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A THEORETICAL ESSAY ON THE EFFECTIVENESS OF PUBLIC MANAGEMENT FROM AN ACCOUNTING PERSPECTIVE

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ABSTRACT

Accounting performance has been widely examined in the literature as a central component of public management; however, studies investigating its role within the relational framework linking institutional practices and governmental effectiveness remain limited. The primary objective of this theoretical essay is to develop a conceptual model that integrates institutional factors, accounting performance, and institutional effectiveness in public management, examining how the quality and robustness of accounting information systems may moderate the relationship between institutional structures and organizational outcomes. To achieve this objective, the study adopts a theoretical and analytical approach grounded in an integrative literature review and the systematization of constructs derived from Neo-Institutional Theory, Agency Theory, and Public Value Theory. The methodological procedure consisted of identifying, organizing, and conceptually integrating explanatory variables, the moderating variable, and the construct of institutional effectiveness, culminating in the proposal of a conceptual model suitable for future empirical investigations. This essay contributes to the literature by demonstrating that accounting performance, when understood as a mechanism of transparency, compliance, and managerial capability, can either strengthen or mitigate the effects of institutional factors on public sector effectiveness. The proposed model provides a theoretical foundation for advancing research on governance and accountability while supporting future empirical studies aimed at evaluating public management performance and enhancing fiscal transparency.

Keywords: public administration, accounting performance, institutional effectiveness, governance, conceptual model.

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1 INTRODUCTION

The growing societal demand for efficiency, transparency, and quality in public management has intensified interest in studies seeking to explain how different institutional dimensions influence the effectiveness of government organizations. Within this context, accounting systems and performance measurement practices play a central role by providing information that supports decision making, promotes accountability, and contributes to the establishment of institutional legitimacy. Although accounting performance is widely recognized as an important governance mechanism, its role in linking institutional factors to organizational effectiveness remains underexplored, leaving theoretical gaps regarding its potential moderating function within these relationships.

Research on public administration and governmental accounting has highlighted that elements such as integrity, legitimacy, administrative capacity, fiscal sustainability, and accountability mechanisms exert a substantial influence on institutional effectiveness. Recent literature further emphasizes that accounting systems and performance measurement fulfill informational, social, and institutional functions in contemporary public administration, particularly when associated with transparency, the understandability of financial information, and fiscal accountability (Steccolini et al., 2020; Leite & Diniz, 2024; Masoud, 2025). Nevertheless, these studies generally treat accounting performance either as a direct explanatory variable or as one component of broader public sector performance assessment models, without examining its capacity to alter the strength or direction of the relationship between institutional factors and organizational outcomes. This limited theoretical exploration reveals a significant research gap concerning how accounting practices, understood as both technical and institutional constructs, may reinforce or constrain the effects of organizational factors on institutional effectiveness.

An exploratory search of the leading scientific databases in public administration and accounting reveals an extensive body of literature addressing accounting reforms, control mechanisms, transparency, and organizational performance. Recent studies on public sector accounting reforms demonstrate that the adoption of international accounting standards and accrual-based accounting generally enhances transparency, comparability, and accountability. However, these benefits depend on institutional capacity, the perceived usefulness of financial statements, and the effective incorporation of accounting information into decision-making processes (Benfante et al., 2025; Bisogno et al., 2024; Dabbicco et al., 2025; Masoud, 2025). Despite these advances, there remains a notable scarcity of studies that explicitly conceptualize accounting performance as a moderating variable, particularly in the relationship between institutional constructs and organizational effectiveness. This observation justifies the adoption of well-established theoretical foundations, including the contributions of Meyer and Rowan, Jensen and Meckling, Moore, Lüder, and other scholars referenced in this study, integrated with the contemporary literature on public sector accounting, accountability, and governance.

Against this background, the research problem guiding this theoretical essay is to understand the extent to which accounting performance influences the relationship between institutional factors and the effectiveness of public organizations. To address this question, the primary objective of this study is to develop a conceptual model that integrates institutional factors, accounting performance, and institutional effectiveness in public management, examining how the quality and robustness of accounting information systems may moderate the relationship between institutional structures and organizational outcomes. To accomplish this objective, the study pursues the following specific objectives: to identify and organize the principal constructs associated with institutional effectiveness; to discuss the role of accounting performance from the perspective of the theoretical frameworks adopted; to propose a conceptual framework in which accounting performance functions as a moderating variable; and to identify potential avenues for the future empirical validation of the proposed model.

Methodologically, this study is characterized as a theoretical and analytical essay based on the identification, selection, and conceptual integration of theoretical frameworks addressing institutions, governance, accounting performance, and organizational effectiveness. Although the study does not involve empirical data collection, it is designed to facilitate the future empirical validation of the proposed model through quantitative approaches capable of operationalizing formative latent variables and examining moderating relationships among the proposed constructs.

The theoretical contribution of this study lies in conceptualizing accounting performance as an institutional component whose role extends beyond its traditional function of recording and reporting financial information, influencing how governance practices, transparency, integrity, and administrative capacity are translated into institutional outcomes. From a practical perspective, the proposed conceptual model provides a framework for improving the diagnosis and evaluation of public management by suggesting that investments in the quality of accounting information and accountability mechanisms may influence the extent to which institutional factors are transformed into organizational effectiveness.

