

The Impact of Local Governments' Political Interests on the Implementation Effectiveness of Government Accounting Standards in China: A Conceptual Study

Shan Mao*

¹Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Malaysia, ²Chongqing Sanxia University of Science and Technology, Wanzhou, Chongqing, China

Email: MOA_SHAN_DB21@iluv.ums.edu.my

Mathew Kevin Bosi

Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Malaysia

Email: mkevin@ums.edu.my

Nelson Lajuni

Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Malaysia

Email: nelsonl@ums.edu.my

DOI Link: <http://dx.doi.org/10.6007/IJARBSS/v16-i4/28109>

Published Date: 18 April 2026

Abstract

Purpose: This study examines how local governments' political interests influence the implementation effectiveness of government accounting standards in China, focusing on three dimensions: promotion incentives, fiscal autonomy, and risk avoidance. **Design/methodology/approach:** Adopting a conceptual research design, this study conducts a systematic literature review and develops a theoretical framework under the lens of public choice theory to explain the mechanisms through which political interests shape implementation outcomes. **Findings:** Different types of political interests exhibit heterogeneous influence pathways under specific institutional contexts. Promotion incentives tend to drive opportunistic accounting behaviors that weaken transparency, while fiscal autonomy and risk-avoidance motives can generate both compliance-enhancing and selective-implementation effects. **Research limitations/implications:** As a conceptual study, this research relies primarily on literature synthesis without empirical testing. Future studies could employ survey data, archival evidence, and cross-regional comparisons to validate the

proposed framework and assess the relative strength of different political motives. **Practical implications:** A clearer understanding of political incentives can help policymakers design more effective accountability systems that align incentives with governance objectives and reduce distortions in governmental accounting practices. **Originality/value:** By shifting the focus from external institutional constraints to endogenous political drivers, this study develops a novel explanatory framework that enriches the theoretical understanding of accounting standards implementation in China and offers insights for international comparative research.

Keywords: Local Government, Political Interests, China, Government Accounting Standards, Implementation Effectiveness

Introduction

In recent years, China has established and fully implemented the government accounting Standards (GAS) centered on the accrual basis. This system is considered a crucial cornerstone for advancing fiscal reform and modernizing national governance (Lu et al., 2020). Since its nationwide implementation in 2019, the system aims to enhance the quality of accounting information, clarify assets and liabilities, and improve management effectiveness within the public sector (Department of Accounting, Ministry of Finance, 2019). However, existing research generally indicates that high-quality accounting standards do not automatically lead to high-quality information output; their ultimate effectiveness largely depends on the quality of actual implementation (Lu et al., 2020; Liberato et al., 2023). Within China's governance framework—characterized by vast territory and complex administrative levels—the efficacy of local governments' implementation directly influences whether reform objectives can be met and determines the reliability of financial reports (Liu et al., 2020; Lu et al., 2020). The success of implementing specific goals, as well as the reliability of fiscal disclosures (Liu et al., 2020; Lu et al., 2020), are determined directly by China's multilevel government system at the local government level. Thus, the effectiveness of the implementation of GAS in practice is not merely an assessment of the results of the reform, but at the same time, whether the potential of the system can be optimized to enhance governance capacity (Alfarisi & Djalil, 2022).

It is generally believed in existing researches that the implementation effectiveness of GAS is affected by a variety of external environmental factors, such as human resources, internal control and governance, information technology and financial system, regulations, policies and institutional environment, organizational culture and institutional commitment, etc. (Zhou & Chen, 2018; Atiningsih, 2020; Alfarisi & Djalil, 2022; Puspasari & Kuntadi, 2023; Fauzi & Hartono, 2025). Meanwhile, some scholars have noticed that when local governments are confronted with different institutional and environmental constraints, their implementation behaviors are not entirely consistent but rather exhibit certain strategic differences: Under institutional constraints, a "bottom-line" minimum compliance is often adopted; under market pressure, it is manifested as "selective" compliance; and under public opinion supervision, it is more likely to actively comply (Chen & Liu, 2017). This discovery suggests that the implementation of government accounting standards is not merely about the enforcement of technical rules, but also involves strategic choices made by local governments in different environments.

However, explaining the profound differences in the implementation behaviors of local governments solely through the lens of external environmental factors proves to be challenging. Even within a unified system accompanied by mandatory requirements (Cui et al., 2020), there remains significant variation in the speed, methods, and intensity with which local governments engage in specific implementation processes (Liu, 2017). Various studies show that these differences are increasingly politically motivated (Liu et al., 2020; Higuera-Molina et al., 2021; Resce, 2022). For instance, based on an empirical study of the municipalities of Spanish Higuera- Molina et al. (2021) found that the decisions regarding public service management are strongly influenced by electoral cycles and party interests. Higuera-Molina et al. (2021) showed how political incentives are linked directly to the execution strategies. In a similar vein, Resce(2022) indicated that non-political managers enjoyed greater freedom and efficiency in fiscal management. On the other hand, elected mayors were more inclined to engage in opportunistic actions motivated by electoral incentives and personal political interests. As the accrual basis expands the scope of accounting and significantly increases implementation costs, local governments in the local context tend to weigh the costs and benefits carefully, hence, engaging selectivity in implementation or following evasive implementation strategies (Chen & Liu, 2016; Lu et al., 2020). All in all, it shows that the demand for political interest has become an endogenous factor that affects the government's accounting behaviour and GAS implementation.

