Determinants of the Use of Accounting Information in the Public Sector Budgetary Decision-making Processes: The Case of Tanzanian Local Government Authorities (LGAs)

Licentiate Thesis

To be defended on 18th February 2014

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
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<tr>
<td>CCM</td>
<td>Chama Cha Mapinduzi</td>
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<td>CDG</td>
<td>Capital Development Grant</td>
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<tr>
<td>CHADEMA</td>
<td>Chama Cha Demokrasia na Maendeleo</td>
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<td>CMT</td>
<td>Council Management Team</td>
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<td>CUF</td>
<td>Civic United Front</td>
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<tr>
<td>DG</td>
<td>Development Grant</td>
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<td>FY</td>
<td>Financial Years</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IFMS</td>
<td>Integrated Financial Management System</td>
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<td>IMC</td>
<td>Ilala Municipal Council</td>
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<tr>
<td>IPSAS</td>
<td>International Public Sector Accounting Standards</td>
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<tr>
<td>KDC</td>
<td>Kisarawe District Council</td>
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<tr>
<td>LAAM</td>
<td>Local Authority Accounting Manual of 1992</td>
</tr>
<tr>
<td>LAFM</td>
<td>Local Authority Financial Memorandum of 1997</td>
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<td>LGA(s)</td>
<td>Local Government Authority (ies)</td>
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<td>LGRP</td>
<td>Local Government Reform Programme</td>
</tr>
<tr>
<td>MKUKUTA</td>
<td>National Strategy for Growth and Poverty Reduction</td>
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<tr>
<td>MoF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium-Term Expenditure Framework</td>
</tr>
<tr>
<td>NAO</td>
<td>National Audit Office</td>
</tr>
<tr>
<td>NBAA</td>
<td>National Board of Auditors and Accountants</td>
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<tr>
<td>NIE</td>
<td>New Institutional Economics</td>
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<td>NIS</td>
<td>New Institutional Sociology</td>
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<td>NPM</td>
<td>New Public Management</td>
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<tr>
<td>OIE</td>
<td>Old Institutional Economics</td>
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<tr>
<td>PA</td>
<td>Public Administration</td>
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<tr>
<td>PMO-RALG</td>
<td>Prime Minister’s Office- Regional Administration and Local Governments</td>
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<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
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<td>RG</td>
<td>Recurrent Grant</td>
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<td>SES</td>
<td>Socioeconomic Status</td>
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<tr>
<td>SB</td>
<td>Sector Basket Fund</td>
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<td>TRA</td>
<td>Tanzania Revenue Authority</td>
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<tr>
<td>URT</td>
<td>United Republic of Tanzania</td>
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<tr>
<td>USBE</td>
<td>Umea School of Business and Economics</td>
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Abstract
Since the 1980s, public sector entities have been exposed to accounting reforms under an umbrella of New Public Management (NPM). The main purpose of adoption of accounting reforms is to increase efficiency in decision-making by producing useful accounting information. However, it is argued that the adoption of accounting reforms by public sector entities in developing countries is attributed to the seeking of financial legitimacy, rather than increasing organisational efficiency (Mzenzi, 2013; Mkasiwa, 2011; Adhikari and Mellemvik, 2011; Tambulasi, 2007; Sarker, 2006). Therefore, it is the interest of this study to research the use of accounting information by public sector entities in developing countries. This study is based on an interpretative approach and employs an exploratory case study strategy with two cases (LGAs) in order to accomplish four specific objectives. The roles and responsibilities of LGAs and their multiple actors in delivering public services to the citizens, and their roles in budgetary decision-making attributed by the adopted accounting practices, represent the major motivation of this study. Institutional theory and its three branches, which are Old Institutional Economics (OIE), New Institutional Sociology (NIS) and New Institutional Economics (NIE), were used in the process of developing the initial model, and the overall interpretation of findings.

The findings of this study revealed three dimensions of instrumental-conceptual use, which included conceptual use, decision relevant, and recommendations use of accounting information in decisions related to estimations and collections of own source revenue. Furthermore, the study’s findings showed that legitimating use was the main dimension of the symbolic use of accounting information in the budget approval, as well as in the decision about estimating and collecting revenue from external sources. It further identified 22 factors influencing the use of accounting information in the budget decision-making processes. The study findings also revealed that instrumental-conceptual use of accounting information increases both an organisation’s budget efficiency as well as its external financial legitimacy. On the other hand, the symbolic use of accounting information decreases the organisation’s budget efficiency and the actual external financial legitimacy but increases the promised external financial legitimacy. This is attributed, mainly, by external institutional pressures that result in decoupling behavior in the use of accounting information in budgetary decision-making processes. In addition, the findings revealed that budget efficiency and acquired financial legitimacy are interdependent. This means that the high financial legitimacy acquired can indicate high budget efficiency in the situation the instrumental-conceptual use exists than the symbolic legitimating use of accounting information.

The study proposes a model of the determinants of the use of accounting information in budget decision-making processes for budget efficiency and external financial legitimacy. It informs reformers, practitioners, policy-makers and researchers about the necessary measures to undertake to make sure that NPM reforms, especially accounting reforms, enhance both efficiency and financial legitimacy in the public sector organisations through the use of accounting information.

Keywords: The use of accounting information, Determinants, Budget Decision Making processes, Public Sector, Financial Legitimacy and organization Efficiency as well as Developing Country.
CHAPTER ONE

PROBLEM AND ITS CONTEXT

1.1 BACKGROUND INFORMATION

1.1.1 Decision-making in the Public Sector and Accounting Information Use

The public sector plays a crucial role in socioeconomic development and is broadly synonymous with the government sector (Schacter, 2000). Public sector operations include Central Government and Local Government Authority (LGA), as well as government agencies’ activities (Mohamed and Farooq, 2008). The public sector is responsible for the development of infrastructure and the provision of basic services to the people, with people of a country having the same right to access all of the amenities provided, by it, whether they are rich or poor (Mohamed and Farooq, 2008).

Public sector organisations at large provide public services through the budget appropriations which are based on decisions made about sources revenue and projected expenditure (Sakurauchi, 2002; Chan, 2009). Public sector organisation’s budget decision-making processes is characterised by complex and competitive pressures (Boyne, 2002). Complexity in the budget decision-making process in democratically-elected governments is deemed to be caused by the existence of actors who have different roles and inconsistent preferences, interests as well as motives (Lawton, 2000). Indeed, the public sector actors can have conflicting interests in budget decision-making as they can be more interested in designing organisations to meet their own needs, rather than achieving any budget efficiency targets set by the government (Pilcher, 2005). The public sector actors include politicians and bureaucrats/administrators (Gomes, 2003; Chalu, 2007; Gomes, Fernandes, & Silva, 2011; Tundjungsari et. al., 2011). Politicians represent citizens in the budget decision-making processes, whereas bureaucrats or administrators have the responsibilities of preparing and implementing budget decisions made by politicians (ibid.).

The public choice theory asserts that political and administrative actors seek organisation performance and personal aggrandisement (such as having career security, better jobs, higher salaries and the entrenchment of power by maximising budget appropriations) which tend to deemphasise the operating efficiency (Rainey, 1976; Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971;1972;1978; Niskanen, 1974). Thus, budget decision-making processes in the public sector can be driven by individual self-interest of, rather than by, organisational efficiency considerations as posited under the Public Choice Theory (Mc Innes, 1995; Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971; 1972; 1978; Niskanen, 1974). On the other hand, budget decision-making processes in the public sector are seen as political processes, which allow public funds to be appropriated and spent according to value judgments (Hogye, 2002). This means that the decision to allocate and redistribute resources through budgeting is at large determined by citizens’ values, preference and priorities (Hogye, 2002). This provides room for the public sector budget decision-making processes to be political and bargaining processes with self-interest behaviour of actors which tend to undermine organisation efficiency. Therefore, inefficiency in budget decisions can result from inefficiency in resource allocation and
redistribution of wealth, and can lead to poor co-ordination and integration of government activities (Hogye 2002).

There is increasing pressure to increase efficiency by maximising productivity and minimising cost in public sector organisations (UN 2007; Common Wealth, 2011; Bøgt, 2008; Curristine, Lonti, & Joumard, 2007). In responding to the pressure, public sector organisations face the challenge of reforming their programmes, processes and operations in which actors are required to have self-interest to increase organisation internal efficiency rather than personal aggrandisement (Oliver, 1991; Powell, 1991; Hood, 1995; Guthrie, Olson, & Humphrey 1999; Broadbent and Guthrie, 2008; Mkasiwa, 2011).

Globally, since the 1980s, the public sector has been undergoing reforms under the umbrella of the New Public Management or NPM (World Bank, 2008). NPM is the concept geared towards marketisation or application of business management theories and practices in public service administration (Tohofari, 2005). The central element of NPM is that public organisations should import managerial processes and behaviour from the private sector with a motive of achieving efficiency in operations and financial management processes of the beleaguered public sector entities (Watkins and Arrington, 2007; Groot and Budding, 2008). NPM practices are deemed to increase efficiency, to maximise outcomes for the given inputs through the decentralisation or delegation of budgets as well as increasing the use of markets and competition in the provision of public services (like contracting out) (Goddard, 2005; Chalu, 2007; Hood, 1995; Guthrie, Olson, & Humphrey 1999; Newberry and Pallot, 2004; Broadbent and Guthrie, 2008; Mzenzi, 2013).

Furthermore, NPM practices are believed to increase efficiency through development of performance measurement systems and changing government accounting by adopting an accrual basis accounting across public departments and sectors including reliance on professional accounting standards (Goddard, 2005; Chalu, 2007; Hood, 1995; Guthrie, Olson, & Humphrey 1999; Newberry and Pallot, 2004; Broadbent and Guthrie, 2008; Mzenzi, 2013). However, Minogue (2000), Arrington (2007) and Mzenzi (2013:16) have criticised NPM for emphasising efficiency, and making public allocation of resources towards economic-based calculations, rather than being based on public values that are aimed at promoting the public good. This means that the concept of efficiency in the public sector is still debated, and a clear definition and measurement for the context is not yet identified. Several studies have attempted to investigate efficiency in the public sector but have failed to define it (see in Chukwuemeka & Ugochukwu, 2010; Mkasiwa, 2011; Mzenzi, 2013). For example, efficiency is defined as maximization of productivity and minimization of cost in delivering existing government policy (Hogye, 2002:22). However, Hogye (2002) argued that the subject of efficiency within the private sector view is still a political subject which budget officers played a key role to promote, what are so called NPM reforms in public sector organisations. This is because of the fact that the public sector is characterised with common ownership, multiple inputs and outputs which have a proper data set. It is also characterised by the production of public goods which are not based on profit but rather community values and preferences. However, the main argument of efficiency in public sector organisations is that budgeting involves allocation efficiency which meant on minimisation of cost on provision of public goods (Hogye, 2002; Chukwuemeka & Ugochukwu, 2010; Mkasiwa, 2011; Mzenzi, 2013).
Despite the criticisms of NPM, still the integral part of public sector reforms remain the process of changing the government’s accounting system. The government accounting reforms initially started as an Anglo-American administrative culture model, before being adopted by supranational organisations and bodies such as the Organisation for Economic Co-operation and Development (OECD), the World Bank and the International Monetary Fund (IMF), hence the resultant global acceptance (Galera and Bolivar, 2007). The reforms involved the changing of traditional accounting techniques, such as cash basis accounting budgeting and reporting system; by adopting accounting techniques from the private sector which were deemed to increase efficiency, and then they were applied to diverse public sector entities. The adopted accounting techniques include accrual-based budgeting and financial reporting, full costing, performance measurement and performance auditing (Guthrie, Olson, & Humphrey 1999; Galera and Bolivar, 2007; Christensen, Newberry, & Potter, 2010). The cornerstone of the public sector accounting reforms has been the adoption of accrual basis accounting (Pessina, Nasi, & Steccolini, 2008).

Accrual-based accounting has been adopted and is being implemented by the governments of both developed and developing countries such as the United Kingdom (UK), New Zealand, Italy, Australia, Norway, Sweden, India, Sri Lanka, Pakistan, and Tanzania (Groot and Budding, 2008; Newberry and Pallot, 2004; Caccia and Steccolini, 2006; Barton, 2009; 2006; United Republic of Tanzania [URT], 2010). Regardless of the sector to which it is applied, accrual-based accounting refers to gathering, ordering and reporting information regarding expenses, revenue, assets, liabilities, and net worth derived on the basis of the recognition of transactions at the time an economic event occurs (Adelaide, 2009). Accrual-based, as opposed to cash-based accounting, is based on the argument that it enhances the quality of accounting information by recognising all costs of transactions or events, regardless of the timing of cash received or paid (Monsen, 2006). Revenues are, thus, recognised only when services are rendered, not when cash is received and expenses are recognised, when economic resources are used, rather than when they are paid for in cash (Matheson, 2002). Accrual-based accounting is more useful in terms of the provision of relevant and reliable information than cash-based accounting, which can lead to poor quality information which is not useful to users (Ouda, 2003).

The adoption of accrual-based accounting has been credited for its viable contribution to efficiency in decision-making by providing useful accounting information which facilitates decision-making in the public sector (Adelaide, 2009). However, the facilitation role depends mainly on the use of accounting information in decision-making (Assad, 2001; Alijarde, 2002; Kobayashi, Yamamoto, & Fujii, 2011). Accounting information in decision-making can be used in two main ways: symbolic and instrumental use (Deshpande and Zaltman, 1982; Chua, 1988: 2003; Diamantopoulos and Souchon, 1999; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004; Walle and Bovaird, 2007; Philemon, 2010). Symbolic use is characterised by interactions of actors on socially-constructed norms, values, identity and meaning about reality, as presented by the accounting numbers (Chua, 1988; 2003; Vyas and Souchon 2003; Walle and Bovaird, 2007; Philemon, 2010). Instrumental use, on the other hand, is characterised by the analysis, evaluation and search for data and test for solutions (Chua, 1988; 2003; Philemon, 2010). The instrumental use of accounting information is the direct use of the information, this means information use for specific actions or decisions, For example
information about revenue collected, and their sources from quarterly accounting reports is used to develop several strategies for boosting revenue collections and decisions are made on the best strategy. Kurunmaki et al. (2003) add conceptual use of accounting information for general enlightenment. The conceptual use of accounting information is an indirect use of the information (Diamantopoulos and Souchon, 1999; Amara, Ouimet, & Landry, 2004; Philemon, 2010). For example, a general understanding of either source of revenue or type expenditure of organisation from financial and management accounting reports is done to broaden knowledge of managers, not for specific action in budget decision-making processes.

The extent of efficiency, which can be obtained by instrumental and conceptual and symbolic uses, is seen differently. Instrumental and conceptual use is deemed to lead organisational efficiency, in that it involves the direct and indirect use of information for future decision-making; it allows information to be translated into significant practical actions and provides a platform for managers improve their knowledgeable about the organisational operation (Philemon, 2010; Vyas and Souchon, 2003; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004). Several Studies on information use, such as Diamantopoulos and Souchon, (1999), Kurunmaki and et al. (2003), Amara et al.s (2004), Toften (2005) and Philemon (2010) registered a positive relationship between the instrumental use of information and the organisation’s operational efficiency.

Symbolic use, on the other hand, is deemed to have a negative impact on organisational efficiency because actors use information for political purposes, rather than for enhancing organisational efficiency. Symbolic use allows information to be distorted, oversimplified and often collected to legitimise decisions that have already been made. For example, Brunsson (1989, p. 107) and Kurunmaki et al. (2003, p. 115) argue about the symbolic use of accounting information in budget decisions. It is their assertions that accounting reports and information may be constructed for preparation and approval of budget decisions and forms the core function of the public organisation, but that actions remain loosely coupled with budget decisions (Brunsson, 1989; Kurunmaki, Melia, & Lapsley, 2003). The policy makers may discuss the need to create budget reduction, but this discussion is disconnected with the reality of actual expenditure (Brunsson, 1989; p.126; Kurunmaki, Melia, & Lapsley, 2003, p.116). Thus, symbolic use is negatively related to an organisation’s efficiency, as reported in studies such as Diamantopoulos and Souchon (1999), Amara and co-writers (2004), Toften (2005) and Philemon (2010).

On the other hand, the symbolic use of information is equally important in decision-making for legitimating, promoting and sustaining predetermined positions. For example, in justifying the achievement of budget targets and expectations (Amara, Ouimet, & Landry, 2004: Feldman & March, 1981; Kurunmaki, Melia, & Lapsley, 2003). Furthermore, the symbolic use of accounting information is important when the rational model may not be the best for explaining decisions, and hence information is used to symbolised commitment of rational choice by involving intuitions rather than technical aspects (Walle and Bovaird, 2007: Feldman & March, 1981). However, the symbolic use in such circumstances requires that actors have experience and use well informed intuitions, otherwise it contributes to organisation inefficiency (Vyas and Souchon, 2003). Kurunmaki et al. (2003) argue that the symbolic use of accounting information in the
public sector is a result of institutional pressure, and is more inclined towards the attainment of legitimacy than the concern for efficiency. Institutional pressures transferred by coercive, normative and mimetic mechanisms shape organisations and their actions are subsequently affected. Organisations are hence forced to behave in a manner which promotes organisational legitimacy and survival, Therefore the behaviour of organisations is not necessary driven by their need to promote organisational efficiency, as pointed out under the new-institutional sociology theory (DiMaggio and Powell, 1983).

Understanding the factors that determine the use of accounting information by actors in the public sector budget decision-making process, which result in organisational efficiency rather than merely engender legitimacy and survival; is a controversial matter, and deserves significant consideration. There is also a possibility that both an organisation’s internal efficiency and external financial legitimacy can be integrated into budget decision-making processes because they are equally important for the survival of public sector organisations (Collier, 2001; Modell, 2001; Mkasiwa, 2011). Previous studies investigated the public budgeting and accounting information use, especially in public hospitals and non-governmental organisations (NGOs), CG as well as in LGAs revealed that accounting information was symbolically used to legitimise budget decisions (see Assad, 2001; Kurunmaki, et al., 2003; Mkasiwa, 2011; Mzenzi, 2013). Such use of accounting information was done to create a positive impression to external regulators and financial resource providers in order to access funds rather than increasing internal organisational efficiency (Assad, 2001; Kurunmaki, Melia, & Lapsley, 2003; Mkasiwa, 2011; Mzenzi, 2013). This means that the use of accounting information was used strategically to gain external financial legitimacy by decoupling it; however, there was less to tell about internal budget efficiency. This made public sector organisations, especially in the developing country context, over dependants on external funds and lacking sources of funding for their survival and resulted in poor provision of public services (Mkasiwa, 2011; Mzenzi, 2013). Therefore, to understand how and what determines the use of accounting information in the public sector budget decision-making processes, by the actors to achieve internal budget efficiency and gain external financial legitimacy is an important area which cannot be overlooked.

The discussion above, on accounting information use for decision-making in efforts aimed at enhancing efficiency in the public sector, also takes cognisance of the existence of differences between countries with regard to their development status. In this regard, public sector organisations of developing countries differ from those in developed countries on the basis of contingency factors such as technology, income, expertise, economic, culture and environment (Arinaitwe, 2007). Also, technological, financial, and political uncertainties and poverty are more pronounced in developing countries than in developed countries. As a result, it has been generally argued that the adoption of accounting reforms by public sector entities in developing countries is attributed to the seeking of financial legitimacy, rather than increasing organisational efficiency (Mzenzi, 2013; Mkasiwa, 2011; Adhikari and Mellemvik, 2011; Tambulasi, 2007; Sarker, 2006). The public sector, such as LGAs, of developing countries is at large characterized with fund uncertainty and the external environment creates pressure by associating access of fund and adoption accounting reforms to improve efficiency. Due to poor conditions, such
as deficiency of regulations system, political interference, complex budget systems, lack of manpower and poor information systems as well as self-interest behavior among the actors, public sector organisations of developing country tend to focus on manipulating external financial legitimacy by decoupling accounting practices which undermine internal budget efficiency (Mzenzi, 2013; Mkasiwa, 2011; Adhikari and Mellemvik, 2011). Therefore, it is important to research the use of accounting information and factors influencing accounting information use by actors of the public sector entities for the efficiency and the legitimacy in the developing countries which can be different from the developed countries counterpart (World Bank, 2008; Mkasiwa, 2011; Mzenzi, 2013). Furthermore, conducting a study of this nature in developing countries is significant, primarily because the contexts of these nation-states have not been captured well, theoretically and empirically (Broadbent and Guthrie, 2008; Hopper et al., 2009). Therefore, there is a need to investigate the accounting information use in the context of the public sector of a developing country because the existing theoretical and at large empirical evidences have a foundation of developed countries (Askim, 2007; Moynihan and Pandey, 2010; Proeller, Siegel, & Kroll, 2010; Kobayashi, Yamamoto, & Fujii, 2011; Johansson and Siverbo, 2009).

1.1.2 The Public Sector in Developing Countries

Developing countries include the least developed countries (LDCs) and middle-income developing countries (UN, 2011). The LDCs are low-income states that are deemed structurally disadvantaged in their development process and face the risk of failing to come out of poverty (Arinaitwe, 2007). LDCs are characterised by low income, weakness in human assets and economic vulnerability. The descriptions of characteristics or criteria which are used to review the list of LDCs are as follows:

a) **Low income** based on a three-year average estimate of the gross national income per capita (under $905 for cases of addition to the list, above $1,086 for cases of graduation)

b) **Weak human assets** in light of a composite Human Assets Index (HAI) based on indicators of: (a) nutrition, (b) health, (c) school enrolments, and (d) adult literacy;

c) **Economic vulnerability** in light of a composite Economic Vulnerability Index (EVI) based on indicators of: (a) instability of agricultural production, (b) instability of exports of goods and services, (c) diversification from traditional economic activities, (d) merchandise export concentration, and (e) economic smallness (UN, 2011)

The LDCs include African countries such as Tanzania, Uganda and Democratic Republic of the Congo (DRC), and Asian countries such as Nepal, Bangladesh and Lao People’s Democratic Republic (UN 2011). Although some developing countries are categorised into middle income and LDCs (Hopper et al., 2009; UN, 2011), some prefer to refer to them as simply developing countries (Jooste, 2008; Adhikari and Mellemvik, 2011). The public sector is the largest spender and the main employer in virtually every developing country and it sets the policy environment for the rest of the economy (World Bank, 2008). Adhikari and Mellemvik (2011), Sarker, (2006) and Boex (2003) point out that the public sector of developing countries has been experiencing institutional, technical, and political failures which have contributed to poor decisions, unlike in the developed countries. Thus more than underpinning political complexities, the decision-making of public sectors in developing countries is often dogged by scarce resources, red-tape, low technology, lack of
expertise and human assets, donor influence, political influence and ill-educated actors especially politicians (Adhikari and Mellemvik, 2011; Sarker, 2006; Boex, 2003; Mkasiwa, 2011). These features hinder the effective implementation of NPM programmes such accrual-based accounting in developing countries in the sense that the use of accounting information in budget decisions is subjective to uncertainty, ambiguity and complexities in decision-making, self-interest behaviour, poor quality of information and legitimising behaviour for external financial legitimacy than internal budget efficiency attainment (Adhikari and Mellemvik, 2011; Mkasiwa, 2011; Mzenzi, 2013; and Sarker (2006).

This raises the liability of failing to achieve efficiency despite adopting the International Public Sector Accounting Standards (IPSAS)-accrual based accounting practices under the NPM programme in public sector organisations in such developing countries within such an operational environment. Nevertheless, pressure to improve public sector efficiency linked to internal budget efficiency in developing countries from donors and citizens remains huge. The pressure to achieve internal budget efficiency needs public sector organisations to increase sources of revenue, especially from internal sources rather than external sources as well as efficiency, utilisation of collected revenue in providing public services to the citizens (Chalu, 2007; Mzenzi, 2013; Mkasiwa, 2011). This is due to the fact that external sources of revenue are characterised with uncertainty and ambiguity conditions which attached with the budgeting processes. This makes organisations in public sector struggle to conform with conditions, instead of implementing a budget for efficiency maximisation (Mkasiwa, 2011). The use of accounting information has a role in responding to pressures of increasing efficiency, as well as financial legitimacy through an informed decision-making process and operations of public sector organisations (Assad, 2001; World Bank, 2008). Research on accounting information use in budget decision-making processes in developing countries context cannot be ignored, primarily because the reformers, practitioners, policy-makers and researchers in developing countries need information on what can facilitate the use of accounting information in decision-making from existing phenomena, based on salient features.

To this end, the study seeks to investigate the use of accounting information in budget decision-making processes and its determinants in LGAs of the developing country phenomenon for internal organisational efficiency, as well as for financial legitimacy as closely intertwined aspects (Collier, 2001; Model, 2001). This is because LGAs are large consumers of public sector/government sector financial resources as implementers of government initiatives and providers of public services to the people in the developing country context (Chandler, 2010). Therefore, LGAs spent more of government budgeted revenue, in which more accounting information is expected to be produced as well as used in budget decision-making processes. Furthermore, little research has been done to address accounting issues, LGAs at large in the developing country context as well as for fact that accounting form core function in the organisations (Kurumakari, Melia, & Lapsley, 2003; Mzenzi, 2013).

1.1.3 Local Government Authority
What constitutes Local Government Authorities (LGAs) may differ from one country to another, due to central government structural and forms differences (Chandler, 2010).
However, the responsibilities and roles of LGAs across countries remain more or less similar; they are all charged with the responsibility of providing efficient public services and amenities to the local people to maintain stability and their democratic jurisdiction, which give them legitimacy (Chandler, 2010; Mzenzi, 2013). Therefore, the definition of LGA is subjective to a given country’s central government and its structure, despite the functions of LGAs remaining similar in terms of their being connected to serving the local population on behalf of the central government (Gomes, 2003). In fact, the LGAs, as sub-national level of government, plays a crucial role in socio-economic development of their nations, by delivering key government services such as primary education, basic healthcare and other government services that are generally considered typical local services (Boex, 2003; Mzenzi, 2013).

LGAs have the responsibility for improving the welfare of the local communities by making and executing proper decisions in setting up strategic policies and direction as well as in preparing and executing plans, budgets and financial strategies (Chalu, 2007). Budgeting is the most elaborate part of the LGAs’ financial management practice; it captures at large the financial decision-making of the LGAs (Bergmann, 2009). LGAs are financed by a budgeting process which emphasises the future service delivery, rather than the past and it is associated with the prevailing political systems and structures and both the political and administrative actors are involved in the process (Goddard, 2005). The LGAs use the budget, which is prepared by administrative actors but approved by political actors, and form allocation and control mechanisms for resources, together with a monitoring device of public revenue and spending (Peter, 2009).

The role and responsibilities of LGAs’ political and administrative actors in budgeting decision-making have increased due to the adoption, as well as the implementation, of reforms under the NPM umbrella aimed at enhancing efficiency. For example, decentralisation has brought decision-making closer to local priorities and the processes of budgeting preparation, approval and execution closer to the LGAs’ political and administrative actors (Keefe, Narayan, & Vishwanath, 2005). In this regard, decentralisation gives LGAs a high profile in the implementation of strategies, plans, and budgets as well as in the provision of public services to people, in which the Central Government (CG) remaining with policy-making and monitoring roles. This scenario raises the stakes on the possibility that the NPM reforms, which have been adopted by the public sector, were being implemented by the LGAs in the developing country context.

The existence of the NPM programs does not necessarily override the fact that there is complication in the LGAs’ decision-making in the developing country context. As a result, some scholars have reported challenges and problems facing NPM practices in LGAs such as the adoption and implementation of accrual-based accounting (Adhikari and Mellemvik, 2011; Sarker, 2006; Tambulasi, 2007; Mzenzi, 2013). The adoption and implementation of the NPM concepts, accounting practices in particular by LGAs in developing countries, observed as coercive pressures imposed in financial reporting and budgeting system in the funding uncertainty environment, increase the symbolic-legitimising behaviour stemming from manipulations in budget decision-making at the expense of enhancing the efficiency gain as promised by the NPM framework (Adhikari and Mellemvik, 2011; Sarker, 2006; Tambulasi, 2007; Mzenzi, 2013). On the other hand, pressure and demand for efficient
operations among LGAs remain constant from both the internal and external environment (Adhikari and Mellemvik, 2011; Mzenzi, 2013). For example Adhikari and Mellemvik, (2011) argued that there many arguments about accounting reforms in public sector (LGA in case) but nothing significant happened to change the existing practice in the developing country context. Evidence is required by reformers of accounting practices in the developing country context which shows the specific ways that make accounting information to be used in public sector decision-making processes. It is for the fact the reforms are undertaken to increase quality and enhance useful of accounting information in the decision-making. This means, increasing the quality of decisions made by using accounting information which is relevant and reliable for the budget decisions; and also which can be understood and interpreted as well as used by decision makers; that can improve the organisational efficiency, as well as assure financial legitimacy. Therefore, the study seeks to investigate beyond reforms and come up with determinants of the use of accounting information in budget decision-making processes for improving organisation budget efficiency and external financial legitimacy.

1.2 Statement of the Problem

From the background information, it appears that there is a need of understanding how accounting information is used and what determines its uses in the public sector budget decision-making processes. This is because of increasing of the information gap for policy-makers, reformers, researchers and practitioners who may increase the impossibility of achieving efficiency as well as legitimacy through the use of accounting information in public sector decision-making. It is despite of the adoption and implementation of the NPM reforms, especially accounting reforms in developing countries’ public sectors, the case of LGAs. Thus, the research problem which this study aims to address is lack of knowledge of how accounting information is used and what determine its use in public sector budget decision-making processes. This is for the aim of achieving budget efficiency and external financial legitimacy through the budget decision-making processes. The study’s research problem is driven by the empirical gap and theoretical gap as well as methodological gap.

Several studies attempted to investigate the use of information and the factors influencing the use in public sector decision-making, e.g. Moynihan and Ingraham (2004); Askim, (2007); Dull (2008); Moynihan and Pandey (2010); Proeller and co-workers (2010). However, all of these studies were conducted in the developed country public sector and for those studies done in developing focused on investigation of accounting changes due NPM reforms (see in Adhikari and Mellemvik, 2011; Sarker, 2006; Tambulasi, 2007; Mkasiwa, 2010; Mzenzi, 2013). Therefore, there is still a lack of evidence on the use of accounting information in the developing country public sector; this is the empirical research gap which this study seeks to fill. On the other hand, the previous studies did not explicitly base on the clear theoretical explanation on how information was used in term of instrumental use, conceptual use and symbolic use. This means that there is a lack of theoretical explanation on how public sector actors use accounting information in budget decision-making. Furthermore, the previous studies had weakened theoretical base and they used different theories to develop variables influencing the use of information in public sectors. For example, Moynihan and Ingraham (2004) argued on public sector performance theory, Proeller and Co-writers (2010) argued on New institutional and
contingency theory while Moynihan and Pandey (2010) argued on organisation learning theory. As result of theoretical gap, there are conflicting variables which investigated by different previous studies that influencing the use of information in public sector decision-making. This study argues on the multiple of theories to develop and identify determinants or factors influencing the use of accounting information in budget decision-making processes with connection of legitimacy and efficiency.

Therefore, the study employs the Institutional Theory as the core theory integrated with the Contingency Theory, the Luder (1992) Contingency Model for Government Innovation as well as the decision usefulness concept to develop and identify the determinants of the use of accounting information. Furthermore, the study also employs the Public Choice Theory to explain the budget Efficiency alongside some Legitimacy Theories to describe the external financial legitimacy. Due to the fact that most of the previous studies employed positivism approach to test the extent factors influencing the use of information and their results are conflicting, it therefore, this study fills the methodological gap by employing interpretative approach to answer the main research question. This means, through interpretive approach the study identifies the specific variables for the context which explain how accounting information is used and what determine its use in budget decision-making processes for efficiency and legitimacy. This is further due to fact that theoretical and empirical evidence originates from a developed country; therefore there is a need to identify specific variables which explain the developing country’s public sector. The main research question is; ‘How and what determines the use of accounting information in the public sector budgetary decision-making process for internal budget efficiency and external financial legitimacy?’

1.3 Research Objective

1.3.1 Main Objective

The main objective of this study is to investigate how and what determine the use of accounting information in the budget decision-making processes. The study seeks to develop a model of determinants of the use of accounting information in the budget decision-making processes for financial legitimacy and organisation efficiency. The study is undertaken in the developing country public sector organisations, using two of Tanzania’s Local Government Authorities (LGAs) as twin case studies.

1.3.2 Specific Objectives

The study has the following specific research objectives:

1. To investigate how political and administrative actors within LGAs use accounting information in budget decision-making processes.
2. To identify and describe factors influencing the use of accounting information by political and administrative actors in the LGAs’ budget decision-making processes.
3. To explore how the use of accounting information influencing organisation’s budget efficiency as well as external financial legitimacy in LGAs.
1.4 Significance of the study

Contribution from this research can be seen in different ways. The first is the theoretical contribution. Among the problems facing researchers in developing countries is lack of a theory that explains this phenomenon. Indeed, most of the theories in the existing body of knowledge are grounded in the developed countries’ contexts, therefore this study’s findings are expected to identify specific variables which explain the context and are interpreted from the adopted theoretical framework. This study uses Institutional Theory (NIS, NIE and OIE) and Contingency Theory to deduce the variables influencing accounting information use for budget efficiency and external financial legitimacy. Furthermore, it employs Public Choice Theory coupled with the rationality concept and theory of legitimacy to explain the coupling of budget efficiency and external financial legitimacy.

Incidentally, all these mentioned theories were grounded in the context of developed countries however, used by this study to develop theoretical/conceptual or initial model. Thus, the study findings are expected to modify the existing theoretical model to come up with a model, which directly and relevantly explains the accounting information use in the public sector decision-making in the context of a developing country, using the case of Tanzania’s LGAs. This means, the findings of this study are expected to empirically reveal the specific variables which interpreted by multiple theories adopted, and eventually modified the study theoretical model. Generally, in the accounting discipline, the problem of theoretical foundation is huge. Researchers in the accounting discipline are encouraged to use the interpretive research methodology to develop accounting theories or models (see in Ahrens, Becker, & Burns, 2008; Cooper, 2008; Armstrong, 2008; Durocher, 2009). Armstrong (2008) argues that, when undertaking qualitative field research in accounting, data should be positioned to contribute to theory or models.

Therefore, study findings are expected to contribute to the accounting model development by using exploratory case studies and the data are interpreted by the Institutional Theory (NIS, NIE and OIE); the Contingency Theory; the Decision usefulness concept, the Legitimacy Theories and the Public Choice Theory. On the other hand, Armstrong (2008) posits that theory is to be constructed through an iteration in which hypotheses and observation are adjusted, one in light of the other, so as to achieve mutual consistency. Furthermore, among the issues which are addressed by this study is about the decision-making approach in public sector decision-making. The literatures review indicates the existence of multiple decision-making approaches which can be demonstrated in the budget decision-making processes. Rainey (2003); Turpin and Marais (2004) and Amara and co-workers (2004) suggest that the rational, the contingency perspective, the incremental and the garbage are the main decision-making approaches. However, the previous studies argue that the budget decision-making process of the public sector is a political process which involves bargaining and compromising in which efficiency is undermined. Therefore, the study findings are expected to contribute to the budget decision-making approaches, by making sure that information is used to improve efficiency and to assure legitimacy in public sector.

The second is the practical contribution as many public sector organisations, particularly those based in developing countries, are in a transition period of adopting and
implementing the New Public Management practices such as accrual-based accounting, decentralisation as well as devolved budgeting, performance budgeting, contracting out and others (World Bank, 2008; Adhikari and Mellemvik, 2011; Sarker, 2006). Accounting practices, particularly in public sector in the context of developing countries tend to be initially made to increase the quality of accounting information for decision-making (see in Adhikari and Mellemvik, 2011; Sarker, 2006; Mkasiwa, 2011; Mzenzi, 2013).

Findings from this study are expected to assist reformers and policy-makers in selecting appropriate measures and actions capable of making sure that the accounting information produced is used in the decision-making process of, particularly, the public sector of developing countries. Therefore, the findings from this study are expected to contribute to the promise that reforms will improve efficiency, especially accounting reforms, in the public sector organisations, including LGAs of developing countries particularly in Tanzania. Furthermore, the use of accounting information in decisions is identified as a cornerstone for achieving aspects of good governance such as efficiency, transparency and accountability in public sector under the NPM reform. The study findings are expected to inform councillors and administrators on the way forward to make accounting information use an integral part of the budgeting decision-making process, particularly in budget preparation, approval and execution in a bid to achieve good governance and enhance public services.

The third contribution is to the body of literature on the topic. This study contributes to future research on NPM in the context of the developing countries. The study is also expected to benefit future researches in public sector decision-making by underscoring factors influencing the use of information in public sectors decision-making. Furthermore, future accounting researchers can benefit from the study’s findings as the study has added information and knowledge to the discipline about the model of using accounting information, including factors influencing its use in public sector organisations in developing countries.

1.5 Outline of the Thesis

This licentiate thesis is presented in nine chapters as follows: Chapter one presents the research problem by introducing the reader to the complexities of the political and institutional structure of public sector’s decision-making in the developing country context. It also underscores the importance of accounting information use in making informed budgeting decisions. Moreover, the chapter provides the statement of the problem, main and specific objectives of the study. In addition, the chapter presents the significance of the study, a brief description of the theories reviewed and methodology employed by the study.

Chapter two presents the conceptual and empirical literature on the use of accounting information in the budget decision-making processes. The chapter also reviews the literature on public sector decision-making processes, theory of legitimacy and Public Choice Theory.

Chapter three reviews the theoretical/conceptual and empirical literatures on factors influencing accounting information use in the public sector budget decision-making
processes. The chapter starts by reviewing literature on the NPM concept before dealing with the decision useful concept. Furthermore, the chapter reviews Institutional Theory, Contingency Theory alongside the empirical evidence related to the accounting information use and the factors that influence public sector decision-making. Finally, the chapter ends with a summary of the chapter and presentation of the initial model for determinants of accounting information use in the public sector budget decision-making processes.

Chapter four presents the research methodology employed by the study. The chapter includes the rationale behind the research paradigm and the case study research strategy adopted in the study. The chapter elaborates unit of analysis, how the cases were selected, data analysis procedures and presentation which includes data coding and data analysis approaches. Additionally, the chapter explains how the quality of research is maintained in terms of research validity and reliability.

Chapter five presents an historical perspective and budgeting process of Tanzania’s LGAs as part of data presentation and analysis. Chapter six and seven respectively present and analyse data generated from the case of the Ilala Municipal Council (IMC) and that of the Kisarawe District Council (KDC) as part of the individual case analysis. Chapter eight presents cross-case analysis by considering the research objectives, data codes (themes) and the data collected. Chapter nine finally presents a discussion of the study findings by reflecting on the theories and prior studies. Furthermore, the chapter presents a model for determinants of accounting information use in the public sector’s decision-making process as they particularly apply to the developing country context. It also presents recommendations and implications for theories, policy-makers, reformers, and practitioners in addition to making suggestions on potential areas for future research. The chapter also explains the limitations of the study.
CHAPTER TWO

The Use of Accounting Information in the Public Sector Budget Decision-making Processes

2.1 Introduction
The chapter presents a theoretical and empirical literature review on the use of accounting information in the public sector budget decision-making processes. Specifically, the chapter reviews the literature on the dimensions of the use of accounting information, public sector decision-making approaches, the Public Choice Theory and the Theory of Legitimacy. The Public Choice Theory and the Theory of Legitimacy reviewed to describe budget efficiency and external financial legitimacy.

2.2 Accounting Information
Collier (2006) defines accounting as the process of identifying, measuring and communicating economic information that allows information users to make informed judgments and decisions. Accounting information is defined as a means by which we measure and communicate economic events (Collier 2003: 2006:2010:2012). Other scholars such as Hirst (1981), Askim (2007), Moynihan and Pandey (2009), and Proeller and co-writers (2010) considers accounting information as part of performance information which involve monetary form. There are two types of accounting information: financial and management accounting information (Drury, 1996; Collier, 2003: 2006:2010:2012). For the purpose of this study, both types of accounting information are considered in the discussion.

Financial accounting information is information from financial statements such as statements of financial position, statements of financial performance, cash flow statements, statements of change in equity or net assets and accounting policies, and notes to the financial statements (IPSAS 1, 2006). These statements contain information about assets, liability, net assets/equity, revenue, expenses and cash inflows (IPSAS 1, 2006). Therefore, financial statements describe information about sources, allocation - including uses of the financial resources, the ability of an entity to finance activities as well as meet their liabilities, together with how the entity finances its activities and meet its cash requirements (IPSAS 1, 2006). In short, financial information is information designed primarily to assist external users in deciding where to place their scarce resources (Collier, 2006).

Managerial accounting information, on the other hand, is provided within an organisation as a means for assisting internal users to adapt their activities so that they can continue to achieve their objectives in the face of environmental and internal changes (Otley, Emmanuel, & Merchant, 1995; Drury, 1996). A major function of management accounting information emanating from budgets and other management reports is to support managerial decision-making pertaining to the future of the organisation and in controlling the implementation of the decisions that they make for the maximisation of financial benefits (Otley, Emmanuel, & Merchant, 1995). Anthony (1965, 1988) categorised managerial decision-making and control activities into strategic planning, management control as well as operational control, and argued that most managers would be primarily...
concerned with only one type of activity. Public managers involved, particularly those acting as top managers/board of directors such as political actors (councillors) and administrative actors (executive officials such Executive director and Head of Departments of councils in LGAs) are expected to use both financial and managerial (more of the former and less of the latter) accounting information in strategic and monitoring decision-making such as approving budget and contracts (Alijarde, 2002). Operation managers such as economists, accountants, human resource officers of the LGAs’ departments are expected to use more managerial and less financial accounting information in operational decisions, for example decisions pertaining to specific parts of budgeting preparations such as estimations of revenue and budget executions (Alijarde, 2002). Accounting information can be produced either by using cash and/or accrual-based accounting reporting systems (Matheson, 2002; Adhikari and Mellemvik, 2011)

Cash-based accounting involves the recording of cash receipts, payments and balances at the time of the cash transactions, irrespective of when the related goods and services are produced or received (Adhikari and Mellemvik, 2011). Generally, cash-based accounting is considered as a traditional way of accounting in which financial statements contain information that does not show assets, depreciation, liabilities, public debt, and future benefits of assets. This means it can distort the true operations of the activity (Tudor and Mutiu, 1990; Adhikari and Mellemvik, 2011). However, cash-based accounting information is easy to understand and use in decision-making (Tudor and Mutiu, 1990; Adhikari and Mellemvik, 2011). However, Adhikari and Mellemvik (2011) found t in the developing country public sector in the case of Nepal CG, that cash basis accounting systems can be improved by moving to cash basis IPSAS. This was, for a short period, done for the government to rectify the weakness of the systems to accommodate accrual basis accounting systems in future. The cash basis IPSAS is based on disciplined accounting principles which increases quality of accounting information compare to traditional cash basis accounting systems, but not to the extent of accrual basis accounting systems.

Accrual-basis accounting recognises revenues and expenses in the accounting period in which they have been earned or incurred, irrespective of when cash is received or paid (Matheson, 2002; Adhikari and Mellemvik, 2010). The public sector of developing and developed countries used cash-based accounting to produce accounting information over the years up to the 1980s when NPM models were introduced (Hood, 1995). The NPM models enforced the use of accrual-based accounting in the public sector primarily because cash-based accounting information can mislead users in the decision-making process. Several studies done both in developed and developing attempted to investigate the use of accrual against cash based accounting information in the public sector (Guthrie, 1998; Sarker, 2006; Rkein, 2008; Groot and Budding, 2008; Barton, 2009; Adhikari and Mellemvik, 2011; Kobayashi, Yamamoto, & Fujii, 2011). These studies found largely partial use of accrual-based accounting information by users in the public sector. The implication is that both cash-based accounting and accrual-based accounting information was being used by users or actors in the public sector’s decision-making process. Furthermore, the studies such as Adhikari and Mellemvik, (2011) admitted that accrual-based accounting information is much better than cash-based accounting information in the public sector’s decision-making process. This is because it provides the complete
information about cash and non cash economic events of the organisations. It is the interest of this study to explore how information which is produced, either by accrual-based accounting or cash-based accounting, or both, is used in decision-making processes. The study argues that multiple dimensions of the use of accounting information can exist with different impact on the quality of decisions which are made by the actors. The subsequent section reviews the literature on the dimensions of the use of accounting information in the public sector decision-making processes.

2.3 The Dimensions of the Use of Accounting Information

Whether accounting information is financial or managerial, whether obtained from cash or accrual based accounting, it can be used in two main ways by actors in decision-making, which are symbolic and instrumental use (Deshpande and Zaltman, 1982; Chua, 1988; 2003; Diamantopoulos and Souchon, 1999; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004; Walle and Bovaird, 2007; Philemon, 2010). Symbolic use refers to using information that is based on symbolic meaning constructed from social action as a product of the actor’s compliance with stable, shared norms or meaning and personal knowledge as well as experience (ibid.). Therefore, social interaction and reality are constructed according to an individual actor’s action to use information in decision-making (Chua, 1988; Vyas and Souchon, 2003). Symbolic use of information, on the other hand, is all about using information for legitimising and confirming decisions (Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004), which have already been made as a social order that it is obtained through an actor’s compliance with stable shared norms and meanings in specific social situations (Chua, 1988).

As for the instrumental use of accounting information, it is defined as the use of information through analysis and evaluation, searching for data and testing for solutions (Chua, 1988). In addition, instrumental use of information in decision-making involves undertaking a specific decision or action that can be clearly designated (Philemon, 2010; Vyas and Souchon, 2003; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004). Kurunmaki and co-writers (2003), instrumental use is treating accounting information as a technical aspect which increases efficiency in the decision-making process. In this regard, information use does not only help to improve the technical quality of decisions, but also legitimises the decision made (Walle and Bovaird, 2007). According to Walle and Bovaird (2007), instrumental use of information is a basis for a rational approach to decision-making which may not necessarily be the best way for explaining decisions and using information in decision-making because the major assumption here is that there are clear goals and stable conditions when this may not always be the case. Nevertheless, instrumental use of information remains a powerful tool for decision-makers, when it comes to describing and legitimising their behaviour (ibid.). Thus, the instrumental use of accounting information may play both efficiency and legitimating roles in the decision-making process of actors. Likewise, symbolic use, also in instrumental use, accounting information is a reality constructed from social interaction and involves an official order of documents and is basically hierarchical in nature with well-defined areas of responsibility including accountability (Chua, 1988). Therefore, according to Chua (1988), the instrumental use of accounting information is organisation perspective rather than individual actors’ perspective. The current study, argues that both symbolic use and instrumental use can either be individual perspective or organisation perspective. This is
because of the fact that accounting numbers are representing the reality of organisations in economic terms in which social interactions between organisation systems, institutions, cultural and actor’s behaviours, as well as external environmental construct such reality. Therefore, symbolic and instrumental behaviour can be outcome of the organisations structures, systems and institutionalised cultural as they interact with the actors’ behaviours.

Another way of using accounting information is conceptual use. Philemon (2010) argues that the conceptual use refers to thinking over an issue without putting information to any specific documentable use. Conceptual use is based on ‘a gradual accumulation and synthesis of information’ and a gradual incorporation ‘into the user’s overall frame of reference’ (Walle and Bovaird, 2007:12). It involves information use for general enlightenment and results influence actions, but in a more indirect and less specific way than in instrumental use (Amara, Ouimet, & Landry, 2004; Philemon, 2010). It has been reported by Hall (2010) that managers use accounting information not only directly in specific decisions but also for getting a more general understanding of their work environment.

2.3.1 Dimensions of Symbolic Use of Accounting Information

The symbolic use of information is caused by the existence of symbolic values due social efficacy and social structures to which actors are bound, with actors having a legitimating role of making a decision, and to the society in which accounting information is gathered and communicated to justify those symbolic competences (Field and March, 1981; Nesbakk and Paulsson, 2012). Symbolic use of information in decision-making can be referred to in multiple dimensions in relation to an organisation’s performance (Vyas and Souchon, 2003:72). Dimensions of symbolic use are social use, power seeking use, affective use, legitimating use, self-promotion use, symbolic non-use, haphazard use, and information distortion (Vyas and Souchon, 2003:72). Symbolic social use is described as the use of information to consolidate relationships with information providers. In this regard, information is gathered to maintain a good relationship with information suppliers (Menon and Varadarajan, 1992; Vyas and Souchon, 2003; Philemon 2010). Such a relationship is deemed to enable information providers to provide quality information that is relevant to decision-making needs because the information providers have a feeling of being trusted (Vyas and Souchon, 2003). Therefore, interactions between users and providers through sharing of accounting information can either increase trust or uncertainty in the decision-making process depending on the nature of information-sharing (Chua, 1988:2003). Consequently, social use of information is positive related with organisational performance such budget efficiency if trust between information providers and users results to the use of accounting information which has relevant quality (Vyas and Souchon, 2003).

Power seeking use of information is described as the symbolic use of information to obtain, maintain and enhance the power of the decision-makers (Vyas and Souchon, 2003:72). Thus, the political struggle of actors in the organisation can make actors use information or knowledge to retain power in the decision-making body with little or no regard to the meaning of information in decision-making. In the public sector, where the decision-making process is characterised by complexity and competitive pressures that are
caused by conflicting interests between multiple actors who have different roles, interests and motivations, information use can be oriented towards power-seeking rather than towards promoting organisational efficiency (Lawton, 2000; Boyne, 2002; Pilcher, 2005). The Public Choice Theory asserts that politicians and bureaucrats tend to use information in their own interest (self-interest behaviour) to maximise budgets, primarily to obtain greater power, larger salaries, and other perquisites but also leading to organisational inefficiency in the process (Ostrom and Ostrom, 1971; Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971; 1972; 1978; Niskanen, 1971; 1973; 1974). If the actors use accounting information for the power seeking with meaningful on the organisation budget decision-making processes, then such kind of use can improve organisational budget efficiency.

Affective use of information is described as the use of information to bolster the level of confidence in the decision to be made (Vyas and Souchon, 2003:72). Such symbolic use of information increases confidence among decision-makers on the decisions made without necessarily adding value to the decisions themselves. Affective use of information occurs when the environment is uncertain and there are high fears of failure (Vyas and Souchon, 2003). The impact of symbolic-affective use of information in decision-making as well as in organisational performance depends on the extent of the actors’ fear of failure (ibid.). Legitimating use of information is the symbolic use of information to justify decisions made on the basis of intuitive preconceptions prior to objective analysis (Vyas and Souchon, 2003:72). Thus legitimating use of accounting information involves actors who use information on the basis of other grounds. Kurunmaki, Melia, & Lapsley (2003) posit that accounting information and activities have a legitimate role in the budgeting process in the public sector’s health centre rather than an instrumental role which is buffered by the external environment.

The external environment is a crucial element in the emergence of legitimising behaviour of using accounting information and activities in public sector budgeting decision-making that does not necessarily increase efficiency (Kurunmaki, Melia, & Lapsley, 2003: 137). Mkasiwa, (2011) argues that the co-existence of internal institutional pressure for efficiency along with external institutional pressure, which are not necessarily contradictory, can result in accounting information use that has a more instrumental rather than symbolic role; otherwise it can lead to a struggle for conformance, or symbolic legitimating use of accounting information. The impact of legitimating use of accounting information in the budget efficiency depend to the experience of actors on informing intuitions and grounds used as a basis for the budget decisions (Vyas and Souchon, 2003). On the other hand, previous studies in developing countries public sector have demonstrated that legitimating use of accounting information and practice is conducted for gaining external financial legitimacy (Assad and Goddard, 2006; Mkasiwa, 2011; Mzenzi, 2013). This is because accounting information has power to legitimate access of fund from external sources by demonstrating transparency and accountability as the main issues for good governance (Assad, 2001; Assad and Goddard, 2006)

Self-promoting use of information is described as the use of information by the actor to visibly portray knowledge and competence to others in the organisation (Vyas and Souchon, 2003:72). The positive impact of such information in an organisation depends on
the commitment of the organisation, that is, it can lead to a negative impact on organisational efficiency, primarily because self-promoting use of information is an outcome of an individual rather than organisational motivation. The existence of conflict and competing political actors due to democratic elections, might lead to self-promoting use of accounting information. The Public Choice Theory asserts that political actors tend to use accounting information in budget decision to promote themselves to the voters (Gomes, Fernandes, & Silva, 2011). It confirmed that accounting information can be used to influence the voting decisions of citizens when selecting political leaders in LGAs (Gomes, Fernandes, & Silva, 2011). Thus, self-promoting use of information can prevail among political actors in budget decision-making, especially in open meetings such as full council meetings as they vie to promote themselves to their voters. Indeed, public meetings such as the full council in LGAs are often used often by actors as a showcase of the entire important budget decisions already made and make a significant contribution to public accountability (Goddard, 2005: 209).

Non-use of information is another dimension of symbolic use of information (Vyas and Souchon, 2003:72). This basically refers to the ignoring of information which is readily available for decision-making. It is because of either it lacks usefulness (example quality) or does not conform to pre-established political or symbolic reasons that are, in effect, unrelated to the usefulness of information (Vyas and Souchon, 2003). The decision usefulness concept elaborates the usefulness of accounting information in decision-making (Staubus, 1960; Bruns, 1968; Williams; 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent 2003; Sutton, 2009). Accounting information is primarily useful for decision-making when it has the relevant quality (i.e. it is relevance that information has feedback and predictable value in decision-making; and reliable that information is characterised with representational faithfulness, includes elements such as verifiability, neutrality and completeness). Users may avoid using accounting information or knowledge or systems in hand in the decision-making process because they believe it does not match with the perceived usefulness of accounting information or knowledge or systems which are needed for such decisions.

The perceived usefulness of accounting information is described as perceived importance and perceived ease of use, particularly when using accounting information is free from effort and free from difficulties (Davis, 1989: Jeong and Lambert, 2001; Chalu, 2007: Philemon, 2010). The perceived usefulness of information may not be considered by users in using information, and in such cases the use of information may be symbolically based on other grounds (Vyas and Souchon, 2003). On the other hand, the unavailability and inaccessibility of information in decision-making also lead to non-use of information. Jeong and Lambert (2001) argue that perceived ease of access, availability and convenience of accounting information creates a positive attitude of users in using accounting information. The impact of non-use of accounting information may be determined by the perceived usefulness of information, time constraints towards decision-making and information overload, as well as the availability of other grounds or beliefs in decision-making (Vyas and Souchon, 2003).

Haphazard use of information is described as the use of information on the basis of its availability or accessibility, rather than its relevance (Vyas and Souchon, 2003:72). Faced
with time constraints in the decision-making process or the availability of overloaded information, decision-makers may attempt to use any available information without considering its relevance to a given decision situation. Relevance of accounting information is described as the primary and necessary characteristic of accounting information’s usefulness in decision-making (Sutton, 2009). Accounting information relevance is all about making the difference in the resultant decision. In this regard, the effect of the haphazard use of accounting information in the organisational performance depend on the relevance of the information deployed in decision-making (Vyas and Souchon, 2003).

Distortion of information use is described as a deliberate modification or manipulation of information that contradicts the existing preconceptions to support decisions made on other grounds (Vyas and Souchon, 2003). The decision-maker can distort information to demonstrate or support decisions already made and show superiors that the decisions made were made on well-informed grounds (ibid.). The previous studies in public sector of developing country revealed that decoupling of accounting information, in decision-making, is done to acquire external revenue which is limited with conditions from funders (Chalu, 2007, 2010; Mkasiwa, 2011; Mzenzi, 2013). Such manipulation of accounting information may have a negative effect on the quality of decision, as well as on organisational efficiency. Whereas the legitimating use, by experienced actors, can lead to an improved organisational performance and (Vyas and Souchon, 2003), symbolic use in general can result in external legitimacy, especially when there is funding uncertainty, ambiguity and complexities, regulatory deficiency and donor influence in relation to provision of funds (Assad, 2001, 2006; Kurunmaki, Melia, & Lapsley, 2003; Mkasiwa, 2011; Mzenzi, 2013). Generally, the study considered symbolic use as multi-dimensional uses of accounting information in which their impact on organisational performance (efficiency) depend on type of dimension of symbolic use in the decision-making process. However, it has positive relations with legitimising behaviour by an organisation’s actors.

### 2.3.2 Dimensions of Instrumental-Conceptual Use of Accounting Information

Literature on information use debates on whether instrumental and conceptual uses are different (multi) or single dimensional. According to Duni (1986), instrumental use is not a separate dimension but rather a particular type of conceptual use (in Diamantopoulos and Souchon, 1999:2). Other scholars have argued that the directness of information use in decision-making is what differentiates the conceptual and instrumental use (Weiss, 1981; Amara, Ouimet, & Landry, 2004). On the other hand, the direction of relationship of information use in decision quality as well as in organisational performance makes conceptual use to be similar to instrumental use. Several studies of information use have revealed that instrumental and conceptual uses are positively related to organisational performance (Vyas and Souchon, 2003: Philemon, 2010).

Deshpande and Zaltman (1982) posited four dimensions of the instrumental use of marketing research findings in the export decision-making process. These dimensions are decision-relevant of information use; information surplus use; recommendations implementation; general quality as reflected by overall satisfaction with the research (Deshpande and Zaltman, 1982: 19). Decision-relevant information or relevance of the accounting information in the decision-making process is described as the ability of
information to make a difference in decision-making. Thus, information use under the decision-relevant dimension regards use of information as a matter of impact. Without using such information the decisions made can be very different (Bruns, 1968; Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, 1999; Amara, Ouimet, & Landry, 2004; Philemon, 2010). Due to relevance of information in decisions, information can be translated into significant practical action (Diamantopoulos and Souchon, 1999).

Instrumental use-information surplus refers to a situation where there is excessive information, which has little or lacks relevance to decision-making (Deshpande and Zaltman, 1982). According to Vyas and Souchon (2003), the availability of information surplus encourages the haphazard use of information which ultimately negatively impacts organisational performance. Situations where the majority of information is not used in decision-making can indicate the existence of surplus information use (Diamantopoulos and Souchon, 1999). Recommendation implementation is one of the instrumental uses advocated by Deshpande and Zaltman (1982). Under this arrangement, the use of knowledge or information or research findings in decision-making is done because it was recommended. This means no decision can be made without such information (Diamantopoulos and Souchon, 1999; Philemon, 2010). Instrumental use- general quality as reflected by overall satisfaction with the research finding or information can be described as the instrumental use of information whereby the quality of the process of producing information for decision is highly considered (Deshpande and Zaltman, 1982). The process of producing accounting information is highly considered by several studies that address the quality of accounting information for decision-making. For example, Xu (2003) and Chalu (2007, 2010) identified several factors that enhance the quality of accounting by increasing the capability and ability of processing or production of such information for decision-making. Measurement generates performance information; accounting information describes the outputs and outcomes of public programmes and organisations generated by systems and processes intended to produce such information (Askim, 2011:455). Therefore, User satisfaction on information and the quality of systems and processes used to produce accounting information have an instrumental role in decision-making (Xu, 2003).

