

Factors Affecting the Quality of Financial Statements

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Abstract:

The objective of this paper is to review research related to the quality of financial reporting in the private and public sectors, factors affecting the quality of public financial reporting, the role of accounting competence, leadership style to quality financial reporting. From there, the author proposes future research directions.

Keywords: Accounting capacity, leadership style, quality financial report.

1. Introduction

Public sector organizations have always played a rather important role in the current economy but are often evaluated as ineffective. As a result, the recent trend of public sector development in developing countries has been to require stronger accountability to public institutions, including at the central and subnational levels (Ohemeng et al. partner, 2018). Van Helden and Ouda (2016) argue that in response to pressure from international donors, public entities in emerging economies are increasingly using accounting tools for decision-making, control and accountability assessment. The ultimate goal of accountability is the legitimacy and efficiency of using public assets (Wang, 2002). At the same time, accounting is one of the factors playing an important role in good accountability and performance enhancement of public services provided (Roberts and Scapens, 1985). Patton (1992) also emphasized that accounting information is an important tool for achieving accountability. And to meet this purpose, the public sector's financial statements must meet the quality requirements, which is a very necessary and also a prerequisite (Cohen, S. and Karatzimas, 2017). Since then, many pressures are placed on the public sector of countries to adopt IPSAS or a fully accrual accounting basis (Nuhu and Appuhami, 2016) to enhance financial transparency, accountability and performance in the public sector (Robbins and Lapsley, 2015). In developing countries, it can be seen that the transition from cash to accrual accounting is a pervasive trend and an important part of the overall public finance reform (Tallaki, 2019). Because, the implementation of accrual accounting is considered an important platform to be able to provide more information to users as well as ensure the quality of accounting information (Christiaens et al., 2010).). Accrual accounting strengthens the basis of information for asset assessment and clear disclosure of liabilities (Ofoegbu, 2014). However, the application of accrual accounting also requires the use of more accounting estimates, and this is likely to affect the quality of financial statements provided by public entities (Azmi and Mohamed, 2014.). In particular, barriers to the transition to accrual accounting such as limited accounting capacity or lack of leadership support are negatively affecting the performance of accrual accounting as well as the quality of information. accounting and accountability of public entities (Nakmahachalasint and Narktabtee, 2019). On the basis of uncertainty theory and institutional theory, this study will examine and evaluate the factors of the organization's resources that have a strong impact on the quality of financial statements and accountability.

2. Literature review

2.1. Research on factors affecting the quality of financial statements in the public sector

In general, over the past thirty years, the public administration reforms promoted by the NPM movement have been widely implemented. Many countries around the world have been trying to change the accounting model to find a suitable model for the public sector to provide comprehensive, reliable information about public finance and Department to improve financial controls over the operations of public entities (Rossi et al., 2019). Accordingly, IPSAS has been considered as a right path towards modernizing public sector accounting and the benefits that IPSAS brings to many countries are still making efforts to apply (Dabbicco, 2015). . In recent times, accounting reforms in the public sector in many developing countries have focused on the transition from

cash accounting to accrual accounting on an IPSAS basis for accrual accounting. improving governance effectiveness and increasing accountability (Mbelwa et al., 2019). However, the barriers to the implementation of accounting reforms in general and the application of accrual accounting in particular are related mainly to the accounting capacity and support of managers in the context of each organization. (Dewi et al, 2019; Nakmahachalasint and Narktabtee, 2019). Therefore, in order for successful accounting reforms to be implemented, both developed and developing countries need to deal with human resources issues in order to gain the benefits of accounting reforms. It is expected to bring about enhancement of financial statements quality, financial transparency, increased accountability and operational performance.

