INVESTIGATION OF BUDGETARY PERFORMANCE MEASUREMENT PRACTICES AND USE OF ACCOUNTING INFORMATION IN TANZANIAN LOCAL GOVERNMENT AUTHORITIES (LGAS) DECISION MAKING PROCESS

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ABSTRACT

The main objective of this paper is to examine the relationship between budgetary performance measurement assessment practices and the use of accounting information in the Local Government budgetary decision making processes. The paper specifically seeks to establish relationship between the assessment of Local Government Capital Development Grant (LCDG) and symbolic and instrumental use of accounting information in LGAs' budgetary decision making process. The motivation of the research objective is based on the peculiar role of performance measurement as New Public Management techniques for achieving efficiency and ensures financial legitimacy in LGAs of developing countries. The paper is informed by New Institutional Theory in which, assessment of LCDG is perceived to have coercive and normative pressures that have direct relationships with symbolic and instrumental use of accounting information in budgetary decision making. Moreover, the assessment of LCDG is expected to have indirect relationship with organisational budgetary performance in term of efficiency and legitimacy. The studies in public sector are dominated with case study strategy whose findings lack generalisability even within the studied context. The paper employed survey strategy and it administered 208 questionnaires to Tanzanian LGAs, political actors and public officials that included executive directors and heads of departments. The selection of such units of analysis is based on the role of councillors and public officials in the LGAs budgetary decision making and their role in adoption and implementation of NPM techniques that include performance measurement practices. The data were analysed by using structural equation modelling (SEM) in order to test six hypotheses in which four attested direct relationships and two attested indirect relationships. The analysis through SEM revealed the role of performance measurement techniques in enhancing the budgetary performance by coercing and professionalising instrumental use of accounting information in budgetary decision making by both political actors and public officials. At large, this paper informs stakeholders such as Central Government who adopt, coordinate, control and implement the assessment of LCDG to ensure that the assessment is conducted efficiently and effectively manner because it leads to

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positive change in the LGAs' decision making processes through the use of accounting information.

Keywords: *Performance Measurement Practices, Accounting Information, Budgetary Performance, Local Government, Capital Development Grant (LCDG*

INTRODUCTION

Performance management is among New Public Management practice that adopted and being implemented by public sector organisations across the world since 1980s for aim of increasing organisation's efficiency (Hood, 1995). Different techniques of performance management measurements were adopted and being implemented by public sector in different developed and developing countries such as the United Kingdom (UK), New Zealand, Italy, Australia, Norway, Sweden, India, Sri Lanka, Pakistan, and Tanzania (Groot & Budding, 2008; Newberry & Pallot, 2004; Caccia & Steccolini, 2006; Barton, 2009; United Republic of Tanzania [URT], 2010). For the case of developing countries, performance result grants systems seemed to take a big part of performance management in which access of donor fund is attached with it. One among the performance result grants systems under NPM which was adopted and is being implemented by several developing and developed countries is known as Local Government Capital Development Grant system.

The Local Government Capital Development Grant system (LCDG) allows the production of accounting information to justify the performance of the past financial year in order to access and gain legitimacy to the next financial year. The adoption of Local Government Capital Development Grant system (LCDG) is constructed from idea that it increases the organisation budget efficiency. However, it is argued by several studies conducted in developing countries that adoption and implementation LCDG in developing countries are motivated by high concern of gaining financial legitimacy rather than to increase efficiency in public sectors' operations (Mzenzi, 2013; Mkasiwa, 2011; Adhikari & Mellemvik, 2011, Sarker, 2006; Gaspar & Mkasiwa, 2015; Mbelwa, 2015). The contradiction of objectives in policy and practices of LCDG systems as it is affecting accounting and budgetary processes raises the need to investigate the way the assessment of LCDG is facilitating the use of accounting information in budgetary decision making processes. Therefore, it is the interest of this paper to investigate the role of LCDG in the use of accounting information in the Tanzanian LGAs' budgetary decision making processes.

INSTITUTIONAL SETTING OF LOCAL GOVERNMENT DEVELOPMENT GRANT (LCDG) IN TANZANIA

The structural, systemic and operational reforms of Local Government Authorities (LGAs) were done before and after independence of Tanzania. There are two clear periods of institutional setup of the LGAs in Tanzania including the Reinstitution of the LGAs (1982-1995) and the Local Government reforms (1996 to-date); and 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. The adoption of the Local Government Development Grant (LCDG) systems as the component of fiscal decentralisation were done through Local Government reforms from 1996 to date whose implementation started in 2005.