Whereas decision-relevant use of accounting information focuses on the impact of decision; the information surplus use; recommendations implemented information use; general quality as reflected by overall satisfaction of information; are explaining the instrumental use of accounting information as an accepted input in the decision-making process (Deshpande and Zaltman, 1982). As the focus of this study is on the instrumental use of accounting information as an accepted input and an impact in the decision-making process, the instrumental-conceptual use as the main single dimension has been considered due to fact that instrumental and conceptual use both lead to a positive impact on organisational performance. Generally, the literature reviewed on instrumental use and its dimensions of information; in our case, accounting information use in decision-making is positively related to organisational performance such as the organisation’s efficiency in operations.
2.4 Previous Studies on Accounting Information Use in Decision-making

Several studies evidenced the use of accounting information by understand why information is used, how it is used, what factors influence information use, and what are the impacts of using information on public sector decision-making. On studies done in the developed world, such as Ansari and Euske (1987), the study focused on the use of cost accounting data from cost systems within the technical-rational, social-political and institutional perspective dimension of using information in an organisation. Ansari and Euske (1987) used a longitudinal study which involved archival data covering a 22-year span and an in-depth study involving 95 interviews conducted in 14 US military installations. The findings of the study indicated more social-political and institutional use (symbolic use of information) than technical-rational use, that is, instrumental use. The study did not look at the impact of use on organisational efficiency and/or financial legitimacy since the military, as public sector, depends on external funding rather than internally-generated funds.

Johnsen (2005) identified key determinants of the use of non-mandatory performance measurement in political institutions in 162 LGAs of Norway by using document content analysis. It was found that there was a political use of information that had an element of instrumental use in the strategic decisions of municipal decision-making, particularly in situations where there were little budget slack, inefficient lobbying, and dependence on local taxes. Here there was an increase in instrumental use. On the other hand, political use with decoupling of information prevailed in situations where there was high budget slack, high uncertainty and complexity due organisational size, and ambiguity contingencies. Here performance information was symbolically used by decoupling (manipulation or distortion of actual information was done) for obtaining external legitimacy. The study focused on assessing information use in a non-mandatory performance measurement regime, which was its limitation that the current study seeks to overcome.

Askim (2007) investigated how politicians use performance information in the decision-making process, which included accounting information in Norway local governments, in which a postal survey method was used to administer a questionnaire to 750 councillors. Askim (2007) argues that there was a possibility that politicians rarely make direct, instrumental use of performance information. The findings revealed that a high utilisation of performance depended on the nature of councillors’ committee activity as well as the sources of information. However, findings from the study do not explicitly show whether the use increases organisational efficiency and external legitimacy.

A study by Amara and co-writers (2004) investigated the use of public university research findings in government policy decision-making using a sample of 833 government officials, who took part in the survey. The study found that the dimensions of the use of research results depended on the type of policy domain to which professional government managers belonged. Furthermore, symbolic use, instrumental use and conceptual use of information were found to have complementary roles in the government policy decision-making process due to availability different policy domain and complexities of government decision-making (Amara, Ouimet, & Landry, 2004).
Few studies undertaken in developing countries have addressed the use of accounting information in the public sector have done so inexplicitly. In fact, studies such as Assad (2001, 2006), Mkasiwa, (2011) and Mzenzi (2013) addressed accounting practices and budget practices of non-governmental organisations (NGOs), the central government, and the LGAs, respectively, by using the grounded theory approach. In the studies, the symbolic use and decoupling of those accounting and budget practices was found to enhance external legitimacy. In which coexistence of instrumental and ceremonial accounting practice as strategies to legitimacy were also resulted to the efficiency pattern. These studies concurred with other studies such as Collier (2001) and Modell (2001) which suggest that legitimacy and efficiency can be simultaneously achieved through the use of accounting and budget practice in public sector organisations such as LGAs; in which external institutional pressure coerce the situation. These previous studies affirm the role and existence of symbolic and instrumental use; however their determinants and impact on organisational efficiency as intertwined with financial legitimacy remains largely unknown, particularly when accounting information use is mandatory in decision-making, such as the budget decision-making process. Other studies were done in developed countries, hence lacking evidence relating to the developing country context. In the current study, symbolic use, instrumental-conceptual use of accounting information in the budget decision-making process was considered as the basis for analysing accounting information use by both administrative and political actors. The review of the decision-making process in connection with the dimensions of accounting information was found to be necessary in understanding the use of accounting information in the public sector organisation, LGAs in the case of this study.

2.2.3 Nature and Approach of Public Sector Decision-making Process

Decision-making is defined as identification and choosing alternatives based on the values and preferences of the decision maker (Harris, 1998). Some scholars of public sector decision-making argued, and described the public sector decision-making process as non-market decision-making process which applies economic tools in the analysis of political behavior (Gomes, 2003). In the context of public sector, the decision-maker might be a policy-maker (e.g., a politician) or one of his or her analysts, a public agency official who manages or implements decisions (Ibid). The decision-making process of the public sector is characterized by a complex and less-transparent stakeholder network, many diverse interests, multiple problem perceptions and multiple preferences, a large set of appraisal criteria, aggregation of many and often divergent interests of society into such notions as "general welfare", which only masks the conflict (Bencina, 2011).

Rainey (2003) identifies four decision-making approaches from the public management literature. The first approach is rational decision-making; the rational decision-making approach view of decision-making suggests that decision-makers follow a specific process where goals are decided upon, alternatives are developed in accordance with such goals, and then the most efficient alternative is implemented. Rationality means herein that a decision-maker has the ability to predict the future environment as well as identify the basic aim of the organisation and its related measures of success (Jalonen, 2006). The rational model of decision-making is connected to instrumental view of using accounting
information which argued that decision makers have clear goals, objective and interest of attaining those goals as well as they have relevant information (Marra, 2000; Walle and Bovaird, 2007). It is argued that the instrumental use of accounting information is predicated on the actual existence of rational decision-making process, this means rational model support the instrumental use of accounting information in decision-making (Amara, Ouimet, & Landry, 2004; Walle and Bovaird, 2007). Furthermore, the rational model of decision-making approach described the decision makers as individuals that who motivated and influenced by wants and goals that express their preferences in the decision-making process (Scott, 2000). Rationalistic models tend to posit a high degree of control over the decision-making situation on the part of the decision-maker (Etzioni, 1967). For the fact that the government decision-making process is non-market decision-making and assumption of the rational model over individual actors in a political oriented organisation are required to be adjusted with the objective and constrain around the decision situational. This means that the control over decision-making by decision makers is not always in the public sector organisation.

The Public Choice Theory needs public organisations to utilize individual choice and preference in the decision-making process, which is within non market oriented. This is because the market may fail to provide the analysis of collective and political decision which needed in some area in the public sector (Butler, 2012). Public sector organisations are characterized by self-interest behavior among conflicting and competing actors in the decision-making such budget decision-making process (Boyne, 2002; Pina, 2007; Butler, 2012). For those arguments the rational model in the public sector is criticized. Jalonen (2006) argues that successful management has more to do with the ability to motivate people and create a communicative organisational culture than making rational decisions.

(2) The contingency perspective decision-making approach as where the decision maker use judgment and intuition, undertake in bargaining and political maneuvering in their decision-making process because rational decision-making cannot occur under unstable, unclear or complicated conditions. Turpin and Marais (2004) posited on political view of the decision-making process in which actors personalized the process by bargaining rather than making rational decisions. For the fact that public actors differ on how to process and use relevant information and also they are influenced more with power and self interest behavior in making decisions (Turpin and Marais, 2004), multiple dimensions of symbolic use may exist such as power seeking, self-promoting use, distortion use and non-use of accounting information in the decision-making process (Menon and Varadarajan, 1992; Vyas and Souchon, 2003). This is where the decision maker experience is needed to inform intuition in political decision-making processes in order the efficiency to be achieved (Turpin and Marais, 2004), otherwise the decision-making, based on un-informed intuition, reduces organisation efficiency (Vyas and Souchon, 2003). This is because actors such as politician tend to use intuition and disregard information which contradicts their decision position (Askim, 2007).

(3) Incremental decision-making approach, this is where decision-makers choose to make less controversial (the requirement for political consensus and compromise), intermediary decisions to ensure some degree of success of achieving vague goals presented instead of
choosing an alternative that a rational decision-making process would predict. Etzioni (1967) argues that the incremental strategy takes into account the limited capacity of actors, fosters decisions which neglect basic societal innovations.

(4) The garbage can model decision-making approach comes from the observation that decisions are made in organisations when particular decision-making opportunities or requirements arise and it is often unclear who has the authority to decide what and for whom. The garbage can model assumes the decision-making process involves a problem, solutions and multiple actors who make the choice of opportunity and symbolize the garbage, but are not necessary that they guide and control the process (Turpin and Marais, 2004; Amara, Ouimet, & Landry, 2004). It is assumed that garbage can model allows actors to use accounting information conceptual (indirect) rather than instrumental (direct) way in decision-making because instrumental way needs relevant information and goals as well as decision makers to be clearly identified (Amara, Ouimet, & Landry, 2004). The developers of information (accounting information in this case) hope that their work will be utilized in some form of rational decision-making processes or that at the very least, their tools and information are used to help inform incremental decision-making process (Rainey, 2003); as well as in political decision-making process where accounting information can be used to legitimized decision or deliberate manipulated to support prior defined positions (Vyas and Souchon, 2003; Turpin and Marais, 2004).

2.5 The Budget Decision-making Process and Approaches in Public Sector

Hogye (2002:5) describes budget in the public sector as follows:

The public budget generally reflects the policy of the government toward the economy. Public budget is a forecast of governmental expenditures and revenues for the ensuing fiscal year, which may or may not correspond to the calendar year. Except for primitive economies, the budget is the key instrument for the expression and execution of government economic policy. Public budgets have wide implications for the national economy. Through budgeting governments exercise the allocating, stabilisation and distributive functions. They are, therefore, political as well as economic documents and are products of the political processes by which competing interests in any nation achieve agreement. The budget in the public sector is seen as a political document through which money is appropriated according to value judgments and, therefore, the budget process is a political process that takes place within a political arena (Gildenhuys, 1997; Hogye, 2002). The budget process involves three basic stages: budget preparation, budget approval and budget execution (Joyce and Sieg, 2000; Hogye 2002). Various decisions which LGAs can make by using accounting information are budget decisions, which include resource allocation decisions and distribution decisions for economic development (Richard and Schwartz, 2004) as well as borrowing decisions.

The budgeting decision process is required to deploy accounting information to achieve efficiency; it emphasises future service delivery rather than the past and it is associated with political, institutional systems and structures at large in LGAs (Goddard, 2005). Budgeting under the function perspective is a very strategic because it refers directly to the output of an entity and it plays an important role in achieving the goals of the public sector of financial management and resource allocation (Bergmann, 2009). Thus, decisions may revolve around an increase or decrease in the provision of that output, the quality of the output, the introduction or increase of fees, investing in improved facilities and others.
Several studies on budget practice and process in the public sector conducted in developed countries were reviewed. Nyland and Pettersen (2004) investigated the link between budgets, accounting information and the decision-making processes at both the strategic and operational levels in a large Norwegian hospital that was facing public management reform. The case study findings revealed that the budget process can easily be understood as incremental and relied on the rule of the thumb by actors and that there was non-use of accounting information, a situation that resulted into high budget deficit due to unclear information on the cost of serving a patient. Therefore, accounting information was not considered as important in decision-making and was taken as supplemental information at the operational levels. Loose coupling was also observed between budget and activity consequences. In fact, the budget deficit was treated as a flexible budget as part of a strategy to get more external funding and expand activities. Moreover, it was observed that accounting information, as an evaluation criterion (decision-making), gained more attention at the strategic level. On the other hand, Nyland and Pettersen (2004) described the impact of such symbolic use of accounting information in budget decision-making for external legitimacy, and treated organisational efficiency and external legitimacy in a dichotomous manner rather than as intertwined aspects.

Nutt (2005) compared public and private sector decision-making practices by using simulation calls for participating managers to assess the risk and prospect of adopting budgets tailored to match each sector. The study findings showed that the private sector managers were approving budget estimations which prepared through analytical procedures. Public sector managers were more likely to support budget decisions derived from bargaining with agency people than from analytical procedure. However, accounting for the controversial budget decisions, the study was unable to find differences between the sectors. The study did not reveal how accounting information was used in budget decision-making processes by public sector executive managers for organisational budget efficiency and financial legitimacy.

Previous studies which were undertaken in developing country LGAs, revealed contradictory findings about the use of performance information that included accounting information in the budget decision-making processes. For example, on budgeting practices in the US local governments by Melkers and Willoughby (2005) found that performance information was at large used by administrators and budgeters during budget preparation and less used in budget execution. However, Askim (2007) found that performance information was not used in budget preparation but used in budget execution in Norway LGAs by the councillors. Due to the contradictory findings about performance information use in LGAs of developed countries, the current study investigates how accounting information is used by both administrator and councillors in the LGA’s budget decision-making processes, in the developing country context.

Koyabashi et al. (2011) analysed the usefulness of accrual-based accounting information in decision-making and as compared with cash-based accounting information, using data generated through a postal survey of the finance department in all cities of Japan. The results established that accrual-based accounting information was minimally used in decision-making regarding budgeting, evaluation, assets and debt management, whereas finance officials recognised more benefits of accrual-based accounting information than
cash-based accounting information in some fields (Koyabashi, Yamamoto, & Fujii, 2011). In other words, budgets in the LGAs were done by using more cash-based accounting information despite the New Public Management (NPM) reforms requiring the adoption of accrual-based accounting. Shi (2005) suggests measures that can make accrual accounting information to be used in decision-making. For example, the budget should be prepared on an accrual basis according to government information on accruals; the budget and financial reports should be harmonised effectively; and other measures should be taken to make affective use of accounting information on an accrual basis (Shi, 2005). Shi (2005) based the investigation on budget decisions on the three main stages of the budget process: budget preparation, budget approval and budget execution.

There are few studies conducted in developing countries that addressed budget practices in public sector organisations. Mkasiwa (2011) investigated accounting changes and budget practices in Tanzania’s central government by using the grounded theory approach. Mkasiwa (2011) found that availability difficulties made actors struggle to conform to new budget practices under the NPM programme, whereby uncertainty in the environment, including funding uncertainty, complex budgeting systems, the donor-influence, and unwelcome cultural and administrative practices play a major role. The grounded theory by Mkasiwa (2011) proposes the adoption and implementation of accounting changes in relation to budget practices that aim at legitimacy, efficiency and self-interests; however, the theory does not show a way to efficiency but rather accounts for legitimacy and self-interest behaviour.

2.6 Theory of Public Choice and Public Budget Efficiency

The Public Choice Theory is a branch of economics, which emerged in the fifties and received widespread public attention in 1986 when its founder, James Buchanan, was awarded the Nobel Prize in economics. Public Choice Theory utilises principles of economic to analyse people’s actions in the marketplace and applies them to people’s actions in collective decision-making. The theory is based on four basic assumptions (Ostrom & Ostrom, 1971). First, individuals are assumed to be self-interested. This is the central argument of Public Choice Theory as decisions in the public sector are considered to be driven by individual self-interest rather than by organisational efficiency considerations (Ostrom and Ostrom, 1971). In other words, politicians and government bureaucrats (administrators) basically pursue their own rather than the public interest such as career security, better jobs, higher salaries and entrenchment of power through the budget decision-making processes (Ostrom and Ostrom, 1971). Public Choice Theory posits that self-interest behaviour among the actors can result in accounting information being used for self-promotion, legitimating, and distortion to meet their position, priorities and preferences in budget decision-making processes. This means decision relevant use of accounting information can be applied by actors, as long as it can result positively to their own interest and priorities through budget decision-making processes.

Secondly, individuals are assumed to be rational. Ostrom and Ostrom (1971) refer rationality as the ability of two rank all known alternative decisions such as budget decisions to individual actors in a transitive manner. Third, individuals are assumed to adopt maximising strategies (Ostrom and Ostrom, 1971). Fourth, an explicit assumption needs to be stated, concerning the level of information possessed by a representative
individual (ibid.). Therefore, individual government actors can be considered to be rational in way that the instrumental use and or symbolic use of accounting information can be strategically done in budget decision-making for self-interest as well as for budget efficiency (Mkasiwa, 2011). As argued by Vyas and Souchon, (2003) that the political struggle of actors in the organisation can make actors use information or knowledge to retain power in the decision-making body, with little or no regards to the meaning of information in decision-making. Ostrom and Ostrom (1971) also assume that individual government actors act in response to pressure raised by external interest groups that demand certain government actions to be done such as the need for efficiency in the budgeting (Nash, 2008). Therefore, self-interest behaviour, legitimising behaviour and budget efficiency can be induced by external pressure group demand. However, pressure from interest groups to which government actors respond to ensure legitimacy result into decoupling/loose coupling organisations as public sector organisations are characterised by unclear or poorly defined objectives, regulation deficiencies, lack of incentives as well as funding uncertainty in the budgeting process as posited by public choice theorists (Ostrom, 1971; McInnes, 1995; Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971;1972;1978; Niskanen, 1971; 1973; 1974; Gomes, Fernandes, & Silva, 2011).

Definition and application of budget efficiency in decoupling/loose coupling organisations in the public sector are more difficult than in private sector organisations. This is because private sector efficiency measurements relate with profit or returns on capital (Kurunmaki, Melia, & Lapsley, 2003; Curristine, Lonti, & Joumard, 2007) in which public sector organisation such as LGAs both lack analogue of profit seeking behaviour and adequate feedback system to assess quality of decisions (Worthington and Dolley, 2000). Furthermore, public sector organisations such LGAs focus on producing public goods which do not based on the profit rather community values and preferences. Several previous studies were conducted in order to investigate the impact of NPM reforms and employ the term efficiency but largely fail to define it in the context of the public sector (see in Chukwuemeka & Ugochukwu, 2010; Worthington and Dolley, 2000; Mkasiwa, 2011; Mzenzi, 2013). Commonwealth (2011:3) defines government efficiency thus:

In the public sector [it]involves making the best use of the resources available for the provision of public services by reducing numbers of inputs (e.g. people or assets), whilst maintaining the same level of service provision; additional outputs, such as enhanced quality or quantity of service, for the same level of inputs; improved ratios of output per unit cost of input; changing the balance between different outputs aimed at delivering a similar overall objective in a way which achieves a greater overall output for the same inputs.

The budget maximisation strategy by bureaucratic (actors) results in higher government spending overall, inefficient allocation among government agencies, and inefficient production due to small outputs within them that means budget inefficiency (Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971;1972;1978; Niskanen, 1971; 1973; 1974). It is for these reasons that under the NPM programmes, the public sector is being encouraged to move towards defining and applying efficiency, such as performance-based budgeting, output budgeting and strategic budgeting in which efficiency is a necessary measurement, as in the private sector (Melkers and Willoughby, 1998; Curristine, Lonti, & Joumard, 2007; Mkasiwa, 2011). The current study uses Public Choice Theory to describe budgeting in public sector under the actors’ self-interest behaviour and rationality approach to explain how budget maximisation is geared towards budget efficiency and individual actors’ self-
interest. This is due to external interest groups, as well as internal pressures which influence either instrumental-conceptual use or symbolic use of accounting information budget decision-making processes. The issue of survival of actors with their self-interests motivates them to maximise the budget to meet their own interests such as high salaries as well as being elected or re-elected as office-bearers as dictated by internal and external pressure from interest groups with keen interest in budgetary efficiency and external legitimacy. These pressures change the actors’ behaviour so that they embrace accounting information use as a strategy in budget decision-making survival aspects.

Public Choice Theory has been applied by several studies to describe the NPM-induced reforms in the public sectors. Groot and Budding (2008) posit that Public Choice Theory’s main orientation is the orderly organisation of the governmental system, applying scientific principles of government organisation and collective decision-making. Public Choice Theory, when applied, leads to administrative reforms in the public sector (Aucoin, 1990; Yamamoto, 2003). Boex (2003) applied the Public Choice Theory to describe the current incidences of central government allocations to LGAs in Tanzania. Gomes, Fernandes, & Silva, (2011) applied the theory to explore the extent to which accounting information influences voters’ behaviour in the re-election of local politicians. The main argument is that accounting information has the power to reflect results of public policies and, consequently, serve as a vehicle for communicating the economic effects of political management (ibid.). Results show that both the quality of financial reporting and information on the financial as well as economic situation turn out to be decisive in influencing electoral outcomes (Ibid). Also, the results show that the influence of accounting information and socio-economic factors in voting decisions is dependent on the size of municipalities as a contingency variable (Gomes, Fernandes, & Silva, 2011).

Despite the application of Public Choice Theory, Public Choice theorists have been criticised for failing to explain human actions motivated by non-rational or non-economic considerations (Gomes, Fernandes, & Silva, 2011). Boex (2003), for one, argues that Public Choice Theory offers a model that is too complicated to understand individual actors’ behaviour in the budget decision-making and promotion of budget efficiency. Nevertheless, the Public Choice Theory manages to explain the role of self-interests by public sector actors and their strategies in budget decision-making; but it does not explain how legitimacy behaviour is bonded to the budgeting process with accounting practices being conducted for financial survival prospects (Mkasiwa, 2011). The study considers budget efficiency and financial legitimacy as intertwined aspects in the budget decision-making process of the public sector. In this process, accounting information plays a major role. Thus the review of theories or concepts that explain issues of legitimacy with regard to the public sector was deemed necessary.

2.7 Legitimacy Concept as Portrayed in Theories

Legitimacy is defined as a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially-constructed system of norms, values, beliefs, and definitions (Suchman, 1995: 574). There are some theories that explain legitimising behaviour in a public sector organisation in developing countries. Assad (2001) has developed a theory of navigating legitimacy, in which the concept of organisational efficiency is undermined, with focus being placed by NGO actors, for
example, on the use of accounting practices to gain external financial legitimacy. In the later formulation of the theory of legitimacy, the concept of legitimacy efficiency was found bound to theory of struggling for conformance in Central Government (CG) budgeting (Mkasiwa, 2011) and manipulating Legitimacy in Local Government Authorities (LGAs) accounting practices (Mzenzi, 2013). Theory of navigating legitimacy, the theory of struggling for conformance, and the theory of manipulating Legitimacy are employed by the study to explain external financial legitimacy and organisational efficiency as a result of accounting information use in the budget decision-making process.

The theories of navigating legitimacy, of struggling for conformance and of manipulating legitimacy express legitimacy as a status that facilitates an organisation’s access to resources, especially financial resources from external interest groups such as donors, or the central government for survival purposes (Assad, 2001; Collier, 2001; Modell, 2001; Mkasiwa, 2011; Mzenzi, 2013), hence the preponderance of external financial legitimacy in such organisations. The gaining of financial legitimacy is done through organisations and strategies established by actors. The theory of navigating legitimacy by Assad (2001) presents building credibility and bargaining to change as the main strategies for maintaining financial legitimacy whereby accounting practices entail conforming to accounting and reporting requirements and establishment of a good financial track record with committed stakeholders for long-term relationships, principally to retain legitimacy.

The imaging strategies of maintaining financial legitimacy are also presented in the theory of manipulating legitimacy by Mzenzi (2013) whereby building an organisation’s image (building credibility) allows for accounting practices to be used to demonstrate symbolic accountability, managing an organisation’s own sources of revenue, the loose coupling of the performance measurement and budgetary practices, and the establishment of rhetorical rules and regulations. Another strategy of maintaining external financial legitimacy is managing organisational performance, in which accounting practices are deployed in the aggressive fund management, lobbying, and in playing of compliance games (Mzenzi, 2013). Consistent with Assad (2001) and Mzenzi (2013), the theory of conformance by Mkasiwa (2011) posits that financial legitimacy is acquired by the establishment of rhetorical rules and regulations and the implementation of such rules and regulations whereby the accounting and budget practices used and loose coupling occur under the conditions of struggling for conformance. Such scenario occurs in an uncertain environment, manifested by funding uncertainty, as well as political, economic and structural changes and contingencies. It also occurs in conditions of donor influence, complex budget systems and poor administrative and cultural practices (Mkasiwa, 2011; Mzenzi, 2013).

Drawing on Assad (2001), external financial legitimacy can be understood within the threshold of low to high level rather absolute value, depending on whether legitimacy conditions are smooth or difficult. Such legitimacy conditions are donor appeal, high general public standing and leadership credibility. The existence of acquired external financial legitimacy within the threshold of the organisation is determined by the actual reception of funds, a promise to receive funding and contract or relationship with the main funders with legal status (Mzenzi, 2013; Mkasiwa, 2011; Assad, 2001).
The legitimacy theory is very connected with institutional theory, especially its branch of New Institutional sociology (NIS) in explaining the sources of legitimising behavior in the budget decision-making process in the public sector. The NIS is largely used to explain why organisations attend their external institutional pressure, in which legitimacy is explained as the main cause (DiMaggio and Powell 1983; Scott, 1991; Suddaby, 2010). It is further argued by Mkasiwa (2011) in theory of struggling of conformance and Mzenzi (2013) in theory of manipulating legitimacy posited that acquired legitimacy is influenced by coercive and normative institutional pressures as explained by the new formulation of NIS theorists such as Modell (2001). However, it posited that internal and external institutional pressure if they are not contradicting, and there is a self interest behavior for efficiency maximization in the organisation, the efficiency can be achieved and legitimacy can also be acquired (Mkasiwa, 2011). This is because instrumental role than the symbolic decoupling role of accounting practice in decision-making, process as well as operations will appear to acquire legitimacy and to achieve efficiency (Mkasiwa, 2011). Still, the symbolic use of accounting information is argued to be done for acquiring legitimacy and rather than for the efficiency in public sector organisations in which budget itself is used as a legitimating device and external environmental is the source of the circumstances (Kurunmaki, Melia, & Lapsley, 2003; Mkasiwa, 2011, Mzenzi, 2013).

The theories of legitimacy as articulated by Assad (2001), Mkasiwa (2011) and Mzenzi (2013) are applied in this study but with some reservations and criticisms. The theory in the developing country context, where public sectors can differ from those operating in contexts such as those prevailing in developed country limit the scope of generalisation. The theories are also dismissed as rather phenomena expressions. Nevertheless, they provide expression and understanding of legitimising behaviour sources, conditions, strategies and consequences in a public sector in the developing country context such as in Tanzania. The theories have also been criticised for their over-reliance, and use of external institutional pressure, as the main explanatory variables to accounting practices to acquire legitimacy and for treating organisation efficiency and legitimacy as intertwined concepts (Mzenzi, 2013; Mkasiwa, 2011; Collier, 2001; Modell, 2001) as a result the efficiency pattern is something that is not grounded deeply in the process but emerges by the way. This is because the theories of legitimacy by both Assad (2001); Mkasiwa (2011) and Mzenzi (2013) grounded and interpreted by using only one theory in which Assad (2001) used a stakeholder model by Mitchell, Agle, & Wood (1997) while Mkasiwa (2011) and Mzenzi (2013) used later formulated NIS by (Modell, 2001; Collier, 2001).

The current study treats legitimacy and internal efficiency as intertwined aspects through the use of accounting information as an accounting practice in the budget decision-making process and several factors from external, internal organisation as well as actors’ attributes can explain the situation. Therefore, the study further reviews several theories, in which Institutional Theory (NIE, OIS and NIS) is the main one, supported by Contingency Theory as they relate to decision-making usefulness under the NPM framework to explain external institutional pressures, internal institutional pressure, changes in organisational structure and changes in actors’ behaviours towards accounting information use in budget decision-making for external financial legitimacy and for budget efficiency as intertwining aspects in public sector organisations.
CHAPTER THREE

Theoretical Framework of Factors Influencing the Use of Accounting Information

3.1 Introduction

This chapter discusses the theories about the factors influencing accounting information use in budget decision-making. The review covers New Public Management (NPM), the Decision Usefulness concept, the Public Choice Theory, the Institutional Theory and the Contingency Theory. As an integral part of reforms of public sector, the process of changing the government accounting system is a comprehensive part of NPM. The study applied the NPM to identify techniques borrowed from the private sector which influence accounting information used by actors in the public sector’s budget decision-making. Furthermore, the study reviews the literature on NPM, in a way of developing framework of results evaluation of NPM-accounting techniques, which also is the main criticism of NPM concepts. It is argued that to determine actual impact of NPM reforms is difficult but to investigate how performance information, in our case accounting information is used, can be a traceable way for the success (Moynihan and Pandey, 2010). Institutional Theory and Contingency Theory are applied in this study to identify internal and external situational and conditional factors, which influence individual actors to use accounting information in decision-making. The Institutional Theory is the main theory adopted by this study however the theory highlighted social, legal and cultural aspects of organisations internal and external environment but not the technical and task oriented environment (Nicol, 2013). For the same reason contingency theory and decision usefulness concepts are adopted to fill the gap of the Institutional Theory in this study. For the accounting information to be useful, it should have relevance, a quality explained by the decision usefulness concepts. Therefore, the decision usefulness concept is applied to describe factors that influence accounting information use in the budget decision-making process, which are associated with the quality of accounting information.

3.2 Application of New Public Management

The New Public Management era emerged in the early 1980s to replace the classic bureaucratic paradigm of ‘public administration’ (PA). Public Administration generally failed to increase efficiency in government operations, financial management and decision-making. Efficiency, in terms of increased productivity with the same level of inputs, reduced number of input and management to achieve the same level of output as result to cost minimisation. This is the main motivation in public sector organisations for embracing NPM. Under NPM, the techniques and strategy which till now are in the domain of the private sector are ushered in deliberately to change structure and process of public sector organisations with the objective of making them run better (Pollity and Bouchaert, 2011). Thus a central element of NPM is that public organisations should import managerial processes and behaviour from the private sector (Boyne, 2002) where sound accounting practices and techniques are highly emphasised (Hood, 1995; Guthrie, Olson, & Humphrey 1999; Newberry and Pallot, 2004; Broadbent and Guthrie, 2008; Mzenzi, 2013).
Several characteristics reflect NPM as presented by Hood (1995:96)

NPM involves shifting to the desegregation of units in the public sector; shift to greater competition in the public sector within and between public sectors and private sector organisation; stress on private sector styles of management practice that is a move towards greater use within the public sector of management practices which are broadly drawn from the private corporate sector. NPM involves stress on greater discipline and parsimony in resource use and a move towards more ‘hands-on management’ (that is, more active control of public organisations of visible top managers). Lastly, NPM involves a move towards more explicit and measurable standards of performance for public sector organisations and attempts to control public organisations in a more ‘homeostatic’ style according to available output measures.

NPM techniques include accrual-based accounting, the performance measurement approach, decentralisation or delegation of the budgets which link budgets to reporting of financial and non-financial items, internal and external public sector audits as monitoring service delivering functions and providing reviews of efficiency (Guthrie, Olson, & Humphrey 1999). Furthermore, NPM techniques increase the use of markets and competition in the provision of public services (e.g. contracting out and other market-type mechanisms), and increasing emphasis on performance, outputs and customer-orientation (Larbi, 1999). The interest of this study is to identify factors influencing the use accounting information for budget efficiency and financial legitimacy; in which adoption of NPM practices are deemed to increase efficiency but are coerced to gain financial legitimacy in public sector organisations of developing country (see in Mzenzi, 2013; Mkasiwa, 2011; Adhikari and Mellemvik, 2011; Tambulasi, 2007; Sarker, 2006). NPM creates change on accounting practices including budget practices which affect the nature, needs and uses of accounting information in the budget decision-making process in the public sector organisations such as LGAs (Hood, 1995; Guthrie, Olson, & Humphrey 1999; Newberry and Pallot, 2004; Broadbent and Guthrie, 2008; Mzenzi, 2013). In this regard, reviewing the adoption and implementation of NPM techniques is important.

The NPM practices involve a number of stages that explain the process of adoption and implementation of NPM techniques in a given country. Pollitt (2007) suggests the following stage NPM reforms from adoption to implementation. In stage one of the NPM reforms, the discussion is on the particular approach or techniques that get into the agenda. This is where the role of researchers and practitioners such as policy-makers comes into play. However, different countries face different problems and follow different ideas in responding to challenges of stage one; particularly in setting NPM agendas from different theories and practical orientations (Groot and Budding 2008). Thus, developed and developing countries implement NPM for different reasons, depending on the historical nature of bureaucracy and public sector management reforms (Chalu, 2007). For example, developing countries adopted NPM to get access to resources such financial resources and technology because they are the main constrains to them. Groot and Budding (2008) identified the NPM agenda of some of the developed countries. For instance, New Zealand, a developed country, draws on the managerial ideas pertaining to controllability and accountability, the use of fixed-term labour contracts for senior management positions, and new institutional economic ideas in defining contractual relationships between different actors. The Australian NPM reforms are partly based on a reassessment of the Australia’s public service values and the relationships between the government and the
public. Countries such as Sweden and Norway mostly emphasise performance management and decentralisation at the municipal level. In developing countries, fiscal crises of governments, poor performance of the public sector in different arenas, imperious bureaucracy, lack of accountability, corruption, changes of people’s expectations and the emergence of better alternative forms of service delivery have contributed to the emergence of the NPM model (Sarker, 2006; Chalu, 2007).

Stage Two of the NPM reforms involves making formal decisions by managers or politicians (or both) to ‘have’ techniques such as accrual basis accounting or new organisational form of transacted such PPP. Christensen and Laegreid (2001) argue that the decision-making to adopt the NPM techniques might face political, environmental and national historical-institutional constraints that resist the adoption. Individual actors, either politicians or managers, may resist adapting the NPM techniques when the adoption and implementation of such techniques does not concur with their own preferred interest (Thomas and Davies, 2005). Thus, the politicians may resist adopting the techniques for fear of losing power and control in managing the organisation. Others decide to adopt NPM not because of increasing values such efficiency in their organisations but just to legitimise their financial survival prospects (Sarker, 2006; Adhikari and Mellemvik, 2011; Koyabashi, Yamamoto, & Fujii, 2011; Mkasiwa, 2011; Mzenzi, 2013). In this regard, the change of accounting techniques does not necessarily change the nature, needs and uses of accounting information produced by such techniques in the decision-making process. Such arguments are supported by several studies done in developing countries in relation to NPM (Sarker, 2006; Adhikari and Mellemvik, 2011; Koyabashi, Yamamoto, & Fujii, 2011; Mkasiwa, 2011; Mzenzi, 2013). Sarker, (2006), the World Bank (2008), Mkasiwa (2011), and Mzenzi (2013) found that the institutional change of public sectors in developing countries towards adopting NPM and its accounting practices was contributed to more by pressure from international donors than anything else. Thus, developing countries became unwilling followers of NPM, primarily to get financial assistance. This argument indicates risk of failure in implementing NPM programmes in developing countries since political features, environmental factors, and national historical-institutional constraints are not seriously considered before jumping onto the NPM bandwagon (Christensen and Laegreid, 2001).

Stage three of the NPM practice involves the implementation of techniques adopted as part of the programme. Several studies have been done in developed and developing countries to assess the implementation stage of NPM practices (Pollitt, 2007). Some of the studies observed implementation success, and others observed implementation difficulties in developed and developing countries, respectively (Sarker, 2006; Adhikari and Mellemvik, 2011; Koyabashi, Yamamoto, & Fujii, 2011; Mkasiwa, 2011; Mzenzi, 2013). For example, studies done in developing countries such Mkasiwa (2011), Mzenzi (2013) found that the CG’s and LGAs’ actors struggled to abide by the new budget and accounting practices, with actors manipulating the budget and accounting practices for the purpose of not losing financial assistance from donors. This development was not surprising because the implementation of NPM-associated accounting and budget practices in the CG and LGAs was influenced by donors and they had to implement them within the unsupportive internal environments (deficiency regulations, financial uncertainties, ambiguities, contingencies, unwelcome actors’ culture and administrative techniques). Nevertheless, as Pollitt (2007)
points out, the NPM form and practices are still spreading, although in some countries the gains were being partly reversed. Stage Four of the NPM model involves generating and evaluating results attributable to adopted and implemented NPM practices. However, the evaluation of the results of NPM has been very inconsistently done (Pollitt, 2007). In fact, governments do not deliberately set up any systematic provisions for such evaluations (ibid.). And yet, the evaluations of the results of NPM are important in making sure the aim of NPM reforms of boosting efficiency in the public sector is realised.

The emergence of New Public Management has extended to the Local Governments in the public sector as well (Goddard, 2005). According to Goddard (2005), the practice of contracting out of services to the private and third sectors, the introduction of the Public Finance Initiative (PFI), the legislative requirements to produce performance indicators and the implementation of best value are NPM practices prevailing in LGAs, which also change the role of public accounting in LGAs. NPM practices in LGAs also include the adoption of accrual-based accounting, decentralised management, downsizing, recovering costs, long range planning and budgeting, budgetary responsibilities and production of quarterly report as well as conducting internal and external auditing (Guthrie, Olson, & Humphrey 1999; Chalu, 2007: Mzenzi, 2013). The NPM practices in LGAs have the objective of enhancing the efficiency in financial management, operations and internal decision-making by producing quality accounting information as well quality budgets coupled with the provision of quality services to the people (Guthrie, Olson, & Humphrey 1999; Chalu, 2007).

Like other countries, Tanzania’s LGAs as part of the public sector, are undergoing NPM-related reforms. LGAs in Tanzania have adopted and are currently implementing accrual-based accounting, going through decentralisation by devolution, contracting out services such as revenue collections, using long-term planning such as the use of three-year plans through the Medium Term Expenditure Framework (MTEF), and allowing their budgeting process to start from the grassroots level, with a focus on performance measurement and output-based planning (URT, 2010: Mkasiwa, 2011). However, Therkildsen (2000), Mkasiwa (2011) and Mzenzi (2013) found that the adoptions and implementation of NPM practices related to accounting and budget practices was substantially contributed by donor influences, fragmented domestic policy-making and regulations, weak links between policy-making and implementation and questionable assumptions about some of the key NPM-inspired reform measures, as well as self-interest of the need for efficiency in Tanzania. Therefore, the adoption and implementation NPM practices in Tanzania seemed to increase the manipulations, corruptions, and legitimacy behaviour rather than promote operational efficiency (Mkasiwa, 2011; Mzenzi, 2013).

Generally, the NPM practices have been accepted by developing and developed countries depending on institutional, political and contingency characteristics of a specific country. However, the NPM concept has been criticised by a number of scholars primarily due to a lack of a philosophical base and specific definitions of NPM, and as a result different countries provide different definitions (see Hood, 1995; Christensen and Yoshimi, 2003; Chalu, 2007). The NPM is also criticised due to lack of a framework for evaluating the results of adopting and implementing its techniques and approach in enhancing organisational performance (Pollit, 2007). Minogue (2000), Arrington (2007) and Mzenzi
(2013:16) have criticised NPM for emphasising on efficiency, hence biasing public allocation of resources towards economic-based calculations rather than being based on public values aimed at promoting the public good. Despite the criticism levelled against NPM, its techniques are still adopted and implemented by public sector organisations such as LGAs whose accounting and budget practices are central programmes under the phenomena. In the interest of this study, to investigate how and what influencing the use of accounting information in the budget decision-making processes in a public sector organisation, in particular LGAs. This forms the framework for evaluation of the result of the adopted NPM-accounting techniques such as accrual-based accounting which intend to make accounting information useful in decision-making.

3.2.1 Application of Accrual-based Accounting in Public Sector Organisations

Accrual-based accounting is a cornerstone of the public sector accounting reforms under the umbrella of NPM (Pessina, Nasi, & Steccolini, 2008) whose main motive is to enhance efficiency in the public sector’s decision-making processes (Pilcher, 2011; Mzenzi, 2013). Matheson (2002:44) describes the features of accrual-based accounting thusly:

First, revenues are recognised only when services are rendered not when cash is received. Expenses are recognised when economic resources are used, rather than when they are paid in cash. After a government has received services, the related obligations (e.g. employee retirement benefits) are also reported as expenses for the current period and as liabilities on the balance sheet. Second, all economic resources are regarded as assets in the balance sheet. ... Third, all government obligations for services received or commitments made are reported as liabilities in the balance sheet, even if they have not been funded in the budgetary process. 

Accrual-based accounting is often recognised to be better than cash-based accounting primarily because it provides quality information relevant to both external and internal users. Accrual-based accounting tends to increase transparency, assets and liabilities of organisations. It also facilitates making accounting information comparable between years and among organisations and enhances decision-making that result in organisational efficiency (Lapsley, Mussari, & Paulsson, 2009). The adoption and implementation of accrual-based accounting led to accounting changes and reforms in the public sector’s accounting globally. The need for standardisation through accrual-based accounting across countries has been spearheaded and influenced by pressure groups, including the UN (Lapsley et al., 2009; Pina, 2007; Mzenzi, 2013) as well as political orientation and human factors (Pessina, Nasi, & Steccolini, 2008). The changes and reforms accompanied by accrual-based accounting include change of regulations guiding the accounting process such as introduction of International Public Sector Accounting Standards (IPSASs) and other innovative legislations (Lapsley, Mussari, & Paulsson, 2009; Pina, 2007; Mzenzi, 2013). Other changes include moving to participatory budgeting in which accountability and transparency are core values, the introduction of performance auditing, changes in accounting and budget information systems, introduction of new management accounting techniques such as ABC as well as changes in the competencies and abilities needed in the public sector, including LGAs staffs to operate organisations (Lapsley, Mussari, & Paulsson, 2009; Pina, 2007; Mzenzi, 2013). The adoption and implementation of the accrual-based accounting in the public sector changed the nature, uses and needs as well as the human ability and competencies necessary to understand and interpret accounting information for the decision-making process.
The technical-rational role of accrual-based accounting has a significant bearing on the utilisation in the budget decision-making processes as compared to the political role and institutional role (Koyabashi, Yamamoto, & Fujii, 2011). This means accrual-based accounting is usefulness in the public sector budget decision-making processes for actors through interactions between professional skills and knowledge blended with experience and political leadership (Koyabashi, Yamamoto, & Fujii, 2011). Bogt (2009) investigated the actual effects in government organisations resulting from the introduction of accounting changes in Dutch Local Governments. Interviews were conducted with 23 politicians and professional managers in 12 municipalities and two provinces. The results of the study indicate that accrual-based accounting contributed positively to the economic basis of decision-making and the functioning of organisations. For instance, it was possible to prepare output budgets containing information on the unit costs of activities and outputs because of the adoption and implementation of accrual basis accounting. The adoption and implementation of accrual-based accounting with a focus on outputs and outcomes of service provision as well as the devolution of authority to departmental management over their budget allocations and modes of operation, and formulation, and adherence to a set of prudent fiscal management principles were found to have enabled significant improvements in term of efficiency of resource use and the government’s financial position (Barton, 2009).

Generally, the adoption and implementation of accrual-based accounting is touted as a global issue. According to SAFA (2006), accrual-based accounting has salient features which increase the credibility of accounting information in the public sector of developing countries. A feature such as timeliness of financial information allows for good decision to be made, the promotion of transparency in decision-making, good governance, comparability of financial reporting with other countries of the world. Moreover, the reliability of financial information can motivate foreign investors to make investment in developing countries (SAFA, 2006).

Adhikari and Mellemvik (2011) traced the rise and fall of accruals in the Nepalese central government, thereby contributing to the literature on accrual accounting by looking at the developments in developing countries. The results, which were obtained through documentary review and informal interviews, indicated that there was a failure rate in the implementation of accrual-based accounting in developing countries such as Nepal. The reasons of failure were cited as lack of human capacity and resources, high costs, complexity and poor information systems. This means the previously mentioned reasons affected the production and use of accrual based accounting information in the budget decision-making processes. Hepworth (2010) identifies the most important preconditions for effective implementation of accrual-based accounting in the public sector as that consultation and acceptance, accountancy profession capacity, understanding of and willingness to support the system by the external auditor of the central government, a comprehensive management-training programme for line managers on how to use an accrual-based accounting system and IT capacity.

Studies done on Tanzania’s CG and LGAs to assess the accounting and budget changes indicate that the adoption and implementation accrual-based accounting increased the manipulation in accounting calculations to satisfy donors rather than provide relevant
accounting information of the required quality to facilitate decision-making (Mkasiwa, 2011; Mzenzi, 2013). As a consequence, this adoption and implementation of accrual-based accounting had little effect on the enhancement of internal efficiency. However, it was revealed that implementation of accrual-IPSASs improved the budget efficiency by increasing the comparability of financial statements of the councils; in which insure equitable treatment between the councils also simply consolidation of accounting information (Mzenzi, 2013; 196).

From the literature reviewed, it can be summarised that the adoption and implementation of accrual-based accounting for organisational efficiency, through enhanced and qualitative decision-making in countries such as Tanzania, depends largely on external pressures to change, imposed changes in internal institutional and contingency structures, individual actors’ competency factors, and changes in processes of accounting information to reflect the quality demanded by accrual-based accounting. To get to the core of the problem, the current study also reviewed theories that explain factors influencing accounting information, including accrual-based accounting information in the budget decision-making process towards realising both efficiency and legitimacy as intertwined aspects in the public sector, particularly LGAs the subject of this study. Towards this end, this chapter will review Institutional Theory as the main theory as well as the Contingency Theory, as the supportive theory, in addition to examining the decision usefulness concepts to arrive at integrated factors and their influences in accounting information use in the budget decision-making process.

3.3 Institutional Theory

Institutional Theory is adopted by this study to guide identification of factors influencing the use of accounting information in the budget decision-making process for efficiency and financial legitimacy. Institutional Theory, which can be traced back to 1966 (Gomes, 2003), attends to the deeper and more resilient aspects of social structure. It is concerned with the process by which structure, including schemas, rules, norms and routines become established as authoritative guidelines for social behaviour (Scott, 2004). The theory emphasises the importance of institutional factors, which are associated with social, political, regulatory and cultural aspects in shaping organisational behaviour in form and process (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 1998; Scapens, 2006). Institutional Theory can be explained from three main branches: New institutional Economics (NIE), New Institutional Sociology (NIS) and Old Institutional Economics (OIE) (Scapens, 2006). All branches of the Institutional Theory explain institutions and the way institutions influence organisational and actors’ behaviours toward certain form or process with similarities and differences. An institution can be a set of formal and informal social, legal, rule and norms that that govern and shape the organisation’s and actors’ economic behaviours on actions, form and process of an organisation from macro and micro, as well as from external sources and within an organisation’s institutionalised environment (Kherallah and Kirsten, 2001).

The New Institutional Economics (NIE) explains an organisation’s institutional arrangement and structural setting by using economic and rationality reasoning, and the way institutional arrangement and structural settings impact organisational efficiency, in which opportunity and self-interest behaviour can emerge among economic actors
(Kherallah and Kirsten, 2001, Scapens, 2006). According to the NIE, there is causal link between micro and macro institutions that govern the organisation’s economic transactions and organisational efficiency. Macro institutions include political, social and legal rules under production, exchange and distribution, which bond the organisation’s form and transactions. Micro institutions include institutions, within modes (partnership; manage organisation transaction that shape the organisation and actors’ economic behaviour, which may result into organisational efficiency (Kherallah and Kirsten, 2001). The study adapted NIE to explain macro and the micro institutional environment within an organisation’s transaction that influence accounting information use in budget decision-making for organisational efficiency. NIE assumes that an organisation exists if its benefits outweigh its costs (Scapens, 2006; Mzenzi, 2013). Thus, the rationality and economic reasons shape the organisation’s institutional arrangement and structural setting and actors’ behaviour in the budget decision-making process, whereby the use accounting information can lead to budget efficiency. The NIE suggests factors from micro and the macro institutional environments influence accounting information use in the budget decision-making process with economic reasons capable of leading to budget efficiency (Scapens, 2006). In accounting research, the NIE is mainly applied to explain how organisational structures, their control systems, and management accounting practices are shaped by economic factors. However, the NIE focuses more on economic factors from external environment which has inevitably attracted criticism (ibid.).

Similarly, the study adopted the Old Institutional Economics (OIE) as a branch of Institutional Theory to explain internal institutional pressure that shape organisations’ economic activities particularly accounting information use in the budget decision-making process to enable budget efficiency. The OIE explains why particular types of economic behaviour emerge among the organisation’s actors, and also how the same root internal organisation institutions shape actors to behave the way they do in organisational form and process (Scapens, 2006). Thus, the behaviour of using accounting information in the budget decision-making process for budget efficiency and external financial legitimacy can be institutionalised in organisations (Scapens, 2006). Looking for an organisation’s internal institutions such as culture, habit, political, social and legal rules and their influences on accounting information use in the budget decision-making process is important in developing initial model of this study. This is for promoting organisational budget efficiency and external financial legitimacy in budget decision making processes as economic behaviour in an economic system (Scapens, 2006).

In accounting discipline, OIE is mainly applied to explain accounting changes in organisations (see in Burns, 2000; Burns and Baldvinsdottir, 2005; Burns and Scapens, 2000; Collier, 2001Perren and Grant, 2000; Siti-Nabiha and Scapens, 2005). However, the OIE is criticised for being too focused on internal institutions and neglecting external factors that can shape an organisation’s economic behaviour which give actors reasons to behave accordingly. Thus far, the NIE and OIE have accounted for the rationality and economic reasoning both endogenous and exogenous explaining the public sector’s use of accounting information. However, these explanations are inadequate in themselves. That is why the study also integrated the New Institutional Sociology (NIS) to explain institutional pressure that change the organisation’s form and process and shape the actors’
action towards the organisation’s external legitimacy and its extension that consider that institutional pressure as an influence that can also result into organisational efficiency.

Neo-institutional theorists argue that, organisational behaviour results not only from intra-institutional pressures but also from the external environmental pressure (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 1998). Scott (1998) argues that environmental pressures that make an organisation conform to social and cultural worlds are central to Institutional Theory. Early formulation of the NIS contended that organisations and their actors respond to environmental pressures to retain their legitimacy and survival prospects not necessary for organisational efficiency (DiMaggio and Powell, 1983; Meyer and Roman, 1991). This means that the early NIS formulation treated legitimacy and efficiency as dichotomous elements rather than integrated aspects that are both needed for the survival of the public sector organisation. The later formulation of NIS states that institutional pressure can result in both legitimacy and efficiency, that these aspects are treated as intertwined aspects which can emerge to be the reasons behind the actors’ behaviours and actions towards the organisation’s form and process (Collier, 2001; Modell, 2001; Mkasiwa, 2011; Mzenzi, 2013).

The NIS refers to pressure from outside as isomorphic. Isomorphism is a concept that best captures the process of homogenisation (DiMaggio and Powell, 1983). Institutional isomorphic changes occur through three mechanisms. First is coercive isomorphism, which results from formal and informal pressures exerted on organisations by other organisations, upon which they are dependent and by cultural expectations from society within which the organisation functions. Thus, legal and technical requirements of the budget cycle, as well as accounting reporting requirements that ensure eligibility for the receipt of central government, donor or partner contracts or funds also shape organisations in similar ways (DiMaggio and Powell, 1983: 150). In this regard, the NIS can explain the external pressure that is enforced by coercive mechanisms through the budget and accounting legal and technical requirements associated with funding receipts by the organisation, which shape the actors’ behaviour and actions towards accounting information use in the budget decision-making process.

Second is mimetic isomorphism, which involves the adoption of practices used by (supposedly) successful organisations, a development likely to occur in contexts of ambiguity and uncertainty (DiMaggio and Powell, 1983:150). The NIS through mimetic pressures explains how and why organisations tend to model themselves like similar organisations in their field that they perceive to be more legitimate or successful through employee transfers or turnover explicitly by organisations such as consulting firms or industry trade associations as well as innovation of the practices of successful organisations (DiMaggio and Powell 1983:152). Looking for modelling behaviour of organisations relative to successful organisations can help explain the factors influencing accounting information use in the budget decision-making. Third, normative isomorphism stems from shared values and ideas about appropriate behaviour often circulated through professional networks and education (DiMaggio and Powell, 1983).

The influence of institutional pressures on the accounting information use for organisational efficiency and financial legitimacy depends on what the organisation’s
survival depends to manage the efficiency and the demands of technical work activity, or on the ceremonial conformity with the institutional environment (Collier, 2001: 6). Loose coupling/decoupling may occur between the actual use of accounting information and the use of information targeting external interest groups particularly if there is informal resistance, conflicting pressures from the external environment, the laxity of the regulatory bodies, and the absence of supporting environment (Mzenzi, 2013: 8). On the whole, the three branches of the Institutional theory NIE, OIE and NIS enabled the study to develop an initial model and interpret the findings to modify the model for determinants of accounting information use that can result into budget efficiency and financial legitimacy as intertwined aspect of an organisation’s survival. The NIE, OIE and NIS helped to explain the multifaceted nature of forces acting on institutions in the adoption and implementation of NPM-induced accounting practices.

Institutional Theory has been applied in many disciplines including accounting. However, criticism has been raised against Institutional theory on several grounds. Peter (2000) argues that one of the most important problems of associated with Institutional Theory is the difficulty inherent in measuring institutions, for example, It is known that they exist, but how do they vary? Moreover, Peter (2000) also faults Institutional Theory for treating institutions as though they were more static rather than dynamic. In this regard, the theory is unable to sufficiently recognise the differences within the institutional environment, as well as the relative power of different institutional actors, and the conflicts that can result from relations of power (Collier, 2001). Despite all such criticisms, Institutional Theory has been deployed in the accounting discipline to explain public sector accounting reforms (see in Frumkin & Galaskiewicz, 2004; Bogt, 2008).

In this current study, some of the concerns raised about Institutional Theory are addressed by recognising the existence of political and administrative actors and those expected to have different roles, and power in the decision-making process of LGAs under their institutional framework. On the other hand, the institutional theorists are challenged that they are utilizing the theory more on the explaining why organisations attend their environment pressures with their meanings rather their productivity. This means the focus has been more in outside of the organisations and the internal of organisations is fairly left alone, however the interpretation of meanings of environment pressures are interpreted within organisations.

The current study is not only seeks to identify environmental pressures related factors but also to see how are they interpreted within the organisations as well as how are they affect the individual actors’ behaviours. Therefore the study applies Institutional Theory to identify factors and describe how the factors influencing organisation actors to use accounting information in the decision-making process. The end aim is to achieve both legitimacy and efficiency through the budget decision making processes. Hopwood and Miller (2004) point out that accounting could not and should not be studied as an organisational practice in isolation from the wider social and institutional context in which it operates. This is because accounting as technical aspect is also social constructed in which can affects and be affected by the organisations institutional environment (Hopwood & Miller, 2004; Suddaby, 2010). In fact, the Institutional Theory explains how internal and external social, legal and culture environment aspects shape actors’ behaviours and
organisational form and structure, but live alone the technical aspects. For this reason, it was deemed pertinent to review also theories that explain technical related factors within institutionalised environment. Therefore, the study also employs the Contingency Theory which provides the contingency model of government accounting innovation is co-opted alongside the decision usefulness concept.

### 3.4 Contingency Theory

This study adopts the Contingency Theory to explain and further be able to interpret the findings on factors influencing accounting use due to the existing contingent factors which bond structures that produce and process accounting information. Furthermore, Luder (1992) Contingency Model of Government Accounting Innovation was adopted to explain specific individual actors’ values and characteristics as well as contingent factors that can influence accounting information. These values are subjective to change and are shaped by the influence of internal and external institutional pressures. The Contingency Theory has been in existence since 1960s, and is considered to be a dominant, theoretical, rational and an open system model at the structural level of analysis of an organisation’s performance (Betts, 2003).

The theory emphasises how contingent factors such as technology, size of an organisation and the environment affect the design and functioning of organisations. According to Galbraith (1973), Contingency Theory is based on two primary assumptions. The first is that there is no one best way of organising and the second is that any way of organising is not equally effective. In addition, the Contingency Theory assumes that proper decision-making procedures depend on the importance of the decisions, decision quality, decision acceptance and amount of relevant information possessed by decision-makers and subordinates as well as the probability that subordinates will accept the decisions or try to make good decisions work (Chalu, 2007). Environment, technology, culture, age and size emerged as the primary contingency variables that can explain factors influencing accounting information processed as technical activities to be used in the budget decision-making process upon which change is subjected due to institutional internal and external pressures (Betts, 2003).

Contingency Theory has been accepted and applied by several studies including the decision-making model for the public sector, accounting systems and organisational change through NPM (see Luder, 1992; Tarter and Hoy, 1998; Scuill, 2004; Chalu, 2007). Despite such wide applications of Contingency Theory, it has been criticised. Schoonhoven (1981), for example, argues that Contingency Theory is not a theory because it lacks clarity of theoretical assessments, and oversimplifies relationships among variables as well as ignoring interactions between the variables. Furthermore, Contingency Theory has been found to fail to differentiate variables, for example, what is a difference between the environment and technology (Betts 2003).

The shortcomings notwithstanding, Contingency Theory is applied and can be applied by several disciplines including accounting. Luder (1992) applied Contingency Theory to develop the Contingency Model of Government Accounting Innovation, in a bid to specify the social-political administrative environment and its impact on governmental accounting innovations. The model provides four contextual variables associated with organisations,
which influence government accounting innovations: stimuli, users of accounting information, producers of accounting information, and implementation barriers. Stimuli include financial problems, financial scandals, capital markets, external standard setting and professional interests. These are external institutional pressures enforced via coercive, normative and mimetic mechanisms which can shape the actors’ economic behaviour of using accounting systems, for example accounting information in budget decision-making process (Luder, 1992).

Institutional factors, which are associated with users of information, are social structural variables such as Social Economic Status (SES) as well as political culture as political behaviour, which influence the basic attitude of users and, thus, the expected changes to the citizens, Member of Parliament and others. Institutional factors, which are associated with producers of accounting information, are structural variables of the political-administrative system such as staff training and recruitment, administrative culture and the political system. The last variable is the implementation barrier which impedes innovation, and can include the organisation’s system, legal systems, and qualification of accountants and the jurisdiction’s size (Luder, 1992).

The contingency model has been widely applied and tested in several studies such as Luder (1992), Godfrey and colleagues (1996), El-Batanoni and Jones (1996), Monsen and Nasi (1998), Christensen and Laegreid (2001), Mark (2002), Carmen and co-workers (2009). Through testing of the model, the favourability and un-favourability of the variables towards government innovation were observed in different environments. This present study applies the contingency model of government accounting innovation to develop an initial model and be able to interpret the finding with a view to modifying the model in which specific institutional and contingencies as well as individual actors’ factors can be largely presented together with their influence on the accounting information use in budget decision-making process for the organisation budget efficiency and organisational legitimacy.

In short, Institutional Theory and Contingency Theory, particularly its contingency model of government accounting innovation, have been deployed in this study to explain institutional factors, contingent factors as well as individual actors’ characteristics that can explain informational use in a budget decision-making process, respectively. Still, all these theories do not explain accounting information as input that are also bounded with technical characteristics within it for it to be useful in the decision-making process. Therefore, decision usefulness concept is employed because it explains and describes the technical aspects which make accounting information to be useful in decision making within an institutionalised environment.

### 3.5 Decision Usefulness Concept

The study employs the “decision usefulness concept” for the purpose of explaining the accounting information’s technical characteristics with regard to its usefulness as well as the actors’/users’ characteristics vis-à-vis accounting information use in the budget decision-making process to enable budget efficiency and financial legitimacy. By doing so, the study is not only looking to identify the technical characteristics but also to determine how technical characteristics can be acquired within an institutionalised environment in
which an organisation’s structure and individual actors are shaped, and in which the accounting information is produced. Decision usefulness emerged in the normative accounting era (Sutton, 2009). The objective of accounting is to provide information on enterprise’s/organisation’s economic activities that can be used in decision-making (Staubus, 1960). The decision-usefulness concept attempts to describe accounting as a process for providing relevant information to relevant decision-makers. It is also the main characteristic of accounting information quality because decision-usefulness captures the value of accounting information for interested parties to facilitate their decision-making process (Staubus, 1960; Shipper and Vincent 2003). Thus, for the accounting information to be useful in decision-making, it should have the relevance quality (Staubus, 1960; Shipper and Vincent 2003, Sutton, 2009).