Therefore, this study posits that while existing literature predominantly emphasizes external institutional and environmental constraints, it lacks a thorough examination of how the political interests of local governments influence the implementation mechanisms of government accounting standards. This gap hinders scholars from fully comprehending why identical systems exhibit varying implementation effects across different regions.

In this context, this paper proposes a novel analytical framework that categorizes the political interest appeals of local governments into three distinct types: official promotion appeals, financial independence appeals, and risk considerations. The political motives behind evading demands not only elucidate the differentiated implementation logic of local governments across varying external environments but also offer a fresh perspective for understanding the actual effects of government accounting standards implementation. The potential contributions of this paper are reflected in three key aspects: First, from a theoretical standpoint, incorporating political interest demands into research on government accounting standards implementation addresses the limitation of excessively emphasizing external environmental factors prevalent in existing literature. Second, from a practical perspective, it uncovers possible implementation deviations arising from differing political motives, thereby providing valuable insights for optimizing assessment systems, fiscal decentralization strategies, and risk governance frameworks. Thirdly, at an international comparative level, by examining the interplay between institutional implementation and political incentives within the Chinese context, this study offers new experiences and interpretive frameworks that can enrich international academic discourse surrounding "institutional - behavioral - performance" dynamics.

Literature Review

Implementation Effectiveness of Government Accounting Standards

Since the 1980s, under the impetus of the New Public Management movement, many countries have gradually shifted their government accounting systems from a cash basis to an accrual basis in order to enhance fiscal transparency, strengthen government accountability, and improve public sector governance (Lüder, 2003; Guthrie et al., 1999; Ball & Pflugrath, 2012). Internationally, OECD countries have adopted either the International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS) concepts to reformulate their accounting systems, with the primary goal of strengthening public accountability and improving comparability across countries. Yet, actual studies show many differences in how it's done. Some countries have developed on recognition of costing, asset and liability (Christiaens et al., 2015). However, many countries still face formal compliance but substantive insufficiency (Oulasvirta, 2014; Brusca et al., 2016). China's path of reform has followed similar lines — refining the cash-based system (2006– 2010); putting an accrual-based system in place (2011–2014); and adopting a unified system overall in 2019. This system is based on an innovative 'dual-subject, dual-basis, dual-reporting' structural model (Zhou, 2020). The objective of the reform is to provide full disclosure of items reflecting assets, liabilities and operation costs in order to enhance fiscal transparency, contain financial risks and modernization of the national government (MOF, 2019).

Implementation effectiveness, however, have been shown to differ regionally. Progress has been made by some local governments on the recognition of assets and cost measurement (Fang 2019; Li 2023). However, other local governments still face issues including incomplete disclosure of information, delays in the capitalisation of assets, and distortions in cost accounting (Lu et al. 2020). The conceptualization of the three-dimensional evaluation framework, established by Zhou and Chen (2017) based on information quality, governance effect, and behavioral guidance, reveals that formal adherence on paper frequently differs from actual performance in practice. Many scholars suggest that, more than technical problems like staff competency gaps, inconsistent interpretation of standards, insufficient oversight, etc. deeper motivational determinants may ultimately determine how local authorities are inclined to implement the standards (Zhang & Tian, 2016).

Political Interest Demands of Local Governments

Unlike outside rules that tell them what to do, local governments aren't just sitting back and following orders. They're actually making choices based on their own goals. More and more research shows that what drives how local governments handle their finances is often tied to political interests (Chen & Liu, 2016). In academic discussions about this, we can break down these interests into three main reasons: wanting promotions, seeking financial independence, and avoiding risks. These three types of political interests not only influence how local governments make decisions about sharing information, managing budgets, and handling debts, but they can also create noticeable differences in how these policies are carried out across different regions—even when those areas have similar external conditions and resources. Public choice theory gives us a key insight: it sees local governments as rational players aiming to get the most political benefits possible, which means their actions tend to focus on achieving core political goals (Bischof et al., 2020). At the same time, Qi (2020) pointed out that the conflicts between central and local governments arise from differing

objectives and uneven access to information. In China's unique setup—like fiscal decentralization, promotion tournaments, and political connections—these three kinds of political demands become even more pronounced and intertwined. This makes them an important internal factor that affects how well government accounting standards are implemented differently across various regions.

However, it appears that much of the existing literature tends to concentrate on individual motivations, such as promotion demands and performance appraisal (Landry et al., 2018; Zhang et al., 2023), fiscal autonomy and budgetary behavior (Tan & Avshalom-Uster, 2021; Liu et al., 2021), or risk aversion and formal compliance (Pilcher, 2011; Yudiyanto & Ningsih, 2023). This has led to a fragmented tendency in research as a whole, lacking a unified framework to integrate the mechanisms of action of different types of political motives. This deficiency provides an entry point for the research of this article.

The Linking of Political Interest Demands and the Implementation of Government Accounting Standards

Although few studies have directly and systematically explored the relationship between political interest demands and the implementation effectiveness of government accounting standards, there is already indirect evidence providing a basis for establishing the connection. For instance, promotion demands often lead to earnings management, debt concealment and selective reporting, thereby compromising transparency and reporting quality (Rios et al., 2018; Cohen et al., 2019; Allen & Petacchi, 2022). The demand for fiscal autonomy is often manifested as selective disclosure or flexible manipulation to maintain the financial autonomy of local governments, but this reduces the standardization and comparability of accounting information (Tan & Avshalom-Uster, 2021; Deng & Liu, 2019). The demand for risk aversion drives local governments to adopt "low-level compliance" to meet the minimum requirements to avoid risk exposure, but this limits the role of the guidelines in enhancing accountability and governance effectiveness (Pilcher, 2011; Dorn et al., 2019).

