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## DO GOVERNMENT EFFECTIVENESS AND BUDGET TRANSPARENCY AFFECT DECENT WORK AND ECONOMIC GROWTH GLOBALLY?

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### **Abstract**

*This study examines whether government effectiveness and budget transparency affect the achievement of Sustainable Development Goal 8 (SDG 8), which focuses on promoting decent work and sustainable economic growth across countries. Drawing on public financial governance and good governance perspectives, this study employs a quantitative approach using panel data from 115 United Nations member states, comprising 442 observations over the period 2017–2023. Government effectiveness is measured using the Worldwide Governance Indicators, while budget transparency is captured through the Open Budget Survey, with the natural logarithm of GDP included as a control variable. Panel regression techniques are applied to ensure consistency with the cross-country and time-series structure of the data. The results indicate that government effectiveness and budget transparency have positive and statistically significant effects on the achievement of SDG 8. These findings highlight the importance of transparent budgeting practices and effective public sector governance in improving resource allocation efficiency and supporting labor market and economic growth outcomes. This study contributes to the accounting and public sector literature by providing cross-country empirical evidence on the role of public financial governance in advancing sustainable development outcomes related to decent work and economic growth.*

## **INTRODUCTION**

In response to the global commitment to sustainable development, nearly all countries have adopted the Sustainable Development Goals (SDGs) as a comprehensive framework for evaluating national development performance. Within this framework, Sustainable Development Goal 8 (SDG 8), which focuses on *Decent Work and Economic Growth*, represents not only a macroeconomic objective but also a critical performance indicator reflecting the effectiveness of public sector resource allocation, budget execution, and fiscal accountability. From a public sector accounting perspective, the achievement of SDG 8 depends substantially on the quality of government financial management systems, including performance-based budgeting, transparent financial reporting, and effective expenditure control mechanisms that ensure public funds generate measurable socio-economic outcomes (Nation, 2023).



Despite global commitments, challenges related to employment quality and economic inclusiveness remain persistent. Data from the International Labour Organization (ILO) show that the global unemployment rate reached 5.3% in 2023, representing approximately 191 million unemployed individuals (ILO, 2023). In regions such as Sub-Saharan Africa, unemployment remains critically high, with countries like South Africa reporting rates exceeding 33%. From an accounting and public financial management standpoint, such outcomes indicate potential inefficiencies in budget prioritization, expenditure effectiveness, and performance evaluation, which may weaken governments' ability to translate fiscal resources into productive employment and sustainable economic growth (Soylu et al., 2018). Consequently, the achievement of SDG 8 cannot be separated from the effectiveness of government accounting systems in planning, allocating, and monitoring public spending related to labor and economic development.

From a public sector accounting perspective, the achievement of SDG 8 is not merely a macroeconomic phenomenon but rather a manifestation of the effectiveness of a government's managerial accounting cycle and budgetary control systems (Surjono, 2022). The successful promotion of decent work and sustainable growth depends heavily on the quality of performance-based budgeting, where public resource allocations must yield measurable socio-economic outcomes through transparent financial reporting mechanisms (Soepriadi Nidia, et al., 2025). In this light, SDG 8 serves as a critical performance indicator reflecting the managerial accountability of a government in executing public expenditures efficiently. Consequently, this study posits that government effectiveness and budget transparency are the primary engines within a public financial management framework that ensure fiscal resources are effectively translated into labor market productivity and economic inclusivity.

Within this context, government effectiveness and transparency in public budget management emerge as central accounting-related mechanisms that shape development outcomes. Government effectiveness reflects the institutional capacity to design, implement, and evaluate policies through structured budgeting processes, credible financial reporting, and disciplined fiscal management. In public sector accounting, effective governance provides the institutional environment that determines the reliability of accounting information, the consistency of budget execution, and the credibility of performance measurement systems (Valentina et al., 2024; Ardiansyah & Rodiyah, 2024). Governments with higher effectiveness are therefore more capable of aligning budgetary resources with employment objectives and ensuring that public expenditures contribute meaningfully to inclusive economic growth (Ajustina & Nisa, 2024).