When it comes to factors that affect the quality of financial statements in the public sector, the author finds that there are many different perspectives. In which, the majority of studies believe that the application of IPSAS and accrual basis are two basic macro reasons. For example, Rodríguez Bolívar and Galera (2013) concluded that many countries have adopted or intend to adopt IPSAS because they see the benefit of IPSAS to improve reported financial information, improve transparency, accountability enhancement and operational performance enhancement. Ijeoma (2014) continues to affirm that the application of IPSAS allows to provide information with higher reliability, more meaning and enhances the comparability between countries on an international scale. In this same direction, through analyzing the documents, Mhaka (2014) stated that the application of IPSAS in Zimbabwe will promote improvement in the quality of financial statements, support the government to effectively manage domestic and foreign debts and will improve domestic donor confidence because IPSAS essentially promotes transparency and increases comparability. Similarly, Abang'a (2017) also found the quality of the financial statements significantly improved after Kenya applied IPSAS. In addition, research by Cohen, S. and Karatzimas (2017) has shown that changing the cash accounting basis by applying accrual basis in Greece actually enhances the quality of financial statements and leads to the supply of Providing accounting information becomes more useful for users when making decisions and evaluating public agency accountability. Although, research results of Gamayuni (2018) show that the implementation of accrual accounting does not make any sense to the quality of financial statements in public units in Lampung province in Indonesia. However, Gamayuni (2018) explained that this result may be due to the fact that the respondents did not understand the financial statements prepared on the new accrual basis, so they answered the questionnaire incorrectly. Gamayuni (2018) has recommended that when doing a survey on influencing factors that are statistically significant on the quality of financial statements, it is very important to approach the right respondents because it directly affects the results. results of the study. Recently, after analyzing data in a questionnaire survey of accountants and chief accountants of 218 central Thai agencies, Nakmahachalasint and Narktabtee (2019) indicated the implementation of the Accumulation actually has a positive impact on the quality of public sector accounting information.

Next, many previous researchers also found that there are a number of other factors that have a significant impact on the quality of financial statements in the public sector. For example, Xu et al. (2003) found that human, system, organizational and external factors have a positive impact on the quality of accounting information in applications. public status in Australia. More specifically, Korutaro Nkundabanyanga et al. (2013) through a survey of 120 employees and stakeholders of the Ministry of Water and Environment in Uganda showed that accounting standards and legal frameworks have a positive impact on quality. amount of financial statements. Azmi and Mohamed (2014) also surveyed accountants working in Malaysia's Ministry of Education and showed that the implementation of accrual accounting in the public sector is ready; However, public agencies need to pay more attention to accounting capacity in terms of skills, knowledge, training process, support from senior managers, roadmap approach, advice from and reasonable timeframe for better accrual performance. Also in this study, Azmi and Mohamed (2014) emphasize that accounting capacity and the support of senior managers are especially important to the successful implementation of the new accounting regime. on an accrual basis to improve the quality of public sector financial statements in Malaysia. In addition, Mustapha et al (2017) also evaluated the quality of internal audit and the capacity of employees as two main factors affecting the quality of financial statements when applying IPSAS on a cash basis in the region.

government of Nigeria. On the basis of uncertainty theory, Mustapha et al (2017) believe that accounting capacity is an important organizational factor that researchers cannot ignore when considering factors affecting the quality of financial statements. . Mustapha et al (2017) suggested that further empirical studies should consider competency in a broader perspective, that is, competency should be represented by a set of knowledge, skills and determined qualities of the accountant. Cohen, S. and Karatzimas (2017) examined the perception of four user groups on the quality characteristics of financial statements after Greece applied an accrual basis, including citizens, heads of public units, and investors. investors, creditors and heads of supervisory bodies. The results show that different groups of users make different assessments on the quality of financial statements and the usefulness of accounting information presented on the financial statements. Specifically, citizens appreciate intelligibility but underestimate the value of feedback and the predictive value of information (appropriateness); That is, according to them, the new report does not accurately reflect the financial situation of the country so it is less useful to them when used for decision making or accountability assessment. On the investors side, they evaluate the results of the accounting reform on the quality of information and the usefulness of the decision is only near the average level, that is, the new accounting system generates reports that have The quality is moderate but not meeting their expectations. As for the heads of the public unit and the supervisory agencies seem more satisfied with this change. Research by Cohen, S. and Karatzimas (2017) has shown that citizens' understanding and trust in the information in the financial statements is lower than that of the executives at the monitoring agencies. This may be due to the limited knowledge of citizens in the public sector or the assessment of information presented in the financial statements is not popular with them. Thus, the different perceptions of financial statements user groups will also lead to certain effects on the assessment of the quality of financial statements. In addition, Abang'a (2017) also found that factors such as unit size, establishment time and liquidity also had an impact on the quality of financial statements of public units in Kenya. At the same time, through the survey of nonprofits in Brazil, the study of Ramos and Klann (2019) has shown that the size and establishment time of the units have a positive and statistically significant impact regarding the quality of information on the financial statements.