In conclusion, although fiscal transparency, information quality and compliance have been examined separately in existing studies, they essentially constitute the core dimensions of the "implementation effectiveness" of government accounting standards together. However, there are two obvious deficiencies in the existing research: First, it lacks the integration of different types of political interest demands into the same framework for systematic analysis; Secondly, it has not been fully considered how political incentives shape the accounting behavior of local governments in the context of the coexistence of fiscal decentralization and promotion competitions in China. Therefore, this study aims to fill this gap.

An integrative framework is proposed. The framework also shows how these motivations may directly influence GAS implementation through such channels as disclosure practices, budgetary and debt management, and risk-control mechanisms. Through this perspective, the paper contributes to international calls for a stronger political economy lens in public sector accounting research and reveals the varying implementation behaviours of Chinese local governments.

Hypothesis Development

Research Model

Under the political economy perspective of public sector accountings, the implementation effectiveness of GAS does not only depend on the technical conditions but is also greatly determined by the political interest requirements of local governments (Mirosea, 2018; Bischof et al., 2020). The political interest requires are the preference and behavioral attitudes obtained by the local governments and local government officials for political benefits. According to the public choice theory, personal-interest considerations are essentially the underlying reasons of local government activities. There exist already some works that explore this theory perspective from various aspects. For instance, Anantharaman and Chuk (2020) indicate that local governments are likely to amplify the pension assignment and change the allocation of welfare spending to reduce the political risk to escape the exposure of fiscal risks and the consequence of accountability. This risk-avoidance–motivated accounting and financial practices also diminish the effectual use of GAS. Likewise, Ríos et al. (2018) and Cohen et al. (2019) show that reelection–pressures and electoral cycles motivate individuals to affect earnings management and information–presentation, this makes accounting information less trustworthy and makes enforcement of accounting standards weaker. Besides, in Li and Li (2024), provincial panel data analysis finds that, though fiscal decentralization increases local government autonomy, it also encourages rentseeking behavior. Due to extra authority and flexibility, local governments try to distort accounting information and their opportunistic incentives, likewise, diminish the implementation effectiveness of GAS.

Taken together, these studies show that political interest demands—whether in the form of risk avoidance, promotion incentives, or fiscal autonomy—tend to constrain the implementation effectiveness of GAS. Against the backdrop of China’s unique institutional context, including the official performance evaluation system, fiscal decentralization arrangements, and debt constraints, this paper categorizes local governments’ political interest demands into three typical motives: Promotion incentives – whereby officials manipulate accounting information to embellish performance records and secure career advancement; Fiscal autonomy demands – whereby local governments selectively enforce GAS to maintain budgetary flexibility and resource control; Risk-avoidance considerations – whereby governments conceal or manipulate information disclosure to minimize accountability pressures and reputational risks (Lu et al., 2020; Liu et al., 2020).The distinctions among these three types of political interest demands are summarized in Table 1.

Table 1

Definitions and Key Characteristics of Three Types of Political Interest Demands

| Political Interest Demands | Core Motives and Manifestations | Key Features and Distinctions | Typical Impacts | Representative Scholars and Literature (partial) |
|-------------------------------|---|--|---|--|
| Official'Promotion Incentives | Local officials pursue higher positions by emphasizing short-term visible achievements. | Oriented toward performance appraisal, focuses on "beautifying" data, prone to earnings management. | May result in accounting information manipulation and reduced transparency. | Cohen et al. (2019), Bischof et al. (2020) |
| Fiscal Autonomy Demands | Local governments seek autonomy over fiscal revenues and expenditures, reducing dependence on higher authorities. | Emphasizes local fiscal capacity building, prioritizes revenue growth and resource allocation. | Affects accounting policy choices and the completeness of disclosures. | Resce (2022); Juanda et al. (2023) |
| Risk-Avoidance Demand | Local governments aim to avoid accountability, audit, and policy risks, favoring conservative decision-making. | Focuses on compliance and safety, reduces violations, information disclosure tends to be conservative. | May lead to incomplete or delayed information disclosure. | Sutaryo et al. (2022); Lhutfi et al. (2025); Lu et al. (2020); Liu et al. (2020) |

Based on the government accounting standards driving model proposed by Chen and Liu (2016), this study further develops a refined structural model (Figure 1) to reveal the differentiated pathways through which various political motives affect implementation effectiveness. This framework not only supports the evaluation of the aggregate effect of political interest demands on the effectiveness of standards implementation (H1), but also allows for a granular investigation into the distinct mechanisms through which each of the three constituent motives operates (H2–H4). It further proposes a detailed structural model (Figure 1) to reveal the differentiated action path of different political motives on the implementation effectiveness.