LCDG was adopted with idea that it is the vehicle of allocating resource and a means of increasing performance in LGAs operations. This means LCDG is objectively adapted to creating a uniform, transparent, and performance-based system for channeling development resources to the local government levels (URT, 2005). The system of LCDG involves assessments aimed at ensuring the LGAs meet the minimum qualifications to qualify to get grants. Such minimum qualifications include issues which are 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 LCDG efficiently by considering elements of good governance such transparency in the decision-making process.

The councils cannot get LCDG from the Central Government (CG) if they fail to meet the minimum conditions which have been drawn from several regulatory frameworks such as 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 Medium Term Expenditure Frameworks (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; and*
- *Regular meeting of the Full Council; at least one meeting held every three months (on a quarterly basis).*

Generally, the assessment of LCDG targets the production, auditing, distribution and use of accounting report together with the way the budgeting process is taking place. Like other developing countries, the adoption of LGDG system in Tanzania is argued to be coerced by the international donor agencies such as IMF for achieving financial legitimacy because of its continues financial dependency (Mzenzi, 2013; Mkasiwa, 2011; Adhikari & Mellemvik, 2011, Sarker, 2006). For example, for fiscal year 2012-2013, the 21% of budget expenditure was financed by foreign grants and concessional loans from Development Partners and agencies such IMF. Furthermore, only 2% of the budget is financed by LGAs' own sources of revenue. On the other hand, 70% of LGAs' budgets were financed by Intergovernmental transfers including LCDG). Therefore, LCDG in Tanzania has a significant contribution on the total LGAs' budgetary that increases the importance of investigating its effect in LGAs accounting, budgetary processes and budgetary performance.

LITERATURE AND HYPOTHESES DEVELOPMENT

PERFORMANCE MEASUREMENT TECHNIQUES

The definition of performance depends on the nature of organisation and the context under investigation (Mzenzi, 2014). The literature in public sector associates performance with efficiency, effectiveness, economy in delivering public services, gain of legitimacy in accessing fund and the change of behavior of actors towards organisational form and processes (Mzenzi, 2013; Mkasiwa, 2011; Adhikari & Mellemvik, 2011). The measurement itself is described as the process of assigning a number to an attribute (or phenomenon) according to a rule or set of rules (Dicker, 2009). Therefore, there is need of measurement in order to ensure efficiency, effectiveness, and economy in delivering government services to the citizens, and legitimacy in accessing the fund as well as change of behavior of actors towards organisation processes; and it is important in public organisations of developing countries. As a result, the literature on performance measurement reveals the increase of adoption and implementation of performance measurement practices in the public sector since 1980s. The adoption and implementation of performance measurement practices in public sector are driven by fund-granting bodies and professions that are typically pivoting around the management of financial resources (Brignall & Modell,

2000). Literature also reveals the increase of adoption and implementation of performance measurement based funding in which fund granting bodies demand the organisations to demonstrate efficiency, effectiveness, economy as well as change of behaviour of actors towards organisation processes (Mzenzi, 2013; Mkasiwa, 2011; Adhikari & Mellemvik, 2011, Sarker, 2006). This is mainly for accessing funds from external sources.

The literature presents several performance measurements based funding practices and theories. For example, Gilmour & Lewis (2005) investigated the impact of performance, as measured by the Office of Management and Budget (OMB) performance budgeting initiative called Performance Assessment Rating Tool (PART). Gilmour & Lewis (2005) found that PART scores have a larger impact on small and medium sized programs than on large programs in which good outcome measurements were seemed to have a role to ensure that assessment impacts the budgetary decision making in allocating resources to the program which shows better results. Nyhan and Marlowe (1995) described the characteristics of good performance measurement indicators. According to them, quality indicators are developed to meet five standard criteria: simplicity, cost effectiveness, validity, timeliness, and controllability. Moreover, indicators should be acceptable to those being assessed and those undertaking assessment, in our case LGAs and the assessment committee on behalf of Central Government should accept the indicators respectively.

Melkers and Willoughby (2005) examine the effects of performance-measurement information on budgetary decision making, communication, and other operations of United State local governments. It was posited that the consistent and active integration of measures throughout the budget process are important in determining real budget and communication effects in local government (Melkers and Willoughby, 2005). Gaspar & Mkasiwa (2014: p. 49) highlighted challenges and complexities of performance measures under the LCDG system in Tanzanian LGAs. The challenges and complexities included unfair and out of control measures, too many performances, incomprehensive measures that did not make sense to the officials, subjective measures, subjectivity of the assessors, funding uncertainties, and unfair consequences of the assessment results (Gaspar & Mkasiwa, 2014: p. 49). The study by Gaspar & Mkasiwa (2014) do not reveal the measurements which are significantly and that consistently fit the environment of LGAs, and which can improve the quality of internal budgetary decision. Therefore, this study seeks to associate the LCDG assessment indicators with the use of accounting information in budgetary decision making process. This is due to the assumption that there is association between legitimacy to gain LCDG by LGAs and the result of assessment of LCDG performance measurement by fund granting bodies such CG in terms of efficiency, effectiveness, economy, quality, productive as well as change of behavior of actors towards organisation's forms and processes (Brignall & Modell, 2000). The pressure from fund granting bodies and professions are

described as institutional pressure in which new institutional Sociology (NIS) describe them as coercive and normative pressures.