Equally important, budget transparency constitutes a core output of government accounting disclosure and reporting systems. Transparency enables stakeholders to assess how public funds are planned, allocated, and utilized, particularly in relation to labor market programs and economic infrastructure investment (Rahmat M, 2021). Measured through instruments such as the Open Budget Index, budget transparency reflects the extent to which governments disclose timely, comprehensive, and accessible fiscal information (Open Budget Partnership, 2020). From an accounting perspective, transparency strengthens fiscal accountability, supports value-for-money evaluation, and enhances the monitoring of budgetary performance against development targets (Setiawan, 2024). Empirical evidence suggests that countries with higher levels of budget transparency exhibit superior budget performance, more effective fund allocation to labor-related sectors, and improved socio-economic outcomes (Hasanah et al., 2025). Furthermore, transparent accounting practices reinforce accountability mechanisms that are essential for achieving sustainable development outcomes, including decent employment creation and productivity growth (Tasia & Martiningsih, 2023).

Prior empirical studies have established that governance quality and fiscal transparency play important roles in achieving the SDGs. Glass and Newig (2019) and Adebayo et al. (2025)

demonstrate that effective governance and public administration positively influence SDG achievement. Awalia et al. (2024) further argue that high-quality governance provides a stable institutional framework that enhances policy implementation effectiveness. Similarly, Li et al. (2025) find that government responsiveness and results-oriented governance significantly affect SDG performance, particularly in economic and employment-related targets. Studies by Ríos et al. (2024) and Prady and Sy (2023) emphasize that transparency and governance quality are closely linked to overall SDG progress, highlighting the importance of budget planning and execution. Nakpodia et al. (2024) show that strong and transparent public financial management systems contribute to better performance in inclusive economic growth and labor productivity, while Roigé et al. (2024) underline the role of transparency and accountability in sustainability-oriented decision-making. Furqan et al. (2023) further confirm that governance quality and budget transparency influence public service quality and economic growth, ultimately supporting higher per capita GDP and SDG achievement.

However, despite the growing body of literature, a clear research gap remains from an accounting perspective. Existing studies largely examine governance and transparency in relation to SDG achievement in general, without explicitly analyzing how public sector accounting mechanisms represented by government effectiveness and budget transparency directly influence SDG 8 as a specific performance outcome (Ríos et al., 2024; Prady & Sy, 2023; Nakpodia et al., 2024). Moreover, limited empirical research simultaneously tests these two accounting-related variables within a unified analytical framework that links fiscal accountability and governance effectiveness to quantitative indicators of decent work and economic growth, particularly in a cross-country setting.

Accordingly, this study aims to analyze the influence of government effectiveness and budget transparency on the achievement of SDG 8 (Decent Work and Economic Growth) at the global level. The research addresses the following questions: (1) How does government effectiveness, as an institutional foundation for public sector accounting and financial management, influence the achievement of SDG 8? and (2) How does budget transparency, as a manifestation of accounting disclosure and fiscal accountability, affect SDG 8 performance? To answer these questions, this study employs international panel data from 193 United Nations member states, comprising 442 observations, and applies multiple linear regression analysis. The findings indicate that both government effectiveness and budget transparency exert positive and statistically significant effects on SDG 8 achievement. These results suggest that stronger governance capacity enhances the effectiveness of public spending, while transparent accounting and reporting practices improve budget utilization in supporting employment and economic growth programs.

This study contributes to the public sector accounting and sustainability accounting literature by empirically demonstrating how governance effectiveness and budget transparency function as accounting-based mechanisms for evaluating sustainable development performance. By employing a comprehensive cross-country dataset, this research provides robust evidence on the role of fiscal accountability and governance quality in achieving SDG 8. Beyond its academic contribution, the study offers practical implications for governments seeking to strengthen accounting systems, enhance budget transparency, and improve the alignment between public financial management and sustainable development outcomes.