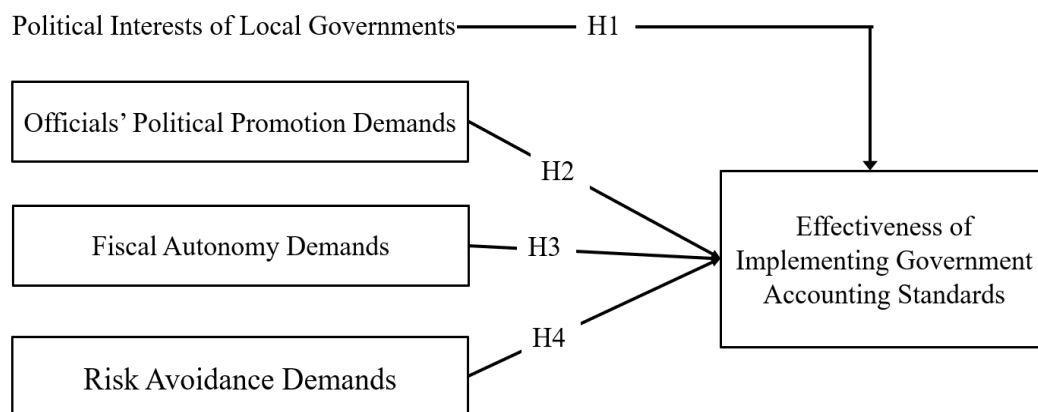


Figure 1. Structure Model of the Effectiveness of Implementing Government Accounting Standards

The appeal of local governments' political interests is not a single financial incentive or personal interest, but a comprehensive political driving force, which may not only improve the quality and transparency of financial information, but also damage the reliability and accountability of information through strategic behaviors (Resce, 2022). Cross-country comparative studies show that when political interest appeals are consistent with public accountability goals, political commitment and supporting resources significantly improve the quality of financial reporting and enhance the comparability and auditability of information (Yamen & Can, 2023; Rooi & Kamotho, 2024; Sipahutar et al., 2025); However, when the demand is biased towards short-term political performance or risk transfer, it often leads to earnings management, selective disclosure or information manipulation (Cohen et al., 2019; Allen & Petacchi, 2022; Wang et al., 2023; Fauzi et al., 2025), which has a negative impact on the implementation effectiveness. From the perspective of its core mechanism, political interest appeals systematically affect the degree of implementation effectiveness through the transmission path of "goal consistency, resource input and execution discipline." Based on this logic, this paper proposes the following hypothesis:

H1: There is the potential significantly influence the political interest demands of local governments and the effectiveness of GAS in China

Promotion demand and the Implementation effectiveness of GAS

Promotion incentives capture the tendency of local officials to reshape accounting information so as to present more favorable fiscal outcomes in pursuit of career advancement (Giacomini, 2020; Zhang et al., 2023). The underlying rationale is that stronger reported performance— whether achieved through earnings management, budget reallocations, or concealing liabilities—can improve evaluation results and, in turn, enhance prospects for promotion. In China's bureaucratic system, where career progression is closely tied to performance appraisals, such incentives represent a central dimension of political interests at the local government level (Landry et al., 2018).

Drawing on public choice theory, officials are understood as rational actors who aim to maximize personal political returns, often by adjusting financial reporting to construct the appearance of fiscal stability and competence (Zhang & Gao, 2019). A substantial body of research documents that, particularly at critical moments in their tenure, local leaders exploit the flexibility of accounting rules to manage earnings, mask debt levels, or reconfigure

expenditure patterns in order to project an image of sound financial management (Horni et al., 2018; Ríos et al., 2018; Cohen et al., 2019). Although these behaviors may formally meet the requirements of GAS, they diverge from its primary objectives of transparency and accountability, thereby weakening the effectiveness of its implementation.

The academic literature presents divergent views on the mechanisms through which promotion incentives operate, suggesting a dual role. On the one hand, some scholars argue that if the effectiveness of GAS implementation is incorporated into promotion evaluation systems, promotion incentives can be transformed into a powerful compliance driver (Budiarto, 2018; Atiningsih, 2020). Under such a mechanism, officials, in order to demonstrate governance capacity and transparency, actively promote the implementation of accounting standards, thereby improving financial reporting quality (Lubis et al., 2023). On the other hand, a larger body of empirical research reveals a different reality: given the dominance of short-term economic growth and fiscal performance in current appraisal systems, such positive mechanisms are rarely observed (Chan et al., 2017). Instead, strong promotion incentives often encourage officials to prioritize immediate political gains over long-term public value. They intervene in the enforcement of accounting standards through practices such as information manipulation, selective compliance, and institutional resistance (Allen & Petacchi, 2022; Fauzi et al., 2025). For instance, Allen and Petacchi (2022) find that officials, fearing reputational damage from new debt disclosures, adopted various accounting strategies to avoid stricter reporting requirements.

In sum, the impact of promotion incentives on GAS implementation is not absolute. Theoretically, promotion incentives may follow a “compliance-enhancing” pathway or an “opportunistic” pathway. However, the ultimate direction of influence largely depends on the specific design of the performance appraisal system. In the current governance context of Chinese local governments, appraisal systems remain dominated by short-term economic indicators (Chen et al., 2018), while governance-oriented “soft indicators” such as the quality of accounting standards implementation have not become central criteria for promotion decisions. Therefore, this study infers that under the existing institutional incentive structure, officials’ promotion incentives are more likely to drive opportunistic behavior, thereby exerting a negative effect on the implementation effectiveness of GAS.

