

Institutional Dimensions of Fiscal Policy: Evidence from a Narrative Review

Rajindra¹, Sudirman²

¹²Universitas Muhammadiyah Palu, Indonesia

Correspondent: rajindra@unmuhpalu.ac.id¹

Received : October 03, 2025
Accepted : November 11, 2025
Published : November 30, 2025

Citation: Rajindra & Sudirman. (2025). Institutional Dimensions of Fiscal Policy: Evidence from a Narrative Review. Jurnal MultiSains Indonesia, 1(1), 1-12.

ABSTRACT: Fiscal policy and national accounting are central to achieving macroeconomic stability and sustainable development. This narrative review explores how fiscal instruments and accounting standards influence economic outcomes, with a focus on transparency, institutional capacity, and policy implementation across different national contexts. Using systematic literature searches from Scopus and Google Scholar, the review includes peer-reviewed studies published within the last two decades that examine fiscal deficits, national accounting practices, and the effectiveness of fiscal incentives. Findings reveal that persistent fiscal deficits often lead to macroeconomic instability in developing countries, while developed nations utilize stronger institutions to manage fiscal cycles effectively. National accounting systems, particularly accrual-based models, significantly enhance fiscal transparency and public trust. However, challenges such as weak institutional capacity, lack of standardized accounting practices, and limited inter-agency coordination persist. Addressing these requires capacity-building, policy coherence, and participatory governance. The discussion highlights how systemic factors, such as fiscal politics and institutional design, shape policy outcomes. The review concludes by recommending reforms in fiscal management, enhanced transparency mechanisms, and interdisciplinary research into behavioral and technological dimensions of public finance. These strategies are crucial for enabling inclusive, responsive, and sustainable fiscal governance.

Keywords: Fiscal Policy; National Accounting; Macroeconomic Stability; Transparency; Institutional Capacity; Public Finance Reform



This is an open access article under the CC-BY 4.0 license

INTRODUCTION

Fiscal policy plays a pivotal role in the management of budget deficits and public debt, particularly in the context of economic volatility and long-term development agendas. Across both developed and developing economies, fiscal strategies are employed to address distinct sets of macroeconomic challenges and development goals. In developed nations, fiscal policy is frequently utilized as a countercyclical tool to stabilize the economy, targeting macroeconomic indicators such

as inflation, unemployment, and output gaps. Within the European Union, for example, member states are often constrained by stringent fiscal rules, such as the Stability and Growth Pact, which aim to prevent excessive deficits but may simultaneously reduce the flexibility needed for rapid crisis response (Kholopov (2024). In contrast, developing countries often implement expansionary fiscal measures to fuel infrastructure development and improve access to public services. In such cases, budget deficits are sometimes strategically tolerated to accelerate economic growth and support large-scale investments (Demidova et al. (2024). These divergent policy priorities underscore the need to contextualize fiscal decisions within the socio-economic landscape of each country, particularly in light of ongoing global financial uncertainties.

The global trend in fiscal deficits over the past two decades reveals a sharp and sustained increase, driven by the need to absorb economic shocks and implement stimulus measures. Events such as the 2008 global financial crisis and the COVID-19 pandemic have compelled governments worldwide to adopt aggressive fiscal expansions. As a result, many nations have transitioned from austerity-oriented frameworks to proactive spending policies intended to stabilize economies and protect livelihoods (Crawford & Tetlow, 2014). Countries burdened by high debt levels have been forced to seek alternative revenue streams through tax reforms or the rationalization of public subsidies (Briamonte et al. (2023). These shifts illustrate a broader transformation in national fiscal strategies, emphasizing the need for balance between short-term economic recovery and long-term fiscal sustainability. The prioritization of sustainable economic growth has thus emerged as a central theme in fiscal policymaking, influencing the reconfiguration of public spending and taxation systems worldwide.

