Factors Influencing the Use of Accounting Information in Tanzanian Local Government Authorities (LGAs): An Institutional Theory Approach

Latifa Mbelwa

Abstract

Purpose

This paper seeks to establish the influence of several types of factors on the use of accounting information in the public sector within a developing country context. Institutional theory with its branches NIS and OIE underlies the theoretical framework for explaining the factors influencing the use of accounting information. The analysis was based on structural equation modelling to test nine hypotheses. The data were collected by administering 208 questionnaires to the Tanzanian Local Government Authorities' political and administrative actors.

Findings

At large, the findings of this study comprehend the role of institutionalised social and legal rule with professionalism in shaping actors to use accounting information instrumentally and symbolically in budget decision-making processes. Furthermore, the findings establish the importance of education and experiences on accounting and financial aspects of the actors who are involved in the public sector budget decision-making process. The findings also provide an understanding of the differences between political actors and administrative actors in terms of the factors influencing the symbolic use of accounting information in LGA's decision-making processes.

Practical implication

Our findings challenge development partners (i.e. donors), reformers such as Central Government and National Accounting professional board such NBAA in Tanzania to coerce pressure by adoption of implementation of NPM techniques, which can lead to positive change in LGAs to influence instrumental rather than symbolic use of accounting information in the budgetary decision-making processes. For example, adoption of accrual basis accounting should also concur with the improvement of accounting information systems, legal and regulatory frameworks together with creation of trainings that increase skill and knowledge of using accounting information by the actors. This might ensure financial sustainability to LGAs that can increase provision of service with relevant quality to citizens. Moreover, the findings need the political parties to take responsibility of building capacity of their candidates. It might ensure that their representatives in the council are capable of making appropriate use of the accounting information at their disposal to improve the quality of budget decision making and their representation of the population for the benefit of their organisation and eventually of their political parties. The citizens are needed to be sources of professional behaviours to both councillors and administrators by making closer follow up and demands of quality services from their LGAs through budgeting processes.

Research limitations

The generalisation of this study's findings can be limited because they were obtained only from LGAs operating in Tanzania

Original/value

This is the first paper that establishes the factors influencing the instrumental–conceptual use and the symbolic use of accounting information in LGAs' budgetary decision-making processes in developing country context, in particular, in Tanzania.

Keywords: The use of accounting information, budget decision-making processes, public sector, institutional pressures, LDCs