H2: Official’Promotion demand potentially have a significant negative influence on the implementation effectiveness of GAS in China

Fiscal autonomy demand and the Implementation effectiveness of GAS

Under the fiscal decentralization system, local governments' demands for fiscal autonomy are mainly reflected in their behavioral strategies in fiscal revenue allocation, budget preparation and implementation, and debt management, aiming to gain more resource control and financial freedom (Jiao & Xu, 2020; Mauri, 2024). This paper holds that the impact of fiscal autonomy appeal on the implementation effect of government accounting standards is not unidirectional, but contains two mechanisms of promotion and weakening, showing internal tension.

On the one hand, the strong demand for fiscal autonomy provides local governments with greater flexibility in resource allocation, enabling them to increase investment in financial

information system construction, professional training and technical improvement, so as to improve the transparency and auditability of financial information (Thoa & Van Nhi, 2021). In addition, when seeking central transfer payments and special funds, local governments usually need to show standardized and transparent accounting information, which provides additional incentives for them to strictly implement accounting standards (Li & Li, 2024).

On the flip side, in a situation where there is a mismatch between administrative power and financial power, along with both debt limits and political performance evaluations at play, local governments might feel the pressure for more fiscal independence. This can open up opportunities for them to act opportunistically (Zhang & Ping, 2019; Zhou, 2021). They might try to give off an impression of being financially stable by tweaking budget accounts, manipulating classifications, or hiding debts (Lu et al., 2020). While these actions technically follow the rules, they actually stray from the goal of making information more authentic and accountable (Deng & Liu, 2019; Liu et al., 2021). Looking at international comparisons shows that how fiscal autonomy plays out really depends on the context (Tan & Avshalom-Uster, 2021; Monkam & Saba, 2025). For instance, in Israel when local governments had high fiscal autonomy, they got better at collecting their own revenue but did not manage their debts any better (Tan & Avshalom Uster, 2021). Research from South Africa indicates that while fiscal autonomy can boost economic growth in some areas, it can have negative effects elsewhere (Monkam & Saba, 2025). In short, wanting more fiscal independence could help improve how accounting standards are put into practice by boosting governance skills and resource allocation. Its effectiveness may also be weakened due to opportunistic motives and insufficient institutional constraints. Therefore, this paper puts forward the following assumptions:

H3: Fiscal autonomy demand potentially has a significant influence on the implementation effectiveness of GAS in China

Risk-avoidance demand and implementation Effectiveness of GAS

As globalization of the government accounting reforms proceeds, local governments' risk aversion behaviors also have become significant factors to the impact of standards effectiveness (Polzer et al., 2021). The Chinese fiscal system requires local governments to also bear the responsibility for preventing and solving fiscal risks besides the pressures of performance appraisal and fiscal decentralization constraints in the Chinese fiscal system (Ouyang & Li, 2021; Huo et al., 2023). Risk-avoidance behaviors refer to the actions local governments take to evade political blame, reputational risks and social unrest arising from debt, fiscal deficits or regulatory violations (Grembi et al., 2016; Marsella & Aswar, 2019).

In particular, local government might embrace risk-averting fiscal choices or limit the revealing of information because of the possible political and social risk (Grembi et al., 2016; Marsella & Aswar, 2019); yet, in actual practice, risk-averting concerns might result in lowlevel compliance – meaning local governments only implement the basics of GAS – as a strategy to shrink the relevant risks that might fall upon (Gao et al., 2020; Michener & Nichter, 2021). Although those lower-level compliance would temporarily ease politicians' political accountability pressures and government fiscal risk, it is likely to reduce the usefulness of GAS in improving transparency and accountability (Pilcher, 2011; Dorn et al., 2019). For example, a local government might obscure its debt and/or could flexibly revise its financial report

information in order to disguise its financial situation upon external audit or at the risk of being revealed (Bai, 2024).

As regards government spending, on one hand, as central governments increased spending, debt monitoring, public authority monitored local governments' financial status, and budgets to provide regular reporting. Therefore, the local governments in pursuit of avoiding risks, in an attempt to improve internal control system, and risk management can improve financial reporting; reliable and valid (Hosgood, 2011) which will facilitate the implementation of GAS. In this situation, the local government can take the initiative to strengthen internal control systems and improve risk management practices (Chen et al., 2020), which is proactively seeking to avoid risks (Yudiyanto & Ningsih, 2023). For instance, certain local governments are forced to use stringent disclosure standards and voluntarily disclose financial information to the public, thus enhancing the local government's fiscal transparency and institutional credibility.

Herein lies the risk-avoidance approach of institutions, for dealing with the fiscal uncertainty and risks, putting forward the strategy of diminishing exposure, avoiding the fiscal pitfalls instead of generating resources or pushing forward the agenda. According to this assumption, the hypothesis 2 is as follows:

H4: Risk-avoidance demand potentially has a significant impact on the implementation effectiveness of government accounting standards.

Methods

This study is conceptual in nature, focusing on the mechanisms through which local governments' political interest demands — manifested in promotion incentives, fiscal autonomy demands, and risk-avoidance considerations — influence the implementation effectiveness of government accounting standards (GAS). Grounded in public choice theory and related GAS theories, the study seeks to construct a structured theoretical model to systematically explain how these political motives affect the implementation process. In terms of data and methodology, this study relies entirely on secondary sources, including domestic and international scholarly articles, theoretical monographs, government documents, news reports, and journal publications, to ensure comprehensiveness and objectivity in the analysis. Literature searches were conducted using Scopus, Web of Science, Google Scholar, and CNKI, covering the period from 2015 to 2025, with particular emphasis on recent studies published between 2020 and 2025. The final cut-off date for retrieval was August 2025. The inclusion criteria prioritized thematic relevance and scholarly quality, incorporating only peerreviewed journal publications, including reviews, qualitative, and empirical studies, while excluding conference proceedings, theses, and purely technical accounting studies. Within the eligible literature, priority was given to works published within the last decade with high citation impact, thereby balancing scholarly influence and timeliness. Endnote reference management software was employed throughout the process for organization, categorization, and verification of sources, ensuring systematicity, transparency, and reproducibility of the research.

