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Maintaining National Economic Stability Through the Integration of Macro Policy and Public Sector Oversight

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Abstract

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National economic stability serves as a fundamental prerequisite for achieving long-term growth, societal welfare, and global competitiveness. This study aims to examine the interrelationship between macroeconomic policy, fiscal accountability, and public sector audit in maintaining economic stability. Adopting a library research approach, the study analyzes empirical literature from the past five years to provide a comprehensive understanding of the dynamics involved. The findings indicate that the effectiveness of fiscal and monetary policies significantly influences inflation control, unemployment levels, and fiscal balance. Public sector audit plays a pivotal role in ensuring transparency and efficiency in government financial management, thereby strengthening public trust and fiscal stability. Furthermore, the integration of sound economic policies with accountable public oversight mechanisms fosters a robust foundation for inclusive and sustainable economic development. The study underscores that economic stability is not merely the outcome of appropriate economic policies but also a reflection of transparent and responsible governance. By highlighting the synergy between macroeconomic management and fiscal accountability, this research contributes to the discourse on sustainable development and good governance.

1. Introduction

National economic stability is an essential foundation for sustainable development and the improvement of public welfare. A stable economic condition provides space for the government, businesses, and the public to undertake long-term planning without having to face excessive macroeconomic volatility. Economic stability encompasses various dimensions, such as controlled inflation, maintained fiscal balance, and increased resilience to external shocks. In the context of increasingly complex global dynamics, countries that are able to maintain macroeconomic stability tend to find it easier to attract investment, maintain population purchasing power, and increase national productivity (Goodwin et al., 2022). Thus, economic stability is not only an indicator of economic health but also a prerequisite for creating a foundation for sustainable development.

The role of macroeconomic policy becomes highly strategic in the process of forming and maintaining this stability. The main instruments frequently used by the government namely, fiscal policy and monetary policy function as mechanisms to encourage economic growth, control inflation, and expand employment opportunities. Fiscal policy, which is effectively designed through both the optimization of tax revenue and efficient management of public spending, can strengthen the country's fiscal capacity and reduce the risk of deficits that threaten macro stability. Conversely, a credible and consistent monetary policy plays a role in maintaining price stability while enhancing the confidence of the public and market players in the national financial system (Tobal & Menna, 2020). A solid interaction between these two instruments is a critical prerequisite for creating a conducive economic environment. Within the framework of public financial governance, the aspect of fiscal accountability is inseparable from efforts to maintain economic stability.

Public sector audit functions as a surveillance instrument that ensures state resources are managed efficiently, transparently, and in accordance with legal provisions. The presence of an independent audit institution is capable of increasing fiscal discipline, minimizing budgetary deviations, and strengthening the quality of public sector decision-making. Thus, the relationship between public audit and economic stability is mutually reinforcing: good fiscal governance encourages economic stability, while macro stability provides room for the more effective and objective execution of audits (Suryanto & Wahyudi, 2022). The importance of integrating economic policy and public accountability systems is increasingly prominent given the rising demands for transparency and modern government governance. The government is not only required to formulate policies that are technically effective but also to ensure that the implementation of these policies can be publicly accounted for. Transparency in the management of state finances creates stronger social trust in the legitimacy of both fiscal and monetary policies. This trust becomes significant social capital in maintaining national economic and political stability (Kariuki, 2020).

Furthermore, the relationship between macroeconomic policy, public governance, and public sector audit reflects the principle of good governance, which is a pillar in modern economies. Economic stability is not merely a matter of macroeconomic indicators but is the result of a synergy between integrated policies, effective supervision, and adequate public participation. Thus, understanding the interconnectedness between economic stability, macro policy, and public audit becomes essential to see how all three contribute to forming an adaptive and sustainable economic system (Bilan et al., 2019). This research aims to comprehensively examine the role of fiscal policy, monetary policy, and public sector audit in supporting national economic stability. Through a review of current empirical literature, this study seeks to provide both theoretical and practical contributions on how macro policy and public accountability can strengthen the foundation of an inclusive and sustainable economy.

