Jurnal ASET
(Akuntansi Riset)

Journal homepage: http://ejournal.upi.edu/index.php/aset/

Factors Influencing Financial Transparency and Accountability in Local Government: Evidence from IFMIS Implementation in Ghana

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ABSTRACT

The objective of this research is to determine the impact of Ghana's Integrated Financial Management Information System's (GIFMIS) ability on the financial accountability and transparency of MMDAs. The research utilized quantitative and Ordinary Least Squares (OLS) regression analysis to investigate the impact of government policies, organizational culture, resource availability, technical infrastructure, user acceptance, and training on the performance of GIFMIS. The research found that technological infrastructure, resource availability, organizational culture, and government policies positively influenced financial transparency and accountability. Conversely, user acceptance and training have a detrimental impact on system efficacy. The data indicates that decentralization moderates these associations, leading to a significant reduction in the beneficial effects of the independent variables. Strengthening user training and aligning financial management practices across decentralized institutions can enhance system performance. Theoretical implications suggest the need to reinforce government policies and resources to ensure transparency and balanced supervision and how decentralization complicates the adoption of financial management systems. The research uniquely delves into the performance characteristics of GIFMIS within a decentralized governance system, unprecedented as it demonstrated the impact of decentralization on the relationship between organizational culture, technological infrastructure, government regulations, and financial accountability and transparency, in contrast to prior research that has focused on centralized systems.

ARTICLE INFO

Article History:
Submitted/Received xx Jan 2024
First Revised 18 Aug 2024
Accepted 12 Nov Apr 2024
First Available online 15 Nov 2024
Publication Date 01 Dec 2024

Keyword:
IFMIS,
MMDAs,
Financial transparency, and accountability,
Decentralization,
Public financial management.

1. INTRODUCTION

In the ever-changing world of public sector financial management, ensuring transparency and accountability remains a vital task. This study is timely because it addresses the growing dependence on Integrated Financial Management Information Systems (IFMIS) to strengthen fiscal discipline and governance (Hashim and Piatti, 2018). As governments globally embrace these systems, gaps remain in assessing their performance in decentralized situations (Dick-Sagoe, 2020; Theodorakopoulos *et al*., 2024). This research comes within public sector financial accounting, namely financial transparency, accountability, and internal control systems (Tetteh *et al*., 2021; Yaokumah and Biney, 2020). To optimize resource management and expedite financial operations, the MMDAs have implemented GIFMIS, as have all other government agencies in Ghana (Simpson *et al*., 2020). The inconsistency of GIFMIS's effectiveness among MMDAs, despite its potential, necessitates additional research into the variables that influence its effectiveness.

This study builds on Institutional Theory, Resource-Based View (RBV), and the Technology Acceptance Model (TAM) to examine IFMIS adoption and performance. Institutional Theory Zucker (1987) emphasizes compliance with external regulations for legitimacy but has been criticized for overlooking operational effectiveness (Alam, 2021). RBV Barney (1991) highlights the role of financial, human, and technological resources but does not fully address governance complexities in decentralized systems (Ferreira and Ferreira, 2024; Garad *et al*., 2024) (Teece, 2007). TAM Davis (1989) explains technology adoption based on perceived usefulness and ease of use but oversimplifies external influences such as organizational culture and regulatory frameworks (Lee *et al*., 2025). The combination of these theories provides a comprehensive framework to analyze IFMIS implementation in decentralized governance structures.

Researchers have extensively investigated IFMIS in the context of public sector financial management in three areas: centralizing financial information, reducing fraud, and enhancing fiscal discipline (Fuad and Winarsih, 2021; Hendriks, 2012; Mohamud, 2018). However, there are still some gaps in the research. System performance impacts local governance structures, yet most studies overemphasize the technical details and policy implications of IFMIS deployment, neglecting this aspect. Research on the impact of decentralization on IFMIS effectiveness when different levels of local government receive varying degrees of autonomy is scarce (Martínez-Vázquez *et al*., 2023; Shin and Jhee, 2021). Organizational culture and user acceptability are two examples of human and organizational aspects of IFMIS adoption that have received little attention in the literature (Nurmala and Adiwibowo, 2023). Although research has demonstrated that user training is essential for the successful adoption of a system (Ugbebor *et al*., 2024; Ye *et al*., 2023), there is a lack of understanding regarding the interaction between system performance, user acceptability, and training in a decentralized environment.