Findings

This article mainly studies how the political interests of local governments affect the implementation effectiveness of government accounting standards. Based on the existing

research, this paper divides the political interest demands of local governments into three dimensions: demands for official promotion, demands for fiscal autonomy, and demands for risk avoidance. By systematically reviewing the literature and the research achievements of predecessors. Under the current assessment system dominated by short-term economic performance, the promotion demands of officials may have a significant negative impact on the implementation effectiveness of government accounting standards. The demands of local governments for financial autonomy and risk avoidance have a significant impact on the implementation effectiveness of government accounting standards. Therefore, this study holds that the political interests of local governments have a significant impact on the implementation effectiveness of GAS.

Discussion and Conclusion

After systematically reviewing the research on the implementation effectiveness of government accounting standards, it can be found that most of the existing literature focuses on external environmental factors, while paying insufficient attention to the inherent political motivations of local governments. Although Mirosea (2018) and Bischof et al. (2020) pointed out that political interest demands may affect the implementation of standards, their specific mechanisms of action still lack systematic explanations. Drawing on the government accounting standard driven model proposed by Chen and Liu (2016), and in combination with relevant studies at home and abroad, this paper classifies the political interest demands of local governments into three categories: demands for official promotion, demands for fiscal autonomy, and demands for risk avoidance, and regards them as the core endogenous factors affecting the implementation effectiveness. Based on this, this paper proposes a research model of "political interest demands - implementation effects", revealing that three types of demands may directly affect the implementation effects of the standards through paths such as information disclosure, budget and debt governance, internal control and risk management, laying the foundation for subsequent theoretical deepening and structured testing.

Theoretical Implications

The theoretical enlightenment of this study lies in that, rooted in China's unique institutional context, a political economy analysis framework integrating the three-dimensional demands of official promotion, fiscal autonomy and risk aversion has been constructed, systematically revealing the internal logic of local governments' selective implementation of government accounting standards. This framework not only expands the application of public choice theory in the implementation of micro policies, breaks through the limitations of traditional technical perspectives, but also provides a new theoretical perspective for interpreting the deviations in China's policy implementation, laying a theoretical foundation for subsequent empirical research.

Practical and Social Implications

This study provides practical inspiration for the formulation and implementation of government accounting standards. Unlike previous studies that mainly emphasized technical compliance, this paper points out that the political interests of local governments - including promotion incentives, financial autonomy and risk aversion - are the key variables affecting the implementation effectiveness of the standards. Policymakers should design performance appraisal systems that channel promotion incentives toward long-term compliance

performance, balance autonomy with transparency in fiscal decentralization, and transform risk-avoidance motives into drivers for strengthening internal controls. The proposed framework thus offers useful guidance for building incentive-compatible institutional arrangements and improving the effectiveness of GAS implementation.

Limitations and Suggestions for Future Research

Through a systematic literature review, this study confirms that political interest demands exert significant influence on the implementation effectiveness of GAS. The findings suggest that political interest demands consist of three primary motives—promotion incentives, fiscal autonomy demands, and risk-avoidance considerations—which may affect implementation quality and governance outcomes under different contexts. However, the present study cannot specify the relative strength and direction of these effects in practice. Moreover, as this study primarily relies on literature-based synthesis, it lacks systematic empirical validation, and thus its scientific rigor and objectivity remain limited. Future research should incorporate survey data and multi-source datasets, and employ statistical and econometric methods to empirically test the hypotheses proposed herein, thereby enhancing the reliability and generalizability of the conclusions.

References

- Aldag, A., Kim, Y., & Warner, M. (2019). Austerity urbanism or pragmatic municipalism? Local government responses to fiscal stress in New York State. *Environment and Planning A: Economy and Space*, 51(5), 1287–1305. <https://doi.org/10.1177/0308518X19844794>
- Alfarisi, R., N., & Djalil, M. (2022). The effect of implementation of government accounting standard, government internal control system and accounting information system on good governance requirement with the quality of financial statement as moderation of government working unit (SKPA) in the Government of Aceh, Indonesia. *International Journal of Business Management and Economic Review*, 5(1). <https://doi.org/10.35409/ijbmer.2021.3341>
- Allen, A., & Petacchi, R. (2022). Preparer opposition and strategic implementation of governmental accounting standards: Evidence from public pension accounting reform. *Management Science*, 69(7), 4259–4282. <https://doi.org/10.1287/mnsc.2022.4515>
- Anantharaman, D., & Chuk, E. (2020). The impact of governmental accounting standards on public-sector pension funding. *Review of Accounting Studies*, 25(3), 1–49. <https://doi.org/10.2139/ssrn.3438074>
- Atiningsih, S. (2020). The implementation of government accounting standards, internal control systems and information technology utilization on the quality of local government financial statements with organizational commitments as moderation variables. *Advances in Computers*, 4(2), 216–229. <https://doi.org/10.35310/accruals.v4i02.584>
- Bai, X. (2024). Research on the evaluation of local government debt risks and governance strategies from the perspective of taxation reforms. *International Journal of Frontiers in Sociology*. <https://doi.org/10.25236/ijfs.2024.061211>
- Balaguer-Coll, M., & Brun-Martos, M. (2019). The effects of the political environment on transparency: Evidence from Spanish local governments. *Policy Studies*, 42(2), 152–172. <https://doi.org/10.1080/01442872.2019.1599838>

