



PILLARS OF ACCOUNTABILITY AND TRANSPARENCY IN THE SUSTAINABILITY OF THE PUBLIC SECTOR: A NEW PUBLIC MANAGEMENT PERSPECTIVE

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Article History

Received: 31-12-2025

Revised: 27-02-2026

Accepted: 21-04-2026

Published: 06-05-2026

Keywords

ABSTRACT

Accountability and transparency are key principles in public sector governance, playing a key role maintaining sustainability government organizations. From perspective (NPM), public sector management is directed toward achieving measurable performance, efficient use of resources, and clear financial accountability. This study seeks to investigate the significance of accountability and transparency as foundation for the sustainability of the public sector, referring to the NPM framework. The research employs a qualitative approach through a literature review of 17 scientific articles relevant to the themes of accountability, transparency, public sector governance, and NPM implementation. The analysis focuses on the contribution of implementing accountability and transparency to organizational performance improvement, strengthening public trust, and the sustainability of public sector institutions. The findings indicate that these principles play a strategic role in reinforcing managerial control, enhancing decision-making quality, and building public confidence in government institutions. Nevertheless, their implementation still faces various challenges, such as institutional capacity limitations, human resource quality, information system support, and weak regulatory enforcement. This study concludes that the success of accountability and transparency within the NPM framework is largely determined by management commitment, the effectiveness of reporting systems, and adequate regulatory support.

Keywords: Accountability; Transparency; Public Sector Sustainability; New Public Management; Public Sector Governance.

DOI: 10.56858/jmpkn.v2i2.904.

1. INTRODUCTION

Financial statements have become a critical necessity for both public and private sector organizations as they provide accurate information and maintain the trust of stakeholders. (Susanto & Rahmawati, 2021) state that a high level of transparency contributes significantly to



the accountability of financial management. The preparation of accountable financial statements provides clear information for users of financial reports. However, in the public sector, financial management tends to be relatively less transparent because it is closely related to constitutional, social, and political aspects. In contrast, in the private sector, budget reporting is generally more internal in nature because it is closely associated with corporate profitability, and therefore is more commonly known as budgetary control.

Introduced the concept of modern public budgeting in their work *The Politics of the Budgetary Process*. In line with Wildavsky's perspective (1960–1970), public budgeting is not merely an administrative planning tool but also a mechanism for control and accountability, ensuring that budget realization reports provide information that is comparable to the planning stage. (Adella et al., 2021) argue that weaknesses in the budget reporting system and the limited use of financial information may increase financial risks and reduce the quality of managerial decision-making in the public sector. (Badewin et al., 2025) further emphasize that accountability and transparency in local government financial reporting strengthen the quality of information presented to the public.

The implementation of budget reporting in the public sector remains an integral part of the state financial management system, which is expected to promote accountability, transparency, and effectiveness in budget utilization. Therefore, budget reporting plays a strategic role in sustaining public sector organizations, particularly in supporting accountability, information openness, and financial risk control. The principles of accountability and transparency highlight the importance of effective financial management and responsible decision-making in government institutions. (Syahputra et al., 2026) demonstrate that these aspects are interconnected, as evidenced in the context of the Ministry of Law and Human Rights of Riau Province. From an administrative perspective, budget reporting functions both as a strategic instrument and as a reporting mechanism (Simamora et al., 2024). In *The Politics of the Budgetary Process*, viewed public sector budgeting as a process shaped by both political and administrative dimensions, rather than merely a technical planning document.

Although budget reporting has become a relatively established practice in public sector financial management, its effectiveness in supporting accountability, transparency, and strategic decision-making remains debated in the literature. (Brusca et al., 2021) found that in many public organizations, budget reporting is still dominated by compliance-oriented approaches to regulatory requirements, meaning that the information produced is not optimally utilized for performance evaluation or policy development. This perspective is supported by studies showing that the implementation of accrual-based accounting not only improves fiscal transparency but also strengthens government financial reporting accountability through systematic auditing



practices (Putra & Sulistyowati, 2021). Furthermore, budget information is often retrospective and presented with significant time delays, reducing its relevance for strategic decision-making.