In addition to this introduction, the article includes a section discussing the philosophical, sociological, and theoretical perspectives on effectiveness and performance in the public sector, followed by a historical overview of administrative reforms and the evolution of governmental accounting practices. The subsequent sections examine the moderating role of accounting performance in institutional effectiveness and present the formative constructs underlying the proposed conceptual model. Finally, the article concludes by summarizing its principal contributions, acknowledging its limitations, and outlining directions for future research.

2 THEORETICAL PERSPECTIVES ON EFFECTIVENESS AND PERFORMANCE IN THE PUBLIC SECTOR

The public administration literature demonstrates that the effectiveness of government organizations depends on factors that extend beyond operational performance to encompass institutional, normative, and sociopolitical dimensions. Effectiveness, understood as the capacity to transform resources into outcomes aligned with the public interest, is associated with both administrative competence and the legitimacy of organizational practices. From this perspective, political philosophy and sociology contribute by emphasizing that government action is shaped by normative principles and social constructs that influence behavioral expectations and guide the evaluation of public sector outcomes (Weber, 1978). Accordingly, effectiveness and performance cannot be reduced to the measurement of outputs and services alone but also encompass public trust and the perceived appropriateness of administrative actions.

The conceptual evolution of these terms has accompanied broader changes in the understanding of public action. Bureaucratic rationality, as discussed by Weber (1978), emphasizes the importance of formal structures, impersonality, and stable procedures as mechanisms for ensuring predictability, consistency, and control. This framework contributed to the consolidation of the view that effective organizations are those capable of maintaining administrative regularity and compliance with established norms. Subsequent scholars, however, have argued that public administration must respond to increasing complexity characterized by evolving social demands, growing expectations for transparency, and mounting pressures for fiscal responsibility. Consequently, effectiveness has come to be understood not merely as administrative efficiency but as the capacity to create public value and strengthen governmental legitimacy.

The sociological perspective on organizational action further broadens this understanding by arguing that institutions operate not solely according to technical criteria but also through shared meanings, conventions, and social norms. Meyer and Rowan (1977) contend that public organizations frequently adopt institutionalized practices and structures to secure legitimacy within their external environment, even when such practices do not maximize technical efficiency.

This perspective suggests that institutional outcomes derive not only from operational capability but also from symbolic alignment with prevailing social and normative expectations, thereby reinforcing the need for explanatory models that recognize institutional factors as key determinants of organizational effectiveness.

Within this context, accounting performance assumes particular importance by integrating both technical and institutional dimensions. Accounting not only measures resources and organizational outcomes but also serves as an instrument of transparency, control, and communication, thereby reinforcing the legitimacy of public sector actions. Mattessich (2003) argues that contemporary accounting research extends beyond financial recording by incorporating social and institutional interpretations, demonstrating that accounting systems influence both how decisions are made and how they are evaluated. Consequently, accounting performance should no longer be viewed merely as an operational indicator but rather as an institutional component capable of influencing the credibility of information and, ultimately, the perceived effectiveness of public organizations.

Taken together, these theoretical contributions suggest that effectiveness in the public sector emerges from the interaction among institutional factors, administrative practices, and information mechanisms. The literature demonstrates that government action operates within an environment in which norms, values, and societal expectations shape both resource allocation and the evaluation of organizational outcomes. From this perspective, investigating accounting performance as a variable capable of moderating the relationship between institutional factors and organizational effectiveness represents an important conceptual advancement, integrating complementary theoretical traditions while providing a more robust foundation for the conceptual model proposed in this study.

3 STUDY CONTEXT: THEORIES OF PUBLIC ADMINISTRATION

Understanding the dynamics that influence institutional effectiveness in the public sector requires integrating multiple theoretical perspectives capable of explaining how organizational structures, behaviors, and incentives shape institutional outcomes. Among the most relevant frameworks are **Neo-Institutional Theory**, **Agency Theory**, **Contingency Theory**, and **Public Value Theory**, which together provide a coherent foundation for analyzing the interaction between institutional factors, governance mechanisms, and accounting practices. These theories offer complementary perspectives that facilitate an understanding of government action from both structural and symbolic viewpoints, as well as through the lenses of incentives, organizational capabilities, and public value creation.

Neo-Institutional Theory, as advanced by Meyer and Rowan (1977), emphasizes that public organizations respond to normative, cognitive, and regulatory pressures that shape their practices, frequently inducing conformity with institutionalized patterns of behavior. From this perspective, the adoption of accounting systems, formal reporting mechanisms, and control instruments is driven not only by technical considerations but also by the pursuit of legitimacy within the external environment. Consequently, institutional factors such as integrity, transparency, and compliance with established norms exert a direct influence on organizational effectiveness by strengthening public trust and stabilizing societal expectations regarding government action.

Agency Theory, developed by Jensen and Meckling (1976), contributes by explaining the principal-agent relationship under conditions of information asymmetry and divergent interests. In the public sector, society, oversight institutions, and legislative bodies assume the role of principals, whereas public managers act as agents. Within this framework, accounting performance constitutes a fundamental mechanism for mitigating opportunistic behavior by providing information that supports monitoring, evaluation, and accountability. The higher the quality and reliability of accounting information, the greater the principal's ability to assess the agent's conduct, thereby enhancing the influence of institutional factors on organizational effectiveness.

Contingency Theory, applied to public sector accounting by Lüder (1992), proposes that accounting reforms and administrative modernization depend on specific contextual factors, including political characteristics, administrative capacity, and environmental pressures. This perspective highlights that the effectiveness of accounting practices is not uniform across institutional settings, as both their implementation and their outcomes vary according to institutional and structural conditions. Accordingly, accounting performance may exert conditional effects on the relationships between institutional variables and organizational outcomes, thereby providing a theoretical justification for its inclusion as a moderating variable in the proposed conceptual model.

