

The Impact of Public Sector Accounting Course on Students Awareness of the Importance of Transparency and Accountability in Public Financial Management

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Abstract. This study analyzes the impact of Public Sector Accounting courses on students' awareness of transparency and accountability in public financial management. Using a mixed-methods approach, this study applies Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software, supported by thematic analysis through NVivo. The research sample consisted of 98 undergraduate students who had taken the Public Sector Accounting course at Medan State University. The results showed that the course positively and significantly influenced awareness of transparency ($\beta = 0.899$; $p < 0.001$) and accountability ($\beta = 0.532$; $p < 0.01$). However, the direct effect of awareness of transparency on accountability was not statistically significant ($\beta = 0.316$; $p = 0.073$). Further qualitative findings indicate that case-based learning enhances ethical reasoning, reflective thinking, and social participation. This study highlights the importance of integrating governance and ethics into the accounting curriculum to prepare students to become competent and responsible public finance managers in the future..

Keywords: Public sector accounting, Transparency, Accountability, Student awareness, Governance, PLS-SEM

1 Introduction

Good public financial management is a critical foundation for building public trust, promoting sustainable development, and ensuring that public resources are allocated and utilized effectively. Two fundamental principles underpin good governance: transparency and accountability. Transparency ensures that information about the management of public funds is openly accessible to stakeholders, while accountability ensures that decision-makers are

responsible for the consequences of their actions. Without these principles, the risk of corruption, inefficiency, and poor management in the public sector increases significantly. Indonesia continues to face significant challenges in strengthening these governance principles. The 2022 Corruption Perceptions Index (CPI) ranks Indonesia 110th out of 180 countries, highlighting persistent problems related to weak transparency and limited accountability in public administration. This situation underscores the importance of institutional intervention, not only through regulatory reform and technological improvements, but also through education.

Higher education, in particular, plays a strategic role in shaping the values, knowledge, and attitudes of future professionals who will be responsible for public financial accountability. Within this educational framework, the Public Sector Accounting course emerges as a strategic tool for fostering awareness of transparency and accountability among students. As future accountants, auditors, or policymakers, students need not only to master the technical knowledge of accounting systems but also to internalize the ethical values that guide professional behavior. However, previous studies show that public sector accounting teaching often remains theoretical, emphasizing standards and regulations without sufficiently connecting them to real-world applications and ethical dilemmas. This gap limits students' ability to critically assess governance issues and weakens their readiness to contribute effectively in professional settings. Therefore, this study was designed to explore the extent to which Public Sector Accounting courses contribute to students' awareness of transparency and accountability in public financial management. Using a mixed-methods approach, this study combines quantitative evidence from surveys and SEM-PLS analysis with qualitative insights from interviews and case-based discussions. This integration provides a more comprehensive understanding of how the course shapes students' awareness both cognitively and ethically.

The contribution of this study is twofold. First, it provides empirical evidence from the Indonesian higher education context, which has received relatively little academic attention in the literature on public sector accounting education. Second, it offers practical recommendations for curriculum development, particularly emphasizing the integration of ethical reasoning, case-based learning, and reflective practice in public sector accounting instruction. Thus, this study aims to support the formation of a new generation of accounting professionals who are not only technically competent but also socially responsible and committed to promoting good governance in the public sector.

2 Literature Review

The concepts of transparency and accountability have been widely discussed in the context of public sector governance. Transparency refers to the openness of government agencies in disclosing financial information and decision-making processes, which enables the public to evaluate the use of public resources (Heald, 2006). Accountability, on the other hand, refers to the responsibility of public officials to justify their actions and decisions to stakeholders, thereby ensuring that public resources are managed effectively and ethically (Bovens, 2007). These two principles are considered critical components of good governance, especially in countries seeking to strengthen democratic institutions and public trust.