(Tarigan & Nurtanzila, 2023) also note that the implementation of accrual-based accounting supports transparency and accountability in regional government financial management by providing comprehensive and reliable financial reports for the public. Under these conditions, budget reporting tends to be perceived merely as an administrative obligation rather than as an adaptive managerial tool oriented toward performance improvement.

Based on the identified research gap, this study aims to examine more deeply the practice of budget reporting to assess whether this mechanism functions as a strategic instrument that promotes accountability, transparency, and organizational performance, or whether it merely serves as an administrative requirement focused on regulatory compliance. Using a qualitative approach, this research analyzes the implementation of budget reporting from the perspective of its strengths and limitations, particularly in assessing how the quality and utilization of budget reports support control functions, performance evaluation, and decision-making processes. This approach is expected to provide a more comprehensive understanding of the effectiveness of budget reporting and to generate findings relevant to the development of budget management practices, especially in the public sector.

2. LITERATUR REVIEW

Public Sector Financial Management

Public sector financial management requires the implementation of accountability and transparency principles to support organizational sustainability. Research by (Saldanha et al., 2022) emphasizes that transparency and accountability in digital systems aim to protect users from potential negative impacts and ensure the proper application of regulations. The transformation of the public sector through digital technology has increased the openness of information related to government activities. However, users still need to be informed about potential system biases and the benefits of personal data collection in order for accountability to be fully realized.

Agency Theory

(Hendrastuti & Harahap, 2023) explain that agency theory describes the delegation of authority from the owner of capital (the principal) to managers (agents) who are responsible for operating the organization in accordance with the principal's interests. In practice, however, differences in interests between agents and principals often create conflicts that may hinder the development of organizations. As a result, some organizations managed by agents may fail to achieve optimal performance because managerial actions are not fully aligned with the original objectives set by the principals.



Accountability

Etymologically, the term accountability refers to the obligation to justify actions or decisions taken. (Mareta & Fakhri, 2024) state that accountability requires those entrusted with authority to report and explain all activities and performance outcomes to the principals, who have the right to evaluate and demand responsibility. In the public sector context, transparency in public policy ensures that individuals have the freedom to obtain information regarding government administration. It also reflects government openness in managing regional financial policies, allowing them to be monitored by legislative institutions (DPRD) and the public (Sudrajat, 2021).

Transparency

High levels of information transparency help reduce information asymmetry, improve accountability, and provide stakeholders with a stronger basis for evaluating and comparing the performance and risks of reporting entities. The implementation of transparency strengthens accountability and builds public trust in public sector financial management. Research by (Koch & Keilmann, 2026) finds that proactive information disclosure can mitigate the long-term reputational effects of greenwashing crises on organizations.

New Public Management (NPM) Theory

According to (Kanda & Firmansyah, 2024), New Public Management (NPM) represents the application of private sector management principles—such as efficiency, competition, and results-oriented management—to improve public service performance. This approach emphasizes decentralization of authority, the use of market mechanisms, systematic performance measurement, and accountability focused on achieving measurable outcomes. (Castellini et al., 2025) argue that since the 1980s, NPM has encouraged the adoption of managerial practices similar to those in the private sector within public administration to enhance efficiency, effectiveness, and service quality. Furthermore, NPM has expanded the reform agenda by incorporating risk management practices into public management control systems. Consequently, public organizations are not only focused on regulatory compliance but also on the ability to proactively manage risks (Castellini et al., 2025).

3. RESEARCH METHODS

This study employs a qualitative research approach by collecting and analyzing data from various literature reviews and relevant academic articles discussing the relationship, benefits, advantages, and challenges of budget reporting across different types of organizations and industrial sectors. In this research, the authors apply the concepts of accountability and transparency to evaluate their influence on the sustainability of the public sector.