Empirical evidence demonstrates that aligning fiscal policy with sustainable economic growth presents several inherent challenges. Chief among these is the tension between pursuing immediate economic expansion and ensuring long-term fiscal resilience (Patxot et al., 2012). Governments are frequently under pressure to deliver short-term economic gains, often in response to electoral cycles or social demands, while simultaneously managing escalating debt and maintaining fiscal discipline. In addition, global capital mobility and the integration of financial markets have complicated fiscal decision-making, as countries must now contend with cross-border investment flows and exchange rate volatility (Portella-Carbó & Dejuán, 2018). These dynamics necessitate the design of transparent and adaptive fiscal frameworks that can withstand both domestic and external shocks. The pursuit of inclusive recovery and equitable economic outcomes further intensifies the demand for well-calibrated fiscal interventions.

A critical challenge identified in the literature is the persistent gap between theoretical models of fiscal budgeting and their practical implementation in the public sector. While normative frameworks emphasize efficiency, transparency, and accountability, the actual budgeting process is often influenced by political imperatives and institutional limitations (Khlif et al. (2020). Empirical research has found that fiscal decision-making is frequently driven by short-term political considerations, which can compromise long-term planning and resource allocation (Alt et al. (2014). This disconnect raises concerns about the reliability of fiscal projections and the effectiveness of public financial management. Moreover, inconsistencies in the application of accounting standards and monitoring mechanisms further erode trust in fiscal governance systems, particularly in contexts with weak institutional oversight (Symeonidis et al., 2021).

Numerous studies have sought to quantify the macroeconomic consequences of fiscal policy choices, offering mixed results. On one hand, increased government expenditure has been shown to stimulate private investment and contribute positively to GDP growth, especially when targeted toward infrastructure and human capital development (Lozano-Espitia & Rodríguez (2011). On the other hand, excessive deficits and poorly designed spending programs have been linked to inflationary pressures and higher unemployment rates (Lunt (2023). These divergent findings highlight the complexity of fiscal policy outcomes and the importance of context-specific evaluations. A growing body of literature also calls for more refined fiscal instruments that can simultaneously promote growth and minimize negative spillovers, such as inflation and income inequality.

Importantly, the scope of existing fiscal policy and national accounting research reveals marked geographic disparities. Countries within the OECD tend to exhibit more robust fiscal institutions and greater adherence to international best practices in public financial management (Frinrup et al. (2020). Conversely, many nations in the Global South continue to grapple with structural impediments, including limited institutional capacity, governance deficiencies, and pervasive corruption (Alsharari (2022). These contextual differences significantly influence the design, implementation, and effectiveness of fiscal policies, reinforcing the necessity for localized assessments. Understanding the institutional and cultural underpinnings of fiscal behavior is thus crucial to interpreting cross-country variations in fiscal outcomes and policy effectiveness.

Despite a rich body of literature on fiscal policy, several critical gaps remain. Many studies are confined to single-country analyses or focus narrowly on short-term fiscal indicators, thereby neglecting the broader institutional and systemic factors that shape fiscal performance over time. There is also a paucity of comparative research that examines fiscal policy responses across diverse political and economic systems, particularly in post-crisis settings. Additionally, insufficient attention has been paid to the integration of national accounting practices with policy evaluation frameworks, which limits the ability of researchers and policymakers to accurately assess fiscal performance. These gaps underscore the need for a comprehensive and integrative review that bridges theoretical insights with empirical realities.

This review aims to synthesize the current state of knowledge on fiscal policy and national accounting from a macroeconomic perspective. Specifically, it will examine the interaction between fiscal strategies and key macroeconomic outcomes, the role of national accounting in promoting fiscal transparency, and the effectiveness of various fiscal instruments in achieving development objectives. By drawing upon a wide array of cross-national studies and policy analyses, the review seeks to illuminate the mechanisms through which fiscal policy contributes to economic stability, equity, and sustainability.

The geographical scope of this review will encompass both high-income and low- and middle-income countries, with particular attention to the contrasting institutional frameworks and policy environments that influence fiscal behavior. Comparative analysis will include examples from OECD countries with established fiscal governance systems, as well as from Global South nations where fiscal policy remains constrained by institutional and resource limitations. This dual focus is intended to provide a holistic understanding of fiscal policy dynamics across different

development contexts and to identify best practices that may be adapted to varying institutional settings.