2. Literature Review

2.1. Macroeconomic Policy and Economic Stability

Macroeconomic policy fundamentally includes fiscal and monetary policies designed to maintain a balance between economic growth, price stability, and job creation. Can (2020) emphasize that effective coordination between these two instruments is crucial in stabilizing aggregate demand, especially when the economy faces various external shocks such as global financial crises. In practice, fiscal policy is used by the government to regulate the composition of public spending and state revenue sources, while the central bank has a strategic role in controlling interest rates, regulating liquidity, and maintaining exchange rate stability and inflation levels.

Research by Ruslan et al. (2023) indicates that the credibility of monetary policy has a significant influence on increasing market confidence and strengthening the effectiveness of fiscal policy. Without the support of stable monetary policy, expansionary fiscal policy potentially increases inflationary pressure, which can ultimately disrupt macroeconomic stability. Therefore, synergy between fiscal and monetary policy is an important prerequisite for achieving inclusive and sustainable economic growth. In addition, the existence of consistent medium-term fiscal planning plays a role in reducing economic volatility. Indrawati et al. (2020) affirm that fiscal discipline can strengthen investor confidence, reduce the government's borrowing costs, and create a more stable economic climate for the private sector. Thus, macroeconomic policy not only functions as a short-term stabilization instrument but also as a strategic foundation in ensuring the sustainability and resilience of the national economy.

2.2. Public Sector Audit and Fiscal Accountability

Public sector audit holds a very significant role in creating transparency and strengthening fiscal accountability. Zakaria (2023) state that the presence of independent public audit can increase the efficiency of state financial management and simultaneously suppress the potential for corruption, thereby contributing directly to the strengthening of fiscal stability. The audit institution functions to ensure that all government expenditures are aligned with national development priorities and avoid practices of waste or misuse of public resources. A study conducted by Setyawati et al. (2022) shows that the quality of public audit has a positive relationship with the level of public trust and macroeconomic stability.

Audits implemented comprehensively not only strengthen the governance of state finances but also encourage an increase in the effectiveness of fiscal policy. Furthermore, public sector audit is an important instrument in assessing government compliance with Standard Accounting Practices (SAP) and various regulatory provisions related to budgeting. The strong application of fiscal accountability creates discipline in the management of public funds. When the government can demonstrate transparency in recording revenues and expenditures, investor and public confidence in the country's fiscal condition increases. The findings of Cordery et al. (2023) support this view by stating that countries with effective public audit systems tend to show lower levels of budget deficit and better economic stability. Therefore, public audit functions not only as a surveillance mechanism but also as a fundamental element in maintaining fiscal integrity and national economic resilience.

2.3. Synergy of Economic Policy and Public Governance

The integration between macroeconomic policy and public governance is a crucial element in building long-term economic stability. Ndikumana (2020) emphasizes that economic stability does not only depend on the effectiveness of fiscal and monetary policies but is also highly influenced by the transparency and accountability of public governance. When public audit mechanisms and economic policies are implemented synergistically, the result is an economy that is more efficient, fair, and sustainable. The integration of these two aspects allows macroeconomic policy to focus not only on growth but also on the equitable distribution of resources and the responsible use of public funds. Research by Hartanto et al. (2021) indicates that the principle of good governance is a determining factor in increasing the effectiveness of fiscal policy.

Weak public governance can reduce the positive impact of economic policy, while transparency and institutional integrity strengthen public trust in the government. Therefore, economic policy reform should be accompanied by the strengthening of public audit institutions to ensure that the balance between efficiency, accountability, and social justice is maintained. The synergy between macroeconomic policy and public audit also plays a role in creating economic resilience against global shocks and volatility. From a sustainable development perspective, this collaboration is a foundation for ensuring that every economic policy provides a positive social impact and is fiscally accountable. Thus, national economic stability is the result of implementing well-targeted economic policies and simultaneously a reflection of public governance that is transparent, accountable, and integrated.