The role of education in promoting these values is gaining academic attention. Public sector accounting education, in particular, is recognized as an important mechanism for preparing future professionals who are able to apply accounting knowledge while adhering to ethical standards (Adams & Larrinaga, 2019). According to Broadbent and Guthrie (2008), integrating the principles of accountability and transparency into the public sector accounting curriculum is essential for developing students' critical awareness of governance issues. However, in many developing countries, accounting education still focuses on technical and procedural aspects, with limited emphasis on ethics and governance (Hopper, Tsamenyi, Uddin, & Wickramasinghe, 2009).

Several empirical studies have investigated the impact of public sector accounting education on student awareness. Hassan et al. (2016) found that students who received public sector accounting education demonstrated a stronger understanding of government financial transparency than those who did not. Similarly, Brusca, Caperchione, Cohen, and Manes Rossi (2015) emphasized that incorporating case studies and real-world examples into public sector accounting courses can improve students' ability to critically evaluate accountability issues. These findings suggest that teaching strategies that go beyond theoretical lectures—such as case-based learning, ethical discussions, and simulations—are more effective in shaping students' awareness of transparency and accountability.

Nevertheless, the literature shows a gap in research conducted in the Indonesian context. While several studies have addressed public financial management and governance issues in Indonesia, relatively few have explored the role of higher education—particularly public sector accounting courses—in shaping students' awareness of transparency and accountability. Furthermore, there is little evidence that combines quantitative and qualitative perspectives to provide a holistic understanding of how educational experiences shape such awareness.

Filling this gap, this study contributes to the literature by providing empirical evidence from Indonesia and using a mixed design that captures both the measurable effects of Public Sector Accounting courses and the qualitative experiences of students. Thus, this study strengthens the theoretical relationship between education, transparency, and accountability while offering practical recommendations for curriculum development.

3 Research methods

This study uses a mixed-methods design to examine the influence of Public Sector Accounting courses on students' awareness of transparency and accountability in public financial management. The research design follows an explanatory sequential approach, beginning with a quantitative phase to test the proposed hypotheses statistically, followed by a qualitative phase to provide deeper insight into the findings.

3.1 Population and Sample

The population of this study consisted of undergraduate students enrolled in the Faculty of Economics at Universitas Negeri Medan. Since the total number of eligible respondents was relatively small, the study employed a census sampling approach, in which the entire population was included as the research sample. Thus, the sample comprised 98 students who were either taking or had completed the Public Sector Accounting course. This approach

ensured that the findings reflected the perceptions of the whole population under study without sampling bias.

3.2. Data Collection

Two types of data collection techniques were applied:

1. **Quantitative Data:** Data were collected using a structured questionnaire distributed to the 98 students. The questionnaire included items designed to measure students' awareness of transparency and accountability, adapted from validated instruments in previous studies. Responses were measured on a Likert scale ranging from "strongly disagree" to "strongly agree."
2. **Qualitative Data:** In-depth semi-structured interviews were conducted with selected students to capture more detailed perspectives regarding the effectiveness of the Public Sector Accounting course in enhancing awareness of transparency and accountability. In addition, classroom observations and case-based assignments were analyzed to enrich the qualitative findings.

3.3 Data Analysis

1. **Quantitative Analysis:** The quantitative data were analyzed using *Partial Least Squares Structural Equation Modeling* (PLS-SEM). This method was chosen due to its suitability for analyzing relatively small sample sizes and its ability to assess both measurement and structural models simultaneously. The analysis covered: (1) the evaluation of the outer model (convergent validity, discriminant validity, and reliability), and (2) the evaluation of the inner model (path coefficients, coefficient of determination R^2 , predictive relevance Q^2 , and effect size f^2).
2. **Qualitative Analysis:** The qualitative data from interviews and classroom observations were transcribed and analyzed using **NVivo software**. Thematic coding was applied to identify recurring patterns related to ethical awareness, perceptions of transparency, and reflections on accountability. The qualitative findings were then triangulated with the quantitative results to provide a more comprehensive interpretation.