This research uniquely contributes to the existing corpus of knowledge by examining two frequently overlooked human and organizational components of IFMIS performance: user training and system adoption. Furthermore, the investigation further explores the influence of governance systems on the transparency and accountability of public sector financial operations by investigating decentralization as a moderating factor.

This study evaluates the effectiveness of IFMIS in improving financial transparency and accountability in MMDAs. It looks at critical elements such as government regulations, organizational culture, resource availability, technological infrastructure, user acceptability, and training, as well as the moderating influence of decentralization. Accounting benefits from the research since it sheds light on public financial management in decentralized systems, as well as enhancing financial reporting, internal controls, and resource allocation. Its findings provide

DOI: https://doi.org/10.17509/jaset.v16i1
p- ISSN 2086-2563 e- ISSN 2541-0342

policymakers and administrators with practical assistance while also informing global discussion on financial systems reforms.

2. METHODS

The study employed a quantitative approach and a descriptive survey design to investigate the factors Influencing GIFMIS on MMDA performance and the Degree of Decentralisation within the MMDA as moderating variables. Population (Ghana Statistical Service, 2021) comprised Ghana's 261 Metropolitan, Municipal, and District Assemblies (MMDAs). The approach ensures objectivity, comprehensive coverage, reliable statistical analysis, moderation analysis, and validity in assessing the impact of GIFMIS on financial transparency and accountability in MMDAs. These MMDAs were used as a result of their involvement in the GIFMIS implementation (Alatarige, 2023). The researchers determined the sample size to be 236 using the formula for determining the sample size for a finite population with a response rate of 95.3%, indicating 225 responded to the questions instead of 236 MMDAs. Applying the following formula:

$$\mathrm{n} = \frac{c^2\, Np(1-p)}{(A^2(N-1)+(c^2\, p[1-p])}$$

Where n is the sample size N is the target population in question, and p denotes the average percentage of MMDAs that fulfill the inclusion requirements. (1-p) represents the average percentage of MMDAs that are not anticipated to satisfy the requirements. A denotes the allowable margin of error (calculated as a proportion)

The study employed the Ordinary Least squares regression model to estimate the relationship between financial accountability and transparency and independent variables (GP, OC, AR, UAT, and TI). This approach ensures robust, valid, and reliable insights into the relationships between GIFMIS implementation factors and financial transparency in a decentralized governance system.

The empirical model is stated below.

$$P = \alpha + \sigma_1\, GP + \sigma_2\, OC + \sigma_3 AR + \sigma_4 UAT + \sigma_5 TI + \alpha_6 DDM + \varepsilon \qquad (1)$$

Where P is the dependent variable and GP, OC, AR, UAT, and TI are independent variables. DDM is the moderating variable between the dependent and the independent variables. ε_it Is the error term and σ_1-α_6 are the coefficients of the variables in the model. To assess the moderating effect of decentralization, we will employ multiple regression analysis. This method enables us to quantify the influence of each independent variable while controlling for others and may include interaction terms. This method provides a solid foundation for analyzing the performance outcomes and identifying the specific roles that each component plays.

