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Structural Equation Modeling of Factors Affecting Accountability-Based Accounting in Public Sector Entities

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Abstract

Objectives: This study aims to identify factors influencing accountability-based accounting and propose a conceptual framework for public-sector accounting to enhance decision-making and accountability. *Methods/Analysis:* Conducted in Vietnam in 2023, the research employs quantitative analysis of survey data collected from 492 civil servants across 282 public entities, using SmartPLS for structural equation modeling. *Findings*: There are significant positive correlations between accountability-based accounting and four key factors: accrual-based accounting, felt accountability, information disclosure, and financial report quality. Among these, accrual-based accounting exerts the most substantial direct influence on the use of accounting information for accountability purposes. Felt accountability demonstrates direct and indirect effects, mediating relationships between other factors. The study highlights that effective accountability requires account givers to align with account holders' needs, legitimacy, and expertise, while accrual-based accounting must prioritize improving user comprehension and usability of information. *Novelty/Improvement:* Transparency and publicity are critical for ensuring public-sector accounting information is reliable, relevant, and actionable. The proposed framework advances public-sector accounting theory by integrating accountability as a foundational principle, offering practical guidance for policymakers to strengthen accountability mechanisms. This research contributes a novel perspective by empirically validating the interplay of accounting components within an accountability-centric model, providing a basis for future conceptual and regulatory developments in public sector.

Keywords:

Accountability;
Felt Accountability;
Information Disclosure;
Financial Report Quality;
Public Sector.

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1- Introduction

Accountability has been extensively researched and practiced, with public-sector accounting playing a crucial role in facilitating accountability and transparency. In recent years, there has been a growing demand from the public and stakeholders for enhanced accountability and transparency in the public sector, aimed at fostering trust, reducing corruption, and improving overall governance. Public-sector accounting serves as the cornerstone of governance, enabling transparency, accountability, and efficient resource management in governmental operations. While traditional cash-based accounting systems have long been criticized for their limited capacity to capture the full economic costs of public services or foster accountability [1], the global shift toward accrual-based accounting has been championed as a transformative solution. Accrual accounting, by recognizing economic events as they occur rather than when cash transactions are made, promises enhanced financial reporting and accountability [2]. Althought accrual-based accounting has emerged as a global standard to enhance fiscal transparency, its implementation in practice—particularly in developing economies like Vietnam—faces significant challenges. Public entities in Vietnam, for instance, grapple with structural barriers such as outdated infrastructure, limited technical expertise, and institutional inertia rooted in legacy cash-based systems. These constraints hinder the effective adoption of accrual accounting, raising questions about how theoretical frameworks can align with real-world implementation gaps.

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Furthermore, traditional frameworks often prioritize financial reporting as a technical exercise, neglecting accountability's behavioral and relational dimensions—the internalized responsibility of public officials to address user expectations [3, 4]. However, existing frameworks often treat accountability as a secondary outcome rather than a foundational principle. Addiction existing conceptual frameworks in this field have predominantly relied on hypothetical assumptions about user needs rather than empirical evidence derived from the actual experiences of stakeholders. This disconnection between theory and practice has resulted in frameworks that inadequately reflect the complex accountability relationships inherent in public-sector governance. Thus, it is essential for accounting systems to be designed to meet the actual needs of users, rather than relying on assumed needs. Therefore, the accounting conceptual framework should strive to address the following question: "What kind of accounting system is necessary for a particular accountability system?"

Recent scholarship has identified several determinants of accountability, such as the adoption of international public sector accounting standards (IPSAS), accrual-based accounting reforms, and enhanced audit systems [5-7]. However, these contributions remain normative, with limited empirical investigation into how users perceive and utilize accounting information. For instance, while accrual accounting is widely promoted to improve financial reporting [1], its integration with accountability objectives remains fragmented, treating accountability as a peripheral outcome rather than a foundational principle [8]. Furthermore, studies focusing on isolated components—such as financial disclosures [9] or technical aspects of accounting systems—neglect the interplay between structural, behavioral, and informational dimensions of accountability. This gap is especially pronounced in contexts like Vietnam, where rapid institutional reforms are underway to align with international standards, yet the *felt accountability* of public officials—their intrinsic motivation to meet user expectations—remains underexplored. The lack of empirical evidence on how stakeholders perceive and utilize accounting information limits the practical relevance of current frameworks.

This study addresses these challenges by proposing an *accountability-based accounting conceptual framework* that integrates accrual-based accounting, felt accountability, information disclosure, and financial reporting quality. Grounded in Vietnam's institutional context—a setting marked by dynamic reforms but understudied in global literature—the framework bridges theoretical and practical gaps by prioritizing accountability as a central organizing principle. While the study focuses on Vietnam, its emphasis on aligning accounting systems with stakeholder needs offers broader insights for countries seeking to adapt accountability mechanisms to diverse political, economic, and cultural contexts. The scientific contribution lies in redefining accountability not as a byproduct of financial reporting but as a multidimensional construct requiring structural, behavioral, and informational coherence.

Unlike prior work, it prioritizes empirical validation through a large-scale survey of 492 civil servants across 282 Vietnamese public entities, analyzed using partial least squares structural equation modeling (PLS-SEM). By contextualizing the analysis within Vietnam's evolving institutional landscape, this research advances the theoretical understanding of accountability as a central organizing principle in public-sector accounting. Practically, it offers actionable insights for policymakers seeking to align accounting systems with the real-world needs of stakeholders, thereby enhancing transparency and governance outcomes.

Our findings suggest that users of public-sector accounting information prioritize information that is easily understood and useful for evaluating organizational performance. Therefore, accounting information that can be readily comprehended by most users and utilized for performance evaluation should be prioritized in the development of accounting conceptual frameworks for the public sector. The perception of the account holder's authority positively impacts accountability-based accounting and is essential for addressing gaps in accounting theory related to accounting information. To enhance the reliability and relevance of accounting information for accountability purposes, it is vital for the account giver to consider the authority of the accounting-information user (i.e., the account holder) and to identify hypothetical users effectively.

2- Theoretical Basis of Accountability-Based Accounting

Accountability in the public sector has long been recognized as central to improving governance, transparency, and the effective management of public resources. Over the past decades, numerous studies have examined various dimensions of public-sector accounting, highlighting both its normative imperatives and practical challenges. Early research established that accounting information serves dual roles in decision-making and accountability [10, 11], while more recent work has extended these ideas by linking accounting practices to broader accountability mechanisms [3].

In the public sector, accountability is based on the principle that the public has the right to access complete and relevant information [12]. Jorge [13] asserts that governments are responsible for promoting transparency and openness in financial and budget information as well as preventing corruption and waste by monitoring public spending. Accounting information is the primary means of communicating financial and budgetary information to the public, which helps governments improve accountability and transparency [9]. However, accounting information alone is not sufficient to achieve the goal of accountability [14]. Over time and with changes in public administration, the public requires non-financial information to assess management responsibility [15].