Public Value Theory, developed by Moore (1995), further broadens the concept of organizational effectiveness by linking government performance to the capacity to generate social value in accordance with democratic principles and collective expectations. Within this framework, effective public management results from the integration of legitimacy, operational capability, and institutional sustainability, consistent with the logic of public value creation (Moore, 1995). In this context, timely, understandable, and decision-useful accounting information contributes to the creation of public value by enhancing transparency, improving organizational evaluation, and strengthening public confidence in governmental institutions (Carlin, 2005; Leite & Diniz, 2024). Public sector accounting therefore assumes a strategic role by connecting organizational performance, governance, and institutional legitimacy.

Taken together, these four theoretical perspectives demonstrate that institutional factors influence public sector effectiveness through symbolic, informational, and managerial mechanisms. Neo-Institutional Theory emphasizes the importance of legitimacy; Agency Theory highlights the role of information in reducing asymmetries; Contingency Theory demonstrates that institutional effects depend upon contextual conditions; and Public Value Theory underscores that effectiveness derives from the creation of social value. Collectively, these frameworks support the argument that accounting performance, by integrating technical and institutional dimensions, can modify the extent to which institutional factors are translated into organizational effectiveness, thereby providing the theoretical foundation for its inclusion as a moderating variable in the proposed conceptual model.

4 HISTORICAL AND MULTIDIMENSIONAL CONTEXT

The evolution of public administration over recent decades has been marked by institutional and managerial transformations that have substantially reshaped the way governments organize, monitor, and evaluate their activities. Administrative reforms inspired by different theoretical traditions have introduced new expectations regarding efficiency, transparency, and accountability, thereby redefining the role of accounting information systems and expanding their influence on organizational performance. These changes have occurred within an environment characterized by increasing social and political pressures for governments to respond more effectively to societal demands, reinforcing the importance of instruments capable of measuring and evaluating public sector performance in a reliable and comprehensive manner.

The administrative reform movement associated with **New Public Management (NPM)** introduced into the public sector a stronger emphasis on results-oriented management, enhanced control mechanisms, and performance-based managerial practices. Brignall and Modell (2000) argue that the incorporation of these elements encouraged the use of accounting instruments as components of broader performance evaluation systems, increasing the relevance of financial and operational information for managerial decision making and public accountability. Within this framework, accounting systems evolved beyond their traditional record-keeping function to assume a strategic role in assessing the effectiveness of public policies and monitoring budget execution.

Complementing this perspective, post-managerialist approaches argue that public administration cannot be understood solely through the lens of instrumental efficiency. Denhardt and Catlaw (2016) contend that democratic values, citizen participation, and collective responsibility constitute essential dimensions of government action, emphasizing that public sector effectiveness also depends on institutional legitimacy and the capacity for coordinated governance. This shift in perspective broadens the role of public sector accounting, which is increasingly viewed as a mechanism for enhancing transparency, facilitating communication with stakeholders, and strengthening public trust in government institutions.

The evolution of governmental accounting has therefore paralleled the expansion of societal and institutional expectations regarding the role of the State. The accounting literature emphasizes that more comprehensive and higher-quality information systems improve the identification of fiscal risks, support strategic planning, and enable broader assessments of financial sustainability. Carlin (2005), for example, argues that accrual-based accounting practices contribute to more accurate evaluations of both current and future obligations, thereby enhancing the robustness of public management systems. These developments demonstrate that accounting performance influences not only the technical capacity of public management but also the way organizations position themselves institutionally in relation to their multiple stakeholders.

Within this historical and institutional context, accounting performance emerges as a construct that integrates technical, informational, and symbolic dimensions. High-quality accounting information systems strengthen accountability, reduce information asymmetries, enhance monitoring capacity, and reinforce institutional credibility. Consequently, accounting performance extends beyond its traditional role as a financial measurement instrument and becomes a factor capable of modifying the strength of the relationship between institutional factors and public sector effectiveness, thereby providing a strong theoretical rationale for its inclusion as a moderating variable in the proposed conceptual model.

5 MODERATING EFFECTIVENESS: THE ROLE OF ACCOUNTING PERFORMANCE IN THE PUBLIC SECTOR CONTEXT

The public administration literature emphasizes that institutional effectiveness results from the interaction among administrative capabilities, organizational factors, and institutional conditions that shape the behavior and performance of public organizations. However, understanding institutional effectiveness requires the incorporation of elements that function both as technical instruments and as institutional mechanisms. In this regard, accounting performance represents a central dimension for explaining how governance practices, control mechanisms, and institutional structures are translated into organizational outcomes, since accounting systems directly influence the quality of the information used for monitoring, planning, and evaluating government action.

Beyond its traditional recording function, governmental accounting plays a strategic role by promoting transparency, reducing information asymmetries, and strengthening the credibility of public institutions. Jensen and Meckling (1976) argue that mitigating agency conflicts depends fundamentally on the quality of the information available, positioning accounting performance as a key component for enhancing accountability and control processes. Complementarily, Meyer and Rowan (1977) contend that institutionalized practices confer legitimacy upon public organizations, suggesting that robust accounting systems function as both symbolic and formal mechanisms that stabilize social and normative expectations regarding government action.