Relevance and reliability are primary qualities that explain accounting information’s usefulness in decision-making (Staubus, 1960; Bruns, 1968; Williams; 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent 2003, Sutton, 2009). If either of them is missing completely from a piece of information, the information will not be useful (Bruns, 1968; Obaidat, 2007). Relevance is the capacity of information to make a difference in decision-making (Bruns, 1968). If accounting information is not considered relevant by a decision-maker to a decision under consideration, a change in the accounting information will not affect his/her decision (Bruns, 1968). According to Sutton (2009), relevance as a synonym of decision-usefulness is combined with stewardship as an obligation of providing information on resources one is entrusted with. The ability to inform is an important aspect of accounting information usefulness. Thus decision-usefulness of information has to allow for the provision of feedback value as well as predicting of results of events occurring in past, present and future (Beaver, Kenelly and Voss, 1998 The predictive value of information relevance and accounting numbers, which are regarded to be good predictors of future, facilitate better decision-making (Beaver, Kenelly and Voss, 1998). Information decision relevance is important for instrumental-conceptual use to enable organisation performance and efficiency (Deshpande and Zaltman, 1982); otherwise, when information loses its relevance to the decision, then the symbolic non-use or symbolic haphazard use prevails which lead to a negative impact on the quality of decision as well affects organisational efficiency (Vyas and Souchon, 2003).

Reliability is an essential characteristic for accounting information’s usefulness in decision-making. It is the quality of information that permits users to depend on it with confidence (Obaidat, 2007). Moreover, reliability represents the extent to which the information is unbiased and free from error (FASB, 1980; Obaidat, 2007). A significant change of primary qualitative characteristic has occurred: reliability is changed to representational faithfulness, with the change beginning in the late 1980s (Sutton, 2009). Reliability, as representational faithfulness, includes elements such as verifiability, neutrality and completeness (Sutton, 2009). The quality of accounting information in term of reliability and variability plays a significant role in information use and it is essential in enabling information user satisfaction (Deshpande and Zaltman, 1982).

Decision usefulness, as an objective of accounting information use, needs users to understand the information (Staubus, 1960; Beaver, Kenelly and Voss, 1998; Sutton, 2009). Understandability is the user-specific quality because users will differ in their
ability to comprehend any set of information due to differences in cognitive ability, knowledge, experience and expertise (Maskari and Sanderson, 2011). According to Cognitive Theory, the use of accounting information depends on the cognitive aspects of individual actors (Strong and Portz, 2003). Therefore, we need to be cognisant of the possibility of variation in human behavioural responses to any particular presentation of accounting information (Lee and Tweedie, 1990 as quoted in Sutton, 2009). Decision-usefulness assumes that users have reasonable knowledge of business and economic activities together with accounting as well as willingness to study information with reasonable diligence. In this regard, understandability increases when the information is classified, characterised and presented clearly as well as concisely (Beest, Braam and Boelens, 2009). This argument is also supported by cognitive theorists such as Strong and Portz (2003), who posit that accounting knowledge and information presentation format affect the cognitive ability of individual actors to use accounting information which can result into decision-making performance. Users’/actors’ competency in terms of experience and knowledge can make symbolic-legitimating use positively related to organisational efficiency because experiential knowledge makes actors to be confident in identifying concrete opportunities in legitimating decisions on the ground that they are positively related to organisational performance (Vyas and Souchon, 2003).

Dillon et al (2010) posit that there are four commonly accepted dimensions of information quality: intrinsic, contextual, and representational as well as accessibility. Within these four dimensions, many different measures of information quality have been introduced, including accuracy and objectivity (intrinsic dimension); relevance and timeliness (contextual dimension); and interpretability and ease of understanding (representational dimension) (Dillon, Buchanan, & Corner, 2010). Access is the principal measure for the accessibility dimension (Dillon, Buchanan, & Corner, 2010). Generally, technical characteristics of information (accounting information in this case) quality include accuracy, accessibility, timeliness, completeness, reliability, consistency, relevance objective and understandability (Mbamba, 2003; Seddon, 1997; Chalu, 2007; XU, 2003).

Some scholars, such as Philemon (2010), treat the quality of information in accordance with the way users perceive it. Perceived usefulness is measured in terms of importance and usability (Larcker and Lessig, 1980). Perceived ease of use refers to the degree to which a person believes that using a particular system will free one from difficulties (Davis, 1989). Thus the system, which provides accounting information which is reliable and relevant, also makes understandability of such information easy on the part of users. Perceived accessibility by users refers to easiness of access, availability and convenience of information (Jeong and Lambert, 2001). The availability and access to accounting information explains the symbolic non-use of information in decision-making because lack of access to potentially relevant information makes symbolic non-use deliberate (Vyas and Souchon, 2003). The perception of information availability, accessibility and convenience creates an attitude of users towards information use (Jeong and Lambert, 2001).

The Study by Chalu (2007) explored the determinants of Accounting Information System (AIS)’s effectiveness in LGAs and found that the quality of information was the product of the effectiveness of AIS, which satisfied user needs and demand. Although the quality of information is one of the relevant factors influencing accounting information use, Chalu
(2007) did not explore how accounting information is used in the LGAs’ decision-making. Quality information is also defined in terms of the extent to which information successfully serves the purpose of the users, and thus the extent to which information fits the users’ needs and specifications (Kahn, Strong, & Wang, 2002; Walle and Bovaird, 2007). Houghton (1998) describes the quality of information as the way producers and users communicate to make more informative meaning and enhance knowledge to users, which in turn influence accounting information use in decision-making. The decision-usefulness concept has been applied by several studies in both private and public sectors (see in Harding and Mckinnon, 1997; Parker and Gould, 1999; Coy, Fischer, & Gordon, 2001; Obaidat, 2007; Gassen and Schwedler, 2010; Sutton, 2009).

Despite the favourable aspects embedded in the decision-usefulness concept, still concerns have been raised on its application. Coy and co-writers (2001) argue that the current postulations on the decision-usefulness paradigm for external reporting cannot cope with the current changing environment in public sector’s decision-making which encompasses social and political decisions in addition to economic decisions. The decision-usefulness paradigm is based on a context of markets and assumes that resources will be allocated greatly and efficiently when rational economic decisions are facilitated, which is not always the case in a public sector organisation. The decision-usefulness concept has also attracted criticism in terms of qualitative characteristics, which make information useful in decision-making. According to Mbamba (2003), it is not possible to achieve simultaneously some characteristics of information. For instance, some time reliable information cannot be relevant and delivered timely. On the other hand, decision-usefulness assumes a degree of trade-off between qualitative characteristics by depending on the type of decision and other aspects. For example, administrative actors may need the most relevant information in revenue estimation whereas political actors may need the most reliable information in budget execution to confirm whether revenue estimates are in accordance with the actual collection. Nevertheless, it is cautioned that neither relevant nor reliability of accounting information can be dispensed with entirely (Johnson, 2005).

On the whole, the literature on the decision-usefulness concept explains technical qualitative characteristics of information as well as those of users of information to account for the usefulness of information in the decision-making process. Therefore, this study appreciates the decision-usefulness concept by taking into account the variables it promotes in the initial model that capture the quality aspects acquired through the processing of accounting information for decision-making purposes. Furthermore, the study uses the decision-usefulness concept to interpret finding on the individual actors’ characteristics and the processing of accounting information-related factors towards the modification of the study model.

3.6 The Developed Initial Model for Determinants of the Use of Accounting Information in the Budget Decision-making Process

Understanding how accounting information is use and what determines its use in the budget decision-making processes for budget efficiency and financial legitimacy is the interest of this study, which also is appreciated with existing literature reviews. This is for the fact that the developed and developing country public sector organisations such as LGAs are experienced NPM reforms in which integral part is changing of government
accounting systems and techniques. The main aim of those reforms is to increase the quality of accounting information that's useful to the users in the decision-making process and enhance efficiency in public organisations. However, the NPM reforms provide the accounting techniques towards useful information that means reforms can make information to have relevant quality in decision-making but not necessary that information can be used. Therefore, this study develops an initial model from literature reviews (theoretical and empirical) that explains and describes the relationship between factors influence the use, how information is used and the outcomes of the use in organisation efficiency and external financial legitimacy. The theoretical framework of this study suggests dimensions of factors that can influence accounting information in the budget decision-making processes. The first dimension of factors is external, institutionally related factors, which are constructed from NIE and NIS branches of institutional theory.

The NIE and NIS both argue on external factors in which the NIE focus on institutions within the economic transactions for efficiency aspects and the old NIS focus on institutions that transferred through coercive, normative and mimetic pressures to make organisations homogeneity or similar not necessary for efficiency but for legitimate (that efficiency and legitimate are treated as dichotomous aspects). The study combines both the NIE and new formulated NIS that integrates the efficiency and legitimacy in constructing external institutional pressure related factors. This means the external institutional related factors are factors from external environment (either from organisations models of transactions, rules govern productions, exchange and distribution of economic transaction, or from the external pressure to homogeneity) that shape actors and organisations to use accounting information in budget decision-making by integrating both efficiency and legitimacy aspects.

Therefore, the factors associated with external pressures, transferred by coercive, normative and mimetic mechanisms as well as micro together with macro institutional environments within organisation transactions are predicated to influence the use of accounting information in budget decision-making. The external factors such as political, social and legal rules under the production, exchange and distribution that govern organisation’s economic transactions together with the institutions with the model of transaction such as partnership are predicated to influence the use. Other related factors such as legal and technical requirements of the budget cycle as well as accounting reporting requirements that ensure eligibility for the receipt of central government can also predict the use of accounting information. In additional, donor or partner contracts or funds, modelling behaviour of organisations relative to successful organisations as well as the shared values and ideas about appropriate behaviour often circulated through professional networks and education can predict the use of accounting information in budget decision making processes.

Several previous studies investigated the influence of external factors in the use of information in the public sector. Moynihan and Ingraham (2004) posited the positive relationship between external factors which were professionalism among the staff and citizens demand and found significant influence of citizens’ demand for transparency and accountability and professional behaviour than professionalism among the government staff in the use of performance information. The positive influence of pressure of citizens
or the citizens’ demand due to being well-educated and well understanding of professionalism in the use of performance of information was also found significant by Askim (2007). Proeller et al. (2010) used NIS and NIE to describe and investigate the positive influence of external pressure including financial stress in the use of performance information by public sector managers. The insignificant impact of external factors was revealed in developed country context (Germany) by Proeller, Siegel, & Kroll (2010) as well as Moynihan and Pandey (2010) who investigated the influence of professional organisations and citizen pressure in the use of performance information use.

Looking to the previous studies which investigated the influence of external factors in the use of information in the public sector, three gaps are identified. (i) Few variables (which included pressure of citizens, professionalism and financial stress) were tested in which current study argues on a more dimensional of theories to identify several external factors. (ii) The methodology used was quantitative approach which also limits the why variables influence or not influence in which the current study adopted qualitative approach to the need (iii) The majority of the external factors tested were found to be insignificant in the developed country context in which this current study seeks to identify specific factors for the developing country context. This is because the current study posits that developing and developed public sector organisation can be different because technological, financial, and political uncertainties and poverty are more pronounced in developing countries than in developed countries. Furthermore, studies conducted in the developing country public sector revealed that the adoption and implementation of NPM techniques, specific accounting techniques are largely coerced by external pressures to ensure financial legitimacy rather than promote internal efficiency (Adhikari and Mellemvik, 2011; Mkasiwa, 2011; Mzenzi, 2013; Sarker, 2006). Therefore, for similar reasons, the study includes the external pressure related factors in the initial model (figure 2) as one, among the dimensions of the determinants of the use of accounting information in budget decision-making processes. The following is the figure 1 that shows the orientation of the external institutional pressure related factors;

**Figure 1: Orientation of the External Institutional Pressure related Factors**

Developed by this study from NIE and NIS branches of institutional theory and previsions studies
The second dimension of the determinants of the use of accounting information is internal organisational related factors are analysed at internal institutions and contingency structures. The study uses OIE and contingency theory as well as the contingency model of government accounting innovation to construct the internal organisational related factors that influencing the use of accounting information by actors in the budget decision-making process. The theories are utilised to support the study to interpret the organisational routines within internal institutions and structure such as habit, culture, political, legal and social that influence the use of accounting information in budget decision-making processes. This is because institutions can shape cognitive process of actors in organisation over the organisation budget decision processes through the use of accounting information. For the fact that accounting and budgeting process is viewed as economic activities which constructed from social phenomena in which relationship with institutions produced the actors' behaviour towards organisation form and process (James, 2006).

Several previous studies investigated the influence of internal organisational factors that are associated with existing institutions in the use of information in public sector organisation. Moynihan and Ingram (2004) asserted that political factors such as political competition and political ideology; and institutionalised central agency leadership style influence the use of performance use in government decision-making; in which institutionalised central agency leadership was revealed significant. Dull (2008) found significant influence of leadership commitment in the use, useful and credibility of performance information in US government organisations agencies. Askim (2007) also argued on political factors in Norway LGAs in which political climate is characterised with information utilisation in order to get consensus between political ideologies. Moynihan and Pandey (2010) found positive significant influence of internal organisational factors (such as culture of openness, innovation and risking taking, leadership role and flexibility of reporting information) in the use of performance information. From the theoretical and empirical review, the study argues on the political related factors, cultural relative factors, regulative relative factors and leadership related factors that can influence the use of accounting information in budget decision-making process. The following is the figure 2 which presents the orientation of internal organisational related factors;
The third dimension of determinants influencing the use of accounting information is individual actors’ related factors. This is due to the fact that analysis of the use of accounting information in budget decision processing is done to individual actors involved in the budget decision process. Therefore, by looking to the decision usefulness theory and the contingency model of government accounting innovation, the study constructed factors from within of actors attributes that increase competency (understand, interpret, usability) of using accounting information in the budget decision-making processes. The decision usefulness concepts claims that the user of accounting information should have cognitive ability, knowledge, experience and expertise of using information in order to information to be useful in decision-making (Staubus, 1960; Beaver, Kenelly and Voss, 1998; Sutton, 2009; Maskari and Sanderson, 2011). This means that actors need to have reasonable knowledge of business and economic activities together with accounting, as well as a willingness to study the information with reasonable diligence. The contingency model of government accounting innovation by Luder (1992) argues that users of accounting information should have high levels of socioeconomic status or attributes, such as education, to predict demand and use of accounting information in the budget decision-making processes.

Several previous studies revealed the influence of individual actors’ attributes or characteristics in the use of information. The main factors identified by previous studies is the education level of actors and the main argument is that the high level of education actors have predicted the high use of performance information use in decision-making (Askim, 2007). This is because actors who tend to have high level of education tend to trust formal and standardized information (Askim, 2007). Individual actor’s belief in term of public service motivation and actors’ job attributes such as reward expectations, generous/inspire leadership role of actors and task specificity experience were found significantly influence the use of performance information in public organisations (Moynihan and Pandey, 2010). Therefore, the study posits three main individual actors
related factors which are general education level, the actor’s job attributes and knowledge, experience and expertise of business and economic activities.

**Figure 3: Orientation of Individual Actors Characteristics Related Factors**

![Diagram showing individual actors characteristics related factors]

Developed by this study from the Contingency model of Government Accounting Innovation and Decision usefulness concept and previsions studies

The fourth dimension of determinants is the processing of accounting information related factors. The main information which is assessed by the study is accounting information which is argued to be processed through organisation information systems. Decision usefulness concept posits that for accounting information should have relevant qualitative attributes for it to be useful in decision-making. The main qualitative characteristics are reliability and relevance, which means information should be trusted by the users as well as create a difference in decision-making. This means the users or actors should have a positive perception of how is information processed in which include how information is produced and supplied to the users.

The Contingency theory and information systems theorists argue that the technology used to process information can influence the use information by users if users are satisfied with how the technology works (Luder, 1992; Xu, 2003; Chalu, 2007). The characteristics of accounting information technology in term of information flows, control and system satisfaction can predict the use information in decision-making (Luder, 1992; Xu, 2003; Stone et al, 2006; Chalu, 2007). This is because the characteristics are not increase reliability by perception of the users of information but relevance that make information to predict and make differences in decision-making process. Another factor is on the human resources available in which well educated and professionally trained staff urged to influence the use of accounting information in decision-making (Luder, 1992; Xu, 2003; Stone et al, 2006; Chalu, 2007; Moynihan and Ingraham, 2004). However, Moynihan and Ingraham, (2004) found insignificant influence of available educated and professionally trained staff in the use of performance information in public sector of developed country context. Auditing of accounting information and systems as professional practice is among factors identified by several previous studies that influence the use of accounting information decision-making. Auditing and performance auditing are issues which are also explained by NPM theorists as an important factor to ensure quality in term of reliability of accounting information for decision-making process (Guthrie, Olson, & Humphrey 1999; Chalu, 2007:2010; Broadbent and Guthrie, 2008; Adhikari and Mellemvik, 2011). This is because internal and external auditing processes allow the second and third eyes to look at the credibility and reliability of information. As result, the auditing process also predicts information transparency and accountability under NPM approach in public sector
organisation (Chalu, 2007:2010; Galera and Bolivar, 2007). This ensures that the information presented is a true and fair view of organisation economic activities. Therefore, the study also argues on auditing related factors that as among the processing of accounting information related factors that make information trusted and used to create difference in budget decision-making process. The main proposition of initial model of the study is that there are technological factors, and professional factors as processing of accounting information related factors that influencing the use of accounting information in budget decision-making processes. Therefore is the figure 4 which orient the processing related factors.

Figure 4: Orientation of the Processing of Accounting Information Related Factors

![Diagram](image)

*Developed by this study from the Contingency theory; Contingency model of Government Accounting Innovation and Decision usefulness concept and previsions studies*

The Initial model of determinants of accounting information also assesses the use of information in budget decision-making processes as a construct. The information theorists argue that there are two main ways of using information in decision-making process in relation to the organisation performance, which are instrumental-conceptual and symbolic use of information.

Figure 5: Orientation of the Use of Accounting Information

![Diagram](image)

*Developed by this study from the theoretical framework of information use by Vyas and Souchon, (2003); Diamantopoulos and Souchon, (1999); Amara, Ouimet, & Landry, (2004); Philemon, (2010.)*

The instrumental-conceptual use means relevant accounting information is used and translated into significant practical action; the use of accounting information in decision-making is based on the prior recommendations; accounting information is used due to general quality as reflected by overall satisfaction with the process of producing such information Bruns, 1968; Deshpande and Zaltman, 1982; Diamantopoulos and Souchon,
Several studies argued that the instrumental-conceptual use positively predict organisational performance in which this current study described it as internal budget efficiency and external financial legitimacy (Bruns, 1968; Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, 1999; Amara, Ouimet, & Landry, 2004; Philemon, 2010). Symbolic use of information in decision-making can be referred to in multiple dimensions in relation to an organisation’s performance (Vyas and Souchon, 2003:72). Dimensions of symbolic use are social use, power seeking use, affective use, legitimating use, self-promotion use, symbolic non-use, haphazard use, and information distortion (Vyas and Souchon, 2003:72). However, it is generally argued that symbolic use of accounting information is negative for predicting organisation performance.

The organisation performance of the public sector, such as LGAs, is looked into budget efficiency and financial legitimacy by the current study. The previous studies in public sector argued that symbolic use of accounting techniques and practices and actions in public sector organisation is done to acquire external financial legitimacy but decrease organisation efficiency (Sarker, 2006; Adhikari and Mellemvik, 2011; Mkasiwa, 2011; Mzenzi, 2013; Kurumaki, Melia, & Lapsley, 2003). This is because the degree of alignment between the instrumental use (technical use) and symbolised formal structures and institutions depend on whether the organisation survival depends on managing efficiency demand of technical work activities or legitimating and conform to external environment (Collier, 2001). The previous research conducted in developing country public sectors revealed that most of the reforms are adopted in order to gain and restore the financial legitimacy rather achieving internal organisational efficiency (Sarker (2006); Adhikari and Mellemvik, (2011); Mkasiwa (2011) and Mzenzi, 2013).

Later formulation of the NIS as a branch of institutional theory which is the core theory of this study, suggest that efficiency and legitimacy should be treated as intertwine aspects in public sector because both are determined by compliance institutionalized practices (Collier, 2001; Modell, 2001; Mkasiwa, 2011; Mzenzi, 2013). The perceived efficiency gain and legitimacy both are equally important for public sectors survival (Modell, 2001). The initial model posits that the public sector organisations of developing country need to integrate both efficiency demand gain as well as external financial legitimacy for their survival and growth. This is because the public sector organisations in the context are still characterized with technological, financial, and political uncertainties and poverty are more pronounced in developing countries than in developed countries. Therefore to meet internal budget efficiency demands and to acquire external financial legitimacy by coupling the use of accounting information is necessary to reduce financial uncertainties and poverty level.

The initial model is assessing the internal budget efficiency by looking at the efficiency in budget preparation, budget approval and budget implementation in terms of revenue from own sources are estimated, collected and utilised as well as the way sources of revenue are identified. The orientation of the internal budget efficiency is presented in figure 6 below;
The initial model of determinants of the use of accounting information looking the external financial legitimacy as status that facilitates an organisation’s access to resources, especially financial resources from external interest groups such as donors, or the central government for survival purposes (Assad, 2001; Collier, 2001; Modell, 2001; Mkasiwa, 2011; Mzenzi, 2013). The initial model draws from Assad (2001), external financial legitimacy can be understood within the threshold of low to high level rather absolute value in which its existence within the threshold of the organisation is determined by the actual receipt of funds, a promise to receive funding and contract or relationship with the main funders with legal status (Mzenzi, 2013; Mkasiwa, 2011; Assad, 2001). Therefore, the initial model measures the external financial legitimacy by looking acceptance to estimate the promised to receive fund (acceptance to be given the fund after meeting legitimacy conditions) and contract or relationship with the main funders with legal status as well as an actual receipt of fund from donor such as central government. The orientation of the external financial legitimacy is presented in figure 7 below;  

**3.6.1 Proposition in the Initial Model**

By using the adopted theoretical framework and literature review, as demonstrated in the initial model of determinants of the use of accounting information, this study develops several propositions which are subject to modification by the findings which are expected to be obtained by the interpretive approach. This is because it is expected that the initial...
model will be modified by findings by conducting qualitative study which demonstrative
the specific variables of the public sector of developing context, the case of LGA.
Theoretical frameworks and previous studies suggest several dimensions of determinates
of the use of accounting information as well as suggest the dimensions of the use of
accounting information. The initial model links the dimensions of determinants of the use
of accounting information to the dimensions of the use of accounting in budget decision-
making processes. The initial model posits the relationship between the constructs by having
the following propositions:

1. *Dimensions of determinants of the use of accounting information which includes institutional
pressure, organisation institutional and structural conditions, individual actors’ values, and
processing of accounting information related factors are positive related with dimensions
(instrumental-conceptual use and symbolic use) of the use of accounting information in the
budget decision-making processes.*

The previous studies which were conducted in developed country suggest that the
dimensions of determinants can influence differently political actors and administrative
actors. This is because, some studies use both political and administrative (such as
Moynihan and Ingraham, 2004; Chalu, 2007; Luder, 1992): others use only politicians
(such as Askim, 2007) while other use only administrators as unit of analysis (such as
Moynihan and Pandey, 2010; Proeller, Siegel, & Kroll, 2010). However, the current study
argues that the dimensions of determinants influence both political and administrative
actors but the level of influence may differ due to the nature of actors, as well as different
role and responsibility of actors in budget decision-making processes. Therefore, the initial
model posits the variations by the following proposition;

2. *There is a significant difference of influences of external institutional pressure related
factors, internal organisational related factors, individual actors’ related factors and
processing of accounting information related factors between political actors and
administrative actors (management team).*

The initial model also links the dimensions of the use of accounting information to internal
budget efficiency and external financial legitimacy as integrated aspects. This is because
the adopted theoretical framework and reviewed previous studies indicated that there is
relationship between dimensions of the use of accounting information with efficiency and
legitimacy. Therefore, initial model posits the following propositions;

3. *Dimensions of instrumental-conceptual use of accounting information are positive
related with internal budget efficiency*
4. *Dimensions of symbolic use of accounting information are negative related with
internal budget efficiency*
5. *Dimensions of instrumental-conceptual use of accounting information are positive
related with external financial legitimacy

   *Dimensions of symbolic use of accounting information are positive related with
external financial legitimacy*
Figure 8: Proposed/Initial Model for Determinants of Accounting Information Use in the Public Sector’s Budget Decision-making Processes

Dimensions of Determinants of the Use of Information

External Institutional pressures Related Factors
➢ Macro institutions govern economic transaction
➢ Micro institutions govern the model of transaction
➢ External legal and technical requirements of the budget cycle
➢ Professionalism
➢ Modelling techniques to relative to successful organizations

Internal Organisational Related Factors
➢ Political factors
➢ Cultural factors
➢ Regulative factors
➢ Leadership factors

Individual Actor’s Characteristic Related Factors
➢ Education level
➢ The actor’s job attributes
➢ Knowledge, experience and expertise of business and economic activities

Processing of Accounting Information Related Factors
➢ Technological Factors
➢ Human resources factors
➢ Auditing Factors

The Use of Accounting Information in the Budget Decision Making Processes

- Instrumental-Conceptual Use
- Symbolic Use

- Internal organization’s Budget efficiency
- External Financial Legitimacy

Type of Actor (Administrator vs. Politician)

Source: Developed by this study from theoretical framework and empirical literature (Theories including Institutional theory, Contingency theory, Decision Usefulness concept and Public Choice theory).
CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Research Paradigms in the Research Context

A research paradigm is defined as the basic belief system or world view that guides an investigation based on ontological and epistemological and methodological assumptions (Guba and Lincoln, 1994). These basic assumptions are vital in guiding the selection of either the positivism or interpretative research paradigm, depending on which one fits best the research objective of the study (Guba and Lincoln, 1994; Assad, 2001; Yin, 1981, 1994, 2003, 2009). On the basis of the ontological assumption, which refers to the discovering of the nature of reality or phenomenon of study, positivism paradigm assumes that factors can be discovered from reality through quantitative measures as independent facts about a single apprehensible reality by carrying out a theory testing (Guba and Lincoln, 1994; XU, 2003; Yin, 1981: 1994). Under the interpretive paradigm, the factors can be constructed from reality by human beings who experience a phenomenon of interest which can result into a theory development or modification of the existing theories (Guba and Lincoln, 1994; Chalu, 2007).

The establishment of a model for determinants of accounting information use in the budget decision-making processes is done in LGAs of as a public sector organisation of developing countries as phenomenon of interest which has special salient features that necessitate a special theoretical ground which has been lacking thus far. This phenomenon needs factors to be constructed from reality, and hence the need for theory modification or development rather than theory testing. Institutional theory is the main theory adopted by the study to develop and interpret the meanings about how and what factors influencing the use of accounting information. Institutional theorists are challenged to adopt interpretive paradigm to study the meanings and symbols about what and how institutional pressures influencing individual actors’ behaviours (Suddaby, 2010; Nicol, 2013). The interpretative paradigm allows the researcher to understanding and interpreting meanings which are attached in institutional pressures as they are interpreted by the actors in organisation operations and processes (Suddaby, 2010). It is for this reason that the researcher adopted interpretative paradigm to investigate factors influencing the accounting information use among political and administrative actors in Tanzania’s public sector budget decision-making. As supported by Xu (2003), the interpretative paradigm is most suitable for research which needs to modify or develop a theory or model. This study uses the interpretative paradigm to modify a model for determinants of accounting information use in the public sector’s budget decision-making in the developing country context.

Scholars in accounting discipline are encouraging researchers to adopt the interpretative paradigm so as to develop an accounting theory or model because of deficiencies in the existing theory in explaining the relationship between variables in accounting research. Armstrong (2008) argues that doing qualitative field research in accounting helps to position data to contribute to the development of theory or modification of the existing theory. However, the resulting theory or model has to reflect the characteristics of the context in which a phenomenon occurs and the actors’ behaviours, the nature of the task or
the decision to be made, and possible links between macro- and micro-factors that contribute to understanding the phenomenon (Durocher, 2009).

Also, the selection of the research paradigm for this study was based on the epistemological assumption, which forms the basis of how knowledge can be generated by the researcher on the nature of reality (Guba and Lincoln, 1994; Yin, 2003; Krauss, 2005; Tuli, 2010). Positivists believe that knowledge can be generated in cases where the knower and the (subject to be) known are independent (Guba and Lincoln, 1994; Tuli, 2010). Knowledge about how accounting information is used and factors influencing it’s use in budget decision-making can be discovered by observing the phenomena experienced by people. On the other hand, the interpretative paradigm works on the assumption that knowledge can be generated in cases where the knower and the known are interactive and inseparable. To understand factors influencing accounting information use by actors in the public sector’s budget decision-making, there is need to explore the reality in an interactive manner to experience the natural phenomenon. As the LGAs’ decision-making process is a complex phenomenon (Gomes, 2003) that needs knowledge of factors to be constructed from reality and develop or modify the existing theories, the case study or exploratory research is essential to accomplish the objective (Krogh, Lamasta & Haefliger, 2012). Consequently, such a research approach allows one to understand the respondents’ perception on one’s experience of a particular phenomenon of interest (Chalu, 2007).

The last philosophical assumption on the selection of a research paradigm has to do with the methodology, that is, the use of appropriate techniques to generate and communicate the acquired knowledge (Guba and Lincoln, 1994; Krauss, 2005; Tuli, 2010). The positivism paradigm assumes that the quantitative research approach is the most suitable in undertaking research. The employment of survey and experimental research strategies as well as quantitative data collection methods such as questionnaires together with the use of statistical data analysis, which involve theory testing, mostly fall under the positivism paradigm (Xu, 2003; Tuli, 2010). The interpretative paradigm, on the other hand, assumes that knowledge can be generated by employing a qualitative research approach.

The qualitative research approach involves employment of research strategies such as the grounded theory and the exploratory case study alongside qualitative data collection techniques such as interviews, observations, focus group discussions (FGDs) and documentary review, and using qualitative data analysis techniques such as the semantic approach (Xu, 2003; Tuli, 2010). As Tuli (2010) points out, the selection of research methodologies depends on their suitability in realising the research objectives. Generation of knowledge on factors influencing accounting information use of political and administrative actors in public sector’s budget decision-making in the developing country context can be done by employing qualitative strategies, especially the exploratory case study to gain deeper understanding through interactions. Thus, qualitative data collection and analysis techniques were employed to accomplish the objective of developing the model for determinants of accounting information use in public sector’s budget decision-making process. Chalu (2007) argues that the qualitative research approach is the most appropriate when the proposed model is developed from empirical and theoretical frameworks which do not directly fit the phenomena of interest. Therefore, the qualitative
research approach helped to modify the proposed model to come up with the model that reflects analytical generalisation of the phenomena of interest (Chalu, 2007).

The Table 1 presents the research paradigm selected for this study. The table covers the philosophical assumptions with connections to the interpretative research paradigm as the theory and the justification of the study. The idea and structure of the table was adapted and modified from Guba and Lincoln (1994), Xu (2003) and Chalu (2007).

Table 1: Selected Research Paradigm

<table>
<thead>
<tr>
<th>Philosophical Assumption</th>
<th>Interpretative Research Paradigm</th>
<th>This Research</th>
</tr>
</thead>
</table>
| **Ontology**             | • Reality is real but only imperfectly and probabilistically apprehensible  
                            • The world exists independently of its being perceived  
                            • The focus is on studying causal tendencies or generative mechanisms | • Discovery of unobservable realities  
                                                                            • With little previous knowledge  
                                                                            • Focus on studying causal tendencies: possible important factors influencing the use of accounting information |
| **Epistemology**         | • The findings probably true with awareness of values between them  
                            • Focus on exploration, theory building | • Capture the nature of the research problem and associated issues in their natural settings  
                                                                            • Exploration of how accounting information is used and what are factors influencing accounting information use in decision-making  
                                                                            • Theory building—modification of the initial research model |
| **Methodology**          | Mostly qualitative elements:  
                            • Case study  
                            • Convergent interviews  
                            • Triangulation of evidence  
                            • Multiple measures  
                            • Analytical generalisation | Mostly qualitative:  
                                                                            • Two case studies  
                                                                            • Semi-structured Interview  
                                                                            • Non-participatory Observation  
                                                                            • Documentary Review  
                                                                            • Triangulation of Evidence  
                                                                            • Includes both qualitative and quantitative measures  
                                                                            • Modification of the proposed research model |

Source: Adapted and Modified for this study from Guba and Lincoln (1994); Xu (2003) and Chalu (2007)

4.2 Research strategy

The choice of research strategy depends on the nature of the research problem, research objective(s) and the researcher’s intellectual capacity (Assad, 2001; Yin, 2003) and the selected research paradigm. The main research objective of the study is to establish a model for determinants of accounting information use in the public sector’s budget decision-making processes for the organisation’s budget efficiency and external financial legitimacy. To achieve the main research objective, this study used a case study strategy. The case study, as defined an empirical inquiry, which investigates a contemporary phenomenon within its real context when the boundaries between the phenomenon and context are not clearly evident and in which multiple sources of evidence are used (Yin (1981; 1994: 1999; 2003:2009).

The investigation of the determinants of accounting information use in budget decision-making processes was done to clearly document the context of developing countries’ public sector organisations. Therefore, the study employed a multiple exploratory case study strategy to get a deeper understanding of how accounting information is used and what influence its use has in the budget decision-making process to ensure the
organisation’s budget efficiency and external financial legitimacy in the public sector. Furthermore, the adoption of the multiple exploratory case studies was done to modify the initial model of determinants of accounting information use in the public sector’s budget decision-making as advocated by Yin (1994, 1999; 2003; 2009). Eventually, two cases were used to refine and modify a study model through literal and theoretical replication logic and not sampling logic (Yin, 1994, 1999; 2003, 2009; Xu, 2003). The use of multiple cases was based on an argument that they strengthen results by replicating pattern-matching and, thus, increasing confidence in the robustness of the theory or model development (Yin, 1994: 2003; 2009; Chalu, 2007). Therefore, multiple cases were done within the maximum variation of sampling by contrasting with sampling logic based on a random sample of a number of respondents representing a large population (Yin, 1994; 2003; 2009; Xu, 2003). The idea was to have multiple forms of evidence and experiences rather than multiple respondents (Xu, 2003: Yin 1999).

4.3 Unit of Analysis

Determining the unit of analysis in a case study is very important. Benbasat and colleagues (1987) observe that prior to searching for sites; the researcher should determine the unit of analysis most appropriate for the project. In fact, determination of the unit of analysis is essential for the study’s generalisation (Benbasat, Goldstein, & Mead, 1987; Yin, 1994, 2003, 2004, 2009, 2011; Grunbaum, 2007). Thus, the unit of analysis is a central in understanding, preparing and implementing a case study (Grunbaum, 2007). Yin (1994, 2003) defines the unit of analysis as the actual source of information: it could be an individual, an organisational document, or an artefact. The unit of analysis for this study was the Local Government Authorities (LGAs). The study was done on LGAs’ budget decision-making processes of Tanzania.

Tanzania is one of the developing countries classified as the least developed country, or LDC (UN, 2011). Previous studies conducted in Tanzanian LGAs to investigate accounting practices and budget practice revealed several challenges (Mkasiwa, 2010; Mzenzi, 2013). One among the challenge which also observed in other developing countries (see in Adhikari and Mellemvik, 2011; Sarker, 2006; Tambulasi, 2007) was adoption and implementation of accounting and budget practices to gain legitimacy by undermining efficiency in which decoupling behaviours were commonly practiced (Mkasiwa, 2010; Mzenzi, 2013). The LGAs in Tanzania include rural district and urban authorities established under the Local Government Act of 1982. Rural district authorities include district councils, township councils and village councils which are further divided into wards, each comprising several villages. On the other hand, urban authorities include town councils, municipal councils and city councils, which are further divided into wards, each of which comprise several streets. According to the Local Government Act of 1992, councillors as political actors have a mandate to make decisions on matters such as the budget on behalf of citizens in the council meetings. The council meetings are headed by the mayor of the council who is elected by and among the councillors. Moreover, LGAs are managed by an administrative team, which compromises the director of the council, heads of department and other departmental employees. Such administrative actors have the responsibility of advising the councillors and implementing budgetary decisions including those made by councillors.
Like in other countries, the LGAs in Tanzania are undergoing reforms, which have aspects of New Public Management (NPM). In 1996, Tanzania introduced the Local Government reform Agenda by enacting the Local Government Amendment Act of 1999. The reform agenda mainly concentrates on the implementation of the Decentralisation by Devolution (D by D) Policy of 1998, which aims at increasing political, financial and administrative autonomy of LGAs (Warioba, 2008). The policy involves the transfer of functions and resources, including financial resources from the central government to the local level. In fact, in terms of expenditure responsibilities, Tanzania has achieved a significant amount of decentralisation, with about 21 percent of the budgeted recurrent government spending done at the local level through central government transfers (PMO-RALG, 2011). As such, more accounting information is expected to be produced by LGAs to inform political and administrative actors for decision-making. Through decentralisation by devolution, LGAs’ political (councillors) and administrative actors have gained mandates to make budget decisions. As already indicated, the unit of analysis for this study was the LGAs, which compromise multiple units such as political actors (councillors) and administrative actors who are key informers such as director of the councils, heads of department and departmental operational staff. The unit of analysis was also included council’s meetings and documents were containing accounting information such as financial statements, budgets as well as council minutes.

4.4 Selected Sites as Cases

The selection of the two cases was based on the following factors. First, was the nature of the study unit of analysis in which theoretical and literal replication logic were considered in selecting the multiple cases. The nature of LGAs in Tanzania creates similar and different conditions between among the LGAs. Urban authorities differ from rural authorities in terms of quality of infrastructures such as electricity, transport, communication facilities and modernised way of living which attract educated people (Chalu, 2007). Therefore, differences can be seen in terms of social status, education, exposure, quality of life, interaction with action groups. However both LGAs are governed with the same financial and accounting regulations. Therefore, different results were expected due to different conditions; that is theoretical replication logic. On the other hand, similar results were expected due to similar conditions. Therefore, this can implicate how accounting information use and what determine its use in budget decision-making processes between and among the LGAs. The study selected among LGAs; one rural-based district authority and one urban-based authority by considering the trends of local revenue collection; budget performance; types of audited reports; political climate; duration of LGA since its establishment; and the location of LGAs. General factors are the possibility of entry, presence of the rich-mixed participants, interactions and credibility of assurance, as suggested by Assad (2001).

All of the above factors were undertaken in the selection of cases to achieve both literal and theoretical replication logic but not sampling logic that was based on a random sample of a number of respondents representing a large population (Yin, 1994; Xu, 2003). This means the two cases were done to obtain multiple experiences rather than multiple respondents on how LGAs use accounting information. Therefore, non probabilistic sampling methods by basis on judgemental and convenience rather than random sampling methods were used.
The study selected two LGAs as case studies out of the 134 LGAs existing in Tanzania. Therefore, the Ilala Municipal Council and Kisarawe District Council were selected LGAs for the study. The Ilala Municipal Council was selected because it was one of the urban-based LGAs which have performed greatly over past three accounting years as revealed by the Control and Auditor General Reports of 2007/08, 2008/09 and 2009/10 fiscal years. However, political competition between the number of councillors from the ruling party, Chama Cha Mapinduzi (CCM) and those from opposing political parties was not high. Kisarawe District Council, on the other hand, was selected because it is a rural-based LGA which greatly performed over past three accounting years as confirmed by the CAG reports of 2007/08, 2008/09 and 2009/10 financial years. Therefore, the study expected to generate useful insights at the Kisarawe District which performed better among rural-based authorities but not as well as Urban Authorities such as the Ilala Municipal Council even though it is characterised by low political competition.

The nature of respondents was also factored in when selecting cases. In fact, urban council can attract more educated respondents than rural LGAs, and differences and similarities were expected to prevail between the KDC and IMC. Therefore, data were collected from political actors (councillors) as decision-makers pertaining to budgets and administrative actors as advisers as well as implementers of the budget decision made by politicians (Council directors, Heads of department, accountants, planners, and economists and other employees). In this regard, the study collected data from the key users of accounting information as well as key actors, who are involved in the Local Government budget decision-making processes due to the nature of their responsibilities.

4.5 Data Collection Methods

Most of qualitative accounting previous researches limited triangulation of data collection methods and used interview and document analysis (Hopper et al., 2009). This limits the dialogue and connection between theories and practices in the studied context (Hopper et al., 2009). The study triangulated more by adding observation, data collection method in order to gain deeper dialogue and link between the theoretical model and practices about how accounting information is used and what determine its uses in the budget decision-making processes. Therefore, data were collected by using multiple methods which were semi-structured interviews, non-participant observations and documentary review. The study conducted semi-structured interviews in both cases to collect data that reflected all the four specific research objectives.

The study employed, semi-structured interview data collection methods, because there were concepts and theories reviewed. Theories, concepts and prior studies were used to develop questions which guided interviews for the purpose of generating findings that affirm or modify the study model in the context of the developing country for the case of LGAs in Tanzania. Moreover, the semi-structured interview method was found to be suitable because it offers sufficient flexibility in the engagement with different respondents, while still covering the same areas of data collection (Noor, 2008). To ensure that data were well-captured, the researcher used a tape recorder, files, and notebooks for recording the proceedings. Strauss (1987: 63) underscores the importance of recording, especially when research aims demand accuracy of wording. The data collected through
interviews were operationalised as indicated in subsequent section 4.3.2.4. The cases and interviews conducted cases are indicated in Table 2.

Table 2: List of Case, Respondents and Nature of Interviews

<table>
<thead>
<tr>
<th>Case 1: Ilala Municipal Council</th>
<th>Case 2: Kisarawe District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respondent’s title</strong></td>
<td><strong>No</strong></td>
</tr>
<tr>
<td><strong>Administrative Actors</strong></td>
<td></td>
</tr>
<tr>
<td>Acting Municipal Director</td>
<td>1</td>
</tr>
<tr>
<td>Accountants expenditure/Revenue</td>
<td>1</td>
</tr>
<tr>
<td>Economist (Head of Planning Department)</td>
<td>1</td>
</tr>
<tr>
<td>Head of education Department</td>
<td>1</td>
</tr>
<tr>
<td>Economist (Operational staff in the planning department)</td>
<td>2</td>
</tr>
<tr>
<td><strong>Political Actors (Councillors)</strong></td>
<td></td>
</tr>
<tr>
<td>Chair of Planning council committee</td>
<td>1</td>
</tr>
<tr>
<td>Councillors</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>11</td>
</tr>
</tbody>
</table>

*Source: Field Data (2012)*

Observation generates insights and better understanding of phenomena under study because it allows the researcher to observe the phenomena of interest in the environment to draw information, which cannot be obtained from other data collection methods (Noor, 2008: 106). Therefore, the non-participant observation method was employed. The researcher attended full council and council committee meetings without interacting with participants of such meetings. The use of non-participant observation was done primarily because the full council meeting is open to the public and the mass media under the Tanzania Local Government Act of 1982. Any member of the public who attends these meetings is not allowed to interact with councillors and political actors. Moreover, most of the binding budget decisions of the LGAs are made in the full council and council committee meetings as stipulated by the Tanzania Local Government Act of 1982. The researcher attended some full council and council committee meetings for the purpose of observing how political and administrative actors use accounting information in the budget decision-making processes. Data about the actual instrumental and symbolic interactions with accounting information by both political and administrative actors in budget decision-making processes through these meetings were revealed. Furthermore, the actual actors’ behavior and experience that determine the use of accounting information in budget decision-making process through these meetings were also revealed. The data obtained from observations made in the full council meetings and council meeting assisted to build more interactions and deep follow-up questions in the interviews. This is because
observation data collection methods build symbolically bind between the researcher and what is researched and also give the researcher a room to understand the research problem in a real environment (Hopper et al, 2009). Data were captured by recording the discussions and events using a tape-recorder as well as by recording the observed events in the notebooks. The meetings attended are indicated in Table 3.

Table 3: List of Cases, Attended Meetings and Nature of Meetings

<table>
<thead>
<tr>
<th>Type of members of the committee meeting: Administrative and Political Actors</th>
<th>Case 1: Ilala Municipal Council</th>
<th>Case 2: Kisarawe District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of meeting</td>
<td>No</td>
<td>Nature of meeting</td>
</tr>
<tr>
<td>Finance Committee Meeting</td>
<td>1</td>
<td>Budget implementation meeting (Special meeting)</td>
</tr>
<tr>
<td>Full Council Meeting</td>
<td>1</td>
<td>Budget implementation Meeting</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td></td>
</tr>
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</table>

Source: Field Data (2012)

The study used document analysis to capture the accounting information use in budget decision-making processes for the organisation’s budget efficiency and external financial legitimacy. A documentary review also helped to identify the factors influencing accounting information use. Through reading and preliminary analysis of documentary materials usually dominates both the initial data collection efforts for the purpose of providing the background information and throughout fieldwork and the subsequent interpretation phase (Assad, 2001). The study reviewed documents such as audited financial statements, annual general reports of the Controller and Auditor General, assessment reports for CDG, budget guidelines, budget documents as well as plans and strategies, contracts, minutes of the full council and council committees to assess the use of accounting information and any other documents concerning accounting matters. Documentary data may suffer from bias and partial accounts, depending on the author as well as the target audience (Assad, 2001). The researcher collected and analysed documents as summarised in Table 4:
Table 4: List of Collected and Analyzed Documents

<table>
<thead>
<tr>
<th>Case 1: Ilala Municipal Council</th>
<th>Case 2: Kisarawe District Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nature of the document</strong></td>
<td><strong>Time frame</strong></td>
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<tr>
<td>Finance Committee Minutes</td>
<td>Ilala municipal</td>
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<tr>
<td></td>
<td><a href="http://www.pmoralg.go.tz">www.pmoralg.go.tz</a></td>
</tr>
<tr>
<td>Local government finance act</td>
<td>Local government Act (district authority) of 1982</td>
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<tr>
<td>of 1982</td>
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<tr>
<td>Budget guideline</td>
<td>2012/2013</td>
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<tr>
<td>Report for CDG Assessment</td>
<td>2010-2011</td>
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<tr>
<td>Medium Term Expenditure Framework (MTEF)</td>
<td>2012/2013</td>
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</tbody>
</table>

4.6 Operationalisation of the Study Concepts

The good case study, even with the context of an exploratory strategy should have an operationalisation framework which defines the concepts to be explored (Yin, 1994; 1999). The idea is to know exactly what will be studied and the topic or questions which have to be covered (Yin, 1999; 1215). This section delineates the operationalisation of the concepts or themes presented in theoretical or initial model (Figure 8) which was constructed with insights from previous studies and theories such as Institutional Theory, Contingency Theory, the NPM concept, the decision-usefulness concept and Public Choice Theory. There are seven constructs in the conceptual framework (Figure 8) including the dimensions of the use of accounting information which is to be divided into two themes; including accounting information included in institutional pressure-related factors, internal organisational related factors, and individual actor’s characteristic/value-related factors together with processing of accounting information-related factors. Furthermore, the operationalisation of the study concepts includes two more themes which organisation budget efficiency and external financial legitimacy.

The first concept operationalised by the study was ‘the two main dimensions of the use of accounting information’ for the purpose of achieving objective number one (1) which was
to investigate how Tanzania LGAs’ political and administrative actors use accounting information in budget decision-making. The dimensions of the use of accounting information were described as instrumental-conceptual and symbolic use as pointed by scholars such as Chua (1988), Amara and co-writers (2004), Philemon (2010). Specifically, the following table 5 presents the measurements of instrumental-conceptual use and symbolic use of accounting information.

Table 5: Operationalisation of Dimensions of Accounting Information Use

<table>
<thead>
<tr>
<th>General Dimensions of Using Accounting Information</th>
<th>Multiple Dimensions</th>
<th>Modified Measurement Items</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Symbolic use</td>
<td>Social Use</td>
<td>Accounting information is often gathered to maintain good relationships with information suppliers</td>
<td>Diamantopoulos and Souchon, (1999); Vyas and Souchon (2003)</td>
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<tr>
<td></td>
<td>Power Seeking Use</td>
<td>Use of accounting information to obtain, maintain and enhance the power of budget decision-maker or decision unit</td>
<td>Vyas and Souchon (2003)</td>
</tr>
<tr>
<td></td>
<td>Affective Use</td>
<td>Use of accounting information to boost levels of confidence in the budget decisions to be made</td>
<td>Vyas and Souchon (2003)</td>
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<tr>
<td></td>
<td>Legitimating Use</td>
<td>- Accounting information is often collected to justify a budget decision already made</td>
<td>Diamantopoulos and Souchon, (1999); Vyas and Souchon (2003); Amara, Ouimet, &amp; Landry (2004); Philemon (2010); Kurunmaki, Melia, &amp; Lapsley, (2003); Assad, 2001; Mzenzi, (2013)</td>
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<td></td>
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<td>- Accounting information is used to justify a budget decision is often collected/interpreted after the decision has been made</td>
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<td></td>
<td>- Accounting information frequently supports budget decisions made on other grounds</td>
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<td></td>
<td>Self-promoting Use</td>
<td>Actors use accounting information in the budget decision-making processes to visibly portray knowledge and competences to others within and outside organisations</td>
<td>Vyas and Souchon (2003)</td>
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<tr>
<td></td>
<td>Symbolic Non-Use</td>
<td>- Accounting information is often not considered in the making of budget decisions for which it was initially requested</td>
<td>Diamantopoulos and Souchon, (1999); Vyas and Souchon (2003)</td>
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<td></td>
<td></td>
<td>- If accounting information is difficult to obtain, guesses are made</td>
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<tr>
<td>Instrumental Conceptual Use</td>
<td>Decision Relevance</td>
<td>The accounting information is used on the basis of its availability or accessibility rather than its relevance in budget decision</td>
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<td>Haphazard Use</td>
<td>Distortion of</td>
<td>The accounting information is used on the basis of its availability or accessibility rather than its relevance in budget decision</td>
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<td></td>
<td>Accounting</td>
<td>Vyas and Souchon (2003)</td>
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<td>Information</td>
<td>Vyas and Souchon (2003)</td>
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<td>- Actors often</td>
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<td>distort Accounting</td>
<td>Vyas and Souchon (2003)</td>
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<td>making processes</td>
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<td>Information Surplus</td>
<td>- The majority of accounting information is not used</td>
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<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>has little decision</td>
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<td>relevance</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td></td>
<td>Recommendation use</td>
<td>- No budget decision recommended by the accounting information report would be made without accounting information from such report</td>
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<td>- No budget</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>decision</td>
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<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>information from</td>
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<td>such report</td>
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<td></td>
<td>General quality as</td>
<td>- The accounting information is used basis for satisfaction on process and analysis of such information</td>
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<td>reflected by overall</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>satisfaction with</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>the production and</td>
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<td>analysis of</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>The accounting</td>
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<td>information is</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>used basis for</td>
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<td></td>
<td>process and</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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<td>analysis of</td>
<td>Deshpande and Zaltman, 1982; Diamantopoulos and Souchon, (1999)</td>
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Institutional pressure-related factors constituted the second construct or theme of the study operationalised by using the New Institutional Theory as suggested by DiMaggio and Powell (1983); Collier, (2001); Modell, (2001); (Lounsbury, 2008). DiMaggio and Powell (1983) point out that, institutional pressures are transferred through coercive, normative and mimetic mechanisms. To identify and describe factors related to institutional pressures by coercive mechanism, the study gathered data which reflected issues that force changes in accounting information and the budget decision-making processes through the legal environment as suggested by DiMaggio and Powell (1983). The existence of pressure associated with legal and technical requirements on the budget cycle and accounting reporting by Central Government or other stakeholders that ensure eligibility for the receipt of central government contracts or funds and others that shape LGAs in similar ways were operationalised as factors that influenced accounting information use in the budget decision-making processes as pointed out by DiMaggio and Powell (1983: 150).

Institutional pressures-related factors transferred by normative mechanisms were operationalised by primarily looking at the accounting professionalisation aspects as pointed by DiMaggio and Powell (1983). Thus factors associated with institutional pressures under normative mechanism were operationalised by considering the existence of universities and accounting professional training institutions as important centres for the development of organisational norms among professional managers and their staff (DiMaggio and Powell, 1983). Moreover, the existence of accounting professional and trade associations that define and spread accounting rules and procedures that develop accounting professional behaviour was also considered as a factor influencing accounting information use in budget decision-making. It is because actors, under such mechanisms, tend to influence one another, which might also result into organisational behaviour as suggested by DiMaggio and Powell (1983). Moreover, the study measured institutional pressure-related factors influencing accounting information use under normative pressure through the existence of accounting professional socialisation and networking aspects as pointed by DiMaggio and Powell (1983). Actors shared normative behaviour through such
mechanism, which might result in behavioural change amongst the actors themselves as well as organisational behaviour (DiMaggio and Powell, 1983:152).

Institutional pressures-related factors transferred through the mimetic mechanism were operationalised by looking at the existence of practices which allow the organisation, in this case LGAs, to model by themselves intentionally or unintentionally with practices with accounting and budgeting aspects deemed to be associated with successful organisations (see in DiMaggio and Powell, 1983). Organisations tend to model themselves to organisations in their field they perceive to be more legitimate or successful (DiMaggio and Powell, 1983:152). Moreover, DiMaggio and Powell (1983:151) argue that modelling can be done through employee transfers or turnover explicitly by organisations such as consulting firms or industry trade associations as well as innovation of the practices of a successful organisation. Therefore, the study also measured the factors influencing accounting information use in the budget decision-making processes by looking at mechanisms that might lead to the use of accounting information by actors as well as by the organisation in general. Furthermore, the institutional pressure also were looked at NIE theory which predicts micro and macro institutions that govern economic transaction production, exchange and distribution can influence the use of accounting information (Scapen, 2006). Therefore, the study was expected to identify the specific variables which measure the institutional pressure relate factors in NIE and NIS perspective, which influence the use of accounting information in budget decision for efficiency and legitimacy.

The four construct operationalised by this study was the organisation’s internal institutional and contingencies-related factors. Internal organisational related factors were described as an internal structure of the organisation due to the existing institutional and contingent aspects of budgeting and accounting process that might influence the accounting information use in the budget decision-making process. The operationalisation of internal organisational related factors was done by employing Institutional Theory and Contingency Theory as well as the NPM concepts. The study primarily examined the existing institutional aspects such as legal and social rules, as well as and political aspects that might influence the accounting information use in budget decision-making processes. This is because accounting is social and institutional practice which cannot be separated with internal organisation social and legal rules (Miller, 1994; Assad, 2001; Collier, 2003). This means accounting information use by actors in budget decision-making processes can be shaped by organisation social and legal as well as political environment which govern the operations and processes of the organisation (Miller, 1994; Assad, 2001). Moreover, the study measured the internal organisational related factors by looking at the contingency aspects such as the organisation’s cultural aspects that influence the use of accounting information in the budget decision-making process (see in Galbraith 1973; Ludea, 1992; Betts, 2003; Chalu, 2007). Previous studies, such as Moynihan and Ingram (2004); Dull (2008) and Moynihan and Pandey (2010) suggested that leadership commitment to the organisation’s operations and processes can influence the use of accounting information use in the budget decision-making processes. Therefore, study was expecting to identify specific variables for the context that explain regulative (social and legal rules), political, cultural and leadership aspects that influence the use of accounting information.
The five construct operationalised by this study was individual actors’ characteristics-related factors. Individual actors’ characteristics were described as political and administrative actors’ characteristics or attributes that increase understanding and the competency of using accounting information in the budget decision-making processes as suggested by the decision-usefulness concept (see in Staubus, 1960; Bruns, 1968; Williams; 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent, 2003; Sutton, 2009) together with Luder (1992) Contingency Model for Government Accounting. Understandability and competency in using accounting information by actors was assumed to be driven by organisation efficiency as suggested by the NPM concept (see in Sarker, 2006; Watkins and Arrington, 2007; Groot and Budding, 2008). Therefore, the study was expecting to identify specific variables in term of level of education, knowledge, skills and experience and job positions factors which enhance actors’ understandability and competency in using accounting information in the budget decision-making processes.

The sixth construct operationalised by this study was the processing of accounting information-related factors. Processing of accounting information-related factors are described as factors that increase the quality of information by actors in processing accounting information for the budget decision-making processes. Under decision-usefulness concept, the quality of accounting information depends on relevance and reliability as primary characteristics that make such accounting information useful in decision-making (see in Staubus, 1960; Bruns, 1968; Williams, 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent, 2003; Sutton, 2009). Furthermore, the quality of accounting information entails having relevant, reliable, accessible and conveniently available information that actors can deploy in the budget decision-making processes as suggested by Lackter and Lessig (1980), Davis (1989), Jeong and Lambert (2001), Chalu (2007, 2010) and Philemon (2010). The study employed aspects of the Contingency Theory, the NPM concept as well as the decision-usefulness with regards of the technology used, NPM-related professional techniques and practices adopted in the processing of accounting information. The main issue was to identify the factors that increase perceived quality as well as the use of accounting information in the budget decision-making processes to promote organisational efficiency and financial legitimacy.

The seven construct operationalised was the organisation’s budget efficiency. The study operationalised the organisation internal budget efficiency by looking the efficiency in budget preparation, budget approval and budget implementation in term of revenue from own sources are estimated, collected and utilised as well as the way sources of revenue are identified. This means study looked at the way own source financial resources (revenue) as input are designed, collected, allocated, utilised and distributed in relation to outputs through budget processing in LGAs. The minimisation of the cost and achieving the targeted revenue from own sources were looked as the indicators of the efficiency in the budget decision-making processes. The study also looked at the how efficiency estimating, collecting and utilisation of own sources revenue affect the financial legitimacy as integrated aspect to be achieved.

The eight construct operationalised in this study was the external financial legitimacy. External financial legitimacy is defined as a status that facilitates an organisation’s access
to resources, especially financial resources from external interest groups (donors, CG) for survival purposes (Assad, 2001; Collier, 2001; Modell, 2001; Mkasiwa, 2011; Mzenzi, 2013). The operationalisation of legitimacy was done by looking at the external financial legitimacy an organisation acquired determined by its receiving actual funds, or the promise to receive funding and having a contract or relationship with the main funders with legal status (Mzenzi, 2013; Mkasiwa, 2011; Assad, 2001:2006) as well as the actual fund received. The study further looked at the how legitimacy affects efficiency by looking to different between a promised fund to receive and actual fund received differ and how it affect budget efficiency as integrated aspects.

4.7 Data Preparation and Data Analysis Approach

Tape-recorded and field notes data were prepared for analysis by being transcribed and translated from Kiswahili into English. Furthermore, the transcripts were verified with original tape-recorders to ensure consistency and completeness. Data summarisation was done by using the thematic approach. Thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data or matching the data with themes deductively developed (Brawn and Clarke, 2006). Through theoretical or deductive thematic analysis, coding was done to represent the constructs of the study’s theoretical/ initial model of determinants of accounting information use in the budget decision-making processes. The theoretical/initial model was developed by integrating the NPM concept, the Public Choice Theory, the decision-usefulness concept, Institutional Theory, Contingency Theory and ideas drawn from previous studies (see Figure 1). Brawn and Clarke (2006) posit that it is important that the theoretical position of a thematic analysis be clear as any theoretical framework carries with it a number of assumptions about the nature of data, what they represent in terms of the ‘the world’, ‘reality’, and so forth. Thus, a good thematic analysis should allow for transparency by being based on a theoretical position (Brawn and Clarke, 2006). On the other hand, the theoretical or deductive thematic analysis is criticised that it provides less rich description of the data overall, but more detailed analysis of some aspect of the data (Brawn and Clarke, 2006; Boyatzim, 1998). On the other hand, the deductive thematic analysis provides a manageable root and clear theoretical links and predictions in addition to making data analysis more systematic than the outcome from random arrangements (Hayes, 1997). The study appreciated the existing theoretical framework by using theoretical/deductive thematic analysis in modifying the study’s model.