DOI: https://doi.org/10.17509/jaset.v16i2
p- ISSN 2086-2563 e- ISSN 2541-0342

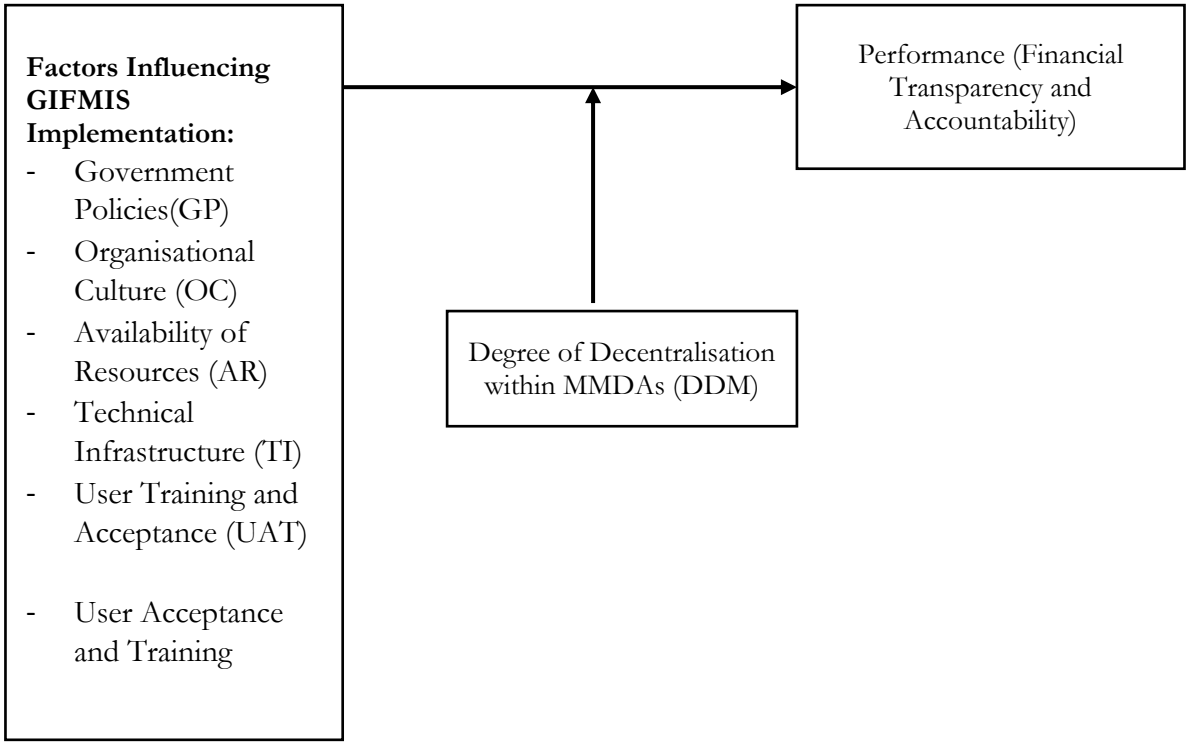

Figure 1 Conceptual Framework

Government policies considerably influence the transparency and accountability of public institutions by establishing regulatory frameworks that prioritize budgetary prudence and transparency. Public institutions are more effective in their duties when the government establishes laws that promote ethical governance and foster a culture in which accountability is a critical component of daily operations (De Simone *et al*., 2019). It is hypothesized that H1 Government policies positively affect performance (Financial Transparency and Accountability) in the implementation of GIFMIS.

Deeply ingrained ethical standards and principles significantly impact an organization's dedication to transparency and accountability. Cherian *et al*., (2021) suggest that a culture that prioritizes honesty and responsibility can significantly enhance the efficacy of financial management systems like GIFMIS. This research underscores the influence of corporate culture on employee performance and conduct in general. Therefore, it is hypothesized that H2 Organisational culture positively affects performance (Financial Transparency and Accountability) in the implementation of GIFMIS.

Sufficient financial, human, and technical resources are required to ensure effective financial management. According to Cainelli *et al*., (2020), businesses are more likely to achieve superior performance outcomes, including increased accountability and transparency. This is particularly accurate when implementing new IT systems. It is hypothesized that H3 Availability of resources positively affects performance (Financial Transparency and Accountability) in the implementation of GIFMIS.

An organization's technology infrastructure, which includes its software and hardware capabilities, is one of the most critical factors in promoting financial transparency and accountability. Cepeda and Arias-Pérez (2019) underscore the significance of robust, well-maintained technical platforms to accomplish corporate objectives and guarantee precise and timely financial reporting. It is therefore hypothesized that H4 Technical infrastructure positively

DOI: https://doi.org/10.17509/jaset.v16i1
p- ISSN 2086-2563 e- ISSN 2541-0342

affects performance (Financial Transparency and Accountability) in the implementation of GIFMIS.

The system's ultimate success will be contingent upon the level of comfort and proficiency that users have with GIFMIS. The Technology Acceptance Model (TAM) demonstrates that the extent to which individuals perceive a system's utility and ease of use directly influences its widespread adoption (Leso and Cortimiglia, 2022; Pratiwi, 2020). To ensure that GIFMIS can enhance financial transparency and accountability, users must receive adequate training. It is therefore hypothesized that H5 User acceptance and training positively affect performance (Financial Transparency and Accountability) in the implementation of GIFMIS.