From these theoretical perspectives, accounting performance can be understood as a factor that influences the strength of the relationship between institutional factors and organizational effectiveness. The literature indicates that dimensions such as integrity, administrative capacity, regulatory compliance, and transparency contribute to more effective organizational outcomes. However, the effects of these dimensions vary according to the quality of the accounting information systems through which they are mediated. Carlin (2005) argues that more advanced accounting practices enhance the capacity to identify fiscal risks, monitor governmental commitments, and assess financial sustainability more accurately, suggesting that accounting performance modifies governance conditions and decision-making processes.

Contingency Theory, as proposed by Lüder (1992), reinforces this interpretation by arguing that the effects of accounting reforms and practices depend on the institutional and organizational characteristics of each context. Accordingly, accounting performance not only directly influences the functioning of public organizations but also modifies the manner in which institutional factors are translated into organizational effectiveness. In environments characterized by more developed accounting systems, governance practices and organizational integrity are more likely to generate tangible improvements in organizational outcomes. Conversely, in settings where accounting information is of lower quality, the effects of these practices may be substantially weakened, creating gaps between institutional expectations and observed performance.

From the perspective of Public Value Theory proposed by Moore (1995), accounting performance enhances the government's capacity to generate public value by increasing transparency, facilitating the monitoring of budget execution, and enabling more accurate evaluations of government performance. Within this framework, high-quality accounting information strengthens the influence of institutional factors on organizational effectiveness by supporting evidence-based decision making and allowing society to assess governmental outcomes more clearly. Collectively, these theoretical perspectives support the proposition that accounting performance functions as a moderating variable capable of either strengthening or weakening the impact of institutional factors on public sector effectiveness.

The conceptual analysis developed in this essay therefore supports the proposition that accounting performance conditions the strength of the relationships between institutional constructs and institutional effectiveness. When accounting information systems exhibit higher levels of quality, governance practices and organizational integrity are more likely to be translated into superior administrative outcomes. Conversely, when accounting performance is limited, even strong institutional factors may produce weaker effects because both the quality of managerial information and the organization's monitoring capacity become compromised. This proposition underscores the central role of accounting as an institutional mechanism capable of influencing not only administrative decision making but also the extent to which the institutional environment is translated into public sector effectiveness.

This conceptual framework is also consistent with recent studies demonstrating that the usefulness of accounting information in the public sector depends on its capacity to transform financial data into effective instruments for decision making, transparency, and social accountability. Steccolini et al. (2020) emphasize that accounting and performance measurement systems fulfill multiple functions in contemporary public administration. Leite and Diniz (2024), in their investigation of the understandability of accounting information in the Brazilian public sector, demonstrate that the presentation format of financial statements influences users' comprehension and can strengthen transparency. Similarly, Masoud (2025) reports that the adoption of IFRS and IPSAS is associated with improvements in transparency and accountability, particularly when supported by robust institutional frameworks.

6 THEORETICAL CONSTRUCTS AND CONCEPTUAL MODELING

The conceptual model proposed in this essay is grounded in the integration of institutional variables, accounting performance, and public sector effectiveness, as supported by the theoretical frameworks discussed in the preceding sections. From the perspective of Meyer and Rowan (1977), institutional factors influence the functioning of public organizations because they shape societal expectations, guide administrative practices, and confer legitimacy upon governmental actions. These factors encompass dimensions such as integrity, regulatory compliance, administrative capacity, transparency, and governance mechanisms. Collectively, these components constitute a set of institutional dimensions that determine the credibility of government action and the quality of organizational decision-making.

In this essay, institutional effectiveness is defined as the capacity of a public organization to generate outcomes aligned with the collective interest while upholding the principles of legality, transparency, and fiscal responsibility. This conceptualization is consistent with Moore's (1995) Public Value Theory, which argues that governments create public value when they successfully combine democratic legitimacy, operational capability, and socially meaningful outcomes. Accordingly, institutional effectiveness should not be viewed merely as an operational outcome but rather as a multidimensional construct integrating symbolic, institutional, and managerial dimensions that reflect society's perception of the quality of government performance.

Accounting performance is conceptualized as the moderating variable in the proposed model, since its quality may alter the strength of the relationship between institutional factors and organizational effectiveness. Jensen and Meckling (1976) argue that high-quality information reduces information asymmetries between principals and agents, thereby strengthening accountability mechanisms. Similarly, Carlin (2005) emphasizes that well-developed accounting practices enhance monitoring capacity and enable more accurate assessments of financial sustainability. Together, these theoretical arguments support the proposition that accounting performance conditions the manner in which institutional factors are translated into organizational outcomes, either strengthening or weakening their effects depending on the robustness of the accounting information systems adopted by public organizations.

Based on these theoretical foundations, the constructs comprising the conceptual model can be organized into three principal categories. The first consists of **institutional factors**, encompassing dimensions such as integrity, regulatory compliance, administrative capacity, and transparency. These elements, extensively discussed in the institutional literature, represent essential conditions for public organizations to achieve consistent and sustainable organizational outcomes. The second construct is accounting performance, defined as the quality of the information generated by accounting information systems, including attributes such as timeliness, completeness, compliance, and managerial usefulness. The third construct is institutional effectiveness, conceptualized as the dependent variable and defined as the organization's capacity to deliver outcomes consistent with its institutional mission and societal expectations.