In the thematic analysis, a theme determination in the coding process is essential (Boyatzism 1998; Brawn and Clarke, 2006). The theme captures something important about data in relation to the research questions, and represents some level of patterned response or meaning within the dataset (Assad, 2001; Brawn and Clarke, 2006). In this case, the study identified seven themes. The seven codes were as follows. A first theme was ‘Dimensions of using accounting information’ in which symbolic and instrumental use of accounting information were presented. Dimensions of using accounting information were coded as a theme which reflected part of the specific research objective number one, that is, to explore how political and administrative actors in Tanzania’s LGAs use accounting information in budget decision-making. The theme reflected two constructs which were symbolic use and instrumental use of accounting information as suggested by Chua (1988), Amara and co-writers (2004), Philemon (2010); Kurunmaki and co-writers
Therefore, the dimensions of using the accounting information theme focused on capturing data from interviews, documentation together with the non-participatory observations about the instrumental-conceptual and symbolic use in budgeting preparation, budget approval and budget execution by administrative as well as political actors.

To achieve specific objective number two, which was to identify and describe factors that influence accounting information use by political and administrative actors in the LGAs’ budget decision-making, the study identified the second, three, fourth, and fifth. Themes as follows: The second theme was coded institutional pressures-related factors. The theme was constructed deductively and was informed by the New Institutional theorists such as DiMaggio and Powell (1983), Meyer and Roman (1991) and Scott (1998) who posit that environmental pressures or pressure from outside enforced by coercive, mimetic and normative mechanisms shape organisations and their actors in aspects relating to the budget decision-making processes which may or may not necessarily result into organisational efficiency. Thus, the team captured all data obtained from interviews, non-participatory observation and documentation on institutional pressures enforced through coercive, normative and mimetic mechanisms that influence accounting information use in the budget decision-making processes of political and administrative actors.

The third theme was coded the internal organisational related factors. The operationalisation of the concept section indicates that the internal organisational related factors were constructed from the institutional, contingency theories and the NPM concept, as well as previous studies (see Meyer, & Roman, 1977; DiMaggio and Powell, 1983; Scott, 1998; Luder, 1992; Askim, 2007; Moynihan and Ingraham, 2004; Moynihan and Pandey, 2010). The theme absorbed all data collected by using the interview, documentation, and non-participatory observation methods on the factors influencing accounting information use related to the internal organisational related factors in the budget decision-making of political and administrative actors. The fourth theme was coded individual actors’ characteristics related factors. The theme was constructed on the basis of the decision-usefulness concept (see Staubus, 1960; Bruns, 1968; Williams, 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent, 2003; Sutton, 2009), together with Luder (1992) Contingency Model for Government Accounting. The theme included all data collected on factors influencing accounting information use, relating to individual actors’ characteristics in the budget decision-making processes as explain in operationalisation section.

The fifth theme was coded ‘perceived processing of accounting information-related factors’. The construction of this theme was based on the decision-usefulness concept, the Contingency Theory, the NPM concept as well as contingency variables, such as the technology used, related NPM techniques and adopted practices (see Luder, 1992; Sutton, 2009; Groot and Budding, 2008). The theme involved all data collected on processing of accounting information aspects that increase the perceived quality of accounting information and use of accounting information in the budget decision-making processes.

The sixth theme was coded ‘budget efficiency’ and was based on the Public Choice Theory and further explained by the NIE. Finally, the seventh theme was external financial legitimacy explained by the Legitimacy Theory and by the NIS.
4.8 Data Analysis

The investigation of determinants of accounting information use in the budget decision-making processes of political and administrative actors was done by making data analysis within the case and cross-case analysis. In generating insights on how accounting information was used and factors influencing its use in the budget decision-making processes, theoretical thematic analysis was undertaken, the theme presentations were done, both within the case and cross-case analysis as well as in the introduction parts of data presentation and analysis (Xu, 2003). The first five themes appeared in both the case and cross-case analysis. However, the remaining two themes appeared only in the cross-case analysis. The analysis of remaining two themes was done in cross-case analysis only to show the impact of the use of accounting information in the budget decision-making processes which was expected to be done in both cases. The introduction part of the data presentation and analysis included an historical perspective and Budgeting process of LGAs in Tanzania. Whilst the case analysis typically involved detailed case study write-ups for each site, and the overall idea was to become intimately familiar with each case as a stand-alone entity (Eisenhard, 1989). The study used themes to delineate and utilise data within the case analysis to gain experience from individual cases on the factors influencing accounting information use in budget decision-making and how information was used by the actors in the LGAs. As pointed out by Ayres and colleagues (2003), the analysis within an individual case provides a wealth of contextual richness and person-specific information without which such analysis of a case cannot be understood. Despite the role played by the within-case analysis in illuminating salient issues, it has its limitation when it comes to the generalisation of the data, hence the need for cross-case comparison to get multiple and cross-verifiable evidences.

Cross-case analysis involves data analysis across multiple cases (Xu, 2003; Yin, 2003). This cross-case analytic strategy helps to compare experiences of all participants and identify common categories of significant statements (Ayres, Kavanaugh, & Knafl, 2003). Apart from similarities, cross-case analysis was used to determine differences in the two cases that revealed variations among political and administrative actors (Xu, 2003). The cross-case analysis was done by utilising all eight themes and the respondents’ verbatim quotations from within the case analysis (Xu, 2003) to ensure that the reader follows both the within and cross-case analyses whereby similarities and differences between case findings were well-presented (Xu, 2003). However, Ayres and Co-writers (2003) argue that neither the cross-case nor the within-case approaches alone enable the researcher to interpret an experience. The use of both cross-case and the within-case approaches enable readers to recognise individual experience in a generalisable way. Therefore, the study employed both across and within case analyses to ensure the modification of the model of determinants of accounting information use in decision-making by political and administrative actors was based on the data that can be generalised to the whole not just to the small parts of the LGAs.

4.9 Ensuring Quality Research

Ensuring quality research is all about having the strategy, which can ensure the reliability and validity of the research conducted by employing either qualitative or quantitative methods. The study mainly employed the qualitative research approach under which issues
of reliability and validity have also increasingly become paramount. Various definitions of reliability and validity have given by many qualitative researchers from different perspectives (Golafshani, 2003). From a qualitative research approach, validity reflects the extent to which a researcher’s account accurately or faithfully represents social phenomena that it seeks to describe, explain or theorise (Assad, 2001). On the other hand, reliability reflects the extent to which results from a study are consistent with data collected that depends on a researcher’s analytical ability apart from the field circumstances (Assad, 2001).

Reliability and validity under the qualitative research approach are known as dependability and trustworthiness, or quality or rigor of research, respectively (Lincoln and Guba, 1985; Simon, 2011). Moreover, the validity is expanded to also refer specifically to internal, external and construct validity. Internal validity is also known as credibility and strives to ensure that the study measures what it is supposed to measure (Shenton, 2004; Simon 2011). External validity is also known as transferability, which has to do with generalisation of the study findings to the large population (Shenton, 2004; Simon 2011). Construct validity deals with identifying right operational measures for the concepts that are being studied (Yin, 2009). According to Yin (2002, 2003, 2009), an exploratory case study strategy can be affected by threats of construct and external validity rather than by internal validity which is claimed to affect explanatory and descriptive case strategies. Eventually, the discussion on how threats to validity were considered in the current study focuses on the external and construct validity as this study employed an exploratory case study strategy in its research design.

Originally the concepts of validity and reliability were developed for quantitative research; however, since then they seem to be complicated when employed under the qualitative research approach (Lincoln and Guba, 1985; Assad, 2001; Shenton, 2004; Simon, 2011). Under the qualitative approach, it was deemed imperative to develop strategies which could clearly tackle the threats of validity and reliability. The current study developed strategies in the research design, data collection, data analysis and presentation of research output to safeguard issues of validity and reliability in the whole research process.

4.9.1 Strategies Related to the Research Design

Three strategies have been adapted by the study in the research design. This study used a case study research design by having multiple cases through replication logic rather than sampling logic, whereby the replication pattern of predictable variables observed in the data analysis of a single case can also be found in the another case, hence ensuring that literal replication can be achieved (Yin, 1998; Xu, 2003). However, if different results are obtained in multiple cases, for predictable reasons, theoretical replication is achieved (Yin, 1998; Xu, 2003). The use of replication logic in multiple case study research design is deemed to be a good strategy believed to increase the external validity of research findings (Yin, 1994, 1998, 2003, 2009). In this regard, it enhances not only external validity but also the reliability of the study findings. By having two cases selected to achieve literal and theoretical replication, the study was able to identify how accounting information was used in the LGAs’ budget decision-making processes and the factors influencing such uses across the cases. This twin case approach also enhanced the generalisation of the study findings to a larger population. The study also used multiple data collection methods
interviews, documentary review and non-participant observations to generate information on how accounting information is used in the decision-making processes and the factors accounting for such usage. Data from different sources, using different data collection methods increases the reliability of the study findings (Yin, 1994, 1999, 2003, 2009).

4.9.2 Strategies Related to Data Collection and Data Analysis
The study used several strategies to capture data thoroughly in each data collection method, within and across the cases to counter attack reliability threats. Yin (2003) argues that the reliability of research funding can be ensured by developing a case study database and use case study protocol in the data collection stage. During the interview the researcher used audio tape-recorders, and scribbled notes to capture the data and eventually develop a case study database. For the same reason, the soft and hard documents were collected by using external drives such as flash discs and photocopied documents, respectively, to ensure credibility of data (Assad, 2001). Observations were made by visiting the offices of the administrative and political actors as well as attending council committee meetings and full council meetings. The data from the observations were recorded on audio tape and notebooks to ensure the reliability of data as suggested by Yin (2003) and Xu (2003). During data analysis, data were transcribed from the tape-recorder into notes before being translated from Kiswahili to English and further categorised into themes. Generally, all these presented techniques and actions were employed in data collection and data analysis stages to ensure reliability and, consequently, quality research achievements.

4.9.3 Strategies Related to the Presentation of Research Output
Data were transcribed, translated and arranged in themes in a matrix. Then content analysis was carried out. Thus quotations from the matrix were drawn to ensure that all the data from the interviews, documents and observations were absorbed clearly in the thesis report. Moreover, multiple readings and editing of the thesis presented in each chapter were done to ensure that the research output is understandable to the researcher as well as all potential readers. Eventually, the objective was to assure the readers that the data presented therein are valid and reliable.
CHAPTER FIVE

HISTORICAL CONTEXT OF TANZANIA’S LGAs AND ITS BUDGETING PROCESS

5.1 Introduction
This chapter presents an overview of the Local Government Authorities (LGAs) in Tanzania. It presents the data analysis results on this aspect within the historical context of LGAs, and the budgeting process in line with the research objectives, data codes (themes) and data collected.

5.2 The History of Local Government Authorities (LGAs) in Tanzania
The history of LGAs can be traced to the pre-colonial era, followed by colonial and post-colonial eras (Warioba, 2008; Max, 1991; www.pmoralg.go.tz). The colonial era is divided into two periods: The Germany era (1884-1917) and the British era (1917-1961). and post-colonial period divided into four sub-periods: The first post-independence period (1961-1971), the decentralisation era (1972-1982), the reinstatement of the Local Government (1982-1995), and finally, the Local Government reform (1996 to-date). The overview of the historical context of LGAs in Tanzania focused on two periods including the Reinstatement of the LGAs (1982-1995) and the Local Government reforms (1996 to-date), as most of the institutional frameworks currently being used by LGAs to guide the budgeting process as well as the production of accounting information were enacted in such periods. It has been underlined in the theoretical themes that some institutional frameworks influence the use of accounting information in the budget decision-making processes by the LGAs’ actors. A detailed analysis was done in the within and cross-case analysis sections.

The reinstitution of the LGAs came into being after the failure of the 1972-1982 decentralisation era. Most of the causes of the failure of this decentralisation phase were connected with failures in the budgeting process. The causes were identified as including fragmentation of LGA actors’ responsibilities in the budgeting process, multiplication of levels of government within the comprehensive budget preparation, increased budgeted for expenditure of the LGAs that highly depend on the CG finance as well as poor participation of citizens in the budget decision-making processes. The reinstatement of the LGAs was done to overcome the challenges experienced during the decentralisation era. Reinvestment of Local Government Authority was made by the Central Government (CG), which amended the constitution of the United Republic of Tanzania (URT) of 1977. The URT constitution of 1977 (Article 145 (1)) stipulates that there ‘shall be established Local Government Authority in each regional, district and urban area and villages of United Republic of Tanzania’. The political and institutional framework of the operation of LGAs was done by enacting the LGAs’ legislation in 1982. Subsequently, the Local Government Act Number 7 of 1982 for the establishment of district councils and Local Government Act Number 8 of 1982 for the establishment of urban councils were instituted. Both legislations stipulate the establishment of administrations, institution of accountability and good governance, as well as transparent budget decision- making processes. They also spell out the responsibilities of political actors (councillors, chairman of villages) and
administrative actors (directors, Heads of Department and other staff) of both district and urban authorities, respectively. The Local Government Finance Act of 1982 was enacted for the purpose of controlling and guiding the financial and accounting affairs of LGAs. In the meantime, the Exchequer and Audit Ordinance of 1961 were still being used as the legislation in the accounting matters in LGAs. Moreover, the LGAs still used cash as well as manual accounting systems deemed to produce poor quality accounting information that was not necessarily useful to decision-makers (Ouda, 2003).

The re-establishment of the LGAs was aimed at implementing both political and administrative decentralisation by giving more autonomy to the decision-making process, including the planning and budgeting process (Ngware, 1992; Warioba, 2008; Mollel, 2010). The budgeting process was still controlled by the central government through the legal and financial framework, overall policies and guidelines within which local councils must operate, as well as through the collection of most of the local taxes and payment of salaries for a substantial part of the council staff in addition to issuance of budget ceilings (Mollel, 2010). Generally, there was a lack of financial decentralisation, which increased the ineffectiveness and inefficiency of the LGAs in their operations (Mollel, 2010). In fact, the roles, functions and structures, governance, finance, human resource capacity and management did not really change (Mollel, 2010). Resources such as human, expertise, facilities and the like were retained at the regional level (ibid.). Although political and administrative actors were given mandate at the local council level to meet and decide on matters affecting them, no decision was legally enforceable without the consent from the CG executives (Ngware, 1992). Implicitly, the inherited system of decentralisation institutionally undermined the aim of the re-establishment of the LGAs (Ngware, 1992; Mollel, 2010). This limitation prompted the CG to rethink its strategy and embark on the Local Government Reform Agenda.

In line with the NPM practices adopted and being implemented by many developed and developing countries such the UK, New Zealand, Italy, Australia, Norway, Sweden, India, Sri Lanka, Pakistan, Tanzania launched its Local Government Reform Agenda in 1996 by enacting the Local Government Amendment Act Number 6 of 1999 (Warioba, 2008). The reform agenda mainly concentrated on the enactment and implementation of the 1998 Decentralisation by Devolution ((D by D) Policy, which was aimed at increasing the political, financial and administrative autonomy of the LGAs (Warioba, 2008). Warioba (2008) and Mollel (2010) posited that the Decentralisation by Devolution Policy focused on the following four key areas: (1) Political decentralisation, which involves strengthening local democratic institutions and enhancing public participation and eventually creating a holistic as well as effective LGA systems such as councils, committees and chairs required to take responsibility, which have hitherto been shouldered by the Central Government (CG). (2) Fiscal decentralisation, which involves the decentralisation of local government finances by introducing equitable and transparent revenue as well as capital development grants from the central government to the local government authorities, and also involves giving local government authorities financial powers and powers to raise appropriate local revenues. (3) Administrative decentralisation, which involves the decentralisation of personnel, integrating them into LGA administration away from the parent ministry’s subordination in addition to restructuring the local government organisations. Thus, the LGAs are allowed to hire, fire, pay and oversee their own employees, hence making employees accountable to the local council rather than to
the CG. (4) Changed central-local relations by involving the changing of the role of Central Government (CG) vis-à-vis Local Government Authorities (LGAs). The policy requires the CG and line ministries to function as policy-making bodies, support and capacity-building bodies, monitoring and quality assurance bodies, and control bodies (legal controls and audits).

The reforms have further delegated the budgeting process to the Local Government Authorities, which give citizens responsibility to identify development opportunities and obstacles from the villages and streets/hamlet to be accommodated in the Council budgets (Mollel, 2010). The budgeting reforms in LGAs have been accompanied by changes in the financial management system and accounting reporting framework with the aim of enhancing efficiency in the LGA operations, financial management as well as boosting the quality of accounting information for decision-making (URT, 2008). Since 1998, the LGAs have been moving from the manual accounting system to the computerised accounting systems known as Epicor and PlanRep based Integrated Financial Management Systems (IFMS). However, it has been difficult to implement the IFMS at the lower levels of the councils (REPOA, 2006). On the other hand, effective implementation of the IFMS at the council level has evidently increased the efficiency of the LGAs’ operations and financial management as well as the quality of accounting information produced for decision-making (Chalu, 2008, 2010).

Furthermore, the annual general report of the CAG for the 2008/2009 fiscal year indicates that LGA reformed its accounting reporting framework by adopting the International Public Sector Accounting Standard (IPSAS) with effect from 1 July 2004, under the auspices of the National Board of Accountants and Auditors (NBAA). The central government through the Permanent Secretary of the PMO-RALG issued a directive vide letter Reference Number CA: 26/307/01A/79 dated 28th September 2009 instructing all the LGAs in the country to prepare their accounts in accordance with the IPSAs. In other words, they were required to embrace accrual-based accounting from the 2008/2009 financial year. The adoption of the IPSAs provides the basis for competent financial reporting accompanied by more disclosures, which are very useful to users of financial statements in their decision-making (URT, 2010).

These reforms resulted from the inefficiency of the traditional accounting reporting system which was cash-based. Cash-based governmental accounting systems led to poor quality accounting information and thus it was inappropriate to serve the users’ interests (Ouda, 2003). Furthermore, the CG introduced a system of Capital Development Grants (CDGs) for financing the LGAs. The system of CDGs involves assessments aimed at ensuring the LGAs meet the minimum qualifications to qualify to get grants. Such minimum qualifications include issues which related to budgeting and accounting processes such as compliance with the financial regulations pertaining to the budget decision-making processes. The councils were required to get a clean audited report from CAG. All of those assessments need LGA to utilise CDG efficiently by considering elements of good governance such transparency in the decision-making process.

Despite the reforms undertaken, previous research and government reports still indicate challenges inherent in the budgeting process of LGAs in Tanzania, such as under-
utilisation of the IFMS, including Epicor and PlanRep, due to lack of relevant skills, operational manuals for the accounting systems, ineffective internal audit functions and audit committees, which affect the quality of the accounting information provided for budget decision-making, as well as budgeting process including budget preparation, approval and implementation (Chalu, 2007, 2010; URT, 2009, 2010, 2011). Other challenges included poor revenue management, irregularities in expenditure management, unutilised grants, inadequate human resource management, inadequate sharing of revenue between high and low levels of the LGAs, poor management of donor funded projects and poor submission of the project implementing report (URT, 2009, 2010, 2011). Moreover, the CAG report for 2010-2011 and the MTEF report for 2012/2013 indicate that some grants from the CG were not transferred to the LGAs, whereas others were subjected to delayed transfers. Furthermore, some LGAs spent more than they budgeted for revenue, which resulted from the preparation and implementation of unrealistic budgets. All these challenges are indicative of the weaknesses in the LGAs’ budget decision-making processes and poor use of accounting information in Tanzania that affect negatively the LGAs’ budget efficiency.

To conclude the section, it is worth noting that the move of the LGAs operational framework from one period to another indicates reforms and some challenges and weaknesses experienced along the way particularly with regard to the budget decision-making processes and use of accounting information. Inevitably, the LGAs in Tanzania generally suffered from budget inefficiency. The current study traced the challenges and weaknesses of LGAs in Tanzania from an historical perspective so as to understand the current situation. Specifically, it investigated the determinants of the use of accounting information in the budget decision-making processes, to achieve budget efficiency. Also, the reforms adopted and the challenges and weaknesses reviewed from an historical perspective are reflected in the themes of the data generated on the factors influencing accounting information use in LGAs’ budget decision-making processes, and how the information was used. The following Table, 6, summarises the general analysis of the LGAs from a historical perspective, with a detailed analysis following in the subsequent sections that involve both the within case and the cross-case analyses:
Table 6: Descriptive Analysis of Tanzanian LGAs which Reviewed from a Historical Perspective

<table>
<thead>
<tr>
<th>Reforms adopted, challenges and weakness viewed in Historical Perspective of LGAs</th>
<th>Related Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enactment of LGA Act no. 7 and 8 of 1982</td>
<td>Theme 3: Institutional Pressures-related factors</td>
</tr>
<tr>
<td>Enactment of LGA Finance Act of 1982</td>
<td>Issue of regulation and guidelines</td>
</tr>
<tr>
<td>Issue of budget ceiling</td>
<td>Issue of realistic budget ceiling</td>
</tr>
<tr>
<td>Introduction of capital development grants</td>
<td>Assessment of capital development grant</td>
</tr>
<tr>
<td>Adoption of the International Public Sector Accounting Standard (IPSAS) effective 1st July, 2004 by the National Board of Accountants and Auditors (NBAA)</td>
<td>NBAA pressures</td>
</tr>
<tr>
<td></td>
<td>Theme 5: individual actors’ characteristics/value-related factors</td>
</tr>
<tr>
<td>Lack of relevant skills of using IFMS</td>
<td>ICT knowledge</td>
</tr>
<tr>
<td></td>
<td>Theme 6: Quality of accounting information-related factors</td>
</tr>
<tr>
<td>Use of cash accounting systems</td>
<td>Availability of accrual-based accounting systems</td>
</tr>
<tr>
<td>Use of Manual accounting systems</td>
<td>Availability of computerised systems</td>
</tr>
<tr>
<td>Introduction of computerized systems</td>
<td>Availability of computerised systems</td>
</tr>
<tr>
<td>Ineffective internal audit function and audit committee</td>
<td></td>
</tr>
<tr>
<td>Inadequate human resource management</td>
<td>Availability of professional accountants</td>
</tr>
<tr>
<td>Implementation of International Public Sector Accounting Standard (IPSAS)</td>
<td>The use of accrual-based accounting systems</td>
</tr>
<tr>
<td></td>
<td>Theme 7: Others - Budget Efficiency</td>
</tr>
<tr>
<td>Poor revenue management</td>
<td>Increase of realistic revenue estimations</td>
</tr>
<tr>
<td>Irregularities in expenditure management</td>
<td>Reduction of expenditure</td>
</tr>
<tr>
<td>unutilised grants</td>
<td>Efficiency in utilization of grants</td>
</tr>
<tr>
<td>Inadequate sharing of revenue between high and low levels of the LGAs</td>
<td>Efficient allocation of resources</td>
</tr>
<tr>
<td>Poor management of donor-funded project</td>
<td>Efficiency in managing donor-funded project</td>
</tr>
<tr>
<td>Poor submission of the project implementing report</td>
<td>Efficiency in the submission of the project implementation report</td>
</tr>
<tr>
<td>Some grants from CG were not transferred to LGAs</td>
<td>Realistic estimation of grants</td>
</tr>
<tr>
<td>Others grants faced delayed transfers</td>
<td>Efficiency in utilisation of grants</td>
</tr>
</tbody>
</table>

Source: Field Data June 2012- March 2013

5.3 Budgeting Process of LGAs in Tanzania

In Tanzania, the LGAs’ budgeting and planning process is guided by the Local Government Finance Act Number 9 of 1982, Public Finance Act of 2001, the Local Authority Financial Memorandum of 1997 (LAFM), Local Authority Accounting Manual (LAAM) of 1992 and the budget guidelines issued annually by the Central Government. The LAFM elaborates on budgeting, budgetary control/monitoring and financial reporting, whereas the LAAM sets out the accounting procedures, practices and standards, including the formats of presenting the LGA accounts, audits and publication of audited accounts. In
relation to the study’s theoretical theme 3, regarding the institutional pressures-related factors, the issue of LAFM, LAAM and budget guidelines create coercive pressure for LGAs to produce accounting information as well as use such information in the budget decision-making processes, particularly in budget preparation, approval and implementation. Therefore, these regulations and guidelines might be amongst the factors influencing the accounting information use in the budget decision-making processes under theme 3.

The budgeting and planning process of LGAs is part of the national budget of Tanzania, which is generally a bottom-up planning and top-down budgeting process. The process involves several steps as indicated in the Figure 9. The first step is budget formulation whereby the Ministry of Finance (MoF) and Prime Minister’s Office - Regional Administration and Local Government (PMO-RALG) work together to determine budget objectives, sector targets and expenditure ceilings, which are all included in the budget guidelines. Budget guidelines are a set of instructions approved annually in January by the Cabinet which are meant to guide the government Ministries, Departments or Agencies (MDAs), Regions and Local Government Authorities (LGAs) on how to prepare their annual plans, programmes and budgets. The MoF and the PMO-RALG are the principal stakeholders in this stage of budget formulation. Therefore, LGAs accounting information with relevant quality is needed to guide the estimation in revenue and expenditure ceiling. In relation to the study’s theoretical theme 3, issues of budget ceiling might pressure the local government actors to use accounting information in the budget process including budget preparation to make revenue and expenditure estimates in accordance with centrally-set budget ceilings.

Once budget guidelines are approved by the Cabinet in the January of each year, the next step, as indicated in Figure 9 is to prepare the Budget by the LGAs. They are expected to make estimations of their revenue, recurrent and development expenditures. The ongoing implementation of the Decentralisation by Devolution (D by D) Policy requires the LGAs’ budgeting and planning to be a participatory system that involves stakeholders from village/street level up to the district level. In other words, all stakeholders have to be involved in the process as it is captured in Figure 9. This is an ideal time for LGAs’ stakeholders to be involved in the budgeting and planning process, starting from the village/street council meetings where stakeholders are required to determine opportunities and obstacles to development (O&OD) to address people’s priorities and needs in the LGAs’ budgets. The Village/street executive officer (or chairperson) and other members of the village/ street council such as a man or woman aged 18 or above, are the principal stakeholders at this grassroots level. The village/street council members have a responsibility for determining and setting planning priorities, including needs to be included in the budget at the village level. The Chairperson is required to oversee the process. The councillor, as the chairperson, and Ward Executive Officer (WEO), as secretary, has the responsibility for establishing priorities and needs which help to generate data for budget development through village level proposals of all villages in their respective wards through Ward Development Committee (WDC) meetings. Eventually, the councillor submits all the proposals to the LGAs. The village Chairperson and councillor are elected political leaders who are also representatives of the citizens in the WDC and full council and council committee meetings, respectively. On the other hand, ward and
village/street executive officers are administrative actors. The WEO and VEO are salaried officers under the Local Government Acts of 1982. Moreover, the WEO with assistance from the VEO has the responsibility of managing all operations, including the implementation of development projects under the budget approved by the council.

Generally, at the LGA level, the accounting officers (council’s director) and budget committees (all heads of department and unit) have to prepare, execute and monitor and evaluate plans and budgets of the LGAs according to regulations and budget guidelines. Specifically, accounting officers have the role of providing leadership in the whole process of budget preparation as indicated in the 2012/2013 budget guidelines. Such leadership provision by accounting officers under the LGA’s legal framework might influence the accounting information use in the budget decision-making processes for the expected performance to be attained as highlighted under theme 4. Furthermore, the LGA 2012/2013 budget guidelines indicate that budget committees including accounting officers are required to prepare a realistic budget by setting revenue and expenditure targets that are based on information available and budget results. Moreover, the 2012/2013 budget guidelines require budget committees to ensure all potential sources of revenues are identified to enhance domestic revenue collection as well as make sure that the cost of operation is reduced. In these activities process, accounting information plays a crucial role. The implication is that budget guidelines influence instrumental use of accounting information in budget preparation as accounting information is translated into significant practical budget action as reflected in theme 3.

At the department level of the LGAs, administrative officials (heads and other members of staff from different departments), have the responsibility of preparing a comprehensive budget on the basis of the budget guidelines, budget ceiling and national priorities and people’s needs through supervision by the council director as indicated in Figure 9. Essentially, LGAs are required to link institutional objectives, departmental targets and activities in order to identify inputs, together with their prices and cost for each year of the Medium Term Expenditure Framework (MTEF) period. The MTEF enables the LGAs to link resources so as to attain specific objectives. The MTEF is prepared for three years and is updated on an annual basis. The issued budget guidelines and ceilings essentially guide the budget decision-making processes and accounting information use. It is done in the manner that LGAs’ budget committees are required to abide by international public sector accounting standards (IPSAS) and use IFMS (Epicor and PlanRep) in budget preparation and implementation as reflected in theme 3. The role and responsibility of their jobs as head and other positions in the department as guided by budget guidelines and ceiling might influence the accounting information use in budget preparation decisions as reflected in theme 4 as individual actors’ characteristics or value-related factors.

The budget of each LGA department is submitted to the relevant council’s committee for detailed analysis by councillors in that committee as depicted in Figure 9. The LGAs are required by the Local Government Acts of 1982 to have standing committees, which address issues of council departments allocated to them. After the compilation of the revenue and expenditure estimates and having a complete document, the treasurer and heads of department submit the budget to the Council Finance Committee, where councillors to the committee are the main decision-makers. The role of the committee is to
ensure that the proposed budget complies with budget guidelines and the budget ceiling and reflects people’s priorities as well as needs. The budget is adjusted on the basis of recommendations from the Finance Committee and then is submitted to the full council for approval. It is the responsibility of the councillors or member of the Finance Committee, to make sure that accounting information is used according to the budget ceiling and guidelines to determine budget estimations. Therefore, their role and responsibility and job position of the Finance Committee members might be among the factors influencing accounting information use in the budget decision-making process as reflected in theme 5: individual actors’ characteristics or value-related factors.

Any person is allowed to enter the full council meeting, but the budget approval is made by councillors under the guidance of the Chairperson/Mayor of the council. After the budget approval in the full council, the budget is submitted to the Ministry of Finance (MoF) and the PMO-RALG for approval and consolidation into the national budget. Eventually, the Minister of Finance presents the national budget to Parliament for approval during the budget session. The whole process from issuing budget guidelines for approval of the LGA budget in full council before approval by the Parliament takes six months, starting from December to June of every year.

Figure 9 demonstrates that the last step in finalising the budgeting and planning process of the LGAs is the budget execution at the beginning of the new fiscal year which starts from 1st July to 30th June of every year. Budget execution involves actual collection of revenue and provision of services to the people. It is an ideal time when accounting information starts to be produced for the accounting year/fiscal year. The LGAs are required to prepare monthly financial reports, quarterly financial reports, semi-annual reports and annual financial reports for decision-making as well as for budget monitoring and evaluation. The monthly financial report is prepared by the Finance Department under the supervision of the council treasurer. The report analyses and discusses with Council Management Team (CMT) and later with the Council Finance Committee on a monthly basis. The Council Finance committee approves the report and makes budget execution decisions. The quarterly financial report is discussed in the Council’s Finance Committee meeting and forwarded to the Full Council which is held on a quarterly basis. The quarterly report is audited by the Internal Audit Unit before being submitted to the regional office. The role and function of the internal audit is to make sure the internal control system is working properly and establish that quarterly accounting reports have the relevant quality of decision-making. The effectiveness of the internal audit might influence the quality of accounting information and use of such information in the budget decision-making processes, as reflected in theme 6. Finally, the approved quarterly report is submitted to Ministry of Finance and the PMO-RALG. The semi-annual financial report is supposed to be audited by the Regional office whereas the annual financial reports are audited by the CAG.

Accounting, as the part of budgeting processes of LGAs, is governed by the Local Government Finance act of 1982, the Local Authority Financial Memorandum (LAFM) of 1997, the Local Authority Accounting Manual (LAAM) 1992 and the International Public Sector Accounting Standards (IPSAs)—accrual-based accounting. The Local Government Finance Act of 1982 has general statutory provisions governing finance issues in the
LGAs. The LAFM elaborates details pertaining to LGAs’ accounting reporting, whereas the LAAM sets out accounting procedures, practices and standards, including formats of presenting LGA accounts, audits and the publication of audited accounts. The IPSAs are used in preparing general-purpose financial statements. These are some of the NPM techniques which have been adopted by the LGAs in Tanzania. It is observed that the Local Government Finance Act of 1982, LAAM, LAFM and IPSAs guide the budget process from the budget preparation to the budget implementation including the production of accounting information. Therefore, the existence and availability of such finance and accounting legal framework might influence the accounting information use in budget decision-making processes as it is reflected in the theme. Figure 9 below represents the budgeting process for Tanzania’s LGAs which include the processes and involved actors:

**Figure 9:** Budgeting and Planning Process of Tanzania Local Government Authorities (LGAs)

<table>
<thead>
<tr>
<th>Timing</th>
<th>Detail of the process</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1</td>
<td><strong>Beginning of Fiscal Year T-1</strong></td>
</tr>
<tr>
<td>Nov-</td>
<td><strong>Budgeting formulation for fiscal year T</strong></td>
</tr>
<tr>
<td>Dec-</td>
<td><em>Formulation of budget policy and resource projections</em></td>
</tr>
<tr>
<td>Dec-March</td>
<td><em>Cabinet approval of budget estimates</em></td>
</tr>
<tr>
<td></td>
<td><em>Issuance of Planning and Budget Guidelines</em></td>
</tr>
<tr>
<td></td>
<td><em>Issuance of budget ceiling</em></td>
</tr>
<tr>
<td></td>
<td>Local Government budget Guidelines and budget Ceiling are issued by PMO-RALG</td>
</tr>
<tr>
<td></td>
<td>Members (selected councilors) and CMT</td>
</tr>
<tr>
<td></td>
<td>Director of the council and head of department (budget committee)</td>
</tr>
<tr>
<td></td>
<td>Head of department and operational public officials</td>
</tr>
<tr>
<td>April</td>
<td><strong>Budget is discussed and approved by Finance Council Committee</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Budget is approved by Full Council</strong></td>
</tr>
<tr>
<td></td>
<td>Budget submission to PMO-RALG and MoF for inclusion in the draft national budget</td>
</tr>
<tr>
<td>June</td>
<td><strong>Parliament approves national budget for fiscal year T</strong></td>
</tr>
<tr>
<td>July 1</td>
<td><strong>Beginning of the fiscal Year T</strong></td>
</tr>
<tr>
<td><strong>Budget execution for fiscal year T</strong></td>
<td>Execution of budget plans: concerns with collection of Revenue disbursement of grants by CG and incurring expenditures; Also includes monitoring and evaluation for year T</td>
</tr>
<tr>
<td></td>
<td>Monthly and quarterly Financial report are produced</td>
</tr>
<tr>
<td></td>
<td>Quarterly Financial report are audited by internal auditor</td>
</tr>
<tr>
<td></td>
<td>Semi-annual report are audited by regional office committee</td>
</tr>
<tr>
<td>July 1</td>
<td><strong>Beginning of Fiscal year T + 1</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Financial auditing for Fiscal Year T</strong></td>
</tr>
<tr>
<td>Sept 30</td>
<td>LGAs submit financial audit report to National Audit Office (NAO)</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance as modified from Chalu (2007); HakiElimu and Policy Forum (2008)
The above overview of the budgeting process of the LGAs in Tanzania indicates that the budget guidelines and budget ceiling issued by the CG coerce the use of accounting information in the budget decision-making processes, as reflected in theme 3: institutional pressures-related factors. Furthermore, the budgeting process section shows activities, roles as well as responsibilities of actors such as councillors and administrators. However, the nature of the roles and responsibilities of the LGAs’ actors in the budgeting process identified as individual characteristics/value-related factors (Theme 5) influence accounting information use in the budget decision-making processes. Moreover, the budgeting process section shows that the legal and institutional framework that guide the budget decision-making processes such as the LAFM and Local Government Finance Act of 1982. Such legal and institutional framework seemed to be among the internal organisational related factors (Theme 4) that influence accounting information use in the budget decision-making processes. The summary of the finding from this section is presented in Table 7, and detailed data analysis is in the subsequent sections involving both the within the case and the cross-case analyses carried out in relation to the theoretical themes.
Table 7: Descriptive Analysis of Tanzanian LGAs Budgeting Process

<table>
<thead>
<tr>
<th>Issues identified in the budget process of LGAs section</th>
<th>Related Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prepare realistic budget by setting revenue and expenditure targets based on information available and budget results</td>
<td><strong>Theme 1: Model of using accounting information</strong>&lt;br&gt;Instrumental use of accounting information: Accounting information is translated into significant practical budget action</td>
</tr>
<tr>
<td>2. Ensure all potential sources of revenues are identified to enhance domestic revenue collection as well as to make sure that the cost of operation is reduced</td>
<td>Instrumental use of accounting information: Accounting information is translated into significant practical budget action</td>
</tr>
<tr>
<td></td>
<td><strong>Theme 3: institutional Pressures related factors</strong></td>
</tr>
<tr>
<td>1. Annual issuance of budget guidelines</td>
<td>Issue of budget guidelines</td>
</tr>
<tr>
<td>2. Annual issuance of budget ceilings</td>
<td>Issue of realistic budget ceiling</td>
</tr>
<tr>
<td></td>
<td><strong>Theme 4: The internal organisational related factors</strong></td>
</tr>
<tr>
<td>1. Existence and availability of finance and accounting legal frameworks such as LAAM, LAFM and IPSASs</td>
<td>Availability, up-dating and enforcement of financial regulations</td>
</tr>
<tr>
<td>2. Accounting officers have the role of providing leadership in the whole process of budget preparation</td>
<td>Leadership commitment</td>
</tr>
<tr>
<td></td>
<td><strong>Theme 5: Individual actors’ characteristics/value related factors</strong></td>
</tr>
<tr>
<td>1. Role and responsibility of the head department and other staff in the preparation of a comprehensive budget on the basis of Budget Guidelines, Budget ceiling and national priorities</td>
<td>Job position</td>
</tr>
<tr>
<td>2. The role and responsibility played by finance committee members</td>
<td>Job Position</td>
</tr>
<tr>
<td>3. The accounting officers (council director) and budget committees (CMT, Planning Committee, Finance Committee and Community Development Committee) prepare, execute and monitor and evaluate plans and budget of LGAs in accordance with regulations and budget guidelines</td>
<td>Job position</td>
</tr>
<tr>
<td></td>
<td><strong>Theme 6: Quality of accounting information-related factors</strong></td>
</tr>
<tr>
<td>1. The role and function of internal audit</td>
<td>Effectiveness of Internal audit</td>
</tr>
<tr>
<td>2. Using IFMS (Epicor and PlanRep)</td>
<td>Availability of computerised budget and accounting systems</td>
</tr>
</tbody>
</table>
CHAPTER SIX

CASE ONE: ILALA MUNICIPAL COUNCIL (IMC)

6.1 Profile of the Organisation

Ilala Municipal Council (IMC) is the most urban of the LGAs in Tanzania. It is located in Dar es Salaam region (province). It came into existence in 2001 after the abolishment of the Dar es Salaam City Council, which was declared as the first urban council in the colonial era in 1946. As indicated on the Ilala Municipal’s website (www.imc.go.tz), the Municipal constitutes 26 administrative wards which further comprise 101 streets with an estimated population of 796,971 people, made up of 398,874 (51%) males and 398,097 (49%) females. The IMC is managed by one Executive Director and 10 heads of department. The departments are Administration and Personnel, Planning, Finance and Trade, Health, Primary Education and Culture, Secondary Education, Solid and Waste Management. Other departments are Works and Water, Settlement, Land and Environment Protection, and Development and Social welfare. The ten departments have 4,603 administrative actors, who include the Executive Director and Heads of Department as executive officials. The IMC is led by the Mayor who works with 36 councillors, who are political actors, made up of 26 elected councillors and 10 special seats (appointed) councillors.

The Full Council is the final decision-making body in the council. It operates through three standing committees: the Standing Committee for Finance and Administration; the Standing Committee for Urban Planning and Environment; and the Standing Committee for Economic and Social Services. All the binding decisions including budget approval, approval of quarterly financial reports and approval of the implementation of budgeted projects are done in the full council meeting that is held every three months. The budget for expenditures of the Ilala Municipal Council (IMC) are financed by revenues from own sources, loans, donor funding and through the Central Government (CG) transfer. About 75 percent of the IMC total revenues is obtained through government transfers; the remaining percentage of total revenues are obtained from own sources. Fifty percent of the IMC’s revenue from own sources is mostly obtained from the services levy and the other half from billboards, hotel levy, property tax and other taxes. The revenue obtained through the CG transfers includes recurrent block grants, development grants, sector basket funds and subventions. Not less than 70 percent of government transfer to the IMC is in the form of recurrent block grant and the remaining 30 percent in development grants and sector basket funds as well as subventions.

Ilala Municipal Council is one of the councils in Tanzania which have high budget figures as indicated on the Ministry of Finance (MoF)’s website (www.mof.go.tz, In fact, the IMC has been the first runner-up for more than six years while the Kinondoni Municipal Council is leading (see Table 6). The percentage of government transfer or dependence ratio has been decreasing while the percentage of revenue from own sources has been increasing since 2009 in Ilala Municipal Council (see Table 6). Therefore, Ilala Municipality is doing well in terms of revenue collection from its own sources.
Ilala Municipality has a problem of under-utilisation of government transfer funds. As Table 8 below illustrates, more than 47.4 percent of the CG transfer funds for Ilala Municipal Council from 2009 to 2011 by CG went begging. Out of these, 47 percent were development grants and 0.4 percent was recurrent grant. As indicated in the CAG reports for 2009, 2010, 2011 and 2012, like other LGAs in Tanzania, the Ilala Municipal Council also faces a problem of preparing unrealistic budgets. As indicated in Table 8 the budgeted figure and actual figures differ by more than 15 percent from 2009 to 2012. The difference of budgeted and actual figures has been contributed by intergovernmental transfers as time progressed (see Table 8).

Table 8: IMC Budget and Actual Amount for Three Years Consecutive

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Intergovernmental transfers</th>
<th>Own Sources</th>
<th>Total Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
<td>Budgeted</td>
<td>47,091,865,426</td>
<td>60,485,215,426</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>45,689,420,142</td>
<td>56,448,606,320</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td>Surplus/(Deficit)</td>
<td>(1,402,445,284)</td>
<td>(4,036,607,106)</td>
<td>55%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>Budgeted</td>
<td>44,360,301,774</td>
<td>60,470,431,774</td>
<td>73%</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>38,786,086,185</td>
<td>53,222,607,656</td>
<td>73%</td>
</tr>
<tr>
<td></td>
<td>Surplus/(Deficit)</td>
<td>(5,574,215,589)</td>
<td>(7,347,824,118)</td>
<td>76%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>Budgeted</td>
<td>61,435,816,852</td>
<td>88,277,414,852</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>38,771,185,918</td>
<td>54,583,007,752</td>
<td>71%</td>
</tr>
<tr>
<td></td>
<td>Surplus/(Deficit)</td>
<td>(22,664,630,934)</td>
<td>(33,694,407,100)</td>
<td>67%</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

Ilala Municipal Council has been adapting and implementing reforms, which have aspects of New Public Management (NPM). The main objective of IMC reforms is to promote efficiency in public service delivery and in municipal investments to promote local economic development as well as to reduce the poverty level among citizens. The NPM techniques which have been adapted and currently being implemented by the council as part of the Local Government Reform Programme (LGRP) include Public Private Partnership (PPP), accrual-based accounting, and uses of fully integrated financial management systems. The PPP involves the implementation of development projects such as the construction of local roads and provision of sanitation services in partnership with the council and private sector counterparts. The council has been implementing accrual-based accounting since 2008. However, the council has yet to fully implement the full accrual-based accounting as both cash and accrual based accounting still operate side-by-side. Moreover, the council is using computerized financial management systems such as Epicor for accounting and PlanRep for budgeting. Epicor and PlanRep systems are managed by the Finance Department and Planning Departments, respectively. Despite the performance, the Ilala Municipal Council got qualified (unclean) report from the CAG in the 2006-2007, 2007-2008, 2008-2009, 2010-2011 fiscal years except for the 2009-2010 fiscal year. The reasons behind qualified/tainted report at Ilala Municipal Council concerned with the existence of non-compliance with existing financial management reforms. For instance, the IMC got a qualified or tainted opinion for its financial statements of 2010/2011 by CAG, because of irregularities in the financial management practices at the Vingunguti Abattoir. As a result, the Council failed to attain the budgeted revenue by TShs.45,728,700. Financial management practice irregularities at the Vingunguti Abattoir included the failure by the council to review the rates for a long time. Moreover, there was no system requiring the revenue collector at Vingunguti to prepare

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and submit weekly/monthly returns to the Revenue Accountant/Municipal Treasurer. Furthermore, the IMC managed to get overall good results in Annual Assessment of LGAs for Minimum Conditions and Performance Measures under Local Government Development Grant System for Financial Years (FY) 2010/11 and 2011/2012, respectively (URT, 2010, 2011). Those minimum conditions and performance measures were included in proper financial management practices, proper planning and budgeting practices, good revenue mobilisation and sound council financial processes as well as qualified and unqualified opinions of CAG to the LGAs’ financial statements.

6.2 Theme 1: Dimensions of Use of Accounting Information

Budgeting decisions at the Ilala Municipal Council (IMC) are made in budget preparation, budget approval and budget execution.

6.2.1 Theme 1: 1 Dimensions of the Use of Accounting Information in the Budget Preparation Decision-making

The budget preparation decision process of the IMC involves five levels, which include wards and departments, Council Management Team and Standing Committee for Urban Planning and Environment and Economic and Social Services. The budgets for wards are submitted to departments by considering the needs and priorities raised by the wards and the nature of activities or sector of the department. For example, one councillor commented that councillors are very involved on preparation of the budget at ward level; the quotation is as follows;

Each councillor is working with ward development committee to identify the opportunities and obstacles and eventually the ward’s need and priorities are identified and the minutes of ward development committee is submitted to council directors’ office. Later on our wards needs (such as building a school, load construction and n.k) are included in council’s budget through council’s departments (Woman councillor from the ruling party, CCM).

This was also confirmed by chairperson of planning committee as follows:

Normally, the budget is started with chairperson of the street because he/she is the one who have people. The chairperson meets with his/her people to identified need of the streets. Then, we meet as ward development committee in which I’m a chair person and streets chair persons are the members. We discuss and approve the needs of our wards and at last I submit our minutes to Director of the council in order to be included in the council’s budget (Chair person, Planning committee and Councillor from ruling party, CCM).

The departmental administrative actors, under the supervision of their respective heads, prepare a departmental budget by considering the needs and priorities which have been raised from the wards in accordance with the budget participatory approach. However, the submitted ward budget priorities’ are not necessary that all of them will be included in the council’s budget through council’s departments. This is due to shortage of own source revenue and national priorities as indicated in the budget guideline and budget ceiling. For a case in point, councillors commented as follows;

We can submit our ward budget of 20 millions but we can just realise only 1 million. For example last year we budgeted for office furniture but we did not get a single chair for the office. Till now I
and my ward administrator are using pieces of logs as chairs (Woman councillor from the ruling party, CCM).

The problem is most of our needs are not included in the detailed budget of the council irrespectively the effort done by wards development committee (Chair person, Planning committee and Councillor from ruling party, CCM).

The standing committees for Urban Planning and Environment and Economic and Social Services play their role in their specific budget issues and finalised in finance standing committee. The formality and role of standing committees which is also applicable in budget preparation is described by council economist and confirmed by the councillor below:

The council budget works under three permanent standing committees....... in which finance standing committee has responsibility of administering and managing council financial and administrative issues. Finance committee is a central committee in which all matters of other committees which relate with finance are first analysed, discussed and decided on finance committee before full council meetings. The chairpersons of other two council’s committees and few councillors are forming finance standing committee. The committee is chaired by either Mayor or assistant may at the absent of Mayor of the council. The head of departments are entered in all standing committees like the expertise who have responsibility of advice the councillors in decision-making. The head of department and director of the council are presented and defending in standing committees all advisory expertise which they decided on upon them in CMT. Eventually, the councillors make decisions and council’s director and heads of departments remaining advisers in all standing committees as well as in full council meeting. However, the presenter and defenders of the issues in full council meetings are chairpersons of the standing committees if their committees’ issues are presented in full council meetings. The secretary is Council’s Director. (Economists).

The main decision maker is full council by advised of standing committees. The committees are divided according to nature of activities or sectors which include finance and administration; planning and urban development; community development committees. Councillors are shareholders of the council because they represent citizens and also are the main decision makers. Management team is advisor of councillors. We recommend different kind of expertise. For example councillors can be the owners of the council but they lack medical expertise, then Head of Health department is responsible for that. (Accountant)

The councillors added that the decision-making process in standing committee and full councils is based on majority; For example the following was quoted;

The main decision maker in councils meetings are councillors. The decision is base on majority and if one councillor disagrees then it just remaining in our records. It is because of democratic right one must be given but the majorities won (Councillor from opposition party, CHADEMA).

Councillors are main decision makers (Woman councillor from the ruling party, CCM).

The formality described above is also applicable in budget preparation. Therefore, the budget preparation process extends to the Standing Committee for Finance for making proper budget analysis before budget approval.

However, the Ilala Municipal Council (IMC) seemed to prepare unrealistic budget estimations over the years through CMT and standing committees. Indeed, although IMC budget estimations have been increasing over the years, the actual collected revenue has
not matched with these budget estimations. It was indicated that the IMC ended up with unrealistic budget estimations, primarily, because the majority of the accounting information was not used in the budget preparation. For example, about the majority of accounting information not used, the economist commented:

_From experience, I have as well as the way I observed a discussion in council meetings. I do not see the tangible correlation between the accounting information produced and the budget prepared, for example, the council revenue collected for the years ending 2009/10 and 2010/11. In 2009/10 we collected 83% out of the 12 billion of the budgeted for amount whereas in 2010/11 we achieved 87% of out of 13.3 billion of the budgeted for amount. In this accounting year we are required to collect 20 billion (Tsh). Then question remaining is what is the connection between accounting information produced and the budgeted for amount? Therefore, the majority of accounting information is not used in the budget decisions (Council’s Economist)._ 

When the majority of accounting information is not used, that can indicate either an instrumental-information surplus, or a symbolic haphazard use of information. Instrumental-information surplus use, as discussed by Deshpande and Zaltman (1982) and Diamantopoulos and Souchon (1999), occurs when there is excessive information, or information overload, that makes actors use less information in decision-making. On the other hand, symbolic-haphazard use of information occurs when there is excessive information and actors do not have enough time to make well-informed decisions by digesting vast amounts of information available for decision-making. Furthermore, it was indicated that budget preparation was always carried out under pressure and limited time, hence the inability to digest a lot of information from different expenditure accounts, some of which do not even have relevant accounting information, hence the inclination towards symbolic-haphazard use of accounting information. In this regard, for instance, the economist and councillor pointed out:

_Yes, we are using accounting information in budget preparation from several accounts some of which I do not even understand but aren’t they misleading us?.... Thus it is still a challenge to our LGAs because information recorded in those accounts does not show reality. For example, it happens that the Council’s Director is required to contribute funds for facilitating government activities, which are out of plan or facilitating activities when the ceiling has already bust. What do you think the Council’s director can do? ...He just takes funds from any of the accounts which has some balance hoping that he will return the money once the LGAs collect revenue from own sources. But at the end of the year, the funds were not returned to the respective accounts and that the accounts show that expenditures did take place. Can we say that those accounts are showing the reality? No. We are just misleading ourselves in budget preparation by depending on such information.... and remember budget preparation is done under pressure of meeting deadlines according to budget guidelines (Council’s economist)._ 

_The preparation of budget is done under pressure of meeting deadline. For example finance committee meeting and political party committee meeting can be done on one day to meet deadline of submission budget document to the ministry. There is enough time to read the budget or any document which can be given for decision-making (Woman councillor from the ruling party, CCM)_ 

However, instrumental-conceptual use of accounting information elements by keeping revenue and cost knowledge base updated in the budget decision-making processes was revealed. For example, the head of the Planning and Accountant Expenditure Department provide the following quotations;

_You cannot make a future budget approximation without reviewing the previous budget trend in monthly and quarterly reports and annual financial council reports. For example, by looking at these reports, you may discover that property tax budgeted to be collected was 2 billion but the actual collection is 2.1 billion, thus_
indicating the potential revenue from property tax which should be absorbed in the coming budget (Head of Planning department).

We use accounting information because it is the benchmark for control purposes and an important instrument in our decision-making especially in budgeting. Therefore, there is full utilisation at the maximum level because when we want to prepare the budget we must do the budget review basing on accounting information of the previous years, and we must look at our cost centres which has spent more and which has spent less. Then we get a clear picture of where we were not performing well. Also, it help us to foresee the coming source of income, and income trend, so if we didn’t prepare that year’s report it will be difficult to have a realistic budget (Accountant Expenditure).

The use of accounting information indicated by the head of the Planning Department and chairperson of the Planning Committee (councillor) does not seem to increase internal organisational efficiency such as increasing own sources of revenue that can meet expenditure in the budget preparation. Such use might imply the existence of symbolic-legitimating use rather than the instrumental use of accounting information in the budget preparation, and hence does not do well in terms of operational efficiency. Accounting information was thus used to justify decisions made on other grounds (Diamantopoulos and Souchon, 1999; Vyas and Souchon 2003; Amara, Ouimet, & Landry, 2004; Philemon, 2010: Kurunmaki, Melia, & Lapsley, 2003; Assad, 2001: Mzenzi, 2013). On the one hand, the council economist and chairperson of the Planning Committee (councillor) pointed out that current use of accounting information does not allow the IMC to create new sources of revenue or alter the fee structure due to Central Government (CG) interference. On the other hand, the CG interference seemed to compel the IMC to use accounting information for the purpose of getting CG transfers such as the Capital Development Grant (CDG) rather increase internal efficiency through having more own sources of revenue. The economist and chairperson of the Planning Committee (councillor) had this to say:

*It is second year since we proposed the introduction of new fees as new sources of revenue for the Central Government Ministry (PMO-RALG) in order to get guidelines as well as permission to collect it but up to this moment there is no feedback from them. And yet, the Central Government ministry always forces us to use information through a number of assessments which determine whether we can get some governmental transfers such CDG, or not. We always comply just get funds from them (Economist).*

*The Planning Committee, Finance Committee as well the Full Council sat and approved hiking the building construction licence fee since last year because the existing fees are very low (just 50,000 Tshs for any value of construction). But up to this moment, there is no feedback from the Central Government Ministry (PMO-RALG). Therefore, we lose a lot of own source revenue. As result, we are not providing services to citizens in an efficient manner because we cannot charge without their permission. I just decided not to provide any building construction licence till the PMO-RALG accepts our proposal.*

The element of symbolic-legitimating use of accounting information in budget preparation was further revealed in connection with the budget ceiling that limited the estimations of revenue and expenditure. The heads of department are required to consider budgeting guidelines and budget ceilings issued by the CG for preparation of departmental as well as consolidated council budgets. Issued budget guidelines, which legally guide the budgeting preparation process required estimations, especially on revenue accruing from government transfers to be in concurrence with the budget ceiling prepared by the Ministry of Finance. However, the unrealistic budget ceilings issued were incongruent with what was happening on the ground. The implication is that the budget ceilings did not reflect the council’s accounting information in predicting revenue and expenditure estimates of the Council. This was noted to be a challenge in the council’s budget decision-making processes. This
Budget guidelines and ceilings force us to use accounting information; however, these mechanisms are so unrealistic when it comes to what is happening on the ground. Just imagine, we have been told by the PMO-RALG to use last year’s budget ceiling in the current budget preparation instead of focusing on the actual revenue and expenditure of last year. How can we prepare a realistic budget? (Accountant-Revenue)

The main and first challenge faced by LGAs in the budget decision-making processes is the issue of unrealistic budget ceiling, so to speak. We have been told to use last year’s ceiling to prepare this year’s budget. Remember, accounting report showed that some of allocations in last year’s budget based on such budget ceiling did not materialise while others went bust just a few months after budget execution started. How can we use such ceilings to prepare current budget? (Economist).

The budget ceiling is unrealistic because their estimations based on unrealistic basis. The budget ceiling shows the CDG which its allocation based on the population census rather the actual expenditure. For example, IMC has very low population by census compared to other council in Dar es salaam. However, at morning you will find a lot of people from Kinondoni and Temeke councils (business people, their customers because it is the centre of economic activities in Dar es salaam) here in way that budgeted estimates of hospital do not match with the actual expenditures. This is because if those people got accident they do not go to their council’s hospital, they are just treated in our hospitals (Woman councillor from the ruling party, CCM).

To continue with the budgeting process, after making estimations at the departmental level, the heads of department present and submit their departmental budgets to the Council Management Team (CMT). The CMT is made up of the heads of department and the council’s Executive Director. In the committee, the budget analysis is done to make sure that the departmental budgets were well-prepared in accordance with the wards’ priorities, budget ceiling and budget guidelines. After discussion by the CMT, all concerns raised are used to amend the departmental budget before submitting the budget estimations to the relevant council Standing Committees. The council Standing Committees are composed of some councillors who assigned to the committee which chaired by one of elected members among the assigned councillors. The respective head of department and his/her team that is under a related committee serves as the advisor of the councillors in the meeting. The head of the Planning Department had this to say:

Decision-makers are members of the committees. If it is a Finance Committee, then the councillors serving as members are the decision-makers but what they discuss are issues that need professional advice, and accounting reports are presented with clear explanations of the issues concerned so that these report are used in decision-making (Head of Planning Department).

To be specific, the IMC has three standing committees to which the departmental budgets are submitted. The Standing Committee for the Economic and Social Services is responsible for discussing budget estimations for Health; Primary Education and Culture, Secondary Education, Solid and Waste Management, Works and Water and Development and Social Welfare departments. The budget estimations of the Planning, Land and Environment and Finance departments are discussed by the Planning Standing Committee.
The Finance Standing Committee is responsible for scrutinising the draft budget of the council before its approval by the Full Council Meeting. The heads of department submit the budgets and further submit all the relevant pieces of information, including the previous accounting and budget documents, as per the councillors’ request. The submission of such information is required days ahead of the scheduled Standing Committee meeting, and indicates elements of instrumental use of accounting information. According Chua (1988, 2003), instrumental use involves official documents, which are essentially hierarchical in nature with well-defined areas of responsibility, including accountability. Such accounting information is submitted to the actors before the decision-making. In this regard, the economist to the council Director Office reported:

We are circulating the departmental budget to the committee members two or three days before the standing committee’s meeting even though we are required to submit the budget to members seven days before the meeting as per by-laws. It is not easy to do so because the budget preparation is always done under pressure but we are improving when compared to the previous years (Economist).

