UNIVERSITY OF SOUTHAMPTON

FACULTY OF LAW, ARTS & SOCIAL SCIENCES

School of Management

Accounting Changes and Budgeting Practices in the Tanzanian Central Government:

A Theory of Struggling for Conformance

by

Tausi Ally Mkasiwa

Thesis for the Degree of Doctor of Philosophy

July 2011

UNIVERSITY OF SOUTHAMPTON
ABSTRACT

FACULTY OF SOCIAL SCIENCES
SCHOOL OF MANAGEMENT

Doctor of Philosophy

ACCOUNTING CHANGES AND BUDGETING PRACTICES IN THE TANZANIAN CENTRAL GOVERNMENT:
A THEORY OF STRUGGLING FOR CONFORMANCE

By Tausi Ally Mkasiwa

This research investigates the phenomenon of budgeting practices in the Tanzanian Central Government. It seeks to understand how budgeting systems under the New Public Management (NPM), World Bank- and IMF-exhorted systems were adopted and implemented. There were several motives for this research: the significance of budgeting in financial management, the sparsity of empirical studies on NPM in developing countries, and a call for an understanding of the local contexts of the country and an evaluation of the reforms themselves. Additionally, the complexity of NPM reforms and the mixed results of previous empirical studies, indicated the need for a more appropriate methodology. The study adopts interpretive research and executes a grounded theory strategy. It develops a substantive grounded theory on budgeting practices and a formal grounded theory on accounting changes in organizations (Glaser and Strauss, 1967; Strauss, 1987). Fieldwork was undertaken in three Tanzanian Ministries.

Struggling for conformance is the central phenomenon of the substantive and the formal grounded theory. The substantive grounded theory explained a process through which the Tanzanian Central Government actors were determined to implement budgetary reforms, despite difficulties. Struggling for conformance was illustrated by the establishment of rhetorically applied (rhetorical) rules and regulations, followed by budgeting attempts and games in their implementation, due to the uncertain environment, complex budgeting systems, the donors' influence, and cultural and administrative practices. The process of struggling for conformance had positive and negative impacts on budgeting operations and budgeting allocations. The formal grounded theory proposes that organizations adopt and implement accounting changes in order to achieve legitimacy, efficiency and self-interests. Rhetorical rules on accounting changes are established and implemented through accounting attempts and games, which may reveal the coexistence of instrumental and ceremonial aspects of accounting (Covaleski and Dirsmith, 1991), and even fulfill individual, rather than organizational, interests (strategic deterioration). Struggling for conformance is caused by conflicting and enabling power, complex rules, and a fragmented environment. Its consequences reflect the extent of the acquisition of efficiency and legitimacy.

This research contributes to the limited amount of empirical accounting research on NPM in developing countries, to grounded theory and interpretive accounting research, and to the expansion of New Institutional Sociology. It further provides a framework of struggling for conformance, which produces possible explanations for the complexities of budgetary and NPM reforms, the adoption and implementation of accounting changes in organizations, and loose coupling.

Dedication

I dedicate this work to my beloved parents.

My mother, Asha Juma Kalungwana, and my father, Ally Saidi Mkasiwa

“My Lord, have mercy on them both as they did care for me when I was little.”

Table of Contents

List of Tables

<u>List of Figures</u>

List of Appendices

Acknowledgements

I am indebted to express my gratitude to my Almighty God, ALLAH, the most BENEFICIENT, and the most MERCIFUL to mankind, for making it.

Next, I recognize the valuable supervisory role of my doctoral research supervisor, Professor Andrew Goddard, for his directions and tolerance, understanding and patience, especially during the construction of theory from data. It was a seminal experience of being a grounded theorist researcher. Equally, I am grateful to the Institute of Finance Management (IFM), Tanzania, for financing my PhD study and granting a study leave for the same. The persistent financial and moral support of the Institute is remarkable.

I am also thankful to the Ministry of Finance and Economic Affairs (MoFEA), Ministry of Health and Social Welfare (MoHSW), Ministry of Educational and Vocational Training (MoEVT), Parliament of Tanzania, the President's Office – Public Service Management (PO-PSM) and Development Partners Group (DPG) for making my fieldwork and data collection exercise a memorable one.