The proposed conceptual model posits that institutional factors exert a direct influence on institutional effectiveness; however, this relationship is not expected to be uniform across organizational contexts. In environments characterized by high accounting performance, institutional factors are expected to have a stronger positive effect on organizational effectiveness because high-quality information enhances monitoring, organizational coordination, and evidence-based managerial decision-making (Jensen & Meckling, 1976; Carlin, 2005; Steccolini *et al*., 2020). Conversely, when accounting performance is weak, the influence of institutional factors is expected to diminish, as lower-quality information compromises the implementation of administrative practices and limits the organization's capacity for monitoring, evaluation, and control.

Accordingly, the proposed model assumes that accounting performance functions as a moderating variable that conditions the strength of the relationship between institutional factors and institutional effectiveness. This conceptualization makes it possible to explain variations in the performance of public organizations not only as a consequence of institutional conditions but also as a reflection of the quality of the accounting information systems used to guide, support, and evaluate governmental actions. The conceptual model therefore provides the theoretical foundation for the central proposition advanced in this essay while offering a basis for future empirical studies aimed at operationalizing each construct and testing the proposed moderating relationship across different public administration contexts.

6.1 Institutional Factors

Institutional factors comprise the set of structural, normative, and organizational elements that shape the functioning of public institutions and condition the achievement of organizational outcomes. As argued by Meyer and Rowan (1977), organizations operate within environments characterized by social expectations, formal rules, and shared conventions that guide behavior and define practices considered legitimate. In the public sector, these factors encompass dimensions such as administrative integrity, regulatory compliance, technical capacity, control mechanisms, and standards of transparency. Together, these components influence how public organizations formulate policies, allocate resources, and respond to societal demands, making them fundamental determinants of institutional effectiveness.

The literature suggests that administrative integrity enhances the credibility of government actions and strengthens public trust, whereas regulatory compliance ensures procedural stability and adherence to the legal and institutional frameworks governing public administration. Administrative capacity, in turn, refers to an organization's ability to plan, coordinate, and implement public policies effectively and efficiently. Transparency, as an institutional mechanism, reinforces organizational legitimacy and facilitates greater oversight by stakeholders. Collectively, these dimensions constitute the core institutional factors incorporated into the proposed conceptual model, representing the conditions that shape the quality of public sector action and directly influence institutional effectiveness.

6.2 Accounting Performance

In this essay, accounting performance is conceptualized as the quality of the information generated by governmental accounting systems, encompassing attributes such as timeliness, accuracy, completeness, compliance with accounting standards, and managerial usefulness for public sector decision-making (Carlin, 2005; Steccolini et al., 2020). Traditionally focused on recording and reporting financial information, governmental accounting has assumed a more prominent analytical role as a result of administrative reforms and increasing demands for public accountability. Jensen and Meckling (1976) argue that the quality of information is fundamental to reducing information asymmetries between principals and agents, thereby strengthening monitoring and accountability processes. Complementarily, Meyer and Rowan (1977) emphasize that institutionalized practices reinforce organizational legitimacy, suggesting that robust accounting systems influence not only technical decision-making but also institutional perceptions regarding the credibility of public management.

Carlin (2005) further argues that more advanced accounting practices enable more comprehensive assessments of fiscal sustainability while enhancing the public sector's capacity to monitor fiscal risks and financial commitments. From this perspective, accounting performance serves as a link between institutional structures and managerial decision-making by providing the information necessary for policy implementation and performance evaluation. This characteristic justifies its role in the proposed conceptual model as a moderating variable, since the quality of accounting information may either strengthen or weaken the effects of institutional factors on organizational effectiveness. More robust accounting systems enable governance practices and organizational integrity to generate more consistent improvements in institutional performance, whereas weaker accounting systems may diminish these effects.

6.3 Institutional Effectiveness

Institutional effectiveness is defined as the capacity of a public organization to achieve objectives aligned with the collective interest while upholding the principles of legality, transparency, and fiscal responsibility. This conceptualization integrates both technical and symbolic dimensions, reflecting not only the quality of administrative execution but also society's perception of the outcomes delivered by public institutions. Moore (1995) argues that governments create public value when their actions successfully combine democratic legitimacy, operational capability, and the capacity to generate tangible social benefits. Accordingly, institutional effectiveness extends beyond the measurement of operational indicators to encompass dimensions related to organizational credibility, coordination capacity, and the development of public trust.

The literature emphasizes that institutional effectiveness emerges from the interaction among institutional factors, administrative practices, and information mechanisms. Consequently, institutional effectiveness constitutes the outcome construct in the proposed conceptual model, representing the result of the relationship between institutional factors and accounting performance. This perspective provides a framework for understanding how organizational decisions, administrative practices, and institutional structures influence the ability of public organizations to achieve outcomes that are consistent with both their institutional mission and society's expectations.

6.4 Proposed Relationships in the Conceptual Model

Based on the integration of the constructs presented above, the proposed conceptual model establishes two primary relationships. The first proposition assumes that institutional factors positively influence institutional effectiveness, since elements such as integrity, transparency, and administrative capacity strengthen decision-making, planning, and control processes. This proposition is consistent with the argument advanced by Meyer and Rowan (1977), who contend that legitimized institutional structures promote organizational effectiveness.