According to DiMaggio & Powell (1983) coercive pressures are formal and informal pressures exerted on organisations by other organisations by using resources such as financial resources and by cultural expectations from the society within which the organisation functions. It is argued that organisational change may be a direct response towards the established regulations introduced by an organisation that got financial resources. On the other hand, normative pressure is argued as stems from shared values and ideas about appropriate behaviour often circulated through professional networks and education (DiMaggio & Powell, 1983). The assessment of performance measurement is also argued to change behavior of actors as to be more professionals. The professionalism is integrated in the organisations for the desire of increasing competency to actors and efficiency in the organisation's operations that can make individual actors within organisations and the field in general become homogeneous (Nicol, 2010). It is argued by Oliver (1991: p. 161) that corporate donors and government sponsors put pressure on social service agencies to be more "business-like" and economically accountable for their use of donated funds. That means the corporate donors and government sponsors tend to pose and associate institutional pressures with fund provision to ensure social and economic performance in the organisations (Oliver, 1991). Therefore, it is the interest of this paper to reveal the coercive and normative (professionalism) influence of assessment of performance measurement that objectively change behaviours of actors towards organisation’s efficiency and financial legitimacy.

The focus is on assessing the coercive and normative influence of performance measurement to the use of accounting information in the budgetary decision making processes. Therefore, the paper is focusing on the implementation of performance measurement techniques rather than their development and design as several previous studies focused (see in Fitzgerald et al., 1991; Kaplan and Norton, 1992). Several previous studies had investigated the use of performance information in the Local Government Authorities decision making process in developed countries (see in Askim, 2007; Moynihan & Pandey, 2010; Proeller, Siegel, & Kroll, 2010; Johansson & Siverbo, 2009; Dull, 2008) and also few studies have been conducted in developing countries (see Mimba, Helden & Tillema 2007; and Gaspar & Mkasiwa, 2014). Also, the above previous studies reveal how performance information is used as implementation of performance measurement; however, they do not reveal the influence of the assessment of performance-based funding in which scarce resources are distributed, especially in developing countries’ LGAs. So, this paper specifically investigates the coercive and normative influences of assessment of the implemented performance measurement-based funding, the case of LCDG to the use of accounting information by institutional actors in budgetary decision making processes and the effect in budgetary performance.

THE USE OF ACCOUNTING INFORMATION IN THE BUDGETARY DECISION MAKING PROCESSES

Public sector organisations, generally, provide public services through the budget appropriations which are based on decisions made about sources of revenue and projected expenditure (Sakurauchi, 2002). The decision-making processes for public organisation's budget are 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 multiple actors who have different roles and inconsistent preferences, interests as well as motives (Lawton, McKevitt, & Millar, 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). Due to the nature of public sector, literature reveals two main decision making approaches that include rational and political decision making approaches.

The rational decision-making approach suggests that decision-makers follow a specific process whereby goals are made, alternatives are developed in accordance with such goals, and then the most efficient alternative is implemented. Rationality means that a decision-maker has the ability to predict the future environment as well as identifying 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 argues that decision makers have clear goals, objective and interest of attaining those goals as well as they have relevant information (Walle & Bovaird, 2007). It is argued that accounting information is instrumental used in predicating the actual existence of rational decision-making process. This means that rational model supports the instrumental use of accounting information in decision-making (Amara, Ouimet, & Landry, 2004; Walle & Bovaird, 2007). Instrumental use of information in decision making involves the use of information through analysis and evaluation, searching for data and testing for solutions (Chua, 1988).

This study presumes the link between the instrumental use of accounting information and coercive and normative pressure associated with assessment of the implemented performance measurement-based funding, the case of LCDG. The link is drawn from the fact that the objective of the LCDG is to shape actors' behaviour towards efficiency and hence gain legitimacy to access the external fund. Moreover, the aim of performance measurement funding is to improve accounting and budgetary practice together with an enhancement of LGAs' decision making. In addition to that, the LGAs' budgetary processes are instrumental and economic aspects that increase potentiality of instrumental use of accounting information to be applied with coercive and normative influence from legal institutional framework pressures (Hoyge, 2002). Therefore, this paper hypothesises that:

H1: Coercive and normative pressures of assessment of the implemented performance measurement-based funding are positively related with Instrumental-conceptual use of accounting information

For the non-technical reasons, 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). Generally, Hogye (2002) argued that budget is a political as well as an economic document and is the product of the political processes in which competing interests in any nation achieve agreement. Therefore, the LGAs' decision making is also political process in which political actors and professional actors work together to delivery public services to the citizens. Moreover, political decision making process is viewed as a personalised process in which actors personalise the process by bargaining rather than making rational decisions for they differ on how to process and use relevant information; also they are influenced more by power and self-interest in making decisions (Turpin & 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 political decision-making process (Menon & Varadarajan, 1992; Vyas & Souchon, 2003). This is where the decision maker's experience is needed to inform intuition in political decision-making processes for the sake of efficiency (Turpin & Marais, 2004). Otherwise, the decision-making that is based on un-informed intuition reduces organisation's efficiency (Vyas & Souchon, 2003). This is because actors such as politicians tend to use intuition and disregard information which contradicts their positions (Askim, 2007).

This study presumes the link between the symbolic use of accounting information and coercive and normative pressure associated with assessment of the implemented performance measurement-based funding. The link is supported with fact that sources of coercive and normative pressure might have political influence due to the relationship between CG and LGAs. It is argued that the reasons from external factors such as corporate donors and government sponsors are into two categories: social and economic fitness (Oliver, 1991). Therefore, the sources as well as the outcome of coercive and normative pressures are not only efficient but also financially legitimate; so, political and social symbols may have a role to play with or without instrumental aspects (Oliver, 1991). Therefore, this paper hypothesises that:
H2: Coercive and normative pressures of assessment of the implemented performance measurement based funding are positively related with Symbolic use of accounting information.

ORGANISATIONAL BUDGETARY PERFORMANCE

The literature on the current trend of New Public Management (NPM) emphasises on efficiency as a main concern of adopting and implementing commercialised accounting and non accounting NPM techniques in public sector (Goddard, 2005: Chalu, 2007: Hood, 1995; Guthrie, Olson, & Humphrey 1999;

Newberry & Pallot, 2004; Broadbent & Guthrie, 2008; Mzenzi, 2013). Moreover, the empirical studies about NPM especially those conducted in developing countries such as Tanzania reveal that the financial legitimacy is the main core reason of implementing NPM with minimum integration of efficiency. Minogue (2000), Watkins & 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 aim 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 is still a political subject whose budget officers play 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 do not have a proper data set. It is also characterised by the production of public goods which are not based on profit but rather on 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).This is study looks at the budget efficiency as revenue collection efficiency in which minimisation of cost of collecting revenue is the main concern. That means, the study concurs with Hogye (2002) and Chukwuemeka & Ugochukwu (2010) in measuring budget efficiency. The study further measures budget performance with efficiency and external financial legitimacy as intertwined aspects appreciated with new institutional theorists such as Collier (2001) and Modell (2001).

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 p. 574). The legitimacy is a resource like money that makes organisation to operate, and accepted to either operate legally, socially, politically or/and to access resources such as financial resources for organisation's survival. It is also known that legitimacy represents a reaction of observers to the organization as they see it (Suchman, 1995). This means legitimacy is objectively possessed but subjectively observed or assessed (Ibid). The legitimacy can be strategically and institutionally gained, maintained, defended and extended. Several studies such as Oliver (1991); Modell (2001); Goddard & Assad (2006); and Mzenzi (2013) indicated that public sector organisations tend to strategically conform, manipulate and symbolise legitimacy in order to remain legitimate to the external

funding. This study focuses on evaluation of external financial legitimacy as capacity to access and collect from revenue from external funders.

This study investigates organisational budgetary performance as revenue collection efficiency as minimisation of cost of collecting own sources revenue; and gain external financial legitimacy as being accepted to access and collect revenue from Central Government. In connection to the use of accounting information with budgetary performance, the study evaluates how the instrumental and symbolic uses may influence organisational budgetary performance. This is due to fact that theories of information use tend to claim that instrumental use of accounting information increases budgetary performance in term of efficiency. However, this study seeks to associate instrumental use with both efficiency and financial legitimacy as measurements of organisational budgetary performance in LGAs. Therefore, this paper hypothesises that:
H3: Instrumental use of accounting information is positively related with organisational budgetary performance.