Furthermore, I am grateful to the School of Management accounting seminar group and to the British Accounting Association Special Interest Group[1] for their comments on my research. I also appreciate the academic and social support and help during my study from all current and previous PhD students at the School of Management. To mention a few: Siasa, Nomahaza, Gasper, Mussa, Shimazain, John, Salma, and Saidimu.

Lastly, I acknowledge the support, understanding and care of my husband Siasa, my daughter Hafsa and my son Bilal. I am sorry for not having been able to fulfill the roles of a full-time mother and a full-time wife during this awesome period.

1 Fourth workshop programme held on Thursday 16th September 2010 by the British Accounting Association, Accounting in Emerging Economies Special Interest Group.

Abbreviations

ACBF	the African Capacity Building Foundation
BEST	Basic Education Statistics in Tanzania
CB	Cash Budgeting
DFID	UK Department for International Development
EC	European Commission
EDCF	Economic Development Cooperation Fund
ESDP	Education Sector Development Programme
FAO	Food and Agriculture Organization of United Nations
HSSP	Health Sector Strategic Plan
IFAD	International Fund for Agriculture Development
ILO	International Labor Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
JICA	Japan International Cooperation Agency
KOICA	Korea International Cooperation Agency
LCDs	Least Developed Countries
LGAs	Local Government Authorities
LGRP	Local Government Reform Programme
MCC	Millennium Challenge Cooperation
MDAs	Ministries, Independent Departments and Agencies
MKUKUTA	Mkakati wa Kukuza Uchumi na Kuondoa Umasikini Tanzania (in English, NSGRP)
MoEVT	Ministry Of Education and Vocational Training
MoFEA	Ministry of Finance and Economic Affairs
MoHSW	Ministry Of Health and Social Welfare
MPP	Medium Term Public Investment Plan
MTEF	Medium Term Expenditure Framework
NASCAP	National Anti Corruption Strategy and Action Plan
NPES	National Poverty Eradication Strategy
NPFM	New Public Financial Management
NPM	New Public Management
NSGRP	National Strategy for Growth and Reduction of Poverty (in Swahili,MKUKUTA)
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
OPRAS	Open Performance Review and Appraisal System
PAC	Public Accounts Committee
PB	Performance Budgeting
PBB	Performance Based Budgeting
PDB	Performance Determined Budgeting
PEDP	Primary Education Development Plan
PER	Public Expenditure Review
PFMRP	Public Financial Management Reform Programme
PIB	Performance Informed Budgeting
PMO-RALG	Prime Minister’s Office - Regional Administration and Local Government

PO-PSM	President's Office Public Service Management
PPBS	Planning, Programming, Budgetary System
PRB	Performance Reported Budgeting
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSRP	Public Service Reform Programme
SEDP	Secondary Education Development Plan
SPs	Strategic Plans
TDPG	Tanzania Development Partners Group
UK	United Kingdom
UN	United Nations
UNAIDS	the Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	the United Nations International Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
USA	United State of America
USAID	United States Agency for International Development
WB	World Bank
WFP	United Nations World Food Programme
WHO	World Health Organization
ZBB	Zero Based Budgeting

Chapter One

Introduction

1.1 Background to the Research

This research investigates the phenomenon of budgeting practices in the Tanzanian central government. It seeks to understand how the budgeting systems under the realm of New Public Management (NPM) (Hood, 1991;1995) and UN-, World Bank- and IMF-exhorted systems are adopted and implemented. The budgeting systems investigated involved Performance Budgeting (PB) as an NPM initiative, initially addressed by the UN on linking inputs to results (Dean, 1986; Guthrie *et al.*, 1999), the Medium Term Expenditure Framework (MTEF), a World Bank initiative for linking policy, planning and budgeting (Gray, 1998), and a Cash Budgeting (CB) system, normally addressed by the IMF for restoring fiscal discipline (Swallow, 2010). The research involved three main Ministries; the Ministry of Finance and Economic Affairs (MoFEA); the Ministry of Education and Vocational Training (MoEVT) and the Ministry of Health and Social Welfare (MoHSW). Members of Parliament and Donors/Development Partners (DPs) were also participants in the research.