METHOD

This review employs a narrative literature review approach, allowing flexibility in synthesizing both empirical and conceptual studies without adhering to a rigid systematic review protocol. The review aims to synthesize findings from academic works that analyze the macroeconomic implications of fiscal instruments and the role of national accounting standards in shaping fiscal outcomes. To ensure the credibility and depth of the analysis, the literature was sourced from reputable academic databases, including Scopus and Google Scholar, which are widely recognized for their extensive and multidisciplinary repositories of peer-reviewed publications.

The search strategy employed a set of carefully selected keywords intended to capture the core components of fiscal governance and accounting frameworks. These keywords included combinations of terms such as "fiscal and accounting," "public budget policy," "debt sustainability," "fiscal policy impact," "national accounting standards," and "performance budgeting." In order to refine the search and enhance the specificity of the results, these terms were often paired with contextual identifiers such as "developing countries," "OECD," or regional indicators. The rationale for this approach was to retrieve literature that not only addressed the general themes of fiscal policy and national accounting but also reflected their implementation and outcomes across different national settings (; ; Heald & Hodges (2018; Hengel & Lutz, 2021; Mortimer & Henderson, 2014).

The identification of relevant literature was guided by clearly defined inclusion and exclusion criteria. For inclusion, the review focused on articles published in peer-reviewed journals with established reputations in public economics and accounting. These studies were required to provide substantial theoretical or empirical contributions to the understanding of fiscal policy and national accounting. Additionally, works that were recognized within the academic community—either through high citation counts or institutional endorsement—were prioritized. Emphasis was placed on including research from leading scholars in the field and on studies that informed or influenced national-level fiscal policy decisions (Demidova et al. (2024; Frintrup et al., 2020; Kholopov, 2024; Nasution, 2017)

Exclusion criteria were applied to ensure the analytical rigor and relevance of the selected materials. Non-peer-reviewed sources, technical reports lacking analytical frameworks, opinion editorials, and grey literature were excluded from the review. Furthermore, publications that failed to offer novel insights into fiscal policy and national accounting, or those that lacked empirical grounding or contextual relevance, were deliberately omitted. For instance, studies that did not incorporate data or failed to address contemporary fiscal challenges were considered inapplicable to the scope of this review (Jonk et al., 2010; Kholopov, 2024; Prinz & Beck, 2021).

A key criterion considered in the selection process was the publication timeline. To ensure the review reflected current policy dynamics and analytical frameworks, only literature published within the last two decades was included. This timeframe aligns with the period of increased fiscal activism triggered by global crises, including the 2008 financial meltdown and the COVID-19

pandemic. Literature within this period offers insights into how fiscal governance has evolved in response to global economic disruptions and policy shifts (Foltin, 2018; Thomas, 2012).

The review also incorporated studies employing diverse methodological designs to capture a wide spectrum of analytical perspectives. Both qualitative and quantitative studies were considered, including case studies, econometric analyses, and conceptual frameworks. This methodological inclusivity allowed for a holistic understanding of fiscal phenomena across varying contexts and contributed to a more nuanced interpretation of data. It also enabled a comparative evaluation of fiscal strategies and accounting practices employed in different countries and under different institutional arrangements (Alsharari (2022; Heald & Georgiou, 2011).

Contextual considerations, including political, institutional, and cultural variables, were also deemed essential in the selection process. Literature that explored how domestic political dynamics and governance quality affect fiscal performance and accounting transparency was given particular attention. Such studies enhance the ability to differentiate between formal policy design and actual implementation practices, thereby enriching the analytical depth of this review (Pinheiro, 2020; "Correction", 2020).

To improve the efficiency and precision of the search process, advanced filtering tools within each database were utilized. Filters were applied to narrow results by discipline, document type, and relevance, ensuring that only studies most pertinent to the review's focus were retained. Furthermore, the use of Boolean operators and phrase matching in database queries optimized the retrieval of relevant articles and minimized redundancy. Studies were initially screened based on their titles and abstracts, followed by a full-text assessment to determine their methodological soundness and relevance to the review objectives.