The degree of decentralization within MMDAs can significantly influence the performance of GIFMIS. Chen *et al*., (2021) underscore the importance of decentralization in shaping governance outcomes, in contrast to Gil-Garcia *et al*., (2020), who emphasize its importance in enhancing organizational performance, transparency, and citizen engagement. To optimize the system, it is necessary to consider the interaction between decentralization and factors such as company culture and government regulations. It is therefore hypothesized that the H6 Degree of decentralization within MMDAs moderates the relationship between government policies, organizational culture, availability of resources, technical infrastructure, and user acceptance and training in IFMIS implementation and performance (Financial Transparency and Accountability)

3. RESULTS AND DISCUSSION

3.1. Demographic Analysis

The demographic reveals that metropolitan assemblies constitute 1% of the 225 MMDAs, district assemblies 58%, and municipal assemblies 41%, as indicated by the demographic breakdown. The availability of technological resources is high; 96% of the population has access to computers and cell phones. Furthermore, nearly all MMDAs (97%) assert that they possess adequate human resource capabilities, which is encouraging for the future of financial accountability and transparency initiatives such as GIFMIS.

Table 1 Demographic Information

		N	%
MMDAs	Metropolitan	3	1
	Municipal	91	41
	District	131	58
Total		**225**	**100.0**
Availability of Computers and Smart Phones	Yes	216	96
	No	9	4
Total		**225**	**100.0**
Human Resource Capacity	Yes	219	97
	No	6	3
Total		**225**	**100.0**

DOI: https://doi.org/10.17509/jaset.v16i2
p- ISSN 2086-2563 e- ISSN 2541-0342

3.2. Descriptive Analysis

The descriptive analysis reveals that all variables exhibit negative skewness, which suggests a left-skewed distribution. The average value of resource availability is 5.239, and the average value of government policies is 5.902. The standard deviations of technical infrastructure and organizational culture are 0.77631 and 1.064, respectively. The distributions exhibit a left-skewed distribution with varying degrees of peakedness, as indicated by the skewness values (-1.807 to -0.712) and kurtosis values (-0.526 to 3.415). The performance (P) distribution is symmetrical around its mean, which is nearly zero, and its standard deviation is nearly one. These results indicate that, although opinions may vary, the majority of individuals concur that the variables have a positive impact on the financial transparency and accountability of MMDAs.

Table 2. Descriptive analysis

	Min	Max	Mean	Std. Dev.	Skewness	Kurtosis
P	-3.13823	0.80379	3E-07	0.999999	-1.807	2.513
GP	2.6	7	5.902	0.8992	-1.783	3.415
OC	2.4	7	5.45	1.064	-1.45	1.758
AR	3.2	6.4	5.239	0.8894	-0.902	-0.526
TI	3.67	6.83	5.4289	0.77631	-0.712	-0.466
UAT	3	7	5.417	1.0009	-0.956	-0.1

Source: Authors' Field Survey

3.3. Factor Analysis (Principal Component Analysis)

The factor analysis revealed that all of the variables evaluated in the study had significant and reliable constructs. The alpha (0.807) and the explanation of 58.877% of the variation were obtained by varying the factor loadings for government policies from 0.450 to 0.736. The construct's Cronbach's alpha was 0.878, suggesting even stronger results and factor loadings on the organizational culture construct ranged from 0.434 to 0.868, accounting for 68.117% of the variation. Substantial KMO measures and Bartlett's tests of sphericity substantiated both conceptions, demonstrating the adequacy and internal consistency of the investigation. Additionally, the technical infrastructure, user training, and acceptability constructs, as well as the availability of resources construct, demonstrated exceptional performance. The availability

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p- ISSN 2086-2563 e- ISSN 2541-0342

of resources factor accounted for 54.879% of the total variance, with factor loadings ranging from 0.500 to 0.703. It had a Cronbach's alpha of 0.787.

