounting change was not primarily motivated by efficiency concerns but formed part of a wider effort to centralise authority, enhance administrative oversight, and legitimise expanding state power. In this context, accounting functioned as a political technology that supported control over public officials and facilitated the extension of administrative practices to colonial territories.

Similarly, in advanced economies, accounting reform has often been characterised by gradualism and institutional resistance rather than rapid modernisation. Edwards (2023) documents the United Kingdom's two-century-long transition from cash-based to accrual accounting, highlighting how concerns about parliamentary sovereignty, legal constraints, and historical continuity slowed reform efforts. Despite international trends favouring accrual accounting, UK reforms were cautious and contested, reflecting deeply embedded governance philosophies rather than straightforward responses to technical necessity.

Beyond advanced economies, the persistence of historical legacies is particularly evident in post-colonial and transitional contexts. Chan (2006) shows how accounting systems in countries such as Malaysia and Egypt continue to reflect British and French colonial influences, thereby shaping contemporary reform trajectories long after independence. These inherited systems, often perceived as technically advanced because of their Western origins, have remained largely intact, reinforcing path dependency and limiting the scope for context-sensitive reform. Similar dynamics are observed in post-Soviet states, where administrative traditions and former political regimes continue to influence how accounting reforms are conceived and implemented.

More recent reforms in emerging economies further demonstrate how accounting change is adapted to local political and institutional priorities. In China, accrual accounting reforms

introduced from 2013 onwards were driven by concerns about fiscal risk management, governance strengthening, and state control, rather than by a wholesale adoption of Western managerial ideals (Zhang, 2020). Although influenced by New Public Management concepts, these reforms were selectively tailored to align with China's sociopolitical objectives, illustrating how global accounting ideas are translated rather than transplanted.

These studies indicate that public-sector accounting reform cannot be understood without reference to historical context, political institutions, and administrative culture. Whether embedded in state-building projects, shaped by colonial legacies, or constrained by institutional conservatism, accounting reforms consistently reflect broader governance priorities rather than purely technical considerations. In Kuwait, which has inherited layered legal and administrative traditions and faces limited fiscal pressure, this historical perspective is essential. In such contexts, reform is less likely to be driven by immediate financial necessity and more by efforts to position the state within global reform narratives and legitimacy frameworks shaped by past institutional choices and contemporary expectations. Within these historically conditioned environments, the way accrual reform is officially justified becomes a critical site of analysis, revealing how governments frame accounting change in relation to transparency, accountability, and modernisation.

2.2.2 Rationale for Reforms

Accrual accounting reforms are justified through claims of enhanced transparency, improved accountability, greater efficiency, and stronger fiscal discipline. These rationales dominate reform narratives promoted by international organisations and national governments alike, often presenting accrual accounting as a technical solution to administrative shortcomings. However, a substantial body of critical literature questions the universality and neutrality of these justifications, suggesting that reform rationales are frequently symbolic, strategically framed, or politically motivated rather than grounded in demonstrable performance needs.

Early studies already cautioned against assuming that accrual accounting is universally appropriate across government functions. Christiaens and Rommel (2008) argue that accrual accounting is most suitable for business-like activities within the public sector and

less relevant for core governmental functions characterised by redistribution, regulation, and service provision. They highlight persistent implementation challenges, including resistance, limited compliance, and restricted practical usefulness, particularly in non-commercial public entities. These insights foreshadow later critiques questioning whether accrual accounting genuinely improves governance or merely reshapes reporting formats.

One of the most frequently cited motivations for accrual reform is its perceived ability to enhance transparency and decision-making by recognising assets, liabilities, and long-term obligations more comprehensively than cash-based systems (Biondi & Lapsley, 2014). Evidence from a small number of high-capacity jurisdictions suggests that, under specific institutional conditions, accrual reporting can contribute to improved fiscal governance. For example, Ball and Pflugrath (2012) note that accrual-based reporting frameworks in New Zealand and the United Kingdom were associated with increased market confidence and improved fiscal credibility. In New Zealand, these reforms were embedded within broader public-sector restructuring, supported by output-based budgeting and a professional culture conducive to reform implementation (Lye et al., 2005; Gill & Sharma, 2023). However, such cases represent exceptions rather than the norm. In many jurisdictions, the adoption of accrual accounting has generated limited practical benefits and, in some instances, created new forms of complexity and confusion.

These limitations become more pronounced in developing and transitional economies. Chan (2006) notes that in many former colonies and emerging states, accrual accounting is adopted primarily to align with international standards and signal modernity, rather than in response to domestic demand or administrative readiness. In such contexts, reforms often outpace institutional capacity, leading to partial implementation and limited integration with budgeting and decision-making processes. Accrual accounting thus functions less as a tool for improving governance and more as a mechanism for external legitimacy.

The political and symbolic dimensions of reform are particularly evident when accrual accounting is adopted in response to legitimate crises. Krishnan (2023) shows that in India, accrual reform followed political scandals and was framed as a transparency-

enhancing initiative to restore public trust and meet donor expectations, despite weak technical foundations. Similarly, Ahn et al. (2014) demonstrate that in South Korea, local accrual accounting reforms were driven by political scandals, civil society pressure, and the personal ambitions of local politicians, rather than by professional or fiscal imperatives. In both cases, reform operated as a signalling device, projecting an image of good governance without necessarily transforming underlying financial practices.

These studies reveal a consistent pattern. The official rationales for accrual accounting reform, including transparency, accountability, efficiency, and modernisation, often mask deeper institutional and political motivations. Whether adopted to conform to global standards, restore legitimacy, or reinforce state authority, accrual accounting is rarely a neutral or purely technical choice. In Kuwait, where fiscal stability reduces the urgency typically associated with reform, understanding these underlying rationales is essential. In such contexts, accrual accounting reform is more likely to reflect strategic positioning within global governance narratives than a response to pressing financial or managerial deficiencies. But stated rationales alone do not determine reform outcomes. Once implemented in specific administrative contexts, accrual accounting reforms are reshaped by local institutional arrangements and political dynamics.

2.2.3 Localised Experiences and Contextual Variation

While international standards and reform agendas assume a degree of uniformity in public-sector accounting practices, empirical evidence consistently demonstrates that accrual accounting reforms are interpreted, adapted, and implemented differently across contexts. Implementation outcomes are shaped by local institutional arrangements, political environments, administrative traditions, and professional identities. As a result, accrual accounting reforms rarely follow a single pathway. Instead, they generate diverse and uneven outcomes that challenge global reform narratives.

Evidence from high-capacity states illustrates that technical expertise alone does not ensure successful reform. In Germany, Ridder et al. (2005) show that the implementation of accrual accounting and output-based budgeting varied significantly across municipalities. Reform outcomes depended less on formal guidance and more on managerial leadership, organisational coherence, and the ability to translate reform

objectives into daily administrative practices. These findings highlight the mediating role of organisational agency and identity, challenging the idea that institutional capacity guarantees consistent implementation.

Similar patterns are seen in developing and transitional contexts, where institutional fragmentation and capacity limitations make reform paths more complicated. In Indonesia, Harun et al. (2012) show how national mandates for accrual reporting led to the creation of parallel cash and accrual systems at the local level. Instead of fostering real reform, this dual system primarily signaled symbolic compliance, regulatory overload, and weak coordination among government levels. As Prabowo et al. (2017) note, these results highlight a lasting gap between reform rhetoric and practical implementation.

Professional identity also plays a critical role in shaping local responses to reform. Rozaidy and Siti-Nabiha (2023) demonstrate that in Malaysia, public-sector accountants continued to define their roles in bureaucratic and compliance-oriented terms despite the introduction of accrual accounting as part of a managerialist reform agenda. This professional self-understanding constrained the adoption of performance-oriented practices and limited the practical impact of reform. Resistance, in this context, was not ideological but embedded in long-standing administrative routines and identity structures.

Political dynamics further shape how accrual accounting reforms are implemented locally. In South Korea, Ahn et al. (2014) show that municipal-level reforms were driven by political scandals, civil society pressure, and the personal ambitions of local leaders rather than by technocratic or fiscal imperatives. Accrual accounting functioned as a tool for signal of transparency and good governance, with implementation strategies shaped by local power relations and political incentives. This case illustrates how reform objectives and practices can diverge significantly even within a single national framework.

Comparative studies underscore the importance of institutional context in determining reform outcomes. Hyndman and Connolly (2011) contrast the United Kingdom, an early, high-intensity adopter of accrual accounting, with the Republic of Ireland, where a more consensual administrative culture sustained cash-based systems. Similarly, Portal et al. (2012) show that France and Germany pursued divergent reform trajectories despite similar exposure to international reform discourses. These contrasts highlight that

administrative culture, political commitment, and institutional alignment are decisive in determining whether reforms are institutionalised, adapted, or abandoned.

These localised experiences challenge the assumption that accrual accounting reform can be centrally imposed or universally replicated. Instead, they reveal reform as a negotiated, context-dependent process shaped by institutional memory, professional identities, political opportunity structures, and strategic behaviour. In Kuwait, characterised by legalistic centralisation, strong fiscal capacity, and limited political pluralism, these insights suggest that formal compliance with international reform models may coexist with deep institutional continuity, producing hybrid and ambiguous outcomes rather than comprehensive transformation.

2.2.4 Hybrid Systems and Dual Frameworks

A persistent and under-acknowledged outcome of public-sector accounting reform is the emergence of hybrid systems, in which elements of cash- and accrual-based accounting coexist within the same institutional setting. These arrangements are not merely transitional anomalies but enduring products of incomplete reform, institutional compromise, and political ambivalence. Hybrid systems expose the limitations of linear reform assumptions and highlight the disconnect between accounting frameworks, budgeting practices, and administrative routines.

Evidence from advanced economies demonstrates how hybridisation can undermine the integrative aims of accrual reform. In Australia, Barton (2011) shows that the simultaneous use of Australian Accounting Standards (AAS) and Government Finance Statistics (GFS) produced competing fiscal narratives that weakened parliamentary scrutiny and public understanding. Rather than enhancing transparency, the coexistence of these frameworks fragmented fiscal reporting and diluted accountability. Similarly, Van der Hoek (2005) observes that in the Netherlands, accrual principles were formally adopted for reporting, while cash-based budgeting continued to dominate resource allocation, disconnecting accounting information from decision-making.

Hybrid outcomes are even more pronounced in developing and transitional contexts, where reforms often outpace institutional coordination and capacity. In Indonesia, McLeod and Harun (2014) document how local governments routinely produced both cash- and

accrual-based reports, not as a deliberate dual-system design but as a response to overlapping mandates, limited training, and administrative inertia. This parallel reporting created inefficiencies, reduced audit quality, and fostered symbolic compliance rather than substantive change. Prabowo et al. (2017) characterise these outcomes as institutional “confusions”, reflecting rigid regulation and weak reform coherence.

European experiences further illustrate that hybridisation reflects selective, strategic adaptation rather than a temporary transition. Pina et al. (2009) find that many EU local governments, formally subject to accrual requirements, continued to rely on cash-based logic for budgeting and management, resulting in misalignment between financial reporting and resource planning. Columbano et al. (2022) extend this critique by showing that governments selectively apply accrual principles when preparing Government Finance Statistics, particularly for long-term liabilities and capital expenditures, thereby distorting comparability and obscuring the substantive extent of accrual implementation.

To conceptualise these patterns, Polzer et al. (2022) introduce the notion of “glocalisation”, whereby international standards such as IPSAS are translated and adapted to fit domestic legal frameworks, administrative traditions, and political priorities. While such adaptation is often necessary, it often results in piecemeal implementation, producing systems in which accrual practices are selectively embedded and inconsistently understood. Hybrid systems thus reflect negotiated compromises between global reform expectations and local institutional realities.

Modified cash accounting represents a related form of hybridisation. As Bonollo (2022) notes, these systems sit between cash and full accrual accounting, allowing limited recognition of assets and liabilities without adopting full accruals. In Greece, Cohen and Karatzimas (2016) show that modified cash accounting was introduced during the fiscal crisis as a politically expedient solution rather than as part of a coherent reform strategy. The resulting hybrid model prioritised external compliance over internal integration, reinforcing institutional fragmentation.

This body of literature indicates that hybrid systems typically represent the final phase of reform in contexts of institutional complexity, limited coordination, and conflicting logics, rather than a transitional stage toward full accrual accounting. They embody institutional

compromises that allow governments to seek to balance international expectations with domestic administrative coherence. In Kuwait, characterised by centralised legal frameworks, hierarchical administrative traditions, and strong fiscal capacity, the risk of hybridisation is significant. Accrual accounting may be adopted for external signalling and alignment with global standards, while cash-based practices continue to dominate budgeting and internal control. Viewing hybrid systems as structural outcomes rather than reform failures provides a more realistic basis for analysing accrual accounting reform and underscores the importance of examining how accounting logic is integrated with, or decoupled from, broader public governance practices.

2.3 Institutional Theory as an Analytical Lens for Public-Sector Accounting Reform

Public-sector accounting reforms, particularly the shift from cash-based to accrual accounting, are presented as technical solutions to improve transparency, efficiency, and financial control. However, as the preceding literature shows, such reforms are rarely driven by technical considerations alone. Instead, they are shaped by political agendas, historical legacies, professional norms, and international pressures. To analyse these dynamics systematically, this study adopts institutional theory as its primary analytical lens. Institutional theory presents a robust framework for understanding why public organisations adopt accounting practices, how they respond to reform pressures, and why implementation outcomes often diverge from reform rhetoric.

Institutional theory, rooted in sociology, emphasises that organisations operate within socially constructed environments defined by norms, rules, and belief systems that determine what is considered appropriate and legitimate behaviour (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Scott, 2013). Rather than prioritising efficiency or performance optimisation, organisations adopt practices to secure legitimacy, stability, and survival within their institutional fields. This perspective is particularly relevant in the public sector, where organisations face intense scrutiny from regulators, political authorities, professional bodies, and society at large, and where maintaining legitimacy outweighs purely managerial considerations.

2.3.1 Institutional Logics and Competing Rationalities

A central concept in institutional theory is institutional logics, defined as historically embedded belief systems and value frameworks that guide organisational behaviour and decision-making within specific fields (Friedland & Alford, 1991; Thornton & Ocasio, 1999; Thornton et al., 2012). In the public sector, organisations rarely operate under a single dominant logic. Instead, they navigate multiple, sometimes competing, logics, such as transparency, accountability, efficiency, legal compliance, and political control (Greenwood et al., 2011).

In the context of accrual accounting reform, a transparency and modernisation logic promotes the adoption of accrual-based reporting to provide a more comprehensive picture of government finances. At the same time, a logic of administrative stability and legal compliance may favour established cash-based systems that are familiar, predictable, and closely aligned with existing budgeting and control mechanisms. The coexistence of these competing logics helps explain why accrual reforms are frequently adopted in principle but only partially embedded in practice. Rather than replacing existing systems, new accounting practices are often layered onto existing arrangements, producing hybrid outcomes that reflect institutional compromise rather than full transformation.

2.3.2 Isomorphism and the Spread of Accrual Accounting:

Institutional theory also explains reform diffusion through the concept of isomorphism, which describes the tendency of organisations within a field to become more similar over time as they respond to shared environmental pressures (DiMaggio & Powell, 1983). Three forms of isomorphic pressure are particularly relevant to public-sector accounting reform. First, coercive isomorphism arises from formal and informal pressures exerted by powerful actors, such as international organisations, regulatory bodies, or supranational institutions. The global promotion of accrual accounting and IPSAS by bodies such as the IMF, World Bank, and IFAC illustrates how governments may feel compelled to adopt accrual frameworks to demonstrate compliance with international expectations, even in the absence of domestic fiscal necessity.

Second, mimetic isomorphism occurs when organisations imitate practices adopted by perceived leaders or peers, particularly in times of uncertainty. Governments may emulate accrual accounting reforms implemented in countries such as the UK, Australia, or New Zealand, not because of clear evidence of superior outcomes, but because these practices have become associated with modern, professional, and credible governance.

Third, normative isomorphism stems from professional norms and shared educational backgrounds. The role of accounting professions, consultants, and training programs in promoting accrual accounting as best practice reinforces convergence across public sectors, embedding accrual logic as a marker of professionalism and reform competence.

These pressures help explain the widespread adoption of accrual accounting across diverse political and administrative contexts, even when its practical benefits are contested or uncertain.

2.3.3 Legitimacy, Symbolic Adoption, and Decoupling:

In institutional theory, legitimacy refers to the perception that an organisation's actions are appropriate, desirable, and aligned with socially constructed norms and expectations (Suchman, 1995; Chen & Roberts, 2010). For public organisations, legitimacy is a critical resource that shapes access to political support, funding, and public trust. The adoption of accrual accounting often functions as a legitimacy-seeking strategy, signalling transparency, accountability, and alignment with global best practices.

However, institutional theory highlights that legitimacy can be pursued symbolically. Organisations may adopt formal structures or policies to meet external expectations while maintaining existing internal practices. This phenomenon, known as decoupling, allows organisations to project conformity without undertaking disruptive or costly changes (Meyer & Rowan, 1977). In public-sector accounting, decoupling is observed, where accrual-based reports are produced for external audiences while internal budgeting, control, and decision-making continue to rely on cash-based logic.

Related to decoupling is the concept of loose coupling, where elements of a reform are selectively adopted and adapted rather than fully implemented (Orton & Weick, 1990). This approach enables organisations to balance competing institutional demands,

maintaining external legitimacy while preserving internal operational stability. These mechanisms help explain why accrual reforms result in hybrid systems rather than comprehensive shifts in financial management practices.

2.3.4 Institutional Complexity and Organisational Responses

Public-sector organisations typically operate in environments characterised by institutional complexity, where multiple logics and stakeholder expectations coexist and conflict (Greenwood et al., 2011). Accounting reforms intensify this complexity by introducing new requirements that may clash with established routines, professional identities, and legal frameworks. Institutional theory recognises that organisations do not respond uniformly to such pressures. Instead, they adopt a range of strategic responses, including compliance, adaptation, resistance, selective coupling, and symbolic adoption (Oliver, 1991; Pache & Santos, 2010).

These responses are shaped by organisational capacity, professional culture, political incentives, and historical path dependence. As a result, reform outcomes vary widely, even in similar institutional environments. Therefore, institutional theory shifts analytical attention away from whether reforms are adopted to how they are interpreted, negotiated, and enacted in practice.

2.3.5 Institutional Inertia and Path Dependence:

A further contribution of institutional theory is its emphasis on institutional inertia, the tendency of organisations to preserve established practices due to entrenched routines, sunk investments, and risk aversion (Swidler, 1986; Tolbert & Zucker, 1999; Rosenschöld, Rozema, & Frye-Levine, 2014). In public-sector accounting, long-standing reliance on cash-based systems, supported by legal frameworks, IT infrastructures, and professional expertise, creates strong resistance to fundamental change. Accrual accounting may therefore be introduced incrementally, selectively, or symbolically, reflecting a balance between reform pressures and the desire for continuity and stability.

Institutional inertia helps explain why reforms that seem rational and desirable at the policy level often struggle to achieve meaningful operational impact. Rather than

representing failure, partial adoption may reflect a rational organisational response to competing demands for legitimacy, control, and feasibility.

2.3.6 Why Institutional Theory Is Appropriate for This Study:

Institutional theory is particularly well suited to this study for three reasons. First, it explains why governments adopt accrual accounting even when fiscal crises, donor pressure, or clear performance benefits are absent. Second, it provides tools for analysing how reforms are managed, resisted, or symbolically implemented in complex bureaucratic settings. Third, it captures the interaction between international influence, domestic institutions, and professional actors, offering a nuanced understanding of reform processes beyond technical implementation.

In Kuwait, a resource-rich, fiscally stable country with a centralised administrative structure and strong legal traditions, these insights are particularly relevant. Accrual accounting reform in this context cannot be understood solely as a response to efficiency needs or financial distress. Instead, it must be analysed as an institutional process shaped by legitimacy concerns, international benchmarking, bureaucratic norms, and organisational inertia. Drawing on institutional theory, this study is able to examine not only why accrual accounting is pursued but also how it is managed and the effects it produces within Kuwait's public-sector financial system. This theoretical framing provides the foundation for the research design and informs the analysis of empirical findings in subsequent chapters, enabling a coherent examination of the rationale, management, and impact of accrual accounting reform in Kuwait.

2.4 Accountability and Accrual Accounting:

Accountability is one of the most frequently cited justifications for adopting accrual accounting in the public sector (Parker & Gould, 1999). International organisations, reform advocates, and governments commonly argue that accrual-based financial reporting provides a more comprehensive and transparent view of public finances by recognising assets, liabilities, and long-term obligations, thereby strengthening decision-making, oversight, and public scrutiny (Kober et al., 2010). However, a critical review of the literature shows that the relationship between accrual accounting and accountability is neither automatic nor uniform. Instead, accountability outcomes depend on institutional

context, political incentives, professional roles, and the extent to which accounting information is meaningfully embedded in governance processes.

2.4.1 Accrual Accounting, Transparency, and Accountability Claims:

Accrual accounting has long been promoted as a technical reform that enhances fiscal transparency and strengthens accountability by providing a fuller representation of government financial positions. These expectations are embedded in public financial management reform agendas advanced by international organisations and reflected in national policy discourse, which frame accrual accounting as a cornerstone of modern and responsible governance (Van Helden & Reichard, 2019; Van Helden & Uddin, 2016).

Evidence from a limited number of high-capacity jurisdictions suggests that accrual accounting can contribute to accountability under specific institutional conditions. Ball and Pflugrath (2012) argue that accrual-based Whole-of-Government reporting in the UK, along with earlier reforms in New Zealand, improved fiscal credibility, especially during economic uncertainty. In New Zealand, where accrual accounting was introduced alongside output-based budgeting and supported by a coherent reform framework, public accountants played an interpretive role, connecting financial data to service delivery and ministerial oversight (Lye et al., 2005; Gill & Sharma, 2023). In these contexts, accrual accounting supported accountability not just by providing additional information but by facilitating its integration within aligned governance and performance management systems.

However, these examples are not easily applicable to other contexts. In many cases, the promise of transparency offered by accrual accounting is undermined by conceptual mismatches, limited use of information, and weak institutional integration. Gomes et al. (2023) demonstrated that even in countries like Portugal and Spain, where IPSAS-based reporting is officially adopted, its actual application in decision-making remains limited. While Portuguese CFOs acknowledged the value of IPSAS-based information, their Spanish counterparts largely continued to depend on traditional budgeting methods. This variation suggests that simply having accrual reports does not ensure they will be utilised, and perceptions of their usefulness differ depending on professional culture, historical practices, and local administrative logic.

This issue is amplified in many developing and transitional contexts, where accrual information is often generated to meet external requirements rather than internal needs. Harun et al. (2012) report that in Indonesia, local governments frequently prepare accrual reports alongside legacy cash-based formats, but neither format is systematically used to improve transparency or accountability. The result is parallel reporting without strategic integration, which may reduce rather than enhance the clarity of financial information.

The literature raises important questions about the relationship between accrual accounting and transparency. Although the reform provides a more extensive dataset, its impact depends on whether the information is clear, relevant, and genuinely used by decision-makers, auditors, legislators, and citizens. In many cases, accrual data remains underutilised, misunderstood, or only symbolically maintained. For Kuwait, where fiscal capacity is high and external financial pressure is low, the assumed transparency advantages of accrual accounting cannot be taken for granted. Whether accrual information improves accountability will depend not only on its technical implementation but also on whether actors utilise it to support oversight, performance assessment, and public trust. The literature suggests that transparency is not inherent in accounting systems themselves but rather resides within the broader institutional and political contexts that give these systems meaning.

2.4.2 Limitations and Symbolic Use of Accrual Information

Although accrual accounting is often presented as a tool for improving accountability and transparency, evidence indicates that its adoption frequently results in symbolic compliance rather than meaningful change (Oliver, 1991; Meyer & Rowan, 1977). The reform may be formally implemented, but its influence on decision-making, public debate, or managerial behaviour remains limited. This phenomenon, commonly referred to in institutional theory as decoupling, illustrates how reforms can serve legitimate functions without actually changing the functioning of public financial management (Swidler, 1986).

In their comparative study of OECD countries, Bekiaris and Paraponti (2022) demonstrated that IPSAS adoption is often driven by reputational and alignment objectives, rather than internal reform requirements. Governments adopt accrual frameworks to signal conformity with international standards, yet the underlying systems

remain unchanged. Their analysis reveals that symbolic adoption can mask institutional inertia, where the appearance of reform is maintained while traditional practices persist beneath the surface.

This decoupling is also evident in other contexts. Adhikari and Jayasinghe (2017) show that accrual reforms promoted by international donors were resisted by accountants who continued to reproduce existing cash-based routines. Their positions within the bureaucratic hierarchy enabled them to maintain traditional practices despite publicly supporting reform goals. This duality reflects how actors navigate conflicting institutional logics, selectively complying with reform pressures while preserving control over their internal systems.

The risk of symbolic use is not limited to low-capacity or post-colonial states. In the UK, often cited as a leader in accrual reform, Ezzamel et al. (2014) critically evaluate the introduction of Resource Accounting and Budgeting (RAB) in central government and question its effectiveness in strengthening democratic accountability. Although RAB was presented as a major modernising reform to enhance transparency and improve parliamentary scrutiny, their findings show that the system became institutionalised largely as a managerial innovation. The complexity and volume of accrual-based information created significant challenges for parliamentarians, many of whom lacked the capacity to use it effectively. As a result, the reform increased the supply of financial information without necessarily improving meaningful accountability, revealing a disconnect between technical accounting innovation and its stated democratic purposes.

The political significance of symbolic reform is particularly evident in India and South Korea. In India, Krishnan (2023) demonstrates that the adoption of accrual accounting was closely associated with scandals and legitimacy crises, with reform positioned as a transparency-enhancing measure despite limited institutional capacity to implement it. In South Korea, Ahn et al. (2014) show how mayors utilised accrual reforms to bolster governance credibility following local scandals, often with civil society's support. However, the execution of reforms varied depending on local politics and personal motivations, highlighting the strategic use of accounting reform as a political symbol rather than a governance tool.

These cases suggest that symbolic adoption is not necessarily a failure. It may serve as a pragmatic institutional response to competing demands for legitimacy, stability, and control. Governments might find it more advantageous to present themselves as aligned with global norms rather than undertaking the internal upheaval required for profound reform. From an institutional theory perspective, such strategies are rational within constrained political and administrative contexts. In Kuwait, a country not subject to external fiscal surveillance or donor conditionality, the likelihood of symbolic adoption may be high. Accrual reform may serve to demonstrate modernisation and international alignment, without necessarily reshaping internal financial practices. Recognising the possibility of decoupling between form and function is essential for assessing the real implications of reform in such contexts.

2.4.3 Accountability as a Social and Political Construct:

An expanding body of literature challenges the notion that accountability is a technical outcome that follows automatically from improved financial reporting. Instead, accountability is increasingly understood as a socially and politically constructed process shaped by institutional norms, professional identities, governance arrangements, and power relations. From this perspective, accrual accounting can support accountability only when accounting information is actively interpreted, communicated, and used within broader accountability relationships.

In New Zealand, where accrual reforms are often regarded as exemplary, Gill and Sharma (2023) demonstrate that public accountants played a key role in promoting accountability not just by producing financial reports, but by interpreting, communicating, and linking financial data to ministerial performance. Their expanded roles were enabled by an institutional environment that supported reform coherence, built professional capacity, and aligned reporting with policy planning. This emphasises that accountability is not automatic; it must be socially embedded and structurally supported.

In Malaysia, Rozaidy and Siti-Nabiha (2023) observed that public accountants are still strongly influenced by bureaucratic control and compliance, which restricts their use of accrual information for accountability purposes. Despite formal reforms, they tend to see their roles as conservative and reactive, focused more on legal and procedural duties

than on performance or public engagement. Their research highlights how professional identity and institutional history shape both how reforms are carried out and the very concept of accountability.

This perspective is echoed in Indonesia, where Wiguna et al. (2023) demonstrate that training and communication, while important, were not enough to embed accrual-based accountability practices. The success of reform depended on organisational culture, which influenced whether actors viewed new accounting practices as credible, legitimate, or relevant to their roles. In organisations with weak cultural alignment, accountability remained a mere formality, disconnected from managerial learning or decision-making.

The risk of “thin accountability”, where compliance replaces engagement, is further illustrated in Germany. Jagalla et al. (2011) demonstrate that public managers often recognised the symbolic value of accrual reforms but found it difficult to connect them to service delivery or output measurement. The outcome was a focus on producing formal reports, while accountability structures remained centred on inputs and legal compliance, rather than policy outcomes or citizen responsiveness.

Beyond these limitations, scholars increasingly argue that public-sector accountability must be understood as multi-dimensional, extending beyond narrow financial compliance to encompass social, environmental, and intergenerational responsibilities. Parker and Gould (1999) emphasise that governments are accountable to multiple stakeholders, including citizens, service users, and future generations. Research on Environmental Management Accounting further demonstrates how accounting systems can support broader accountability objectives when aligned with organisational priorities and sustainability concerns (Qian et al., 2011).

Historical evidence reinforces the pluralistic nature of accountability. Agostini and Sostero (2022) show that public institutions have long employed multiple accounting practices to meet diverse accountability demands, challenging the assumption that a single reporting framework can satisfy all stakeholders. Contemporary critiques similarly caution against reducing accountability to financial indicators alone. Newberry (2014) argues that the

growing influence of market-oriented reporting frameworks risks narrowing public-sector accountability by privileging comparability and financial metrics over citizen oversight, public value, and democratic legitimacy.

These studies demonstrate that accountability is not an inherent property of accrual accounting systems but an outcome of how accounting information is socially constructed, politically negotiated, and institutionally embedded. Accrual accounting can contribute to accountability only when integrated within governance arrangements that recognise multiple accountability relationships and public-sector objectives. In Kuwait, where accountability mechanisms are predominantly legalistic and administrative, this perspective is particularly significant. The adoption of accrual accounting alone is unlikely to transform accountability practices unless accompanied by changes in professional roles, oversight structures, and the use of financial information in policy and performance evaluation. Without such integration, accrual reform risks reinforcing symbolic compliance and control rather than fostering transparency, learning, and public trust.

2.5 Crisis and Reform Dynamics:

Accounting reforms in the public sector are catalysed by moments of disruption, economic collapse, political scandal, institutional crisis, or legitimate breakdown. These episodes, while destabilising, can create critical opportunities for governments to adopt new practices that were previously resisted or overlooked. In such times, accrual accounting is frequently presented as a solution, a symbol of modernity, a tool for transparency, and a safeguard against future failures. However, the literature indicates that reforms driven by crises are rarely neutral or universally effective. Instead, their form and purpose are influenced by local context, actor motivations, and institutional capacities. Crises may enable reform, but they do not ensure coherence, effectiveness, or sustainability.

2.5.1 Financial Crises as Catalysts for Reform:

Financial crises are often framed in literature as strong triggers for public-sector accounting reform. During periods of fiscal instability, governments face heightened scrutiny from markets, donors, and citizens, leading them to implement reforms that demonstrate credibility, strengthen oversight, and rebuild trust. Accrual accounting is

frequently introduced during or after financial crises as a way to restore order, enhance fiscal discipline, and show a commitment to transparency.

In Switzerland, for instance, Bergmann (2012) demonstrates that the government's adoption of accrual-based indicators like the self-financing ratio and net debt position was a direct response to increasing concerns about fiscal sustainability. These metrics, made possible by accrual logic, enabled policymakers to monitor structural imbalances more effectively and to make more strategic decisions in a manner acceptable within the political context. The Swiss example shows how accrual accounting, when integrated into governance frameworks, can improve information quality and support strategic fiscal management.

Nevertheless, the relationship between crisis and reform does not always exhibit clear strategic alignment. In Greece, Cohen and Karatzimas (2016) elucidate how accounting reform was initiated during the Eurozone debt crisis, not to enhance performance or internal control, but to satisfy the expectations of external lenders such as the International Monetary Fund (IMF), the European Central Bank (ECB), and the European Commission. The resultant reform, consisting of the adoption of modified cash accounting, was characterised by poor coordination, internal fragmentation, and was motivated more by bureaucratic compromise than by fiscal strategy. Their research demonstrates that crisis-induced reform can become symbolic, serving to project an image of control without effectively addressing the underlying governance deficiencies.

However, recent scholarship cautions against assuming that crisis-driven accounting reforms are necessarily transformative. Reviewing several decades of reform waves, including responses to the 2008 global financial crisis and subsequent fiscal shocks, Hyndman and Liguori (2024) argue that accounting reforms introduced during crises often function as symbolic or incremental adjustments rather than radical institutional change. They distinguish between reforms that alter both accounting systems and underlying interpretive frameworks, and those that merely modify formal reporting structures while leaving decision-making practices largely intact. This distinction is particularly relevant to understanding the nature of crisis-driven accrual reforms.

These cases suggest that a financial crisis can create an opportunity for reform, but success depends on how the reform is understood, communicated, and embedded within institutions. When governments adopt accrual accounting merely to restore external credibility or meet donor expectations, the outcome is often superficial technical change that lacks meaningful internal transformation. Conversely, when reform is associated with a broader reevaluation of fiscal governance, as seen in Switzerland, accrual accounting can play a more substantial role in enhancing institutional resilience.

In Kuwait, which has not experienced the financial crises seen elsewhere, the lack of urgent fiscal pressure raises important questions about the motivations behind reform. Without the leverage of a crisis, what motivates reform decisions? And can accrual accounting serve a genuine governance purpose in a context where fiscal stability reduces the need for financial innovation? The literature on crisis-driven reform provides a valuable contrast, prompting us to question whether Kuwait's reforms are proactive efforts at modernisation or merely symbolic signs aimed at meeting international expectations.

2.5.2 Political Crises and Legitimacy Restoration

Crises in the public sector are not always fiscal. In many cases, adopting accounting reform, particularly accrual-based systems, is a response to political scandals, governance failures, or a decline in public trust. In these contexts, reform acts less as a means to improve finances and more as a symbolic sign to restore legitimacy, allowing the government to remain credible and accountable in the eyes of the public (Tolbert & Zucker, 1999; Meyer & Höllerer, 2016). Accrual accounting, with its associations of transparency, control, and adherence to international best practices, becomes a political signal, demonstrating that the government is serious about reform, even if the practical systems and incentives for implementation remain weak.

The case of Spain, as analysed by Brusca et al. (2013), provides a clear example of how a financial crisis can prompt the adoption of accounting reforms as part of a broader strategy to restore political legitimacy. After the 2008 financial crisis, the Spanish government adopted IPSAS-inspired standards not mainly for internal control or fiscal efficiency, but to signal transparency and accountability to both domestic stakeholders

and international institutions. The authors argue that IPSAS adoption acted as a legitimising act, projecting modernity and responsiveness during a period of increased fiscal scrutiny, even though core budgetary practices remained largely unchanged.

Comparative studies suggest that accrual accounting reforms are frequently motivated by concerns about international legitimacy and reputational positioning rather than purely fiscal necessity. Brusca and Martínez (2016), examining the adoption of IPSAS-inspired reforms across different national contexts, show that governments often frame accrual accounting as a commitment to modernization, transparency, and good governance in order to align with international expectations and enhance credibility. However, they also highlight that such reforms are introduced in environments characterized by limited technical capacity, ambiguous reform objectives, and weak internal demand for change. In these cases, the rhetoric of transparency serves an important symbolic function, reinforcing external legitimacy even when administrative systems are not fully prepared to sustain substantive transformation.

In India, Krishnan (2023) demonstrated that the decision to adopt accrual accounting was closely linked to concerns about political legitimacy. After a series of scandals that undermined public confidence, the government pursued reform not driven by fiscal necessity but to restore public trust and meet donor expectations. The move to accrual accounting was presented as a commitment to modernisation and good governance, despite limited capacity, unclear reform objectives, and weak internal demand for change. Krishnan's (2023) analysis emphasises how the narrative of transparency can be strategically used to rebuild state legitimacy, regardless of whether internal systems are prepared to support the reform.

These cases demonstrate how accounting reform is often employed as a symbolic tactic to shape crisis narratives, particularly when public confidence in governance is low. The reform acts as a performance, an act of transparency staged for both external and internal audiences, even when the underlying structures of accountability stay unchanged. This strategic utilisation of reform aligns with institutional theory's focus on legitimacy-seeking behaviour, where public organisations implement new practices to meet stakeholder expectations and protect their reputation.

However, the instrumental use of reform is not inherently problematic. In some cases, political crises provide a window of opportunity for meaningful change, allowing reform-minded actors to advance initiatives that were previously resisted. The key distinction is whether reform remains symbolic or becomes institutionalised through ongoing action, capacity building, and integration into governance systems. In Kuwait, while recent reform efforts have not been driven by immediate political crises, the presence of low levels of public trust and rising expectations for modernisation of governance may generate similar legitimacy pressures. The adoption of accrual accounting may thus serve a signalling function, aimed at demonstrating international alignment and domestic competence. The question is whether such reforms are intended to bring about long-term institutional transformation or merely provide surface-level responses to reputational concerns. Viewing political crises as catalysts for reform encourages going beyond fiscal narratives and considering the symbolic and strategic aspects of public-sector change, especially when analysing reform in politically stable countries, such as Kuwait.

2.5.3 Institutional Disruption and Reform Windows:

Beyond financial and political crises, accounting reforms are often enabled by periods of institutional disruption, moments when existing governance structures are destabilised, creating openings for change. These disruptions may stem from regime transitions, decentralisation, democratisation, or administrative overhauls, and while they do not guarantee successful reform, they create space for new ideas, actors, and institutional arrangements to arise.

In Indonesia, the fall of the Suharto regime and subsequent democratisation created an opportunity for widespread public-sector reform. Harun et al. (2012) demonstrate that accrual accounting was introduced as part of a broader movement towards decentralisation and enhanced accountability. However, despite strong reform rhetoric, the implementation of accrual practices was undermined by legacy systems, weak institutional capacity, and limited coherence across levels of government. The reform window existed, but institutional inertia persisted, highlighting the limitations of reform under unstable governance conditions.

In Nepal, Adhikari and Jayasinghe (2017) examined donor-driven efforts to implement IPSAS following significant governance reforms. They demonstrate how external actors advocated change during a period of political transition, yet public accountants leveraged their institutional positions and professional authority to uphold traditional practices. While the formal reform narrative highlighted modernisation and compliance with international standards, internal resistance ensured that core routines persisted. The reform opportunity was seized, but it was narrowly interpreted, selectively implemented, and ultimately decoupled from practice.

Importantly, reform windows are also influenced by actors' perceptions of opportunity. Ahn et al. (2014) demonstrate that in South Korea, local politicians and civil society leaders regarded scandal-induced institutional instability as a chance to introduce reforms and build political capital. However, even within the same national system, different municipalities pursued different approaches to reform, emphasising the role of local agency and strategic framing in shaping how reform windows are recognised and utilised.

These cases demonstrate that institutional disruption may create political momentum for reform, but existing routines, identities, and power structures often endure despite the change. Reform initiatives often underestimate the resilience of institutional logics, particularly in environments where administrative frameworks are deeply rooted or fragmented. In Kuwait, the lack of significant institutional disruption might partly explain the slow, cautious pace of reform. Without a governance crisis or transition to stimulate action, reform tends to be incremental, symbolic, or driven by external forces. Simultaneously, opportunities for change can arise from international benchmarking, regional pressure, or modernisation agendas. Whether these are utilised to initiate meaningful reform or simply for alignment remains an open question.

2.6 International Influence and IPSAS Convergence:

Over the past two decades, global organisations such as the International Monetary Fund (IMF), the World Bank, OECD, and the International Federation of Accountants (IFAC) have played a central role in promoting the adoption of International Public-sector Accounting Standards (IPSAS) (OECD, 2017). These standards aim to harmonise government financial reporting, improve fiscal transparency, and facilitate cross-national

comparability. Nonetheless, the global effort to implement IPSAS has not resulted in uniform adoption or outcomes. Instead, the literature shows considerable variation in how countries respond to international pressures, ranging from full adoption and adaptation to partial, symbolic, or selective implementation.

2.6.1 The Global Promotion of IPSAS:

The rise of IPSAS exemplifies one of the most visible efforts to globalise public-sector financial reporting. Driven by the IFAC and its public-sector branch, the IPSAS Board, these standards aim to establish a consistent framework for accrual-based reporting in governments worldwide. The reasoning is straightforward: common standards will enhance fiscal governance, promote international comparability, and enhance accountability. However, the literature indicates that the adoption of IPSAS is influenced more by international politics, donor influence, and legitimacy-seeking behaviour than by technical reasoning.

Mnif Sellami and Gafsi (2019) investigate how environmental factors affect the adoption of IPSAS across countries and find that external pressures, such as public funding, market openness, and the significance of the public sector, positively influence adoption. Additionally, education levels do not significantly impact the decision.

However, in developing countries, the adoption of IPSAS is often encouraged by donors and international financial institutions, either as a condition for funding or as part of broader governance reform packages. Chan (2006) critiques this approach, noting that many former colonies, including Malaysia and Egypt, implement accounting frameworks influenced by their colonial histories or Western models, which international actors then endorse under the assumption that these frameworks are more advanced. The outcome is a set of standards that may not align well with local needs, institutional capacities, or administrative traditions. McKendrick (2007) further illustrates how Romania adopted IPSAS to meet European Union accession requirements, despite significant gaps in administrative readiness. In both instances, IPSAS served more as a legitimising symbol than as a tool for internal governance.

Even in wealthier jurisdictions, international influence remains influential. Bekiaris and Paraponti (2022) find that many OECD countries formally adopt IPSAS or IPSAS-like

standards, but often do so selectively, partially, or strategically, depending on political priorities and domestic resistance. Their analysis shows that the appearance of alignment with global norms is often more important than full implementation. This supports the view of institutional theory that organisations adopt external models for efficiency and to signal legitimacy to external audiences.

These cases reveal a key paradox. While IPSAS is promoted as a global standard to improve comparability and transparency, its adoption often reflects strategic conformity rather than real reform. For many governments, adopting IPSAS is a way to manage external perceptions, preserve donor relationships, or enhance reputational capital. This suggests that international influence should be viewed as both a technical assistance and a political and institutional force. For countries like Kuwait, where fiscal independence reduces reliance on external funding, international influence may be more subtle through regional benchmarking, modernisation agendas, or reputational concerns. The adoption of accrual accounting and IPSAS-like frameworks might be less about internal necessity and more about aligning with international standards to demonstrate competence and reform-mindedness. The literature on the global promotion of IPSAS therefore offers important context for understanding why such reforms are pursued in resource-rich, stable environments and what purposes they aim to serve.

2.6.2 National Adaptation and Selective Implementation:

Although IPSAS is promoted as a globally applicable standard, its implementation varies significantly across different countries. Instead of simple adoption, many nations modify the standards to suit their legal systems, administrative frameworks, and political agendas. This divergence illustrates the tensions between international standardisation and national sovereignty and emphasises the complex interaction between external reform guidelines and local institutional conditions.

In their cross-country analysis, Polzer et al. (2022) introduce the concept of “glocalisation” to explain how IPSAS is reinterpreted at the national level. Their study across nine European countries shows that most governments modify, translate, or selectively implement IPSAS, often due to challenges such as incompatibility with local laws, lack of clarity in IPSAS guidance, or institutional resistance. Rather than achieving uniform

comparability, these adaptations create diverse and fragmented outcomes, raising doubts about the feasibility of global harmonisation.

Similar issues are evident in the work of Columbano et al. (2022), who examined the selective application of accrual principles within EU countries' preparation of Government Finance Statistics (GFS). Their findings indicate that, although governments may claim to use accrual accounting, adjustments are often made to suit cash-based or hybrid budgeting frameworks. The selective use of accrual principles, particularly for long-term capital expenditures or liabilities, weakens the consistency and reliability of fiscal reporting, creating a gap between form and function.

These patterns reveal a crucial insight that IPSAS implementation is often influenced by institutional complexity, administrative compromise, and political pragmatism. Instead of complete adoption, countries adopt selectively, balancing the requirements of global norms with the limitations and expectations of domestic systems. In many cases, IPSAS acts as a template for negotiation rather than a rigid blueprint. For Kuwait, this raises important questions about the trajectory of accrual reform. While alignment with IPSAS may be declared at the policy level, the actual practices adopted by the Ministry of Finance (MoF) and other agencies may reflect domestic legalism, hierarchical bureaucracy, and incremental change. The literature on national adaptation thus provides a framework for questioning how reforms are interpreted, localised, and selectively enacted, a process that is often more political and institutional than technical.

2.6.3 Symbolic Adoption and Legitimacy Signalling:

One of the most consistent themes in the literature on IPSAS implementation is the symbolic nature of reform. While governments often declare compliance with international standards, the depth and sincerity of adoption can be questioned. Institutional theory provides an important perspective for understanding this behaviour. When reforms are adopted to gain legitimacy rather than to create substantive change, they function as symbolic gestures intended to satisfy external expectations or domestic political audiences, rather than to transform internal processes.

Gomes et al. (2023) provide extensive evidence of this pattern in Portugal and Spain, showing that although IPSAS-based systems have been officially introduced, decision-

makers still rely on traditional budgetary methods. The reforms are intended to demonstrate compliance with EU standards but are mainly superficial in terms of real financial governance. This highlights that reform may be more about maintaining appearances than making real improvements.

Symbolic adoption also appears in developing and transitional contexts. Scannell and Tawiah (2024) show that while developed countries may realise some benefits from IPSAS adoption under supportive institutional conditions, many developing and emerging contexts experience partial implementation, reliance on cash-basis or modified accrual standards, and persistent capacity constraints. In such cases, IPSAS functions primarily as a symbol of reform and international alignment rather than a catalyst for deep institutional transformation.

These examples illustrate that symbolic adoption is not a failure. It is a strategic institutional response to conflicting demands. Governments, and the actors within them, are often under pressure to appear modern, aligned, and transparent, but lack the incentives or capacity to achieve deep structural change. In such environments, legitimacy signalling through superficial compliance may be the most feasible political option. In Kuwait, the conditions for symbolic adoption are influenced by substantial fiscal reserves that lessen the urgency for reform. International organisations promote IPSAS as the best practice, while domestic institutions might focus more on legal compliance than operational integration. Understanding that symbolic compliance can serve to signal legitimacy is essential for grasping the role and importance of accrual accounting reform in this setting.

2.7 Implementation Challenges:

The adoption of accrual accounting is often described as a technical upgrade designed to enhance transparency and fiscal control. However, the literature clearly shows that implementation is the most complex and challenging stage of public-sector accounting reform. Across different jurisdictions, governments have faced difficulties in turning reform commitments into practical actions due to various issues, including capacity shortages, resistance from professionals, fragmented systems, and institutional inertia (Adhikari & Gårseth-Nesbakk, 2016).

2.7.1 Capacity Constraints and Technical Barriers:

A central theme in the literature on public-sector accounting reform is the persistent gap between ambitious reform frameworks and the technical and institutional capacities required to implement them. While reforms such as IPSAS adoption or accrual accounting are often presented as universally applicable, they frequently outstrip the readiness of public organisations, particularly in developing, transitional, or highly centralised systems. Successful implementation relies not only on legal mandates and political support but also on technical infrastructure, human resources, and embedded routines, all of which are often insufficient or misaligned.

Lande and Rocher (2011) argue that accrual reform requires not only technical systems but also a supportive organisational environment, where managers understand the value of accrual information and have the tools to use it effectively. They warn that without adequate training, IT systems, and internal communication structures, reform can become a superficial exercise. Their analysis also shows that institutional readiness is not just about financial investment, but about the cultural and organisational change needed to shift from input-based to performance-based accountability.

This issue is also observed in Indonesia, where Harun et al. (2012) and McLeod and Harun (2014) noted that the central government's efforts to implement accrual reform faced fragmented execution at the local level, mainly due to limited technical skills. Local governments often lacked properly trained accounting personnel, relied on outdated reporting systems, and operated in isolated bureaucratic units. Consequently, accrual reforms were only partially implemented, leading to confusion, report duplication, and inconsistent audit outcomes. Even well-meaning reforms struggled when they were not supported by capacity-building initiatives adapted to local institutional conditions.

The gap between training and culture is further explored by Wiguna et al. (2023), who show that although training and communication are essential for accrual accounting reform, their success depends on organisational culture. In cultures that resist change, where information flow is weak or reform is seen as externally imposed, even well-designed training programmes have limited effect. This highlights that technical inputs

alone are not enough; successful implementation depends on the internal coherence and interpretive engagement of reform participants.

These studies reveal that capacity constraints are intricate and multi-layered. They involve not only the lack of systems or skills but also institutional misalignment, cultural resistance, and the inability to connect new systems with existing practices. Reform designers often underestimate the challenge of implementation, assuming that once a standard is introduced, it will become part of the routine easily. In reality, successful implementation requires adaptive capacity, internal champions, and ongoing investment in system integration and human development. In Kuwait, these insights are highly relevant. While the state may have the fiscal resources to support reform, the centralised legal framework, hierarchical public service culture, and administrative rigidity could present substantial barriers to technical and behavioural change. Recognising capacity as an institutional and cultural challenge, not merely a matter of staff training, offers a more precise perspective on what effective implementation requires.

2.7.2 Resistance from Professionals and Identity Inertia:

Beyond technical ability, one of the most significant challenges in implementing public-sector accounting reform is resistance from professionals whose roles, identities, and institutional authority are threatened or reshaped by the reform itself; even organisational identities may be at risk in this process (Scott, 2013). While reforms such as accrual accounting are often initiated and promoted from the top of the organisational hierarchy, their success relies heavily on how they are interpreted and implemented by the professionals involved, particularly accountants, auditors, and financial managers responsible for day-to-day tasks. Institutional theory helps explain this through the concept of identity inertia, where actors oppose change not out of anti-reform sentiment but because the proposed changes conflict with their longstanding professional norms, logic, and authority structures. These tensions are not purely about power. They concern what it means to be a public-sector accountant, and how that identity is challenged when new systems are introduced (Swidler, 1986).

In Malaysia, Rozaidy and Siti-Nabiha (2023) illustrate this point. Their study shows that although political support facilitated the introduction of accrual accounting reform,

resistance came from public accountants, who continued to define themselves through a bureaucratic approach focused on legal compliance and recordkeeping. The managerialist logic underpinning the reform, centred on outputs, performance, and strategic planning, conflicted with their professional identity. Instead of internalising the reform, accountants merely performed the required tasks to demonstrate compliance, without fundamentally changing their working practices. In this sense, reform was implemented but not truly adopted.

A similar pattern emerges in Nepal, where Adhikari et al. (2013) found that accountants strategically opposed IPSAS reforms promoted by donors. Using their institutional authority and professional legitimacy, they maintained control over accounting routines and engaged with new standards only when it benefited them. Their opposition was not regarded as insubordination but as the preservation of institutional integrity, shaped by long-standing professional norms.

Even in situations with high capacity, identity-based resistance remains evident. In Germany, Ridder et al. (2005) found that middle managers frequently faced difficulties implementing accrual and performance-based budgeting because these methods conflicted with their established routines and current practices. Although top management expressed rhetorical support for the reform, middle managers often felt ambivalent or sceptical, perceiving the reforms as either irrelevant or burdensome. This gap between leadership levels hindered progress and reduced the reform's potential for meaningful change.

These studies highlight a consistent theme that reform challenges are not solely about structure or technology. They are also rooted in cultural and identity issues. Professionals view reforms through their personal histories, roles, and institutional standing. If a reform threatens their status, authority, or way of working, it may be resisted either openly or subtly. This resistance can result in slow adoption, limited involvement, or mere symbolic compliance. In Kuwait, where public-sector professionals work within a highly formalised, centralised, and legalistic setting, these factors tend to be even more impactful. Introducing accrual accounting reforms without involving professional identities and reevaluating the concepts of accountability, performance, and financial stewardship will

likely meet resistance. Therefore, reform efforts need to be culturally negotiated as well as technically planned.

2.7.3 Fragmentation, Dual Systems, and Conflicting Standards:

One of the most consistent challenges in implementing public-sector accounting reform is the coexistence of conflicting systems, often introduced gradually or under competing mandates. In practice, many governments operate with dual or fragmented frameworks where cash-based budgeting still predominates decision-making, while accrual-based reporting is added on top for compliance or external visibility. This fragmentation not only increases complexity but can also weaken coherence, trust, and the usefulness of financial information.

In the Netherlands, Peter Van Der Hoek (2005) observed that although accrual principles were adopted for reporting, cash-based budgeting remained the main method for resource allocation, causing a mismatch between accounting information and financial decision-making. Departments were required to report in accrual terms but continued planning and spending using cash flows. The outcome was an extra administrative burden without strategic advantage.

In Indonesia, the coexistence of dual systems is even more evident. Prabowo et al. (2017) document how local governments produced both cash- and accrual-based reports, not as part of a deliberate dual system, but because of unclear guidance, overlapping mandates, and capacity gaps. This led to duplication, inconsistency, and confusion not only within the bureaucracy but also among auditors and external reviewers. They describe this situation as creating “confusion,” in which regulatory rigidity and reform overload resulted in institutional paralysis rather than progress.

Even within EU countries, fragmentation continues to be a problem. Columbano et al. (2022) demonstrated that applying accrual accounting principles to reporting Government Finance Statistics (GFS) often involves selective adjustments and inconsistent treatment of long-term liabilities and capital expenditures. These adjustments, although legally complaints, result in reporting that is technically based on accruals but substantively incomplete, damaging both transparency and comparability.

These examples show that fragmentation is not just an operational problem. It is a result of poorly coordinated reforms, often implemented in response to various, competing pressures. Governments face expectations to meet international standards while also respecting legal traditions, political priorities, and bureaucratic norms. The outcome is frequently layered systems that create more confusion than clarity. Kuwait faces a significant risk from dual systems. With legalistic public administration, centralised budgeting, and hierarchical reporting structures, adopting accrual accounting may clash awkwardly with existing cash-based practices. If budgeting and planning remain cash-based while reporting shifts to accrual, it could lead to bureaucratic overload, inconsistent information, and a decline in trust in financial data. Therefore, reform should be seen not just as introducing a new system but as blending multiple systems into a clear institutional framework, which requires careful guidance, managerial alignment, and simplification of overlapping responsibilities.

2.7.4 Inter-organisational Coordination and Regulatory Hybrids:

Public sector accounting reform seldom takes place within a single organisation or administrative unit. Instead, it usually involves multiple agencies, ministries, oversight bodies, and professional networks, each with its own mandates, reporting lines, and interests. In this setting, successful reform relies not only on technical design or individual capacity but also on the ability to coordinate across institutional boundaries. When such coordination is absent, reforms tend to result in regulatory hybrids, systems that blend elements of different rules, standards, and practices without clear integration or coherence.

Barretta and Busco (2011) conceptualise these arrangements as “regulatory hybrids”, arguing that inter-organisational reforms in the public sector are frequently shaped by conflicting logics, imposed mandates, and negotiated compromises. Their study shows that rather than being driven by internal consensus, reforms often stem from regulatory intervention, resulting in patchwork systems that are difficult to manage and assess. Coordination mechanisms are often underdeveloped, leading to a reliance on informal relationships and workaround solutions that undermine the coherence of reform outcomes.

This dynamic was evident in Sweden, where Tagesson and Grossi (2015) explored how the introduction of accrual accounting and auditing reforms caused confusion and divergence across municipal and central government levels. The presence of multiple standard-setting bodies and varying degrees of professional autonomy resulted in fragmented implementation, despite shared formal aims. The problem was not technical resistance but a lack of inter-organisational alignment and clear leadership conditions that can turn even well-intentioned reforms into fragmented administrative efforts.

These hybrid practices reflect negotiated compromises between reform objectives and institutional constraints rather than coherent implementation strategies. In Kuwait, with its centralised administration alongside many semi-autonomous bodies and oversight agencies, these insights are particularly important. Introducing accrual reforms without proper inter-agency coordination might lead to regulatory gaps, conflicting expectations, and poor integration. Reform should not be seen as a single institutional effort but as a multi-actor, multi-level process that depends on well-defined governance, common definitions, and continuous communication. Lacking these, Kuwait risks creating regulatory hybrids that meet reporting standards but weaken overall coherence and accountability.

2.8 Summary, Gaps, and Research Contribution:

This literature review critically examines the global discourse on public-sector accounting reform, focusing on the shift to accrual accounting and its links to accountability, crisis response, international influence, and implementation challenges. While the reform is often portrayed as a logical, technical enhancement to financial management, the literature consistently demonstrates that its adoption, adaptation, and effects are influenced by institutional logics, political agendas, historical backgrounds, and administrative capacity.

Across various contexts, several key gaps become evident. First, there is an overrepresentation of OECD and crisis-driven contexts in the literature. While much has been written about reform in Europe, Australia, and New Zealand, fewer studies focus on resource-rich yet politically stable countries where reforms are not motivated by fiscal crises. This results in a skewed understanding of why governments adopt accrual

accounting and their expectations of its outcomes. In such contexts, like Kuwait, the absence of financial urgency raises important questions about motivation, purpose, and legitimacy.

Second, literature rarely investigates pre-implementation decision-making and the political, institutional, and symbolic factors that drive why reforms are first initiated. Most studies focus on post-reform outcomes or challenges during implementation, leaving the early stages of reform under-theorised. However, it is precisely in this initial phase that decisions about framing, scope, and goals of reform are made, often with long-lasting consequences.

Third, there is a persistent gap between reform rhetoric and practical application. Accrual accounting is intended to enhance accountability and transparency; however, the literature suggests that its effects are often limited, inconsistent, or merely symbolic. Formal adoption frequently conceals decoupling, whereby reforms are implemented for external legitimacy but do not change internal practices.

Fourth, literature often regards accounting reform as a technical task, highlighting the significance of culture, identity, and professional standards. Nonetheless, research shows that public-sector professionals, particularly accountants, play a crucial role in resisting, reshaping, or interpreting reforms. When reforms threaten strongly held professional identities or bureaucratic cultures, resistance is likely, and the effect of reform is reduced.

Fifth, although international influence is recognised, it is often portrayed in binary terms of either coercion or compliance. The literature on globalisation and translation demonstrates that IPSAS and other international models are rarely adopted in their entirety. Instead, they are negotiated, adapted, and selectively implemented, resulting in hybrid systems that reflect local institutional complexities more than global conformity.

These gaps justify the need for a context-specific study of accrual accounting reform in Kuwait, a country that exists outside the mainstream reform narratives. Kuwait is not subject to donor pressure, not facing a fiscal crisis, and not operating within a pluralist or highly competitive political environment. However, it is involved in reform processes that

rely on global templates and adhere to international standards. This study contributes to the literature by exploring three interconnected research questions:

1. What is the primary rationale for shifting to accrual accounting in Kuwait?
2. How has the Ministry of Finance (MoF) managed and responded to the accounting transition?
3. What are the perceived impacts of the accounting reform on Kuwait's public financial management?

By exploring these questions through the lens of institutional theory, this research provides a deeper understanding of how, why, and with what consequences accounting reforms are introduced in contexts where symbolic legitimacy, institutional continuity, and administrative stability influence the reform landscape. It broadens the literature beyond well-studied cases and contributes new insights into the institutional politics of accounting change in the Gulf region.

Chapter 3: Research Methodology:

3.1 Research philosophy:

The overarching philosophy of the research is a critical aspect of any academic study since it provides the assumptions and theoretical framework that guide the research design, data collection, and analysis. The comprehensive system of beliefs forms the foundation of the research process, presenting the researcher's personal worldview and defining how the researcher believes that knowledge is constructed and validated (Saunders et al., 2023). Therefore, it is essential to understand the different philosophical assumptions. Saunders et al. (2023) concluded that the three foundational types of research assumptions which distinguish research philosophies in business and management research are ontology, epistemology, and axiology. These elements reflect the researcher's belief system and define their approach to the research, ultimately influencing the choice of methodology and the interpretation of findings.

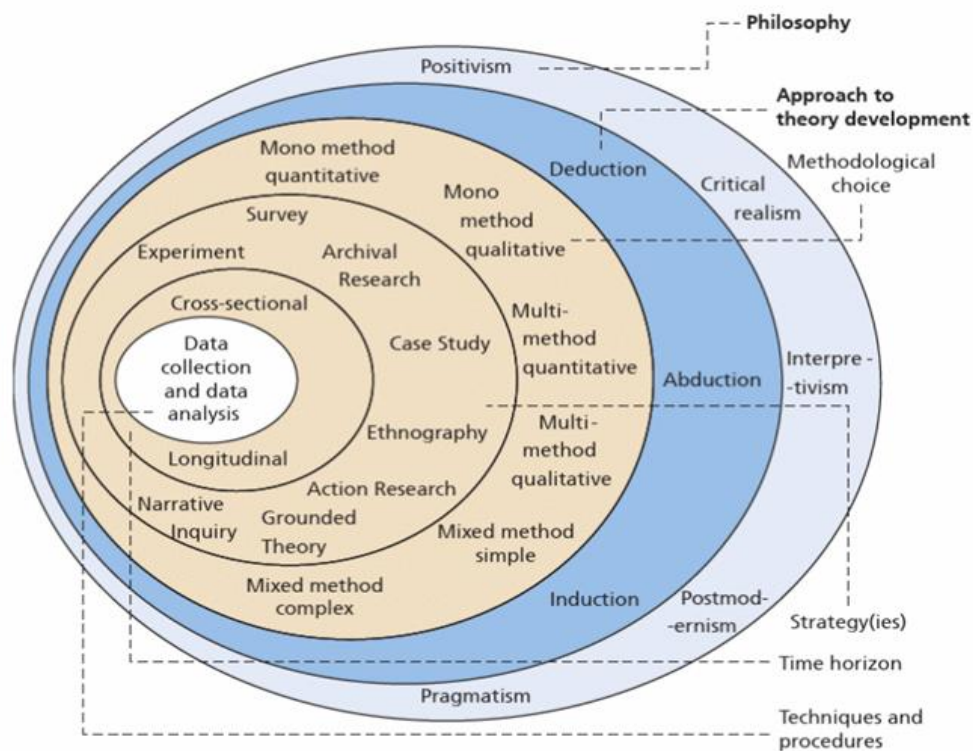
Ontology reflects the researcher's beliefs about the nature of reality, addressing the question, "What is the nature of reality?" Ontological considerations, therefore, require examining whether the researcher perceives social reality as an objective entity that exists independently of social actors or as a subjective construct influenced by individual perceptions and interpretations (Collis & Hussey, 2021). Epistemology concerns assumptions about knowledge and how it can be acquired, essentially questioning, "What and how can we know about this reality?" Consequently, epistemological considerations involve judging whether the researcher adopts a positivist stance, viewing knowledge as something that can be objectively measured and quantified, or an interpretive stance, considering knowledge as deeply contextual and shaped by individual experiences and interpretations (Collis & Hussey, 2021). Finally, axiology relates to the role of values and ethics in research. It involves addressing questions such as, What is the role of my values in this research? How do these values influence the process and outcomes of the research? Axiology requires researchers to acknowledge their personal values, biases, and preconceptions, understanding that these elements can influence their approach to the research and interpretation of their findings (Saunders et al., 2023).

Researchers can adopt a more thoughtful, reflective, and rigorous approach to their inquiry by understanding their ontological, epistemological, and axiological stances. Aligning their methods with their philosophical assumptions will strengthen the credibility and trustworthiness of their findings. Therefore, research related to business and management is a systematic means of obtaining knowledge about these fields (Theodosopoulos, 2016).

3.2 Paradigm and methods in business and management research:

In business management research, Saunders et al. (2023) visualise the research process using the metaphor of a 'research onion' (see Figure 1). This 'onion' highlights the multiple layers of decision-making involved in a well-designed study, from the choice of philosophy and approach to the strategies and techniques for data collection and analysis. The research process involves different levels of methodological decisions, each requiring careful thought and reflection.

Figure 1: Saunders, Lewis, and Thornhill's research onion. Source: (Saunders et al., 2023, p.93).



The outer layer of the 'research onion' includes the research philosophy, which underpins all subsequent methodological decisions. This philosophical layer guides the overall direction of the research, establishing assumptions about reality (ontology), knowledge (epistemology), and values (axiology) that influence the study.

There are five major philosophies applicable to business and management research: positivism, critical realism, interpretivism, postmodernism, and pragmatism (see Table 1). These serve as guiding principles for the study, shaping its direction (Saunders et al., 2023). Positivism adopts the ontological view that an objective reality exists independent of human perception, and the epistemological belief that this reality can be understood and measured through observable and verifiable phenomena. This philosophy mainly pertains to value-free, detached research (axiology). Research based on positivism is characterised by objective, quantitative methods and typically follows a deductive approach, employing large data sets and hypothesis testing.

Alternatively, interpretivism adopts an ontological perspective that suggests realities are multiple and subjective, shaped and interpreted through culture and the various meanings individuals assign to their experiences. The epistemology it recognises is that knowledge is obtained through subjective interpretations and understanding of these experiences. Interpretivism's axiology acknowledges that research is inherently value-laden. The researcher's values influence the research process, and recognising these values is crucial for interpreting the findings. Interpretive research employs qualitative methods, usually an inductive approach and small samples, to conduct in-depth investigations and explore subjective meanings and interpretations.

Table 1: The underlying philosophies of business research. Source: Saunders et al. (2023).

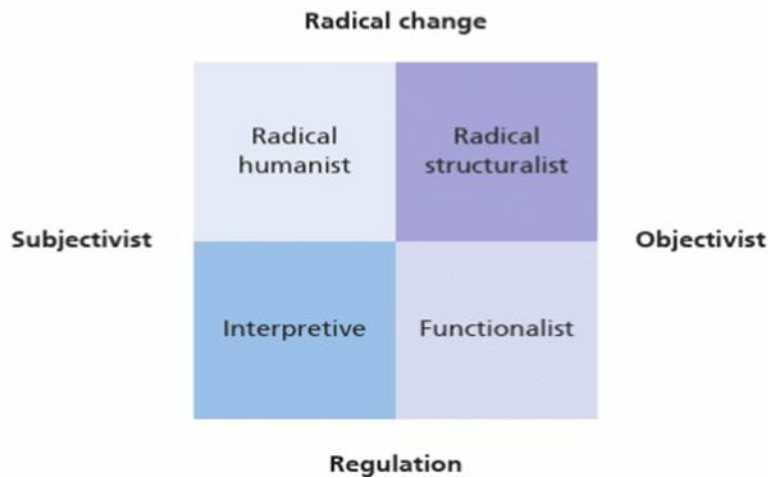
Philosophies	Positivism	Critical realism	Interpretivism	Postmodernism	Pragmatism
Assumption Type					
Ontology (What is the nature of reality?)	Real, external, independent one true reality (universalism), Granular (things), Ordered	Stratified/layered (the empirical, the actual and the real) External, independent Intransient Objective structures Causal mechanisms	Complex, rich, socially constructed through culture and language, Multiple meanings, interpretations, realities, Flux of processes, experiences, practices	Nominal Complex, rich, socially constructed through power relations. Some meanings, interpretations, and realities are dominated and silenced by others' Flux of processes, experiences, and practices.	Complex, rich, external 'Reality' is the practical consequence of ideas Flux of processes, experiences and practices.
Epistemology (What constitutes acceptable knowledge)	Scientific method: Observable and measurable facts, Law-like generalisations, Numbers, Causal explanation and prediction as a contribution	Epistemological relativism: Knowledge is historically situated and transient. Facts are social constructions. Historical causal explanation is a contribution.	Theories and concepts are too simplistic. Focus on narratives, stories, perceptions and interpretations, new understandings and worldviews as contributions.	What counts as 'truth' and 'knowledge' is decided by dominant ideologies. Focus on absences, silences and oppressed/ repressed meanings, interpretations and voices. Exposure of power relations and challenge of dominant views as a contribution	Practical meaning of knowledge in specific contexts. True theories and knowledge enable successful action. Focus on problems, practices and relevance. Problem solving and informed future practice as a contribution
Axiology (role of values)	Value-free research. The researcher is detached, neutral, and independent of what is being researched. The Researcher maintains an objective stance.	Value-laden research. The Researcher acknowledges bias by world views, cultural experience, and upbringing. The Researcher tries to minimise bias and errors. The Researcher is as objective as possible.	Value-bound research; researchers are part of what is being researched. Subjective researcher interpretations are key to contribution; researcher reflexivity is important.	Value-constituted research. Researcher and research are embedded in power relations. Some research narratives are repressed and silenced at the expense of others. Researcher radically reflexive	Value-driven research. Research initiated and sustained by the researcher's doubts and beliefs is the researcher's reflexive.
Typical methods	Typically, deductive, highly structured, large samples, measurement, and quantitative methods of analysis are used, but a range of data can be analysed.	Retrodictive, in-depth, historically situated analysis of pre-existing structures and emerging agency. A range of methods and data types to fit the subject matter	Typically, inductive. Small samples, in-depth investigations, and qualitative methods of analysis, but a range of data can be interpreted.	Typically, deconstructive reading texts and realities against themselves. In-depth investigations of anomalies, silences and absences. A range of data types, typically qualitative methods of analysis	Following the research problem and research question, the Range of methods includes mixed, multiple, qualitative, quantitative, and action research. Emphasis on practical solutions and outcomes

3.3 Paradigm and Methods in Public-Sector Accounting Research (PSAR):

Public-sector accounting research, like other academic fields, is affected by an array of paradigms and methodologies. These methodological choices depend on the nature of the research questions, the context of the study, and the researcher's philosophical stance. The selection of suitable research paradigms and methods significantly impacts the interpretation of data and the validity of the overall findings.

In a comprehensive literature review of contemporary public-sector accounting research, Goddard (2010) analysed 188 papers on PSAR published in nine academic journals, categorising them as either from the US or the Rest of the World. In this review, Goddard (2010) introduced a thorough categorisation aimed at capturing the full range of methodologies. Goddard's matrix (see Figure 2), adapted from an earlier edition of Burrell and Morgan (2019), was created to classify sociological and organisational research into four distinct methodological perspectives: functionalist (objectivist), interpretive (subjectivist), radical/alternative, and regulatory. Functionalist research encompasses scholarly works situated on the objectivist and regulative dimensions, focusing on rational explanations and developing recommendations within existing structures (Saunders et al., 2023). Interpretive research adopts a subjective approach, aiming to understand the core meanings attributed to organisational life. It may involve studying an organisation's communication strategy to understand how it might fail due to unforeseen reasons, possibly reasons not obvious even to those involved (Saunders et al., 2023). Radical/alternative research is concerned with radical change and comprises two paradigms. The first is radical structuralist, which analyses organisational phenomena such as structural power relationships and conflict patterns. The second is a radical humanist, situated within the subjectivist and radical change dimensions (Saunders et al., 2023).

Figure 2: Paradigms for the analysis of social theory. Source: (Saunders et al., 2023; Goddard, 2010).



Goddard (2010) identified a methodological distinction, where PSAR mainly employs interpretive and radical methodologies alongside qualitative research methods, except for the research papers from the US. In US papers, 73% used hypothesis testing as the research method, while elsewhere, PSAR predominantly utilised interviews (98%), document reviews (91%), and archival methods (100%). This suggests that public-sector accounting research mainly adopts interpretive methodologies combined with qualitative research approaches.

3.3.1 PSAR in the Context of Accrual Accounting Adoption:

According to the work of Goddard (2010), the area where qualitative methodologies are most frequently employed is public-sector accounting, including accrual accounting. The topic of adopting accrual accounting in the public sector has garnered significant attention in studies of PSAR. As a result, using an interpretivist philosophy and qualitative research methods, predominantly with an inductive approach, is common in this field of accounting research. Interpretive research offers a detailed understanding of the context surrounding the adoption of accrual accounting in the public sector, exploring the factors and implications while enabling a thorough examination of the various institutional, political, and social elements influencing this accounting transition.

It is essential to understand the nature of accrual accounting adoption in the public sector within the PSAR and how awareness of this adoption has evolved. Table 2 illustrates the ontology and epistemology of implementing accrual accounting from various studies.

Table 2: PSAR – studies of accrual accounting in the public sector. Source: Author

Assumption Type	Interpretivism	Accrual accounting context	Example Studies
Ontology (What is the nature of reality?)	Complex, rich, and socially constructed through culture and language. Multiple meanings, interpretations, realities. Flux of processes, experiences, practices	- Comprehensive financial information - Enhancing transparency and accountability - Decision-making	Chan (2003), Ball and Pflugrath (2012), Bergmann (2012)
Epistemology (What constitutes acceptable knowledge)	Theories and concepts are too simplistic. Focus on narratives, stories, perceptions and interpretations, new understandings and worldviews as a contribution	- Variation in adoption between developed and developing countries. - Complicated method - Institutional capacity issues - Cost-benefit issues - Political system	Hyndman and Connolly (2011), Newberry (2014), Prabowo et al. (2017), Christensen and Parker (2010), Pina et al. (2009)

3.4 The research approach and methods:

The primary aim of this research is to examine the implementation of accrual accounting in the public sector of developing countries, particularly in Kuwait, using the Institutional Theory framework as outlined in the literature on public sector accounting research, for example, Chan (2003), Ball and Pflugrath (2012), Bergmann (2012), Newberry (2014), Harun et al. (2015), and Prabowo et al. (2017). To achieve this aim, a qualitative approach is adopted, grounded in an interpretivist philosophy and employing an inductive method. Data collection will involve two techniques: first, analysing archival documents such as decrees, government regulations, and guidance manuals related to the transition to accrual accounting reform; second, conducting semi-structured interviews with 25 key government actors in the Ministry of Finance in Kuwait who have been involved in or affected by the accounting transition process.

Two main reasons justify the choice of this methodology and approach. First, the interpretive research paradigm is more frequently used in public-sector accounting research (Goddard, 2010). The second reason relates to the nature of the research questions in the study (i.e., what and how), which explore the primary rationale for transitioning from cash to accrual accounting in Kuwait, how the Ministry of Finance manages and responds to this shift, and what effects have influenced its adoption. These reasons demonstrate that interpretivist philosophy is more suitable for this research, as it enables a thorough exploration of the various institutional, political, and social factors influencing the move towards accrual accounting.

3.5 Data collection:

The methodological integrity of qualitative research relies on the systematic and transparent gathering of data (Bluhm et al., 2011; Tobin & Begley, 2004), which in this study involves archival research and semi-structured interviews. This section outlines the procedures followed to gather the necessary data to explore the transition from cash to accrual accounting in Kuwait's MoF, framed within Institutional Theory.

3.5.1 Archival Data:

Archival data refers to secondary data that exist physically, including digital versions, which can be used as evidence, as opposed to the spoken word (Bowen, 2009). Archival data allows data to be transposed across both time and space and reanalysed for different purposes than those for which they were initially collected (Lee, 2012). Archival data provides benefits, especially for long-term research and analysing historical accounting periods (e.g., Gomes et al. 2008). Researchers can gain insights into past events and experiences by using archival data, as it provides a unique perspective on past phenomena. Thus, when investigating Kuwait's transition from cash to accrual accounting within the MoF, archival research provides an essential basis for understanding the historical context and institutional frameworks that influenced policy changes. This adds a comprehensive contextual exploration to this study and underpins the subsequent data collection phase.

The selection of archival documents was strategically guided by the requirement to capture complete insights into the legislative, procedural, and contextual dimensions of

accounting practices and accounting reforms (See Appendix 1). Documents were sourced from the MoF's official website, government archives, and other reliable public sources in Kuwait that contained official documents and publications. These documents encompass a diverse range of material types, including constitutional documents, legislative decrees, operational manuals, and internal reports. The archival sources were selected according to their relevance to the research questions, and more specifically, their role in illustrating the development and implementation of accrual accounting practices within the public sector in Kuwait.

These archival documents were specifically chosen for their relevance. Foundational decrees, such as Decree No. 31, give an insight into the MoF's legal and operational frameworks, which have historically shaped financial management practices in Kuwait. In addition, decrees and decisions, such as the "Regarding the Budget Classifications Guide," demonstrate the evolving approaches to financial management within the public sector. In addition to these documents, manuals, and guidance related to operations and the Government Financial Management Information System (GFMIS) provide a deeper understanding of the operational reality. Furthermore, administrative documents establish new departments to align with global financial standards and facilitate the implementation of systemic reforms.

In general, archival documents provide a vital historical perspective that enriches our understanding of past contexts and establishes a baseline of accounting practices and policy motivations over time, illuminating the decision-making processes that led to reforms. Additionally, a longitudinal study using archival documents supported the tracking of changes and the assessment of the reform's impact over time. Moreover, this analysis played a crucial role in shaping the broad themes and guiding questions used in the interviews, ensuring the data collection was grounded in historical and institutional contexts. Consequently, these documents also supplement other methods, such as interviews, thereby strengthening the robustness and depth of the findings by providing a multi-layered perspective on the research.

3.5.2 Interviews:

Interviews are a crucial tool in qualitative research, as they enable researchers to gather in-depth insights from participants who are directly involved with or knowledgeable about the phenomenon under study (Saunders et al., 2023). This research employed interviews to gather nuanced understandings from key actors within the MoF regarding the transition to accrual accounting.

Initial access to potential interviewees was facilitated through formal communication with the Vice Minister of Finance. A detailed letter outlining the research topic, questions, objectives, and methodology was submitted, which articulated the study's aim to analyse the implications of transitioning accounting methods within the Ministry. The Vice Minister's endorsement lent legitimacy to the research and was instrumental in gaining the trust and cooperation of potential respondents. He directed the researcher to a senior manager, an expert on the transition, who served as the primary contact within the Ministry.

The senior manager recommended candidates for the initial interviews across the four main finance sectors of the ministry. These are the Public Accounting Sector, the Public Budget Sector, the Public Inventory and Assets Sector, and the Sector of Planning and Institutional Resources. All these sectors are relevant to the transition to accrual accounting, and the suggested participants began the process of snowball sampling (Badampudi et al., 2015). Snowball sampling is especially useful when potential respondents possess specific, often rare or unusual knowledge, or are part of closed or elite networks (Saunders et al., 2023). This sampling method involved the initial participants suggesting additional interviewees who also held critical insights into the transition to accrual accounting. This approach ensured a comprehensive range of perspectives from different managerial levels involved in the transition process.

The participants come from a wide range of roles that are directly involved in or affected by the accounting reforms. This guarantees a comprehensive understanding of the transition to accrual accounting in the MoF in Kuwait (See Appendix 2). Participants such as the Head of Department of Financial Guidance, Head of the Department of Systems and Monitoring, and other similar roles with 8 to 29 years of experience bring deep

institutional knowledge and firsthand insights into the strategic decisions and implementation processes of the reform. These participants have observed the assessment of financial practices over decades, offering a long-term view on changes and consistencies in accounting practices. Participants with roles such as the Asset Classification Controller, Senior Budget Manager, and Asset Management Director, also with 8 to 29 years of experience, provide specific insights into the practical and technical challenges of implementing accrual accounting in asset and budget management areas. Their extensive experience assists in understanding how accrual accounting affects operations and long-term financial planning. The Senior Financial Consultant and similar advisory roles offer a distinctive perspective on the transition, often bridging the gap between policy development and practical implementation. With 14 to 26 years of experience, these professionals contribute an analytical perspective on the effectiveness and implications of the reform.

Following the initial recommendations, the rationale for choosing participants involved considering their extensive range of experience, which varied from 7 to 29 years. This ensured a rich and diverse understanding of the Ministry's accounting practices. The variety also enables a detailed exploration of how experiences and perceptions of the accounting transition may differ based on seniority and area of expertise. By selecting participants from different departments and roles affected by or involved in the shift to accrual accounting, the study aims to capture a comprehensive view of institutional changes. This variety of perspectives enhances the data, offering multiple angles to assess the motivations, challenges, and outcomes of the accounting reform. Focusing on heads of departments and senior managers ensures that the information collected is authoritative and detailed, as these individuals have a thorough understanding of both the theoretical aspects of accrual accounting and its practical implications.

The careful and strategic selection of these participants also enhances the credibility and depth of the study. It ensures that the findings are rooted in the practical realities and expert insights of those most closely involved with or impacted by the accrual accounting transition in the MoF. This approach supports the study's aim to provide a nuanced analysis of the reform process.

Each of the 25 participants in Appendix 2 was interviewed using a semi-structured format, during which they responded to a total of 33 questions covering various aspects of the transition to accrual accounting. The questions related to overarching research questions were derived from them. Each interview lasted between one and two hours, allowing for in-depth discussions and enabling participants to provide detailed responses. The semi-structured interview is ideal for in-depth discussion (Morris, 2009) due to its flexible and informal nature (Kvale, 1994). The in-depth exploration of the topic was the main reason some interviews took longer than others.

The initial nine questions aimed to identify the primary rationale for shifting to accrual accounting in Kuwait (See Appendix 3). Participants were asked to discuss the strategic, economic, and operational motivations behind the transition. This line of questioning sought to understand the underlying drivers, including any international influences or internal inefficiencies that prompted the reform. By exploring these motivations, the study captures the fundamental reasons for change, providing insights into the decision-making process and strategic planning at the MoF.

The next segment of the questions focused on how the MoF managed and responded to the transition (see Appendix 4). Participants described the steps taken to implement accrual accounting, the challenges encountered during this process, and the strategies employed to overcome these obstacles. This part of the interview was crucial to understanding aspects of the transition, revealing how theoretical plans were translated into practical steps and how adaptable the Ministry was in facing unexpected challenges.

Finally, to examine the effects of the transition, a series of questions was used to identify changes in financial management practices, the transparency of financial reporting, and any broader socio-economic impacts (See Appendix 5). This helped evaluate the tangible outcomes of moving to accrual accounting, including improvements in accountability and overall efficiency of resource allocation within the public sector.

Hence, the interviews aimed to gather a variety of perspectives on the entire reform process. Questions were customised to prompt responses from different hierarchical levels and functional roles within the ministry, ensuring a comprehensive view of the transition. This method enabled a deeper understanding of how the change was viewed

across various departments and by individuals with relevant involvement and expertise. Each interview was conducted in a way that permitted follow-up questions to explore topics more thoroughly as needed, ensuring rich and detailed data collection. The semi-structured format provided flexibility, allowing the interviewer to probe further based on respondents' answers, thereby enriching the data gathered (Saunders et al., 2023; Kallio et al., 2016).

3.6 Ethical Considerations:

Ethical integrity is essential for all academic research, especially when involving human participants. This research was carried out in full accordance with the ethical standards established by Brunel University of London. Principles such as integrity, transparency, and respect for participants were integrated into every stage of the process. Prior to participation, all participants received a comprehensive Participant Information Sheet (see Appendix 7) detailing the study's purpose, procedures, benefits, and risks.

A consent form (See Appendix 8) was provided to each participant, which they signed to confirm their voluntary participation and understanding of the research conditions, including their right to withdraw at any time. During the interview, ethical safeguards were implemented to ensure voluntary participation, secure informed consent, and protect participant confidentiality. Audio recordings were made with permission and deleted after transcripts were securely stored on the Brunel University network, with access restricted solely to the researcher. The research ethics comply with Brunel University of London's research ethics policy. The study received formal research access approval from the MoF (See Appendix 9) and ethical approval from Brunel's Research Ethics Committee on 19 May 2023 and fully adhered to the University's Code of Ethics throughout (See Appendix 10).

3.7 Data Analysis:

The archival and interview data must be treated independently for analysis, as each requires a distinct approach. Therefore, this part is divided into two sub-sections, one for the archival data and one for the interview data.

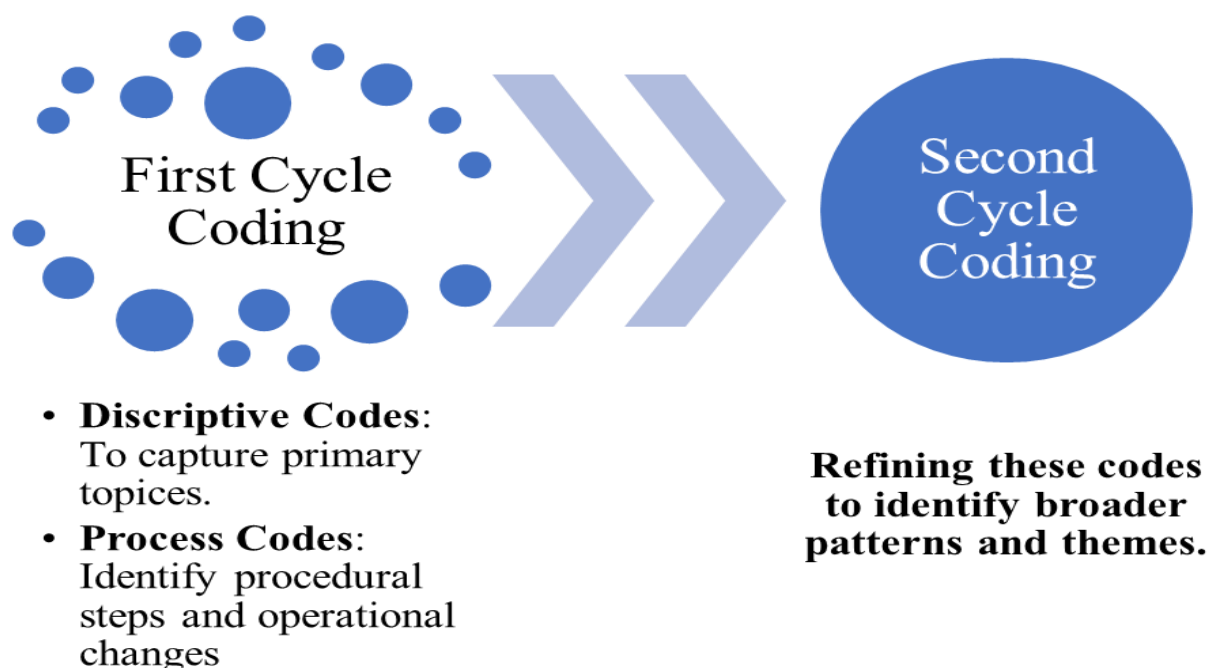
3.7.1 Archival Data:

The transition from cash to accrual accounting in Kuwait's MoF reflects a significant evolution in government accounting practices and was influenced by a mix of internal motivations and external pressures. This analysis draws on various archival documents to explore the rationale, management, and impacts of this transition, grounding the findings within an Institutional Theory framework. This approach enables the systematic organisation of the findings and provides comprehensive answers to each research question.