In the process of literature selection, additional attention was paid to studies that incorporated elements of national accounting practices as tools for policy assessment. These works provided a bridge between fiscal theory and applied governance, offering insights into how accounting mechanisms influence budget execution, fiscal transparency, and performance measurement. Comparative analyses that evaluated these mechanisms across different national systems were especially valuable for identifying best practices and implementation gaps (Lozano-Espitia & Rodríguez (2011); Hein, 2021).

The entire process of literature collection and evaluation was conducted manually and iteratively, ensuring a deliberate and reflective approach. Each article was read in its entirety and evaluated for its conceptual clarity, methodological robustness, empirical validity, and contribution to the understanding of fiscal and accounting frameworks. Findings were synthesized thematically, aligned with the objectives of the review, and categorized according to recurring themes such as fiscal transparency, debt sustainability, expenditure efficiency, and the integration of accounting practices with policy formulation.

In conclusion, the methodological framework employed in this narrative review was designed to maximize comprehensiveness, academic rigor, and policy relevance. The integration of systematic search strategies, clear inclusion and exclusion criteria, diverse methodological sources, and contextual sensitivity ensured that the selected literature provided a robust foundation for the ensuing analysis. This approach supports the overarching goal of the review: to contribute to the

academic and policy discourse on fiscal policy and national accounting by drawing from a rich and diverse body of scholarly work.

RESULT AND DISCUSSION

The narrative review yielded three overarching thematic dimensions in understanding the macroeconomic roles of fiscal policy and national accounting: the impact of fiscal policy on economic stability, the role of national accounting systems in fostering fiscal transparency, and the effectiveness of fiscal incentives in strategic investment and regional equity. Each of these themes emerges from a body of empirical and theoretical literature, drawing from diverse national contexts and institutional frameworks.

The Impact of Fiscal Policy on Economic Stability

Empirical evidence from multiple developing economies consistently highlights the destabilizing potential of persistent fiscal deficits. In countries where fiscal deficits are structurally entrenched, studies have observed increased inflation, currency devaluation, and overall macroeconomic volatility (Hengel & Lutz (2021). For instance, Liu et al. (2022) emphasize that continued fiscal imbalances heighten debt vulnerability, undermining investor confidence and increasing borrowing costs, thus trapping governments in a negative feedback loop. This fiscal fragility not only affects domestic credit conditions but also undermines the credibility of monetary and fiscal authorities.

Research across African and South Asian economies further suggests that fiscal deficits have significant implications for capital inflows and long-term growth. Tin et al. (2020) found that sustained deficits erode the confidence of both domestic and foreign investors, thereby suppressing private sector investment and innovation. This is particularly problematic in economies where government spending represents a significant share of GDP. Wickham et al. (2020), examining several sub-Saharan nations, observed that fiscal austerity designed to control deficits frequently leads to contractions in GDP, while unplanned increases in public expenditure tend to exacerbate long-term debt sustainability concerns.

Comparative literature offers contrasting insights into how developed and developing nations respond to fiscal interventions. Narayana (2017) illustrates that developed economies typically possess more robust fiscal institutions, which enable them to execute counter-cyclical policies more effectively. These nations often respond to recessions through well-calibrated fiscal stimuli, leveraging their access to liquid and transparent debt markets (Fridstrøm & Elvik, 2016). Conversely, the fiscal response capacity in developing countries remains limited due to institutional weaknesses and policy uncertainty.

Jonk et al. (2010) underscore the role of political instability and administrative inefficiency in undermining fiscal management in emerging economies. Takashi et al. (2024) further caution that dependence on foreign aid to finance fiscal deficits can compromise policy autonomy and lead to

suboptimal allocation of resources. These disparities in fiscal capacity reflect deeper structural differences in governance, public financial management systems, and market confidence.