Traditional public sector accounting frameworks, such as cash-based systems, often fail to capture the complexity of modern governance demands [9]. The shift to accrual accounting has been widely debated, with scholars emphasizing its potential to improve financial reporting quality by recognizing long-term liabilities and performance outcomes [16]. However, accrual accounting's effectiveness hinges on the alignment of accountability objectives with institutional capacity [17]. The GPFR conceptual framework for the public sector states that accounting information serves two main purposes: decision-making and accountability. Accounting information for accountability purposes has more categories than for decision-making purposes and includes elements such as operating results, future financial and non-financial information, disclosure, and information on compliance with laws and regulations that affect resource management [16, 18]. However, financial statements that are provided for accountability purposes should be easy to understand and useful. Therefore, some scholars suggest expanding the scope of reporting in public organizations to meet accountability needs such as performance reporting, sustainability reporting, integrated reporting, and dissemination reporting [15]. Moving from cash-based accounting to accrual-based accounting will provide more appropriate information that allows for better decision-making. Although accrual-based accounting information is necessary, most corporate accounting principles and standards limit the results of accountability that is implemented in public areas. Some specific activities and aspects, such as subsidies, transfers, taxes, and public assets, require reporting, which require market-based measurement and recognition criteria to be revised, often leading to arbitrary estimates [13].

Recent studies highlight the tension between technical accounting practices and social accountability goals. For instance, Theodorakopoulos et al. [19] argue that sustainability accounting is gaining prominence as businesses seek to balance financial performance with environmental and social responsibilities. Similarly, Kasperskaya & Xifré [20] demonstrate that integrating gender and income equality metrics into budgetary reporting enhances accountability by linking financial decisions to societal outcomes. Tuan [8] emphasizes that financial reports must strike a balance by providing sufficient depth while remaining accessible and suggests that accrual-based accounting improves transparency by requiring detailed disclosures of financial and non-financial performance. Masoud [9] finds that performance-oriented disclosures (e.g., service delivery metrics) strengthen public trust more than routine financial statements.

From the traditional perspective, accounting is viewed a means of providing information in order to carry out accountability (accounting-based accountability), i.e., determine responsibility. From the contemporary perspective, accounting information fulfils the needs of each accountability system [3] and aims to implement an accountability function (accountability-based accounting). While accounting-based accountability serves the decision-making purposes of owners and financiers and is suitable for the private sector, accountability-based accounting aims to provide understandable information to a range of users in order to help them evaluate the performance of account holders, thus making it suitable for the public sector.

How to use apply accounting information for accountability purposes remains a question that needs to be satisfactorily answered [21]. The appropriate level of accountability-based accounting remains a controversial topic in public administration theory. There are two views around this issue. The first view is that increasing accountability is not always beneficial because it may erode overall effectiveness and efficiency [22]. Accountability also negatively impacts account givers' ability to complete tasks by reducing their motivation and resulting in them focusing on meeting only accountability requirements rather than organizational goals. The performance measure becomes the account giver's performance goal at any time. Dubnick [23] used the "accountability box" phenomenon to define accountability and performance to be conflicting elements. The second view is that a lack of accountability results from abuse of power, ineffective management, and the use of public resources [24].

In this study, we approach public-sector accounting accountability from the contemporary perspective of accountability-based accounting. Accordingly, the GPFR conceptual framework, is used to meet the diverse needs of users using different accountability systems. This ensures ease of use for accountability purposes. The amount of information and types of financial statements in the public sector are determined by addressing the diverse needs of accounting information. Accrual-based or cash-based accounting will be applied depending on ease of use and usefulness of information. Consequently, based on the accountability-based accounting perspective of Dillard & Vinnari [3] and the GPFR conceptual framework in the public sector [25] (Figure 1), we propose a conceptual model of accountability-based accounting in the public sector (Figure 2).

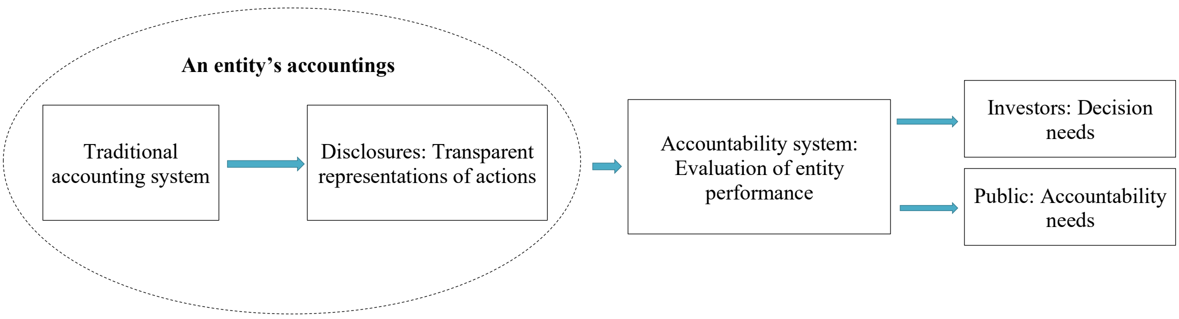

Figure 1. GPFR conceptual framework in the public sector

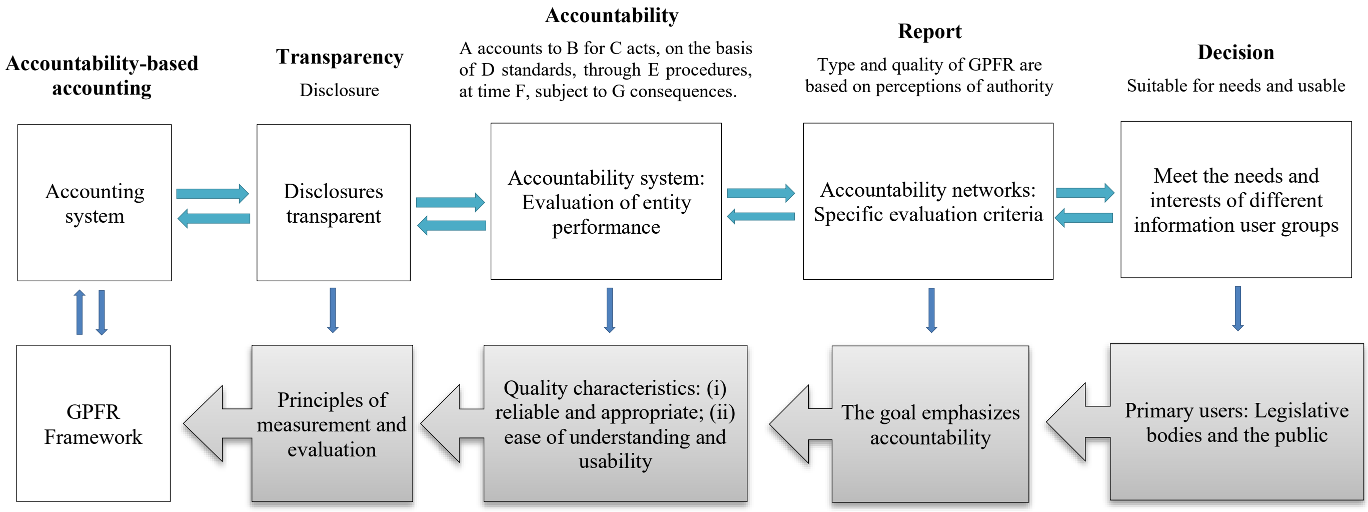

Figure 2. Public-Sector Accounting - Based Accountability Model

The public-sector accountability-based accounting model as shown in Figure 2 has different requirements and conditions than the accounting-based accountability model shown in Figure 1. Specifically, in the former, accounting information is tailored to meet the needs of actual users rather than hypothetical users such as owners and investors. Thus, the public-sector accounting system provides reliable, relevant, easy-to-understand, and usable information to different user groups, with the public being the primary audience. Additionally, accounting information is designed to enable users to evaluate the performance of the account giver. Thus, the public-sector accounting system prioritizes accountability over decision-making and, therefore, requires a higher level of transparency, with more types of financial statements required to meet the diverse needs of users. Finally, accounting information must be easy to understand and use. Public financial statements use objective criteria and appropriate procedures to explain the decisions of the account giver, with the aim of giving the account holder a basis for approval.