In particular, the author also found that many studies done in Indonesia discussed the factors affecting the quality of financial statements. The implementation of a new system of public accounting on an accrual basis in Indonesia has been introduced since 2015 (Gamayuni, 2018). Factors that affect the quality of financial statements in public units in Indonesia mainly revolve around factors within the internal environment of the organization. Typical of which are the human resource capacity and the internal control system, which has been proven in practice by many studies, for example: the research of Nuryanto and Afiah (2013); Afiah and Rahmatika (2014); Slamet and Fitriyah (2017); Putra and Rasmini (2018); Mardinan et al (2018); Dewi et al (2019). However, the author found that these studies have led to different results, specifically: research by Simon et al. (2016) showed that the internal control system has an opposite effect on the quality of financial statements in when Afiah and Azwari (2015) found this effect to be the same direction. As for human resource capacity, most previous studies have looked at the capacity based on the broad aspects of knowledge, skills, attitudes and personal characteristics of human resources. In addition, there are different research results on the impact of human resource capacity on the quality of financial statements, for example, research results of Suliyantini and Kusmuriyanto (2017) say that human resource capacity force has a negligible impact on the quality of financial statements while many previous studies show that this factor has a positive influence and plays a very important role (Dewi et al., 2019; Mardinan et al., 2018; Simon et al., 2016). The above mentioned studies have not discussed specifically about the impact of accounting capacity on the quality of financial statements, but only stop at the human resource capacity factor. In addition, in previous studies, a number of other factors have also been reported to have an impact on the quality of financial statements of local authorities in Indonesia such as organizational commitment (Setiyawati, 2013), the use of information technology (Nuryanto and Afiah, 2013; Suwanda, 2015), accounting information systems (Rahman and Fachri, 2016; Sagara, 2015), leadership style (Mardinan et al., 2018) or efficiency of internal audit (Gamayuni, 2018).

In summary, by analyzing the results of previous studies in the world on factors affecting the quality of financial statements, the author finds that the human resource capacity factor is receiving a lot of attention from many people. research. In particular, the majority of previous researchers said that human resource capacity has a direct and positive impact on the quality of financial statements of public units. Some projects have also paid more attention to the leader factor, in particular their support for ensuring the quality of financial statements in public organizations. Therefore, it is appropriate and necessary to consider the simultaneous impact of accounting capacity and leadership on the quality of financial statements in public entities.

2.2. Study of factors affecting accountability in the public sector

Public sector entities are financed in cash through various sources such as the state budget, grants or loans, so public entities need to be accountable to the public for their use. item (Coy et al., 2001). Accountability represents one of the core characteristics of effective and effective unit governance (Nelson et al., 2003). However, the concept of accountability is not interpreted equally worldwide (Patton, 1992). Sinclair (1995) notes that accountability needs to ensure that those in authority over public resources demonstrate the compliance, accuracy and efficiency of their use. . Therefore, when assessing the effectiveness of the exercise of accountability in each public entity in each country, it is important to consider carefully as accountability can be understood differently, especially in particular. in developing country. This is because, compared to developed countries, developing countries will have a number of distinct institutional characteristics that may affect accountability in the public sector, such as: low institutional capacity, limited stakeholder participation, and high corruption persistence (Kim, 2009). Therefore, developing countries have more constraints to accountability enhancement than developed countries (Goddard, 2010). However, recent empirical evidence shows that accountability in developing countries is mainly focused on the general regulatory compliance aspect, but does not demonstrate the level of commitment to achieving this. high performance. Through a stakeholder survey, Said et al. (2015) confirmed that public sector accountability practices in Malaysia are still not good, in particular: public accountability in the administrative sector, Diplomacy, education, healthcare and healthcare services are well below the general average. Similarly, Sulu-Gambari et al. (2018) also studied the exercise of public accountability in an emerging African economy like Nigeria. The results show that the performance of public accountability in this country still has a long way to go to follow the international practice of moving towards performance-based accountability. In addition, public accountability was officially imposed on the Thai Government in 1997 when the World Bank forced reform of the public sector as a condition for Thailand to receive financial aid from the World Bank in order to overcome the problem. Economic Crisis. Nearly twenty years of implementation but Thailand has still been criticized for the poor performance of public accountability, leading to corruption that persists in the country. At the same time, the specific aspects of public accountability that need improvement are not clearly defined in Thailand, such as: specific criteria to measure the effective performance of public accountability, public accountability monitoring mechanism from stakeholders, and sanctions for non-compliance with accountability (Keerasuntonpong et al., 2019). Thus, a general picture is that many Asian countries are trying to promote accountability as part of public sector reform, but their performance is still inadequate compared to developed countries. Therefore, studying the factors affecting the accountability of organizations in the public sector has become one of the issues attracting a lot of attention of researchers.