3. Methods

This research employs a literature study (library research) approach, focusing on the collection and analysis of secondary data from various relevant academic sources. This approach was chosen because the research objective is to understand the conceptual and empirical interconnectedness between economic stability, macroeconomic policy, and public sector audit without directly collecting primary data. Thus, the literature study is the appropriate methodology for exploring existing and documented theories, empirical findings, and policy practices. Data collection focused on literature published in the last five years to reflect the latest economic conditions and public governance.

Data sources were obtained through searches of reputable scientific journals indexed in international databases, including Google Scholar, Research Gate or

Elsevier. Selection criteria included topic relevance, clarity of research methodology, and empirical contribution to understanding the relationship between fiscal policy, monetary policy, public audit, and macroeconomic stability. The analysis process was carried out through several systematic stages. First, the researcher identified key keywords, such as "fiscal policy, monetary policy, public sector audit, accountability, and macroeconomic stability." Second, the literature was filtered based on suitability with the research focus, methodological quality, and depth of empirical analysis. Third, content analysis was applied to extract patterns, similarities, differences, and thematic relationships that emerged among the studies. The analysis was conducted qualitatively, emphasizing source triangulation, which means comparing various findings from different literature to obtain a more comprehensive conclusion.

Additionally, the comparative synthesis technique was used to link findings from diverse economic and institutional contexts, thereby building a holistic understanding of the factors influencing national economic stability. The results of the analysis are presented descriptively with a systematic and organized structure into three main parts: (1) macroeconomic policy and its impact on economic stability; (2) the role of public sector audit in promoting fiscal accountability; and (3) the synergy between economic policy and public governance. This approach allows the research to formulate a conceptual framework illustrating the relationship between the effectiveness of fiscal and monetary policies, public transparency, and macro economic sustainability. Thus, this study not only provides a theoretical review but also presents practical implications for the development of economic policy and the strengthening of public accountability mechanisms.

4. Results

The research results indicate that national economic stability is heavily influenced by the effectiveness of macroeconomic policy and the quality of public financial governance. Based on the extensive literature review, it was found that the coordination between fiscal and monetary policy has a fundamental role in maintaining macroeconomic balance, especially when facing external fluctuations and global economic crises. In practice, the government uses fiscal policy to regulate state expenditure and revenue, while the central bank acts as the liquidity manager and the guardian of price stability. The harmonization of these two instruments enables the achievement of economic stability, inflation control, and sustainable economic growth.

Can (2020) state that weak coordination between fiscal and monetary policy is often the main trigger of economic instability in developing countries. When expansionary fiscal policy is implemented without tight monetary policy support, inflationary pressure increases, the budget deficit widens, and the exchange rate depreciates. Conversely, countries with good policy coordination show resilience to financial shocks and increased economic competitiveness. This finding emphasizes that economic stability is not solely determined by the magnitude of fiscal or monetary policy but heavily depends on the synchronization and integration between these two instruments.

In addition to macro policy, this research shows that public governance and public sector audit make a significant contribution to overall fiscal and economic stability. Public audit functions as a surveillance mechanism that ensures state fund management is carried out efficiently, transparently, and in accordance with applicable regulations. Zakaria (2023) found that the quality of public audit has a positive correlation with the effectiveness of fiscal policy. Countries with independent and highly integrated audit institutions tend to show an increase in expenditure efficiency, a decrease in the fiscal deficit, and increased public trust in the government.

Public sector audit does not only play a role in upholding fiscal accountability but also functions as an economic stabilization tool. In crisis situations, transparent audit reports provide a positive signal to both domestic and international investors regarding the credibility of a country's economic policy. The implication of this includes increased investment flow and exchange rate stability, which ultimately supports macro economic resilience. Thus, the role of public audit is twofold, both directly through fiscal oversight and indirectly through increased public and investor confidence. The interconnectedness between economic policy and public accountability is also reflected in efforts to maintain fiscal sustainability. Cordery et al. (2023) emphasizes that strong public governance and an accountable audit system can reduce fiscal risk and strengthen market confidence in government policies. Countries that enforce transparency in budget reporting show lower economic volatility and higher resilience to global shocks.