The archival documents are divided into three groups (See Appendix 1): legal and regulatory framework, system and implementation guidelines, and institutional and financial management practices. The first category gives details of how the changeover was facilitated and implemented, the manuals and system guides offer an insight into the procedural aspects of the change process and the way that the MoF has planned it, and lastly, the documents which relate to the practices of institutional and financial management show the adaptations that government bodies have had to make to ensure that they adhere to accrual accounting standards.

To ensure that these documents were analysed systematically, an Excel sheet was created with two coding cycles, a technique proposed in Saldana's (2021), focusing on descriptive and process codes (See Figure 3). Descriptive a priori (i.e., decided before the data coding began) codes were applied in the first cycle coding, assigning a concise label to each document passage that denoted its main topic, such as "Budget Regulations" or "Implementation Procedures." This approach is supported by Saldana's (2021) rationalisation that descriptive coding provides a high-level overview and is ideal for categorising broad themes within documents. He notes that descriptive codes are useful for summarising "*the basic topic of a passage*" (Saldana, 2021, p.103), a necessary step for identifying the thematic focus within each document group.

Figure 3: The coding cycles used are based on Saldana's (2021).



The first cycle coding also included process codes, intended to capture procedural actions such as “Data Reconciliation” or “System Setup,” which were essential for understanding the sequential tasks required for the transition to accrual accounting. Saldana stresses that process codes are especially valuable for “*studying routine or sequential tasks documented in archival records*” (Saldana, 2021, p. 111), as this allows the researcher to document the specific actions that government bodies needed to undertake in preparation for this transition. The process coding underlined the operational changes outlined within the MoF’s system and implementation guidelines by focusing on the actions described.

During the second cycle of coding, the descriptive and process codes that had been applied were further refined into wider patterns and themes, such as “Compliance Requirements” and “Procedural Changes,” which capture recurring themes and requirements found within the documents. Saldana's emphasis on the need for a sequence and flow of activities within process coding (Saldana, 2021, p. 111) provided the rationale behind the approach used here, as identifying these patterns offered

fundamental insights into how legal, procedural, and institutional factors converge in the MoF's transition to accrual accounting.

Adopting Saldana's (2021) structured approach enabled a detailed analysis, which made clear how legal, procedural, and institutional elements mutually shaped the MoF's transition to accrual accounting. This analysis provided a solid foundation for the in-depth discussion in Chapter 4.

Nevertheless, although archival documents are known to provide a crucial historical and contextual foundation for research (Anderson, 2013), they have limitations in fully understanding the transition from cash to accrual accounting in the context of Kuwait. Archival documents often represent the official perspective or institutional narrative, which may not capture the full range of individual experiences and viewpoints. Essentially, these documents focus on formal policies and official decisions, which may overlook informal practices, unintended consequences, and the subjective experiences of individuals involved in the transition. It is also important to realise that archival materials can sometimes be incomplete or biased. Additionally, they may not provide an insight into the challenges faced during implementation or the nuances of how policies were received and adapted by various departments in the MoF. This limitation could lead to a one-dimensional view of the transition, missing the complexity and drive that characterise such a significant accounting change in Kuwait.

To ensure that these limitations were addressed and to enhance the validity and reliability of the research (Leung, 2015), semi-structured interviews were conducted in addition to the archival analysis. This multi-method approach enabled the triangulation of data sources (Torrance, 2012), providing a deeper and more nuanced understanding of the actual transition process. The interviews were key to capturing the individual experiences, perceptions, and insights that were not documented in official records. Engaging directly with key actors involved in the transition enabled the study to uncover the lived realities, individual challenges, and adaptations that occurred on the ground. This combination of archival and interview data strengthens the research by allowing cross-verification, enabling findings from official documents to be compared with firsthand accounts and thereby highlighting areas of alignment or divergence. Ultimately, integrating these

methods helps build a more comprehensive picture of the accrual accounting shift, addressing potential biases and offering a balanced view of institutional policies and individual perspectives.

3.7.2 Interviews:

Interviews afford a platform for participants to express their viewpoints, report their experiences, and reflect on the impacts of the transition, both expected and unexpected (DiCicco-Bloom & Crabtree, 2006; Qu & Dumay, 2011). Using this process allowed for the capture of a deeper, more comprehensive, and nuanced understanding of the transition to accrual accounting, including its impact on daily practices, decision-making processes, institutional pressures, institutional complexity, and the overall institutional logics entrenched within the culture of the MoF.

Additionally, conducting interviews offered the opportunity to validate and enrich the findings from archival documents. Through in-depth conversations with participants (Morris, 2009), the study could triangulate data, check for internal and external consistency, and deepen the understanding of the themes identified in the archival phase. Triangulation is the practice of using multiple methods to enhance the validity and reliability of research findings, thereby gaining a better understanding of the research topic (Modell, 2009). Hence, by triangulating archival data with interview data, the researcher can enrich the analysis, validate the findings, and provide a more robust interpretation of the research results. Triangulation also offers several additional benefits, including enhanced levels of validity, more comprehensive insights, increased credibility, and improved methodological rigour.

The complex data from the interviews also needed to be coded for thematic analysis (Terry et al., 2017). To ensure that this coding was completed effectively and that the results remained trustworthy (Nowell et al., 2017), NVivo software was employed. NVivo's tools facilitate systematic coding, organisation, and retrieval of data, enabling a structured approach to developing themes and sub-themes (Edwards-Jones, 2014; Leech & Onwuegbuzie, 2011). The software's capacity for handling large datasets allowed for efficient management and in-depth exploration of the qualitative responses. This assisted in identifying patterns, relationships, and thematic connections within each major theme.

NVivo also provides several advanced visualisation options, such as word clouds, coding matrices, and thematic maps, which proved instrumental in visually exploring and validating the interconnectedness of codes and themes (Woolf & Silver, 2018). By providing these detailed analytical functions, NVivo enabled rigorous data management and helped ensure both consistency and transparency throughout the thematic analysis process (Castleberry & Nolen, 2018), thereby enriching insights into the transition to accrual accounting in Kuwait.

The semi-structured interviews about the transition to accrual accounting in Kuwait are organised into and presented under three main themes based on the research questions: “Rationale and Influences for Adoption”, “Management and Response Strategies”, and “Anticipated Effects and Implications”. Each of these themes is designed to reveal the complex layers of the transition process, thereby providing a comprehensive understanding of the dynamics of accounting change within the theoretical framework. The themes were developed by carefully selecting codes that analyse and classify each theme's various aspects.

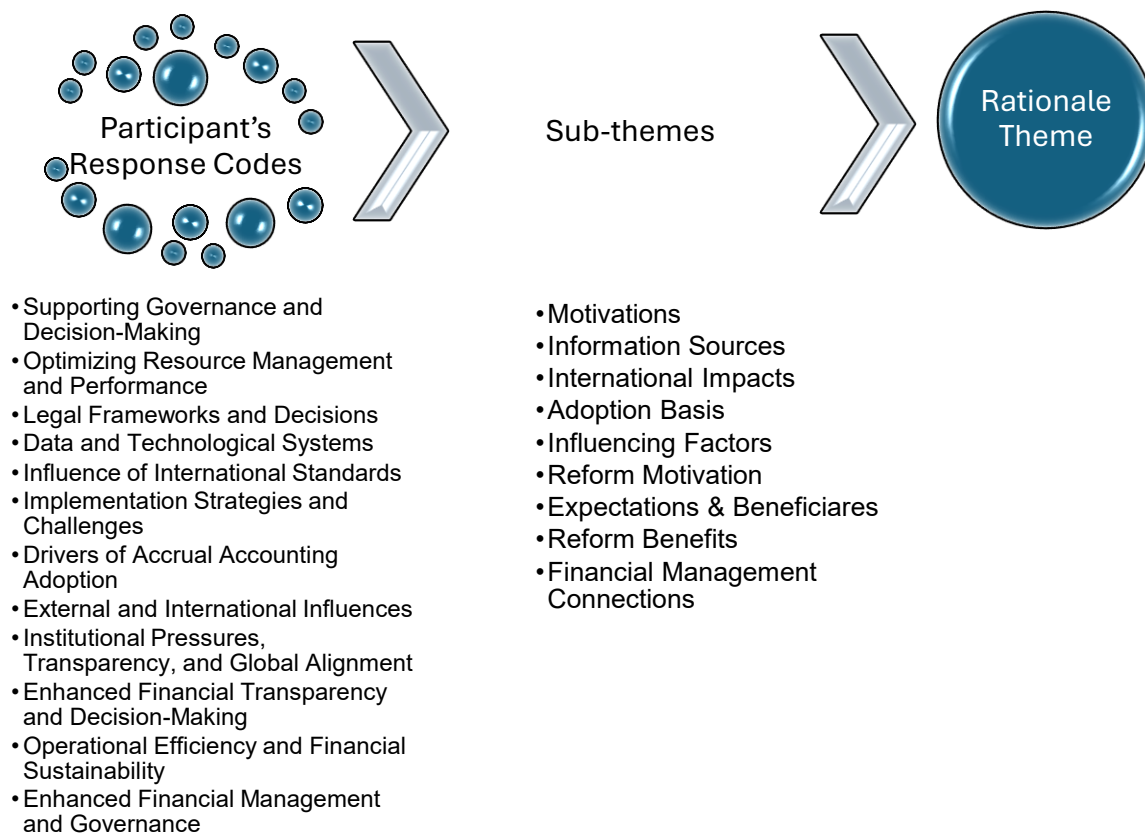
3.7.2.1 Theme 1: Rationale and Influences for Adoption:

The first theme, “Rationale and Influences for Adoption,” explores the underlying motivations and driving forces behind the transition (see Figure 4). From the related interview questions (see Appendix 3), nine sub-themes were identified (see Table 3), including “Motivations,” “Information Sources,” “International Impact,” and “Financial Management Connection.” The NVivo analysis started by coding participant responses into these sub-themes. Each response segment was assigned based on its relevance to a sub-theme, and NVivo’s coding hierarchy then linked motivations and influences on the broader theme of adoption. Specific codes and sub-codes reflect each participant’s insight into why the shift was necessary and the expected benefits, adding depth to the analysis of drivers for adoption. These codes reflect internal desires for improved efficiency and compliance with global standards, as well as external pressures and anticipated benefits for various stakeholders.

Table 3: Sub-questions and sub-themes for Theme: “Rationale and Influences for Adoption”.

No	Sub-questions	Sub-themes
1	What are the motivations and incentives for accounting information?	Motivations
2	What sources of information do you rely on when making financial management decisions?	Information sources
3	How did international accounting standards and practices impact the decision to implement accrual accounting in Kuwait?	International Impact
4	What is the basis of implementing accrual accounting?	Adoption basis
5	Can you describe the main factors that influenced the decision to adopt accrual accounting in the Ministry of Finance?	Influencing Factors
6	What is the motivation that leads this reform? And what are the purposes of adopting accrual accounting?	Reform Motivation
7	What expectations do you have for accrual accounting information? And who is getting the benefits of this reform?	Expectation & Beneficiaries
8	To what end do you hope this reform initiative will lead?	Reform Benefits
9	What are the connections between accrual accounting and the government financial management process?	Financial Management Connection

Figure 4: The participant's response codes, and sub-themes identified during the interview analysis for Theme: "Rationale and Influences for Adoption"



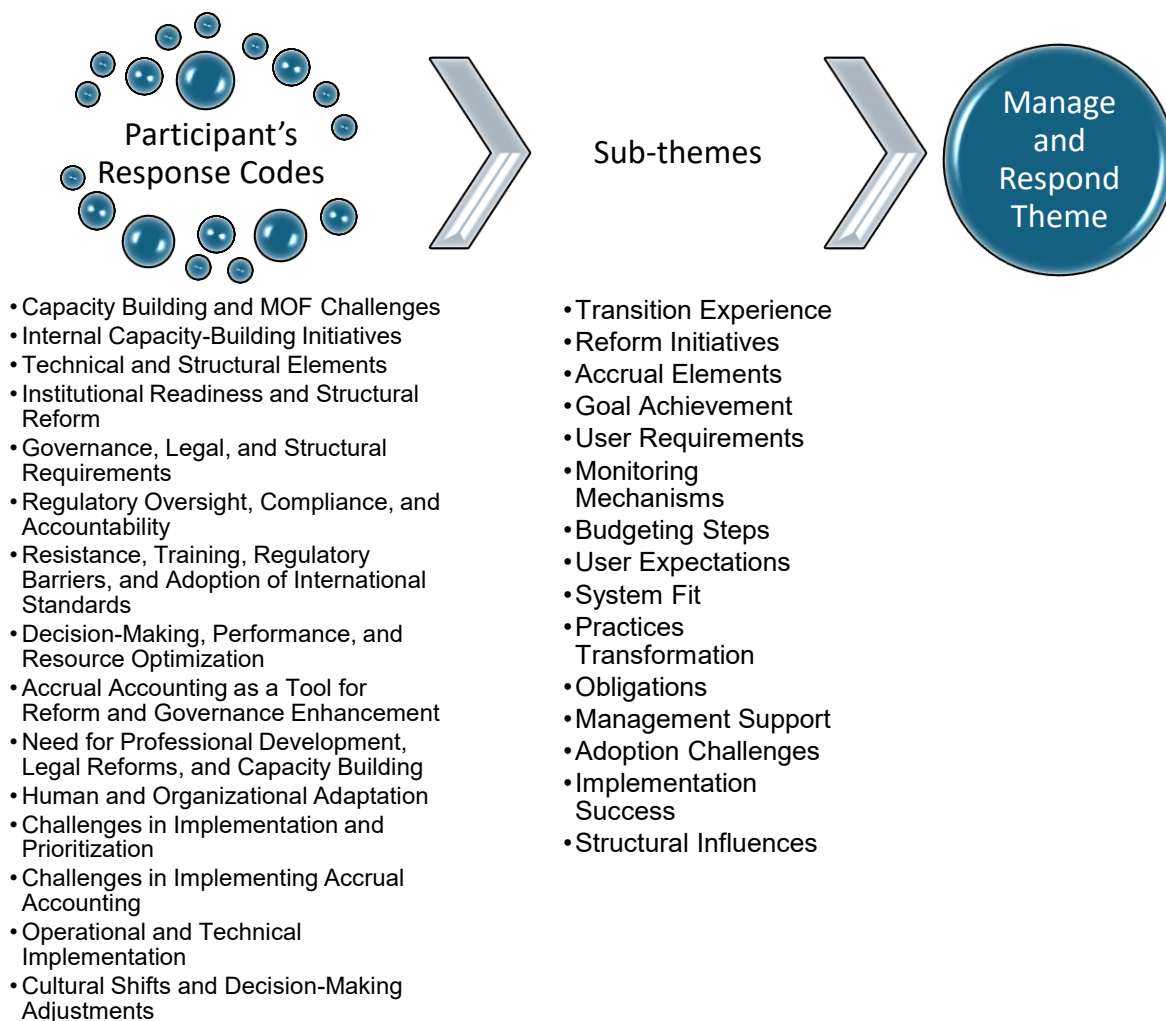
3.7.2.2 Theme 2: Management and Response Strategies:

The second theme, “Management and Response Strategies”, focuses on the operational and tactical reactions to adopting accrual accounting (see Figure 5). From the related interview questions in Appendix 4, fifteen sub-themes were identified (see Table 4), including “Transition Experience”, “Reform Initiatives”, “Management Support”, and “Adoption Challenges”, which represent the operational and tactical responses during the adoption process. NVivo’s advanced coding features were utilised to connect responses that show how these strategies were formulated and applied, along with the challenges faced. The complexity of this theme is conveyed through the use of additional sub-codes within each sub-theme, offering detailed insights into specific responses such as ‘System Fit’ or “Practices Transformation”. This layered coding structure ensured that practical management aspects were thoroughly represented and could later be analysed through NVivo’s matrix queries to explore relationships and trends across responses.

Table 4: Sub-questions and sub-themes for Theme: “Management and response strategies”.

No	Sub-questions	Sub-theme
10	Can you share your experience with the transition process from cash accounting to accrual accounting within the Ministry of Finance?	Transition Experience
11	What initiatives are established to enhance and integrate the idea of accounting reform among ministerial-level key actors?	Reform Initiatives
12	What are the primary elements of adopting accrual accounting? – the fundamentals of the accrual accounting concept – the new accounting standards and level of complexity – demandingness in accounting skills and capacities and clarity of the new standards.	Accrual Elements
13	How will the goals of the reform plan be achieved by the new rules, guidelines, and systems? And how prepared?	Goal Achievement
14	What are the requirements of users in the process of developing accounting standards and manuals?	User Requirements
15	Does the government impose any mechanism for monitoring and controlling purposes? If so, how do the monitoring and controlling mechanisms take place?	Monitoring Mechanisms
16	What are the steps in collecting the data and preparing the budget with the new accounting system?	Budgeting Steps
17	What are the users’ expectations and requirements of accrual accounting?	User expectations
18	How can the new accounting system aid reform, particularly in asset and liability recognition, measurement, and valuation? And does it fit with the government policies and objectives?	System Fit
19	Do the new accounting practices need new ways of thinking and doing things in the government? If, so how?	Practices transformation
20	How do you ensure that your ministry carries out all the obligations needed in this reform programme?	Obligations
21	What type of support was given by the top management to ensure the reform was implemented as required?	Management support
22	What challenges has the Ministry of Finance faced during the adoption of accrual accounting, and how have these challenges been addressed?	Adoption challenges
23	How has the Ministry of Finance ensured the successful implementation of accrual accounting within government agencies?	Implementation Success
24	In what ways has the adoption of accrual accounting influenced the overall structure and culture of the Kuwaiti government’s financial management?	Structural influence

Figure 51: The participant's response codes, and sub-themes identified during the interview analysis for Theme: "Management and response strategies".



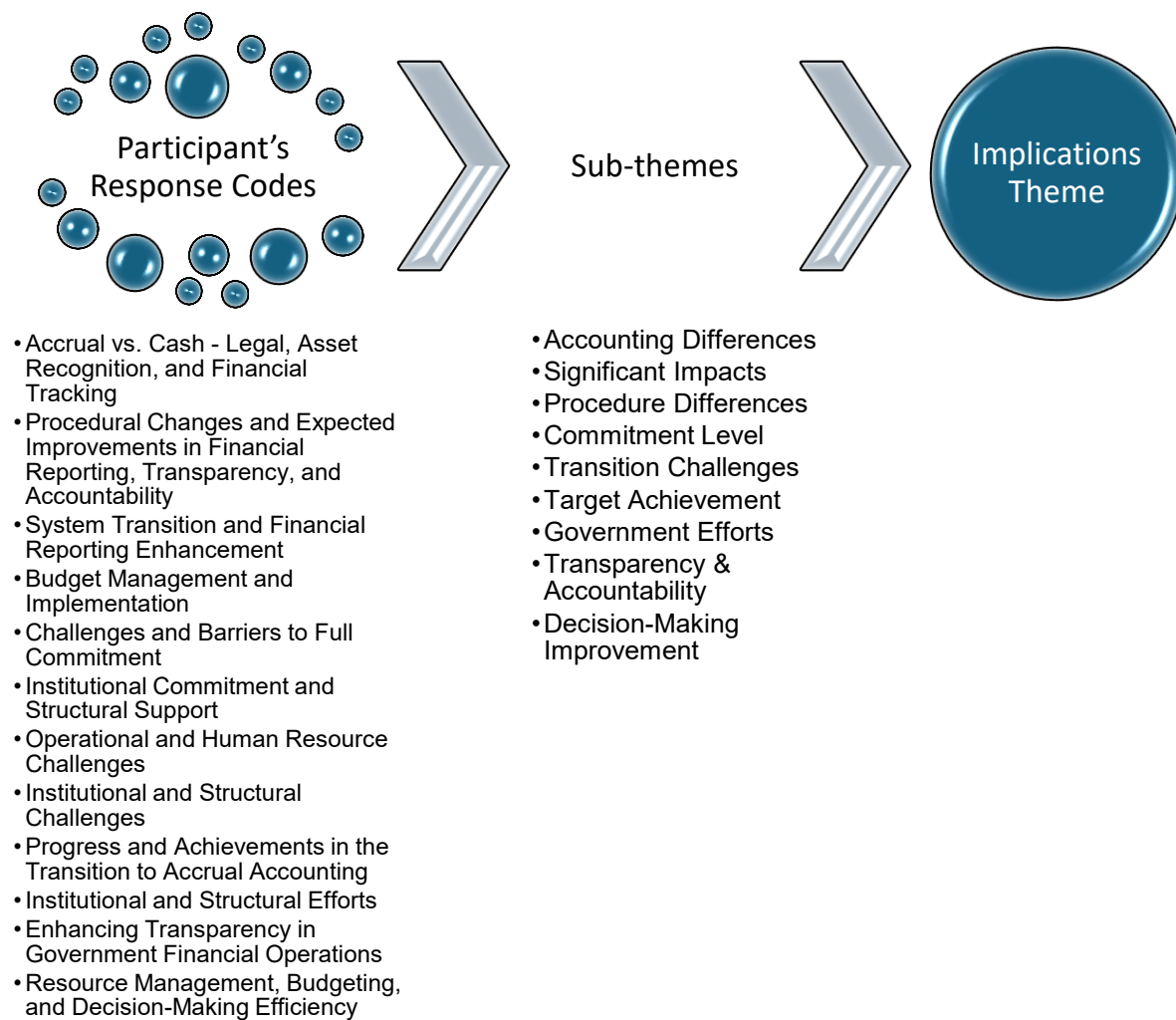
3.7.2.3 Theme 3: Anticipated Effects and Implications:

The final main theme, “Anticipated Effects and Implications,” aims to clarify the outcomes and broader impacts of the transition on government financial management (see Figure 6). This theme utilises questions in Appendix 5 and encompasses nine sub-themes based on those questions (see Table 5), including “Accounting Differences,” “Significant Impacts,” “Transparency and accountability,” and “Decision-Making Improvement.” Utilising NVivo’s functionality enabled the categorisation of participant responses into these sub-themes, providing insights into expected benefits, challenges, and broader effects on government financial management. Codes and sub-codes capture nuances related to procedural changes and government accountability enhancements, which were later analysed with NVivo’s visualisation tools to illustrate overarching trends.

Table 5: Sub-questions and sub-themes for Theme: “Anticipated Effects and Implications”

No	Sub-questions	Sub-theme
25	In your opinion, what is the difference between cash and accrual from your role?	Accounting differences
26	In your opinion, what are the most significant impacts of adopting accrual accounting on the government’s financial management and reporting?	Significant impacts
27	Compared to what you were doing before, how does this new procedure differ?	Procedure differences
28	Do your subordinates/ the people in charge give full commitment towards the adoption of accrual accounting?	Commitment level
29	What are the key challenges that you faced throughout the transition process?	Transition challenges
30	At the current stage of adoption accrual accounting, can you still achieve the initial targets?	Target Achievement
31	What are the efforts of the government to ensure that we can still achieve the initial targets?	Government efforts
32	How do you think the adoption of accrual accounting has affected the transparency and accountability of the government’s financial operations?	Transparency & Accountability
33	Can you provide any examples of how the adoption of accrual accounting has led to improved decision-making in the public-sector?	Decision-making improvement

Figure 6: The participant's response codes, and sub-themes identified during the interview analysis for Theme: "Anticipated Effects and Implications".



3.8 Researcher Reflexivity:

Reflexivity is a critical component of qualitative research that involves the researchers' ongoing examination of their own role in shaping the research process and its outcome. It recognises that knowledge is not produced in isolation but is co-constructed through the interactions, assumptions, and positionality of the researcher (Finlay, 2002; Berger, 2015). Reflexivity calls for transparency and critical self-awareness in order to enhance the trustworthiness of the study rather than striving for complete neutrality. This section outlines the researcher's positionality and reflects on how it may have influenced the design, data collection, and interpretation of the findings.

The researcher entered this study with a strong professional interest in public sector accounting, particularly in the context of the MoF of Kuwait. Although not formally trained in academic research at the outset, the researcher developed methodological and theoretical awareness through academic engagement by delivering training sessions at Brunel University of London and attending national and international conferences. This evolving role, from practitioner to academic researcher, influenced how the research questions were framed, how participants were approached, and how accounting reforms in Kuwait were interpreted.

The interviews and archival documents analysed in this study were conducted in Arabic. This was necessary to obtain participants' perspectives and the official institutional language accurately. The researcher personally translated the materials into English, paying close attention to meaning, tone, and terminology. To ensure the accuracy of the translation, a certified third-party provider reviewed and attested to the quality of the translated materials (see Appendix 10).

3.9 Summary:

This methodology chapter has outlined and justified the interpretivist philosophy, inductive approach, and qualitative methodology used to investigate the transition from cash to accrual accounting within Kuwait's MoF. The study utilises a combination of archival documents and semi-structured interviews to gain a comprehensive understanding of this significant accounting reform. The first phase involved a systematic review of archival documents, including founding texts such as the financial regulations and guidelines on

accounting practices. This initial phase established the historical and contextual framework for the transition, enabling a deeper examination of the motivations, policies, and procedural changes that have occurred over time. Building on insights from archival documents, the study conducted semi-structured interviews with 25 key actors from the MoF. These interviews were structured around three main themes based on the research questions: “Rationale and Influences for Adoption”, “Management and Response Strategies”, and “Anticipated Effects and Implications”. Each theme was explored through a set of carefully designed questions, with codes assigned to capture specific aspects of the transition process. Thematic analysis was employed to identify patterns within data from both archival documents and interviews. This approach facilitated a nuanced understanding of the dynamics of accounting change. This methodology provides a rich, multidimensional view of the transition to accrual accounting in Kuwait’s MoF. The findings from this study are expected to contribute valuable insights into the complexities and transformative impacts of this pivotal reform.

The following chapter presents the findings from the first phase of the research, archival document analysis, which illustrates how historical, legal, and institutional foundations have influenced accounting reform in Kuwait’s Ministry of Finance.

Chapter 4: Results and Discussion (Archival Documents):

4.1 Introduction:

This chapter presents the results of a systematic analysis of archival documents that form the institutional and regulatory foundation of Kuwait's transition from cash to accrual accounting. The aim is to identify what formal reforms were enacted and examine how the Ministry of Finance (MoF) constructed, justified, and operationalised this reform process through law, classification systems, and internal policies. These documents are treated not as neutral administrative instruments but as artefacts of institutional strategy, shaped by competing pressures for legitimacy, control, and modernisation.

Before analysing the documentary record, it is necessary to clarify what has occurred in Kuwait regarding the introduction of accrual accounting. Kuwait has not adopted full accrual accounting in its public sector. Instead, the current system operates on a modified-cash accounting basis, in which cash remaining the dominant logic for budgeting, fiscal control, and year-end reporting, while selected accrual elements have been gradually incorporated. Since the early 2010s, the Ministry of Finance has introduced a series of reforms aimed at modernising public financial management, including the rollout of the Government Financial Management Information System (GFMIS), the introduction of new budget and accounting classifications aligned with IPSAS and GFS, and the formal recognition of certain assets and liabilities, particularly in relation to real estate and off-budget accounts.

In practice, this has resulted in a hybrid accounting system. Cash-based principles continue to govern budget execution, revenue recognition, and legal accountability, while accrual-related practices, such as commitment recording, asset registers, depreciation rules, and enhanced classification structures, operate alongside them. These accrual components are largely embedded in systems, manuals, and administrative instructions rather than fully institutionalised through comprehensive financial statements or performance-based budgeting. Consequently, accrual accounting in Kuwait is a partial and uneven reform, reflecting an incremental transition rather than a completed shift. This

chapter therefore examines the official documents not as evidence of full accrual adoption, but as artefacts of an ongoing and incomplete reform process, allowing a clearer assessment of how Kuwait's experience differs from crisis-driven contexts where accrual accounting was introduced under binding external enforcement.

The analysis applies Saldana's (2021) two-cycle coding method. The first cycle involved descriptive and process coding to extract regulatory logics, mechanisms, and themes from each document. The second cycle used pattern coding to group these into broader analytical categories. These categories were then interpreted through the lens of institutional theory, which provides a framework for understanding how reforms are driven by coercive, normative, and mimetic pressures, but also how they may become symbolically adopted, decoupled from practice, or constrained by institutional legacies and internal frictions.

The chapter is organised into three analytical parts, each corresponding to a distinct set of archival materials (See Table 6). Part one is the Legal and Regulatory Framework, which includes four foundational decrees: Decree No. 31 (1978), Decree No. 4 (2015), Decree No. 9 (2016), and Decree No. 1 (2022), which codify Kuwait's budgeting, financial reporting, and reform intent at the legislative level.

Part two is the System and Implementation Guidelines, which analyses four technical and procedural sources: Decree No. 5 (GFMIS Classifications), Guidance Manuals for GFMIS and Asset Recognition Guidance on implementing accrual accounting in Kuwait. These sources focus on how reform was designed to be implemented through the system, classifications, and audit oversight.

Table 6: The Kuwaiti legal and regulatory framework for financial management, the system and guidelines for implementation, and the institutional and financial management practices used.

Legal and Regulatory Framework	System and Implementation Guidelines	Institutional and Financial Management Practices
Decree No. 31	GFMIS – Decree 5	Department of Asset Management
Decree No. 4	Guidance Manuals – Decisions of GFMIS	Resource Planning and Institutional Department
Decree No. 9	Guidance Manuals – Assets	-
Decree No. 1	-	-

Part three is Institutional and Financial Management Practices, which examines internal working documents from the Department of Asset Management and Resource Planning, providing insight into how reform is managed, interpreted, and reshaped at the operational level.

Each document in the chapter is analysed across three dimensions: the rationale for its issuance, the management and response mechanisms it introduces, and its institutional and financial impact. This structure enables a coherent and comparative reading of how the reform has been framed and executed across different state levels. This illustrates how budgeting laws in non-crisis contexts often reflect rule-based governance traditions that prioritise legal conformity over functionality, especially in resource-rich states adopting international norms.

The analysis contributes to the study's research questions in three ways. First, it reveals the formal rationales and justifications for the reform (RQ1). Second, it documents how the MoF attempted to manage and structure the accounting transition (RQ2). Third, it surfaces the contradictions, enforcement gaps, and institutional frictions that shape the reform's impact (RQ3). These findings demonstrate that while Kuwait's accounting reforms adopt the form of international best practices, they remain constrained by limited operational guidance, centralised control, and uneven institutional capacity. This chapter provides the institutional platform for Chapter 5 by giving the historical and regulatory depth captured through these archival materials. The interview analysis builds on this foundation, enabling a multi-layered interpretation of reform by comparing formal policy intent with key public sector actors' lived realities and strategic responses. In this way, the archival analysis contributes standalone insights and shapes and strengthens the interpretive framework for the qualitative data that follows.

4.2 Part One: Legal and Regulatory Framework:

4.2.1 Decree No. 31 of 1978:

Decree No. 31 of 1978, titled *"Rules for Preparing General Budget and Controlling their Implementation and Final Accounts"* (MoF, Decree No. 31, 1978), is the foundational legislative framework for Kuwait's public budgeting and financial control system. Issued

decades before the formal shift to accrual accounting, the decree continues to shape the logic, procedures, and boundaries of public sector financial management. It codifies principles such as comprehensive budgeting, annual fiscal cycles, and alignment with national development plans. The decree is critical to this study because it provides the legal scaffolding upon which later reforms were built, and it remains central to understanding how financial control, reporting obligations, the accounting system, and ministerial authority were historically institutionalised in Kuwait.

The document is analysed to unpack its technical content and assess the extent to which it supports or constrains the transition to accrual accounting. Specifically, the analysis explores whether Decree No. 31 enables substantive reform or perpetuates a rule-based, cash-centric model of governance. In this way, Decree No. 31 is treated as an administrative artefact, offering insight into the state's financial logic and reform capacity (Lapsley et al., 2009; Barton, 2009; Chan, 2006).

4.2.1.1 Rationale Aspects in Decree No. 31:

Article 1 of Decree No. 31 mandates that “*all general budgets include all estimated revenues and expenses for the fiscal year,*” thereby establishing comprehensive budgeting as a legal requirement. This provision sets out a formal intent to ensure that government finances are fully captured within the state budget, promoting fiscal transparency and control. However, this comprehensiveness is articulated in purely procedural terms. The decree lacks any reference to the mechanisms or accounting practices necessary to achieve such coverage, particularly those required under accrual-based systems, such as recognising non-cash transactions, contingent liabilities, or inter-agency transfers.

From an institutional theory perspective, this provision reflects normative isomorphism, a move towards aligning with budgeting standards perceived as legitimate in the global public sector. However, its framing remains legalistic rather than technical, suggesting an institutional logic that prioritises conformity over functionality. In practice, what is presented as a commitment to transparency may reflect symbolic compliance, as the absence of supporting guidance leaves implementation open-ended or inconsistent (Meyer & Rowan, 1977; Brusca et al., 2018). In Kuwait's accounting reform, this provision

represents a legacy constraint. While it articulates principles aligned with modern budgeting ideals, it does not embed the tools or conditions necessary for actualising accrual accounting.

Decree No. 31 further establishes a fixed fiscal cycle, stating that *“the fiscal year starts on April 1 and ends on March 31 of the following year”* (Article 3). This annual structure promotes procedural regularity in budget preparation, execution, and review across government entities, enabling consistency and predictability in financial management. While the provision aligns with administrative norms common in many national systems, it also reflects a static model of budgetary governance that prioritises control and regularity over flexibility and responsiveness.

From an institutional theory standpoint, this provision exemplifies normative isomorphism, reflecting the adoption of budgeting norms aligned with global public-sector expectations (Lapsley et al., 2009). However, such standardisation may institutionalise predictability at the expense of flexibility, reinforcing formal compliance over adaptive financial governance. As Prabowo et al. (2017) demonstrate, rigid annual budget frameworks can constrain performance-oriented reforms. In the context of transitioning to accrual accounting, the fixed annual budgeting cycle may pose structural limitations, particularly for reforms that require dynamic tracking of liabilities, real-time performance information, or flexible expenditure planning. What appears to be best-practice alignment may, in practice, reinforce a compliance-oriented budgeting culture rather than support reform adaptability (Newberry & Pont-Newby, 2009; Lapsley et al., 2009).

Article 2 of Decree No. 31 states that public budgets should *“incorporate modern trends in public budgets,”* signalling rhetorical alignment with evolving international standards in financial management. On the surface, this language reflects a willingness to modernise Kuwait’s budgeting practices and respond to developments such as accrual accounting, performance-based budgeting, and enhanced fiscal transparency. However, the decree offers no clarification of what constitutes “modern trends,” nor does it specify how such innovations should be implemented in practice.

This ambiguity allows the state to gesture toward reform without institutionalising the mechanisms required to realise it (Polzer et al., 2022; Christiaens et al., 2015). From an

institutional perspective, this reflects coercive isomorphism, whereby external pressures encourage the adoption of reform language associated with global best practice. Yet the absence of operational frameworks, tools, or timelines indicates that the decree may signal compliance more than deliver substantive change. Barton (2011) similarly observes that governments often adopt modern terminology such as “performance” or “accrual” without reforming the underlying cash-based substance.

Article 2 also requires that budget preparation “*consider the requirements of economic and social development plans.*” This provision formally links fiscal policy to broader national planning objectives, positioning the budget as a tool for advancing long-term socio-economic goals. On paper, this suggests a strategic shift from short-term, input-based budgeting toward outcome-oriented financial management. However, the decree does not specify how development plans are to be prioritised, measured, or costed within the budget process. The lack of integration with performance metrics, programme budgeting, or accrual-based planning tools limits the practical relevance of this directive.

Through the lens of institutional theory, this provision reflects mimetic isomorphism, borrowing reform language from international public financial management discourse to demonstrate modernity and alignment with perceived global norms (DiMaggio & Powell, 1983). Nevertheless, the decoupling between planning rhetoric and financial operations reveals a deeper institutional gap. Development goals are acknowledged but not embedded within the budgeting framework in ways that enhance accountability, performance, or long-term fiscal sustainability (Barton, 2009; Pollitt & Bouckaert, 2017).

The rationale provisions of Decree No. 31 articulate a set of high-level principles intended to structure public financial management in Kuwait, including comprehensive budgeting, annual fiscal planning, alignment with development objectives, and references to modern budgeting trends. These provisions reflect an early attempt to formalise budgetary control and fiscal transparency through legal mandates. Viewed through the lens of institutional theory, the decree exhibits normative and coercive isomorphic pressures, embedding internationally recognised budgeting norms through uniform procedures enforced across government entities.

However, the decree remains firmly rooted in a cash-based logic. It offers little technical guidance on operationalising its principles and provides no clear mechanisms to support accrual-based practices. While rhetorically aligned with global best practice, references to reform and development lack the institutional infrastructure required for implementation. As such, Decree No. 31 represents a foundational legal framework that institutionalises control and signals reform intent but ultimately falls short of enabling the transition to accrual accounting.

4.2.1.2 Managing Aspects in Decree No. 31 of 1978:

While the rationale behind Decree No. 31 established the legal principles underpinning Kuwait's public budgeting framework, its management provisions specify how these principles are operationalised through financial control mechanisms and institutional processes. The decree delegates significant authority to the MoF, reinforcing a model of top-down oversight across all phases of budget preparation, execution, and reporting. Through these provisions, financial management is structured around compliance, procedural discipline, and hierarchical control.

Decree No. 31 outlines a highly centralised approach to expenditure estimation. Article 10 mandates that *"the Ministry of Planning and the Audit Bureau must send their technical reviews and comments to the Ministry of Finance,"* while Article 11 states that *"if an entity delays its expenditure estimate, the Ministry of Finance estimates expenditures based on financial data and adjustments."* These provisions formally position the MoF as the primary arbiter of expenditure planning, with the authority to override or replace departmental input.

Although framed as safeguards for fiscal discipline, this arrangement reinforces a top-down budgeting logic that reduces government entities to executors of centrally made decisions. From an institutional theory perspective, this reflects coercive isomorphism, whereby uniform procedures are imposed to ensure compliance across entities (DiMaggio & Powell, 1983). The absence of participatory mechanisms, performance-based negotiation, or adaptive planning tools limits the system's capacity to transition toward accrual accounting, which requires decentralised responsibility and integrated planning (Lapsley et al., 2009; Christiaens et al., 2015).

The decree further entrenches centralised budget control by placing both the drafting and legal authorisation of the national budget under the direct authority of the MoF. Article 13 provides that *“the Ministry of Finance prepares the budget draft based on a statement explaining its basis and objectives,”* while Article 14 requires that *“the budget draft is presented to the Council of Ministers for approval,”* ensuring submission to the legislature at least two months before the end of the fiscal year. Once approved, Article 15 mandates that *“after the budget law is issued, it is communicated to the relevant entities,”* and Article 21 asserts that *“no entity may exceed the budget allocation without a law.”*

These provisions institutionalise tight top-down control over the budget process, ensuring that financial decisions remain centralised and formally sanctioned. While this structure promotes predictability and procedural compliance, it also constrains organisational autonomy and flexibility. The absence of mechanisms for in-year budget adjustments or responsive resource reallocation reflects a rule-bound rather than performance-oriented budgeting logic. From an institutional theory perspective, this reflects coercive isomorphism and institutional inertia, in which legal and fiscal order is prioritised over reform responsiveness (DiMaggio & Powell, 1983; Lapsley et al., 2009; van Helden & Reichard, 2019).

Revenue forecasting and budget execution provisions reinforce the same management logic. Article 16 authorises the interim continuation of the previous budget where legislative approval is delayed, stating that *“if parts of the new budget are approved by the legislature, they are implemented; otherwise, the previous budget continues until the new one is passed.”* While this provision supports administrative continuity, it further consolidates the MoF’s dominance in the budget cycle by allowing uninterrupted control without revised estimates or adaptive reallocations.

In addition, Article 5 provides that *“if any entity delays submitting its revenue estimates, the Ministry of Finance estimates the revenues itself,”* centralising responsibility for revenue forecasting. Article 12 authorises the MoF to *“review and finalise expenditure estimates based on technical studies and comments,”* while Article 17 provides that the Minister *“issues directives for budget execution to ensure compliance with laws and*

regulations.” Collectively, these provisions consolidate the Ministry’s role as both estimator and enforcer of fiscal discipline.

From an institutional theory perspective, these mechanisms exemplify coercive isomorphism through procedural uniformity and centralised decision-making (DiMaggio & Powell, 1983). Although the language suggests technical precision and evidence-based planning, the system functions primarily as a control mechanism rather than a performance-enhancing framework. Revenue estimation remains a centralised responsibility of the centre, rather than a decentralised planning function embedded within individual ministries or departments, undermining managerial accountability (Lapsley et al., 2009; Brusca et al., 2018).

The decree also regulates multi-year financial commitments. Article 26 states that *“financial commitments exceeding one fiscal year require legal provision for multi-year allocations.”* This clause is intended to prevent entities from entering into long-term obligations without legislative approval, thereby reinforcing fiscal discipline and control over future liabilities. While prudent on the surface, this requirement exposes the limitations of a budgeting framework grounded in short-term, cash-based logic.

From an institutional theory viewpoint, this provision reflects coercive isomorphism, mandating strict compliance with central rules to maintain legal and fiscal order (DiMaggio & Powell, 1983). However, accrual accounting systems are designed to recognise and manage long-term obligations as a routine part of financial reporting. By contrast, Decree No. 31 treats such commitments as legal exceptions, discouraging forward-looking financial management and reinforcing procedural gatekeeping. This structure mirrors what Christiaens and Rommel (2008) describe as symbolic convergence toward reform without substantive alignment.

In addition, Decree No. 31 mandates that the Ministry of Finance to determine the forms and methods for financial transactions and audit documentation. This is formalised in Article 31, which states that *“the Ministry of Finance specifies the forms and records for financial transactions and audit methods.”* On its face, this provision supports consistency in financial reporting across government entities. However, Decree No. 31 does not

specify the accounting basis for preparing these records, nor does it link this requirement to any broader framework for performance measurement or asset and liability tracking.

From an institutional perspective, this requirement reflects coercive isomorphism, as the Ministry of Finance imposes centralised formats to ensure compliance and enforce uniformity. Without clarity on how these records support accrual measurement, long-term financial planning, or inter-agency coordination, the requirement risks becoming a symbolic routine rather than a mechanism for functional change (Meyer & Rowan, 1977). Katsikas et al. (2017) argue that enforcing uniform formats and reporting structures alone, without changing the substance or use of information, is insufficient. In the Kuwaiti context, this provision illustrates how technical standardisation may reinforce compliance logics rather than support the accrual reform agenda. As a result, financial records risk being treated as a bureaucratic output rather than a meaningful management tool (Christiaens et al., 2010; Brusca et al., 2018).

Articles 33 and 34 of Decree No. 31 establish formal internal oversight roles across Kuwait's public sector entities. Article 33 states that *"financial controllers and heads of accounts are appointed in various ministries and government entities,"* while Article 34 assigns the Council of Ministers the authority to define and supervise these roles, stating that *"the Council of Ministers determines the duties and supervision of financial controllers and heads of accounts."* While this structure formally supports the safeguarding of public funds and internal review of financial operations, it reflects a compliance-driven model of control. Financial controllers are positioned as gatekeepers of legal and procedural accuracy, but the decree provides no indication of whether these roles evolve alongside changes in accounting systems, particularly the shift toward accrual logic.

From an institutional theory viewpoint, these provisions impose oversight functions to enforce uniform behaviour across entities (DiMaggio & Powell, 1983). However, this centralised oversight system reinforces vertical accountability rather than enabling decentralised financial responsibility. Research in public financial management suggests that oversight roles must be redefined under accrual systems to include support for performance, forecasting, and the integration of financial and operational data (Hepworth, 2003). In contrast, the model defined in Decree No. 31 entrenches a traditional

compliance role without aligning it with the competencies required for modern public sector financial governance. Prabowo et al. (2017) show that financial controllers in Indonesian local governments maintained their traditional roles even during reform efforts.

Articles 37 to 41 of Decree No. 31 outline the procedures for the preparation, submission, and external oversight of final government accounts. Article 37 mandates that *“the Minister of Finance establishes detailed rules for preparing final accounts and sets deadlines,”* while Article 38 states that *“government entities prepare and submit their final accounts to the Ministry of Finance.”* Article 39 further centralises the process by stating that *“the Minister of Finance prepares the state’s final accounts and reports to the Council of Ministers and legislature.”* Article 41 requires that *“entities provide the Audit Bureau with copies of monthly, quarterly, and final accounts,”* introducing a layer of external audit oversight.

From an institutional perspective, centralising final account preparation and reporting reflects coercive isomorphism, in which uniform reporting obligations are imposed across all entities (DiMaggio & Powell, 1983). However, there is no evidence that these reports reflect accrual-based data, include liabilities, or are systematically linked to performance outcomes. Moreover, the decree lacks enforcement mechanisms to ensure the quality, accuracy, or timeliness of submissions, particularly in relation to the Audit Bureau’s role. As Hepworth (2003) and Brusca and Martínez (2016) observe, without institutional capacity and procedural clarity, audit functions risk becoming ceremonial rather than corrective. Chan (2006) similarly notes that IPSAS-inspired reporting often meets international expectations in form but fails to improve decision-making or internal oversight.

The emphasis on documentation and submission, without corresponding attention to accrual recognition, audit effectiveness, or managerial feedback loops, reveals a system more invested in appearance than in transformation. As such, the structure codified in these articles reinforces institutional order but does not yet reflect the deeper reform logic required for accrual accounting to function as an integrated public financial management tool.

Overall, the management provisions of Decree No. 31 institutionalise a budgeting and financial control system characterised by centralisation, legal compliance, and strict procedures, extending from budget execution, financial recording, oversight, and final reporting. Although these mechanisms support fiscal discipline and administrative order, they limit adaptability and decentralised accountability. From the perspective of institutional theory, the decree demonstrates coercive isomorphism and institutional inertia, maintaining traditional control-oriented frameworks while constraining the managerial flexibility and technical capacity required for accrual-based public financial management (Hepworth, 2003).

4.2.1.3 The Impact of Decree No. 31:

While Decree No. 31 established the legislative framework for Kuwait's public budgeting system, its long-term institutional implications reveal significant incompatibilities with the principles of accrual-based public-sector reform. At its core, the decree entrenches a cash-based, short-term perspective that prioritises fiscal control and legal compliance over financial transparency and strategic resource management.

One of the most explicit limitations is evident in Article 28, which states that *“only amounts collected or spent within the fiscal year are considered in the financial statements.”* This provision formally excludes assets, liabilities, and long-term obligations from financial reporting. Consequently, it reinforces treating government finances as annual, transaction-based flows rather than as a comprehensive representation of the state's financial position. This approach stands in direct contradiction to accrual accounting, which requires governments to recognise obligations when incurred and to present complete statements of assets and liabilities.

The decree's short-term orientation is also evident in its treatment of multi-year commitments. Article 28 requires that *“financial commitments exceeding one fiscal year require legal provisions for multi-year allocations.”* By treating long-term obligations as exceptions rather than routine elements of financial planning, the decree discourages forward-looking investment and undermines the accrual principle of recognising

economic activity over time. Rather than normalising long-term fiscal responsibility, the framework promotes a risk-averse, procedurally constrained budgeting culture.

Article 29 addresses the settlement of unfinished projects across fiscal years, allowing the MoF to carry forward project expenditures. While this provision recognises the practical need for continuity in capital projects, it remains ambiguous and discretionary. The decree does not embed a systematic mechanism for recognising project-related assets or liabilities throughout their lifecycle, a fundamental requirement of accrual-based accounting. As a result, project settlement functions as an administrative workaround rather than a structured accounting solution, limiting transparency and strategic oversight.

The management of budget surpluses and deficits further illustrates the decree's cash-based orientation. Article 40 states that *"surpluses or deficits from final accounts are carried over to the general reserve,"* framing fiscal performance in terms of annual cash balances rather than changes in net worth. In an accrual accounting system, such outcomes would be accompanied by disclosures of liabilities, asset utilisation, and unfunded obligations. In the Kuwaiti context, this treatment obscures broader financial realities and weakens the link between financial information and policy decision-making.

From the perspective of institutional theory, the impact of Decree No. 31 reflects coercive and normative isomorphism, as it enforces centralised, rule-based controls that mimic internationally recognised principles of fiscal discipline and accountability (DiMaggio & Powell, 1983). However, the decree's internal logic remains deeply embedded in institutional inertia, privileging legal form over financial substance. Although the decree references modernisation and fiscal sustainability, it fails to establish the technical mechanisms, systems, or capacities necessary to implement these objectives in practice.

Moreover, the structure codified in Decree No. 31 exemplifies institutional decoupling (Meyer & Rowan, 1977), whereby reforms are adopted in form but not operationalised in substance. The decree meets external expectations for financial regulation and order while leaving the underlying governance model largely unchanged. This disconnect between formal compliance and functional transformation has been observed in other public-sector reform contexts, particularly in states that prioritise legitimacy and stability over systemic change (Christiaens & Rommel, 2008; Brusca et al., 2013).

In conclusion, although Decree No. 31 plays a pivotal role in shaping Kuwait's budgeting and financial control system, its long-term impact is inherently limiting. The decree establishes administrative stability and predictability but simultaneously hinders the institutional transformation required for accrual accounting. By consolidating central control and reinforcing symbolic compliance with reform language, it illustrates how deeply institutionalised legal frameworks can constrain the practical adoption of accrual-based public financial management.

4.2.2 Decree No. 4 of 2015:

Decree No. 4 of 2015 was implemented to establish the "*Budget Classifications Guide*" (MoF, Decree No. 4, 2015), representing a significant initiative in Kuwait's efforts to modernise its public financial management system. The decree demonstrates the government's commitment to improving transparency, comparability, and fiscal accountability by aligning budget frameworks with international standards such as IPSAS, the IMF's Government Finance Statistics Manual (GFSM), and the United Nations' Classification of Functions of Government (COFOG). Although presented as a technical reform, the decree has broader institutional implications, aiming to redefine the categorisation, reporting, and management of public funds across government entities. Viewed through the lens of institutional theory, it reflects Kuwait's response to external reform pressures, internal coordination challenges, and the persistent gap between formal policy adoption and operational change.

4.2.2.1 The rationale of Decree No. 4 of 2015:

The decree was enacted "in its efforts to improve financial performance and develop the state's general budget data," signalling an explicit commitment to enhancing transparency and accountability in public financial management. It responds to long-standing concerns about the lack of clarity in Kuwait's budgeting system, particularly regarding the classification, comparability, and usability of financial information. By committing "to add more transparency to the state's general budget data and to advance financial management reform" (MoF, Decree No. 4, 2015), the decree acknowledges international expectations for open governance and accessible fiscal data.

A central element of the decree is its alignment “*with international public sector accounting standards (IPSAS) and the United Nations’ Classification of Functions of Government (COFOG)*” (MoF, Decree No. 4, 2015). This alignment represents a clear case of coercive isomorphism (DiMaggio & Powell, 1983), as these frameworks, particularly COFOG, adopted by the IMF, are designed to standardise public expenditure classification, facilitate cross-national comparisons, and support performance analysis. In this sense, the decree reflects external pressures from international organisations, rating agencies, and global financial governance norms. Harun et al. (2012) show that governments often adopt international reforms primarily to conform to such expectations, even when internal reform momentum is limited.

However, the literature cautions that the adoption of international standards is symbolic rather than substantive. Christiaens and Rommel (2008), Brusca et al. (2013), and Pina et al. (2009) show that governments often align with transparency initiatives in form but lack the institutional capacity or political commitment for meaningful implementation. This concern is evident in Kuwait, where transparency is articulated as a reform objective, yet the decree does not specify how budget data will be disseminated, interpreted, or utilised in decision-making. Similar patterns of symbolic alignment without operational clarity have been observed in Portugal (Jorge et al., 2019). As a result, transparency risks functioning as a nominal commitment rather than a practical governance mechanism, raising questions about institutional decoupling (Meyer & Rowan, 1977).

Beyond transparency, the decree articulates an ambition to modernise administrative practices and restructure public financial management. It explicitly declares the need to “*move forward with financial management reform comprehensively*” (MoF, Decree No. 4, 2015), emphasising the intention to update budget classifications, streamline internal systems, and standardise financial processes across ministries. While this objective signals reform intent, it also highlights a familiar challenge in public-sector reform, the gap between policy formulation and implementation capacity.

The decree mandates “*updating the classification according to the unified standard guide for accounts in government entities*” (MoF, Decree No. 4, 2015), yet it does not provide a clear operational roadmap, training strategy, or implementation timeline. Comparative

studies highlight similar gaps in other reform contexts. Prabowo et al. (2017) document that reform discourse in Indonesia was not matched by implementation structures, while Hepworth (2003) and Lapsley et al. (2009) emphasise that successful accrual and classification reforms require sustained investment in technical capacity, inter-departmental coordination, and system compatibility, elements largely absent from the decree's wording. Lye et al. (2005) similarly illustrate that reform initiatives in New Zealand faltered due to insufficient structural readiness.

The decree's emphasis on budget classification reform, particularly through the introduction of COFOG, reflects a further rationale for performance accountability. COFOG enables governments to categorise expenditure by function, such as education, health, and defence, thereby linking spending to policy objectives and facilitating performance analysis. In theory, this framework supports transparency and outcome-oriented budgeting. However, the effectiveness of such classification reforms depends heavily on technical preparedness, data quality, and organisational capacity.

The decree itself recognises that implementation requires substantial training, IT system upgrades, and cultural change within government entities. Without these supporting elements, COFOG risks becoming another classification layer applied superficially. Christiaens et al. (2015) observe that classification reforms introduced without institutional readiness led to inconsistent reporting and limited impact on decision-making. From an institutional theory perspective, the adoption of COFOG illustrates mimetic isomorphism, as Kuwait emulates internationally recognised models perceived as modern and legitimate. Newberry et al. (2009) caution that such "whole-of-government" reforms, as seen in New Zealand, often reinforce centralised control while delivering limited managerial transformation.

The rationale for Decree No. 4 of 2015 reflects a strong commitment to transparency, international alignment, and administrative modernisation. However, when evaluated through the lens of institutional theory, the decree exhibits characteristics of symbolic compliance and institutional inertia. Although it adopts the language and structures of global best practice, it lacks the operational clarity, technical capacity, and enforcement mechanisms needed to translate reform intent into substantive change. As a result, the

decree risks being a formally rational but weakly embedded reform, aligned with international norms in form yet loosely connected to everyday administrative practice.

4.2.2.2 Manage and Response Aspects in Decree No. 4:

One of the most significant management responses articulated in Decree No. 4 of 2015 is the government's commitment to transitioning from a cash-based accounting system to an accrual basis. The decree explicitly acknowledges the complexity of this transformation, stating that the state will “*gradually transition from cash-basis to accrual-basis accounting*” (MoF, Decree No. 4, 2015). This gradual approach reflects an awareness of the technical, organisational, and institutional challenges involved in modernising public financial reporting systems. Similar phased transitions have been observed in other reforming contexts, where gradualism was adopted to manage capacity constraints and institutional resistance, though often with limited success (Harun et al., 2012; Prabowo et al., 2017).

Accrual accounting represents a fundamental departure from traditional cash-based principles, recognising financial events when they occur rather than when cash is exchanged. While the decree acknowledges this shift, it also implicitly recognises that implementation requires more than technical change. Effective accrual reform depends on organisational culture, redefined reporting responsibilities, strengthened internal controls, and integrated information systems (Hepworth, 2003; Lapsley et al., 2009). Lassou and Hopper (2016) emphasise that without system alignment and local ownership, accrual reforms are likely to remain superficial.

From an institutional theory perspective, the decree's emphasis on a “*gradual transition*” reflects a balance between coercive pressures and institutional inertia. The move towards accrual accounting is shaped by coercive isomorphism, as international organisations such as the IMF and the World Bank increasingly associate accrual-based systems with transparency and good governance (DiMaggio & Powell, 1983). However, Kuwait's administrative environment remains characterised by entrenched cash-based routines, fragmented financial responsibilities, and uneven IT infrastructure. Comparative experiences, such as those documented in Germany, demonstrate how legacy systems and decentralised structures can fragment reform implementation (Ridder et al., 2005).

This tension creates a gap between reform aspiration and institutional preparedness. Although Decree No. 4 clearly expresses an intention to modernise accounting practices, it does not provide a comprehensive framework for capacity building, system integration, or regulatory alignment. Christiaens and Rommel (2008) identify this gap as a common feature of accrual reforms, where formal adoption is not matched by operational readiness. In institutional terms, this reflects decoupling, whereby policies are adopted to signal legitimacy but are weakly enacted in practice (Meyer & Rowan, 1977).

In addition to accrual adoption, Decree No. 4 introduces a structured approach to implementing budget classification systems as a central management tool. The decree mandates the *“issuing of the Budget Classifications Guide and Code System”* (MoF, Decree No. 4, 2015) and requires classifications by function, programme, and administrative unit. It explicitly states that *“this categorisation aids in analysing expenditure patterns and allocating resources effectively”* (MoF, Decree No. 4, 2015). This classification framework is intended to standardise financial reporting, enhance expenditure analysis, and improve coordination across government entities.

The shift towards functional and programme classification is a technical and conceptual move away from traditional line-item budgeting, aligning Kuwait’s system with international frameworks such as UN COFOG, IPSAS, and the IMF’s Government Finance Statistics Manual. These frameworks are designed to facilitate cross-national comparability, performance measurement, and evidence-based budgeting, all of which are foundational to accrual-based public financial management.

However, the decree also acknowledges that implementation will be phased, noting that *“the phased implementation approach allows for gradual adoption and feedback incorporation at each stage”* (MoF, Decree No. 4, 2015). This language reflects a management strategy aimed at mitigating resistance, maintaining system continuity, and responding to external reform pressures. From an institutional theory standpoint, this approach embodies both mimetic and coercive isomorphism. Kuwait adopts internationally recognised classification systems perceived as modern and legitimate while responding to expectations linked to international credibility and technical assistance (DiMaggio & Powell, 1983).

Despite this structured approach, the decree provides limited guidance on how classification reforms will be operationalised across ministries. It mandates the *“issuance of the budget guide and explanation of the new budget classifications”* (MoF, Decree No. 4, 2015) and introduces a system to *“identify and organise the primary government bodies responsible for budgetary allocations.”* While this formal identification of roles is intended to enhance accountability and coherence, experience in other jurisdictions, such as Indonesia and New Zealand, shows that classification reforms that rely heavily on redesign and communication often falter without sustained investment in training, IT systems, and inter-ministerial coordination (Hepworth, 2003; Lapsley et al., 2009; Prabowo et al., 2017).

Moreover, the risk of symbolic adoption remains pronounced. Although the classification system is technically sophisticated, it may function primarily as a signal of reform rather than as a mechanism for substantive change, particularly when frontline staff lack the expertise to apply it consistently or when supporting systems are incompatible. As with accrual accounting, classification reform can become decoupled from everyday financial practices, meeting international standards in form while leaving internal routines largely unchanged (Meyer & Rowan, 1977; Brusca & Martínez, 2016).

The management approach embedded in Decree No. 4 reflects a cautious, structured reform strategy that balances international alignment with internal administrative realities. The emphasis on gradual accrual adoption, standardised classifications, and formal guidance signals responsiveness to global reform norms, yet the absence of clear implementation mechanisms, capacity-building strategies, and enforcement arrangements constrains the decree’s transformative potential. From an institutional theory perspective, the management response illustrates a system navigating between symbolic adoption and substantive reform, where external legitimacy pressures are acknowledged but internal readiness remains uneven (Brown et al., 2015).

4.2.2.3 The Impact of Decree No. 4:

Decree No. 4 of 2015 represents a formal attempt to modernise Kuwait’s public financial management by enhancing transparency, strengthening internal controls, and promoting accountability through budget classification reform. A central impact of the decree is its

effort to delineate institutional roles and responsibilities by classifying government entities and sub-entities. By specifying how administrative units are categorised within the budget framework, the decree seeks to clarify accountability lines and improve the traceability of public expenditure (MoF, Decree No. 4, 2015).

This emphasis on classification reflects coercive isomorphic pressure from international institutions such as the IMF and the World Bank, which increasingly associate fiscal transparency and structured reporting with legitimacy in the global financial system (DiMaggio & Powell, 1983). The decree explicitly links its objectives to international standards, stating the aim to “*increase transparency in the state’s general budget data*” (MoF, Decree No. 4, 2015). While such alignment may enhance Kuwait’s international standing, institutional theory cautions that compliance under external pressure can remain symbolic, particularly where internal capacity and enforcement mechanisms are limited (Meyer & Rowan, 1977; Scott, 2013). Comparable experiences in Portugal demonstrate how external alignment can coexist with constrained internal reform (Gomes et al., 2008).

The decree also strengthens internal control structures by mandating the classification of sub-entities within government, thereby improving financial tracking and internal accountability. This structural refinement reflects normative isomorphism, as professional norms embedded in IPSAS and related frameworks encourage governments to adopt standardised classifications to reduce mismanagement and enhance oversight (Hepworth, 2003; Scott, 2013). In principle, these measures contribute to clearer allocation of responsibility and improved fiscal discipline across ministries and agencies.

However, evidence from the public sector accounting literature indicates that such reforms face implementation challenges. Christiaens and Rommel (2008) and Brusca and Martínez (2016) show that classification-based reforms struggle to produce substantive change without enforcement mechanisms, training programmes, or performance feedback systems. In Kuwait, while Decree No. 4 specifies how classification can improve clarity, it does not establish binding mechanisms to ensure consistent application or ongoing compliance. This creates conditions for institutional decoupling, whereby new

structures are formally adopted but remain weakly connected to operational practices (Meyer & Rowan, 1977).

The decree further aims to enhance organisational accountability by stipulating that each administrative unit is “*accountable for its budget*” (MoF, Decree No. 4, 2015). In theory, this requirement promotes horizontal accountability and encourages ministries to link resource use to functional responsibility. In practice, however, many entities lack the technical infrastructure, integrated systems, or trained personnel to operationalise this accountability effectively. As a result, the reform risks reinforcing procedural formalism without producing meaningful behavioural change, a pattern observed in other reforming contexts, such as Indonesia (Prabowo et al., 2017).

A further intended impact of Decree No. 4 is the promotion of performance-oriented planning and strategic budgeting. By requiring expenditures to be organised according to “*functional classification according to UN COFOG standards*” (MoF, Decree No. 4, 2015), the decree enables the linkage of spending to policy objectives and sectoral outcomes. This approach supports more precise performance evaluation and aligns financial information with strategic planning objectives. From an institutional theory perspective, this reflects mimetic isomorphism, as Kuwait adopts internationally recognised models to enhance the perceived legitimacy and credibility of its financial system (DiMaggio & Powell, 1983).

Nonetheless, the effectiveness of performance-oriented budgeting depends heavily on internal capacity, data quality, and system integration. As Brusca and Martínez (2016) note, performance-based budgeting frameworks are often adopted in form without altering internal cultures or decision-making practices. In Kuwait, the absence of defined performance indicators, reliable data infrastructure, and coordinated planning processes limits the decree’s ability to translate functional classification into effective performance management. Similar outcomes were observed in Indonesia, where performance-based reforms appeared progressive but lacked feedback mechanisms to influence actual decision-making (Prabowo et al., 2017).

Overall, the impact of Decree No. 4 reflects a reform trajectory shaped by international alignment and institutional legitimacy rather than by immediate operational

transformation. While the decree establishes a structural foundation for transparency, accountability, and performance-oriented budgeting, its practical effects remain constrained by limited institutional capacity, fragmented implementation, and weak enforcement. From an institutional theory perspective, Decree No. 4 exemplifies how coercive, normative, and mimetic pressures can drive reform adoption while simultaneously producing symbolic compliance when reforms are not fully embedded in administrative practice.

4.2.3 Decree No. 9 of 2016:

4.2.3.1 Rationale Aspects in Decree No. 9 of 2016:

Decree No. 9 of 2016, entitled “*The Principles of Inventory and Valuation of Real Estate Assets in the State*” (MoF, Decree No. 9, 2016), is a critical regulatory instrument in Kuwait’s transition to accrual-based public sector accounting. The decree focuses on the recognition and valuation of state-owned real estate assets, acknowledging that “*state-owned real estate assets such as lands and buildings inside and outside Kuwait constitute a significant part of the state’s wealth.*” By mandating their documentation and inclusion in financial records, the decree reflects institutional recognition of asset visibility as a prerequisite for modern financial management.

Under traditional cash-based systems, public assets remain largely invisible until disposal or monetisation. In contrast, accrual accounting requires the recognition of assets and liabilities when incurred, providing a more comprehensive representation of the state’s financial position (Hepworth, 2003). In this respect, Decree No. 9 directly responds to international expectations for comprehensive public-sector balance sheets, which are increasingly regarded as essential for fiscal credibility, accountability, and risk assessment (Berger, 2018). From an institutional theory perspective, this rationale reflects both coercive and normative pressures as Kuwait adapts to global standards of financial governance (DiMaggio & Powell, 1983).

Beyond asset documentation, the decree emphasises regulatory modernisation by requiring the “*updating of Circular No. 5 of 2005*” (MoF, Decree No. 9, 2016). This provision underscores the role of legal reform in institutionalising accrual principles through updated regulatory frameworks. By embedding asset valuation requirements in

formal legal instruments, the MoF aims to confer legitimacy and enforce compliance across government entities, consistent with Kuwait's centralised administrative structure (Scott, 2013).

However, the comparative public sector accounting literature cautions that legal reform alone is insufficient to deliver substantive change. Lapsley et al. (2009) and Lassou and Hopper (2016) demonstrate that governments often introduce regulatory measures to signal compliance with international reforms without simultaneously investing in the systems, training, and enforcement mechanisms required for effective implementation. This creates a gap between formal legislative intent and practical enactment, a phenomenon described in institutional theory as decoupling (Meyer & Rowan, 1977).

Transparency is another explicit rationale underpinning Decree No. 9. The decree aims to *“add more transparency, simplicity, and clarity to the financial data of assets”* (MoF, Decree No. 9, 2016), aligning with broader public-sector reform narratives that link transparency to accountability and public trust. In accrual accounting, asset disclosure enhances both internal management and external oversight by making public wealth visible and auditable (Kober et al., 2010). Such transparency can support more informed resource allocation and long-term fiscal planning.

Nevertheless, transparency does not automatically translate into effective governance. Katsikas et al. (2017) warn that transparency initiatives without robust reporting frameworks and audit mechanisms often devolve into “empty rituals of accountability.” In the absence of clear policies governing asset classification, revaluation, and auditing, asset disclosure in Kuwait may remain incomplete, inconsistent, or largely symbolic.

The decree further situates asset recognition within Kuwait's broader reform architecture by linking it to the Government Financial Management Information System (GFMIS). It calls for the activation of a *“comprehensive and integrated system of structural reforms for the Government Financial Management Information System (GFMIS)”* (MoF, Decree No. 9, 2016). This linkage reflects mimetic isomorphism, as Kuwait adopts reform models associated with technologically advanced or reforming states to signal modernity and international alignment (DiMaggio & Powell, 1983; Steccolini, 2019).

While integration with GFMIS is essential for embedding asset data in an accrual-based financial system, existing research highlights persistent challenges in implementation, including data inconsistency, user resistance, and technical fragmentation, particularly where legacy systems coexist with new digital platforms (Christiaens et al., 2015). Without effective interoperability and training, the integration of asset management into GFMIS risks remaining nominal rather than functional.

Finally, Decree No. 9 explicitly mandates that asset valuation be conducted “*in accordance with IPSAS*” (MoF, Decree No. 9, 2016), aligning Kuwait’s reform with internationally recognised accounting standards promoted by IFAC. IPSAS adoption reflects both normative and coercive pressures, as international institutions increasingly frame IPSAS compliance as a benchmark for transparency, comparability, and fiscal discipline (Berger, 2018; Christiaens et al., 2015; Hepworth, 2003). However, as Hyndman and Connolly (2011) emphasise, formal adoption does not guarantee meaningful reform in practice. Harun et al. (2012) similarly document that accrual reforms adopted under international pressure often remain weakly implemented because of institutional and capacity constraints.

The rationale for Decree No. 9 of 2016 reflects a strong formal commitment to asset transparency, regulatory modernisation, system integration, and alignment with international accounting standards. Yet, when viewed through the lens of institutional theory, these rationales also reveal a risk of symbolic compliance. The decree articulates reform ambitions clearly, but it provides limited guidance on capacity building, enforcement, and operationalisation. Without sustained investment in systems, training, and oversight, there remains a risk that asset recognition reform may remain aligned with global norms in form while producing limited behavioural or institutional change in practice (Meyer & Rowan, 1977; Lapsley et al., 2009).

4.2.3.2 Management and Response Aspects in Decree No. 9 of 2016:

The management response articulated in Decree No. 9 of 2016 centres on formalising asset-related financial processes through detailed legal and procedural requirements. A central feature of this response is the MoF’s reliance on regulatory instruments to institutionalise accrual-oriented practices across government entities. The decree

introduces *“procedures for opening the new fiscal year for government entities”* and specifies *“step-by-step procedures for budget preparation”* alongside *“processes for inputting and verifying budget data”* (MoF, Decree No. 9, 2016). These measures reflect a strategy of codifying reform through law, using regulation as the primary mechanism for enforcing compliance and standardisation across a highly centralised administrative system.

From an institutional theory perspective, this approach illustrates the use of normative institutional tools to legitimise reform by embedding new practices within formal legal frameworks (DiMaggio & Powell, 1983; Scott, 2013). However, while legal formalisation provides an authoritative foundation, its effectiveness depends on how these rules are interpreted, enacted, and monitored by government entities. Meyer and Rowan (1977) caution that extensive formalisation can lead to decoupling, in which organisations comply symbolically with prescribed rules while practical implementation remains weak. In Kuwait’s case, Decree No. 9 does not clarify how oversight bodies will ensure adherence to these procedures or how ministries will be supported in interpreting and applying them. The absence of explicit enforcement mechanisms or implementation guidance raises the risk that legal compliance may remain largely procedural (Hyndman & Connolly, 2011; Lapsley et al., 2009).

Beyond legal formalisation, the decree outlines detailed procedures for asset evaluation and classification intended to align financial reporting with accrual accounting principles. It specifies processes for recording, verifying, and classifying real estate assets and links these practices to IPSAS requirements, particularly those governing property, plant, and equipment (Christiaens et al., 2015). This emphasis reflects normative isomorphism, as internationally recognised professional standards are adopted to enhance legitimacy, consistency, and comparability in public financial reporting (DiMaggio & Powell, 1983; Scott, 2013). Accurate asset classification and valuation are presented as essential for improving fiscal transparency and decision-making (Hepworth, 2003; Stefanescu, 2020).

However, the operational viability of these procedures remains uncertain. Research consistently identifies the lack of reliable asset data as a major obstacle to accrual reform, particularly in administrations transitioning from cash-based systems (Biondi & Lapsley,

2014; Christiaens et al., 2015). Decree No. 9 does not specify how data gaps will be addressed, how asset values will be verified, or how discrepancies across ministries will be resolved. Without centralised asset registers, standardised valuation methodologies, or coordinated data governance, implementation is likely to be fragmented and inconsistent across entities. Ellwood and Newberry (2007) note that even minor inconsistencies in classification or valuation assumptions can significantly undermine the reliability and comparability of financial statements.

The decree also addresses cost calculation and depreciation as core management tools within the accrual framework. It outlines procedures for addressing “*common issues and their solutions*” in cost calculation and provides access to depreciation tools for “*users in various government departments*” (MoF, Decree No. 9, 2016). These provisions align with accrual accounting principles, which require expenses to be recognised over an asset’s useful life, thereby supporting a more accurate representation of resource consumption and financial sustainability (Biondi & Lapsley, 2014; Hepworth, 2003).

Despite this alignment, Decree No. 9 lacks operational specificity regarding depreciation methods, residual value estimation, revaluation cycles, or capitalisation thresholds. These omissions are significant, as variations in depreciation policy can materially affect financial outcomes and compromise comparability (Ellwood & Newberry, 2007). As Hyndman and Connolly (2011) observe, even in jurisdictions with established accrual systems, the application of depreciation and valuation rules is often uneven and shaped by institutional capacity and professional judgement. In Kuwait’s context, the absence of clear methodological guidance increases the likelihood that depreciation practices will differ across ministries, undermining the transparency objectives underpinning the reform.

The decree further introduces asset lifecycle management as part of the accrual reform agenda by referring to procedures for “*defining new financial accounts*” and managing assets from acquisition to disposal (MoF, Decree No. 9, 2016). Lifecycle accounting is consistent with mature accrual systems, as it supports long-term planning, maintenance strategies, and evidence-based investment decisions (Hepworth, 2003; Pollitt & Bouckaert, 2017). From an institutional perspective, this reflects mimetic isomorphism,

whereby Kuwait seeks to emulate reforming states that have adopted advanced asset management practices (DiMaggio & Powell, 1983; Steccolini, 2019).

However, the decree does not provide concrete guidance on how lifecycle management should be operationalised. It does not specify procedures for asset disposal, revaluation of ageing infrastructure, or inter-entity asset transfers, nor does it establish a central oversight mechanism to coordinate these activities. Christensen and Parker (2010) note that lifecycle management is often the weakest component of accrual reforms, even in advanced systems, because of fragmented data and limited audit capacity. In the absence of clear protocols and oversight, asset lifecycle management in Kuwait risks remaining conceptual rather than functional.

Overall, the management approach embedded in Decree No. 9 represents a structured, legally grounded attempt to implement accrual-based asset accounting. The decree places strong emphasis on formal rules, standardised procedures, and alignment with international standards. However, its reliance on legal formalism, combined with limited guidance on capacity building, system integration, and enforcement, constrains its transformative potential. From an institutional theory perspective, the management response illustrates a pattern of reform that is formally robust but operationally fragile, with compliance mandated through regulation while substantive implementation remains uneven (Meyer & Rowan, 1977; Lassou & Hopper, 2016).

4.2.3.3 Impacts in Decree No. 9 of 2016:

Decree No. 9 of 2016 represents a formal effort by the MoF to align Kuwait's public financial management practices with accrual accounting principles by recognition, valuation, and disclosure of real estate assets. The decree outlines several intended outcomes, including improved transparency, more accurate valuation of public assets, and enhanced efficiency in financial reporting. These objectives align closely with international public sector accounting standards, particularly IPSAS, and reflect broader institutional pressures to modernise government accounting systems (Christiaens et al., 2010).

A central impact of the decree lies in its attempt to enhance transparency and accountability in the management of public assets. The decree explicitly frames

“increasing transparency and accountability” as a core objective of asset recognition reform (MoF, Decree No. 9, 2016). Accrual accounting enables governments to disclose assets and liabilities that remain invisible under cash-based systems, thereby providing a more comprehensive representation of the state’s financial position (Biondi & Lapsley, 2014; Hepworth, 2003). In principle, including real estate assets in financial statements improves both internal oversight and external scrutiny, supporting more informed fiscal decision-making.

The decree also aims to improve the efficiency and clarity of financial reporting by *“add more transparency, simplicity, and clarity to the financial data of assets”* (MoF, Decree No. 9, 2016). Existing research suggests that accrual reforms can enhance the quality and usefulness of financial information when supported by robust systems and reporting frameworks (Christiaens et al., 2010). Clear asset data can function as both a managerial tool and a mechanism of public accountability, particularly in contexts where public wealth constitutes a significant component of national resources.

However, the practical impact of these transparency objectives remains limited. Although Decree No. 9 articulates ambitious goals, it does not provide detailed guidance on how asset data should be standardised, verified, audited, or communicated across government entities. The literature warns that transparency initiatives lacking operational clarity often devolve into symbolic practices rather than effective governance mechanisms (Hood, 1995; Katsikas et al., 2017). In Kuwait’s case, the absence of binding reporting protocols and audit enforcement raises concerns that asset disclosures may remain inconsistent or incomplete, limiting their contribution to accountability.

A further intended impact of the decree is the institutionalisation of asset valuation and depreciation as core components of public financial management. By requiring the valuation of real estate assets and introducing depreciation procedures, the decree seeks to ensure that public wealth is measured more accurately and that asset consumption is reflected over time. Accurate valuation and depreciation are essential to avoid fiscal misrepresentation, support intergenerational equity, and inform long-term investment planning (Bracci et al., 2015; Pollitt & Bouckaert, 2017). In this sense, the decree aligns conceptually with best practice in accrual-based asset governance.

Nonetheless, the effectiveness of these mechanisms is undermined by the lack of methodological consistency and enforcement. Decree No. 9 does not specify valuation techniques, depreciation methods, or revaluation cycles, nor does it establish mechanisms to ensure consistency across ministries. As Christiaens et al. (2015) note, asset valuation in the public sector is particularly vulnerable to inconsistency due to the absence of market benchmarks, especially for land and infrastructure. Without central coordination and audit oversight, variations in valuation practices risk compromising the comparability and reliability of financial reporting.

The decree also positions asset reform within a broader reform trajectory by emphasising continuity with earlier financial management initiatives. It states that reforms are being implemented “*in light of the state’s policies in financial management reform*” (MoF, Decree No. 9, 2016), signalling an attempt to reinforce institutional legitimacy by linking new measures to existing policy frameworks. From an institutional theory perspective, this reflects an effort to construct coherence and reduce resistance by embedding reform within an ongoing narrative of modernisation (Hepworth, 2003). However, research consistently advises that these technical reforms are likely to remain aspirational without robust administrative capacity and effective inter-agency collaboration (Andrews, 2013). Christensen and Parker (2010) argue that referencing prior reforms does not guarantee cumulative progress if earlier initiatives were only partially implemented.

Overall, the impact of Decree No. 9 highlights the tension between formal alignment with international standards and limited operational transformation. While the decree establishes a legal and conceptual foundation for accrual-based asset accounting, its practical effects remain constrained by capacity gaps, fragmented implementation, and weak enforcement mechanisms. From an institutional theory perspective, the decree exemplifies symbolic compliance, whereby reforms are adopted to enhance legitimacy and demonstrate conformity with global norms, yet fail to produce sustained changes in organisational behaviour (Meyer & Rowan, 1977; Lassou & Hopper, 2016).

In conclusion, Decree No. 9 contributes to Kuwait’s accrual accounting reform by formally recognising the importance of asset visibility, valuation, and lifecycle management. However, without sustained investment in systems integration, technical expertise, and

audit oversight, the decree's impact is likely to remain partial. It aligns Kuwait with international accounting standards in form, but its ability to transform public asset governance in practice remains limited, reinforcing the broader pattern of reform characterised by formal compliance rather than substantive institutional change.

4.2.4 Decree No. 1 of 2022:

4.2.4.1 Rationale Aspects in Decree No. 1 of 2022:

Decree No. 1 of 2022, titled *“Rules for Closing Accounts and Preparing the Final Account for the Budget”* (MoF, Decree No. 1, 2022), is a key regulatory instrument governing year-end financial closure and the preparation of final accounts within the Kuwaiti public sector. The decree reflects MoF's effort to standardise financial closure procedures, ensure compliance with existing laws and regulations, and reinforce uniform accounting practices across government entities. By emphasising procedural order and system integration, the decree seeks to enhance the accuracy, consistency, and formal transparency of public financial reporting.

A central rationale underpinning the decree is the enforcement of compliance with legal and regulatory frameworks. The frequent reference to *“compliance with laws, regulations, and directives in force”* and adherence to *“budget restrictions, decisions, circulars, and applicable financial regulations”* signals a strong commitment to procedural conformity (MoF, Decree No. 1, 2022). From an institutional theory perspective, this emphasis reflects normative isomorphism, whereby organisations adopt formal rules and standardised procedures to demonstrate legitimacy and alignment with accepted governance norms (DiMaggio & Powell, 1983). In Kuwait's context, the decree functions as a centralising tool intended to minimise discretion across ministries and to impose consistency in financial reporting practices.

However, the literature cautions that such legalistic reforms often privilege form over function. Meyer and Rowan (1977) describe how organisations may enact rules symbolically without fully integrating them into operational practice, leading to institutional decoupling. In Decree No. 1, the lack of detailed guidance on monitoring compliance, assigning accountability for breaches, or applying enforcement mechanisms weakens the

decree's capacity to translate procedural requirements into substantive accounting reform.

Another key rationale of the decree is technological integration through the Government Financial Management Information System (GFMIS). The requirement to ensure "*compliance with the GFMIS*" (MoF, Decree No. 1, 2022) reflects an effort to centralise accounting operations within an automated platform and to embed financial closure routines within system-controlled processes. From an institutional perspective, this emphasis reflects both coercive and mimetic pressures. Coercively, integrated financial systems are promoted internationally as prerequisites for transparency and auditability, while mimetically, Kuwait aligns its practices with neighbouring states and international reform models that have adopted similar platforms (Brusca et al., 2013; Christiaens et al., 2015).

Despite this alignment, the decree does not clarify how ministries are expected to achieve full system integration, nor does it specify requirements for training, data migration, or infrastructure readiness. The literature consistently shows that digital integration alone does not guarantee effective accrual reporting without adequate institutional capacity and user competence (Lapsley et al., 2009; Polzer et al., 2022). A uniform system-driven approach applied across entities with varying levels of readiness risks uneven or superficial implementation (Christiaens & Rommel, 2008).

While the intent behind Decree No. 1 aligns with broader accrual reform objectives, such as improving transparency, comparability, and decision-making, the decree remains predominantly procedural and technocratic. Rather than articulating a clear roadmap for embedding accrual logic into financial management, it codifies expectations around year-end closure without providing the institutional infrastructure needed to support learning, adaptation, or reform sustainability. Similar patterns have been observed in other accrual reform contexts, where legal frameworks were introduced without accompanying investments in training, systems, or enforcement (Harun et al., 2012; Hood, 1995). Adhikari and Jayasinghe (2017) describe such reforms as "thin," emphasising structure and control while leaving underlying practices largely unchanged.

The rationale of Decree No. 1 of 2022 reflects a strong commitment to procedural order, legal compliance, and system integration as foundations for public financial management. However, when assessed through the lens of institutional theory, these rationales also reveal a focus on surface legitimacy rather than deep institutional transformation. The decree reinforces formal alignment with international accounting expectations, yet it leaves unresolved whether the organisational, technical, and behavioural changes required for effective accrual accounting have been meaningfully initiated.

4.2.4.2 Management and Response in Decree No. 1 of 2022:

Decree No. 1 of 2022 provides a detailed set of procedural instructions intended to guide government entities through year-end financial closure and the preparation of final budget accounts. The management logic underpinning the decree is strongly procedural and compliance-oriented, relying on formal rules, system integration, and standardised workflows rather than on managerial discretion or performance-based judgement. These instructions are closely tied to the GFMS, positioning the system as the central mechanism for executing and monitoring financial closure activities.

A core management requirement of the decree concerns revenue recognition and documentation. Government entities are instructed to ensure the *“collection and documentation of revenues until the end of the fiscal year”* and to apply prescribed procedures for recording revenues accurately (MoF, Decree No. 1, 2022). Revenues collected by the fiscal year-end are recognised in that year, even if not yet deposited in the Central Bank, while revenues collected after year-end are recognised in the subsequent fiscal year, regardless of their economic origin. This approach reinforces a cash-based boundary around revenue recognition, which remains inconsistent with accrual accounting principles that require recognition based on the period in which revenues are earned rather than received (Hepworth, 2003).

On the expenditure side, the decree mandates that entities *“settle all due expenses by the last working day of the fiscal year”* (MoF, Decree No. 1, 2022). Where settlement is not possible, obligations are reclassified under liabilities or transferred to “amounts deducted under budget expenditure items” for resolution in the following year. Although this demonstrates awareness of obligation timing, the emphasis remains on end-of-year

reconciliation rather than on continuous accrual-based transaction processing. Christiaens et al. (2015) describe this pattern as partial adoption, where accounting reforms introduce accrual-like adjustments at the margins while preserving underlying cash-based routines.

The decree further requires entities to consider “*estimating cash needs to finance accounts*” in advance of fiscal closure (MoF, Decree No. 1, 2022). Although this provision aims to integrate liquidity planning with accounting processes, it does not specify forecasting models, data sources, or analytical responsibilities. Consequently, cash planning remains reactive and uneven across entities, reflecting common limitations in transitional accounting environments (Andrews, 2013).

From a technical standpoint, Decree No. 1 standardises financial closure through predefined GFMS journal entries. Where revenues exceed expenditures, the system records an entry “*from surplus/deficit account to financial current account*,” and the reverse entry is applied where expenditures exceed revenues (MoF, Decree No. 1, 2022). These entries formalise year-end closure and align structurally with international accounting practice. However, they function primarily as mechanical closing procedures rather than as tools for financial analysis or managerial insight. Christensen and Parker (2010) argue that accrual accounting should support decision-making and performance evaluation, not merely facilitate technical closure.

The decree also establishes oversight and verification requirements linked to financial closure. Entities are instructed to perform “*verification of ledger balances for real estate assets*” and to conduct monthly or quarterly reconciliations for off-budget accounts, including deposits, advances, and guarantees (MoF, Decree No. 1, 2022). Additional reconciliation tasks include comparing cash holdings, stamps, magnetic cards, and undeposited checks against ledger records. Although these requirements are extensive, they lack reference valuation standards, risk-based audit criteria, or escalation procedures, making them technically demanding and unevenly enforceable across ministries (Lapsley et al., 2009).

The decree further reinforces compliance by requiring that all closure activities be coordinated through GFMS and that final accounts be submitted by a fixed deadline,

typically 15 June (MoF, Decree No. 1, 2022). However, it does not specify penalties for non-compliance, nor does it establish independent monitoring or audit triggers. In the absence of enforcement mechanisms, implementation relies heavily on internal discipline and voluntary conformity. Ellwood and Newberry (2007) note that such arrangements often weaken accountability, as formal compliance is assumed rather than verified.

From an institutional theory perspective, the management approach embedded in Decree No. 1 reflects symbolic legitimacy (Meyer & Rowan, 1977). The Ministry of Finance relies on detailed procedural instruction and system control to demonstrate alignment with international best practices, yet without parallel investment in monitoring capacity, training, or feedback mechanisms. As a result, accrual accounting is presented largely as an administrative exercise, focused on compliance and closure rather than on transforming how financial information is produced, interpreted, or used in governance.