3- Research Model and Hypothesis

3-1- Felt Accountability

According to Overman & Schillemans [26], the accountability mechanism is dependent on account givers' predictions about the expectations of account holders. These predictions, in turn, influence the demands for accountability [27] and affect the behavior and decisions of account givers [4]. Everyone may have a different perception of accountability and therefore exhibit different behaviors despite sharing the same accountability mechanism. Previous studies have shown that anticipated accountability significantly impacts behavior [28]. Additionally, individuals will only modify their behavior due to such mechanisms if they anticipate future accountability to a salient account holder [26]. Furthermore, the felt accountability theory, as proposed by Hochwarter et al. [29], assumes that the account holder has the authority and position to judge and punish the account giver. The authority of ideas refers to the expertise and legitimacy of the account holder [26]. Perceived legitimacy and perceived expertise are crucial components of the relational aspect of felt accountability [4].

Accountability is crucial in public-sector accounting. To ensure accountability, those responsible for providing public resources must understand the measures of accountability in public administration. This includes knowing who is accountable, what they are accountable for, and whom they are accountable to. The account giver responsible for managing and using public resources must provide reliable and appropriate accounting information to users to whom they are accountable. Accounting information is considered suitable for users when it meets the necessary requirements and is easy to understand and use. Moreover, accounting information is more reliable when the account giver perceives the authority of the account holder to be high. The public accounting conceptual framework is based on hypothetical users, and accounting information is primarily based on the principles and standards proposed by the provider. However, these elements make accounting information less suitable for accountability purposes and ultimately reduces its value. The theory of felt accountability aims to address this by adding the authority of the account holder to each type of accounting information provided for accountability purposes. Therefore, the perceived authority of the account holder would positively influence the quality of GPFR, the level of information disclosed, accrual-based accounting, and accountability-based accounting.

Accordingly, we propose the following hypotheses:

H_{1a}: Felt accountability positively affects public-sector accountability-based accounting.

H_{1b}: Felt accountability positively affects the financial reporting quality provided to the account holder in the public sector.

H_{1c}: Felt accountability positively affects the application of accrual-based accounting to provide accounting information to the account holder.

H_{1d}: Felt accountability positively affects the level of accounting information provided to the account holder.

3-2- Accrual Accounting

Most empirical studies have demonstrated that, of the two common public-sector accounting bases in use today, i.e., cash-based accounting and accrual-based accounting, accrual-based accounting in the public sector improves the transparency and efficiency of public-sector operations and accountability in the use of public funds [1]; increases transparency, accountability, and support in decision making [30]; and reduces corruption and fraud [31]. On the other hand, cash-based accounting information systems are not as useful for users while making decisions [32] about historical costs and depreciation expenses of public assets; costs of providing public services; and information about an organization's performance. Further, accrual-based accounting helps increase information transparency, in turn promoting capital market efficiency and increasing the ability to attract and absorb foreign investment capital.

There is also a view that accrual-based accounting is based entirely on the financial reporting model in the private sector and is unsuitable for the public sector because of the complex combination of operational structure and financial resources, motivation, and accountability [33]. Therefore, it is necessary to diversify appropriate reporting forms for each type of public entity. However, the fact that most accounting regimes lack an appropriate conceptual framework also affects the accountability obligations of public entities [34].

From the results of the above discussion, we propose the following hypotheses:

H_{2a}: The application of accrual-based accounting, according to IPSAS, has a positive impact on public-sector accountability-based accounting.

H_{2b}: The application of accrual-based accounting, according to IPSAS, has a positive impact on the level of accounting information provided to the account holder.

3-3- Quality of Financial Reporting

Financial reporting plays a crucial role in ensuring accountability. The primary objective of financial reporting is to facilitate the control of public expenditure by strengthening accountability through improved budgetary discipline. According to Abata & Adejuwon [5], the quality of an organization's output is also influenced by the ability of the account giver to perform accountability and the basic means of accountability, such as good financial reporting quality, an effective management system, and efficient organization. For financial reporting to be considered of good quality, it must ensure relevance, reliability, comprehension, comparison, timeliness, and verification [35]. Adopting the IPSAS-based accrual-based accounting method contributes to improving transparency and accountability [36]. Research has shown that financial reporting quality positively impacts accountability [37, 38]; however, it needs to be more conclusive. Therefore, we hypothesize that the prediction of the authority of the account holder (i.e., felt accountability) affects the quality of financial reporting and is useful for improving accountability-based accounting.

H_{3a}: Financial reporting quality positively affects accountability-based accounting.

H_{3b}: Financial reporting quality positively affects the level of accounting information provided to the account holder.

3-4- Disclosure of Accounting Information

Full disclosure does not mean the disclosure of all information in detail but to the disclosure of all important information. Accounting information disclosure is a basic condition for accountability, but it needs to be completed. Information about assets and resources and financial and non-financial performance is also important for accountability. For greater accountability, financial information alone is insufficient; non-financial information should also be disclosed [39]. The GASB [40] highlights this: Financial reporting is not an end in itself but serves to deliver information for diverse purposes, including facilitating governmental accountability and addressing the needs of users who lack the authority, capacity, or resources to independently access information, thus relying on these reports as a critical source.

There are some studies that support the statement above. For instance, Binti Subroto et al.'s [41] findings offer insights to the government to enhance its accountability through annual reporting. These findings can serve as a foundation for the government to meet the information requirements of stakeholders. Publishing additional voluntary information, such as non-financial data and information about the account giver's accountability, has an impact on public-sector accounting accountability; for example, the GPFR of the federal government of Malaysia was found to disclose only minimal information [42].

Accordingly, we propose the following research hypothesis:

H_4: The level of information disclosure has a positive impact on accountability-based accounting.

4- Research Methodology

The quantitative research process was structured into the following steps (Figure 3):