- Bischof, J., Daske, H., & Sextroh, C. (2020). Why do politicians intervene in accounting regulation? The role of ideology and special interests. *Journal of Accounting Research*, 58(3), 589–642. <https://doi.org/10.1111/1475-679X.12300>
- Budiarto. (2018). Faktor-faktor yang mempengaruhi keberhasilan penerapan akuntansi berbasis akrual pada pemerintah kabupaten Lombok Barat. *SOLID*, 8(2). <https://doi.org/10.35200/solid.v8i2.216>
- Cohen, S., Bisogno, M., & Malkogianni, I. (2019). Earnings management in local governments: The role of political factors. *Journal of Applied Accounting Research*, 20(3), 345–364. <https://doi.org/10.1108/jaar-10-2018-0162>
- Darmawati, D., Mediawati, E., & Rasyid, S. (2024). New trends and directions in local government finance research: A bibliometric analysis. *Public and Municipal Finance*, 13(1), 137–149. [https://doi.org/10.21511/pmf.13\(1\).2024.11](https://doi.org/10.21511/pmf.13(1).2024.11)
- Del Vecchio, S. C., Johnson, G. G., & Magner, N. R. (2007). GASB 34 implementation: Perspectives of government accounting and finance officials. *Academy of Accounting and Financial Studies Journal*, 11(1), 1–15.
- Deng, S., & Liu, L. (2019). Research on the impact of fiscal transparency on local government debt risks: Based on the perspective of intergovernmental relations. *Journal of Finance and Economics*, 45(12), 4–17. <https://doi.org/10.16538/j.cnki.jfe.2019.12.001>
- Dorn, F., Gäbler, S., & Rösel, F. (2019). Ineffective fiscal rules? The effect of public sector accounting standards on budgets, efficiency, and accountability. *Public Choice*, 186(3–4), 387–412. <https://doi.org/10.1007/s11127-019-00755-8>
- Fauzi, F., Minarni, E., & Hartono, H. (2025). Implementation of government accounting standards in improving the quality of public financial reports. *The Journal of Academic Science*, 2(1). <https://doi.org/10.59613/j3jqvt63>
- Giacomini, D. (2020). Use of accounting information by mayors in local governments. *International Journal of Public Administration*, 43(4), 341–349. <https://doi.org/10.1080/01900692.2019.1636392>
- Grembi, V., Nannicini, T., & Troiano, U. (2016). Do fiscal rules matter? *American Economic Journal: Applied Economics*, 8(3), 1–30. <https://doi.org/10.1257/app.20150076>
- Harahap, A. J. S., & Erlina, E. (2024). Factors improving the quality of local government financial reporting performance: A mini review approach. *West Science Business and Management*, 2(3), 1038–1044. <https://doi.org/10.58812/wsbm.v2i03.1292>
- Horni, P., Yerly, N., & Trinkler, G. (2018). Co-creating value between PFM institutions: An integrated approach towards financial sustainability. [Conference Paper].
- Huo, X., Bi, S., & Yin, Y. (2023). The impact of fiscal decentralization and intergovernmental competition on the local government debt risk: Evidence from China. *Frontiers in Environmental Science*, 11, 1103822. <https://doi.org/10.3389/fenvs.2023.1103822>
- Ingram, R., & DeJong, D. (1987). The effect of regulation on local government disclosure practices. *Journal of Accounting and Public Policy*, 6(4), 245–270. [https://doi.org/10.1016/S0278-4254\(87\)80002-9](https://doi.org/10.1016/S0278-4254(87)80002-9)
- Jiao, C., & Xu, C. (2020). Local fiscal autonomy in China: Historical evolution and hierarchical differences, 1990–2014. *Rural China*, 17(2), 319–348. <https://doi.org/10.1163/22136746-01702005>
- Landry, P., Lü, X., & Duan, H. (2018). Does performance matter? Evaluating political selection along the Chinese administrative ladder. *Comparative Political Studies*, 51(8), 1074–1105. <https://doi.org/10.1177/0010414017730078>