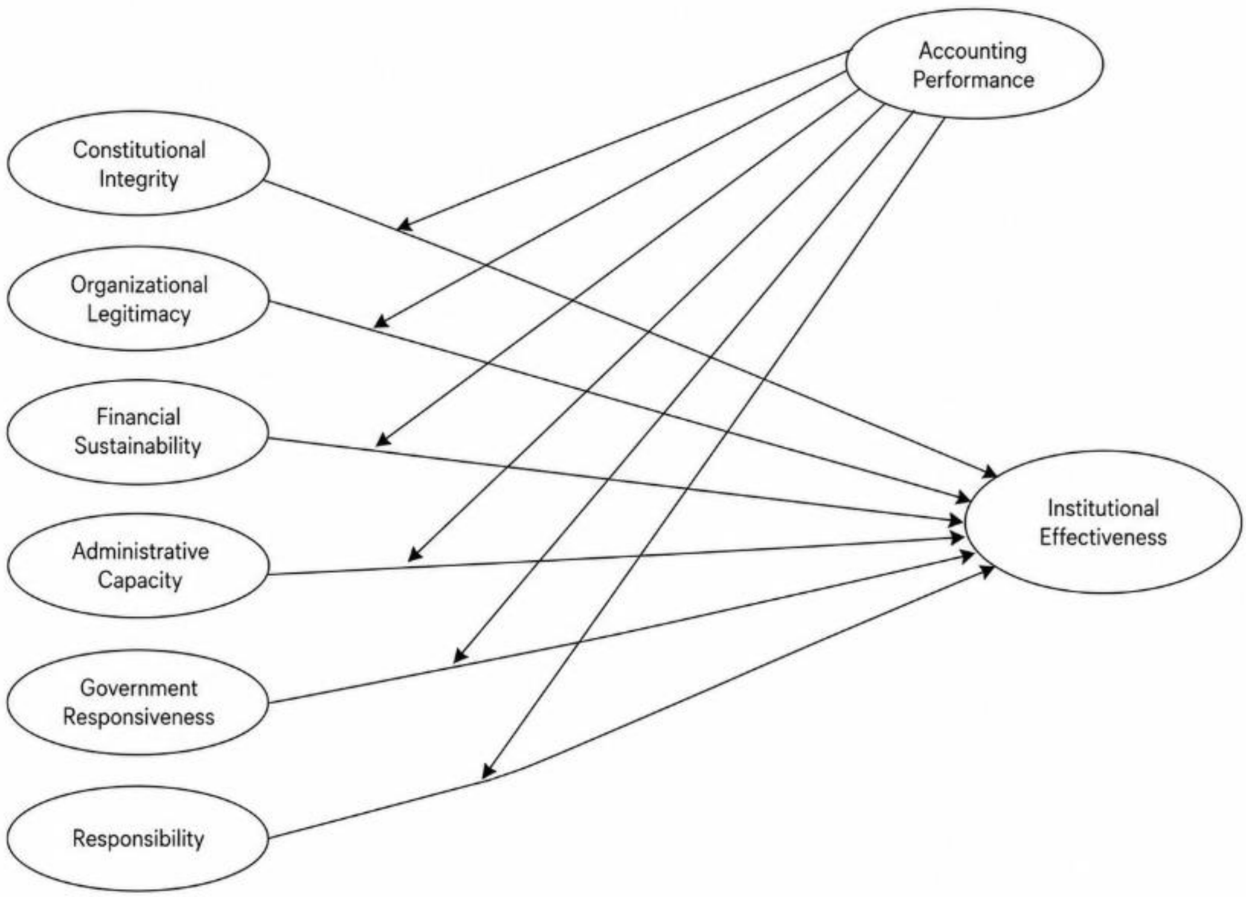
The second proposition posits that accounting performance moderates the relationship between institutional factors and institutional effectiveness. Jensen and Meckling (1976) argue that higher-quality information reduces agency problems, whereas Carlin (2005) maintains that more robust accounting practices enhance the capacity to evaluate public management. Accordingly, institutional factors are expected to exert a stronger positive influence on institutional effectiveness in environments characterized by high accounting performance. Conversely, in contexts where accounting performance is limited, the influence of institutional factors may be weakened due to the reduced quality of information available for monitoring, coordination, and the evaluation of governmental actions.

Together, these two propositions summarize the logic underlying the proposed conceptual model, which seeks to explain how institutional conditions and accounting information systems interact to produce public sector effectiveness.

As illustrated in Figure 1, the proposed conceptual model can be graphically represented through the interaction of three principal components: institutional factors, accounting performance, and institutional effectiveness. The first component represents the set of institutional conditions that shape government action; the second corresponds to accounting performance, which functions as the moderating variable; and the third represents institutional effectiveness, the outcome variable.

In the conceptual diagram, the direct relationship between institutional factors and institutional effectiveness is represented by a solid arrow, whereas the moderating effect of accounting performance is illustrated by an arrow directed toward the primary relationship, indicating its capacity to strengthen or weaken the association between the two constructs. This graphical representation provides a visual synthesis of the theoretical propositions developed throughout this essay and facilitates the understanding of the conceptual interactions underlying the proposed model. The application of this framework in future studies will enable researchers to operationalize each construct and empirically test the proposed moderating relationship across different public administration contexts.

Figure 1
Proposed Conceptual Model



Source: Prepared by the authors.

Within the scope of this theoretical essay, it is also important to consider transparency, which occupies an intermediate position between an explanatory construct and a mediating mechanism. A more comprehensive understanding of its contribution within the proposed conceptual framework is recommended for future research, as transparency has been identified as a construct embedded within and diffused across the broader concept of governance (Hood & Heald, 2006). Government transparency enables citizens and other stakeholders to access information regarding the allocation of public resources and the criteria guiding governmental decision-making processes (Bovens, 2007; Hood & Heald, 2006).

