

## Co-Creating Value between Public Financial Management Institutions: An Integrated Approach towards Financial Sustainability

**Authors :** Pascal Horni, Sandro Fuchs

**Abstract :** In presence of increasing deficits and public debt among OECD countries, the debate on fiscal discipline and mechanisms to constrain public spending policy heated up and gave rise to the institutionalization of fiscal rules. Considering the notions from political economy literature and the therein advocated axiom of maximization of votes, introduction of institutional mechanisms and rules to govern public spending is likely to be coined by electoral motives. While there exists a series of research concerned with the rise of creative accounting in the presence fiscal rules, implementation of accrual government accounting and its impact on the biting of fiscal rules has to authors' best knowledge never been explored. This paper serves the illumination of the connection between debt break mechanisms and the adoption of accrual public sector accounting standards such as the IPSAS in the interface of political economy in the Swiss context. By explicitly considering the technical accounting dimension, this paper develops an integrated conceptual view on well-established Public Financial Management (PFM) institutions and elaborates how their interdependencies can co-create value with regard to the contemporary challenge of fiscal sustainability. Derivation of this integrated view follows an explorative approach, taking into account expert interviews with director level staff from cantonal finance administrations and policy documents, as well as literature from both research areas – public sector accounting and political economy.

**Keywords :** accounting, fiscal rules, International Public Sector Accounting Standards (IPSAS), public financial management

**Conference Title :** ICEPM 2018 : International Conference on Economics and Public Management

**Conference Location :** Kuala Lumpur, Malaysia

**Conference Dates :** December 05-06, 2018