Table 3. Results of factor analysis

Factor name	Variables	Factor loading	% of Variance explained	Cronbach's alpha
Government Policies	GP1	0.630	58.877	0.807
	GP2	0.736		
	GP3	0.556		
	GP4	0.450		
	GP5	0.571		
	KMO = 0.748			
	Bartlett's test of sphericity	Chi-squared = 611.967	p-value = 0.000	
Organisational Culture	OC1	0.535	68.117	0.878
	OC2	0.868		
	OC3	0.799		
	OC4	0.434		
	OC5	0.770		
	KMO = 0.722			
	Bartlett's test of sphericity	Chi-squared = 1087.388	p-value = 0.000	
Availability of Resources	AR1	0.668	54.879	0.787
	AR2	0.521		
	AR3	0.563		
	AR4	0.703		
	AR5	0.500		
	KMO = 0.734			
	Bartlett's test of sphericity	Chi-squared = 529.072	p-value = 0.000	
Technical Infrastructure	TI1	0.595	56.011	0.747
	TI2	0.657		
	TI3	0.821		
	TI4	0.519		
	TI5	0.531		
	TI6	0.538		
	KMO = 0.620			
	Bartlett's test of sphericity	Chi-squared = 720.012	p-value = 0.000	
User Training and Acceptance	UAT1	0.595	61.572	0.828
	UAT2	0.657		
	UAT3	0.821		
	UAT4	0.519		
	UAT5	0.531		
	KMO = 0.695			
	Bartlett's test of sphericity	Chi-squared = 751.475	p-value = 0.000	

Note: GP: Government Policies, OC: Organisational Culture, AR: Availability of Resources, UAT: User Acceptance and Training, TI: Technical Infrastructure, DDM: Decentralisation within MMDAs

Source: Field Survey (2024)

The technical infrastructure factors accounted for 56.011% of the total variance, with factor loadings ranging from 0.519 to 0.821 and a Cronbach's alpha of 0.747. Cronbach's alpha was 0.828, and the user training and acceptance factor accounted for 61.572% of the total variation.

DOI: https://doi.org/10.17509/jaset.v16i2
p- ISSN 2086-2563 e- ISSN 2541-0342

The loadings ranged from 0.519 to 0.821. The criteria for evaluating the elements that affect the efficacy of MMDAs within a decentralization framework are transparent and reliable, as indicated by these findings.

3.4. Regression Analysis Using OLS

This section presents the study's results, based on Ordinary Least Squares (OLS) regression analysis. Using these analytical techniques The results confirmed the research assumptions, and the regression model effectively accounted for the variation in financial accountability and transparency. Below, we summarize the primary findings and discussions for each variable.

Government policies, such as organized regulatory frameworks, play an important role in increasing financial transparency and accountability. The analysis reveals that government rules considerably increase GIFMIS performance ($\beta = 0.691$, $p < 0.001$). This supports Institutional Theory (Zucker, 1987), which claims that adhering to external norms provides credibility in financial reporting. This conclusion is consistent with previous research (De Simone *et al*., 2019; Tetteh *et al*., 2021), which has shown that well-structured policies promote budgetary discipline and governance efficiency. Decentralization has a moderating effect, reducing the influence of government regulations ($\beta = -0.235$, $p < 0.001$). This supports criticisms of Institutional Theory, which prioritizes regulatory compliance above operational performance (Alam, 2021). This shows that, while regulations are important, uneven implementation among decentralized institutions undermines their efficacy in maintaining accountability and transparency.

Organizational culture has a substantial influence on financial transparency because it shapes ethical conduct and compliance inside institutions. The study found that organizational culture has a favourable impact on GIFMIS performance ($\beta = 0.548$, $p < 0.001$). This supports Institutional Theory, which suggests that deeply rooted norms and values impact institutional responsibility (Akpa *et al*., 2021). Cherian *et al*., (2021) and Simpson *et al*., (2020) support similar findings, highlighting that a strong ethical culture increases transparency and improves financial supervision. However, decentralization diminishes this impact ($\beta = -0.298$, $p < 0.001$), indicating that changes in governance arrangements cause discrepancies in financial responsibility. This emphasizes the significance of developing a consistent ethical culture among government institutions to improve GIFMIS effectiveness.

Adequate financial, human, and technological resources are required to successfully execute financial management systems. The analysis indicates that resource availability positively promotes financial responsibility ($\beta = 0.464$, $p < 0.001$). This aligns with the Resource-Based View (RBV) (Barney, 1991), which posits that organizations with sufficient resources achieve greater performance. Supporting research (Akomea-Frimpong *et al*., 2022; Cainelli *et al*., 2020) shows that well-resourced organizations have superior financial reporting and governance. Decentralization reduces the impact of resource availability ($\beta = -0.160$, $p < 0.001$), supporting criticisms of RBV for failing to include governance problems in decentralized institutions (Ferreira and Ferreira, 2024). This research emphasizes the importance of equal resource distribution to promote financial responsibility among MMDAs.