When it comes to the factors that influence accountability in the public sector, the author finds that there are many different perspectives on them. Factors that have received a lot of attention from researchers are factors within the internal environment of the organization. Aramide and Bashir (2015); Babatunde and Shakirat (2013) argue that the effectiveness of internal control activities has a significant positive positive impact on the financial accountability of public entities in Nigeria. At the same time, through document review, Aziz et al (2015) said that the integrity system, the internal control system and leadership behavior have an impact on accountability. Referring to leadership behavior, Aziz et al (2015) emphasized that leaders have appropriate behaviors such as complying with the law, complying with good ethical values, ensuring fairness, and

compliance. Committing or promoting integrity, then exercising accountability of public institutions will be more effective. Ahyaruddin and Akbar (2016) find that legal regulations and regulatory commitments have a positive impact on accountability of public entities in Indonesia. Kewo (2017) stated that the implementation of internal control and management results have a positive impact on financial accountability in the local authorities in Indonesia. Furthermore, through the quantitative collection and analysis of data from 109 departments and agencies in 24 federal ministries in Malaysia, Alam et al (2018) found that leadership qualities have a positive impact on accountability practice. It is understood that in order to achieve greater accountability in public institutions in Malaysia, leaders need to focus on developing good personal qualities such as: integrity, integrity, honest, trustworthy, courageous, compassionate, listening, inspirational, visionary, fair. In addition, the survey of accountants and chief accountants working at 218 central Thai agencies, Nakmahachalasint and Narktabtee (2019) showed that the barriers when converting to accrual accounting have an impact. negative direct and indirect accountability through quality of accounting information. The barriers to converting to accrual accounting in Thailand listed by Nakmahachalasint and Narktabtee (2019) include many factors such as: lack of leadership support, lack of qualified human resources, lack of technological capacity. information, lack of support from outside experts, poor management culture, lack of incentives, lack of financial regulations and rules, lack of training and retraining, lack of accounting standards, lack of costs for the new accounting system, ... In particular, Nakmahachalasint and Narktabtee (2019) especially emphasized the impact of human resources capacity and leadership support for effective implementation of submission of public agencies in Thailand. In order to discuss more clearly the impact of human resources on accountability, using quantitative research methods, Dewi et al (2019) surveyed perceptions from 161 staff of agencies. in the province of South Sumatra, Indonesia. Research results show that human resource capacity expressed in the aspects of knowledge, skills and behavior of human resources in general has a positive impact directly and indirectly on financial accountability. through quality of financial statements. In this study, Dewi et al (2019) did not specifically consider the impact of the factor of accounting capacity on the accountability of public entities in Indonesia. In addition, Dewi et al (2019) provide additional evidence that the internal control system also has a direct and indirect positive impact on the financial accountability of local governments in Indonesia approved the quality of financial statements. Obviously, the majority of previous studies have shown that leaders (e.g. leadership behavior, management commitment, leadership qualities) have an impact on the effective performance of accountability, however There are no studies that have looked at the impact of leadership from a perspective of analyzing the ways in which leaders interact with their employees, specifically assisting employees in compliance with the law and their implementation. accountability. Thus, through a review of previous studies, the author found that it is very necessary to study the simultaneous effects of accounting capacity and leadership roles on accountability in public entities.

There are also many studies that have concerned the impact of transparency on accountability in public institutions. According to Bakar et al. (2011), the application of appropriate performance measurement systems and disclosure of performance information will increase transparency and accountability of the public sector in Malaysia. Research by Tooley et al. (2012) showed that many items of information on accounting statements are important for information disclosure but local authorities in Malaysia did not disclose them fully, so they not performing well the due diligence and lack of transparency. With this same idea, by surveying perceptions of stakeholders, Ramírez and Tejada (2018) have shown that the disclosure of general financial information or specific information about the internal governance activities of The unit will help improve transparency and accountability at universities in Spain. Recent research by Nakmahachalasint and Narktabtee (2019) also shows that financial transparency has a positive effect on accountability of public entities in Thailand. However, Nakmahachalasint and Narktabtee (2019) have noted that financial transparency is also partly reflected through information quality characteristics on general purpose financial statements in the public sector. This is a testament to the link between the quality of financial statements and accountability in the public sector.