Indicators of transparency include the availability and accessibility of government data, the publication of management and budget reports, and the clarity of public communications. Bovens (2007) argues that transparency is a fundamental component of accountability and democratic governance because it enables citizens and other stakeholders to monitor government actions and respond appropriately.

Based on the theoretical arguments developed throughout this essay, it can be concluded that accounting performance functions as a moderating variable because it influences both the magnitude and the direction of the relationships between the explanatory variables and institutional effectiveness. The proposed conceptual model seeks to clarify how these elements interact within the governmental context while also providing the foundation for the development of a quantitative index through a mathematical modeling approach. This index will subsequently be empirically validated with the aim of achieving greater precision and practical relevance for public management. Ultimately, the expected outcome is a more comprehensive understanding of the dynamics that drive effectiveness in the public sector, thereby providing stronger support for the formulation of public policies and more effective administrative decision-making.

Although the proposed conceptual model offers substantial explanatory potential, it also presents limitations that may affect its empirical validation. Among these limitations are the challenges associated with accurately measuring certain constructs, the heterogeneity of institutional contexts, and the availability of reliable data, particularly within the public sector. These factors may limit the replicability and generalizability of the findings, underscoring the need for rigorous methodological procedures and context-specific adaptations in future empirical applications.

7 METHODOLOGICAL PROCEDURES

This study is characterized as a theoretical and analytical essay aimed at developing a conceptual model to explain the interaction among institutional factors, accounting performance, and institutional effectiveness. In this context, the purpose of a theoretical essay is to integrate distinct analytical perspectives in order to formulate coherent conceptual propositions without relying on empirical data collection or statistical analysis. The approach adopted focuses on the identification, selection, organization, and integration of constructs derived from well-established theories in the fields of public administration, governmental accounting, and organizational theory, with the objective of proposing conceptually grounded explanations.

The conceptual model was developed through an integrative literature review involving the examination of both seminal works and contemporary studies addressing institutions, governance, accounting performance, and effectiveness in the public sector. The selection of references was based on the authors comprising the theoretical foundation of the manuscript, including the contributions of Meyer and Rowan, Jensen and Meckling, Lüder, Moore, Carlin, and other scholars incorporated into the study's theoretical framework. These authors were selected because of their theoretical relevance and because they provide complementary perspectives on institutional structures, informational incentives, administrative capacity, and public value creation. The literature review sought to consolidate common elements across these theoretical perspectives while identifying conceptual gaps that justify the formulation of the proposed moderating hypothesis.

The literature review was informed by exploratory searches conducted in the principal scientific databases commonly used in public administration and accounting research, including Scopus, Web of Science, and SciELO. These searches were designed to identify studies examining the relationships among institutional factors, accounting systems, and public sector effectiveness. The preliminary findings revealed an extensive body of research on governance, transparency, and organizational performance but a limited number of studies investigating accounting performance as a moderating variable within these relationships. This finding reinforced the decision to build upon the classical theoretical foundations already incorporated into the manuscript and guided the development of the proposed conceptual model based on theoretical propositions derived from these complementary frameworks.

The development of the conceptual model followed three analytical stages. The first stage consisted of defining the three core theoretical constructs: institutional factors, accounting performance, and institutional effectiveness. The second stage involved an examination of the literature to identify the mechanisms through which these constructs are related, drawing on the theoretical contributions of Meyer and Rowan (1977), Jensen and Meckling (1976), Lüder (1992), and Moore (1995). The third stage integrated these elements into a conceptual framework that positions accounting performance as a moderating variable, with this role being theoretically justified by the capacity of accounting information to reduce information asymmetries, strengthen administrative capacity, and reinforce organizational legitimacy.

Although the present study does not incorporate empirical methods, the proposed conceptual framework was designed to facilitate future empirical validation through appropriate quantitative approaches. The operationalization of the model may be developed using formative latent variables representing institutional factors, accounting performance, and institutional effectiveness. Such operationalization could be implemented through Structural Equation Modeling (SEM), which enables the estimation of both direct and moderating effects among latent constructs. The selection of indicators and observable variables may draw upon publicly available sources, including accounting and fiscal data, integrity reports, transparency indicators, administrative records, and measures of institutional capacity.

Accordingly, the methodological procedures employed in this theoretical essay provide a coherent theoretical foundation for the proposed conceptual model while simultaneously offering a framework for future empirical research in the field of public administration. The absence of empirical data collection does not constitute a limitation with respect to the purpose of this study, since its primary objective is conceptual development and the identification of the theoretical relationships underlying the proposed moderating hypothesis, thereby laying the groundwork for future empirical investigations capable of evaluating the robustness of the proposed model.

8 SYNTHESIS OF THE FINDINGS

The findings of this theoretical essay consist of the development of conceptual propositions that integrate institutional factors, accounting performance, and institutional effectiveness, thereby advancing the understanding of the mechanisms that influence the performance of public organizations. The integrated analysis of the literature demonstrates that institutional factors such as integrity, regulatory compliance, administrative capacity, and transparency constitute fundamental dimensions of government action and significantly influence the quality of organizational outcomes. These factors shape the credibility of governmental decision-making and determine how public organizations respond to societal demands, underscoring the importance of robust institutional structures for effective public sector performance.