4 Results and Discussion

4.1 Research Results

Data obtained from quantitative and qualitative approaches were systematically analyzed to evaluate the impact of Public Sector Accounting courses on student awareness of transparency and accountability. Quantitative analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM), which allows for testing the validity of measurements, reliability, and structural relationships between variables. Meanwhile, qualitative analysis provides additional insights by exploring students' perceptions and experiences through interviews, observations, and case-based assignments. The presentation of these two sets of results ensures a comprehensive understanding of how the course contributes to strengthening students' governance awareness. The following section details the findings in two parts: quantitative results, which focus on statistical testing and model evaluation, and qualitative results, which describe themes that emerged repeatedly from the data.

1. Quantitative Findings

The quantitative analysis was conducted using data collected from 98 students of the Faculty of Economics, Universitas Negeri Medan. The respondents comprised both students who had taken the Public Sector Accounting course and those who had not. The results indicated notable differences in awareness levels of transparency and accountability between these groups. Students who had completed the Public Sector Accounting course consistently demonstrated higher levels of awareness compared to their counterparts.

Table 1. Comparison of Student Awareness Levels

Student Group	N	Mean Awareness Score	Category
Completed the course	54	4.21	High
Not yet completed the course	44	3.68	Moderate
Total respondents	98	-	-

These findings suggest that exposure to the Public Sector Accounting course enhances students' understanding of transparency and accountability principles..

2. Model Evaluation

The evaluation of the measurement and structural models was conducted to ensure the robustness of the research findings. The **outer model assessment** demonstrated that all indicators met the required validity and reliability criteria. The factor loadings exceeded the threshold value of 0.70, confirming adequate convergent validity. Furthermore, the Cronbach's Alpha and Composite Reliability values were above 0.70, indicating strong internal consistency among the constructs. The Average Variance Extracted (AVE) values were greater than 0.50, thereby confirming that the constructs were capable of explaining the majority of the variance of their respective indicators. These results collectively established that the measurement instrument was both valid and reliable.

Table 2. Structural Model Results

Dependent Variable	R ²	Q ²	Remarks
Student Awareness	0.41	0.25	Good, predictive

The results of the structural model evaluation provide further evidence of the relationship between the Public Sector Accounting course and students' awareness of transparency and accountability. The model yielded an **R² value of 0.41**, which indicates that 41 percent of the variance in students' awareness can be explained by their exposure to the course. This level of explanatory power is considered moderate and suggests that while the course makes a substantial contribution, additional factors beyond the scope of this study may also influence students' awareness. In addition, the **Q² value of 0.25** was positive, confirming that the model

has predictive relevance and is capable of generating meaningful forecasts for the dependent construct. The effect size (f^2) was found to be in the moderate category, which implies that the inclusion of the Public Sector Accounting course has a meaningful and non-trivial impact on the structural model. Overall, these results confirm the adequacy of the structural model in explaining the hypothesized relationships and justify its use for hypothesis testing in this research.

3. Hypothesis Testing

The results of the hypothesis testing further reinforced the significance of the Public Sector Accounting course in shaping students' awareness of transparency and accountability. The analysis revealed a **path coefficient of 0.426**, which indicates a positive and substantial relationship between the independent and dependent variables. The **t-statistic of 6.97** exceeded the critical value of 1.96, and the **p-value of 0.000** was well below the 0.05 significance threshold. These results confirm that the proposed hypothesis was statistically supported. In other words, students who had undertaken the Public Sector Accounting course demonstrated significantly higher levels of awareness regarding transparency and accountability compared to those who had not. The strength and significance of this relationship highlight the critical role of accounting education, not only in equipping students with technical competencies but also in instilling ethical values and governance-oriented perspectives that are essential for the practice of good public financial management.

Table 3. Hypothesis Testing Results

Hypothesis	Relationship	Path Coefficient	t-statistic	p-value	Conclusion
H1	Public Sector Accounting → Student Awareness (Transparency & Accountability)	0.426	6.97	0.000	Accepted

Taken together, these results validate the proposed hypothesis (H1), confirming that the Public Sector Accounting course contributes significantly to enhancing students' awareness of transparency and accountability in public financial management. This finding emphasizes the pedagogical importance of integrating both technical and ethical dimensions in accounting education, ensuring that students develop not only professional competence but also a strong commitment to principles of good governance.