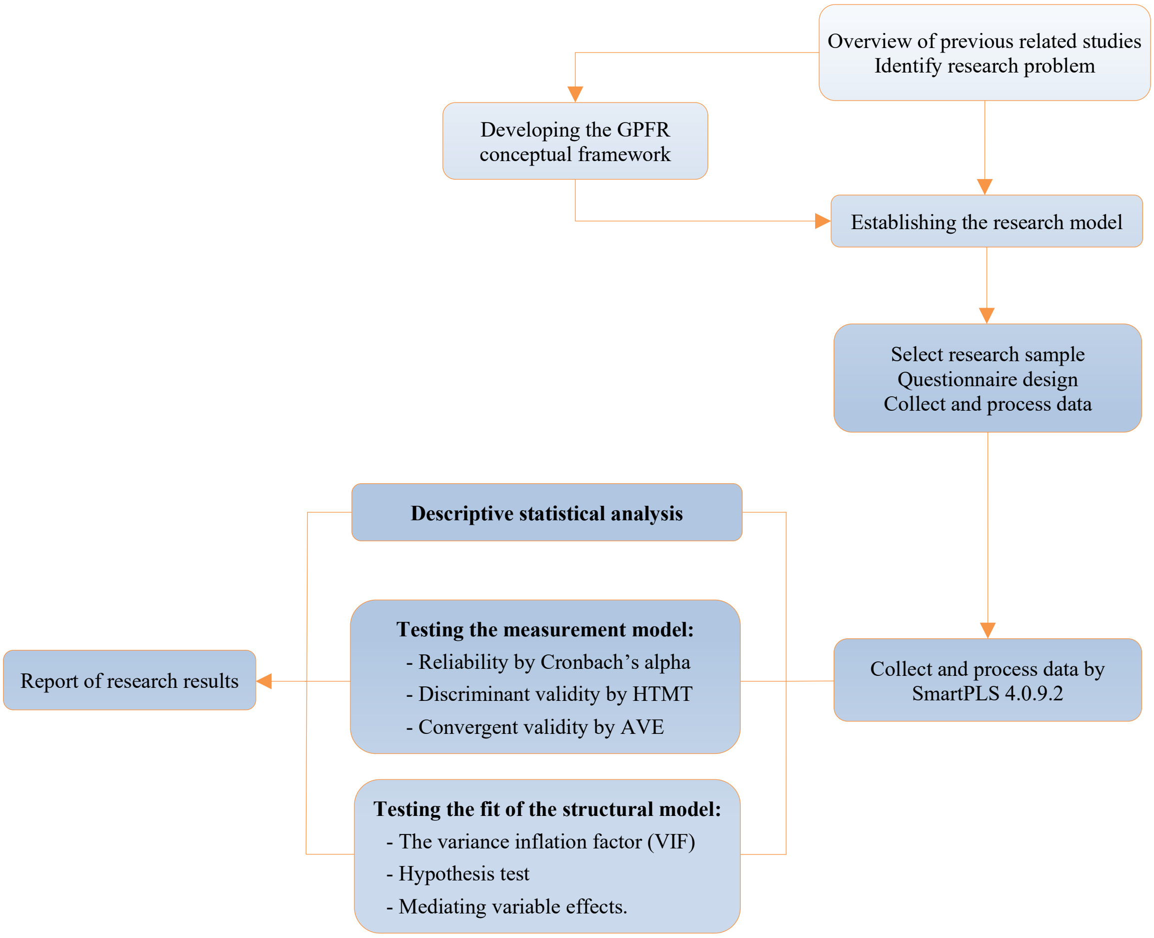

Figure 3. Research process

Step 1: Developing the GPFR conceptual framework in the public sector from an accountability-based accounting perspective

Drawing on the accountability-based accounting perspective proposed by Dillard & Vinnari [3] and the GPFR conceptual framework for the public sector [25] (Figure 1), this study proposes a conceptual model of accountability-based accounting in the public sector (Figure 2). Accountability-based accounting, the dependent variable, was measured using ten indicators adapted from Hochwarter et al.'s [29] organizational accountability scale. These indicators were refined and supplemented through in-depth expert interviews (see Table 2).

Step 2: Establishing the research model based on a review of prior studies

The quality of financial reporting was assessed using eight fundamental qualitative characteristics of financial reporting information, as defined by the IPSASB [25]. The level of accounting information disclosure for accountability was measured using an eight-item scale developed by Mack & Ryan [39]. Felt accountability was assessed with an eight-item scale developed by Overman et al. [4], while accrual-based accounting was measured using a four-item scale from Ofoegbu [43] (see Table 2). Given that some of these scales had not been previously tested for reliability in the research context, a preliminary test was conducted before formally evaluating the measurement model (Figure 4).

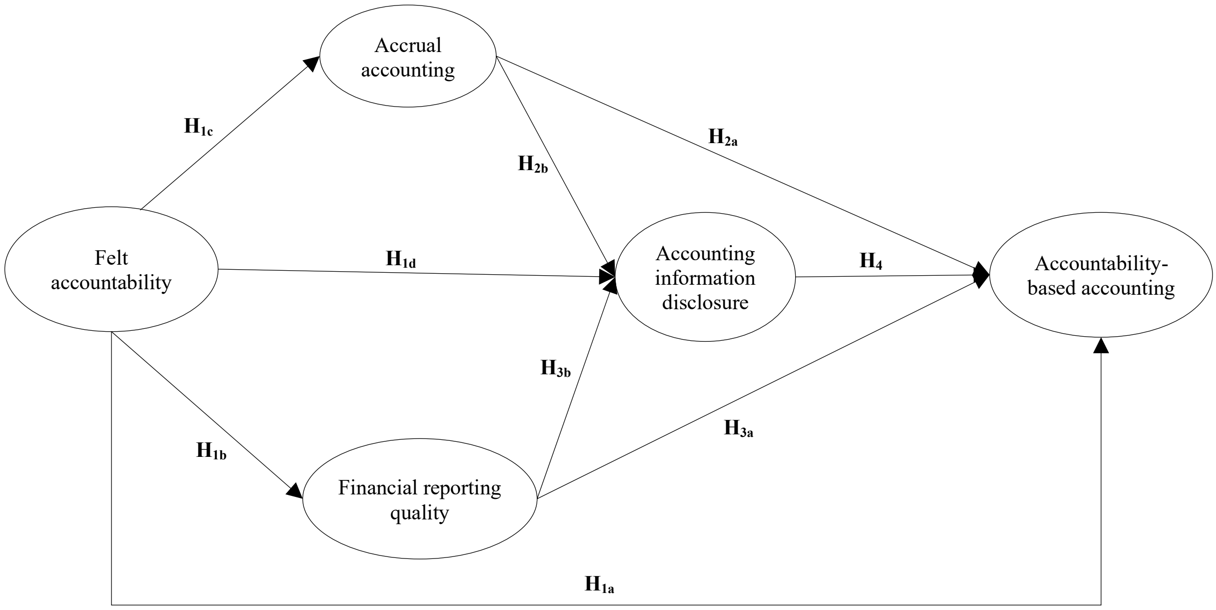

Figure 4. Proposed Research Model

Step 3: Designing the survey questionnaire

The survey questionnaire comprised 38 items measured on a seven-point Likert scale. Before launching the official survey, the questionnaire was reviewed by three chief accountants and four managers from public organizations in Vietnam to ensure clarity, comprehensibility, and response feasibility.

Step 4: Sampling and data collection

The study employed structural equation modeling (SEM) for analysis. According to Hair et al. [44], the minimum required sample size should be at least ten times the highest number of paths influencing a construct in the model. The proposed research model (Figure 4) includes ten observed variables and four paths, necessitating a minimum sample size of 100. The target respondents comprised accountants, managers, and auditors from public organizations. The survey was administered via Google Docs to 700 individuals, yielding 501 responses (response rate: 71%). After eliminating incomplete responses, 492 valid responses were retained for analysis. Data collection was conducted between July and October 2023.

Step 5: Data processing

To assess the reliability and validity of the measurement scales, Cronbach's alpha and outer loadings were tested using SmartPLS 4.0.9.2. Once the reliability and validity of the scales were confirmed, the study proceeded with the evaluation of the measurement and structural models using SEM. The research model employs a reflective measurement approach, so consistent PLS-SEM bootstrapping and PLS-SEM algorithm analysis were applied to test the model's fit and validate the proposed hypotheses.