Thus, public audit serves as a foundation for long-term fiscal stability, while simultaneously strengthening the government's capacity to execute economic policies effectively. Furthermore, this research indicates that expansionary fiscal policy does not always have a negative impact on economic stability if implemented with good accountability principles. When public spending is directed at productive sectors such as infrastructure, education, and health, its multiplier effect can strengthen aggregate demand and encourage economic growth. The effectiveness of such fiscal policy heavily depends on the efficiency of budget management and the integrity of the implementing institutions. Public audit plays an important role in ensuring that every public expenditure provides real added value to the national economy, so that expansionary policy can proceed in parallel with macro stability.

Over the last five years, a number of developing countries have shown an interesting pattern related to the relationship between economic stability and public governance reform. Tobal and Menna (2020) found that monetary reforms accompanied by increased fiscal transparency contributed to price stability and lowered long-term inflation risk. Transparency in fiscal policy allows for clarity in the direction of policy and strengthens the credibility of government institutions, which ultimately increases investor confidence and supports macroeconomic stability. The research results indicate that economic stability cannot be achieved solely through the right macro policy but also requires the application of good governance principles in state financial management.

Weak governance will trigger budgetary inefficiency, corruption, and policy uncertainty, which cumulatively weaken economic stability. Conversely, a strong public audit system encourages fiscal efficiency, increases public trust, and strengthens the country's capacity to face global economic shocks. The interaction between macro policy, public audit, and economic stability is dynamic and interdependent. When monetary policy successfully maintains inflation at a moderate level, the government gains fiscal space to undertake economic expansion without sacrificing price stability. Conversely, effective public audit can suppress the level of corruption and budgetary waste, thereby significantly increasing the effectiveness of fiscal policy. This synergy forms a healthy economic ecosystem, where public policy and fiscal oversight mutually reinforce each other.

The studies by Indrawati et al. (2020) emphasize that this relationship is long-term and requires resilient institutions. Without institutional reform, economic policy tends to be reactive and unable to answer structural challenges such as income inequality or financial market volatility. Therefore, the sustainability of fiscal policy and the effectiveness of public audit are highly dependent on building an adaptive, accountable, and professional institutional framework. These findings also show that the integration between economic policy and public audit creates a sustainable policy cycle. When audit findings are used as input in fiscal planning, subsequent economic policies become more evidence-based. This cycle strengthens fiscal efficiency and increases the effectiveness of public expenditure. Thus, public audit functions not only as a control mechanism but also as a source of strategic data and information for policy improvement.

National economic stability is the result of synergy between three main components disciplined fiscal policy, credible monetary policy, and accountable public governance (Basri and Hill, 2020). These three aspects complement each other in creating an economic environment that is resilient to global uncertainty. Governments that can maintain coordination among the three tend to have stable economic growth, controlled fiscal deficits, and moderate inflation. Thus, this research affirms the importance of a holistic approach to maintaining national economic stability. Economic policy cannot be implemented sectorally but must be integrated with an effective public oversight system. Public sector audit plays a role not only as an accountability tool but also as a strategic instrument in maintaining national economic credibility. Within the framework of sustainable development, the integration of economic policy and public sector audit serves as a pivotal pillar for establishing a resilient, inclusive, and accountable economic system.