Overall, Decree No. 1 institutionalises a highly structured and system-driven approach to financial closure. While it enhances procedural consistency and formal reporting discipline, its management logic remains compliance-centred and technocratic. The lack of enforcement, learning mechanisms, and performance integration limits the decree's capacity to support substantive accrual-based public financial management, reinforcing patterns of symbolic compliance rather than managerial transformation.

4.2.4.3 Impact Aspects in Decree No. 1 of 2022:

Decree No. 1 of 2022 represents a technical and procedural attempt by the MoF to institutionalise fiscal discipline and standardise year-end financial closure through GFMIS. The decree's impact is most visible in the formalisation of reporting structures, the sequencing of closure procedures, and the reinforcement of uniform compliance across government entities. However, while these measures enhance procedural consistency, their contribution to substantive accrual-based financial management remains limited.

A primary impact of the decree lies in improving the formal structure of financial reporting. By requiring entities to *“prepare the final account for the fiscal year,”* including detailed schedules, reconciliations, and explanatory notes (MoF, Decree No. 1, 2022), the decree enforces a uniform reporting format across ministries. The introduction of standard

GFMS journal entries, such as transferring balances *“from surplus/deficit account to financial current account,”* creates a consistent technical mechanism for closing accounts. On the surface, this aligns with international accounting practices and supports comparability across entities.

Nevertheless, the reliability of these final accounts depends on the quality of upstream processes, including revenue recognition, expense settlement, and asset verification. Although the decree mandates *“verification of ledger balances for real estate assets”* and periodic reconciliation of off-budget accounts (MoF, Decree No. 1, 2022), it does not provide technical standards, audit thresholds, or enforcement mechanisms to ensure data accuracy. As the literature notes, weak implementation capacity and fragmented systems can undermine data quality even where standardised formats exist (Christiaens et al., 2015; Lapsley et al., 2009). Consequently, the decree's impact on improving reporting accuracy is constrained by uneven institutional readiness.

A second area of impact concerns inter-entity coordination and internal accountability. The decree requires ministries to reconcile inter-agency transactions and submit documentation for services rendered and reciprocal obligations before year-end (MoF, Decree No. 1, 2022). This requirement increases the visibility of cross-entity financial relationships and, in principle, strengthens internal accountability. However, effective coordination depends heavily on administrative cooperation, system interoperability, and timely data exchange. In the absence of a central monitoring body or enforcement triggers, coordination remains dependent on goodwill rather than institutional mandate, limiting the practical impact of these provisions.

The decree also aims to reinforce fiscal transparency through extensive disclosure requirements. Ministries must submit supporting documents such as *“bank confirmations, guarantee balances, cash reconciliations, and memoranda on uncollected revenues or unpaid liabilities”* (MoF, Decree No. 1, 2022). From an institutional theory perspective, these requirements reflect coercive and mimetic isomorphism, as Kuwait mirrors disclosure practices promoted by international organisations and comparator countries to signal transparency and accountability (DiMaggio & Powell, 1983; Scott, 2013).

However, transparency under Decree No. 1 functions primarily as a reporting obligation rather than as a mechanism for governance improvement. The decree does not establish binding review processes, audit triggers, or legislative follow-up procedures to ensure that disclosed information leads to scrutiny, learning, or corrective action. Ellwood and Newberry (2007) caution that disclosure without enforcement often results in symbolic transparency, where information is produced to satisfy formal requirements but has limited influence on decision-making.

From an institutional theory perspective, the impact of Decree No. 1 exemplifies symbolic compliance and institutional decoupling (Meyer & Rowan, 1977). Although the decree strengthens formal alignment with international reporting expectations and enhances procedural order, it does not substantially alter how financial information is used, interpreted, or integrated into managerial and policy processes. Accrual accounting is operationalised as a year-end administrative exercise rather than as a continuous framework for financial governance.

In conclusion, Decree No. 1 of 2022 has contributed to procedural consolidation of financial closure, reporting uniformity, and system-based control within Kuwait's public sector. Its technical impact is not insignificant, particularly in standardising formats and timelines. However, its substantive impact on accrual-based public financial management remains limited by weak enforcement, uneven capacity, and the absence of performance integration. As such, the decree reinforces a pattern of formal compliance and administrative order rather than enabling transformative accountability or financial insight, consistent with broader findings on accrual reforms introduced through legal and procedural formalism.

4.2.5 Summary of Part One:

Decrees No. 31 of 1978, No. 4 of 2015, No. 9 of 2016, and No. 1 of 2022 reveal a coherent but constrained legal trajectory of public financial management reform in Kuwait. Across these instruments, the state has progressively expanded the formal architecture of accounting reform, from cash-based budgeting and centralised control (Decree No. 31) to classification modernisation and international alignment (Decree No. 4), asset

recognition and valuation (Decree No. 9), and, finally, system-driven financial closure and reporting discipline (Decree No. 1).

Viewed through the lens of institutional theory, this trajectory reflects a layered process of reform characterised by strong coercive, normative, and mimetic pressures. Each decree responds to evolving international expectations around transparency, comparability, and accrual-based reporting, embedding language reform and structures within legal and regulatory frameworks. However, across all four decrees, reform is predominantly articulated through procedural rules, compliance requirements, and system integration mandates, with limited attention to enforcement mechanisms, capacity building, or behavioural change.

As a result, the legal framework collectively prioritises formal alignment and administrative order over substantive transformation. Accrual accounting is progressively institutionalised in form through classifications, asset registers, valuation rules, and reporting procedures, yet remains weakly embedded in practice. This pattern aligns with institutional decoupling, in which reforms enhance external legitimacy while leaving underlying organisational routines, incentives, and capabilities largely unchanged (Meyer & Rowan, 1977).

In this sense, the legal and regulatory framework does not follow a linear path towards full accrual adoption but instead forms an accumulative structure of symbolic compliance. Later decrees build on earlier ones without resolving foundational constraints, reinforcing a reform environment in which accounting change is formally mandated, technologically enabled, and procedurally controlled, yet institutionally fragile. This legal context provides a critical foundation for understanding the management responses and practical outcomes examined in the subsequent chapter.

4.3 Part Two: System and Implementation Guidelines:

4.3.1 Decree No. 5 of 2016:

4.3.1.1 Rationale of Decree No. 5 of 2016:

Decree No. 5 of 2016 on the *“Guide to Codes and Classifications of Off-Budget Accounts according to GFMS”* represents a central technical pillar in Kuwait’s accrual accounting

reform. Issued by the MoF, the decree formalises the classification of financial transactions, assets, and liabilities recorded outside the main budget framework in the Government Financial Management Information System (GFMIS). By establishing a unified chart of accounts aligned with the IMF's Government Finance Statistics Manual (GFS), the decree aims to standardise financial recording practices across government entities and extend financial visibility beyond traditional cash-based boundaries.

A primary rationale underpinning the decree is alignment with international standards. The decree explicitly states that it is issued "*in accordance with the Government Finance Statistics Manual (GFS 2001)*" (MoF, Decree No. 5, 2016), signalling Kuwait's intention to modernise its financial reporting architecture in line with globally recognised public sector accounting norms. This alignment reflects coercive institutional pressures, as international financial institutions increasingly expect governments to produce comparable, audit-ready financial data (Scott, 2013). By structuring classifications around GFS principles and covering financial assets such as "*Cash – Main Treasury*" and "*Receivables from third parties,*" as well as liabilities such as "*Employee deductions under settlement*" (MoF, Decree No. 5, 2016), the decree positions Kuwait's financial information within an internationally legible framework. Similar rationales have underpinned IPSAS-aligned reforms in other jurisdictions, including Spain (Brusca et al., 2013).

A second rationale concerns the enhancement of transparency through expanded financial classification. The decree requires government entities to record off-budget transactions, including advances, suspense accounts, guarantees, and contingent liabilities (MoF, Decree No. 5, 2016). It formalises the use of memorandum accounts, such as "*Services rendered but not invoiced*" and "*Government guarantees,*" to capture fiscal exposures that do not immediately affect cash balances but remain economically significant. This expansion of the reporting perimeter reflects normative institutional pressures towards fuller disclosure and accountability, consistent with arguments that transparency in public finance depends on recognising not only spending but also obligations and risks (Lapsley et al., 2009).

However, the literature cautions that transparency achieved through classification alone may remain rhetorical. Meaningful transparency depends on user competence, system

integration, and the ability of stakeholders to interpret and use financial information (Hepworth, 2003; Hood, 1995). Without adequate training and consistent application across ministries, standardised codes risk being applied mechanically or inconsistently, leading to symbolic compliance rather than effective oversight (Christiaens & Rommel, 2008). As Ellwood and Newberry (2007) note, expanded disclosure does not automatically translate into accountability when institutional capacity is weak.

A third rationale underpinning Decree No. 5 is the pursuit of accuracy in financial management. The decree repeatedly emphasises the correct allocation and timely settlement of off-budget items. It instructs that “*amounts paid in advance shall be settled under the appropriate expense codes when due,*” and that “*deducted amounts under settlement must be recorded until reconciled with relevant documentation*” (MoF, Decree No. 5, 2016). These provisions reflect the core accrual logic that financial events should be recognised in the period to which they relate and according to their economic substance rather than their cash timing.

However, achieving such accuracy requires more than a detailed classification guide. Automated systems such as GFMIS are only as reliable as the data entered and the capabilities of the staff operating them (Christensen & Parker, 2010; Andrews, 2013). In Kuwait, where some entities continue to rely on parallel manual processes or have not fully embedded system usage, the accuracy envisaged by the decree may remain aspirational. Moreover, without audit trails, validation rules, or enforcement mechanisms, misclassifications may persist undetected, undermining the credibility of reported figures (Ridder et al., 2005).

The rationale underpinning Decree No. 5 of 2016 reflects a clear institutional ambition to align Kuwait’s financial reporting framework with international standards, extend transparency to off-budget operations, and improve the technical accuracy of public accounts. These objectives are driven by a combination of coercive and normative pressures, consistent with institutional theory (DiMaggio & Powell, 1983; Scott, 2013). However, the technical sophistication of the classification framework contrasts with an uneven implementation environment, where limited training, fragmented system adoption, and weak oversight risk undermining the reforms the decree seeks to

institutionalise. Similar gaps between design and execution have constrained accrual-oriented reforms in other non-crisis contexts, including Indonesia (Harun & Robinson, 2010).

4.3.1.2 Management and Response in Decree No. 5:

Decree No. 5 of 2016 operationalises Kuwait's accrual accounting reform by embedding a detailed classification structure for off-budget accounts within the GFMIS. The management logic of the decree is strongly technical and procedural, relying on standardised codes, predefined account structures, and system-based recording rules rather than discretionary or judgement-based accounting practices. Through this approach, the Ministry of Finance seeks to institutionalise accrual concepts indirectly by controlling how transactions are recorded, rather than by explicitly redefining accounting behaviour.

A central management intervention introduced by the decree is the mandatory use of a unified chart of accounts for off-budget financial activities. Classifications such as *“Cash – Main Treasury”* and *“Receivables from third parties”* (MoF, Decree No. 5, 2016) require government entities to record financial positions that were previously fragmented, delayed, or omitted. In principle, this systematisation strengthens fiscal consolidation and improves data completeness across government. However, the decree does not specify how accuracy will be ensured at the point of data entry, particularly in ministries with limited accounting expertise. As the literature shows, technical reforms that prioritise structure over user capability often result in poor data quality or partial adoption (Andrews, 2013; Lassou & Hopper, 2016).

The decree also introduces detailed liability classifications, distinguishing between short-term obligations, such as *“Suppliers’ payables,”* and *longer-term commitments, including “Employee compensation – long term”* (MoF, Decree No. 5, 2016). These distinctions are essential for accrual-based reporting, as they enable the differentiation between current and future fiscal obligations. Nevertheless, the decree provides no guidance on how historical balances should be migrated, how legacy manual records should be reconciled, or how responsibilities for reclassification are distributed across entities. Without coordinated implementation and training, ministries may apply these codes inconsistently,

a challenge widely documented in IPSAS transition processes (Brusca & Martínez, 2016; Ridder et al., 2005).

In addition to balance-sheet items, Decree No. 5 formalises the use of memorandum accounts to track contingent and off-book items such as *“Services rendered but not invoiced”* and *“Letters of guarantee”* (MoF, Decree No. 5, 2016). The inclusion of these accounts reflects a technically advanced understanding of fiscal risk and aligns with both IMF GFS and IPSAS guidance. However, the decree does not specify how these accounts will be monitored, reconciled, or incorporated into broader fiscal risk assessments. As a result, these accounts may exist primarily as static records rather than as active tools for financial oversight or decision-making (Becker et al., 2014; Lapsley et al., 2009).

Asset recognition is another key management dimension of the decree. The classification system includes specific codes for *“State-owned lands and buildings”* as well as *“accumulated depreciation”* (MoF, Decree No. 5, 2016), thereby providing the structural foundation for balance-sheet reporting under accrual accounting. However, Decree No. 5 does not address how asset valuation should be conducted, how physical verification should be organised, or how discrepancies between records and reality should be resolved. Research indicates that asset reforms driven primarily through IT templates or coding manuals, without parallel development of asset registers and verification processes, often lead to fragmented and unreliable outcomes (Christensen & Lægreid, 2011; Adhikari & Jayasinghe, 2017).

The decree also governs the management of prepaid expenses and unsettled liabilities. It requires that *“amounts paid in advance shall be settled under the appropriate expense codes when due”* and that *“deducted amounts under settlement must be recorded until reconciled with relevant documentation”* (MoF, Decree No. 5, 2016). Although these provisions are technically consistent with accrual principles, the decree does not introduce system alerts, audit triggers, or escalation procedures to ensure timely settlement. In practice, such accounts risk remaining unresolved, weakening the integrity of financial statements and undermining audit reliability (Ellwood & Newberry, 2007).

Overall, the management response in Decree No. 5 reflects a highly structured and system-driven approach to accrual reform. The MoF relies on classification discipline, coding precision, and GFMS integration as primary instruments of control. From an institutional theory perspective, this approach reflects both coercive and mimetic isomorphism, as Kuwait adopts internationally recognised technical frameworks to demonstrate compliance and modernity (DiMaggio & Powell, 1983; Scott, 2013). However, the absence of capacity-building strategies, enforcement mechanisms, and feedback loops constrains the decree's ability to translate technical design into substantive accounting practice. As a result, the reform risks remaining procedurally robust but institutionally fragile, reinforcing symbolic compliance rather than enabling deep organisational change (Meyer & Rowan, 1977).

4.3.1.3 Impacts in Decree No. 5:

Decree No. 5 of 2016 has had a significant technical impact on Kuwait's public financial management system by redefining the classification infrastructure used to record and monitor off-budget financial activities. By formalising the coding of financial assets, liabilities, memorandum accounts, and state-owned assets within the GFMS platform, the decree expands the scope of financial visibility beyond the traditional budget framework. In principle, this enhances the completeness, consistency, and comparability of government financial data and aligns Kuwait's reporting architecture with accrual-based accounting standards and the IMF's Government Finance Statistics framework.

A central impact of the decree lies in its extension of the reporting perimeter to include off-budget items such as advances, receivables, guarantees, and contingent liabilities. The requirement that *"amounts paid in advance shall be settled under the appropriate expense codes when due"* and that *"deducted amounts under settlement must be recorded until reconciled with relevant documentation"* (MoF, Decree No. 5, 2016) reflects a core accrual principle, financial events should be recognised in the period to which they relate. These provisions improve the formal treatment of obligations that were previously obscured or deferred under cash-based practices.

However, the practical impact of these provisions remains uneven. Without system-enforced alerts, reconciliation deadlines, or audit follow-up, many off-budget accounts risk

remaining unresolved for extended periods. Research shows that when accrual controls are not embedded within enforcement and audit processes, they often become static compliance artefacts rather than active management tools (Becker et al., 2014; Ellwood & Newberry, 2007). In this respect, while the decree improves formal recognition, it does not ensure timely resolution or managerial use of off-budget information.

The decree also strengthens discipline in revenue and cash management by classifying various types of collections and requiring that revenues be deposited and recorded in designated Central Bank accounts according to classification codes (MoF, Decree No. 5, 2016). This supports central monitoring of cash flows and enhances reconciliation between entities and the treasury. However, the effectiveness of these controls depends heavily on the technical capacity of line ministries to process entries accurately and consistently. In practice, delays in reconciliation and misclassification persist where staff training and system usage remain uneven, a challenge widely observed in transitional accrual environments (Harun et al., 2012).

Another important impact concerns the classification of salary deductions and inter-institutional payables. By requiring that *“deductions from employee salaries for other institutions”* be recorded under specific liability codes until transferred (MoF, Decree No. 5, 2016), the decree prevents the understatement of government obligations and improves the transparency of liabilities. This represents a meaningful improvement in fiscal discipline. However, the framework remains reactive rather than preventive; discrepancies are identified during reconciliation rather than avoided through real-time validation or automated controls. As Hood (1995) notes, technical reforms often replicate existing behavioural patterns when incentive and accountability structures are unchanged.

The introduction of memorandum accounts represents a further impact of Decree No. 5. Accounts such as *“services rendered but not invoiced,” “government guarantees,”* and *“receivables or payables under legal disputes”* (MoF, Decree No. 5, 2016) institutionalise the recording of contingent obligations and fiscal risks. This aligns with best practice under both IMF GFS and IPSAS guidance and broadens the information base available for fiscal oversight. However, the decree does not specify how these accounts should be analysed,

disclosed, or incorporated into risk management and budgeting processes. Consequently, they often function as procedural records rather than inputs into decision-making, reinforcing a pattern of symbolic rather than analytical transparency (Adhikari & Jayasinghe, 2017).

Overall, Decree No. 5 has made a substantial contribution to the technical standardisation of Kuwait's public accounting system. It establishes a unified classification infrastructure that supports automation, reconciliation, and formal accrual alignment within GFMIS. From an institutional theory perspective, this reflects strong coercive and mimetic pressures to conform to international norms and replicate global best practice (DiMaggio & Powell, 1983; Scott, 2013). However, without parallel investment in capacity development, audit enforcement, and performance feedback, the decree's impact remains largely procedural.

4.3.2 Guidance Documents for GFMIS Implementation:

4.3.2.1 Rationale for the GFMIS Implementation:

The GFMIS guidance documents issued by Kuwait's MoF constitute a central pillar in the operationalisation of accrual accounting reform. These manuals translate high-level policy intentions and legal mandates, such as those articulated in Decree No. 5, into system-controlled procedures embedded in an Oracle-based Government Financial Management Information System. The documents cover core financial functions, including revenue, payments, general ledger, contracts, inventory management, financial control, and budget execution, and reflect a deliberate shift from discretionary, paper-based accounting toward a rule-based digital architecture designed to standardise financial operations across all government entities.

A primary rationale for these documents is the systematisation of financial processes. The manuals prescribe uniform procedures for entering and processing transactions, such as revenue registration, supplier payments, asset movements, and cash advances. For example, the Payments Manual requires that *"invoices be matched to purchase orders and approved by a defined hierarchy before payment is released"* (MoF, GFMIS Guidance, 2016). By embedding these workflows in the system, the Ministry aims to enforce consistency, reduce discretion, and minimise variation in accounting practices

across ministries. This approach aligns with international reform models that prioritise input standardisation as a mechanism for improving control and auditability (Christensen & Parker, 2010; Ridder et al., 2005).

A second rationale is to strengthen internal control and financial discipline. Many GFMS modules incorporate ex ante controls, such as stop-payment protocols, commitment ceilings, and settlement rules. The Cash Trust and General Ledger manuals state that *“amounts paid in advance shall be settled under the appropriate expense codes when due”* (MoF, GFMS Guidance, 2016), operationalising core accrual principles at the transaction level. These mechanisms are designed to prevent unauthorised spending, improve traceability, and enhance audit readiness. From an institutional theory perspective, this reflects normative isomorphism, whereby professionalised control practices are adopted to enhance institutional legitimacy and align with globally accepted standards of financial governance (Scott, 2013).

However, procedural control alone does not guarantee substantive reform. The literature consistently warns that sophisticated systems introduced without corresponding behavioural change led to symbolic compliance (Meyer & Rowan, 1977; Hood, 1995). Although the GFMS manuals are technically detailed, they are largely silent on how financial data generated by the system should inform policy decisions, performance evaluation, or service delivery outcomes. For instance, while the Contracts module enforces ceilings and approval rules, it provides no guidance on contractor performance assessment or value-for-money analysis. This reflects a reform logic centred on structural compliance rather than strategic financial management, a pattern observed in other technocratic reform environments (Adhikari & Jayasinghe, 2017).

A third rationale concerns institutional alignment with international frameworks. The Ministry explicitly aligns GFMS with the IMF’s Government Finance Statistics and IPSAS principles. The General Ledger manual describes its purpose as *“providing a comprehensive view of assets, liabilities, revenues, and expenditures”* and enabling the preparation of *“financial reports, trial balances, and period closing statements”* (MoF, GFMS Guidance, 2016). Such alignment reflects Kuwait’s pursuit of reputational legitimacy and international comparability, a motivation frequently observed in

jurisdictions adopting international accounting standards without direct external compulsion. Unlike motives were seen in crisis-driven countries such as Spain when adopting IPSAS (Christiaens et al., 2015; Brusca et al., 2013).

Importantly, Kuwait's GFMS reform differs from crisis-driven accrual transitions observed elsewhere. The initiative was domestically led, technocratically designed, and not imposed as a condition of fiscal rescue or donor conditionality. This non-crisis context enabled the Ministry of Finance to pursue a mimetic isomorphic strategy, adopting internationally recognised system models to signal modernity and institutional competence (DiMaggio & Powell, 1983). While this has produced a coherent system architecture, the absence of external enforcement or internal accountability pressures helps explain the persistence of partial adoption, siloed practices, and capacity mismatches across implementing entities (Becker et al., 2014).

The rationale for the GFMS guidance documents reflects a structured, systems-based approach to embedding accrual accounting in Kuwait's public sector. The emphasis on procedural clarity, system integration, and institutional legitimacy is clear. However, consistent with institutional theory, a gap remains between formal system design and practical enactment. The manuals institutionalise accrual logic through technology and rules, yet they leave unresolved how these tools will be translated into learning, performance improvement, or behavioural change across government entities. This tension between technical alignment and institutional transformation underpins the subsequent analysis of management responses and reform outcomes.

4.3.2.2 Management and Response in GFMS Guidance:

MoF's management response to accrual accounting reform, as operationalised through the GFMS guidance documents, is characterised by a highly centralised, system-driven implementation strategy. Rather than relying on legislative change or decentralised professional judgement, reform is embedded through standardised workflows, automated controls, and predefined approval hierarchies within Oracle-based GFMS modules. These manuals govern how revenues, expenditures, assets, commitments, and cash balances are recorded, verified, and approved, thereby positioning the system itself as the primary instrument of reform.

A core management feature of the GFMIS implementation is the embedding of accrual principles into mandatory transactional processes. Every financial activity, whether revenue collection, supplier payment, inventory movement, or contract execution, is required to pass through system-controlled steps. For example, the Payments module mandates that *“invoices be matched with purchase orders and approved through a defined hierarchy before disbursement”* (MoF, GFMIS Guidance, 2016). Similarly, the Cash Trust and General Ledger modules require that *“amounts paid in advance shall be settled under the appropriate expense codes when due”* (MoF, GFMIS Guidance, 2016). These rules operationalise accrual logic by enforcing obligation recognition, matching, and timing through automated validation rather than discretionary decision-making.

While technically robust, this approach assumes a level of institutional capacity that is uneven across government entities. The guidance documents presuppose that ministries possess trained accounting staff, stable IT infrastructure, and organisational readiness to comply with system requirements. In practice, implementation has been fragmented. Several entities continue to rely on parallel manual processes, retrospective data entry, or informal approvals before uploading transactions into GFMIS. Comparative studies in Indonesia, Romania, and Ghana show similar patterns where system-based accrual reforms were introduced without sufficient investment in training or cross-agency coordination, resulting in partial or symbolic implementation (Ajao et al., 2013; Deaconu et al., 2011; Harun et al., 2012).

Another defining feature of the management approach is the emphasis on ex ante financial control. The General Ledger and Financial Control modules consolidate budgetary limits and enforce real-time expenditure checks through formulas such as *“Available Funds = Budget – Actual – Commitments”* (MoF, GFMIS Guidance, 2016). Transactions exceeding authorised ceilings are automatically blocked or escalated. Designated financial controllers are empowered to reject, annotate, or return transactions for correction. These controls strengthen fiscal discipline and reduce unauthorised spending, reflecting the best international practices in public financial management (Pollitt & Bouckaert, 2017).

However, this control-centric design also introduces rigidity. Ministries have limited flexibility to reallocate resources or respond to time-sensitive operational needs without navigating complex escalation procedures. Similar tensions between control and responsiveness have been observed in other centralised systems, where automated controls improve compliance but constrain managerial discretion (Newberry & Pont-Newby, 2009; Allen, 2009). In Kuwait, the guidance documents prioritise system compliance over adaptive financial management, reinforcing a hierarchical governance model.

The Inventory and Contracts modules further illustrate the procedural orientation of the reform. Inventory adjustments, disposals, and contract variations must follow predefined system paths, with limited scope for exception handling. In the contracts module, variations beyond approved ceilings are automatically rejected, regardless of project urgency (MoF, GFMS Guidance, 2016). While this strengthens compliance and auditability, it can also delay service delivery and project execution, a phenomenon documented in Jordan and other reforming states, where automated procurement controls created administrative bottlenecks (Becker et al., 2014).

To support implementation, the Ministry of Finance rolled out a large-scale training programme reportedly covering thousands of users (MoF, GFMS Guidance, 2016). However, the training focus was primarily technical, centred on system navigation and transaction processing rather than on accrual concepts, financial analysis, or performance-oriented use of data. This resulted in what Hood and Peters (2004) describe as “*control without capacity*”; staff can operate within the system but lack the analytical skills or incentives to use financial information strategically. Financial controllers, while active in enforcing procedural compliance, often engage in ritualised checking rather than substantive financial evaluation, reinforcing symbolic enactment of reform (Meyer & Rowan, 1977).

From an institutional theory perspective, the GFMS management approach exemplifies mimetic isomorphism. Kuwait adopted internationally recognised system architectures and control models not in response to fiscal crisis or donor conditionality, but to project institutional modernity and align with global best practice (DiMaggio & Powell, 1983). The

absence of external enforcement or crisis pressure has allowed the reform to progress in form while remaining uneven in practice. Without strong accountability mechanisms, behavioural incentives, or performance integration, system usage varies significantly across entities, and accrual logic is applied inconsistently.

Overall, the management response embedded in the GFMIS guidance documents has produced coherent, technically sophisticated system architecture. It has strengthened transactional controls, standardised workflows, and aligned financial recording with international frameworks. However, its reliance on procedural enforcement and centralised control, combined with limited capacity development and weak feedback loops, constrains its transformative potential. The GFMIS operates primarily as a mechanism for order and compliance rather than as a platform for learning, accountability, or strategic financial governance, reinforcing a pattern of system-driven reform that is institutionally disciplined but behaviourally fragile.

4.3.2.3 Impacts of GFMIS Guidance Documents:

The rollout of GFMIS guidance documents has had a measurable impact on Kuwait's public financial management system, particularly in reinforcing procedural discipline, increasing transaction traceability, and institutionalising accrual logic through standardised workflows. These documents, and the Oracle-based modules they support, have restructured how financial activities are conducted across government entities, embedding rules that guide revenue recognition, payments, commitments, and internal controls. However, the impact remains primarily structural and administrative. Despite improvements in system formalisation, the reform has not yet achieved the deeper objectives of behavioural change, performance-based decision-making, or cross-entity consistency, challenges widely echoed in comparative public sector reform literature. Similar structural reforms in Europe and Africa faced these same institutional bottlenecks (Jones & Caruana, 2013; Lassou & Hopper, 2016).

One of the clearest areas of impact is the enforcement of classification standards and codified financial behaviour. The GFMIS guidance manuals have standardised how financial entries are processed, from revenue registration to contract release and general ledger postings. For example, all payments must be tied to pre-approved obligations, with

the system requiring “*matching of invoices with purchase orders and approvals prior to disbursement*” (MoF, GFMIS Guidance, 2016). Similarly, contract releases must fall within predefined ceilings, or they are automatically rejected by the system. These mechanisms reduce discretion, limit fiscal overreach, and ensure that financial records follow the accrual principle of recognising obligations when incurred, not when paid. This represents a significant step forward from Kuwait’s legacy practices, where paper-based processes and discretionary authorisation often led to inconsistencies and poor audit trails. Similarly, this shift from discretion to automation mirrors reforms in Francophone Africa (Lassou & Hopper, 2016).

Second, the guidance documents have assisted in institutionalising system-enforced internal control. The financial control manual enables designated reviewers to log violations, escalate non-compliant entries, and request documentation before approving transactions (MoF, GFMIS Guidance, 2014). The cash trust and inventory modules ensure that advances and physical assets are reconciled through tightly controlled procedures, reducing opportunities for fraud or unauthorised use (MoF, GFMIS Guidance, 2016). These features reflect global best practices in financial governance, where automated checks and role-based access are utilised to enforce fiscal discipline (Pollitt & Bouckaert, 2017). However, genuine accountability relies on the way staff interact with these controls (Becker et al., 2014).

However, these technical achievements are undercut by persistent issues in implementation and institutional culture. In practice, many entities may continue to operate in parallel to the system, entering transactions retrospectively or partially complying with classification procedures. Several ministries still rely on spreadsheets or maintain offline approvals before uploading entries into GFMIS. This pattern of dual systems reflects a broader problem noted in countries like Ghana and Indonesia, where financial systems were upgraded, but legacy habits persisted due to a lack of staff training, IT infrastructure, or accountability incentives (Harun et al., 2012; Ajao et al., 2013). These are typical signs of institutional layering without real reform (Adhikari & Jayasinghe, 2017).

Furthermore, while the documents mandate compliance, they do not cultivate a culture of financial accountability or learning. The manuals are deeply procedural, focused on how to record and approve transactions, but silent on how to use financial data for forecasting, evaluating programme performance, or informing resource allocation. The system's capacity to generate real-time reports and trial balances is not matched by guidance on interpreting or applying this data. This reflects a broader critique in public sector reform literature that accrual accounting systems often strengthen form over function, improving reporting structures without transforming fiscal governance (Brusca & Martínez, 2016; Christiaens & Rommel, 2008).

However, the absence of a crisis also resulted in a lack of urgency. Reform progress has been incremental and uneven without a strong external enforcement mechanism. Some ministries became early adopters of GFMS, while others lagged, leading to inconsistent implementation and gaps in data reliability (MoF, GFMS Guidance, 2015). As Polzer et al. (2022) observe in the European context, even when systems are well designed, reform often stalls at the point of actual behavioural change, particularly when reforms are introduced pre-emptively rather than reactively. Symbolic reforms often lack urgency and accountability (Brown et al., 2015).

The impact of the guidance documents must be evaluated in terms of outcomes, not merely inputs. While they have introduced clear workflows and enhanced compliance, they have not necessarily improved strategic financial management. There is no evidence that GFMS has resulted in improved budget execution, more efficient procurement, or better-informed policymaking. The system tracks activities but does not assess them. It records commitments but fails to measure results. This aligns with critiques that accounting reforms alone do not deliver public value unless linked to broader reforms in performance management, accountability mechanisms, and institutional capacity (Lapsley et al., 2009; Allen, 2009). Otherwise, systems reinforce proceduralism instead of strategic governance (Gomes et al., 2021).

The GFMS guidance documents have established a coherent and enforceable structure for implementing accrual accounting in Kuwait. They have strengthened technical controls, standardised procedures, and aligned the country's financial practices with

international norms. However, their impact remains largely procedural and symbolic. Without a greater focus on capacity building, data utilisation, and performance integration, the system may persist as a framework for compliance rather than a catalyst for financial transformation. The Kuwaiti case thus illustrates a broader lesson from public sector reform that system modernisation is necessary but not sufficient for achieving accountable, effective, and responsive public financial management.

4.3.3 Asset Recognition Guide in the Budget:

4.3.3.1 Rationale Aspects in Asset Recognition Guide:

The “Guidance Manual – Guide to Asset Recognition in the Budget” (MoF, Guide Manual, 2015) provides the conceptual foundation for incorporating public assets into Kuwait’s accrual accounting framework. Unlike purely procedural documents, the guide frames asset recognition as a substantive shift in how government resources are identified, valued, and linked to fiscal governance. It reflects the Ministry of Finance’s intention to move beyond cash-based visibility toward recognising assets as economic resources with long-term financial and policy implications.

The guide explicitly states that it was developed *“in line with state policies in reforming financial management and adding more transparency, simplicity, and clarity to financial data on assets”* (MoF, Guide Manual, 2015). This framing reveals an internally driven reform logic, one that did not stem from fiscal crisis, donor conditionality, or debt restructuring. In comparative terms, this places Kuwait among non-crisis reformers, where accrual accounting is adopted in anticipation to enhance institutional legitimacy and governance quality rather than to satisfy immediate external enforcement (Ellwood & Newberry, 2007; Christiaens et al., 2015; Polzer et al., 2022).

A central rationale of the guide is the repositioning of assets as tools for monitoring, evaluation, and rational decision-making. It emphasises that asset recognition enables *“highlighting all government resources available for use”* and supports improved planning, sustainability, and intergenerational equity (MoF, Guide Manual, 2015). This framing aligns asset accounting with public value considerations, treating assets not merely as balance-sheet items but as strategic resources that support long-term service delivery and fiscal sustainability. Such normative framing reflects pressures from professional and

international standard-setting communities that promote accrual accounting to enhance discipline, comparability, and long-term planning (Scott, 2013).

The guide also explicitly mandates the application of “*international accounting standards (IAS) and public-sector accounting standards (IPSAS)*” (MoF, Guide Manual, 2015), thereby aligning asset recognition with IPSAS 17. This alignment reflects both mimetic and coercive isomorphism (DiMaggio & Powell, 1983). Although Kuwait was not subject to IMF or donor enforcement, adopting IPSAS-compliant asset standards mirrors the practices of high-income states seeking to project competence, credibility, and global alignment. In non-crisis contexts, such adoption often serves reputational and legitimate-building purposes rather than responding to immediate fiscal necessity.

Despite this sophisticated conceptual framing, the guide reveals a persistent gap between institutional ambition and operational feasibility. While it outlines classifications for fixed assets, infrastructure, intangible assets, and cultural and biological assets, and provides guidance on valuation, depreciation, and impairment (MoF, Guide Manual, 2015), it does not specify how ministries are expected to implement these requirements in environments characterised by incomplete asset registers, legacy systems, and limited valuation expertise. Comparative studies from Ghana, Romania, and similar reforming states show that asset reforms frequently falter at this stage, producing incomplete or unreliable records when supporting infrastructure is absent (Ajao et al., 2013; McKendrick, 2007; Deaconu et al., 2011).

Transparency is another explicit rationale of the guide. It repeatedly emphasises the goal of “*adding more transparency, simplicity, and clarity to financial data*” (MoF, Guide Manual, 2015), echoing global reform narratives that associate asset disclosure with accountability and trust. However, the guide treats transparency primarily as a disclosure objective rather than a governance mechanism. It does not clarify how asset information will be audited, publicly disclosed, or integrated into budgetary decision-making. As the public financial management literature cautions, transparency without enforceable use and oversight risks becoming performative rather than substantive (Hood, 1995; Brusca et al., 2013).

Finally, the guide concludes that asset recognition *“helps present a complete and accurate picture of the state’s resources”* (MoF, Guide Manual, 2015). While this claim is conceptually sound, institutional theory warns that formal recognition alone does not guarantee meaningful transformation. Without integrated systems, trained personnel, audit assurance, and decision-making linkages, asset data may enhance the appearance of fiscal completeness without materially altering governance practices (Meyer & Rowan, 1977).

The rationale for the Asset Recognition Guide reflects a sophisticated and forward-looking vision of accrual reform. It situates asset accounting at the intersection of transparency, public value, and long-term fiscal planning, shaped by both internal policy objectives and external normative pressures. However, as with other system-driven reforms in Kuwait, the guide’s transformative potential depends on whether its conceptual logic is supported by operational capacity, system integration, and enforcement. In the absence of these conditions, asset recognition risks remain a symbol of modernisation rather than a fully embedded instrument of public financial governance.

4.3.3.2 Management and Response in Asset Recognition Guide:

The “Guidance Manual – Guide to Asset Recognition in the Budget” (MoF, Guide Manual, 2015) outlines a comprehensive management framework for implementing asset recognition under accrual accounting across Kuwait’s public sector. The guide operationalises reform by specifying classifications, valuation principles, registration processes, depreciation rules, and reporting requirements, aligning explicitly with IPSAS 17. Through these provisions, the Ministry of Finance seeks to translate accrual concepts into routine administrative practice within ministries and government entities.

A central management feature of the guide is the allocation of responsibility for asset recognition to individual entities. Ministries are instructed to develop internal procedures to *“record, update, and reclassify assets on a regular basis, maintain asset registers, conduct physical verification, and submit periodic reports to the MoF”* (MoF, Guide Manual, 2015). This decentralised implementation model is intended to foster ownership and improve data completeness at the operational level. However, without strong horizontal coordination or central enforcement, decentralisation risks producing

fragmented practices and inconsistent valuation outcomes, a pattern documented in other accrual reform contexts, such as Romania and Ghana (Ajao et al., 2013; McKendrick, 2007; Deaconu et al., 2011).

The guide provides detailed guidance on asset classification, requiring entities to distinguish between “*movable and immovable, tangible and intangible, and biological, cultural, and operational assets*” (MoF, Guide Manual, 2015). This structured taxonomy institutionalises a common accounting language across government and supports consistent reporting. From an institutional theory perspective, this reflects normative isomorphism, as professional standards are adopted to standardise practice and enhance legitimacy (Scott, 2013). Yet the guide does not specify mechanisms to resolve classification disputes or ensure consistency across ministries, leaving scope for divergent interpretations in practice.

Valuation is a core management dimension of the guide. It mandates the use of fair value, replacement cost, and residual value estimates, stating that “*the fair replacement value is the estimated value required to replace an asset with another that performs the same function and delivers the same service level*” (MoF, Guide Manual, 2015). These requirements signal a shift from historical cost conventions toward economically meaningful measurement intended to support planning and decision-making. However, the guide does not identify data sources, valuation models, or institutional responsibilities for validating estimates. In practice, ministries may lack access to market data or valuation expertise, increasing the risk of inconsistent or unreliable asset values, a challenge widely reported in public-sector asset reforms (Christiaens et al., 2015; Biondi & Lapsley, 2014).

The guide also addresses depreciation and revaluation, requiring assets to be depreciated annually based on estimated useful lives and residual values, with periodic reassessment to reflect current conditions (MoF, Guide Manual, 2015). While these provisions align closely with IPSAS principles, the guide does not specify system-level integration with GFMIS, audit trails, or approval workflows for adjustments. The absence of explicit linkage to GFMIS modules or validation controls reflects a broader implementation gap, where technical sound guidance exists alongside under-integrated

systems. As Meyer and Rowan (1977) describe, such loose coupling allows formal structures to coexist without reinforcing one another.

Asset lifecycle management is presented as an integral component of accrual reform. The guide encourages tracking assets from acquisition through “*use, maintenance, and eventual disposal, embedding long-term planning considerations into accounting practice*” (MoF, Guide Manual, 2015). This lifecycle perspective supports sustainability, capital planning, and evidence-based investment decisions, consistent with contemporary public financial management frameworks (Pollitt & Bouckaert, 2017). However, the guide provides limited operational detail on disposal procedures, inter-entity transfers, or the treatment of obsolete assets, leaving these critical processes under-specified and vulnerable to inconsistent application.

Finally, the guide requires recognised assets to be reflected in financial statements to present a “*complete and accurate picture of the government’s financial position*” (MoF, Guide Manual, 2015). While this requirement reinforces transparency objectives, the guide does not clarify reporting frequencies, external disclosure practices, or audit verification arrangements. In the absence of defined enforcement and assurance mechanisms, reporting risks remain internalised and procedural, limiting its governance impact (Hood, 1995).

Overall, the management response articulated in the Asset Recognition Guide presents a coherent, professionally aligned framework for implementing accrual-based asset accounting. It introduces standardised classifications, valuation principles, and lifecycle concepts consistent with international best practice. However, reliance on decentralised execution, limited system integration, and weak enforcement mechanisms constrain its effectiveness. From an institutional theory perspective, the guide exemplifies a reform that is formally robust yet operationally fragile, with alignment with global standards achieved in design while practical implementation remains uneven (Meyer & Rowan, 1977; Lassou & Hopper, 2016).

4.3.3.3 Impacts of the Asset Recognition Guide:

The Asset Recognition Guide (MoF, Guide Manual, 2015) has made a distinct institutional and administrative impact on Kuwait’s accrual accounting reform, particularly in its effort

to reshape how assets are viewed, categorised, and connected to financial statements. Although much of the document centres on definitions and procedures, several sections indicate intended and emerging outcomes, transitioning asset management from passive recordkeeping to a functionally integrated aspect of financial governance. Therefore, the guide's impact is conceptual and operational; it frames assets as tools for planning and transparency while striving to establish a shared infrastructure for long-term fiscal sustainability.

One of the most critical impacts lies in the redefinition of assets as financially consequential instruments, rather than merely as operational inputs. The guide notes explicitly that the inclusion of assets in the financial statements allows for the demonstration of the real financial position of the government entity (MoF, Guide Manual, 2015). This recognition is significant: it reframes the state's financial capacity not only in terms of liabilities and cash flow, but also in the accumulated value of its real estate, infrastructure, equipment, and intangible rights. The impact here is to establish assets as a strategic fiscal category, thereby contributing to a more comprehensive depiction of fiscal health. In the context of institutional theory, this marks a shift in organisational logic, from cash-based minimalism to accrual-based completeness.

The guide also signals that the correct representation of assets supports “*measuring the cost of public services*” (MoF, Guide Manual, 2015). This signifies a critical shift towards inter-ministerial comparability and efficiency assessment, both of which are limited under cash accounting. By assigning depreciated values to infrastructure and operational assets, the MoF allows for evaluating cost-effectiveness, calculating unit costs, and assessing returns on public investment, at least in principle. Introducing this logic moves Kuwait closer to what the literature terms performance-informed budgeting, even if such practices are not yet applied consistently in Spain (Brusca et al., 2013).

A further institutional impact lies in how the guide aims to change asset stewardship behaviour. It warns that “*failing to record and maintain up-to-date information on assets increases the risk of misuse, loss, and inefficiency*” (MoF, Guide Manual, 2015). Here, the guide implies that visibility produces accountability: what is recorded is more likely to be protected, maintained, or strategically deployed. While this logic is widely accepted in the

global public financial management community, its application within the Kuwaiti context, where assets were often managed outside formal accounting systems, represents a meaningful reform trajectory. The intended impact is financial accuracy and improved resource discipline and loss prevention across ministries.

On a broader scale, the guide's definition of asset revaluation and depreciation introduces a temporal dimension to fiscal planning. It specifies that depreciation must be calculated annually and should reflect both *“the expected useful life of the asset”* and *“its expected residual value”* (MoF, Guide Manual, 2015). This compels government entities to project asset usage into the future, influencing maintenance schedules, capital replacement plans, and potential write-offs. It embeds the logic of long-term asset lifecycle management into public sector routines, which is foundational to accrual budgeting and investment planning. The impact, in theory, is to transform accounting from a backwards-looking documentation exercise into a forward-looking fiscal tool.

However, the guide's impact must be viewed with critical caution. While articulating these goals, the document does not provide assurance mechanisms to ensure that asset data is consistently used in planning, budgeting, or inter-agency coordination. For instance, it notes that asset information should be reflected in “the notes to the financial statements” (MoF, Guide Manual, 2015), but does not standardise what these notes should contain, nor how they should be audited or interpreted. This undermines the operational impact of the guidance, allowing for wide variance in application. As Meyer and Rowan (1977) argue, institutional frameworks that promote formal compliance without enforcement often lead to decoupling, where structures appear legitimate but are weakly enacted. Similar patterns were observed in Portugal's historic reforms (Gomes et al., 2008).

In summary, the impact of the 2015 Asset Recognition Guide lies in its ability to reframe how government assets are valued, depreciated, and connected to fiscal performance. It pushes Kuwait's public financial management towards a model where assets are both financial and strategic. However, its influence remains dependent on whether ministries actively incorporate asset data into their planning cycles and whether the Ministry of Finance enforces consistency and application. The guide offers conceptual change, but its long-term impact will depend on whether asset recognition evolves into asset

management that promotes transparency, efficiency, and evidence-based fiscal governance. The impacts outlined in this document reflect a systematic approach by the MoF to enhance financial management through the adoption of accrual accounting. The focus aligns with Institutional Theory, which explains how coercive pressures from international standards and normative pressures through capacity-building initiatives drive the reform process. The comprehensive attention to improving internal processes, capacity building, operational efficiency, and external accountability, transparency, and governance suggests that the Ministry's reforms are not just about compliance but also about creating a more robust, sustainable financial management system.

4.3.4 Summary of Part Two:

Decree No. 5 of 2016, the GFMS guidance manuals, and the Asset Recognition Guide illustrate Kuwait's attempt to operationalise accrual accounting primarily through technical systems, classifications, and procedural controls, rather than through legislative overhaul or organisational redesign. Across these documents, accrual reform is embedded in charts of accounts, Oracle-based workflows, asset classifications, and valuation rules that standardise how financial information is recorded and processed across government entities.

From an institutional theory perspective, this system-led approach reflects a strong reliance on coercive and mimetic isomorphism. International frameworks such as IPSAS and IMF GFS provide the dominant reference points, shaping both the design of classifications and the logic of GFMS workflows. However, because the reform is implemented in a non-crisis context without external enforcement or fiscal urgency, system adoption has progressed unevenly. Technical compliance is achieved in form, while behavioural change, analytical use of data, and cross-entity consistency remain limited.

The analysis reveals a persistent gap between design and execution. While Decree No. 5 establishes a technically coherent classification infrastructure and GFMS manuals enforce transaction-level control, their effectiveness is constrained by capacity mismatches, parallel manual practices, and weak audit feedback loops. Similarly, the Asset Recognition Guide articulates a sophisticated accrual logic for valuing and

managing public assets, yet lacks the system integration, enforcement, and assurance mechanisms needed to translate conceptual alignment into reliable, decision-relevant information.

Overall, part two demonstrates that Kuwait's accrual accounting reform has been institutionalised through systems and procedures, producing greater order, traceability, and formal alignment with global standards. However, this institutionalisation remains largely procedural and symbolic, reinforcing compliance and legitimacy rather than embedding accrual accounting as a substantive tool for financial governance, performance management, or policy decision-making. This system-driven reform context provides a critical backdrop for understanding the management responses and practical outcomes examined in the subsequent chapter.

4.4 Part Three: Institutional and Financial Management Practices:

4.4.1 Administration of Asset Management:

4.4.1.1 Rationale of Administration of Asset Management Document:

The Administration of Asset Management document (MoF, 2012) provides a foundational policy rationale for Kuwait's institutional shift towards accrual accounting by focusing on the classification, systematisation, and governance of public sector assets. Rather than functioning as a purely technical manual, the document reflects a deliberate effort by the Ministry of Finance to embed modern asset management practices within Kuwait's fiscal management architecture. It promotes accounting modernisation, operational control, and transparency, and signals alignment with global accounting standards. From an institutional theory perspective, the document's rationale is shaped by a convergence of coercive, normative, and mimetic pressures that collectively influence the transformation of Kuwait's internal financial arrangements.

A central driver of the document's rationale is the stated need to *“study and develop systems in line with modern requirements and planning needs”* (MoF, 2012). This emphasis on systems development reflects a policy imperative to replace fragmented or outdated asset practices with integrated, standards-based frameworks. Viewed institutionally, this illustrates coercive isomorphism, whereby the Ministry adapts its

internal systems in response to global convergence around IPSAS and GFS principles. Importantly, this adaptation is not driven by fiscal crisis or external conditionality but by a strategic objective to enhance international legitimacy and technical credibility.

Closely linked to this is the document's strong emphasis on comprehensive asset classification. It mandates standardised categories for *“movable and immovable assets, industrial installations, infrastructure, biological assets, underground resources, and intangible holdings”* (MoF, 2012). This broad classification framework seeks to eliminate ambiguity across ministries and align Kuwait's asset recognition practices with international norms. Such standardisation reflects normative isomorphism, driven by professional accounting norms and the logic of best practice in public sector financial management. By establishing a common asset language, the Ministry aims to improve reporting accuracy and cross-entity comparability, both of which are essential in a decentralised administrative environment.

The document also frames asset governance as a dynamic and continuous reform process. It instructs the Ministry to *“develop and update policies and procedures on depreciation, inventory, evaluation, write-off, disposal, and inter-agency asset transfer”* (MoF, 2012). This indicates that asset management is not conceived as a one-off reform but as an evolving institutional function requiring ongoing coordination and regulatory development. This forward-looking orientation reflects mimetic isomorphism, as Kuwait models its asset governance arrangements on jurisdictions that have already transitioned to accrual-based systems, particularly within OECD and GCC contexts. The objective extends beyond compliance with IPSAS to positioning Kuwait among states that define themselves as fiscally transparent and technically advanced.

What distinguishes this document from earlier technical guidance is its institutional scope. It assigns responsibilities not only for asset classification and record-keeping but also for policy development, oversight, interdepartmental coordination, reporting, and training. Asset management is framed as a government-wide administrative function rather than a task confined to accounting units. The document explicitly calls for *“designing, developing, and issuing centralised instructions and procedures for managing, evaluating, reclassifying, and transferring assets between public entities”* (MoF, 2012).

This rationale is grounded in structural integration, seeking to elevate asset management to a strategic component of financial governance.

However, the ambition of the document also exposes institutional risks. Its rationale assumes that sufficient capacity exists across ministries to classify, revalue, and monitor assets in line with modern accounting standards. It pays limited attention to uneven departmental readiness, legacy asset records, or the technical challenges of reconciling historical data with IPSAS-compliant structures. As Allen (2009) and Lapsley et al. (2009) note, system-driven reforms that transplant international models without adapting them to local administrative realities often result in superficial compliance. From an institutional theory perspective, this misalignment between declared intent and practical capacity creates conditions for decoupling, where procedures are formally adopted but inconsistently implemented in practice (Meyer & Rowan, 1977).

Overall, the rationale underpinning the Administration of Asset Management document reflects the Ministry of Finance's ambition to professionalise and systematise public asset governance within an accrual accounting framework. By combining system development, standardisation, and continuous policy evolution, the document lays important conceptual groundwork for reform. It draws heavily on international standards and institutional pressures to justify its strategy. Yet, while the reform logic is coherent and globally aligned, its realisation depends on the ability to operationalise these ambitions across ministries. Without sustained capacity development, coordination, and enforcement, the rationale risks remaining aspirational high in intent but limited in institutional traction.

4.4.1.2 Management and Response Aspects in Administration of Asset Management Document:

The Administration of Asset Management document (MoF, 2012) establishes an ambitious administrative framework for managing the lifecycle of public assets, emphasising modernisation, coordination, and standardisation across government entities. Its management logic is structured around central policy authority, interdepartmental responsibility, and systems development, reflecting an effort to institutionalise asset governance as a core component of public financial management under accrual accounting. While the framework is technically coherent and strategically

aligned with international practice, its implementation presents significant operational challenges.

A central feature of the management approach is the MoF's designated leadership role in formulating overarching asset policies and overseeing their application. The document mandates that the Ministry *"draft and update general policies, regulations, and procedures governing asset evaluation, classification, registration, transfer, disposal, and write-off"* (MoF, 2012). This centralisation reflects a top-down reform model designed to impose uniformity and coherence across fragmented administrative units. Such an approach aligns with reforms observed in other accrual-transition contexts, where central ministries assume strategic control to overcome institutional fragmentation (Brusca & Martínez, 2016).

The document also emphasises interdepartmental coordination, instructing the Ministry to ensure consistent application of asset-related policies across public entities and to facilitate regular communication between relevant departments (MoF, 2012). This signals an intention to move towards a whole-of-government approach to asset management. However, the document does not clearly specify coordination mechanisms, reporting hierarchies, or conflict-resolution processes. Comparative experiences in countries such as Jordan and Indonesia demonstrate that, without formal coordination structures, horizontal integration often remains aspirational rather than operational (Harun et al., 2012).

Systems development is another key pillar of the management response. The document directs the Ministry to *"design and implement modern information systems that allow for the accurate registration and monitoring of public assets"* (MoF, 2012). This reflects an intention to embed asset management within digital financial systems. However, the document does not clarify whether these systems are to be fully integrated with the GFMIS or to operate alongside it. This ambiguity raises the risk of system duplication, fragmented databases, and data inconsistency, challenges frequently identified in system-driven accounting reforms (Christiaens et al., 2015).

At the operational level, the document requires public entities to conduct regular asset inventories and continuously update asset records, including ownership, location, and

physical condition (MoF, 2012). These records are to be validated and submitted to the Ministry of Finance, reinforcing ongoing stewardship rather than one-off compliance. Nevertheless, the document does not define validation standards, monitoring procedures, or sanctions for non-compliance. In the absence of such enforcement mechanisms, reporting obligations risk becoming symbolic, consistent with the decoupling dynamics described by Meyer and Rowan (1977).

The document also recognises the importance of capacity building, explicitly assigning the Ministry responsibility for *“developing training programmes, guidance manuals, and support mechanisms to enable public entities to apply asset management procedures correctly”* (MoF, 2012). This reflects awareness of normative pressures, in which professional competence and internal legitimacy are viewed as prerequisites for reform success. However, the document does not outline training delivery structures, competency benchmarks, or evaluation mechanisms. As noted in the literature, training initiatives that lack follow-up and monitoring often fail to produce lasting behavioural change (Hood & Peters, 2004; Lye et al., 2005).

Finally, while the document requires the preparation of consolidated asset reports for inclusion in final accounts and potential audit review, it provides limited guidance on audit readiness, reporting formats, or verification protocols (MoF, 2012). The absence of explicit audit integration weakens enforceability and accountability. Similar patterns have been observed in other states, where technically sophisticated asset frameworks faltered due to insufficient operational support and oversight (Becker et al., 2014; Andrews, 2013).

Overall, the management strategy outlined in the Administration of Asset Management document reflects a robust formal design built on central authority, inter-agency coordination, systems development, and capacity building. These elements collectively aim to institutionalise asset governance as a strategic financial management function. However, translating this design into effective practice depends on structural integration, system compatibility, enforcement follow-through, and sustained engagement across ministries. Without these conditions, the reform risks remaining administratively ambitious but operationally uneven.

4.4.1.3 The Impacts of Administrative Asset Management Document:

The Administration of Asset Management document (MoF, 2012) was intended to institutionalise asset governance as a core component of Kuwait's transition to accrual accounting. Its most immediate impact lies in elevating asset management from a peripheral administrative activity to a strategic element of public financial management. By defining standard procedures for asset classification, registration, evaluation, transfer, and disposal, the document contributed to establishing a common administrative language and framework across government entities. This marked a shift away from fragmented, cash-based inventory practices toward a more structured and accrual-oriented understanding of public assets.

One significant impact of the document has been the standardisation of asset-related procedures across ministries. By requiring entities to recognise and manage a wide range of asset categories, including *"infrastructure, industrial installations, biological assets, underground resources, and intangible holdings"* (MoF, 2012), the document broadened the scope of assets considered relevant for financial reporting and governance. This expansion laid the groundwork for more comprehensive asset registers and supported the later introduction of accrual-based asset recognition in financial statements. In institutional terms, this contributed to strengthening formal accountability by making previously invisible public resources identifiable and classifiable.

The document also generated momentum for capacity-building and professionalisation within asset management functions. Its emphasis on training, guidance manuals, and institutional support mechanisms signalled an intention to shift from passive custodianship to active stewardship of public assets (MoF, 2012). In practice, these initiatives raised awareness of asset governance responsibilities among ministries and initiated early efforts to improve record-keeping and valuation practices. However, the longer-term impact of these efforts has been uneven, constrained by the absence of sustained training programmes, competency frameworks, and follow-up evaluation. As noted in the literature, technical training alone rarely alters entrenched organisational routines without reinforcement through monitoring and incentives (Lapsley et al., 2009).

From an institutional theory lens, the document strengthened Kuwait's reform narrative and international positioning. Its language closely mirrors IPSAS principles, particularly in depreciation, revaluation, and lifecycle management, reinforcing Kuwait's alignment with global public sector accounting norms. This alignment enhanced reputational legitimacy and signalled modernisation, reflecting mimetic isomorphism as described by DiMaggio and Powell (1983). However, without strong enforcement mechanisms, the symbolic impact has often outpaced substantive change, with asset frameworks existing formally while implementation quality varies significantly across entities.

Operationally, the document's impact has been constrained by fragmented systems and uneven coordination. Although it envisaged a "*unified national asset registry*" (MoF, 2012), this objective has not been fully realised because of legacy databases, inconsistent data quality, and overlapping custodial responsibilities. Similar challenges have been observed in other accrual reform contexts, where asset registers remained incomplete or unreliable despite formal policy frameworks (Harun et al., 2012). As a result, asset information has not been consistently integrated into budgeting, capital planning, or performance evaluation processes. The document has also made only modest contributions to external transparency. Although it requires the preparation of consolidated asset reports for submission to the Ministry of Finance, it does not establish mechanisms for public disclosure, external scrutiny, or systematic audit verification. Consequently, asset information tends to remain internal and procedural, limiting its potential to enhance public accountability or inform broader fiscal debates. As Hood (1995) cautions, transparency initiatives that remain inward facing often fail to deliver meaningful governance improvements.

Overall, the impact of the Administration of Asset Management document has been institutionally significant but operationally constrained. It established a formal framework for asset governance, clarified ministerial responsibilities, and supported Kuwait's accrual accounting agenda at a structural level. However, its effectiveness has been limited by inconsistent implementation, weak enforcement, and insufficient system integration. From an institutional theory perspective, the document illustrates how reforms can strengthen formal legitimacy and administrative order while remaining vulnerable to

decoupling between policy intent and practice (Meyer & Rowan, 1977). Its long-term contribution to accrual accounting reform therefore depends on whether its principles are reinforced through sustained capacity development, system integration, and accountability mechanisms across government entities.

4.4.2 Administration of Resource Planning Systems:

4.4.2.1 The rationale aspects:

The Administration of Resource Planning Systems institutional document (MoF, 2010) articulates a state-led strategy to modernise Kuwait's financial and logistical management infrastructure by adoption of integrated resource planning systems. The rationale underpinning this document is grounded in the MoF's objective to align national financial practices with international standards, specifically IPSAS and the IMF's GFS, and to establish a cohesive institutional and digital environment capable of sustaining accrual accounting reform. Resource planning is framed not merely as a technical upgrade but as a transformational governance tool for enhancing transparency, efficiency, and institutional coordination.

The primary rationale of the document is explicit alignment with global financial frameworks. It states that one of the Ministry's core responsibilities is the *"use of international public sector accounting standards (IPSAS) and classifications from the IMF's Government Finance Statistics (GFS)"* (MoF, 2010). This reflects a form of coercive isomorphism, whereby the Ministry voluntarily adopts international benchmarks to signal technical modernity and institutional legitimacy. Unlike crisis-driven or donor-imposed reforms, this alignment reflects Kuwait's strategic intent to proactively position itself within global standards, a pattern observed in other resource-rich and reputation-sensitive states (Christiaens et al., 2015).

A second rationale concerns strengthening institutional performance through systemic restructuring. The document outlines a broad reform agenda that includes *"budget restructuring, reclassification of the government's chart of accounts, inventory classification, asset classification, transition to accrual accounting, unified treasury account implementation, and a shift to performance and programme budgeting"* (MoF, 2010). This comprehensive scope signals an intention to reform the internal architecture

of public financial management rather than merely its external reporting. From an institutional theory perspective, this confirms the influence of normative pressures, where reforms are shaped by professional norms and internal expectations for modern, integrated public management systems (Scott, 2013).

The document also acknowledges the importance of organisational preparedness and human capital development. It identifies the need to *“enhance the skills of national cadres in the Ministry of Finance and other government entities in using resource planning systems, IPSAS, and GFS classifications”* (MoF, 2010). This indicates an awareness that accrual reform must be embedded through people and institutional routines, not systems alone. However, while the rationale recognises capacity as a critical enabler, it does not articulate a clear strategy for training delivery, assessment, or long-term skills retention. This reflects a common limitation in reform initiatives where technical ambition outpaces pedagogical and institutional infrastructure (Lapsley et al., 2009).

A further element of the rationale is the emphasis on institutional integration. The document assigns responsibility to *“coordinate and implement resource planning systems across all government entities, and to ensure interoperability in other government systems”* (MoF, 2010). This highlights a reform logic centred on cohesion, seeking to replace fragmented ministry-specific systems with a unified digital and procedural ecosystem. From an institutional perspective, this reflects internal coercive isomorphism, as Kuwait models its reform on integrated systems adopted across other government entities. The objective is to enhance internal coordination, data consistency, and whole-of-government visibility.

The rationale of the Administration of Resource Planning Systems document is multifaceted, grounded in international alignment, administrative modernisation, and institutional integration. It reflects the Ministry of Finance’s desire to establish credibility, efficiency, and consistency across public financial management systems. Through the lens of institutional theory, the reform is shaped by coercive pressures through standards compliance and normative pressures through professionalisation. The document reveals that resource planning systems are conceived not merely as technical tools but as central to the Ministry’s vision of sustainable, accrual-based financial governance.

4.4.2.2 The Management and Responses Aspects:

The Administration of Resource Planning Systems institutional document (MoF, 2010) outlines a structured management framework for coordinating and implementing Kuwait's transition to accrual-based financial governance through integrated resource planning systems. The document's management logic is built around central coordination, systemic integration, and capacity development, reflecting the Ministry of Finance's intention to institutionalise reform through organisational control rather than incremental or decentralised change. While the framework is technically coherent and strategically ambitious, its effectiveness depends on the clarity of responsibilities, the functionality of system integration, and the consistency of implementation across ministries.

At the centre of the management response is the designation of a central authority responsible for overseeing and coordinating the application of IPSAS, GFS, and the unified chart of accounts across all government entities. The document assigns this role to the "*Financial Affairs and Resource Planning Department*", which is tasked with supervising implementation and coordinating technical departments to ensure alignment across financial, logistical, and administrative systems (MoF, 2010). This reflects a top-down reform model designed to impose consistency and control across otherwise fragmented bureaucratic structures. From an institutional theory perspective, this approach exemplifies coercive structuring, in which uniform practices are enforced through central authority rather than negotiated through professional discretion.

A key component of the management strategy is the emphasis on system interoperability and procedural integration. The document stresses that resource planning systems should link budget preparation, accounting, procurement, logistics, inventory, and asset management within a "*unified digital platform*" (MoF, 2010). This integrated systems logic aligns with global accrual reform trends, where governments consolidate financial and operational data into traceable and auditable workflows. However, while the document articulates the goal of integration, it provides limited detail on data governance, system sequencing, or conflict resolution between legacy and new platforms. Comparative experience shows that such integration falters when technical architecture is not matched

by organisational coordination and role clarity (Christiaens & Rommel, 2008; Harun et al., 2012).

The management framework also places considerable emphasis on capacity building as a condition for successful reform. The document identifies responsibility for “*designing training programmes and preparing national cadres capable of applying international standards and managing resource planning systems*” (MoF, 2010). This signals an awareness that accrual reform must be embedded through human capital and administrative routines. However, the document does not specify how training will be delivered, evaluated, or sustained over time. As noted in the literature, reform initiatives often invoke training rhetorically without linking it to measurable competencies, incentives, or accountability mechanisms, limiting its long-term impact (Lapsley et al., 2009).

In addition, the document assigns responsibility for “*proposing amendments to financial system laws and developing models for monitoring and evaluating system effectiveness*” (MoF, 2010). This suggests recognition that legal and accountability structures must evolve alongside system reforms to embed them institutionally. Yet the document does not clarify whether such amendments have been enacted, nor how monitoring tools will be operationalised or enforced. This gap between policy intent and procedural follow-through reflects a recurring pattern in technically designed reforms, where ambition exceeds implementation capacity (Allen, 2009; Meyer & Rowan, 1977).

The document further calls for “*cooperation with all government sectors to ensure uniformity in classification, budgeting, and accounting treatment*” (MoF, 2010). While necessary for harmonisation, this approach assumes a level of compliance and readiness that may not exist uniformly across ministries. Comparative evidence indicates that, in the absence of binding timelines, incentives, or sanctions, ministries may comply formally while maintaining parallel legacy practices, resulting in partial or symbolic implementation (Christiaens et al., 2015; Polzer et al., 2022).

Overall, the management and response framework articulated in the Administration of Resource Planning Systems document reflects a centralised, standards-driven reform model grounded in coordination, integration, and professionalisation. It assigns clear

institutional responsibility to the MoF, identifies key reform instruments, and links system change to international accounting standards. However, its operational effectiveness remains contingent on the translation of these formal responsibilities into enforceable procedures, integrated systems, and sustained capacity development. Without these conditions, the reform risks remain structurally coherent but operationally fragmented, reinforcing formal alignment without fully embedding accrual-based financial governance in practice.

4.4.2.3 The Impact Aspects:

The Administration of Resource Planning Systems institutional document (MoF, 2010) was intended to provide the institutional and technical foundation for Kuwait's transition to accrual-based public financial management through integrated resource planning. Its impact is most evident in shaping the reform discourse, defining institutional responsibilities, and establishing a formal vision of integrated financial governance aligned with IPSAS and GFS frameworks. However, while the document contributed significantly to conceptual alignment and structural ambition, its practical effects have been constrained by uneven implementation, capacity disparities, and limited behavioural change.

One of the most important impacts of the document was expanding the institutional scope of financial reform. By explicitly linking resource planning systems to IPSAS, GFS, a unified chart of accounts, and the transition to accrual accounting, the document reframed financial management as a cross-functional, system-wide activity rather than a narrow accounting exercise (MoF, 2010). This shift laid the groundwork for subsequent reforms, including the development of GFMS and the standardisation of classifications under Decree No. 5. From an institutional theory perspective, this reflects mimetic and normative isomorphism, as ministries were encouraged to align their internal processes with international models of integrated public financial management.

The document also strengthened institutional legitimacy and policy coherence by embedding international standards into the MoF's internal reform agenda. Its repeated emphasis on "*compliance with IPSAS and GFS classifications*" and on preparing for programme and performance-based budgeting elevated the reform narrative and

positioned Kuwait among governments pursuing accrual reform as part of administrative modernisation rather than as a fiscal crisis response (MoF, 2010). This symbolic impact enhanced the Ministry's authority to pursue system integration and justified further investment in digital and procedural reform. However, as institutional theory suggests, legitimacy gained through formal alignment does not necessarily translate into operational effectiveness (Meyer & Rowan, 1977).

In terms of implementation, the document had a partial impact on capacity development. It provided the institutional mandate for training initiatives to familiarise staff with resource planning systems, IPSAS concepts, and classification structures (MoF, 2010). These efforts contributed to raising baseline awareness across ministries and supported early stages of reform. Nevertheless, the absence of structured competency frameworks, ongoing assessment, and institutional incentives limited the depth and sustainability of these gains. Consistent with public sector reform literature, training without reinforcement tends to produce shallow compliance rather than durable behavioural change (Lapsley et al., 2009).

Despite its emphasis on integration, the document's operational impact has been constrained by persistent fragmentation. Although it called for interoperable systems across all government entities, implementation varied widely because of legacy platforms, inconsistent data governance, and uneven readiness among ministries. Some entities advanced system integration, while others continued to rely on parallel manual or semi-automated processes. This uneven uptake weakened the document's objective of achieving a unified resource planning environment and limited the reliability of consolidated financial information. Similar challenges have been documented in accrual reforms in non-crisis contexts, where technical design outpaces institutional readiness (Andrews, 2013; Harun et al., 2012).

The document's anticipated impact on performance-oriented budgeting and strategic planning has also remained limited. Although it references a shift toward programme and performance-based budgeting, it does not define performance indicators, link resource planning outputs to policy outcomes, or establish reporting structures to support outcome-based decision-making (MoF, 2010). As a result, resource planning systems have

primarily supported compliance and reporting rather than strategic management. This reflects a broader limitation of accrual reforms introduced through systems alone, where improved information structures are not automatically translated into improved governance or public value (Pollitt & Bouckaert, 2017).

Overall, the impact of the Administration of Resource Planning Systems document has been institutionally significant but operationally constrained. It articulated a coherent vision of integrated, standards-based financial governance and contributed to the legitimacy and direction of Kuwait's accrual reform agenda. However, its effectiveness has been limited by fragmented implementation, weak enforcement mechanisms, and insufficient linkage between system outputs and managerial decision-making. From an institutional theory perspective, the document exemplifies how reforms can succeed in shaping structures and narratives while falling short of transforming everyday financial management practices, reinforcing a pattern of formal alignment accompanied by partial and uneven institutionalisation.

4.4.3 Summary of Part Three:

The Administration of Asset Management and Administration of Resource Planning Systems documents reveal that Kuwait's transition to accrual accounting depends not only on laws and systems but also on institutional arrangements, coordination mechanisms, and departmental capacity. These documents shift the focus from formal reform design to the internal practices that sustain implementation, highlighting the Ministry of Finance's reliance on centralised authority, system integration, and procedural standardisation to embed accounting change across government entities.

From an institutional theory perspective, part three illustrates the operational layer of reform, where coercive and normative pressures are translated into day-to-day administrative routines. Asset governance and resource planning are framed as whole-of-government responsibilities, extending accrual logic to asset stewardship, inventory control, budgeting coordination, and system interoperability. However, despite their comprehensive design, both documents reveal persistent implementation constraints, including uneven capacity across ministries, weak enforcement mechanisms, fragmented systems, and limited performance integration.

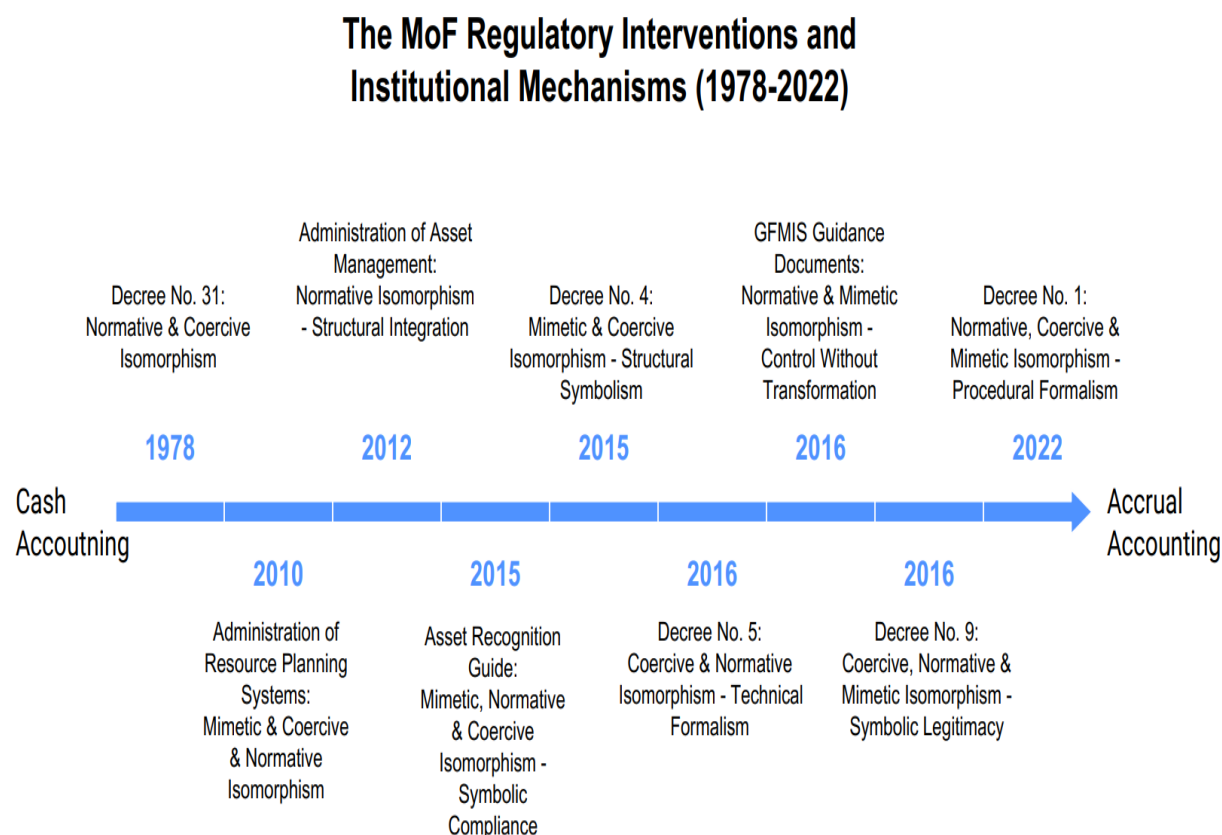
Overall, part three demonstrates that while Kuwait has developed a coherent institutional architecture to support accrual accounting, its effectiveness remains contingent on sustained coordination, capacity development, and behavioural change. Institutional arrangements provide structure and legitimacy, but without consistent follow-through and accountability, accrual reform risks remain procedurally embedded yet operationally fragile. This analysis reinforces the chapter's broader finding that successful accounting reform is shaped as much by institutional practice and internal capability as by formal policy and technical design.

4.5 Summary of Chapter 4:

This chapter critically analyses the documentary foundations of Kuwait's transition from cash to accrual accounting. Using legal decrees, system implementation manuals, internal administrative frameworks, and institutional planning documents, the analysis uncovers how the MoF developed its reform logic between 1978 and 2022. See Figure 7, which displays the Ministry's interventions over time and within institutional logic, illustrating how regulatory instruments accumulated more symbolically than practically. The documents are examined in three parts: (1) Legal and Regulatory Frameworks, (2) System and Implementation Guidelines, and (3) Institutional and Financial Management Practices.

What emerges is a reform project that is structurally coherent and internationally aligned but administratively fragmented and symbolically enacted. Most interventions, whether in classification reforms, GFMIS implementation, asset recognition or final account closure, demonstrate a strong orientation towards coercive, normative and mimetic isomorphism (DiMaggio & Powell, 1983; Scott, 2013). Kuwait's MoF voluntarily aligned with international standards such as IPSAS and GFS, not under fiscal duress or donor pressure, but to project technical legitimacy, reputational credibility, and administrative modernity.

Figure 7: The MoF Regulatory Interventions and Institutional Mechanisms. Source: MoF (1978-2022).



Nonetheless, across all document types, the implementation of these reforms has remained inconsistent. System automation (e.g., GFMS) was introduced with high technical precision, yet it was disconnected from behavioural accountability and performance-oriented budgeting. Asset management frameworks were institutionalised but poorly integrated across ministries. Decrees referencing transparency and accrual logic often lacked the operational enforcement, audit oversight, or cross-entity capacity necessary to make them effective. In institutional theory terms, Kuwait's reform path is characterised by symbolic compliance, loose coupling, and a persistent gap between formal intent and functional use (Meyer & Rowan, 1977).

Importantly, when compared with crisis-driven countries like Greece, Portugal, Spain, or Indonesia (Cohen & Karatzimas, 2016; Gomes et al., 2021; McLeod & Harun, 2014),

where GFMIS, GFS classifications, and accrual accounting were introduced as part of IMF, EU, or donor-imposed structural reforms, Kuwait's case is distinctive (See Table 7). Reform here was not a reaction to a crisis, but rather an anticipatory and legitimacy-seeking measure. This voluntary approach allowed Kuwait to control the pace and framing of reform but also reduced external pressure for implementation, performance enforcement, and institutional change.

Table 7: MoF Reform Documents, Institutional Mechanisms, and Comparative Insights with Crisis-Driven Contexts.
Sources: Author.

Year	Policy/Decree	Description	Institutional Mechanisms	Observed Outcome	Comparison with crisis States
1978	Decree No. 31	Establish a legal framework for budget control and financial reporting	Normative Isomorphism	A foundational legal framework – Pre-reform base	No comparable reform in crisis states
2010	Administration of Resource Planning Systems	Integrate budgeting, accounting, and logistics functions	Mimetic, Coercive & Normative Isomorphism	Standardisation goal unmet due to fragmented uptake. Visionary system design, capacity-building, unclear enforcement	Contrasts with Ghana and Romania, where donor-imposed integration reforms included binding timelines and external audits (Ajao et al., 2013; Deaconu et al., 2011).
2012	Administration of Asset Management	Defined asset governance policies under accrual logic	Normative Isomorphism – Structural Integration	Partial adoption of asset practices; weak enforcement	Unlike Indonesia, where asset reforms followed IMF technical assistance (Harun et al., 2015)
2015	Decree No. 4	Formal Announcement of IPSAS adoption; Introduced budget classification guide aligned with COFOG and IPSAS.	Coercive & Mimetic Isomorphism	No actual IPSAS transition; Adopted form without functional change; classification gaps.	Spain: Crisis-led rapid adoption (Brusca et al., 2013).

2015	Asset Recognition Guide	Provided IPSAS standards for asset recognition, valuation, and depreciation	Mimetic, Normative & Coercive Isomorphism – Symbolic Compliance	High-level alignment; low operational integration	Unlike crisis-driven IPSAS adoption in Spain and Portugal (Gomes et al., 2021)
2015-2016	GFMIS Guidance Documents	Detailed implementation procedures for GFMIS modules.	Normative & Mimetic Isomorphism – Control Without Transformation	Process discipline imposed; weak performance linkage	In contrast to the crisis-driven adoption in Portugal (Jorge et al., 2019)
2016	Decree No. 5	Established chart of accounts for off-budget items under GFS.	Coercive & Normative Isomorphism	Structured coding; limited system use.	Unlike Indonesia's experience, donor-led (Harun et al., 2015)
2016	Decree No. 9	Mandate real estate asset valuation under IPSAS	Coercive, Normative & Mimetic Isomorphism	Legal alignment with IPSAS; no valuation guidance or audit capacity	Indonesia implemented under IMF pressure (Harun et al., 2015)
2022	Decree No. 1	Outlined procedures for account closure and final account preparation	Normative, Coercive & Mimetic Isomorphism – Procedural Formalism	Year-end procedures in place; Lack of support and integration weakens in transformative reform tool.	Nepal: similar symbolic implementation (Adhikari & Jayasinghe, 2017)
2023+	Ongoing asset/data integration	Implementation of accrual accounting practices	Decoupling	Hybrid systems, symbolic compliance	Greece: partial compliance post-crisis (Cohen & Karatzimas, 2016)

Chapter 4 ultimately demonstrates that the accounting reform in Kuwait goes beyond a simple technical task; it is a complex institutional process influenced by global forces, reputation concerns, and local administrative hurdles. Although the official reform documents outline a framework for accrual-based accounting, their ability to instigate change depends more on political motivation, inter-agency coordination, and behavioural shifts rather than structural design. The archival analysis in Chapter 4 shows a pattern of formal compliance and the signalling of legitimacy through official decrees and policy

documents; however, it provides limited insight into how these reforms are perceived, negotiated, or resisted by those responsible for their implementation. According to institutional theory, symbolic adoption can create a gap between formal structures and actual practices, a reality that cannot be fully understood through textual analysis alone. To address this gap, Chapter 5 examines the experiences of senior officials, accountants, and ministry staff who participated in and observed the reform process from within. Their accounts shed light on informal reasoning, institutional tensions, and adaptive strategies that influence the implementation, or avoidance, of IPSAS-based transformations in Kuwait's public sector.

Chapter 5: Results and Discussion (Interviews):

5.1 Introduction:

This chapter presents the empirical findings from 25 semi-structured interviews with senior officials, auditors, and professionals involved in Kuwait's transition from cash to accrual accounting. Building on the archival analysis in Chapter 4, this chapter integrates interview data with a critical discussion to examine how reforms were experienced, interpreted, and enacted by those responsible for their implementation. NVivo software (Woolf & Silver, 2017) was utilised to conduct thematic analysis, guided by the study's three core research questions: Part one: What are the rationales and influences driving the adoption of accrual accounting? (See Appendix 3) Part two: How has the Ministry of Finance managed and responded to this transition? (See Appendix 4) and Part three: What are the perceived effects and implications of the reform? (See Appendix 5).

The themes were developed inductively from the interviews and organised into detailed codes that reflect, extend, and contrast with the documentary analysis conducted in Chapter 4 (See Appendix 6). This dual approach allows for a nuanced understanding of the reform process, moving beyond formal discourse to reveal how policies are negotiated in practice. The findings capture the diversity of views among participants with varying professional roles and years of experience, uncovering underlying motivations, institutional tensions, and strategic responses to the reform.

Drawing on institutional theory, the analysis highlights how coercive, normative, and mimetic institutional pressures interact with local bureaucratic logics and capacity constraints. The chapter critically examines the gap between symbolic adoption and practical enactment, providing insights into the informal norms, behavioural adaptations, and implementation challenges that shape the trajectory of public-sector reform in Kuwait. By situating the voices of practitioners within this theoretical framework, the chapter contributes to a deeper, practice-informed understanding of how accrual accounting reforms unfold in a complex institutional environment.

5.2 Part One: Rationale and Influences for Adoption:

This part presents the first major theme derived from the interview analysis: Rationale and Influences for Adoption. Drawing on participants' accounts, it examines how key actors within Kuwait's Ministry of Finance understand and justify the shift to accrual accounting. Rather than reflecting a single coherent motivation, the findings reveal a layered rationale shaped by the interaction of internal administrative objectives and external institutional pressures.

The analysis demonstrates that accrual accounting is framed less as a purely technical improvement and more as a legitimacy-seeking and governance-oriented reform, embedded within broader expectations of transparency, accountability, and modern public financial management. Participants articulate rationales that combine strategic aspirations, limitations of cash-based information, international influences, and anticipated reform benefits.

Collectively, the findings highlight the contested and multi-dimensional nature of reform rationales in Kuwait, where global norms, domestic priorities, and institutional constraints intersect to shape how accrual accounting is understood and pursued.

5.2.1 Motivations:

The motivations underpinning the use of accounting information within the MoF are central to understanding the rationale for the transition to accrual accounting. Interview findings indicate that these motivations are neither singular nor purely technical. Instead, participants consistently framed accrual accounting as serving a dual function, strengthening governance and accountability on the one hand and enhancing resource management and organisational performance on the other. These motivations reflect the MoF's attempt to respond simultaneously to domestic administrative priorities and wider institutional expectations surrounding public financial management reform.

Analysis of the interview data identifies two overarching motivational dimensions shaping accrual adoption: Supporting Governance and Decision-Making, and Optimising Resource Management and Performance. These dimensions demonstrate that accrual accounting is perceived not merely as an accounting reform but as a broader governance

instrument embedded within existing accountability structures and performance ambitions. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 12.

5.2.1.1 Supporting Governance and Decision-Making:

A dominant motivation articulated by participants concerns the role of accounting information in supporting governance and decision-making, particularly through improving financial clarity and ensuring compliance with fiscal rules. Participants frequently emphasised that accurate and comprehensive accounting information is essential for understanding the financial position of government entities and the state as a whole. For example, one participant stated that *“Accounting information is essential in accurately determining the financial position of government entities and the overall state”* (P1), while another highlighted the importance of periodic reporting in presenting *“the complete financial position of the state”* (P16).

Beyond financial clarity, participants framed accounting information as a key governance mechanism for monitoring budget execution and enforcing compliance. As P3 explained, *“The primary goal of publishing this accounting information is to supervise government bodies and ensure their compliance with all fundamental elements of the budget.”* Similarly, P22 emphasised the operational role of accounting information in *“monitoring and guiding these entities in implementing the budget during the fiscal year.”* These responses indicate that accounting information is perceived as both an informational and a regulatory tool, supporting oversight, discipline, and accountability across government entities.

While participants varied in emphasis, a consistent theme emerged linking transparency and compliance as complementary governance objectives. Some participants prioritised compliance mechanisms as a means of enforcing fiscal discipline, whereas others stressed transparency as essential for fostering trust and legitimacy. For instance, P16 highlighted transparency as a core driver, noting that *“the motive behind this accounting information is transparency in information,”* while P24 linked transparency directly to accountability and decision-making rather than representing competing priorities, *“The motivation behind this is to monitor and safeguard public funds from loss or manipulation,*

to follow the performance of governmental entities, and to provide information for making appropriate decisions.” These perspectives collectively reflect a governance logic in which accurate information underpins both regulatory oversight and public accountability.

These findings align with established literature emphasising the centrality of transparency and compliance in public-sector accountability. Prior studies have highlighted transparent reporting as fundamental to public trust (Hyndman & Connolly, 2011) and compliance as a safeguard against fiscal mismanagement (Parker & Gould, 1999). In this context, participants’ emphasis on accurate financial positioning also resonates with arguments that robust accounting information is critical for informed decision-making and fiscal management (Chan, 2003), while compliance mechanisms contribute to improved governance outcomes (Christiaens et al., 2015).

From an institutional theory perspective, these motivations reflect a strong legitimacy-seeking orientation. The emphasis on governance and compliance illustrates normative isomorphic pressures to conform to accepted standards of accountability and fiscal discipline (DiMaggio & Powell, 1983). At the same time, the focus on accurate financial positioning reflects an accountability logic embedded within broader societal expectations regarding responsible public financial management (Scott, 2013).

5.2.1.2 Optimising Resource Management and Performance:

Alongside governance considerations, participants also identified performance improvement and resource optimisation as important motivations for using accounting information. From this perspective, accrual accounting was viewed as enabling more effective allocation of state resources, improved performance monitoring, and closer alignment between expenditure and public policy objectives. As one participant noted, *“The motivation behind this is to allocate state resources in accordance with the needs of each governmental entity”* (P15), while another highlighted its role in *“determining and monitoring the performance of governmental entities”* (P18).