The departmental budget is discussed and analysed by councillors. As for the heads of department, they provide technical advice to the standing committee meetings. The budget’s recommendations and amendments, which are made by councillors in the committees, are taken on board by the heads of department to adjust the departmental budgets. The adjusted departmental budgets are then compiled by the Planning and Finance Department of the council as the co-ordinator, which is also responsible for budget estimates preparers of the budgeting process. The standing committee meetings are held to discuss and analyse the budget by also considering the recommendations provided by the regional secretariat. The Finance Committee is a quasi-central committee of the Full Council because binding budget decisions are made by it. It is also constituted by some of the councillors who are members of other standing committees including the chairpersons of all other committees. The Finance Committee digests the council’s budgets in a detailed manner. Usually the meeting takes about three days. The members are free to contribute and query any item in the budget. The discussions of the budget in the standing committee is accompanied rely on the accounting information from the financial and management reports as well as other related reports. According to one of the councillors:

In our council standing committee meeting for budget preparation and approval, we are always given accounting reports and we make decisions using them. (Woman councillor from the ruling party, CCM)

Theme 1:2 Dimensions of the Use of Accounting Information in the Budget Approval

The council’s budget is approved by the Full Council after taking into account the recommendations and amendments made by the Finance Committee. The budget is approved by a voting decision which has to be made by each councillor during the Full Council. The Full Council meeting for budget approval is an open meeting to which citizens and other stakeholders, such as the mass media, have access. The discussion of the budget in the Full Council is characterised by limited discussion as by then the detailed deliberations have already taken place in the standing committee meetings. Furthermore, the decisions, which have already been made in the Finance Committee, bind the budget.
approval decisions. Therefore, Full Council meeting seems to be there for formalities, justifying the budget decisions, which have already been made in the council’s standing committee meetings.

On the other hand, the councillors attend the Full Council meeting with budget to be approved, as well as other financial and management reports, which are usually submitted to them several days before the Full Council. In this process, the accounting information use seems inclined towards symbolic-legitimating use, whose target is merely to justify or confirm decisions which have already been made on other grounds or beforehand. According to councillors:

*When we want to approve the budget, we examine our past revenue and expenditure, then we assess whether our budget is achievable or not, and we look at whether in our specific wards what has been given is compared to last year as we agreed upon in the council committee meetings. (Women Councillor from the ruling party, CCM)*

*The Full Council meeting is just a formality for budget approval; all decisions are done in the Finance Committee. We do all necessary analysis, we challenge each other and finally make decisions in the Finance Committee meetings. You cannot find anything being disputed in the Full Council. We always agree to do so in committees then in the Full Council we communicate positively to the citizens (Chairperson of the Planning Committee, Councillor).*

*The Full Council meeting is not meeting for discussion. It is just for approval as normal procedure. All matters are settled beforehand in the committees especially in the Finance Committee meetings. (Economist at Council Director Office)*

The approved budget is then submitted to the Ministry of Finance. Thereafter, the budget is approved by Parliament. The approved budget is executed by the administrative team and monitored by the councillors. The councillors monitor the budget execution through the Full Council and council’s standing committee meetings where binding decisions for budget executions are made. The Full Council is held once every three months, whereas each standing committee meeting is held once every month. Through the Finance Committee meetings, monthly and quarterly financial reports are presented by the heads of department, and discussed by the councillors. In due regard, binding decisions are made to make sure that the budget objectives are achieved.

### 6.2.3 Theme 1: 3 Dimension of the Use Accounting Information in the Budget Execution/Implementation

The IMC budget at large is financed by funds from government transfers. However, it was observed that some revenues disbursed via government transfer were immaterialised and delayed in budget preparation which contributes to inefficiency in council operations. It has been documented in the CAG reports for the 2009/2010, 2010/2011, and 2011/2012 fiscal years that 3 percent, 13 percent, and 36 percent, respectively, of the budgeted funds from governmental transfers were not transferred to IMC. Moreover, as Table 8 above indicates, more than 47.4 percent of the funds transferred to Ilala Municipal, from 2009 to 2011, by CG were not used primarily due to delays in disbursements to councils. Indeed, monetary transfers made near the end of the fiscal year made the council fail to utilise them in the budget execution because most them were capital development grants that need procurement procedures to be followed before being put to use. Consequently, this
impaired budgeting execution, as well as operational efficiency of the council because some of the budgeted for development project remained unimplemented. In this regard, the submitted approved budget and monthly, as well as quarterly, accounting reports to Central Government appear to be symbolically-legitimating to enforce fund transfers to the council for budget execution. The councillors and administrators had this say:

The council is operating at large by using central government transfers which mostly are not reliable sources of revenue. Some are delayed intentionally and some are not realised, hence making the operations of the council to be inefficient. It really makes our life difficult as councillors because we cannot manage to fulfill promises we make to our voters as indicated in the budget (Councillor of opposition party-CHADEMA)

One of the most significant challenges we face in budget execution in our council is delays of revenue from governmental transfers. The transfer of funds to the council can be made in May when the financial year ends in June. So there very little time to utilise the funds and if we do not utilise the funds within the accounting year, we are required to return the funds to the central government. This is unfair treatment that leads to inefficiency in the council operations. (Accountant - Revenue)

We are submitting monthly and quarterly accounting reports as the LGA Finance Act stipulates. The reports are approved by the Finance Committee and finally by the Full Council before submissions were made to the Central Government ministries. But they do not show any necessary impact on the enforcement of government transfers. Central Government capitalised on submission of those reports as criteria of getting Capital Development Grants for the next accounting year rather than as feedback to assess the utilisation as well as to ensure the transfers of fund to LGAs are made on time. However, there are many procedures that are undertaken to ensure those reports are reliable such as internal auditing, regional office auditing, external auditing as well as the Local Authorities Accounts Committee which involves Members of Parliament. (Accountant - Expenditure)

In executing the approved budget, council expenditures are also financed by revenue from own sources. The council seem to use accounting information as instrumental in designing and deciding on the strategy on how revenues from existing own sources can be fully collected to meet the budgeted expenditures. This means that the instrumental-decision relevant use of accounting information prevailed in making decisions on increasing revenue collections from the council’s own sources. This was particularly observed in the Special Finance Committee meeting which discussed how to maximise own sourced revenue collections by using the taskforce (a special team for revenue collection) rather than waiting for normal revenue collection procedures. During the finance committee meeting, which was held on 8th December 2011 for budget execution with the agenda of reviewing the task force team for the enhancement of revenue collection, it was observed that the financial report officially ordered by councillor contained revenue collected under the task force team. However, one councillor argued that the report was not complete due to lack of information on the expenses associated with collected revenues. Also, the report did not make comparisons because it did not have information on the previous revenue collection. Therefore, it was hard to conclude that the performance was high without the base for comparison. These arguments were supported by all councillors who were in the meeting. The treasurer of the council tried to respond to the arguments but all the explanations were rejected by the councillors. Consequently, the councillors failed to make a decision on whether or not to continue with the task force team for revenue collection. Eventually, the meeting was closed with the resolution that the report should be prepared and presented again in a special finance committee meeting to decide on the matter properly. The observation made in the monthly finance committee meeting indicates that accounting information was translated into significant practical budget execution action as
part of the budget decision-making process. That might indicate the existence of instrumental-decision relevant use of accounting information in the budget execution stage that can lead the council to operating efficiency. According to the councillor and administrators:

We, as the finance committee members, usually meet once per month and in each meeting we digest and discuss monthly accounting reports and make decisions. For example we formulated the task force for revenue collection after observing that in the previous monthly report revenue, which was collected, was very low compared to estimations in the budget which we are executing. (Councillor from the opposition party-CHADEMA)

We formed a task force team for revenue collection and it has already performed its duty, so we wanted to analyse it to check if we can continue using task forces for revenue collection. But the report was rejected by the councillors because it was not compatible with them. So as you can see I’m busy preparing the report again by checking how much we have collected and the amount we have spent to facilitate that task force. Proper analysis is needed for advising the finance committee members accordingly, in order for the decision to be made. That is why I have been telling you that we are using accounting information frequently in budget execution. (Accountant - Revenue)

The summary of the dimension of accounting information use is presented in Table 9 below:

Table 9: Dimension of the use of accounting information in the budget decision-making processes

<table>
<thead>
<tr>
<th>Budget preparation</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Symbolic-haphazard Use of accounting information</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>2 Symbolic-legitimating Use of Accounting information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental Conceptual Use of accounting Information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Budget approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Symbolic-legitimating use</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>Budget Execution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-legitimating use</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Instrumental-Decision Relevance</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental-Conceptual use</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

Theme 1: 4 Type of Accounting Information Used in the Budget Decision-making Processes

The use of accounting information in the IMC’s budget preparation, approval and execution is also seen to be categorised in accordance with the nature of accounting information, as well as the type of actors. Political actors (councillors) seemed to use more management than financial accounting information in the budget decision-making processes. On the other hand, the administrative actors indicated that they used both financial and management accounting information. According to the administrative actors and councillors:

We use accounting information from the financial statements in budget preparation at most because they are the ones which are being audited by the external auditor and his recommendations such as making improvement in revenue collection and controlling expenditure act as indications and feedback on our performance. Therefore, the information is more likely to assist us in planning for the coming year..... Management accounting information is useful in budget execution because it assists in monitoring movement from one quarter to another ... to know which areas have weakened (Head of Planning Department).
I can say we do use the accounting information from financial statements in our decision-making, especially during the budget preparation. We make reference to the previous year’s budget to get a clear picture regarding where we were not performing well. Also, it helps us to foresee the sources of income, income trend. So if we didn’t prepare yearly report we would find it difficult to have good budget. And we use more accounting information from management quarterly reports in the budget execution because it is very useful for controlling and monitoring (Accountant - Revenue).

Financial statements are just produced once per year. We are, therefore, using more management accounting information for budget decision-making in the council committee’s meeting than the annual financial statements in council committee and full council meeting (Councillor ruling party, CCM).

The summary of theme 1 is presented in Table 10 below:

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management accounting information</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Financial accounting information</td>
<td>✓</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

### 6.4 Theme 2: Institutional Pressure-Related Factors

Factors associated with institutional pressure, as a theme, absorbed all words, phrases or sentences that respondents expressed or observed or documented about the external pressures enforced through coercive, normative and mimetic mechanisms that influence accounting information use in the budget decision-making processes.

**Coercive Institutional Pressure-related factors**

The following data were collected from the Ilala Municipal Council on institutional pressure-related factors enforced by coercive mechanisms.

The **issue of budget guideline** was raised by administrative and councillors as influencing accounting information use in the IMC’s budget decision-making processes. The Tanzania budget guidelines are issued by the Ministry of Finance; however, the actors indicated that the ministry delayed issuing these budget guidelines to the LGAs. These delays in turn affected all the processes pertaining to the budget decision-making processes of the councils. Yet, the role of budget guidelines in the LGAs’ budget decision-making processes cannot be underestimated. Indeed, the national accounting estimates such as revenue and type of revenue sources which should be collected by government agencies such as the Tanzania Revenue Authority (TRA), LGAs’ own sources and other sources that should be reflected by LGAs budgets are indicated in these national accounting estimates. For instance, budget guidelines for the budgeted year 2011-2012 indicate that 0.7 percent of the national revenue should be collected from the LGAs. Moreover, budget guidelines require LGAs accounting officers to adhere to the International Public Sector Accounting Standards (IPSAS) and use the Integrated Financial Management System (IFMS) that influences production of quality accounting information useful in the budget decision-making. Budget guidelines also need LGAs to increase institutional efficiency by preparing and using realistic budget revenue and expenditure estimates. This might indicate the issue of budget guidelines directly influencing accounting information use in the budgeting decision-making processes. However, for budget guidelines to influence the accounting information use in the budget decision-making processes, and increases the council’s operational efficiency they should be realistic with, and reflect on the reality on the ground, rather than simply serve as a tool for legitimising decisions. Moreover, it is
advisable for the actors that the budget guidelines should be submitted early enough to facilitate the budget process rather than to create a barrier to the budget decision-making processes. Explaining, the Councillor and the Administrator had this to say:

*It is true that issued budget guidelines force us to use accounting information in budgeting, but it is always submitted late to us and, hence, becomes a barrier to the process (Economist, Council Director Office).*

*The budget guideline should be realistic and reflect what is happening on the ground rather than be a tool for legitimising interference of Central Government to us (Councillor, ruling party-CCM).*

The councillor claimed that a budget guideline should be realistic, however, she had never seen a budget guideline document which were issued yearly. It was quoted;

*I have never seen a budget guidelines...I have been councillor for eleven (11) years (Councillor, ruling party-CCM).*

Moreover, issued budget guidelines, financial management guidelines, financial acts and by-laws put pressure on administrators and counsellors to use accounting information in the budget decision-making processes because their **compliance is a pre-condition for accessing Local Government Development Grants (LGDGs)**. The councils cannot get LGDG from the CG if they fail to meet the minimum conditions which have been drawn from the following regulatory framework: The Assessment Manual issued for assessed year; The Local Government (District Authorities) Act of 1982; The Local Government (Urban Authorities) Act of 1982; The Local Government Finances Act of 1982; The Local Government Services Act of 1982; The Urban Authorities (Rating) Act of 1983; The Public Procurement Act of 2010; The Local Authorities Procurement Regulations of 2003; Budget guidelines issued for the financial year. Some minimum conditions which have been developed from above cited acts, financial regulations and budget guidelines are as follows:

- **LGA should have a comprehensive MTEF Development Plan that incorporates all sector priorities approved by the Council on time, at least two months before the end of the financial year.**
- **No confirmed financial management irregularities leading to the suspension of Council Director, Council Treasurer or Councillors have been reported either by the Internal or External auditors in the previous 12 months.**
- **Final Accounts for the financial year (FY) produced as per section 45 (4) of the LGA 1982 and submitted to NAO three months after the end of financial year (i.e. By 30th September of FY under the new reporting)**
- **Internal Audit in place and functional as provided under section 45 (1) of the LG Act 1982 and the LAFM 1997 orders12-16 (at least four internal audit reports prepared during the previous 12 months and presented to the F&PC).**
- **LGA has Annual Budget prepared as per guidelines and approved by the Council two months before the end of the FY (by 30th April)**
- **No adverse Audit Report for Audited Accounts of Council in previous financial year**
- **Regular meeting of the Full Council; at least one meeting held every three months (on a quarterly basis).**

It was revealed that minimum conditions for CDG and CDG systems itself were adopted through NPM reforms. It was further revealed that the conditions were not real work with developing country, Tanzania LGAs in the case in which their adoption was done in order to gain financial legitimacy. For example, the chairperson of planning committee had this to say;
The IMC managed to get overall good results in the Annual Assessment of LGAs for Minimum Conditions and the Performance Measures under the Local Government Development Grant System for the 2010/11 and 2011/2012 fiscal years, respectively (URT, 2010, 2011). The influence of these conditions on accounting information use was declared by the head of the planning department thusly:

The guidelines and regulations and our by-laws really guide and force us to use financial information in the budgeting process because some minimum conditions for getting the Capital Development Grant require compliance with these regulations. For example, if the council doesn’t submit the quarterly report it will not get the Capital Development Grant and if that happens we really suffer because of pressure from the councillors to make sure that we manage to finance the development projects. (Head of Planning Department)

The statements from the Chairperson of the Planning Committee and Head of Planning Department appear to indicate high financial dependence of the IMC on the Central Government. Moreover, such the statement might also indicate symbolic-legitimacy use of accounting information resulting from compliance of regulations and practices necessary to create a positive impression on the assessors in order not lose the Capital Development Fund that was necessary to increase organisational efficiency. Moreover, the criteria for assessing capital development grant seem to influence the mobilisation of estimated revenue from existing own sources within the budgeted revenue, rather than to create innovative new sources of revenue for the councils. The implication is that such assessments have influenced the production and symbolical-legitimating use of accounting information in budget preparation rather than instrumental use in budget execution. Such use seemed not to increase internal council efficiency in budget preparation, but rather in budget execution because it does not reduce financial dependency by the council on the CG. In this regard, the council makes decision deemed acceptable to the government in order to get funding in next budgeting year.

Furthermore, the council suffered from budget deficits for several years, hence the financial stress it had to endure. One of the sources of the financial problem (stress) is the occurrence of unbudgeted expenditures. Some of these expenditures are engendered by the Central Government for political and national events which ought to be financed by the IMC, using unbudgeted for lines of the council budget. The head of the planning department and accountant revenue had this to say:

We really suffer because the number of CG’s meetings and celebrations which are out of the budget are held in Ilala Municipality. It is always the case that we have to finance those activities, hence really disturbing us and forcing us to use accounting information more in order to know where we can get funds to fill the gap (Head of the planning department)

If we are in financial stress what do we do? First; is to find a way to cope with the situation by reducing expenditure. Accounting information is needed to do so. But again, we used to borrow
money from the bank, which also needs more accounting information to justify how we will repay the loan. (Accountant - Revenue)

Mimetic Institutional pressure-related factors
One of the factors under mimetic mechanisms that influence accounting information use in the budget decision-making processes, and increase efficiency budget decision is the **transfer of administrative staff from one council to another**. It was indicated that the movement of administrators from one council to another increased the knowledge of operating the council because administrators can learn from one council and transfer such knowledge to another council. The transfers, which have been encouraged by administrators, involved the same or low to high levels or status of LGAs. Otherwise such transfers can produce negative impacts on use of the accounting information. Consequently, there could be inefficiency in the budget decision-making. According to heads of planning, education and accountant revenue departments:

*You know, it builds capacity at different levels through an interaction process from one council to another. But the movement should be done within the same level in terms of type of council (urban to urban or rural to urban) and at the same working environment in general. For example, issues of being transferred from the Ilala Municipal Council to Kasuru or Kibondo district can kill the staff’s ability to use accounting information* (Head of Education Department)

*Otherwise, it will have negative impacts, for example, when someone who has been using EPICOR is transferred to a council where information processing is done manually. That kills his ability which the government has used some resources to develop. You shift an accountant who used to handle 80 billion shillings to a place where he will be handling only 5 billion shillings! Of course you kill his/her abilities.* (Head of Planning Department)

*You can find only one council, for example, the IMC which exposes one to practically everything. Thus do not expect knowledge possessed by administrators of the IMC to be the same as then knowledge possessed by the administrator of theMpanda District council. On the one hand, these transfers can help administrators share financial knowledge and also be used for control purposes. Also, if an administrator remains at one council for a long time, he/she may not be productive.* (Accountant - Revenue)

The transfer of employees was indicated to involve heads of department and directors of the council rather than administrators in operation level. Moreover, it was indicated that the heads of department and directors of the council mostly attend internal and external training rather than administrators operating at the operational level. Thus, the transfer of such administrators does not lead to efficiency in former council operations because employees are sometimes transferred before sharing the knowledge they have acquired from training with operational administrators. The accountant expenditure had this to say:

*Our former head of department was transferred to another council just after attending training on how to use EPICOR system. It was a problem because he did not get an opportunity to share the knowledge with us. Thus our system end user’s problem remained unsolved for a long time* (Accountant - Expenditure).

Councillors were influenced by the exposure they get by visiting other councils. The IMC has a programme of capacity-building through **financial-related study tours** to other councils. Such study tours outside the country are most preferable because the IMC is one of the top councils within the country, which has succeeded in financial issues when compared to other local councils. Consequently, most of the up-country LGAs visited the
IMC to learn about handling financial issues rather than the other way round. The following statements are provided by the councillors:

_Tours help us a lot because we get education, for example, we have been to Kilimanjaro and we learn how making our council clean. But for financial issues all councils come to our council to learn from us, because we are amongst the top LGAs in that aspect. (A councillor from ruling party - CCM)_

_In the first five years of our leadership, we went to one of the upcountry councils, but there was a problem. We learnt nothing from others otherwise all upcountry regional councils want to come to Ilala municipal because we are doing great in financial issues. As the chairman of the planning committee, I always tell the council to arrange visits to successful Local Government Authorities outside the country even within the African Continent but they are saying that there is lack of funding. Administrators always have tours outside the country for almost in each year (Councillor/Chair of Planning Committee)._ 

_The practice of Public Private Partnership_ was also considered as a factor adding pressure to the council’s administrators and councillors in their council committee meetings to use accounting information in the decision-making either to practice PPP or not. The Revenue Accountant reported:

_We in the LGAs as non-profit oriented and private sector as profit-oriented institutions are serving the same purpose that is service provision to citizens. We use accounting information when we carry out cost benefit analysis which guides us in deciding whether or not to engage ourselves in the PPP arrangement. Moreover, accounting information is useful to ascertain the cost of the activities of services which we want to outsource and that also it helps to identify a tender bidder who will be able to deliver services efficiently rather than taking a tender bidder who bids a low price. It is, therefore, at the negotiation level the PPP creates that influence the use of accounting information in the budget execution decision which creates efficiency in the council operations. It is because the PPP arrangement is also used as a mechanism of financing budgeted for projects or activities which are implemented by the council (Revenue Accountant)._ 

_Normative Institutional Pressure-Related Factors_

The existence of a professional board of accountants and auditors has been a matter of concern for revenue accountants because it puts pressure on the council by issuing professional directives and training to the council’s personnel. The NBAA contributes to the development of the accounting professional by co-ordinating and examining and vetting accounting professional qualifications. The Revenue Accountant said:

_The National Board of Accountants and Auditors (NBAA) issues directives such as recruitment procedures and qualifications of accountants. Also, it updates changes of accounting standards by conducting professional training to accountants and also encourages directors of the council to send more staff (especially accountants) for professional training. (Accountant - Revenue)_

Another normative pressure related factors was **pressure from citizens.** As one councillor reported:

_Citizens force us to read any report given to us, because if we do not do that we cannot defend our projects in the budget decisions. If we fail to do so, then we cannot get votes from the citizens in the next elections. So we always read and use accounting reports.............Today I’m going to attend council finance committee meeting, and I have one important issue to discuss with my fellow_
councillors. It is about revenue collected from advertised and sold plots which did not exist. Citizens are complaining that they paid Tshs 20,000 applications fee, but it has been six months with nothing. I read this report and found that such revenue was collected (A councillor from ruling party- CCM).

The summary of theme 2 is presented in Table 11:

<table>
<thead>
<tr>
<th>The finding from IMC CASE</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors associated with Institutional pressures (coercive, normative and mimetic)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>The issue of budget guidelines and regulation</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Compliance with laws and regulations for funding granted to LGAs (assessment of minimum qualifications of Capital Development Grant (CDG))</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Situational of Financial Stress</td>
<td>✓</td>
</tr>
<tr>
<td>4</td>
<td>Pressure from citizens/voters</td>
<td>x</td>
</tr>
<tr>
<td>Factors associated with normative pressures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Pressure from the accounting professional board (professionalism) directives and trainings</td>
<td>✓</td>
</tr>
<tr>
<td>Factors associated with mimetic pressure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Existence of study tours</td>
<td>x</td>
</tr>
<tr>
<td>7</td>
<td>Employee transfer</td>
<td>✓</td>
</tr>
<tr>
<td>8</td>
<td>Practice of Public Private Partnership (PPP)</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

6.5 Theme 3: Internal Organisational Related Factors

The Culture of transparency in an organisation’s internal practice was seen as an important aspect in the use of accounting information in the budget decision-making processes, by both councillors and administrators. It was observed that the IMC practised the culture of transparency by displaying some accounting information on the notice-board. However, there is a limitation to information sharing due to mistrust/lack of trust among the producer and the user of information. A councillor who needs special financial information from the Finance Department is required to follow the laid-down procedure, by writing a request to the Director of the Council. This bureaucratic environment tends to limit access to accounting information. Through the Director’s permission, the councillor can get such information. Moreover, the culture of transparency between councillors and administrators was enforced by financial regulations as well as the power each actors hold.

The following are statements drawn from the Councillor and Administrators:

In previous years, there was no transparency at all, but now if the Council receives a grant from CG, we display the information on the notice-board, so everyone knows that the council has received a specific amount for a given project. However, sharing of information can be a problem among us because of cultural differences. Some people do not want to provide financial information because of a suspicious mind, that you want information for something which is destructive and if there is something bad around such as fraud. But as management we are trying to solve that problem. A person can refuse to provide information at a particular time but at the end of the day
the information will be out as a need arises because it will be published by the director of the council. (Accountant - Revenue)

We are always force administrators to be open especially on financial issues; in the last financial meeting we refused to accept the task force report for revenue collection because some things such as expenses incurred were not fully disclosed. Therefore, administrators under the director as chair made necessary changes. Then we accepted it in the next finance meeting and we made decision that the task force for revenue collection continue because a lot of revenue is collected through that (Councillor of Ruling Party, CCM).

The Ilala Municipal Council has in place a training programme for administrators and councillors, with the aim of enhancing the knowledge on the financial management and budgeting issues. The need, and importance of training seemed to be very critical to councillors due nature of councillorship; the head of planning committee commented that;

Kindly tell CG that once councillors are elected, the first year should be used for seminar and trainings to learn who is he/she, why is in council, how LGAs is managed, what are sources of revenue and the budget is prepared as well as how to manage council financial resources. This will help to make him/her knowledgeable proportionate with administrators. I’m good because I have been street chair person for five years then the councillor for six years, so I know what LGA is even though I attended training after three years since I became councillor. But for a new councillor without training, he/she will have long way to go (Councillor/Chair of Planning Committee).

Administrators and councillors do, however, get training co-ordinated by the Ministry of the Finance and Prime Minister’s Office, Regional Administration and Local Government (PMO-RALG). According to administrators, the most efficient training programmes were those prepared and co-ordinated by the council itself, because they are highly customer and problem solving oriented. The following are statements quoted from administrators and councillors concerning training programmes in their councils:

Thanks to the current system for training councillors. CG usually provides funds for capacity-building of councillors. So even if he/she was appointed without knowledge of financial issues or how to govern the LG, he or she will be trained for good governance. For us as administrators, we have internal training and external training which is co-ordinated by outsiders such as ministries. Internal trainings are many compared to others. Thus we learn more from internal trainings because they are more customer-oriented and involve problem solving. (Accountant - Revenue)

May I speak on behalf of myself; I got very useful knowledge from training which I attended; now I know how the budget is prepared from the ward up to council level. The training programme is really helpful to us (Councillor Opposition party).

Trainings which are provided are too basic. For finance issues, trainings which usually provided are basically concerning with budget issues particularly with how to prepare budgets from the ward to the council level. We also learn and understand the national goals and how to match national goals with citizens needs in the preparation and implementation of council budget. (Councillor/Chair of Planning Committee)

We approved budget last years and late we find our self in difficult condition. Then we decided to change some budget sections. Later on we got training in Dodoma and we learnt that it was wrong doing. Once the budget is approved, it turns to a law and you cannot change anything without approval from the ministry (A councillor from the ruling party).
The Ilala Municipal Council has four (4) councillors from the opposition party and thirty-two (32) from the ruling party. The existence of the opposition party was found to be a factor, which influences accounting information use in the budgeting process in the council. It was observed by the researcher that councillors from the opposition party influenced the culture of transparency in accounting information use among councillors and citizens who attended the Full Council meetings for budget execution. According to administrators and councillors, **political competition** has increased between the opposition and the ruling parties but also among ruling party councillors themselves. The following were some of the views on the issue:

*The existence of the opposition has led to development in this country; I have been in the system for many years. A lot of positive changes have been made due to the existence of the opposition parties even though in our council there is no such a thing maybe because there are only four councillors from the opposition party who are also not well-educated. They cannot challenge use. They don’t know a lot of things. It is different from Kinondoni Municipal Council (KMC) whereby 12 councillors are from opposition parties. It is very difficult for budget decisions to be approved at KMC due to high political competition (A councillor from the ruling party)*

Political competition creates positive changes because even in my ward as a councillor through special seats, I have observed great changes. Sometimes ruling party councillors are scared of us, fearing that we can block their plans because even the administrative actors have something to do with the ruling party (Councillor from opposition party).

*The problem of councillors from opposition party is lack of education; all of them have only primary education. If they could have high level of education may be they could challenge us (Councillor from ruling party –CCM)*

*I think it adds value. This is because CCM (the ruling party) will not be made to hand over the office to CHADEMA (opposition party), so they will try their level best to do better in their position and council administrations..... it does not have direct impact on us (administrators) because at our place there is not much competition between councillors because we have only four councillors from the opposition party out of 36 councillors (Economist).*

**Leadership commitment** was also indicated as one factor within the organisation that can influence the accounting information use in the budget decision-making processes. In the last general election, the new mayor was selected for the IMC governance. The former mayor was in office for more than 10 years without making many changes in the budget performance with regard to accounting information use. The councillors explained that the new mayor is more committed to the financial and management information use in the council committee meetings than the previous mayor. Currently, administrators submit financial and management reports days before the Full Council or council committee meetings are held:

*Since we got the new Mayor, things are different now, we are getting reports one week before the meeting date and also our Mayor said that we will have three meetings for budget discussion through the Finance Committee before the final meeting of budget approval. This will give us enough time to read the report and go through the budget and also get enough time to digest the report before we approve the budget. (A councillor from the ruling party)*

**Updating and Enforcement of institutionalised financial regulations** was also indicated as one of the factors influencing accounting information use in IMC’s budget decision-
making process. Councillors and administrators of the IMC were also concerned about the existing financial regulations, guidelines, by-laws and the Local Government Act. For example, they lamented that some of the financial regulations were out-of-date. As a result, they did not support the New Public Management (NPM) reforms. The administrators and councillors posited that the financial regulations, guidelines and Local Government and financial Acts have a positive bearing on the use of accounting information in budget decisions, but they should be updated and enforced. For example, the budget was prepared by using the budget guidelines issued by the Ministry of Finance. The budget guidelines created pressure to use accounting information in the budgeting process. However, sometimes they do not provide realistic guidelines because they were out of date or were not enforced. Councillors and administrators had this to say:

*We have many budget regulations which are outdated. For example, in the Financial Memorandum of 1977, and Finance Act of 2001, you can see the gap. As accountants, we depend on the accounting standards, so as to act more professionally. (Accountant - Revenue)*

*We have very good laws; the problem is in the enforcement. Everyone is trying to find a loophole to steal money for personal benefit, though laws force us to be transparent in decision-making and use more information. (Councillor and Chairperson of the Planning Committee)*

The IMC *decentralised the activities of accountants* to each department for the purpose of building capacity over the uses of Epicor and PlanRep in their daily operations to enhance budgeting, as well as the reporting of information. The availability of an accountant at the departmental level increases budget efficiency as the department is responsible for preparing a departmental budget which should be prepared using a participatory approach without depending on the Finance and Planning Department for budgeting professional assistance as was the case before. The accountant at the departmental level has the responsibility of recording departmental transactions, producing accounting information when needed in addition to preparing the departmental budget under the supervision of the head of department. The revenue accountant and head of the Planning Department said:

*We decentralised accounting to each big department because the CG provides some funds directly to the departments such as health, education and infrastructure. Therefore, we build capacity at the department level. (Accountant - Revenue)*

*Each department has an accountant, so when there is a need to check for the department revenue or expenditures, the departmental accountant just prints the information out from the Epicor system. (Head of Planning Department)*

The summary of theme 3 is presented in Table 12:

**Table 12:** The internal organisational related factors

<table>
<thead>
<tr>
<th>The finding from IMC CASE</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors associated with internal institutional structures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Availability of training programme</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Culture of transparency</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Enforcement of internal regulation</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>4 Political competition</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>5 Leadership commitment</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>6 Decentralisation of accounting personnel to departmental level</td>
<td>√</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data 2012
6.6 Theme 4: Individual actors’ Value or Characteristics-Related Factors

Theme 5 focuses on data about factors influencing the use of accounting information related to individual actor’s values or characteristics. The issue of education level was given priority by both the political and administrative actors of the IMC. According to the councillors and some administrators, education was said to be an essential aspect, which increases competency in using accounting information. The respondents had this to say:

Without education you will suffer because there are some reports such as financial statements. By just looking at them you can get tired and you can fail even to interpret the figures. Education assists us even to challenge some issues which make administrators have some respect. If you know nothing you can be intimidated. For sure education is much needed (Councillor of Opposition Party - CHADEMA).

I think we should change the education qualification requirement for councillors. It is preferable to be Form Four leaver rather than Standard VII. It is impossible for councillor who is a Standard VII leaver and administrators who hold a degree to discuss development issues and understand each other (Councillor of Ruling party - CCM/the chairperson of the Planning Committee).

Most of the councillors, who use accounting information, are those who are highly educated and experienced in financial matters. Sometimes, we prepare accounting reports in the way that we respond to such councillors (Economist).

We are facing a sticky competition with councillors in council meetings. As you saw yesterday in the meeting you attended, we were sorted out by the councillors after finding weakness in an accounting report. They did so because they are educated enough to understand accounting reports. You cannot lie to them easily (Accountant - Revenue).

The capabilities of administrators have increased due to the education level. (Head of Planning Department)

However, it was further argued that there were councillors who are well educated but they do not contribute anything in the budget discussion which is done in the council standing committee. This indicates that general education is important, but not enough. There are other attributes which individual actors need to have in order for accounting information to be used in budget decision-making processes. The quotations are as follows;

Yes, education is important but not enough because some of our fellow councillors are highly educated but they say nothing in council committees meetings (Councillor of the ruling party-CCM).

Therefore, the concern was not only raised about the general level of education but also about the type of knowledge, which administrators and councillor have. Knowledge of government accounting and other professional accounting aspects were emphasised by the councillors and administrators:

For staff with a lack of knowledge of government accounting, they might have some difficulties in understanding accounting information, but as the head of department level, almost all of us have knowledge of public accounting (Head of Education Department).

We have a woman councillor who was working with a bank before. She really digests each category of the budget, she is really helping us. I think she is like that because she is educated and she was working as a professional accountant at the bank (Councillor of the ruling party-CCM).
Many councillors in Dar es Salaam councils have high knowledge on financial issues, some of them are retired accountants of different ministries and others have their own accounting consulting firm. So they are knowledgeable and are always challenging us in the council committee meetings, which made us be very careful with the financial reports we submit to them before the meetings. (Economist)

Councilors have formulated their committees in a way that, there are technical experts in each committee. They are the ones who raise arguments to the members because they have enough knowledge of accounting; so in every committee there is a councillor who was an accountant before. Furthermore, these committees get an opportunity to digest reports and budgets before council committee’s meeting and the Full Council meeting for approval, so they do get much time to scrutinise the budget (Accountant - Revenue).

Knowledge on the budget and accounting system in Ilala Municipality was given priority by administrators as one of the factors influencing the accounting information use in the budget decision-making processes. The Head of the Planning Department argued that there were several administrators who did not understand how to use Epicor and PlanRep. Administrators need knowledge on using Epicor and PlanRep, together with knowledge on government accounting to enhance efficiency in budget preparation, and execution by using accounting information of relevant quality. The Ilala Municipal Council has a culture of providing training to administrators on how to use Epicor and PlanRep but such training is always co-ordinated by the PMO-RALG. According to the councillors, competency in using accounting information is also acquired through experience gained by being a councillor for several years. Councillors from both the ruling and opposition parties were in support of this view:

Because I have been councillor for more than 10 years now, so I do understand accounting information more than new councillors who do not even understand that once the budget is approved by Parliament it becomes law (Councillor of Ruling party - CCM).

It is a year now since we became councillors. For sure, we are gaining experience because at the beginning we didn’t know even the rules and regulations, how to question and contribute but now we know (Councillor of opposition party, CHADEMA).

The culture of reading was also identified as one of the factors related to individual actors’ value/characteristics. One councillor argued that a councillor, who has a culture of reading, can be influenced to use accounting information in decision-making by reading and interpreting the materials prior to making key decisions. For example, one councillor from ruling party said:

Many Tanzanians do not like to read, even newspapers; they just read titles. So it happens that out of 36 councillors only five read and contribute to the council meeting. The culture of reading should be building upon us.

This argument was also supported by an observation made in the Finance Committee and Full Council meetings attended by the researcher. It was observed that not more than five councillors contributed to the discussion based on the financial report given to them before the meeting. Other councillors were either quiet or contributed without referring to the information in the report.
The summary of theme 4 is presented in Table 13:

**Table 13: Individual Actor’s Values Related Factors**

<table>
<thead>
<tr>
<th>Factors associated with individual actor’s values</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 General level of education</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2 A culture of reading</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3 Knowledge of government accounting</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4 Knowledge of government budgeting and accounting information systems</td>
<td>✓</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

**6.7 Theme 5: Processing of Accounting Information-Related Factors**

Processing of accounting information-related factors was identified in different aspects by political actors (councillors) and administrative actors of the IMC. The first factor identified was largely related to computerised technology used to process accounting information. The factor was **compatibility of computerised accounting and budgeting systems**. The IMC adopted PlanRep as a budget system for budgeting and EPICOR as an accounting system. PlanRep is the budget system, which is under the supervision of the Planning Department. EPICOR is an accounting system, which is under the Finance Department. EPICOR is used to record all council transactions and produces daily, monthly, quarterly, and annual financial reports. However, the two systems are incompatible, thus making the transferring and sharing of information between systems impossible. Indeed, the systems’ incompatibility impaired the quality of accounting information, sometimes rendering it irrelevant and unreliable as well as inconvenient for use in the budget decision-making processes. The following supporting statements come from the heads of planning and education as well as the Revenue Accountant:

*If you prepare budgets with PlanRep (budgeting system), you should export what is in Epicor system and the Finance Department needs to export data from PlanRep in Epicor (accounting information system) when allocating funds for budget execution. What is happening is that these two systems are not compatible. If you export, the data will be duplicated so you need to sort them out. So there are technical problems. Perhaps their absence will make the systems much better and may increase more use of accounting information from the Epicor system in budgeting preparation with PlanRep (Head of Planning Department).*

*I’m very satisfied with Epicor as an accounting system but the issue here is the disconnection of Epicor (accounting system) and PlanRep (budget system). Therefore, the issue is compatibility of these two systems. There should be a way out for exportation and importation of data between these two systems in an effective manner. The compatibility between these two systems will expedite reporting and the use of information (Accountant - Revenue).*

*I think we need a way to harmonise the Epicor and PlanRep systems (Head of Education Department).*

Ilala Municipal Council was not in a position to solve the problem of incompatibility of Epicor with PlanRep directly because the two systems were co-ordinated by the PMORALG, which is responsible for Local Government administration. This situation has mounted the end-user problem in the use of the two systems. According to the head of the Planning Department:
There is the problem of users to use the systems. Therefore, we need to have permanent employees as technical expertise in the systems because if you train the current members of staff, they are just shifted to another council the next day and then new members of staff come who know nothing. We have an ICT unit which is under the executive director; however, the IT personnel under this unit have low knowledge about these systems compared to us (Head of Planning Department).

Despite the prevailing problem over Epicor and PlanRep systems, reporting of accounting information has generally improved as compared to previous years in Ilala Municipality. According to councillors:

In the previous years, the reports were submitted late, but nowadays the situation is different as for example for today’s Full Council, the report was given to us seven days ago. Sometimes, administrators failed to submit a budget to the councillors on time. Then we did not have enough time to digest and assess whether it was a good budget to approve or not. So, sometimes, we just were working under pressure and we failed to contribute effectively to our decision-making process (Councillor Ruling party - CCM).

In the beginning, it was a big challenge as we were given reports on Friday for a Monday meeting, so we did not have enough time to read and digest information presented in the report but after pressing for compliance of meeting procedures, at least now there are changes as we can have the reports at least seven days before the meeting (Councillor opposition party - CHADEMA).

The adoption and implementation of accrual-based accounting reporting system were among factors indicated by administrators. Ilala Municipal Council does not use full accrual-based accounting. Instead it uses both cash-based and accrual-based accounting irrespective of its importance. As the Revenue Accountant explained:

Accrual-based accounting is the best way of representing financial statement because it emphasises transparency. As LGAs we have allowed trade, so if you are not using accrual-based accounting, then you will just mislead people who use accounting information.

Ilala Municipality managed to get clean audit reports for the fiscal years from 2008 to 2011, with the exception of 2010. According to the 2011 CAG report, based on the special audit, the Council did not make a follow up to reconcile the reported number of goats/cattle received from Pugu Market. Hence the Council failed to attain the budgeted for revenue of Tshs. 45,728,700. Such data may indicate the existence of poor internal audit systems in the council. The internal audit unit operates under and reports to the Director of the council. At the same time, the unit is required to audit the council, which is managed by the same director. This generally creates a conflict of interest. Indeed, the autonomy of the Internal Audit Unit under such an arrangement raises questions particularly with regard to its role in assessing the adequacy of accounting systems underpinning the preparation processing of accounting information for the budget decision-making processes. Therefore, independent internal audit unit in the council was one of the factors indicated to influence the accounting information use in budget decision-making of the council under theme 5.
The summary of theme 5 is presented in Table 14:

**Table 14:** Processing of Accounting Information Related Factors

<table>
<thead>
<tr>
<th>Factors associated with quality of accounting information</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compatibility of accounting with budgeting information systems</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>Available of permanent Epicor and PlanRep expert</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>Early submission of the report to decision-makers</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>An independent internal audit unit</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>The adoption of accrual-based accounting system</td>
<td>√</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

The fore-going data analysis for Ilala Municipal Council might indicate that the accounting information was used in budget decision-making processes by administrative and political actors. However, there is an indication that accounting information was used differently in budget preparation, approval as well as budget execution/implementation stages. This was established by considering the different dimensions/ types of information users. Moreover, several factors were identified that influence accounting information use in the budget decision-making processes of the IMC.
CHAPTER SEVEN

CASE TWO: KISARAWE DISTRICT COUNCIL (KDC)

7.1 Profile of the Organisation

Kisarawe District Council (KDC) is a largely rural-based council which is located in Coast region (province). Kisarawe consists of 15 administrative wards, which further comprise 76 villages with an estimated population of 113,159 people. KDC is managed by one executive director and 10 heads of department. The departments are administration and personnel; planning, finance and trade, health, primary education and culture, secondary education, agriculture, and livestock. Other departments include works, water, land, natural resources and environmental protection, as well as development and social welfare. KDC has units which are accountable to the council director such as the internal audit, procurement and law units. The Kisarawe District Council is governed by the chairperson who works with 20 councillors made up of 15 elected councillors and five special seats (appointed) councillors. Out of the 20 councillors 17 are from the ruling party Chama Cha Mapinduzi (CCM) or Revolutionary Party in English and three belong to the Civic United Front (CUF), an opposition party. Budgeting decision-making processes are done in the Full Council meetings and Standing Committees for Finance and Administration, Planning, and Social Services. Each councillor is a member of the Full Council and also of one of the council committees.

The budgeted expenditures for the KDC are financed by revenue from own sources, loans, donors and through the Central Government transfer. More than 80 percent of Kisarawe council’s revenue from own sources is obtained from the licences and permit whereas the remaining 20 percent is obtained from other own sources, such as billboards, hotel levies, property tax and other taxes (see pmoralg.goes.tz). The revenue obtained through Central Government transfers includes recurrent block grants, development grants sector basket funds and subventions. Not less than 79 percent of government transfer funds to the Kisarawe District Council are a recurrent block grant and the remaining 21 percent contains development grants and sector basket funds as well as subventions.
Table 15: Actual Revenue from Intergovernmental Transfer in Amount and Percentage forms for Four Consecutive Years

<table>
<thead>
<tr>
<th></th>
<th>2010/2011</th>
<th>2011/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RG</td>
<td>DC</td>
</tr>
<tr>
<td>Education Grant</td>
<td>3.5b</td>
<td>104m</td>
</tr>
<tr>
<td>Health Grant</td>
<td>1.2b</td>
<td>99m</td>
</tr>
<tr>
<td>Agriculture Grant</td>
<td>472m</td>
<td>382m</td>
</tr>
<tr>
<td>Road Grant</td>
<td>60m</td>
<td>0</td>
</tr>
<tr>
<td>Water Grant</td>
<td>129m</td>
<td>0</td>
</tr>
<tr>
<td>HIV</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>General Purpose Grant</td>
<td>717m</td>
<td>0</td>
</tr>
<tr>
<td>LGDC</td>
<td>348m</td>
<td>0</td>
</tr>
<tr>
<td>Total Grant Received</td>
<td>6b</td>
<td>933m</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

About 75 percent of Kisarawe District Council’s total revenue is obtained through government transfers whereas the remaining is obtained from own sources. As the council only has few revenues from its own sources, it is highly dependent on the Central Government transfers that mostly not reliable. As indicated in Table 16 below, from 2009 to 2012, more than 85 percent of the uncollected revenue was associated with intergovernmental transfers which were not transferred from the CG.

Table 16: Revenue from Own Sources and Intergovernmental Transfer from 2010 to 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Intergovernmental transfers</th>
<th>Own Sources</th>
<th>Total Revenue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Difference</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010/2011</td>
<td>2011/2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgeted</td>
<td>12,785,774,324</td>
<td>806,250,342</td>
<td>4,968,589,381</td>
<td>3%</td>
</tr>
<tr>
<td>Actual</td>
<td>7,817,184,943</td>
<td>511,540,828</td>
<td>2,958,644,114</td>
<td>12%</td>
</tr>
<tr>
<td>Difference</td>
<td>4,968,589,381</td>
<td>294,676,516</td>
<td>2,010,728,862</td>
<td>2%</td>
</tr>
<tr>
<td>Budgeted</td>
<td>13,936,765,940</td>
<td>1,598,097,702</td>
<td>12,338,668,238</td>
<td>10%</td>
</tr>
<tr>
<td>Actual</td>
<td>6,451,020,833</td>
<td>476,556,188,75</td>
<td>1,974,462,222</td>
<td>14%</td>
</tr>
<tr>
<td>Difference</td>
<td>7,485,745,107</td>
<td>47,341,629,038</td>
<td>10,364,146,016</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

However, Controller and Auditor General (CAG)’s report for 2010/2011 indicated that more than 50 percent of government transfers received by Kisarawe Council were not utilised or spent in 2011: 3.6 percent was for recurrent grant and 49.47 percent was for the development grant. Moreover, the trend of estimated and collected revenue shows that not more than 7 percent of total revenues were collected as revenues from own sources (see Table 16). Even though the estimated revenues from own sources have increased over the years, the actual collections have remained almost the same. This implies that Kisarawe District Council’s actors still face a challenge when it comes to using accounting information to identify new sources of revenue, as well as for the development of suitable revenue collection techniques and strategies to increase revenue collection. Furthermore, the Kisarawe District Council uses partial computerised accounting information systems.
Budgeting and accounting are done by using computerised system (PlanRep) and manual systems, respectively. Despite the apparent weaknesses, the Kisarawe District Council managed to get clean report from the CAG for four consecutive years up to 2012. This may indicate that the Kisarawe District Council has good financial management ground.

7.2 Theme 1: Dimensions of the Use of Accounting Information in the Budget Decision-making Processes

Budgeting decisions in Kisarawe District Council (KDC) are done in budget preparation, budget approval and budget execution. These stages are similar to other LGAs such as Ilala Municipal Council (IMC) much in line with the Tanzania LGA’s budgeting guidelines and Local government reform programme. The budgeting preparation in KDC, for example, is similar to other LGAs. It starts from the ward level, department level, Council Management team level, standing committees and finally ends up with the Full Council for budget approval. This was confirmed by actors;

The councillors are involved in budget preparation by identifying of the needs of villages through ward development committee. They submit their needs to council in early stage of budget preparation. Councillors also are the main decision makers in the council standing committees as well as in the full council meetings. The councillors are also implementing projects by supervising them at villages (economist/planning officer).

Councillors are submitting needs and priorities of their wards to planning officers/economist of director of the council office. We use their needs to prepare budgets (Accountant).

It was also confirmed in KDC that role and formality of decision board which include CMT, council’s standing committees and full councils. Thereafter, the budget is executed by administrative actors and monitored by councillors as political actors. For example the council actors had this to say;

In the CMT, the chairperson is director of the council and the secretary is head of human resources. In the CMT, there is no main decision maker rather every one can advice and the director of the council is there to listen and lead the discussion... In the council committees and full council, councillors are decision makers as representative of citizen and management remain as advisor (Economist/planning officer).

Council has three standing committees. There is no committee override the other and only full council can do so. However, finance committee is the main committee because it is administering finance and administration issues. Finance committee meets every month and assess revenue and expenditure of the council. It is also allowed to become discipline organ. It can recommend rewards or punishment which will be approved by full council. The main decision makers are councillors however administrators and only head of departments and directors can contribute in the discussion in the council meetings (Chair person of the council).

Theme 1: 1 Dimensions of the Use of Accounting Information in Budget Preparation Decision-making

Instrumental-conceptual use of accounting information in budget preparation, budget approval and budget execution was witnessed by the administrative and political actors (councillors). The revenue accountant reported:
Accounting Information is used in budget preparation by referring to the previous budget. For example, from last year we allocated 10 million shillings as petrol cost but in the mid year, we had already used up the whole amount. We requested for more funds. Therefore, by using that information, we make changes in current budget preparation by changing the cost to reflect the reality... We are using accounting information to take action that may maximise the collection of revenue from our existing own sources. For example, in the execution of the budget we can use the task force where every person is involved including the Director of the Council in the revenue collection team. Then we prepare a report which will be compared with other monthly or quarterly reports. We can then establish the revenue and its sources which can be collected by the councils (Revenue Accountant).

Accounting information is used in all stage but mostly useful in budget preparation. Before preparation of budget we first analysis our revenue and we identify if there was technical financial problem which can affect the coming budget. We use to identify potential source of revenue. In the preparation of budget, accounting information is used in analysis of technical budget decision (Economist).

Preparation of the council’s budget was based on the budget guidelines, which require the council’s revenue and expenditure estimates to concur with budget ceiling. However, it was argued that the CG issued unrealistic budget ceilings even though accounting information for the previous accounting year had shown significant differences between the budgeted for and actual figures. On this point, the economist had this to say:

Issued budget ceilings are not realistic. They are always provided less than actual revenue and expenditure. To us it is a big problem because more than 75 percent of our expenditure is financed by intergovernmental transfers which controlled by budget ceiling. (Economist)

In preparation of budget, we receive ceiling, even though we could have good budget prepared from village, wards up to district level still we are required to tune or fix our budgeted projects with ceiling, for example in education sector we can be given a certain ceilings, so if we wanted to build three class rooms before but after receiving ceiling we may ended to build one class room or not to build at all.

Theme 1:2 Dimensions of the Use of Accounting Information in Budget Approval
The same with IMC, the KDC approved the budget in the full council by following recommendations of the finance committee. This means **legitimating use of accounting information** was revealed in budget approval.

Theme1: 3 Dimension of the Use of Accounting Information in the Budget Execution/Implementation
Moreover, it was documented that 39 percent and 54 percent of the estimated revenue from inter-governmental transfers for 2010/2011 and 2011/2012, respectively, was not transferred to the council. This indicates that the problem is not just of an unrealistic budget ceiling but also a lack of transfer of intergovernmental funds to the council which, in turn, leads to inefficiency in the council’s operations.

**Once we received the budget needs from villages, the next step is to reduce and match budget needs with the budget ceiling. We prone the budget needs (Chair person of the council).**

**Budget ceiling for government transfers are not realistic, now days we are not committing our self with budget ceiling only. We develop number of strategies such as to find other sources of revenue (economist).**
Furthermore, this scenario can be interpreted as symbolic-legitimating use of accounting information in estimating governmental transfers as well as budget ceilings by both the council and Central Government, respectively. The CAG’s reports for the 2010/2011 and 2011/2012 fiscal years indicate that more than 50 percent and 52.9 percent, respectively, of government transfers received by KDC were not utilised or spent. Furthermore, more than 70 percent of the unutilised funds were Capital Development Grants; as a result the council ended up with many unfinished development projects. It was established that the existence of unutilised funds was due to delays in transferring the funds by the CG despite there being a flow or trail of accounting information between CG and the KDC. Because of this anomaly, the council is required to undergo reallocation procedures so as to accommodate the funds, which it takes time to materialise. That might indicate symbolic-legitimating use of accounting information on the approval of expenditure towards the preparation and implementation of the budgeted development project. As the accountant and chairperson of the council explained:

*Untimely release of the funds from CG is the main problem to our council in the budget implementation stage. It has a real impact on the performance of our projects, which are financed by those funds but it is not our fault. In order to utilise such funds in the coming year we have to request for permission; otherwise we are supposed to return the funds back to CG immediately after the fiscal year had end* (Accountant - Revenue)

*Fund from CG are released timely. They are not flowing per our action plan. Sometime we receive the fund at the yearend like end of May or June. This is still a challenge to us because if we are not utilising the fund till 30th of June, we are required to return back the fund to ministry of finance. This is why many of development projects are implemented at the yearend* (Chair person of council).

The Kisarawe District Council also reviews monthly and quarterly accounting reports through the CMT, council committees and the Full Council. The reports, which contain accounting information, are produced by administrative actors under the supervision of the council’s director who also act as the accounting officer of the council under the Local Government Act of 1982. The reports are first discussed by the CMT whereby the heads of departments meet with the council director. Moreover, the reports are discussed with the council’s committees which meet every month for budget decisions and actions, such as approving project implementation for which funds have been received. The decisions and actions such as building and execution of the task force team, for own source revenue collection, can be made by the councillors in the council committee meeting. Such decisions can be reached if the monthly or quarterly financial reports show that lower than budgeted for revenues have been collected. Therefore, the budgeted revenue which was estimated will not be achieved if initiatives will not be undertaken to address the situation. This represents enforced instrumental-conceptual use of accounting information in budget execution decision-making. Councillors and administrative actors had this to say:

*Yesterday, we did not meet because I was in the CMT meeting. We were assessing the financial issues include assessment of the implementation of development projects; we were looking to the gap if any between development project financial reports/ expenditure reports and quarterly financial reports. These two reports are required to be closed the same. We were also looking whether there are projects still have fund but they are stacked and also looking to projects which are not yet completed but their fund are finished. All at all, it depends on what accounting reports are telling us. We made number of decisions which involved implementation of reports (Economists).*
For each month, we read monthly, revenue and expenditure reports in the finance committee. From such reports we assess how much revenue has been received and we use the reports to change expenditure from one centre to another if we see the need for so doing. Also, by using the reports we are able to authorise expenditure of projects for which funding has been received. The report is given to councillors five days before the Finance Committee meeting is held to allow council to read and analyse it. (Council’s chairperson)

There are different committee meetings; one among them is the Finance Committee. In the said committee meeting one of the agenda is the presentation and discussion of monthly reports of revenue and expenditure. Also sometime we discuss quarterly reports from the internal auditor. All of these reports are submitted to councillors three days before the Finance Committee meetings (Internal auditor).

The findings further revealed the decision relevance information use and recommendation use as measurements of instrumental use in preparation and in making decision to approval strategy to boost collection of revenue from own sources. The accountant had this to say:

Sometime we are supposed to produce a special reports for revenue collection in order to develop a strategy to boost collections from own sources. For example we can find ourselves in difficult situation. We can be in the third quarter of budgeted year but some of revenue from own sources are not yet collected, even at 50% level. Just look at this report, we managed to collected only 11% of revenue from selling of plots and this is almost the end of year. This is where accounting information from quarterly report used instrumental to develop the strategy. Then we apply the strategy and produce specific report to evaluate the strategy success. The report provides recommendations upon the adopted strategy. The councillors make decision by basis those recommendations (Accountant, revenue/expenditure).

Even though the interviewees reported that accounting information was used to develop strategy for mobilisation of own sources of revenue, still the actual figure of revenue collections did not agree with what was reported. It is implied so because in 2010/2011 the council’s budgeted revenue as required by the budget ceiling was Tshs. 347,000,000 whereas the actual revenue collected was Tshs. 239,068,519. In 2011/2012, the budgeted own source revenue was four times the actual revenue collections, which was Tshs. 1,459,032,000 (as the ceiling indicated) but almost two times the collections of Tshs. 476,556,188.75 for the previous year (See in table 10). However, the council was required to use the previous year’s budget ceiling for current year’s estimations. This meant in 2012/2013, council was indicated to collect Tshs. 1,459,032,000. In other words, these revenue estimates were based on the budget ceiling rather than on the accounting information produced. This signals the existence of symbolic-legitimating use of accounting information in estimations of own source revenue collections. In addition, the implication is that accounting information is often not considered in the making of decisions for which it was initially requested such as estimation of revenue and design for budget ceiling for next budgeted year for both the council and the CG, respectively. And yet, the implementation of the previous budget is well-communicated to the CG through approved quarterly reports by the Full Council, which are submitted to the regional office and finally to the Ministry of Finance (MoF). On the other hand, annual accounting reports are screened through the audit procedures through internal audit, regional audit and external audit. The external audit is carried out by the CAG). However, the accountant revenue argued:
The actual council’s revenue collections from own sources differs from the budget figures because of failure to identify reliable sources of revenue as well as due to lack of support from the CG. We identified two new sources (plots and mobile tower charges) in 2011/2012 which were expected to contribute more than Tshs. 600 million to our revenue. The CG agreed and approved the estimates but disagreed with our doing the actual collections. They said that such charges will be collected by other ministries not us. (Revenue Accountant)

The statement from Revenue Accountant might indicate **symbolic-legitimate use** of accounting information from budgets as the council budget estimates were not really used to guide the budget execution. It seemed budget estimates approved were used for political reasons rather than for enhancing internal efficiency through the budget decision-making processes.

The summary of theme 1 is presented in Table 17:

**Table 17**: Dimension of the Use of Accounting Information in the Budget Decision-making Processes

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget preparation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Symbolic-legitimating Use of Accounting information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental Conceptual Use of accounting Information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td><strong>Budget approval</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Symbolic-legitimating use of Accounting information</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td><strong>Budget Execution</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-legitimating use of Accounting information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental-Conceptual use of Accounting information</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

**Theme 1: 4 Type of Accounting Information Used in Budget Decision-making Processes**

Political actors (councillors) articulated that more management accounting information was used than financial accounting information in the budget decision-making processes. This is because financial accounting information is produced from audited financial statements which become outdated due to the nature of external auditing. The council’s Chairperson reported:

*We use more monthly reports and quarterly audited reports for controlling and for daily decision-making than yearly audited reports because of the nature of the external auditing process which has made the report of the CAG to be out-of-date and becomes irrelevant to the current situation. Basically it alerts us to the extent to which mistakes have been made in past events.* (Council’s chairperson)

*Good information is from internal audits because we can implement what we create. The management accounting information is one which can recommend proper aspects to be done.* (Councillor)

Furthermore, the council’s chairperson reported:

*The most important thing which should be done is to empower internal audit departments because their reports are mostly used in council’s decision-making.*
However, the internal auditor of the council pointed out that accounting reports follow a lot of auditing procedures, which increase bureaucracy and lead to inefficiency in the council’s operations:

*A quarterly report is submitted to the CG, but before that it has to be audited by the internal auditor, regional office auditor, the Permanent Secretary of the PMO-RLAG before finally ending at the Ministry of Finance. Such procedures increase bureaucracy and inefficiency in the LGA operations because the release of funds through intergovernmental transfers by the CG to LGAs depends on the submitted quarterly reports, which lead to untimely submission of the report as well as the untimely release of the funds. (Internal auditor)*

The argument of the KDC internal auditor was also indicated in the Medium-Term Expenditure Framework (MTEF) for 2012/2013. The MTEF (2012/2013) indicated that the latest release of funds 2011/2012, which led to delays in the implementation of planned project activities, was also contributed by delays in the submission of the implementation report such as quarterly reports by the LGAs to the CG. Moreover, the MTEF (2012/2013) reported that the funds released were not correlated with the quarterly planned activities. This also might indicate the existence of *symbolic-legitimating use* of accounting information from the council’s budget approved in the budget implementation by the council, as well as by the CG in making decisions of releasing funds to the LGAs. It is also implied that the collection of funds from the CG was not based on budget estimations, but rather on CG decisions.