- Li, A., & Li, P. (2024). Fiscal transparency and its effects on local government financial management: Evidence from China. *Journal of Finance and Economics*.
- Liberato, M., De Sousa Paiva, I., & Serrasqueiro, R. (2023). Constraints and stimuli in the implementation of public accounting reform: Systematic literature review and future research agenda. *Journal of Accounting & Organizational Change*, 19(5), 643–668. <https://doi.org/10.1108/jaoc-01-2022-0018>
- Liu, A., Oi, J., & Zhang, Y. (2021). China's local government debt: The grand bargain. *The China Journal*, 87, 40–71. <https://doi.org/10.1086/717256>
- Lubis, D. M., Rusydi, M. K., & Prastiwi, A. (2023). The role of the government's internal control system and human resource competence on the quality of financial reports with leadership commitment as moderation. *Journal of World Science*, 2(7), 1062–1070. <https://doi.org/10.58344/jws.v2i7.335>
- Mauri, N. (2024). How fiscally autonomous are local governments? An empirical test. *Journal of Public Economics*, 225, 105210. <https://doi.org/10.1016/j.jpubeco.2024.105210>
- Michener, G., & Nichter, S. (2021). Local compliance with national transparency legislation. *Government Information Quarterly*, 39(2), 101659. <https://doi.org/10.1016/j.giq.2021.101659>
- Monkam, N., & Saba, C. (2025). Fiscal autonomy and the path to sustainable local economic development: A multilevel municipal analysis in South Africa. *Sustainable Development*. <https://doi.org/10.1002/sd.3514>
- Ouyang, A. Y., & Li, R. (2021). Fiscal decentralization and the default risk of Chinese local government debts. *Contemporary Economic Policy*, 39(3), 641–667. <https://doi.org/10.1111/coep.12531>
- Pilcher, R. (2011). Implementing IFRS in local government: Institutional isomorphism as NPM goes mad? *Local Government Studies*, 37(3), 367–389. <https://doi.org/10.1080/03003930.2011.588702>
- Polzer, T., Grossi, G., & Reichard, C. (2021). Implementation of the international public sector accounting standards in Europe: Variations on a global theme. *Accounting Forum*, 46(1), 57–82. <https://doi.org/10.1080/01559982.2021.1920277>
- Puspasari, L., & Kuntadi, C. (2023). The effect of the implementation of government accounting standards, human resource competencies, and integrated agency-level financial application systems as determinants of the quality of government financial statements. *Journal of Accounting and Finance Management*, 4(1), 1–13. <https://doi.org/10.38035/jafm.v4i1.185>
- Putri, N. (2024). Analisis implementasi akuntansi sektor publik dalam meningkatkan transparansi dan akuntabilitas keuangan pemerintah daerah Lampung. *Anggaran*, 1(2), 1–4. <https://doi.org/10.61132/anggaran.v1i2.680>
- Qu, J., & Zhu, Y. (2019). Government governance, fiscal transparency, and government accounting information sharing: Realization mechanism and path. In *Proceedings of the 2019 3rd International Seminar on Education, Management and Social Sciences (ISEMSS 2019)* (pp. 806–812). <https://doi.org/10.2991/aebmr.k.191217.143>
- Resce, G. (2022). The impact of political and non-political officials on the financial management of local governments. *Journal of Policy Modeling*, 44(6), 1261–1278. <https://doi.org/10.1016/j.jpolmod.2022.08.004>
- Ríos, A., Guillamón, M., Benito, B., & Bastida, F. (2018). The influence of transparency on budget forecast deviations in municipal governments. *Journal of Forecasting*, 37(5), 457–474. <https://doi.org/10.1002/for.2513>

- Sonjaya, Y., Prasetianingrum, S., Auliyah, I., & Labo, I. (2025). Implementation of public sector accounting systems and standards in improving financial transparency. *Advances in Applied Accounting Research*, 3(1), 45–57. <https://doi.org/10.60079/aaar.v3i1.420>
- Sutaryo, S., Sahari, S., Jakpar, S., & Balia, S. (2022). Internal audit function, political characteristics, and compliance with government accrual-based accounting standards in Indonesian local government. *Contaduría y Administración*, 68(1), e3357. <https://doi.org/10.22201/fca.24488410e.2023.3357>
- Tan, E., & Avshalom-Uster, A. (2021). How does asymmetric decentralization affect local fiscal performance? *Regional Studies*, 55(6), 1071–1083. <https://doi.org/10.1080/00343404.2020.1861241>
- Thoa, D., & Van Nhi, V. (2021). Improving the quality of financial accounting information through strengthening of the financial autonomy at public organizations. *Journal of Asian Business and Economic Studies*, 28(4), 335–349. <https://doi.org/10.1108/jabes-06-2020-0059>
- Yamen, A., & Can, G. (2023). The impact of public governance perception on the quality of financial reporting. *Economic Research-Ekonomska Istraživanja*, 36(1), 2223264. <https://doi.org/10.1080/1331677X.2023.2223264>
- Yudiyanto, Y., & Ningsih, S. (2023). The role of risk management implementation in increasing accountability: A study of all regency/municipality governments. *Jurnal Borneo Administrator*, 19(2), 131–144.
- Zamir, E., & Sulitzeanu-Kenan, R. (2018). Explaining self-interested behavior of public-spirited policymakers. *Public Administration Review*, 78(4), 579–592. <https://doi.org/10.1111/puar.12825>
- Zhang, C., & Ping, X. (2019). Research on the evolution of Chinese local government special bond management system in the perspective of opportunistic behavior. In *Proceedings of the 2019 3rd International Seminar on Education, Management and Social Sciences (ISEMSS 2019)* (pp. 85–92). <https://doi.org/10.2991/isemss-19.2019.85>
- Zhang, Q., Zheng, Y., & Zhou, C. (2023). Disclosing for promotion or perquisites: Local government financial disclosure strategy. *Emerging Markets Finance and Trade*, 59(10), 2637–2663. <https://doi.org/10.1080/1540496X.2023.2186747>
- Zhou, C. (2021). Game theory-based analysis of local governments' behavioral dissimulation in the third-party soil pollution control under Chinese-style fiscal decentralization. *Land*, 10(4), 389. <https://doi.org/10.3390/land10040389>