Financial management is a vital tool for poverty reduction in any country. Budgeting, as a financial management technique, has attracted great attention from various stakeholders throughout the world, because a government cannot perform if its budget does not perform and, in order to achieve "a performing state", governments need "a performing budget" (Caiden, 2010; Schick, 2003a). Budgetary reforms are urged by various international bodies such as the World Bank, UN and IMF, and the label of NPM may be applied to both developing and developed countries. NPM reforms and UN-, World Bank- and IMF-exhorted systems are widely employed to reduce deficits, improve efficiency, accountability and service delivery.

A cautious approach to reforms is advocated because the overall results of the reforms may be to increase the total costs and not achieve the promised expectations (Guthrie *et al.*, 1999; Olson *et al.*, 2001; Schiavo-Campo, 2009; Tomkins, 1987). As early as 1987, Tomkins argued that major change could not be achieved without setting the right climate for change (Tomkins, 1987). This was also evidenced by a similar call for understanding of the local contexts of a country and evaluation of the reforms themselves for their relevant and successful implementation, as "the NPM is here to stay" (Abdul-Rahaman *et al.*, 1993; Guthrie *et al.*, 1999; Lapsley, 1999;2008; Olson *et al.*, 2001).

Furthermore, PB and MTEF are perceived and applied differently (see, for example, Lee Jr and Johnson, 1973; Schick, 2002; Shah and Shen, 2007). Their empirical studies in both developed and developing countries have revealed mixed results (Evans and Ngalwea, 2001; Kong, 2005; Lu, 2007; McGill, 2001). In order to understand the cultural, political, social, and economic context in which the budgetary practices are interwoven (Covaleski and Dirsmith, 1986; Czarniawska-Joerges and Jacobsson, 1989; Goddard, 1997;1999; Mimba *et al.*, 2007; OECD, 1997; Wang, 2002), this research adopts an interpretive methodology, and executes a grounded theory strategy for the understanding of the complex phenomenon (Ahrens *et al.*, 2008; Chua, 1988; Colville, 1981; Hopwood, 1979; 1983; 1987; Humphrey and Scapens, 1996; Tomkins and Groves, 1983).

1.2 Statement of the Research Problem

The interest of this research was to understand budgeting practices in everyday life and in the social, cultural and political contexts of the Tanzanian central government, using an interpretive approach. There was specific focus on the adoption and implementation of PB, MTEF and CB systems. There are few empirical studies on budgeting in developing countries, especially on PB. Budgeting is a vital financial management technique implemented under the complexities of NPM reforms. The fact that empirical studies have produced mixed and ineffective results on NPM reforms, in developing and developed countries alike, demands an evaluation of reforms and an evaluation of the local contexts of countries (Humphrey and Scapens, 1996; Lapsley, 1999; Olson *et al.*, 2001). It was the objective of this research to understand how the budgetary reforms were adopted and implemented in the Tanzanian central government. The research posed one general research question and four specific research questions.

The general research question of the study was to understand how PB, MTEF, and CB systems had been adopted and implemented in the Tanzanian central government.

From this general research question, the following four predetermined, refined and emergent research questions were formulated:

i. How do organizational actors within the Tanzanian Central Government accept, resist, influence or become influenced by PB, MTEF and CB?
ii. What role does budgeting play in the Tanzanian Central Government and for the Tanzanian Central Government actors?
iii. Are the PB, CB and MTEF systems compatible with each other, and are they compatible with the Tanzanian Central Government environment?
iv. What theoretical explanations can be developed to understand and explain the budgeting practices in the context of their current reforms? How can the theoretical explanations of budgeting practices in the Tanzanian Central Government explain accounting changes in organizations?

1.3 Significance of the Research

The study of budgeting practices in the Tanzanian Central government was of significance for various reasons.

Significance of where the research was conducted:

There has been little exploration of NPM reforms in developing countries. This is especially the case with PB. Most of the papers researching NPM are from Western countries (Sarker, 2006). Given the exhortation to take up NPM as a global initiative, understanding the local contexts of the country is essential for relevant and successful reforms (Abdul-Rahaman *et al.*, 1993; de Renzio, 2007; Guthrie *et al.*, 1999; Lapsley, 1999). Moreover, activity at the central government level is vital for development and poverty alleviation in any country. In Tanzania, central government controls the state authority and coordinates other government levels. Understanding the local contexts of the central government for the purpose of improving financial management is imperative (Sarker, 2006; Van Helden, 2005; Wynne, 2005).