There were different opinions on the extent to which management accounting information and financial accounting information were used in the budgeting process. For example, the Planning Officer/Economist argued that both the management and financial accounting information were used in the budgetary decision:

*There is no information which overrides another. Those monthly and quarterly reports, even financial statements approved by the CAG are all used when they are needed (Planning Officer/Economist). Even if, financial Statements are too broad and touch many areas, generally all reports are used (Planning Officer/Economist).*

The summary of sub-theme 4 is presented in Table 18:

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Management accounting information</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Financial accounting information</td>
<td>√</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

### 7.4 Theme 2: Institutional Pressure-Related Factors

Interviewed councillors and administrative actors indicated some factors mostly related to external/institutional pressures, categorised by this study under theme 3. Pressures categorised under this themes are coercive, normative and mimetic pressures.

**The Coercive Pressures Related Factors**

one of the pressures which influences accounting information use by councillors and administrative actors—indicated by the KDC councillors was the **issuance of the budget ceiling**. The budget ceiling is issued by the Ministry of Finance in each budgeting year to...
every LGA in Tanzania. The budget ceiling has been a challenge because it limits the amounts which should be budgeted as revenue that should be transferred by the Central Government to the LGAs. The budget ceiling applies pressure on the LGAs’ actors to use accounting information for identifying their own potential sources of revenues to meet the budget goal, without depending on the government transfers. Furthermore, the budget ceiling is a legal document. Therefore, it coerces the council’s actors to prepare a budget by considering priorities; hence more accounting information is needed. As the councillors explained:

In the budget preparation, there is a budget ceiling from the CG, which shows the limited revenue as allocated to the council. For example, in education sectors, we can be given limited revenue. If before the ceiling we had decided to build three dormitories, then we should reduce the number of dormitories to meet the budget ceiling. Therefore, the budget ceiling makes us make priorities in such a way that more discussion on high use of accounting information will be needed (Council’s chairperson).

The budget ceiling provided to us makes our life difficult because it limits our budget. It interrupts the whole operation system. On the other hand, the budget ceiling makes us use more accounting information in approving budget changes after the heads of department meet and make necessary changes (Councillor).

These statements indicate that the KDC depended more upon the Central Government transfers for funding, than on tapping such funds from internal sources. Thus, the use of accounting information due to the budget ceiling hints at the symbolic-legitimacy use, which does not necessarily contribute to the organisational efficiency. This dependency has been attributed to the KDC suffering from budget deficits over the years mostly due to a few revenue collections from own sources and unreleased funds from the CG. For example, in the financial year that ended in June 2010/2011 the council collected only 57 percent of the budgeted revenues from its own sources, which resulted in failure to implement some of the projects. Furthermore, such failings also increase dependence on the Central Government, which also condemns LGAs to unpredictable flow of revenue because of a number of limitations. The council’s chairperson said:

In the budget implementation, by depending on budget line, when we are reviewing monthly reports, the main challenge faced is delays in the release of funds from the CG which does not concur with our action plan. Sometimes, citizens question why a number of projects are implemented at the end of the financial year. They think there is fraud; but that is not true. We are doing that because the funds come at the end of the financial year. For example, funds may be transferred at the end of May when the fiscal year ends in June. We are always deciding to implement projects even at the end of the accounting year because we do not want to return the fund back to CG. (Council’s Chairperson)

Another coercive element is the assessment of minimum conditions for the Capital Development Grant (CDG) at Kisarawe District Council. Such pressure was also observed at Ilala Municipal Council (IMC). It was an actual influence on the production of more quality accounting information; however, such influence seems to lead to symbolic-legitimating use rather than instrumental use that does not contribute to internal organisational efficiency. In fact, the actors interviewed admitted that they basically responded to the CDG assessment pressure just because they did not want to lose the capital development fund. Revenue Accountant revenue and the internal auditor explained the situation as follows:
Assessment done by an external committee selected through the tendering process increases the pressure of using accounting information in our decision-making. If they come out with a dirty report, then we cannot get development grant. They use their criteria to assess the existence of good governance by looking at the way the budget preparation process has been done, the manner the budget process started from the village level, and also whether there was participation from the citizens. They assess whether you announce your accounting information or not. Then if you do not meet the criteria, you will not get capital grants. Actually this creates more pressure on us (Accountant revenue/expenditure).

A capital grant is reduced or not offered at all if the council does not perform better. For example if quarterly reports and financial statements received unclear opinion from internal and external auditors respectively, the possibility of getting CDG is reduced (Internal auditor).

These statements affirm the influence of assessment of the CDG on the use of accounting information in the budgeting process. However, some criteria used in the assessment were indicated as failing to increase internal council efficiency and instead promoted inefficiency. Also, in question was the criterion of basing the budget development on pre-determined budget ceilings, when they were deemed unrealistic as they failed to reflect the accounting information that the council had provided. Actors also argued that some criteria were given high score but their impact on organisational efficiency was very low because they did not create positive change in the council but rather encouraged it to manipulate things to impress assessors by appearing to be in good books. As the chairperson of the council explained:

Transparency and accountability criteria score is 15% out of 100% while other criteria carry 10% each; however it does not make any sense. Assessing whether the council published accounting reports on the notice-board or checking on whether a meeting with citizens was done by looking at the minutes which can be manipulated, I think, does not make meaningful sense. Many LGAs do not hold meetings with citizens but always submit meeting minutes to the assessors. (Chairperson of the Council)

Furthermore, issuance of budget guidelines was also seen as another evidence of coercive pressure, which influences accounting information use in the budget decision-making processes by councillors and administrators of the Kisarawe District Council. Statements by the Planning Officer and the accountant can help explain the situation:

The main factors influencing accounting information use in budget decision is the existence of budget guidelines to guide us on what was to be done, and we cannot go outside the guidelines. There is a section in the budget guidelines which tell us to use accounting information in raising revenues of the council, to increase transparency and accountability. Therefore, there are many things which demand the use of accounting information. After all, without accounting information everything is disrupted and when accounting information is disrupted we are also disrupted (Planning officer).

For example, as accountants everything we do depends on guidelines or rules or laws. So I think if there would be no law or guidelines, the situation could be chaotic (Accountant - Revenue/Expenditure).

Another institutional pressure enforced through coercive means identified in Kisarawe District included pressures associated with external auditing done by the Controller and Auditor General (CAG)) as well as the regional audit committee. According to councillors and administrators:
The council’s director and Accountant General are scared of losing their jobs if the council gets a dirty audit report from CAG (Accountant - Revenue)

There is always delay of information and budget documents for internal use and decision-making. But it is different if information is needed by regional committees. A lot of pressure and effort are made to meet the deadline of the regional committee which ensures that the budget discussion was done on a single day instead of two days as required by law (Councillor)

Normative Pressure Relative Factors
Pressure indicated by councillors that influence accounting information use was pressure from voters/citizens. The councillors are elected by citizens during national elections. As one councillor explained:

"As a councillor representing the citizens, if you take the report without reading it, you do not do the right thing and justice to those who elected you. Normally, we read and use information in decision-making."

Citizens’ pressure was seemed to influence administrators to use accounting information as the following comments revealed;

"We are pressurised by councillors through council’ committee meetings especial in the finance committees (Economist)"

"Pressure from councillors as representative of citizens are challenging us in the council meetings and force us to prepare ourselves as well as use a lot information in preparation as you can see, this report is among my preparations (Accountant)."

"Pressure from citizens is huge via councillors (Internal Auditor)"

According to the council’s chairperson, the citizens applied pressure on them to use accounting information in budget decision-making, especially in identifying potential sources of revenues associated with taxes and fees to be charged to citizens:

"Sometimes we want to do great things but it depends on own sources of revenue. Due to the limited own sources, we may decide to introduce a certain fee, which will be charged to citizens, for example the introduction of fees in crops. Such a fee creates conflicts with our voters, which pressure us to discuss more in our council meeting. Then in our discussion we seek and increase the use of information, especially accounting information from different sources such as from neighbourhood councils, community in general, our own council and guidance of our administrators on determining for our own sources of revenue (Council’s chairperson)."

Moreover, pressure from donors on reporting accounting information shapes the same way the council operates. As the internal auditor and planning officer explained:

"There are a lot of pressures and demands from the donors, which shape us according to what they want to see, especially in the decision-making process with transparency of accounting information and its uses (Internal auditor)."

"For example the Japan International Co-operation Agency (JICA) finances agriculture and project capacity building. They help communities to be part of development process from social preparation, planning to implementation. So they insist on using information from financial statements. For example, currently, they have a system which encourages transparency (Planning officer)."
Mimetic Pressure Related Factors
Data coded as institutional pressures transferred through the mimetic mechanism were also obtained at the Kisarawe District Council. Pressures associated with financial study tours by councillors and administrative actors shape the way they use accounting information in decisions by gaining exposure as well as expanding their competency. According to one councillor and an accountant:

*Education without exposure is not enough. People should be exposed by visiting others to see how they are doing. We use internal tours whereby one councillor visits another and also external tours which involve councillors visiting other councils within the country. A few months ago, we visited the Arusha-Meru council and we learnt how we can use our land as source of own revenue without hatching conflicts with citizens. Our council has a few revenues from our own sources despite having plenty of land. We are near Dar es Salaam, where land is one of the most valuable resources (Council’s Chairperson).*

*We make tours within the country perhaps, from one region to another. For example, we went to Arusha district to learn how we can raise our revenue by selling plots because the Arusha District Council is doing great in that respect. We did this because our information indicated that we have potential sources of revenue from land as one natural resources as a rural district. (Accountant - Revenue)*

The summary of theme 2 is presented in Table 19.

**Table 19: Institutional Pressures Related Factors**

<table>
<thead>
<tr>
<th>Factors associated with Institutional pressures (coercive, normative and mimetic)</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors associated with coercive pressure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 The issue of budget guidelines and regulation</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Compliance with laws and regulations with fund granting to LGAs (assessment of minimum qualifications of Capital Development Grand (CDG))</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 CAG audit query on financial management of the council</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>4 The issue of budget ceiling</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>6 Pressure from donors</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>7 The pressure from citizens/voters</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>Factors associated with mimetic pressure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Existence of study tours</td>
<td>x</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

7.5 Theme 3: The Internal Organisational Related Factors

The culture of transparency relating to the council’s accounting information system was also indicated to be one of the factors which can influence accounting information use. It motivates the actors to share information directly from the system and reduce fraud, which can be perpetuated by some actors. In fact, the sharing of information through accounting information systems among actors tends to increases transparency on fund transfer from CG to meet the council’s expenditures. Therefore, the system should also be to the council’s chairperson and finance committee so as to increase control over frauds. This aspect was explained by a councillor and administrator as follows:

*The system of providing accounting information has been increased and improved. For example, if we use money here, by recording in the system, the Council’s Director, Regional administration and*
CG will know. We were facing challenges three years back in transferring funds for expenditure from one centre to another without our consent as councillors because administrators were able to talk through the back doors with TAMISEMI people. Then there were orders to agree with the changes. We accepted them because we had nothing to do to stop that, but now it is hard to do that because the expenditure recording system is connected to the Treasury systems and the TAMISEMI-finance department. This also reduces frauds which could be made by administrators in collusion with TAMISEMI people. (Council’s Chairperson).

We always announce our quarterly accounting reports (which show our revenue and expenditure) on the council notice board. Also we announce every cent we received from CG. It is requirement and we are assessed by doing so. We always share information with councillors through council standing committee meetings (Accountant).

Another factor, which was indicated at the Kisarawe District Council (KDC) over use of accounting information, was the availability of training in Information program for councillors because of their position in the council’s financial management. The councillors have the responsibility of monitoring and controlling all financial issues and making decisions upon them. However, one KDC councillor argued that the IT training programmes were not given enough attention, especially for councillors who had direct connection with the council’s financial management from the ward to the district levels. In this regard the training from professional board had a role to play for the administrators by shaping them with accounting professional behaviour. This also indicated the role of normative institutional pressure in shaping professional behaviour to actors. The comments are as follows;

*They say information is power. Of course if it is used properly and if there is a goal upon its use, how can I know the accounting information which has been given to me meets the required standards? How can I know the accounting information to be used in the next committee’s meeting is already available on the Internet if I don’t have IT skills? Let us ask ourselves: how many councillors have IT skills?. To speak the truth, councillors should get IT training. Training builds capacity among the councillors at large. Training makes a person build arguments rather than lodge disputes. (Council’s Chairperson)*

*Training programs are highly needed to councillors because their education backgrounds are poor compared with administrators (Internal auditors).*

*I have been attending training of NBAA almost for each year. There are real increasing my professional competence, for example we learn about exposure draft or any changes on accounting standard. I attended the training on integrated financial management systems which was EPICOR and PlanRep. It improved my understanding of PlanRep and once we start to use EPICOR, I will be able to use it. There is institute which provided training for IPSAS and eight accountants from of our council attended. Trainings are real helping us (Accountant)*

Apart from training to councillors, the existence of regular council committee meetings such as the Finance Committee meeting was also a factor which influences accounting information use in the budget decision-making processes. This was said by the council’s chairperson as follows:

*For accounting information to be used as an input in our decision-making, we should make sure that the finance committees meet regularly, because it is where we always discuss the monthly accounting reports and quarterly accounting reports audited by the internal auditor. Also, half*
yearly accounting reports audited by a regional auditing committee and yearly financial reports audited by the Controller and Auditor General (CIG) (Council’s Chairperson).

Other issues raised by the interviewees at the KDC were about leadership commitment to the use of accounting information and style of managing as well as operating council meetings. According to the Revenue Accountant and the Council’s chairperson:

> It depends on the leadership commitment and style. Some make a lot of follow-up on the preparation and uses of accounting information. But in others they are just normal. No pressure at all. (Accountant - Revenue/Expenditure)

> As the chairman of the council, I manage my council meeting by considering the existence of diversity among the people with different characteristics. I know my councillors and administrators by name; also I know their weaknesses and strengths. I call their names to speak up where necessary, because some may have strong arguments but lack the guts to speak. This forces my councillors to read the reports before the council because they do not want to be embarrassed. (Council’s Chairperson)

**Decentralisation of accounting personnel** as an institutional and structural practice was also identified as influencing accounting information use in the budget decision-making processes. Each key department such the education, health and land of Kisarawe District has its own accountant. Decentralisation of accounting to the department level is a characteristic found in all LGAs as part of the implementation of the Local Government Reform Programme (LGRM). The accountants at the department level do daily accounting operations, as well as prepare necessary financial and management reports. The availability of accountants at the departmental level was indicated to have positive effects on the use of accounting information in the budgeting decision-making for both councillors and administrative actors such as heads of department. The Revenue Accountant and the head of the Planning Department revealed the following:

> Each department has its own accountant. Perhaps, that pattern increases the availability and accessibility including the use of accounting information from the department to the Full Council decision-making. (Accountant - Revenue/Expenditure)

The summary of theme 3 is presented in Table 20:

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors associated with internal institutional structures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Availability of training programme</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2 Culture of transparency</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3 Enforcement of internal regulation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4 The existence of regular council committee meetings</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>5 Leadership commitment</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>6 Decentralisation of accounting personnel to the departmental level</td>
<td>✓</td>
<td>x</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

### 7.6 Theme 4: Individual Actors’ Value or Characteristics Related Factors

**Education level of actors** was one of the factors indicated as influencing accounting information use in the budget decision-making processes at the Kisarawe District Council (KDC). The problem of the limited educational level was more apparent with the
councillors than with the administrators, mainly because the councillors are elected by citizens, who do not consider their educational credentials. According to the Tanzania Election Act Cap 343, Section 124, any citizen with primary education level can contest for councillorship in national elections. As a result, a number of councillors of the KDC had only primary education level. Having only elemental education made it difficult for them to use accounting information in the budget decision-making processes. Moreover, it made them culpable to being manipulated or fooled by the administrators bent on exploiting their ignorance. Furthermore, councillors are required to have education coupled to exposure to how things are done in their council. Otherwise, actors’ depend on their innate characteristic of self-esteem to ensure that they reading reports and use information in decision-making. In fact, these were observed to be among the factors that influence political and administrative actors to use accounting information. The following are statements drawn from councillors and administrative actors:

*Education is important but we should know the kind of education needed by councillors. For councillors being able to read and write is not enough to decide on behalf of 200,000 people. We should know that there are costs associated with democracy. Political parties should make sure that they build the capacities of their candidates for councillorship. Administrators use councillor’s ignorance to serve their own interests. (Council’s Chairperson)*

*Education is necessary to our councillors because are the one who own the budget of the council. They are required at least to basic education in which administrators do have (planning officer).*

*Councillors with exposure do good work; otherwise one depends on one’s innate attributes and knowledge because there are councillors who have never been to school long enough but who are greatly active. They demand a lot of accounting information for council’s decision-making. Understandability of accounting and audit reports is the problem. For example, audit reports are written in English therefore they have to be interpreted. Because of low educations, some of the councillors fail to interpret and use audit reports or are wrongly interpret the information from the report (Internal Auditor)*

*Self-esteem is needed sometimes. For example, as accountants one should have a habit of reading current issues in the field to update oneself on doing accounting work such as change of standards. (Accountant - Revenue/Expenditure)*

Apart from the issue of education levels, experience in terms of number of years of working with the LGAs was identified as another important factor which influences individual councillors to use accounting information. Thus an actor’s understanding of accounting information and exposure to financial issues increases in proportional to the number of years one had served in the council. As one councillor explained:

*I have been working with this council for seven years as a councillor. If I have to evaluate myself, then I have more experience in handling financial issues and in decision-making than others. However, we are assisting each other, especially the new councillors. (Councillor)*

*The knowledge of interpreting accounting information from financial statements was also revealed as an important factor influence the use of accounting information in budget decision-making processes. For example, an accountant had this to say;*
Councillors do not understand as well as they do not have knowledge of interpreting accounting information from financial statements. They just understand revenue and expenditure not more than that (Accountant).

**Information and Communication Technology knowledge** was also a factor that was identified from the KDC case under the individual actor’s values theme. It was indicated that ICT knowledge tends to influence accounting information use in budgeting because actors can easily access information published on website or any information systems. The councillors acknowledged the importance of ICT as it opened doors to information that would otherwise not be made available on time.

Also, the nature of the tasks/job position was seen as an individual factor by respondents that influenced accounting information use. According to the accountant revenue/expenditures:

> The nature of my work as an accountant made me use accounting information in every decision which has financial implications. Of course, it depends on type of responsibility one’s desk (Accountant revenue/expenditure)

The summary of theme 4 is presented in Table 21 below:

**Table 21:** Factors Associated with individual actor’s values

<table>
<thead>
<tr>
<th>Factors associated with individual actor’s values</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>General level of education</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Experience of working with LGAs and</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>General knowledge of information and communication technology (ICT)</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>The knowledge of interpreting accounting information from financial statements</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>A culture of reading</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Job position</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

**7.7 Theme 5: Processing of Accounting Information-Related Factors**

Another theme coded as factors associated with the quality of accounting included the availability of qualified accountants as indicated by interviewees. The interviewees said the availability of qualified accountants influenced accounting information use in the council’s budget decision-making processes. According to the Chairman of the council, there was a positive change in government system which increased the availability of professional accountants in the local governments. As a result, there was an increase in the availability of quality accounting information:

> The changes in government system help a lot. For example, now we are experiencing an increase in bright personnel, I mean qualified accountants in each council when compared to the 2000s and way back. Each council has two or three qualified accountants.(Chairman of the council)

Another factor indicted was **auditing process of accounting information** that produced information essential in the budgeting decision-making processes. The auditing process is an important aspect, which ensures the availability of quality of accounting information.
although it is often overlooked and the information ended becoming out of date before its use. As the Internal auditor reported:

_Reports follow a lot of audit procedures and processes before they are approved. This increases the reliability but does not the information relevant because they are not presented on timely basis due to bureaucracy. For example, an internal auditor report that is a quarterly report is passed and approved by the council’s Director under the CMT, Finance Council Committee, Regional Committee, National Audit Office, and by the Permanent Secretary of the Prime Minister Office, Regional Administration and Local Government Authority (PMO-RALG) (Internal auditor)._ 

Other actors indicated that the **availability of assessment and approval procedures of the council’s monthly and quarterly reports** by CMT, the Finance Committee, the Full Council, Regional Committee, National Audit Office and the Permanent Secretary of the PMO-RALG created more reliable information. Thus, more quality accounting information is thus obtained which results in high use of accounting information in the budget decision-making process. As an economist explained:

_The report passes through a number of committees to satisfy ourselves. Therefore, reports are discussed in the CMT, the Finance Committee and furthermore in the Regional Committee. (Planning officer/economist)_

The existence of an **independence internal audit unit** was also been taken as a crucial aspect, which helped increase the use of accounting information in the budget decision-making processes. According to the internal auditor and the council’s chairperson:

_Since, the government started to improve the work environment of internal auditors by giving them motor-vehicles and other facilities. Also there was the creation of an Internal Auditor General to whom we are accountable and our independence has increased which also impacts the quality of accounting information. Currently, councillors trust our reports even though we are still in the transition period. (Internal auditor)_

_Internal audit system is our firefly. It shows us whether we are doing the right or wrong thing before the external auditing. Therefore, strong the internal audit unit contributes to the quality of accounting information and, hence, the use of the accounting information by councillors. We really trust our internal audit department due the fact that it is operating more independently now. (Council’s Chairperson)_

Furthermore, the **availability of effective computerised budget and accounting information systems** were among the factors identified in the KDC, primarily because the council was still using the manual accounting information system. The manual accounting system was seen as the source of poor quality accounting information used in the budget decision-making processes. As the council’s internal auditor explained:

_In our council, we are still using the manual system, which leads to poor recording, human errors, less accessibility as well as untimely availability of information. Such problem creates other problems such as use of unsecured personal computers instead of using a manual system (writing by hand in books of accounting), and thus running the risk of virus attacks and disruptions and ultimately leading to unreliable information. Subsequent risks include delays of information delivery when the need arises because one has to start preparing the information from the scratch. It is our expectation that if we will install a computerised system in our council, then we will improve the quality and use of accounting information. (Internal Auditor)_
Apart from effective computerised systems, **proper presentation of accounting information** was also cited as one of the factors that influenced the use of accounting information in the budget decision-making processes. Understanding accounting information by councillors was said to increase even more when the information presented to them has less technical jargon, when it is more user-friendly. As the council’s accountant explained:

*Many questions are raised if the presentation of accounting information to the councillors has been done more technically than expected. But for internal purposes we are not using standards to explain accounting information issues in our reports but then we apply standards when we report for external reports (Financial Statements) because councillors do not use financial statement due to lack of accounting knowledge. Once you tell them about revenue and expenditure, it just ends there. However, when the councillors raise issues to challenge rather than ask unnecessary questions, it indicates that the councillors have understood the information.*

Additionally, the accounting information is more accessible and applied by the councillors when presented the **language they understand**. For example, presentation in the English language posed problems, because the majority of the councillors did not understand the accounting information in such language. On the other hand, if the accounting information is wrongly translated into Kiswahili, then the councillors would be misled by since they ended up relying on misleading information in the budget decision-making processes. These views can be represented by statements made by the internal auditor and councillor:

*Understanding is still a problem, because reports are written in English language but discussed in Kiswahili in the council’s Committee meetings or Full Council. Sometimes, it happens that the translation and interpretation in the discussion are wrongly done. Frankly speaking, this is the big problem due to the fact that a good number of the councillors only have primary education. Furthermore, this problem hinders the usefulness of accounting information and makes the council’s meetings to be ineffective for the councillors. But the matter is different for administrators (Internal Auditor).*

*Currently, reports are written and presented in a language which everyone can understand (Kiswahili). So we all contribute in our discussions regarding accounting information as an input (Councillor).*

Accrual based accounting was revealed less used in preparation accounting information for budget decision-making processes. This means KDC still used cash basis accounting as well as in budgeting. The accountant had this to say:

*The utilisation of accrual based accounting is still very low in our council. If you evaluate how thing are done here, you will find cash basis accounting as the accounting techniques is often used. For example, if you look to IPSAS, it is needed to ensure disclosure. Financial statement of LGAs does not meet that standard as it is required (Accountant).*
The summary of theme 5 is presented in Table 22:

**Table 22: Processing of Accounting Information Related Factors**

<table>
<thead>
<tr>
<th>Factors associated with quality of accounting information</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Computerized accounting and budget systems</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>2  Proper presentation of accounting report</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>3  Early submission of the report to decision makers</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>4  An independent internal audit unit</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>5  The adoption of accrual basis accounting system</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>6  Availability of qualified accountants</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>7  Auditing process of accounting information</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)
CHAPTER EIGHT

CROSS-CASE ANALYSIS

8.1 Theme 1: Dimensions of the Use of Accounting Information in the Budgeting Decision-Making Processes

The section contains findings from both cases by making a cross-case analysis. The comparative analysis begins with themes 1 and 2 that captured data on how the Tanzania LGAs’ political and administrative actors use accounting information in the budget decision-making processes. Findings from both the Ilala Municipal Council (IMC) and the Kisarawe District Council (KDC) cases reveal that accounting information was used in the budget decisions as elaborated in sections 6.2 and 7.2 of the respective chapter for the cases. Use of accounting information was varyingly observed from budget preparation, budget approval to the budget execution/implementation among both councillors as political actors and administrative actors. The dimensions of using accounting information across the budget decision-making processes were observed to differ in some aspects of the budget processes and consistently observed across the cases. The following sections elaborate more on the cross-case findings.

Theme 1: 1 Dimensions of the Use of Accounting Information in the Budget Preparation Decision-making

The within-the-case data analysis made in 6.2 and 7.2 for IMC and KDC, respectively, have revealed measurements of both instrumental use and symbolic use of accounting information in budget preparation.

Instrumental-conceptual use of accounting information

Conceptual use of accounting information was revealed in estimating revenue from existing own sources in the IMC case. Moreover, conceptual use of accounting information was observed in the KDC case particularly with regard to estimating expenditure, which reflects reality. This means accounting information was used often to keep the council’s knowledge base about own sources revenue and expenditure updated in the budget preparations. This study argues that the reality estimations of own sources revenue and expenditure depends on the extent that councils are knowledgeable on existing and potential own sources revenue, and expenditure in which the conceptual use of accounting information plays the role. The conflicting findings between the cases in term IMC and KDC revealed instrumental-conceptual use of accounting information for the estimation of own sources revenue and expenditure respectively, is contradicted with the fact that IMC dependence level to the external funds. IMC depended and was more advanced on own sources revenue while KDC depended more on external sources of revenue in which analysis of expenditure estimated is required to be clearly done to motivate the external funder (CG) to finance. For example, for the year 2011/2012, IMC and KDC the budgeted expenditures of 88,277,414,852 and 15,395,797,940 which were financed by CG by 70% and 91% respectively. This finding revealed high financial dependence of KDC to CG even though the KDC’s budgeted figures were smaller than IMC’s figures. Furthermore, it was revealed that the instrumental-conceptual use of accounting information in budget preparation was done in the CMT and Finance Committee meetings rather than in the full
councils meetings (see sections 6.2 and 7.2 for either case, respectively). This was contributed by nature of CMT and Finance committee meetings in which rational-technical analysis was done rather than political view of decision-making.

**Symbolic use of accounting information**

The measurements of symbolic use were revealed inconsistently and in a conflicting manner between the cases. Haphazard use of accounting information in estimating expenditures in the budget preparation was particularly revealed in the IMC case, which contributed with an information surplus due to the availability of several accounts which were misleading the users. This was found only to IMC due to fact that IMC is large in size by budgeted figures (IMC has been the first runner-up for more than six years) compare KDC which also indicates high level of recurrent and development activities as well as multiple expenditure accounts. Furthermore, it was revealed that IMC is highly shouldered with national activities which also create complications in budgeting decisions which off balance events. In additional, symbolic haphazard use of accounting information by IMC was caused by technological uncertainty due to fact that IMC used the computerised accounting and budgeting information systems, which were not compatible (see in section 6.7). This means sharing of information between accounting information systems (EPICOR) (show past revenue and expenditure) and budgeting information system (PlanRep) was not done efficiently manner. All reasons were explained to create surplus/overloaded accounting information about expenditures’ which mislead the actors in budget preparations. The literature supports that situation that high overloaded in accounting information about past expenditure is likely result in confusion in estimating future expenditures and poor budget decision-making. Time constraints in the budget decision-making processes was also explain haphazard use due to fact that budget preparations was done under pressure of meeting deadline.

Legitimating use of accounting information in estimating revenue from intergovernmental transfers (revenue from CG) was consistently revealed in both cases. It is implied so because the budget ceiling, rather than been observed as accounting information was seen as a necessary input in estimating revenue from intergovernmental transfers. This means accounting information was used to support or justify decisions made on other grounds in both cases. However, it was indicated that the budget ceilings issued, were not realistic as they did not reflect estimates from reality whereas such reality was reflected in the accounting information produced (see in section 6.2 and 7.2). On the other hand, symbolic use of accounting information was indicated to contribute to the council inefficiency (see sections 6.2 and 7.2). Therefore, the study posits that symbolic-legitimating use is the main measurement of symbolic use of accounting information in budget preparation decision-making which related with estimating revenue from intergovernmental transfers (revenue from CG) in Tanzania LGAs. While for haphazard use, the study argues that it can measure symbolic use of accounting information in budget preparation in the LGAs which are large in budget size with technology uncertainty.

**Theme 1:2 Dimensions of the Use of Accounting Information in the Budget Approval**

The within-the-case data analysis for the IMC and KDC revealed that the councils’ budgets were approved by the councillors in the Full Council meeting with administrators such as
the council directors and heads of department serving as advisors of the councillors in the
digestion and discussion of the budgets (see sections 6.2 and 7.2). In both cases, the
elements of symbolic-legitimating use of accounting information in budget approval were
revealed.

**Symbolic Use of Accounting Information**
The findings of both case revealed that accounting information was intended to be used
instrumentally in the budget approval but ended up being used symbolically by councillors. It is implied so due to the fact that the respondents of both cases indicated that the official order of the budget and other relevant documents were submitted to the councillors several days before the Full Council meetings. The documents were provided for reading and making proper decision analysis before approving the budget. This measures the instrumental use of accounting information in approving the council budget. However, the findings from both the IMC and KDC further indicated that the Full Council meeting (where councillors approve the budget) simply served as an official procedural affair held to justify budget decisions already made in respective Council Committee meetings. In this regard, the councillors do not necessarily efficiently decide on the matters using the accounting information given to them, since in principle they meet in the Full Council meeting to rubber-stamp decisions made in the Committee meetings. In other words, the accounting information provided to councillors before approving the budget was used to legitimatise binding decisions already made in the council committee meetings, thus implying the symbolic use of accounting information. Such symbolic use of accounting information in budget approval did not seem to contribute to the councils’ operational inefficiency, especially when the information was not used instrumentally in the budget preparation through CMT and councils’ committee meetings (see sections 6.2 and 7.2 as well as tables 9 and 19 as a summary of cases 1 and 2). Therefore, the study concludes that the main measurement of symbolic use in budget approval is legitimating use of accounting information.

**Theme 1: 3 Dimension of the Use of Accounting Information in the Budget Execution/Implementation**
Findings from Ilala Municipal Council (IMC) and Kisarawe District Council (KDC), as cases, consistently revealed that accounting information was deployed in budget execution/implementation decisions in terms of instrumental-conceptual and symbolic uses by administrators and councillors (see sections 6.2 and 7.2 as well as tables 9 and 19 as the summaries for case 1 and 2, respectively).

**Instrumental-Conceptual Use of Accounting Information**
Instrumental-decision relevant use of accounting information from monthly and quarterly reports, as well as approved budget was observed in both cases in developing a strategy that increased the mobilisation of revenue collection from own sources. Instrumental recommendation use of accounting information from special reports for task force for collection of revenue from own sources was also revealed in IMC. It was observed, especially in the Finance Committee meeting which was attended by the researcher at the IMC, that councillors made decisions on the basis of recommended accounting information from special reports which were given to them. The decision was whether to continue,
not, with the task force for mobilization of own sources revenue collection of the existing own sources (see section 7.2: Table 19). In this regard, the study posits that decision relevance and recommendation of the use of accounting information are the main measurements of instrumental-conceptual use of accounting information in budget implementation decision-making, which are related with mobilisation and collections of revenue from existing own source.

**Symbolic Use of Accounting Information**

On the other hand, findings from both the IMC and KDC cases revealed that accounting information from approved budget such as budgeted estimations was legitimating, used in budget implementation decision-making especially in the mobilisation of revenue from new/introduced own sources and mobilisation revenue from intergovernmental transfers (see sections 6.2 and 7.2 as well as tables 9 and 19 which provide respective summaries for cases 1 and 2). Revenue estimations, especially for intergovernmental transfers from CG, did not tally with the actual collections, which lead to inefficiency in council operations. This means revenue released via intergovernmental transfers did not seem to match with the planned for activities as well as the budgeted estimations in both cases. Moreover, the budgeted estimations of new/introduced revenue from own sources indicated that they were not considered in the budget execution collection decisions. This means that such revenues were not collected due to barriers imposed by the CG, even though CG approved LGAs to estimate in budget preparations. Such a scenario was pointed out to increase inefficiency in the council operations as well as in councils’ budget decision-making processes as some of the planned projects were not completed while others were shelved (see sections 6.2 and 7.2 as well as in tables 9 and 19 for summaries of cases 1 and 2). Therefore, this study concludes that legitimating use is the main symbolic use of information measurement in budget implementation decision-making which relate with mobilisation and collection of revenue from new own sources and from intergovernmental transfers (revenue from CG through CDG).

**Table 23: Dimensions of the Use of accounting information in the budget decision-making process**

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>IMC</th>
<th>KDC</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget preparation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-haphazard Use of accounting information</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>2 Symbolic-legitimating Use of Accounting information</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental-Conceptual Use of accounting Information</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td><strong>Budget approval</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-legitimating use</td>
<td>√</td>
<td>√</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td><strong>Budget Execution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-legitimating use</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Instrumental-conceptual-Decision relevance</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Instrumental-conceptual- recommendation use</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>4 Instrumental-Conceptual use</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

**8.2 Theme 1: 4 Type of Accounting Information Used in the Budget Decision-making Processes**

The findings across the cases on the type of accounting information used in the budget decision-making processes were not different. The findings from IMC and KDC cases presented in sections 6.3 and 7.3, respectively, showed that more accounting information from management reports such as monthly, quarterly and semi-annual reports were used by
councillors in the budget decision-making processes than financial accounting information from previous financial statements. The administrators, on the other hand, indicated using both types of accounting information and found them useful in the budget decision-making processes. Furthermore, the findings from both cases show that the management accounting information was used because it is more useful in controlling and monitoring the current budget than the financial accounting information which was produced at the end of the year’s budgeted period (see sections 6.3 and 7.3). In this regard, the respondents reported:

We use more monthly reports and quarterly audited reports for controlling and for daily decision-making than the yearly audited reports because of the nature of the external auditing process which makes the report of the CAG rather outdated [by the time it is released] and becomes irrelevant to the current situation (Council Chairperson: KDC Case)

There is no information which overrides another. Those monthly and quarterly reports even financial statements approved by the CAG are all used when they are needed. Even when the financial statements are too broad and touch many areas, generally all the reports are used (Planning Officer/Economist: KDC).

We use accounting information from the financial statements in budget preparation at the most because they are the ones which are being audited by the external auditor and his recommendations such making improvements in revenue collection and controlling expenditure act as indications of and feedback on our performance. Therefore, the information is more likely to assist us in planning for the coming year.... The management accounting information is useful in budget execution because it assists in monitoring movement from one quarter to another... to know which areas have weakened (Head of Planning Department: IMC)

I can say we do use accounting information from financial statements in our decision-making, especially during budget preparation. We make reference to the previous year’s budget to get a clear picture of where we were not performing well. Also it helps us to foresee the sources of income and income trend. So if we didn’t prepare the report it could be difficult to have a good budget... And we use more accounting information from the management quarterly report in the budget execution because it is very useful for controlling and monitoring purposes (Accountant Revenue: IMC).

Financial statements are just produced once per year. We therefore use more management accounting information in the council’s budget decision-making during the council committee meeting than the annual financial statements in both the council committee and Full Council meeting (Councillor ruling party: IMC).

The summary of sub-theme 4 is presented in Table 24:

<table>
<thead>
<tr>
<th>Table 24: Type of accounting information used in the budget decision-making processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The finding from explorative case study</td>
</tr>
<tr>
<td>1 Management accounting information</td>
</tr>
<tr>
<td>2 Financial accounting information</td>
</tr>
</tbody>
</table>

Source: Field Data 2012

8.3 Factors Influencing Accounting Information Use in Budgeting Decision-making Processes

On the other hand, the study sought to identify factors that influence accounting information use in budget decision-making by political and administrators’ actors. The within-the-case analyses (see sections 6.4 to 6.7 of chapter six for the IMC case and
sections 7.4 to 7.7 of chapter seven for the KDC case) show that several factors do influence the accounting information use by administrators and councillors from both cases. Some factors were consistently identified by both administrative and political actors and others were specific to either set of actors. The same factors were also consistently evident across the cases, whereas others were found in a specific case. The factors were categorized into four themes (constructs), which were institutional pressures (subthemes: coercive, mimetic and normative pressures), individual values, processing of accounting information-related factors and the internal organisational related factors.

8.3.1 Theme 2: Institutional Pressure-Related Factors
The eleven (11) institutional pressure related factors were revealed in which seven (7) of them we appeared consistently across the cases and five (5) were conflicting between the cases. The institutional related factors were found under the following categories; (i) coercive related factors (External legal and technical requirements of the budget cycle); (ii) normative relative factors (professionalism); (iii) mimetic related factors (modeling techniques to relative to successful organisations) and (iv) micro institutions govern the model of transactions in LGAs. On the other hand, the cases study findings did not support institutional pressure related factors which associated with macro institutions govern LGAs’ economic transaction. Furthermore, coercive institutional pressure related factors were issues of budget guidelines and financial regulations; compliance with laws and regulations with fund granting to LGAs [assessment of minimum qualifications of Capital Development Grant (CDG); issue of external auditors’ query and issues of realistic budget ceiling. Normative institutional related factors were pressure from citizens; pressure from donor and influence of accounting professional board (professionalism). In additional, mimetic institutional related factors were existence of financial study tours; employee transfer practice and practice of Public Private Partnership (PPP) and the outsourcing practice.

Sub-theme 1: Coercive Pressure Related Factors
The within-the-case data analysis for the IMC and KDC revealed the first factor which was the issue of budget guidelines and regulations. Such a factor was indicated in both cases by councillors and administrators. The historical perspective of the LGA (section 5.1) indicates that the Central Government of Tanzania enacted a number of financial regulations to guide the budgeting as well as accounting process in the LGAs for the purpose of enhancing efficiency. It was pointed out by interviewers from both cases that issues of budget guidelines and financial regulations increase accounting information use in the budget decision-making processes if they were submitted timely to the LGAs. The LGA budgeting process in Tanzania (section 5.2) shows that budget guidelines are issued annually by the Ministry of Finance (MoF). However, delays in issuing these budget guidelines by the MoF to LGAs tend to lead to inefficiency in the budget decision-making processes and council operations (see sections 6.4 and 7.4).

Budget guidelines coerce administrative actors such as the accounting officer (Council’s Director) and council committees (whose members are councillors) to ensure that budget estimates are realistic and accurate as well as inclusive of all foreseeable revenues and expenditures. Furthermore, budget guidelines give responsibility to administrators under the council director’s leadership and councillors through the council committees to ensure
that the budget is executed as planned. They are also expected to conduct periodic revenue and expenditure inspection. Therefore, the use of accounting information from monthly and quarterly revenue, as well as expenditure reports including financial statements were found to be essential, by the councillors and administrators, to accomplish their given responsibilities. Therefore, the study posits that the issue of realistic budget of budget guidelines and regulations is the important determinants that can increase instrumental-conceptual use and decrease symbolic use of accounting information in budget decision-making processes.

The second coercive pressure related factor is **compliance with laws and regulations with fund granting to LGAs [assessment of minimum qualifications of CDG]** (see section 6.4 and 7.4). This factor was consistently revealed from both cases by both actors. Historically, the CDG and its assessments were among NPM practices introduced by the CG in 2004 for the purpose of enhancing efficiency in the LGA operations (see section 5.2). The assessment of minimum qualifications for CDG seemed to directly influence symbolic rather than the instrumental use of accounting information in the budget decision-making processes. Symbolic use influence was indicated to appear due to unrealistic criteria for assessment, which make actors manipulate information to impress the assessors as well as not lose the CDG rather than introduce new sources of revenue and increase revenue collections from own sources. Such a scenario seemed to increase inefficiency in the council operations because it does not decrease financial dependency of the LGAs on the CG. It was observed in both the IMC and KDC cases that the LGAs’ high financial dependency on the CG seemed to lead to high symbolic-legitimating use of accounting information in budget decision-making because budget decisions made by the council were based on the CG decisions (dictated by unrealistic budget ceiling) rather than on the accounting information produced. The provision of the CDG to the LGAs is associated with the extent to which an LGA manages to meet the minimum qualifications enshrined in the existing laws, regulations and guidelines as determined by an independent committee. One of the qualifications was that the budget had to be prepared in accordance with issued budget guidelines. Also, the council should not get an adverse or bad audit opinion in the CAG report. Moreover, the council should prepare and submit monthly, as well as a quarterly management accounting reports. Furthermore, the council should make sure a timely internal audit is done to make sure that the accounting information produced has relevant quality for decision-making and for demonstrating accountability. The council should also mobilise revenue collection from own sources. According to the councillors and administrators, the assessment of minimum qualifications created pressures on them to produce quality accounting information by complying with laws, regulations and budget guidelines. Hence, accounting information was used in the budget decision-making rather symbolically than instrumentally due to the existing criteria that prioritised the achievement of legitimacy to get funding over increasing internal council efficiency. In this regards, the study concludes that assessment of minimum qualifications of CDG can positively influence instrumental-conceptual use of accounting information if realistic criteria for assessment are existing.

The third factor associated with coercive pressure was identified as the **issue of external auditors’ query**. Such factor was identified from the KDC case (see section 6.4).
According to the actors in the KDC case, queries by external auditors such as the Controller and Auditor General (CAG) and regional audit committee created pressure for them to use accounting information in responding to the queries as well as improve their budget decisions to avoid future queries. This factor was identified by respondents of the KDC rather than those of the IMC probably because the KDC highly depends on the CG funding requiring the council not to get an adverse or qualified CAG’s audit opinion. The KDC managed to get a clean audit report from CAG for more than 5 years whereas the IMC got an unclean report for the 2006/2007, 2007/2008, 2008/2009 and 2010/2011 with the exception of the 2009-2010 fiscal year (see sections 6.1 and 7.1).

The fourth factor was identified as issues of realistic budget ceiling (limiting amount of the budgeted revenue and expenditure including revenue to be transferred from the CG to the LGAs). This was explicitly seen as a pressure which influenced the use of accounting information in budget decision-making by interviewees of the KDC, rather than those of the IMC. This may be attributed to the fact that the KDC experienced a more severe shortage of own sources’ revenues than the IMC. For example, in 2010/2011 the KDC managed to collect only 58 percent of budgeted revenue from own source of Tshs. 854, 480,000 whereas the IMC collected 90 percent of Tshs. 16,110,130,000 of the budgeted revenues from own sources (see sections 6.1 and 7.1, respectively). Therefore, the KDC had caused for higher dependence on the CG transfers than the IMC. It was said that the budget ceiling influenced the use of accounting information in the budget process because actors wanted to find ways of reducing the budgeted expenditure or increase the mobilisation of revenue from their own sources, so as to meet the budget ceiling. Furthermore, the findings from both cases further reveal that the budget ceilings issued were incompatible with the reality on the ground as they did not reflect the accounting information produced by the councils. The findings from IMC indicated that budget ceilings based on the unrealistic basis such as population level by census instead of actual expenditures. In consequence, the resultant budget was also unrealistic in the sense that budget deficits are likely to happen (see sections 6.4 and 7.4). Such a scenario indicates symbolic use of accounting information in the preparation as well as the execution of the budget because the estimations and actual revenue and expenditure were not determined by accounting information produced, but by the unrealistic budget ceiling (see sections 6.4 and 7.4). Therefore, the study concludes that issues of realistic budget ceiling (budget ceiling which reflect the produced accounting information) determines the instrumental and symbolic-legitimating use of accounting information in budget decision-making processes.

Sub-theme 2; Normative Pressure relative factors (professionalism)
Fifth, pressure from donors was also indicated as a factor associated with normative pressure. This was found to influence accounting information use in the budget decisions made by actors in the KDC rather than in the IMC (see in section 7.4). The pressure from donors was influencing actors to behave professionally by encouraging accounting systems with a culture of transparency in participatory budgeting decision-making process. The pressure from donors was, however, pronounced among KDC actors and not by IMC actors may be because the KDC is a rural-based council that works closely and directly
with the donors in different development projects which mostly associated with agricultural and forest management.

Sixth, pressure from citizens/voters was also identified as a factor which influenced councillors to use accounting information in the budget decision-making processes. Pressure from the citizens was consistently revealed in both cases (see sections 6.4 and 7.4). The pressure was more directly influenced councillors than the administrators because councillors are directly accountable to the citizens/voters who elect them into their positions. Thus, if council does not perform according to the citizens’ expectations and aspirations, the first to be punished are the councillors who are elected rather than administrators who have to rely on administrative sanctions outside the control of the ordinary citizens. Furthermore, there was an aspect of indirect citizens’ pressure applicable to the administrators through their councillors as well. Therefore, the pressure from citizens influence actors to behave professionally by using accounting information to make sure that public services are provided without affecting citizens, for example in introducing new fees as new own sources of revenue.

Seventh, pressures associated with financial stress of the council as the factor. Such pressure was identified by administrators of the IMC only. According to the administrators, the situation of financial stress of the council created a lot of pressure for them to use accounting information in determining the sources of revenue, which in turn also needed a lot financial analysis that lead to even more use of accounting information (see section 6.4). For example, if the decision was to borrow from the financial institutions, the banks needed accounting information to determine the solvency of the council and its ability to pay back the loan. Therefore, accounting information was needed to make the analysis and to justify the council’s ability to repay the loan. Such a scenario also had legal requirements that force the council to use accounting information. This financial stress created more pressure on the administrators than on the councillors, mainly because of their advisory and professional role that made them more active participants than the latter actors. Moreover, situational financial stress was identified in the IMC but not in the KDC case may be because IMC is financing off-budget events (national events shouldering by IMC) as indicated by administrators (see section 6.4).

Ninth, pressure from the accounting professional board was identified as one of the factors influencing accounting information use in budget decision. Such pressure was categorised under normative pressure. This kind of pressure was identified by looking for the existence of accounting professional socialisation and networking aspects as well as the existence of accounting professional associations that define and spread accounting rules and procedures that govern accounting professional behaviour. The National Board of Auditors and Accountants (NBAA) is the professional accounting body in Tanzania, which co-ordinates accounting professional issues in the country. According to the administrators of both councils, the directives such as the use of accrual-based accounting standards by councils, recruiting qualified accountants and auditors in the councils and offering professional training to accountants and auditors influenced the quality of accounting information used in the budget decision-making processes. Thus, the more quality accounting information is produced the higher the use of such information in budget decision-making. The historical perspective of LGAs in Tanzania (section 5.2.) indicates
that the NBAA adopted and directed the introduction of IPSAS accrual-based accounting systems in the LGAs since 2004. Such regulation affirms the role and pressure of the NBAA on LGAs to follow laid-down accounting procedures and conduct in their operations. Moreover, findings from both cases (see sections 6.4 and 7.4) demonstrate that administrators (especially accountants and auditors) were further influenced by attending professional training. The professional trainings were administered by external bodies such as the NBAA which were allowed accountants to socialise and get further knowledge and exposure to accounting information use in the budget decision-making processes.

Sub-theme 1: Mimetic Pressure Related Factors
Tenth, the existence of financial study tours for both councillors and administrative actors (see sections 6.4 and 7.4). The existence of financial study tours created normative pressure associated with the socialisation of actors on financial issues. Through the socialisation process, the councillors get to know more about how to use accounting information in effective budget decision-making, for example, in the identification of revenues from own sources. The IMC councillors said that most of the up-country councillors visited IMC for learning purpose on financial and budget issues because Ilala Municipality is one of the top councils in financial management issues (see section 6.4). The administrators in the IMC case indicated that they were also influenced by employee transfer practice. Employee transfer was identified as a factor associated with mimetic pressure. Transfer of administrators from one council to another was deemed to have a positive effect on accounting information use, particularly when the transferring was made within the LGAs of the same status or from the LGA which had lower status (see section 6.4). Otherwise, the transfer can lead to a negative effect in terms of use of accounting information.

The summary of theme 2 is presented in Table 25:

<table>
<thead>
<tr>
<th>Table 25: Institutional Pressure-Related Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors associated with Institutional pressures (coercive, normative and mimetic)</strong></td>
</tr>
<tr>
<td><strong>Factors associated with coercive pressure</strong></td>
</tr>
<tr>
<td>1 The issue of budget guidelines and regulation</td>
</tr>
<tr>
<td>2 Compliance with laws and regulations with fund granting to LGAs (assessment of minimum qualifications of Capital Development Grant (CDG))</td>
</tr>
<tr>
<td>3 CAG audit query on financial management of the council</td>
</tr>
<tr>
<td>4 The issued budget ceiling</td>
</tr>
<tr>
<td>5 Situational Financial stress</td>
</tr>
<tr>
<td>6 Pressure from donors</td>
</tr>
<tr>
<td>7 The pressure from citizens/voters</td>
</tr>
<tr>
<td><strong>Factors associated with normative pressures</strong></td>
</tr>
<tr>
<td>8 Pressure from accounting professional board (professionalism) directives and trainings</td>
</tr>
<tr>
<td><strong>Factors associated with mimetic pressure</strong></td>
</tr>
<tr>
<td>9 Existence of study tours</td>
</tr>
<tr>
<td>10 Employee transfer</td>
</tr>
<tr>
<td>11 Practice of Public Private Partnership (PPP)</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)
8.3.2 Theme 3: The internal organisational related factors

Seven organisational factors were revealed by findings obtained from the cases. Six factors were consistently revealed from both cases (IMC and KDC) and one factor was conflicting because it appeared only to KDC. Generally, it was found that the existing of the factors influence instrumental-conceptual use and their absent influence symbolic non use of accounting information. It is because of their nature of being push factors from organisation in which instrumental-conceptual use is also more organisation perspective. The first factor under this category was the availability of training programmes in the council for both administrators and councillors. The factor was identified by both the administrators and councillors consistently across the cases. However, more weight was placed on the trainings offered by the councils themselves rather than by external players. The overriding argument was that training offered internally by councils was more customised or tailored to the specific needs and problems of the council than training offered externally by, for example, the Central Government’s Ministries, since such training tended to be too general and they just provided basic concepts (see sections 6.5 and 7.5). The availability of financial and accounting related training, including budgeting process training, increased the financial and accounting knowledge for actors in budgeting processes. The Therefore, the study concludes that availability of customised training is important in determining the use of accounting information in LGAs budget decision-making processes.

The second factor was identified as the culture of transparency. This factor was identified by both the administrators and councillors as influencing accounting information use in budget decisions. In this regard, sharing of accounting information (openness in accounting issues) between the actors should be encouraged to ensure that budget decisions are made in a proper manner. However, the culture of transparency was observed as challenge in both cases. For example at the IMC, the respondents claimed that there was a limitation in the accounting information sharing due to mistrust/lack of trust between the producing units (treasurer office) and the other administrators and councillors (see section 6.5). Whereas in the KDC case, it was argued that the culture of transparency should exist and improved in the Accounting Information Systems (AIS). This is because the culture of transparency on AIS can be used as the monitoring device that the council chairperson and Finance Committee members can use to control finance in council (see section 7.5). Indeed, these actors were crucial because of their roles in controlling and monitoring the council’s revenue and expenditure as well as in approving monthly and quarterly accounting reports for the council.

The third factor was the enforcement of internal regulations. The availability of financial and budget internal regulations such as by-laws, rules and procedures were indicated as factors which influenced accounting information use, particularly when properly enforced. This factor was indicated by both administrators and councillors consistently across the cases (see sections 6.5 and 7.5). However, the enforcement of the existing regulations in both cases were seen as a challenge to be addressed, because most of the financial regulations were outdated, and therefore were unable to match with the current changes such as the adoption and implementation of NPM practices. As a matter of fact, the LGAs are still operating under the Financial Management Act of 1982 and the Local Government
Act of 1982, which insist on cash-based accounting whereas the accrual-based accounting was adopted in 2004. All these guidelines serve as legal guides in the budgeting as well as accounting process of the LGAs. Thus, if the updated financial regulations were issued to the LGAs, then they could influence the instrumental-conceptual use of accounting information in the budget decision-making process.

The fourth factor was political competition. The existence of councillors from opposition parties in the councils created challenges for the ruling party’s councillors. As a result, the councillors from both parties used a lot of accounting fact and figures in the budget discussions and decision-making process so as to meet their voters’ expectations. At the end of the day, all the councillors wanted to remain in leadership by being re-elected into the office. Therefore, they were forced to use accounting information as a political tool to compete in the budget decision-making processes. Even though the political competition was indicated as a factor that influenced the accounting information use in budget decision-making, still there was low competition in both the IMC and KDC cases because the number of councillors from the opposition parties remained negligible. The IMC had only three (3) councillors from opposition parties out of 36. KDC had only four (4) councillors from opposition parties out of 20.

The fifth factor was leadership commitment. This factor was identified by both administrators and councillors in both cases as influencing the accounting information use in the decision-making process. Also, the budget guidelines (see section 5.3) require the council director and CMT members to provide leadership commitment in the budgeting process to ensure accountability thrives. Leaders’ commitment on the part of the mayor or council chairperson was found to be necessary in promoting value-added accounting practices. Such committed leadership was found to be essential in ensuring that the councillors were given accounting information on time, ensuring that council meetings are held on a regular basis, and in making sure that the digestion of the budget was done within reasonable time to avoid working against deadlines. As the production of accounting information and organisation of budget meeting were undertaken by administrators, the councillors needed to have strong leaders who could force administrators to act as required and be responsible and responsive to the needs of the councillors.

The sixth factor was the decentralisation of the accounting personnel to the departmental level. In both cases, it was observed that there was an accountant in each department of the councils. This development was rated as a positive measure in improving accounting information use in the budget decisions from departmental level. This factor was identified to influence administrators more than the councillors probably because the preparation and execution of the budget at large were carried out by the administrators such as heads of department. On the other hand, the availability of accounting personnel in the department increased the accessibility and availability of accounting information to them.

The last factor indicated under theme 4 was the existence of regular finance council committee meetings. This factor explicitly revealed at KDC and not IMC. However, it
was observed and indicated by actors of IMC that finance council committee meetings plays a critical role because all analysis and binding budgets decisions are made in it. For example approval of quarterly accounting reports, approval of budget estimates, as well as analysis and decision about the strategies of improving collections of revenue from own sources. This means the factor is also implicitly revealed at IMC. Therefore, the study posits that the existence of regular finance council meetings influence determine the use of accounting information in budget decision-making processes.

The summary of theme 3 is presented in Table 26 below:

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>IMC</th>
<th>KDC</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors associated with internal institutional structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Availability of training program</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 Culture of transparency</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>3 Enforcement of internal regulation</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>4 Political competition</td>
<td>√</td>
<td>√</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>5 Leadership commitment</td>
<td>√</td>
<td>√</td>
<td>X</td>
<td>√</td>
</tr>
<tr>
<td>6 Decentralisation of accounting personnel to the department level</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>7 The existence of regular council’s committees meetings</td>
<td>X</td>
<td>√</td>
<td>X</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

8.3.3 Theme 4: Individual Actor’s Value/Characteristic-Related Factors

Individual actor’s value related factors are pull factors for the fact that they make individual actors to have internal motivation to use accounting information instrumentally in budget decision-making. Seven factors were identified under theme 5 in which 4 factors were consistently revealed across cases. Two factors were revealed to conflict between the cases. The first factor was the general education level. The **general education level** was indicated by both the administrators and the councillors and consistence observed between the cases. The general consensus was that being highly educated influenced accounting information use in budget decision-making by actors especially the councillors (see section 6.6 for the IMC case and section 7.6 for the KDC Case). Indeed, councillors with high education credentials were identified to be good users of accounting information in budget decision-making in both cases. Generally, a low level of education was a problem which was more apparent with the councillors than the administrators. This was primarily due to the fact that the election of councillors was not based on their level of education, whereas administrators are professionals recruited on the basis of their qualifications including a substantive education level. According to the Tanzania National Election Act of 2010, any citizen who knows how to read and write (basically with just primary or elementary education) can contest for councillorship in the national elections. However, the findings from both cases were further indicated that education is important attribute actors should have. But it is not enough to make accounting information used by actors. This means actors are required to have other specific knowledge more than high general level of education that will make him/her use accounting information. Therefore, the study concludes that high level of education is an important attribute to the actors to use accounting information in budget decision-making processes.

The second individual factor was **general knowledge of information and communication technology (ICT)**. The factor was identified by the councillors of KDC rather than those
of the IMC as influencing accounting information use in the budget decision-making processes (see section 5.3.2.6). Knowledge of ICT was seen at KDC as an individual actor’s factor may be because the KDC, as a rural-based LGA, had councillors who were least educated and thus lacked exposure to ICT, hence making ICT a daunting challenge for them and the council. Therefore, it was not easy for them to use accounting information published in the accounting information system or online, without being exposed to the appropriate training. It was observed to all cases that all interviewed administrators were working with the computers in their offices. This also indicated that they had knowledge of ICT. Therefore, the study concludes that knowledge of ICT to the actors is important to make information accessible and available to them. Eventually, it influences the use of accounting information in the budget decision-making processes.

The third individual factor was identified as the knowledge of government accounting and budgeting systems. The historical review of LGAs (section 5.2) indicates that administrators generally lack the relevant knowledge of using PlanRep and Epicor and this negatively affects the budgeting process of the LGAs (see section 5.2). Indeed, knowledge of government accounting and information systems, including Epicor for accounting and PlanRep for budgeting, was identified as a factor which influenced accounting information use only by the IMC administrators. This is because the IMC was using computerised AIS which were Epicor for accounting and PlanRep for budgeting (see section 6.6). KDC was still using manual AIS. Also the end-user problem among administrators of IMC was seen as a challenge. However, the knowledge of the government accounting system was seen to be an important factor for individual administrators, especially the heads of department and operational officers in the departments primarily because accounting information and the budget are prepared and produced using Epicor and PlanRep.

The fourth individual factor was knowledge of accounting, especially government accounting knowledge, was also given special consideration. This factor was revealed at IMC and seemed to influence both administrators and councillors. On the other hand, findings of KDC revealed that knowledge of interpretation accounting reports is necessary to make councillors use accounting information in budget decision-making processes. It was further indicated that councillors who worked at accounting position or finance position before being elected, use accountant information because they had competency of interpreting and use accounting information from either management reports or from financial statements. Therefore, accounting experienced knowledge is important factor influencing the use of accounting information in budget decision-making processes.

