A Comparative Analysis of Governmental Accounting Systems: Evaluating Efficiency and Transparency in Traditional and Performance-Based Models

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A B S T R A C T

This study aimed to conduct a comparative analysis of traditional and performance-based governmental accounting systems, assessing their relative efficiency, transparency, and accountability within the context of Iran's public financial management. The study adopted a qualitative research design with an exploratory–comparative approach. Data were collected through semi-structured interviews with 21 experts from public accounting, auditing, and financial management institutions in Tehran, selected via purposive sampling. Interviews continued until theoretical saturation was achieved. All interviews were audio-recorded, transcribed verbatim, and analyzed using NVivo 14 software. Open, axial, and selective coding were performed to extract themes and subthemes concerning efficiency, transparency, and reform readiness in governmental accounting systems. Credibility was ensured through member checking, peer debriefing, and triangulation. The results identified four overarching themes: (1) structural and procedural efficiency, (2) transparency and accountability, (3) performance-based accounting implementation, and (4) reform challenges and future directions. Traditional systems were found to suffer from excessive bureaucracy, fragmented audit structures, and low digital integration. In contrast, performance-based models demonstrated greater potential for improving fiscal discipline and accountability but were limited by insufficient technological infrastructure, lack of professional training, and cultural resistance. The study also found that internal controls, ethical norms, and digitalization levels significantly influence transparency outcomes. The findings suggest that achieving effective and transparent public financial management in Iran requires a balanced integration of performance-based frameworks, digital accounting technologies, and ethical accountability mechanisms.

Keywords: *Governmental accounting; performance-based budgeting; transparency; efficiency; accountability; digital accounting systems; Iran.*

1. Introduction

Over the past two decades, the field of governmental accounting has undergone a profound transformation driven by demands for greater efficiency, accountability, and transparency. Governments worldwide are shifting from traditional cash-based or line-item accounting toward accrual-based and performance-oriented systems that emphasize outcomes rather than mere expenditures (Edwards, 2024). This evolution reflects a global recognition that fiscal systems rooted solely in compliance and control no longer suffice to meet the expectations of citizens, international institutions, and policymakers seeking measurable public value. The transition toward modern models of accounting—particularly those integrating digital technologies, performance metrics, and environmental accountability—has altered the nature of financial management and public sector governance (Xu, 2025).

In many developing economies, however, this transformation has been uneven. While developed nations such as the United Kingdom have successfully migrated from cash to accrual accounting frameworks, as documented in the British central government's long-term reform experience (Edwards, 2024), numerous emerging nations continue to face structural, cultural, and technological challenges that impede similar progress. Within the Middle Eastern and Asian contexts, including Iran, Iraq, and Malaysia, the modernization of governmental accounting is further complicated by institutional rigidity, fragmented oversight systems, and limited access to digital infrastructure (Ismail, 2023; Ma'rouf, 2025). The comparative study of these systems offers valuable insight into how accounting reforms can balance traditional bureaucratic norms with the pressing need for transparency and results-based management.

One of the defining characteristics of the new generation of governmental accounting systems is their emphasis on linking resources to results—what is known as performance-based accounting or performance-based budgeting. These systems seek to evaluate not only how funds are allocated and spent but also whether they achieve intended policy outcomes (Tefang Saz et al., 2024). In the context of performance-based reforms, accountability is extended beyond procedural compliance to include responsibility for efficiency, effectiveness, and sustainability. However, this shift requires robust internal controls, high-quality financial data, and the capacity to measure public sector performance across multiple dimensions—factors that remain underdeveloped in many governmental organizations (Fadhilah et al., 2023; Juma et al., 2025).

The effectiveness of these systems is strongly influenced by the quality of internal control mechanisms and the competency of accounting personnel. Research on local governments in Uganda and Indonesia, for example, demonstrates that internal control frameworks and the professional capacity of accountants are central to ensuring financial accountability and improving the quality of reports (Juma et al., 2025; Zalukhu, 2023). Similarly, studies in the Kurdistan Regional Government of Iraq show that internal control models tailored to contingent risks can significantly enhance financial reporting transparency and reduce irregularities (Ma'rouf, 2025). These findings align with a growing international consensus that traditional accounting systems—characterized by cash-basis reporting and rigid budgetary structures—are inadequate for managing modern governmental functions that demand dynamic and results-based financial decision-making (Esmaeili Kia & Mohtasham, 2023; Tefang Saz et al., 2024).

The Iranian public sector, like those of many transitional economies, faces similar complexities in reconciling traditional legalistic frameworks with modern accounting principles. While government accounting in Iran historically prioritized control and compliance, recent efforts have sought to integrate performance accountability and digital transformation within fiscal operations (Ahmadian et al., 2023; Maleki Oskouei, 2023). The development of electronic government (e-government) infrastructures has introduced opportunities to improve transparency and responsiveness, yet progress has been inconsistent due to policy fragmentation and limited resource allocation (Tavazooi Far, 2024). Furthermore, the persistence of manual processes, weak audit integration, and insufficient data transparency continues to hinder the full realization of performance-based management (Mohammadpour & Kiakojouri, 2023).

Beyond national reforms, international organizations such as the International Public Sector Accounting Standards Board (IPSASB) have advocated for the adoption of accrual-based accounting to enhance comparability and transparency across nations. Studies indicate that adopting accrual principles can significantly improve fiscal discipline, strengthen decision-making, and foster sustainable public value creation (Edwards, 2024; Ismail, 2023). However, the mere adoption of standards does not guarantee improved governance; rather, success depends on contextual adaptation, institutional readiness, and human resource

development (Fadhilah et al., 2023; Zalsa Bila Maulida Kemal & Tarjo, 2024). In several Southeast Asian governments, inadequate training, insufficient integration between accounting information systems, and resistance to change have led to limited benefits from these reforms (Setyani et al., 2022; Zalukhu, 2023).

In this regard, accounting information systems (AIS) have become the backbone of modern public financial management. Efficient AIS facilitate timely data processing, integrate performance indicators, and enable decision-makers to evaluate fiscal outcomes effectively (Esmaeili Kia & Mohtasham, 2023). Yet, the effectiveness of such systems depends on several determinants, including technological readiness, organizational culture, and the quality of internal audit procedures (Setyani et al., 2022; Zalukhu, 2023). Empirical evidence from Indonesia and Malaysia underscores the necessity of aligning AIS development with the government's strategic objectives to ensure that digital innovations truly contribute to performance accountability (Ismail, 2023; Zalsa Bila Maulida Kemal & Tarjo, 2024).

While much of the international literature emphasizes the technical aspects of accounting modernization, the behavioral and organizational dimensions remain equally critical. Studies have shown that successful implementation of performance-based accounting requires not only infrastructure and standards but also a supportive organizational culture and incentive systems (Makhnun & Susilowati, 2023). Behavioral accounting research suggests that recognition, motivation, and reward systems influence how public employees engage with performance evaluations and financial reporting tasks. Without adequate behavioral alignment, even the most advanced digital systems fail to generate genuine accountability or transparency (Makhnun & Susilowati, 2023; Mohammadpour & Kiakojouri, 2023).

Furthermore, governmental accounting reform is deeply intertwined with issues of ethical accountability and social responsibility. According to the Islamic-social model of accountability proposed by (Zare et al., 2022), true transparency extends beyond procedural reporting to encompass moral responsibility, stewardship, and responsiveness to citizens. This model resonates strongly in Muslim-majority countries such as Iran, Indonesia, and Malaysia, where ethical governance is regarded as a spiritual and civic duty. Integrating such value-based accountability into modern performance frameworks can enrich reform efforts and align financial management with broader societal expectations.

Another dimension influencing governmental accounting reform is environmental and sustainability reporting. Recent studies show that governments are increasingly expected to account not only for financial resources but also for environmental and social impacts (Xu, 2025). For example, government-initiated environmental credit ratings have been shown to reduce corporate transition risks and enhance accountability for sustainability outcomes. Applying similar frameworks to the public sector could expand the scope of performance-based accounting beyond fiscal outcomes to include ecological and social indicators, thereby supporting integrated sustainability management.

At the operational level, internal control systems and auditing structures remain foundational for the reliability of financial data and the prevention of fraud. The quality of internal control has been repeatedly linked to the integrity of financial statements and the credibility of government reports (Fadhilah et al., 2023; Juma et al., 2025; Yusuf & Harefa, 2022). Forensic auditing and compliance-oriented supervision, when implemented effectively, can significantly reduce the incidence of financial mismanagement and improve citizens' trust in government institutions (Ahmadian et al., 2023; Yusuf & Harefa, 2022). Nonetheless, as highlighted by Iranian scholars, these mechanisms often remain reactive rather than preventive, focusing on identifying irregularities after the fact instead of building systems that discourage misconduct from the outset (Ahmadian et al., 2023).

From a comparative perspective, experiences from both developed and developing countries reveal a recurring challenge: balancing regulatory control with managerial flexibility. The British experience shows that gradual and well-planned transitions—supported by consistent policy and leadership—are essential for embedding accrual accounting in public sector culture (Edwards, 2024). In contrast, countries such as Iran and Iraq have struggled with fragmented reforms that fail to align technical changes with broader administrative modernization (Ma'rouf, 2025; Mohammadpour & Kiakojouri, 2023). Moreover, local governments across Asia and Africa continue to report gaps in human capital development, inadequate performance metrics, and insufficient evaluation systems to link accounting data with policy decisions (Fadhilah et al., 2023; Juma et al., 2025).

The advancement of e-government and digital accounting systems has opened new horizons for reform by facilitating transparency, automation, and citizen participation. Studies in the Iranian context indicate that digital transformation can

significantly enhance data accessibility and inter-agency coordination when supported by policy consistency and investment (Maleki Oskouei, 2023; Tavazooi Far, 2024). However, digitalization alone does not guarantee improved accountability; rather, it must be integrated within a broader governance framework that prioritizes open data, performance evaluation, and feedback mechanisms (Mohammadpour & Kiakojouri, 2023). In this sense, modern accounting reform is both a technological and a cultural journey requiring institutional trust, capacity building, and public engagement.

In summary, the literature suggests that governmental accounting reform is not a one-dimensional process but a multifaceted transformation involving policy, technology, behavior, and ethics. Traditional systems, though valuable for control and legal compliance, often fail to deliver the responsiveness and efficiency demanded by modern public administration. On the other hand, performance-based and digital accounting systems promise greater transparency and alignment between inputs and outcomes but require robust internal controls, training, and ethical governance frameworks to function effectively (Esmaeili Kia & Mohtasham, 2023; Tefang Saz et al., 2024; Zalsa Bila Maulida Kemal & Tarjo, 2024). The interplay of these factors underscores the importance of adopting a holistic perspective in evaluating and comparing governmental accounting systems.

Given these global and regional developments, there remains a significant research gap regarding how traditional and modern accounting systems perform relative to each other in terms of efficiency and transparency—particularly in emerging economies like Iran, where reforms are ongoing but fragmented. Therefore, this study seeks to conduct a comparative analysis of governmental accounting systems, evaluating their effectiveness in promoting transparency, efficiency, and accountability, and exploring how structural, cultural, and technological factors shape their outcomes.

2. Methods and Materials

This study employed a qualitative research design with an exploratory–comparative approach to examine and interpret differences in efficiency and transparency between traditional and modern performance-based governmental accounting systems. The aim was to identify conceptual patterns and operational challenges through the lived experiences of accounting professionals and public sector experts.

Participants were selected using purposive sampling based on their expertise and experience in public accounting, financial management, or budget oversight. A total of 21 participants from various governmental and audit institutions in Tehran were interviewed. The diversity of participants in terms of professional background ensured a comprehensive understanding of the phenomenon. Data collection continued until theoretical saturation was achieved—that is, no new themes or insights emerged from additional interviews.

Data were gathered through semi-structured, in-depth interviews designed to explore participants' perceptions of efficiency, transparency, and accountability within different governmental accounting systems. The interview guide included open-ended questions related to accounting reforms, information disclosure mechanisms, budget implementation, and performance evaluation. Each interview lasted approximately 45–60 minutes and was conducted either face-to-face or via secure online communication platforms. All interviews were audio-recorded with participants' informed consent and subsequently transcribed verbatim for analysis. Anonymity and confidentiality were strictly maintained throughout the research process.

The qualitative data were analyzed using NVivo 14 software, following a systematic process of thematic coding. Initially, open coding was performed to identify meaningful statements and preliminary concepts. These codes were then grouped into higher-order categories through axial coding, allowing the emergence of patterns that reflected the underlying structures of governmental accounting systems. Finally, selective coding integrated these categories into overarching themes describing efficiency and transparency in traditional versus performance-based models. Analytical rigor was ensured through iterative comparison, peer debriefing, and reflective memoing.

3. Findings and Results

A total of 21 participants took part in this qualitative study, all of whom were professionals working within governmental accounting, auditing, or public financial management organizations in Tehran. Among them, 14 participants (66.7%) were male and 7 participants (33.3%) were female. In terms of age distribution, 5 participants (23.8%) were under 35 years old, 9 participants (42.9%) were between 36 and 45 years old, 5 participants (23.8%) were between 46 and 55 years old, and 2 participants (9.5%)

were above 55 years old. Regarding educational background, the majority held advanced degrees, with 3 participants (14.3%) holding bachelor's degrees, 11 participants (52.4%) master's degrees, and 7 participants (33.3%) doctoral degrees. In terms of work experience, 7 participants (33.3%) had less than 10 years of professional experience, 8 participants (38.1%) had between 11 and 20 years, and 6 participants (28.6%) had more than 20 years. Finally, with respect to organizational position, 9 participants (42.9%) were staff accountants or analysts, 7 participants (33.3%) were middle managers, and 5 participants (23.8%) held senior managerial or policy-making roles. This demographic distribution ensured representation across different hierarchical levels and professional experiences within Iran's public financial system, enriching the diversity and depth of perspectives obtained through interviews.

Table 1

Qualitative Analysis

Main Themes (Categories)	Subcategories	Concepts (Open Codes)
1. Structural and Procedural Efficiency	1.1 Bureaucratic complexity	Excessive documentation; multi-layered approvals; delayed transaction processing; redundant control units; lack of digital workflows
	1.2 Budget execution mechanisms	Line-item rigidity; slow fund allocation; limited flexibility; manual tracking; weak performance linkage
	1.3 Resource utilization efficiency	Cost–benefit imbalance; overlapping expenditures; low spending discipline; lack of expenditure prioritization
	1.4 Technological integration	Outdated systems; limited data automation; absence of interoperability; fragmented accounting platforms; low IT literacy
	1.5 Managerial decision support	Inaccessible real-time data; weak analytical dashboards; poor feedback cycles; limited use of performance metrics
2. Transparency and Accountability	2.1 Financial disclosure quality	Inconsistent reporting; incomplete statements; low comparability; limited narrative transparency
	2.2 Public access to financial information	Restricted publication; complex formats; lack of open data; minimal citizen awareness
	2.3 Internal and external audit effectiveness	Formalistic audits; limited scope; outdated audit standards; insufficient follow-up on findings
	2.4 Ethical standards and integrity	Conflict of interest; manipulation of figures; informal practices; low ethical enforcement
	2.5 Legal and regulatory compliance	Ambiguous rules; fragmented oversight agencies; weak enforcement mechanisms; overlapping jurisdictions
	2.6 Political influence on reporting	Pressure on disclosure; selective information release; politicized budgeting; suppression of deficits
3. Performance-Based Accounting Implementation	3.1 Outcome measurement frameworks	Lack of clear indicators; focus on inputs not outcomes; absence of measurable goals
	3.2 Performance budgeting alignment	Disconnection between accounting and budget; weak incentive mechanisms; result-oriented allocation gaps
	3.3 Capacity building and training	Limited professional development; inadequate workshops; skill mismatch; low motivation for innovation
	3.4 Evaluation and feedback systems	Absence of periodic assessments; weak monitoring tools; lack of performance benchmarking
	3.5 Institutional readiness	Resistance to change; hierarchical culture; fragmented data ownership; absence of accountability culture
	3.6 Cross-sector collaboration	Weak inter-agency coordination; poor information exchange; overlapping mandates
4. Reform Challenges and Future Directions	4.1 Policy and governance barriers	Ambiguous reform laws; inconsistent leadership support; lack of long-term strategy
	4.2 Financial system modernization needs	Legacy infrastructure; insufficient budget for digital transformation; need for integrated accounting platforms
	4.3 Change management and resistance	Fear of job loss; cultural inertia; limited awareness of benefits; insufficient communication
	4.4 Capacity for innovation	Low research investment; lack of pilot projects; dependence on traditional methods
	4.5 Stakeholder participation	Limited involvement of professionals; weak civil society engagement; low inter-ministerial consultation
	4.6 Evaluation of reform outcomes	No impact assessment mechanism; superficial performance metrics; short-term political expectations
	4.7 International benchmarking	Lack of adaptation to IPSAS; weak regional cooperation; minimal exchange of best practices

1. Structural and Procedural Efficiency

The first emerging theme centered on the structural and procedural efficiency of governmental accounting systems, highlighting how bureaucratic rigidity and outdated processes undermine financial performance. Participants described bureaucratic complexity as one of the greatest barriers to timely decision-making, with multiple levels of approval and redundant control units delaying budget execution. As one participant stated, *"Sometimes a single transaction must pass through five departments before approval; by the time it's processed, the fiscal year has already ended."* The subtheme of budget execution mechanisms revealed a lack of flexibility in fund allocation and weak connections between spending and performance outcomes. Respondents also emphasized resource utilization inefficiency, pointing to overlapping expenditures and a lack of spending discipline. Moreover, technological integration emerged as a vital concern, as most participants criticized the absence of digital workflows and real-time data sharing across departments. *"Our accounting systems don't talk to each other; every ministry has its own isolated software,"* explained one senior accountant. Finally, managerial decision support was seen as limited due to inadequate analytical dashboards and weak feedback mechanisms, preventing evidence-based financial management.

2. Transparency and Accountability

The second major theme involved transparency and accountability, which participants consistently linked to public trust and governance quality. The subtheme of financial disclosure quality revealed that reports often lacked clarity, consistency, and comparability across ministries. Several participants argued that *"financial statements are prepared only to satisfy legal requirements, not to inform or enlighten citizens."* Similarly, public access to financial information was described as minimal due to complex presentation formats and limited dissemination channels. Another critical subtheme, audit effectiveness, exposed that audits were mostly formalistic and focused on compliance rather than performance. One auditor noted, *"Audits identify errors but rarely drive reform."* Issues of ethical integrity and regulatory compliance also surfaced, with interviewees citing informal practices, weak oversight, and political influence in reporting. Political pressure was particularly evident, as one participant remarked, *"Disclosure is sometimes adjusted to show what policymakers want, not what actually is."* Together, these insights show that systemic opacity and weak accountability mechanisms

remain serious obstacles in both traditional and reformed accounting systems.

3. Performance-Based Accounting Implementation

A third theme focused on the implementation of performance-based accounting, which is widely promoted as a modern alternative to input-based systems. Despite policy emphasis on results-oriented reforms, participants described a persistent gap between design and practice. The outcome measurement framework was found to be underdeveloped, with unclear indicators and a focus on financial inputs rather than measurable results. *"We still count expenses, not outcomes,"* one ministry accountant observed. The alignment between budgeting and performance was also weak, with interviewees emphasizing that accounting data rarely influence allocation decisions. Capacity building and training emerged as a key subtheme, as many officials lacked the skills to apply performance metrics. The evaluation and feedback systems were reported to be mostly symbolic, with little integration of monitoring data into policy decisions. *"After evaluation reports are submitted, they often sit unread on shelves,"* said one respondent. Institutional readiness was another recurrent concern—many described resistance to change and fragmented data ownership across agencies. Participants also pointed out the lack of cross-sector collaboration, emphasizing that integration between finance, planning, and audit institutions is crucial but largely absent. Overall, while the conceptual framework of performance-based accounting is recognized, its operationalization remains limited and inconsistent.

4. Reform Challenges and Future Directions

The final theme captured reform challenges and future directions, reflecting participants' perspectives on the obstacles that hinder accounting modernization and the pathways toward improvement. Under the subtheme policy and governance barriers, respondents highlighted ambiguous legislation, inconsistent leadership commitment, and frequent changes in reform priorities. *"Every new administration resets the reform agenda,"* lamented one financial director. Similarly, modernization of financial systems was described as slow, constrained by legacy infrastructure and insufficient investment in digital transformation. Change management and resistance appeared as a recurring obstacle, with cultural inertia and fear of job displacement impeding innovation. *"People fear that digitalization will make their jobs irrelevant,"* one participant admitted. The subtheme of capacity for innovation underscored a lack of research initiatives and pilot projects within the public accounting domain.

Moreover, stakeholder participation was deemed inadequate, with professionals, academic experts, and civil society largely excluded from reform processes. Finally, international benchmarking revealed limited adaptation to global standards such as IPSAS and a lack of systematic exchange of best practices with other countries. Participants generally agreed that long-term reform requires not only technical adjustments but also a cultural shift toward accountability, transparency, and evidence-based policymaking.

4. Discussion and Conclusion

The findings of this qualitative study revealed a multifaceted view of how governmental accounting systems function within the spectrum of traditional and modern frameworks. Participants consistently emphasized that structural rigidity, fragmented reporting processes, and outdated bureaucratic procedures have hampered efficiency and transparency in Iran's public financial management. The analysis further indicated that performance-based accounting, when effectively implemented, fosters greater fiscal discipline, accountability, and inter-organizational coordination. However, its success depends on institutional readiness, technological integration, and ethical governance. These results echo international observations that transitioning from input-based to outcome-based accounting systems requires not only technical reform but also cultural and behavioral adaptation (Edwards, 2024; Tefang Saz et al., 2024).

One of the most significant findings of the present study concerns the persistence of structural inefficiencies in traditional accounting systems. Bureaucratic complexity, overlapping procedures, and inadequate digital infrastructure continue to slow decision-making and reduce responsiveness. These findings are consistent with prior research, which shows that inefficiency in governmental accounting often originates from excessive procedural control and the absence of integrated digital systems (Maleki Oskouei, 2023; Tavazooi Far, 2024). Participants' accounts of redundant documentation and hierarchical approval chains closely align with (Ahmadian et al., 2023), who found that Iran's auditing and financial control mechanisms are more reactive than preventive. Similarly, (Karkesh et al., 2023) argued that fiscal policies and accounting procedures in Iran are constrained by inflexible administrative structures that inhibit adaptability. The present findings reinforce the argument that unless these structural inefficiencies are addressed through comprehensive policy reform and process automation, performance-based accounting models will struggle to achieve meaningful implementation.

Another key theme that emerged was the lack of transparency and weak accountability mechanisms. The participants' reflections on selective disclosure and political influence in reporting indicate that financial transparency in the public sector remains largely formalistic. This observation is supported by (Ma'rouf, 2025), whose study of the Kurdistan Regional Government found that although internal control frameworks exist, they often fail to ensure transparency due to limited enforcement and inconsistent risk management practices. Likewise, (Fadhilah et al., 2023) emphasized that without strong human resource competencies and reliable internal control systems, the quality of government financial reporting deteriorates. These patterns suggest that the mere presence of accounting standards or regulations is insufficient—organizational culture and ethical norms play equally decisive roles in shaping transparency outcomes. This was echoed by participants who highlighted informal practices and data manipulation as systemic problems. In this regard, the findings support the argument of (Zare et al., 2022), who conceptualized accountability not merely as a legal requirement but as a moral and social responsibility rooted in public trust and ethical stewardship.

The results also revealed widespread agreement among participants that technological integration is pivotal to improving both efficiency and transparency. Respondents noted that fragmented accounting platforms and low IT literacy prevent the government from achieving real-time financial control and cross-departmental coordination. These insights align with studies emphasizing the role of digital transformation and e-government in improving financial management. For instance, (Maleki Oskouei, 2023) demonstrated that e-government initiatives can significantly enhance sustainability and accountability when aligned with performance management frameworks. Similarly, (Tavazooi Far, 2024) highlighted that Iran's e-government strategy has created opportunities to strengthen interagency information flows, though progress remains hindered by inconsistent implementation. At the global level, (Edwards, 2024) traced the United Kingdom's long-term migration from cash to accrual accounting, showing that technological evolution and policy stability were key enablers of reform. Thus, the current study's findings confirm that the modernization of Iran's governmental accounting system must be grounded in both digital infrastructure and institutional commitment.

Furthermore, the findings illustrated how performance-based accounting systems—despite their potential—face serious operational challenges in practice. Participants described how measurement indicators are often unclear, evaluation reports are underutilized, and budgeting remains disconnected from performance outcomes. These challenges reflect a broader international pattern where performance-based reforms are implemented symbolically rather than substantively. (Tefang Saz et al., 2024) proposed a performance-based budgeting model showing that the successful linkage between resource allocation and outcomes depends on leadership commitment, policy coherence, and evaluative feedback loops. Similarly, (Ismail, 2023) found that Malaysian accountants viewed accrual accounting as useful only when supported by analytical tools and performance data that inform real managerial decisions. The parallel between these international findings and the present results underscores that performance-based accounting reforms require capacity building, technical training, and alignment between accounting and budgetary systems to succeed.

In the Iranian context, participants repeatedly noted human capital and training deficiencies as barriers to reform. Their experiences align with (Setyani et al., 2022), who showed that decision-making in government budgeting mediates the relationship between accounting information systems and organizational performance. Without well-trained personnel capable of interpreting data and integrating it into decision processes, the value of accounting reforms remains unrealized. Similar observations were made by (Zalukhu, 2023), who found that the effectiveness of accounting information systems in Indonesian government agencies depends heavily on users' technical competence and organizational culture. Thus, the current findings reaffirm that institutional learning and professional development are vital components of sustainable reform.

Ethical and cultural dimensions also emerged as powerful determinants of accounting effectiveness. Participants described how political pressure and informal norms often undermine financial disclosure. These findings resonate with (Zare et al., 2022), who proposed that accountability in Islamic societies is both spiritual and social, extending beyond formal compliance to moral responsibility. Likewise, (Yusuf & Harefa, 2022) emphasized that forensic accounting and compliance audits can serve as preventive mechanisms to reduce corruption and enhance ethical governance. The convergence between these perspectives suggests that strengthening accountability in Iran's public sector will require integrating ethical principles with technological and procedural reforms.

Another notable contribution of this study lies in highlighting environmental and sustainability considerations in accounting reform. While participants primarily focused on financial and managerial aspects, several referred to the need for greater alignment with sustainability objectives, particularly in budgeting for environmental programs. This concern echoes (Xu, 2025), who demonstrated that government-led environmental credit ratings influence corporate behavior and climate transition risk exposure. Incorporating environmental indicators into governmental accounting could therefore broaden the scope of accountability and align fiscal reporting with global sustainability goals.

The present findings also indicate that while Iran's accounting reforms share similarities with regional experiences in Iraq and other Middle Eastern nations, their progress remains fragmented. (Ma'rouf, 2025) noted comparable patterns of institutional inertia and fragmented policy frameworks in the Kurdistan Regional Government, where internal controls exist but fail to integrate with digital and performance-based systems. Likewise, (Mohammadpour & Kiakojouri, 2023) observed that Iranian government organizations continue to rely heavily on traditional accounting action models, despite efforts to improve managerial accountability. These studies reinforce the argument that reform in such contexts must transcend procedural adjustments and address systemic issues related to governance, leadership continuity, and inter-organizational coordination.

From a behavioral perspective, the study also underscores the significance of employee motivation and recognition systems in driving reform adoption. Participants pointed to resistance to change, fear of job displacement, and limited incentives for innovation as barriers to embracing new systems. These sentiments align with (Makhnun & Susilowati, 2023), who applied behavioral accounting theory to demonstrate that performance-based rewards enhance motivation and accountability in public organizations. The interplay between human behavior, institutional incentives, and performance evaluation is therefore critical to ensuring the success of accounting modernization efforts.

Collectively, the findings of this study contribute to the growing body of literature on comparative governmental accounting reform by providing contextualized insights from Iran and linking them to global experiences. They

reveal that while digital and performance-based models hold considerable promise for enhancing efficiency and transparency, their implementation requires a balance between technological innovation, institutional stability, and ethical governance. The results also support the view that accountability in the public sector is a multidimensional construct encompassing financial, behavioral, environmental, and social dimensions (Xu, 2025; Zare et al., 2022). The comparative evidence presented here reinforces the necessity of holistic reform strategies that integrate digital transformation, performance evaluation, and moral accountability frameworks to create resilient and transparent governmental financial systems.

Although the qualitative approach of this study provided deep insights into the perceptions and experiences of public sector accounting professionals, it is not without limitations. The sample size was relatively small (21 participants), restricted to experts based in Tehran, which may limit the generalizability of the findings to other regions or administrative contexts. Additionally, while the study achieved theoretical saturation, it relied on self-reported perspectives that could be influenced by organizational position or political sensitivity. Another limitation lies in the focus on Iranian institutions, which may differ from other developing economies in cultural and regulatory structures. Moreover, as qualitative analysis depends on interpretive coding, some nuances in participants' meanings may have been shaped by the researcher's analytical lens. Future studies employing mixed methods could complement these qualitative findings with quantitative validation across broader samples.

Future research could expand the comparative scope by analyzing governmental accounting reforms across multiple countries in the Middle East, Asia, and Africa to identify regional commonalities and policy transfer opportunities. Longitudinal studies could also explore how the adoption of performance-based accounting evolves over time and the factors that determine the sustainability of reforms. Moreover, future research should examine the intersection of digitalization, ethical governance, and sustainability accounting, particularly how environmental and social metrics can be embedded in public sector reporting systems. Quantitative models incorporating structural equation modeling or system dynamics could provide a more comprehensive understanding of the causal relationships among institutional capacity, technology adoption, and transparency outcomes.

From a practical perspective, policymakers and public financial managers should prioritize integrating performance-based accounting with digital infrastructure and ethical accountability frameworks. Training programs must be expanded to strengthen financial literacy and analytical skills among public employees. Governments should also invest in real-time accounting information systems and ensure interoperability across ministries to minimize redundancy and enhance fiscal control. Additionally, reform efforts should encourage cross-sector collaboration, independent auditing, and open-data initiatives to promote transparency. Finally, embedding ethical values, citizen participation, and sustainability indicators within accounting frameworks will be vital for creating a transparent, efficient, and trustworthy public financial system that aligns with both national and global standards.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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