The analysis of accounting performance indicates that robust accounting information systems enhance the government's capacity to monitor resources, assess fiscal risks, reduce information asymmetries, and strengthen control mechanisms, as discussed by Jensen and Meckling (1976) and Carlin (2005). Accordingly, accounting performance emerges as a moderating variable capable of strengthening or weakening the influence of institutional factors on institutional effectiveness. When accounting information is of higher quality, governance practices, organizational integrity, and administrative capacity are more likely to generate consistent improvements in organizational outcomes. Conversely, when the quality of accounting information is limited, the influence of these institutional factors is diminished, impairing the evaluation, coordination, and implementation of governmental actions.

The conceptual model developed through this analysis proposes two principal relationships. The first posits that institutional factors exert a direct influence on institutional effectiveness, reinforcing the importance of organizational legitimacy, formal administrative practices, and institutional capacity, as argued by Meyer and Rowan (1977). The second proposition maintains that accounting performance functions as a moderating variable within this relationship, conditioning the extent to which institutional factors are translated into organizational outcomes. This proposition offers a dynamic interpretation of the interaction between institutional structures and accounting information systems, thereby contributing to a more comprehensive theoretical understanding of variations in effectiveness across public organizations.

Although this study does not involve empirical data collection, its theoretical nature allows for an illustration of the model's practical applicability. Consider, for example, a hypothetical scenario involving two public organizations with similar levels of integrity and administrative capacity but differing levels of accounting performance. In the organization whose accounting system provides timely, comprehensive, and reliable information, the capacity for evaluation, planning, and control is expected to be greater, thereby increasing the likelihood of achieving higher institutional effectiveness. Conversely, in an organization where accounting information is fragmented or insufficiently reliable, even strong institutional characteristics may result in lower organizational performance because managerial decisions are made on the basis of less informative evidence.

The findings of this theoretical essay therefore demonstrate that the interaction between institutional factors and accounting performance constitutes an important mechanism for explaining institutional effectiveness. The proposed conceptual model contributes to the literature by suggesting that accounting performance should not be viewed solely as a direct explanatory variable but rather as a construct capable of conditioning the strength of institutional effects. This perspective expands the analytical possibilities available to researchers and provides a solid theoretical foundation for future empirical studies seeking to test the hypotheses derived from the proposed model. Furthermore, the essay offers practical implications for public managers by indicating that investments in integrity, governance, and administrative capacity are likely to generate more substantial improvements in organizational effectiveness when accompanied by enhancements in the quality of accounting information.

9 CONCLUSIONS

This theoretical essay sought to develop a conceptual model integrating institutional factors, accounting performance, and institutional effectiveness in public management, examining how the quality and robustness of accounting information systems may moderate the relationship between institutional structures and organizational outcomes. The integrative analysis of the literature identified integrity, regulatory compliance, administrative capacity, and transparency as the principal institutional dimensions influencing the performance of public organizations. Likewise, the analysis demonstrated that accounting performance plays a critical role in reducing information asymmetries, enhancing evaluation capacity, and strengthening organizational legitimacy, thereby supporting the proposition that this construct functions as a moderating variable of institutional effectiveness.

The study's theoretical contributions arise from the development of propositions that advance the understanding of the interactions between institutional factors and accounting information systems in the public sector by suggesting that the quality of accounting information conditions the manner in which institutional structures are translated into organizational effectiveness. This perspective contributes to the literature by repositioning accounting performance from a purely direct explanatory variable to a moderating construct, thereby providing a more dynamic interpretation of institutional relationships. From a managerial perspective, the proposed model offers an analytical framework for public managers by indicating that investments in governance, integrity, and administrative capacity are likely to produce more consistent organizational outcomes when accompanied by improvements in accounting information systems, as higher-quality information supports planning, control, and evidence-based public decision-making (Carlin, 2005; Leite & Diniz, 2024; Steccolini et al., 2020).

The principal limitations of this study stem from its theoretical nature. Although this approach is appropriate for conceptual model development, it does not permit empirical testing of the proposed relationships. Furthermore, the heterogeneity of institutional environments and the diversity of accounting practices across the public sector suggest that the proposed moderating effects may vary substantially across different levels of government and among organizations with distinct institutional structures. These limitations, however, do not diminish the contribution of the present essay but rather highlight the need for subsequent empirical research capable of evaluating the robustness of the proposed model and identifying the contextual conditions that influence the strength of the hypothesized relationships.

In light of these considerations, future research should operationalize the constructs proposed in this study and empirically test the conceptual model using quantitative approaches, particularly Structural Equation Modeling (SEM), which enables the examination of both direct and moderating effects across different public administration contexts. Comparative studies involving different levels of government, as well as longitudinal analyses, may further contribute to understanding how institutional variation and the evolution of accounting systems influence public sector effectiveness. Overall, the proposed conceptual model provides a robust theoretical foundation for advancing the understanding of the relationships among institutions, accounting information, and organizational outcomes, while offering a useful framework for improving the measurement of public sector effectiveness and strengthening transparency and accountability practices.

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CONFLICT OF INTERESTS

The authors declare that there is no conflict of interest

DATA AVAILABILITY

The complete dataset supporting the findings of this study is available from the authors upon reasonable request.

AUTHOR CONTRIBUTIONS

Roles	1º author	2º author
Conceptualization	♦	♦
Data Curation	♦	
Formal Analysis	♦	♦
Funding Acquisition		
Investigation	♦	♦
Methodology	♦	♦
Project Administration	♦	
Resources		
Software		
Supervision		♦
Validation	♦	♦
Writing – Original Draft Preparation	♦	
Writing – Review & Editing	♦	
Conceptualization	♦	♦