The study also associates the symbolic use of accounting information and budgetary performance in public sector. The literatures reveal that symbolic use that associated with manipulation and distortion of accounting information in justifying decision is negatively related with organisation performance. On the other hand, the literatures posit that symbolic use of accounting information that characterised with the use of intuitions and actors experience in justify decisions is positive related in organisational performance when rational model in decision making, cannot be applied but political model. This is where, the informed intuitions is prevailed in political decision making legitimating, promoting and sustaining predetermined positions (Feldman & March, 1981; Kurunmaki, Melia, & Lapsley, 2003). 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 & Bovaird, 2007; Feldman & March, 1981). Moreover, the public sector including LGAs' budgetary decision making processes are characterised with both rational and economical aspects together with political aspects, therefore, this paper hypothesises that;
H4: Symbolic use of accounting information with well-informed intuitions is positive related with organisational budgetary performance.

The paper, also posits indirect relationship between coercive and normative pressures of assessment of the implemented performance measurement based funding with organisational budgetary performance. This is because the literature on institutional theory, presume that institutional pressure associated with coercive and normative can create change in organisational form and process that might also affect the organisation performance in term of efficiency and legitimacy. The previous studies investigated the direct effect of the institutional pressure in the organisation performance, while the current paper focuses on indirect effect. Therefore, this paper hypothesis that;

H5: Coercive and normative pressures of assessment of the implemented performance measurement based funding are indirectly positively related with organisational budgetary performance.

RESEARCH METHODOLOGY

The studies in public sector are dominated with case study strategy whose findings lack generalizability even within the studied context. The paper employed survey strategy and administered 208 questionnaires to Tanzanian LGAs' political actors (the councillors) and public officials, including executive directors and heads of departments. The selection of such units of analysis is based on the role of councillors and public officials in the LGAs budgetary decision making and their role in adoption and implementation of NPM techniques that include performance measurement practices. The data were analysed by using Structural Equation Modelling (SEM) to test five hypotheses in which three attested direct relationships and two attested indirect relationships.

Before doing data analysis by using SEM, several assumptions were made on sample size, data reliability and validity, multicollinearity and normality of data. Reliability of measurement of data was assessed by Cronbach's Alpha in which coefficient of >=0.7 or >=0.6 is also accepted (Hair et al., 2010). The operationalisation was done as indicated in the table 1 below in which the measurements of each construct are indicated with their Cronbach's Alpha coefficients. The table indicates that the measurements were reliable in which all coefficients of Cronbach's Alpha are above 0.7 for all the constructs. Moreover, it also indicates that all items employed to measure constructs are important, and if one of them is deleted it will reduce the reliability of the overall scale of the constructs.

Table 1: Operationalisation of concepts/constructs

Latent Variables	Observable Variables	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Capital Development Grant Assessment	Assessment of minimum qualifications of Capital Development Grand (CDG) influence accounting information use in the budget decision (QC3)	.859	.863
	Assessment of minimum qualifications of CDG increases the issuance of clean audit report by CAG to the LGA (QC6)	.855	
	Assessment of minimum qualifications of CDG influences LGAs to collect more revenue (Q9C)	.847	
	Assessment of minimum qualifications of CDG influences Council Tender Board to function as per appropriate PPA & Regulations (Q10C)	.837	
	Assessment of minimum qualifications of CDG influences council committee's and full council meeting to held regularly as indicated by law (Q11C)	.831	
	Assessment of minimum qualifications of CDG influences conduction of a lot of financial and budget related trainings (Q12C)	.843	
	Assessment of minimum qualifications of CDG influences timely submission of quarterly management accounting information to Prime Minister Office- Regional Administration and Local Government (Q13C	.846	
Symbolic Use of Accounting Information (SYM)	Accounting information is gathered and used in the budget preparation to legitimised decisions made by using informed intuition and grounds (Q30B)	.773	.809
	Accounting information is gathered and used in the budget execution to legitimised decisions made by using informed intuition and grounds (Q29B)	.631	
	Accounting information is gathered and used in the budget approval to legitimised decisions made by using informed intuition and grounds (Q28B)	.800	
Instrumental -Conceptual use of accounting information (INST)	Accounting Information is translated into significant practical executed budget actions of the council (Q23B)	.730	.768
	Accounting Information is often used to keep the council's revenue and cost knowledge base updated in the budget preparation (Q25B)	764	
	Accounting Information is often used to keep the council's revenue and cost knowledge base updated in the budget approval (Q26B)	.657	
	Accounting Information is often used to keep the council's revenue and cost knowledge base updated in the budget	.684	

	execution/implementation (Q27B)		
Organisational Budgetary Performance	Increase of the own sources revenue (Q10E)	.625	.759
	Decrease of cost collecting revenue from own sources (Q12E)	.699	
	Getting more LCDG from CG (Q17E)	.725	
	LGAs get access to LCDG from CG (Q18E)	.751	