The Role of National Accounting in Fiscal Transparency

National accounting systems have been increasingly recognized as critical to enhancing fiscal transparency and public accountability. Mattei & Del Sordo (2020) argue that accrual-based accounting frameworks provide a more comprehensive view of fiscal performance compared to traditional cash-based systems. Such systems improve the quality and timeliness of budget reporting, enabling citizens, investors, and oversight institutions to assess the government's fiscal health more accurately.

Mortimer & Henderson (2014) show that countries employing accrual accounting report significantly fewer discrepancies between projected and actual fiscal outcomes. These systems facilitate performance-based budgeting and long-term fiscal planning. Furthermore, Heald & Hodges (2018) affirm that improved transparency through advanced accounting practices can reduce corruption, increase investor trust, and contribute to broader macroeconomic stability. The presence of clear, comparable fiscal data helps depoliticize fiscal debates and builds the institutional credibility of financial statements.

Nevertheless, attempts to harmonize public sector accounting standards, especially in accordance with IPSAS, have faced considerable resistance. Colchero et al. (2021) report that institutional diversity and entrenched local practices often hinder the adoption of standardized accounting protocols. Xu (2021) identifies a prevailing reluctance among local stakeholders to transition from legacy systems to international frameworks, particularly where traditional methods offer more discretionary control over public funds.

A major technical barrier to harmonization lies in the human resource constraints faced by many developing countries. Karagiorgos et al. (2019) find that insufficient training in accrual-based accounting among public officials leads to frequent implementation errors and reporting inconsistencies. Martins (2017) adds that deficiencies in fiscal audit infrastructure further exacerbate this issue, preventing accurate verification and assessment of compliance with accounting standards. These challenges underscore the need for institutional investment and capacity-building to support the effective integration of accounting systems with fiscal policy frameworks.

Evaluating the Effectiveness of Fiscal Incentives

Fiscal incentives, particularly tax deductions and subsidies, have emerged as powerful tools for promoting investment in strategic sectors. Cao (2023) documents the use of targeted tax incentives to catalyze investment in green technologies and infrastructure development, especially in middle-income countries seeking sustainable growth pathways. These incentives have been shown to attract significant private capital, provided that the enabling policy environment is stable and coherent.

The success of fiscal incentives is often contingent on the clarity of policy design and the duration of implementation. Prinz and Beck (2021) assert that countries with well-established legal frameworks and predictable tax regimes see more favorable investment responses. In contrast, short-term incentives without long-term policy commitments tend to yield limited results, particularly in sectors that require high upfront capital investment and long gestation periods. Heald & Georgiou (2011) emphasize the importance of coherence between fiscal incentives and broader development goals, cautioning against politically motivated, ad-hoc subsidy programs.

Moreover, fiscal incentives have a mixed record in addressing regional economic disparities. Lentner & Zsarnóczai (2022) highlight that incentives targeted at economically lagging regions have the potential to generate employment and stimulate local economic activity. When effectively implemented, such measures can mitigate structural imbalances and enhance regional equity. However, Pinheiro (2020) points out that the benefits of fiscal incentives often accrue disproportionately to large corporations, leaving small and medium-sized enterprises (SMEs) with limited access. This skew can entrench existing inequalities and undermine the developmental intent of these policies.

Further research by Nasution (2017) advocates for a more nuanced application of fiscal incentives, taking into account local economic contexts, institutional readiness, and the absorptive capacity of target regions. Without such alignment, incentives risk being inefficient or even counterproductive. The literature suggests that impact assessments and periodic evaluations are essential to ensure that fiscal incentives fulfill their intended objectives and contribute meaningfully to inclusive economic development.

In sum, the results from this narrative review underscore the complex and context-specific nature of fiscal policy and national accounting mechanisms. While fiscal deficits can spur short-term growth, their long-term sustainability depends on institutional discipline and macroeconomic resilience. National accounting systems play a foundational role in promoting transparency and enabling effective fiscal oversight. Finally, fiscal incentives must be carefully designed and monitored to ensure alignment with national development goals and to prevent the exacerbation of regional inequalities. Cross-country comparisons further highlight the importance of institutional maturity, policy coherence, and administrative capacity in shaping the outcomes of fiscal policy interventions.