The collected data are used to address the main research question, namely whether budget reporting plays a significant role in sustaining public sector organizations by supporting financial management and decision-making processes, or whether it merely functions as an administrative formality with limited impact on organizational performance. Through this approach, the study aims to develop a comprehensive conclusion regarding the effectiveness of budget reporting practices in the public sector.

A total of 16 articles were collected and analyzed in this study. The distribution of articles based on their journal sources is presented in Table 2.

Journal Source	Number of Articles
Scopus Q1	4
SINTA 2	3
SINTA 3	4
SINTA 4	3
SINTA 5	2

Table 2. Distribution of Articles by Journal Source

4. RESULTS AND DISCUSSION

Accountability as a Pillar of Public Sector Sustainability

Budget reporting is widely viewed as a strategic instrument for strengthening accountability in public sector organizations. Several studies support this perspective. (Vargas Murillo et al., 2025) argue that open data governance has emerged as a paradigm for improving transparency and governmental accountability in the digital era. From the perspective of agency theory, budget reporting helps reduce information asymmetry between budget owners (principals) and managers or stewards (agents), thereby minimizing potential conflicts of interest. This mechanism encourages managers to act in accordance with the objectives of the budget owners, strengthens internal control systems, and enhances the quality of decision-making processes.

However, several studies also highlight challenges in the implementation of budget reporting. (Syahputra et al., 2026) demonstrate that in practice, budget reports are often prepared primarily to fulfill regulatory obligations and are not optimally utilized as instruments of managerial oversight. In addition, limited human resource competencies and inadequate information system support hinder the effectiveness of budget reporting. Under such conditions, the expected level of accountability is not fully achieved, and potential conflicts between principals and agents may persist. Therefore, although budget reporting has significant potential to enhance accountability, its effectiveness largely depends on the quality of reporting systems, managerial capacity, and the extent to which budget information is effectively utilized.



Furthermore, within the framework of contemporary public governance, the principles of transparency and accountability remain fundamental pillars of good governance, as reaffirmed in recent policy reports by the United Nations Development Programme, which emphasize the importance of digital governance and fiscal data openness. Budget reports that are publicly accessible enable community participation in budget oversight through digital platforms. Such participation not only strengthens social control but also encourages governments to respond more effectively to public needs through data-driven feedback mechanisms. Consequently, budget reporting evolves beyond an administrative document into a democratic instrument that reinforces the legitimacy of public institutions in the era of digital transformation.

In addition, the New Public Management (NPM) approach has undergone conceptual developments in contemporary public administration literature. Research published in *Public Management* . Indicates that performance orientation and efficiency remain relevant but must be integrated with collaborative governance and digital transformation. In this context, performance-based budgeting becomes an important tool for evaluating the effectiveness and efficiency of public expenditure. Budget reports integrated with strategic performance indicators enable outcome-based evaluation, ensuring that accountability is measured not only through procedural compliance but also through the tangible impact of public programs on society.

Moreover, developments in information technology and the implementation of e-budgeting systems have strengthened the digital transformation of public sector financial management. Highlights the importance of aligning digital system design with institutional capacity to ensure the success of public financial management reforms. Integrated financial information systems allow real-time recording and reporting of budget data, improve data accuracy, and strengthen technology-based audit mechanisms. Nevertheless, without adequate human resource readiness and digital risk governance, these innovations may create disparities in institutional capacity across government agencies.

Finally, ethical values and organizational culture remain crucial determinants of the effectiveness of budget reporting as an accountability instrument. Recent research on public service motivation shows that integrity, commitment to public service, and moral values among public officials positively influence the quality of public financial reporting. When transparency and responsibility are embedded within organizational culture, budget reports are prepared more accurately, honestly, and with a stronger orientation toward public interest. Thus, strengthening accountability through budget reporting depends not only on regulatory frameworks and technological innovation but also on ethical leadership and the development of integrity within public institutions.