The paper also assessed construct validity in terms of convergent and discriminant validity. Convergent and discriminant validity require the variables that measure a construct must highly correlate to each variable and less correlated to other constructs in order to make sure that variables are measuring what they theoretically intend to measure. The statistical analysis was done to assess convergent and discriminant validity to ensure that the variables that measure a construct must highly correlated to each and are less correlated to other constructs. Average Variance Extracted (AVE).was used to assess convergent validity. AVE is the average variance of an observed variable whose latent variable is explainable in which it is required to be 0.5 or above that reveals multiple observed variables of underline latent variables are in agreement (Hair et al., 2010). Discriminant validity was assessed by comparing AVE of any two constructs with the Maximum Shared Variance (MSV) and Average Shared Variance (ASV) (Hair et al., 2011). The discriminant validity exists if AVE of each construct is greater than Maximum Shared Variance (MSV) and Average Shared Variance (ASV) (Hair et al., 2010). On the other hand, the discriminant validity exists when square root of AVE is greater than inter-construct correlations. Table 2 below indicates the existence of both convergent and discriminant validity. The shaded numbers in table 2 on the leading diagonal are the square roots of the AVE values; and off-diagonal italic numbers are correlations among variables.

Table 2: The Assessment of Convergent and Discriminant Validity

	CR	**AVE**	**MSV**	**ASV**	**SYM**	**CDG**	**INST**	**BP**
SYM	0.822	0.6	0.104	0.064	0.781			
CDG	0.850	0.5	0.261	0.131	*0.322*	0.672		
INST	0.785	0.5	0.261	0.143	*0.285*	*0.511*	0.695	
BP	0.766	0.5	0.088	0.041	*0.083*	*0.167*	*0.296*	0.685

CR: Construct Validity, AVE: Average Variance Extracted, MSV: Maximum Shared Variance and ASV: Average Shared Variance

Normality check was done to ensure that the data are normally distributed by assessing skewness and kurtosis. The result from structural equation modelling through AMOS version 20 as indicated in table 3 below that all figures of skewness and kurtosis are between -1.067 and 2.582; that is an acceptable level that explains the data are normally distributed.

Table 3: Assessment of normality (Group number 1)

Variable	min	max	skew	c.r.	kurtosis	c.r.
q23b	1.000	5.000	-.904	-5.324	.877	2.582
q13c	1.000	5.000	-.474	-2.792	.207	.609
q12c	1.000	5.000	-.528	-3.108	-.171	-.504
q11c	1.000	5.000	-.616	-3.625	-.046	-.137
q10c	1.000	5.000	-.391	-2.301	-.279	-.822
q9c	1.000	5.000	-.352	-2.072	-.455	-1.340
q18e	1.000	5.000	-.876	-5.157	.626	1.844
q17e	1.000	5.000	-.770	-4.534	.411	1.210
q12e	1.000	5.000	-.248	-1.460	-.291	-.855
q10e	1.000	5.000	-.454	-2.676	.074	.218
q28b	1.000	5.000	-.469	-2.763	-.226	-.664
q29b	1.000	5.000	-.458	-2.694	-.321	-.944
q30b	1.000	5.000	-.402	-2.369	-.521	-1.535
q25b	1.000	5.000	-1.067	-6.282	2.064	6.076
q26b	2.000	5.000	-.524	-3.086	-.026	-.075
q27b	1.000	5.000	-1.094	-6.440	2.015	5.931
q3c	1.000	5.000	-.683	-4.020	.601	1.768
q6c	1.000	5.000	-.607	-3.575	-.041	-.121

The use of SEM also assumes that the degree of any variable which is employed by SEM to affect or predict another variable is small (Hair et al., 2010). This represents the Multicollinearity that means what appears as separate variable measures the same thing (Kline, 2011). This study checked multicollinearity by running SPSS (correlation analysis) and by running multivariate analysis through SEM and by looking at sample correlation. From correlations analysis, the values ranged from -0.042 to .628. This means the study variables did not have multicollinearity problem because the correlation values were below the critical value of 0.95 (Kline, 2011).

Sample Correlations (Group number 1)