The fifth individual factor was working experience with the LGAs and, as well as other organisations, in a position related to accounting. Such experience was explicitly revealed as a factor which influencing councillors to use accounting information in budget decisions (see sections 6.6 and 7.6). The study findings further revealed the factor into two that means there is working experience and accounting experience. Interviewed councillors in both cases revealed that the longer one had worked as a councillor with the LGAs, the more financial experience one gained, which in turn increased the use of accounting information. This shows the influence of working experience. On the other hand,
administrators claimed that to work with councillors who were accountants or who worked with financial related position before being councillors is a challenge to them. This is because, they are knowledgeable with financial and accounting issues, and therefore they cannot easily be manipulated with administrators. This revealed accounting experience. Working experience and accounting experience were not explicitly revealed to influence administrators but it seems that was an obvious thing to them. This is due to the fact that the administrators who formed CMT and FSC were observed to be head of departments with high levels of working experience in term of years of working with LGAs. Therefore, the study concludes that high working experience and accounting experience influence the use of accounting information by making actors to be knowledgeable in budget decision-making processes.

The sixth individual factor was the **culture of reading**. The culture of reading was identified by councillors as influencing the accounting information use in budgeting decision-making in both cases (see sections 6.6 and 7.6). Because accounting information is presented in the form of documents, such as revenue and monthly expenditure reports, submitted to councillors ahead of the council meetings as an input to aid their budget decision-making, the councillors should read the documents first, understand them and then employ the information contained therein to make informed decisions. Thus, the use of accounting information from the documents submitted to the councillor depended on the culture of reading of a particular councillor. The more the councillor liked to read documents the higher the use of accounting information in decision-making. Also, it was indicated that high self-esteem regarding reading is an important value which administrators should have. High self-esteem in reading influenced accounting information use because the administrators become very conversant with the accounting information given to them.

Seventh individual factor was **job position**. In this regard, the actors’ job positions were identified to be a factor which influenced the use of accounting information in the budget decision-making processes. Actors whose job position involved financial issues such as accounting, finance and planning were indicated to use accounting information more often than others. The implication is that administrators such as accountants and planning officers used accounting information due to the nature of their jobs. On the other hand, councillors who were members of the Finance Committee used more accounting information due to the activities related to the committee, which was responsible for reviewing and approving the council’s monthly and quarterly accounting reports. The factor was indicated in the KDC case; however the budgeting process (see section 5.3) indicates that accounting officers (the council director) and budget committees have a role and responsibility of preparing, executing and monitoring and evaluating plans and the budget of the LGAs in accordance with regulations and budget guidelines. Overall, the nature of work and committee activity influenced one’s use of accounting information.
The summary of theme 4 is presented in Table 27 below:

<table>
<thead>
<tr>
<th>Factors associated with individual actor’s values</th>
<th>IMC</th>
<th>KDC</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 General level of education</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>2 General knowledge of information and communication technology (ICT)</td>
<td>✗</td>
<td>√</td>
<td>✗</td>
<td>√</td>
</tr>
<tr>
<td>3 Knowledge of government accounting and budget computerised information systems</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>4 Knowledge of accounting</td>
<td>√</td>
<td>✗</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>5 Experience of working with LGAs and accounting experience</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>6 Culture of reading</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>7 Job position</td>
<td>✗</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

8.3.4 Theme 5: Processing of Accounting Information-Related Factors

Seven factors related for processing of accounting information were revealed from findings obtained from the cases. Four factors were found consistently across the cases and three factors were conflicting between the cases. The first factor under the theme 5 was compatibility of Epicor as an accounting information system with PlanRep as a budgeting information system. This factor was revealed only at IMC, due to fact that IMC used computerised AIS while KDC used manual IAS. Therefore, it was a challenge to IMC administrative actors especially accountants and planning officers because of their involvement in accounting and budgeting process. According to interviewees from the IMC, there would be high use of accounting information in budget preparation and implementation if the accounting information and the budget systems used by the councils were compatible. The incompatibility of the two systems impaired the quality of accounting information when the data were transferred directly between the systems. It was also suggested that the council should have permanent systems technical or expert to handle and make sure the systems worked properly. Therefore, the study concludes that compatibility between accounting and budgeting systems is the important factor in the processing of accounting information for budget decision-making processes.

At the KDC, the issue was not about systems’ incompatibility but the availability of computerised accounting and budgeting systems. It was observed that Kisarawe still used the manual accounting system and the computerised budgeting system (PlanRep). According to administrators, especially the accountants and planning officers, increasing the use of accounting information in the budget decision-making processes would entail having both a computerised accounting system (Epicor) and budget system. Such systems increase the quality of accounting information produced by reducing human error and increasing accessibility, availability as well as timely production of accounting reports. Therefore, the study concludes that the availability of computerised accounting and budgeting systems is critical factors in the processing of accounting information for budget decision-making processes.

The third factor was proper presentation of accounting reports. This factor was indicated by KDC councillors, who asserted that it influenced accounting information use in budget decisions. The presentation of accounting information by using a simple format, simple language (Kiswahili in this case) and user-friendly technical jargon that councillors
or layperson can understand influenced accounting information use in the budget decision-making processes. The factor of proper presentation or information packaging appear to have been indicated by KDC councillors rather than those from IMC, probably because Kisarawe is the rural-based LGA which attracts less educated candidates to the councilship elections and who also need more simplified report presentation for them to understand the content. Furthermore, the councillors are elected on the basis of their effectiveness in the canvassing among voters rather than for their education background (see section 7.7). This factor was not found to affect administrators primarily because their rigorous recruitment process ensures that they possess several qualifications relevant to their position and job description, with academic and professional accounting knowledge (for accountants) high on the list. They are also required to be in a position to understand accounting information in English, the language in which the accounting jargon was presented.

The fourth factor was early submission of the report to the decision-makers before the council meeting. Submission of the accounting reports before the council meeting was seen to be an important factor that increased the relevance of the quality accounting information provided to aid the budget decision-making processes, since the users were given ample time to go through the reports and scrutinise them before the meeting. This factor was observed by both the administrators and the councillors in both cases. However, councillors complained that the reports were not submitted on time. It was mentioned as a challenge even though financial regulations required reports to be submitted seven days before the standing committees.

A fourth factor was the independent internal audit unit. The factor was identified by councillors of KDC who reported that the independent internal audit unit increased the quality of accounting information because of the trust that they gained from the information produced. The administrators of IMC, on the other hand, perceived the internal auditor as a threat, rather as a factor influencing the quality and use of accounting information. This means the internal audit unit was not utilised enough by administrators due to negative attitudes towards it. The autonomy of the internal audit unit was observed as a challenge in both cases because it still worked under the council director, who was supposed to be audited by the same unit. However, some initiatives were ongoing to make the internal audit unit of the LGA independent unit of the council director’s office. Some councillors noted that such autonomy would increase the use of quality and more trusted accounting information in the budget decision-making processes. The first initiatives involved the introduction of the Controller Internal Audit General (CIAG) to whom all the LGAs’ internal auditors would report and be held accountable. The second initiative is concerned with the provision of infrastructures such as motor-vehicles acquired separately from council for use by the auditors. Furthermore, the LGAs’ internal audit units were required to have an independent budget separate from the council budgets. Those initiatives once instituted were deemed capable of increasing the LGA’s internal audit unit autonomy. Despite these initiatives, the CAG reported in 2011 that the council failed to attain the budgeted revenue by Shs.45, 728,700 due to the existence of poor internal audit systems. Therefore, the study posits that the more LGAs internal audit unit work independently from LGA’s director’s office, the high influence the instrumental-
conceptual use of accounting information in budget decision-making processes by councillors. It not only internal audit but also, the all auditing process is required if it does not done under unnecessary bureaucratic. This is due to perceived quality by councillors on accounting information. Furthermore, the study concludes that existence of effective auditing process by internal audit, council committee; regional committee as well as CAG influence the use of accounting information n budget decision-making processes.

The fifth factor was the adoption and implementation of accrual-based accounting system. This factor was observed as a challenge in both cases primarily because accrual-based accounting had yet to be fully implemented in either council. It was indicated that the cash-based accounting was used by the KDC whereas the mixture of cash and accrual-based accounting was used by the IMC. Although the CG demands that accrual-based accounting be used by LGAs, the CG itself still relies on cash-based accounting. Generally, the LGAs appear to be undergoing a transitional phase involving the adoption and implementation of accrual-based accounting in a bid to enhance the quality of accounting information.

The sixth factor was indicated as the availability of qualified accountants. The availability of qualified accountants was seen to be an important factor that increased the quality and use of accounting information in budget decisions. However it was reported by the respondents of KDC that it was challenging for KDC to attract qualified and professional accountants because it is located in the rural area.

The summary of theme 5 is presented in Table 28 below.

**Table 28:** Processing of Accounting Information-Related Factors

<table>
<thead>
<tr>
<th>Factors associated with the quality of accounting information</th>
<th>IMC</th>
<th>KDC</th>
<th>ADM</th>
<th>CON</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Compatibility of accounting with budgeting information systems</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>2 Computerised accounting and budget systems</td>
<td>x</td>
<td>√</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3 Proper presentation of accounting report</td>
<td>x</td>
<td>√</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>4 Early submission of the report to decision-makers</td>
<td>√</td>
<td>√</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>5 Independent internal audit unit</td>
<td>√</td>
<td>√</td>
<td>x</td>
<td>√</td>
</tr>
<tr>
<td>6 The adoption of accrual basis accounting system</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>x</td>
</tr>
<tr>
<td>7 Availability of qualified accountants</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

8.4 Theme 6: Budget Efficiency

The first aspect raised about efficiency was on the unrealistic budgeting process. The MTEF (2012/2013) indicates that the main challenge LGAs faced was the unrealistic budgeting process, whereby less priority items were allocated funds. This could be attributed to the impact of symbolic-legitimating and haphazard use of accounting information in which unrealistic budget ceilings were used to determine expenditure estimates rather than accounting information. This was supported by the IMC’s economist:

Yes, we are using accounting information in budget preparation from several accounts some of which I do not even understand. But are they misleading us? ... Thus it is still a challenge to our LGAs because information recorded in those accounts does not reflect reality. For example, it happens that the Council Director is required to contribute funds to facilitate government activities, which are out of the budget plan, or facilitate activities whose ceiling has already busted. What do you think the Council Director can do? ...He just takes
funds from any of the accounts with some balance hoping that he will return the monies once the LGA collects revenue from own sources. But at the end of the fiscal year end, the funds have not returned to their respective accounts and those accounts show that expenditures took place. Then can we say that these accounts reflect the reality. No... We are just misleading ourselves in budget preparation by depending on such information... and remember budget preparation is done under the pressure of meeting deadline in accordance with the budget guidelines (Council Economist: IMC).

Delays and under-releasing of funds were also indicated elements that contributed to budgetary inefficiency. The CAG’s report (2011/2012) indicates that 42 percent of the budgeted CDG for 113 LGAs was not released by the CG. The same report also indicates that 35 percent of the CDG released was not utilised in 2011/2012 because the CG delayed in transferring the monies to the LGAs up to the end of the budgeted year. For the two cases under study, 35 and 55 percent of the CDG for the IMC and KDC cases were not released by CG, respectively. Out of the released CDG, only 5.33 and 22.52 percent were unspent by the IMC and KDC, respectively. Consequently, the MTEF (2012/2013) indicates that the number of development projects was inefficiently implemented in the 2011/2012 budget year due to either delays or under-releasing of funds. This scenario attests to the impact of symbolic-legitimating use of accounting information from approved budget in the budget execution/implementation. The respondents of the IMC and KDC cases explained the situation thus:

One of the most significant challenges in the budget execution in our council is delays in remitting revenue from governmental transfers. The transfer of funds to the council can be made in May when the year ends in June. So there is little time in which to utilise the funds and if we do not utilise then within the accounting year, we are required to return the funds back to the central government. This is unfair treatment that leads to inefficiency in the council operations. (Revenue Accountant: IMC)

The council is operating by using central government transfers which are largely not a reliable source of revenue. Sometimes the transfers are delayed intentionally. Some do not realise that such delays make the operations of the council inefficient. It really makes our life difficult as councillors because we cannot fulfil the promises we made to our voters as indicated in the budget (Councillor of the opposition party: IMC)

Furthermore, it was indicated by the CAG (2010/2011) report that 18 councils had incurred excess expenditure for some items to the tune of Tshs. 24,880,254,344 over the approved budget of Tshs.116, 967,975,198. This also shows the impact of using accounting information symbolically in budget preparation with expenditure estimations being based on unrealistic ground rather than on actual accounting information. On the other hand, collections of revenue from own sources were indicated to increase over the years. According to the same CAG report, revenue collections from own sources was 0.5 percent more than budgeted revenue estimates. However, for the 2011/2012 budgeted year there was under-collection of revenue from own sources by 20 percent (CAG 2011/2012). Further analysis of revenue collection from own sources shows increments of 28 percent for the 2010/2011 to 2011/2012 budgeting year. For the IMC and KDC, a 27 percent increase and three percent decrease, respectively, in revenue from own sources were indicated by CAG report for 2011 and 2012. These findings may indicate the impact of the symbolic-legitimating use of accounting information in estimating revenue from own sources. On the other hand, the findings also reveal the impact of using instrumental-decision relevant accounting information in budget execution, especially in setting up strategy that can increase the collection of revenue from own sources. Such a scenario was explained by an IMC respondent:
We formed a task force team for revenue collection and it has already performed its duty, so we wanted to analyse it to check if we can continue using task forces for revenue collection. But the report was rejected by the councillors because it was not compatible with them. So as you can see I’m busy preparing the report again by checking how much we have collected and the amount we have spent to facilitate that task force. Proper analysis is needed for advising the finance committee members accordingly, in order for the decision to be made. That is why I have been telling you that we are using accounting information frequently in budget execution. (Accountant revenue: IMC Case)

We, as the Finance Committee members, usually meet once per month and in each meeting we digest and discuss monthly accounting reports and make decisions by using them. For example, we formulated the task force for revenue collection after observing that in the previous monthly report revenue, which was collected, was far lower than the estimations in the budget which we are executing (Councillor from the opposition party: IMC).

The study also looked at how the LGAs measure efficiency in budgeting processes. The findings revealed that the budget efficiency was measured by the main three means. The measurement of budget efficiency was used to examine the ratio of number planned activities versus number of implemented activities of the budget year. The second measurement of budget efficiency was on the revenue in which the ratio of estimates versus actual collection of revenue was determined and at this the ratio was divided into two categories. Category one involved budget efficiency on revenue from own sources and the second category was about revenue from CG through CDG. The efficiency in collection was also measured by looking to the cost of collecting revenue. This was revealed by several sources, for instance economist and accountant together with councillor had this to say,

We are first looking efficiency by comparing implemented activities with planned activities for budgeted year. This is done by looking on social economic profile of our villages at the end of budgeted year. Then we are looking budget efficiency on actual revenue collection versus estimates by considering cost of collecting revenue and we also look at it by comparing revenue collected versus expenditure incurred which reflecting to the implementation of activities at low cost. The revenue section is divided into two, revenue from own sources and revenue from CG in which budget efficiency is also measured separately (Economists; KDC).

The reports are leading us to make sure that cost of collected revenue are not high, this means cost of collecting revenue from own source does not override the revenue collected. This measures our efficiency in revenue collections (Accountant; KDC).

We cannot accept the report which does not tell us the cost of collecting this revenue. We want to know whether we are collecting revenue efficiently or not... we cannot approve the continuations of task force strategy for own sources revenue collection without information about the cost of collection so far (Councillor, IMC).

They did not accept the report because it cannot tell whether we are collecting the revenue in profit or loss, means what are relations between the cost of collecting revenue and the collected revenue. They did not tell us if that was what they wanted. But I’m working on it, and I will submit it in specially finance committee meetings (Accountant, IMC).

This means, the main measurement of efficiency was cost minimisation on maximisation collections of revenue collection from own sources. However, the instrumental use of accounting information was revealed to have a role to achieve through budget decision-making processes.
8.5 Theme 7: External Financial Legitimacy

According to the CDG assessment report for the years—2010/2011; 2011/2012; 2012/2013, both the IMC and KDC passed the minimum requirements to qualify for CDG after getting good assessment results. The assessment of CDG conditions measured the acquired external legitimacy in terms of promise to receive the funds, as well as the relationship with the main funder (CG) through a basket fund which donors, other than the CG, finance. The results of the assessment indicated the existence of acquired external financial legitimacy even though the actual receipts of CDG funds from the CG by the LGAs was characterised by delays fund transfers, failure to release funds as well as under-utilisation of funds in implementation. These aspects affected negatively the LGA budget efficiency in both the preparation and implementation. The CAG report for 2010/2011 and 2011/2012 indicated that 57 percent and nine percent of received CDG by IMC and 49 percent and 42 percent received by KDC, respectively, were not utilised for the allocated years. According to Public Expenditure Act of 2001, unspent CDG and RG should be returned to the Treasury Department of the MoF so that the re-budgeting and re-releasing of funds can be made. The implication is that the LGAs are not required to use the unspent CDG and RG once the financial year had been concluded till they received fresh authorisation. The finding indicates the loss of external financial legitimacy acquired, which in turn also reduced the actual external financial legitimacy acquired by the LGAs. The difference between the promised legitimacy and the actual legitimacy affect the budget efficiency of the LGAs; thus the low actual legitimacy from promised legitimacy leads to less budget efficiency in the LGAs because the promised legitimacy defined by the budget ceiling is what determines the budget estimates in the preparation of the budget. These arguments can be supported by the following statements:

The council is operating by using central government transfers which are largely not a reliable source of revenue. Sometimes the transfers are delayed intentionally. Some do not realise that such delays make the operations of the council inefficient. It really makes our life difficult as councillors because we cannot fulfil the promises we made to our voters as indicated in the budget (Councillor of the opposition party: IMC)

One of the most significant challenges in the budget execution in our council is delays in remitting revenue from governmental transfers. The transfer of funds to the council can be made in May when the year ends in June. So there is little time in which to utilise the funds and if we do not utilise them within the accounting year, we are required to return the funds back to the central government. This is unfair treatment that leads to inefficiency in the council operations. (Revenue Accountant: IMC)

We have been told to return all the unspent CDG and RG to the CG for re-budgeting and re-releasing of the funds to be done. We are not sure that if the CG will re-release the same amount of funds to the council. If I am sceptical, that will only increase inefficiency in the implementation of development projects and the council will remain with a lot debts and its survival will be at stake, and remember the delay of funds is out of our control and also the utilisation of the CDG has to follow laid down bureaucratic procurement procedures. (Head of Planning Department: KDC Case)

The study findings show that the acquired actual external financial legitimacy effects internal budget efficiency in the budget implementation in that accounting year. The findings further show that the yield internal budget efficiency affects the promised external financial legitimacy. After all, LGAs can be promised to receive CDG as indicated in the ceiling and in preparing budget if they meet minimum conditions which reveal internal organisation budget efficiency such as efficiency in own source revenue (fiscal capacity), implementation of development projects, efficiency in financial management by having a
clean audit report and timely production of financial accounts together with efficient operation of internal audit function.

The cross-case data analysis in this chapter has delineated dimensions of accounting information use in the budget decision-making processes. Furthermore, the chapter has presented institutional pressures, individual actors’ characteristics, internal organisational related factors, as well as the processing of accounting information-related factors influencing accounting information use in the budget decision-making processes. Furthermore, the chapter has presented findings showing products/output of using accounting information which were budget efficiency and external financial legitimacy. Consequently, it has analysed the dimension of accounting information and its impact as well as factors identified and the use of accounting information presented in Chapter Six to reflect the theoretical framework and previous empirical findings.
CHAPTER NINE
DISCUSSION OF RESEARCH FINDINGS

9.1 Introduction
This Chapter presents a discussion of the research findings in relation to the theories and previous studies in order to achieve the following research objectives:

1. To investigate how LGAs’ political and administrative actors use accounting information in the budget decision-making processes.
2. To identify and describe factors which influence accounting information use by political and administrative actors in the LGAs’ budget decision-making processes.
3. To explore how the use of accounting information influencing internal budget efficiency and external financial legitimacy in LGAs.

The chapter is presented in two sections. Section One presents a discussion on the use of accounting information in the budget decision-making processes by political and administrative actors for budget efficiency and external financial legitimacy in order to accomplish research objective number one and two. Section two discusses factors that influence accounting information use in budget decision-making processes of political and administrative actors for purpose of accomplishing the second and third objectives.

9.2 The Use of Accounting Information in LGAs’ Budgeting Decision-making Processes

Table 29: Dimension of accounting information use in budget decision-making processes

<table>
<thead>
<tr>
<th>The finding from explorative case study</th>
<th>IMC</th>
<th>KDC</th>
<th>ADM</th>
<th>CON</th>
<th>Theoretical</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget preparation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-haphazard Use of accounting information</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>x</td>
<td>Vyas and Souchon (2003)</td>
</tr>
<tr>
<td>2 Symbolic-legitimating Use of Accounting information</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Vyas and Souchon (2003)</td>
</tr>
<tr>
<td>3 Instrumental Conceptual Use of accounting Information</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Deshpande and Zaltman (1982)</td>
</tr>
<tr>
<td><strong>Budget approval</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Symbolic-legitimating use</td>
<td>√</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>Vyas and Souchon (2003)</td>
</tr>
<tr>
<td><strong>Budget Execution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Symbolic-legitimating use</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Vyas and Souchon (2003)</td>
</tr>
<tr>
<td>2 Instrumental-Decision relevance</td>
<td>√</td>
<td>x</td>
<td>√</td>
<td>√</td>
<td>Deshpande and Zaltman (1982)</td>
</tr>
<tr>
<td>3 Instrumental-Conceptual use</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>Deshpande and Zaltman (1982); Philemon (2010)</td>
</tr>
</tbody>
</table>

Source: Field Data (2012)

9.2.1 Dimension of the Use of Accounting Information in Budget Preparation
Findings from both cases—the Ilala Municipal Council (IMC) and Kisarawe District Council (KDC) of Tanzania—indicate that instrumental-conceptual use and symbolic use of accounting information by both administrative and political actors prevailed in the budget preparation (see section 5.1.1.2: 5.1.2.2: 5.1.3.2). It means that all models of accounting information use existed in budget preparation. Moreover, instrumental-conceptual use was revealed in estimating revenue from existing own sources in the IMC case. Furthermore, instrumental-conceptual use of accounting information was observed in
the KDC case particularly in estimating expenditure, which reflects reality. Conceptual use is deemed to lead to organisational efficiency because it involves indirect use of information for future decision-making that allow information to enlighten and provide general knowledge (Philemon, 2010; Vyas and Souchon, 2003; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004).

The findings from both the IMC and the KDC cases of the LGAs in Tanzania are also supported by Assad (2001) who argues that instrumental and conceptual uses of information become dominant in the early phases of the budgeting process before choices are made, that is budget preparation. Furthermore, the findings from IMC and KDC cases indicate that councillors and administrators used accounting information instrumentally in budget preparation decisions during council committee meetings, especially in the Finance Committee meetings as well as in the CMT meeting, respectively, where analysis of the draft of the council budget took place. The finding is supported by Kurunmaki and Co-workers (2003) who found that accounting information enables efficiency maximisation if it is deployed in planning activities or in preparing the budget rather than in making sense of budgets after the event.

Additionally, it was observed that the structures and processes of the council committees and CMT meetings had an instrumental element of using accounting information in the budget preparation decision particularly councillors. Respondents from both cases reported that the draft council budget and other accounting information was submitted within seven (7) days before the Finance Committee and CMT meetings for budget preparation decisions. Chua (1988) posited that the instrumental use of accounting information is based on an official order of documents, which basically is hierarchical in nature with well-defined areas of responsibility including accountability. The findings on instrumental-conceptual use in budget preparation decisions from the IMC and KDC cases of the LGAs in Tanzania are consistent with Melkers and Willoughby (2005) who found that performance information, in our case accounting information, is most useful in budget preparation. Furthermore, Askim (2007) found that politicians (councillors) instrumental use performance information, in our case accounting information, in reaching decisions of setting policy agenda of their LGAs.

Two measurements of symbolic use of accounting information were revealed which are haphazard use and legitimating use. Haphazard use of accounting information was revealed in budget preparation on estimations of expenditure of IMC. This was due to information surplus which contributed with availability of several accounts which were misleading the users. Moreover, the technological uncertainties such as incompatibility of AISs and time constrain budget decision-making processes are explanatory variables. The findings are consistency with information use literature which argues that haphazard use of information exists when decision makers cannot make well informed decisions by digesting vast of information that may available to them (see in Vyas and Souchon, 2003:81).

Legitimating use of accounting information was revealed in the budget preparation decision-making process, especially when estimating revenue from intergovernmental transfers as well as in determining new sources of revenue in both cases (see sections 6.2:7.2: 8.1). This happened because the unrealistic budget ceilings issued by the Central
Government (CG) were taken as a necessary input of estimating revenue from intergovernmental transfers as well as revenue from new own sources instead of the accounting information given to administrators and councillors in CMT and Council committee meetings. Therefore, accounting information was often not considered in the making decisions pertaining to estimating the amount of revenue from intergovernmental transfers since the budget ceiling superseded such considerations. Legitimizing use of information occurs when information is often not considered in the making of decisions for which it was initially requested and, instead, it is often collected to justify decisions already made on other grounds or when such information is used for political purposes (see Diamantopoulos and Souchon, 1999; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry 2004; Philemon, 2010). The finding is also consistent with Assad (2001), Kurunmaki and co-authors (2003), Mkasiwa (2011) and Mzenzi (2012) as well as other theorists of legitimising behaviour in public sector decision-making. For example, using the case of Tanzania Mzenzi (2012) found that accounting practices in the LGAs operating in developing countries tended to stem out of manipulating legitimacy rather than out of instrumental input in the LGA’s process, especially when it comes to the issues pertaining to capital development grants.

In this study, findings show that both management and financial accounting information were used in budget preparation by administrators. The use of management accounting information by the administrators was highly instrumental; their use of financial accounting information was conceptual in nature and largely helped them to get a clear picture of the budget performance in the previous years. On the other hand, the findings show that councillors (political actors) used more management accounting information (from current budgets, management reports, internal auditor’s reports and previous budgets) than financial accounting information (from annual reports) for budget preparation in LGAs committee meetings. The finding is inconsistent with Askim (2007) who found that politicians (councillors) prefer to use performance information that is from annual reports rather than managerial reports. Such differences can be attributed to the fact that accounting information from annual reports tends to be technically presented, hence becoming unpalatable for the councillors who lack technical accounting skills.

9.2.2 Dimensions of the Use of Accounting Information in Budget Approval

According to the Tanzania Local Government budget guidelines, the LGA budgets are deliberated upon and approved by councillors in the Full Council meeting. The councillors are required to approve a budget by considering the communities’ needs and priorities. Findings from the IMC and KDC cases (see sections 6.2: 7.2: 8.1.2) reveal symbolic-legitimating use of accounting information in budget approval by councillor; such usage was characterised by official accounting documents, such as current budget which the council director, the management team and council committees have to prepare and co-ordinate. The respondents further argued that accounting information was used symbolically to confirm whether the priorities and needs of their specific wards and decisions already made in the council’s Standing Committees had been properly accommodated in the budget to be approved in the Full Council (see sections 6.2: 7.2: 8.1.2). Furthermore, it was revealed by the respondents in both cases (see sections 6.2: 7.2: 8.1.2) that the Full Council meeting largely formalised decisions already made in the council committee meetings especially by the Finance Committee.
These findings are consistent with Goddard (2005:209) who found that the Full Council meeting was held in public to discuss the final budget and was well-attended as well as reported by the mass media. The meeting was often a showcase because all the important decisions had already been made; nevertheless it still made a significant contribution to public accountability (Goddard, 2005:209). Furthermore, the findings from the IMC and KDC cases on the symbolic use of accounting in budget approval by councillors are also consistent with Kurunmaki and colleagues (2003) who found that accounting information had a legitimate function in budgeting for public hospitals and healthcare, particularly in making sense of the budgets after an event rather than using accounting information to plan activities.

Findings from IMC and KDC case further reveal that most of the information from the current budget was presented and used by councillors more than information from other sources. Thus, the councillors symbolically used more management accounting information than financial accounting information in budget approval. For the LGA councillors, management accounting information was easier to use (easy to understand) than financial accounting information which needs a lot of analysis and interpretation by the councillors or politicians, some of whom lacked such competence. The findings are consistent with Alijarde (2002) who found that the governing body of the council, the political party in government and the political party in opposition are groups of users that appear to under-value financial accounting information primarily due to the lack of fundamental training in accounting and little motivation for them to analyse the information.

9.2.3 Dimensions of the Use of Accounting Information in Budget Implementation

The results of the study from the IMC and KDC cases revealed that instrumental-conceptual use and symbolic use prevailed in budget execution. This means that both models of use of accounting information prevailed in the budget execution by both the administrators and the councillors. Findings from the cases also revealed that accounting information seemed to be used in taking concrete actions in budget execution for meeting budget objectives. For example, instrumental-decision relevant use of accounting information was depicted in the preparation, digestion and in making decisions on the task force strategy for revenue collection so as to meet estimations of the budgeted revenue from own sources through council’s Standing Committee meetings, especially the Finance Committee as part of budget execution. This implies the existence of instrumental-conceptual use [See in Chua (1988); Vyas and Souchon (2003); Kurunmaki and Co-writers (2003); Amara and Co-writers (2004) and Philemon (2010)]. These findings are consistent with Johnsen (2005) who found that the instrumental use was more prevalent than symbolic use in the strategic decision-making of municipal councils.

On the other hand, the findings from both the IMC and KDC cases reveal that accounting information from approved budget such as revenue estimations, was symbolically used to legitimatise budget implementation decisions, especially in the mobilisation of revenue from new/introduced own sources and mobilisation of revenue from intergovernmental transfers (see section 8.1.3). Indeed, decisions on the amount and type of own source revenue collection and collections from intergovernmental transfers were based on the CG political will rather than on information generated from approved budgets and plans (see section 8.1.3.3). Consequently, results from both cases indicate that most of the budgeted
revenue from new/introduced own sources as well as intergovernmental transfers were not collected or delayed because of the CG’s refusal to provide a permit for collection or untimely release of funds (see section 8.1.3). There are no empirical studies which have shown a relationship between dimensions of accounting information (from approved budget) use and the release of CDGs by the CG to LGAs.

On the other hand, the findings show that management accounting information, especially monthly and quarterly budget execution reports, were more commonly used than financial accounting information in budget execution stage by both councillors and administrators, due to its role in controlling and monitoring the council’s revenue and expenditures. Such findings are consistent with the argument by Otley et al (1995) to the effect that the major function of management accounting information from budgets, and other management reports is to support managerial decision-making on the future of organisations and in controlling the implementation of decisions made for the maximisation of financial benefits. Furthermore, these results are consistent with Goddard (2005) who found that annual financial reporting included audits, which were accepted as part of stewardship but lacked importance in budget decision-making as well as in the provision of services.

By considering the discussions made in sections 6.2.1, 6.2.2 and 6.2.3, the current study’s results indicate the existence of instrumental-conceptual and symbolic uses of accounting information in distinct phases of budget decision-making processes through the CMT, council’s standing committee and Full Council meetings. Results from the IMC and KDC cases of the LGAs in Tanzania further imply that instrumental-conceptual and symbolic use of accounting information complement each other in the budget decision-making processes, depending on the type or nature of council meeting as well as the type of decision tabled in relation to the extent the implementation of such a decision depends on external influences. The study data analyses (see sections 6.2: 7.2: 8.1) as well data discussion (see sections 6.2.1: 6.2.2: 6.2.3) demonstrate that instrumental-conceptual use of accounting information existed in the CMT and council committees on budget decisions, which are internally implemented with less or no support from the Central Government. On the other hand, symbolic use of accounting information was revealed to exist in the Full Council meeting as well as in the CMT and Council Committee meetings when the budget decisions in the LGAs of Tanzania depended on large support from the CG especially when those decisions were needed to secure financial supports. Results are consistent with Meyer (1984) and Assad (2001) who argued that instrumental-conceptual and symbolic modes of choice reinforce each other, and that organisational decisions are rarely made through exclusive use of either mode. Generally, the study’s findings and discussions show how accounting information is used in the budget decision-making processes in developing the country’s public sector, LGAs in Tanzania, using the cases of the IMC and KDC which hitherto had not been covered. The following diagram summarises the use of accounting information in budget decision-making processes.
Develop from case study findings and interpreted from information use literature.

9.3 Factors Influencing Dimensions of Accounting Information Use in the Budget Decision-making Processes

Factors influencing accounting information use in budget decision-making processes were identified at the IMC and KDC of Tanzania by prior-coded themes that included institutional pressures, individual actors’ values, internal organisational related factors and processing of accounting information related factors.

9.4.1 Institutional Pressure-Related Factors

Results from the study found several institutional pressure-related factors that were transferred by coercive, mimetic and normative mechanisms as explained by the NIS by DiMaggio and Powell (1983) and by the model of transaction. The initial model of the study presents five main factors from coercive, mimetic, normative and micro and macro institution of the model of transaction which influencing the use of accounting information in budget decision-making processes. The factors were generalized as micro and macro the institutions of the model of transaction; legal and technical requirements of the budget cycle; modelling behaviour of organisations relative to successful organisations; and professionalism. The case study findings revealed specific factors under the mentioned categories as follows;

1. Budget Guidelines and Regulation

The findings obtained from the IMC and KDC cases revealed that the budget guidelines and regulations issued by the Central Government (CG) to the LGAs constitute a coercive factor that influenced the use of accounting information in budget decision-making processes. The budget guidelines are issued in each year as the legal and technical requirements of the budget cycle of LGAs. The budget guidelines and regulations required the LGAs to prepare the budget by using accounting information as well as taking cognisance of the budget ceiling to come up with realistic estimations of revenue and expenditure. Such kind of influence was indicated to result into symbolic-legitimate use rather than instrumental-conceptual use of accounting information in the budget decision-
making processes because the budget ceilings for the LGAs were not realistic. On the other hand, the budget guidelines require the LGA’s internal audit unit to be independent and the accounting officers together with the council committee members to prepare and report the budget by adhering to the International Public Sector Accounting Standards (IPSAS)—accrual-based accounting in addition to using the Integrated Financial Management System (IFMS).

Furthermore, the budget guideline required the council’s accounting officers and budget committees to make sure realistic budgets were prepared within their responsibilities. This indicates that the influence of budget guidelines and regulations to enable instrumental-conceptual use of accounting information use in the budget decision-making encourages positive changes in the internal systems of organisational and actors’ behaviours. Previous studies have posited that decision-making, budget process; accounting issues are functions of the legal framework which are issued by the Central Government due to the excessive financial dependence of the LGAs on the CG (see in Winds et al, 2005; Chalu, 2007, 2010). Furthermore, the findings are in line with the NIS theorists DiMaggio and Powell (1983: 150) who contend that the existence of a common legal environment affects many aspects of an organisation’s behaviour and structure.

2. Assessment of minimum qualifications of Capital Development Grant (CDG)

The assessment of minimum qualifications for the CDG provision was seen to be an important coercive factor that directly and indirectly influenced accounting information use because the assessment demanded compliance with laws and regulations, which guide budget preparation and reporting. The assessment is also a legal and technical requirement within the budgeting cycle. This assessment of minimum conditions for the CDG was directly indicated to influence symbolic-legitimating use of accounting information in the budget decision-making processes because the LGAs tend to respond to the conditions, just not to lose the CDG and not necessarily to enhance internal organisational efficiency (see sections 6.4: 7.4: 8.3.1). For instance, the study findings indicate that actors in the LGAs tend to concoct minutes of phantom meetings with citizens, with full knowledge that they were never held, simply to meet the CDG condition of being accountable to the citizens. Such accountability condition carries 15 percent out 100 percent. The result is consistent with Mzenzi (2013) who found that CDG assessment conditions influence accounting information use to manipulate legitimacy rather than increase organisational efficiency in Tanzania. For example, LGAs actors tend to reduce budgeted estimates of revenue from own sources to meet the conditions of collecting revenue of not less than 80 percent in budget executions.

It was further revealed from both cases that if minimum conditions are realistic and easily enforceable to change the organisation’s process as well as the actors’ behaviour, then the assessment of CDG conditions can influence instrumental-conceptual use of accounting information as well as promote internal organisation efficiency among the LGAs. The findings get supported from coercive isomorphism by New Institutional theorists DiMaggio and Powell (1983:155) who posited that when organisations depend on the same sources of fund, the supplier of the funds can coerce the organisations to adopt its practices to accommodate its needs and interests, which are not necessary those for the co-opted
organisation, let alone those that may boost organisational efficiency. In consequence such manoeuvres end up promoting legitimacy and financial survival orientation.

3. **Realistic Budget Ceiling**

The budget ceiling was indicated as a factor influencing accounting information use in the budget decision-making processes by both administrators and councillors. Budget ceiling is also a legal and technical requirement of the budget cycle. It is issued at the earliest time of budget preparation. Budget ceiling limits the amount of estimated revenues and the expenditure of the LGAs, as well as the funds the CG transferred to the LGAs in a given budget year. Findings from KDC and IMC revealed issues of unrealistic budget ceilings that lead to symbolic-legitimating use of accounting information in the budget decision-making processes. For example, in the budgeting year of 2012, the LGAs were instructed to use the budget ceiling for 2011. Such ceilings did not reflect the accounting information produced. As such, if the LGAs failed to follow such ceilings, on whatever grounds, there was a possibility of losing the CDG from CG.

Therefore, the findings suggest that timely issuance of realistic budget ceilings influence instrumental-conceptual use of accounting information in budget preparation, as well as in budget execution aimed at determining and collecting revenue from new sources as well as reducing unnecessary expenditure. These results concur with the coercive isomorphism by NIS theorists DiMaggio and Powell (1983). Mzenzi (2013) also found that unrealistic budget ceilings later submitted to the LGAs as resulted in the interruption of feasible budget preparation.

4. **CAG audit query on financial management of the council**

External auditing is external legal and technical requirement of the LGA budget cycle. The external auditing to LGAs is done by CAG office in which their query was indicted to influence the use of accounting information in the budget decision-making processes. This factor was identified at KDC which had few own sources of revenue and had high financial dependence to CG. KDC managed to get clean audit report for five years consecutively and also got access to fund from CG. This means there is association between access to fund from CG and getting clean audit report after responding the CAG audit query. The CAG audit query as the factor supports the NIS theory as coercive pressure due to external legal and technical requirement of the LGA budget cycle. Previous studies such as Chalu (2007) recognise important of auditing process in LGAs operations however they were not identified audit query as factor influencing the use of accounting information in budget decision-making processes.

5. **Financial Stress**

Results revealed that the financial stress situation increased the use of accounting information in the budget decisions by administrative actors of the IMC. Luder (1992) in the model which contribute to government accounting innovation defined situational of financial stress or fiscal stress as the state of the financial problem in public organisations where comprehensive disclosure of the financial situation as well as financial management assume enhanced importance. Findings from the IMC indicated that the situational of financial stress was caused by unbudgeted expenditures of political and national events.
that the council had to shoulder (see also in Mzenzi, 2013). This forced the council to borrow to finance such unbudgeted expenditures, which also require the use of more accounting information to justify how the loan will be repaid. This implies the application of the NIE, which states that organisational transactions shape organisation’s and actors’ economic behaviour that can result into organisational efficiency (Scapens, 2006).

The instrumental-conceptual use of accounting information can be predicted in situations of financial stress for strategic budget decision-making as much as the borrowing decision. As posited by Proeller and co-workers (2010), public managers of financially-stressed organisations are afraid of being accused of bad management by their stakeholders. Therefore, situations of financial stress were identified as a factor by administrative actors of the IMC, which happen to be an urban-based LGA. This factor leads to instrumental-conceptual accounting information use probably because the urban-based LGA attracted more competency skills and knowledge for playing a technical and advisory role for councillors, who also tended to be better educated and more inquisitive than those at the disposal of the more rural-based KDC. The situation of financial stress for the LGAs may lead to symbolic non-use of accounting information in the budget decision-making processes, especially when public actors perceive technical analysis using information as additional, resource-intensive work that has less priority than solving budget problems (Proeller, Siegel, & Kroll, 2010). Non-use of information is caused by strategic weakness, time-constraints when it comes to processing information, personal vulnerability to unfavourable consequences, information quality and information overloaded (Vyas and Souchon, 2003).

6. **Pressure from donors**

Pressures from donors were posited by the New Institutional Theory as less explicit coercive pressures to the organisation, because they have an informal or indirect way of influencing [see DiMaggio and Powell (1983; 151)]. However, the study’s findings revealed that the donor pressures which are associated with normative pressure promoted professional behaviour. It was revealed, in the KDC case, that donors encourage the council to be transparent and share financial information between the actors in budget preparation and implementation in which professional behaviour is promoted among the actors. The existence of coercive donor pressure increases symbolic-legitimating use than instrumental use of accounting information in the budget decision-making processes. This is due to the fact that donor conditionality to access the fund is difficult to accomplish. These findings concur with Mzenzi (2013) who found that donor influence managed to reduce, to some extent, accounting subordination in the budgeting process in the LGAs in Tanzania. However, it was further found that some of conditions related to budgeting and accountings as well as auditing were incongruent with the existing LGAs’ environmental in Tanzania and ended up simply promoting symbolic-legitimating use of accounting information in the budget decision-making processes (Mzenzi, 2013). On the other hand, pressure from donors, associated with normative pressure, seemed to increase instrumental-conceptual use in budget decision-making processes. The pressure from donors as a factor was indicated by actors of the rural-based LGA (KDC) since such LGAs in Tanzania tend to be characterised by high financial dependence due to their rather limited own sources of revenue, lack of facilities and technologies, poor infrastructures, uneducated councillors and failure to attract well-qualified administrative staff.
7. **Pressure from citizens/voters**

Pressure from citizens/voters vying to obtain good services from their LGAs was indicated to be a factor influencing the use of accounting information in the budget decision-making processes. The factor seemed to promote professional behaviour directly to the councillors and indirectly to administrators of both the IMC and KDC cases. Councillors who are subjected to a vote in the democratic election process are more directly accountable to citizens than the administrators. Luder (1992) pointed out that an elected “monitoring agent” such as a councillor is directly subject to the competitive pressure associated with elections and thus has a greater incentive than an appointed (and in some cases tenured) public officials to improve the accounting and reporting system. Moreover, administrators are influenced by pressure of councillors through council’s standing and full council meetings.

Pressure from citizens was observed to influence symbolic-legitimating use of accounting information in the Full Council meetings (where citizens, the mass media and other stakeholders were allowed to attend without contributing to the deliberations). Although it is possible for a self-promoting use of accounting information by councillors to occur during such a gathering, the full council meetings were used primarily to showcase decisions that were already made in the Finance Committee meetings. The finding is consistency with Goddard (2005) who found that full council meeting are there to legitimating decision already made in other level of decision-making organ. On the other hand, the citizens’ pressure was indicated to influence instrumental-conceptual use of accounting information, in decisions regarding either introducing and collecting a new fees or charges as own sources of revenues for the LGAs. Generally, citizens viewed, rather negatively, any charges that either introduced new fees they should shoulder or increased existing ones, and could rebel by not re-electing the councillors. Therefore, accounting information was instrumentally used to identify sources of revenue that would not create conflict with citizens. Moynihan and Ingraham (2004) found a positive relationship between the direct use of performance information and strong citizen pressures in the public sector.

8. **Pressure from Accounting Professional Board (Professionalism)**

Pressure from the accounting professional board also supports normative isomorphism. The new institutional theorists, DiMaggio and Powell (1983:150), explain that, external actors may induce an organisation to conform by requiring it to perform a particular task and specifying the professional responsible for its performance. In this case, the National Board of Auditors and Accountants (NBAA) seem to create pressure for the LGAs actors, especially the accountants and auditors, as public officials, who ought to use accounting information in the budget decision. The NBAA issues directives to directors of the LGAs to abide by IPSAS-accrual-based accounting in the accounting operations, budgeting and reporting. It also sets the qualifications of auditors and accountants. Furthermore, the NBAA provides professional training to accountants and auditors of the LGAs. It also provides directives to the LGAs to recruit qualified accountants.

As suggested by New Institutional Theory, universities and professional training institutions are important centres for the development of organisational norms among professional managers and their staff (DiMaggio and Powell, 1983:152). Professional
orientation shapes the learning style through habits acquired in professional training and through immediate normative pressures involved in becoming a competent professional (Kolb, Boyatzis, & Mainemelis, 1999). The influence of professionalism was not only evident among the administrators, but also among the politicians (councillors) who arranged themselves informally in accordance with their professional background and experience in the council’s standing committees. For example, councillors exposed to accounting and financing in their lives before, were assigned to the Finance Committee. Such an arrangement was possible because urban-based LGAs tend to attract educated councillors who are also professionals in their own right. Professionalism was indicated to influence instrumental-conceptual use of accounting information because it involves a positive change of the actors’ behaviour in the budget decision-making processes. Results from the study are consistent with Moynihan and Ingraham (2004) as well as Moynihan and Pandey (2009) who hold that the professional board plays a significant role in performance information (in this case accounting information) use in the LGAs’ decision-making processes. Mzenzi (2013:162) substantiates the council’s actor’s belief that the country’s accounting regulatory board, the NBAA, is in a position to reduce the extent of accounting manipulation, and strengthen the accounting practices in Tanzania’s LGAs, something that has yet to materialise in earnest.

9. Financial-related Study Tours
Results from both the IMC and KDC cases revealed that study tours, to successful councils for the purpose of learning financial management aspects, helped to shape political actors (councillors) towards the use of accounting information. This implies that financial-related study is the way LGAs modelling themselves with the technique of relative to successful organisations. It was indicated by the IMC actors that many rural-based councils visited the IMC to learn how to raise revenue collections from own sources because the IMC was comparatively more successful in doing so. KDC councillors, on their part, visited the Arusha Municipal Council (AMC) to learn how land can be used as a source of own sources revenue. Study tours were indicated to increase exposure to the financial aspect, which in turn results into behaviour change towards instrumental-conceptual use of accounting information. However, the existing study tours by the LGA actors were indicated to be characterised by self-financial interest associated with travel allowances rather than the learning aspects. This orientation might result in symbolic-legitimating use of accounting information in budgeting decisions by prioritising trips, rather than meeting the basic needs and aspirations of the citizens. But the impact of modelling more successful councils when put to good use can yield positive dividends in the use of accounting information for the budget decision-making. These results also concur with the New Institutional Theory (mimetic isomorphic), which posits that when organisations are characterised by technology uncertainty, goal ambiguity and when the environment creates symbolic uncertainty, such organisations tend to model themselves on the lines of practices of successful organisations (DiMaggio and Powell, 1983). There is no previous study that has investigated a connection between the study tours and dimensions of accounting information use in the public sector, particularly with regard to the LGAs’ budget decision-making processes in Tanzania.
10. Employee Transfer
The LGA officials revealed that frequent employee transfers from one council to another influenced accounting information use in the budget decision-making processes. It was found that employee transfers may influence instrumental-conceptual use of accounting information in the budget decision-making processes, particularly if the transfers involve LGAs that have similar or advanced characteristics, for example, the transfer of an employee to LGAs with similar or higher level of budgeted revenue. The argument was that transferring an employee to a council with a lower budget line constituted a demotion and could undermine that employee’s capacity on which the government spent a lot of resources to develop. Furthermore, transfers should not be done frequently to allow actors to learn from each other (see sections 6.4: 7.4: 8.3.1). Employee transfer is also supported by the mimetic isomorphism of New Institutional Theory which posits that organisations can borrow practices of successful organisations by diffusing such practices unintentionally and indirectly through employee transfer or turnover (DiMaggio and Powell, 1983). Expatriate employees constitute a source of knowledge and expertise among organisations; their circulation among offices can also circulate knowledge and increase expertise among actors in the organisations (Kjerfve and McLean, 2012).

11. Practice of Public Private Partnership (PPP)
Results revealed that the practice of PPP which originated from the NPM practice was indicated to be one of the factors influencing accounting information by public officials in the LGAs’ budget decision-making. This also draws on the hypothesis from the new institutional theorist that states that the greater the extent to which the organisations in a field transact with agencies of the state, the greater the extent of isomorphism in the field as a whole (DiMaggio and Powell, 1983). The results further reveal that the practice of PPP influenced accounting information use by public officials in transacting with organisations from the private sector. Skull (2004) found that contracting out practices in government departments also increased the use of accounting information by public managers in the analysis aimed at determining the minimum bidder’s prices. This measure can also reduce loss-leading behaviour particularly when bidders deliberately put in unrealistically low-priced bids to win the tender (ibid.). Moreover, the PPP practice seems to shape administrative actors rather than the political actors towards instrumental use of accounting information in the budget decision-making processes. This orientation can be the outcome of the perception of the politicians/councillors that NPM practices such as the PPP or contracting out decisions are for managers or public officials (Goddard, 2005). Thus, negotiations and cost-benefit analysis are done by the public officials with the councillors just approving the PPP tenders symbolically (Goddard, 2005). The PPP influence is also supported by the NIE theory, which states that that the institutional mode of organisational transactions shapes the organisation’s and the actors’ economic behaviour that can result into organisation efficiency (Scapens, 2006).

In summary, the following diagram represents the modified external institutional pressure related factors which were identified from two LGAs in Tanzania, in the developing country context. The factors were interpreted by NIS and NIE branches of Institutional theory. The bold and italic factors are at first time identified while other factors are concurred with other studies such as Askim (2007); Proeller and co-workers (2010); Moynihan and Pandey (2010) Moynihan and Ingraham (2004).
Developed from Case study findings and interpreted by NIS and NIE theory

9.4.2 The Internal Organisational Related Factors

The results of this study revealed several factors associated with the internal organisational related factors influencing accounting information use in the budget decision-making processes. The factors are the availability of training programmes, culture of transparency, and enforcement of internal regulations, political competition, leadership commitment and decentralisation of accounting personnel. The factors identified in the study are described in the following sections.

1. Customised Training Programme

Training was considered to be an important factor in accounting information use in the budget decision-making processes by actors in both cases. Similar results have been obtained in several studies such as Luder (1992), Xu (2003), Chalu (2007, 2010), and Adhikari and Mellemvik (2011), which show that the availability of training enhances the knowledge of actors in the use of either information or system in the decision-making process. Moreover, results reveal that customised or training from within (provided by LGA themselves) influences instrumental-conceptual use of accounting information than training organised by external stakeholders, such as the Central Government Ministries and the NBAA. In-house training tends to be customised geared towards directly building the actors’ competency to solve problems associated with a specific organisation’s operations. The availability of customised training is a contingency factor supported by the contingency theory [see Luder (1992); Chalu (2007, 2010)] because such training is designed to fit into the organisational structure.

2. The Culture of Transparency

Through cross-case analysis, the study established that the culture of transparency in the LGAs can influence instrumental-conceptual use and reduce symbolic non-use of accounting information in the budget decision-making processes. Symbolic non-use of information in decision-making is caused by a lack of access to decision-relevant
information (Vyas and Souchon, 2003). Cross-case analysis revealed that the culture of transparency was interpreted as sharing of accounting information and accessing of accounting systems among councillors and administrative actors. But it was also found to constitute a challenge to administrators and councillors because access to accounting information and systems still remained limited. Therefore, these results predict that the absence of a culture of transparency among public sector actors leads to symbolic non-use of accounting information, whereas its existence leads to instrumental-conceptual use of accounting information in the budget decision-making processes. The cross-case analysis of the study also indicates that the culture of transparency was influenced by coercive, normative and mimetic pressure such as the issuance of budget guidelines and regulations to the LGAs and the need for professionalism among actors as determined by their professional bodies or even job descriptions.

The theoretical and empirical literatures reviewed posit that the culture of transparency is one of the contingency factors [see Luder (1992); Chalu (2007)]. Specifically, this can be related to the contingency model of innovation on the government accounting as posited by Luder (1992). Furthermore, the culture of transparency is between the value of the NPM model as NPM emphasises the culture of transparency in information sharing to enhance the use of accounting information in decision-making and for demonstrating accountability [see in Guthrie, Olson, & Humphrey 1999; Guthrie (2003); Galera and Boliva (2007); Broadbent and Guthrie, (2008); Moynihan and Pandey (2010)].

3. Enforcement of Internal Regulation
The availability and enforcement of updated financial rules, procedures, regulations and by-laws were underscored to influence instrumental-conceptual use of accounting information in the budget-decision-making processes in both cases. However, the availability of outdated regulations was still challenging the LGA actors and encouraged the symbolic use of accounting information in budget decision-making of the LGAs irrespective of the reforms made under the NPM practices. These results concur with Luder (1992) who proposed that the existence of rules, regulations, procedures and by-laws that govern the accounting system may be seen as barriers or limitations by actors if they remain unchanged under NPM accounting practices. The results are also supported by the institutional theory, which posit that social and regulative rules shape the organisation and actors to behave in a certain form enforced by legal sanctions, governing moral practice and culturally supported values. The results are similar to previous studies such as Chalu (2007) and Mzenzi (2013). Mzenzi (2013) asserts that the harmonisation of regulations of budgeting and accounting in the public sector, Tanzania’s LGA in this case, should be done to ensure the existing accounting practice under NPM concepts were enforced and carried out within the regulative framework.

4. Political Competition
Results from both cases revealed that political pressure, associated with the political composition of the ruling and opposition parties, influenced instrumental-conceptual use of accounting information in the budget decision-making processes by councillors. It was further established that the higher the balance between the ruling and opposition political actors (councillors), the higher the competition, which also encourages the high use of accounting information by councillors in the budget debate and decision-making. Askim
and Colleagues (2008) posit that the level of political competition is high when political blocks were equal in size. Moynihan and Ingraham (2004) proposed that the greater the degree of political competition in a state, the higher the expected use of performance information. Moreover, this study has established that, as long as political competition influenced accounting information use, the political co-operation was encouraged among councillors to stop administrative actors from taking advantage of political competition to divide council members in the decision-making process for their own benefits. Such behaviour of co-operation seemed to increase the symbolic-legitimating use of accounting information in the Full Council budget debate, because councillors of all political parties were required to concur with decisions, which were already made in council committee meetings. This finding is consistent with Chalu (2007, 2010) who found that the LGAs value co-operation more than competition, thereby reducing the need for the mixed composition of the councillors.

5. Leadership commitment

It was proposed by Moynihan and Ingraham (2004) that leadership matters in the use of performance information, in this case accounting information in LGAs. Findings from both cases indicate that the commitment of leaders such as the mayor or the chairperson and the council director as well as the heads of department and the chairperson of a respective council standing committee were found to be instrumental in influencing the accounting information use in the budget decision-making processes. Leaders have legitimate power to influence accessibility and availability, as well as the use of relevant and reliable accounting information by actors in budget decision-making processes as indicated in the budget guidelines and regulations. Other studies view leadership commitment as managerial support, which influences information or system use by actors or users in decision-making through the use of data or information, quality of information or system, and reduce resistance to change among the end-users and encourage the users’ participation in the design of systems (Golhar et al., 1996; Xu, 2003; Moynihan and Ingraham, 2004; Chalu, 2007; Dull, 2008; Moynihan and Pandey, 2010).

Furthermore, the results indicate that committed leaders encourage each actor, such as councillors, to participate in the budget debate and discussion in the council meetings. Such encouragement was done by making sure that information for discussion reached the councillors at the earliest time possible and by prompting the councillor to contribute by calling on them during the deliberations. This results in instrumental-conceptual use of accounting information because councillors contribute to the discussion by using accounting facts and figures and ensure that others do not see them as lacking intelligence. In this regard, a lot of analyses can be made before the decision is made in the council meeting. On the whole, the leadership commitment is the factor that influences accounting information, hence concurring with Contingency Theory.

6. Decentralisation of Accounting Personnel to Department Level

The New Public Management literatures propose that decentralisation of personnel management to the government’s lower level increases operational efficiency in the public sector’s organisation (Hood, 1995; Guthrie, Olson, & Humphrey 1999). Results from this study indicate that decentralisation of accounting personnel to the LGAs’ department increases the accounting information use in budget decision-making. Indeed, the
availability of an accountant at the department level speeds up the production, circulation and use of accounting information among actors in departments and council’s budget preparation. Decentralisation of accounting personnel to the LGAs’ departments as a factor inducing instrumental-conceptual use of accounting information in budget decision-making augurs well with the NPM concept and contingency theory. As a matter of fact, the decentralisation of accounting personnel in major LGAs’ departments is a factor. Contingency Theory posits that different organisational structure and designs can have different levels of impact on organisational performance (Beat and Paterson, 2002).

In summary, the following diagram represents the modified internal organisation’s institutional and contingency related factors which identified from two LGAs in Tanzania, in developing country context. The factors were interpreted by OIE branch of Institutional theory and Contingency theory. The bold and italic factors are at first time identified while other factors are concurred with other studies such as Askim (2007); Dull (2008); Moynihan and Pandey (2010) Moynihan and Ingraham (2004).

**Figure 11: Identified Internal Organisational Related Factors**

[Diagram showing the internal organisational related factors]

Developed from Case study findings and interpreted by OIE branch of Institutional theory and Contingency theory; and Contingency Model for Government Accounting Innovation.

### 9.4.3 Individual Actor’s Values/Characteristic-Related Factors

#### 1. General Education Level

Results from both cases revealed that the actors’ general education level, especially among the councillors, influenced accounting information use in budget decisions. Councillors, as political actors, were elected not appointed or recruited like administrators, but elected into office on the basis of their popularity. Thus the election of councillors is based more on their political capability than on their educational, let alone professional credentials. For instance, the legal framework, which governs elections in Tanzania, allows any citizen to contest for councillorship as long as he/she has a sound mind and can read and write.
Essentially, possession of primary or elementary education is deemed an adequate qualification.

Consequently, the presence of large numbers of either uneducated councillors or those with very limited formal education in council meeting increased the symbolic non-use or symbolic-legitimating use of accounting information in the budget decision-making process. Luder (1992) posited that there is a cost associated with information, analysis before decision-making whereby higher educational level reduces the costs of such analysis and evaluation. Such argument also supported by the decision-usefulness theorists who assert that users should have basic knowledge on accounting and economic activities of the organisation for accounting information to be useful in decision-making (Staubus, 1960; Shipper and Vincent 2003, Sutton, 2009). Thus, actors need to have the ability to understand and interpret accounting information for such information to be employed in instrumental-conceptual use in the budget decision-making processes.

These results are also similar to several studies such as Luder (1992), Moynihan and Ingraham (2004), Askim (2007), and Chalu (2007:2010). Politicians with higher education levels have more trust in formal and standardised information. Also municipal councils, made up of well-educated politicians, expect high use of information from one another (Askim, 2007). The political actors and administrators of both the IMC and KDC cases revealed that their knowledge was enhanced by participating training offered within and outside the organisation, including exposure obtained from workshops, financial-related study tours and employee transfers.

2. Working Experience and Accounting Experience
Results from both cases indicate that actors’ working experience and accounting experience influencing the accounting information use in budget decisions. Working experience and accounting influencing both instrumental-conceptual use and symbolic-legitimating use of accounting information to enhance budget efficiency as actors with high experience in accounting matters tend to believe in intuition which is well-informed (Vyas and Souchon, 2003). Individual experience also increases cognitive ability to use information they are presented with in the decision-making process (Strong and Portz, 2003). Thus, accounting knowledge acquired through experience affects the decision-makers’ ability to use accounting information presented in different formats during the decision-making process (Strong and Portz, 2003). Studies such as those by Askim and coworkers (2006), Askim (2007), Kennerley and Mason (2008) and Moynihan and Pandey (2009) indicate that an individual actor’s experience has a role to play in boosting the use of information in the decision-making by actors.