Discussing the relationship between the quality of financial statements and accountability in the public sector, first of all, Patton (1992) states that the general purpose financial statements are an important source of

information about public entities, it allows the publicly disclose financial and non-financial information about the organization and take responsibility for its actions. Boyne et al. (2002) further emphasized that managers in public institutions need to disclose a lot of non-financial information on general purpose financial statements to help users evaluate the accountability of organizations. more comprehensive in terms of both financial and public accountability. Therefore, in the model presented by Pablos et al. (2002), the annual reporting is not only the financial report, but also includes analysis of the content and information of projects, goals, achievements, and achievements. performance and industrial relations to form accurate assessments of real-world performance. Ryan et al. (2002) agree that annual reporting is a valuable tool for demonstrating accountability. However, many researchers worry about whether the information provided by public institutions is of sufficient quality to be sufficiently responsive in terms of accountability (Coy and Dixon, 2004). The research results of Steccolini (2004) show that the quality of information in annual reports of local authorities in Italy is poor, so it cannot support users well when assessing accountability. Accordingly, Mack and Ryan (2006) emphasize that when public agencies in Australia provide general purpose financial statements with quality assurance, it will be very useful for users when assessing their accountability. main and the unit's accountability. Furthermore, Blanco et al. (2011) found that there are significant differences in the quality and quantity of information presented in their annual reports and in the financial statements of local governments in Canada. Although there was a significant improvement in the quality of disclosures in 2005 compared to the 2003 comparison, the overall disclosure index in Canada remains low, which reduces the level of accountability to the public. them. Therefore, Demirbas (2018) argues that the best way to understand the level of accountability of public entities is to analyze the annual reports they publish to the public.

Recently, a number of studies have appeared using quantitative methods to test the impact of the quality of financial statements on accountability. For example, Indriasih and Koeswayo (2014) surveyed the accountants and chief accountants of 60 local administrative agencies in Java province, Indonesia. After analyzing and testing the SEM model by PLS method, the research results have shown that the quality of financial statements has a positive influence and explains 68.1% of the government's responsibility to explain the results of activities. locality in Indonesia. It is understood that local administrations in Java province, Indonesia provide financial statements that ensure their relevance, reliability, comparison and understandability, which will help users to make the main assessment. more precisely the organization's accountability in performance-related aspects. In the same direction, Dewi et al (2019) found that financial statements quality characteristics such as relevance, reliability, comparable and understandable have positive effects on financial accountability. of the local administration of Sumatra province, Indonesia. Recently, Keerasuntonpong et al (2019) also conducted a study to investigate why the Thai Government performs poor accountability by analyzing annual report data. The results show that the reliability and timeliness of the release of annual reports is the most influential issue on poor accountability performance, the next is accessibility and accessibility. relevance of information. Studies using quantitative methods to test the impact of the quality of financial statements on accountability as mentioned above are only considering accountability from different perspectives (accountability for results, responsibility). financial explanation, public accountability) but not tested the aggregate impact of the quality of financial statements on accountability. In fact, accountability is a complex concept, with many different classifications according to perspectives (Nelson et al., 2003). Therefore, more empirical evidence is needed to test the aggregate impact of the quality of financial statements on accountability in public institutions.

2.3. Research on factors influencing public sector performance

Public sector performance is seen as a multidimensional concept (Pollitt, 2005). Previous studies have suggested that public sector performance encompasses many different indicators of both qualitative and quantitative performance (Baird and Harrison, 2017; Verbeeten, 2008; Verbeeten and Speklé, 2015.). Achieving high performance is one of the most important goals for managers. Consequently, a lot of research in both developed and developing countries has been conducted to find out the factors that influence the performance of public entities.