Step 6: Reporting of research results

The final step involved synthesizing and interpreting the research findings. The results of the SEM analysis were usedto evaluate the relationships between variables and assess the model's explanatory power. Key insights were drawnregarding the impact of accountability-based accounting on financial reporting quality, information disclosure, and accrual-based accounting. The findings were compared with existing literature to highlight theoretical contributions and practical implications. Finally, a comprehensive research report was prepared, including conclusions, policy recommendations, and potential directions for future research

5- Research Results

5-1- Descriptive Statistics

Table 1 shows the descriptive statistics for the survey samples. Out of the 700 individuals, 501 responses were received (71%). However, nine responses were excluded from the analysis because they contained inadequate data. Therefore, the final sample size comprised 492 responses. The respondents included senior and junior managers (30%) and accountants (35%). These accountants are general accountants in public organizations in Vietnam and were chosen because they occupy an equivalent role as vice heads in an accounting department in Vietnam. All respondents had managerial responsibilities for financial reports and were well informed about performance management within their organization.

Table 1. Demographics

Survey Form Information (n =492)	Frequency	Percent
Type of public entity	**492**	**100%**
1. Public service unit	302	61,0%
2. State administrative agencies	158	32,0%
3. Other organizations	32	7,0%
Position	**492**	**100%**
1. Chief accountant	171	35,0%
2. Manager	148	30,0%
3. Auditors	54	11,0%
4. Others	119	24,0%
Experience of respondent	**492**	**100%**
1. Over 10 years	312	63,0%
2. Over 5 years to 10 years	104	21,0%
3. Over 3 years to 5 years	46	9,0%
4. From 1 to 3 years	30	7,0%

5-2- Research Results

The research model (Figure 4) consisted of five factors: accountability-based accounting (AAC), felt accountability (TOF), financial reporting quality (FRQ), accrual-based accounting (ACA), and accounting information disclosure (AID). However, the variables used to measure these factors need to be consistent across studies. Therefore, we conducted a reliability test using the Cronbach's alpha coefficient to evaluate the survey questions. One of the scales, AID3, belonging to the accounting information disclosure factor (Figure 5), had outer loadings of less than 0.7. Consequently, this scale was eliminated to ensure reliability. The proposed measurement model now consists of four factors with 37 scales, all with outer loadings greater than 0.7 (Figure 5).

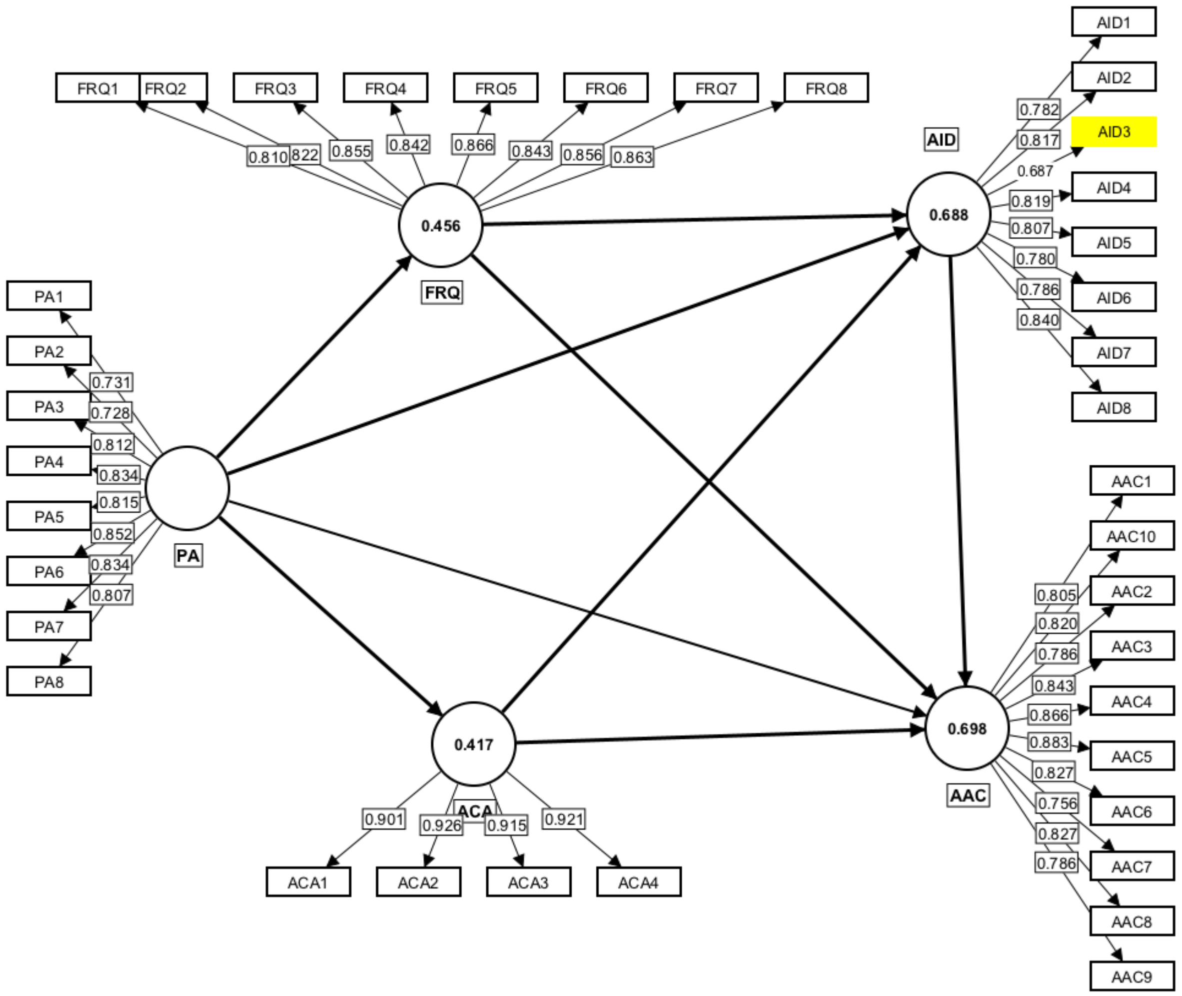

Figure 5. The First Test of the Measurement Model

The measurement model's appropriateness was evaluated by assessing the following factors:

- The composite reliability, which should be equal to or greater than 0.7 to confirm the relationship between variables [45].
- The convergent validity of the scale, which should have an average variance extracted (EVA) greater than 0.5 [46].
- The discriminant validity, which should have an HTMT index less than 1.0 [47].

All variables, including accountability-based accounting (0.947), financial reporting quality (0.944), accrual-based accounting (0.936), felt accountability (0.924), and accounting information disclosure (0.913), have Rho.A values larger than 0.7 (Table 2). Additionally, all variables have an EVA of more than 0.5, which meets the benchmarks for convergent validity. The Cronbach's alpha values of accountability-based accounting (0.946), financial reporting quality (0.943), accrual-based accounting (0.936), felt accountability (0.921), and accounting information disclosure (0.912) are greater than 0.7, and all variables have a composite reliability value greater than 0.7. Thus, the indicators of the four reflective measurement models achieve the reliability benchmarks. The HTMT values of all ten pairs of the measurement models are less than 1.0 (Table 3), verifying that the four measurement models achieved discriminant validity.