3. The Culture of Reading
Results from the study indicate that individual culture or internal motivation to read influence instrumental-conceptual use of accounting information in the budget decision-making processes. As most of accounting information used in budget decisions is provided ahead of the council meeting, the onus is on the actors—administrative and political—to read, interpret and analyse the information before the decision day. The results may indicate the role of the individual actors’ initiative (self-esteem/motivation) to ensure that they read information for decision-making. According to Vyas and Souchon (2003), self-
promoting use of information, which may be associated with the actors’ culture of leading, can increase organisational performance, particularly if an organisation is committed to implementing decisions. Moreover, the findings show that normative and coercive pressure from the citizens and professional bodies help to cultivate a culture of reading accounting information among the actors for application in the decision-making process. Such a culture can help boost the use of accounting information in the budget decision-making processes.

4. General Knowledge of Information and Communication Technology (ICT)
Knowledge of Information and Communication Technology (ICT) was indicated to be a factor that influences instrumental-conceptual accounting information use in budget decision-making among actors in the LGAs. Results indicate that most councillors do not understand how to use computer technology to retrieve information available online. This challenge was not only faced by councillors, but also administrators. As accounting information can be produced and distributed by using ICT, actors need to know how to use such information technology. Devis (1989), Jeong and Lambert (2001), and Philemon (2010) argue that information can be used more if potential information users perceive the system producing and providing that information to be accessible, easy to apply, and requiring little effort.

5. Knowledge of Government Accounting and Budgeting Systems
More than a general knowledge of ICT, administrative actors were required to possess specific ICT Knowledge of government accounting and budgeting systems. This was indicated as a challenge for most of the administrators who did not know how to use government accounting systems—EPICOR for accounting and PlanRep for budgeting. This pattern results into lower instrumental-conceptual use and high symbolic non-use or haphazard use of accounting information in budget preparation and implementation as an integral part of the administrator’s responsibilities for fact cost (time) of analysing and interpreting information which becomes high when actors lack such knowledge.

Results are similar to those of other studies on Accounting Information Systems (AIS) such as Xu (2003) and Chalu (2007/2010) which show that knowledge of the AIS among users is necessary in the use of accounting information in budget decision-making. On the other hand, results reveal that the knowledge of ICT including government information systems can be enhanced by exposing actors to internal or external training. Moreover, experts or system administrators, who can handle ICT end-user problems, ought to employed by the council on permanent terms. The study results also reveal that knowledge of government accounting has a significant impact on instrumental-conceptual use of accounting information in the budget decision-making processes. Knowledge of government accounting, for example, increases the understandability and interpretation of accounting information for decision-making as posited under the decision-usefulness concept (Staubus, 1960; Bruns, 1968; Williams, 1987; Jones, 1992; Coy, Fischer, & Gordon, 2001; Shipper and Vincent, 2003; Sutton, 2009).

6. Job Position
Results indicate that an actor’s job position also influences the accounting information use in the budget decision in LGAs. The use of accounting information among the accountant,
planning officers or economists in the LGAs is associated with the nature of their jobs. Furthermore, it was observed that accounting information was used more by the councils in the Finance Standing Committee meetings than in the Social and Planning Committee meetings. The findings are similar with those of Askim (2007), who posits that each type of task or responsibility of actors can be associated with a certain level or type of performance information utilisation. Askim (2007) also found a high level of performance information use across decision-making stages by councillors engaged in administrative affairs than those in planning and commence affairs as suggested by the current findings. The influence of job position on instrumental-conceptual use of accounting information is enhanced through the issuance of budget guideline and regulations as well as professional influence.

In summary, the following the diagram represents the modified individual actors’ characteristics related factors which identified from two LGAs in Tanzania, in developing country context. The factors were interpreted by Decision usefulness concept and the Contingency Model for Government Accounting Innovation. The bold and italic factors are at first time identified while other factors are concurred with other studies such as Askim (2007) and Moynihan and Pandey (2010).

**Figure 12: Identified Individual Actor's Characteristics Related Factors**

![Diagram](image)

Developed from Case study findings and interpreted by Decision usefulness Concept and Contingency Model for Government Accounting Innovation.
9.4.4 Processing of Accounting Information-Related Factors

1. The Compatibility of Accounting with Budget Systems

Findings in the IMC case reveal that the compatibility of accounting with the budget information system influenced instrumental-conceptual use of accounting information in the budget decision-making processes. According to interviewees, compatibility of information meant easy transferring and sharing of information between the accounting and budget systems. Furthermore, the compatibility of the system was associated with the quality of accounting information transferred and shared between the systems. Thus, it was a challenge to administrators, especially accountants and economists, because Epicor and PlanRep systems are not 100 percent compatible. As a consequence, inaccurate and incomplete information was shared and transferred between the systems in the preparation of integrated budgeting and accounting reports. Such incompatibility problems seemed to contribute to symbolic-distortion of accounting information use in budget decision-making. As a result, accounting information from PlanRep and Epicor were not used properly in the budget decision-making processes. Studies on Accounting Information Systems (Chenhall and Moris, 1986; Davis, 1989; Xu, 2003; Chalu, 2007, 2010) describe user satisfaction and, thus, user perception on accessibility, ease of use and availability of information from the system to be important in enhancing the quality of accounting information. These studies, however, did not consider the sharing and transferring of information between the accounting information systems used by the organisation.

2. Availability of Computerised Accounting and Budget Systems

Results from the KDC case indicate that a lack of computerised accounting and budget systems reduced the use of accounting information in budget decision-making. The computerised system was perceived to be useful in producing quality accounting information for users or actors to apply in the budget decision-making processes. Findings from KDC, a rural-based LGA, indicate that the manual accounting systems in use were dogged by human error, incompleteness, inaccuracy and slow processing. Moreover, the findings indicate that the availability of computerised accounting system increases the issues of trust among actors on using accounting information in the LGA budget decision-making processes. Such trust by actors on information and its systems increases instrumental-conceptual use rather than symbolic use of accounting information in the budget decision-making processes. Instrumental-conceptual use of information is increased when actors trust the information at their disposal and its sources, which can lead to quality decisions (Vyas and Souchon, 2003). The New Public Management (NPM) directs LGAs to adopt and implement reforms which may increase efficiency in their operations (Hood, 1995; Guthrie, Olson, & Humphrey 1999).

One of the ongoing reform programmes in Tanzania’s LGAs involved the adoption and implementation of computerised accounting and budgeting systems such as Epicor and PlanRep, respectively. However, the study results also found that such reform programmes have been characterised by lack of computer technology infrastructures, expertise, and knowledge of using the systems amongst the intended users, and electricity in some of the LGAs, especially rural-based ones. The LGAs are struggling to have computerised accounting and budgeting systems which can work properly. Eventually, the availability of
computerised accounting and budget system, as a factor, influences accounting information in budget decision-making in compliance with the NPM model which emphasises efficiency in the public sector operations. These results are similar with those of Peterson, Kinyek, Malta and Ndungu (1996), Xu (2003), Chalu (2007, 2010) who found that computerised accounting system improved the processing of accounting data through the establishment of the review process, improved data integrity, improved data retrieval and quality of accounting data. Xu (2003) argues that having quality information output entailed having a suitable and adequate accounting information system. The computerised accounting information systems are deemed to produce timely, complete and accurate accounting information (Xu, 2003; Chalu, 2007, 2010).

3. Adopting and Implementing Accrual-based Accounting System

Findings from both the IMC and KDC cases indicate that the accrual-based accounting is an accounting technique which helps to improve the quality of accounting information that can be used in the budget decision-making processes. The potential result from such information is instrumental-conceptual use of accounting information. Accrual-based accounting refers to accounting techniques adapted by the public sector from the private sector under the NPM model, emphasised by several studies (see for example, Groot and Budding, 2008; Newberry and Pallot, 2004; Caccia and Steccolini, 2006; Barton, 2009, 2011; Monsen, 2006; Christensen, 2009; Adhikari and Mellemvik, 2011; Sarker, 2006). In Tanzania’s LGAs, the accrual-based accounting system has been adapted but has been dogged by poor implementation.

In consequence, cash-based accounting was still found to be in force in both cases. These results reveal that the implementation of accrual-based accounting is characterised by several challenges, such as a lack of computerised systems in some of the LGAs. LGAs with computerised systems, on the other hand, had to contend with the noncompliant nature of the computerised systems such as EPICOR and PlanRep with IPSAS-accrual-based accounting, lack of knowledge among the intended users, and poor central government support because the CG still uses cash-based accounting. These limitations were found to be behind the symbolic-legitimating use of accrual-based accounting information. Another factor behind such limit-legitimating use of accrual-based accounting information was found to be for financial survival purposes. The adoption and implementation of accrual-based accounting by the LGAs were coerced by the criteria for assessing the minimum qualification for CDG, CAG query as well as the budget guidelines issued by the CG rather than by internal pressure. Such findings are consistent with studies done in developing countries such as Nepal and Bangladesh (see Adhikari and Mellemvik, 2011; Sarker, 2006: Mzenzi, 2013).

4. Independent Internal Audit Unit

The existence of an independent internal audit unit was perceived positively. It was said to encourage instrumental-conceptual use of accounting information by councillors. The independent internal audit increases the reliability of accounting information for budget decision-making. Strengthening of the internal audit unit is necessary to enhance the quality of accounting information presented to councillors for the council committee meetings which at large do not wait for external auditing. The more the internal audit unit is autonomous from the council’s administrative team, the higher the use of accounting information by political actors because of the trust that such an independent internal audit
unit generates. This can also result in symbolic-social use in which the provider of information provides accounting information with relevant quality for budget decision-making because they are happy of being trusted by the users (Vyas and Souchon, 2003). The use of quality accounting information in budget decision-making processes improves budget efficiency.

The function of the independent internal audit unit is one of the aspects emphasised under the NPM model. The NPM implores the country’s public sector to implement these aspects in a bid to realise efficient operations able to curb human errors and frauds. Furthermore, the results indicate that the availability of independent internal audit in the LGAs was observed to be influenced by the criteria requiring the assessment for minimum qualifications for Capital Development Grant (CDG). In this regard, this constitutes coercive pressure imposed by the CG on the LGAs. On the other hand, the LGAs’ internal audit unit remained weakness in terms of capacity gap as they operated with skeletal staff allocated to the unit. Moreover, appended as they were to the council director’s office, they still lacked the autonomy that would make them more effective. Results are similar to several studies such as Askim (2007), Moyhinan and Ingraham (2004), and Chalu (2007:2010), which established that the existence of a strong internal audit unit in the LGAs greatly enhanced the credibility of the computerised information systems, which in turn encouraged greater use of information.

5. **Proper Presentation of Accounting Report**

Results from the study indicate that proper presentation of the accounting information, for example in suitable and accessible format, also influences the use of accounting information in the budget decision-making processes. Specifically, the language used to present the accounting information as well as the format (arrangement or layout of documents that contains information) were found to influence instrumental-conceptual use of accounting information in the budget decision-making processes. These results are similar to those of Strong and Ports (2003) who found that accounting knowledge and information presentation format have an impact on the decision-making performance. According to Strong and Portz (2003), individuals with high accounting knowledge tend to perform well when it comes to using graphs and tables in decision-making task. Conversely, individuals with low-accounting knowledge also do realise benefits from graphical information presentation and perform significantly better when the information is presented using graphs. Norton (2004) recommends that accounting reports should provide information that can be used by all non-professionals as well as professionals, who are willing to learn to use the information properly. Results can be explained by the Cognitive Fit Theory, which suggests that the performance of a decision-maker depends on both how the information is presented to the decision-maker and the task at hand (Strong and Portz, 2003).

6. **Early submission of Report to Decision-makers Process**

Results from the study indicate that the accounting report ought to be submitted to decision-makers or actors at the earliest time possible before the council’s meeting day. Normally, the accounting reports ought to be read and used in the decision-making process in the forthcoming meeting, hence the need to circulate them at least seven (7) days in
advance. However, the reality on the ground was different since fewer days applied as the reports were prepared under pressure to meet deadlines. Consequently, actors ended up with only a short time during which to interpret, digest and analyse information. This limits the extent to which the information is put to use of information in budget discussion and decisions. As the decision-usefulness concept suggests, accounting information should be understandable to the users and be relevant to the decision-making process (Staubus, 1960; Shipper and Vincent, 2003; Sutton, 2009). Relevance, as a primary quality of accounting information, is capable of making a difference in the decisions the users are expected to make (Badloe, 2011). Therefore, actors’ failure to use accounting information because of lack of enough time to digest the information at their disposal and limited understanding reduce the relevance and helpfulness of the information to the budget decision-making processes. Consequently, it becomes hard to distinguish whether or not accounting information was given to them and applied in the decision-making. Information that lacks relevance to the information users tends to lead to symbolic non-use of such information in decision-making (Vyas and Souchon, 2003). Therefore, early dissemination of the accounting information report to the decision-makers or actors is an important factor in line with the decision-usefulness concepts to ensure that instrumental-conceptual use of accounting information in the budget decision-making processes results. There are no previous studies linking early submission of the report to decision-makers or actors and the dimensions of accounting information in the budget decision-making processes.

7. The Availability of qualified or professional accountants

Results indicate that the availability of qualified or professional accountants facilitate instrumental-conceptual use of accounting information in the budget decision-making processes. Findings from the IMC and KDC cases are consistent with several studies (Xu, 2003; Chalu, 2007:2010; Yamamoto, 1999; Christensen, 2009; Adhikari and Mellemvik, 2011; Sarker, 2006) which argue that the availability of qualified or professional accountants contributes to high production of quality accounting information that is useful in decision-making. Some scholars have proposed the availability of accountants as a stakeholder factor because possession of the right qualifications, education and experience give employee power and urgency of meeting their demands such as motivation and rewards (Xu, 2003; Chalu, 2007:2010). Xu (2003) argues that personnel competency highly influences the quality of accounting information which can result into high use of accounting information. According to the study findings, the availability of qualified or professional accountants is stimulated by normative professional pressures through directives, recruitment qualifications, training and education programmes provided by the accounting professional board. In this regard, new institutional theorists DiMaggio and Powell (1983:152) propose:

Two aspects of professionalisation are important sources of isomorphism. One is the resting of formal education and of legitimating in a cognitive base produced by university specialists; the second is the growth and elaboration of professional networks that span organisations and across which new models diffuse rapidly. Universities and professional training institutions are important centres for the development of organisational norms among professional managers and their staff.

In summary, the following the diagram represents the modified the processing of accounting information related factors which identified from two LGAs in Tanzania, in
developing country context. The factors were interpreted by Decision usefulness concept; Contingency theory and the Contingency Model for Government Accounting Innovation. The bold and italic factors are at first time identified while other factors are concurred with other studies such as Askim (2007) and Moynihan and Pandey (2004).

Figure 13: Identified Processing of Accounting Information Related Factors

![Figure 13]

Developed from Case study findings and interpreted by Contingency theory and Contingency Model for Government Accounting Innovation.

9.4 The Influence of the Use of Accounting Information in Internal Budget Efficiency and External Financial Legitimacy

The findings indicate that symbolic-legitimating use of accounting information in budget preparation increased budget inefficiency by producing an unrealistic budget in both the IMC and the KDC cases. Moreover, the findings reveal that symbolically approved unrealistic budget resulted in the symbolic use of information from such budgets which are liable to inefficiency in the budget execution stage. Indeed, the IMC and KDC were reported to be inefficient in utilising funds and inefficient in allocating resources due to hitches inherent in such budgetary practices. Consequently, the budgeted development projects remained unfinished in the budget execution by LGAs. This may indicate budget inefficiency in the LGAs. Therefore, findings posit a negative relationship between symbolic-legitimating use of accounting information and budget efficiency in the LGAs. The findings concur with several studies that found that the symbolic use of information led to poor organisational performance (see Diamantopoulos and Souchon, 1999; Assad, 2001; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004; Philemon, 2010; Mkasiwa, 2011; Mzenzi, 2012).
On the other hand, the symbolic legitimacy use of accounting information increases external financial legitimacy by demonstrating positive signs in the assessment of unrealistic CDG conditions which differ from the actual use of accounting information in the budget decision-making processes, thus a loose coupling strategy is revealed (Kurunmaki, Melia, & Lapsley, 2003; Mkasiwa, 2011; Mzenzi, 2013). In this regard, the study proposes that the symbolic legitimating use of accounting information is positively related with the promise of external financial legitimacy and negatively related with the actual financial legitimacy. This is because the release of the CDG to the LGAs also depends on the submission of and performance indicated in the quarterly implementation reports. The quarterly implementation reports are symbolically legitimised by the Full Council meetings.

Instrumental-conceptual use of accounting information was found to be slightly applied in budget preparation of both cases but largely in the budget execution stage of the IMC, particularly when setting strategy aimed at boosting revenue collection from own sources. The findings indicate that accounting information was instrumentally used as relevant information in making decisions on either continuing with the strategy of the task force for the purpose of boosting revenue collection from own sources, or not doing so. Furthermore, the findings indicate that instrumental-conceptual use of accounting information increases budget efficiency by increasing the level of revenue collected from own sources at the IMC by 27 percent in budgeted year of 2012. It was different for the KDC where revenue collection from own sources actually decreased by 3 percent. However, instrumental-conceptual use of accounting information at the KDC was not substantially revealed in setting strategy of boosting revenue collection from own sources. Therefore, the findings posit a positive relationship between instrumental-conceptual use of accounting information and budget efficiency.

The findings are constituent with previous studies which found that instrumental conceptual use is positively related with organisational performance (see Diamantopoulos and Souchon, 1999; Assad, 2001; Kurunmaki, Melia, & Lapsley, 2003; Amara, Ouimet, & Landry, 2004; Philemon, 2010). Furthermore, the findings reveal a positive relationship between instrumental-conceptual and external financial legitimacy for the LGAs. The cross-case analysis also reveals that the LGAs try to boost revenue collections from own sources to fulfil conditions, which qualify them for receiving the CDG from the CG. Generally, LGAs in Tanzania are required to collect not less than 80 percent of the revenue from own sources to qualify for next budget’s CDG. This means instrumental-conceptual use of accounting information is geared towards not only increasing budget efficiency but also gaining external financial legitimacy by the LGA actors.

The results from the cross-case analysis (see sections 8.4 and 8.5) establish the relationship between external financial legitimacy and organisational budget efficiency in LGAs as the two influence each other. This means that they are interdependent. In fact, the high positive or negative differences between the promised and the actual external financial legitimacy acquired leads to high budget inefficiency or efficiency in the LGAs (see section 8.5). Also, the high actual financial legitimacy acquired can indicate high budget efficiency on condition that the instrumental-conceptual use is more apparent than the symbolic legitimating use of accounting information. This means that there is a coupling of actual
use of accounting information and the use of accounting information designed to impress upon development partners or funders such as the CG and donors. There is no study conducted in developing countries showing the relationship acquired between organisational budget efficiency and external financial legitimacy. Nevertheless, the study findings concurred with the NIS later formulation by Collier (2001), Mkasiwa (2011) and Mzenzi (2013) which argues that legitimacy and efficiency should be treated as intertwined aspects in the survival of organisations.

The study findings also revealed the measurement of budget efficiency in LGAs in which the minimisation of the cost in maximisation of collection of revenue from own sources was revealed. Hogye (2002) who argued that cost minimisation is main concern in measuring efficiency in public sector budget processes. The findings concur with Hogye (2002); Chukwuemeka & Ugochukwu (2010); Common Wealth (2011).

9.5 Conclusion on the Research Objectives

The section presents conclusions on the findings in accordance with the research objectives obtained from the explorative case study of LGAs in Tanzania. To attain the main objective, the study had the following three specific objectives:

9.5.1 Objective 1: To Investigate How Political and Administrative Actors within LGAs Use Accounting Information in the Budget Decision-Making Processes.

The first objective was to investigate how LGA political and administrative actors in Tanzania use accounting information in the budget decision-making processes. The study achieved this objective by exploring the dimensions of accounting information use in the three budget decision-making processes in twin cases of IMC and KDC of Tanzania’s LGAs. The study explored instrumental-conceptual and symbolic use of accounting information in budget preparation, budget approval and budget execution or implementation in Tanzania LGAs as public sector organisations.

Through cross-case analysis (sections 8.1.1-8.1.1.3), symbolic-legitimating use of accounting information was found to be applied in budget decisions. These were dependent on external financial support and limited by the funders—either the CG or donors—who set conditions to be followed in the budget preparation and budget execution by administrators and counsellors through the CMT and Council’s committee meeting, respectively. Furthermore, symbolic-legitimating use of accounting information by councillors was also revealed in the Full Council meeting of budget approval as well as budget implementation/executions irrespective of the type of decisions. Thus Full Council meetings were used for legitimatising budget decisions already made in the Finance Committee meetings.

The cross-case analysis (sections 8.1.1-8.1.1.3) revealed slight instrumental-conceptual use of accounting information in budget preparation but high use in budget execution specific to budget decisions related to revenue from own sources in Tanzania’s LGAs. Therefore, it was concluded that instrumental-conceptual and symbolical uses of accounting information complement in an interactive way by operating sequentially within and all along different levels of the budget decision-making processes depending on the nature of council meetings and the nature of decisions the financial reports support.
9.5.2 Objective 2: To identify and describe factors influencing the use of accounting information by political and administrative actors in the LGAs’ budget decision-making processes.

The third objective of the study was to identify and describe factors, which influence dimensions of accounting information use among political and administrative actors in LGA’s budgeting decision-making process. Four categories of factors were identified as influencing accounting information use in the budget decision-making processes of political and administrative actors. From the within-the-case and the cross-case analyses (sections 8.1.1-8.1.1.3), the first category involved factors associated with institutional pressures constructed from formal and informal ways, which influencing the use of accounting information in the budget decision-making processes.

Six coercive pressures-related factors were revealed in both the IMC and KDC cases of Tanzania’s LGAs, including issues of budget guidelines and regulations, assessment of minimum qualifications for the Capital Development Grant (CDG), CAG audit query on the financial management of the council, issues of budget ceiling, situation of financial stress, pressure from donors, pressure from citizens/voters. Coercive institutional pressure-related factors were found to play a symbolic role generating financial legitimacy rather than playing an instrumental role in the use accounting information in the budget decision-making processes in Tanzania’s LGAs, especially when the pressure does not change the internal organisation’s and actors’ behaviour towards internal efficiency. For example, the influence of the assessment of minimum qualifications for CDGs engendered symbolic-legitimating use due to unrealistic conditions that created loopholes for inefficiency. This means, it is becoming barriers to the LGA to achieve internal budget efficiency. Consequently, modified model (Figure 14) indicates indirect influence of coercive pressure-related factors on instrumental-conceptual use of accounting information that leads to internal budget efficiency. Such influence is subject to realistic budget guidelines, realistic budget ceilings as well as realistic minimum conditions for CDG qualifications, which can positively change the internal organisational related factors, individual actors’ characteristics as well as the processing of information related factors. Therefore, the influence of coercive is necessary to stimulate internal pressure to enforce accounting information use for internal organisation’s budget efficiency and external financial legitimacy.

Cross-case analysis revealed pressure from citizens, Donor, the NBAA as the professional accounting regulatory body in Tanzania, as normative pressure-related factors. There were also several mimetic pressure-related factors, which included the existence of financial-related study tours, employee transfers, and Public Private Partnership (PPP) practice. Normative and mimetic pressure-related factors were manifestations of the instrumental role rather than the symbolic role in the use accounting information in the budget decision-making processes, especially when it came to changing an organisation’s and actors’ behaviours towards organisational efficiency. However, cross-case analysis indicated that normative and mimetic related-factors were not attracting as much attention from the LGAs and the actors compared to the coercive pressures. Therefore, modified model (Figure 14) shows the normative and mimetic pressures related factors that influence the use of accounting information in the budget decision-making processes.

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The internal organisational related factors were also identified as factors influencing accounting information in the budget decision-making processes in Tanzania’s LGAs as public sector organisations. Cross-case analysis (see section 8.3.2) revealed seven factors, which have also been presented in the modified model of the determinants of accounting information use in the budget decision-making processes (see Figure 14). The factors include the availability of customised training programmes, the culture of transparency, and the enforcement of internal regulations, political competition and co-operation, leadership commitment and decentralisation of accounting personnel to the department level and regular meetings of the council’s finance committee. Through cross-case analysis (section 8.3.2), the internal organisational related factors were found to influence positively instrumental-conceptual use of accounting information towards internal organisational budget efficiency and external financial legitimacy.

Cross-case analysis (section 8.3.3) of the IMC and KDC cases of Tanzania’s LGAs as part of public sector organisations revealed seven individual actors’ values or characteristics that influence accounting information use in the budget decision-making processes. As the accounting information use was addressed to individual actors, some bonded characteristics of the actors themselves were considered to be factors that influence accounting information use. Such factors included general level of education, working experience, the culture of reading, general knowledge of ICT and knowledge of the government-sanctioned accounting systems, knowledge of government accounting and job position. The factors presented in the modified model (see Figure 14) have a positive influence on instrumental-conceptual use of accounting information towards internal organisational budget efficiency and external financial legitimacy.

Also, the cross-case analysis revealed seven factors, which are related to the processing of accounting information in the IMC and KDC cases of Tanzania’s LGAs, as part of public sector organisations. The factors include the compatibility of the accounting with budgeting information systems in use, the availability of computerised accounting and budgetary systems, presentation of accounting reports, early/timely submission of the financial and accounting reports to the decision-makers, independent internal audit unit, the adoption of accrual-based accounting system, and the availability of qualified accountants (see Figure 13 and Figure 14).

It is, therefore concluded that there are several factors influencing accounting information use in the budget decision-making processes of the IMC and KDC cases in Tanzania’s LGAs as part of public sector organisations of developing countries. These factors directly and indirectly determine instrumental-conceptual and symbolical-legitimating use of accounting information, respectively, in the budget decision-making processes for internal organisation’s budget efficiency and external financial legitimacy as indicated in the modified model (Figure 14).

9.5.3 Objective 3: To explore how the use of accounting information influencing organisation’s budget efficiency as well as external financial legitimacy in LGAs

The second objective of the study was to explore the relationship between the use of accounting information in the budget decision-making-processes, on the one hand, and internal budget efficiency and external financial legitimacy as intertwined aspects for the survival of LGAs, on the other. Cross-case analysis of Tanzania’s LGAs (KDC and IMC in
This case) revealed that symbolically-legitimating use of accounting information in budget preparation increased budget inefficiency by producing an unrealistic budget in both the IMC and KDC cases. However, such accounting information use also demonstrates external financial legitimacy to the funding providers. Moreover, the findings revealed that the symbolic approval of the budget resulted in the symbolic use of information from such budget in which inefficiency was bounded to the budget execution stage. It was revealed that budget execution of LGAs was characterised by inefficiency in utilising funds from external sources and inefficiency in allocating financial resources from external sources to lower-level LGAs, and inefficiency in implementing development projects financed by external sources. Generally, such an operational environment has fostered inefficiency in the operations of LGAs in Tanzania. On the other hand, cross-case analysis revealed a positive influence of symbolic-legitimating use of accounting information on external financial legitimacy. Thus both LGAs, the IMC and KDC, symbolically use accounting information to meet conditions that increase their acceptance to make them eligible to get funding from the CG and donors, the existence of financial external legitimacy. Therefore, findings from the cross-case analysis (sections 8.1.1-8.1.1.3) posit a negative relationship between symbolic-legitimating use of accounting information and budget efficiency but a positive relationship between such information use and external financial legitimacy in Tanzania LGAs.

Cross-case analysis (sections 8.1.1-8.1.1.3) revealed slight instrumental-conceptual use of accounting information in budget preparation, but more so in the budget execution stage of IMC, particularly in estimating revenue and setting strategy to boost revenue collection from own sources. Furthermore, cross-case analysis revealed that both LGAs try to boost revenue collections from own sources to fulfil conditions, which qualify them for CDGs from the CG. LGAs in Tanzania are required to collect not less than 80 percent of revenue from own sources to qualify for next budget CDG. This means accounting information was also crucial for instrumental-conceptual use not only to enhance the budget efficiency but also to gain external financial legitimacy by the LGAs’ actors. In this regard, the results of the study posit a positive relationship between instrumental-conceptual use of accounting information in the budget decision-making processes and internal LGA budget efficiency as well as external financial legitimacy. Therefore, internal budget efficiency and external financial legitimacy can be achieved by Tanzania LGAs (IMC and KDC as cases) through instrumental-conceptual use of accounting information in budget preparation and implementation. This can be done in the CMT and Council’s committee meetings, in which technical analysis and deep discussion are done rather than in Full Council meetings, which are held primarily for the legitimating budget decisions based on symbolic grounds and hence to consider aspects of budget efficiency.

However, the establishment of relationships between the external financial legitimacy acquired and the organisation’s budget efficiency was not one of the objectives of this study. Nevertheless, results from cross-case analysis (sections 8.4 and 8.5) revealed the relationship between external financial legitimacy and organisational budget efficiency in the LGAs under study since the two were found to influence each other. The high positive or negative differences between the promised and actual external financial legitimacy acquired can lead to either high current budget inefficiency or efficiency in LGAs (see section 8.5). Thus, the high actual financial legitimacy acquired can also indicate high budget efficiency on condition that instrumental-conceptual use of information triumphs.
over symbolic legitimatising use of accounting information. Therefore, the external financial legitimacy should be the result of the internal budget efficiency which prevails due instrumental use rather than symbolic use and decoupling of accounting information in budget decision-making processes. This is because the findings of this study indicated that the legitimacy and efficiency are not only integrated but also interdependent aspects in budget decision-making processes. It is also concluded that, cost minimisation in maximising revenue collection from own sources is important measurement of efficiency in LGAs.

9.6 Comparison between the Initial and the Modified Model

The initial model for determinants of accounting information use in public sector budget decision-making processes was developed from the theoretical and empirical review. The proposed model provides the framework which contains constructs that describe the factors that influence accounting information use. The modified model (see Figure 14) was based on the initial model (Figure 8) and the findings from the explorative case study which were aimed at investigating the factors influencing accounting information use by political and administrative actors in the public sector budget decision-making processes using the cases of Tanzania LGAs.

Basically, the relationship between the initial and modified model has been maintained. Whereas the initial model has only 7 constructs the modified model has 8 constructs, excluding moderate variables. In the modified model, the use of accounting information is divided into two constructs which are the instrumental use and symbolic use of accounting information. The modified model (Figure 14) shows moderate variables in the relationship between independent and dependent variables, which is not reflected in the initial model (Figure 8). In the initial model, the theoretical and previous empirical reviews were not clearly indicated as moderate variable (see Figure 8). The modified model also shows how accounting information was used in the different levels of the LGAs’ budget decision-making processes. The modified model presents the following modified hypotheses:

1. Dimensions of determinants of the use of accounting information which include institutional pressure, internal organisational, individual actors’ characteristics, and processing of accounting information related factors are positive related with dimensions instrumental-conceptual use of accounting information in the budget decision making processes.

2. Dimensions of the determinants of the use of accounting information which include institutional pressure, internal organisational, individual actors’ characteristics, and processing of accounting information related factors can either positive or negative related with dimensions of symbolic use of accounting information in the budget decision making processes.

   a. The dimensions of the determinants are positive related with legitimating use of accounting information through the use of well-informed intuitions

   b. The dimensions of the determinants are negative related with haphazard use of accounting information
3. Dimensions of instrumental-conceptual use of accounting information are positive related with internal budget efficiency (cost minimisation)

4. Dimensions of symbolic use of accounting information are negative or positive related with internal budget efficiency (depending on the type of symbolic use and nature of decision unit)
   a. Legitimating use of accounting information in budget decision making processes with well-informed intuitions is positive related with budget efficiency
   b. Legitimating use of accounting information in budget decision making processes with un-informed intuitions is negative related with budget efficiency
   c. Haphazard use of accounting information in budget decision making processes is negative related with the budget efficiency.

5. Dimensions of instrumental-conceptual use of accounting information are positive related with both promised and actual external financial legitimacy

6. Dimensions of symbolic use (legitimating use with uninformed intuitions and haphazard use, distortion/manipulation use) use accounting information are positive related with promised external financial legitimacy but negative related with actual external financial legitimacy

7. The internal budget efficiency is mediating relationship between instrumental use and symbolic use of accounting information and external financial legitimacy.
   "The high financial legitimacy acquired can indicate high budget efficiency in the situation the instrumental-conceptual use exists than the symbolic legitimating use of accounting information".
   (The high instrumental use; the high internal budget efficiency and it result to high financial legitimacy acquired).

8. The status of LGAs and type actors moderate the relationship between the use of accounting information and dimensions of factors influencing the use of accounting information

On the whole, Figure 14 represents the modification of the study’s initial model (presented in Figure 8) for the determinants of accounting information use in the budget decision-making processes.
Determinants

External Institutional Pressures Related Factors
- The issue of budget guidelines and regulations
- Compliance of law and regulation with fund granted to LGAs
  (Assessment of minimum qualifications of Capital Development Grant)
- The issue of budget ceiling
- Situational of financial distress
- Pressure from Donors
- Pressures from Citizens
- Professionalism – pressure from accounting professional board
- Existence of study tour/job transfer
- Practice of Public Private Partnership (PPP)

The Internal Organisational Related Factors
- Availability of customize training program
- Culture of transparent
- Enforcement of internal regulations
- Political competition
- Leadership commitment

Individual Actor’s Characteristic Related Factors
- General Level of education
- General knowledge of ICT
- Experience of working with LGA/Accounting experience
- Culture of reading
- Knowledge of government accounting
- Job position

Processing of Accounting Information Related Factors
- Compatibility of accounting and budget information system
- Availability of computerised accounting information system
- Proper presentation of accounting report
- Early submission of reports to the users/decision makers
- Independent internal audit unit
- Adoption and implementation of accrual basis accounting
- Availability of qualified or professional accountant
- Decentralization of accounting personnel to the department

Source: Developed from theoretical framework, empirical framework and case study findings (2012)
9.7 Implications of the Modified Model and Its Contribution to the Theoretical Framework

The modified model of determinants of the use of accounting information in the budget decision-making processes contributes to the accounting research and practices of LGAs as part of the public sectors in the developing country context. The accounting field is characterised by a lack of theories, which can explain the relationship between the accounting concepts and process such as the budgeting process (El., 2008; Cooper, 2008; Armstrong, 2008; Durocher, 2009). Eventually, this model for determinants of accounting information use contributes to filling the gap in the public sector (LGAs in particular) of developing countries. Developing countries lack theories and empirical evidence that explain the context in which public sector organisations’ decision processes are fettered by complexities, conflicting interests of actors, technological and financial uncertainties (Boex, 2003; Sarker, 2006; Josse, 2008; World Bank, 2008; Goddard, 2010; UN, 2011; Adhikari and Mellemvik, 2011).

In its formulation, the modified model has integrated both empirical evidence and perspectives from the theoretical framework on the determinants of accounting information use in the developing country’s public sector using the case study of LGAs. The modified model can also be used by researchers as a foundation of examining factors that influence accounting information use in the public sector budgeting decision-making processes of political and administrative actors towards organisational budget efficiency and external financial legitimacy as intertwined elements. Similarities of some aspects of the modified model are found in the other studies carried out in developing countries, particularly public sector organisations (see Assad, 2001; Uddin and Hopper, 2001; Boex, 2003; Uddin and Tsamenyi, 2005; Sarker, 2006; Chalu, 2007; Tambulasi, 2007; World Bank, 2008; Mkasiwa, 2011; Hopper et al., 2009; Adhikari and Mellemvik, 2011; Mzenzi, 2013). Also, differences and similarities of some aspects of modified model are also found in studies carried out in developed countries (see in Xu, 2003; Strong and Portz, 2003; Askim 2007; Moynihan and Ingraham, 2004; Askim, & Johnsen, 2006; Kennerley and Mason, 2008; Johnsen 2005; Moynihan and Pandey, 2009; Proeller, Siegel, & Kroll, 2010; Goddard, 2005; Amara, Ouimet, & Landry, 2004; Kurumamaki, Melia, & Lapsley, 2003).

Furthermore, the modified model of determinants of accounting information use in the budget decision-making processes connects concepts drawn from the NPM concepts, Institutional Theory, Contingency Theory, Public Choice Theory, and decision-usefulness concept. Therefore, the model for determinants of accounting information use in the budget decision-making processes has implications for the Institutional Theory, the Contingency Theory, the Public Choice Theory, the NPM concept and decision-usefulness concept.

9.7.1 Implications for the Institutional Theory

Results from the study contribute to the Institutional Theory (NIE, OIE and NIS) by reflecting on the main criticism of the theory. It starts with Old Institutional Theory which is criticised for assuming that institutions are static rather than dynamic (Peter, 2000). The model of determinants of accounting information use suggests that formal institutions such as social and regulative institutions, as explanatory variables in the use of accounting information, are dynamic. It means that the theory should accept changes induced by surrounding environments for the purpose of achieving operational efficiency in
organisations. For example, the findings obtained from twin cases under study indicate that financial regulations and by-laws influence the nature and use of accounting information as if they are enforced and adapted changes. Thus if these financial regulations and by-laws remain rigid and are outdated, they lose their capacity of serving as explanatory variables and become barriers to the use of accounting information in the budget decision-making processes (see also Luder, 1992).

The model of determinants also implicates the NIS by DiMaggio and Powell (1983), which accompanies the concept of institutional change. New Institutional Theory by DiMaggio and Powell (1983) has been criticised in relation to institutional change on several aspects such as the limit of rational choice approaches (see also Rezende, 2009). The model for determinants of accounting information use in the budgeting decision-making suggests that the NIS should associate institutional and structural change caused by the coercive, normative and mimetic pressures with rationality approaches rather than the legitimacy approach. The modified model also contributes to the late formulation of NIS which treats organisational efficiency and legitimacy as intertwined aspects for the survival of the organisation as efficiency results as a by the way (Collier, 2001; Model, 2001; Mkasiwa, 2011; Mzenzi, 2013). The modified model also integrates efficiency and legitimacy since the strategies to achieve both aspects are integrated within the institutionalised environment. The implication is that change should be made in organisations, institutions and structures. It is evident that institutional pressures which are imposed through coercive, normative and mimetic mechanisms influence the use of accounting information to enable efficiency maximisation in the budget decision-making processes. Particularly, when they result to instrumental use of accounting information in the public sector decision-making processes. Furthermore, the modified model of this study treats budget efficiency and external financial legitimacy not only integrated manner but also interdependent manner. It is because the findings of this study posit that budget efficiency and external financial legitimacy are influencing each other. However, it is significantly beneficial to treat the external financial legitimacy as outcome of, not only direct from symbolic or instrumental use but also as the outcomes of the budget efficiency pattern mainly imposed by instrumental use of accounting information in budget decision-making.

9.7.2 Implications for the Contingency Theory

The model for the determinants of accounting information appreciates the existence of Contingency Theory. However, the model also implies that Contingency Theory somewhat fails to differentiate the variables, for example, the difference between structure, environment and technology (Betts, 2003). The model, on the other hand, identifies contingency factors which are related to the environment and technology. For example, one of the factors related to processing of accounting information is compatibility of accounting and budgeting systems. Essentially, this factor is one of the technological contingent factors whereas the decentralisation of accounting personnel is also within contingency variables. Environmental contingent factors such as the issue of budget guidelines and regulations together with the issue of budget ceiling by the Central Government (CG) imposed on the LGAs were identified by this study as factors influencing accounting information use in the budgeting decision-making processes. However, the issue it not only the availability of contingency factors such as technology, but also how the factor behave influencing the use of accounting information. When
examining previous studies such as Luder (1992), Monsen (1998), Yamamoto (1999), Saleh (2007), Chalu (2007, 2010), and Upping and Oliver (2011), the Contingency Theory was utilised either to explain the accounting change and innovation or accounting information systems’ performance in the public sector. In fact, the study used the Contingency Theory to develop the model of determinants for accounting information use by political and administrative actors. Generally, the study contributes to the Contingency Theory by identifying the contingency factors that influence accounting information use in the public sector’s budget decision-making processes.

9.7.3 Implications for the NPM Concept

One of the criticisms levelled against the concept of New Public Management (NPM) has to do with the lack of hard evidence of real efficiency gains. The implication is that there is a lack of evidence that NPM techniques increase efficiency in public sector operations. Results from this study indicate that the enforcement of NPM techniques such as the PPP and its analysis, decentralisation of accounting personnel to the operational level of public organisations, internal and external auditing practices and accrual-based accounting influence accounting information use instrumentally in the budget decision-making processes (see Table 22; Figure 14). All these aspects can contribute towards enhancing LGAs’ operation efficiency once effectively enforced (see also Hood, 1995; Guthrie, Olson, & Humphrey 1999).

Furthermore, the culture of managerisation, as suggested by NPM theorists, rather than simply administration can increase efficiency in the public sector’s budget decision-making processes. However, the findings revealed that implementing NPM techniques such as accrual-based accounting remains a daunting challenge for the LGAs as public sector despite being indicated as being capable of influencing accounting the information use in the budget decision-making processes. For instance, it was revealed that the LGAs used cash-based accounting for internal reporting whereas accrual-based accounting was for external reporting. Moreover, the Central Government allocated funds to the LGAs on cash-basis. Consequently, the pressure of reforms towards the implementation of NPM management increases symbolic-legitimating use to obtain financial legitimacy rather promote budget efficiency in LGAs budget decisions primarily because the public sector of developing countries does steadfastly support such reforms. Therefore, it is a challenge to NPM theorists to modify the NPM practice so as to reflect the needs of the public sector organisations, especially LGAs of developing countries to fulfil the promise of enhancing efficiency in the practical arena. Generally, the model of determinants of the use of accounting information can be used to as evaluating framework of the results of NPM-accounting techniques in public sector organisations. This is because it shows how accounting information is used in budget decision making processes, how influence its use towards efficiency and legitimacy.

9.7.4 Implication for the Decision-usefulness Concept

Results from the study also contribute to the decision-usefulness concept by identifying factors that influence the use of accounting information in the budget decision-making processes. The factors identified are not only making information useful but are also used in the budget decision-making processes of the public sector. The decision-usefulness
concept describes qualitative characteristics, which make accounting information useful in decision-making, as including relevance, reliability and understandability of the accounting information to the users. Results from the study also contribute to the decision-usefulness concept by identifying factors, which make accounting information relevant, reliable and understandable to the users, thereby influencing its use in the public sector’s budget decision-making processes. The study identified factors such as compatibility of accounting and budgeting systems, availability of computerised systems, knowledge of accounting systems and actors’ education level and culture of reading as crucial and significant in this regard.

The decision-usefulness concept has been criticised by Coy and colleagues (2001) for its failure that it cannot cope with the current changing environment in public sector decision-making, which encompasses social and political decisions in addition to economic decisions. As the budget decision-making processes in the public sector has social, political and economic implications, the findings of this study suggest that the way forward is that decision-usefulness theorists should consider accounting information as a product or input. The accounting information is a product not only associated with economic events but also with social, cultural and political circumstances. Indeed, the results from the study establish that several identified factors that make actors use the accounting information in the budget decision-making processes were associated with social, institutional and political circumstances (see the cross-case analysis sections 8.3.1-8.3.4 and Figure 3).

9.7.5 Implication for the Public Choice Theory
The Public Choice Theory was applied not only in explaining budget efficiency within self-interest behaviour but also in determining the factors influencing accounting information in the public sector budget decision-making processes as evident in different categories of factors. For example, pressure from citizens is one factor (see Figure 3), which shows the application of the Public Choice Theory. Politicians or political actors responded to public pressure by using accounting information in the budgeting decision-making because failure to do so would make them vulnerable to public censure and disfavour. Therefore, the politicians maximise the budgeting process to satisfy their self-serving re-election interest (see also Gomes, Fernandes, & Silva, 2011). On the other hand, the job position of administrative and political actors was the factor drawn and supported by application of Public Choice Theory (see Figure 3). However, the Public Choice Theory was has been criticised for failing to consider the non-rational or economic factor in explaining efficiency and self-interest behaviour among actors (see Pina, Torres, & Yetano, 2009; UN, 2007; Buchanan, 1971;1972;1978; Niskanen, 1971; 1973; 1974). Therefore, this study contributes to the Public Choice Theory by identifying rational or economic and non-rational or non-economic factors of individual actors’ such as the actors’ education level, their experience and knowledge of accounting as well as familiarity with ICT (see Figure 3). Consequently, public choice theorists should consider economic or rational factors and non-economic or non-rational in explaining the budget decision-making processes by public sector actors.
9.7.6 Implications to the Dimensions of Accounting Information Use Theorists

Three dimensions of information use prevail in the literature: instrumental use, conceptual use and symbolic use. Results from this study indicate that there was both the instrumental-conceptual and symbolic-legitimating use of accounting information in a largely complementary manner, particularly with regard to the way they interact by operating sequentially within and among different levels of the budget decision-making processes under the public sector conditions. Therefore, the study contributes to the theorists’ dimensions on accounting information use to consider. In the public sector, there is instrumental-conceptual and symbolic-legitimating use of accounting information depending on the level of budgeting decision-making process and the type of actors as well as the nature of the decision-making authority.

9.8 Practical Contribution to and Implications for Public Sector Organisations and Actors

The modified model for this study can assist public sector organisations in developing countries and their actors, specifically the LGA political and administrative actors, in identifying and operating necessary actions, which can influence instrumental-conceptual use of accounting information in the budget decision-making processes. The modified model posits that the accounting information use in budgeting decision is influenced by institutional pressures, internal organisational related factors, individual actors’ values or characteristics and processing of accounting information-related factors (see Figure 14).

LGAs can conduct customised training on accounting and budgeting, accounting and budgeting information systems and ICT to reduce the problems accounting information end-users face. The LGAs should also conduct financial-related study tours to expose actors to opportunities for learning about the accounting and budget-related issues from other LGAs within and outside the country. Generally, the LGAs can institute mechanisms, which can influence the accounting information use that result internal budget efficiency and external financial legitimacy as indicated in the modified model (see Figure 14).

Findings from this study indicate that accounting information was used instrumentally in the LGAs’ budget preparation and execution by administrative actors and political actors in the CMT and the council’s standing committee meetings, especially in the Finance Committee meeting (see Figure 14). The results also underscore the importance of the LGAs and their actors to make sure that reliable and relevant information is used in the preparation and execution budgets through the CMT and the council committees meetings because this is where instrumental-conceptual use of accounting information takes place, which has a bearing on efficiency in the budget decision-making processes.

The study findings have also revealed the role of pressures from the CG through its issuance of budget guidelines, budget ceilings and the assessments for the CDG qualification, which lead to symbolic-legitimating use of accounting information, but which fails to contribute to internal budget efficiency. Notably, such an approach primarily serves the purpose of promoting external financial legitimacy for the LGAs. For example, the following was presented by some respondents of KDC and IMC on the CG-induced
unrealistic budget guideline, budget ceilings and CDG conditions as well as late submission of budget guidelines and ceilings and transfer of the CDG:

Budget guidelines and ceilings force us to use accounting information; however, those mechanisms are so unrealistic and are at odds with what is happening on the ground. Just imagine, we have been told by the PMO-RALG to use last year’s budget ceiling in the current budget preparation instead of focusing on the actual revenue and expenditure of last year. How can we prepare a realistic budget? (Accountant - Revenue)

The budget ceiling is unrealistic because their estimations based on unrealistic basis. The budget ceiling shows the CDG which its allocation based on the population census rather the actual expenditure. For example, IMC has very low population by census compared to other council in Dar es Salaam. However, at morning you will find a lot of people from Kinondoni and Temeko councils (business people, their customers because it is the centre of economic activities in Dar es Salaam) here in way that budgeted estimates of hospital do not match with the actual expenditures. This is because if those people got accident they do not go to their council’s hospital, they are just treated in our hospitals (Woman councillor from the ruling party, CCM).

The main and first challenge faced by LGAs in the budget decision-making processes is the issue of unrealistic budget ceiling, so to speak. We have been told to use last year’s ceiling to prepare this year’s budget. Remember, the accounting report [for last year] show that some of the allocation for last year’s budget that were based on such budget ceiling were not materialised whereas others busted just a few months after budget execution started. How can we use such ceiling to prepare the current budget? (Economist).

It is true that the budget guidelines issued force us to use accounting information in budgeting, but they are always submitted late to us and become a barrier to the process (Economist, Council Director Office: IMC Case).

The budget guidelines should be realistic and reflect what is happening on the ground rather than simply serve as a tool for legitimising the interference of Central Government in the LGAs (Councillor: IMC Case).

The transparency and accountability criteria score is 15 percent out of 100 percent whereas other criteria carry 10 percent each. However this does not have any sense. I think it does not make sense to simply assess whether the council published accounting reports on the notice-board or checking whether meetings with citizens were held by simply looking at the minutes which can be manipulated. Many LGAs do not hold meetings with citizens but nevertheless always submit meeting minutes to the assessors. (Chairperson of the Council: KDC Case)

Therefore, the study’s findings inform the CG to reform and review the conditions as well as an the assessment criteria and process for the CDG to come up with more realistic conditions that take cognisance of external financial legitimacy and budget efficiency as intertwined aspects for the survival of public sector organisations. Budget ceilings should be prepared on a realistic basis rather than population level by census, which the findings of this study were revealed is an unrealistic basis. The actual expenditure could be a better basis at IMC estimations of CDG for hospital rather than population level. Budget guidelines as well as budget ceilings should be submitted on timely basis in accordance with budget process durations to curb the inefficiency inherent in budget preparation and implementation caused by delays in the submission and dissemination of budget guidelines and budget ceiling. Furthermore, the CG should also reform the process of transferring the CDGs to the LGAs to put a stop to the issues of late release of and failure to release funds, which affect efficiency at the budget execution stage because most of the development projects remain unfinished and the provision of public service to the citizens remain unsatisfactory. Furthermore, the delay in the disbursement of funds to the LGAs also impair external financial legitimacy because of CAG’s queries which at most caused by late submitted fund. In fact, this is where the issue of realistic budget ceiling, guidelines and CDG conditions should come in.

The study findings also implicate the National Board of Accountants and Auditors (NBAA) as the regulatory body of the accounting profession in the country, which also
impacts on the accounting practices in the LGAs. The NBAA can play a more pivotal role in enforcing the use of accounting information in the country’s LGAs. In this regard, the NBAA should advise the government and the LGAs on adopting accounting and budget practices which reflect and benefit the Tanzania public sector environment. As its accounting standards and training influence the preparation of accounting information, the NBAA should regularly enforce and provide accounting-related training by the Central Government Ministries, LGAs and other accounting training institutions not only for accountants and auditors (administrators) but also for non-accountant actors (such as politicians). Indeed, whereas accounting information is produced by accountants and audited by the auditors, it is also used by a wide number of the actors and stakeholders such as politicians (councillors in LGAs), planning officers (economists), head of non-accounting/finance departments and other actors who are involved in the public sector budget decision-making processes. Thus, it is imperative to increase the accounting knowledge of a wide range of actors to satiate the efficiency and legitimacy demands in the use of accounting information in budgeting decision-making for the survival of the public sector organisation.

The findings also underscore the role of political parties in building the capacity of their elected and potential electoral candidates on public accounting and budgeting aspects, particularly in the LGAs. According to the Tanzania National Election Act of 2010, any citizen who knows how to read and write (i.e. with just elementary or primary education) can contest for councillorship in the national elections. As a result, councils are characterised by councillors with very low-level education who work with more educated and sophisticated administrators, but who nevertheless decide on behalf of a number of people. For example, the following was quoted from ruling party councillor that existence of opposition part is important however not challenging because the existed councillors were uneducated.

_The existence of the opposition has led to development in this country; I have been in the system for many years. A lot of positive changes have been made due to the existence of the opposition parties even though in our council there is no such a thing maybe because there are only four councillors from the opposition party who are also not well-educated. However, our councillors from opposition part are uneducated in way they cannot challenge use. They don’t know a lot of things (A councillor from the ruling party)_

Such an operational environment only increases the symbolic use of information among the councillors. Moreover, such councillors were also vulnerable to being easily manipulated by administrators due to their ignorance. On the other hand, political competition among political party councillors from different parties, as well as within the political party, tends to increase the use of accounting figures and facts as they would like to make informed decisions and meaningful contributions during the council deliberations. In consequence, such use of accounting information tends to result in organisational efficiency. Therefore, political parties should build the capacity of their candidates to ensure that their representatives in the council are capable of making optimum use of the accounting information at their disposal to improve the quality of budget decision-making and their representation of the populace for the benefit of organisational efficiency. In this regard, the KDC chairperson suggested:
Public sector organisations, especially LGAs, in Tanzania have been undergoing reforms since 2005. As such, the modified model of determinants of accounting information can serve as a guide for accounting reformers, especially in making accrual-based accounting information an integral part of the budget decision-making processes of public sector organisations, not only to foster external financial legitimacy but also internal efficiency. Indeed, the use of accrual-based accounting information can help make a difference in enhancing the quality of budget decisions made. The study found that the accrual-based accounting system was only partially used to produce accounting information for budget decision-making in Tanzania’s LGAs and concurred with several studies done in developing countries. Nevertheless, the implementation of IPAS (accrual-based accounting) was used as criteria for LGAs to get CDGs. This situation coerces the LGAs to use accounting information towards the realisation of the financial legitimacy rather than internal efficiency.

Reformers should, therefore, pay attention to factors, which influence accounting information uses instead of simply focusing on the adoption and adaptation of accounting techniques in the public sector. This approach can result in the identification of techniques that could enhance the use of accounting information use in the budget decision-making processes for internal efficiency and external financial legitimacy. Furthermore, it can contribute to the realisation of the promise of accounting reform of engendering the increase in the efficiency of public sector operations.

9.9 Suggested Future Researches

The study developed the model for determinants of accounting information use in the public sector decision-making process for LGAs. It identified the following issues for future research: testing the modified model; assessing the accounting information use at the lower levels of the LGA such as wards and villages as well as to other public sector organisations such as the Central Government (CG); conducting a comparative study between the public sector of developing and the public sector of the developed countries; and undertaking a study on the merits and demerits of accrual-based accounting in the LGAs.

9.9.1 Testing the Modified Model of Determinants of Accounting Information Use in Public Sector’s Decision-making

As the development of the model was based on the two explorative case studies, one of the proposed further studies can revolve around testing the model using a larger population or sample. It is suggested that a survey be carried out by using questionnaires and testing the model using a larger number of LGAs. Such a more broad-based study can lead to the generalisation of the study findings, as well as the establishment of a model using a larger sample drawn from the public sector organisations, LGAs in this case. One outcome of such a study is the development of a theory that could explain the determinants of
accounting information use in the public sector decision-making of the LGAs. Moreover, by testing the model, the cause-effect relationship between the factors that influence accounting information and the instrumental, conceptual and symbolic use of accounting information can be established. It implies the identification of specific factors, which influence the instrumental use only, conceptual use only and symbolic use only for both models of accounting information use can be done. Furthermore, testing the model can help establish the extent to which the identified factors influence political and administrative actors.

9.9.2 Assessment of Accounting Information Use at the Lower Level of the LGA such as Wards and Villages

According to political and administrative actors who were interviewed, there is a need to research on accounting information production and use at the lower level of LGAs such as wards and villages in Tanzania because the situational analysis shows poor financial management at these levels. Exploring the use of accounting information in financial management at ward and village levels can have significant impact on the operations of the Local Government Authorities because the LGA actors make the budgeting decisions, which are implemented in the wards and villages. Moreover, under the present reformed operational environment that encourages a participatory approach the budgeting process in Tanzania starts from the grassroots—at the village level. Thus, an investigation on the use of accounting information in the participatory budgeting process can be done by involving a large base of actors and as well as stakeholders such as citizens, political actors (councillors, wards and villages chairpersons) media, non-governmental organisations (NGOs) and so forth. Therefore, research on the use of accounting information at the lower levels of LGAs can accommodate different stakeholders to gain greater insights into determining how the use of accounting information can boost operation efficiency in LGAs from the grassroots level.

9.9.3 Comparative Studies

Also comparative studies can be carried out on the public sectors operating in developing and developed countries to establish and validate the modified model of determinants of accounting information use in the public sector budget decision-making processes. Another study can be carried out to compare and contrast public accounting operations of developing countries since their contexts, as defined by UN (2011), differ and can have significant practices on the accounting practices and use of information for budgeting purposes in these countries. Developing countries include the Least Developed Countries (LDCs) and middle income developing countries at different levels of development and, hence, public sector operational contexts. For example, Tanzania is one of the LDCs whereas South Africa is a middle income sub-Saharan developing country. The comparative study can also be done between public sector organisations at the Local Government and Central Government levels. Both levels of government have political and administrative actors but with different types of responsibility and accountability (see Mohamed and Farooq, 2008). Similarities and differences may appear in the factors that influence accounting information use in the budgeting decision-making between the two government sector organisations. Consequently, the comparative study is important in
validating the model and developing a theory on the use of accounting information in the public sector decision-making process applicable to different contexts.

**9.9.4 Limitation of the Study**
This study had limitations mostly related to the research design, specifically the research paradigm, research approach and methods as well as populations which might have an impact on the conclusion and generalisation of the study findings. This study followed the interpretative paradigm, which can have limitations. However, this option was justified as the main objective of the study was to investigate (in an exploratory manner) the factors influencing accounting information use of political and administrative actors in public sector budget decision-making processes. Thus, the interpretative paradigm was valid because the study was carried out in the developing country context lacking a theory foundation despite the special characteristics embedded in the context. Such characteristics include low income, weak human assets, economic vulnerability, low technology, which increase the phenomena’s complexity that need special research attention. It should be noted that most of the theories were developed and tested by prior studies in developed countries (see Askim 2007; Moynihan and Pandey, 2009; Proeller, Siegel, & Kroll, 2010; Kobayashi, Yamamoto, & Fujii, 2011; Johansson and Siverbo, 2009). Moreover, the accounting field lack theory that could otherwise be specifically applied to this case (see in Ahrens, Becker, & Burns, 2008; Cooper, 2008; Armstrong, 2008; Durocher, 2009). In this regard, the interpretative paradigm was adopted for the purpose of developing a model of accounting information use in the public sector budget decision-making processes. Therefore, the qualitative research approach and methods were mostly employed in this study.

The second limitation has to do with the study population. The study was done in two LGAs as the public sector organisations in the developing country context. Therefore, the generalisation can be limited because the study findings were obtained from only two (2) out of 134 LGAs operating in Tanzania. The two LGAs were selected from urban-based and rural-based LGAs that characterise LGAs in Tanzania to make sure they were representative of the country’s LGAs in that regard: the Ilala Municipal Council (IMC) and Kisarawe District Council (KDC) represented urban-based and rural-based LGAs, respectively. These LGAs were also selected among the LGAs operating in Tanzania because of their role in the public sector decision-making and delivery of services to citizens. Indeed, the LGAs are implementers of the activities and projects; they also provide basic service to the citizens.

Generally, the role and functionality of LGAs of any country cannot be underestimated. For convenience purposes, the study focused only on the Tanzania Mainland although there are LGAs in the Zanzibar archipelago. Nevertheless, there are similarities (as the initial model illustrates) in some of the aspects as evidenced in several other studies carried out on Tanzania’s LGAs and public sector organisations in general (see Assad, 2001; Boex, 2003; Sarker, 2006; Chalu, 2007; Mkasiwa, 2011; Mzenzi, 2013). The study was done in Tanzania as a single case of developing countries; generalisation cannot be extended to other developing countries without qualification due different characteristics of developing countries. Even then there are some similarities in the modified model traceable in other studies conducted in other developing countries’ public sector.
organisations (see Boex, 2002; Uddin and Hopper, 2001; Sarker, 2006; Uddin and Tsamenyi, 2005; World Bank, 2008; Chalu, 2007; Tambulasi, 2007: Adhikari and Mellemvik, 2010, 2011; Hopper et al., 2009).
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