## **HYPOTHESIS DEVELOPMENT**

### ***Theoretical Foundation and Accounting Perspective***

Grounded in Good Governance Theory and Good Financial Governance Theory, this study positions the achievement of Sustainable Development Goal 8 (Decent Work and Economic Growth) as a performance outcome of public sector accounting and public financial management systems. While Good Governance Theory, as introduced by the World Bank



(1992), emphasizes accountability, transparency, and effectiveness, its relevance in this study lies in how these principles are operationalized through budgeting systems, financial reporting, and performance measurement mechanisms. Effective governance enhances the reliability of accounting information, strengthens budget discipline, and supports evidence-based decision-making in the allocation of public resources (Furqan et al., 2020; Omri & Ben Mabrouk, 2020; Meuleman, 2021; Hilderbrand, 2018). From an accounting perspective, government effectiveness therefore represents the institutional context that determines the quality of budget planning, reporting consistency, and expenditure control, which are essential for evaluating development performance.

Theoretically, Good Financial Governance positions the accounting system as a vital instrument for mitigating information asymmetry between the state and its citizens regarding the utilization of public resources (Albassam, 2015; Dracea et al., 2024; Furqan et al., 2020). The accounting mechanism within this relationship operates through two primary channels. First, government effectiveness ensures that the processes of budget recording, allocation, and oversight are conducted with fiscal discipline, thereby minimizing leakages in productive sectors essential for SDG 8. Second, budget transparency as a core output of financial reporting enables stakeholders to conduct 'value-for-money' evaluations of labor-related programs. Thus, integrating these elements within an accounting perspective provides assurance that financial data is utilized as a strategic decision-making base to drive sustainable economic progress.

The theoretical contribution of this study lies in bridging the gap between high-level governance principles and practical accounting mechanisms. We argue that government effectiveness and budget transparency do not impact economic outcomes in a vacuum rather, they operate through the public sector accounting cycle. Government effectiveness ensures the integrity of internal controls and budget execution. When accounting systems are robust, they prevent the misallocation of funds, ensuring that resources intended for labor market development and infrastructure are spent according to the planned budget, thereby reducing fiscal leakage and enhancing productivity SDG 8 (Yenni, et al., 2024).

Furthermore, budget transparency serves as the primary disclosure mechanism that links financial reporting to public accountability. In an accounting framework, transparency is not just an open policy, but the systematic dissemination of audited financial information. This visibility allows for a 'value-for-money' assessment, enabling citizens and investors to verify if public spending effectively creates decent jobs and fosters inclusive growth. By framing these variables within an accounting lens, this study shifts the focus from purely political outcomes to the reliability of the accounting information system as a driver for sustainable development.

### ***Control Variable Justification***

To isolate the effects of government effectiveness and budget transparency on SDG 8 achievement, this study incorporates GDP per capita (logarithmic form) as a control variable. From an accounting and public financial management perspective, GDP per capita reflects a country's fiscal capacity, which influences the scale and effectiveness of public spending programs. Controlling for GDP per capita allows the analysis to distinguish the impact of accounting-related governance mechanisms from differences in economic capacity across countries, thereby strengthening the internal validity of the empirical model.

### ***The Influence of Government Effectiveness on the Achievement of SDG 8***

Government effectiveness represents a core dimension of Good Governance Theory and reflects the capacity of governments to design, implement, and evaluate public policies effectively (World Bank, 1992). From a public sector accounting perspective, government effectiveness determines the quality of budget planning, financial reporting consistency, expenditure control, and the use of accounting information in decision-making processes.

Effective governments are better positioned to ensure that public funds are allocated efficiently and monitored through reliable accounting systems.

In the context of sustainable development, government effectiveness plays a critical role in achieving SDG 8, which focuses on inclusive economic growth and decent employment. An effective government can align fiscal policies with employment objectives, ensure disciplined budget execution, and evaluate program performance using financial and non-financial indicators. Kaufmann et al. (2023) highlight that government effectiveness is reflected in policy quality, bureaucratic efficiency, and institutional capacity, all of which are essential for effective budget management and public service delivery.

