



**FACULTEIT ECONOMIE
EN BEDRIJFSKUNDE**

**TWEEKERKENSTRAAT 2
B-9000 GENT**

**Tel. : 32 - (0)9 - 264.34.61
Fax. : 32 - (0)9 - 264.35.92**

WORKING PAPER

Can resource dependence and coercive isomorphism explain nonprofit organizations' compliance with reporting standards? *

Sandra Verbruggen[†]

Johan Christiaens[‡]

Koen Milis[§]

October 2009

2009/616

* The authors wish to acknowledge the very helpful comments of three anonymous reviewers, Tom Van Caneghem and Nicolas Marudas. Furthermore, the colleagues at the PhD conference and research seminar of the faculty of economics at Ghent University, the participants of the 5th international conference on Accounting, Auditing & Management in Public Sector Reforms and the PhD conference of CIGAR 2009 have made very useful suggestions to improve the paper.

[†] Corresponding author, Hogeschool-Universiteit Brussel en Universiteit Gent

[‡] Universiteit Gent

[§] Hogeschool-Universiteit Brussel, Universiteit Tilburg en Katholieke Universiteit Leuven

Abstract

Nonprofit organizations worldwide are confronted with an increasing demand for accountability and improved financial transparency. Financial reporting by nonprofit organizations is no longer an exception, it has become a rule. The usefulness of a financial report to an organization's stakeholders depends upon its quality. The latter is safeguarded by reporting standards as well as the commitment of the organization to fully implement these standards. Although resource dependence and coercive isomorphism have been used in earlier nonprofit organization research, no empirical research has linked these theories to compliance with financial reporting standards.

Using a unique setting in which a large number of (very) large Belgian nonprofit organizations are confronted with far-reaching changes in financial reporting regulations, the effect of resource dependence and coercive isomorphism on accounting and financial reporting compliance is documented.