



The Role of Governmental Accounting in Achieving Good Governance

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Abstract

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Good governance represents a fundamental principle in public sector management that emphasizes transparency, accountability, and efficiency in the utilization of public funds. This principle aims to enhance public trust in government institutions while preventing corruption and administrative inefficiency. Public financial accounting and governmental accounting play a crucial role in achieving good governance through the presentation of transparent and accountable financial information. Furthermore, the New Public Management paradigm has significantly influenced public sector reform by adopting private-sector management principles that focus on performance outcomes, efficiency, and managerial responsibility. This study examines the interrelationship between the principles of good governance, accountability, transparency and their implementation within governmental accounting systems. Through a comprehensive literature review, the study provides a conceptual understanding of the role of public accounting in strengthening good governance practices. It also explores the relevance in enhancing accountability and financial transparency in the public sector, thereby contributing to the development of a more transparent, efficient, and performance-oriented government.



1. Introduction

Good governance is a fundamental foundation in the implementation of modern government that emphasizes the importance of accountability, transparency, effectiveness, and efficiency in the management of public resources. This principle encompasses not only administrative aspects but also the moral and ethical dimensions in the use of public funds. A government committed to the principles of good governance is expected to establish a public financial system that is open, easily accessible by the public, and has clear accountability mechanisms for every form of state budget utilization. Transparency and accountability are two main elements in the concept of good governance because both play a direct role in building and maintaining public trust in government institutions (Adiputra et al., 2018).

In the context of public sector management, the application of good governance principles demands support from a reliable and effective government accounting system. Government accounting not only functions as a tool for recording and reporting financial transactions but also as an instrument for monitoring the efficiency and effectiveness of public resource utilization. Through the implementation of a standardized and transparent accounting system, the government can provide accurate and relevant financial information for stakeholders, both internal and external. This information becomes the basis for strategic decision-making, as well as a means for the public to assess the extent to which the public budget is managed responsibly and oriented towards the public interest. Yuniarta and Purnamawati (2020) emphasize that the presentation of

transparent and accountable government financial reports plays an important role in strengthening public trust in the credibility of state financial management and fostering a bureaucracy culture that is open and professional.

Furthermore, the development of the NPM paradigm significantly influences the shift in traditional bureaucratic orientation towards a more adaptive, competitive, and results-oriented government system. NPM adopts private sector management principles, such as efficiency, innovation, decentralization of authority, and the use of performance indicators to assess the achievements of public organizations. This reform requires government officials to work with modern managerial principles that emphasize individual responsibility, results orientation, and optimization of public institution performance. In the context of government accounting, the application of the NPM paradigm encourages the development of a performance-based reporting system, which not only records financial activities but also measures the contribution of policies to improving public welfare. Thomas et al. (2017) states that the application of NPM principles can strengthen public financial accountability through increased transparency, effectiveness, and efficiency in public sector governance.

In addition, public financial transparency is a crucial aspect in building legitimacy and public trust in government institutions. Public information disclosure allows the community to gain access to fiscal data, budget policies, and government financial reports broadly and measurably. When this information is openly accessible, the public plays an active role in monitoring fiscal policies and the use of public resources. This condition implies an increase in the effectiveness of social

control and strengthens a clean and integrity-driven bureaucratic culture. Georgieva (2017) affirm that the transparency of public financial information is an important instrument in preventing corruption and misuse of authority in the government sector. Thus, the implementation of a public financial accounting system based on transparency and accountability is a primary prerequisite for realizing a clean, efficient government that is oriented towards public service.

Considering the conceptual relationship between good governance, government accounting, and the NPM paradigm, it can be concluded that these three elements have a strong synergy in forming effective and sustainable public governance. Good governance provides normative principles in government administration, government accounting provides technical instruments to support transparency and accountability, while NPM provides a managerial approach that encourages efficiency and results orientation. The integration of the three results in a public financial management system that not only fulfills administrative aspects but also reflects the government's moral and social responsibility to the community. Therefore, this study is important to conceptually analyze how the application of good governance principles through the government accounting system and the NPM paradigm can strengthen public financial accountability and create governance that is more transparent, adaptive, and responsive to community needs.