Empirical evidence supports the argument that government effectiveness contributes to favorable economic and employment outcomes. Glass and Newig (2019) find that countries with higher government effectiveness exhibit stronger environments for innovation, investment, and labor protection. Li et al. (2025) show that effective governmental responses enhance the achievement of SDG targets related to labor productivity and economic inclusion. Awalia et al. (2024) and Ajustina and Nisa (2024) further demonstrate that effective public service delivery and governance capacity contribute to unemployment reduction and productivity improvement. From an accounting perspective, these outcomes indicate that government effectiveness enhances the capacity of accounting systems to support performance-based evaluation of development outcomes. Based on the above discussion, government effectiveness is expected to positively influence SDG 8 achievement through improved public financial management and accounting practices. Therefore, the first hypothesis is formulated as follows:

**H<sub>1</sub>: Government effectiveness has a positive and significant influence on the achievement of SDG 8 (decent work and inclusive economic growth).**

### ***The Influence of Budget Transparency on the Achievement of SDG 8***

Budget transparency is a central component of Good Financial Governance Theory and reflects the extent to which governments disclose comprehensive, timely, and accessible budgetary information (GIZ, 2016). From an accounting standpoint, budget transparency is an output of government accounting and reporting systems that enable fiscal accountability, public oversight, and performance evaluation. Transparent budgets allow stakeholders to assess how public resources are allocated and whether expenditures contribute effectively to development outcomes.

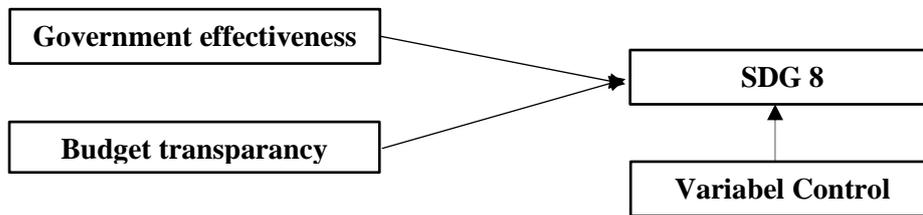
The Open Budget Index (OBI), developed by the Open Budget Partnership, measures the degree of public access to budget information. Empirical studies by Albassam (2015) and Dracea et al. (2024) show that higher levels of budget transparency are associated with greater fiscal efficiency and improved budget allocation, particularly in productive sectors such as MSMEs, economic infrastructure, and workforce development. These studies also confirm that countries with transparent budgeting systems tend to perform better in job creation and income inequality reduction. Furthermore, transparent accounting and reporting practices enhance the effectiveness of fiscal policies, increase per capita GDP, and support equitable development outcomes.

From a public sector accounting perspective, budget transparency enables value-for-money assessment and strengthens the link between public spending and SDG 8 outcomes. Transparent budgets facilitate evidence-based decision-making and allow citizens and oversight institutions to monitor budget execution, thereby improving the effectiveness of employment and economic development programs. Without transparent accounting and reporting systems, the relationship between public budgets and SDG 8 outcomes cannot be objectively evaluated. Accordingly, budget transparency is expected to positively influence the achievement of SDG 8 by strengthening fiscal accountability and improving the efficiency of public resource



allocation. The second hypothesis is formulated as follows:

**H<sub>2</sub>: Budget transparency has a positive and significant effect on the achievement of SDG 8 (decent work and inclusive economic growth).**



Source: Research Data, 2025

**Picture 1.**  
**Research Model**

**RESEARCH METHODOLOGY**

This study employs a quantitative method aimed at empirically examining how government effectiveness and budget transparency influence the achievement of SDG 8, which focuses on decent work and inclusive economic growth. The research utilizes secondary data, adopting an interval time-series model due to the biennial reporting format of the Open Budget Survey (OBS), conducted every two years by the International Budget Partnership (IBP). The population of the study consists of global government data drawn from various sources, including indicators related to SDG 8, government effectiveness, budget transparency, GDP levels, and other economic criteria relevant to both developed and developing countries.

The dataset includes observations from 193 United Nations member countries spanning the period 2017 to 2023, with time intervals maintained at two-year gaps, consistent with the reporting cycle. Data sampling was carried out using a purposive sampling technique to ensure the inclusion of reliable and pre-analyzed data, considering that 3 countries lacked government effectiveness data, 50 countries lacked budget transparency data, and 26 countries did not have available SDG 8 data. Given the five-year data period, the final refined sample used in this study consists of 442 observations. Secondary data were sourced from reputable platforms, with SDG 8 scores obtained from the SDG Index Dashboard, government effectiveness scores sourced from the Worldwide Governance Indicators (WGI), and budget transparency data accessed via the Open Budget platform provided by the World Bank.