Table 2. Results of Factor Loadings in the PLS-SEM Model

Variable	Item	Item Description	Factor Loading	Cronbach's Alpha	RhoA (CR)	Average Variance Extracted (AVE)
Felt accountability	PA1	When the user of accounting information changes their views, I have to comply with the new reality.	0.731	0.921	0.924	0.645
	PA2	It is a good thing that I am ultimately accountable to the user of accounting information.	0.728			
	PA3	I am willing to work in the interest of the user of accounting information.	0.812			
	PA4	When the user of accounting information has an opinion in matters relating to my work, I consider that opinion important.	0.834			
	PA5	The user of accounting information has sufficient substantive or technical expertise to oversee/evaluate my work.	0.815			
	PA6	The user of accounting information provides constructive feedback about my work.	0.852			
	PA7	Opinions of the user of accounting information are generally unambiguous.	0.834			
	PA8	Faced with a dilemma, I can ask the user of accounting information for advice.	0.807			
Accrual-based accounting	ACA1	Introduction of IPSAS accrual will bring about clear assignment of responsibility in the public sector for accountability purposes.	0.901	0.936	0.936	0.839
	ACA2	IPSAS accrual-based accounting will enable government managers to focus on their specific responsibilities and carry out their tasks effectively and efficiently.	0.926			
	ACA3	Application of IPSAS accrual-based accounting ensures provision of meaningful analysis of resource usage in the public sector.	0.915			
	ACA4	IPSAS accrual-based accounting basis will ensure more reliable accounting information in the public sector when applied.	0.921			
Financial reporting quality	FRQ1	Information on the financial report shows past economic events.	0.810	0.943	0.944	0.714
	FRQ2	Information on the financial report helps users predict the future based on information about the results of past and present events.	0.822			
	FRQ3	Information on the financial report fully describes the events that have arisen at the unit.	0.855			
	FRQ4	Information on the financial report describes the events arising in the units objectively, regardless of the opinion of the founder.	0.842			
	FRQ5	Information on the financial report describes events arising in units without errors in material aspects.	0.866			
	FRQ6	Information on the financial report describes the nature of events arising at the unit.	0.843			
	FRQ7	Information on the financial report provided to the user in time.	0.856			
	FRQ8	The information presented in the financial report is understandable to the user.	0.863			

Accounting information disclosure	AID1	To determine if organization has conducted its operations efficiently.	0.779	0.912	0.913	0.656
	AID2	To decide if resources used as intended.	0.818			
	AID4	To determine if public money used appropriately.	0.820			
	AID5	To determine financial viability.	0.808			
	AID6	To determine if organization can meet its term liabilities.	0.791			
	AID7	To determine if organization has adhered to budget.	0.801			
	AID8	To determine if organization has met its objectives.	0.850			
Accountability-based accounting	AAC1	Managers are responsible for providing accounting information that accurately reflects my results, even if they fail to meet objectives that affect the entity's accountability.	0.805	0.946	0.947	0.674
	AAC2	Managers use accounting information to control the management and use of public resources even when the objectives are not achieved.	0.786			
	AAC3	Accounting information is provided to explain the entity's decisions following users' needs.	0.842			
	AAC4	Managers are responsible for providing reliable accounting information for users to make decisions.	0.866			
	AAC5	Accounting information provided by the agent meets the user's request to determine the entity's liability.	0.883			
	AAC6	Financial statements prepared on an accrual basis provide more useful information than financial statements prepared on a cash basis.	0.827			
	AAC7	Accounting information on financial statements is carefully checked before being it to users.	0.756			
	AAC8	Managers are well aware of users' need for information on financial statements, contributing to maintaining the accountability relationship between the two parties.	0.827			
	AAC9	Managers are well aware of the legitimacy of users of financial statements, contributing to maintaining the accountability relationship between the two parties.	0.786			
	AAC10	Managers are well aware of the expertise of users of financial statements, contributing to maintaining the accountability relationship between the two parties.	0.820			

Table 3. Discriminant Value

Variable	AAC	ACA	AID	FRQ	PA
AAC					
ACA	0.799				
AID	0.774	0.735			
FRQ	0.763	0.771	0.851		
PA	0.778	0.693	0.753	0.720	

In conclusion, the analysis results demonstrate that the scales used in the study achieved reliability, convergent validity, and discriminant validity. Therefore, these scales are used analytically in the structural model.

The structural model's fitness needs to be tested to ensure that the path coefficients estimated by regression are not biased. This is done by evaluating multicollinearity using the variance inflation factor (VIF). Multicollinearity can occur when the VIF exceeds 5.0 [44]. In this study, all VIF values are less than 5.0 (Table 4). This suggests that multicollinearity does not occur among all indicators of the four measurement models.

Table 4. Results of Testing Research Hypotheses

Hypothesis	Relationship	VIF	f^2	β	P	Results
H_{1a}	PA → AAC	2.226	0.125	0.290	0.000	Accepted
H_{1b}	PA →FRQ	1.000	0.839	0.676	0.000	Accepted
H_{1c}	PA → ACA	1.000	0.716	0.646	0.000	Accepted
H_{1d}	PA → AID	2.031	0.096	0.250	0.000	Accepted
H_{2a}	ACA → AAC	2.393	0.165	0.346	0.000	Accepted
H_{2b}	ACA → AID	2.331	0.027	0.142	0.016	Accepted
H_{3a}	FRQ → AAC	3.337	0.019	0.137	0.031	Accepted
H_{3b}	FRQ → AID	2.498	0.336	0.519	0.000	Accepted
H_4	AID → AAC	3.118	0.033	0.176	0.011	Accepted

As seen in Figure 6, all the paths are significant, with a p-value less than 0.05. The results suggest that felt accountability is a significant factor for all variables, including financial reporting quality (β=0.676, $p<0.05$), accrual-based accounting (β=0.646, $p<0.05$), accounting information disclosure (β=0.250, $p<0.05$), and accountability-based accounting (β=0.290, $p<0.05$). Simultaneously, financial reporting quality (β= 0.137, $p<0.05$), accrual-based accounting (β= 0.346, $p<0.05$), and accounting information disclosure (β=0.176, $p<0.05$) are significant factors for accountability-based accounting. Additionally, financial reporting quality (β=0.519, $p<0.05$) and accrual-based accounting (β=0.290, $p<0.05$) are significant factors for accounting information disclosure. All path coefficients are positive. Thus, financial reporting quality, accrual-based accounting, and accounting information disclosure are predicted to be parallel mediators for the relationship between felt accountability and accountability-based accounting.