2. Literature Review

2.1. The Concept of Good Governance in Public Financial Management

Good governance is a fundamental paradigm in modern government administration that focuses on the principles of transparency, accountability, and efficiency in public resource management. The application of this principle aims to create a government administration system that is open, participatory, and can be supervised by the public. According to Adiputra et al. (2018), the application of transparency and accountability in local financial management has a significant influence on improving government performance, especially in optimizing the effectiveness of public budget utilization. The principle of good governance also plays a role in strengthening the integrity of public institutions through open reporting mechanisms and an evaluation system oriented towards moral and social responsibility to the community.

Public transparency serves as an important instrument in strengthening government legitimacy and building public trust in the public sector. Through open fiscal information and public access to financial reports, the public can actively participate in supervising the implementation of fiscal policies and preventing the potential misuse of power. Yuniarta and Purnamawati (2020) emphasize that transparency is a main pillar in overcoming the public trust crisis in bureaucracy, as well as creating a culture of government that is clean, honest, and responsible.

Furthermore, accountability as a core element of good governance demands every government entity to account for all decisions, policies, and management of public funds ethically and professionally. Lewis and Hendrawan (2020) state that the

performance evaluation of public organizations is not merely measured by administrative results, but also by the ability to manage public resources efficiently, transparently, and in accordance with applicable laws and regulations.

2.2. Government Accounting and Public Financial Accountability

Government accounting has a fundamental role as the main instrument in realizing public accountability through the presentation of transparent, reliable, and auditable financial reports. This accounting system is designed to ensure that every financial transaction carried out by the government is recorded systematically, consistently, and in accordance with applicable government accounting standards. Ismail et al. (2018) emphasize that the application of accrual-based accounting in the public sector can provide a more comprehensive and realistic picture of the country's financial position. Through this approach, financial reports do not only display cash flow but also reflect the government's obligations, assets, and economic resources, thereby increasing the credibility of the reports and strengthening public trust in state financial management.

In addition to functioning as an accountability tool, government accounting also has a strategic role in strengthening the public financial oversight system. According to Kartiko et al. (2018), the application of accrual-based accounting contributes to increased fiscal efficiency by providing financial information that is more accurate and relevant for decision-making. Through this system, state expenditures and revenues can be monitored more strictly, thereby minimizing the potential for deviation and strengthening budget accountability. The financial data

generated from the accrual system allows policymakers to plan, allocate, and evaluate the use of the budget based on verified empirical evidence.

Thus, government accounting not only has an administrative function but also plays a strategic role in building transparent and participatory public governance. Openness in public financial reporting creates space for the public and oversight institutions to be actively involved in assessing the effectiveness and accountability of government financial performance (Masdar et al., 2021).

2.3. The Influence of New Public Management on Public Sector Accounting Reform

NPM paradigm introduces a modern approach in public sector management by emphasizing the principles of efficiency, results orientation, and increased accountability of government institutions. This concept adopts managerial practices from the private sector into government governance, including the use of measurable performance indicators, the application of internal competition between work units, and the decentralization of authority in decision-making. Pamungkas et al. (2018) affirm that the implementation of NPM encourages the reform of the government accounting system towards a performance-based accounting model, which in turn increases transparency, effectiveness, and reliability in state financial management.

Furthermore, NPM-based public financial reform strengthens the link between managerial accountability and the performance of public institutions. The study by Negovita (2018) shows that the application of NPM principles can improve the effectiveness of the government accounting system through simplifying

bureaucratic procedures, strengthening results-based evaluation, and increasing institutional responsibility for performance achievements. With a focus on results, public accounting is no longer limited to recording fiscal transactions, but also includes the assessment of social, economic, and public service impacts resulting from government policies.