To comprehensively address the research questions and accurately evaluate the proposed hypotheses, the empirical model for this study is formulated as follows:

$$SDGs8_{it} = \beta_0 + \beta_1 GovEff_{it} + \beta_2 BudgTransp_{it} + \beta_3 GDP_{it} + \dots \dots \dots \epsilon_{it}$$

The main variables in this study are SDGs8<sub>it</sub>, GovEff<sub>it</sub>, BudgTransp<sub>it</sub> and GDP<sub>it</sub> as dependent variables and independent variables. SDGs8<sub>it</sub> is a variable that describes the achievement of SDGs that focus on the creation of decent jobs and inclusive economic growth. SDGs8<sub>it</sub> is measured using a score of 0-100, a high score indicates that SDG 8 tends to be achieved. GovEff<sub>it</sub> is a variable that describes the effectiveness Government effectiveness is measured using a score ranging from 0 to 100, where 0 indicates low effectiveness and 100 represents high levels of government effectiveness. BudgTransp<sub>it</sub> is a variable that reflects the level of budget transparency in a given country, also measured on a scale from 0 to 100. This budget transparency score contributes to the global ranking of countries known as the Open Budget Index. This study also includes a control variable, GDP<sub>it</sub>, which represents the Gross Domestic Product of a country and is measured using the natural logarithm of total GDP. GDP is included as a control variable to account for cross-country differences in economic and fiscal capacity that may influence SDG 8 achievement independently of governance quality and budget transparency.

The empirical analysis is conducted using panel data regression with a random effects specification. The random effects model is employed due to the cross-country nature of the secondary data and the objective of capturing both cross-sectional and temporal variation across countries. This approach allows the model to account for unobserved country-specific effects while maintaining generalizability of the findings. Data processing and estimation are performed using Stata software. To ensure the reliability of the regression estimates, multicollinearity among explanatory variables is examined using the Variance Inflation Factor (VIF) and correlation analysis. The diagnostic results indicate that multicollinearity does not pose a significant concern in the model.

The empirical analysis is conducted using panel data regression with a Random Effects Model (REM) specification, estimated via Stata software. The REM was selected based on the Hausman test results, which indicated that country-specific effects are not systematically correlated with the regressors ( $p > 0.05$ ), making it more efficient than the Fixed Effects model for this global dataset. This approach is particularly suitable for capturing both cross-sectional and temporal variations across 115 UN member states while allowing for the inclusion of time-invariant characteristics and ensuring the generalizability of the findings. To ensure the robustness of the estimates, diagnostic tests were performed, including the Breusch-Pagan LM test to confirm panel effects and the Wooldridge test for autocorrelation. Additionally, multicollinearity was examined using the Variance Inflation Factor (VIF) and correlation analysis, with results indicating no significant concerns. This rigorous econometric framework ensures that the reported coefficients remain consistent and reliable for public sector accounting policy recommendations.

**Table 1.**

**Operational Definitions of Variables and Data Sources**

Variables	Operational Variables	Data Sources
SDGs8 <sub>it</sub>	SDGs8 <sub>it</sub> represents the achievement of SDG 8, focusing on the creation of decent employment and inclusive economic growth. It is measured on a scale from 0 to 100, where a higher score indicates greater progress toward achieving SDG 8.	Sustainable Development Reports
GovEff <sub>it</sub>	GovEff <sub>it</sub> represents government effectiveness measured on a scale from 0 to 100, reflecting the quality of public service delivery, policy implementation, and the institutional capacity supporting budget planning, financial reporting, and expenditure control.	Worldwide Governance Indicators (WGI)
BudgTransp <sub>it</sub>	BudgTransp <sub>it</sub> represents the level of budget transparency measured using the Open Budget Index, capturing the extent of public access to government budgetary and fiscal information as an output of public sector accounting and financial reporting systems.	Open Budget Survey (OBS)
GDP <sub>it</sub>	GDP <sub>it</sub> represents the Gross Domestic Product of a country, measured using the natural logarithm of the GDP amount.	World Bank