Significance of how the research was conducted:

NPM reforms are inherently complex and empirical findings have revealed mixed results (Evans and Ngalwea, 2001; McGill, 2001; Van Nispen and Posseth, 2009). In these complex situations, interpretive accounting research provides an opportunity to understand the social, political, and cultural contexts of the budgeting practices. Interpretive methodology is being used increasingly in management accounting research, as it enables the researcher to uncover the complexity of the phenomena.

Furthermore, grounded theory allows researchers to delve into participants' views and obtain knowledge, without imposing the meanings onto the participants. Grounded theory is employed in order to develop socially informed theory. It can be employed to explain the contradictions and paradoxes of organizational accounting practices (Humphrey and Scapens, 1996). Grounded theory reflects the richness and complexities of social life, and is an aid to getting closer to accounting in practice. The Strauss and Corbin (1990; 1998) and Corbin and Strauss (2008) approaches to grounded theory have been adopted in this research.

Significance of what was investigated:

A government cannot perform if its budget does not perform and, in order to achieve "a performing state", governments need "a performing budget" (Caiden, 2010; Schick, 2003a). Budgeting is an important financial management tool for poverty reduction in any country. The research investigated joint budgeting systems which had previously been investigated separately, but had been concurrently implemented. Understanding joint budgeting systems provides an opportunity to examine and understand the complexities of budgeting practices. This allows an understanding of how the budgeting systems relate to each other and how they apply to the local contexts of the environment.

1.4 Structure of the Thesis

This thesis consists of nine chapters, the first of which introduces the thesis. It provides the background to the research and presents the research problem with research questions. It further discusses the significance of the research. The next chapter reviews the budgeting literature in public sector organizations, while the third chapter discusses the research methodology. The fourth chapter describes the research sites. The fifth, sixth and seventh chapters present data analysis for open, axial, and selective coding respectively. Chapter eight develops a formal grounded theory, whilst chapter nine presents the research conclusions and contributions.

Chapter Two

Chapter two presents a review of accounting and budgeting literature. The literature review provides a basis for the research problem presented in the first chapter. It first presents an overview of various budgeting terms such as budget, budgeting, PB, MTEF, performance measurement and CB. The performance measurement concept was found to be worth reviewing because of its significance in PB. The review of the literature suggests the complexity of the terms, as they have varied meanings and varied applications (Lee Jr and Johnson, 1973; Schick, 2002; Shah and Shen, 2007). The chapter then reviews the concepts of NPM and New Public Financial Management (NPFM), with a greater emphasis on their relevance to budgeting and performance measurement (Guthrie *et al.*, 1999; Hood, 1995; Jansen, 2008). The chapter further reviews literature concerning public financial management in developing countries. The focus was on MTEF, performance budgeting, and CB studies. Budgeting studies in developed countries are then discussed, relating to local/state government levels, central government level, and education/health/other sectors studies, while highlighting PB, CB and MTEF studies.

Chapter Three

This chapter focuses on the research methodology and research methods. It discusses the underlying theoretical foundation of the research. This accounting research was premised on the interpretive paradigm (Chua, 1986; Hopper and Powell, 1985; Ryan *et al.*, 2007), because this paradigm allows an understanding of the cultural, political, social, and economic contexts of budgeting practices. A grounded theory strategy was adopted for data collection and analysis, in order to construct a grounded theory from the data (Corbin and Strauss, 2008; Strauss and Corbin, 1990;1998). The substantive grounded theory was then developed to a formal grounded theory (Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Locke and Locke, 2001; Lowe, 1995; Parker and Roffey, 1997; Strauss, 1987). The chapter then addresses validity and reliability strategies (Gill and Johnson, 2006; Scapens, 1990; Strauss and Corbin, 1998). It also provides the rationale for researching the education and health sectors, before providing the rationale for researching budgeting practices in a developing country, using an interpretive research approach.