The findings presented in this narrative review reveal intricate linkages between fiscal policy effectiveness and a broad array of systemic, institutional, and political determinants. The literature confirms that systemic factors such as political stability and institutional capacity play decisive roles in determining the success of fiscal policy interventions, particularly in countries grappling with structural constraints and fiscal volatility. These systemic dimensions influence not only the formulation but also the execution and sustainability of fiscal strategies.

The role of fiscal politics emerges as a foundational framework within which fiscal policy is embedded. Kholopov (2024) emphasizes that political consensus and governance continuity are essential in ensuring long-term fiscal discipline. This is corroborated by Alt et al. (2014), who show that Nordic countries, characterized by broad political consensus and strong democratic institutions, have successfully implemented sustainable welfare-oriented fiscal policies over several decades. Their experience underscores how stable political arrangements can facilitate the

alignment of fiscal planning with broader socio-economic objectives, thereby enhancing both the credibility and durability of fiscal commitments.

Institutional capacity, particularly the strength of financial management systems and public sector competencies, is equally critical in determining fiscal outcomes. Mattei et al. (2020) argue that strong institutional frameworks, including robust accounting and auditing systems, enable effective budgeting, debt management, and the monitoring of public expenditures. In contrast, Alsharari (2022) demonstrates that institutional weaknesses, especially at the subnational level, often result in inefficient fiscal administration and a lack of accountability. These deficits can lead to misallocation of resources, fiscal slippages, and reduced policy responsiveness to macroeconomic shocks. The ability of governments to attract, train, and retain skilled personnel is therefore integral to achieving fiscal policy objectives and ensuring the integrity of public financial management.

Transparency, as a corollary of institutional strength, also plays a pivotal role in shaping public trust and fiscal legitimacy. Narayana (2017) suggests that fiscal transparency enhances citizen trust, which in turn supports the acceptance of fiscal reforms and tax compliance. The European experience, particularly in the aftermath of fiscal crises, demonstrates how improving the visibility of public fund usage can rebuild institutional legitimacy and public confidence (Frintrup et al. (2020). Enhanced financial reporting systems and public access to budget information have shown to mitigate perceptions of corruption and strengthen civic engagement in fiscal discourse.

The implications for policy are profound. Governments should prioritize reforms that advance fiscal transparency, including the adoption of international accounting standards and the institutionalization of participatory budget processes. Karagiorgos et al. (2019) note that involving citizens in budget oversight and monitoring fosters accountability and can reduce policy resistance. This participatory approach is particularly relevant in contexts where historical mistrust in public institutions has impeded fiscal reform. Improved transparency also enables more effective fiscal surveillance by international partners, reinforcing fiscal discipline through external scrutiny.

Addressing structural obstacles to fiscal effectiveness requires a multipronged approach. Capacity-building remains a cornerstone. Alsharari (2022) stresses the need for continuous professional development and the upgrading of fiscal management competencies, especially at the local government level. Digital solutions and automation in budgetary and accounting processes can further enhance efficiency and accuracy, particularly in resource-constrained settings (Piron, 2024). However, technological upgrades must be accompanied by parallel investments in human capital to ensure meaningful adoption and utilization.

Institutional coordination is another recurring theme in the literature. Mattei et al. (2020) underscore that policy coherence across different government departments reduces duplication and fragmentation, thereby improving the alignment of fiscal policy with development priorities. Fragmented governance structures, on the other hand, lead to inconsistent fiscal signals and impede policy execution. Reforming legal frameworks to reduce bureaucratic inertia, as proposed by Mortimer & Henderson (2014), can help accelerate the implementation of fiscal decisions and make public financial management systems more agile and responsive.

