

The role of auditing for public sector quality: a structural equation modelling approach

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Abstract: A well-functioning public sector is essential for many aspects of contemporary society, such as political, social and economic outcomes. Namely, citizens are becoming increasingly demanding and accordingly expecting high quality of public services. However, recent trends related to modernization have placed public sector in front of different challenges, which increase the demand for oversight and inspection of the overall public sector. In this context, increasing emphasis is being placed on Supreme Audit Institutions (SAIs), which provide unbiased and objective assessment of whether public resources are managed responsible in compliance with existing rules and regulations. Accordingly, the main aim of the paper is to examine the role of auditing for public sector quality from the perspective of public service quality and public sector corruption. Therefore, the paper utilizes a Structural Equation Modelling (SEM) approach with a cross-sectional design on a sample of 968 experts in public sector. The empirical results demonstrate that audit quality enhances the public service quality and reduces public sector corruption, thus having important implications for overall public sector quality. Moreover, transparency and professionalism as two practices of good governance can serve as good channels to further exploit benefits of audit quality to public sector quality. The paper provides several theoretical and practical implications. From the theoretical perspective, it provides additional empirical support for the main theoretical foundations, while from the practical perspective, it gives some in-depth insights for internal and external stakeholders.

Keywords: auditing, public sector quality, structural equation modelling