	q23b	q13c	q12c	q11c	q10c	q9c	q18e	q17e	q12e	q10e	q28b	q29b	q30b	q25b	q26b	q27b	q3c	q6c
q23b	1.000																	
q13c	.234	1.000																
q12c	.256	.455	1.000															
q11c	.100	.562	.552	1.000														
q10c	.244	.531	.436	.628	1.000													
q9c	.145	.372	.484	.585	.553	1.000												
q18e	.130	.031	.028	.025	.126	.035	1.000											
q17e	.161	.072	.115	.095	.142	.113	.681	1.000										
q12e	.068	.196	.032	.013	.076	.063	.373	.343	1.000									
q10e	.196	.157	.195	.165	.158	.098	.269	.541	.432	1.000								
q28b	.212	.163	.259	.250	.237	.168	.177	.133	.070	.018	1.000							
q29b	.353	.219	.214	.125	.293	.157	.170	.042	.108	.006	.630	1.000						
q30b	.269	.208	.228	.187	.213	.162	.071	-.032	.103	-.011	.461	.667	1.000					
q25b	.300	.211	.264	.231	.198	.242	.102	.209	.174	.302	.220	.015	.048	1.000				
q26b	.397	.311	.173	.260	.307	.263	.190	.182	.183	.220	.180	.104	.125	.564	1.000			
q27b	.431	.315	.254	.236	.380	.211	.137	.192	.121	.186	.319	.255	.239	.456	.623	1.000		
q3c	.141	.298	.372	.367	.421	.296	-.042	.060	.008	.195	.100	.075	.092	.222	.236	.330	1.000	
q6c	.204	.374	.337	.419	.428	.368	.112	.085	.131	.132	.205	.127	.248	.278	.399	.366	.397	1.000

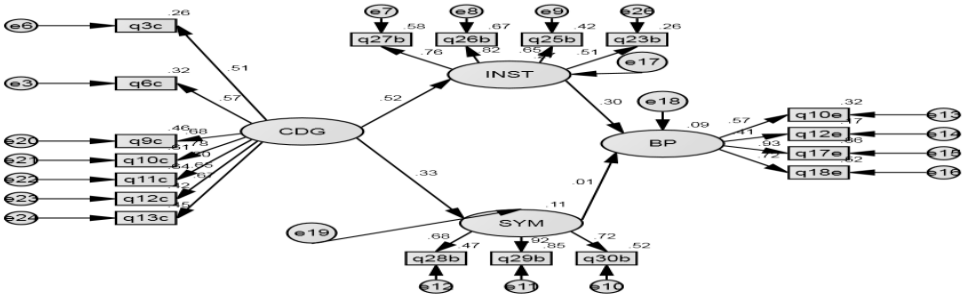
The assessment of fitness of the model revealed the fair fit on RMSEA, CMIN/DF, RMR, CFI , GFI and IFI as indicated in Table 4 as proposed by Hooper et al., (2008); Hair et al., (2010). Generally, the model was fairly fitted (see in table 4).

Table 4: Summary of the Model

CMIN	DF	P	CMIN/DF	RMSEA	CFI	ITL	GFI	RMR
289.072	131	.000	2.207	0.076	0.9	0.9	0.9	0.66

The model was operated and the findings below were revealed; the discussion is in the following section.

Figure 1: The SEM of the relationship between Coercive and Normative Pressures to the Use of Accounting Information and Organisation Performance.



FINDINGS AND DISCUSSION

H1: The path coefficient (figure 1) between Coercive and normative pressures of assessment of the implemented performance measurement-based funding (CDG) with Instrumental use of accounting information (INST) revealed a significant influence between the constructs. This is consistent with the early expectation that Coercive and normative pressures of assessment of the implemented performance measurement-based funding can increase instrumental use of accounting in budgetary decision making in LGAs. Furthermore, figure 1 reveals acceptation of H2, in which significant positive relationship between coercive and normative pressures of assessment of the implemented performance measurement-based funding (CDG) with symbolic use of accounting information in budgetary decision making processes. The findings reveal the role of assessment of Capital Development Grants that have coercive and normative pressures in both rational and political model of decision making by using accounting information. The path coefficient between CDG and INST is twice as much than CDG and INST. This might explain that coercive and normative pressures of assessment of the implemented performance measurement-based funding (CDG) implicate more the instrumental use of accounting information than symbolic use of accounting information in LGAs' decision making. The findings of this paper have proposed the importance of having good indicators on assessment of Capital Development Grants which can create coercive and normative pressure in budgetary decision making as suggested by Nyhan & Marlowe (1995), Brignall & Modell (2000), Gaspar & Mkasiwa (2014) and Melkers and Willoughby (2005).

H3: Instrumental use of accounting information is positive related with organisational budgetary performance.

H3: The figure 1 reveals the positive significant influence of instrumental use of accounting information (INST) to the organisational budgetary performance (BP) in terms of own sources revenue efficiency and external financial legitimacy. On the other hand, for H4: insignificant positive relationship between symbolic use of accounting information (SYM) and the organisational budgetary performance (BP) is revealed in figure 1. The findings of this paper suggest that influence of coercive and normative pressures of assessment of the implemented performance measurement-based funding (CDG) to the use of accounting information has major instrumental role in the organisation's performance. Moreover, the findings have revealed the role of rational decision making in which instrumental use of accounting information is essential in budgetary decision making processes towards organisation's performance.

H5: Coercive and normative pressures of assessment of the implemented performance measurement-based funding are indirectly positively related with organisational budgetary performance.