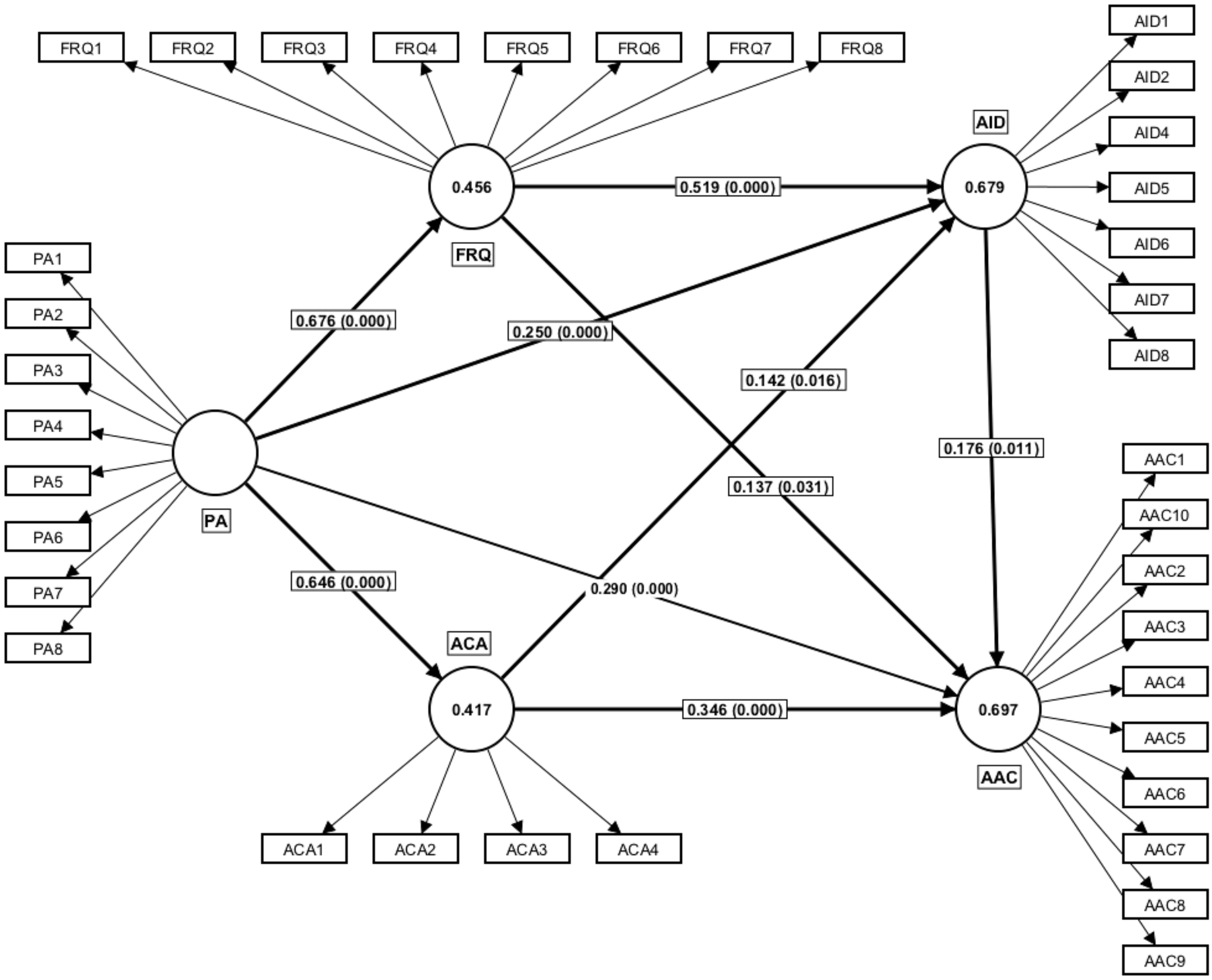

Figure 6. The Second Test of the Measurement Model

Felt accountability plays a significant role in improving financial reporting quality, accrual-based accounting, and accounting information disclosure. These improvements, in turn, contribute to accountability-based accounting. The direct effect of felt accountability on accountability-based accounting is significant. However, financial reporting quality, accrual-based accounting, and accounting information disclosure act as partial mediators in establishing the indirect relationship between felt accountability and accountability-based accounting (Table 4).

The relationship between felt accountability and accountability-based accounting was found to have a significant total indirect effect, also known as parallel mediating effect (β=0.423). Even though the mediating relationship (PA → ACA → AID → AAC) was not statistically significant ($p>0.05$), the three mediators—financial reporting quality, accrual-based accounting, and accounting information disclosure—create an indirect relationship between felt accountability and accountability-based accounting. The output of the analysis (Table 5) shows that there is a medium effect size on the accrual-based accounting–accountability-based accounting path (f2=0.165) and a negligible effect on the other paths. In the final model, four factors contribute to 69.7% of the variance in tax declaration (R2=0.697).

Table 5. Indirect Effects- Source. Analysis using SmartPLS 4.0.9.2

Relationship	Original sample	Standard deviation	T-statistics	P-values
PA → FRQ → AID → AAC	0.062	0.025	2.442	0.015
PA → AID → AAC	0.044	0.019	2.354	0.019
PA → ACA → AAC	0.224	0.044	5.128	0.000
PA → FRQ → AAC	0.093	0.044	2.101	0.036
PA → ACA → AID → AAC	0.016	0.010	1.560	0.119

The Q2 predict analysis indicates that the final model has sufficient predictive power, with positive Q2 predict values for the three dependent variables in the final model (AAC=0.526; ACA=0.413; AID=0.475; FRQ=0.452). Therefore, the final model can be used to predict the full effect of financial reporting quality, accrual-based accounting, and accounting information disclosure on the relationship between felt accountability and accountability-based accounting.

5-3- Discussion

The analysis results provide empirical evidence that accountability-based accounting depends on four factors that decrease influence: accrual-based accounting, felt accountability, accounting information disclosure, and financial reporting quality.

The results of testing the structural model show that the perception of the need and authority of the account holder (*felt accountability*) positively and significantly affect accountability-based accounting, including both direct and indirect effects. This implies that the more civil servants in public entities that correctly perceive the public's needs, legitimacy, and expertise, the higher and more substantive the implementation of accountability. The public-sector accounting conceptual model must provide complete, relevant, and understandable information for accountability. Therefore, accounting information must indicate whether the management and use of public resources achieve goals and are economical and effective. This determines the operation of the public-sector accounting accountability mechanism, including when to provide information, the form and content of financial statements, and the form of disclosure and response to information provided [48]. Accordingly, the level, timing, and quality of accounting information provided will depend on the account holder's anticipation of the needs and desires of the public [27, 49] Changing perceptions impact the account giver's behaviors and decisions in multiple ways [4]. However, more information is required to maintain an effective accountability relationship. The awareness of civil servants regarding the legitimacy and expertise of accounting information users will positively and significantly impact accountability toward providing more appropriate and easy-to-understand information. In practical terms, public officials who internalize accountability norms are more likely to implement accounting systems prioritizing transparency and responsiveness to stakeholders' needs. These results are consistent with the studies of Tetlock [49], Klimosk & Frink [27], and Overman et al. [4]. Earlier research focused predominantly on the technical features of accounting systems; however, our study adds a behavioral dimension by confirming that psychological commitment (felt accountability) can drive systemic change. This aligns with Overman et al. [4], who emphasized the importance of intrinsic motivation in enhancing accountability practices.

The cumulative structural model also confirms that all three remaining factors—*accrual-based accounting, level of information disclosure, and financial reporting quality*—positively impact accountability-based accounting. Among them, accrual-based accounting has the most significant influence, followed by the information-disclosure level and financial-reporting quality. This relationship suggests that accrual accounting's comprehensive recording of assets, liabilities, revenues, and expenses provides a more accurate and timely picture of financial performance, thereby facilitating improved oversight. The higher the level of accrual-based accounting application, the more IPSAS are applied. Therefore, financial reporting prepared on the basis of IPSAS will be more useful. Masoud (2025) [9] and Sonjaya et al. [16] have shown that accrual-based systems contribute to higher levels of fiscal transparency. This finding is also consistent with studies by Tanjeh [6], and Afolabi et al. [7]. Our study reinforces these findings and extends them by demonstrating that the positive effect of accrual accounting on accountability is robust even when controlling for behavioral factors like felt accountability.