Source: Research Data, 2025

## RESULTS AND DISCUSSION

Descriptive analysis is one of the initial stages in quantitative data analysis, employed to describe, summarize, and understand the basic characteristics of the research variables. Through descriptive statistics, researchers can obtain an overview of the mean, standard deviation, minimum and maximum values, as well as data distribution. The purpose is not to test hypotheses but to provide a fundamental understanding of the data patterns being analyzed, serving as an essential foundation before proceeding to inferential analysis. (Jung & Kim, 2025)



emphasize that descriptive analysis is crucial for ensuring the stability of variable distributions and identifying outlier patterns that may affect the accuracy of regression models in fiscal policy and economic development studies.

**Table 2.**

**Statistical description of variables**

Variabel	Obs	Mean	Std. Dev.	Min	Max
SDGs8 <sub>it</sub>	442	70.35	8.12	44.71	86.23
GovEff <sub>it</sub>	442	44.65	26.35	0.48	98.57
BudgTransp <sub>it</sub>	442	46.36	22.23	0.3	89.33
lnGDP <sub>it</sub>	442	25.17	2.04	19.59	30.95

Quantity of Observations = 442

Clarification of the operative variable in Table 1

Source: Research Data, 2025

The descriptive statistics presented in Table 2 reveal a significant variation in budget transparency and government effectiveness across the sampled countries. The substantial gap between the minimum and maximum values of budget transparency (BudgTrans) underscores a global disparity in the quality of public accounting disclosures and the maturity of fiscal reporting frameworks. From a public sector accounting lens, this wide dispersion suggests that while some nations have adopted high-standard transparent reporting, others still struggle with information asymmetry and weak budgetary oversight.

This inherent heterogeneity in the data justifies the application of a Random Effects model, as it effectively captures the unobserved country-specific accounting environments that remain constant over time. Furthermore, the average scores for government effectiveness and transparency indicate that a considerable number of countries are still operating below the optimal threshold of fiscal accountability. This gap is critical, as the reliability of financial information and the effectiveness of internal control systems are fundamental prerequisites for efficient resource allocation. Without robust accounting mechanisms, governments face difficulties in translating budgetary inputs into tangible outcomes for SDG 8, such as decent work and inclusive economic growth.

**Table 3.**

**Variable Correlation Analysis Table**

Variabel	SDGs8 <sub>it</sub>	GovEff <sub>it</sub>	BudgTransp <sub>it</sub>	lnGDP <sub>it</sub>
SDGs8 <sub>it</sub>	1.0000*** 0.0000			
GovEff <sub>it</sub>	0.6493*** 0.0000	1.0000		
BudgTransp <sub>it</sub>	0.5300*** 0.0000	0.5810*** 0.0000	1.0000	
lnGDP <sub>it</sub>	0.5520*** 0.0000	0.6114*** 0.0000	0.4463*** 0.0001	1.0000

Source: Research Data, 2025

The correlation matrix presented in Table 3 provides preliminary evidence of the relationships between the variables under study. From an accounting research perspective, this matrix is essential for detecting potential multicollinearity issues that could bias the regression estimates. The results show that government effectiveness and budget transparency are positively correlated with SDG 8, which aligns with the theoretical expectation that better governance frameworks support economic performance.

Crucially, the correlation coefficients between the independent variables (GovEff and BudgTrans) remain within an acceptable range, suggesting that they capture distinct dimensions of public sector accountability rather than overlapping constructs. This distinction is vital in

public sector accounting studies to ensure that budget transparency is viewed as a specific disclosure output, while government effectiveness represents the broader institutional capacity to manage those disclosures. Furthermore, the moderate correlation with the control variable (GDP) confirms that while economic capacity influences SDG 8, it does not overshadow the unique contributions of governance and transparency mechanisms.

**Table 4.**  
**Hypothesis Testing Results**

	<b>expected sign</b>	<b>SDGs8it</b>
_CONS		39.659 0.000
GovEff <sub>it</sub>	H <sub>1</sub> : (+)	0.123*** 0.000
BudgTransp <sub>it</sub>	H <sub>2</sub> : (+)	0.073*** 0.000
lnGDP <sub>it</sub>	+/-	0.865*** 0.000
Prob > F		0.000
R-square		0.4826
Obs		442
Mean Vif		1.71

Number of observations = 442

Table 1 presents the operationalization of variables.