Technological infrastructure is critical to promoting financial transparency because it enables effective data management and reporting. The study found that a robust technical infrastructure promotes financial responsibility ($\beta = 0.284$, $p < 0.001$). This aligns with RBV, which asserts that enterprises using technology gain a strategic advantage (Barney, 1991). Prior studies by Cepeda and Arias-Pérez (2019) and Hashim *et al*., (2020) confirm that well-designed IT systems promote public financial accountability. However, decentralization reduces the influence of technological infrastructure ($\beta = -0.188$, $p < 0.001$), highlighting the difficulty in providing consistent IT

DOI: https://doi.org/10.17509/jaset.v16i1
p- ISSN 2086-2563 e- ISSN 2541-0342

capabilities across geographically distributed organizations (Morrison-Smith and Ruiz, 2020). These findings underline the need to invest in standardized technical solutions to provide transparency across all MMDAs.

Table 4. Ordinal Least Square Results of GP, OC, AR, TI, and UAT

Dependent variable: MMDAs Performance (Financial Transparency and Accountability)					
Variable	**GP**	**OC**	**AR**	**TI**	**UAT**
Constant	0.124**	0.130***	0.086	0.078	0.933***
	(0.016)	(0.008)	(0.157)	(0.193)	(0.006)
GP	0.691***				
	(0.000)				
OC		0.548***			
		(0.000)			
AR			0.464***		
			(0.000)		
TI				0.284***	
				(0.000)	
UAT					-0.673***
					(0.000)
DDM	0.259***	0.260***	0.204***	0.299***	0.424***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
DDM ×GP	-0.235***				
	(0.000)				
DDM ×OC		-0.298***			
		(0.000)			
DDM ×AR			-0.160***		
			(0.000)		
DDM ×TI				-0.188***	
				(0.000)	
DDM ×UAT					-0.338***
					(0.000)
Net Effect	-0.502	-0.965	-0.348	-0.670	-2.389
R^2	0.500	0.329	0.317	0.242	0.749
Adjusted R^2	0.496	0.324	0.310	0.235	0.748
F- Statistics	102.50	75.40	47.39	32.74	81.31
Obs.	225	225	225	225	225

Note (s): ***p<0.001, ** p <0.05, *p<0.1. GP: Government Policies, OC: Organisational Culture, AR: Availability of Resources, UAT: User Acceptance and Training, TI: Technical Infrastructure, DDM: Decentralisation within MMDAs

Source: Field Survey (2024)

The study found that user acceptance and training have a negative impact on GIFMIS performance (β = -0.673, p < 0.001). According to Davis (1989) Technology Acceptance Model (TAM), technology acceptance is driven by perceived ease of use and utility. However, the outcomes of this study support critiques that TAM oversimplifies adoption variables (Kruger and Steyn, 2025). Previous research by Sulis *et al.*, (2022) and Demestichas and Daskalakis (2020)

DOI: https://doi.org/10.17509/jaset.v16i2
p- ISSN 2086-2563 e- ISSN 2541-0342

indicates that inadequate training programs reduce system efficiency, resulting in resistance or improper usage. Decentralization exacerbates the negative effect (β = -0.338, p < 0.001), highlighting the necessity for context-specific and adaptable training programs tailored to each MMDA's unique needs. These findings emphasize the significance of revisiting training methodologies to guarantee effective GIFMIS implementation and utilization.