Transparency as a Pillar of Public Sector Sustainability

Several recent studies identify budget reporting as an important mechanism for strengthening transparency in public sector financial management. Reveal that the openness of budget information directly contributes to improving the effectiveness of budget management and the performance of local governments through the presentation of clear and accountable financial information. Similarly, (Badewin et al., 2025), through a literature review on public sector financial reporting, conclude that the implementation of transparency principles in budget reporting strengthens public trust and governance integrity, ultimately enhancing the legitimacy of public institutions.

Furthermore, finds that the use of transparent e-budgeting systems not only promotes real-time disclosure of budget data but also expands public participation in fiscal oversight. Who demonstrates that transparency in budget reporting at the local government level improves accountability and enhances the quality of public decision-making.

However, several studies also highlight barriers that may reduce the effectiveness of budget reporting as a transparency mechanism. Limitations in technological infrastructure and low data quality remain major obstacles, reducing the ability of stakeholders and the public to utilize budget information effectively. Further notes that although budget data are available, the quality of reporting often fails to fully support accountability because the information presented is incomplete or difficult for the public to access.

In the context of digitalization, finds that transparent e-budgeting systems enable real-time and integrated budget data presentation, thereby increasing public participation in fiscal monitoring. This transformation aligns with recommendations from the International Monetary Fund (2023), which highlight the importance of digital fiscal transparency in improving the accuracy, comparability, and accessibility of public financial data. E-budgeting systems equipped with user-friendly interfaces and expenditure tracking features allow citizens not only to access budget data but also to better understand budget allocations and expenditures. Consequently, digital transparency becomes not only informative but also participatory.

Further emphasizes that transparency in local government budget reporting significantly improves performance accountability and decision-making quality. Empirical studies published under the framework of open government by the United Nations show that local governments implementing open reporting standards tend to develop more data-driven and responsive planning processes. Transparency facilitates evidence-based evaluation, ensuring that budgetary policies are no longer determined solely through elite decision-making but through more inclusive and measurable processes.



Nevertheless, studies conducted over the past four years also highlight structural challenges that hinder the optimization of budget reporting as a transparency mechanism. Limited technological infrastructure, low system interoperability, and data quality issues remain major obstacles. A report by the Asian Development Bank (2022) identifies institutional capacity and digital literacy among public officials as key determinants of successful digital financial reporting reforms. Consistent with this view, emphasizes that although budget data are available online, complex data formats and insufficient simplification of financial information make it difficult for the public to utilize the information effectively. Therefore, strengthening transparency requires not only open access to data but also improvements in information quality, reporting standardization, and the enhancement of human resource capacity to ensure substantive fiscal accountability.

5.CONCLUSION

Based on a review of previous studies, it can be concluded that budget reporting functions not only as an administrative mechanism but also as a strategic instrument that plays a crucial role in sustaining the public sector. Budget reporting enables governments to manage resources more effectively, maintain financial stability, and ensure alignment between budget planning and implementation in both the short and long term (Hidayatullah et al., 2023). Through structured budget reporting systems, public organizations can improve the quality of decision-making and ensure the continuity of public programs and services.

The primary role of budget reporting is reflected in its ability to enhance accountability and transparency. Transparency in budget reporting helps build public trust and strengthen the legitimacy of government institutions in performing their duties. In the era of digital transformation, the role of budget reporting has become increasingly significant through its integration with information technology, analytics, and big data. This integration allows real-time budget data presentation, accelerates performance evaluation, and supports faster and more responsive strategic decision-making in response to dynamic public sector environments (Nasution et al., 2021). Consequently, budget reporting functions not only as a financial control mechanism but also as a driver of sustainability and innovation within the public sector.

Nevertheless, several studies indicate that the main challenges in implementing budget reporting lie in the lack of adequate data analysis and follow-up actions, which reduces its effectiveness as a strategic governance tool and limits its long-term impact. Therefore, the success of budget reporting largely depends on the alignment of organizational strategies, the quality of financial data, and the participation of all organizational units in the processes of budget planning, reporting, and evaluation. Overall, when implemented consistently, supported by reliable data, and reinforced by good governance practices, budget reporting can serve as an effective strategic instrument for strengthening accountability, transparency, and sustainability in the public sector.



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