Chapter Four

Chapter four describes the research sites investigated. It first presents the Tanzanian profile, which provides an overview of Tanzania and the Tanzanian government, followed by an analysis of three main research sites. These were MoFEA, MoHSW and MoEVT, which are in charge of the budgeting practices of the central government, health, and education respectively. Other research sites visited to enhance the understanding of the budgeting practices involved the President's Office – Public Service Management (PO-PSM), the Parliament of Tanzania, and the Tanzania Development Partners Group (TDPG). Their roles as watchdogs over the Tanzanian central government made them crucial to the understanding of the budgeting practices. A brief presentation of reforms in Tanzania, including the public financial management reforms, is then discussed.

Chapters Five, Six and Seven

Chapters five, six, and seven present the data analysis for open, axial and selective coding respectively, which are the three stages of data analysis required by grounded theory research.

Chapter five describes the initial open coding process. This started with many concepts derived from analysis of the interview transcripts, documents and observational notes. Open codes were obtained as a result of breaking down, examining, comparing, conceptualizing, and categorizing data (Strauss and Corbin, 1990). This process generated 22 categories which are explained in detail.

Chapter six describes the axial coding process. Axial coding further developed the 22 open codes obtained from the open coding process, reducing them to 10 codes. During the axial coding process, relationships between categories were recognized. Each of the ten codes is described in detail, by explaining the rationale for the existence of the core code, and the rationale for combining the open codes categories.

Chapter seven describes the last coding process, the selective coding. Selective coding requires the selection of a focal core code emerging from the axial coding process. Other core codes are related directly or indirectly to the focal core code. This relationship (emergent theory) is synthesized by the help of the paradigm (Corbin and Strauss, 2008). The paradigm model consists of a central phenomenon which explains what the research is about, the conditions that cause the occurrence of the central phenomenon, the strategies that illustrate the central phenomenon, and any consequences which are the outcomes of the strategies.

The central phenomenon of this research was "Struggling for Conformance". This was identified as a focal core code of the emergent theory. It explained the basic social process in which organizational actors were determined to conform to the requirements of the reforms, despite the difficulties encountered. There were three main difficulties encountered: focusing on the medium-term period, linking inputs with outputs, and the measuring of performance. Despite these difficulties, there were three motivations which resulted in the process of struggling: to obtain funds from donors, to parallel practice in other countries, and to improve internal efficiency.

Three main strategies, which were in two phases, illustrated the process of struggling for conformance. The first phase consisted of one strategy of the establishment of rhetorical rules and regulation. Various rules and regulations in the form of policies, manuals, parliamentary acts and budgeting guidelines were established. Their perceptions, application and impacts were sometimes different from the established objectives. This phase of the establishment of rhetorical rules and regulations was followed by the implementation phase, which comprised two strategies. The first strategy was the playing of budgeting games and the practising of budgeting norms. The second strategy consisted of attempting to link budgeting with performance, attempting to measure performance and playing performance measurement games. The illustrative strategies of struggling for conformance were a result of four main conditions.

The four conditions intersected dimensionally to result in struggling for conformance. Firstly, donors were influencing the organizational actors in the implementation of the reforms. Successful progress towards reforms implementation was the main criteria for sustaining external finance from the Development Partners (DPs). There were other day-to-day practices of the donors which influenced reforms implementation. These included: delays and insufficient funds release, channelling aid through channels other than General Budget Support (GBS), dictation of priorities, and huge rewards for DPs. Secondly, the uncertain environment influenced the implementation of established rules and regulations. Elements of such an environment included structural changes, economic changes in inflation and exchange rates, funding uncertainties in both local and foreign funds, and uncertainties in the employees' working environment, in the form of low salaries and situational workload. Thirdly, there were ambiguous and complex budgeting systems. The structure of PB required every department to have inputs focusing on organizational objectives, which was sometimes impracticable and brought about allowances allocations. Also, the structure of MTEF did not allow organizational actors to make meaningful projections for the following two years, while its rolling nature made accountability of the results of the established three-year targets well-nigh impossible. Moreover, implementation of PB was interrupted by the implementation of the CB system. While the latter was a systematic system, the former system was very volatile. The last condition for struggling was cultural and administrative practices, which consisted of fear among the organizational actors, and the culture of indirect-self funding.