Some of the factors found to have an impact on the performance of public sector organizations in developed countries include organizational character, organizational culture, the use of results management methods, performance measurement system, the use of results information, accounting information quality characteristics and accountability. Specifically, Cohen, S. (2008) found that financial performance is significantly influenced by social factors such as the wealth and size of Greek cities. In the same direction, the research results of Goeminne and George (2018) clearly show that public sector uncertainties such as budget, size and financial performance of the previous year have a positive influence on financial performance. main. External environmental uncertainties such as customer demand and the lack of customers have a negative impact on the financial performance of public entities in Flemish, Netherlands (Goeminne and George , 2018). In addition, Verbeeten and Speklé (2015) pointed out that one more public unit uncertainty factor that also positively affects performance in Dutch public units is a results-oriented culture. In another research direction, Verbeeten (2008) found that the use of results management methods has an impact on the performance of public organizations in the Netherlands. Outcome management is the process of defining goals, choosing strategies to achieve them, allocating decision-making power, measuring performance, and rewarding. The results in this study in particular have shown that the definition of clear and measurable goals has a positive effect on the performance of public units in the Netherlands. However, the use of rewards has only positive effects on the indicators of qualitative performance but does not affect the indicators representing qualitative performance. Furthermore, Spekle and Verbeeten (2014) also show that the use of a performance measurement system has a positive impact on the performance of public units in the Netherlands. In the same direction, Gomes, P. et al. (2017) also found that the extent to which public entities use a performance measurement system have a positive impact on the performance of public units. Portugal. In addition, by surveying those who are involved in the budgeting process in public entities in the United States, Reck (2001) found that accounting information had a strong influence on their decision-making through evaluation of the results that the organization has performed and this will affect the future performance of the entity. In particular, the information on the results seems to play an important role among the rest of the financial statements, it is introduced as a mechanism to control the activities of public entities to enhance operational performance. (Brusca and Montesinos, 2016). Therefore, the research results of Nitzl et al (2019) recently showed that using the results information has a significant effect on the performance of public units in Italy. However, Caruana and Farrugia (2018) also note that in order for politicians in Malta to use their financial statements for decision making to improve their unit's performance, the information presented on their financial statements must be of good quality. . In particular, information on the financial statements needs to ensure timeliness, ie information needs to be provided quickly to be useful for managers' decision making, thereby enhancing operational performance. Furthermore, when it comes to satisfaction and is an important indicator of the qualitative performance of public entities (Andersen et al., 2016), the factor of accountability plays a key role. to strengthen and strengthen stakeholder confidence in public sector performance (Christensen and Lægreid, 2015). And most NPM-theoretical reform efforts have the goal of improving public sector performance through enhancing public institutions' ability to respond to clients and improving accountability. explanation.

Accordingly, an important premise is that better performance will come from effective vertical accountability (Boston, 2016). However, Dubnick (2005) finds that the effects of accountability on performance are really complicated, he argues that the relationship between accountability and performance can be paradoxical and false. appearance as stated by Aucoin and Heintzman (2000). Therefore, Christensen and Lægreid (2015) argue that although the NPM theory is based on the assumption that increasing accountability improves performance, empirical evidence that this has happened is non-theoretical. dress; Therefore, this relationship is controversial and requires many empirical studies using quantitative research methods to verify. Recently, the research results of Han (2020) have supported the idea of NPM theory as appropriate in the context of a developed country like the United States, ie increasing accountability, the performance of Public units will be strengthened.

In developing countries, studies have shown a number of factors that are believed to have an impact on the performance of public entities, including the quality of financial statements (Bukanya, 2014; Nirwana and

Haliah, 2018). Internal audit results and internal audit role (Simangunsong, 2014), the participation of financial accountants in the financial reform process (Ranjani and Ambe, 2016), and management commitment (Ahyaruddin and Akbar, 2016), information technology, culture in the organization and employee satisfaction (Navimipour et al., 2018) and accountability (Halim, 2019). In more detail, Bukenya (2014) demonstrated that the quality of accounting information has a positive influence on public sector financial performance in Uganda through the process of using accounting information for decision making. In the same direction, Soyinka et al (2017) find that the appropriateness and honest presentation of the financial statements have a positive and significant impact on useful public decision-making, but the characteristics others such as timeliness, comparability, comprehensibility and the veracity of the financial statements are not of the desired quality, so it is of insignificant significance. Therefore, Soyinka et al (2017) recommend that in order for the financial statements to be more meaningful and bring great benefits to the public, it is necessary to make information in the financial statements timely, comparable, possible. understandable and verifiable.