In addition, reforms driven by the NPM paradigm foster a culture of innovation, professionalism, and efficiency among state apparatus. Grossi et al. (2020) explain that this approach encourages government institutions to improve the financial reporting system by emphasizing information disclosure and strengthening performance-based oversight mechanisms. Thus, NPM plays an important role in strengthening the application of good governance through the integration of efficiency, transparency, and accountability values into the modern government accounting system.

3. Methods

This research uses a literature review (**library research**) approach that focuses on the analysis of scientific literature regarding the concepts of good governance, accountability, public financial transparency, government accounting, and the NPM paradigm over the last five years. This approach aims to identify the conceptual links between the principles of good government administration and their application in the public sector accounting system. The literature review was conducted by searching various relevant academic sources, including reputable international journal articles, research reports, and scientific publications indexed in Google

Scholar and Scopus. The literature search process was carried out using the keywords “good governance”, “public financial accountability”, “government accounting”, “transparency”, and “New Public Management”. Only articles published in the last five years were selected to ensure the relevance and currency of the theories used in the analysis.

The analysis method used is descriptive-analytical, which involves comparing and interpreting the results of previous research to find conceptual relationships between the variables studied based on prior empirical findings. The analysis process is carried out through systematic stages including the identification of relevant literature, thematic synthesis, and conceptual evaluation. The first stage focuses on selecting articles that directly discuss the relationship between the principles of good governance, accountability, and public accounting. Next, thematic synthesis is performed by grouping research findings based on main themes such as financial transparency, fiscal accountability, and the application of NPM in bureaucratic reform. In the final stage, conceptual evaluation is performed to examine the suitability of the theory with the implementation practices of government accounting and to analyze its implications for achieving good governance.

According to Adiputra et al. (2018), the literature analysis approach is an effective method for tracing factors that influence public financial transparency and accountability. This approach allows researchers to identify conceptual gaps between studies and find consistent patterns of relationships between key variables. In addition, theoretical validity is also a primary concern in this research, namely by ensuring that every literature used has empirical relevance and supports the

theoretical argumentation constructed. Data analysis is performed systematically without statistical manipulation, so the research results are conceptual and provide a deep theoretical understanding of the contribution of applying New Public Management and the government accounting system to increasing public financial accountability and transparency as the main pillars of good governance.

4. Results

The results of this literature review indicate that the application of good governance principles plays a very important role in building a public financial management system that is transparent, accountable, and oriented towards community interests. This principle emphasizes the essence of information disclosure, bureaucratic integrity, and moral responsibility to the public as the main basis for effective government governance. A government committed to the principles of good governance has an ethical obligation to present financial reports that are accurate, open, and easily accessible by the public as a form of accountability for the use of public resources. Transparency in public financial management is proven not only to strengthen fiscal accountability but also to increase the level of public trust in government institutions as providers of public services (Dewi et al., 2019).

Based on the results of the literature synthesis conducted, public accountability is seen as the main dimension in the application of good governance. Public financial accountability ensures that all public funds are allocated and used in

accordance with established goals, and can be accounted for openly to the community. According to Masdar et al. (2021), public accountability not only includes administrative and financial reporting but is also closely related to the ethical and moral responsibility of government officials to citizens. Within this framework, government financial reports are not merely positioned as technical documents, but also as a medium that represents the government's moral and social commitment in carrying out the public mandate transparently and professionally.

Other findings show that the application of accrual-based government accounting contributes significantly to strengthening public accountability. The accrual system allows for comprehensive recording of financial transactions, both in terms of revenue and expenditure, thus being able to produce a more realistic, accurate, and independently auditable representation. According to Kartiko et al. (2018), the application of the accrual-based accounting system strengthens the integrity of public sector financial reports because every fiscal activity can be traced and verified better. The transparency resulting from this system not only helps prevent deviation and corruption practices but also strengthens public oversight mechanisms and increases the efficiency of state financial resource management.

In addition to strengthening the oversight aspect, the application of accrual-based government accounting also has positive implications for the decision-making process within the public bureaucracy. Financial data presented accurately and verified becomes an important foundation in formulating evidence-based policy. The government can assess the effectiveness of programs and policies through the analysis of factual financial data, not just based on administrative assumptions. Thus,

the government accounting system does not merely function as a reporting instrument, but also as a strategic tool in development planning, performance evaluation, and improving the quality of public services.