Two main consequences emerged as the result of the strategies adopted: budgeting operations-related impacts and budgeting allocations-related impacts. The budgeting operations-related impacts were the impacts of organizational actors' strategies on the budgeting operations of organizations, such as budget preparation, budget scrutinization and budget execution. These involved an increase of transparency and awareness, increases in budget participation, incorporation of performance information into budgets and a sense of loss of power by various organizational actors. The budgeting allocations-related impacts were the impacts of strategies, reflected in budgeted revenue and expenditures. These included de-linked budgets, self-focusing budgets, dependent budgets, ring-fencing budgets and the increases in debts and the total costs of running the government.

Chapter Eight

Chapter eight presents a formal grounded theory, which is formulated through the constant comparison of the substantive grounded theory with the general theory of New Institutional Sociology (NIS) and findings of other relevant substantive areas (Coopey *et al.*, 1998; Covaleski *et al.*, 1998; Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Lowe, 1995; Parker and Roffey, 1997). Both of these theories inform each other.

Budgeting studies are informed by different theoretical perspectives, such as institutional theory, Bourdieu's concept of habitus, contingency model, and Burawoy's contributions to labour processes (Coopey *et al.*, 1998; Covaleski and Dirsmith, 1988; Edwards *et al.*, 2000; Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Lowe, 1995; Parker and Roffey, 1997). Institutional theory, specifically the NIS, has pertinent key issues which are similar to the substantive grounded theory. Firstly, the central phenomenon of struggling for conformance was similar to the organizational actors' responses to accounting changes in the NIS. NIS is a powerful theory for explaining the adoption of innovations by "institutionalized organizations" (Ribeiro and Scapens, 2006). Secondly, strategies of struggling for conformance were similar to loose coupling in NIS and to later NIS formulations, which recognize power and self-interests (Abernethy and Chua, 1996; Collier, 2001; Covaleski and Dirsmith, 1988; Tsamenyi *et al.*, 2006). Power and self-interest in the substantive theory were similar to Burns and Scapens's (2000) institutionalization process and the Giddens' definition of power, which addresses the ability of individuals or groups to make their own interests or concerns count (Giddens, 1997). Thirdly, conditions of struggling for conformance were similar to the internal and external organizational environments in NIS. Lastly, the substantive grounded theory consisted of consequences which were similar to consequences of adoption of accounting changes and loose coupling in NIS. Furthermore, previous empirical budgeting studies have employed NIS on the similar basis of arguments (Alam, 1997; Alam and Lawrence, 1993; Collier, 2001; Covaleski and Dirsmith, 1988; Edwards *et al.*, 2000; Seal, 2003).

The formal grounded detailed in this chapter, explains why, where, how and with what consequences, struggling for conformance occurs (Corbin and Strauss, 2008). The formal grounded theory proposes that organizations adopt and implement accounting changes, despite the difficulties, in order to acquire legitimacy and efficiency. The process of struggling for conformance is explained in two phases, the first of which is about the establishment of rhetorical rules for the accounting changes. This involves approval of various accounting procedures for the implementation of new accounting changes (Burns and Scapens, 2000). The second is about the implementation of the established rules, through attempts and games on accounting changes, which may reveal the coexistence of instrumental and ceremonial aspects (Covaleski and Dirsmith, 1991), and even strategic deterioration aspects of accounting in organizations. Coexistence of these accounting aspects reflect the bounded rationality of efficiency, legitimacy (Burns and Scapens, 2000) and self-interest motives. A strategic deterioration aspect involves organizational actors' manipulation of legitimacy, which may compromise efficiency. It is also the opposite of organizational actors' response to improving organizational efficiency beyond the institutional requirements, designated as strategic innovation (Abernethy and Chua, 1996). The formal grounded theory accounts for fragmented internal and external environments, complex/ambiguous rules, and conflicting/enabling power as the conditions/causes of struggling for conformance. The extent to which efficiency is achieved and legitimacy is acquired reflects the consequences of the process of struggling. Moreover, struggling for conformance explains loose coupling, when the established rules are not coupled to the actual practices.