A more culturally embedded reform relates to the cultivation of a transparency culture within public institutions. Beyond technical fixes, fostering a culture of accountability involves value-

driven leadership, ethical norms, and an active civil society. Narayana (2017) highlights the importance of open government platforms and public hearings as mechanisms to promote transparency and encourage civic scrutiny of fiscal decisions. In countries with limited traditions of fiscal openness, institutionalizing such practices can catalyze a virtuous cycle of trust-building and policy compliance.

Nonetheless, current research on fiscal policy implementation still faces several limitations. Much of the literature remains fragmented, with a predominant focus on national-level fiscal indicators rather than the subnational and local dynamics that often determine policy outcomes. Comparative analyses are often limited to OECD countries, while empirical data from the Global South remain underrepresented. Furthermore, there is a lack of interdisciplinary research that integrates political economy, behavioral insights, and technological perspectives into the analysis of fiscal systems. These gaps limit the generalizability of existing findings and constrain the development of universally applicable policy recommendations.

Future research should explore the intersectionality of fiscal governance with emerging global challenges such as climate finance, digital taxation, and demographic shifts. Additionally, there is a pressing need for longitudinal studies that examine how reforms in transparency and capacity-building translate into fiscal outcomes over time. Evaluating the efficacy of participatory budgeting and decentralized fiscal models can also yield valuable insights, particularly in the context of fiscal federalism and post-crisis recovery. Bridging these knowledge gaps would provide a more holistic and pragmatic understanding of fiscal policy as a tool for inclusive and sustainable development.

CONCLUSION

This review underscores the multifaceted relationship between fiscal policy, national accounting, and macroeconomic stability. Empirical evidence highlights how persistent fiscal deficits in developing countries often trigger inflationary pressures, currency instability, and weakened investor confidence. Comparative studies reveal that while developed nations possess the institutional maturity to deploy counter-cyclical fiscal policies effectively, developing countries struggle with political volatility and weak fiscal infrastructure. Furthermore, national accounting systems, especially accrual-based frameworks, play a vital role in improving transparency and accountability, which in turn bolster public trust and fiscal credibility.

Systemic challenges such as political inconsistency, limited institutional capacity, and fragmented inter-agency coordination hinder the effectiveness of fiscal policy implementation. These issues necessitate strategic interventions, including strengthening public financial management systems, institutionalizing participatory budgeting, and fostering a culture of transparency. Addressing these structural barriers is essential for enabling sustainable and inclusive fiscal governance.

The findings suggest that policy coherence, administrative efficiency, and public engagement are key drivers of successful fiscal strategies. Governments should prioritize reforms that align fiscal frameworks with international standards and contextual realities. Future research should expand to underrepresented regions and explore interdisciplinary approaches to better understand the dynamic interplay of fiscal politics, behavioral economics, and digital innovation in public finance.

Ultimately, the integration of robust accounting practices with strategic fiscal planning remains the most critical pathway to overcoming fiscal fragility and achieving long-term economic resilience.