Subsequently, Nirwana and Haliah (2018) also provided evidence that the quality of financial statements has a positive impact on the performance of public units in South Sulawesi province, Indonesia. In addition, Nirwana and Haliah (2018) also emphasized that individual factors (capacity), governance factors (regulations), political factors all indirectly affect operational performance through quality. Financial statements. Moreover, by quantitative methods, the research results of Simangunsong (2014) showed that internal control efficiency and the role of internal audit have a positive impact on operational performance. locality in Indonesia. In addition, Ranjani and Ambe (2016) find that the reformist involvement of financial and accounting information preparers and users, the administrative process has a positive impact on the performance of the government in Nigeria. However, for the reform process to be effective, it is necessary to: (1) ensure the enthusiastic participation of the accounting information makers and users; (2) applying international accrual IPSAS accounting standards; (3) organizational commitment must be made to motivate employees; (4) clearly define the functions and duties of each employee in the realization of the overall goal of the organization. Referring to organizational commitment, research results of Ahyaruddin and Akbar (2016) have shown that management commitment has a positive effect on the performance of public units in Indonesia. In addition, Navimipour et al (2018) also found that organizational culture, information technology and employee satisfaction also play a quite important role in enhancing the performance of public units. in Iran. Recently, Halim (2019) has provided evidence that shows the positive effect of accountability on the performance of public units in Indonesia. Specifically, this study has shown that effective implementation of various types of accountability: financial accountability, results accountability and due diligence helps public entities in Indonesia. improve operational results. Also in this study, the results show that decentralized accountability and professional accountability have no effect on the performance of public entities. Thus, the study results of Halim (2019) are not the same as previous studies by Ahyaruddin and Akbar (2016), although both studies were conducted in Indonesia, focusing on sample survey in Yogyakarta province. Research by Ahyaruddin and Akbar (2016) shows that accountability (including internal and external accountability) has no effect on the performance of public entities. Through here, the author finds that different studies learn about the same relationship, conduct surveys at the same place but if these studies use different scales to measure variables in Research results may differ, such as research by Ahyaruddin & Akbar (2016) and Halim (2019).

By analyzing the results of research around the world, the author found that the quality of financial statements has a direct as well as an indirect impact on operational performance through the use of accounting information when making decisions. related parties. Furthermore, the existence of the effect of accountability on performance in public entities is evident, however, the provision of evidence for this relationship is limited.

3. Conclusion

Through the actual survey of research topics on public accounting in Vietnam, most of the research is to find out the shortcomings in the public accounting system, the difference of the Vietnamese public accounting system compared to IPSAS, study public accounting standards in some other countries; offer solutions to

improve the difference, harmonize with international practices and propose development directions for Vietnam's public accounting in the standard setting process (Nguyen Thi Thu Hien, 2015; Pham Quang Huy, 2014; Tran Van Thao, 2014). Besides, Cao Thi Cam Van (2016) discussed about IPSAS and factors affecting the application of IPSAS by the public sector in Vietnam. By quantitative methods, Cao Thi Cam Van (2016) pointed out factors such as legal, political, cultural, organizational conditions, processing techniques, integration pressure and the introduction of IPSAS. governs the construction of public technical expertise in Vietnam.

The issue of the quality of financial statements as well as the factors affecting the quality of financial statements in public units in Vietnam has attracted a lot of attention from researchers recently. When discussing the quality of financial statements of the public sector, Pham Quang Huy (2017), by document synthesis method, introduced the theoretical model according to IPSASB when talking about the quality characteristics that financial statements of public units in Vietnam. South must aim to increase the quality of information to serve users. The public sector's public sector information quality characteristics that should be oriented from the IPSASB's point of view include: fair presentation, appropriateness, comprehensibility, timeliness, comparability and feasibility. Verify ((Diep Tien, 2016; Thanh and Yen, 2018b; Trát Minh Toan, 2016) Also in this view, Pham and Vu (2019) emphasize the issue of improving the quality of financial statements of the public sector