The higher the application level of IPSAS-based accrual-based accounting, the greater complexity of accounting information, which creates new challenges for users. Accordingly, the next goal is to provide complete, understandable information to users of accounting information in the public sector for accountability purposes. This relationship suggests that when public entities provide more comprehensive, clear, and accessible financial and non-financial information, stakeholders are better equipped to assess performance and hold decision-makers accountable. The data indicate that higher disclosure levels reduce information asymmetry and foster a culture where accountability is viewed as a primary organizational value. Previous research has underscored the critical role of transparency and disclosure in public financial management. For example, Jorge [13] emphasizes that governments ensure transparency and openness in budgetary and financial information to prevent corruption and mismanagement. Similarly, Islam et al. [18] reported that enhanced disclosure practices lead to improved public oversight and a stronger trust in governmental operations. Our findings align with these studies, confirming that robust disclosure practices are essential for effective accountability. Moreover, Dillard & Vinnari [3] argued that comprehensive disclosure mechanisms foster stakeholder trust and facilitate better governance—a conclusion that our empirical results strongly support.

The quality of financial reporting positively impacts accountability-based accounting, indicating that the more assured the financial reporting quality, the more reliable the information provided to users, which creates more trust among users (account holders), thereby strengthening the accountability relationship. This outcome aligns with the findings of Tuan [8], who reported that improved financial reporting quality leads to richer, more user-friendly disclosures. This result also supports the observation of Ryan et al. [50] that financial reporting quality is an essential means of ensuring accountability because GPFR is the only report that provides detailed accounting information to the public [51]. In addition, the total adoption of IPSAS is expected to improve public entities' financial reporting frameworks to facilitate decision-making, transparency, and accountability. The positive impact of financial reporting quality on accountability is also consistent with the research results of Ryan et al. [50], Tooley & Hooks [51], and Afolabi et al. [7]. Our results suggest that quality financial reports meet regulatory requirements and add practical value by enhancing the informational content provided to the account holders. From the results of the above discussion, it is evident that, along with accrual-based accounting, the quality of financial reporting is a means of ensuring accountability. However, for the effective implementation of accountability-based accounting in the public sector, the content and form of public units' financial reporting must aim for diversity and flexibility that are appropriate to the characteristics of each public entity.

The results of our study indicate that the relationship between felt accountability and accountability-based accounting is not solely direct; it is also channeled through three parallel mediators: financial reporting quality, accrual-based accounting, and accounting information disclosure. This parallel mediation model underscores that improvements in the internal sense of accountability among public officials can enhance accountability outcomes by simultaneously influencing multiple aspects of the accounting system. High-quality financial reporting is characterized by relevant, reliable, comparable, and understandable information. Our findings suggest that public officials who experience a stronger sense of felt accountability tend to produce higher-quality financial reports. In turn, these superior reports reduce information asymmetry between decision-makers and stakeholders, reinforcing accountability. This mediating effect echoes studies such as Tuan [8] and Masoud [9], which found that rigorous reporting standards and clarity in financial statements are critical for fostering transparency in the public sector.

Accrual-based accounting offers a more comprehensive view of an entity's economic activities by recording transactions when they occur rather than when cash flows are realized. Our research shows that higher levels of felt accountability motivate public officials to adopt accrual-based accounting practices. This shift improves the timeliness and completeness of financial data and facilitates more nuanced evaluations of public performance. The information disclosure level plays a dual role—it serves both as a technical requirement and a reflection of the public official's commitment to accountability. Our results indicate that a strong sense of felt accountability leads to more proactive and comprehensive financial and non-financial information disclosure. This mediator is particularly important because enhanced disclosure enables stakeholders to access, interpret, and evaluate the performance of public entities effectively. Studies by Islam et al. [18] and Sonjaya et al. [16] support the view that robust disclosure practices are essential for reducing information gaps and reinforcing accountability. Our findings further suggest that disclosure is not merely a matter of meeting regulatory standards but also an outcome of the internalized accountability culture within public institutions.

6- Conclusion

Taken together, our analysis reveals that felt accountability influences accountability-based accounting through multiple, parallel channels. The results of testing the structural model indicate that four factors have a direct impact on accountability-based accounting, with decreasing levels of impact. These factors include accrual accounting, felt accountability, information disclosure, and financial report quality. Additionally, three factors, including accrual-based accounting, information disclosure, and financial report quality, have a partial intermediate impact on accountability-based accounting. The study also confirms that felt accountability has a positive effect on the quality of financial reports, accrual-based accounting, and accounting information disclosure. Furthermore, financial reporting quality and accrual-based accounting also have a positive effect on the level of accounting information disclosure.

These research findings contribute to accountability-based accounting theory in several ways. Firstly, the study confirms that accountability in any context depends on the account giver's awareness of the account holder's needs and authority in the social psychology field. Felt accountability helps maintain the accountability relationship, and the formed accountability mechanism becomes more practical in practice. Secondly, the study provides evidence that the implementation of accountability in practice can promote the effectiveness and efficiency in the public administration of each country. This is achieved when the public-sector accounting system provides sufficient information that is reliable, relevant, understandable, and usable for accountability purposes rather than primarily for control and management decision-making. Therefore, the application of accrual-based accounting, according to IPSAS, must strengthen the understanding and use of accounting information, focusing on information users, mainly the public, and ensuring publicity and transparency. Finally, this integrated model suggests that effective public financial management is multifaceted. It requires not only technical reforms—such as the implementation of accrual-based systems and the adoption of digital reporting tools—but also initiatives that nurture an intrinsic commitment to accountability among public officials.

This study found that a public-sector accounting model that aims to improve accountability must fulfill certain cognitive and felt accountability requirements, disclose information, and maintain financial report quality. It is also essential to understand the consequences of not implementing accountability fully. These findings can help state agencies better understand the interrelationships between accounting components and shape the conceptual framework of accounting in the public sector. In order to improve accountability in accounting and to meet the diverse needs of users of accounting information, it is crucial to identify the needs of the users and determine the account holder's authority. This will help determine the level of accrual-based accounting, information disclosure, and the quality of financial reporting. It is important to ensure that accounting information provided for accountability purposes is reliable, relevant, easy to understand, and usable. However, determining what accounting information needs to be provided and who will use it is not enough to ensure effective accountability-based accounting; instead, predicting the account holder's authority is more important.

6-1- Limitations

This study also has some limitations. Firstly, it identified only four factors that affect accountability-based accounting. Future research can explore additional factors such as internal audits, internal control, and independent auditing. Secondly, the research did not control for the homogeneity of survey groups. Therefore, future research can compare information usage groups to determine if there are any differences

7- Declarations

7-1- Author Contributions

Conceptualization, P.H.H., D.A.T., and N.T.T.H.; methodology, P.H.H., D.A.T., and N.T.T.H.; formal analysis, P.H.H.; investigation, P.H.H.; data curation, P.H.H.; writing—original draft preparation, P.H.H. and B.T.T.T.; writing—review and editing, D.A.T., B.T.T.T., and N.T.T.H.; visualization, P.H.H., D.A.T., and B.T.T.T.; supervision, P.H.H., D.A.T., and B.T.T.T.; project administration, P.H.H. and D.A.T. All authors have read and agreed to the published version of the manuscript.

7-2- Data Availability Statement

The data presented in this study are available on request from the corresponding author.

7-3- Funding

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7-4- Acknowledgements

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7-5- Institutional Review Board Statement

Not applicable.

7-6- Informed Consent Statement

Not applicable.

7-7- Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this manuscript. In addition, the ethical issues, including plagiarism, informed consent, misconduct, data fabrication and/or falsification, double publication and/or submission, and redundancies have been completely observed by the authors.

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