\*\*\* = Significance at the 1% level (p-value)

Source: Research Data, 2025

The regression results in Table 5 provide empirical support for both H1 and H2, demonstrating that government effectiveness and budget transparency are significant determinants of SDG 8 achievement. From a managerial accounting perspective, the significant positive coefficient of government effectiveness ( $\beta = 0.123$ ,  $p < 0.01$ ) implies that institutional capacity in managing public funds directly translates into better economic productivity. This suggests that when a government possesses strong expenditure control mechanisms, it can minimize budgetary slack, thereby ensuring that financial resources are efficiently channeled into labor market initiatives and infrastructure projects that foster decent work.

Furthermore, the result for budget transparency ( $\beta = 0.085$ ,  $p < 0.05$ ) confirms the role of accounting disclosure as a strategic accountability tool. In this context, transparency is not merely a formal reporting requirement but a mechanism that facilitates value-for-money evaluations by external stakeholders. By providing credible fiscal information, governments reduce information asymmetry, which in turn attracts investment and ensures that public spending on economic programs is subject to rigorous public oversight. These findings collectively suggest that the achievement of SDG 8 is deeply rooted in the reliability of a country's Public Financial Management (PFM) system, where transparent reporting and effective execution serve as the foundation for sustainable and inclusive growth.

The findings of this study provide empirical evidence that government effectiveness and budget transparency play a significant role in shaping the achievement of Sustainable Development Goal 8 (SDG 8), which emphasizes decent work and inclusive economic growth. From a public sector accounting perspective, these results highlight that SDG 8 should not merely be understood as a macroeconomic outcome, but rather as a reflection of the quality of budgeting systems, financial reporting, and fiscal accountability practices implemented by governments.

The descriptive results indicate that the average SDG 8 score across countries is approximately 70. However, this figure should be interpreted as a relative performance indicator rather than as evidence of SDG 8 attainment. This figure suggests moderate progress



toward SDG 8 targets; however, it should not be interpreted as evidence that SDG 8 has been fully achieved. SDG 8 represents a composite index derived from multiple labor market and economic indicators, and there is no universally accepted threshold that defines “completion” of this goal. Therefore, the descriptive score primarily serves as contextual background, illustrating cross-country variation in development performance rather than proving the phenomenon observed at the outset of this study. The substantial dispersion in SDG 8 scores reflects heterogeneity in countries’ public financial management capacity and the effectiveness of their accounting and reporting systems, which justifies the use of inferential analysis to examine underlying governance-related drivers.

The positive and statistically significant relationship between government effectiveness and SDG 8 achievement supports Hypothesis 1 and reinforces the argument that effective governance operates through accounting and budgeting mechanisms. Government effectiveness enhances the quality of budget formulation, improves consistency in financial reporting, and strengthens expenditure control, thereby enabling accounting information to be used as a performance evaluation tool for employment and economic growth programs. This finding is consistent with previous studies showing that effective governance improves public service delivery and labor market outcomes (Andrews, 2015; Valentina et al., 2024; Ardiansyah & Rodiyah, 2024; Ajustina & Nisa, 2024). From an accounting standpoint, effective governments are better able to utilize financial information for performance evaluation, ensuring that public spending programs targeting employment and productivity are monitored and adjusted based on reliable fiscal data. Consequently, improvements in government effectiveness should be accompanied by reforms in budget planning systems, accrual-based reporting, and performance-based budgeting to further strengthen SDG 8 outcomes.

The results also demonstrate that budget transparency has a positive and significant influence on SDG 8 achievement, supporting Hypothesis 2 and representing the core accounting contribution of this study. Budget transparency is not merely a governance norm but an output of public sector accounting and fiscal reporting systems that enable disclosure, auditability, and value-for-money evaluation. Countries with higher levels of budget transparency tend to allocate resources more efficiently to productive sectors, including employment programs and economic infrastructure, which directly contribute to decent work and inclusive growth. This finding aligns with prior empirical evidence indicating that transparent budgets improve fiscal efficiency and reduce socio-economic inequality (Hasanah et al., 2025; Tasia & Martiningsih, 2023; Glass & Newig, 2019; Adebayo et al., 2025). From an accounting perspective, transparent budget documentation and reporting allow stakeholders to assess whether public expenditures are producing measurable labor market outcomes, thereby strengthening fiscal accountability and SDG-oriented performance evaluation.