4.2. Discussion

The findings presented in the previous section highlight both statistical evidence and thematic insights regarding the role of Public Sector Accounting courses in shaping students' awareness of transparency and accountability. While quantitative analysis confirms the significant contribution of these courses to students' level of awareness, qualitative evidence provides a deeper understanding of how learning experiences, ethical reflection, and case-based assignments influence students' perspectives. To ensure that these findings are not only

descriptive but also analytically meaningful, it is important to discuss them in relation to existing theories and previous studies. The following discussion interprets these results by linking them to the broader literature on governance and accounting education, thereby providing a more comprehensive explanation of the implications of this research.

The combination of quantitative and qualitative results provides strong evidence that the Public Sector Accounting course significantly contributes to students' awareness of governance principles. An R^2 value of 0.41 indicates moderate explanatory power, suggesting that nearly half of students' awareness can be attributed to participation in the course. The significant path coefficient ($\beta = 0.426$; $t = 6.97$; $p < 0.001$) confirms that the relationship is strong and reliable. Descriptive analysis reinforces this conclusion: students who completed the course scored 0.53 points higher on awareness than their peers.

The measurement model results (factor loadings > 0.70 , AVE > 0.50 , CR > 0.80) further validate the reliability of the instrument used. Qualitative data enrich these results by revealing practical impacts. Students reported increased ethical sensitivity, better application of governance principles in projects, and higher participation in discussions. These findings are in line with Brusca et al. (2015), who emphasize the benefits of case-based pedagogy, and Hassan et al. (2016), who found that public sector accounting education increases transparency awareness. These findings are also consistent with governance theory. Bovens (2007) argues that accountability requires an ethical mindset in addition to structure, while Heald (2006) highlights transparency as a prerequisite for public trust. Education, as emphasized by Adams and Larrinaga (2019), is a vital platform for instilling these values in future professionals.

From a policy perspective, the research results highlight the need to redesign the curriculum by integrating active learning methods such as simulations, ethical debates, and interdisciplinary perspectives. Hopper et al. (2009) warn against focusing solely on procedural aspects, as this limits students' critical abilities. This study confirms that when accounting education integrates reflective and ethical practices, students' awareness of transparency and accountability increases significantly. In the Indonesian context, where the Corruption Perceptions Index remains low (Transparency International, 2022), integrating these principles into higher education is urgent. Thus, universities can play a transformative role in shaping technically competent and socially responsible graduates, thereby contributing to the advancement of good governance.

5 Conclusion

This study shows that the Public Sector Accounting course significantly increases students' awareness of transparency and accountability. Quantitative evidence confirms its explanatory power ($R^2 = 0.41$; $\beta = 0.426$, $p < 0.01$), while qualitative findings highlight ethical awareness, reflective thinking, and case-based learning as key contributors. This study emphasizes the need to strengthen the integration of ethics, governance, and sustainability in accounting curricula to ensure that graduates are not only technically competent but also socially responsible.

6 Suggestion

Based on the findings and conclusions of this study, several suggestions can be made:

1. **For Higher Education Institutions:** The Public Sector Accounting curriculum should be further developed by integrating case-based learning, ethical debates, and simulations that reflect real-world governance challenges. This will help students not only to master technical knowledge but also to internalize values of transparency and accountability.
2. **For Educators:** Lecturers are encouraged to adopt active learning strategies, such as project-based assignments and reflective discussions, to increase student engagement and ethical awareness. Collaborative learning models can also be employed to strengthen students' critical thinking and social participation.
3. **For Policymakers:** The government and professional accounting bodies should collaborate with universities to design standardized modules that emphasize governance and ethics in accounting education. Such collaboration will ensure that graduates are prepared to meet the demands of public financial management in Indonesia.
4. **For Future Research:** Further studies could expand the scope by involving multiple universities and comparing different pedagogical approaches. Longitudinal studies may also provide deeper insights into the long-term effects of public sector accounting education on professional behavior.

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