The literature review also confirms that bureaucratic reform driven by the NPM paradigm has a significant influence on increasing the performance and efficiency of public institutions. This paradigm marks a shift in government orientation from a hierarchical and procedural administrative system towards a mechanism that is more adaptive, competitive, and results-oriented. In the context of public accounting, NPM principles encourage the implementation of a reporting system that can objectively measure performance and demand efficiency in budget utilization. According to Pamungkas et al. (2018), the main principles of NPM, such as efficiency, effectiveness, and managerial responsibility, strengthen fiscal transparency while increasing stakeholder confidence in public sector performance.

Furthermore, public financial reform inspired by the NPM paradigm emphasizes the importance of applying performance-based evaluation or evaluation based on results. The government is no longer only required to present reports on the use of public funds, but also to display the achievements and social impact of the policies and programs implemented. Negovita (2018) state that through the results-based accounting approach, the government can conduct a more accurate evaluation of the effectiveness of resource allocation and ensure that every expenditure provides concrete benefits to the community. This approach not only strengthens public accountability but also affirms the government's social responsibility in managing public funds efficiently and results-oriented.

In addition to accountability and efficiency, public transparency is proven to have a close relationship with community participation in the process of state financial oversight. When fiscal information and financial reports are published openly, the community gains the opportunity to exercise social control over fiscal policies and budget implementation. This condition encourages the formation of more participatory and democratic government governance. Yuniarta and Purnamawati (2020) emphasize that financial transparency is a fundamental instrument in building public trust and reducing the risk of misuse of power and corruption. Information disclosure allows the public to assess the extent to which the government implements the principles of efficiency and effectiveness in the provision of public programs.

The research findings also show that the implementation of an integrated government accounting system plays an important role in increasing the operational efficiency of public institutions. Through a coordinated reporting system, the government can reduce the duplication of administrative processes, accelerate information distribution, and increase the reliability of financial reporting. This is in line with the principle of efficiency carried by NPM, which demands that every resource be utilized optimally to produce the highest public value. The government is expected to operate with a performance orientation like a modern business organization, but still maintaining the principles of social responsibility and public service which are the main characteristics of the government sector.

Furthermore, the results of the analysis show that public financial accountability serves as a strategic instrument in building a relationship of trust

between the government and the community. When the government can prove that the use of public funds is carried out responsibly and transparently, institutional legitimacy and public trust in the bureaucracy will increase. Conversely, non-transparency in financial reporting can reduce credibility and lead to a crisis of confidence in government institutions. Within this framework, the government accounting system acts as a control mechanism, both internal and external, to ensure that every public transaction complies with the principles of professionalism, efficiency, and fiscal justice.

However, the challenges in implementing the principles of good governance are still quite complex, especially regarding the consistency of implementation and the commitment of public institutions to transparency and accountability. Some studies note that although regulations on information disclosure have been formally adopted, their implementation is often not optimal. Factors such as low accounting literacy among public officials, weak internal audit systems, and resistance to innovation are major obstacles in the application of these principles. To overcome this, comprehensive institutional reform is needed, including increasing human resource capacity, strengthening risk-based audit systems, and implementing incentive mechanisms for institutions that successfully apply transparency and accountability consistently.

Based on the literature analysis over the last five years, it can be concluded that the effectiveness of applying good governance largely depends on the synergy between the government accounting system and the New Public Management paradigm. The integration of these two approaches results in a governance model

that is more adaptive, efficient, and results-oriented. Government accounting provides the information framework needed for transparent public reporting, while NPM principles provide the managerial foundation that encourages efficiency, innovation, and performance accountability.

Overall, the results of this study confirm that the success of public financial governance is determined not only by the existence of formal regulations or policies but also by an organizational culture that upholds openness, responsibility, and integrity. Transparency and accountability are not just administrative obligations, but a manifestation of the government's moral commitment to providing quality and equitable public services. Therefore, strengthening the government accounting system in line with the principles of New Public Management is a strategic step to realize clean, efficient, and results-oriented government.