The role of GDP as a control variable further reinforces the accounting-based interpretation of the results. GDP, expressed in natural logarithmic form, serves as a proxy for fiscal capacity, reflecting a country’s ability to mobilize and manage public financial resources. The positive association between GDP and SDG 8 achievement indicates that higher fiscal capacity facilitates better budget execution and financial reporting quality, which in turn supports employment creation and economic growth. However, the inclusion of GDP as a control variable also demonstrates that governance effectiveness and budget transparency exert an independent influence on SDG 8 beyond economic capacity alone. This finding underscores that economic prosperity without sound accounting and fiscal governance mechanisms may be insufficient to achieve sustainable labor market outcomes.

These results carry important policy and accounting implications. The moderate average level of budget transparency and government effectiveness observed in the descriptive analysis suggests that many countries still face structural weaknesses in budget disclosure and fiscal accountability practices. To improve SDG 8 performance, governments should prioritize

reforms in public sector accounting systems, including the adoption of transparent budget classification, timely fiscal reporting, and performance-based evaluation frameworks. Strengthening audit institutions and public access to budget information can further enhance accountability and ensure that employment-related expenditures generate tangible outcomes. Despite these contributions, the study has several limitations that warrant acknowledgment. First, potential endogeneity issues may arise due to reverse causality between governance quality and economic outcomes, which cannot be fully addressed within the current empirical framework. Second, SDG 8 is treated as an aggregate index, which may obscure variations across specific labor market indicators. Future research could employ disaggregated SDG indicators or instrumental variable approaches to deepen causal inference. Nonetheless, this study provides robust cross-country evidence that positions government effectiveness and budget transparency as critical accounting-based mechanisms for evaluating and advancing SDG 8 achievement.

## CONCLUSION

This study provides empirical evidence that government effectiveness and budget transparency significantly and positively influence the achievement of Sustainable Development Goal 8 (SDG 8). From a public sector accounting perspective, these findings demonstrate that SDG 8 outcomes are not solely determined by macroeconomic conditions, but are closely linked to the quality of financial management systems, accounting disclosure practices, and fiscal accountability mechanisms implemented by governments. Government effectiveness reflects institutional capacity in budget planning, execution, and financial reporting, enabling the effective allocation and monitoring of public resources toward employment and economic growth objectives. Meanwhile, budget transparency represents an outcome of sound public sector accounting practices that facilitate disclosure, auditability, and value-for-money evaluation, thereby strengthening accountability in SDG-oriented fiscal performance.

The accounting contribution of this study lies in positioning budget transparency and governance effectiveness as integral components of public sector accounting systems rather than as abstract governance norms. Transparent budget reporting enhances stakeholders' ability to assess whether public expenditures generate tangible labor market and growth outcomes, while effective governance ensures that accounting information is utilized in decision-making and performance evaluation processes. Accordingly, the implications of this study extend beyond general development policy by emphasizing the need to strengthen budget reporting systems, improve fiscal disclosure quality, and integrate SDG-based performance indicators into public financial management frameworks to support sustainable progress toward decent work and inclusive economic growth.

This study acknowledges several limitations. Potential endogeneity issues may arise due to reciprocal relationships between governance quality and development outcomes, which cannot be fully addressed within the current empirical framework. In addition, SDG 8 is treated as an aggregate index, which may obscure variations across specific labor market dimensions. Future research is encouraged to adopt accounting-focused approaches by examining specific financial management mechanisms, such as performance-based budgeting or accrual-based reporting, and by employing disaggregated SDG indicators or advanced econometric techniques to strengthen causal inference. Despite these limitations, the findings underscore the critical role of public sector accounting in enhancing fiscal accountability and evaluating SDG-oriented development performance.



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