A closely related motivational driver concerned alignment with international standards and global accounting practices. Participants frequently referred to IPSAS and international organisations as influential in shaping expectations around financial reporting quality. As P17 explained, *“Kuwait needs to provide financial information to these organisations for*

global alignment,” while P10 emphasised that accrual accounting “*aligns with global standards, enhances the quality of financial reporting, and provides decision-makers with accurate and detailed information.*” These responses indicate that international alignment is perceived not only as a technical requirement but also as a means of enhancing credibility and institutional legitimacy.

These motivations align closely with the public-sector reform literature. The emphasis on performance monitoring and efficient resource use reflects principles associated with New Public Management (Hood, 1995), while the focus on international standards corresponds with broader trends towards global convergence in public-sector accounting (Chan, 2003; Christiaens et al., 2015). From an institutional theory standpoint, alignment with international standards reflects coercive isomorphic pressures, particularly from global organisations, while performance-oriented motivations reflect internal managerial logics aimed at improving organisational effectiveness (Scott, 2013).

The findings suggest that motivations for accrual adoption within the MoF are shaped by the interaction between internal reform objectives and external institutional pressures. Governance, performance, and legitimacy considerations are not articulated as separate or competing rationales but as interconnected drivers reinforcing the case for accrual accounting. This synthesis highlights how accrual adoption is framed as a multifunctional reform that simultaneously supports accountability, efficiency, and alignment with global norms. However, these motivations cannot be understood in isolation from the informational foundations that enable them. Aspirations for accountability, performance improvement, and global alignment depend on the nature, structure, and reliability of the accounting information available within the Ministry of Finance. Examining the sources of that information is therefore essential to understanding how reform rationales are operationalised in practice.

5.2.2 Accounting Information Sources:

The sources of accounting information used within the MoF play a decisive role in shaping financial management practices and in structuring the implementation of accounting reform. Interview findings indicate that accounting information within the MoF is not generated autonomously but is institutionally anchored in formal legal mandates,

regulatory decisions, and technologically mediated data systems. These sources reflect a highly structured approach to financial governance, in which accounting practices are guided by compliance requirements, legal authority, and system-based coordination rather than discretionary managerial choice.

Analysis of the interview data identifies two dominant categories of accounting information sources: Legal Frameworks and Decisions, and Data and Technological Systems. These categories show how accounting information is formally mandated by legislation and operationalised through regulatory instruments and technological infrastructure. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 13.

5.2.2.1 Legal Frameworks and Decisions:

Participants consistently identified legal frameworks as the primary source underpinning accounting practices within the MoF. Central among these is Amiri Decree No. 31 of 1978, which participants described as the foundational reference governing accounting operations across government entities. As P1 explained, *“The current accounting practices are governed by Amiri Decree No. 31 of 1978, which mandates a mixed approach: cash-basis accounting for revenues and accrual-basis for expenses.”* Similarly, P15 emphasised that *“the primary source of this accounting information is Decree No. 31 of 1978.”*

Participants viewed this decree as providing stability, consistency, and authority, ensuring uniform application of accounting practices across ministries. However, as Chapter 4 demonstrates, the decree was originally designed around cash-based logic and lacks detailed technical guidance for full accrual implementation. This creates a tension in which the decree legitimises reform while simultaneously constraining its operational depth.

Beyond Decree No. 31, participants also cited broader constitutional and ministerial legal foundations as sources of accounting authority. P8 noted that accounting information derives from *“the Kuwaiti constitution and the laws issued by the Ministry of Finance,”* while P12 highlighted the decree establishing the MoF as the basis for its responsibilities. These responses show that legal frameworks serve not only as enforcement mechanisms

but also as sources of institutional legitimacy, reinforcing the MoF's authority and accountability role.

Regulatory circulars and decisions were identified as the primary instruments through which foundational laws are translated into daily accounting practice. Participants consistently described circulars as essential for coordinating data collection, standardising procedures, and ensuring compliance across government entities. As P9 stated, *"The Ministry of Finance issues necessary decisions for governmental entities to provide accounting data and information,"* while P12 detailed the range of circulars governing budgeting and expenditure processes, stating, *"there are four circulars and decisions from the Ministry of Finance that regulate accounting work: Circular on preparing budget estimates, Circular on budget classification guide, Budget implementation rules, and Circular on spending before the budget is issued."*

Several participants emphasised that these regulatory instruments also embed international standards within domestic practice. For example, P11 explained that MoF decisions related to asset inventory and valuation are *"based on the International Public-Sector Accounting Standards (IPSAS)."* This illustrates how regulatory circulars function as conduits through which international norms are incorporated into local accounting systems.

The findings show that legal frameworks provide authority, while regulatory circulars provide operational clarity. This layered structure enables the MoF to maintain legal compliance and institutional legitimacy while managing the practical complexities of financial operations. From an institutional theory perspective, foundational laws reflect coercive pressures, whereas circulars embody normative isomorphism, aligning domestic practices with international standards (DiMaggio & Powell, 1983; Scott, 2013).

5.2.2.2 Data and Technological Systems

In parallel with legal sources, participants highlighted data integration and technological systems as critical sources of accounting information. The MoF's accounting practices rely heavily on inter-agency collaboration, whereby financial data are collected, validated, and consolidated from government entities. Participants described this process as central to budget preparation, performance monitoring, and fiscal decision-making. As P17

explained, financial decisions are made only after analysing data gathered from ministries regarding their needs and resources: *“After correspondences between the Ministry of Finance and other ministries in gathering financial data regarding their requirements, needs, and resources, we study, analyse, and make financial decisions to prepare and execute the state’s general budget.”*

This collaborative data model reflects an institutional logic of accountability, where information quality depends on coordination and oversight rather than autonomous reporting. Participants such as P6 and P23 further emphasised the use of historical, estimated, and performance data to support budgetary decisions and asset recognition processes: *“Our accounting procedures in the ministry involve preparing an estimated budget for the upcoming fiscal year for each government entity, which is adopted according to our own sources of the actual budgets for each entity through the annual approval of final accounts.”* (P6). *“First, the source we rely on in our accounting practices is the circulars and decisions issued by the Ministry of Finance. Second, through monitoring government entities in recognising, valuating, and calculating the depreciation of assets, these entities are considered a source of information for us.”* (P23).

The adoption of the Government Financial Management Information System (GFMIS) was widely described as a transformative development in managing accounting information. Participants highlighted GFMIS as the central platform through which data are processed, classified, and reported. P1 described GFMIS as *“the primary tool for managing this data,”* noting its role in supporting accrual accounting and improving reporting accuracy. Similarly, P3 emphasised the system’s capacity to generate financial reports, classify budget items, and enhance performance monitoring: *“This system enumerates all budget items and classifies and identifies these items. This development has improved our performance”*.

While participants generally viewed GFMIS positively, several responses acknowledged that the system’s effectiveness depends on data quality and human oversight. P7 highlighted the ongoing need for coordination with government entities to ensure accurate data entry and validation: *“We coordinate with these entities and their senior officials to estimate their needs. Our coordination basis is the Oracle system, where we enter the*

financial data approved by government entities' officials, analyse it, and estimate its importance and necessity". This indicates that technology facilitates reform but does not eliminate institutional dependence on inter-organisational collaboration.

From a theoretical perspective, the adoption of GFMS reflects the MoF's response to normative and technological pressures associated with international accounting reform. The system supports alignment with IPSAS while reinforcing existing governance structures rather than replacing them. This finding aligns with prior research emphasising the role of integrated financial systems in enhancing transparency and accountability in the public sector (Chan, 2003; Hyndman & Connolly, 2011; Bonollo, 2022).

The findings demonstrate that accounting information sources within the MoF are deeply institutionalised. Legal mandates establish authority, regulatory instruments operationalise compliance, and technological systems enable coordination and reporting. Rather than acting as independent drivers of reform, these sources operate collectively to sustain a structured, compliance-oriented model of accounting practice. This configuration indicates that accrual reform in Kuwait is shaped less by managerial discretion and more by institutional arrangements that prioritise legitimacy, standardisation, and control. Although these accounting sources are embedded within domestic legal and administrative structures, they are not isolated from external influences. The institutionalisation of accounting practices within the MoF is also shaped by international standards, global financial norms, and engagement with multilateral organisations. Understanding accrual reform, therefore, requires examining how external pressures intersect with existing legal, regulatory, and technological arrangements.

5.2.3 International Impact:

Interview findings indicate that international actors and standards, particularly the International Public-Sector Accounting Standards (IPSAS) and organisations such as the IMF, play a significant but uneven role in shaping accrual accounting reform in Kuwait's public sector. Rather than operating as direct implementation drivers, international influences primarily shape the framing, justification, and direction of reform. Participants'

responses reveal a pattern of symbolic alignment with international norms, mediated by domestic legal and institutional constraints.

Analysis of the interview data identifies two interrelated dimensions underpinning international impact: the Influence of International Standards and the Challenges and Progress associated with their implementation. These dimensions highlight the tension between global reform expectations and local institutional realities. NVivo-generated diagrams illustrating participant engagement for this sub-theme are presented in Appendix 14.

5.2.3.1 Influence of International Standards:

A large proportion of participants identified IPSAS and international organisations as influential in promoting the shift towards accrual accounting. Participants such as P1 and P10, explicitly described IPSAS as providing a framework for recognising revenues and expenses independently of cash flows, thereby enhancing accountability and monitoring. P1 noted that international standards *“have greatly influenced the adoption of accrual accounting in government entities,”* while P10 linked IPSAS and the IMF directly to Kuwait’s reform trajectory: *“The International Monetary Fund (IMF), specifically the International Public-Sector Accounting Standards (IPSAS), had an impact on Kuwait’s decision to implement accrual accounting.”*

Other participants emphasised more indirect forms of influence. P7 and P21 described exposure to IPSAS through academic training, professional development, and collaboration with international organisations rather than formal mandates, as P7 stated: *“There is an indirect application of these standards based on our studies and the information acquired during academic pursuits.”* These responses suggest that international standards exert normative influence, shaping professional expectations and reform narratives even in the absence of legal compulsion.

However, not all participants perceived international standards as influential. Participants such as P15 and P22 emphasised reliance on domestic decisions and circulars, expressing scepticism regarding IPSAS’s practical impact, as P15 stated, *“I do not think that international standards impact our accounting practices because we rely on decisions and circulars issued by the Ministry.”* As well as P22 noted: *“I have not noticed that the*

accounting practices in the ministry are influenced by international accounting standards (IPSAS).” These contrasting views indicate that international standards are not uniformly internalised across MoF, reinforcing the uneven nature of international influence.

These findings suggest that international standards function primarily as legitimising references rather than as binding operational rules. This pattern is consistent with institutional theory, which distinguishes between coercive pressures exerted by international organisations and normative pressures transmitted through professional networks (DiMaggio & Powell, 1983; Scott, 2013).

5.2.3.2 Challenges and Progress in Implementation:

While many participants acknowledged the influence of international standards, they also highlighted substantial barriers to their implementation. A recurring issue was the absence of a legal framework mandating IPSAS adoption. Participants such as P14 and P16 emphasised that without formal legislation, IPSAS cannot be fully embedded in accounting practice, even when incorporated into systems such as Oracle. As P14 noted, *“There is no law mandating the formal application of these standards. Therefore, as accounting principles, they are incorporated into the Oracle system, and governmental entities practice accounting through this system.”* Similarly, P16 stated: *“There is a barrier that there is no law allowing us to practice these standards, so they cannot have an impact on our work until they are legally legislated.”*

Capacity constrains further complicated implementation. Participants pointed to limited training, inconsistent application across entities, and resistance rooted in established practices. As P12 and P4 observed, differences in interpretation and capability across government entities hinder uniform application of international standards, as P12 remarked, *“The accounting capabilities cannot help in the application process. For example, when the ministry issues a decision to implement certain accounting procedures, some entities engage in practices different from this decision”*. As well as P4 observed: *“We face difficulties in integrating accounting standards into this system due to legal requirements for full implementation.”*

Despite these challenges, several participants highlighted incremental progress. References to training initiatives and system-level adjustments suggest gradual

movement towards IPSAS alignment. Participants such as P17 and P20 described efforts to adapt international standards to Kuwait's legal and administrative context. P20 stated, *"We have taken the IPSAS accounting standards and added what suits our nature and laws, merging the accounting policies with the financial policies."* And P17 elaborated: *"The circular and decision we are working on, number 3 of 2022, is fundamentally based on reviewing and conforming to IPSAS standards as well as the training courses we received on those standards."* This indicates selective rather than wholesale adoption.

The interaction between challenges and progress underscores the complexity of institutional change. While international standards provide a reform framework, their realisation is constrained by domestic legal structures and organisational capacities. This leads to partial implementation, where international norms are incorporated into systems and policies but not fully enacted in practice.

From an institutional theory perspective, these findings reflect a combination of coercive and normative isomorphism alongside clear evidence of decoupling (Meyer & Rowan, 1977). Kuwait's experience illustrates how governments may adopt international standards to enhance legitimacy while maintaining existing institutional arrangements. The persistence of legal and capacity barriers highlights the role of competing institutional logics, in which global reform ideals coexist with entrenched domestic practices (Greenwood et al., 2011). These dynamics raise a further question: how are internationally influenced reform ambitions translated into concrete implementation strategies within the Ministry of Finance? While external standards shape reform narratives and legitimacy claims, the practical realisation of accrual accounting depends on domestic institutional mechanisms, structural arrangements, and operational decisions. The following section, therefore, examines the basis of implementation, focusing on how reform is operationalised within existing legal, organisational, and technological frameworks.

5.2.4 Basis of Implementation of Accrual Accounting:

The basis for implementing accrual accounting in Kuwait's public sector reflects a complex interaction between external legitimacy pressures, internal reform aspirations, technological preparedness, and entrenched legal constraints. Interview findings indicate

that while international organisations and regional benchmarks played an important role in justifying the shift towards accrual accounting, internal actors were also motivated by the need to improve financial control, transparency, and decision-making. However, implementation has been shaped less by intent than by institutional structures, particularly by the pace of legal change and the sequence of technological reforms.

Analysis of the interview data identifies two interrelated dimensions underpinning implementation: Drivers of Accrual Accounting Adoption and Implementation Strategies and Challenges. These dimensions demonstrate that accrual accounting reform in Kuwait is driven by a combination of coercive, normative, and internal legitimacy-seeking forces, while its realisation remains constrained by institutional complexity and legal inertia. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 15.

5.2.4.1 Drivers of Accrual Accounting Adoption:

Participants consistently described the adoption of accrual accounting as being influenced by both external pressures and internal motivations. A dominant driver highlighted across interviews was the influence of international organisations, particularly the International Monetary Fund (IMF) and the World Bank, in shaping Kuwait's reform trajectory. Several participants emphasised that alignment with global standards was central to the decision to pursue accrual accounting. For example, P10 noted that *"the transition to accrual accounting in Kuwait is driven by the need to align with global standards, enhance financial management, and meet the demands of international organisations."* Similarly, P11 linked *"Ministerial Decision No. 4 of 2015"* directly to World Bank recommendations and international public-sector accounting standards.

Other participants reinforced this view by citing IMF proposals that influenced budget classification reforms and accounting system adjustments. These findings align with the archival analysis presented in Chapter 4 and with prior research emphasising the role of international organisations in promoting public-sector accounting reforms (Christiaens et al., 2015; Brusca & Martínez, 2016). From an institutional theory perspective, this reflects coercive isomorphism, whereby governments adopt new accounting practices in

response to external pressures from influential international actors (DiMaggio & Powell, 1983).

In addition to global actors, participants highlighted regional benchmarking as a normative influence. References to neighbouring Gulf countries, particularly Saudi Arabia and the United Arab Emirates, indicate that Kuwait's reform agenda was also shaped by comparisons with peer states. As P19 observed, *"this move is also in line with the global trend in accounting change, which has been adopted by other Gulf Cooperation Council countries."* These responses illustrate normative isomorphism, where reform is reinforced by regional professional norms and shared policy trajectories (Brusca & Martínez, 2016).

Despite these external drivers, several participants expressed concern about the slow pace of implementation compared with neighbouring countries. P17 remarked that although Kuwait was an early adopter, *"the transition was slow, and other countries like the UAE and Saudi Arabia surpassed us."* This reflects institutional inertia, where established practices and bureaucratic structures delay reform despite external pressure (Tolbert & Zucker, 1999).

Alongside external influences, participants also emphasised internal motivations for adopting accrual accounting. These stemmed from perceived limitations of the cash-based system and the growing complexity of public financial management. Participants highlighted the need to improve budget control, enhance transparency, and strengthen decision-making. For example, P13 described the reform as *"rooted in the aspiration for betterment and accounting practices that provide greater control over budget management,"* while P14 emphasised improving the old cash-based system to *"support better decisions and performance"*.

Other participants framed accrual accounting as a means of improving governance and safeguarding public funds. P7 highlighted the desire to *"improve performance and enforce control over public funds,"* while P9 pointed to internal efforts to develop work processes in a more efficient and effective manner: *"The first direction is the desire of the ministry and its employees to improve performance and develop work in a more efficient and effective way."* These responses reflect an internal institutional logic oriented towards

performance improvement, accountability, and organisational legitimacy (Thornton et al., 2012).

The findings indicate that accrual adoption in Kuwait is driven by a dual logic that external pressures provide legitimacy and justification for reform, while internal motivations supply the operational rationale. This interaction reinforces institutional theory's argument that reforms are often pursued to satisfy both external expectations and internal governance needs (DiMaggio & Powell, 1983; Scott, 2013).

5.2.4.2 Implementation of Strategies and Challenges:

While drivers for accrual adoption were clearly articulated, participants also highlighted significant challenges affecting implementation. These challenges were grouped into two interrelated areas, technological Infrastructure and systemic and legal Frameworks. The findings reveal that technological reforms progressed more rapidly than legal and regulatory changes, creating a structural imbalance in the implementation process.

Participants consistently identified the introduction of the Oracle-based Government Financial Management Information System (GFMIS) as a central implementation strategy. The system was widely described as a foundational step towards accrual accounting. P1 noted that the IMF *"proposals influenced the issuance of Decision No. 4 of 2015,"* which in turn facilitated the implementation of the Oracle system. Similarly, P14 emphasised that the first practical step towards accrual accounting involved establishing an automated system aligned with accrual principles: *"The first step in changing the accounting system was implementing the Oracle system based on accrual accounting."*

Several participants emphasised the scale of investment and preparation required to develop technological infrastructure. P20 explained that groundwork had been laid since 2009 to establish systems capable of supporting accrual accounting: *"Since 2009, we have been preparing the groundwork and infrastructure until we obtained the legal status to transition to the accrual system. We established a technological infrastructure with the Oracle system linked to the general financial systems."* These responses reflect normative institutional pressures, where adopting internationally recognised systems enhances professional credibility and signals reform commitment (Scott, 2013).

However, participants also emphasised that technological readiness alone did not guarantee effective implementation. Several interviewees noted that although GFMS had been introduced, it was neither fully activated nor consistently used. As P17 stated, “*we implemented the Oracle system with principles and standards of accrual accounting, but it has not yet been activated correctly.*” This illustrates a pattern of decoupling, where formal structures exist but are not fully embedded in practice (Meyer & Rowan, 1977). Existing literature supports this finding, highlighting that technology alone is insufficient without adequate training, staffing, and integration (Christiaens et al., 2015; Brusca & Martínez, 2016).

Participants identified systemic and legal constraints as the most significant barriers to full implementation. Outdated laws, particularly Amiri Decree No. 31 of 1978, were repeatedly cited as obstructing the transition from cash to accrual accounting. As confirmed through archival analysis in Chapter 4, this decree continues to govern accounting practices but lacks provisions for accrual-based reform. P20 and P23 explicitly noted that “*legal amendments and parliamentary approval*” are required before the accrual accounting transition can be fully implemented, while P25 highlighted delays resulting from the absence of a governing accrual law: “*The process has been delayed due to the lack of a law that regulates the accrual system, requiring an amendment to the state’s public budget law No. 31 of 1978.*” This was confirmed through archival document analysis in Chapter 4. Additionally, participants such as P21 noted the need for higher-level government authority to lead reforms across all entities, stating: “*Such a decision requires a higher level of authority than the Ministry of Finance alone, meaning a decision from the Cabinet, as an accounting system affects all government entities.*”

These findings point to institutional complexity, in which legal frameworks conflict with reform objectives and constrain organisational action. Comparative evidence from crisis-affected countries such as Greece and Indonesia, shows that fiscal crises often accelerate legal and institutional alignment (Cohen & Karatzimas, 2016; Harun et al., 2012). By contrast, Kuwait’s stable fiscal environment has reduced urgency, allowing legal inertia to persist and slowing reform momentum.

The interaction between technological progress and legal rigidity highlights a central tension in Kuwait's accrual reform. Despite significant advancements have been made in systems development and capacity building, institutional and legal barriers still constrain full implementation. Participants, such as P20, exemplify this duality, acknowledging technological readiness while emphasising the need for legislative authority. These dynamics reflect competing institutional logics, where global reform expectations coexist with entrenched domestic legal structures.

Overall, the findings demonstrate that accrual accounting implementation in Kuwait is characterised by selective and incremental adoption. External pressures and technological investments have advanced reform symbolically and systemically, yet deep-rooted legal and institutional constraints continue to shape its pace and scope. This highlights the need for coordinated reform strategies that address both technological and legal dimensions to move beyond partial implementation. The incremental and selective nature of implementation also reflects the broader factors that shaped the original decision to adopt accrual accounting. Understanding why reform has unfolded in this manner requires examining the institutional, political, and organisational conditions that influenced the decision-making process. The following section therefore explores the factors that informed the adoption decision, highlighting how external pressures and internal capacity considerations jointly shaped the direction of reform.

5.2.5 Factors Influencing the Decision to Adopt Accrual Accounting:

The decision to transition from cash-based to accrual accounting within Kuwait's MoF was shaped by a combination of external institutional pressures and internal capacity-related considerations. Interview findings indicate that the decision was not the result of a single triggering factor but emerged from the interaction between international expectations, domestic legal constraints, and internal aspirations to improve financial management and decision-making.

Analysis of the interview data identifies two dominant and interrelated influences on the decision to adopt accrual accounting: External and Institutional Influences and Internal Capacity and Performance Enhancement. Together, these dimensions show that while external pressures played a decisive role in initiating the reform agenda, internal

organisational realities significantly shaped how the decision was interpreted and pursued in practice. NVivo-generated diagrams illustrating the coding structure and participant distribution for this sub-theme are provided in Appendix 16.

5.2.5.1 External and Institutional Influences:

Participants consistently highlighted the role of international financial organisations, particularly the International Monetary Fund (IMF) and the World Bank, as key influences on the decision to adopt accrual accounting. These organisations were frequently described as advocating accrual accounting as a mechanism to enhance fiscal transparency, accountability, and public financial management. As P1 explained, *“these factors stem from proposals from international organisations such as the International Monetary Fund,”* while P10 emphasised that *“advice from the IMF and the World Bank”* encouraged Kuwait to adopt accrual accounting to obtain a more comprehensive view of the government’s financial position.

Beyond direct international pressure, participants also described mimetic influences, whereby Kuwait sought to align its accounting practices with those of developed and regional peer countries. Benchmarking visits to countries such as the UAE and Jordan were cited as influential, particularly in relation to the adoption of Oracle-based accounting systems. P4 noted that *“The Ministry of Finance conducted field visits to the UAE and Jordan to observe their accounting practices.”* Observing accrual-based systems in neighbouring countries contributed to the decision to adopt similar technologies in Kuwait. These responses reflect a broader pattern in public-sector accounting reform, where governments emulate perceived best practices to enhance legitimacy and international credibility.

However, participants also emphasised that external pressures were mediated by domestic legal constraints, most notably Amiri Decree No. 31 of 1978. Several interviewees highlighted that this decree, which governs public accounting practices, does not provide a legal basis for the full implementation of accrual accounting. As P3 explained, *“it requires amending Decree No. 31 of 1978 to enable the Minister of Finance to implement this system with legal coverage.”* Similarly, P23 noted that *“there’s a main law, Law № 31 of 1978, which regulates accounting policies in the country and requires*

amendment and parliament approval for such changes, but this has not happened yet.”

Although procedures and circulars had been issued to support the transition, parliamentary approval was required to amend the foundational law. Given the conflicting institutional logics, the MoF appears to be engaging in selective coupling, a strategy in which organisations adopt certain elements of reform while maintaining existing structures (Pache & Santos, 2010). For instance, some procedural changes towards accrual accounting were initiated through circulars and decisions, as discussed in Chapter 4; however, full implementation remained stalled due to the need for legal amendments.

These findings illustrate institutional complexity, where the MoF must navigate competing institutional logics, one driven by global financial governance and the other embedded in domestic legal frameworks. While international organisations exert coercive pressure to adopt accrual accounting, existing legal structures constrain the speed and scope of reform. As a result, the decision to adopt accrual accounting reflects a tension between external legitimacy demands and internal regulatory realities, leading to partial and delayed implementation rather than immediate systemic change.

5.2.5.2 Internal Capacity and Performance Enhancement

In parallel with external influences, participants identified several internal factors that shaped the decision to adopt accrual accounting. A recurring theme was dissatisfaction with the limitations of the cash-based system, which was perceived as inadequate for supporting modern financial management, performance measurement, and informed decision-making. Participants emphasised that accrual accounting was viewed as a tool to improve transparency, accountability, and the conservation of public funds. As P9 stated, *“the desire to improve transparency, accountability, and the conservation of the state’s public funds”* was a key driver behind the decision.

Other participants linked the decision to broader efforts to improve governance and financial performance. For example, P10 associated the transition with enhancing financial management and accountability by stating, *“The main factors influencing the Ministry of Finance’s decision to transition to accrual accounting include the desire to improve financial management, transparency, and accountability within the government.”*

P10 emphasised the need to improve decision-making and performance by moving beyond the constraints of the cash-based system. These responses reflect an internal institutional logic oriented towards performance improvement and managerial rationalisation, consistent with public-sector accounting literature that associates accrual accounting with enhanced financial control and policy support (Brusca & Martínez, 2016; Lapsley et al., 2009).

Despite these internal motivations, participants also highlighted significant capacity-related barriers that shaped how the decision was approached. A major concern was the lack of expertise and training in accrual-based accounting across government entities. Several interviewees noted that many accountants were trained primarily in cash-based systems and lacked the technical skills to implement and sustain accrual accounting. As P3 observed, “the lack of experience in understanding and applying the accrual system leads to a slow transition process,” while P22 pointed to widespread capability gaps resulting in errors and inconsistent practices: *“There is a significant lack of expertise and accounting capabilities in various ministries and government institutions”*.

Technical challenges in system implementation further shaped the decision-making context. Participants described difficulties with new accounting classifications, asset valuation, and the complexity of accrual-based financial systems. Although systems such as Oracle and GFMS were viewed as improvements over previous platforms, their complexity introduced operational challenges. P18 highlighted that understanding new budget classifications had made operations more complex: *“Government entities responsible for managing the state’s budget are struggling to use the new applications. The difficulty and complexity of understanding the different types and categories of the budget have made operations more complicated instead of simplifying them.”* While P5 acknowledged that, *“Despite some challenges associated with this system, especially in issuing comprehensive budget reports and identifying and evaluating assets, this system is considered effective compared to the old IFS financial system, as it enables us to obtain accurate and detailed accounting information and assists in implementing the accrual accounting system.”*

These findings suggest that although internal actors recognised the benefits of accrual accounting, capacity constraints moderate the pace and ambition of reform. Rather than pursuing immediate full adoption, the MoF appears to have engaged in selective and phased implementation, adopting certain accrual-based practices while maintaining elements of the existing cash-based system. As P23 noted, procedural steps were initiated through circulars and decisions, yet full implementation remained contingent on legal amendments and institutional readiness.

Overall, the findings demonstrate that the decision to adopt accrual accounting in Kuwait was shaped by the interaction between external institutional pressures and internal capacity considerations. International organisations and global benchmarking played a critical role in initiating the reform agenda and framing accrual accounting as a legitimate and desirable model. At the same time, internal motivations related to performance improvement and transparency reinforced the case for reform. However, legal constraints, skill shortages, and technical challenges significantly influenced how the decision was operationalised, as confirmed by the data analysed in Chapter 4. From an institutional theory perspective, the decision reflects a combination of coercive and mimetic pressures, tempered by organisational capacity and institutional complexity. Rather than a decisive break from cash-based accounting, Kuwait's transition represents a gradual and selective process shaped by competing institutional demands. This helps explain why accrual accounting has been adopted in principle but remains only partially implemented in practice.

While the previous section has examined the institutional pressures, internal and external considerations that shaped the decision to adopt accrual accounting, it is equally important to clarify what reform actors intended the transition to achieve. Understanding the broader purposes attributed to accrual accounting helps explain how the reform was strategically framed within the MoF. The following section explores the stated objectives of adoption, analysing how participants conceptualised their role in advancing governance, performance, and institutional legitimacy.

5.2.6 Purpose of Adopting Accrual Accounting:

Interview findings indicate that the purpose of adopting accrual accounting within Kuwait's MoF extends beyond technical compliance and reflects broader governance, performance, and legitimacy objectives. Participants consistently framed accrual accounting as a strategic reform aimed at improving financial management, enhancing decision-making quality, optimising public sector performance, and aligning Kuwait's financial reporting practices with international standards. Rather than being pursued for its own sake, accrual accounting was presented as a means to address weaknesses inherent in the cash-based system and to respond to both internal governance needs and external institutional expectations.

Analysis of the interview data identifies two interrelated purposes underpinning accrual adoption: Financial Management, Decision-Making, and Performance Optimisation; and Institutional Pressures, Transparency, and Global Alignment. These dimensions show that accrual accounting is understood both as an internal management tool and as a mechanism for reinforcing institutional legitimacy. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 17.

5.2.6.1 Financial Management, Decision-Making, and Performance Optimisation:

A dominant purpose articulated by participants was to improve financial management and decision-making through more accurate and comprehensive accounting information. Many interviewees emphasised that the cash-based accounting system failed to provide reliable data for assessing financial performance, monitoring resource use, or supporting strategic decisions. As P1 stated, *"the main motivation for adopting the accrual system is due to the inadequacies of data in the cash-basis accounting system,"* highlighting the limitations of cash reporting in achieving transparency and accountability.

Participants described accrual accounting as providing a more realistic representation of the government's financial position by recognising assets, liabilities, revenues, and expenses when incurred rather than when cash flows occur. P10 reinforced this view, explaining that accrual accounting: *"provides a more accurate and comprehensive view of the government's financial position, performance, and cash flows."* These responses

align with established critiques of cash-based accounting, which argue that it obscures long-term obligations and distorts performance assessment (Christiaens et al., 2015; Pallot, 2001).

Another key purpose highlighted by participants was the optimisation of public resource use and the enhancement of performance-based budgeting. Several interviewees linked accrual accounting to improved allocation of resources and better measurement of outputs and outcomes. P21 explained that the reform aims *“to make the right decision for the optimal use of the budget and the state’s resources,”* while P17 emphasised its role in *“reducing the wastage of public funds and improving performance.”* These findings support prior research suggesting that accrual accounting strengthens performance management by linking financial information to service delivery and policy outcomes (Brusca et al., 2013; Pina et al., 2009).

The findings indicate that accrual accounting is perceived as a managerial and governance tool to address informational deficiencies, support evidence-based decision-making, and improve overall public sector performance. In this sense, the purpose of adoption is closely tied to internal reform aspirations rather than merely to external compliance.

5.2.6.2 Institutional Pressures, Transparency, and Global Alignment

Alongside internal performance objectives, participants also emphasised institutional pressures and legitimacy considerations as central to the purpose of adopting accrual accounting. Many interviewees explicitly linked the reform to the adoption of International Public-Sector Accounting Standards (IPSAS) and alignment with global best practice. P2 described accrual accounting as *“a type of accounting reform”* aimed at enabling the adoption of IPSAS, while P19 highlighted alignment with other Gulf countries and international organisations such as the IMF, stating: *“various motives drive this transition, but mainly it’s to align with global standards, especially with other Gulf countries, and to implement recommendations from international organisations like the IMF.”*

From these perspectives, accrual accounting enhances transparency, accountability, and international credibility. Participants often framed the reform as a response to expectations from international institutions and professional communities regarding the

quality and comparability of public-sector financial reporting. These findings align with the public-sector accounting literature, which identifies IPSAS adoption as a common pathway for governments seeking to strengthen legitimacy and signal conformity with global norms (Chan, 2006; Brusca & Martínez, 2016).

Transparency and accountability were also highlighted as core purposes of adopting accrual accounting. Participants argued that accrual accounting provides a more faithful representation of economic reality by recognising future obligations and matching revenues with expenses. P23 noted that the reform *“achieves transparency, accountability, and provides the necessary financial information for decision-makers,”* while P25 contrasted accrual accounting with the cash system, arguing that the latter presents *“the state’s financial position contrary to its reality.”* These views are consistent with research emphasising the role of accrual accounting in enhancing financial disclosure and reducing legitimacy risks associated with opaque reporting (Christensen & Parker, 2010; Hood, 1995).

From an institutional theory perspective, these findings reflect a combination of normative, coercive, and mimetic pressures. Normative pressures stem from professional expectations for high-quality financial reporting, coercive pressures arise from international organisations advocating accrual adoption, and mimetic pressures emerge as Kuwait aligns its practices with those of regional peers. These pressures shape the purpose of accrual adoption as both a governance reform and a legitimacy-seeking strategy (DiMaggio & Powell, 1983).

Overall, the findings show that the adoption of accrual accounting in Kuwait serves purposes beyond technical accounting reform. Accrual accounting is framed as a strategic instrument to improve financial management, enhance decision-making, support performance optimisation, and strengthen transparency and accountability. At the same time, it responds to institutional pressures to align with IPSAS and the best global practices. The dual purpose of accrual adoption, internal governance improvement and external legitimacy reinforcement helps explain why the reform has been embraced conceptually while remaining challenging to implement fully in practice.

While the previous section clarified the purposes of adopting accrual accounting, understanding the implications requires examining how these purposes translate into concrete expectations. Participants articulated not only why accrual accounting was adopted but also what they anticipate it will achieve and who stands to benefit from its implementation. The following section explores expectations and beneficiaries, analysing how reform actors envision its practical impact within the public financial management system.

5.2.7 Expectations and Beneficiaries of Accrual Accounting

Information:

Interview findings indicate that participants hold strong expectations about the role of accrual accounting in enhancing financial transparency, decision-making, and resource management in Kuwait's public sector. Accrual accounting is generally seen as more than just a reporting reform but is also viewed as a way to improve governance, increase accountability, and enhancing the efficiency of public financial management. Participants also identified a broad set of beneficiaries, ranging from senior policymakers to operational entities, citizens, and international stakeholders.

Analysis of the interview data identifies two dominant and interrelated expectations associated with accrual accounting: Enhanced Financial Transparency and Decision-Making, and Operational Efficiency and Resource Management. These expectations indicate that accrual accounting is expected to strengthen both the informational foundations of governance and the practical management of public resources. NVivo-generated diagrams illustrating the coding structure and participant engagement for this sub-theme are provided in Appendix 18.

5.2.7.1 Enhanced Financial Transparency and Decision-Making:

As confirmed in Chapter 4, a dominant expectation expressed by participants concerns the improvement of financial transparency and the quality of decision-making enabled by accrual accounting. Many interviewees emphasised that the existing cash-based system fails to provide a comprehensive and accurate representation of the state's financial position, limiting the ability of decision-makers to assess assets, liabilities, and long-term

obligations. Accrual accounting is therefore expected to generate more precise, reliable, and comprehensive financial information.

Participants consistently linked accrual accounting to improved accountability and public trust. As P19 explained, accrual accounting is expected to provide *“precise and detailed outputs for all revenue and expense items, as well as the recognition and recording of assets and liabilities,”* thereby enabling a more accurate representation of the state’s financial position. Similarly, P12 emphasised that accrual-based information would transform budget preparation and execution by shifting the focus beyond expenditure control toward transparency, efficiency, and accountability.

Several participants highlighted that improved financial transparency would directly enhance decision-making at the highest levels of government. P2 stressed that accrual accounting would allow the Cabinet to gain *“complete knowledge of the state’s assets and liabilities,”* enabling informed decisions regarding development projects, public services, and economic strategies. Other participants, such as P24, emphasised that comprehensive coverage of budget items would allow decision-makers to understand the state’s financial position more clearly, strengthening performance efficiency and financial control across institutions: *“a significant impact on decision-making because accounting practices will cover all budget items, giving decision-makers the ability to understand the state’s financial position.”*

These expectations align closely with the public-sector accounting literature, which identifies accrual accounting as a means of enhancing financial transparency, comparability, and accountability by recognising economic reality rather than cash flows alone (Christiaens et al., 2015; Hepworth, 2003; Lapsley et al., 2009). From an institutional theory perspective, these expectations reflect normative pressures, whereby governments are expected to conform to international standards of transparency and high-quality financial reporting to maintain legitimacy (DiMaggio & Powell, 1983).

5.2.7.2 Operational Efficiency and Resource Management:

In addition to transparency and decision-making, participants strongly expected accrual accounting to improve operational efficiency and resource management. Many interviewees linked the reform to more disciplined budgeting, better expenditure control,

and improved financial monitoring across government entities. Accrual accounting was frequently described as a corrective response to arbitrary budget estimations, weak asset tracking, and inefficient use of public funds under the cash-based system.

Participants, including P22, highlighted *“a significant difference in prioritising goals and requirements in government entities,”* noting that accrual accounting would introduce structured financial data to support rational budget planning and the prioritisation of government goals. Others emphasised that improved financial outputs would strengthen monitoring of payables, receivables, and government dues, thereby reducing financial risk and mismanagement. As P25 noted, the detailed outputs of accrual accounting would benefit a wide range of stakeholders: *“both inside and outside the state, including the government, the parliament, citizens, the central bank, and the private sector within Kuwait. Internationally, beneficiaries include foreign investors, the World Bank, and the International Monetary Fund.”*

A recurring expectation concerned improved asset recognition and management. Several participants pointed out that poor asset documentation under the existing system had led to waste, duplication, and unclear ownership. P11 provided a detailed account of how accrual accounting would enable proper *“recognition, valuation, and depreciation of government assets,”* resolving long-standing ambiguities regarding ownership and responsibility. Similarly, P17 linked improved asset accounting to better identification of underutilised assets, enhanced investment planning, and opportunities for economic diversification through attracting foreign investment, as stated, *“It also enables the provision of financial information to foreign investors interested in investing in the country, thereby generating non-oil revenues that help diversify income sources and offer a new economic vision for the state.”*

These expectations align with prior research identifying asset recognition and long-term resource management as central benefits of accrual accounting in the public sector (Christiaens et al., 2015; Brusca et al., 2018). From an institutional perspective, the emphasis on efficiency and resource optimisation reflects both normative expectations of professional financial management and coercive pressures from international organisations promoting disciplined fiscal governance (Carpenter & Feroz, 2001).

Overall, the findings indicate that participants expect accrual accounting to deliver significant improvements in financial transparency, decision-making quality, and operational efficiency across Kuwait's public sector. Accrual accounting is viewed as a reform that will benefit a wide range of stakeholders, from senior policymakers and government entities to citizens, investors, and international organisations. These expectations highlight the dual role of accrual accounting as both an internal governance tool and an externally legitimising mechanism. From an institutional theory perspective, the expectations associated with accrual accounting reflect the combined influence of normative pressures to improve professional standards, coercive pressures from international financial institutions, and mimetic pressures arising from global and regional reform trends. Together, these expectations help explain why accrual accounting is widely supported in principle, even though its full implementation remains challenging in practice.

While participants articulated a wide range of expectations about the anticipated benefits of accrual accounting, these perceptions are embedded within a broader reform agenda defined at the institutional level. Beyond individual stakeholder expectations, the transition is guided by formally articulated goals that position accrual accounting within a wider public financial management strategy. The following section examines the overarching goals of the accounting reform initiative and how they shape the direction and scope of implementation.

5.2.8 Goals for Accounting Reform Initiative:

Interview findings indicate that the accounting reform initiative in Kuwait's public sector is perceived as a strategic transformation rather than a purely technical accounting change. Participants consistently framed the transition to accrual accounting as a reform aimed at strengthening governance, enhancing transparency, improving decision-making, and supporting long-term financial sustainability. These goals reflect both internal ambitions to modernise public financial management and external pressures to align with international standards and best practices.

Analysis of the interview data identifies two interrelated and overarching reform goals: Institutional Alignment and Governance Improvement, and Operational Efficiency and Financial Sustainability. These goals illustrate how accrual accounting is expected to

function simultaneously as a governance reform and a performance-oriented financial management tool. NVivo-generated diagrams illustrating the coding structure and participant engagement for this sub-theme are provided in Appendix 19.

5.2.8.1 Institutional Alignment and Governance Improvement:

A central goal articulated by participants was to enhance governance through improved transparency, accountability, and decision-making. Many interviewees emphasised that accrual accounting would fundamentally change how financial information is reported and used, enabling clearer oversight of public finances and more informed government decisions. As P10 stated, *“the initiative aims to enhance financial transparency, accountability, and efficiency across all government operations.”* Similarly, P3 linked transparency directly to decision quality, arguing that increased accountability would lead to *“better and more positive decisions.”*

Participants frequently linked transparency with strengthened public trust and institutional credibility. P24 noted that *“achieving transparency and accountability”* would improve overall government performance and operational efficiency. These expectations align with prior research indicating that accrual accounting enhances fiscal oversight by recognising assets, liabilities, and long-term obligations that remain obscured under cash-based systems (Christiaens et al., 2015; Brusca & Montesinos, 2016). However, participants also implicitly recognised that transparency alone is insufficient unless accrual-based information is actively used within governance processes.

A further governance-related goal concerned alignment with international standards, particularly IPSAS. Several participants explicitly identified full IPSAS adoption as a strategic objective of the reform. P2 described the ministry’s vision as achieving *“the full application of IPSAS standards... to keep up with global professional and accounting developments.”* Similarly, P20 emphasised learning from international experiences where accrual accounting improved government performance and decision-making, as stated: *“Looking at other countries’ experiences with the accrual system, we found efficiency and effectiveness in governmental performance and appropriate decision-making according to their financial positions.”*

From an institutional theory perspective, these goals reflect both coercive and mimetic isomorphism. Kuwait's reform agenda responds to external expectations from international organisations and professional communities while emulating countries perceived to have successful public financial management systems (DiMaggio & Powell, 1983). At the same time, participants acknowledged that aligning with international standards is not merely symbolic but intended to enhance credibility, attract investment, and strengthen financial governance (Chan, 2006; Ball & Pflugrath, 2012).

Despite optimism about governance improvements, several participants highlighted political and institutional challenges that could limit progress towards these goals. P3 stressed the importance of legislative and parliamentary support, noting: *"the political role, especially from the side of the National Assembly, will have an effective impact"*, while P17 cautioned that successful implementation should be measured by quality rather than speed, stating: *"The process is not measured by time but by the quality of implementation of this system"*. Concerns were also raised about technological misalignment, with P18 noting that although Oracle systems were introduced to support accrual accounting, they were subsequently adapted to cash-based logic due to implementation complexity, as noted: *"Unfortunately, I haven't seen that because we implemented the Oracle system to facilitate the transition to accrual accounting, but instead of integrating with the transition to accrual, this system was adjusted to the cash basis due to the complexity of principles and foundations"*. These findings resonate with the literature, which cautions that accrual reforms often stall when institutional capacity and political commitment are insufficient (Hyndman & Connolly, 2011; Lapsley et al., 2009).

5.2.8.2 Operational Efficiency and Financial Sustainability:

Alongside governance objectives, participants emphasised operational efficiency and financial sustainability as core goals of the reform initiative. Accrual accounting was widely perceived as a mechanism for improving performance efficiency, strengthening financial oversight, and enabling more effective resource allocation. Participants linked the reform to improved decision-making efficiency across ministries, arguing that comprehensive financial data would enable faster, more accurate, and more appropriate decisions. As P7 explained, accrual accounting is expected to support *"efficiency and effectiveness in work*

and performance across all government entities.” As P22 emphasised, “to achieve work development and performance improvement through this reform initiative because it will reflect on the general governmental performance across all ministries.”

Participants also highlighted the role of accrual accounting in promoting fiscal discipline and reducing waste. Several interviewees described inefficiencies under the cash-based system, where budget allocations were poorly aligned with actual needs. P16 provided a concrete example, noting that significant portions of allocated budgets remained unspent due to inaccurate estimates, resulting in resource wastage. P16 stated: *“The biggest proof of the inefficiency of the current situation is that we have budget items allocated financial amounts at the beginning of the year, but when closing those accounts at the end of the fiscal year, we discover that the expenditure rate does not exceed 60%, indicating a mismatch between the needs and the allocated amounts, leading to financial resource wastage and inefficient management.”* Accrual accounting was therefore expected to support better expenditure planning, monitoring, and cost control.

A recurring theme in this category concerned resource utilisation and asset management. Participants argued that accrual accounting would improve the recognition, valuation, and monitoring of government assets, addressing long-standing issues of unclear ownership, duplication, and underutilisation. P12 emphasised the need to optimise state resources and reduce unnecessary expenses, stating: *“on how the state’s resources are used and allocated appropriately, as well as reducing the burden of unnecessary expenses on the state.”* Other participants linked improved asset accounting to better long-term financial planning and sustainability. These expectations align with existing research highlighting asset recognition as a major benefit of accrual accounting in the public sector (Christiaens et al., 2015; Brusca et al., 2018).

Several participants extended the discussion beyond internal efficiency to broader economic and public service outcomes. Accrual accounting was seen as supporting economic stability, enhancing public service delivery, and strengthening Kuwait’s attractiveness to investors. P10 linked accrual accounting to public trust and economic growth, while P19 emphasised its potential to improve government services and infrastructure, noting: *“this reform initiative will achieve transparency and oversight over*

expenditures and improve performance, reflecting on the services provided to citizens, such as streets and public utilities, and achieving efficiency and effectiveness in government performance.” These views align with studies arguing that transparent, accrual-based financial reporting enhances government credibility and supports macroeconomic planning (Ball & Pflugrath, 2012; Pollitt & Bouckaert, 2017). From an institutional theory standpoint, these goals reflect a combination of normative pressures to professionalise public financial management and coercive pressures from international financial institutions advocating fiscal sustainability. However, participants also expressed caution that efficiency gains are not automatic. Several acknowledged that, without adequate training, enforcement mechanisms, and institutional capacity, accrual accounting may not deliver its intended performance benefits (Christensen & Parker, 2010).

Overall, the findings indicate that the goals of Kuwait’s accounting reform initiative extend well beyond technical compliance with accrual accounting standards. Participants view the reform as a comprehensive modernisation effort aimed at improving governance, enhancing transparency, strengthening decision-making, and ensuring financial sustainability. At the same time, the findings reveal awareness of significant institutional, political, and technical challenges that may constrain the realisation of these goals. From an institutional theory perspective, the reform initiative reflects a convergence of coercive, mimetic, and normative pressures, tempered by domestic institutional realities. The goals articulated by participants signal a clear aspiration to transform public financial management, while their concerns highlight the risk that accrual accounting may remain symbolic unless supported by strong governance structures and effective implementation. This duality helps explain why accrual accounting is widely supported in principle yet remains challenging to operationalise fully in practice.

While the previous section outlined the strategic goals underpinning the accounting reform initiative, understanding their practical significance requires examining how these ambitions are embedded in core financial management processes. If accrual accounting is intended to modernise governance and strengthen accountability, its effectiveness ultimately depends on its integration into budgeting, fiscal oversight, and strategic

planning. The following section explores the relationship between accrual accounting and financial management practices within the MoF.

5.2.9 Financial Management Connection:

The findings indicate that participants perceive accrual accounting as fundamentally linked to the strengthening of government financial management, rather than merely as a change in accounting technique. Accrual accounting is widely viewed as a mechanism for enhancing financial governance, improving budgetary oversight, supporting strategic planning, and strengthening long-term fiscal sustainability. Participants also recognised that, despite these anticipated benefits, institutional and legal constraints continue to limit the full integration of accrual-based information into financial management processes.

Analysis of the interview data identifies two interrelated dimensions linking accrual accounting to government financial management: Enhanced Financial Management and Governance, and Framework for Strategic Planning and Performance Improvement. These dimensions demonstrate that accrual accounting is expected to support both day-to-day financial control and higher-level strategic and policy-oriented decision-making. NVivo-generated diagrams illustrating the coding structure and participant engagement for this sub-theme are provided in Appendix 20.

5.2.9.1 Enhanced Financial Management and Governance:

A dominant theme across participant responses was the expectation that accrual accounting would significantly strengthen financial management and governance. Participants consistently linked the transition from cash-based to accrual-based accounting to improved transparency, accountability, and financial oversight. Many emphasised that the existing cash-based system provides an incomplete view of government finances, particularly regarding liabilities, long-term obligations, and financial commitments, thereby constraining effective governance.

Several participants highlighted that accrual accounting enables decision-makers and oversight bodies to access more comprehensive and reliable financial information. As P18 noted, accrual accounting provides *“a comprehensive, accurate view of a government’s financial status, thus enhancing decision-making, transparency, and*

accountability.” Similarly, P25 connected the global shift towards accrual accounting with the need for improved control and informed decision-making within Kuwait’s public sector.

Participants also emphasised the role of accrual accounting in strengthening budgetary control and supporting evidence-based decision-making. Accurate accrual-based financial data was considered essential for presenting meaningful budget information to legislative bodies and for identifying financial deficiencies. P1 explained that accrual accounting supports the preparation and approval of the budget law by providing transparent financial outputs that enable “*appropriate decision-making and addressing deficiencies.*” P6 further emphasised that all major policy and development decisions have financial implications and therefore require rigorous financial analysis within the Ministry.

These findings align closely with the public-sector accounting literature, which argues that accrual accounting improves fiscal oversight by making financial obligations and future commitments visible, thereby enhancing accountability and financial sustainability (Christensen et al., 2010; Lapsley et al., 2009; Brusca & Montesinos, 2016). From an institutional theory perspective, participants’ expectations reflect coercive and normative isomorphic pressures, as international standards and professional norms increasingly define sound financial governance (DiMaggio & Powell, 1983).

Despite widespread support for accrual accounting as a governance tool, participants also highlighted persistent institutional and legal barriers. Several interviewees noted that legal amendments and bureaucratic resistance have slowed implementation, resulting in partial or symbolic adoption. As P20 stated, “*the transition to the accrual system has not been completed due to legal barriers,*” while P24 similarly identified legislative reform as the main obstacle. These responses reflect a pattern of decoupling, in which accrual accounting is adopted in principle but not fully embedded in practice because of entrenched institutional arrangements (Meyer & Rowan, 1977; Christensen & Parker, 2010).

These results align with the archival documents in Chapter 4 and are consistent with research on public-sector accounting reforms, which indicate that external pressures (e.g., the IMF, adoption of IPSAS) and internal governance issues motivate governments

to adopt accrual accounting (Adhikari & Mellemvik, 2011). However, the study also highlights institutional constraints that prevent full implementation, supporting the theory of decoupling, where reforms remain only partially implemented due to regulatory and bureaucratic barriers.

5.2.9.2 Framework for Strategic Planning and Performance Improvement:

Beyond immediate financial governance, participants strongly associated accrual accounting with improved strategic planning, performance efficiency, and long-term fiscal sustainability. Accrual-based information was perceived as essential for moving beyond short-term cash management towards a more strategic, forward-looking approach to financial management. Participants emphasised that cash-based accounting limits the government's ability to plan across multiple fiscal periods and to assess the long-term consequences of policy decisions.

Several interviewees highlighted that accrual accounting enables more effective long-term planning by recognising future obligations and linking financial data across fiscal years. P4 noted that accrual accounting *"aids in building plans and strategies for the next 5 or 10 years,"* while P16 linked accrual-based information to the optimal direction of state resources in line with national development plans, noting that *"... and the process of government management is the optimal direction of state resources in a manner consistent with development plans."* These views align with public-sector accounting research that identifies accrual accounting as a critical tool for long-term financial planning and sustainability (Christiaens et al., 2015; Lapsley et al., 2009).

Participants also associated accrual accounting with improved performance evaluation and resource allocation. Accurate financial metrics were seen as enabling governments to assess programme effectiveness, reduce inefficiencies, and improve service delivery. As P19 explained, accrual accounting allows decision-makers *"to make reformative and sound decisions based on accurate and timely data,"* thereby enhancing efficiency across government institutions. P23 similarly linked accrual-based reporting to improved performance accountability before both parliament and citizens, and *"One of the reasons for transitioning to the accrual system is to achieve quality and efficiency in work and decision-making."*

Another important expectation concerned the role of accrual accounting in crisis management and financial resilience. Several participants emphasised that accurate, timely financial information, such as P9, is particularly valuable during periods of economic or social crisis. Examples such as the COVID-19 pandemic, were cited to illustrate how accrual-based data can support informed decision-making when multiple ministries are involved and rapid financial responses are required *“for making sound and appropriate decisions for the public interest.”* These findings are consistent with research suggesting that accrual accounting enhances governments’ capacity to assess financial risks and respond effectively to crises (Adhikari & Mellemvik, 2011; Christiaens et al., 2015). From an institutional theory perspective, the emphasis on strategic planning and crisis management reflects a shift in institutional logics, from short-term cash control towards long-term financial sustainability and performance management (Thornton et al., 2012). At the same time, participants acknowledged that institutional inertia, legal constraints, and capacity limitations continue to restrict the full use of accrual-based information in strategic decision-making.

Overall, the findings indicate that participants perceive accrual accounting as deeply connected to government financial management at both operational and strategic levels. Accrual accounting is expected to enhance financial governance by improving transparency, accountability, and budgetary control, and to support long-term strategic planning, performance improvement, and crisis management. However, the findings also reveal a persistent gap between expectations and practice, driven by legal, institutional, and bureaucratic constraints. From an institutional theory perspective, the financial management connection reflects the coexistence of reform aspirations and institutional resistance. Although accrual accounting is widely regarded as essential to modernising public financial management and aligning with international best practice, its full integration into financial governance remains contingent on legal reform, institutional capacity, and sustained political commitment. This helps explain why accrual accounting in Kuwait is advancing incrementally rather than through a rapid, comprehensive transformation.

5.2.10 Summary of Part One:

This part examined the rationale for transitioning to accrual accounting in Kuwait and demonstrated that the reform is shaped by a convergence of external institutional pressures and internal governance ambitions. Unlike crisis-driven reforms observed in many other jurisdictions, Kuwait's transition occurs within a resource-rich, non-crisis context. As such, the reform is motivated less by fiscal urgency or donor conditionality and more by aspirations for modernisation, institutional legitimacy, and alignment with global public financial management practices.

The findings reveal that the rationale for accrual adoption is multifaceted and institutionally embedded. Accrual accounting is framed by participants as a mechanism to enhance transparency, accountability, decision-making quality, strategic planning, and resource management, while also strengthening Kuwait's international credibility through alignment with IPSAS and global norms. These rationales reflect the dominance of normative and mimetic isomorphic pressures, with limited evidence of direct coercive enforcement. International standards and peer-country experiences provide legitimacy and direction, but they do not compel full implementation.

At the same time, the findings highlight a persistent gap between reform aspirations and practical outcomes. While participants broadly endorse accrual accounting as a necessary and progressive reform, implementation remains partial and uneven. Outdated legal frameworks, bureaucratic inertia, limited technical capacity, and symbolic adoption practices continue to constrain the effective use of accrual-based information. In the absence of crisis-driven urgency, institutional complexity and resistance to change are more pronounced, slowing the pace of reform and reinforcing incremental rather than transformative adoption.

Part One demonstrates that Kuwait's rationale for adopting accrual accounting reflects an ongoing effort to balance international legitimacy with domestic institutional realities. Accrual accounting is not perceived merely as a technical accounting upgrade but as a longer-term project of modern financial governance. This finding contributes to the public-sector accounting literature by illustrating how accrual reforms unfold in stable, non-crisis

environments, where legitimacy-seeking behaviour, institutional inertia, and selective implementation shape reform trajectories more strongly than economic compulsion.

While Part One has examined why accrual accounting was adopted in Kuwait, highlighting the rationales, expectations, and institutional pressures shaping the reform agenda, it does not explain how these intentions were translated into practice. Understanding the reform rationale alone is insufficient without examining the MoF's actual response to implementation demands. Accordingly, Part Two shifts the analytical focus from justification to execution, exploring how the MoF has managed, operationalised, and adapted to the transition from cash to accrual accounting within a complex institutional environment.

5.3 Part Two: Management and response strategies:

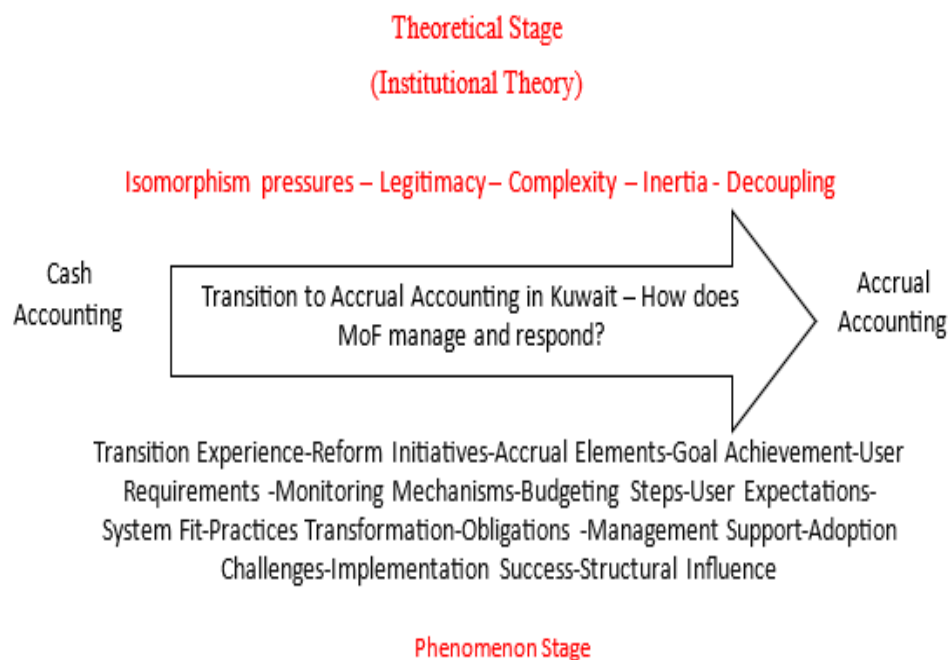
This part examines how the MoF in Kuwait has managed and responded to the transition from cash-based to accrual accounting. While Part One focused on the rationale for adopting accrual accounting, Part Two shifts attention to the practical management of the reform, exploring how it has been implemented, adapted, and constrained within the Ministry's institutional context.

Drawing on participants' experiences and interpreted through the lens of institutional theory, the findings reveal that the MoF's response to accrual accounting reform has been incremental, system-led, and institutionally constrained. Despite significant efforts have been made to introduce new systems, restructuring procedures, and build organisational capacity, implementation remains uneven and partial. Legal rigidity, capacity limitations, bureaucratic inertia, and competing priorities have shaped how the reform is enacted in practice.

Institutional theory provides a useful framework for understanding these dynamics, particularly through concepts such as legitimacy, institutional complexity, inertia, and decoupling. The analysis shows that although accrual accounting has been formally endorsed and supported by technological and organisational reforms, its integration into daily financial management practices has been selective rather than comprehensive.

By combining bottom-up insights from participants' experiences with top-down theoretical interpretation (see Figure 8), this part highlights the gap between formal reform design and operational reality. It demonstrates that in a non-crisis, resource-rich context such as Kuwait, reform management is characterised less by coercive enforcement and more by negotiation, adaptation, and gradual institutional change.

Figure 8: Examine the phenomena of the accounting transition in the public sector. Source: Hung (2013), adapted by the Author.



5.3.1 Transition Experiences of Shifting to Accrual Accounting:

Participants' perspectives indicate that the transition from cash-based to accrual accounting within Kuwait's MoF has been experienced as a gradual, uneven, and institutionally constrained process, rather than a linear or comprehensive transformation. Although significant technical progress has been made, particularly in system development, asset recognition, and budget restructuring, these advances have been accompanied by persistent organisational, legal, and capacity-related challenges. The transition is therefore characterised by a tension between formal reform structures and the practical realities of implementation.

Analysis of the interview data reveals two interrelated dimensions shaping the transition experience: Technical and Procedural Implementation, and Capacity Building and MoF Challenges. These dimensions show that accrual accounting reform has progressed primarily through system-led and procedural changes, while full institutionalisation has been constrained by professional readiness, coordination difficulties, and legislative limitations. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 21.

5.3.1.1 Technical and Procedural Implementation:

Participants consistently described technical and procedural change as the most visible and advanced aspect of the transition to accrual accounting. Central to this process was the implementation of automated financial management systems, particularly the Oracle-based GFMIS, which participants identified as the backbone of the reform. Several interviewees linked their initial involvement in the transition to system deployment and data restructuring. As P4 noted, *“my experience with the transition from cash to accrual accounting began with the implementation of the Oracle system,”* underscoring the system-led nature of reform initiation.

Beyond system deployment, participants emphasised the importance of asset inventory and valuation as a foundational step in adopting accrual accounting. Interviewees such as P1 *“... participating in the inventory and evaluation of the asset system”* and P23 *“... involved participating in a significant team of supervisors in the process of inventorying and evaluating assets”*, described their involvement in large-scale asset inventory exercises conducted in collaboration with government entities. These activities were widely perceived as necessary to produce accrual-based financial statements aligned with international standards. As shown in Chapter 4, these accounts are consistent with formal guidance documents and asset recognition manuals issued by the MoF, which position asset identification and valuation as prerequisites for accrual implementation.

Participants also highlighted budget reclassification as a significant procedural change accompanying the transition. Revisions to the chart of accounts and budget classifications, particularly under Ministerial Resolution No. 5 of 2016, were described as key steps in aligning financial reporting with accrual principles. P2 explained their role in

reclassifying accounts to align with the accrual framework, stating, *“As responsible for organising asset and liability accounts, I worked on amending the chart of accounts in Ministerial Resolution No. 5 of 2016,”* While P7 referred to participation in redefining budget items across government entities, *“working on the decision to classify the budget by identifying different items and types in the budget”*. These changes reflect rationalisation processes described in institutional theory, where organisations adjust internal structures to conform to external standards and expectations (Meyer & Rowan, 1977).

Alignment with international standards, particularly IPSAS and the IMF’s GFS framework, was repeatedly emphasised by participants as a guiding force behind technical reforms. P17 referred explicitly to applying IPSAS in asset depreciation and valuation, *“I work on applying IPSAS standards in this matter,”* while P19 described involvement in selecting systems capable of implementing IMF-recommended classifications, *“I participated in the initial step ... and implemented the GFS recommended by the IMF, to replace the old IFS system.”* From an institutional perspective, these activities reflect coercive and mimetic pressures, whereby the MoF responds to international expectations and emulates practices adopted by other jurisdictions to enhance credibility and legitimacy (DiMaggio & Powell, 1983).

Despite these advances, participants acknowledged significant technical difficulties. Several interviewees described challenges with system integration across diverse government entities, noting that differences in functions and service delivery complicated implementation. P18 highlighted that GFMS classifications were difficult to apply uniformly: *“the process became very difficult to implement in other government entities”*, while P21 emphasised the disconnect between accounting and technical staff, *“the technical staff who aren’t specialised in accounting and therefore lack understanding of the accrual accounting system.”* These challenges illustrate institutional inertia, in which existing routines, skill divisions, and system dependencies limit the effective implementation of new practices (Christensen et al., 2019).

Overall, participants’ experiences indicate that although technical and procedural implementation has advanced substantially, it remains fragmented and uneven, requiring

ongoing system refinement, coordination, and contextual adaptation. This pattern is consistent with public-sector accounting literature, which shows that system modernisation often precedes, but does not guarantee, behavioural or organisational change, particularly in non-crisis contexts (Biondi & Lapsley, 2014; Christiaens et al., 2015).

5.3.1.2 Capacity Building and MoF Challenges:

In addition to technical reforms, participants consistently identified human and organisational capacity as the most significant constraint on the transition to accrual accounting. Although systems and procedures were formally introduced, many interviewees emphasised that limited expertise, resistance to change, and weak coordination across government entities hindered effective implementation.

Training and professional development were repeatedly highlighted as essential but insufficient. Participants such as P8, *“I conduct training courses for these entities on this system and explain the concepts of applying the accrual basis”*, and P16, *“I have been involved in training government entities on this system”*, described their involvement in delivering training courses and supporting government entities in applying accrual principles. These efforts reflect normative institutional pressures, where professionalisation and skill development are used to embed new practices (DiMaggio & Powell, 1983). However, participants also stressed that training initiatives were often theoretical, unevenly applied, and insufficient to overcome deeply entrenched cash-based practices.

A recurring concern was the persistence of a cash-based mindset among accountants and managers across government entities. P12 explicitly noted difficulties in spreading accrual culture: *“I have faced challenges in spreading the culture and application of the accrual system,”* while P20 highlighted widespread gaps in expertise beyond the MoF: *“I discovered a significant lack of expertise in government entities, both in the Ministry of Finance and other governmental bodies.”* These observations illustrate institutional inertia and path dependency, where long-standing routines and professional identities resist change (Oliver, 1991; Rosenschöld, Rozema, & Frye-Levine, 2014). Participants

emphasised that without sustained training, incentives, and leadership support, accrual accounting risks remain formal rather than operational.

Coordination across government entities emerged as another major challenge. Several participants described their roles in issuing circulars, monitoring compliance, and guiding entities towards accrual practices. As P13 noted, *“Through the decision of 2015 regarding the rules for classifying and implementing the state’s general budget, I follow up with government entities on their compliance with this classification and identify their requirements in accordance with the ministry’s decisions.”* While these mechanisms reflect coercive pressures exercised through ministerial authority, participants acknowledged that compliance was often symbolic and uneven. As P22 stated, *“We adopted the IMF’s recommendations by issuing decisions and circulars from the finance minister to implement this shift towards accrual accounting. My participation involved overseeing government entities and guiding them to align with this direction.”* As Meyer and Rowan (1977) suggest, organisations may adopt new practices ceremonially to maintain legitimacy while continuing to operate according to established routines.”

Legal and legislative constraints further compounded capacity challenges. Multiple participants stressed the need for amendments to existing laws, particularly Decree No. 31 of 1978, to provide a binding legal basis for accrual accounting. As P25 explained, *“requiring changes such as legislative and legal reforms, altering the work environment,”* an effective transition requires changes not only to systems and skills but also to the legal environment governing financial practices. These findings reinforce the concept of institutional complexity, where conflicting legal, professional, and organisational logics constrain reform outcomes (Greenwood et al., 2011).

Participants’ interviews indicate that capacity building has lagged behind technical implementation. While systems, classifications, and procedures have advanced, the human, organisational, and legal foundations required for full institutionalisation remain underdeveloped. This imbalance helps explain why accrual accounting in Kuwait has progressed incrementally and unevenly, rather than through a decisive transformation.

Overall, the transition experiences described by participants reveal a reform process driven primarily by technical and procedural change, yet constrained by capacity

limitations, legal rigidity, and institutional inertia. The MoF has made visible progress in system development, asset management, and alignment with international standards, yet these advances have not been fully translated into consistent practice across government entities. From an institutional theory perspective, the transition reflects a combination of coercive, mimetic, and normative pressures, tempered by path dependency and resistance to change. In the absence of crisis-driven urgency, accrual accounting reform in Kuwait has unfolded as a negotiated, partial process characterised by selective implementation and gradual adaptation. This finding contributes to the literature by illustrating how accrual reforms operate in stable, resource-rich contexts, where legitimacy-seeking behaviour and institutional constraints shape reform trajectories more strongly than economic compulsion.

While the previous section examined how the transition to accrual accounting has unfolded in practice, understanding reform dynamics also requires analysing the deliberate initiatives undertaken to manage and advance the process. Beyond the observable patterns of incremental adaptation and institutional constraints, the Ministry of Finance introduced specific organisational, technical, and policy measures to facilitate implementation. The following section explores these reform initiatives and assesses how they respond to the challenges identified during the transition phase.

5.3.2 Reform Initiatives to Implement Accrual Accounting:

Interview findings indicate that the MoF pursued accrual accounting reform through two parallel initiatives: internal efforts aimed at building organisational and professional capacity, and external structural and policy measures designed to establish formal authority and institutional alignment. Rather than representing a single, coordinated reform programme, these initiatives reflect a layered and adaptive response to implementation challenges, shaped by institutional constraints, international expectations, and limited enforcement capacity.

Analysis of the interview data reveals two interrelated dimensions of reform initiatives: Internal Capacity-Building Initiatives and External Structural and Policy Initiatives. These initiatives show that although the MoF actively sought to enable accrual accounting through training, system development, and organisational restructuring, progress

remained uneven because of resistance, skill gaps, legal rigidity, and political instability. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 22.

5.3.2.1 Internal Capacity-Building Initiatives:

Participants consistently described internal capacity-building as a central pillar of the MoF's reform strategy. These initiatives focused primarily on training programmes, technological preparedness, and coordination across government entities, reflecting recognition that implementing accrual accounting required enhanced professional competence and operational readiness.

Training was widely viewed as essential yet insufficient in practice. Participants such as P21, stated, "The ministry prepared training courses," and P22 noted, "*We began by educating ministry employees,*" describing the rollout of workshops and training courses to familiarise staff with accrual concepts. However, many participants highlighted a persistent gap between theoretical instruction and practical application. P22 stated, "*However, the challenge lies in aligning these training courses with our aspirations, especially due to a lack of practical cases for application,*" and P16 explicitly said, "*The training courses were more theoretical than practical,*" criticising training programmes for being overly conceptual, which limited employees' ability to apply accrual principles in daily work. This mismatch weakened reform momentum and reinforced uncertainty among staff.

Technological initiatives, particularly the implementation of Oracle-based GFMS, were also framed as key capacity-building tools. Participants such as P23 stated "*... and then established an IT infrastructure, namely the Oracle system, in coordination with private sector companies,*" and P24 noted "*... and the mechanism for recording financial transactions through automation,*" describing system development as foundational to reform, enabling automation, standardisation, and integration across entities. Yet these advances were constrained by limited accounting expertise, language barriers, and uneven system adoption. As P25 noted, "*but the transition faced resistance due to weak accounting skills among some staff.*" This resistance and weak staff skills reduced the

effectiveness of technology-driven reform, highlighting that systems alone cannot substitute for human capability.

From an institutional theory perspective, these initiatives reflect normative pressures aimed at professionalise public-sector accounting practices (DiMaggio & Powell, 1983). However, participants' experiences also reveal institutional complexity, with competing demands, technical compliance, professional development, and bureaucratic routines producing fragmented implementation (Greenwood et al., 2011). In the absence of crisis-driven urgency, capacity-building progressed incrementally and unevenly, reinforcing selective adoption rather than full institutionalisation.

5.3.2.2 External Structural and Policy Initiatives:

Besides internal efforts, participants described a range of external structural and policy initiatives intended to formalise and legitimise the accrual reform. These included issuing ministerial circulars, establishing specialised departments, proposing legislative amendments, and aligning accounting practices with international standards such as IPSAS and the IMF's GFS.

The issuance of circulars and decisions was frequently cited as the primary mechanism for steering reform in the absence of legislative change. Participants, such as P21, explained, *"The ministry has initiated several measures, including issuing circulars and decisions aligned with the implementation of accrual accounting, applying the Oracle system, and linking it with other government entities,"* while P23 stated, *"After that, the ministry updated and issued circulars and decisions to transition from cash basis to accrual basis."* They described these instruments as essential for signalling reform direction and coordinating government entities. As shown in Chapter 4, these measures provided procedural guidance and demonstrated institutional commitment, yet lacked the binding authority required for uniform compliance.

Several participants highlighted the establishment of new organisational units, such as the Institutional Resources Department and the Asset Systems Department, as evidence of structural commitment to accrual accounting. These units were designed to manage asset inventory, coordinate systems, and oversee implementation. However, participants also emphasised that structural creation did not guarantee functional integration,

particularly in the absence of political continuity and inter-agency cooperation. As P25 remarked, *“Legally, the ministry prepared a bill to change accounting practices from cash to accrual, but this was not implemented due to political instability at senior levels, delaying the transition process.”*

In addition, a recurring constraint across responses was the failure to amend Decree No. 31 of 1978. Participants such as P16, stressed, *“The ministry requested the government and the parliament to amend the law regulating accounting policies in Kuwait, No. 31 of 1978, to be consistent with the accrual system, but it did not find any interest.”* Without legislative backing, reform initiatives remained vulnerable to delay and reversal. This reflects institutional inertia, whereby entrenched legal frameworks limit the enforceability of new practices despite formal policy endorsement (Rosenschöld, Rozema, & Frye-Levine, 2014).

Overall, the MoF's reform initiatives reflect a dual strategy of capacity development and structural alignment, pursued within a constrained institutional environment. While internal initiatives sought to enhance professional readiness and technological capability, external measures aimed to legitimise reform through policy instruments and organisational restructuring. However, the interplay of legal rigidity, political instability, and resistance to change limited the effectiveness of both. From an institutional theory perspective, these findings demonstrate how accrual accounting reform in Kuwait has been shaped by legitimacy-seeking behaviour and institutional adaptation rather than decisive enforcement. In the absence of crisis-driven pressure, reform initiatives produced partial coupling. This reinforces the argument that, in stable, resource-rich contexts, accrual accounting reforms are more likely to evolve gradually, constrained by institutional inertia and selective compliance rather than rapid transformation.

While the previous section examined initiatives to advance accrual reform, understanding implementation outcomes requires identifying the foundational elements that enable or constrain adoption. Reform initiatives alone do not guarantee successful institutionalisation; they operate within broader structural and organisational conditions that determine whether accrual accounting can be fully embedded in practice. The

following section explores the essential elements required for adoption, analysing how structural readiness and organisational capacity shape sustainability.

5.3.3 Elements for the Adoption of Accrual Accounting:

Participants' responses indicate that the adoption of accrual accounting in Kuwait's public sector depends on a combination of structural readiness and organisational capacity, rather than on technical availability alone. While accrual accounting is widely supported in principle, participants consistently emphasised that successful adoption requires aligned legal frameworks, international standards, technological infrastructure, and asset management systems, alongside adequate human resources, leadership commitment, and cultural readiness. The findings therefore demonstrate that adoption is contingent on the interaction between technical–structural elements and human–organisational capacity, both of which remain unevenly developed.

Analysis of the interview data reveals two interrelated categories shaping accrual adoption: Technical and Structural Elements and Human and Organisational Capacity. These categories show that although formal structures and systems have advanced, the institutionalisation of accrual accounting remains constrained by legal rigidity, skill gaps, and resistance to change. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 23.

5.3.3.1 Technical and Structural Elements:

Participants consistently identified technical and structural elements as the foundational requirements for adopting accrual accounting. Central to these was the need for legislative reform, particularly amendments to Decree-Law No. 31 of 1978, which currently legitimises a mixed cash and accrual approach. Several participants stressed that without legal authority, accrual accounting cannot be enforced across government entities. As P1 stated, *“Legal amendments are necessary since the current Decree-Law No 31 of 1978 supports a mixed cash and accrual system.”* Similarly, P17 emphasised that *“no system can be applied without legislative legalisation,”* while P12 highlighted the need for parliamentary approval to activate accrual implementation. These responses illustrate the centrality of legal legitimacy in public-sector reform.

Alignment with international standards, particularly IPSAS and the IMF's GFS framework, was also widely regarded as essential. Participants viewed these standards as benchmarks for transparency, comparability, and accountability. P2 noted that *"the basic element for implementing the accrual basis is the application of IPSAS standards,"* and P25 reinforced that *"it is necessary to adopt the International Public-sector Accounting Standards."* However, concerns about localisation were also raised. P22 cautioned that *"the difficulty lies in adapting these standards to the laws and regulations of the state,"* highlighting tensions between global norms and domestic legal frameworks.

Technology emerged as both an enabler and a constraint. Participants viewed systems such as Oracle and GFMIS as critical for standardising financial reporting and integrating accrual processes across government entities. As P11 explained, *"activating the technological system to link with government entities... ensures consistency in asset accounting."* P9 similarly noted that accrual-based systems were being developed within Oracle. Yet operational difficulties persisted. P14 noted *"technological difficulties with the current IT system,"* underscoring the gap between the system's potential and its actual usability.

Asset management was repeatedly identified as a cornerstone of accrual adoption. Participants emphasised the need for comprehensive inventorying, valuation, and recognition of assets and liabilities. P11 stated that *"it is necessary to fully recognise and account for all budget items as assets, liabilities... revenues, and expenses."* P17 highlighted delays in asset classification mechanisms, while P23 stressed that *"inventorying and valuing assets... are essential for accrual accounting."* Although widely acknowledged as critical, participants also recognised that asset valuation is time-intensive and technically complex.

From an institutional theory perspective, these findings reflect normative isomorphism, where legal mandates, international standards, and globally recognised systems exert pressure on organisations to conform (DiMaggio & Powell, 1983). However, participants' accounts also reveal institutional complexity, as global frameworks must be reconciled with entrenched domestic laws and bureaucratic routines, leading to gradual, fragmented adoption.

5.3.3.2 Human and Organisational Capacity:

In addition to structural readiness, participants consistently emphasised that human and organisational capacity are decisive for the adoption of accrual. Four interrelated capacity dimensions emerged: training and skill development, leadership and strategic direction, resistance to change, and awareness and knowledge gaps.

Training was widely viewed as essential but insufficient. Participants stressed the need for professional requalification to support accrual implementation. P2 observed a *“significant need for professional requalification,”* while P16 noted that *“accounting capabilities in various government entities are very weak.”* P13 emphasised that effective training must include *“practical application,”* not theory alone. These responses indicate that capacity-building efforts have not yet translated into operational competence.

Leadership commitment was repeatedly highlighted as a prerequisite for reform. Participants stressed the importance of high-level mandates to signal seriousness and ensure compliance. P9 argued that senior leadership must endorse accrual adoption *“signifying a commitment to a more informative and transparent financial management approach,”* while P12 stated that *“a mandatory decision from the top leadership... is a key element.”* P21 similarly emphasised the need for decisiveness. At the same time, inconsistent leadership and weak strategic planning were cited as sources of delay and uncertainty.

Resistance to change emerged as a persistent barrier. Participants described reluctance among employees and managers unfamiliar with accrual concepts. P7 noted that *“there is resistance... due to the difficulty in understanding and applying this system,”* while P3 observed that many accountants remained unaware of Oracle despite its implementation. P17 further explained that apprehension about accrual accounting hindered application, stating that *“This situation is different for some in the ministry, making the application mechanism challenging for them”*. These accounts illustrate institutional inertia, where established routines and professional identities resist reform (Rosenschöld, Rozema, & Frye-Levine, 2014).

Awareness and knowledge gaps were also pronounced, particularly between academic preparation and public-sector practice. P22 highlighted a disconnect between university

education and government accounting realities, stating, *“There is a significant gap between the educational sector and the ministry”*, while P18 and P14 stressed weak accounting and technological skills, noting, *“accounting capabilities and skills in government entities are very weak”* (P18), *“Lack of technological knowledge”* (P14). These gaps act as structural bottlenecks, limiting the absorption of accrual practices despite formal reform commitments.

Viewed through institutional theory, these capacity constraints reflect normative misalignment, where professional expectations outpace actual skill development, and institutional inertia, in which existing routines and professional identities resist reform. Without sustained training, leadership stability, and cultural change, accrual adoption risks remaining formal rather than operational.

Overall, the findings indicate that adopting accrual accounting in Kuwait depends on aligning technical–structural foundations with human and organisational capacity. While legislative reform, international standards, technology, and asset management form the formal basis for adoption, these elements have advanced faster than professional readiness, leadership coherence, and cultural acceptance. From an institutional theory perspective, accrual adoption reflects legitimacy-seeking behaviour shaped by coercive, mimetic, and normative pressures, yet constrained by institutional inertia and capacity limitations. In a non-crisis context, accrual accounting adoption in Kuwait has progressed selectively and unevenly. These findings demonstrate that without parallel investment in skills, leadership stability, and legal authority, formal reform elements are unlikely to translate into fully embedded accounting practice.

While the previous section identified the structural and organisational elements necessary for accrual adoption, an equally important question concerns the extent to which these conditions have translated into tangible reform outcomes. Assessing goal achievement allows an evaluation of whether the foundational elements discussed above have been sufficiently aligned to realise the reform’s intended objectives. The following section examines the extent to which accrual accounting goals have been achieved in practice.

5.3.4 Goal Achievement for Accrual Accounting Reform:

The findings indicate that the goals associated with accrual accounting reform in Kuwait have been only partially achieved, reflecting a gap between reform aspirations and practical outcomes. While accrual accounting is widely recognised as a mechanism for improving transparency, accountability, and alignment with international standards, participants consistently emphasised that achieving these goals depends on institutional readiness, legal authority, and human and technical capacity. The findings therefore reveal that progress toward reform goals has been uneven, with structural advances outpacing operational and capacity-based achievements.

Analysis of the interview data reveals two interrelated dimensions shaping goal achievement: Institutional Readiness and Structural Reform, and Capacity Building and Technical Challenge. These dimensions demonstrate that although formal reform structures have been initiated, the realisation of accrual accounting goals remains constrained by legal inertia, fragmented coordination, and limited professional readiness. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 24.

5.3.4.1 The Institutional Readiness and Structural Reform:

Participants consistently identified institutional readiness as a fundamental prerequisite for achieving the goals of accrual accounting reform. Central to this readiness was the need for legislative reform, particularly amendments to Law No. 31 of 1978, which participants widely regarded as incompatible with full accrual implementation. As P2 stated, *“this law is the obstacle to activating and implementing the accrual system,”* while P20 similarly emphasised that *“the only barrier is the legal amendment that would allow us to practice accounting based on the accrual system.”* These responses illustrate how legal authority remains central to reform legitimacy and enforcement.

Beyond legislation, participants described efforts to enhance institutional preparedness through organisational restructuring. Several highlighted the establishment and revitalisation of specialised departments to support accrual accounting. P1 noted *“establishing new departments like Institutional Resources Management and revitalising existing ones, such as Asset Management,”* while P5 emphasised the activation of

departments responsible for asset enumeration and evaluation. These structural changes were widely perceived as necessary steps toward achieving reform objectives.

Participants also stressed the importance of adopting a phased, structured implementation approach. P25 argued that achieving reform goals requires “*a comprehensive project... identifying the involved parties,*” while P19 emphasised the need to “*divide the timeline into phases.*” These planning frameworks were viewed as essential for managing reform complexity and coordinating across institutions.

Despite these efforts, participants highlighted persistent structural inefficiencies. P24 observed that “*numerous issues persist... whether it’s the automated system, accounting procedures, or legal aspects,*” underscoring that institutional alignment remains incomplete. These accounts reflect institutional inertia, where formal readiness does not automatically translate into effective implementation.

From an institutional theory perspective, these findings illustrate coercive isomorphism, as legislative reform and institutional restructuring are driven by external expectations and formal compliance requirements (DiMaggio & Powell, 1983). At the same time, ongoing inefficiencies reflect institutional complexity, with competing organisational demands and fragmented authority hindering reform consolidation (Greenwood et al., 2011).

5.3.4.2 Capacity Building and Technical Challenge:

Combined with institutional readiness, participants overwhelmingly emphasised capacity building and technical capability as the most critical determinants of goal achievement. Training was consistently identified as essential yet insufficient. P14 stated that achieving reform objectives requires “*intensive training courses... and guidance manuals,*” while P8 noted the implementation of training plans across the ministry. However, participants such as P22 noted that “*also to train and enhance the efficiency of accountants in various government entities,*” emphasising that training needs remain extensive, particularly for accountants in government entities.

Technical challenges further constrained progress. Participants reported limitations in system compatibility and usability, particularly with Oracle-based systems. P13 highlighted linguistic and contextual mismatches, explaining that “*our accounting practice*

is in Arabic and the automated programme in English.” P10 similarly noted that asset management modules remain only partially activated, adding that *“A significant hurdle remains the activation of the asset module within these systems to streamline asset management”*. These issues indicate that technological implementation has not fully supported reform goals.

A recurring concern was the gap between academic preparation and public-sector practice. P16 highlighted, *“there’s no significant emphasis on this aspect from an educational standpoint, as educational outputs are focused on private-sector accounting,”* and noted the absence of government-specific accounting curricula, with educational outputs misaligned with public-sector needs. Furthermore, participants such as P12 explained, *“The change process is difficult in the presence of mindsets that resist change due to the complexity of the accrual system,”* and P11 highlighted *“Whatever goals you seek to achieve in transitioning to accrual, if those responsible do not have a full understanding and awareness of the importance of this system, the goals cannot be achieved.”* These points further emphasise cultural resistance and limited awareness, arguing that without understanding the importance of accrual accounting, reform goals cannot be realised. Additionally, operating parallel cash-based and accrual systems imposed significant strain. P5 explained that maintaining both systems simultaneously led to *“significant work pressure... and lack of experience.”* These pressures weakened staff engagement and diluted reform impact.

Viewed through the lens of institutional theory, these challenges reflect normative misalignment, where professional expectations exceed actual skill development, and path dependency, in which entrenched cash-based practices resist change (Rosenschöld, Rozema, & Frye-Levine, 2014). In the absence of crisis-driven urgency, capacity deficits and resistance remain visible and persistent. By contrast, crisis-driven reforms in countries such as Nepal, Sri Lanka, and Indonesia illustrate how external coercion can accelerate reform adoption (Harun et al., 2012; Adhikari & Mellemvik, 2011). In Kuwait’s non-crisis context, deeper institutional and cultural barriers are exposed, reinforcing the need for sustained capacity development and political commitment.

The findings indicate that although the goals of accrual accounting reform in Kuwait are clearly articulated and widely supported, their achievement remains partial and uneven. Structural and institutional reforms, such as departmental restructuring and system development, have advanced more rapidly than human capacity and technical readiness. From an institutional theory perspective, goal achievement reflects legitimacy-seeking behaviour shaped by coercive and normative pressures yet constrained by institutional inertia and capacity limitations.