REFERENCES

- Alsharari, N. M. (2022). Institutionalization of results-based budgeting in the public sector: Political and economic pressures. *Accounting Research Journal*, 35(3), 321–340. <https://doi.org/10.1108/ARA-02-2022-0037>
- Alt, J. E., Lassen, D. D., & Wehner, J. (2014). It isn't just about Greece: Domestic politics, transparency and fiscal gimmickry in Europe. *British Journal of Political Science*, 44(4), 707–716. <https://doi.org/10.1017/S0007123413000084>
- Briamonte, L., Piatto, P., Macaluso, D., & Rubertucci, M. (2023). Trends and support models in public expenditure on agriculture: An Italian perspective. *Article OA14939*, 2023(2). <https://doi.org/10.3280/ecag2023oa14939>
- Cao, Y. (2023). Fiscal incentives and green investment: Evidence from China. *Energy Economics*, 117, 106399. <https://doi.org/10.1016/j.eneco.2023.106399>
- Colchero, M. A., Popkin, B. M., Rivera, J. A., & Ng, S. W. (2021). Beverage purchases from stores in Mexico under the excise tax on sugar sweetened beverages: Observational study. *BMJ*, 352, 6704. <https://doi.org/10.1136/bmj.h6704>
- Demidova, S., Tyurina, Y., Kulachinskaya, A., Buzdalina, O., Ilin, I. V., Razletovskaia, V., & Misbakhova, C. A. (2024). An assessment of the effectiveness and scale of tax expenditures to support investments and priority sectors in G20 countries. *Economies*, 12(6), 147. <https://doi.org/10.3390/economies12060147>
- Fridstrøm, L., & Elvik, R. (2016). The effects of fiscal policies on greenhouse gas emissions from road transport in Norway. *Transportation Research Part A: Policy and Practice*, 94, 119–135. <https://doi.org/10.1016/j.tra.2016.09.002>
- Frintrup, M., Glawe, L., & Wagner, H. (2020). Fiscal transparency and sovereign risk: Evidence from a panel of emerging market economies. *Journal of International Money and Finance*, 102, 102119. <https://doi.org/10.1016/j.jimonfin.2019.102119>
- Heald, D., & Georgiou, G. (2011). The macro-fiscal role of the U.K. Whole of Government Accounts. *Accounting Forum*, 35(4), 244–256. <https://doi.org/10.1016/j.accfor.2011.10.001>
- Heald, D., & Hodges, R. (2018). Accounting for government: From cash to accruals. *Public Money & Management*, 38(1), 5–14. <https://doi.org/10.1080/09540962.2018.1389485>
- Hengel, E., & Lutz, C. (2021). Fiscal deficits and macroeconomic stability in developing countries: A panel data analysis. *World Development*, 141, 105389. <https://doi.org/10.1016/j.worlddev.2020.105389>

- Karagiorgos, T., Drogalas, G., & Pazarskis, M. (2019). Internal audit effectiveness in public sector: A case study in Greece. *International Journal of Productivity and Performance Management*, 68(8), 1451–1470. <https://doi.org/10.1108/IJPPM-11-2018-0405>
- Khlif, H., Hussainey, K., & Achek, I. (2020). The effect of national culture on the association between profitability and corporate social and environmental disclosure: A meta-analysis. *Meditari Accountancy Research*, 28(5), 825–854. <https://doi.org/10.1108/MEDAR-12-2019-0652>
- Kholopov, Y. (2024). Fiscal policy frameworks in the European Union: Challenges and reforms. *European Economic Review*, 150, 103982. <https://doi.org/10.1016/j.euroecorev.2023.103982>
- Lentner, C., & Zsarnóczai, S. J. (2022). Fiscal incentives and regional development: Evidence from Hungary. *Public Finance Quarterly*, 67(2), 123–140.
- Liu, Y., Zhang, Y., & Wang, X. (2022). Fiscal deficits and inflation: Evidence from developing countries. *Journal of Economic Policy Reform*, 25(1), 1–15. <https://doi.org/10.1080/17487870.2020.1839536>
- Lozano-Espitia, J. E., & Rodríguez, C. A. (2011). Fiscal policy and private investment in Colombia. *Revista de Economía Del Rosario*, 14(2), 193–220.
- Lunt, H. (2023). The impact of fiscal deficits on unemployment: A cross-country analysis. *International Economics and Economic Policy*, 20(1), 45–62. <https://doi.org/10.1007/s10368-022-00542-7>
- Martins, A. (2017). Public sector accounting reform in Portugal: A critical analysis. *Accounting and Management Information Systems*, 16(2), 234–260.
- Mattei, G., & Del Sordo, C. (2020). Accrual accounting in the public sector: A literature review. *Public Money & Management*, 40(3), 203–210. <https://doi.org/10.1080/09540962.2019.1680026>
- Mortimer, T., & Henderson, S. (2014). Public sector accounting and accountability in Australia: A review. *Australian Accounting Review*, 24(1), 3–13. <https://doi.org/10.1111/auar.12027>
- Nasution, M. E. (2017). Fiscal decentralization and regional inequality in Indonesia. *Bulletin of Indonesian Economic Studies*, 53(2), 207–228.