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WORKING PAPER

Local Governmental Accounting Reform: The Case of Turkey

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Abstract

This article examines to what extent Turkish municipalities apply the recently reformed Turkish accrual accounting rules as prescribed by the "Public Financial Management and Control Law, no: 5018" in 2004. As an emerging country, influenced by European and Asian cultures but not fitting to none of them, Turkey is an interesting and important case for the policy transfer. In Turkey, administrative reforms are especially encouraged by EU, IMF and WB who are external actors of the policy transfer process, turning these innovations into top-down reforms. Another important aspect of the study is that due to population growth, new municipalities are still formed in Turkey. These newly founded municipalities employ new public management methods of which accrual accounting is part. Based on this background, this paper briefly reviews the context, and driving forces conditioning the path of accrual accounting in public sector especially for the municipalities. Conclusions are drawn from the result of the level of compliance which is found as 60,8 % for 102 municipalities. Multiple regression analysis was the statistical method used to test the link between the compliance level and municipal size and type, human resources, financial resources and the external influence such as external audit in this research.