These findings demonstrate that without parallel investment in skills, leadership stability, and legal authority, formal reform commitments are unlikely to translate into fully embedded accounting practice. The partial achievement of reform goals highlights that successful implementation depends not only on institutional readiness and capacity but also on the practical needs of users. The following sub-theme focuses on user requirements, exploring how accrual accounting must be shaped to support decision-making and operational use.

5.3.5 User Requirements Adopt Accrual Accounting:

Findings indicate that the effective adoption of accrual accounting in Kuwait's public sector depends not only on institutional decisions and reform initiatives but also on whether users' practical requirements are adequately addressed. These requirements span legal authority, governance arrangements, technological infrastructure, and human and operational capacity. The findings show that user needs are multi-layered and interdependent, and that neglecting either structural or operational requirements risks limiting accrual accounting to formal compliance rather than meaningful use.

Analysis of the interview data reveals two interrelated categories shaping user requirements: Governance, Legal, and Structural Requirements, and Human and Operational Capacity Development. These categories demonstrate that users require both a supportive institutional environment and the skills, tools, and understanding needed to apply accrual accounting in practice. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 25.

5.3.5.1 Governance, Legal, and Structural Requirements:

Participants consistently emphasised that the primary requirement for adopting accrual accounting lies in legal and governance reform. A recurring concern was the incompatibility of existing legislation, particularly Law No. 31 of 1978, with accrual accounting principles. As P13 stated, *“Legal modification is the primary requirement for the transition because we conduct our work according to Law № 31 of 1978.”* This position was echoed across participants, who viewed legislative amendment as a prerequisite for granting accrual accounting formal authority and enforceability.

Beyond legal reform, participants emphasised the importance of inter-institutional collaboration. P5 emphasised the need for coordination across ministries and regulatory bodies, noting that *“collaboration among all financial and regulatory entities... is essential.”* Such cooperation was viewed as necessary to ensure consistency in accounting practices and to reduce fragmentation across government entities.

Technological infrastructure was also identified as a critical structural requirement. Unified financial systems, particularly Oracle-based platforms, were considered essential for standardisation and automation. P14 explained that *“establishing an IT system that unifies accounting practices across all government entities”* is a key requirement for transitioning to accrual accounting. However, participants also recognised that technology alone is insufficient without legal backing and operational readiness.

Alignment with international standards, especially IPSAS, was repeatedly cited as a user requirement linked to credibility and comparability. P21 stated, *“I believe it’s crucial to adhere to international accounting standards,”* reflecting a broader expectation that accrual adoption should align Kuwait’s practices with global norms. At the same time, concerns were raised about localisation. P22 cautioned that *“the difficulty lies in adapting these standards to the laws and regulations of the state,”* highlighting the tension between global frameworks and domestic constraints.

From an institutional theory perspective, these findings reflect mimetic and normative isomorphism, where legal reform, IT systems, and international standards are perceived as necessary to secure legitimacy and institutional acceptance (DiMaggio & Powell, 1983). However, participants’ emphasis on unresolved legal and coordination issues also

indicates the risk of decoupling, where formal structures exist without full operational integration (Meyer & Rowan, 1977; Swidler, 1986).

5.3.5.2 Human and Operational Capacity Development:

Besides structural requirements, participants strongly emphasised human and operational capacity as a decisive condition for adopting accrual accounting. Training and skill development emerged as the most frequently cited user requirement. P6 noted the need for *“additional training courses in accrual accounting,”* while P22 stressed that *“accounting capabilities in government entities are very weak.”* These responses indicate that users perceive significant skill gaps that limit their ability to engage with accrual-based systems.

Participants also highlighted the need for transparent, reliable, and user-friendly financial information. P9 explained that users require *“transparent, relevant, and reliable financial information”* to support decision-making. Similarly, P23 emphasised that accrual accounting should provide *“a comprehensive economic vision for the state,”* underscoring expectations that accounting outputs must be intelligible and decision oriented. In addition, operational readiness was frequently framed in terms of closing efficiency gaps within government entities. P7 stated that *“the problem is not in the Ministry of Finance but in the government entities,”* pointing to uneven understanding and application of accrual accounting across organisations. These disparities place additional pressure on users and reinforce the need for targeted capacity-building beyond the MoF.

From an institutional theory perspective, these findings show that professional expectations outpace actual capacity and that entrenched routines resist new practices, creating institutional complexity (Greenwood et al., 2011; Thornton et al., 2012). In Kuwait’s non-crisis context, the absence of coercive urgency amplifies the importance of internal consensus, training, and cultural change.

Overall, the findings demonstrate that users’ ability to adopt accrual accounting depends on the simultaneous satisfaction of structural and operational requirements. Legal authority, governance coordination, IT systems, and international alignment form the institutional foundation for adoption, while training, skills, awareness, and operational readiness determine whether accrual accounting is actually used in practice. The

interaction between these requirements explains why accrual adoption in Kuwait has progressed unevenly and remains vulnerable to symbolic implementation. While this section has examined what users require in order to adopt and apply accrual accounting, effective reform also depends on how these requirements are monitored, enforced, and evaluated over time. The next sub-theme turns to Monitoring Mechanisms, exploring how the MoF oversees implementation, ensures compliance, and responds to deviations in practice.

5.3.6 Monitoring Mechanisms:

The results indicate that monitoring mechanisms play a central yet constraining role in Kuwait's accrual accounting reform. Rather than functioning as dynamic tools for supporting accrual-based decision-making, monitoring mechanisms are primarily experienced as compliance-oriented control systems, deeply rooted in cash-based budgetary logic. While these mechanisms ensure fiscal discipline and legal compliance, participants consistently emphasised that they have not yet evolved to fully support accrual accounting practices.

Analysis of the interview data reveals two interrelated dimensions shaping monitoring practices: Pre-Budget and Post-Expenditure Monitoring Mechanisms, and Regulatory Oversight, Compliance, and Accountability. These dimensions demonstrate that monitoring in Kuwait remains institutionally strong but conceptually misaligned with the objectives of accrual accounting reform. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 26.

5.3.6.1 Pre-Budget and Post-Expenditure Monitoring Mechanisms:

Participants consistently described monitoring as a two-stage control system operating before and after budget execution. Pre-budget monitoring is carried out by the Financial Controllers' Office/Bureau, which ensures that expenditures comply with approved budget allocations prior to disbursement. Post-expenditure monitoring is conducted by the State Audit Bureau (SAB), which audits financial transactions after spending has occurred to verify legality and compliance. The importance of pre-budget control was emphasised by P1, who explained: *"The prior control of the budget is represented by the Financial Controllers' Office, an independent entity that monitors in advance the compliance of*

financial resource expenditure as allocated in the general budget.” This preventive approach was widely viewed as a safeguard against unauthorised spending. However, participants stressed that effective oversight requires post-expenditure verification as well. P3 highlighted the dual nature of control mechanisms, stating: “The government applies strict financial control mechanisms on governmental bodies through the Financial Controllers’ Unit for pre-budget implementation control, and the Audit Bureau for post-implementation control.”

The SAB's role as an independent constitutional body was repeatedly emphasised. P5 described post-expenditure monitoring as follows: *“Post-expenditure control is represented by the Audit Bureau, another independent entity that verifies whether expenditures by governmental bodies were made appropriately, as regulated by the Kuwaiti Constitution.”* Participants also noted that these mechanisms continue to operate during the transition from cash-based to accrual accounting. P5 explicitly linked monitoring to the reform process: *“Even in the transition phase from cash-based to accrual-based accounting, these bodies ensure the proper application of this transition by governmental entities.”*

Legislative oversight further reinforces this monitoring framework. P12 explained: *“There are primary regulatory bodies in the state responsible for monitoring and controlling the implementation of the budget, represented by pre-emptive control... and subsequent control... by the Audit Bureau.”* Similarly, P24 highlighted the interaction between executive and legislative oversight: *“The Financial Controllers’ Bureau performs pre-spending control... and the State Audit Bureau, acting as the parliament’s arm, performs post-transaction control.”*

While participants recognised the robustness of these mechanisms, they also implicitly revealed a limitation, which is that monitoring remains anchored in budget compliance rather than adapted to accrual-based performance, asset recognition, or long-term financial sustainability. This reflects institutional inertia, with established control routines persisting despite changes in accounting logic (Rosenschöld, Rozema, & Frye-Levine, 2014).

Overall, the findings show that financial oversight mechanisms are essential for ensuring fiscal responsibility, regulatory compliance, and transparency in government financial management. The analysis is consistent with institutional theory, emphasising the structured and institutionalised nature of these mechanisms. These monitoring systems not only oversee financial activities before and after budget execution but also strengthen the legitimacy and accountability of government institutions.

5.3.6.2 Regulatory Oversight, Compliance, and Accountability:

Beyond budget-based controls, participants described a broader framework of regulatory oversight and accountability that involves the MoF, the Financial Supervisory Authority, the SAB, and the National Assembly. These bodies collectively establish rules, monitor compliance, and enforce corrective action across government entities.

Participants frequently highlighted the growing role of technology-based monitoring systems, particularly Oracle and GFMIS, in strengthening oversight. P6 provided a comprehensive description: *“One of the mechanisms imposed by the government for financial control is through automated systems such as the Oracle system... Additionally, there are administrative systems... such as the Audit Bureau and the Financial Controllers’ Office... and parliamentary oversight by the National Assembly.”* This statement illustrates how digital systems have enhanced visibility over financial transactions and supported real-time monitoring. P9 similarly described the multi-layered nature of oversight: *“These mechanisms include internal controls, audits conducted by independent external bodies... financial reporting systems like GFMIS... and evaluations of compliance with statutory and policy requirements.”*

The MoF’s regulatory role was also emphasised. P22 explained: *“It starts with the Ministry of Finance, which issues decisions and circulars that government entities are supposed to comply with. Then, these regulatory agencies follow up on the entities’ compliance.”* P23 reinforced this hierarchical structure, stating: *“Regulatory bodies like the Financial Supervisors Authority and the State Audit Bureau play a role in monitoring the decisions issued by the Ministry of Finance.”* Moreover, legislative oversight was repeatedly identified as a key accountability mechanism. P10 emphasised the role of parliament:

“The State Audit Bureau, an independent body reporting to the parliament, conducts audits... to ensure accountability, transparency, and efficient use of public funds.”

These findings indicate that regulatory oversight in Kuwait is institutionally embedded and legally reinforced. However, participants’ descriptions also suggest that oversight mechanisms prioritise compliance and legality over the analytical use of accrual information. Monitoring practices therefore reinforce legitimacy and fiscal discipline, but do not yet function as drivers of accrual-based management or performance evaluation. From an institutional theory perspective, these findings reflect coercive isomorphism, whereby compliance with laws, regulations, and audit requirements shapes organisational behaviour (DiMaggio & Powell, 1983). The persistence of cash-based monitoring routines illustrates decoupling, as formal adoption of accrual accounting coexists with monitoring systems that have not fully adapted to its logic (Meyer & Rowan, 1977). In Kuwait’s non-crisis context, strong oversight institutions maintain stability and legitimacy but also slow the transformation of monitoring practices.

Overall, the findings demonstrate that monitoring mechanisms in Kuwait are strong on enforcement but limited in transformation. Pre-budget and post-expenditure controls ensure fiscal discipline and legal compliance, while regulatory oversight and digital systems enhance transparency and accountability. However, these mechanisms remain largely aligned with cash-based control logic, limiting their ability to support accrual-based analysis, performance management, and long-term financial planning. While management support is essential for endorsing and sustaining accrual accounting reform, effective implementation ultimately depends on how these commitments are translated into concrete budgeting practices. The next sub-theme examines Budget Steps, focusing on how accrual accounting is reflected in budget preparation, execution, and control processes.

5.3.7 Budgeting Steps:

The findings indicate that budgeting practices constitute a critical operational interface between accrual accounting reform and day-to-day financial management. Although substantial structural and technological changes have been introduced to support accrual-based budgeting, participants consistently emphasised that budgeting remains

an area where cash-based logic, regulatory constraints, and capacity limitations continue to shape practice. As a result, budgeting steps reflect both progress towards accrual principles and persistent institutional resistance.

Analysis of the interview data reveals two interrelated dimensions shaping budgeting practices during the transition: Systems, Data Collection, and Budget Classification Changes; and Resistance, Training, Regulatory Barriers, and Adoption of International Standards. These dimensions show that although formal budgeting structures have been modernised, their full operationalisation remains constrained. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 27.

5.3.7.1 Systems, Data Collection, and Budget Classification Changes:

Participants overwhelmingly described system modernisation and data restructuring as the most visible changes in budgeting practices. Central to this transformation was the replacement of the legacy IFS system with the Oracle-based GFMIS, which participants viewed as essential for moving beyond cash-based budget recording. P1 explained: *“Previously, we used the IFS system... unable to provide information as required, we transitioned to the Oracle system, which offers greater benefits and assists us in our accounting system.”* Similarly, P10 highlighted how Oracle altered the nature of budget preparation: *“Previously... the focus was mainly on cash transactions, but the shift to the Oracle system has enabled a more comprehensive and accurate data gathering approach, particularly concerning assets.”*

A major outcome of this system change was the expansion and refinement of budget classifications, as confirmed in Chapter 4, noting the ministerial decision No. 4 of 2015. Participants noted that accrual accounting required more detailed and functionally aligned classifications than those used under the cash system. P21 explained: *“Previously, we dealt with 5 budget sections... but after Ministerial Decision No. 4 of 2015, the classifications expanded to 8 sections with more detailed and precise account types.”* P6 further elaborated on the scope of these changes: *“New classifications were introduced at all levels: administrative, geographical, developmental programmes, government units, economic, and functional classification.”*

Participants also highlighted improvements in asset-related budgeting, where accrual accounting required systematic inventorying, valuation, and classification of assets and liabilities. P9 described the revised process: *“The steps... involve identification and inventory of all assets and liabilities... using advanced software systems like Oracle.”* P23 reinforced this shift, noting that accrual-based budgeting replaced arbitrary asset treatment with IPSAS-based valuation: *“Previously... asset valuation was random and inaccurate... after moving towards an accrual system... work principles have become based on IPSAS standards.”*

These findings align with public-sector accounting literature emphasising that accrual-based budgeting requires integrated systems and expanded classifications to reflect financial reality (Christiaens et al., 2015; Brusca et al., 2013). From an institutional theory perspective, these developments reflect coercive and normative isomorphism, as international standards and professional norms drive formal restructuring (DiMaggio & Powell, 1983). However, despite these structural advances, participants acknowledged that budgeting practices remain only partially accrual oriented. Although systems are technically capable of accrual reporting, some practices persist on a cash basis due to legal and institutional constraints. This indicates institutional decoupling, where formal structures are adopted without full behavioural change (Meyer & Rowan, 1977).

5.3.7.2 Resistance, Training, Regulatory Barriers, and Adoption of International Standards:

In addition to structural progress, participants consistently emphasised implementation barriers affecting budgeting steps. Institutional resistance, skill gaps, and regulatory limitations were identified as persistent obstacles to fully embedding accrual-based budgeting. Several participants highlighted the complexity of the new systems and the need for extensive training. P7 explained: *“This system is a bit complicated and requires time and training... significant effort to understand, learn, and fully grasp.”* P12 similarly observed resistance rooted in entrenched cash-based thinking: *“Professional staff in government entities operates with a cash basis mentality, and we found it difficult to spread understanding of the accrual system.”* However, a recurring concern was the lack of accounting expertise across government entities. P13 emphasised this: *“We still face*

a problem with the lack of accounting capabilities in other government entities... a mindset not fully grasping the new system.”

Regulatory barriers further constrained budgeting reform. Participants repeatedly pointed to the absence of a legal mandate enforcing accrual-based budgeting. P24 stated: *“Some practices are still on a cash basis due to the lack of a law mandating work on the accrual system.”* P25 reinforced this, noting the consequences for cost recognition: *“We have not implemented this because there is no law regulating this process, and therefore all costs are charged in one fiscal year at once.”*

These findings align with public-sector accounting research showing that accrual-based budgeting often coexists with cash practices when legal frameworks remain unchanged (Lapsley et al., 2009; Carlin, 2005). From an institutional theory perspective, this reflects institutional complexity and competing logics, in which accrual-based ideals confront established budgetary routines (Thornton et al., 2012). Also, participants’ notes on IPSAS adoption further highlight the tension between formal alignment and practical application. While international standards guide system design and classification, their full integration into budgeting practice remains constrained by training deficits and weak enforcement. This pattern mirrors experiences in non-crisis contexts, such as Kuwait, where reforms are legitimacy-driven but operationally fragmented.

Overall, the findings demonstrate that budgeting steps in Kuwait have undergone significant formal transformation, particularly through system upgrades, expanded classifications, and improved data collection. However, these advances have not been fully translated into accrual-based budgeting practice. Legal gaps, capacity constraints, and persistent cash-based mindsets continue to shape budgeting behaviour, resulting in hybrid practices where accrual structures coexist with traditional routines. From an institutional theory perspective, budgeting steps illustrate how accrual accounting reform is formally adopted yet selectively enacted, reinforcing patterns of decoupling in a stable, non-crisis environment. While structural readiness has advanced, effective use of accrual-based budgeting remains dependent on legal reform, training, and cultural change. Although this section has examined how accrual accounting is reflected in budgeting processes, the effectiveness of these steps ultimately depends on how users

perceive, interpret, and expect to use accrual-based information. The next sub-theme, therefore, turns to User Expectations, exploring how different stakeholders understand the value of accrual accounting and what they anticipate will deliver in practice.

5.3.8 User Expectations:

The Results show that expectations of accrual accounting extend beyond technical compliance and reflect broader ambitions for decision-making quality, performance improvement, transparency, and institutional credibility. Accrual accounting is widely perceived as a reform that should enhance how financial information is generated, interpreted, and used by decision-makers and oversight bodies. However, participants' expectations also implicitly reveal a gap between what accrual accounting is expected to deliver and the institutional conditions required to realise these outcomes.

Analysis of the interview data reveals two interrelated dimensions shaping user expectations: Decision-Making, Performance, and Resource Optimisation; and Transparency, Accountability, and Institutional Compliance. These dimensions indicate that users expect accrual accounting to function both a managerial tool supporting informed governance and a mechanism reinforcing accountability and alignment with international standards. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 28.

5.3.8.1 Decision-Making, Performance, and Resource Optimisation:

A dominant expectation expressed by participants is that accrual accounting will significantly improve financial decision-making across government. Participants consistently emphasised that decision-makers, particularly within the MoF, are the primary beneficiaries of accrual-based information. P1 articulated this expectation clearly: *“Without a doubt, decision-makers in the state as a whole and the ministry’s apparatus are the biggest beneficiaries of the implementation of the accrual basis accounting system...”* Similarly, P2 emphasised that accrual accounting would provide *“the basic information and requirements for all decision-makers.”* These responses reflect the expectation that accrual accounting will enable faster, more informed, and more effective fiscal decisions by providing structured and comprehensive financial data.

Participants also linked accrual accounting to enhanced performance monitoring and evaluation. P3 noted that *“despite slow reform progress, accrual accounting aids in the process of performance monitoring, accountability, and improved performance.”* P17 extended this, stating, *“For example, in monitoring state assets, if there are assets whose expected benefit has ended and whose productive life is over, this facilitates the decision-maker to replace or maintain and renew them if it is feasible to benefit from them.”* This expectation of asset management explains how accrual information facilitates decisions regarding asset replacement, maintenance, and renewal based on economic usefulness rather than cash availability.

Resource and asset optimisation emerged as another central expectation. Participants highlighted that accrual accounting would enable more accurate valuation, depreciation, and lifecycle management of government assets. P10 stressed that accrual accounting would provide *“detailed, accurate financial information... including assets, their valuation, and depreciation,”* while P25 emphasised the importance of accrual data for *“comparing performance across fiscal years”*. These expectations reflect a shift from short-term cash tracking towards long-term financial sustainability and strategic planning.

These findings align closely with the public-sector accounting literature, which consistently argues that accrual accounting enhances decision-making by capturing financial reality more comprehensively than cash-based systems (Christiaens et al., 2015; Grossi & Steccolini, 2015; Ellwood & Newberry, 2007; Brusca et al., 2013). From an institutional theory perspective, these expectations reflect normative isomorphism, whereby professional norms increasingly define accrual accounting as the standard for effective public financial management (DiMaggio & Powell, 1983).

5.3.8.2 Transparency, Accountability, and Institutional Compliance:

Alongside managerial expectations, participants strongly associated accrual accounting with improved transparency and accountability. Many viewed the transition as a necessary step to overcome the limitations of cash-based reporting, which they believe obscures the true financial position of government entities. P6 emphasised the centrality of transparency, stating: *“The fundamental requirements for all these stakeholders are transparency and clarity in disclosing financial data...”* P16 similarly highlighted that

“should be a presentation and disclosure of financial statements and budgets in a suitable and clear manner,” and argued for clearer financial presentation, particularly for non-specialists, noting that inadequate disclosure leads to misunderstanding and poor decision-making. These views underscore the expectation that accrual accounting will make financial information more accessible and meaningful to a wider range of users, including policymakers, oversight bodies, and the public.

Participants also linked accrual accounting to stronger accountability mechanisms. P12 stressed that transitioning to accrual accounting requires commitment at the highest political levels to ensure *“control over public funds, as well as improving performance.”* P19 further emphasised that users expect accrual accounting to provide *“a comprehensive, accurate, and transparent representation of financial information,”* enabling stakeholders to hold decision-makers accountable. These views expressed were that accrual accounting would strengthen accountability by ensuring that government finances are precisely reported and scrutinised.

International alignment was repeatedly highlighted as a key expectation. Participants viewed convergence with IPSAS and global standards as essential for maintaining Kuwait’s credibility within the international financial community. P9 emphasised *“the need for accrual accounting systems to align with IPSAS to ensure comparability”*, while P21 explicitly linked user expectations to Kuwait’s membership in international organisations such as the IMF and the United Nations: *“Kuwait is a member of the United Nations and the International Monetary Fund, pushing us to align with global standards. However, sometimes we may diverge from international systems if they do not suit our laws or culture.”* At the same time, P21 acknowledged that global standards may require adaptation to local legal and cultural contexts, highlighting the tension between global conformity and domestic suitability.

These expectations align with public-sector accounting literature, which emphasises that accrual accounting enhances transparency and accountability by fully recognising assets, liabilities, and obligations (Lapsley et al., 2009; Brusca et al., 2013). However, existing research also cautions that transparency gains depend on institutional capacity and the effective use of accrual information (Christensen & Parker, 2010). Participants’

expectations therefore reflect not only optimism about accrual accounting's potential but also implicit assumptions about the institutional conditions required to support it. From an institutional theory perspective, expectations surrounding transparency and compliance reflect both coercive and normative pressures. Coercive pressures arise from international organisations promoting accrual adoption, while normative pressures stem from professional standards and expectations regarding good financial governance (DiMaggio & Powell, 1983). In Kuwait's non-crisis context, these pressures shape expectations more strongly than enforcement, increasing the risk that expectations may outpace practical implementation.

Overall, participants expect accrual accounting to deliver significant improvements in decision-making, performance management, transparency, and accountability. These expectations position accrual accounting as a reform that should transform both managerial practice and institutional credibility. However, the findings also reveal a potential expectation–implementation gap, where users anticipate outcomes that depend on legal reform, capacity building, and system integration that remain only partially realised. While users have high expectations of the benefits of accrual accounting, the realisation of these expectations ultimately depends on whether accounting systems and organisational practices are fit for purpose. The next sub-theme examines System Fit, focusing on the extent to which existing financial systems, processes, and organisational arrangements align with accrual accounting requirements and user needs.

5.3.9 System Fit:

The findings show that the success of accrual accounting reform depends not only on formal adoption but also on the degree of fit between the accounting system and existing governmental practices, policies, and capacities. While accrual accounting is widely viewed as a powerful tool for reform, governance enhancement, and fiscal sustainability, participants consistently emphasised that its effectiveness hinges on how well it aligns with institutional structures, decision-making processes, and operational realities. The findings, therefore, reveal a tension between the theoretical suitability of accrual accounting and the practical challenges of integrating it into established public-sector systems.

Analysis of the interview data reveals two interrelated dimensions shaping system fit: Accrual Accounting as a Tool for Reform and Governance Enhancement, and Challenges and Barriers to Implementation of Accrual Accounting. These dimensions show that although the system is perceived as conceptually well-suited to reform objectives, its practical fit is constrained by institutional capacity, resistance to change, and technical and political barriers. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 29.

5.3.9.1 Accrual Accounting as a Tool for Reform and Governance Enhancement:

A dominant view among participants was that accrual accounting represents a significant improvement over cash-based systems in supporting government reform and strengthening governance. Participants consistently associated accrual accounting with more accurate recognition, measurement, and valuation of assets and liabilities, enabling better-informed financial decisions. P1 emphasised this reform role clearly, stating: *“The accrual basis accounting system aids in the reform process and in effectively and efficiently defining government programs and general policies.”* Similarly, P5 highlighted the link between accrual-based information and policy effectiveness: *“Providing the necessary financial information for these government programs leads to making appropriate and compatible decisions with the performance of these programs.”*

Participants also emphasised that accrual accounting improves the accuracy of financial reporting by recognising economic events when they occur rather than when cash flows are realised. P10 explained: *“The transition to accrual accounting aids reform by providing an accurate representation of the government's financial position, recognising assets and liabilities when they occur.”* This shift was widely regarded as essential for improving fiscal discipline and long-term planning.

Furthermore, asset recognition and valuation emerged as a particularly important aspect of system fit. Participants described how inventorying and valuing assets clarified the government's financial position and enabled more strategic budgeting. P20 stated: *“After inventorying these assets... the vision became clearer when preparing the budget on the asset side and how to optimally use them.”* Participants also linked accrual accounting to

enhanced transparency and disclosure. P9 noted: *“The accounting transition significantly aids reform by providing a more accurate and comprehensive view, ensuring better recognition, measurement, and valuation of assets and liabilities.”* Similarly, P18 emphasised that accrual accounting enables financial statements to reflect the true economic impact of government decisions, supporting strategic resource allocation.

Beyond financial reporting, several participants highlighted the system’s contribution to performance measurement. P15 observed: *“Accrual accounting provides more detailed and useful financial information... allowing for better evaluation of programme effectiveness.”* P23 reinforced this point by stating: *“The accrual accounting system aids in general reform by enhancing the presentation and disclosure of financial statements, which leads to better-informed policy decisions.”* This indicates that the accrual framework allows governments to evaluate the effectiveness of public expenditure and to modify policies in line with financial performance indicators.

Alignment with international standards, particularly IPSAS, was also viewed as a key indicator of system fitness. Participants noted that adopting globally recognised frameworks enhances institutional credibility and facilitates cooperation with international and private-sector partners. P9 highlighted that *“alignment with IPSAS supports an accurate reflection of the state’s resources and obligations,”* while P17 linked it to improved public–private collaboration *“by making government partnerships with the private sector more efficient.”* P19 further emphasised that transparent accrual-based reporting encourages foreign investment by demonstrating fiscal strength and reliability.

These views align with the public-sector accounting literature, which indicates that accrual accounting enhances governance by providing comprehensive financial information for decision-making, asset management, and fiscal sustainability (Lapsley et al., 2009; Christensen et al., 2019; Helden & Reichard, 2019). From an institutional theory perspective, participants’ support reflects normative and mimetic isomorphism, where governments adopt accrual accounting to align with professional norms and emulate internationally accepted practices (DiMaggio & Powell, 1983).

5.3.9.2 Challenges and Barriers to Implementation of Accrual Accounting:

Despite strong conceptual support for accrual accounting, a smaller but significant group of participants highlighted barriers that undermine the system's fitness in practice. These challenges relate to institutional capacity, political constraints, resistance to change, and technical complexity. Several participants noted that bureaucratic decision-making processes and political considerations slow reform momentum. P21 expressed scepticism regarding the system's current reform impact: *"Currently, I don't think the accounting system aids the reform process because the steps taken to make decisions... are extremely difficult and slow."* P22 similarly pointed to political and systemic influences that complicate reform: *"There are several factors that influence government decisions... political, technical, or others."*

Fragmentation across government entities was also identified as a major obstacle. P24 observed: *"There's still a gap since the general budget remains on a modified cash basis... policies must be unified."* Additionally, resistance to change emerged as a persistent theme. Participants described reluctance among government staff to adopt accrual principles, often due to limited expertise and unfamiliarity with the system. P24 explained: *"It has not been activated yet due to a lack of personnel and resistance to change."* Similarly, P11 noted that although IPSAS-based decisions had been issued, implementation varied due to weak accounting capabilities: *"Due to the weakness of accounting capabilities, we found different scopes and topics alongside the transition to accrual."*

Technical challenges further constrained system fit. Participants highlighted difficulties in asset valuation, system automation, and data integration. P24 remarked that asset inventory and valuation remain incomplete, while others noted that electronic systems linking government entities have not been fully activated, stating: *"To be fair, the accrual system's principles and standards also pose implementation difficulties; it's not easy for any accountant to understand this system because some accounting procedures rely on personal opinion, such as calculating the historical cost of assets or their market or fair value, leading to differing opinions."*

These challenges align with findings in the public-sector accounting literature, which frequently report that accrual reforms are hindered by institutional resistance, insufficient training, and misalignment with existing budgeting frameworks (Lapsley et al., 2009; Christiaens et al., 2015; Christensen et al., 2019; Brusca & Martínez, 2016). From an institutional theory perspective, these barriers reflect institutional inertia and decoupling, in which reforms are formally adopted to meet legitimacy requirements but are not fully embedded in daily practice (Meyer & Rowan, 1977; Rosenschöld, Rozema, & Frye-Levine, 2014). Comparative evidence reinforces this pattern. In crisis-driven contexts such as Indonesia and Greece, accrual reforms were rapidly adopted under external pressure but often resulted in symbolic compliance due to weak institutional capacity (Harun et al., 2015; Cohen & Karatzimas, 2016). In contrast, Kuwait's non-crisis environment allows greater discretion but also reveals deeper resistance and slower integration. As a result, accrual accounting in Kuwait risks remaining only partially aligned with organisational realities unless capacity-building, legal reform, and system integration progress in parallel.

Overall, the findings indicate that accrual accounting in Kuwait is conceptually well aligned with reform and governance objectives but operationally constrained by limited system fit. While participants widely recognise the potential of accrual accounting to enhance transparency, decision-making, asset management, and institutional credibility, its practical effectiveness remains uneven. From an institutional theory perspective, system fit is shaped by competing logics, institutional inertia, and selective implementation, resulting in partial rather than transformative change (Greenwood et al., 2011). While this section has examined whether accrual accounting systems align with institutional structures and policy objectives, effective reform ultimately depends on whether these systems translate into changes in everyday practices. The next theme focuses on the Transformation of Practices, examining whether accrual accounting has altered routines, behaviours, and decision-making processes within government entities, or whether traditional practices continue to dominate.

5.3.10 Transformation of Practices:

The findings indicate that the transition to accrual accounting has not yet resulted in a full transformation of everyday practices within Kuwait's public sector. Instead, the reform has exposed a growing misalignment between formal adoption and actual behaviour, where new accounting requirements coexist with long-standing cash-based routines. The findings suggest that transforming practices requires more than system upgrades or policy decisions; it demands sustained professional development, legal reform, organisational capacity, and procedural adaptation.

Analysis of the interview data reveals two interrelated dimensions shaping the transformation of practices: The Need for Professional Development, Legal Reforms, and Capacity Building, and The Need for Technological and Procedural Enhancements. These dimensions demonstrate that while awareness of accrual accounting principles has increased, entrenched institutional habits and structural constraints continue to limit behavioural change. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 30.

5.3.10.1 The Need for Professional Development, Legal Reforms, and Capacity Building:

The dominant concern expressed by participants is insufficient professional expertise, legal preparedness, and organisational capacity to support accrual-based practices. Most participants emphasised that transforming accounting practices requires substantial upskilling of public-sector accountants, alongside reforms to outdated legal frameworks and institutional norms. Several participants highlighted persistent skill gaps among government accountants. P5 stated: *"We require accounting competencies and experience... further training is still necessary, especially in government entities."* Similarly, P20 emphasised: *"The foundations and principles of the accrual basis require competent accountants... and we are suffering from a lack of expertise."* These responses indicate that accrual accounting remains conceptually understood but practically difficult to apply in practice, reinforcing findings in the literature that capacity-building is central to successful public-sector accounting reform (Lapsley et al., 2009; Christiaens et al., 2015).

Legal and regulatory barriers further constrain practice transformation. Participants repeatedly identified Law No. 31 of 1978 as incompatible with accrual accounting. P1 explained: *“We need legal coverage that helps us work as required, through changing Law No. 31 of 1978.”* P23 reinforced this point, stating: *“Many existing laws are outdated and require modernisation to align with contemporary accounting advances.”* These concerns reflect institutional rigidity, with legal frameworks designed for cash-based accounting continuing to shape behaviour despite formal reform intentions.

Organisational culture and resistance to change were also prominent. Participants described deeply embedded cash-based mindsets that hinder behavioural change. P12 observed: *“The mindset and mentality among the professional staff remain on a cash basis.”* P9 similarly noted that the transition requires a fundamental cultural shift: *“This shift requires a fundamental change in the financial management culture.”*

These findings were corroborated by the archival documents in Chapter 4. Participants’ responses closely align with existing empirical evidence (e.g., Christiaens et al. 2015; Brusca & Montesinos, 2016; van Helden & Uddin, 2016; Jorge et al., 2021), suggesting that human capital development and regulatory reform are key to successful accrual accounting reforms. They also suggest that without substantial capacity-building efforts and legal reforms, the transition will remain partial and ineffective. From an institutional theory perspective, these findings illustrate institutional inertia and path dependency, in which established routines resist change even under external pressure (Rosenschöld, Rozema, & Frye-Levine, 2014).

5.3.10.2 The Need for Technological and Procedural Enhancements:

In addition to human and legal constraints, participants identified technological and procedural limitations as barriers to transforming accounting practices. Although systems such as GFMIS have been introduced, several participants argued that these systems are not fully suited to accrual-based requirements. P13 highlighted a key system mismatch: *“Instead of adapting this program to our requirements, we had to adapt our practices to what is available in the automated system.”* P15 echoed this concern, stating: *“Enhancing the Oracle system for easier use by accountants... is essential.”* These

responses reflect technological lock-in, where legacy system design constrains reform rather than enabling it.

Procedural inconsistencies were also raised, particularly in budgeting classifications and journal entries. P13 explained: *“The method of calculating and recording the journal entry... is not accurate because... this type is not detailed further.”* Such procedural ambiguity undermines accrual-based reporting and reinforces hybrid practices, where cash and accrual logics coexist.

Participants also emphasised the need for stronger alignment with IPSAS to standardise procedures. P25 stated: *“It’s crucial to develop financial systems that align with the project of transitioning to accrual accounting.”*

These concerns align with public-sector accounting research showing that accrual reforms often falter when procedural guidelines and systems are insufficiently aligned with accounting standards (Brusca et al., 2013; Christiaens et al., 2015; van Helden & Uddin, 2016). Viewed through institutional theory, these challenges reflect institutional complexity, in which multiple logics, including cash-based simplicity, accrual-based accountability, and technological constraints, operate simultaneously (Greenwood et al., 2011). This complexity slows the transformation of practices and increases the risk of symbolic compliance.

Overall, the findings indicate that the transformation of accrual accounting practices in Kuwait remains incomplete and uneven. Although formal structures, policies, and systems have been introduced, everyday accounting practices continue to reflect cash-based routines, limited expertise, and procedural fragmentation. From an institutional theory perspective, this pattern shows how reforms may be formally adopted yet only partially enacted, reinforcing the decoupling between policy and practice. In Kuwait’s non-crisis context, the absence of strong coercive pressure allows resistance, capacity gaps, and legal rigidity to persist. As a result, accrual accounting has not yet translated into a comprehensive transformation of professional behaviour, underscoring the need for sustained investment in skills, legal reform, and procedural alignment. While this section has examined whether accrual accounting has transformed everyday practices, effective reform also depends on how financial obligations, commitments, and responsibilities are

recognised and managed under the new system. The next theme turns to Obligations, examining how accrual accounting reshapes the recognition, measurement, and accountability of government obligations in practice.

5.3.11 Obligations:

Participants' responses indicate that fulfilling reform obligations in the transition to accrual accounting represents a complex institutional responsibility, extending beyond formal policy adoption to include legal authority, administrative enforcement, financial resourcing, and organisational adaptation. Although the MoF has formally committed to the reform agenda, participants consistently emphasised that meeting these obligations requires sustained coordination between institutional readiness and human adaptation. The findings, therefore, reveal a persistent tension between formal compliance with reform obligations and the practical capacity to discharge them effectively.

Analysis of the interview data reveals two interrelated dimensions shaping the fulfilment of reform obligations: Institutional and Structural Readiness, and Human and Organisational Adaptation. These dimensions demonstrate that while structural arrangements and policy instruments have been introduced to support the reform, behavioural resistance, skill shortages, and capacity limitations continue to constrain full compliance. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 31.

5.3.11.1 Institutional and Structural Readiness:

Participants overwhelmingly emphasised that meeting reform obligations depends on the presence of a clear legal mandate, enforceable policies, and adequate financial and technological resources. A recurring concern was the absence of legislative amendments that would formally authorise and enforce accrual accounting across government entities.

Participants highlighted that without such legal backing, reform obligations remain difficult to impose consistently. P2 explained this constraint clearly: *"After working on the required legislative amendment, a plan and a timeline will be set for a complete transition... however, the plan has not yet been fully developed due to legislative obstacles."* Similarly, P3 noted: *"There are obstacles to the change process, the most significant of which is the legal legislation that allows us to start more flexibly by imposing mechanisms and circulars*

on government entities.” These responses illustrate how legal rigidity limits the MoF’s ability to enforce reform obligations, reinforcing institutional theory’s argument that legitimacy and authority are prerequisites for organisational change (Meyer & Rowan, 1977).

Participants also emphasised the importance of policy enforcement and monitoring mechanisms in meeting reform obligations. Several described the reliance on ministerial circulars, decisions, and centralised oversight to guide government entities through the transition. P9 stated: *“The ministry relies heavily on circulars and decisions... guiding the transition towards accrual accounting and emphasising the need for government entities to apply the transition professionally.”* P15 further emphasised the role of technological monitoring tools: *“Continuous monitoring... particularly through the use of the Oracle system, facilitates the tracking and classification of budget items.”* These practices reflect coercive isomorphism, where organisations comply with reform obligations in response to regulatory pressure and oversight (DiMaggio & Powell, 1983). However, participants’ accounts also suggest that enforcement remains uneven, particularly in the absence of binding legislation.

Financial and technological capacity was identified as another structural obligation. Participants emphasised that accrual accounting reform imposes significant financial costs related to systems, training, consultancy, and workload. P19 noted: *“Implementing accrual accounting incurs significant financial costs... therefore, success in each stage should be verified through outcomes and effects on accounting practices.”* P6 similarly explained how financial appropriations are used as indicators of reform readiness: *“We measure our suitability in the transition by indicators of financial appropriations... attempting to address deviations.”* These concerns align with prior research showing that public-sector accounting reforms often suffer when financial resources are insufficient to support implementation (Brusca et al., 2013; Lapsley et al., 2009).

Institutional and structural readiness is essential for ensuring compliance with public-sector accounting reforms. The findings show that legal amendments, administrative oversight, and financial investments are key factors that influence the success of implementing accrual accounting. However, as institutional theory suggests, the risk of

symbolic compliance remains high unless the MoF addresses enforcement gaps and capacity limitations (Swidler, 1986; Boxenbaum & Jonsson, 2017).

5.3.11.2 Human and Organisational Adaptation:

Besides structural readiness, participants consistently emphasised that fulfilling reform obligations depends on human behaviour, professional competence, and organisational culture. Resistance to change emerged as one of the most frequently cited barriers, particularly among employees accustomed to cash-based accounting practices. P16 captured this challenge succinctly: *“No one who has worked in a certain pattern for more than 20 years, and is then asked to change, will easily agree.”* Similarly, P11 highlighted resistance at the entity level: *“Accountants are resisted within the entity by not providing the necessary information... due to the lack of awareness of the accrual system’s importance.”* These explanations reflect institutional inertia and path dependency, where established routines and professional identities constrain behavioural change (Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014).

Participants also identified training and professional development as critical yet insufficient. Although training programmes have been introduced, participants argued that they remain inadequate in depth and coverage. P7 stated: *“The process requires concerted efforts... including training and educating accountants on the importance of implementing the system.”* P12 reinforced this view, stressing that legal and technical changes alone are insufficient: *“If this is provided without enhancing professional efficiency, change will not occur. This system requires, first and foremost, a change in human mindsets.”*

The gap between academic preparation and public-sector accounting practice further undermines reform obligations. P21 explained: *“Accounting graduates... haven’t received sufficient education in governmental accounting... leading to performance weakness.”* Leadership engagement was repeatedly identified as a decisive factor in shaping organisational responses. Participants stressed that reform obligations cannot be met without visible commitment from senior management. P10 noted: *“Support from top management will ensure that the reform program is prioritised.”* Conversely, P20

highlighted the absence of competent leadership as a major obstacle: *“What lacks... is the human element of competent individuals.”*

These findings align with the public-sector accounting literature, which emphasises that behavioural change and leadership commitment are essential for translating formal reforms into operational practice (Liguori et al., 2012; Christiaens et al., 2015). From an institutional theory perspective, these challenges illustrate how normative pressures, professional expectations, and coercive pressures formal obligations interact unevenly. Without sufficient investment in people, leadership, and organisational learning, reform obligations risk remaining formal requirements rather than lived practices.

Overall, the findings indicate that fulfilling accrual accounting reform obligations in Kuwait remains partial and uneven. While institutional and structural measures, such as circulars, monitoring systems, and financial investments, signal formal commitment, human and organisational adaptation has lagged. From an institutional theory perspective, this imbalance reflects institutional inertia and the risk of decoupling, where reform obligations are acknowledged but not fully enacted. In Kuwait’s non-crisis context, the absence of urgent coercive pressure allows resistance, capacity gaps, and legal rigidity to persist. As a result, reform obligations are managed incrementally rather than decisively, reinforcing selective compliance rather than full institutionalisation. While fulfilling reform obligations requires legal authority, resources, and professional capacity, findings also highlight the critical role of management support in sustaining reform momentum. The next sub-theme, therefore, examines Management Support, focusing on how leadership commitment, decision-making authority, and organisational backing influence the implementation and durability of accrual accounting reform.

5.3.12 Management Support:

The results indicate that senior management support has been formally strong but operationally constrained in the transition to accrual accounting within Kuwait’s Ministry of Finance (MoF). While top leadership has provided legal backing, financial allocations, technological investment, and alignment with international standards, participants consistently emphasised that managerial commitment has not been sufficient to overcome structural instability, competing priorities, and bureaucratic inertia. The findings

reveal a distinction between visible policy endorsement and sustained implementation momentum.

Analysis of the interview data reveals two interrelated dimensions shaping management support: Senior Management's Support and Actions, and Challenges in Implementation and Prioritisation. These dimensions demonstrate that while leadership has initiated reform-supportive measures, institutional and political dynamics continue to slow full integration. NVivo-generated diagrams illustrating the coding structure for this sub-theme are presented in Appendix 32.

5.3.12.1 Senior Management's Support and Actions:

Participants widely acknowledged that senior management has taken deliberate and tangible actions to support the accrual transition. These actions include legislative proposals, allocation of financial resources, technological implementation, particularly the Oracle system, and alignment with IPSAS and international recommendations. P2 emphasised the legislative dimension of support: *"Senior management in the ministry strongly supports the transition to the accrual basis and has provided the necessary legislation and laws to implement this system. These legislations are now with the National Assembly for approval."* Similarly, P11 highlighted high-level political endorsement: *"The Council of Ministers issued the establishment of a specialised department for inventorying and evaluating assets in the Ministry of Finance... which is support from the highest level in the state."* These responses indicate that top management has institutionalised the reform by establishing legal frameworks and dedicated administrative units, reinforcing their commitment to the transition.

Participants also cited financial and technological backing as evidence of managerial commitment. P4 stated: *"The top management is very responsive in providing the necessary support... whether financial... technological... or legal..."* P10 reinforced this view: *"This support covered different aspects, such as providing financial assistance to allocate resources for essential technologies, training, and infrastructure upgrades."* These accounts indicate that senior management recognised the importance of financial and technological readiness to support the transition, demonstrating a structured approach to resource allocation.

In addition, alignment with international standards was presented as a strategic leadership decision. P9 observed: *“There’s a focus on developing or adopting accounting standards, such as IPSAS, that are suitable for Kuwait’s financial context.”* P12 also explicitly linked reform to IMF influence: *“We have a decision from the Cabinet to work within the recommendations of the International Monetary Fund...”* These responses indicate that managerial support has extended beyond national policy to include international benchmarks, reinforcing the government's commitment to modernisation and global integration.

The findings align with the wider public-sector accounting literature, which often emphasises that successful implementation of accrual accounting reforms depends on robust government support, financial investment, and legal coherence (e.g., Christiaens et al., 2015; Brusca et al., 2013). Research indicates that adopting IPSAS often increases credibility, transparency, and decision-making in public financial management, though the scale of these benefits is still debated (Lapsley et al., 2009; Adhikari & Gårseth-Nesbakk, 2016). Participants' focus on IPSAS compliance and international alignment mirrors global patterns, where governments implementing accrual reforms frequently use international standards as a guide and to enhance legitimacy. From an institutional theory perspective, these actions reflect coercive and normative isomorphism (DiMaggio & Powell, 1983). External pressures from international institutions and professional standards shaped leadership decisions, reinforcing reform legitimacy and signalling alignment with global governance norms. However, while these measures demonstrate formal commitment, participants recognised that managerial support remains uneven in depth and continuity.

5.3.12.2 Challenges in Implementation and Prioritisation:

Despite visible managerial backing, participants consistently described implementation challenges that weaken reform momentum. A major obstacle identified was leadership instability. Frequent changes in ministerial positions were seen as disrupting continuity and long-term planning. P16 explained: *“Due to changes in the minister's position every 6 months or a year... this significantly affects the momentum of transitioning.”* P19 similarly noted: *“Continuous political changes in leadership... have contributed to the slow*

accounting transition.” These responses illustrate how political volatility undermines sustained strategic direction.

Participants also described competing governmental priorities that displace accrual reform. P16 stated: *“The priorities of decision-makers... vary... efficiency in budget preparation and execution is not a priority.”* P24 further emphasised administrative fragmentation: *“Frequent changes in the position of the Minister... cause a lack of awareness of the priority, including the transition to accrual... Middle management... needs significant support.”* These perspectives indicate that not all stakeholders within government agree on the significance of accrual accounting, resulting in institutional resistance that hampers reform efforts.

Legislative delay was repeatedly identified as a structural barrier. P5 observed: *“The primary obstacle is the amendment of Law No. 31 of 1978...”* P14 reinforced this point: *“The legal aspect requires more time to enact relevant laws...”* These statements emphasise the complexity of navigating the legislative landscape.

These constraints reflect what institutional theory describes as institutional complexity and inertia (Greenwood et al., 2011; Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014). Although leadership may endorse reform, entrenched legal systems, political cycles, and competing logics constrain full enactment. Participants’ accounts indicate that reform has been formally adopted but remains partially decoupled from daily practice. As Meyer and Rowan (1977) argue, organisations may adopt reforms for legitimacy without fully integrating them operationally. In the Kuwait context, the absence of urgent fiscal pressure enables selective prioritisation and gradual implementation, reinforcing hybrid arrangements rather than decisive transformation.

Overall, the findings indicate that senior management support in Kuwait is necessary but not sufficient for full accrual adoption. Leadership has introduced policies, financial investments, technological systems, and international alignment; however, instability, legislative delays, bureaucratic resistance, and competing priorities have weakened reform momentum. From an institutional theory perspective, management support reflects strong coercive and normative pressures to modernise public financial management. Yet institutional inertia and political volatility create conditions where reform

progresses incrementally rather than comprehensively. As a result, accrual accounting in Kuwait remains formally endorsed but only partially institutionalised. Although top management has shown formal support for accrual accounting, managerial endorsement alone has not ensured smooth implementation. Therefore, the next section looks at Adoption Challenges, highlighting the structural, political, and behavioral obstacles that still hinder the full adoption of accrual accounting in practice.

5.3.13 Adoption Challenges:

Findings indicate that the adoption of accrual accounting within the MoF remains constrained by legal rigidity, political instability, technological limitations, and institutional inertia. While reform initiatives have been formally endorsed and partially operationalised, participants consistently emphasised that structural and behavioural barriers continue to limit full integration. The findings, therefore, reveal that adoption challenges are not merely technical obstacles but reflect deeper institutional dynamics shaping the reform trajectory.

Analysis of the interview data identifies two interrelated dimensions underlying adoption challenges: Challenges in Implementing Accrual Accounting and Responses and Adaptations to Accrual Accounting Challenges. These dimensions show that although reform pressures are present, institutional resistance and capacity limitations have led to gradual rather than comprehensive adoption. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 33.

5.3.13.1 Challenges in Implementing Accrual Accounting:

A central challenge repeatedly identified by participants concerns the continued dominance of Law No. 31 of 1978, which governs government accounting under a cash-based framework as outlined in the Chapter 4 analysis. Participants emphasised that without legislative amendment, the MoF cannot impose full accrual compliance across government entities. P6 explained: *“There seems to be a legislative challenge... Law No. 31 of 1978 is limited to cash and modified cash-based accounting. For the transition to accrual accounting, there needs to be a law that allows us to impose our requirements.”* This reflects a structural barrier in which outdated legislation constrains enforcement of

reform, reinforcing institutional theory's concept of legal–institutional inertia (Swidler, 1986).

Political instability further compounds adoption challenges. Participants described repeated ministerial turnover and parliamentary disruption as significant obstacles. P17 noted: *“Parliamentary disruption... led to political instability... making the process very delayed.”* Similarly, P16 observed: *“The constant change in the Minister of Finance has led to shifts in goals and priorities.”* These interpretations illustrate institutional complexity, where competing political priorities undermine reform continuity (Greenwood et al., 2011).

Technological limitations were also widely cited. Although Oracle (GFMIS) was introduced to facilitate the transition, participants reported persistent integration and usability problems. P9 stated: *“One of the significant technological hurdles is establishing an automated system for asset management...”* P24 further noted: *“Even with the implementation of the GFMIS system... significant problems exist in understanding or incorrectly applying the system.”* These technological gaps align with research showing that accrual reforms often stall when digital infrastructure is not fully adapted to operational realities (e.g., Lapsley et al., 2009; Anessi-Pessina et al., 2016).

Human capital deficiencies remain a major obstacle. P8 highlighted: *“The biggest challenge... is the lack of expertise from professional staff in government entities.”* P12 reinforced the point about insufficient professional development: *“Some employees... seek professional development... which the ministry does not sufficiently provide.”* This aligns with findings from international studies, which emphasise the need for comprehensive training and capacity-building programs to support public-sector accounting reforms (e.g., Chan, 2003; Christiaens et al., 2015). Furthermore, resistance to change emerged as a cultural barrier. P25 described deeply rooted behavioural patterns: *“Employees... are used to a certain pattern they prefer to continue without change.”* This reflects path dependency and institutional inertia, where established routines resist new accounting paradigms (Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014).

Compared with crisis-affected countries, where severe fiscal instability compelled rapid adoption of accrual reforms under external pressure, Kuwait's stable environment has

allowed for a slower, more deliberative implementation. In crisis situations, the urgency of reform often overrides internal resistance. However, Kuwait's gradual approach reveals deep cultural and institutional barriers that cannot be resolved with technical solutions alone.

These findings indicate that addressing these barriers requires more than structural reforms; it demands ongoing policy support, stable leadership, and cultural change within the governance system. Theoretical perspectives highlight that overcoming these challenges requires both technical solutions and core institutional reforms, including policy consistency, leadership stability, and cultural shifts in governance.

5.3.13.2 Responses and Adaptations to Accrual Accounting Challenges:

Despite these obstacles, participants described ongoing efforts to mitigate adoption challenges through legal reform initiatives, training programmes, system development, and policy adjustments. P14 noted: *"We're working... on training our staff... and seeking legal amendments to facilitate this system's application."* Similarly, P6 emphasised working within existing legal constraints while advocating reform: *"We are currently working with what is legally available to us, but we need legislative amendments."* These efforts and perceptions align with global trends in public-sector accounting reform and research, where countries adopting accrual accounting have needed to revise their financial management laws to support the transition (Brusca et al., 2013; Christiaens et al., 2015).

Additionally, capacity-building initiatives were repeatedly emphasised. P2 observed: *"As professional capabilities are built, the transition process... will be facilitated."* P10 added: *"Efforts... involve issuing directives and training programs aimed at enhancing understanding."* However, participants acknowledged that training remains uneven and insufficient to drive deep transformation.

Technological adaptation efforts were also described. P13 explained: *"Initially, the system was in English... but the ministry has been addressing this."* P21 stressed: *"The technological system needs development."* Despite these advances, many challenges remain, particularly in integrating systems across government agencies. International research indicates that technology-focused public sector reforms require not only

software updates but also organisational restructuring to achieve smooth integration (Lapsley et al., 2009; Christiaens et al., 2015).

Middle management was portrayed as playing a bridging role in implementation. P22 stated: *“We, the middle management, make significant efforts to solve problems... and communicate with governmental entities.”* However, given that government operations are, by nature, fragmented and multi-layered, stronger policy enforcement, rather than problem-solving, along with sustained leadership, is needed to achieve full adoption.

However, participants consistently described these responses as incremental rather than transformative. As P15 noted: *“Strategies to address these challenges include continuous training, technological upgrades, and legislative reforms.”* Nevertheless, the effectiveness of these strategies has been undermined by ministerial instability, as each new administration introduces different priorities, hindering the implementation of accrual accounting. These adaptation strategies reflect various institutional responses, coercive isomorphism through legal directives, normative isomorphism through training and professionalisation, and mimetic isomorphism through alignment with global standards (DiMaggio & Powell, 1983).

Overall, the findings show that adoption challenges in Kuwait are rooted in legal rigidity, political instability, technological misalignment, and capacity deficits. Although reform pressures from international organisations and professional norms have encouraged formal adoption, institutional inertia has limited operational embedding. The coexistence of accrual reforms and persistent cash-based practices illustrates decoupling between policy and practice. Consequently, efforts to address these challenges remain gradual and fragmented. In a non-crisis environment, reform adoption proceeds through negotiation and adaptation rather than coercive enforcement. As a result, accrual accounting remains partially institutionalised, with full integration contingent on sustained leadership stability, legal reform, and cultural transformation.

This section has explored the barriers and adaptive responses influencing the adoption of accrual accounting. To better understand the reform process, it is essential to consider the conditions that may help overcome these challenges. The following sub-theme focuses on Successful Implementation, examining the institutional, managerial, and

structural factors that could enable accrual accounting to move beyond partial adoption to full, sustained, and effective integration.

5.3.14 Successful Implementation:

Results indicate that the successful implementation of accrual accounting in Kuwait depends on a combination of institutional enforcement and operational execution. While legal mandates, regulatory oversight, and top-level political decisions create the formal framework for implementation, participants consistently emphasised that practical success ultimately relies on technical capacity, system integration, and sustained organisational adaptation. The findings show that successful implementation is not guaranteed by regulatory endorsement alone but requires alignment between institutional authority and operational readiness.

Analysis of the interview data identifies two interrelated dimensions shaping successful implementation: Institutional and Regulatory Measures, and Operational and Technical Implementation. These dimensions reveal that while regulatory pressure has been decisive in initiating reform, implementation effectiveness depends on the degree to which technical systems, training, and phased execution strategies are integrated across government entities. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 34.

5.3.14.1 Institutional and Regulatory Measures:

Participants overwhelmingly emphasised that the successful implementation of accrual accounting requires clear legal mandates, binding policies, and structured oversight mechanisms. Without formal regulatory authority, they argued, implementation would remain inconsistent across ministries. P12 highlighted the need for decisive political action: *“It must be a decisive decision from the Council of Ministers for immediate implementation... Harmonising all necessary policies across all ministries is essential.”* Similarly, P13 stressed the necessity of binding legislation: *“For successful implementation... laws and decisions must be issued... some entities do not adhere until laws obligate them.”* These responses underscore the importance of coercive institutional mechanisms in driving compliance, the inadequacy of piecemeal or voluntary adoption, and the need for a top-down approach to guarantee consistent implementation across all

ministries. P21 further noted that policy inconsistencies and exceptions weaken enforcement: *“The presence of exceptions in decisions... means that governmental entities are lax... preventing implementation.”* This emphasises that regulatory fragmentation is a key challenge, with unclear policies or exemptions creating gaps in enforcement and resulting in uneven implementation across government bodies.

Going beyond legal mandates, participants also emphasised ongoing regulatory monitoring. P17 explained: *“Monitoring the successful implementation... verifying accuracy... overseeing outputs before officially adopting them.”* P19 reinforced the importance of active oversight: *“Greater involvement of state regulatory bodies... directly dealing with outputs from the accrual system.”* These findings highlight the importance of institutional mechanisms that ensure compliance through monitoring and verification processes.

In addition, participants noted that institutional success depends on various factors, including political backing and international alignment. P25 stated: *“Successful implementation requires basic matters, first, the support of the state or decision-makers, second, the provision of financial resources, third, the provision of human resources, fourth, identifying stakeholders, fifth, inventorying the legislations and laws that need to be changed, sixth, preparing a clear conceptual model for the phases of accounting change, seventh, benefiting from the recommendations of international organisations, and eighth, learning from the experiences of developed countries in applying accrual.”* This emphasises the importance of a well-structured institutional strategy that combines financial, human, and regulatory resources to support implementation.

However, participants also cautioned against rushed or poorly sequenced reforms. P24 observed: *“The decision to transition to accrual accounting in 2015 and to implement the International Monetary Fund's GFS recommendations was made very quickly and, on the spot, without sufficient study. It should have been applied on a trial basis before starting the transition, allowing for several questions to be addressed.”* This highlights institutional complexity, where external pressures may accelerate reform beyond internal readiness.

These findings align with the public-sector accounting literature, which shows that accrual reforms are more successful when supported by clear regulatory frameworks and

consistent enforcement (Christiaens et al., 2015; Lapsley et al., 2009). From an institutional theory perspective, these measures reflect coercive isomorphism, whereby organisations comply with reform mandates because of regulatory authority and oversight (DiMaggio & Powell, 1983).

5.3.14.2 Operational and Technical Implementation:

While regulatory measures establish authority, participants emphasised that successful implementation depends equally on technical execution, training, and system readiness. As reinforced by the analysis of archival documents in Chapter 4, the Oracle GFMS system was repeatedly described as central to operational implementation. P2 explained: *“By setting up a financial system that all government entities work on... the Oracle system has been implemented... and we monitor and control according to Ministry instructions.”* However, participants also stressed that system functionality requires continuous refinement. P7 stated: *“It is essential to develop the Oracle system and add more details for greater flexibility.”* These findings align with academic research examining the technical and practical barriers to adopting accrual accounting in the public sector, which shows that successful implementation depends on robust financial management systems (van Helden & Uddin, 2016; Christiaens et al., 2015; Brusca & Martínez, 2016). However, many governments struggle to integrate and automate these systems.

Training emerged as another decisive factor. P6 emphasised: *“It is crucial to intensify accounting training courses at all administrative levels... implementing procedures and mechanising systems are essential.”* Similarly, P9 highlighted the importance of professional competency: *“Support for professional competencies in different ministries guarantees successful implementation.”*

Participants also advocated for phased implementation strategies. P18 recommended pilot testing: *“The Ministry might start with pilot applications... allowing gradual implementation until full application.”* P10 acknowledged that although implementation remains incomplete, technical adjustments and guidance have been introduced: *“The Ministry addresses technical challenges... although the asset management module is yet to be fully activated.”*

These perspectives demonstrate that operational success depends not only on system adoption but also on system usability, adequate training, and incremental adaptation. From an institutional theory perspective, this reflects mimetic isomorphism, in which MoF emulates international practices by implementing GFMS systems based on IMF recommendations and gradually adapting them to local conditions (DiMaggio & Powell, 1983). The reliance on pilot projects and phased rollouts further illustrates institutional adaptation within a complex administrative environment (Greenwood et al., 2011).

Overall, participants' perceptions indicate that successful implementation of accrual accounting in Kuwait requires the convergence of regulatory enforcement and operational capacity. Institutional measures, legal mandates, policy directives, and oversight mechanisms have created a formal framework for reform. However, operational execution remains contingent on technological readiness, training quality, and coordinated implementation across ministries. In Kuwait's context, reform has progressed incrementally rather than coercively. Institutional legitimacy is strengthened through alignment with IPSAS and IMF recommendations. Nevertheless, fully operational integration remains uneven. From an institutional theory perspective, successful implementation depends on reducing the decoupling between formal compliance and practical enactment. While this section has examined the regulatory and operational conditions necessary for successful implementation, understanding reform sustainability requires analysing the broader structural influences that shape institutional behaviour. The next sub-theme focuses on Structural Influences, examining how organisational structures, inter-agency relationships, and institutional arrangements shape the long-term development of accrual accounting reform.

5.3.15 Structural Influences:

Participants' perspectives indicate that the transition to accrual accounting has driven significant structural adjustments, but the depth of transformation varies across organisational levels. While new departments, regulatory changes, and alignment with IPSAS have reshaped administrative configurations, cultural and behavioural adaptation remains uneven. The findings show that structural change has advanced more visibly

than cultural transformation, reflecting both institutional compliance and persistent organisational inertia.

Analysis of the interview data identifies two interrelated dimensions shaping structural influence: Structural and Administrative Transformations, and Cultural Shifts and Decision-Making Adjustments. These dimensions reveal that accrual reform has altered formal organisational arrangements while simultaneously challenging entrenched professional norms and budgeting traditions. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 35.

5.3.15.1 Structural and Administrative Transformations:

Participants consistently emphasised that accrual accounting has driven significant organisational restructuring and administrative reconfiguration. The creation of specialised departments, particularly in asset management and institutional resource oversight, was widely described as the most visible outcome of reform. P1 stated: *“Significant efforts, such as establishing the Institutional Resources Management, utilising the GFMIS system, and conducting internal training courses, have already begun to reshape the ministry’s structure and operations.”* Similarly, P10 noted: *“A notable impact is the establishment of specialised asset management units across all ministries and agencies.”* These developments, as discussed in the analysis of archival documents in Chapter 4, indicate that new government units play a crucial role in asset inventory, financial reporting, and the oversight of revenue and expenditure classification in accordance with accrual-based accounting. Restructuring is necessary to align with international standards such as IPSAS, which emphasise the need for specialised financial oversight mechanisms in governments transitioning to accrual accounting.

However, participants also highlighted structural friction. P17 observed: *“Adjusting these structures to align with the accrual basis requires eliminating some administrative structures... however, the Civil Service Bureau lacks sufficient awareness... thus delaying necessary adjustments.”* P24 further noted administrative overlap: *“We found some administrative departments overlapping in their competencies.”* These responses reflect institutional complexity and structural inertia, where new reforms must coexist with legacy arrangements.

Legal and constitutional constraints were also described as structural impediments. P12 highlighted that *“Article 141 of the Kuwaiti Constitution impedes the reconciliation between revenues and expenses, as it provides that the discussion of the state's general budget in the National Assembly must be item by item, and it is not permissible to allocate any public revenue for specific expenditures except by law.”* This observation indicates that legal frameworks for cash-based accounting limit the flexibility to reconcile revenues and expenditures, thereby constraining accrual alignment. This reinforces the literature demonstrating that cash-oriented constitutional frameworks can slow accrual adoption (Hodges & Mellett, 2012).

International influence further shaped structural reorganisation. P22 stated: *“This transition, primarily proposed by the International Monetary Fund... has led to adjustments and the creation of departments within the ministry.”* This statement aligns with findings in the global public-sector accounting literature, which show that IMF interventions have significantly influenced government financial reporting reforms, particularly in developing economies (Adhikari et al., 2013). The role of international organisations indicates that Kuwait's transition is not solely domestically driven but also shaped by global financial management trends.

The findings align with aspects of institutional theory, particularly the concepts of isomorphism, legitimacy, and organisational complexity (DiMaggio & Powell, 1983). These structural adjustments reflect mimetic isomorphism. Similarly, the IMF's influence exemplifies coercive isomorphism. Furthermore, the establishment of new financial departments and the phasing out of redundant structures demonstrate Kuwait's effort to align with international standards to enhance legitimacy. However, the persistence of bureaucratic resistance shows that structural transformation does not automatically yield institutional integration, resulting in institutional complexity and resistance (Greenwood et al., 2011).

5.3.15.2 Cultural Shifts and Decision-Making Adjustments:

Beyond structural reconfiguration, participants described evolving but incomplete cultural and behavioural shifts in financial management practices. While accrual accounting has introduced new expectations for asset recognition, transparency, and long-term planning,

deeply rooted cash-based mentalities remain influential. P17 captured this resistance: *“The adoption of the accrual basis has influenced the existing culture among some, due to resistance to change and reluctance to transition, especially if they have served a long tenure in the ministry and are close to retirement. Such individuals may not want to acquire new accounting information, preferring their comfort zone that doesn't disturb them, and this attitude affects those around them regarding accounting change.”* This observation aligns with public-sector accounting research, which suggests that accounting reforms often face resistance when they disrupt established work practices (Hyndman & Connolly, 2011). This aligns with institutional theory's concept of path dependency, where established routines resist disruption (Rosenschöld, Rozema, & Frye-Levine, 2014).

Participants also described changes in budgeting and decision making. P20 noted: *“The financial culture has changed... considering the resources of those entities from assets and performance in the public sector.”* This suggests a gradual shift from expenditure-based budgeting toward resource-oriented financial management. This move aligns with global public-sector accounting trends, where accrual-based budgeting is linked to improved financial planning, cost control, and long-term sustainability (Grossi & Steccolini, 2015). However, scepticism remained. P24 observed: *“The transition process forced some officials to make decisions that align with the accrual system.”* This reflects partial behavioural compliance rather than full internalisation. This perspective suggests that although accrual accounting introduces new decision-making frameworks, it also pressures officials to adapt to unfamiliar financial concepts, potentially causing uncertainty or misalignment between policy aims and accounting practices.

Transparency and accountability were also repeatedly cited as cultural outcomes. P23 stated: *“This shift towards accrual accounting has influenced decisions at all levels... highlighting transparency and accountability.”* However, enhanced transparency does not automatically lead to better governance, as accrual systems require robust institutional enforcement to ensure that financial statements are effectively utilised in decision-making. Given that a key argument for accrual accounting in public-sector research is that it improves transparency and accountability by offering a more precise view of a

government's financial position (Hodges & Mellett, 2012), several participants reiterated this point, indicating that accrual-based reporting enhances financial clarity and institutional oversight.

Overall, the findings indicate that accrual accounting has significantly reshaped organisational structures within Kuwait's public financial management system. New departments, regulatory changes, and alignment with international standards demonstrate visible structural transformation. However, cultural and behavioural adaptation remains partial and contested. Structural reforms have advanced, yet decision-making practices and institutional norms continue to reflect legacy patterns. From an institutional theory perspective, these findings illustrate the coexistence of competing logics, cash-based tradition versus accrual-based modernisation, creating institutional complexity and selective adaptation (Greenwood et al., 2011). Unlike crisis-driven contexts where external pressure accelerates behavioural alignment, Kuwait's non-crisis environment allows slower, negotiated cultural change.

5.3.16 Summary of Part Two:

Part two examined how MoF has managed and responded to the transition from cash-based to accrual accounting. The findings indicate that reform management has been characterised by visible structural progress alongside incomplete operational integration. Although the MoF introduced system upgrades, organisational restructuring, training initiatives, and IPSAS alignment, implementation remains fragmented and institutionally constrained.

Two parallel strategies shaped the MoF's response. First, technical and procedural reforms were introduced, including the implementation of automated platforms such as GFMIS and Oracle, the restructuring of budget classifications, and asset inventory and valuation aligned with IPSAS and IMF GFS standards. These measures reflect coercive and mimetic pressures from international institutions and global accounting norms. Second, internal efforts focused on capacity development through training programmes, new administrative units, and inter-agency coordination. However, uneven training quality, limited practical application, and persistent cash-based mindsets reveal normative gaps between professional expectations and institutional readiness.

However, legal and structural constraints remain central barriers. The continued dominance of Decree No. 31 of 1978 limits the binding enforcement of accrual practices across government entities. Political instability, leadership turnover, and shifting ministerial priorities have weakened reform continuity. As a result, implementation is characterised by slow coordination, inconsistent compliance, and partial system integration, reinforcing institutional inertia and path dependency.

Unlike crisis-driven contexts, where fiscal urgency accelerates compliance, Kuwait's stable, non-crisis environment allows reform to unfold gradually. However, this stability also exposes deeper institutional resistance and reduces coercive pressure for rapid integration. Consequently, the reform demonstrates elements of decoupling and partial coupling, with accrual structures and standards formally adopted, yet behavioural and operational alignment remains incomplete.

Overall, the MoF's response illustrates how accrual accounting reform in a non-crisis context is driven by legitimacy-seeking and professional alignment but constrained by internal complexity and structural rigidity. Without sustained legislative reform, leadership stability, and cultural adaptation, accrual accounting risks remaining formally endorsed but only partially embedded in everyday financial management practice.

Part two explored how the MoF has managed and implemented the shift to accrual accounting, but it raises a broader question: what real changes has this reform brought about? Managing reform is only one aspect; evaluating its effects requires examining how adopting accrual accounting influences financial practices, institutional behaviors, and governance outcomes. Consequently, Part Three moves beyond implementation details to analyse the reform's impacts and long-term effects on Kuwait's public sector through accrual accounting.

5.4 Part Three: Anticipated Effects and Implications:

This part addresses the third research question: What are the effects of adopting accrual accounting in Kuwait's Ministry of Finance (MoF)? Moving beyond reform motivations and management responses, it examines how accrual accounting is reshaping financial practices, organisational behaviour, and public-sector governance. Drawing on

participants' reflections, the analysis explores both the technical consequences of implementation and the broader institutional implications that have emerged during the reform process.

Rather than focusing solely on structural adjustments, this part evaluates how accrual accounting influences accounting procedures, decision-making processes, transparency, accountability, and perceptions of reform success. It also considers the extent to which anticipated benefits, such as improved financial reporting, stronger performance monitoring, and enhanced resource management, are materialising in practice. At the same time, it identifies persistent implementation tensions, including uneven commitment levels, ongoing transition challenges, and the limits of reform in a legally and institutionally complex environment.

By situating these findings within the broader academic and policy debates on public-sector accounting reform, this part examines how institutional pressures, local capacity constraints, and reform framing shape the real impact of accrual accounting. As will be demonstrated, the Kuwaiti case illustrates both the potential and the constraints of accrual reform in a non-crisis context, where change is negotiated internally rather than imposed through fiscal emergency. The effects observed reflect partial transformation, selective integration, and continuing institutional adjustment rather than immediate systemic overhaul.

5.4.1 Accounting Differences:

Participants' reflections reveal a strong consensus that accrual accounting is a substantive departure from cash-based accounting in terms of financial transparency, asset recognition, and decision-making capacity. Although both systems coexist within Kuwait's legal framework, participants consistently described accrual accounting as providing a more comprehensive and accurate representation of the government's financial position. However, they also acknowledged that the transition introduces legal, structural, and technical challenges that complicate full implementation.

Analysis of the interview data identifies two interrelated dimensions shaping perceived accounting differences: Accrual Enhances Financial Management and Decision-Making, and Accrual vs. Cash: Legal, Asset Recognition, and Financial Tracking. These

dimensions show that accrual accounting is viewed as both a managerial improvement and a legal–institutional shift requiring structural adaptation. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 36.

5.4.1.1 Accrual Enhances Financial Management and Decision-Making:

Participants overwhelmingly emphasised that accrual accounting enhances financial clarity, long-term planning, and accountability by recognising assets, liabilities, and obligations beyond immediate cash flows. P1 explained: *“Accrual basis accounting is instrumental in enhancing the detail and accuracy of the general budget by identifying and evaluating assets and liabilities... and accurately recording revenues and expenses, whether realised or not.”* Similarly, P10 highlighted improvements in transparency and intertemporal comparison: *“Accrual accounting offers transparency and allows for more accurate financial information production, facilitating comparison across financial years...”* P18 reinforced this emphasis on comprehensiveness: *“Accrual accounting plays a crucial role in improving the comprehensiveness and precision of the overall budget...”*

Participants also linked accrual accounting to performance and accountability. P6 stated: *“It allows decision-makers to have a clearer vision of the financial situation and the available options...”* P24 contrasted this with the limitations of the cash system: *“In the cash system... it does not indicate whether the activity was actually performed... leading to decreased efficiency.”* These perceptions demonstrate how accrual accounting enhances budget control systems, providing a comprehensive financial overview beyond cash transactions.

In addition, participants connected the adoption of accrual accounting to fulfilling IMF transparency requirements and to aligning with developed economies as part of international financial modernisation efforts. As P12 stated: *“There is more transparency compared to the cash system... all data required by the IMF are provided.”* Similarly, P9 captured the mimetic dynamic: *“With both developing and developed countries changing their accounting systems, we must update ours.”* These responses suggest that accrual adoption is motivated not only by technical efficiency but also by global expectations and legitimacy pressures.

These perspectives align with public-sector accounting literature indicating that accrual accounting supports performance-based budgeting and long-term fiscal sustainability (Christiaens et al., 2015; Grossi & Steccolini, 2015). However, participants' emphasis also reflects normative expectations that improved reporting will automatically enhance governance, an assumption that depends on institutional capacity. From an institutional theory perspective, the preference for accrual accounting reflects normative and mimetic isomorphism, whereby governments align with internationally recognised standards to enhance legitimacy (DiMaggio & Powell, 1983).

5.4.1.2 Accrual vs. Cash: Legal, Asset Recognition, and Financial Tracking:

While participants broadly supported accrual accounting, they also stressed the structural and legal complexity of replacing the cash system. P11 highlighted asset recognition as a defining distinction: *"The accrual system recognises assets and their values and is directly linked to the financial position..."* P17 contrasted this with cash accounting: *"Previously... values were added based on what was paid without considering depreciation..."* P23 underscored the legal dimension: *"Under Law No. 31 of 1978... accounting practice is based on cash... Moving to accrual requires recognising all assets and liabilities differently."* P25 emphasised enhanced debt tracking: *"The accrual system provides a detailed obligations register showing debts... which is not available in the cash system."* These show that accrual accounting is more than an alternative reporting method; it represents a legal and structural shift. Moving to this system requires changes to laws, financial classifications, and reporting frameworks to fully recognise assets and liabilities.

Public-sector accounting literature confirms that accrual reform often requires legislative revision and structural adaptation (Bruno & Lapsley, 2018). Without legal reform, adoption risks partial implementation. Institutional theory further explains these tensions. Legal amendments reflect coercive isomorphism, while professional standards represent normative pressure. Mimetic isomorphism is evident in participants' desire to align with practices in developed countries. However, the coexistence of cash-based legislation and accrual structures illustrates institutional complexity and potential decoupling, where

formal adoption does not immediately transform entrenched frameworks (Meyer & Rowan, 1977; Swidler, 1986; Greenwood et al., 2011).

Overall, participants view accrual accounting as offering superior financial representation, stronger asset tracking, enhanced transparency, and improved decision-making compared with the cash system. However, these advantages depend on legal reform, institutional adaptation, and professional readiness. The shift from cash to accrual, therefore, represents not only a technical upgrade but also a structural and institutional reconfiguration. In Kuwait, accrual accounting is adopted as part of a broader legitimacy-seeking and modernisation agenda. Yet the persistence of cash-based legal frameworks and institutional routines highlights the gradual and negotiated nature of reform integration.

This section has examined the technical and legal differences between cash and accrual accounting. Understanding reform consequences requires evaluating how these differences translate into broader organisational and governance outcomes. The next sub-theme, therefore, explores Significant Impacts, analysing the extent to which accrual accounting has influenced financial performance, transparency, and institutional behaviour in practice.

5.4.2 Significant Impacts:

Participants' perceptions indicate that the impacts of accrual accounting in Kuwait remain partially realised and largely anticipatory. Although structural and procedural changes are underway, many of the benefits associated with accrual accounting, particularly in financial planning and strategic decision-making, are described as expected rather than fully embedded outcomes. Therefore, the findings reveal a distinction between visible procedural adjustments and aspirational managerial improvements, reflecting the ongoing and incomplete nature of reform.

Analysis of the interview data identifies two interrelated dimensions shaping perceived impacts: Procedural Changes and Expected Improvements in Financial Reporting, Transparency, and Accountability, and Expected Benefits for Financial Planning and Decision-Making. These dimensions show that although financial reporting structures are evolving, broader governance and strategic impacts remain contingent on deeper

institutional integration. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 37.

5.4.2.1 Procedural Changes and Expected Improvements in Financial Reporting, Transparency, and Accountability:

Participants consistently emphasised that accrual accounting has already influenced financial reporting procedures, particularly in asset recognition, budget classification, and financial transparency. P2 noted: *“We notice differences and benefits in the transition phase, where expense and revenue data have become more accurate and clearer, allowing full knowledge of fixed and movable assets and their values.”* Similarly, P11 stated: *“Previously, reports like that did not exist, but now we issue financial reports specifically regarding the size of assets, depreciation values, and comparisons with previous years.”* These responses indicate that accrual-based reporting has provided more detailed, historically comparable financial information.

Participants also linked procedural changes to enhanced oversight and public accountability. P7 observed: *“Monitoring and controlling the budget has increased its impact, as well as transparency...”* P20 added that the transition process exposed inconsistencies in asset valuation: *“We discovered significant inflation in asset amounts, which made us review the transition to accrual and the accuracy of our procedures.”* These accounts suggest that procedural reforms have begun to strengthen transparency and internal financial scrutiny. However, participants acknowledged that these improvements are still unfolding and not yet fully standardised across entities. At the same time, participants’ emphasis on IPSAS compliance reflects legitimacy-seeking behaviour, where reforms enhance external credibility even if internal behavioural change remains incomplete. The coexistence of cash-based and accrual-based elements illustrates institutional complexity and partial coupling.

From a public-sector accounting research perspective, these findings align with research indicating that reporting quality often improves before managerial outcomes materialise (Christiaens et al., 2015; Adhikari & Gårseth-Nesbakk, 2016; Brusca & Martínez, 2016; Adhikari et al., 2013). Institutional theory explains that legitimacy pressures from

international standards such as IPSAS encourage reporting alignment, but more profound operational changes take time to fully adopt the new norms (DiMaggio & Powell, 1983).

5.4.2.2 Expected Benefits for Financial Planning and Decision-Making:

Beyond procedural reporting changes, participants described significant anticipated benefits for budgeting, resource allocation, and strategic planning. However, these impacts are largely framed as future-oriented rather than fully realised. P4 stated: *“Adopting this system significantly enhances the accuracy of accounts and facilitates decision-making...”* P8 emphasised the link between asset recognition and informed planning: *“There are significant impacts in preparing the budget, recognising the assets, and managing them.”* P10 described the broader strategic implications: *“The transition allows for a comprehensive view... It supports policymaking with more detailed and accurate financial information...”* P17 highlighted how asset visibility influences decision-making: *“Preparing our financial reports according to IPSAS standards highlighted the need for all governmental entities to disclose their assets...”* Similarly, P21 noted: *“Adopting accrual accounting has led to clearer, more detailed, and more accurate financial reports... aiding in more informed decision-making.”* These responses illustrate strong expectations that accrual accounting will improve fiscal discipline, long-term sustainability, and strategic governance.

However, participants also recognised that many of these benefits remain conditional. Improvements in financial reporting have not yet been fully translated into systematic changes in decision-making. Institutional theory explains this gap through decoupling and hybridisation, where formal reporting improvements coexist with continued reliance on traditional budgeting logics (Meyer & Rowan, 1977; Swidler, 1986).

Research suggests that accrual-based reforms enhance fiscal planning only when supported by sufficient institutional capacity and stable governance (Adhikari et al., 2013). In Kuwait, participants described progress as incremental and constrained by structural and behavioural barriers identified earlier in part two. Comparative evidence reinforces this interpretation. In crisis-driven contexts, external urgency accelerated formal adoption, though often without deep institutional embedding (Jorge et al., 2019; Adhikari et al., 2013). The lack of an immediate fiscal crisis has allowed internal resistance, capacity

issues, and bureaucratic inertia to become more visible, leading to a prolonged transition where accrual reforms are only partly implemented. This comparison shows that the speed of reform depends not just on technical preparedness but also on external urgency. In Kuwait's non-crisis environment, reform unfolds gradually, revealing deeper institutional resistance while allowing adaptation over time.

Overall, participants view accrual accounting as having introduced meaningful procedural improvements in financial reporting, transparency, and asset recognition. However, broader impacts on budgeting, strategic planning, and governance remain largely anticipatory. While structural reporting frameworks are evolving, the full managerial and institutional benefits of accrual accounting have not yet been realised. From an institutional theory perspective, the findings illustrate partial coupling, with formal alignment with international standards coexisting with persistent cash-based practices and hybrid decision-making processes. In a non-crisis context, reform impacts emerge gradually and unevenly, shaped by institutional complexity rather than rapid transformation. While this section has examined the broader impacts and anticipated benefits of accrual accounting, understanding the effects of reform also requires analysing how daily procedures and operational routines differ under cash and accrual systems. The next sub-theme therefore turns to Procedure Differences, exploring how changes in transaction recording, reporting practices, and administrative processes reflect the practical implications of the transition.

5.4.3 Procedure Differences:

Participants' perspectives indicate that procedural differences between the previous cash-based system and the emerging accrual-based framework reflect both technological modernisation and accounting transformation. While system upgrades, such as Oracle and GFMIS, have altered workflow efficiency and reporting structures, accrual-based procedures have simultaneously introduced deeper changes in asset recognition, financial disclosure, and governance orientation. The findings therefore reveal that procedural differences are experienced in two distinct but interconnected ways: as system automation and as structural accounting reform.

Analysis of the interview data identifies two interrelated dimensions shaping procedural differences: System Transition and Financial Reporting Enhancement, and Accrual Accounting and Financial Management Reform. These dimensions demonstrate that while technology has accelerated procedural change, the broader accounting transformation remains gradual and uneven. NVivo-generated diagrams illustrating the coding structure for this sub-theme are presented in Appendix 38.

5.4.3.1 System Transition and Financial Reporting Enhancement:

Participants widely described the transition from legacy systems (IFS) to Oracle and GFMIS as the most visible procedural change. Automation was perceived to reduce manual errors, increase traceability, and improve reporting efficiency. P1 stated: *“The accounting procedures have become easier, more flexible, and faster with the Oracle system... but we still aspire to more accounting development.”* Similarly, P3 highlighted automation’s impact on error reduction: *“Previously, form approvals were manual... when we began the transition... the application became automated, reducing the likelihood of errors significantly.”* These observations indicate that automated accounting systems enhance traceability and administrative efficiency.

Participants also described expanded budget classifications and improved inter-ministerial coordination. P8 noted: *“We applied the Oracle system, and this expanded the items and types of budgets and linked them with government entities.”* P18 emphasised workflow transformation: *“The new procedure... streamlined, expedited, and added flexibility... transforming the documentation cycle.”*

However, not all participants perceived these changes as transformative. P16 expressed scepticism: *“I haven’t noticed any effective changes.”* Similarly, P21 suggested that procedural shifts were limited to system replacement: *“Differences... are not substantial, primarily involve changes in the automated accounting system.”* These contrasting views illustrate partial institutional embedding, where system adoption does not necessarily translate into uniform behavioural change.

From an institutional theory perspective, the shift from IFS to GFMIS reflects legitimacy-seeking, as external requirements (e.g., IMF recommendations) influenced system adoption. This supports the argument that public-sector financial reforms are often

externally driven, reinforcing the institutional pressures faced by governments to conform to international financial governance frameworks (Hyndman et al., 2014). P19 confirmed this: *“The changes in the implementation of the GFMS system according to the requirements of the International Monetary Fund...”* At the same time, uneven engagement suggests elements of decoupling, where formal system changes coexist with legacy routines (Swidler, 1986).

The findings indicate that while system modernisation improves reporting accuracy and financial integration, its full impact depends on institutional alignment, regulatory enforcement, and the extent to which users engage with the new processes. These perspectives align with public sector accounting research, which indicates that although system transitions improve reporting capabilities, their effectiveness relies on how they are institutionalised and utilised within government entities (Hyndman & Lapsley, 2016).

5.4.3.2 Accrual Accounting and Financial Management Reform:

Further than technological upgrades, participants described deeper procedural differences arising from accrual-based accounting practices. These differences concern asset recognition, financial disclosure, and alignment with IPSAS standards. P6 emphasised improved financial accuracy: *“There are differences from before... accounting information is more accurate... achieving disclosure and presenting financial statements... to provide comprehensive information.”* P10 highlighted asset institutionalisation: *“Previously, there was no focus on asset accounting... now these procedures have become essential.”* P17 detailed IPSAS-driven reporting adjustments: *“We changed our financial reports... to reflect assets more truthfully.”* These indicate that accrual procedures have altered how assets, liabilities, and depreciation are recorded, introducing longer-term financial visibility absent in cash accounting.

Furthermore, P20 linked procedural differences to cultural change: *“There is now greater clarity... leading to greater awareness in decision-making.”* P25 added: *“The financial performance in governmental entities has changed, as has the method of financial auditing. Additionally, after implementing the GFMS system, the methods for inventorying items in the budget have changed. The format of financial reports has also changed because of adopting accrual accounting.”* But the successful transition depends on how

public-sector entities manage these institutional tensions and integrate reforms within their existing financial management processes.

However, participants acknowledged that implementation remains slow. P23 observed: *“Changes are slow... it took until 2022 to see significant changes.”* These findings indicate that accrual-based procedures are being progressively introduced but remain only partially integrated. Public-sector accounting literature supports this staged transformation, noting that reporting changes often precede deeper managerial shifts (Christiaens et al., 2015; Grossi & Steccolini, 2015; Hyndman et al., 2014; Christensen & Parker, 2010). Institutional theory explains this pattern through institutional complexity, where cash-based and accrual-based logics coexist and compete (Greenwood et al., 2011).