This integration ensures that fiscal and monetary policies are not only effectively implemented but also closely monitored for transparency and efficiency, thereby enhancing public trust in government institutions. By harmonizing macroeconomic strategies with rigorous audit mechanisms, governments can optimize resource allocation, mitigate fiscal risks, and strengthen the overall stability of the national economy. Moreover, this synergy facilitates evidence-based policy adjustments, supports long-term economic growth, and promotes social equity. Ultimately, a well-coordinated approach between economic governance and public sector oversight contributes to building an economic system that is fair, transparent, adaptive to global challenges, and competitive on an international scale, reinforcing the foundations for sustainable and inclusive development in the long term.

5. Discussion

The results of this study affirm that national economic stability is not solely determined by the accuracy of fiscal and monetary policies, but is also highly dependent on the capacity of public governance in ensuring accountability and efficiency in the management of state finances. The synergistic interaction between macro policy and public audit mechanisms forms a solid foundation for sustainable economic growth. In line with the findings of Syarif (2023), the effectiveness of public audit has a direct influence on fiscal discipline and the efficiency of government expenditures. The independent execution of the audit function increases transparency, which in turn strengthens public trust in government institutions and the legitimacy of economic policies.

Effective coordination between fiscal and monetary policy is also proven to be an important factor in achieving macroeconomic stability. Can (2020) show that good synergy between these two policy instruments is capable of suppressing inflation risk, maintaining public purchasing power, and creating more adequate fiscal space to encourage long-term growth. Conversely, policy desynchronization often leads to fiscal tensions and reduces the effectiveness of economic stabilization efforts. In this context, public audit acts as a control instrument that ensures the conformity between the implementation of macroeconomic policy and the utilization of state budgets, while also ensuring fiscal and monetary policies operate harmoniously.

Furthermore, transparent fiscal governance is proven to contribute significantly to increasing a country's economic credibility in the eyes of international investors. Tobal and Menna (2020) emphasize that countries with high levels of fiscal transparency exhibit more maintained exchange rate stability and lower public debt costs. Clear and consistent financial reporting, accompanied by a commitment to the principles of good governance, builds a positive perception of the government's ability to manage economic risk sustainably. Therefore, fiscal transparency is not just an administrative principle but an economic strategy that has a direct impact on macro stability and the resilience of the national financial system. In addition to being a surveillance mechanism, public audit also serves as a means of policy learning. The integration of audit findings into the planning and implementation of economic policy creates an adaptive and evidence-based policy cycle. Cordery et al. (2023) reveals that utilizing audit results in policy formulation increases fiscal efficiency and strengthens economic resilience against external shocks.

An effective public oversight system, therefore, not only supports economic stability but also encourages policy innovation and the overall improvement of government governance quality. It can be concluded that the synergy between economic policy and public audit is a strategic pillar for achieving inclusive and sustainable economic stability (Neamah, 2023). The government needs to ensure consistent coordination between economic institutions and public oversight mechanisms so that national development can be carried out effectively, with integrity, and capable of facing global economic challenges. The integration between fiscal, monetary, and public audit policies not only creates short-term stability but also strengthens the foundation for sustainable and reliable economic growth.

6. Conclusion

Based on the results of the literature review, it can be concluded that national economic stability is the result of a strong synergy between macroeconomic policy, fiscal governance, and transparent public sector audit. Fiscal and monetary policies play an important role in maintaining macro balance through inflation control, exchange rate stability, and long-term fiscal sustainability. However, these policies will only be effective if supported by an accountable public oversight system. Independent and professional public audit ensures that the management of state finances proceeds according to the principles of efficiency, effectiveness, and transparency.

Recent studies indicate that countries with good fiscal governance and public audit tend to have stronger economic stability, controlled inflation rates, and high investor confidence. On the other hand, the desynchronization between fiscal and monetary policy can lead to macro imbalances, which ultimately disrupt economic growth. Therefore, the integration between economic policy and public audit is needed as a policy strategy oriented towards sustainability and public welfare. Thus, economic stability is not just the result of careful macro policy, but also a reflection of good government governance. Public audit, fiscal transparency, and inter-policy coordination are the main foundations for creating an economic system that is resilient, inclusive, and globally competitive.

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