The paper also attested the indirect effect of coercive and normative pressures of assessment of the implemented performance measurement-based funding (CDG) to organisational budgetary performance (BP) with mediating effect of instrumental (INST) and symbolic (SYM) use of accounting information. The analysis by SEM revealed that significant and insignificant indirect effect of CDG to OP through INST (0.52 x 0.30) was 0.16 and through SYM (0.33 X 0.1) was 0.033. That makes total indirect effect of 0.19 that approximates to 0.2 coefficients that are significant for discussion. The findings have revealed the role of coercive and normative pressure through assessment of CDG in changing behaviour of actor towards own source revenue collection efficiency and external financial legitimacy. The findings are consistent with new institutional theorists such as Modell (2002); Collier (2002); Mzenzi (2014); and Gaspar and Mkasiwa (2014) who argued that coercive and normative pressures might create changes in organisation's forms and processes that can increase patterns of both legitimacy and efficiency.

CONCLUSION AND RECOMMENDATIONS

The main objective of this study was to examine the relationship between budgetary performance measurement assessment practices and the use of accounting information in the Local Government budgetary decision making processes. The paper specifically sought to establish relationship between the assessment of Local Government Capital Development Grant (LCDG) and symbolic and instrumental use of accounting information in LGAs' budgetary decision making process. The motivation of the research objective was the peculiar role of performance measurement as New Public Management techniques for achieving efficiency and ensuring financial legitimacy in LGAs in developing countries. The paper was informed by New Institutional Theory in which assessment of LCDG is perceived to have coercive and normative pressures that have direct relationships with symbolic and instrumental use of accounting information in budgetary decision making. The analysis through

SEM revealed the role of performance measurement techniques in enhancing the budgetary performance by coercing and professionalising instrumental use of accounting information in budgetary decision making by both political actors and public officials. The study findings have three main contributions which are theoretical contribution, methodological contribution and practical contribution.
Theoretical contributions: the study findings implicate the NIS by DiMaggio and Powell (1983) which accompanies the concept of institutional change which are caused by the coercive, normative and mimetic pressures with rationality approaches that include both efficiency and legitimacy aspects. The study established the extent of the assessment of Capital Development Grant (CDG) with coercive and normative financial and political related pressures from external environment that are influencing the use of accounting information for budgetary efficiency and legitimacy in LGAs. The paper largely reveals the instrumental role played by financial and political coercive and normative pressures of assessment of LCDG as performance measurement funding mechanism in shaping behaviour of actors towards instrumental use of accounting information that resulting to budget performance. That means, the paper shows the application of New Institutional Sociology (NIS) in explain the coercive and normative pressure that demand and seek for efficiency and legitimacy indirect to the use of accounting information in LGAs' budgetary decision making processes in the developing country context.

Methodological contributions**:** the study adopted mainstream or functionalist paradigm when investigating the extent of coercive and normative pressures associated with assessment of LCDG as performance measurement funding mechanism, influencing the use of accounting information in budget decisions for the budget performance. The study validated the use of Structural Equation Modelling (SEM) in accounting research in the context of developing countries. The adopted methodological procedures contributed to the debate of having well theoretical framework and achieving the validity and reliability of the constructs before running SEM (Hair et al., 2006). This is necessary when the adopted theoretical framework is constructed from the developed countries and the application is done in developing country public sector. That shows the evidence of the application of SEM in accounting research of a public sector in a developing country.

Practical contributions: the study findings largely inform stakeholders such as Central Government and policy makers who adopt, coordinate, control, and implement the assessment of LCDG to ensure that the assessment is conducted efficiently and effectively because it creates a positive change in the LGAs' decision making processes through the use of accounting information. Therefore, the study findings recommend that CG should reform and review the conditions and the assessment criteria and process in order for the LCDG to come up with more realistic conditions that take cognisance of external financial legitimacy and budget efficiency not only as intertwined aspects but also for the purpose of increasing organisation's budget performance. This can ensure the survival and

growth of public sector organisations (LGAs in case) to provide public services. Furthermore, the CG should also reform the process of transferring the LGCDGs to the LGAs in order to stop delays in releasing funds and failure to release funds, which affect the efficiency of budget execution stage because most of the development projects remain unfinished and the provision of public service to the citizens remains unsatisfactory. This has an implication to the Local Government reforms programs through the policy of Decentralisation by Devolution under fiscal decentralisation in developing equitable and transparent capital development grants systems which also increase budget efficiency by being realistic with the LGAs' needs, and increases internal sources of revenue in LGAs. Therefore, the paper makes contribution to body of knowledge about the role of performance measurement practice in enhancing the public sectors performance within LGAs decision making processes

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