Overall, procedural differences in Kuwait reflect two parallel developments: technological modernisation and accrual-based accounting reform. Automation has improved workflow efficiency and financial documentation, while accrual principles have enhanced asset recognition, transparency, and compliance with international standards. However, these changes remain unevenly embedded across institutions. From an institutional theory perspective, procedural reform demonstrates elements of legitimacy-seeking behaviour alignment with global standards and mimetic adaptation to international practices. Nevertheless, incomplete integration reveals decoupling and hybridisation, with traditional cash-based routines persisting alongside accrual structures. While procedural differences reveal structural and technological adjustments, the sustainability of these changes ultimately depends on the level of organisational and political commitment to the reform process. Therefore, the next sub-theme examines the Commitment Level, exploring how leadership engagement, institutional buy-in, and long-term dedication influence the depth and durability of accrual accounting adoption.

5.4.4 Commitment Level:

Participants' responses indicate that commitment to accrual accounting within the Ministry of Finance (MoF) is institutionally structured but unevenly internalised. Although formal directives, regulatory oversight, and technological monitoring mechanisms provide a compliance framework, full commitment remains constrained by legal limitations, uneven

capacity, and resistance across government entities. Thus, the findings reveal a distinction between structurally enforced compliance and deep organisational commitment.

Analysis of the interview data identifies two interrelated dimensions shaping commitment: Institutional Commitment and Structural Support, and Challenges and Barriers to Full Commitment. These dimensions show that although compliance mechanisms are active, full institutionalisation remains incomplete. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 39.

5.4.4.1 Institutional Commitment and Structural Support:

Participants widely acknowledged that institutional mechanisms promote adherence to accrual accounting procedures. Centralised enforcement through Oracle GFMS, ministerial circulars, and regulatory monitoring were consistently described as key drivers of compliance. For example, P1 stated: *“Through the Oracle GFMS system, everyone is committed to implementation, and our monitoring... acts as a kind of oversight.”* Similarly, P14 reinforced the regulatory nature of compliance: *“All employees are committed... according to the circulars and decisions issued by the Ministry of Finance, and this is verified through the Oracle system.”* Moreover, regulatory oversight plays a crucial role in strengthening commitment. P13 noted: *“Certainly, employees and managers are committed to implementing procedures to adopt the accrual basis, evidenced by the decrees and circulars issued by the minister, as well as the regulatory bodies' monitoring of various governmental entities in their execution of our procedures.”* These responses indicate that commitment is not purely voluntary but supported by technological and regulatory enforcement mechanisms. Although participants' comments indicate that institutional mechanisms facilitate compliance, they do not necessarily ensure complete internal commitment.

In addition, interdepartmental coordination strengthens institutional commitment. P5 noted: *“Through the Oracle system, all departments within the ministry are connected... ensuring compliance.”* P6 further highlighted directive-based adherence: *“Everyone is committed... through directives and decisions issued by the Ministry of Finance.”* Also, Participants emphasised the importance of structured training. P9 explained: *“There's a*

significant need for more intensive training... Coordination between entities... is ongoing.”

These findings, confirmed in the archival documents in Chapter 4, suggest that institutional commitment encompasses both enforcement and capacity-building.

These findings align with existing research on public-sector accounting reforms that emphasise the role of institutional mechanisms in shaping compliance (van Helden & Uddin, 2016; Brusca et al., 2013). From an institutional theory perspective, these mechanisms reflect coercive isomorphism, where organisational behaviour is shaped by regulatory directives and oversight (DiMaggio & Powell, 1983). The emphasis on training reflects normative isomorphism, aimed at embedding professional standards within public-sector accounting practice (Scott, 2013). Additionally, the idea that interdepartmental coordination enhances compliance can be understood through institutional logics, which argue that organisations align their practices with broader institutional objectives to maintain legitimacy (Thornton & Ocasio, 1999). As indicated by P5, the consolidation of departments using Oracle GFMIS ensures uniform compliance and reflects a strategic alignment with institutional goals. These findings imply that commitment to accrual accounting is primarily enforced through institutional mechanisms.

5.4.4.2 Challenges and Barriers to Full Commitment:

Despite formal support structures, participants identified persistent barriers that weaken full commitment. A primary concern is the absence of comprehensive legislative reform. P2 stated: *“These steps cannot be fully implemented without legislative amendment.”* P22 reinforced this: *“The gap... is essentially due to the dire need for legal and legislative amendments.”* These demonstrate clearly that although institutional structures can enforce compliance operationally, the lack of formal legal support hinders full adoption. Conversely, P23 has a different opinion that regulatory oversight appears to improve compliance over time: *“After monitoring by the State Audit Bureau... compliance has increased.”* This suggests that external enforcement can partially bridge commitment gaps, reinforcing the importance of oversight mechanisms. However, without explicit legislative mandates, the MoF and other government bodies may struggle to implement accrual accounting in a standardised and enforceable way.

Weak compliances across some government entities also emerged as a challenge. P21 observed: *“Other government entities do not adhere... If there was adherence... you would not find delays.”* Capacity deficits further undermine commitment. P16 noted: *“Due to a lack of experience and professional staff, the transition process has been very slow.”* Similarly, P17 explained complexity as a reason for slow adoption: *“It is natural for everyone not to fully understand... and find implementation challenging.”* Leadership gaps and unclear implementation planning were also emphasised. P24 emphasised the need for stronger leadership and structured implementation strategies, as the absence of a clear roadmap can lead to confusion, delays, and fragmented efforts: *“We expected to fully implement... within 3 or 4 years... indicating significant gaps and flaws... stemming from a lack of a clear action plan.”* These responses highlight institutional complexity, characterised by competing logic, fragmented authority, and inconsistent enforcement, which produce uneven commitment.

From an institutional theory perspective, the findings demonstrate the coexistence of coercive pressures and institutional inertia (DiMaggio & Powell, 1983; Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014). While regulatory directives promote compliance, legal gaps, organisational resistance, and path dependency prevent the full embedding of accrual accounting principles. This creates a hybrid state in which commitment is visible at the formal level but remains uneven across agencies.

Overall, commitment to accrual accounting within the MoF is shaped by strong institutional frameworks yet constrained by structural and behavioural factors. Enforcement mechanisms, technological systems, and training initiatives promote procedural adherence; however, legislative gaps, capacity limitations, leadership instability, and resistance across entities hinder full institutionalisation. This reflects the interaction between coercive enforcement and normative professionalisation, moderated by institutional complexity. In Kuwait's non-crisis context, commitment evolves incrementally rather than decisively, reinforcing partial adoption rather than comprehensive transformation.

This section has examined the extent of institutional and organisational commitment to accrual accounting. Commitment alone does not eliminate the broader difficulties

associated with reform implementation. Therefore, the next sub-theme, Transition Challenges, focuses on the practical, technical, and structural obstacles that continue to shape the pace and depth of the transition process.

5.4.5 Transition Challenges:

Participants' perceptions indicate that the transition from cash-based to accrual accounting in Kuwait is constrained by deep-rooted institutional rigidity and operational fragility. Although formal reform commitments exist, implementation is hindered by structural legal barriers, political instability, fragmented coordination, limited awareness, workforce shortages, technological misalignment, and weak incentives. The findings therefore demonstrate that transition challenges operate simultaneously at institutional and operational levels, reinforcing the incremental and negotiated nature of reform.

Analysis of the interview data identifies two interrelated dimensions shaping these challenges: Institutional and Structural Challenges, and Operational and Human Resource Challenges. These dimensions reveal that structural rigidity amplifies operational difficulties, while workforce limitations weaken institutional reform momentum. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 40.

5.4.5.1 Institutional and Structural Challenges:

A dominant challenge identified by participants concerns the persistence of outdated legislation, particularly Law No. 31 of 1978, which was designed for a cash-based framework. Participants consistently emphasised that, without legal amendment, full accrual implementation remains structurally constrained. P3 stated: *"It is crucial to amend Law 31 of 1978, as we cannot implement the accrual system under this legislation."* P14 reinforced this: *"The main challenge is amending Law No. 31 of 1978."* Similarly, P1 noted: *"The challenges are represented legally and by a lack of accounting expertise that assists in transitioning to accrual accounting."* These responses reflect structural inertia, as noted in the archival documents in Chapter 4, which show that entrenched legal frameworks limit reform's adaptability. Institutional theory illustrates this path dependency, as existing legal rules function as coercive constraints that inhibit innovation (Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014).

Political instability further compounds structural challenges. Participants described frequent leadership turnover and shifting government priorities as barriers to sustained reform. P19 expressed frustration: *“Meetings or discussions on transitioning to accrual happen once a year due to other requirements...”* P25 directly linked delays to political influence: *“Political influences play a significant role... changing priorities lead to a slow process.”* P16 added: *“...Professional, legal, and political difficulties affect the transition process.”* These dynamics illustrate institutional complexity, where competing political logics and fragmented authority slow reform continuity (Greenwood et al., 2011; Liguori et al., 2012). Unlike crisis-driven contexts where external fiscal pressure enforced reform continuity, Kuwait’s stable environment allows reform priorities to shift without urgency.

Participants also emphasised limited awareness among senior decision-makers. P23 explained: *“Decision-makers... are not fully aware of this system's importance.”* P24 reinforced this: *“The most significant difficulty was decision-making due to a lack of awareness among leaders.”* P12 further stressed the need to raise awareness across ministries: *“.... Spreading and raising awareness of the accrual system among professional accountants across all ministries and governmental institutions.”* This lack of managerial legitimacy weakens reform momentum, as institutional theory suggests that reforms require internal legitimacy rather than merely external endorsement (Suchman, 1995).

Infrastructure and coordination weaknesses also emerged. P21 stated: *“The absence of a complete infrastructure... will lead to unsuccessful implementation.”* P19 added: *“The difficulty of lack of coordination between ministry sectors...”* These comments illustrate organisational decoupling, where fragmented coordination undermines cohesive reform implementation (Meyer & Rowan, 1977; Swidler, 1986).

These findings reveal that they are rooted in government structures, decision-making processes, and systems that slow down reform. These challenges align with institutional theory, illustrating how norms, regulations, and power structures foster resistance. Institutional isomorphism explains legal rigidity, while institutional complexity and decoupling describe conflicting pressures and fragmented efforts.

5.4.5.2 Operational and Human Resource Challenges:

At the operational level, participants identified resistance to change, insufficient training, technological misalignment, and weak incentives as major barriers. Resistance from long-serving staff was frequently noted. P11 stated: *“Acceptance of change... is not present in some institutions... clinging to old systems.”* P15 reinforced this: *“The main challenges include changing the traditional mindset...”* P18 added: *“There was a noticeable gap in understanding... exacerbated by resistance.”* These responses indicate that many accountants and government officials have used a cash-based system for decades and are hesitant to switch to an unfamiliar accounting framework. They reflect institutional inertia and normative resistance, with professional identity tied to legacy systems (Swidler, 1986; Rosenschöld, Rozema, & Frye-Levine, 2014).

Training gaps were another critical concern. P3 noted: *“Some require more intensive training courses.”* P8 explained: *“Cash-based accounting practices are inherently easy... making it challenging to understand the new system.”* P22 highlighted a misalignment in education between universities and government practice: *“Internally, new hires with accounting degrees face a gap between their university education and government sector requirements ...”* This suggests that insufficient training and expertise among accountants and government officials lead to partial implementation, as accountants struggle to apply accrual principles. These issues reflect normative misalignment, as professional readiness falls short of expectations.

Technological limitations further complicate the transition. P7 stated: *“Technical and technological matters... are the main difficulties.”* P10 noted: *“Oracle’s system lacks an asset accounting system.”* P8 described a system incompatibility between accounting needs and software functionality: *“The challenge in implementing accrual basis first lies in the technology used, where there is no integration between our requirements as accountants in activating practices in the new system with the software systems.”* These technological misalignments reinforce institutional decoupling, as accrual standards are introduced without a fully compatible operational infrastructure.

Financial incentives and retention challenges were also prominent. P5 stated: *“The ministry’s financial incentive is very weak... leading to a lack of accountants.”* P6

observed: *“The absence of financial incentives... resulted in reluctance to stay.”* P20 linked recruitment issues to limited investment in skilled personnel: *“The government entities' failure to invest in employees and skilled accountants for the transition to accrual. Personal interests interfere with appointing competent individuals in accounting positions, leading to favouring those with less experience.”* These indicate that low financial incentives and weak retention strategies slow the transition. Without proper compensation, accountants lack motivation, and experienced professionals often leave. The workforce challenges highlight how weak motivational structures undermine sustained reform engagement.

The findings indicate that resistance to change, inadequate training, technological barriers, and weak financial incentives are the primary operational and workforce-related challenges in transitioning to accrual accounting. These factors directly affect accountants and financial professionals, complicating the practical application of accrual principles. From a theoretical standpoint, these challenges reflect institutional inertia, professional isomorphism, and technological misalignment, which together undermine the legitimacy and effectiveness of adopting accrual accounting. Without addressing training, system development, and workforce incentives, the transition process is likely to remain slow and fragmented.

Overall, transition challenges in Kuwait reflect a convergence of structural rigidity and operational vulnerability. Legal constraints, political instability, weak coordination, and limited awareness undermine institutional coherence, while resistance, skill gaps, technological misalignment, and weak incentives constrain workforce adaptation. Institutional theory illustrates these dynamics demonstrate how reform in a non-crisis environment is shaped by institutional complexity and decoupling. While external legitimacy pressures promote accrual adoption, internal fragmentation slows institutionalisation. Unlike crisis-driven reforms, where urgency reinforced continuity, Kuwait's reform unfolds gradually, exposing deeper structural and cultural barriers. Therefore, the transition remains ongoing, characterised by incremental progress rather than comprehensive transformation. While this section has examined the obstacles constraining reform progress, evaluating the transition requires assessing whether the

intended reform targets are being met. Hence, the next sub-theme turns to Target Achievement, analysing the extent to which accrual accounting objectives, such as transparency, accountability, asset recognition, and improved decision-making, have been realised in practice.

5.4.6 Target Achievement:

Participants' perspectives indicate that the transition to accrual accounting in Kuwait has produced visible but incomplete achievements. While significant progress has been made in technological infrastructure, asset management, and reporting transparency, the broader reform targets, particularly full accrual integration and systemic behavioural change, remain partially realised. Therefore, the findings reveal a dual dynamic of structural advancement alongside persistent institutional constraints.

Analysis of the interview data identifies two interrelated dimensions shaping perceptions of target achievement: Progress and Achievements in the Transition, and Challenges and Barriers to Full Accrual Adoption. These dimensions show that reform milestones have been achieved in specific technical areas, yet institutional and legal barriers continue to limit comprehensive embedding. NVivo-generated diagrams illustrating the coding structure for this sub-theme are presented in Appendix 41.

5.4.6.1 Progress and Achievements in the Transition to Accrual Accounting:

Participants widely acknowledged tangible achievements in system implementation, asset recognition, and reporting transparency. Technological advancement was frequently cited as major milestones. P9 stated: *“Key accomplishments include implementing an integrated IT system, specifically the Oracle system, which connects with all governmental entities.”* Similarly, P25 noted: *“The application of GFMS was successfully adopted, which is a fundamental goal supporting the transition to accrual.”* These developments indicate the importance of technological infrastructure in facilitating the shift to accrual accounting. However, while these systems establish a solid foundation for an accrual-based system, it implies that system implementation alone does not guarantee deep reform integration. This depends on institutional commitment to proper use and integration into financial decision-making. Institutional theory explains that

adopting accruals may, at least in part, be a symbolic response to external pressures rather than a genuine transformation of financial management practices.

Asset inventory and valuation were identified as foundational achievements. P17 explained: *"We started by inventorying and evaluating assets in governmental entities..."* P18 reinforced this phased progress: *"Starting with asset registration and valuation... marked the beginning of a phased plan."* These indicate, as analysed in Chapter 4, that asset management is vital for comprehensive financial reporting in the public sector. The progress in inventory and valuation indicates that Kuwait's transition is progressing, although complete integration into financial reporting systems is still underway.

In addition, participants linked asset visibility to improved transparency and accountability. P23 stated: *"We have achieved some goals... by increasing transparency, discovering accounting malpractices related to asset accounts..."* Similarly, P21 noted: *"Accurate and detailed studies... resulted in significant benefits, including clearer financial reports..."* These responses suggest that early gains are most evident in reporting transparency and asset management. However, the extent to which these reforms will fundamentally change budgeting and financial decision-making remains uncertain, as institutional theory warns that organisations often adopt reforms superficially to maintain legitimacy while maintaining core operational routines.

The participants' findings suggest that, although significant strides have been made in technological implementation, asset management, and financial transparency, these advances do not necessarily indicate a fully embedded institutional transformation. Institutional theory illustrates that such achievements reflect formal alignment with global accounting norms and legitimacy-seeking behaviour (Scott, 2013).

5.4.6.2 Obstacles and Challenges to Achieving Full Accrual Adoption:

Alongside progress, participants consistently emphasised significant barriers limiting full target achievement. Legal constraints remain central. P2 stated: *"It's not possible to define goals or a planned timeline... due to legal constraints that require amending Law No 31 of 1978."* P25 similarly noted: *"No timeline has been set... because there is no law mandating the move to this system."* These statements indicate that without legislative backing, reform lacks binding authority, reinforcing institutional inertia.

Capacity limitations also restrict progress. P12 observed: *“The initial objectives... have not been achieved due to weak accounting capabilities...”* P16 added: *“Without incentives, implementation will be challenging... the accrual system requires high-level technical staff.”* These observations indicate that without a dedicated effort to build expertise, the reform may remain symbolic rather than practically effective. Successful adoption of accrual accounting requires investment in long-term professional development programmes, technical training, and collaboration with international accounting bodies.

Participants also highlighted the absence of a structured implementation timeline. P22 stated: *“There isn’t a clear timeline due to changes in senior management.”* P23 reinforced this uncertainty: *“There is no specific timeline... the change process... requires a long time.”* These concerns reflect broader issues, as transitions to accrual accounting in Kuwait lack defined implementation strategies, leading to inconsistent progress and delays. Resistance to change further complicates reform. P13 explained: *“It will take a significant amount of time... due to lack of accounting personnel, disinterest... and lack of motivation.”* These findings reflect loose coupling, where formal adoption coexists with incomplete operational integration. P24’s statement illustrates this issue: *“Instead of applying the accrual system to change our administrative, legal, financial, and other systems, we adapted an accrual-based system to our existing laws and administrative systems.”*

The findings indicate that significant structural, legal, and capacity-related barriers hinder full adoption of accrual accounting in Kuwait. The absence of legal mandates, a shortage of expertise, a lack of a structured timeline, and resistance to change suggest that institutional inertia and loose coupling are key factors preventing full implementation.

Overall, participants perceive meaningful progress in technological infrastructure, asset management, and reporting transparency. However, the broader reform targets, legal alignment, capacity development, full IPSAS integration, and behavioural transformation remain only partially achieved. The transition reflects a pattern of gradual structural compliance combined with persistent institutional barriers. Institutional theory explains that target achievement illustrates the coexistence of formal reform structures and

operational constraints. Institutional inertia, legal rigidity, and normative gaps slow deeper embedding. In Kuwait's non-crisis context, reform unfolds gradually, producing selective integration rather than immediate systemic transformation.

This section has assessed the extent to which reform targets have been achieved. Understanding the transition fully requires examining the proactive measures undertaken by government actors to address remaining gaps. The next sub-theme, therefore, explores Government Efforts, analysing the strategies, initiatives, and policy actions implemented to sustain and advance accrual accounting reform.

5.4.7 Government Efforts:

Participants' responses indicate that the MoF has undertaken visible structural, technological, and regulatory initiatives to advance accrual accounting reform. These efforts reflect institutional commitment to modernising public financial management; however, participants also emphasised that implementation remains uneven because of legal delays, capacity constraints, and political interference. The findings, therefore, reveal a dual dynamic: proactive structural reform alongside persistent institutional limitations.

Analysis of the interview data identifies two interrelated dimensions shaping government efforts: Institutional and Structural Efforts to Achieve Accrual Accounting, and Challenges and Capacity-Building for Effective Implementation. These dimensions show that while the government has established foundational structures to support reform, sustaining and deepening these efforts requires overcoming systemic and operational barriers. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 42.

5.4.7.1 Institutional and Structural Efforts to Achieve Accrual Accounting:

Participants consistently recognised the government's structural initiatives as central to advancing the transition. These include establishing specialised departments, implementing financial management systems, issuing circulars, and pursuing legislative alignment. P3 described administrative restructuring: *"The ministry has taken necessary administrative steps... including establishing the Institutional Resources Management department... and the Assets Management department."* This is confirmed in Chapter 4,

where dedicated institutional structures are established to oversee transformations in accounting practices. However, these structural reforms alone do not ensure operational success. Furthermore, technological modernisation was also highlighted as a cornerstone effort. P1 stated: *“We implemented the GFMS system to control the financial transactions... in order to shift to an accrual system.”* P14 reinforced this: *“Technologically, the ministry has contracted a company to implement the Oracle system, which aids in accounting change.”* Similarly, P25 emphasised system upgrades: *“It is essential to update the automated programs in accordance with this system.”* This is reflected in the archival documents chapter, particularly part two, Guidance Documents for GFMS Implementation, which indicates that a significant initiative is the implementation of GFMS to improve data accuracy, transparency, and reporting capabilities. However, without legal amendments and training, GFMS implementation remains structurally constrained, and the transition process is likely to remain slow and fragmented.

Furthermore, participants also highlighted regulatory guidance as a structural effort. P18 stated: *“The Ministry of Finance plays a pivotal role in issuing decisions and circulars to guide and mandate the transition.”* P14 further noted ongoing legal alignment efforts: *“Legally, we are currently working on legal amendments to align with the required accounting system.”* These legal framework requirements for implementing accrual accounting mirror the limitations of regulatory frameworks discussed in Chapter 4, which emphasise that regulatory support is crucial for institutionalising public sector accounting reforms. In addition, asset management reform was frequently referenced. P10 explained: *“This includes forming specialised asset departments, inventorying and valuing assets... understanding the nature of assets and their depreciation methods...”* These actions align with best practice in public-sector accounting reforms, where organised asset management is crucial for accurate financial reporting and efficient resource allocation (Ellwood & Newberry, 2007).

The findings demonstrate a comprehensive approach to transitioning to accrual accounting, incorporating technological advancements, regulatory changes, and administrative restructuring. However, while these efforts provide a strong foundation,

challenges remain in ensuring effective implementation. These initiatives align with international best practice, and institutional theory explains that these efforts reflect coercive and mimetic isomorphism, as Kuwait aligns with global accounting norms and responds to international pressures (DiMaggio & Powell, 1983).

5.4.7.2 Challenges and Capacity-Building for Effective Implementation:

Despite these structural initiatives, participants repeatedly emphasised persistent barriers that constrain reform sustainability. Legal delays remain a primary concern. P2 stated: *“We are in dire need of legislative amendments currently in the National Assembly.”* P18 similarly acknowledged: *“Despite these efforts, challenges such as the need for legal amendments... remain.”* The absence of binding legislation creates uncertainty and weakens enforceability, reinforcing institutional inertia. Without a strong legal framework, agencies might encounter inconsistencies in applying accrual principles, resulting in fragmented implementation.

Human resource limitations were also prominent. P22 highlighted workforce shortages: *“One difficult factor... is the shortage of human resources.”* P17 emphasised training necessity: *“Intensive training of accounting professionals... is essential.”* These responses reflect normative gaps between professional expectations and actual skill levels. Participants' concerns indicate that a lack of expertise slows transitions, requiring targeted training programmes to upskill government employees and accountants. The shortage of skilled personnel not only delays implementation but also increases resistance to change, as employees struggle to adapt to the new accounting system.

Technological misalignment was another concern. P12 noted: *“The current Oracle system is outdated and not suitable.”* P9 stressed the need for asset IT integration: *“There is a push to establish an IT system for assets...”* Although MoF has invested in the GFMS, participants reported that the existing systems require upgrades to fully support accrual-based accounting. These comments suggest that technological systems require continuous development to support accrual-based requirements effectively.

Participants also identified limited decision-making autonomy as a constraint. P21 observed: *“It is crucial to give the Ministry of Finance full and independent authority... our decisions are influenced by the Council of Ministers...”* P23 added: *“Variability in priorities*

with changes in leadership positions affects the emphasis on accounting practices.”

These responses highlight institutional complexity, where competing political and bureaucratic logics weaken reform continuity (Greenwood et al., 2011).

The findings indicate that overcoming these obstacles requires addressing legal and political challenges, workforce development, and technological modernisation. Without addressing these challenges, the transition to accrual accounting may remain incomplete or be delayed in implementation. Institutional theory illustrates these barriers, that how coercive reform mandates coexist with institutional inertia and loose coupling. While structural efforts demonstrate alignment with international standards, operational embedding remains fragile.

Overall, government efforts toward accrual accounting reform in Kuwait reflect a comprehensive structural strategy involving system implementation, departmental restructuring, regulatory guidance, and legislative initiatives. These measures establish a strong formal foundation for reform. However, the sustainability and depth of these efforts remain constrained by legislative delays, workforce shortages, technological misalignment, and political fragmentation. From an institutional theory perspective, the reform demonstrates legitimacy-seeking behaviour and formal compliance, yet full institutionalisation depends on resolving internal structural and capacity gaps. In Kuwait's stable context, reform efforts advance gradually, driven more by negotiation than by urgent coercion. For instance, during the crisis, Portugal, with robust legal backing and phased reforms guided by the EU, helped lessen fragmentation and opposition, even though some operational issues persisted (Jorge et al., 2019).

This section has examined the structural and institutional efforts undertaken to advance accrual accounting reform, assessing the broader implications of these efforts requires examining their impact on public financial transparency and accountability. Therefore, the next sub-theme turns to Transparency and Accountability, analysing whether accrual accounting has meaningfully enhanced disclosure practices, oversight mechanisms, and public-sector governance outcomes.

5.4.8 Transparency and Accountability:

Participants' perspectives indicate that accrual accounting has contributed to improved financial visibility and strengthened oversight mechanisms, yet these gains remain partially realised and unevenly embedded. While reporting transparency has increased through enhanced asset recognition and digital financial systems, accountability improvements depend on legal authority, institutional capacity, and effective enforcement. Thus, the findings reveal that transparency and accountability are closely linked but not automatically aligned.

Analysis of the interview data identifies two interrelated dimensions shaping reform effects: Enhancing Transparency in Government Financial Operations and Strengthening Accountability in Government Financial Operations. These dimensions demonstrate that while accrual accounting has enhanced disclosure and oversight structures, the depth of accountability reform remains conditioned by institutional constraints. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 43.

5.4.8.1 Enhancing Transparency in Government Financial Operations:

Participants widely emphasised that accrual accounting has improved the clarity, scope, and accessibility of financial reporting. Many link enhanced transparency to more detailed asset recognition and improved disclosure practices. P1 noted: *"The annual presentation of the general budget to the National Assembly enhances transparency and accountability by making important financial information widely accessible."* P9 emphasised improved financial accuracy through system integration: *"Through the precise provision of financial information via the Oracle system... a substantial amount of financial information regarding assets... has been obtained."* Similarly, P10 stated: *"This incremental shift towards accrual accounting has begun to offer a clearer, more transparent view of the government's financial position..."*

Several participants also highlighted GFMS as a significant factor in promoting financial transparency. P3 observed: *"Implementing the GFMS system also enabled the monitoring of government entities' performance..."* P5 added how it improves financial oversight, as stated: *"There are impacts on monitoring government entities and holding them accountable for their budgets and financial performance, especially when we*

implemented the GFMIS system” P17 reinforced this: “By integrating financial reporting with asset management, GFMIS improved the ability to monitor resource allocation efficiently.” These perspectives illustrate how the transition to accrual accounting enhances financial visibility and strengthens financial governance.

Despite these improvements, limited capacity and weak integration hinder public accountability. Effectiveness depends on technical changes, institutional readiness, and culture. Therefore, some participants acknowledged that full transparency remains evolving. P20 stated: *“There is still a lack in presentation and disclosure... the process requires time.”* P13 highlighted concerns about complexity: *“The way the data is presented may be obscure to citizens... due to the volume of financial data.”* P6 further noted resistance affecting disclosure effectiveness: *“We are still facing resistance from certain governmental departments that are accustomed to cash-based accounting. Additionally, many employees lack proper training in accrual reporting practices, which has slowed the transition and limited the effectiveness of financial disclosure.”*

These findings indicate that although reporting details have increased, accessibility and interpretability remain challenges. The shift to accrual accounting is shaped mainly by coercive isomorphism, with transparency reforms shaped by international standards and external expectations. This aligns with findings from previous research (Christensen & Parker, 2010; Lapsley et al., 2009) suggesting that public-sector accounting reforms are frequently influenced by international financial pressures rather than purely domestic policy choices. However, the effectiveness of these reforms depends on internal institutional capacity. This, in turn, depends on how well the MoF internalises, implements, and adapts these reforms within its existing institutional environment. In Indonesia, a similar pattern emerged, with accrual reforms implemented under IMF influence. However, limited technical expertise and fragmented administrative systems meant the changes were largely symbolic rather than leading to significant institutional transformation (Harun et al., 2015). This example highlights that external pressure alone is insufficient; strong internal readiness is also essential.

5.4.8.2 Strengthening Accountability in Government Financial Operations:

Participants also linked accrual accounting to enhanced fiscal discipline and stronger accountability mechanisms. P7 stated: *“Through our continuous monitoring... we look at the extent to which financial resources are allocated in accordance with what is agreed upon in the budget.”* P5 similarly observed: *“There are impacts on monitoring government entities and holding them accountable...”* P17 highlighted asset accountability: *“Accrual accounting plays a vital role in ensuring transparency and accountability when disposing of high-value assets...”* P24 reinforced oversight improvements: *“Monitoring of government performance... has become more effective than before due to the transparency of information.”*

Participants also linked these developments to parliamentary and regulatory oversight. P20 noted: *“At the end of the fiscal year... there is accountability... with the presence of regulatory agencies.”* However, accountability remains contingent on legal enforcement. P2 stated: *“The lack of a legal foundation... is a major obstacle.”* These responses show that accrual-based accountability mechanisms are strengthened through oversight structures but remain constrained by legislative delays and institutional capacity.

The results also reveal that successful accountability reforms depend on institutional capacity and governance structures. P19 pointed out that: *“Due to weak current accounting practices, there are demands for accelerating the pace of work towards implementing the accrual system to achieve more accurate data for transparency and accountability.”* This emphasises how institutional frameworks establish accountability through legal compliance, parliamentary oversight, and performance evaluations. P23 further emphasises that compliance with international expectations is a significant driver of accountability improvements. P23 stated: *“Recognising the financial implications of decisions across all sectors became essential, leading to a shift towards accrual accounting, especially following recommendations from international organisations like the IMF.”* This indicates that although external pressures initiate reforms, internal governance mechanisms need to be reinforced to guarantee long-term sustainability and effectiveness.

From an institutional theory perspective, accountability reform reflects coercive pressures from international financial institutions and regulatory bodies (DiMaggio & Powell, 1983). Yet effective accountability requires internal institutionalisation rather than symbolic alignment. As participants noted, without strong enforcement and cultural adaptation, transparency gains may not fully translate into substantive accountability. By comparison, Portugal's crisis-driven reforms were reinforced by centralised enforcement and EU oversight, which strengthened accountability coherence (Jorge et al., 2019). In contrast, Kuwait's non-crisis context permits incremental adaptation but increases the risk of partial integration.

Overall, participants perceive that accrual accounting has enhanced financial transparency and strengthened oversight mechanisms, particularly through improved reporting detail and digital integration. However, accountability gains remain conditional upon legal authority, regulatory enforcement, and institutional capacity. The reform, from an institutional theory lens, illustrates legitimacy-seeking alignment with international standards, moderated by institutional complexity. Transparency improvements are more visible than deep accountability transformation, reflecting gradual embedding rather than immediate structural overhaul. While this section has examined the effects of accrual accounting on transparency and accountability structures, the broader reform objective extends to improving the quality of governmental decision-making. Thus, the next sub-theme turns to Decision-Making Improvement, analysing whether enhanced financial information under accrual accounting has led to more informed, strategic, and performance-oriented decisions in the public sector.

5.4.9 Decision-Making Improvement:

Participants' responses indicate that accrual accounting has contributed to incremental yet uneven improvements in decision-making quality across Kuwait's public sector. Although enhanced reporting, asset visibility, and real-time financial data have strengthened oversight and budgeting processes, participants emphasised that the transformation of decision-making remains conditional on legal authority, institutional capacity, and organisational adaptation. The findings, therefore, reveal a distinction between improved informational foundations and fully embedded strategic change.

Analysis of the interview data identifies two interrelated dimensions shaping perceived decision-making improvement: Financial Transparency, Accountability, and Legislative Oversight, and Resource Management, Budgeting, and Decision-Making Efficiency. These dimensions demonstrate that while accrual accounting has improved the informational basis for decisions, its full impact depends on deeper institutional integration. NVivo-generated diagrams illustrating the coding structure for this sub-theme are provided in Appendix 44.

5.4.9.1 Financial Transparency, Accountability, and Legislative Oversight:

Participants consistently linked accrual accounting to enhanced transparency and improved legislative oversight. The shift from cash-based reporting to accrual-based disclosure was described as enabling a more accurate assessment of assets, liabilities, and financial obligations. P1 highlighted the GFMIS's role in enhancing transparency: *“The GFMIS system has greatly helped us in achieving information that assists us in decisions regarding the general budget and also in achieving clear transparency among government sectors.”* Similarly, P21 highlighted the legislative implications: *“Applying accrual accounting will have a significant positive impact on transparency and accountability at both government and parliament levels... assisting government decision-makers in aligning their decisions with available financial resources.”*

Participants also emphasised strengthened expenditure scrutiny. P15 provided a concrete example: *“The move towards an accrual basis... led to holding those responsible for discrepancies accountable.”* These interpretations indicate that accrual accounting has strengthened fiscal oversight by providing more comprehensive and reliable financial data. However, these developments that improved reporting do not automatically guarantee deeper institutional change. The partial nature of the transformation illustrates institutional complexity, in which formal compliance may coexist with legacy budgeting logics. The effectiveness of oversight mechanisms depends on enforcement consistency and internalisation of new financial norms.

The findings indicate that government financial systems are more transparent, expenditure monitoring has improved, and legislative bodies can now make more informed decisions based on reliable financial reports. Therefore, in non-crisis situations,

this shift is driven primarily by normative and mimetic isomorphism reforms aimed at aligning with international standards and improving credibility, rather than by urgent fiscal crises. Although improvements in transparency and accountability are evident in reporting, their real influence depends on how deeply these reforms are embedded in existing administrative and legislative structures.

5.4.9.2 Resource Management, Budgeting, and Decision-Making Efficiency:

Participants more frequently emphasised operational improvements in budgeting and resource allocation. Accrual accounting was perceived to enable more structured, data-driven decisions, particularly in asset management and expenditure control. P6 described asset-based decision-making: *“Now, through transitioning to an accrual basis... making decisions regarding the requirements of different government sectors... would be based on accurate information confirming the need.”* P17 reinforced this: *“Decisions were made against governmental entities that were not efficiently utilising their assets... reallocating resources to maximise utilisation.”*

Participants also linked accrual reporting to improved budget discipline. P7 explained: *“Currently... making the appropriate decision to protect the state's general budget has become more accurate.”* P9 highlighted real-time reporting: *“The Oracle system... generates financial reports that cater precisely to the requirements of top management... enhancing the quality of decisions made.”* These responses demonstrate that accrual accounting enhances resource tracking and supports evidence-based financial management. This finding aligns with previous studies emphasising that accrual-based reporting offers financial decision-makers a more detailed understanding of government finances, thereby reducing uncertainty in public financial management (Christiaens et al., 2015; van Helden & Uddin, 2016). Improved data accessibility enhances decision-making efficiency and reduces delays in budget execution.

However, participants also emphasised that improvements remain gradual. P12 observed: *“The full adoption of the accrual system has not been realised yet... though still in the early stages, there is enhanced decision-making.”* P16 further noted: *“Since we have not transitioned to the accrual system... I cannot say there has been an improvement... due to a lack of accounting infrastructure.”*

These findings indicate that improvements in decision-making are uneven and depend on infrastructure readiness. This evidence suggests that institutional adaptation is influenced by contextual constraints, including technological developments, professional capacity-building, and policy adjustments, and is also constrained by institutional factors such as resource shortages and political inertia. Institutional theory helps explain this gradual adaptation. Rather than immediate transformation, public-sector reforms proceed through a staged process of institutional learning. The results suggest that the transition to accrual accounting is not a sudden change but rather a gradual process of institutional adaptation. Institutional adaptation, as debated by Greenwood et al. (2011) and Reay & Hinings (1996), explains how organisations adjust to institutional pressures gradually, modifying existing structures and practices instead of undergoing radical change. The participants' responses support this idea, indicating that many public-sector bodies are in a transitional phase, experiencing partial improvements in decision-making but have not yet fully adopted accrual accounting. Kuwait's stable context permits adaptation without urgency, producing gradual but selective integration, while also exposing deeper structural constraints.

Overall, participants perceive accrual accounting as strengthening the information base for decision-making, particularly through improved transparency, asset recognition, and budgeting accuracy. Legislative oversight and performance monitoring have benefited from more detailed financial reporting. However, the full transformation of decision-making practices remains contingent on legal reform, institutional capacity, and cultural change. While accrual accounting enhances the quality of available financial data, its integration into strategic and operational decisions is still evolving. From an institutional theory perspective, improvements in decision-making in Kuwait reflect gradual institutional adaptation rather than abrupt transformation. Formal compliance with international standards enhances legitimacy, but behavioural and procedural change remains partial.

5.4.10 Summary of Part three:

Part Three examined the effects and implications of accrual accounting reform in Kuwait's Ministry of Finance. The findings indicate that although accrual accounting has introduced

meaningful structural and procedural shifts, its impact remains partial and uneven. The reform has strengthened financial reporting, expanded asset recognition, enhanced transparency, and improved the information base for decision-making. However, these gains are not yet fully embedded in daily financial management practices.

Participants consistently highlighted improvements in reporting accuracy, asset inventory and valuation, and the use of systems such as GFMS to enhance financial visibility. Oversight institutions, including audit bodies and parliamentary committees, now operate with more comprehensive financial data, strengthening accountability mechanisms. At the same time, many participants emphasised that these improvements remain constrained by legal rigidity, particularly the continued reliance on Law No. 31 of 1978, as well as inconsistent system utilisation and uneven professional capacity across entities.

Although accrual accounting has contributed to more data-driven budgeting and improved resource management in specific cases, decision-making practices continue to rely partly on modified cash-based logic. The coexistence of accrual structures and cash-based routines demonstrates that reform has altered formal reporting frameworks more rapidly than behavioural and cultural practices.

Institutionally, the reform has prompted administrative restructuring, including the creation of specialised units and asset management processes. However, deeper transformation remains gradual. Participants described the reform as negotiated and adaptive rather than comprehensive, reflecting institutional complexity and resistance to change.

From an institutional theory perspective, the effects observed in Kuwait are shaped by a combination of coercive pressures (international standards and IMF recommendations), normative pressures (professionalisation and modern financial governance), and mimetic pressures (alignment with developed states). However, in the absence of crisis-driven urgency, these pressures have not produced rapid or uniform integration. Instead, the reform exhibits characteristics of partial coupling and decoupling, with formal adoption coexisting alongside continued reliance on legacy practices.

Overall, Part three demonstrates that accrual accounting in Kuwait has enhanced transparency and reporting structures but has not yet produced full institutional

transformation. In non-crisis contexts, reform effects emerge incrementally and are mediated by internal institutional dynamics rather than enforced through external fiscal emergency. Without legislative reform, sustained leadership stability, and comprehensive capacity development, accrual accounting is likely to remain formally endorsed but only partially institutionalised within Kuwait's public financial management system.

5.5 Summary of Chapter 5:

This section summarises the main findings from the three core research questions, based on interviews with senior Mof officials and staff. Building on the institutional and documentary analysis presented in Chapter 4, this chapter demonstrates how public-sector actors in Kuwait interpret, manage, and experience the accrual accounting reform. By triangulating interview data with formal frameworks, guidelines, and institutional practices discussed earlier, the chapter uncovers significant gaps between the reform's aims and actual implementation. These insights are analysed through Institutional Theory, highlighting how coercive, mimetic, and normative pressures have shaped both the development and limitations of the reform. The findings are also compared with those from crisis-driven reform contexts, providing a broader perspective on Kuwait's non-crisis reform path. The following sections summarise the findings for each research question.

5.5.1 The Rationale of Accounting Reform in MoF:

The insights from RQ1 (see Table 8 below) indicate that Kuwait's shift from cash to accrual accounting is primarily driven by concerns about legitimacy rather than a fiscal crisis or external mandates. Participants often explained the reform as driven by international expectations, especially from the IMF and IPSAS Board, as part of a broader effort to modernise the state's financial system. The reform aims to enhance transparency, improve accountability, conform to international standards, and promote performance-based governance. Nevertheless, these goals appear to be largely rhetorical and aimed at reputation, with little sign of internal urgency or binding commitments to overhaul institutional structures.

Table 8: *Summarises the key findings of RQ1 linked with findings in Chapter 4, Institutional Mechanisms, and Comparative Insights with Crisis-Driven Contexts. Sources: Author.*

RQ1 Key Findings (Rationale)	Findings in Chapter 4	Institutional Mechanisms	Crisis Context Comparison
Reform is about seeking legitimacy, driven by the desire for international alignment (IPSAS, IMF), not by crisis.	Decrees No. 4, 9, and the Asset Recognition Guide demonstrate alignment with IPSAS but lack an enforcement mechanism or fiscal urgency.	Mimetic & Normative Isomorphism – Reform driven by reputation and professional norms, not coercion.	Unlike Greece or Portugal, where the IMF/EU accelerated IPSAS alignment. (Cohen & Karatzimas, 2016; Jorge et al., 2019)
Reform shaped by normative and mimetic pressures; aimed at transparency and modernisation.	Policies utilise reform language (e.g., COFOG, IPSAS) as in Decree No. 4, but implementation plans are vague or absent.	Symbolic Legitimacy – Institutional conformity to global models without the influence of operational pressure.	In Indonesia, IPSAS was donor-driven and linked to audit reform. (Harun et al., 2015)
Motivations presented in discourse but constrained by outdated legal frameworks (e.g., Decree No. 31).	Decree No. 31 enforces cash-basis accounting and centralised control; it remains a binding constraint across ministries.	Institutional Inertia & Path Dependence – Legacy systems resist change despite reform dialogue.	Portugal amended legal codes rapidly post-crisis. (Jorge et al., 2019)
Reform discourse is symbolic and lacks practical enforceability or incentives.	Chapter 4 shows consistent symbolic alignment without enforcement, particularly in Decrees 4 and 9	Decoupling – Formal structures adopted without embedded practice	In Nepal, IPSAS was formally adopted under donor pressure but was not effectively integrated. (Adhikari et al., 2013)

The interviews also revealed that normative and mimetic pressures play a key role in the reform rationale. Officials pointed to peer benchmarking within the Gulf region (such as the UAE and Saudi Arabia), emphasising the reputational benefits of adopting IPSAS rather than its technical advantages. This aligns with the findings in Chapter 4, where Decree No. 4 of 2015 and the Asset Recognition Guide formalised Kuwait's alignment

with international standards but lacked clear mechanisms for implementation or enforcement. Likewise, Decree No. 9 of 2016 demonstrated a commitment to asset transparency but did not specify how asset values would be verified, depreciated, or incorporated into financial reports.

A consistent obstacle found in both interview data and archival analysis is the ongoing dominance of Decree No. 31 of 1978, which codifies a cash-based, control-oriented budgeting system. Although reform texts contain modernisation narratives, the legal framework remains incompatible with accrual-based logic, reinforcing institutional inertia and hindering reform progress. This aligns with Institutional Theory's concept of path dependence, where deeply embedded rules and norms resist change despite reformist discourse.

The interviews highlight that the rationale for reform is often constructed symbolically. Although accrual accounting is officially promoted as a means to enhance performance, transparency, and strategic planning, participants noted a lack of clarity regarding its purpose, inconsistent communication between entities, and limited institutional engagement. This aligns with Chapter 4's findings that reform decrees tend to endorse the best international practices without establishing the necessary technical, legal, or organisational infrastructure to achieve those aims. Consequently, there is a pattern of symbolic adoption, as outlined by Meyer and Rowan (1977), where the formal logic of reform is accepted but not indeed implemented in practice.

From an international perspective, Kuwait's approach significantly differs from countries that implemented accrual accounting during financial crises. For instance, Greece and Portugal adopted accrual and IPSAS under strict IMF and EU conditions, resulting in tight schedules, binding legal reforms, and externally supervised compliance. Conversely, Kuwait's reform is voluntary, technical, and not driven by urgency, enabling a phased and selective adoption that prioritises legitimacy rather than rapid transformation.

5.5.2 The management and response of MoF to the Reform:

The MoF's management and response to the accrual accounting reform in Kuwait mainly rely on technical system deployment and procedural standardisation. However, it has achieved limited success in encouraging real behavioural or organisational change.

Interviews revealed that the MoF used structural tools, including the Oracle-based GFMIS, budget classification guides, and asset recognition policies. Nonetheless, these efforts have largely remained surface-level interventions.

Participants acknowledged clear progress in deploying the system and providing procedural guidance. However, they pointed out that MoF's implementation lacked meaningful engagement with line ministries, had limited feedback mechanisms, and did not incorporate accrual principles into daily practices. This assessment aligns with the findings in Chapter 4, particularly regarding Decree No. 5 (GFMIS Classifications) and the GFMIS Guidance Manuals. While technically sound, these documents were disconnected from performance objectives, capacity assessments, or coordination between ministries.

From an institutional theory perspective, the MoF's approach shows mimetic and normative isomorphism. It adopts global best practices such as IPSAS, GFS, and Oracle systems, and implements formal procedures that conform to professional standards. However, it does not alter the core logic of bureaucratic operations. The MoF allocated resources towards systemic controls, including rules for payments, revenue recording, and account closures, but it did not adequately foster behavioural accountability or enable ministries to leverage accrual data for planning and decision-making. Although the GFMIS is technically well-designed, it has become more of a procedural control mechanism rather than a tool for institutional change.

Furthermore, institutional fragmentation and legal rigidity have constrained the management response. Similar to RQ1, Decree No. 31's lasting authority limits decentralised actions by maintaining a top-down, rule-based budgeting system. Although classification frameworks and asset manuals have been issued, ministries tend to follow a compliance approach, often viewing reform steps as mere checkbox exercises. As detailed in Chapter 4, including the Administration of Resource Planning Systems, coordination efforts are evident in form but lack operational clarity, support mechanisms, or monitoring structures.

Participants also mentioned capacity-building as a visible but superficial aspect of the reform. Although training programmes were introduced, departments reorganised, and

awareness sessions conducted, the interview data revealed a lack of ongoing follow-up, institutional learning, or incentives to promote reform ownership. Chapter 4 emphasises this point with the Asset Management guidance and Resource Planning documents, which both depict training more as a policy goal than a core mechanism for developing capacity.

Kuwait's management approach differs from the crisis-driven models in Spain, Portugal, Indonesia, and Nepal, where external fiscal pressures and donor oversight led to the development of binding implementation frameworks, milestones enforced through audits, and incentives linked to capacity. In contrast, Kuwait's lack of a crisis has resulted in a procedural response that is non-transformational, with reforms being technically initiated but organisationally superficial.

Thus, the MoF's approach to reform shows a pattern of symbolic compliance, where reform tools are present and officially recognised but do not modify internal logics, permit local adaptation, or change the performance culture. As summarised in Table 9 below, these dynamics highlight the disconnect between procedural adoption and institutional embedding, a gap typical of non-crisis, legitimacy-driven reform contexts.

Table 9: *Summarises the key findings of RQ2 linked with findings in Chapter 4, Institutional Mechanisms, and Comparative Insights with Crisis-Driven Contexts. Sources: Author.*

RQ2 Key Findings (Management & Respond)	Findings in Chapter 4	Institutional Mechanisms	Crisis Context Comparison
The MoF implemented technical systems, such as GFMS, but lacked deep institutional integration.	GFMS guidance documents (Oracle modules) are technically consistent, but Chapter 5 reveals that these systems are not connected to decision-making or reform monitoring.	Mimetic Isomorphism & Control Logic – Systems imitate global best practice but are decoupled from strategic application.	In Portugal, GFMS was linked to external audits and EU oversight (Jorge et al., 2019).
Capacity-building efforts are in place but remain fragmented and insufficiently integrated.	Training is mentioned in asset manuals and Decree No. 9, but Chapter 5 does not identify a national strategy for follow-up or skill retention.	Normative Isomorphism, Professionalisation attempted without institutional mechanisms.	In Indonesia, training was integrated into donor frameworks (Harun et al., 2015).
Centralised control manages coordination and responsiveness across ministries.	Decree No. 31 reinforces top-down authority, with coordination failures noted in the implementation of assets and GFMS.	Institutional Complexity & Inertia – Reforms conflict with centralised legacy systems	In Nepal and Spain, accrual reforms were introduced due to external pressure. Also, post-crisis Greece faces pressure on decentralised budgeting. (Adhikari & Jayasinghe, 2017; Jorge et al., 2019; Cohen & Karatzimas, 2016).
Procedural management takes precedence over behavioural accountability or cultural reform.	Decree No. 1 and the GFMS manuals focus on form-filling, compliance, and transaction recording, rather than performance use.	Symbolic Adoption & Loose Coupling – Procedures are implemented without behavioural change.	Similarly, in Nepal and Indonesia, the adoption of IPSAS was procedural, but ministries still relied on legacy systems (Adhikari et al., 2013; Harun et al., 2015)

5.5.3 The Impacts of Accounting Reforms on MoF:

The findings from RQ3 indicate that although Kuwait's accrual accounting reform has introduced certain technical and procedural improvements, such as enhanced asset monitoring, standardised reporting formats, and increased awareness of transparency, the overall institutional effects remain limited, inconsistent, and largely symbolic. Throughout the interviews, respondents consistently described the reform's outcomes as aspirational rather than fully realised, due to ongoing legal, cultural, and systemic challenges.

Participants observed that accrual accounting improved the classification of assets and liabilities, clarified audit documentation, and increased focus on transparency and accurate reporting. However, these improvements mainly arose from systems like GFMS being implemented, rather than significant changes in financial governance or budgeting procedures. This view supports the findings in Chapter 4 regarding Decree No. 9 of 2016 and the Asset Recognition Guide, which outline asset valuation policies but were never fully implemented or enforced across all ministries.

The interview data clearly showed that, although policies and systems conceptually supported improvements in transparency and accountability, these were not integrated into daily institutional routines. Several participants noted that accrual-based reports existed but were rarely used for strategic decisions, performance reviews, or fiscal planning over time. This aligns with the findings in Chapter 4, where Decree No. 1 of 2022 formalised closure procedures for year-end reporting but lacked oversight, audit follow-up, or evidence of their influence on budget decisions.

Many participants regarded the shift to accrual accounting as structurally beneficial but limited in functionality. Although reform tools were available, budgeting and expenditure tracking continued to follow a cash-based approach, illustrating institutional theory's concept of loose coupling in institutional theory, where formal structures evolve but organisational behaviours remain unchanged. The ongoing influence of Decree No. 31, highlighted in interviews and Chapter 4, underlines this decoupling by establishing a cash-oriented, rule-following culture that conflicts with proactive accrual practices.

Additionally, interviewees highlighted that institutional resistance, capacity shortages, and a lack of incentives remain significant barriers to the reform's effectiveness. Although the reform introduced technical improvements, it did not result in meaningful changes in decision-making processes or the distribution of resources. This aligns with the symbolic reform pattern described in Chapter 4, where systems and policies appear advanced, but real performance improvements, behavioural accountability, and a focus on outcomes are still absent.

From an institutional theory perspective, these findings confirm that Kuwait's reform impact is affected by symbolic adoption, institutional inertia, and decoupling. Although normative and mimetic isomorphism shaped the structural aspects of reform to align with IPSAS and international standards, there was a lack of coercive pressure or internal urgency to translate structures into effective functions.

Unlike crisis-driven contexts such as Spain, Portugal, and Nepal, where donor or EU oversight resulted in enforced and performance-linked accrual reforms, Kuwait's reforms remain voluntary and progress slowly. In those crisis situations, governments implemented aggressive legal changes, restructured institutions, and linked reforms to external audits. In Kuwait, the absence of external enforcement has led to gradual changes but also caused stagnation and selective compliance.

In summary, Kuwait's accrual accounting reform has established essential foundations for transparency and financial oversight, but it does not fully achieve institutional change. Its effects are more superficial than significant, with technical improvements separated from strategic implementation. As shown in Table 10 below, the claimed benefits of the reform are largely aspirational, reflecting symbolic shifts in institutions without complete systemic integration.

Table 10: Summarises the key findings of RQ3 linked with findings in Chapter 4, Institutional Mechanisms, and Comparative Insights with Crisis-Driven Contexts. Sources: Author.

RQ3 Key Findings (Impacts)	Findings in Chapter 4	Institutional Mechanisms	Crisis Context Comparison
Reporting, asset tracking, and standardisation have improved, but their application remains inconsistent.	Decrees No. 9 and the Asset Recognition Guide introduced asset lifecycle procedures, but adoption remains fragmented and unverified across ministries.	Partial Coupling: Reforms implemented in structure but inconsistently reflected in practice.	In Spain, IPSAS reforms enhanced reporting as a result of EU pressure (Brusca et al., 2013)
Transparency and audit readiness seem to have improved theoretically but lack proper integration and enforcement.	Decree No. 1 establishes formal procedures for closing accounts but lacks audit trails and real-time oversight.	Symbolic compliance: Reporting is procedural and not integrated into governance accountability.	In Greece, EU audits enforce IPSAS practices. (Cohen & Karatzimas, 2016)
Decision-making benefits remain aspirational; cash-based logic persists.	GFMIS collects data but is not utilised for budget forecasting or outcome planning, and decision-making is not embedded institutionally.	Decoupling – Systems are in place, but reform logic is not integrated into planning or budgeting.	Indonesia developed data-driven capacity under IMF supervision (Harun et al., 2015).
Legal and institutional resistance (e.g., Decree No. 31) constrains transformation.	Decree No. 31 enforces a cash-based, short-term budget model that is incompatible with accrual practices.	Institutional inertia and rule-based culture – legal rigidity resist reform implementation.	Unlike Portugal, which rewrote its financial laws under external pressures (Jorge et al., 2019).
Reform impact is structural, not transformative, emphasise control, not outcomes.	Guidance documents demonstrate technical accuracy, but performance, transparency, and behavioural accountability remain absent.	Mimetic & Coercive Isomorphism (Symbolic) – International forms adopted without changing internal logic.	In Nepal, IPSAS adoption improved appearance but lacked integration (Adhikari & Jayasinghe, 2017).

The findings from the three research questions show that Kuwait's move to accrual accounting is mainly a legitimacy-driven reform. It features strong symbolic alignment with international standards but limited practical implementation. The rationale (RQ1) depends on reputational concerns and modernisation goals rather than urgent fiscal needs or political pressures. The response from the MoF (RQ2) has concentrated on structural tools and procedural controls, such as GFMS, classification reforms, and regulatory circulars. However, it lacks the institutional capacity to promote behavioural change, performance accountability, or coordination across agencies. Overall, the impacts (RQ3) are mostly procedural and aspirational, with actual improvements in technical aspects (e.g., asset recognition, reporting clarity) not leading to better strategic decision-making or governance reforms.

This chapter, in dialogue with Chapter 4, confirms that the reform has followed a pattern of symbolic compliance, institutional decoupling, and selective adaptation. Although reform documents outline a clear and consistent formal narrative, interview insights highlight significant gaps between the intended framework and its practical implementation. From an institutional theory perspective, the reform is primarily shaped by mimetic and normative isomorphism, with little coercive pressure or internal motivation encouraging full institutionalisation. Unlike crisis-driven reforms, which often compel deeper changes, Kuwait's reform efforts remain fragile, discretionary, and vulnerable to inertia. These insights lay the foundation for the final chapter, which will cover the study's overall contributions, theoretical implications, and policy recommendations.

Chapter 6: Conclusion:

6.1 Introduction:

This concluding chapter revisits the study's objectives and synthesises the key findings from the archival document analysis (Chapter 4) and interview data (Chapter 5), emphasising the study's theoretical and practical contributions. It also discusses the limitations of the research and suggests directions for future research.

This study explored the rationale, management strategies, and implications of implementing accrual accounting reform in Kuwait. It focused on how international standards such as IPSAS are understood, adopted, and experienced in a resource-rich environment that is not facing a crisis. By integrating institutional theory with qualitative research methods, the study provides insights into how accounting reforms develop when driven by legitimacy-seeking, modernisation goals, and global standards rather than fiscal crises. The main goal was to examine the interaction between a technically advanced reform and Kuwait's legal, administrative, and cultural frameworks.

6.2 Summary of Key Findings:

6.2.1 RQ1: Rationale for Adopting Accrual Accounting:

The rationale for adopted accrual accounting mainly stems from mimetic and normative isomorphic influences (DiMaggio & Powell, 1983), rather than from financial crises or donor conditions. Both interview insights and official documents like Decree No. 4 of 2015, and the Asset Recognition Guide indicate that the reform aimed to align Kuwait's financial practices with international standards such as IPSAS and GFS, thereby boosting its global credibility. This approach reflects a motivation for external legitimacy and reputation enhancement rather than a response to internal failures or urgent needs.

Participants in Chapter 5 confirmed that the decision to adopt accrual accounting was largely driven by international expectations and benchmarking, especially in the Gulf region. They also highlighted the lack of fiscal urgency, minimal internal demand, and the ongoing influence of legacy laws like Decree No. 31 of 1978, which enforces a cash-based approach within legal and institutional structures. These insights align with Chapter

4's conclusion that the reform is more symbolic than practical, indicating a case of formal adoption without real implementation (Meyer & Rowan, 1977).

This stands in stark contrast to countries where accrual reforms were prompted by crises or external pressure. In Greece, Spain, and Portugal, reforms were implemented as part of IMF and EU conditions after the European debt crisis, characterised by strict deadlines, legal changes, and external supervision (Brusca et al., 2013; Cohen & Karatzimas, 2016; Gomes et al., 2023). Similarly, in Indonesia, the aftermath of the Asian financial crisis created urgent fiscal and institutional needs, resulting in donor-driven technical support and a swift adoption of accrual frameworks influenced by the IMF (Harun et al., 2012; McLeod & Harun, 2014).

Even in countries like Malaysia, India, and Egypt, which are implementing post-crisis financial governance reforms, accrual reform was part of larger external reform strategies or legitimacy efforts based on performance (Chan, 2006; Krishnan, 2023; Rozaidy & Siti-Nabiha, 2023). In each instance, the reform was mainly aimed at economic recovery or restoring reputation, often involving legal modifications, performance requirements, or external oversight.

In contrast, Kuwait's reform is distinctively non-crisis-driven, resource-rich, and discretionary. This enables symbolic policy implementation without significant behavioral changes or legal reforms. Consequently, the reform seems coherent on paper but lacks urgency, integration, and enforcement. Table 11 below demonstrates this divergence by comparing Kuwait's rationale with those of other states affected by crises or external pressures.

Table 11: Comparative analysis of Accrual Reform Rationales. Source: Author. References: Brusca et al., (2013); Cohen & Karatzimas, (2016); Gomes et al., (2023); Harun et al., (2012); McLeod & Harun, (2014); Chan, (2006); Krishnan, (2023); Rozaidy & Siti-Nabiha, (2023).

Country	Reform dynamic	External pressure	Dominant Isomorphic	Rationale of Reform	Reform Trajectory
Kuwait	Voluntary modernisation; global legitimacy	soft IMF encouragement	Mimetic & Normative	Symbolic alignment; no fiscal breakdown	Slow, fragmented, symbolic
Greece	Sovereign debt crisis	EU/IMF conditionality	Coercive	Fiscal rescue; restore investor confidence	Rapid, top-down, compliance-driven approach
Spain	Post-2008 financial crisis	EU fiscal oversight	Coercive	Eurozone fiscal stability compliance.	Legal reform; IPSAS-guided reporting
Portugal	Structural deficit crisis	IMF/EU adjustment package	Coercive	condition, fiscal transparency	Swift IPSAS adoption; legal adaptation
Malaysia	Reforming governance structures after a crisis.	IMF-aligned global reform standards	Coercive & Mimetic	Rebuild credibility; modernise public finance.	Phased, technically guided
India	Crisis of political legitimacy	Influence of donors and development agencies	Coercive & Mimetic	Improve transparency; align donors.	Partial, hybridised
Egypt	Reform aimed at structural adjustments.	IMF and World Bank programmes	Coercive	Structural compliance; international integration.	Formal adoption; low embedment
Indonesia	Post-Asian financial crisis	IMF and donor technical assistance	Coercive & Mimetic	Rebuild fiscal credibility; donor driven.	Rapid reform; hybrid outcomes

Kuwait's case thus contributes to institutional theory by demonstrating that reforms aimed at symbolic legitimacy can take place in stable, high-capacity political environments. However, these reforms may result in decoupling and stagnation if they lack support from internal political pressures, legal changes, or behavioural shifts. It broadens the understanding of institutional theory by showing that mimetic reforms can become

stagnant, particularly in settings where maintaining institutional continuity is valued over driving substantive change.

6.2.2 RQ2: Management and Response to the Reform:

The MoF management and response to the accrual accounting reform has adopted a technocratic and centralised approach, emphasising formal compliance over behavioural change. The strategy included implementing Oracle-based GFMS, IPSAS-aligned classification reforms, asset recognition manuals, and issuing periodic circulars. However, findings from interviews (Chapter 5) and document analysis (Chapter 4) indicate that these efforts were mainly procedural and fragmented, lacking legal support, inter-ministerial coordination, and effective performance oversight.

Participants in Chapter 5 observed that although technical training sessions and systems were introduced, the reform lacked a unified rollout plan, ongoing follow-up, or institutional incentives. Implementation responsibilities were mainly seen as falling on the MoF, with minimal involvement from other ministries or agencies. This aligns with the idea of institutional inertia, where strong legal traditions and bureaucratic structures resist change despite superficial reforms (Tolbert & Zucker, 1996).

Archival documents in Chapter 4, such as Decree No. 5 of 2016 and the GFMS guidance manuals, confirm this pattern by standardising procedures without enforcing reform compliance or encouraging cross-agency adoption. Legal dependence on Decree No. 31 of 1978 persists, maintaining a cash-based control approach. Consequently, although technical tools are available, the reform has not been fully institutionalised, and legacy systems continue to dictate accounting practices.

This is different from crisis-driven reform situations, where management approaches were often imposed through conditional aid programs, fiscal rescue packages, or international oversight (see Table 12 below). For instance, in Portugal and Spain, EU/IMF involvement introduced strict deadlines, coordinated efforts across agencies, and external reporting duties that directly influenced reform actions (Brusca et al., 2013; Gomes et al., 2023). In Indonesia, reform management after the crisis was part of larger institutional restructuring efforts supported by IMF technical assistance and World Bank initiatives on fiscal governance (Harun et al., 2012; McLeod & Harun, 2014).

Even in politically sensitive countries like Malaysia and India, reforms were often supported by donor-driven frameworks or incentives linked to performance, which helped ensure gradual progress and legal changes (Rozaidy & Siti-Nabiha, 2023; Krishnan, 2023). Conversely, in Kuwait, the lack of coercive pressure, institutional incentives, or a sense of reform urgency has led to the underutilization of technical reform tools, which are often isolated or viewed as merely symbolic indications.

Table 12: Comparative analysis of Accrual Reform Management and Response. Source: Author. References: Gomes et al., (2023); Harun et al., (2012); McLeod & Harun, (2014); Krishnan, (2023); Rozaidy & Siti-Nabiha, (2023); Brusca et al., (2016).

Country	Implementation Strategy	Legal and Structural Alignment	Cross-Agency Coordination	Institutional Drivers
Kuwait	Technocratic, centralised, procedural	Outdated (Decree No. 31 still dominant); no legal updates	Weak; MoF-centric with minimal stakeholder engagement	Mimetic/normative; symbolic alignment
Spain	Technocratic, law-led reform with EU oversight	Legal reform enacted through Public Sector Accounting Law	Moderate; led by central government with EU ties	Crisis-induced compliance
Portugal	Rapid, compliance-based, donor-driven timelines	Legal reform aligned with IPSAS; new codes and mandates	Strong due to EU-IMF coordination frameworks	Coercive institutional pressure (EU/IMF)
Malaysia	Phased, hybrid reform under governance restructuring	Reform laws introduced; partial accrual integration	Moderate; led by the Accountant General's Department	Normative and legitimacy oriented.
India	Centralised but guided by donor and committee frameworks	Selective legal changes; fragmented implementation	Weak; progress varied across states and sectors	Normative with donor pressure.
Indonesia	IMF-supported system reform with donor alignment	Comprehensive post-crisis legal overhaul	Strong, integrated with performance budgeting and audit institutions	Coercive and donor-influenced

Table 12 indicates that Kuwait's reform management lacks the legal restructuring, cross-ministerial ownership, and enforced accountability typically found in reforms in crisis or

externally guided situations. While other countries have implemented accrual reforms through legal codes, inter-agency cooperation, and political support, sometimes under crisis or donor influence, Kuwait's reform efforts are still mainly controlled by the MoF, without legal changes, shared responsibility, or coordination among public-sector entities.

Institutionally, Kuwait's reform management shows a loose coupling: formal procedures are in place, but they lack strong links to performance logics or accountability systems (Meyer & Rowan, 1977). The reform process has become more about following procedural routines than driving behavioural change or fostering inter-organisational adaptation. The MoF continues as the main leader, but without cross-agency reform governance or revised legal mandates, the progress of accrual implementation has stalled.

Kuwait's situation demonstrates that, outside of crisis contexts, even well-funded and technically advanced reform efforts tend to stay fragmented and symbolic unless they are part of a wider institutional and legal overhaul. This supports existing research highlighting the importance of institutional coherence and shared ownership across agencies for effective reform (Adhikari et al., 2013; Christiaens et al., 2015).

6.2.3 RQ3: Impact and Implications of the Reform:

Kuwait's reform has introduced essential aspects of accrual accounting, like asset classification, final account procedures, and GFMS modules. However, these reforms have had limited practical effects on public financial management, accountability, or decision-making. Interviews (Chapter 5) and document analysis (Chapter 4) reveal that, although accrual systems are in place, they are not effectively integrated into budget planning, performance assessment, or fiscal decision-making. Consequently, the reform efforts appear fragmented, with symbolic measures in place that lack real functional change.

Participants consistently observed that, although asset tracking and classification had shown improvements, ministries still primarily relied on cash-based practices. Financial reports created via GFMS, or accrual templates were viewed as bureaucratic artefacts rather than strategic tools for analysis or budgeting. This signifies decoupling, where

formal reforms are in place but disconnected from actual operations and daily practices (Meyer & Rowan, 1977).

The continued enforcement of Decree No. 31 of 1978, combined with the lack of updated legal mandates, sustains a control-focused, short-term budgeting approach. This environment hampers the influence of accrual principles like matching, depreciation, or liability recognition on planning and governance. Chapter 4 confirms that although procedural documents, such as Decree No. 1 of 2022, formalise financial closure using an accrual framework, there are still no enforcement mechanisms, performance monitoring, or system accountability in place.

In countries affected by crises such as Spain, Portugal, and Indonesia, the effects of accrual reform were more noticeable, though they faced some challenges. In Spain, accounting reforms guided by IPSAS improved reporting in accordance with EU fiscal oversight (Brusca et al., 2013). Portugal associated reform with budget planning and performance auditing, aligning with EU fiscal requirements (Gomes et al., 2023). In Indonesia, the transition to accrual accounting was integrated into budgeting, auditing, and asset management through legal requirements and technical support from the IMF (Harun et al., 2012).

In contrast, findings indicate that Kuwait lacks the enabling conditions seen elsewhere, such as external enforcement, legal support, or participation from institutions beyond the MoF. The reform process has remained highly centralised, with limited involvement or commitment from other ministries, audit bodies, or oversight agencies. This underscores the broader institutional understanding that, in non-crisis situations, accrual reforms are often symbolic, intended to demonstrate alignment with international standards without fundamentally transforming governance, resource allocation, or accountability frameworks.

Table 13 below highlights that Kuwait's reform impact remains symbolic and procedural, rather than truly transformative. Unlike crisis-affected or donor-driven nations where reforms are implemented through legal changes and performance metrics, Kuwait's move to accrual accounting lacks the necessary institutional groundwork to embed behavioural change. This supports the main point that in non-crisis contexts, reforms often lead to

superficial improvements without changing the underlying principles or culture of financial governance.

Table 13: Comparative analysis of Reform Impacts. Source: Author. References: Gomes et al., (2023); Harun et al., (2012); McLeod & Harun, (2014); Krishnan, (2023); Rozaidy & Siti-Nabiha, (2023); Brusca et al. (2013); Adhikari et al. (2013).

Country	Reform Usage	Decision-Making Integration	Audit/Performance Impact	Symbolic vs. Substantive
Kuwait	Procedural	Minimal; budgets remain cash-based	Weak; audit bodies not reform-linked	Symbolic
Portugal	Legal basis for accrual budgeting	Integrated with budget planning	Moderate; performance audits used accrual data	Substantive with symbolic traces
Spain	IPSAS-based public reporting	Partial, tied to fiscal compact rules	Moderate; fiscal monitoring via EU instruments	Mixed
Nepal	Adopted accrual under donor guidance	Weak; budgets not aligned	Low; compliance focus only	Symbolic.
India	Reporting focus: budgets remain cash-based	Minimal; weak linkage to decisions	Weak; symbolic emphasis dominates	Symbolic.
Indonesia	Used across assets, budget, and audit systems	Strong, integrated via MoF and audit agencies	Strong, driven by legal and institutional reform	Substantive

6.3 Theoretical Contributions:

This study contributes to institutional theory by illustrating how accrual accounting reform occurs in a non-crisis, resource-rich public sector, where external enforcement is limited and internal motivation faces cultural and legal barriers. The findings expand on core ideas like isomorphism, symbolic adoption, decoupling, and institutional logics.

Institutional theory has explained how public organisations implement reforms driven by coercive, mimetic, and normative pressures (DiMaggio & Powell, 1983). Although most research emphasises crisis scenarios where coercive influences prevail due to donor conditions or bailout demands, this study illustrates how mimetic and normative isomorphism can also operate in stable environments. Kuwait's reform was not caused

by financial collapse or external mandates; rather, it was motivated by a desire to adhere to IPSAS, imitate regional peers, and project modernity (Boxenbaum & Jonsson, 2017). This case shows that isomorphic change can happen without coercive pressure and underscores that seeking legitimacy remains vital in public-sector reforms (Brusca et al., 2013; Polzer et al., 2022).

The study provides strong empirical evidence of symbolic adoption, where formal reform tools, such as decrees, circulars, manuals, and digital systems, are implemented without accompanying changes in behaviour or systemic integration. This aligns with Meyer and Rowan's (1977) fundamental theory of decoupling, which suggests that formal structures are primarily maintained to preserve legitimacy while remaining disconnected from actual operations. DiMaggio and Powell (2012) further argue that this kind of symbolic compliance is becoming more common in contemporary institutions, where organisations implement reforms to demonstrate conformity with global standards without changing their internal routines. Kuwait's implementation of IPSAS-like frameworks and GFMS modules resulted in minimal shifts in budgeting approaches or performance assessment. These results reflect patterns noted by Christiaens et al. (2015) in European accrual reforms, as well as by Adhikari and Jayasinghe (2017) and Adhikari and Mellemvik (2011) in Nepal, indicating that symbolic reform is a widespread phenomenon globally, especially when reform incentives are weak or political costs are low.

The study reveals a clear conflict between the managerial approach embedded in accrual accounting, focused on planning, performance, and accountability, and Kuwait's traditional, control-focused institutional culture, which is rooted in hierarchical authority and adherence to Decree No. 31. This tension aligns with institutional logics theory (Thornton et al., 2012), explaining how competing logics can hinder reform adoption or lead to selective reinterpretation. Similar to what Goodrick and Reay (2011) describe as constellations of logics in professional settings, Kuwait's selective reinterpretation reveals how reforms are filtered through existing bureaucratic norms rather than replacing them. In Kuwait, accrual tools were layered on top of an unreformed legal framework, causing resistance, confusion, and operational fragmentation. Similar contradictions were observed by Brusca et al. (2013) in Spain and by Adhikari & Jayasinghe (2017) in Nepal,

who both found that even technically coherent reforms are reinterpreted within existing administrative norms.

The findings add to the understanding of institutional inertia, the tendency of organisations to resist change even when reforms are introduced, as described by Tolbert & Zucker (1996). Although GFMIS and IPSAS-aligned frameworks have been implemented, Kuwaiti ministries still operate primarily on cash-based logic, and reforms remain limited to isolated technical procedures. These reforms are fragmented, as some procedures mimic international standards but are separate from budgeting, planning, and auditing processes. This aligns with Polzer et al. (2022), who explain how reform compliance can develop unevenly across legal and operational levels when there is a lack of coherent institutional pressure.

This research broadens the scope of institutional theory geographically and politically by examining a resource-rich, politically stable country with high capacity. Most literature emphasises donor-led, fiscally constrained, or post-crisis nations (Brusca et al., 2013; Adhikari et al., 2013; Harun et al., 2012). In contrast, Kuwait exemplifies voluntary reform driven by international legitimacy rather than financial necessity. This challenges the idea that external pressure is essential for institutional change and demonstrates that symbolic and procedural reforms can continue in well-funded countries when political, cultural, and legal factors are not fully aligned.

6.4 Practical and Policy Implications:

This study provides valuable insights for policymakers, reform leaders, and public financial management experts in Kuwait and similar countries, especially those with centralised bureaucracies, resource-rich economies, or limited external oversight. Although Kuwait's transition to adopt accrual accounting shows a broader aim to align with international standards, the gradual and symbolic execution highlights the difficulties of reforming public-sector institutions in a non-crisis context.

One of the main obstacles in Kuwait was the lack of legal coordination. The persistent dominance of Decree No. 31 of 1978, a cash-based, control-oriented budgeting law, hindered efforts to incorporate accrual logic into budgeting, planning, or reporting. Without

legislative reform, accrual systems risk remaining parallel technical artefacts, decoupled from actual decision-making processes. Governments need to update old budgeting laws and create enforceable implementation plans with clear timelines, oversight agencies, and accountability measures. In Spain, such reforms aligned with IPSAS only took hold after harmonising with EU laws and fiscal regulations (Brusca et al., 2013; Gomes et al., 2023). Likewise, Indonesia enacted new public finance legislation after the crisis, integrating accrual accounting principles across ministries (Harun et al., 2012). In any context, whether there's a crisis or not, reform without a legal basis leads to mere symbolic compliance. Countries aiming to modernise must regard legal change as a prerequisite for reform, not an afterthought.

The reform in Kuwait was mainly managed by the Ministry of Finance (MoF), with limited participation from line ministries, accountants, or oversight agencies. Consequently, operational staff viewed the reform as not their concern, leading to primarily procedural implementation. Without wider engagement, these reforms are unlikely to lead to meaningful behavioural change. Reform should be developed collaboratively with those responsible for its implementation, such as ministry accountants, auditors, IT staff, and policy directors. In India, even though overall integration remains weak, subnational governments that involved professionals early on saw greater success in implementing accrual routines (Krishnan, 2023). In Malaysia, conflicts related to identity and logic decreased when the Accountant General's Department aligned reform narratives with professional values and career incentives (Rozaidy & Siti-Nabiha, 2023). Whether in crisis time or not, institutional acceptance depends on perceived importance and alignment with professional standards. The key is engaging stakeholders, not imposing decisions.

Kuwait's accrual reforms were carried out in isolation. GFMIS functioned independently from planning departments, asset registries were not connected to audit systems, and financial reporting was separate from budgeting. This resulted in fragmented structures that resembled global best practices but lacked proper integration. Reform needs to be integrated into cross-functional systems that encompass budgeting, reporting, auditing, and asset management. In Indonesia, this integration was realised through the coordinated use of GFMIS, performance budgeting, and guidance from the Supreme

Audit Office (Harun et al., 2012; McLeod & Harun, 2014). Conversely, in Nepal, reform efforts faced challenges because GFMS and reporting reforms were not linked to budgeting or monitoring agencies (Adhikari et al., 2013). Fragmentation is a widespread issue worldwide. Without institutional coherence, even technically advanced reforms stay merely symbolic.

A frequently neglected part of Kuwait's reform is the minimal involvement of external audit agencies. While the Audit Bureau was formally part of the process, observers highlighted the absence of proactive monitoring, feedback mechanisms, and enforcement related to accrual reporting. This insufficiency in oversight contributed to the stagnation of reform efforts. Independent audit institutions should be authorised to evaluate, report on, and ensure that ministries are accountable for adopting accrual accounting. In Greece, although there was mostly symbolic adherence, progress was made when external audit reports connected to EU fiscal oversight, enhanced visibility and prompted follow-up actions (Cohen & Karatzimas, 2016). Similarly, in Nepal, donor agencies mandated that reporting be verified by independent entities, leading to increased compliance and more reliable data (Adhikari & Mellembvik, 2011). Audit independence is essential, especially when political or institutional motivations for reform are limited. Strengthening external oversight enhances credibility and trust in the implementation process.

These findings indicate that although Kuwait's institutional conditions are unique, the core reform challenges, such as legal misalignment, limited engagement, fragmented systems, and weak oversight, are common across different contexts. Similar issues have appeared in both crisis, transition, and donor-influenced settings, where successful reform typically depends on external enforcement, clear legal frameworks, and stakeholder alignment. For reforms to go beyond superficial changes, governments need to focus on developing institutional coherence, fostering professional commitment, and ensuring independent oversight, regardless of whether they are in crisis or stability. The Kuwaiti case highlights how reforms motivated solely by reputation can stall without a strong foundation of accountability, coordination, and political will.

6.5 Limitations of the Study:

Although this study provides important insights into Kuwait's institutional dynamics surrounding accrual accounting reform, it also has some limitations that should be recognised.

First, this is a case study focused on a single country. Although Kuwait provides a rich and underexplored setting due to its resource-rich environment, political stability, and reform efforts in a non-crisis context, the findings are not directly generalizable to all public-sector contexts. However, the study offers a theory-informed perspective and a rare example of reform carried out under voluntary, limited coercive conditions, which can be used for comparative analysis in both crisis situations (Adhikari et al., 2013; Brusca et al., 2013).

Second, the study employs a qualitative research design with interviews and archival document analysis. This approach enables an in-depth understanding of institutional logics, reform discourse, and behavioural patterns, but it does not generate numerical data on reform impacts. Future studies could expand this by including financial indicators, audit reports, or benchmarking data to assess whether symbolic reforms lead to measurable fiscal results.

Third, the stakeholder sample in the study mainly consists of those from the MoF and related entities. Consequently, viewpoints from parliamentarians, civil society organisations, and professional associations (e.g., Kuwait Accountants and Auditors Association) are less represented. Incorporating these perspectives in future research could provide insights into how reform is viewed and challenged beyond the government's technical core.

Fourth, although the study uses retrospective and longitudinal data from archival analysis (covering 1978 to 2022), it does not implement formal longitudinal design. The analysis provides a snapshot of reform status and institutional dynamics at a single point in time. Conducting a longitudinal or ethnographic follow-up could reveal how reform trajectories change as political, legal, and economic conditions evolve.

Despite these limitations, this study makes a significant contribution to understanding how legitimacy-driven reform operates in non-crisis contexts. It highlights the gap between the adoption of reform and its institutionalisation, providing one of the few empirical cases from the Gulf region.

6.6 Recommendations of Future Research:

Building on the study's findings and limitations, multiple avenues for further research into public-sector accounting reform remain, especially in contexts where fiscal crises or external mandates do not drive such reform.

Future studies should compare countries that adopted accrual accounting under crisis pressures, such as Greece, Portugal, and Indonesia, with those like Kuwait where reform was voluntary and motivated by stability. Such research could examine differences in reform motivations, implementation speeds, and how institutionalisation occurs, depending on whether pressures are coercive, mimetic, or normative (DiMaggio & Powell, 1983; Polzer et al., 2022). This analysis would clarify if non-crisis environments are more prone to superficial adoption and if alternative pathways exist for achieving substantial reform.

While this study provided retrospective insights through document analysis, future research could employ longitudinal designs to monitor how reform trajectories evolve over time. This could involve conducting repeated interviews with key reform stakeholders, continuously analysing implementation outcomes, or ethnographically observing government entities. Such approaches would uncover how reform narratives, resistance strategies, and symbolic practices change over time, particularly in response to leadership changes, legal reforms, or external evaluations (Tolbert & Zucker, 1996; Thornton et al., 2012).

To enhance the existing MoF-centred analysis, future research should incorporate parliamentarians, external auditors, and professional associations. These stakeholders frequently influence the wider accountability ecosystem and affect how reforms are debated, legitimised, or adopted. Research by Adhikari & Jayasinghe (2017) and Rozaidy

& Siti-Nabiha (2023) demonstrates that including marginalised voices uncovers tensions between international standards and local legitimacy dynamics.

Further research could investigate how accrual reforms impact different sectors, such as health, education, or infrastructure, where operational complexity and service delivery pressures vary. Sector-specific studies would enable researchers to examine how reforms impact resource allocation, performance metrics, and frontline accountability. For example, Gomes et al. (2023) found that the impact of reform varies depending on managerial capacity and sector autonomy in Spain and Portugal.

A persistent gap exists in understanding how accrual-based financial data are utilised or not in budget negotiations, spending decisions, and fiscal forecasting. Future research could explore whether accrual information influences how ministries develop budget proposals, assess programme performance, or manage intertemporal trade-offs. Such studies would clarify whether accrual reforms effectively support decision-making or remain purely technical procedures (Christiaens et al., 2015).

The involvement of external audit institutions in overseeing or enforcing progress on reform is still not well understood, particularly in non-crisis situations. Future research could explore how factors like independence, mandates, and institutional capacity in audit agencies influence reform success. Comparative studies of Nepal (Adhikari et al., 2013) and Greece (Cohen & Karatzimas, 2016) indicate that accountability driven by audits can help advance reforms, even with limited political support.

6.7 Final Reflections:

This study aims to explore the rationale, process, and effects of accrual accounting reform in Kuwait, using institutional theory to understand how reform occurs in resource-rich, stable settings. By analysing documents and interviewing key participants, the research provides rare insights into how accounting reforms are adopted and perceived when there is limited external coercion, no fiscal crisis, or donor influence.

The findings illustrate that, although Kuwait has officially implemented accrual accounting and aligned with international standards, such as IPSAS, the reforms are mainly symbolic and procedural. They have led to structural and reputational results, such as new

systems, classifications, and reporting templates, but have not changed the underlying behavioural or cultural approach to public financial management. The main budgeting and decision-making processes continue to be cash-based, legalistic, and centralised.

This result highlights a fundamental point from institutional theory: adopting reforms does not ensure they are fully embedded. As demonstrated in both this case and the wider research, mimetic and normative isomorphism can cause governments to imitate global standards for reputation, even when these standards are only weakly compatible with local institutions and the motivation for change is low (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). In Kuwait, the gap between policy and practice stems not from a lack of technical resources but from a lack of institutional coherence, legal consistency, and political urgency.

This study also confirms that even symbolic reforms hold value. They open up institutional opportunities, increase awareness, and build technical skills that can lead to more profound change. The adoption of accrual frameworks has improved asset recognition, improved audit readiness, and revealed the shortcomings of existing legal and administrative systems.

Kuwait's case contributes to the global dialogue on public-sector reform by demonstrating how accounting changes are influenced by politics, culture, and institutional frameworks. It highlights that without a crisis, reforms tend to be negotiated, limited, and often superficial, yet these initial efforts can set the stage for more substantial change if supported by legal reform, inter-agency collaboration, and independent oversight. Therefore, this study advocates for a more context-aware and institutionally informed approach to understanding how reforms succeed or fail in non-crisis situations.

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Appendices:

Appendix 1: Archival Documents:

The table of archival documents from the Ministry of Finance is divided into three groups: legal and regulatory framework, system and implementation guidelines, and institutional and financial management practices.

Doc. No.	Document Type	Authors	Title	Year
Category: legal and regulatory framework				
1	Decree No. 31	MoF	Rules for preparing general budgets and controlling their implementation and the final account	1978
2	Decree No. 4	MoF	Regarding the Budget Classifications Guide	2015
3	Decree No. 9	MoF	The principles of inventory and valuation of real estate assets in the state	2016
4	Decree No. 1	MoF	The rules for closing accounts and preparing the final account for the budget	2022
Category: system and implementation guidelines				
5	Decree No. 5	MoF	Decision No. 5 for classifications GFMIS	2016
6	Decisions of GFMIS	MoF	A collection of 11 decisions of the GFMIS:	
			1. Oracle system GFMIS – Revenue	2015
			2. Oracle system GFMIS – Systemic accounts	2015
			3. Oracle system GFMIS – Payments	2016
			4. Oracle system GFMIS – Cash trust	2016

			5. Oracle system GFMIS – General ledger	2016
			6. Oracle system GFMIS – Contracts	2015
			7. Oracle system GFMIS – Inventory management	2015
			8. Oracle system GFMIS – Financial control	2014
			9. Oracle system GFMIS - proposal	2012
			10. Oracle system GFMIS – proposal stages	2012
			11. Oracle system – participant departments	2012
7	Guidance Manual	MoF	Guide to Asset Recognition in the Budget	2015
Category: institutional and financial management practices				
8	Administrative Document	MoF	Administration of Asset Management	2012
9	Administrative Document	MoF	Administration of Resource Planning Systems institutional	2010

Appendix 2: Interview participants:

Table of Interview participants and their experiences in four main sectors of the Ministry of Finance.