Decentralization as a moderating element gains a more comprehensive understanding of the complexity of implementing GIFMIS in decentralized governance systems. Some of the most important factors that changed because of decentralization were government policies (β = -0.235, p < 0.001), organizational culture (β = -0.298, p < 0.001), resource availability (β = -0.319, p < 0.001), technical infrastructure (β = -0.274, p < 0.001), and user acceptance and training (β = -0.338, p < 0.001). These changes made it less likely for these factors to improve financial transparency and accountability. This dampening effect is likely the result of various local administrations' inability to consistently implement national programs. Regional financial performance disparities may result from the unequal application of national policies by decentralized MMDAs with varying levels of infrastructure and resources (Ackah *et al*., 2019). Another potential consequence of decentralized administration is a lack of uniformity in corporate culture (Rangus and Slavec, 2017). Caused by differing views on ethical behaviour and its implementation at different levels of governance. Inadequate funding or personnel may prevent certain local governments from fully implementing IFMIS (Omweri, 2024), which would exacerbate the resource inequities that are typically more severe in decentralized systems and have a detrimental impact on resource availability. Similarly, the impact on the underlying technological infrastructure highlights the challenges of ensuring consistent IT capabilities in geographically dispersed regions (Appio *et al*., 2019). The negative relationship between decentralization, user approval, and training indicates that decentralized governance complicates the provision of uniform and effective training programs. When local governments face difficulties in securing consistent training, the effectiveness of GIFMIS suffers, leading to deficiencies in user proficiency and resistance to system deployment. Decentralization enables local governments to operate with greater autonomy; however, it also complicates the implementation of financial management strategies consistently. To improve the performance of GIFMIS and increase financial transparency and accountability across all MMDAs and the entire region, policymakers must address these issues with caution, ensuring that decentralization is accompanied by a sufficient distribution of resources, a robust technical infrastructure, and consistent training programs.

3.5. Robustness Testing and Sensitivity Analysis

The ordinal probit regression is an alternative model used to assess the consistency of the results in the robustness testing. It revealed positive and statistically significant coefficients: government policies (GP: β = 0.759, p < 0.001), organizational culture (OC: β = 0.688, p < 0.001), resource availability (AR: β = 0.730, p < 0.001), and technological infrastructure (TI: β = 0.470, p < 0.001). Our findings, which were consistent with the OLS results, provided additional evidence of the significant and positive correlation between these characteristics and financial responsibility and transparency in MMDAs. The models agreed that government policies, organizational culture, resource availability, and technological infrastructure significantly enhance GIFMIS. Similarly to the OLS results, the user acceptance and training (UAT) coefficient was negative (β = -0.673, p < 0.001). This indicates that higher UAT scores are consistently associated with weaker performance in financial transparency and accountability. It appears that the current training programs for GIFMIS users are ineffective at meeting their requirements,

DOI: https://doi.org/10.17509/jaset.v16i1
p- ISSN 2086-2563 e- ISSN 2541-0342

resulting in the system's malfunction. The results are consistent across models, necessitating a comprehensive review of the user training programs to ensure their effectiveness.

Table 5. Ordinal Probit Regression Results of GP, OC, AR, TI, and UAT

Dependent variable: MMDAs Performance (Financial Transparency and Accountability)					
Variable	**GP**	**OC**	**AR**	**TI**	**UAT**
GP	0.759***				
	(0.000)				
OC		0.688***			
		(0.000)			
AR			0.730***		
			(0.000)		
TI				0.470***	
				(0.000)	
UAT					-0.673***
					(0.000)
DDM					
DDM ×GP	-0.236***				
	(0.000)				
DDM ×OC		-0.324***			
		(0.000)			
DDM ×AR			-0.166***		
			(0.000)		
DDM ×TI				-0.147***	
				(0.007)	
DDM ×UAT					-0.090***
					(0.088)
Cut1(*strongly disagree*)	-2.645	-2.509	-2.292	-2.086	-1.893
Cut 2(*disagree*)	-2.156	-2.024	-1.950	-1.746	-1.587
Cut 3(*somewhat disagree*)	-1.871	-1.768	-1.745	-1.543	-1.407
Cut5 (*somewhat agree*)	-1.597	-1.540	-1.558	-1.380	-1.262
Cut6(*agree*)	-1.250	-1.242	-1.321	-1.174	-1.082
Cut7(*strongly agree*)	-1.081	-1.073	-1.180	-1.048	-0.967
Net Effect	-0.439	-0.957	-0.113	-0.276	-1.130
Pseudo R^2	0.068	0.059	0.066	0.031	0.007
Log-Likelihood	-900.692	-910.165	-902.847	-936.570	-959.720
LR Chi-Square Test	132.13	113.19	127.83	60.38	14.08
AIC	1855.385	1874.329	1859.694	1927.139	1973.439
BIC	1956.359	1975.304	1960.668	2028.114	2074.414
Obs.	225	225	225	225	225

Note (s): ***p<0.001, ** p <0.05, *p<0.1. GP: Government Policies, OC: Organisational Culture, AR: Availability of Resources, UAT: User Acceptance and Training, TI: Technical Infrastructure, DDM: Decentralisation within MMDAs

Source: Field Survey (2024)

DOI: https://doi.org/10.17509/jaset.v16i2
p- ISSN 2086-2563 e- ISSN 2541-0342

There is more proof that decentralization makes the links between these factors and financial transparency more complicated by the interaction terms that show how decentralization affects the independent variables. To demonstrate, the following were all significant and negative interaction terms: decentralization and government policies (DDM × GP: β = -0.236, p < 0.001), organizational culture (DDM × OC: β = -0.324, p < 0.001), resource availability (DDM × AR: β = -0.166, p < 0.001), and technical infrastructure (DDM × TI: β = -0.147, p < 0.001). This suggests that decentralization enhances local autonomy but reduces financial transparency as a result of the challenges associated with establishing common rules, procedures, and resource allocation. The sensitivity analysis re-estimated the models using a variety of specifications, thereby verifying the robustness of the primary results. The pseudo-R2 values were within the typical range of 0.007 to 0.068, as anticipated for probit models. The LR Chi-Square tests determined that all of the models were statistically significant. These results demonstrate the models' robustness and the generalizability of the results to all MMDAs in Ghana.

The robustness testing and sensitivity analysis results highlight the importance of numerous critical components in improving financial transparency and accountability in Ghana's MMDAs. These factors encompass the availability of resources, organizational culture, government policies, and technical infrastructure. These findings are consistent across a variety of models. This indicates that a robust organizational culture ensures that public officials adhere to the ethical and procedural standards necessary for effective financial management, and that robust government policies establish the foundation for transparency obligations. Both models concur that the availability of resources is essential for providing GIFMIS with the requisite human, financial, and technological capital to function effectively. The technical infrastructure is also crucial; the absence of appropriate technical instruments renders it impossible to monitor and report on financial transactions, which is why systems such as GIFMIS are so critical. The findings indicate that GIFMIS must prioritize these structural and organizational elements to achieve its objective of improving financial accountability in Ghana's decentralized local administrations.

The consistent detrimental impact of user acceptability and training across regression models is a significant impediment to GIFMIS deployment. The results indicate that the lack of tailoring training programs to users' specific requirements may lead to inefficient system adoption and utilization. This discovery is significant in that it emphasizes the need for training that is both more specific and more centred on the users' requirements. Training programs should not solely provide generic instructions; they should also concentrate on resolving the specific issues that users encounter to ensure that all users are comfortable and proficient in the system. The interactions that result from decentralization reveal the inherent complexity of managing financial transparency in a decentralized governance system. Local autonomy may generate disparities in the execution of national policies and systems, including GIFMIS because it is advantageous for satisfying regional requirements. As a result, a comprehensive decentralization strategy is necessary, which ensures the independence of MMDAs and promotes the uniformity of financial management procedures across the globe. Legislators must determine how to align national standards with the operations of local governments to ensure financial accountability and transparency for all individuals on a national scale.

4. CONCLUSION

This research examined the primary factors that influence GIFMIS's performance to enhance financial transparency and accountability in Ghana's Metropolitan, Municipal, and District Assemblies (MMDAs). We found that user acceptability and training have a detrimental effect on performance, in contrast to government policies, organizational culture, resource

DOI: https://doi.org/10.17509/jaset.v16i1
p- ISSN 2086-2563 e- ISSN 2541-0342

availability, and technological infrastructure, all critical to the successful deployment of GIFMIS. Robustness testing and sensitivity analysis further underscored the significance of the findings in promoting financial transparency in decentralized governance systems. Given the detrimental effects of user acceptability and training, it is imperative to implement more personalized, user-focused training programs to ensure the system's successful adoption. Furthermore, it is crucial to preserve a balanced approach to decentralization, as local autonomy, as per the interaction effects, offers adaptability but complicates the consistent execution of national policy.

This research provides a novel perspective in comparison to previous research. It demonstrates the complex impact of decentralization on the relationships between critical factors and financial performance. This study offers a novel viewpoint on the potential for decentralization to reduce the impact of policies and resources, although prior research has emphasized their importance. The comprehensive analysis that this offers, which encompasses institutional, organizational, and resource-based perspectives, is its greatest asset. The presented results indicate that decentralization can enhance local responsiveness, but requires a balance with central control to maintain consistent financial transparency and accountability among MMDAs. These findings have practical implications for legislators.

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p- ISSN 2086-2563 e- ISSN 2541-0342