Therefore, many studies have been carried out to learn about factors that affect the quality of financial statements or accounting information quality of the public sector in Vietnam. One is a group of factors of macroeconomic and inclusive factors including five factors that are frequently mentioned in previous studies: (1) legal environment, (2) economic environment, (3) the political environment, (4) the cultural environment and (5) the educational environment (Nguyen Thi Hong Loan, 2018; Pham Thi Kim Anh, 2017). The second is a group of factors with detailed and specific nature mentioned in some previous studies. The advantage of this group of factors is to help the researcher give specific recommendations or solutions, directly contributing to improving the feasibility of the proposed solution. For example, Trát Minh Toan (2016) pointed out that the accounting basis, the manager's awareness, the regulations of the financial mechanism and the accountant's ability have a positive impact on the quality of information. accounting information at public schools in Vinh Long. In the same direction, Tran Thi Yen and Hoang Thi Thuy (2018) also said that the accounting capacity, inspection activities and awareness of managers have a positive impact on the quality of financial statements of non-business units. in Binh Dinh province. In another aspect, Mai Thi Hoang Minh and Doan Thi Thao Uyen (2018), through a review of previous studies, have drawn the assumption that internal control plays an important role in preparing financial statements. Providing empirical evidence for this statement, Thanh and Yen (2018b) pointed out that the internal control system, accounting capacity and applied accounting basis have a positive impact on the quality of financial statements of public units. in Binh Dinh. Recently, Pham and Vu (2019) also found elements of internal control including control environment, risk assessment activities, control activities, information and communication factors and monitoring activities. The survey has a positive impact on the quality of financial statements information in public institutions in the Mekong Delta. Moreover, Dau Thi Kim Thoa (2019) also pointed out that the chief accountant's level of knowledge, the responsiveness of hardware and software equipment, financial autonomy and cultural factors. within the organization has a strong impact on financial transparency in public service delivery units. However, Dau Thi Kim Thoa (2019) finds that leadership support has no effect on financial transparency in public non-business units.

The research on factors affecting public accountability in Vietnam is currently rarely mentioned. Cao Thi Cam Van (2016) stated that the quality of the financial statements will directly affect the accountability of public units, when the quality of the financial statements is improved, the accountability will also be enhanced. However, Cao Thi Cam Van (2016) has not built a research model to test for this relationship. Truong A Binh (2017) explored the factors affecting the accountability of financial statements information in the public sector in Vietnam with the sample mainly collected in the city. HCM, Dong Nai and Da Nang. Accordingly, factors that are only general but not specific include elements of the political system, elements of the legal system, education and career, and cultural and social factors. In addition, Truong A Binh (2017) has not yet measured

the concept of accountability, but only measured the requirements to improve the accountability of the financial statements. Pham Quang Huy (2018) affirmed that in order to improve the accountability of public entities in Vietnam, it is necessary to pay attention to the factors of the public accounting and financial mechanism, the public accounting information system, IPSAS, integrity of leadership, internal control system, qualifications of accountants and state auditors. However, the research topic just stops at discovering factors that affect accountability, Pham Quang Huy (2018) has not determined the specific impact level of each factor, that is not yet. identify regression equation with accountability in the public sector in Vietnam. Recently, Yen and Nguyen (2020) provide evidence that the use of a performance measurement system has a positive impact on public accountability of public entities in Vietnam.

Discussing the performance of the public sector, Tran (2014) found that the Vietnamese government has implemented a lot of governance and public administration reforms aimed at building a prosperous and equal society. To improve public sector performance, governance reforms in Vietnam highlight three main pillars of citizen participation, transparency and accountability. Through analysis of the 2012 Vietnam Public Administration Performance Index (PAPI) survey data set, specifically data in Hanoi, Hai Phong, Da Nang, Ho Chi Minh City and Can Tho, Tran (2014) produced the following results: First, that transparency and accountability have a negative impact on corruption. Second, transparency and accountability have no effect on the performance of public administration. Third, corruption has a negative impact on the performance of public administration activities. In addition, Tran (2014) finds that there are concerns about various forms of transparency and accountability in Vietnam. Therefore, Tran (2014) suggested that future researchers need to re-examine the link between transparency, accountability and the performance of public administration in Vietnam.

In the same direction, research by Nguyen Thang et al (2017) also shows that higher transparency, citizen participation and accountability reduce corruption levels to lower levels. At the same time, this study also shows that corruption has a negative impact on the quality of public services in Vietnam. From this result, Nguyen Thang et al (2017) suggested that if Vietnam wants to improve the performance of the public sector in general and the quality of public services in particular, it is necessary to issue a control mechanism. to increase the transparency and accountability of public entities to stakeholders; at the same time, to increase citizen participation in the process of monitoring the activities of public units. Then, the corruption of leaders in the public sector will be limited and motivated the public organization to operate with better results. Furthermore, recently, Yen and Nguyen (2020) through a survey of 214 public entities in Vietnam showed that the use of a performance measurement and accountability system has a positive impact on performance. .

The above shows that researchers in Vietnam have begun to consider the impact of accountability on performance. However, studying the direct and indirect impact of financial statements quality on performance through accountability is still a new issue that needs to be considered in the public sector in Vietnam.

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