Participants No.	Experience (years)	Sector
Participant 1	8	Public Accounting Sector
Participant 2	20	Public Accounting Sector
Participant 3	24	Public Accounting Sector
Participant 4	17	Public Accounting Sector
Participant 5	23	Public Accounting Sector
Participant 6	19	Public Budget Sector
Participant 7	7	Public Budget Sector
Participant 8	14	Public Budget Sector
Participant 9	26	Public Inventory and Assets Sector
participant 10	22	Public Inventory and Assets Sector
Participant 11	29	Public Inventory and Assets Sector
Participant 12	27	Financial Planning and Monitoring
Participant 13	12	Public Budget Sector
Participant 14	18	Public Budget Sector
Participant 15	18	Public Budget Sector
Participant 16	25	Public Accounting Sector
Participant 17	17	Public Inventory and Assets Sector
Participant 18	17	Public Budget Sector
Participant 19	8	Public Budget Sector
Participant 20	29	Public Inventory and Assets Sector
Participant 21	17	Public Budget Sector
Participant 22	27	Public Accounting Sector
Participant 23	20	Public Inventory and Assets Sector
Participant 24	17	The Sector of Planning and Institutional Resources
Participant 25	25	The Sector of Planning and Institutional Resources

Appendix 3: Interview Questions First Segment:

Table of interview questions of the first segment of Research Question 1: What are the primary rationale and influences that led the government of Kuwait to implement accrual accounting? 1-9 questions:

Interview Questions 1-9 for RQ1:
1. What are the motivations and incentives for accounting information? 2. What sources of information do you rely on when making financial management decisions? 3. How did international accounting standards and practices impact the decision to implement accrual accounting in Kuwait? 4. What is the basis of implementing accrual accounting? 5. Can you describe the main factors that influenced the decision to adopt accrual accounting in the Ministry of Finance? 6. What is the motivation that leads to this reform? And what are the purposes of adopting accrual accounting? 7. What expectations do you have for accrual accounting information? And who is benefiting from this reform? 8. To what end do you hope this reform initiative will lead? 9. What are the connections between accrual accounting and the government financial management process?

Appendix 4: Interview Questions Second Segment:

Table of interview questions of the second segment of Research Question 2: How does the Ministry of Finance in Kuwait manage and respond to the process of adopting accrual accounting? 10-24 questions:

Interview questions 10-24 for RQ2
10. Can you share your experience with the transition process from cash accounting to accrual accounting within the Ministry of Finance?
11. What initiatives are established to enhance and integrate the idea of accounting reform among ministerial-level key actors?
12. What are the primary elements of adopting accrual accounting? – the fundamentals of the accrual accounting concept – the new accounting standards and level of complexity – demandingness in accounting skills and capacities and clarity of the new standards.
13. How will the goals of the reform plan be achieved by the new rules, guidelines, and systems? And how prepared?
14. What are the requirements of users in the process of developing accounting standards and manuals?
15. Does the government impose any mechanism for monitoring and controlling purposes? If so, how do the monitoring and controlling mechanisms take place?
16. What are the steps in collecting the data and preparing the budget with the new accounting system?
17. What are the users' expectations and requirements of accrual accounting?
18. How can the new accounting system aid reform, particularly in asset and liability recognition, measurement, and valuation? And does it fit with the government policies and objectives?
19. Do the new accounting practices need new ways of thinking and doing things in the government? If, so how?
20. How do you ensure that your ministry carries out all the obligations needed in this reform programme?

- 21. What type of support was given by the top management to ensure the reform was implemented as required?**
- 22. What challenges has the Ministry of Finance faced during the adoption of accrual accounting, and how have these challenges been addressed?**
- 23. How has the Ministry of Finance ensured the successful implementation of accrual accounting within government agencies?**
- 24. In what ways has the adoption of accrual accounting influenced the overall structure and culture of the Kuwaiti government's financial management?**

Appendix 5: Interview Questions Third Segment:

Table of interview questions of the third segment of Research Question 3: What kind of effects would the adoption of accrual accounting by the Kuwait government have? 25-33 questions:

Interview questions 25-33 for RQ3	
25.	In your opinion, what is the difference between cash and accrual from your role?
26.	In your opinion, what are the most significant impacts of adopting accrual accounting on the government's financial management and reporting?
27.	Compared to what you were doing before, how does this new procedure differ?
28.	Do your subordinates/ the people in charge give full commitment towards the adoption of accrual accounting?
29.	What are the key challenges that you faced throughout the transition process?
30.	At the current stage of adoption of accrual accounting, can you still achieve the initial targets?
31.	What are the efforts of the government to ensure that we can still achieve the initial targets?
32.	How do you think the adoption of accrual accounting has affected the transparency and accountability of the government's financial operations?
33.	Can you provide any examples of how the adoption of accrual accounting has led to improved decision-making in the public-sector?

Appendix 6: Themes and Sub-Questions:

The table below illustrates the connection between the interview sub-questions, main research themes, and the related analytical themes identified from the data, providing an overview of the framework that guided and categorised the qualitative analysis.

Theme of RQ	Nº	Sub-Question	Sub-Theme
Rationale and Influences for Adoption	1	What are the motivations and incentives for accounting information?	Motivation
	2	What sources of information do you rely on when making financial management decisions?	Information Sources
	3	How did international accounting standards and practices impact the decision to implement accrual accounting in Kuwait?	International Impact
	4	What is the basis of implementing accrual accounting?	Adoption Basis
	5	Can you describe the main factors that influenced the decision to adopt accrual accounting in the Ministry of Finance?	Influencing Factors
	6	What is the motivation that leads this reform? And what are the purposes of adopting accrual accounting?	Reform Motivation
	7	What expectations do you have for accrual accounting information? And who is getting the benefits of this reform?	Expectation and Beneficiaries
	8	To what end do you hope this reform initiative will lead?	Reform Benefits
	9	What are the connections between accrual accounting and the government financial management process?	Financial Management Connection

Theme of RQ	№	Sub-Question	Sub-Theme
Management and response strategies	10	Can you share your experience with the transition process from cash accounting to accrual accounting within the Ministry of Finance?	Transition Experience
	11	What initiatives are established to enhance and integrate the idea of accounting reform among ministerial-level key actors?	Reform Initiatives
	12	What are the primary elements of adopting accrual accounting? – the fundamentals of the accrual accounting concept – the new accounting standards and level of complexity – demandingness in accounting skills and capacities and clarity of the new standards.	Accrual Elements
	13	How will the goals of the reform plan be achieved by the new rules, guidelines, and systems? And how prepared?	Goal Achievement
	14	What are the requirements of users in the process of developing accounting standards and manuals?	User Requirements
	15	Does the government impose any mechanism for monitoring and controlling purposes? If so, how do the monitoring and controlling mechanisms take place?	Monitoring Mechanisms
	16	What are the steps in collecting the data and preparing the budget with the new accounting system?	Budgeting Steps
	17	What are the users' expectations and requirements of accrual accounting?	User Expectations

Theme of RQ	№	Sub-Question	Sub-Theme
Management and response strategies	18	How can the new accounting system aid reform, particularly in asset and liability recognition, measurement, and valuation? And does it fit with the government policies and objectives?	System Fit
	19	Do the new accounting practices need new ways of thinking and doing things in the government? If, so how?	Practices Transformation
	20	How do you ensure that your ministry carries out all the obligations needed in this reform programme?	Obligations
	21	What type of support was given by the top management to ensure the reform was implemented as required?	Management Support
	22	What challenges has the Ministry of Finance faced during the adoption of accrual accounting, and how have these challenges been addressed?	Adoption Challenges
	23	How has the Ministry of Finance ensured the successful implementation of accrual accounting within government agencies?	Implementation Success
	24	In what ways has the adoption of accrual accounting influenced the overall structure and culture of the Kuwaiti government's financial management?	Structural Influence

Theme of RQ	№	Sub-Question	Sub-Theme
Anticipated Effects and Implications	25	In your opinion, what is the difference between cash and accrual from your role?	Accounting Differences
	26	In your opinion, what are the most significant impacts of adopting accrual accounting on the government's financial management and reporting?	Significant Impacts
	27	Compared to what you were doing before, how does this new procedure differ?	Procedure Differences
	28	Do your subordinates/ the people in charge give full commitment towards the adoption of accrual accounting?	Commitment Level
	29	What are the key challenges that you faced throughout the transition process?	Transition Challenges
	30	At the current stage of adoption accrual accounting, can you still achieve the initial targets?	Target Achievement
	31	What are the efforts of the government to ensure that we can still achieve the initial targets?	Government Efforts
	32	How do you think the adoption of accrual accounting has affected the transparency and accountability of the government's financial operations?	Transparency and Accountability
	33	Can you provide any examples of how the adoption of accrual accounting has led to improved decision-making in the public-sector?	Decision-Making Improvement

Appendix 7: Participant Information Sheet:

PARTICIPANT INFORMATION SHEET

Study title: Government accounting, crisis, reforms and accountability, an institutional theory perspective: Evidence from Kuwait

Dear prospective participant,

Thank you for agreeing to participate in the study. Your participation is voluntary, and you may change your mind about being involved or decline to answer a particular question at any time without giving a reason.

I am Bader Almutairi (doctoral researcher) in Management Studies Research (Accounting and Finance) at Brunel University London. I am leading the mentioned study, and the result of the study will be used for research purposes only. I kindly request you to take part in the mentioned research. This information sheet is designed to give you full details of the study and its goals. If you have any questions that are not answered by this information sheet, please ask.

1- What is the purpose of the study?

The main aim of this research is to explore the process of accounting transformation from a cash basis to an accrual basis within the Kuwait government. In particular, the research will examine how accrual accounting practices become institutionally embedded within political and administrative structures. In addition, this study demonstrates the state's role as an essential factor in the institutionalization of accounting methods and accounting's significance as a system of rational beliefs that legitimizes the state's structures. It will also investigate how organisations manage and respond to any potential institutional complexity during the transition period. The research objectives will be considered by delivering a critical review on how accrual accounting could affect accounting practice's quality to requirements reforms to achieve transparency and

accountability. Developing the theoretical framework for a deeper understanding of the events and activities linked with Kuwait's government, in particular Kuwait's finance ministry and the shifting from cash to accrual accounting. Insights into the significance of individual actors as powerful environmental agents, making decisions that influence the institutionalization of accounting practices and creating an environment that affects changes or the lack of changes.

2- Why have I been invited to participate?

You have been invited to participate as you are originally from the country focused on this study and because you can provide the relevant information required for the research. Along with you, other participants will also be taking part.

3- Do I have to take part?

If you decide to take part, you are still free to withdraw at any time up until 30/09/2024 without having to give a reason. If you decide to withdraw the data that you share after your involvement has ended, you can do that until 30/09/2024.

4- What will happen to me if I take part?

Your participation is voluntary. We will be identifying a convenient time to organise the online interview, which will not last more than 30 minutes. Your responsibility to answer the interview questions and to provide fair and honest information. The information you provide will be kept confidential, and the data collected will be deleted after the completion of the project. In case you wish to make any complaints about your experience, you can contact the College of Business, Art and Social Sciences (Cbass-ethics@brunel.ac.uk).

5- Are there any lifestyle restrictions?

No, there are none

6- What are the possible disadvantages and risks of taking part?

There are no anticipated disadvantages or risks associated with taking part in this research.

7- What are the possible benefits of taking part?

There are indirect benefits for participants by enhanced awareness and deepening their understanding of accrual accounting principles, benefits, challenges, and best practices. This knowledge can be beneficial for their professional development and personal interests, leading to improved decision-making and outcomes in their respective roles or organizations.

8- What if something goes wrong?

The person to be contacted if the participant wishes to complain about the experience should be the College of Business, Arts and Social Sciences (Cbass-ethics@brunel.ac.uk).

9- Will my taking part in this study be kept confidential?

Yes, every information and data provided by you would be kept confidential. Furthermore, the data will be stored on the Brunel network server, and it will be anonymised as soon as possible. With your permission, anonymised raw data will be destroyed once the project is finished– you can indicate whether or not you give permission for this by way of the Consent form.

10- Will I be recorded, and how will the recording be used?

Yes, the interview will be recorded. We can be conducted online, either through video conferencing platforms (e.g., Zoom, Skype, or Microsoft Teams).

11- What will happen to the results of the research study?

The research result will only be used for academic purposes. However, you will not be identified in any published work unless you specifically request it.

12- Who is organising and funding the research?

The research is being organised by Bader Almutairi (doctoral researcher) in conjunction with Brunel University London. There is no funding associated with this research.

13- What are the indemnity arrangements?

Brunel University London provides appropriate insurance cover for research which has received ethical approval.

14- Who has reviewed the study?

This study has been reviewed by the College of Business, Arts and Social Sciences Research Ethics Committee.

Research Integrity

Brunel University London is committed to compliance with the Universities UK [Research Integrity Concordat](#). You are entitled to expect the highest level of integrity from the researchers during the course of this research

Contact for further information and complaints: Bader.Almutairi@brunel.ac.uk

Researcher name and details:

Bader Almutairi, Bader.Almutairi@brunel.ac.uk

Supervisor name and details:

Dr Grigorios Theodosopoulos, grigorios.theodosopoulos@brunel.ac.uk

For complaints, Chair of the Research Ethics Committee:

Chair – Professor David Gallear, College of Business, Arts and Social Sciences Research Ethics Committee (cbass-ethics@brunel.ac.uk)

Appendix 8: Consent Form:

CONSENT FORM

Government accounting, crisis, reforms, and accountability, an institutional theory perspective: Evidence from Kuwait

Bader Almutairi

APPROVAL HAS BEEN GRANTED FOR THIS STUDY TO BE CARRIED OUT BETWEEN
10/03/2023 AND 30/09/2025

The participant (or their legal representative) should complete the whole of this sheet.		
	YES	NO
Have you read the Participant Information Sheet?	☐	☐
Have you had an opportunity to ask questions and discuss this study? (Via email/phone for electronic surveys).	☐	☐
Have you received satisfactory answers to all your questions? (Via email/phone for electronic surveys).	☐	☐
Whom have you spoken to about the study?		
Do you understand that you will not be referred to by name in any report concerning this study?	☐	☐
Do you understand that:		
• You are free to withdraw from this study at any time	☐	☐
• You don't have to give any reason for withdrawing	☐	☐
• Choosing not to participate or withdrawing will not affect your rights.	☐	☐
• You can withdraw your data any time up to 30/09/2024	☐	☐
I agree to the use of non-attributable quotes when the study is written up or published	☐	☐
The procedures regarding confidentiality have been explained to me.	☐	☐
I agree that my anonymised data can be stored and shared with other researchers for use in future projects.	☐	☐

I agree to take part in this study.	☐	☐

Signature of research participant:	
Print name:	Date:

Appendix 9: Permission Letters:

- 1- The following letters were sent to the Ministry of Finance and the State Audit Bureau requesting permission to conduct interviews for this research in Arabic, and English translations are provided below. Following these requests, I was advised verbally to contact the relevant department managers directly. I subsequently contacted them via email and received confirmation from senior managers through their official institutional email accounts, which are also included in this appendix:

A: Ministry of Finance:

السيد /
شاهد الخطوع
رئيس / وكيل وزارة المالية المساعد لشؤون المحاسبة العامة

الحترم

تحية طيبة وبعد ...

الموضوع / طلب تسهيل مهمة باحث دكتوراة

يسعدني أن أقدم لمساعدتكم ولقيادي وزارة المالية وجميع العاملين بها بأطيب التمنيات بالتوفيق والنجاح. راجيا من
العليقدير ان يتمتعكم بموفور الصحة والعافية ويديم عليكم التقدم والازدهار.

وإذ أفتنم هذه الفرصة لأقدم لكم بطلب الموافقة على تسهيل مهمتي البحثية - حيث أنني باحث دكتوراة في جامعة
برونيل في بريطانيا- في مجال المحاسبة بموضوع المحاسبة الحكومية في دولة الكويت. وعلى وجه الخصوص دراسة الجهود
المبدولة في وزارة المالية بشأن التحول في النظام المحاسبي من المحاسبة على الأساس النقدي الى أساس الاستحقاق.

وبالرغم من الصعوبات والمخوقات التي تواجهها بعض دول العالم في تطوير وتغيير النظام المحاسبي بالانتقال الى النظام
المحاسبي على أساس الاستحقاق، إلا أن التجربة الكويتية متميزة وفريدة من نوعها لأكثر من خمسة عقود وأكثر من
خبرات ومحاسبين مؤهلين بنظام محاسبي نقدي حالي متميز مما يساهم ذلك في توفير بيئة عمل محاسبية ومناسبة
تساعد في عملية الانتقال الى النظام المحاسبي على أساس الاستحقاق.

ويساهم هذا البحث بتوثيق التجربة الكويتية المثيرة للاهتمام في التطور المحاسبي في القطاع الحكومي. وكذلك جهود
وخبرات اصحاب القرار والعاملين في وزارة المالية في كيفية الادارة والتعامل مع هذا التحول من خلال تهيئة البيئة
المحاسبية مع هذا النظام. إضافة الى تسليط الضوء على الصعوبات التي تواجهها الوزارة في هذا الانتقال سواء من ناحية
قانونية او فنية وكيفية التعامل معها.

أولا: جمع البيانات المتعلقة في الانتقال الى نظام المحاسبي على أساس الاستحقاق وهي كالآتي:

- الاجراءات والخطط التي تم عملها لتهيئة بيئة عمل مناسبة مع النظام المحاسبي الجديد.
- القوانين أو القرارات التي تم اصدارها من قبل وزارة المالية بهذا الشأن. والدوافع لعمل تلك القرارات.
- القرارات أو التعاميم بإنشاء لجان بهذا الصدد وما ترتب على تلك اللجان من محاضر اجتماعات أو قرارات.
- القرارات أو التعاميم بإنشاء ادارات بهذا الصدد وما ترتب على ذلك من آثار.
- المراسلات الداخلية في وزارة المالية بشأن الاستعداد لتغيير النظام المحاسبي.
- التعاميم الخاصة بالدورات التدريبية في وزارة المالية بنظام الاستحقاق للعاملين لديها.
- أي دراسات أو مذكرات عن هذا النظام ومدى أهميته.
- أي مطالبات خارجية مع جهات أخرى بتغيير النظام المحاسبي.

ثانيا: عمل مقابلات مع القياديين واصحاب القرار في تطوير وتهيئة بيئة عمل في اتباع النظام المحاسبي الجديد.

وبناء على ما سبق يرجى التكرم بالموافقة على تسهيل مهمتي البحثية في جمع المعلومات المطلوبة للبحث من اجل
مساعدتي في انتاج مساهمة بحثية فعالة ومفيدة لمتخذي القرار في وزارة المالية.

وتفضلوا بقبول فائق التقدير والاحترام

مقدم الطلب
باحث دكتوراة/ بدر ناصر المطيري (99633685)

Ministry of Finance

Mr. Fahad Al-Mutawa

Assistant Undersecretary for Public Accounting

Ministry of Finance

Respected Sir,

Greetings,

Subject: Request to Facilitate the Work of a PhD Researcher

I am pleased to extend my sincere greetings and best wishes to Your Excellency, to the leadership of the Ministry of Finance, and to all its employees. I pray to Almighty God to grant you continued health, success, and prosperity.

I would like to take this opportunity to request your approval to facilitate my research work. I am a PhD researcher at Brunel University in the United Kingdom, conducting research in the field of government accounting in the State of Kuwait, particularly focusing on the efforts undertaken by the Ministry of Finance to transition the accounting system from the cash basis to the accrual basis.

Although some countries around the world face challenges and difficulties in developing and changing their accounting systems to adopt accrual accounting, the Kuwaiti experience is distinctive and unique. For more than five decades, Kuwait has relied on an established cash-based accounting system supported by experienced and qualified accountants. This provides a professional accounting environment that can support the transition toward an accrual-based accounting system.

This research aims to document the Kuwaiti experience in the development of government accounting, as well as the efforts and experiences of decision-makers and staff within the Ministry of Finance in managing and responding to this transition by preparing an appropriate institutional environment for the new accounting system. In addition, the study aims to highlight the challenges faced by the Ministry in implementing this transition, whether legal or technical, and how these challenges are addressed.

The research will involve the following two stages:

First: Collection of data related to the transition to accrual accounting, including:

- Procedures and plans implemented to prepare the working environment for the new accounting system
- Laws or decisions issued by the Ministry of Finance in this regard and the motivations behind them
- Decisions or circulars establishing committees related to this transition and the resulting meeting minutes or outcomes

- Decisions or circulars establishing departments related to this transition and the implications of those decisions
- Internal correspondence within the Ministry of Finance concerning preparations for changing the accounting system
- Circulars related to training programs within the Ministry of Finance on accrual accounting
- Any studies or memoranda regarding the importance of the accrual accounting system
- Any external correspondence with other institutions concerning the change of the accounting system

Second: Conducting interviews

Conducting interviews with senior officials and decision-makers involved in developing and preparing the institutional environment for implementing the new accounting system.

Based on the above, I kindly request your approval to facilitate my research work and allow the collection of the required information for this study, which aims to produce a meaningful research contribution that may benefit decision-makers within the Ministry of Finance.

Please accept my highest respect and appreciation.

Applicant:

PhD Researcher

Bader Nasser Al-Mutairi

Mobile: 99633685

B: State Audit Bureau:

السيد/ عبد اللطيف عبد الوهاب السهيل

مراقب المراقبة الثانية للرقابة على الدفاع والأمن والشؤون العامة)

للتكرم

تحية طيبة وبعد...

الموضوع / طلب تسهيل مهمة باحث

يسعدني أن أقدم ل مساعدتكم ولقيادي ديوان الخاصية وجميع العاملين بها بأطيب التمنيات بالتوفيق والنجاح. راجيا من علي القدير ان يستفكم بمونور الصحة والعافية ويديم عليكم التقدم والازدهار.

واذ أفتنم هذه الفرصة لأتقدم لكم بطلب الموافقة على تسهيل مهمتي البحثية - حيث انني باحث دكتوراة في جامعة برونيل في بريطانيا- في مجال الخاصية بموضوع الخاصية الحكومية في دولة الكويت. وعلى وجه الخصوص دراسة الجهود المبذولة بشأن التحول في النظام الخاصية من الخاصية على الأساس النقدي الى اساس الاستحقاق في الميزانية و اثر ذلك عليها.

بما ان المؤسسة الرقابية والمتمثلة بديوان الخاصية هي العنصر الاساسي في هذا التحول وتغيير النظام الخاصية: فانه يسرني ان يساهم هذا البحث بتوثيق التجربة التكوينية المثيرة للاهتمام في التطور الخاصية في القطاع الحكومي. وكذلك جهود وخبرات اصحاب القرار والعاملين في ديوان الخاصية في كيفية الادارة والتعامل مع هذا الانتقال من خلال تهيئة البيئة الخاصية مع هذا النظام. اضافة الى تسليط الضوء على الصعوبات التي يواجهها الديوان في هذا الانتقال سواء من ناحية قانونية او فنية وكيفية التعامل معها.

وتتكون البيانات المطلوبة للبحث على مرحلتين.

أولا جمع البيانات المتعلقة في الانتقال الى نظام الخاصية على اساس الاستحقاق وهي كالآتي:

- الاجراءات التي تم عملها لتهيئة بيئة عمل مناسبة مع النظام الخاصية الجديد
- القوانين أو القرارات التي تم إصدارها من قبل ديوان الخاصية بهذا الشأن. والدوافع لعمل تلك القرارات.
- القرارات أو التعاميم بإنشاء لجان بهذا الصدد وما ترتب على تلك اللجان من محاضر اجتماعات أو قرارات.
- المراسلات الداخلية في ديوان الخاصية بشأن الاستعداد لتغيير النظام الخاصية.
- التعاميم الخاصة بالدورات التدريبية في ديوان الخاصية بنظام الاستحقاق للعاملين لديها.
- اي دراسات أو مذكرات عن هذا النظام ومدى أهميته.
- أي مخاطبات خارجية مع جهات أخرى بتغيير النظام الخاصية.

ثانيا: عمل مقابلات مع القياديين واصحاب القرار في تطوير وتهيئة بيئة عمل في اتباع النظام الخاصية الجديد.

وبناء على ما سبق يرجى التكرم بالموافقة على تسهيل مهمتي البحثية في جمع المعلومات المطلوبة للبحث من اجل مساعدي في انتاج مساهمة بحثية فعالة ومفيدة لتخذي القرار في ديوان الخاصية.

وتفضلوا بقبول فائق التقدير والاحترام

مقدم الطلب

باحث دكتوراة/ بدر ناصر المطيري

State Audit Bureau

Mr Abdulatif Abdulwahab Al-Suheil

Head of the Second Audit Department for Defence, Security and Public Affairs

State Audit Bureau

Respected Sir,

Greetings,

Subject: Request to Facilitate the Work of a Researcher

I would like to extend my sincere greetings and best wishes to Your Excellency, to the leadership of the State Audit Bureau, and to all its employees. I pray to Almighty God to grant you continued health, success, and prosperity.

I would like to take this opportunity to request your approval to facilitate my research work. I am a PhD researcher at Brunel University in the United Kingdom, conducting research in the field of government accounting in the State of Kuwait, particularly focusing on the transition of the government accounting system from the cash basis to the accrual basis in the state budget and its implications.

Given that the State Audit Bureau represents a key oversight institution in this transition and in the change of the accounting system, this research aims to document the Kuwaiti experience in government accounting development, as well as the efforts and experiences of decision-makers and employees within the Audit Bureau in managing this transition by preparing an appropriate environment for the new accounting system. The study will also highlight the challenges faced by the Bureau during this transition, whether legal or technical, and how these challenges are addressed.

The research data will be collected in two stages:

First: Data collection related to the transition to accrual accounting, including:

- Procedures implemented to prepare an appropriate working environment for the new accounting system
- Laws or decisions issued by the State Audit Bureau in this regard and the motivations behind them
- Decisions or circulars establishing committees related to this transition and the resulting meeting minutes or decisions
- Internal correspondence within the State Audit Bureau regarding preparations for changing the accounting system
- Circulars concerning training programs related to accrual accounting for employees
- Any studies or memoranda regarding the importance of this accounting system
- Any external correspondence with other institutions regarding the change of the accounting system

Second: Conducting interviews

Conducting interviews with senior officials and decision-makers involved in developing and preparing the institutional environment for adopting the new accounting system.

Based on the above, I kindly request your approval to facilitate my research work and allow the collection of the information required for the study in order to produce a meaningful research contribution that may benefit decision-makers within the State Audit Bureau.

Please accept my highest respect and appreciation.

Applicant:

PhD Researcher

Bader Nasser Al-Mutairi

- 2- The following email was received from a senior official at the Ministry of Finance of Kuwait through his official institutional email account. The email confirms his willingness to participate in the research and to facilitate interviews with officials involved in government accounting reform.

Sender: Faisal A. Al Khars, Position: Office of the Head of the Financial Control Sector, Institution: Ministry of Finance, Kuwait, Email: fkhars@mof.gov.kw, Date: 13/10/2022

Office of the Head of the Financial Control Sector, Affiliated Bodies and Independent Institutions, Ministry of Finance, Kuwait, Telephone: 22485003



Finance control email for AD<ADSector@mof.gov.kw>



To: Bader Almutairi (Doctoral Researcher)

Thu 13/10/2022 09:02



Participant Information Sheet...
317 KB

Dear Bader Almutairi,

thank you for your email.

I have read the document which you are attached, and I don't mind to be a participant in your research, that's so interesting.

Best wishes

مكتب رئيس قطاع الرقابة المالية
للهيئات الملحقة والمؤسسات المستقلة
الهاتف: 22485003

- 3- The following email was received from a senior official at the State Audit Bureau of Kuwait through his official institutional email account. The email confirms his willingness to participate in the research and to facilitate interviews with officials involved in government accounting reform.

Sender: Ali Saleh Yousef Bu Haimed, Institution: State Audit Bureau of Kuwait,
Email: alim@SAB.gov.kw, Date: 10/10/2022

4/26/23, 12:45 AM

Email - Bader Almutairi (Doctoral Researcher) - Outlook

رد: Request

Ali Saleh Yousef Bu Haimed <alim@SAB.GOV.KW>

Mon 10/10/2022 07:21

To: Bader Almutairi (Doctoral Researcher) <Bader.Almutairi@brunel.ac.uk>

Tank you Bader for you email
I have read the information sheet that you attached in your email . I don't mind being a participant in
your research
best wishes
Ali Buhaimeid
State Audit Bureau of Kuwait

من: <Bader.Almutairi@brunel.ac.uk> Bader Almutairi (Doctoral Researcher)
تم الإرسال: 06 أكتوبر, 2022 10:44:33 ص
إلى: Ali Saleh Yousef Bu Haimed
الموضوع: Request

Dear Ali,

I hope this email finds you well.

I am a doctoral researcher at Brunel University London. I am conducting research on **"Government accounting, crisis, reforms, and accountability, an institutional theory perspective: Evidence from Kuwait."**

As part of this research, I am contacting you to agree to take part. I am currently applying to the Brunel Ethics Committee for permission to undertake my research.

If you are willing to take part in my research, I will get back to you once I receive ethical permission with all the necessary details.

It would be of great help to me if you would participate in this research. For your consideration, I am attaching the participant information sheet that contains the terms and conditions of your participation.

I am looking forward to hearing from you soon.

Kind regards

Bader Almutairi
Doctoral Researcher
Brunel University London

Appendix 10: Ethical Approval Letter:



College of Business, Arts and Social Sciences Research Ethics Committee
Brunel University London
Kingston Lane
Uxbridge
UB8 3PH
United Kingdom

w

ww.brunel.ac.uk 19 May 2023

LETTER OF APPROVAL

APPROVAL HAS BEEN GRANTED FOR THIS STUDY TO BE CARRIED OUT BETWEEN 19/05/2023 AND
30/09/2025

Applicant (s): Mr Bader Almutairi

Project Title: Government accounting, crisis, reforms, and accountability, an institutional theory perspective:
Evidence from Kuwait

Reference: 40248-LR-Apr/2023- 44750-1

Dear Mr Bader Almutairi

The Research Ethics Committee has considered the above application recently submitted by you.

The Chair, acting under delegated authority has agreed that there is no objection on ethical grounds to the proposed study. Approval is given on the understanding that the conditions of approval set out below are followed:

- **A14.1 You make sure that you obtain a 'Letter of Permission' from the Ministry of Finance, before you commence data gathering, which clearly states that they give you permission to contact participants who work in the Ministry and gather data from them. The letter needs to indicate that the person signing the letter understands the purpose of your research. This letter needs to be on headed paper, containing their address and contacts details, the name of the person giving the permission, their signature and the date. Please email the letter to cbass-ethics@brunel.ac.uk**
- **14.1 Advertisement/Invitation: You change "agree to take part"**
- **to "invite you to take part" A18 Participant Information Sheet:**
- **What will happen to me if I take Part? You state the number of other participants you intend to recruit. What if something goes wrong: You state that queries should be directed, in the first instance, to the Supervisor, or the researcher.**
- **Complaints, on the other hand, should be directed, in the first instance, to the College of Business, Arts and Social Sciences Research Ethics Committee: cbass-ethics@brunel.ac.uk**
-

Will my taking part in this study be kept confidential? You correct “With your permission, anonymised raw data will be destroyed once the project is finished” to “With your permission, anonymised data will be stored and may be used in future research – you can indicate whether or not you give permission for this by way of the Consent Form”

What will happen to the results of the research study?: You tell your participants where can they obtain a copy of the results. You explain the results will be written up/included as part of your thesis and the data will be stored securely on a Brunel server, password protected, and destroyed when no longer required.

- **The agreed protocol must be followed. Any changes to the protocol will require prior approval from the Committee by way of an application for an amendment.**
- **Please ensure that you monitor and adhere to all up-to-date local and national Government health advice for the duration of your project.**

Please note that:

- Research Participant Information Sheets and (where relevant) flyers, posters, and consent forms should include a clear statement that research ethics approval has been obtained from the relevant Research Ethics Committee.
- The Research Participant Information Sheets should include a clear statement that queries should be directed, in the first instance, to the Supervisor
- (where relevant), or the researcher. Complaints, on the other hand, should be directed, in the first instance, to the Chair of the relevant Research Ethics Committee.
- Approval to proceed with the study is granted subject to any conditions that may appear above.

The Research Ethics Committee reserves the right to sample and review documentation, including raw data, relevant to the study.

If your project has been approved to run for a duration longer than 12 months, you will be required to submit an annual progress report to the Research Ethics Committee. You will be contacted about submission of this report before it becomes due.

You may not undertake any research activity if you are not a registered student of Brunel University or if you

cease to become registered, including abeyance or temporary withdrawal. As a deregistered student you would

not be insured to undertake research activity. Research activity includes the Page 1 of 2

recruitment of participants, undertaking consent procedures and collection of data. Breach of this requirement constitutes research misconduct and is a disciplinary offence.



Professor David Gallear

Chair of the College of Business, Arts and Social Sciences

Research Ethics Committee Brunel University London

Appendix 11: Certified Translation Service:

ترجمة معتمدة
معتمدون لدى السفارات والهيئات الحكومية
Certified translation for all languages, Accredited BY Embassies & Government Bodies

شركة أكسفورد الخليجي
Gulf Oxford
لترجمة والحفظ الإلكتروني للمستندات



To whom it concerns

The Oxford Center for Translation, Printing and Electronic Preservation
attests to the translation of the documents from Arabic to English for
the scientific research of Mr. Bader Almutairi to present it to whomever
may be interested.



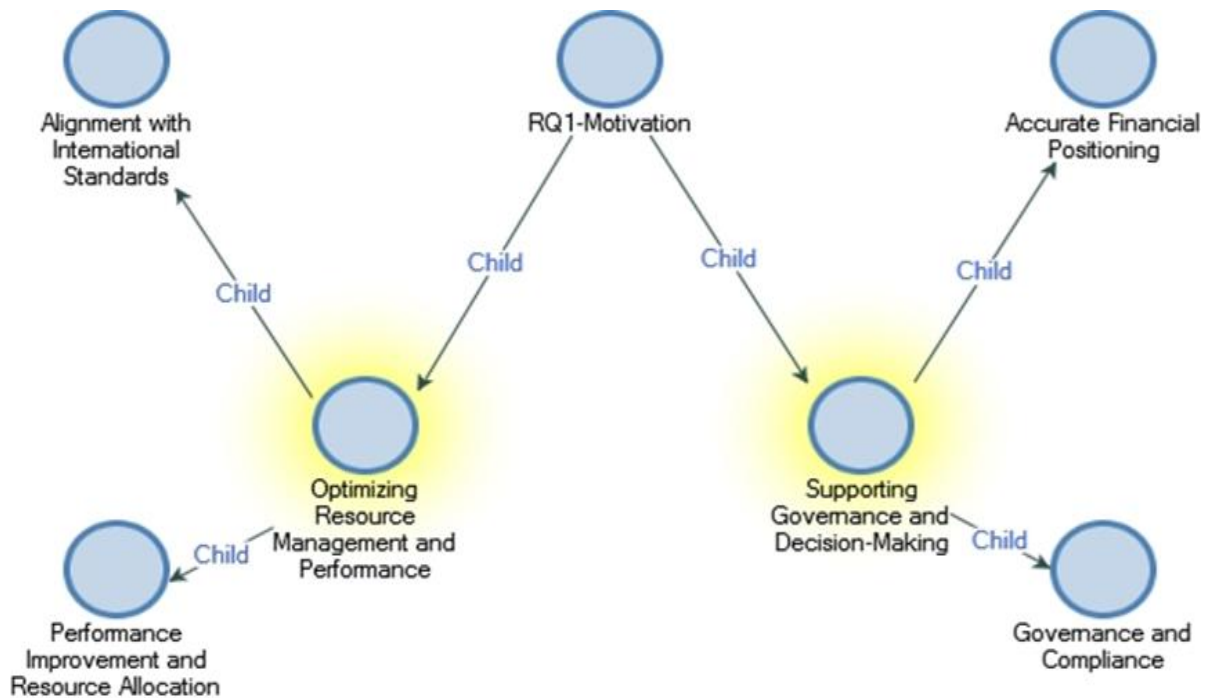
Al-Manqaf - Al-Azizia المنقف - العزيزية
Next to Sultan Center بجوار مركز سلطان

60669606

Farwaniya Sana roundabout الشروانية - دوار سناء
Faiza Commercial Complex مجمع فايزة التجاري

Appendix 12: Motivations:

Analysis of the interview data identifies two overarching motivational dimensions shaping accrual adoption: Supporting Governance and Decision-Making and Optimising Resource Management and Performance:



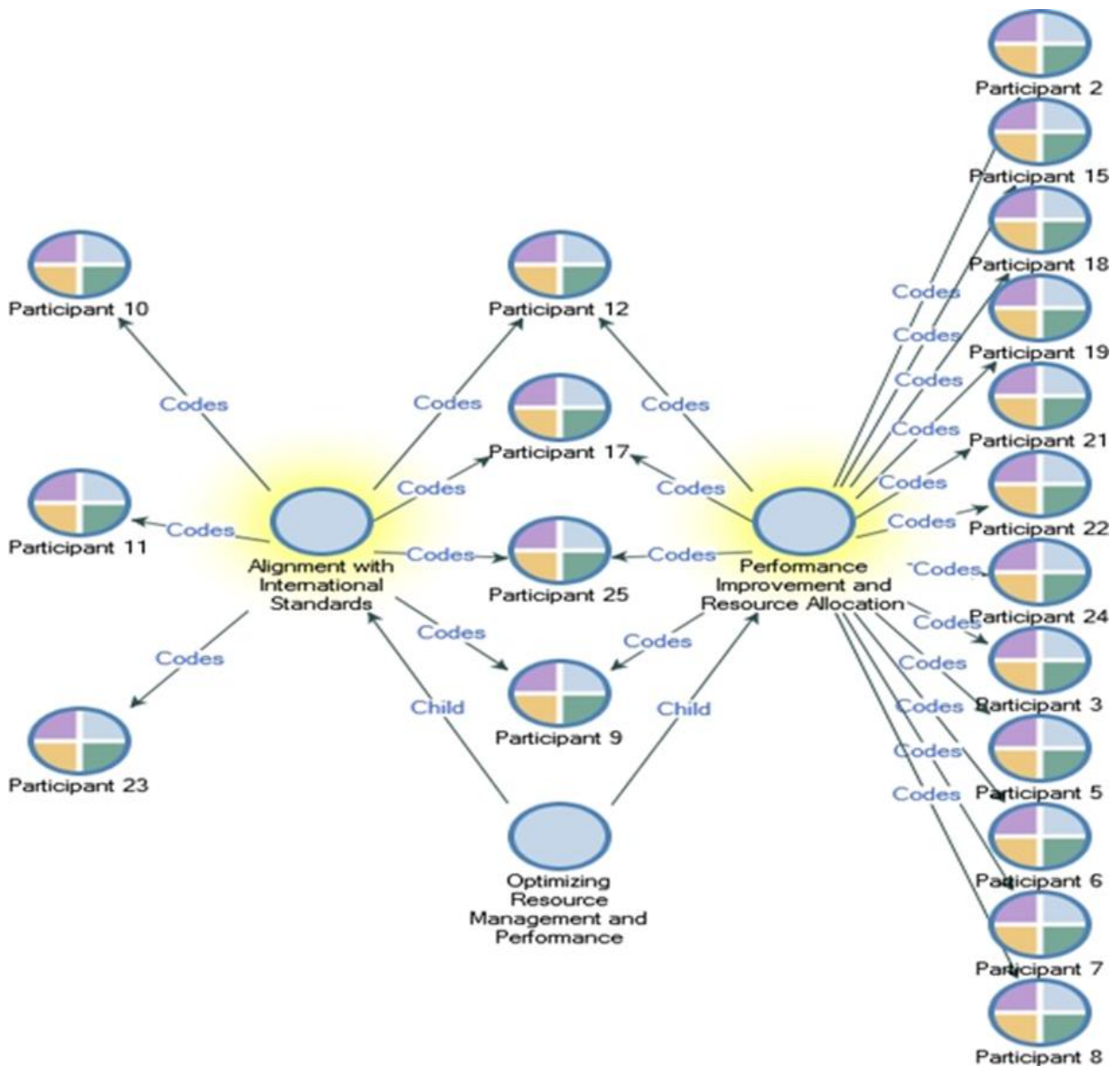
1- Supporting Governance and Decision-Making:

As illustrated in the diagram below, two main sub-codes arise in this category: Accurate Financial Positioning and Governance and Compliance:



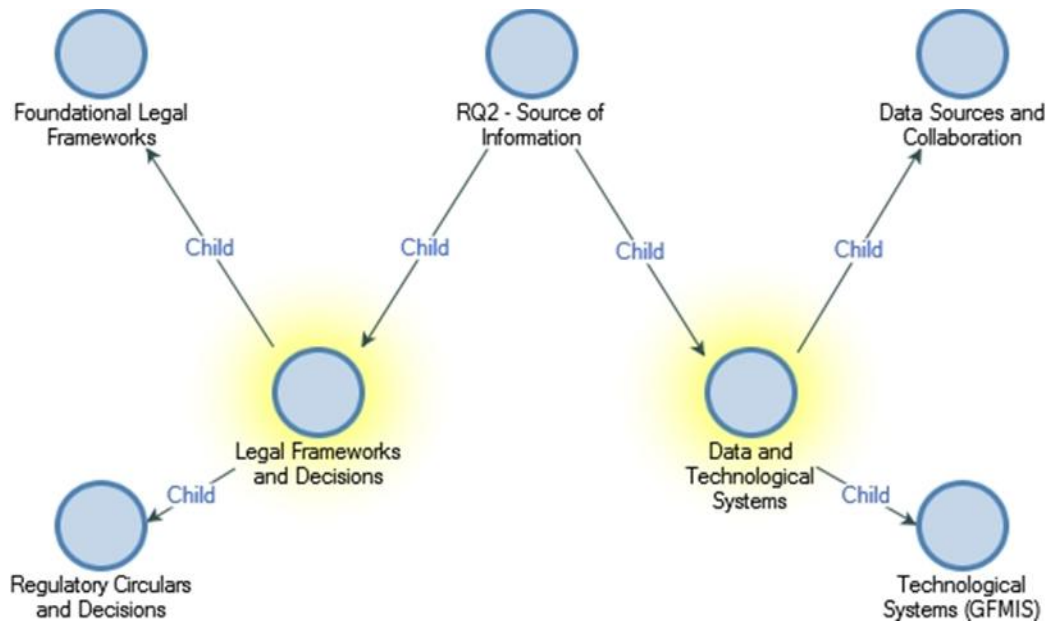
2- Optimising Resource Management and Performance:

The analysis identifies two key sub-codes under this category, Performance Improvement and Resource Allocation and Alignment with International Standards:



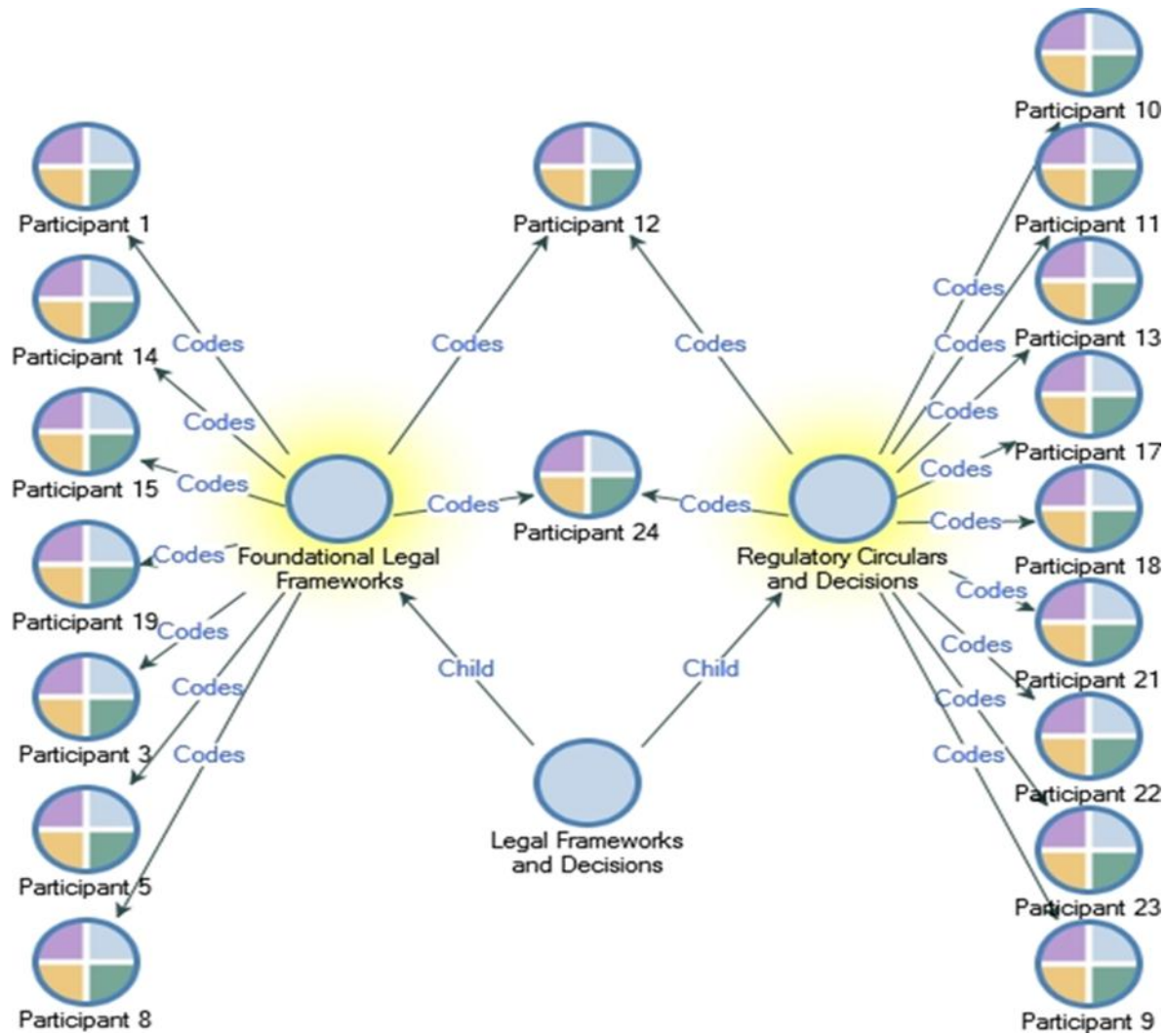
Appendix 13: Accounting Information Sources:

Analysis of the interview data identifies two dominant categories of accounting information sources: Legal Frameworks and Decisions, and Data and Technological Systems:



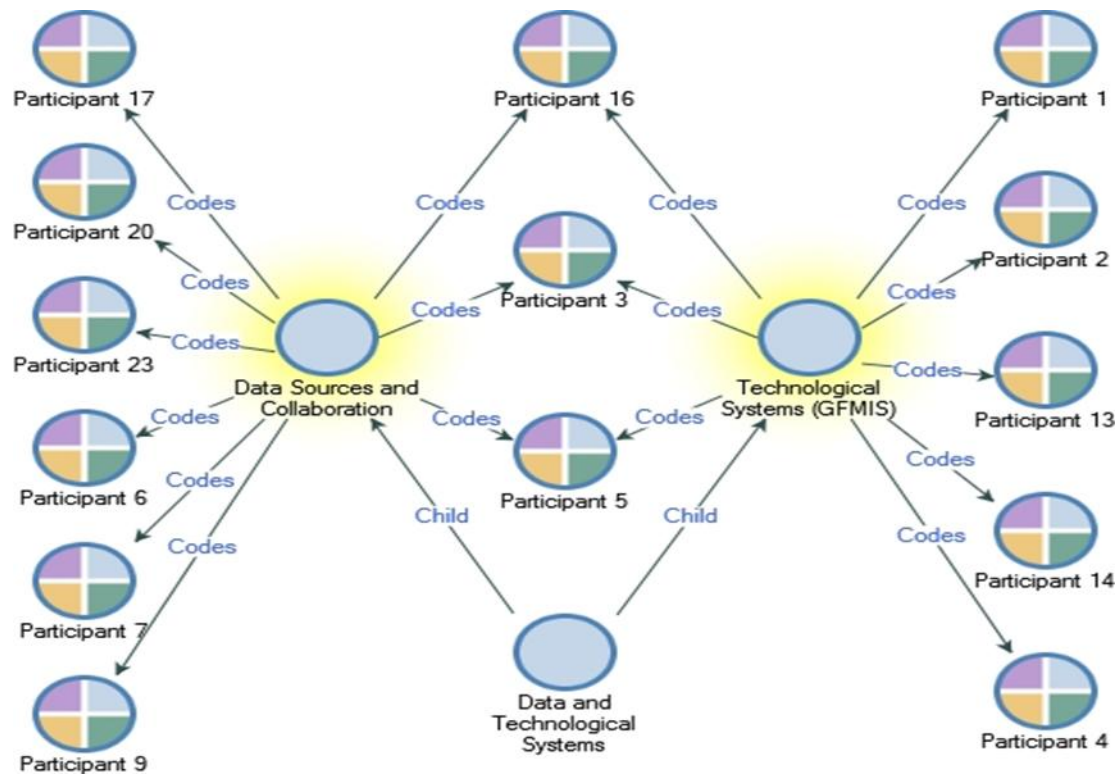
1- Legal Frameworks and Decisions:

As illustrated in Figure below, this code is divided into two sub-codes: Foundational Legal Frameworks and Regulatory Circulars and Decisions:



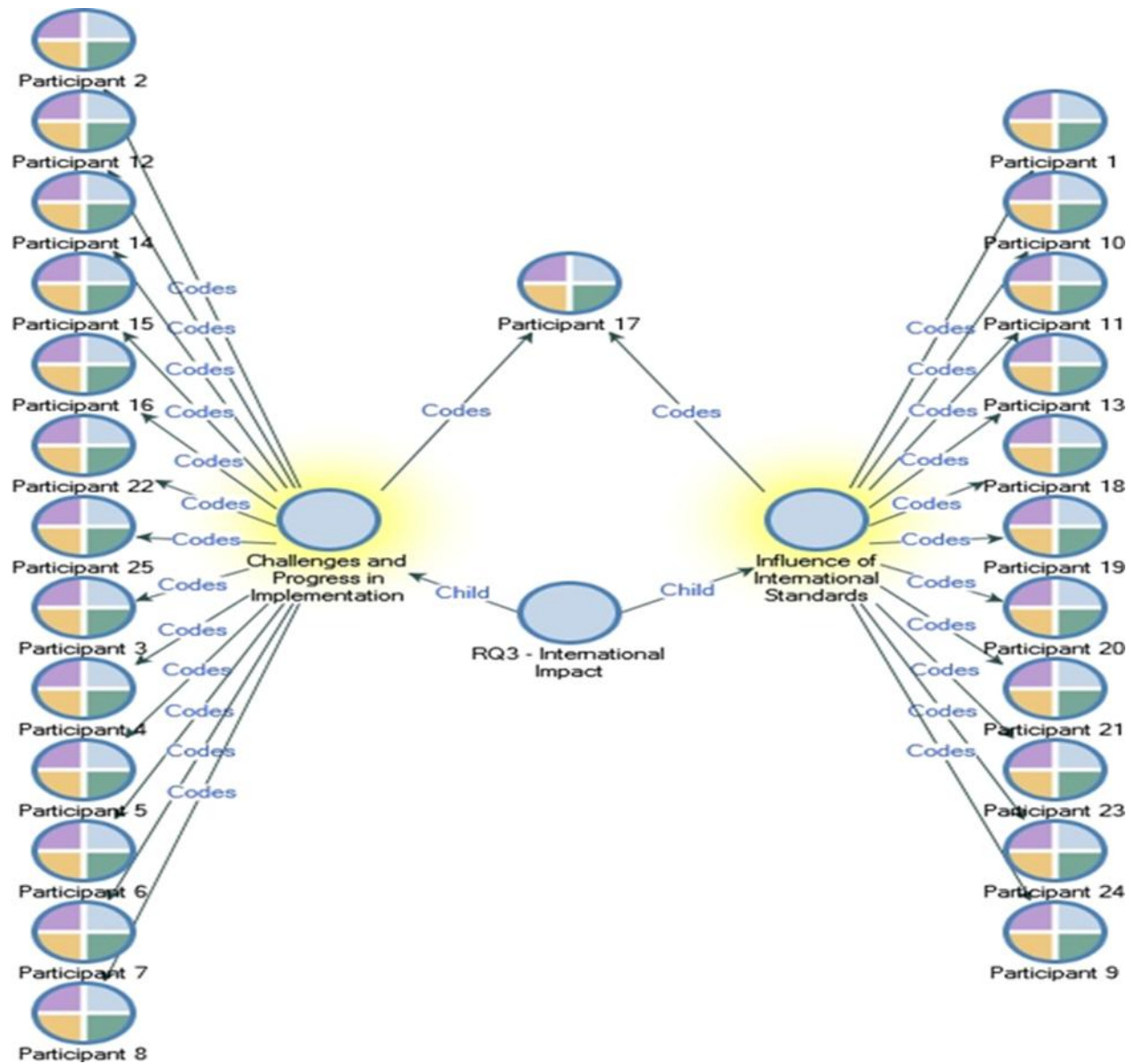
2- Data and Technological Systems:

This sub-theme includes two sub-codes: Data Sources and Collaboration and Technological Systems (GFMIS):



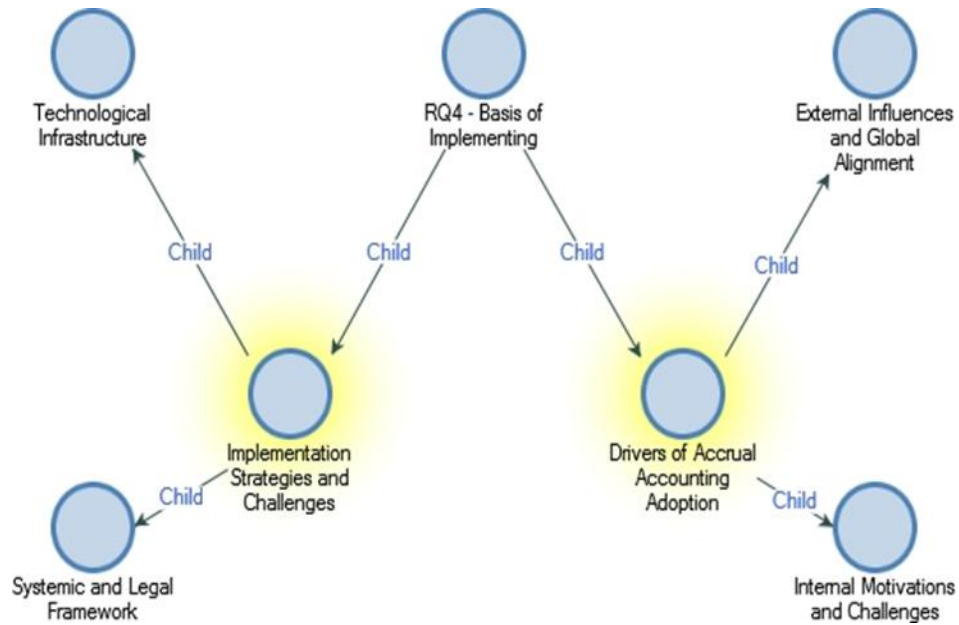
Appendix 14: International Impact:

Analysis of the interview data identifies two interrelated dimensions underpinning international impact: the Influence of International Standards and Challenges and Progress in Implementation:

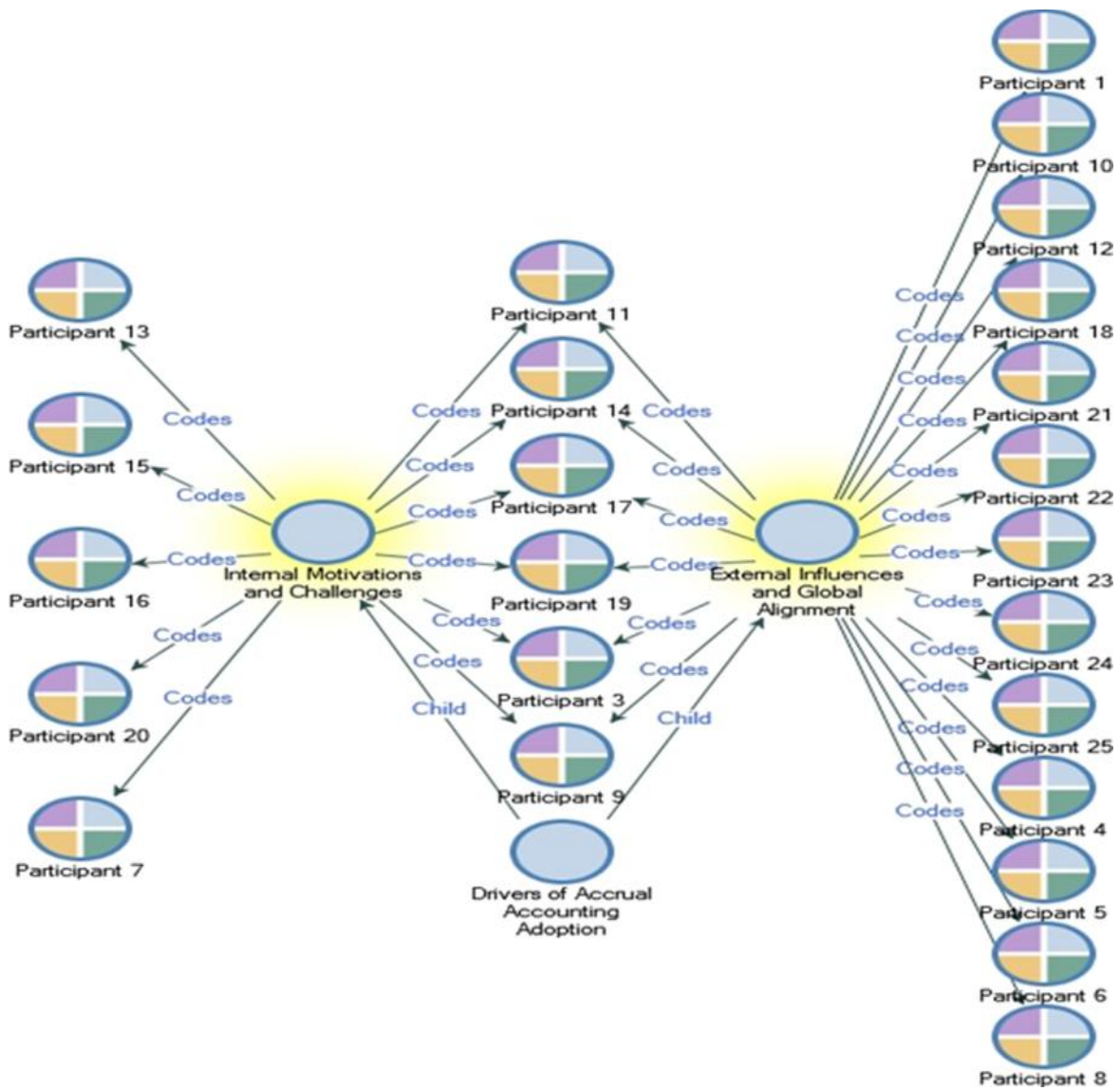


Appendix 15: Basis of Implementation of Accrual Accounting:

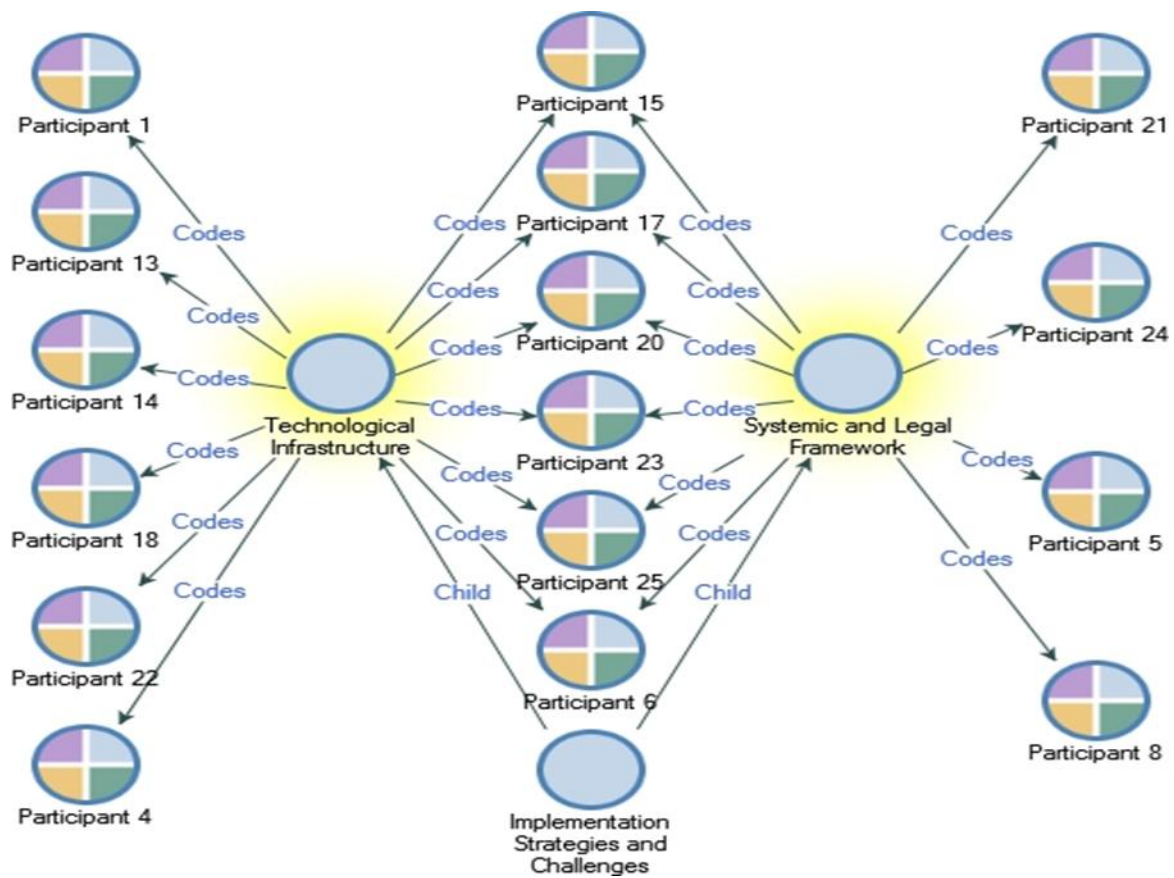
Analysis of the interview data identifies two interrelated dimensions underpinning the basis of implementation: Drivers of Accrual Accounting Adoption and Implementation Strategies and Challenges:



1- Drivers of Accrual Accounting Adoption:

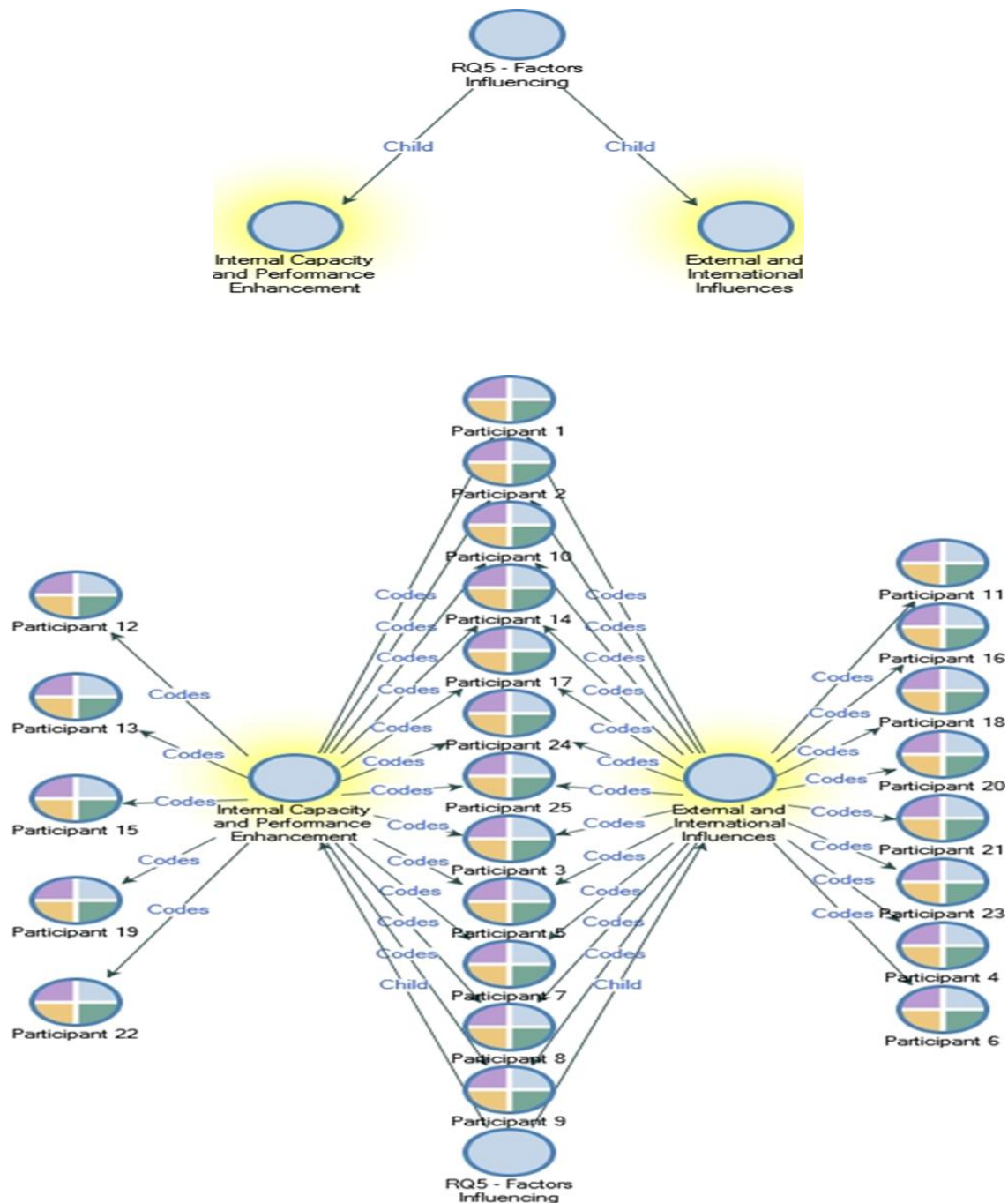


2- Implementation of Strategies and Challenges:



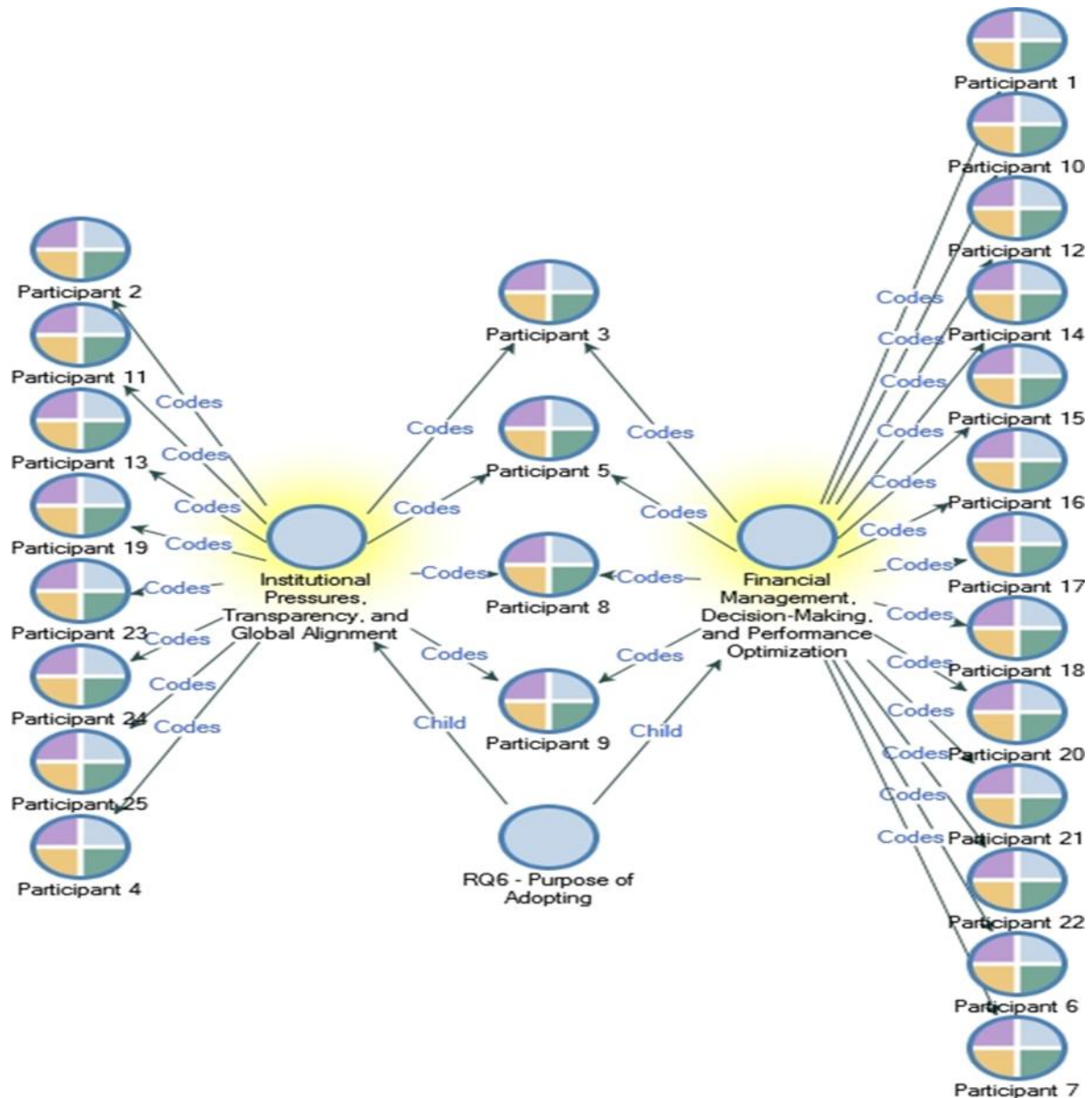
Appendix 16: Factors Influencing the Decision to Adopt Accrual Accounting:

Analysis of the interview data identifies two dominant and interrelated influences on the decision to adopt accrual accounting: External and Institutional Influences and Internal Capacity and Performance Enhancement:



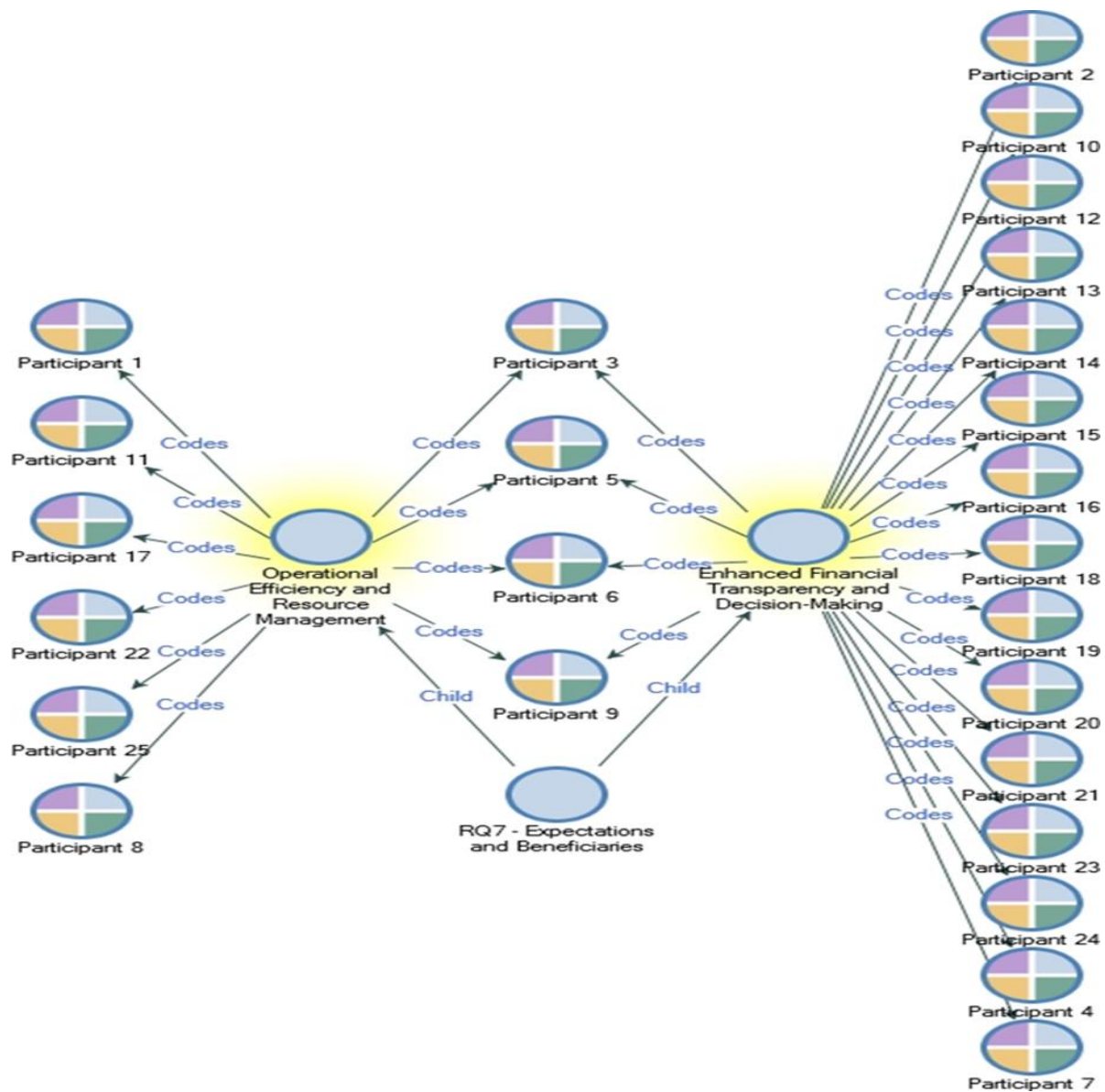
Appendix 17: Purpose of Adopting Accrual Accounting:

Analysis of the interview data identifies two interrelated purposes underpinning accrual adoption: Financial Management, Decision-Making, and Performance Optimisation, and Institutional Pressures, Transparency, and Global Alignment:



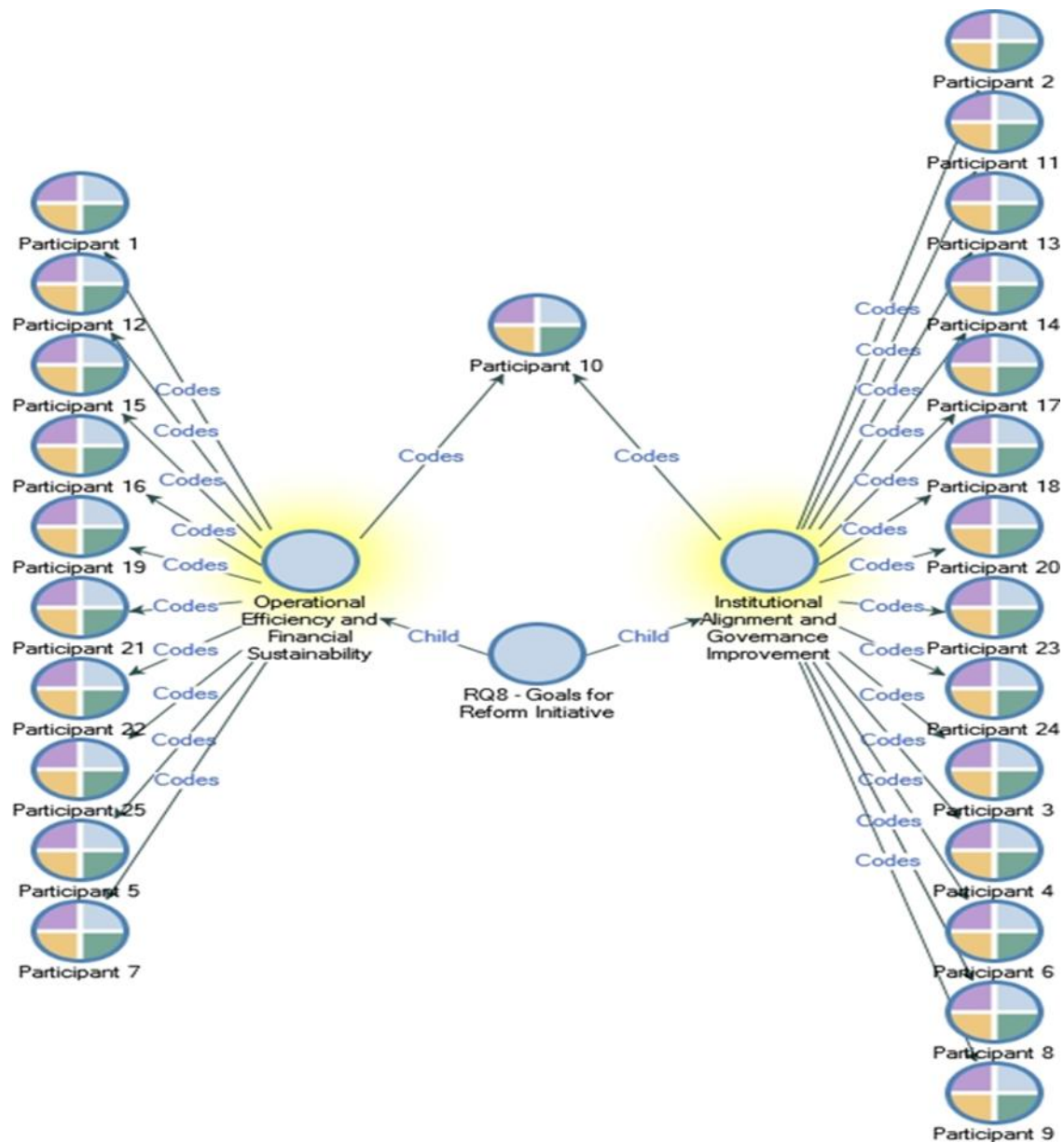
Appendix 18: Expectations and Beneficiaries of Accrual Accounting Information:

Analysis of the interview data identifies two dominant and interrelated expectations associated with accrual accounting: Enhanced Financial Transparency and Decision-Making, and Operational Efficiency and Resource Management:



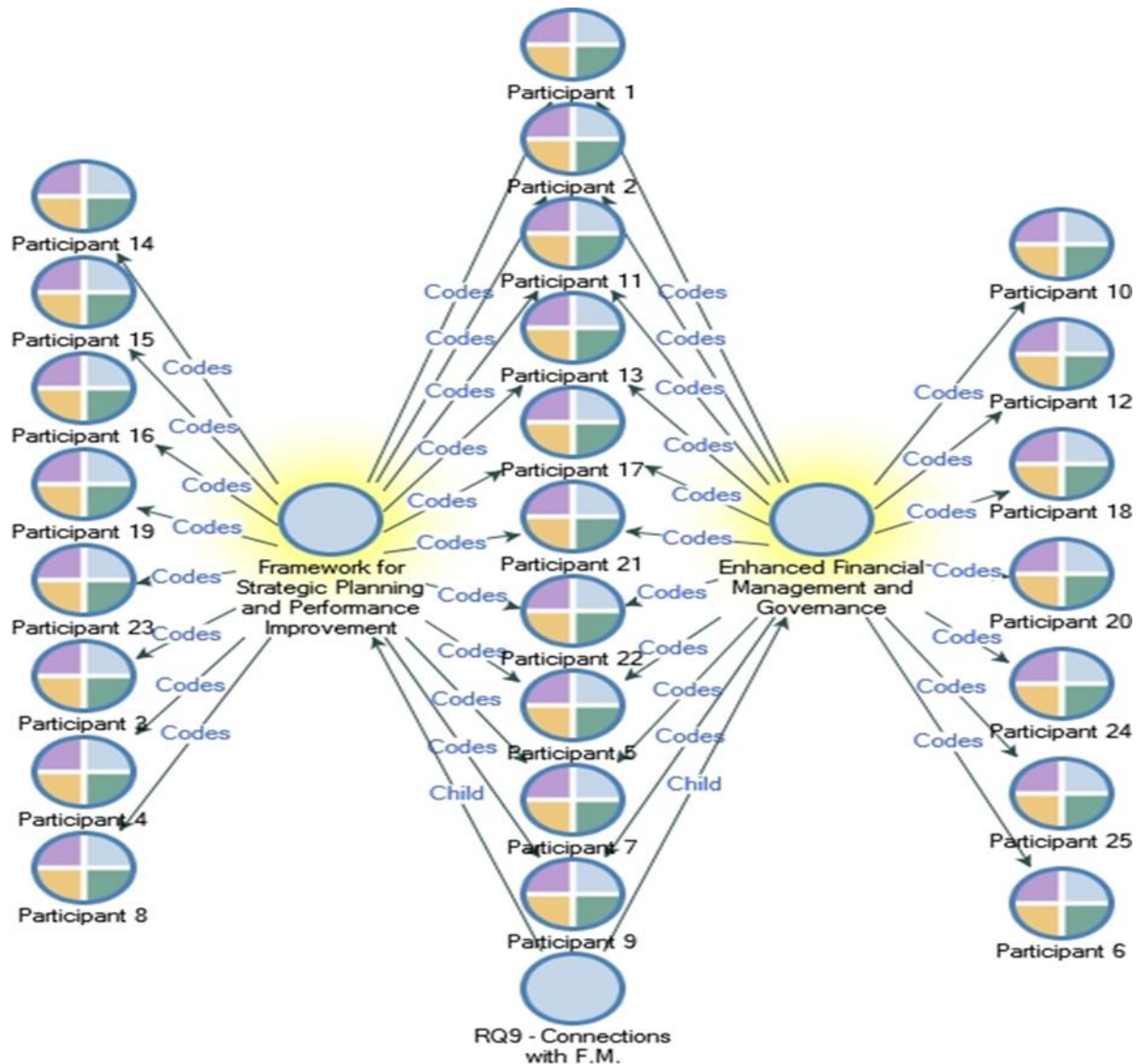
Appendix 19: Goals for Accounting Reform Initiative:

Analysis of the interview data identifies two interrelated and overarching reform goals: Institutional Alignment and Governance Improvement, and Operational Efficiency and Financial Sustainability:



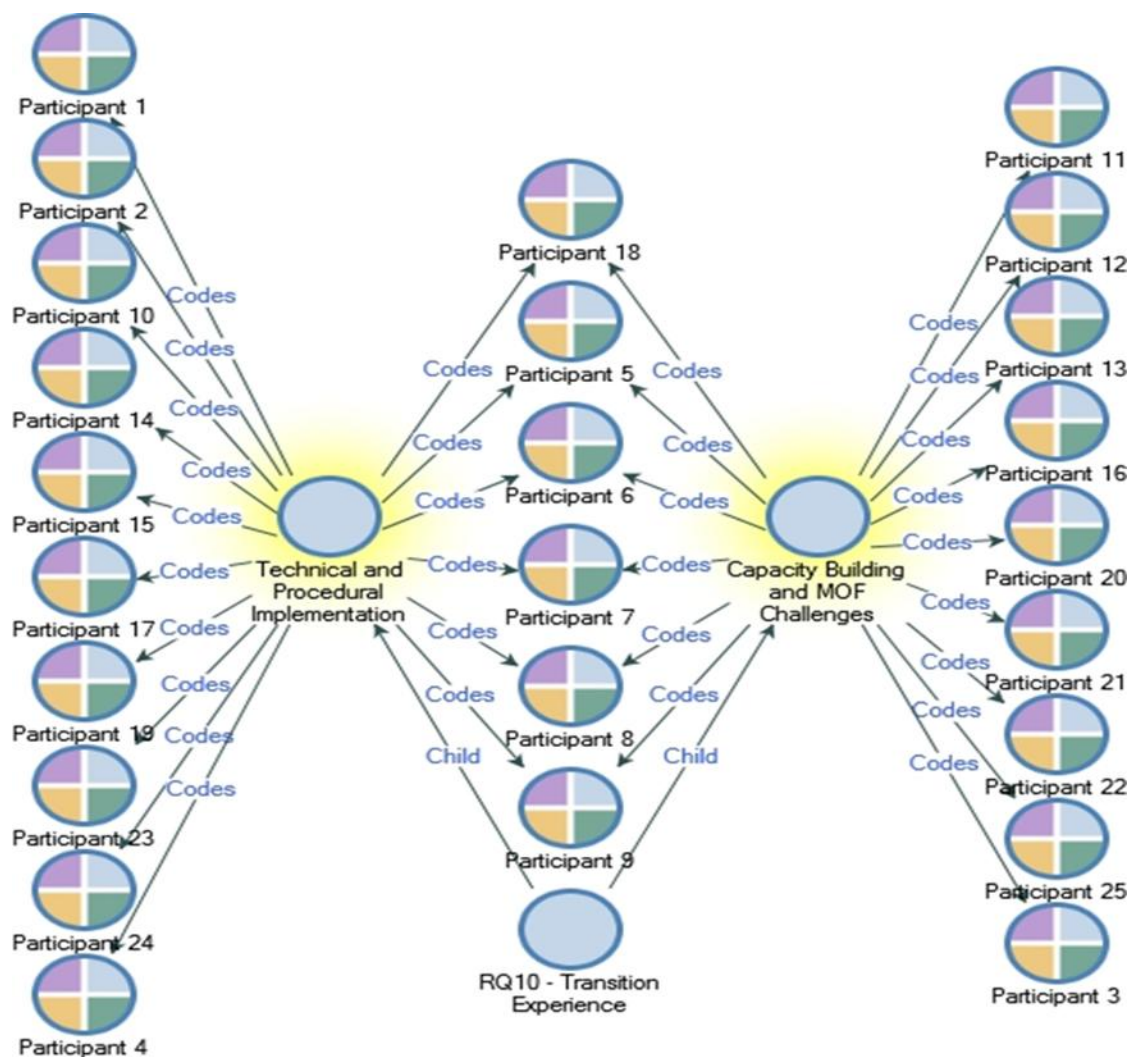
Appendix 20: Financial Management Connection:

Analysis of the interview data identifies two interrelated dimensions linking accrual accounting to government financial management: Enhanced Financial Management and Governance, and Framework for Strategic Planning and Performance Improvement:



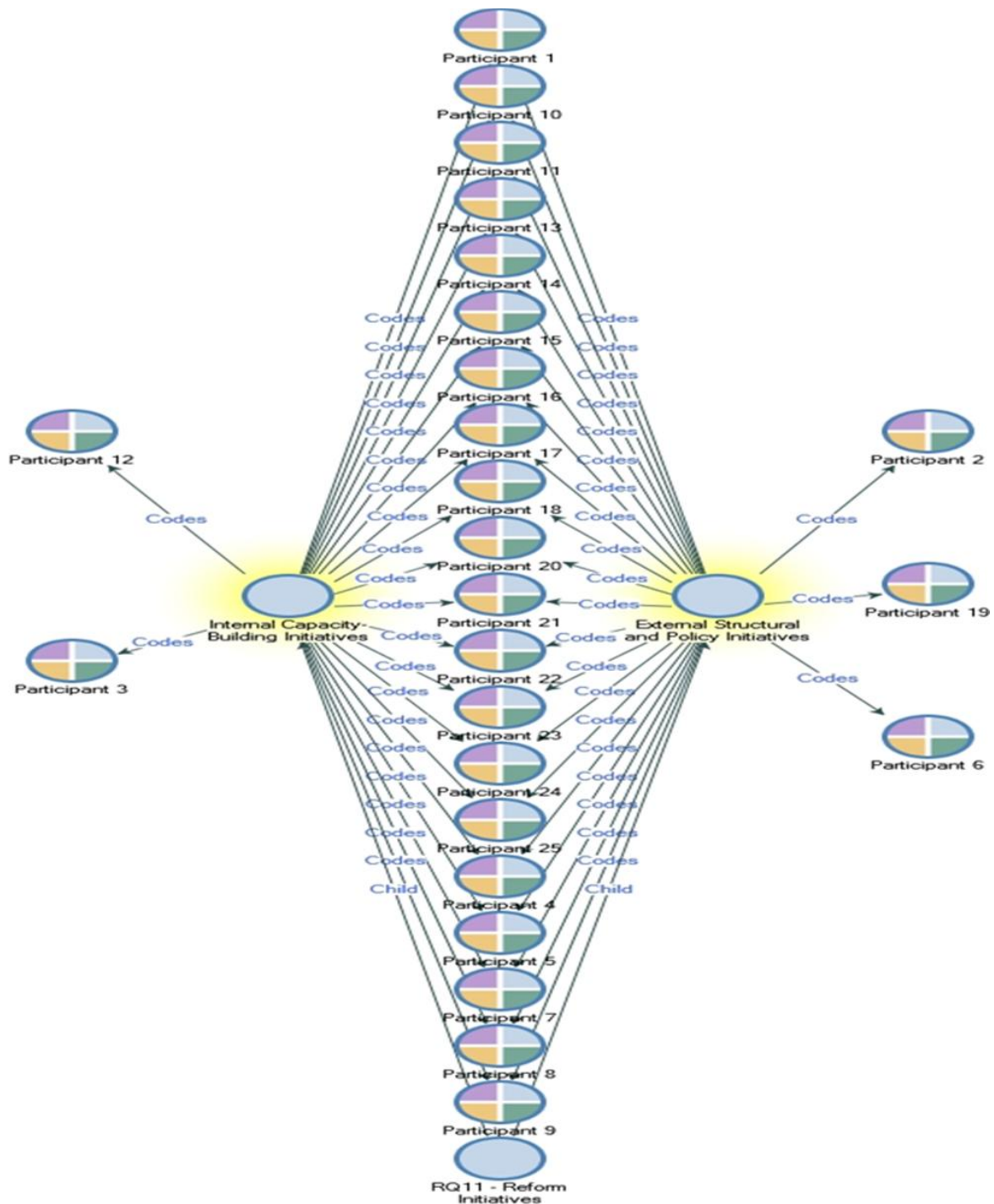
Appendix 21: Transition Experiences of Shifting to Accrual Accounting:

Analysis of the interview data reveals two interrelated dimensions shaping the transition experience: Technical and Procedural Implementation, and Capacity Building and MoF Challenges:



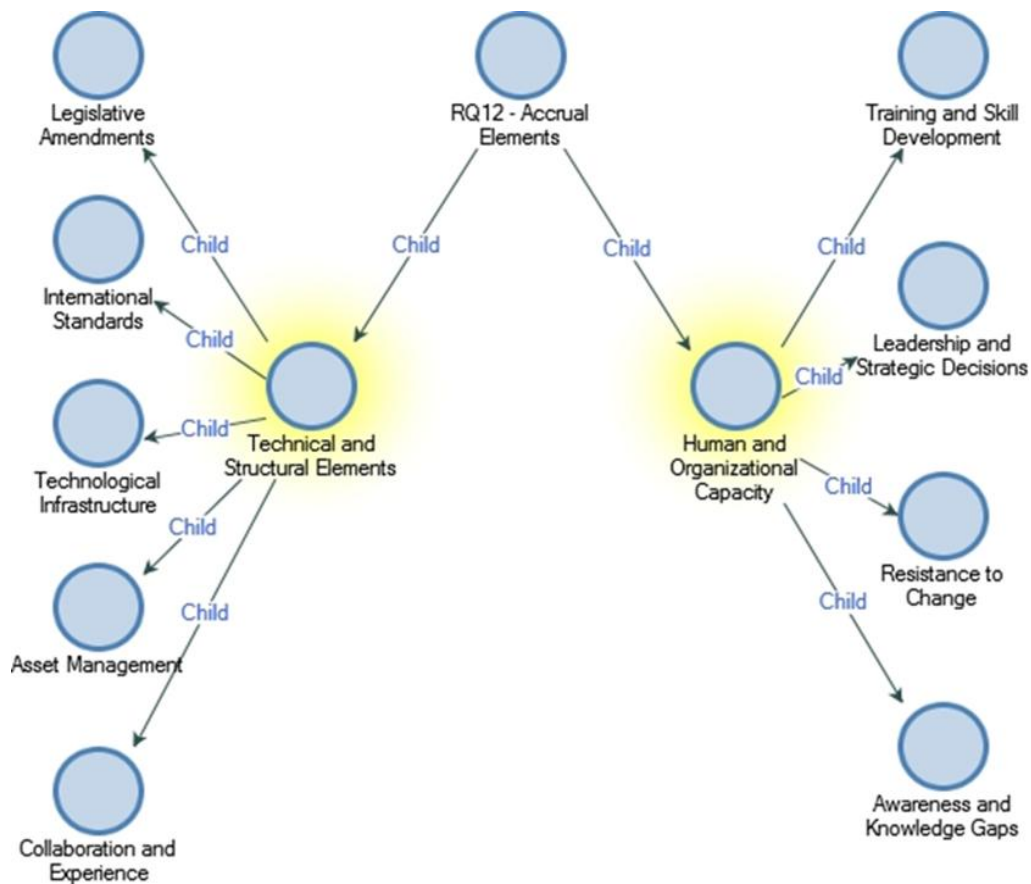
Appendix 22: Reform Initiatives to Implement Accrual Accounting:

Analysis of the interview data reveals two interrelated dimensions of reform initiatives: Internal Capacity-Building Initiatives and External Structural and Policy Initiatives:



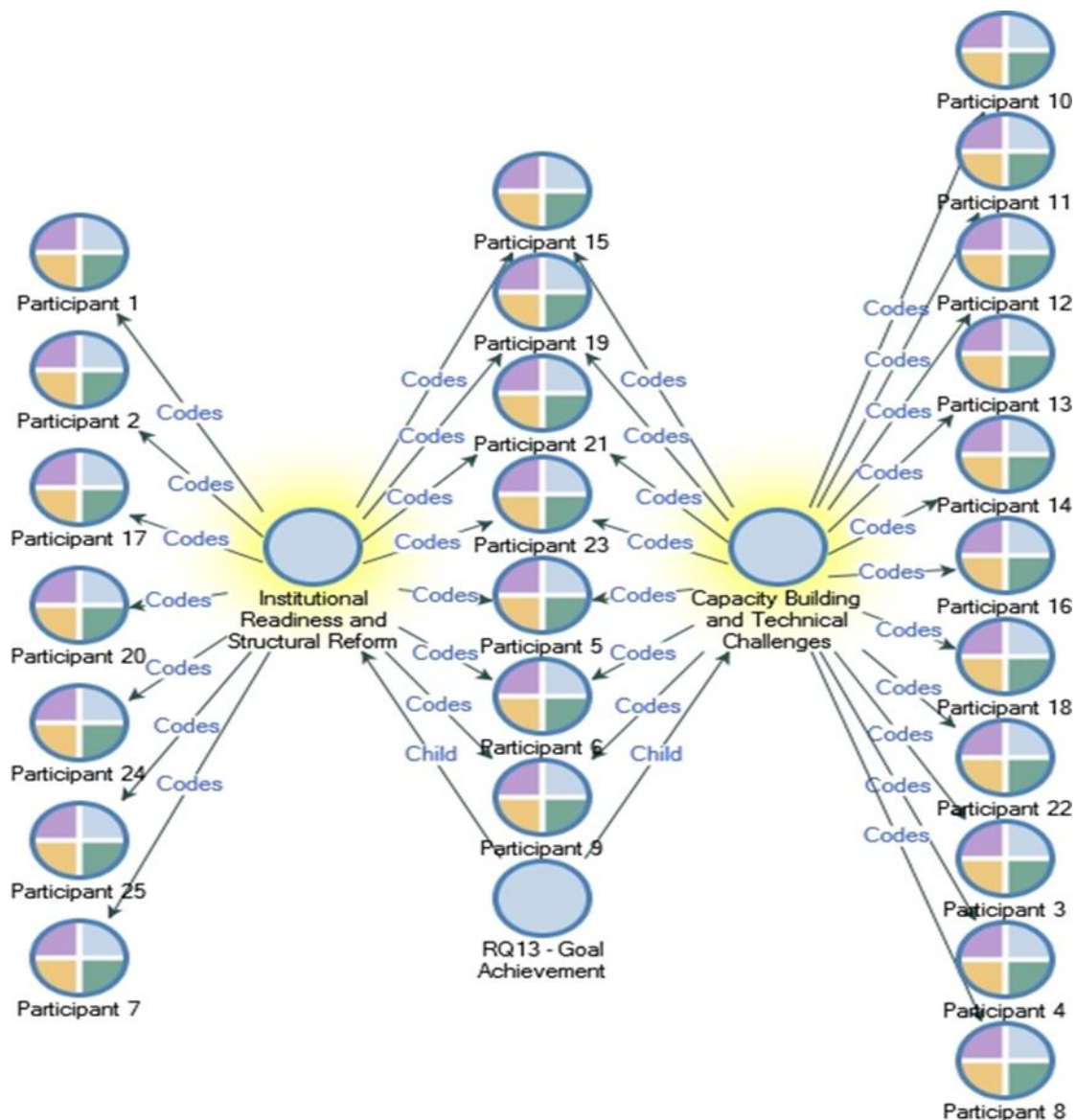
Appendix 23: Elements for the Adoption of Accrual Accounting:

Analysis of the interview data reveals two interrelated categories shaping accrual adoption: Technical and Structural Elements and Human and Organisational Capacity:



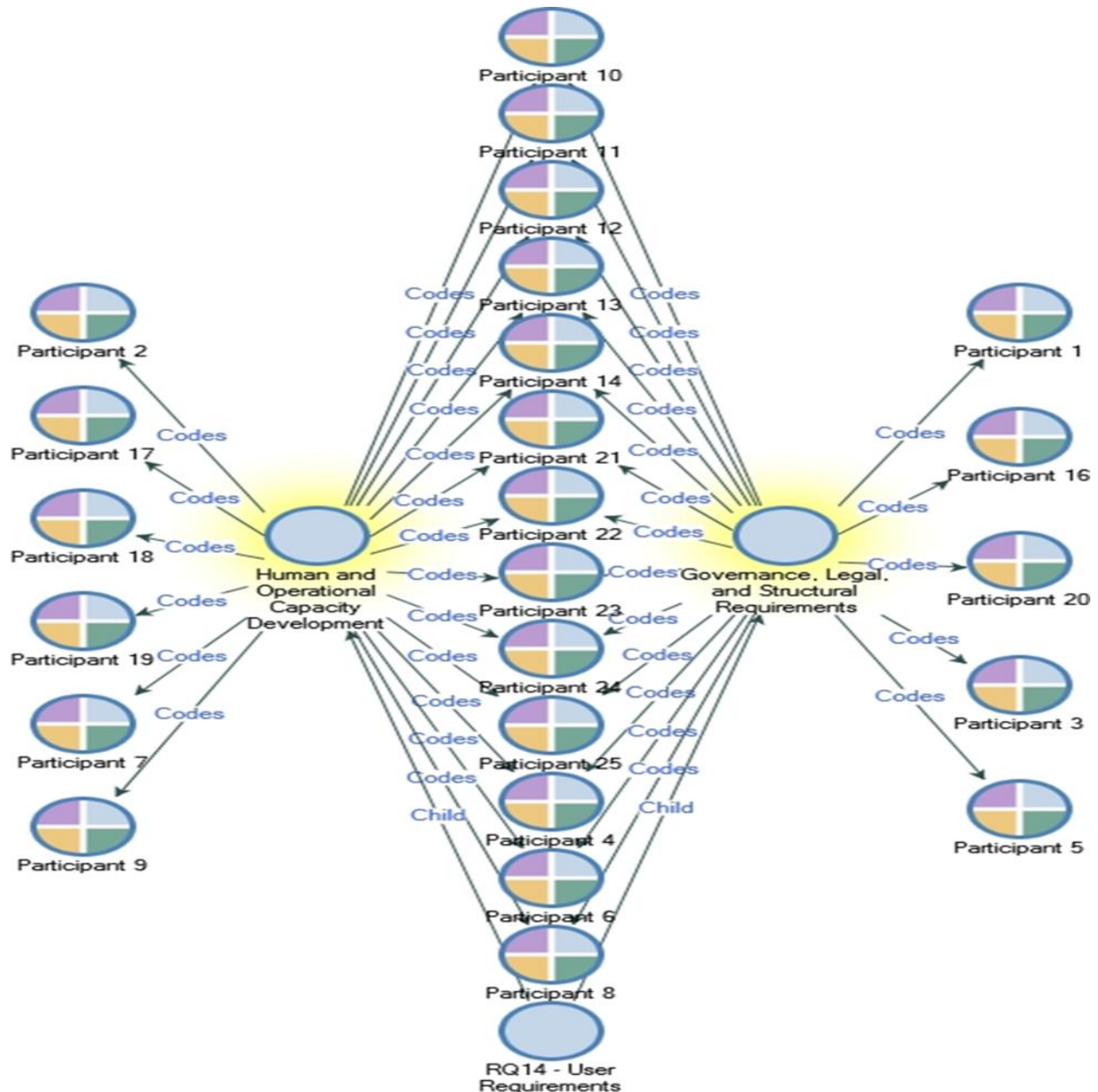
Appendix 24: Goal Achievement for Accrual Accounting Reform:

Analysis of the interview data reveals two interrelated dimensions shaping goal achievement: Institutional Readiness and Structural Reform, and Capacity Building and Technical Challenge:



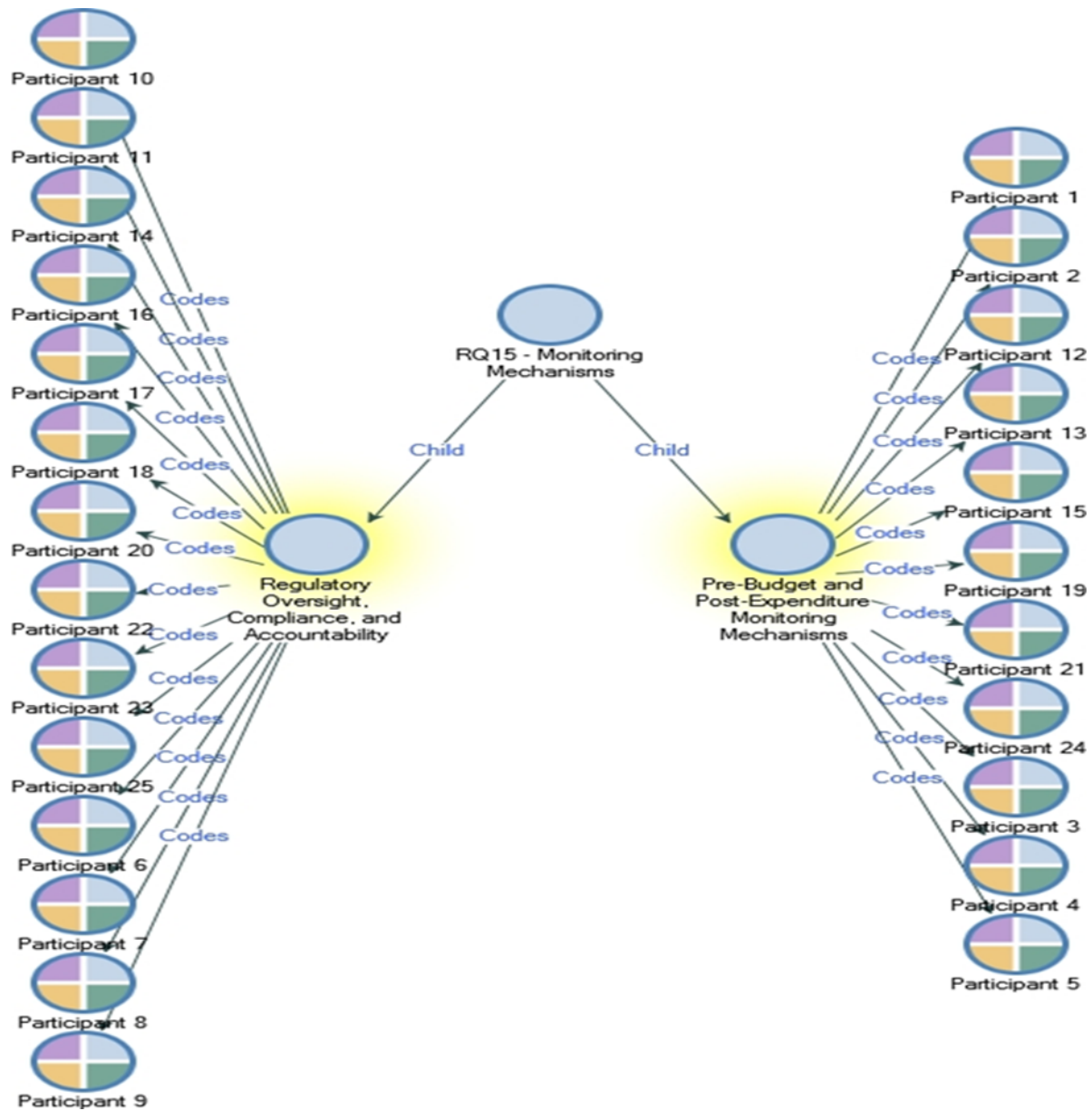
Appendix 25: User Requirements to Adopt Accrual Accounting:

Analysis of the interview data reveals two interrelated categories shaping user requirements: Governance, Legal, and Structural Requirements, and Human and Operational Capacity Development:



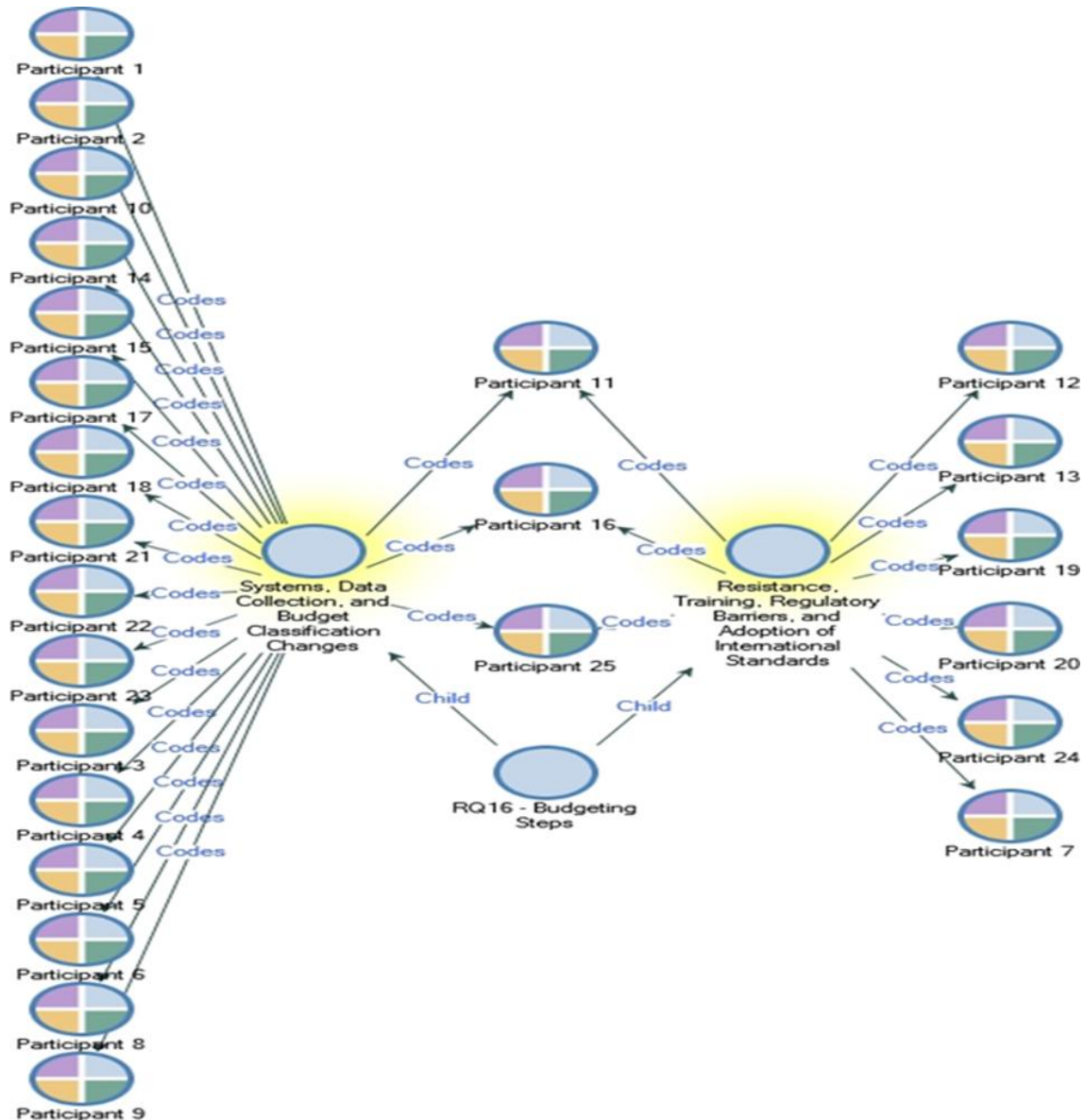
Appendix 26: Monitoring Mechanisms:

Analysis of the interview data reveals two interrelated dimensions shaping monitoring practices: Pre-Budget and Post-Expenditure Monitoring Mechanisms, and Regulatory Oversight, Compliance, and Accountability:



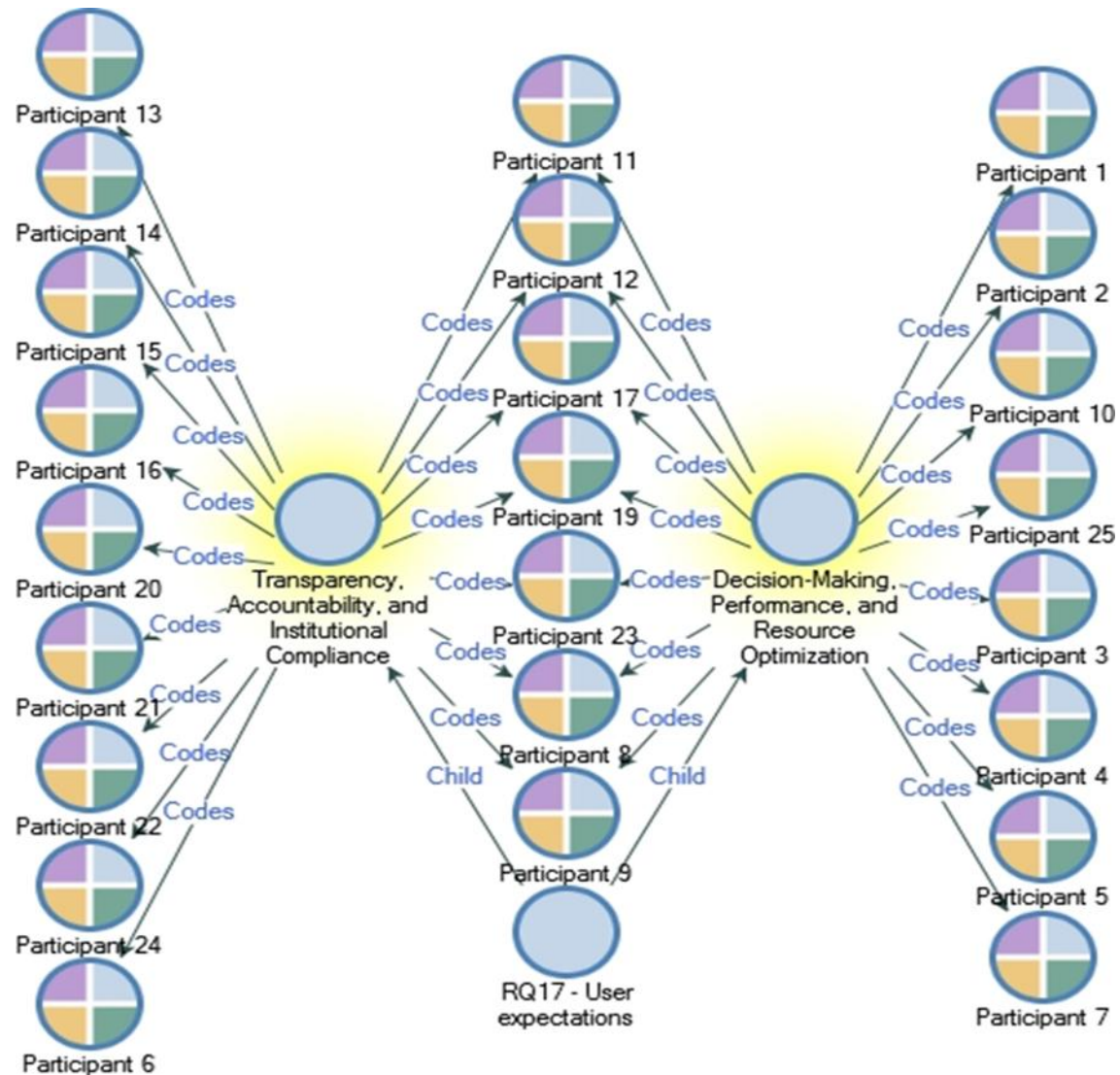
Appendix 27: Budgeting Steps:

Analysis of the interview data reveals two interrelated dimensions shaping budgeting practices during the transition: Systems, Data Collection, and Budget Classification Changes, and Resistance, Training, Regulatory Barriers, and Adoption of International Standards:



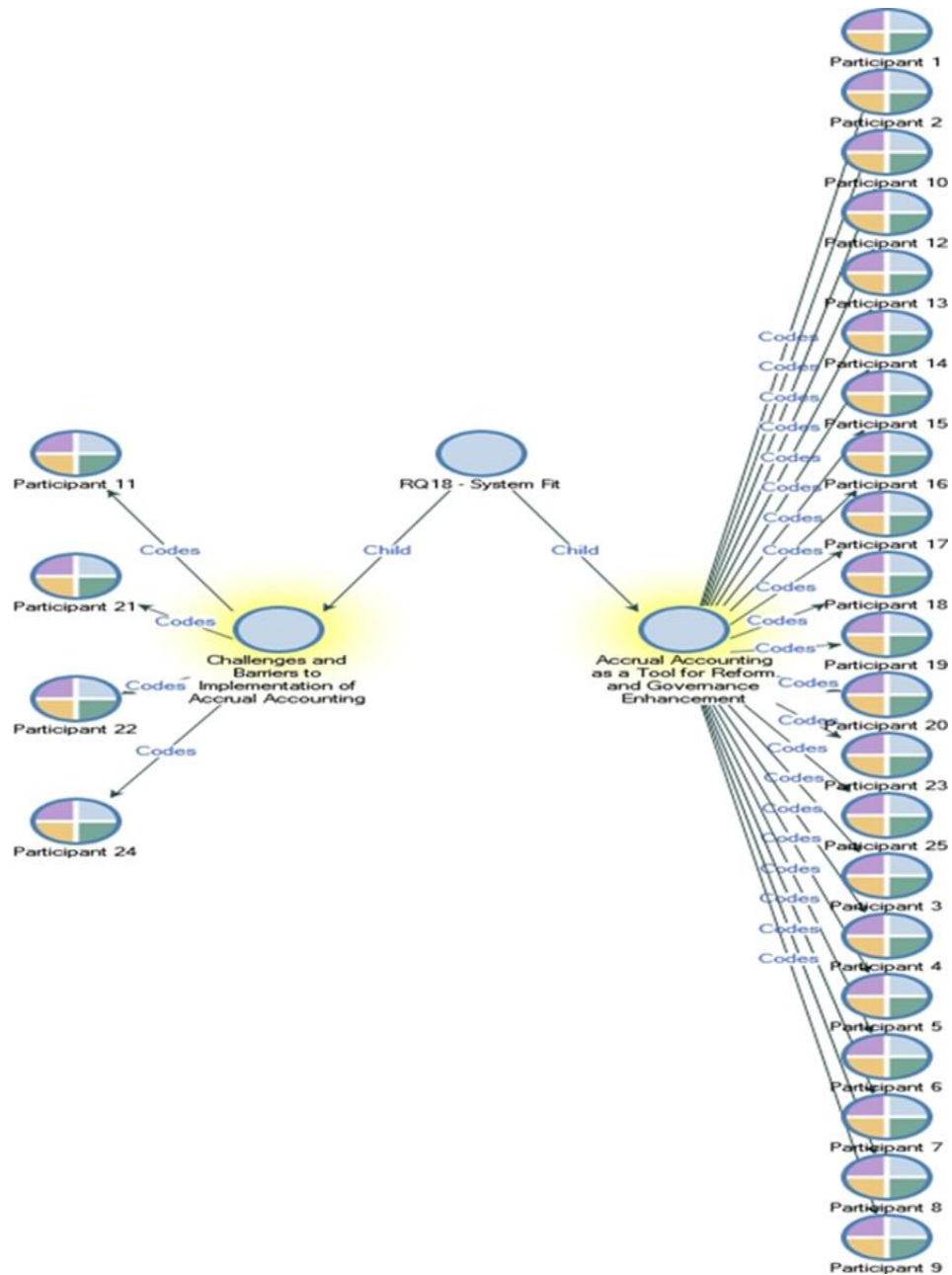
Appendix 28: User Expectations:

Analysis of the interview data reveals two interrelated dimensions shaping user expectations: Decision-Making, Performance, and Resource Optimisation, and Transparency, Accountability, and Institutional Compliance:



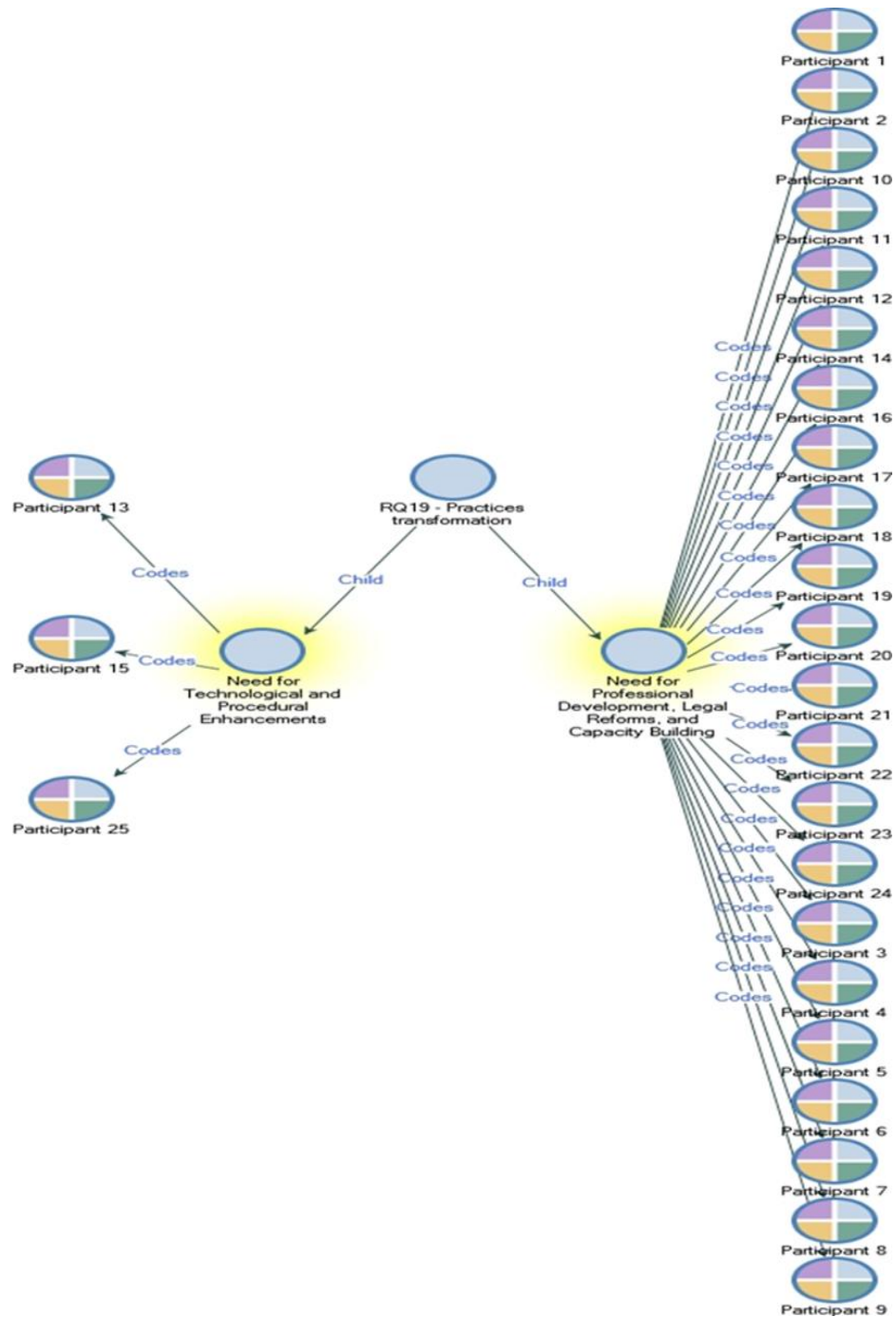
Appendix 29: System Fit:

Analysis of the interview data reveals two interrelated dimensions shaping system fit: Accrual Accounting as a Tool for Reform and Governance Enhancement, and Challenges and Barriers to Implementation of Accrual Accounting:



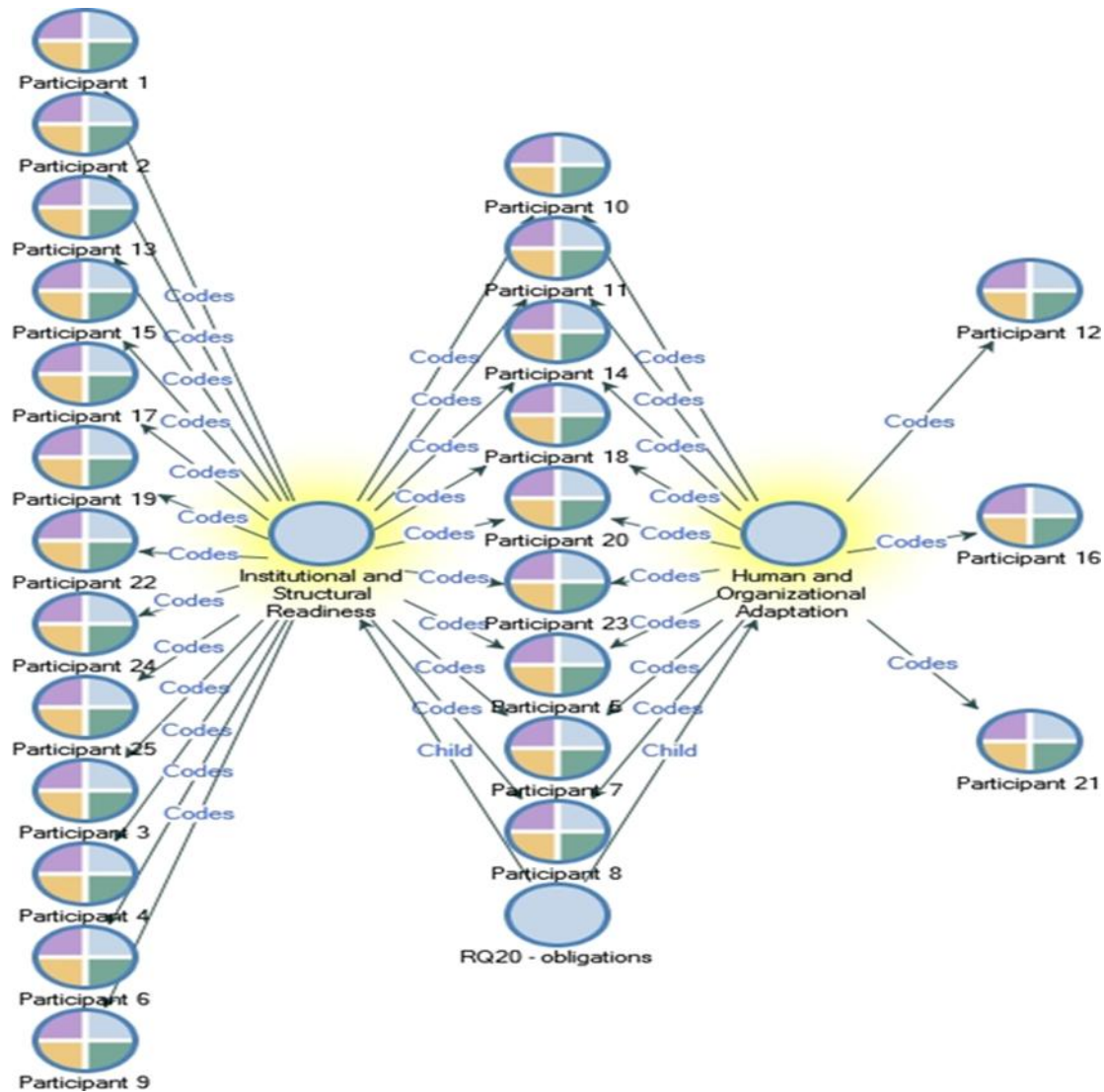
Appendix 30: Transformation of Practices:

Analysis of the interview data reveals two interrelated dimensions shaping the transformation of practices: The Need for Professional Development, Legal Reforms, and Capacity Building, and The Need for Technological and Procedural Enhancements:



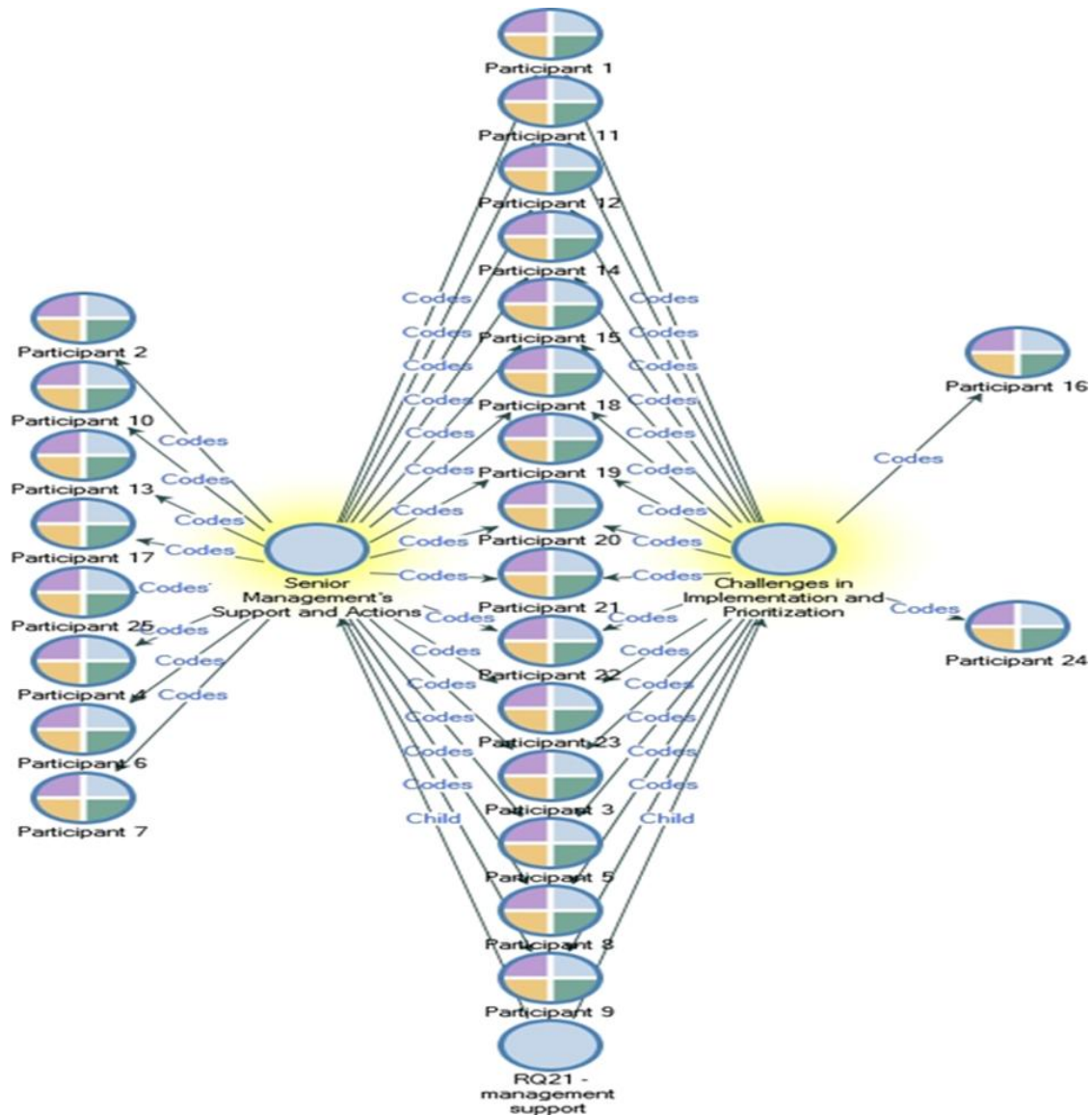
Appendix 31: Obligations:

Analysis of the interview data reveals two interrelated dimensions shaping the fulfilment of reform obligations: Institutional and Structural Readiness, and Human and Organisational Adaptation:



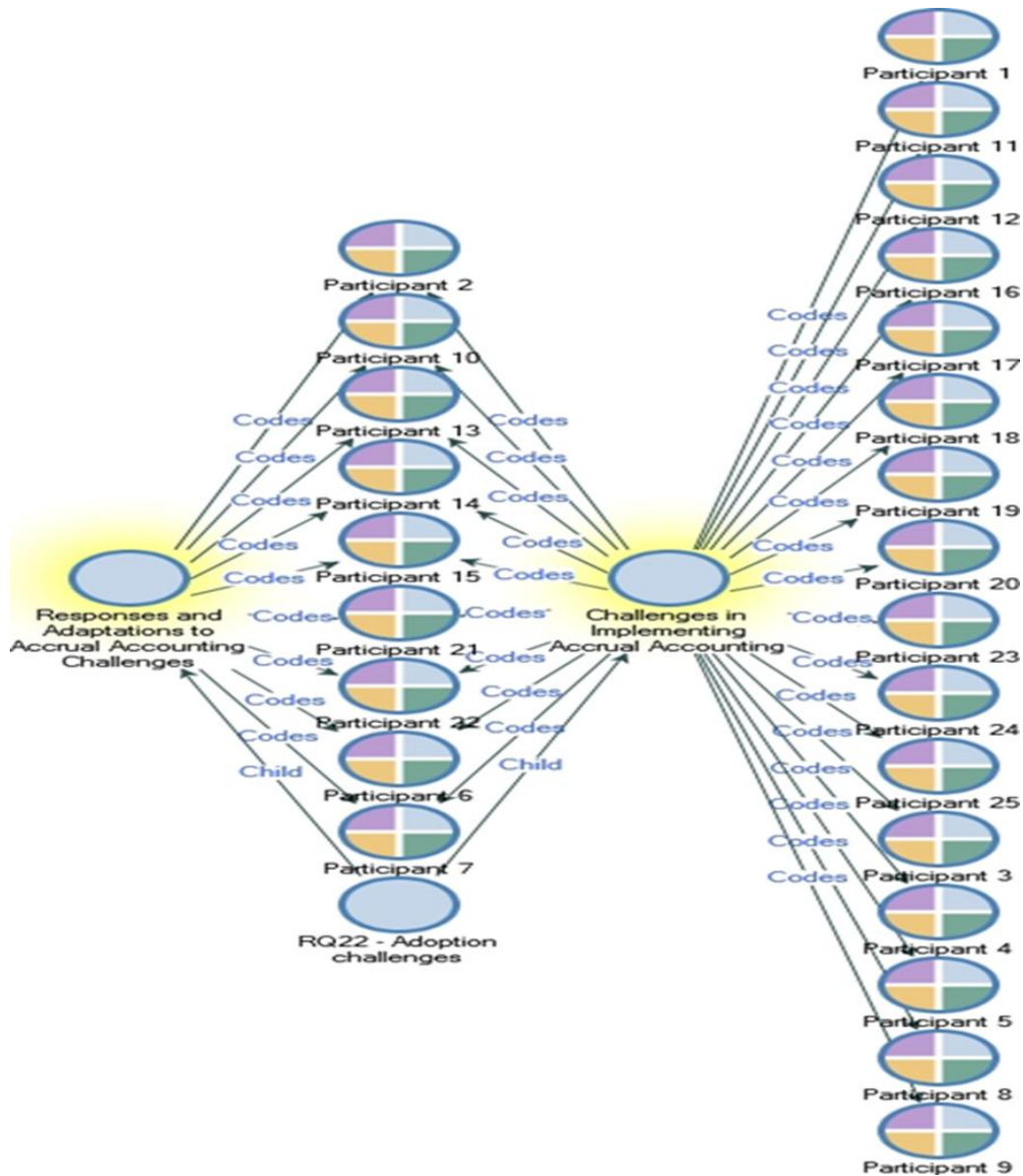
Appendix 32: Management Support:

Analysis of the interview data reveals two interrelated dimensions shaping management support: Senior Management's Support and Actions, and Challenges in Implementation and Prioritisation:



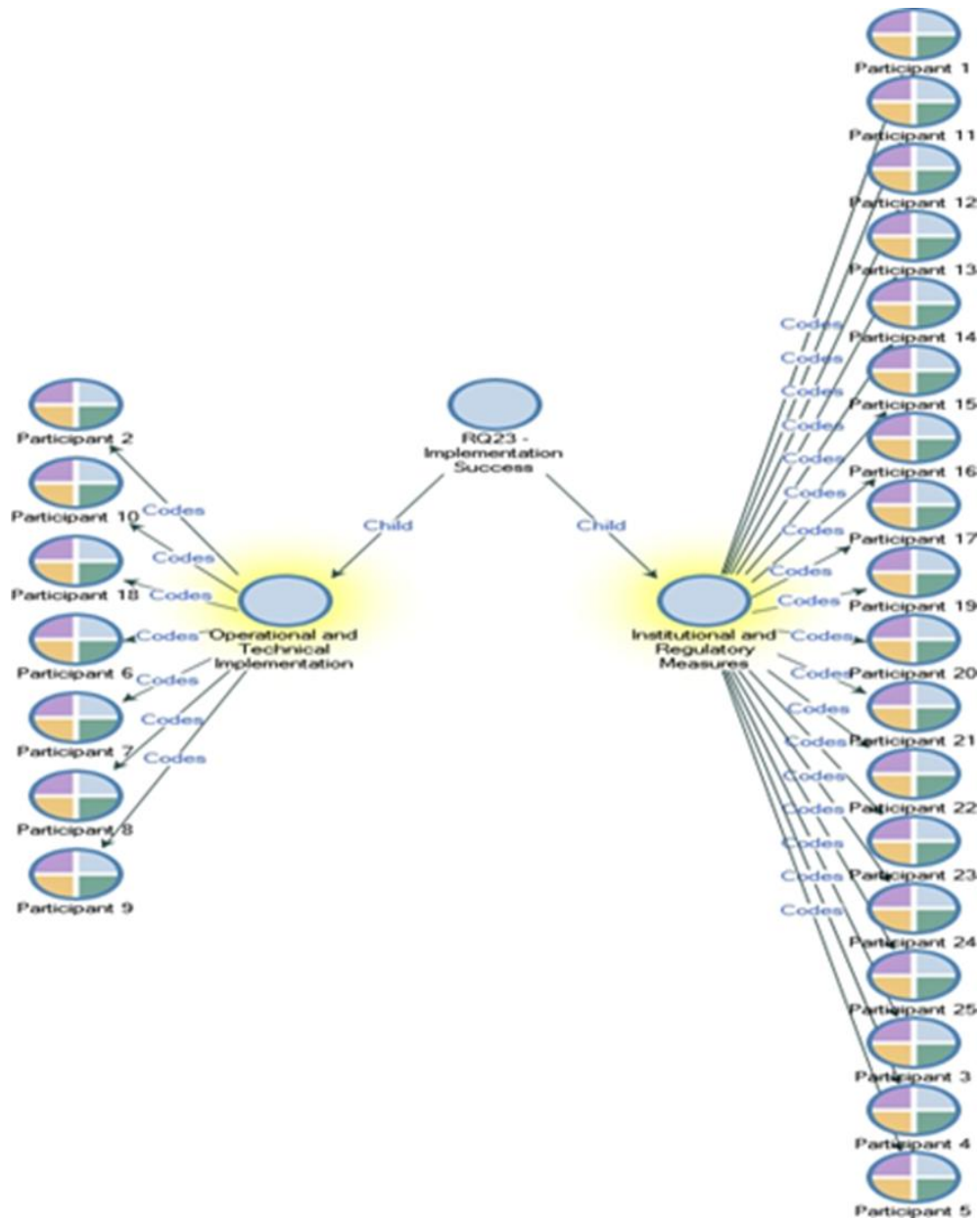
Appendix 33: Adoption Challenges:

Analysis of the interview data identifies two interrelated dimensions underlying adoption challenges: Challenges in Implementing Accrual Accounting, and Responses and Adaptations to Accrual Accounting Challenges:



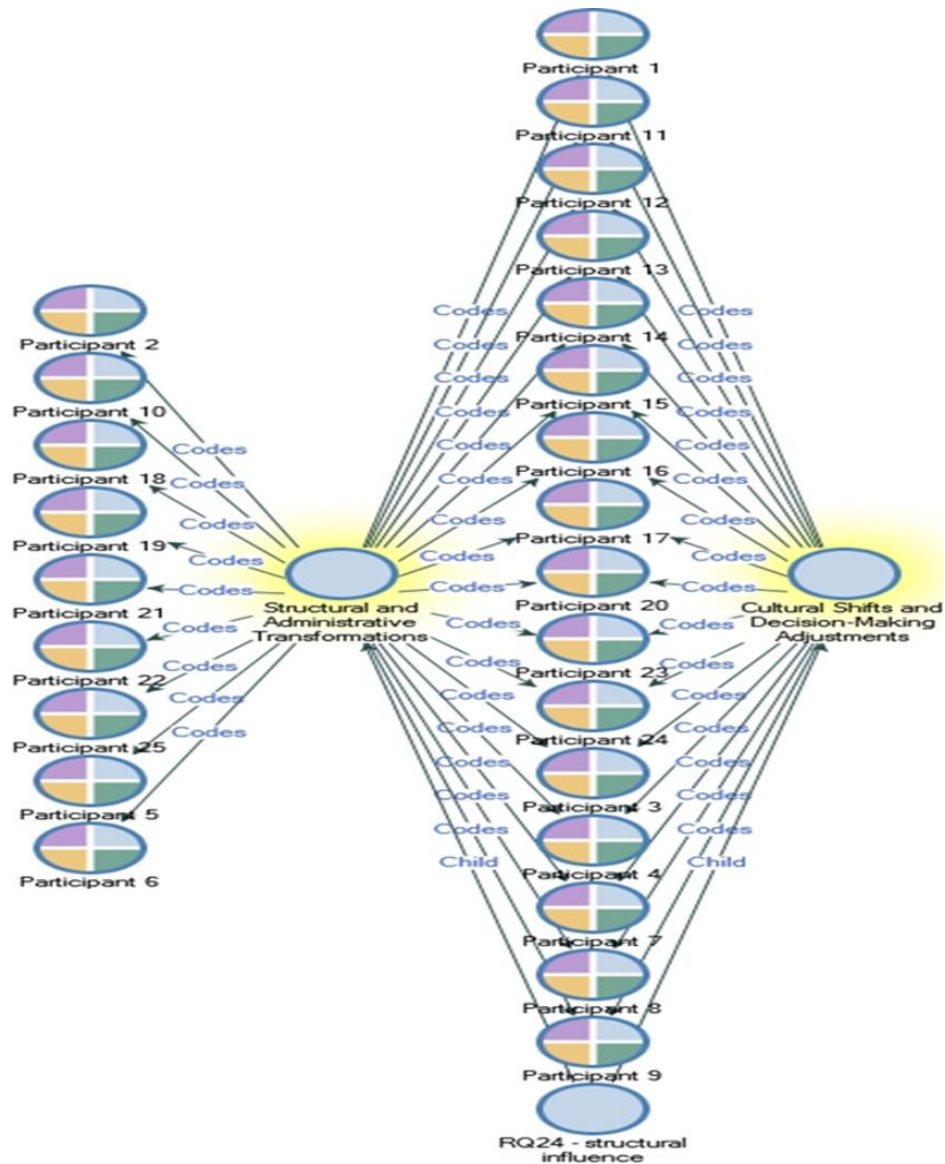
Appendix 34: Successful Implementation:

Analysis of the interview data identifies two interrelated dimensions shaping successful implementation: Institutional and Regulatory Measures, and Operational and Technical Implementation:



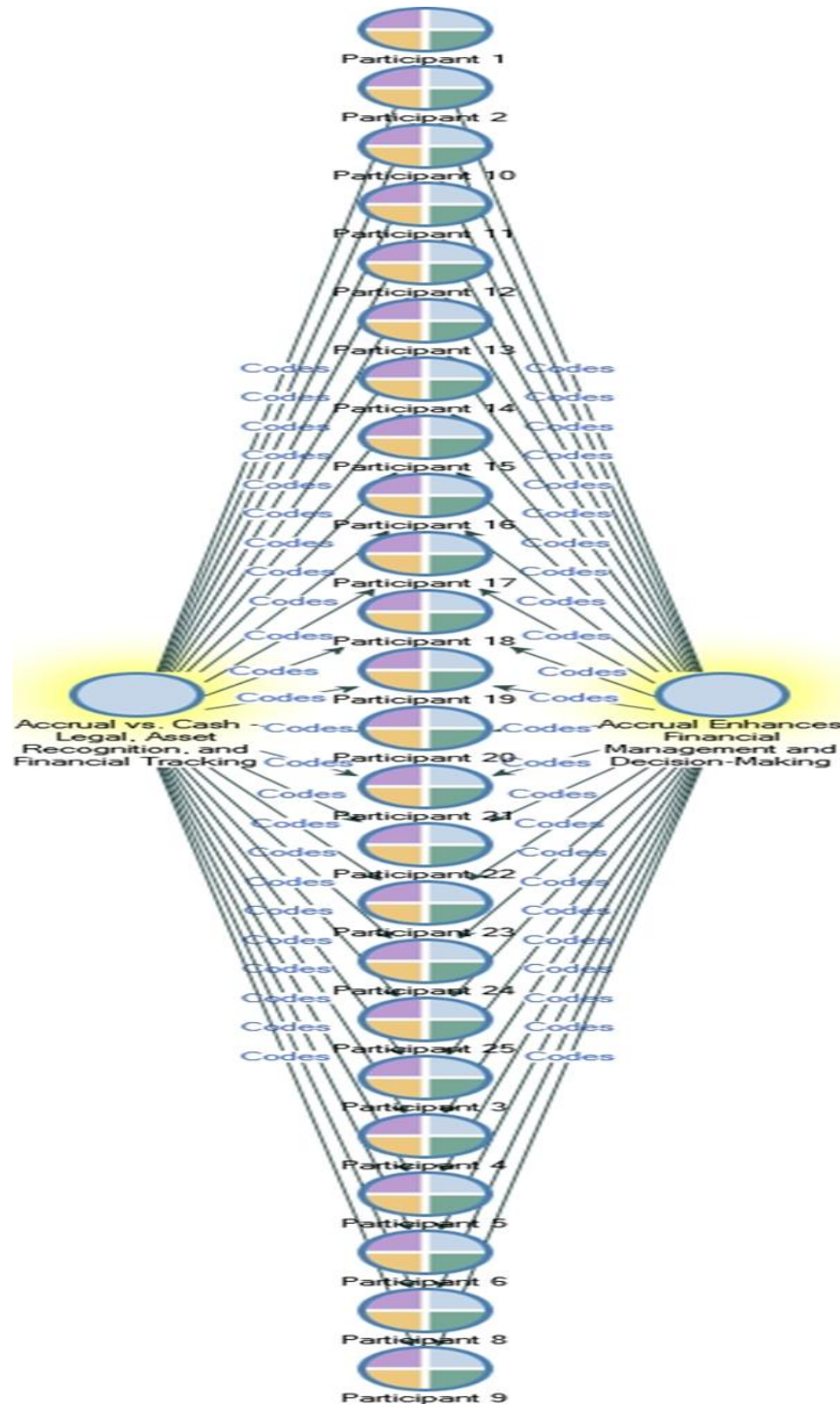
Appendix 35: Structural Influences:

Analysis of the interview data identifies two interrelated dimensions shaping structural influence: Structural and Administrative Transformations, and Cultural Shifts and Decision-Making Adjustments:



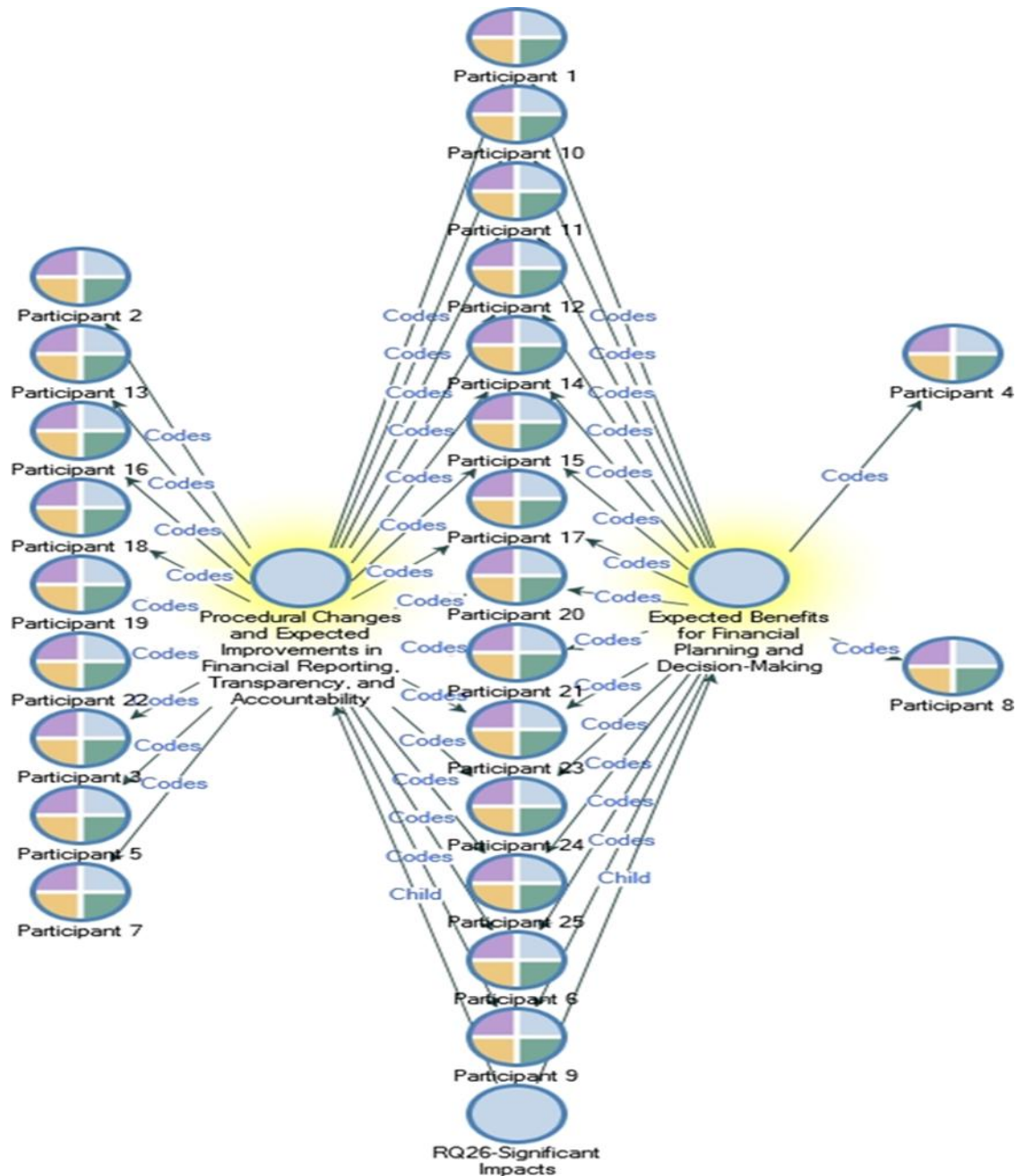
Appendix 36: Accounting Differences:

Analysis of the interview data identifies two interrelated dimensions shaping perceived accounting differences: Accrual Enhances Financial Management and Decision-Making, and Accrual vs. Cash: Legal, Asset Recognition, and Financial Tracking:



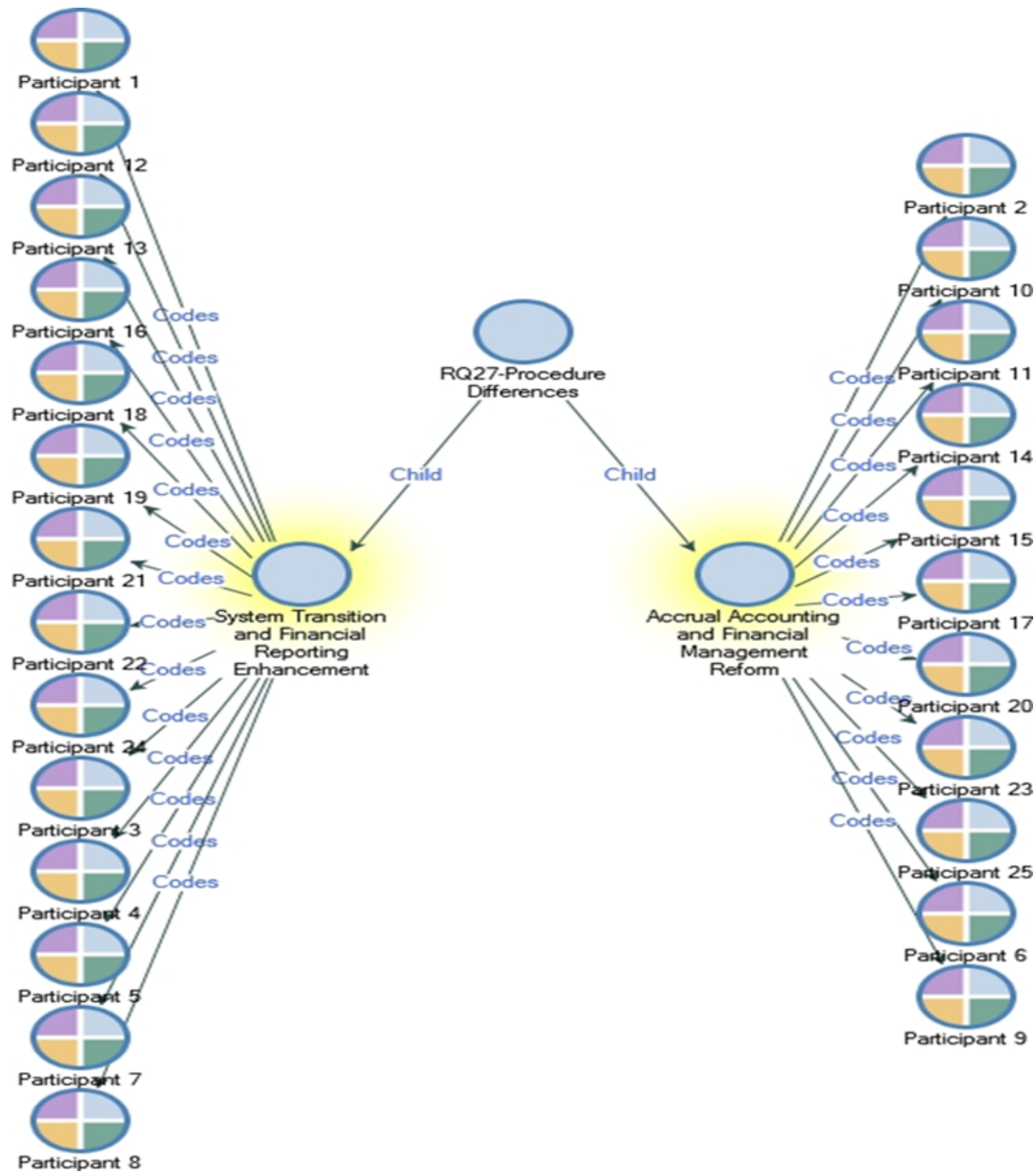
Appendix 37: Significant Impacts:

Analysis of the interview data identifies two interrelated dimensions shaping perceived impacts: Procedural Changes and Expected Improvements in Financial Reporting, Transparency, and Accountability, and Expected Benefits for Financial Planning and Decision-Making:



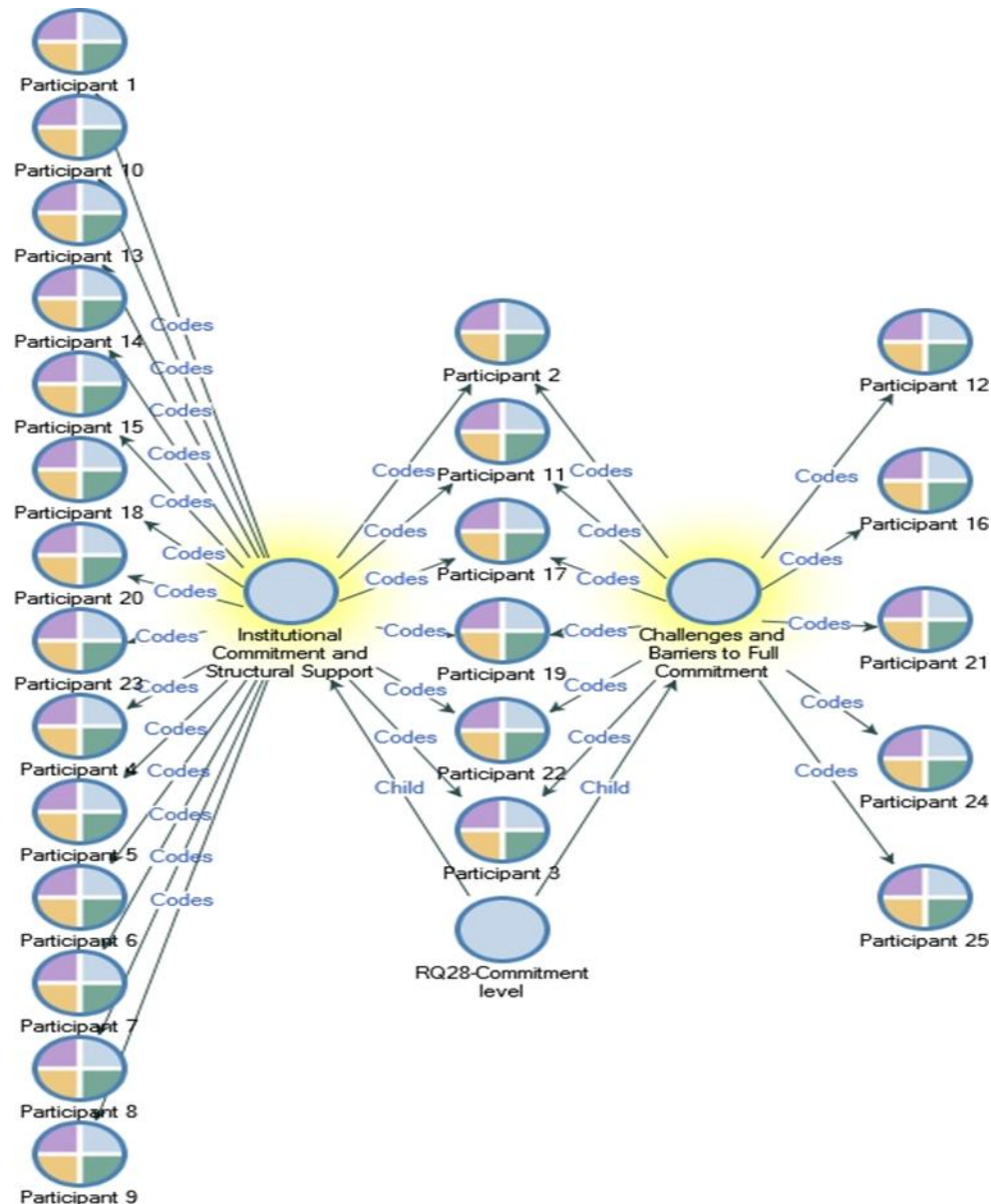
Appendix 38: Procedure Differences:

Analysis of the interview data identifies two interrelated dimensions shaping procedural differences: System Transition and Financial Reporting Enhancement, and Accrual Accounting and Financial Management Reform:



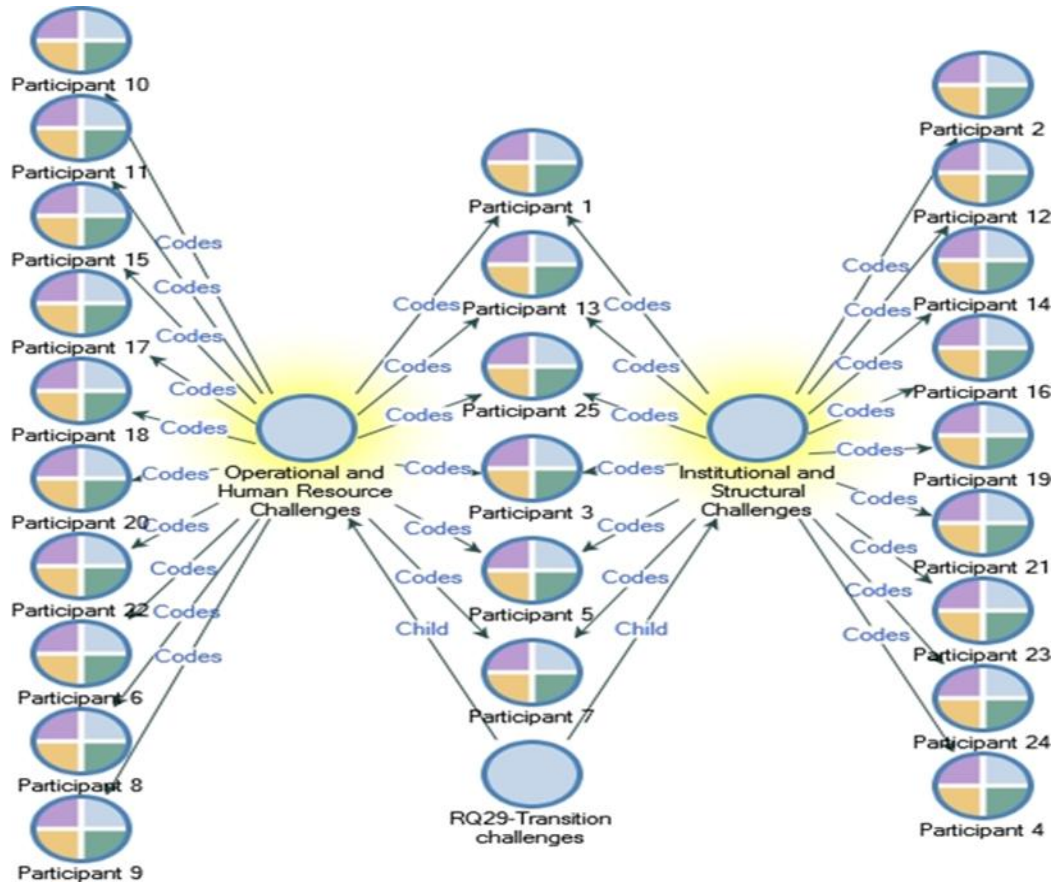
Appendix 39: Commitment Level:

Analysis of the interview data identifies two interrelated dimensions shaping commitment: Institutional Commitment and Structural Support, and Challenges and Barriers to Full Commitment:



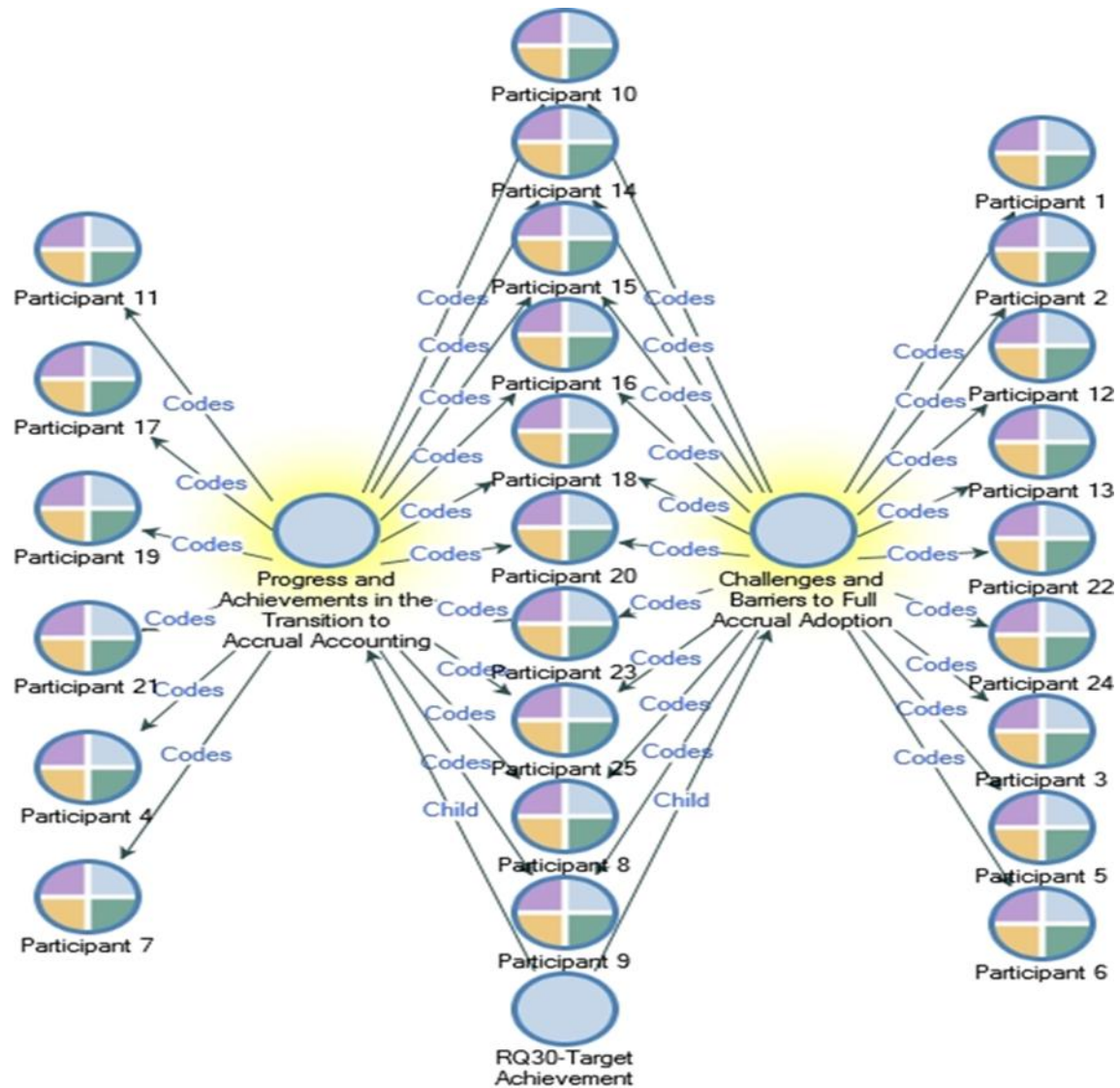
Appendix 40: Transition Challenges:

Analysis of the interview data identifies two interrelated dimensions shaping these challenges: Institutional and Structural Challenges, and Operational and Human Resource Challenges:



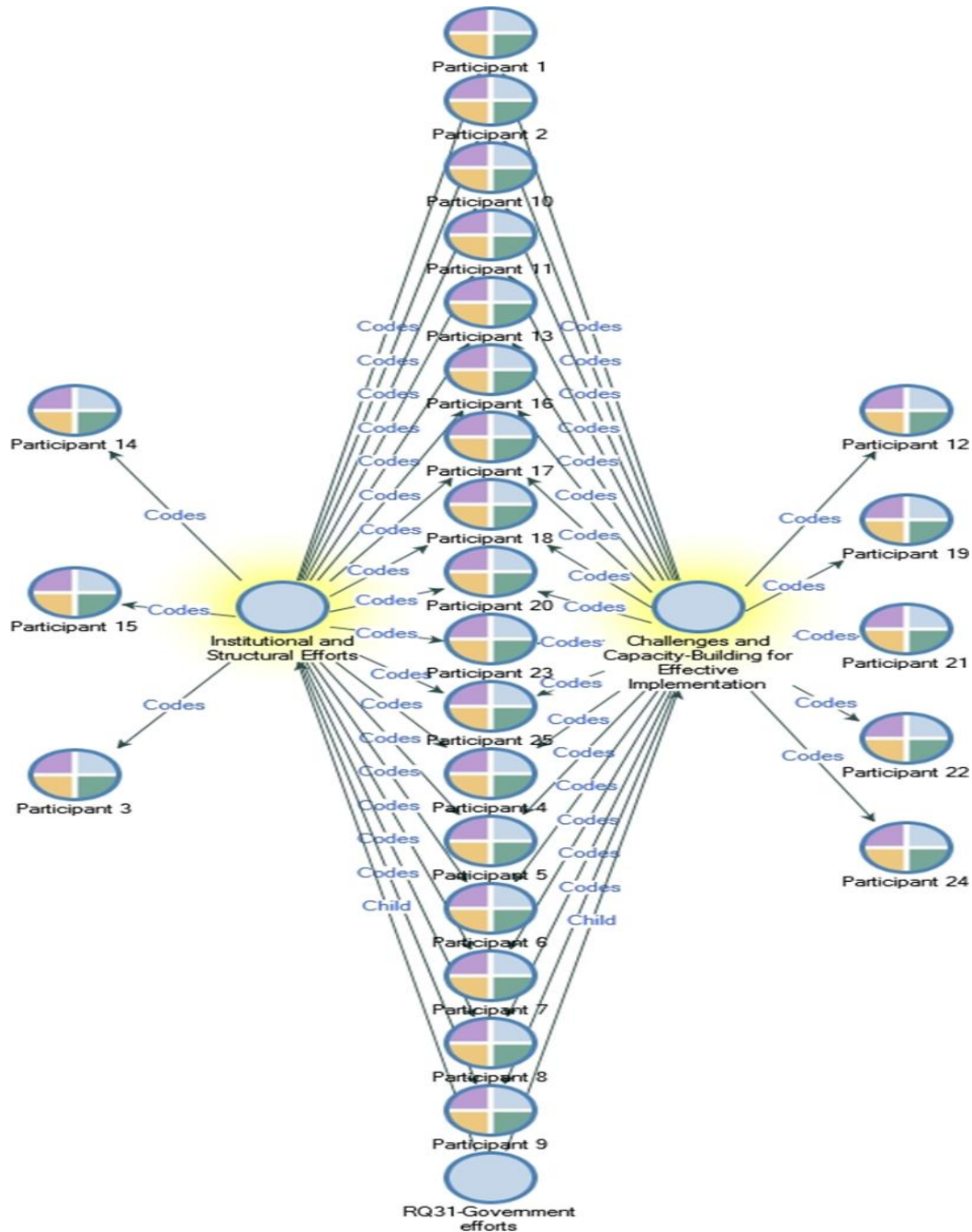
Appendix 41: Target Achievement:

Analysis of the interview data identifies two interrelated dimensions shaping perceptions of target achievement: Progress and Achievements in the Transition, and Challenges and Barriers to Full Accrual Adoption:



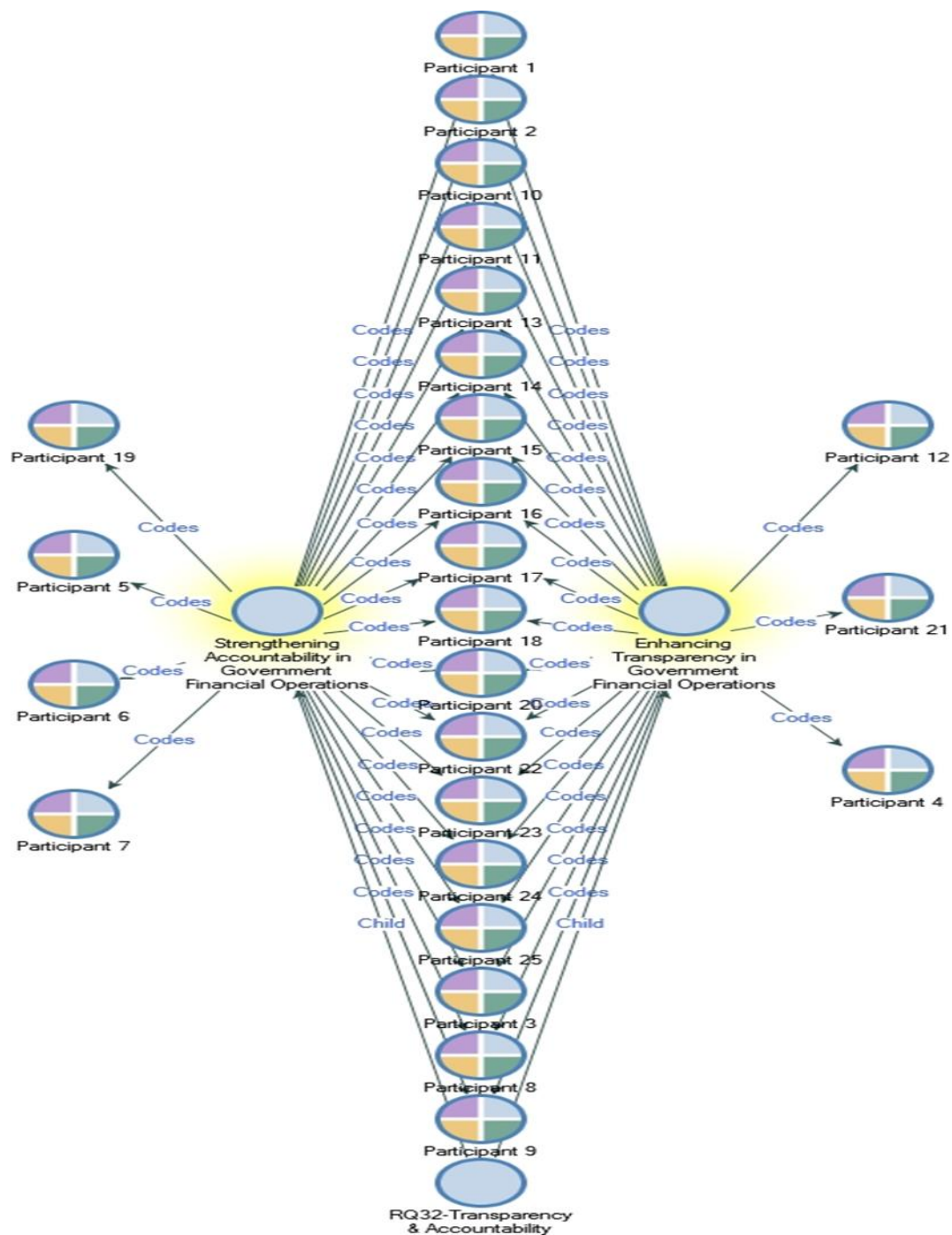
Appendix 42: Government Efforts:

Analysis of the interview data identifies two interrelated dimensions shaping government efforts: Institutional and Structural Efforts to Achieve Accrual Accounting, and Challenges and Capacity-Building for Effective Implementation:



Appendix 43: Transparency and Accountability:

Analysis of the interview data identifies two interrelated dimensions shaping reform effects: Enhancing Transparency in Government Financial Operations and Strengthening Accountability in Government Financial Operations:



Appendix 44: Decision-Making Improvement:

Analysis of the interview data identifies two interrelated dimensions shaping perceived decision-making improvement: Financial Transparency, Accountability, and Legislative Oversight, and Resource Management, Budgeting, and Decision-Making Efficiency:

