

# Role of Governance in Outcome-Based Budgeting Implementation Towards Accountability in the Malaysian Public Sector

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## Abstract

**Purpose:** This study investigates the perceived influence of outcome-based budgeting implementation towards accountability in public sectors and the moderating role of governance.

**Methodology:** The quantitative method was applied using simple random sampling techniques. Eighty-two usable questionnaires were collected from the prospective respondents of public sector departments/agencies in the Federal Territories of Kuala Lumpur and Putrajaya, Malaysia. The primary data analysis technique for this study is Multiple Linear Regression analysis.

**Findings:** The research findings indicate a significant and positive influence of OBB implementation on accountability in public sectors. There is no significant direct influence of governance towards accountability. However, governance has a significant moderating role between the OBB implementation and accountability.

**Practical Implications:** This study can become a platform for public sectors to continue implementing outcome-based budgeting as their budgetary system, even though they face some challenges in setting up the performance measure for each activity. This study also seeks to inform policy-making within the government, which will support the shaping of better-managed, more legitimate, trusted and accountable public service in Malaysia.

**Originality/Value:** Few studies link new budgetary practices, outcome-based budgeting, with accountability and good governance. Given the lack of extensive literature on this topic, this is probably one of the first studies that provide evidence of the moderating role of governance in the relationship between OBB implementation and accountability, which is in line with the stakeholder theory.

**Keywords:** Outcome-based budgeting, accountability, governance, public sector.