5. Discussion

The results of the literature review indicate a strong link between the application of good governance principles, the government accounting system, and the New Public Management (NPM) paradigm in strengthening public financial transparency and accountability. Conceptually, good governance emphasizes the importance of information disclosure, administrative efficiency, and clarity of responsibility in every government administration unit. These principles not only serve as technocratic guidelines in bureaucratic governance but also as a moral basis for creating public trust in government institutions. In the modern context, transparency and accountability are seen as two main pillars that complement each

other in creating effective, participatory, and integrity-driven government governance (Dewi et al., 2019).

In the field of government accounting, the principle of transparency is realized through the preparation of financial reports that are informative, publicly accessible, and verifiable through independent audit mechanisms. The development of the government accounting system, which now adopts an accrual basis, has provided a fundamental change to the way public financial performance is reported and measured. The accrual-based approach allows the government to present the financial position more comprehensively, as it records all transactions, both cash and non-cash. Through this system, stakeholders can assess the extent to which the effectiveness of public fund utilization contributes to achieving development goals. Masdar et al. (2021) affirm that the quality of public financial reporting has a direct correlation with the level of public trust in the government. When financial reports are prepared transparently, accurately, and in accordance with government accounting standards, this shows the government's commitment to the principle of substantive public accountability, not just symbolic.

Meanwhile, the NPM paradigm plays a role in strengthening the application of public accountability through a performance- and results-based management approach. NPM changes the traditional bureaucratic paradigm, which tends to be hierarchical, rigid, and procedure-oriented, into a system that is adaptive, competitive, and emphasizes efficiency and effectiveness. The application of NPM principles encourages public institutions to manage finances rationally and productively, by placing public satisfaction as the main benchmark of policy success.

Negovita (2018) explain that through the application of a performance-based reporting system, the government can objectively assess program achievements and increase fiscal transparency at all levels of public administration. This approach not only functions as a performance evaluation mechanism but also as a means to strengthen fiscal integrity and accountability in government administration.

Nevertheless, the implementation of good governance principles and the NPM paradigm in the context of public bureaucracy still faces a number of structural and cultural challenges. One of the main obstacles is the weak bureaucratic commitment to information disclosure and the limited competence of officials in understanding and implementing accrual-based accounting optimally. Yuniarta and Purnamawati (2020) emphasize that public transparency can only run effectively if it is supported by a strong internal audit system, adequate human resource capacity, and an organizational culture that upholds integrity, honesty, and moral responsibility. Without institutional synergy and continuous bureaucratic ethics development, transparency and accountability policies risk becoming mere administrative formalities that do not have a substantive impact on the quality of government governance. Thus, the results of this study confirm that the effectiveness of applying good governance and NPM in the public sector highly depends on the quality of the government accounting system used and on the ethical commitment of institutions in implementing the principles of openness and accountability.

6. Conclusion

This research concludes that the application of good governance principles plays an important role in creating public financial governance that is transparent, accountable, and efficient. The principle of transparency encourages the disclosure of financial information to the public, while accountability ensures that every use of public funds can be accounted for morally and administratively. The integration of these two principles is the main basis for realizing a clean government oriented towards public service.

The accrual-based government accounting system becomes the main instrument in supporting the application of good governance. Through this system, financial reports can describe the government's fiscal condition more accurately, while facilitating the oversight and audit process. In addition, the NPM paradigm provides a new direction for public sector reform by adopting private management principles such as efficiency, results orientation, and managerial responsibility.

The results of the literature review show that the synergy between good governance, government accounting, and NPM can strengthen government legitimacy in the public eye. However, the effectiveness of its application still depends on institutional commitment, human resource capacity, and a bureaucratic culture that supports openness and integrity. Therefore, strengthening the public financial reporting system, increasing official capacity, and forming an ethical organizational culture are strategic steps to realize good, transparent, and sustainable government governance.

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