Chapter Nine

Chapter nine synthesizes and presents the main contributions of the research to the existing literature.
Firstly, it provides incremental evidence on NPM accounting research, especially in developing countries. The research provides evidence of the difficulties experienced in the implementation of reforms, with the resultant benefits proving inadequate in comparison to what was promised (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Tomkins, 1987; Van Nispen and Posseth, 2009). Despite the reforms being socially and institutionally constrained (Nor-Aziah and Scapens, 2007), the research provides evidence of reforms constraint in the contexts of conflicting rules. This occurred when CB was in conflict with PB, and the rolling nature of MTEF relegated the accountability of the established three-year targets.

Secondly, the research provides evidence of the coexistence of ceremonial and instrumental use of accounting in organizations. Empirical literature suggests that accounting and budgeting are used as legitimating tools (Covaleski and Dirsmith, 1983; 1986 ;1988; Edwards *et al.*, 2000). However, budgeting and accounting practices are also observed as equally important to ensure organizational efficiency (Covaleski and Dirsmith, 1988;1991).

Thirdly, empirical findings suggest that the new accounting practices are playing a variety of roles, from a no/very limited role to a constitutive role in management decision-making (Nor-Aziah and Scapens, 2007). The formal grounded theory suggests the existence of the strategic deterioration role of accounting in organizations, which is neither constitutive nor sufficient for the "no/very limited role". The strategic deterioration role compromises efficiency as organizational actors attempt to manipulate legitimacy for their individual, rather than organizational, efficiency.

Fourthly, the grounded theory explains the contradictions and paradoxes of organizational accounting practices (Humphrey and Scapens, 1996)**.** The substantive grounded theory unveils the complex nature of the adoption and implementation of budgetary reforms. While PB was first documented in a government manual in 1998, DPs argued, in 2010, that PB was non-existent. Moreover, McGill (2001) argued that the move from input- to output-based budgeting in Tanzania was clear and explicit, while Evans and Ngalwea (2001) concluded that the government of Tanzania insisted that it was already implementing PB, although the practice was lagging well behind. This research attempts to uncover the complexities through a ‘Struggling for Conformance’ theory. Findings such as the differences in perceived meanings of the PB system by organizational actors and DPs (see also Shah and Shen, 2007), and the existence of ceremonial and strategic deterioration aspects, are attempts to explain such complexities.

Fifthly, the phenomenon of struggling for conformance is identified in other empirical budgeting studies (de Renzio and Smith, 2005; Van Nispen and Posseth, 2009; Wynne, 2005), NPM literature (Atreya and Armstrong, 2002; Vakkuri, 2010) and in NIS literature (Lowe, 2000a; Lukka, 2007; Modell, 2001). This research is an attempt to theorize this phenomenon through the identification of conditions, strategies and consequences in which the struggling for conformance phenomenon occurs.

Sixthly, early formulations of NIS treated efficiency and legitimacy as dichotomous (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), while later formulations integrated efficiency and legitimacy (Collier, 2001; Covaleski and Dirsmith, 1988; Modell, 2001; Tsamenyi *et al.*, 2006). This research is a contribution to the integration of efficiency and legitimacy through proactive mimicking of organizational actors (Modell, 2001).

Lastly, apart from intertwining efficiency and legitimacy, the research contributes to the following areas in NIS literature. It provides evidence of the coexistence of power as both enabling and conflicting (Giddens, 1997; Greenwood and Hinings, 1996), although one power may dominate another in affecting organizational response. The substantive grounded theory also contributes to the understanding of constituents in NIS. This research introduces a new category, of development partners, into NIS literature. Another contribution to NIS is the emergence of the strategic deterioration response. Lastly, the formal grounded theory contributes to the understanding of loose coupling in organizations, through the theorization of struggling for conformance when the established rules are not coupled to actual practices. It suggests that loose coupling is not only the mediating tool between efficiency and legitimacy, but may also be useful in mediating the conflicting institutions and/or fragmented environment and/or conflicting rules of accounting changes (Nor-Aziah and Scapens, 2007).

Chapter Two

Literature Review

2.0 Introduction

This chapter reviews accounting and budgeting literature in the public sector. It also highlights performance measurement literature related to budgeting. The objective of reviewing performance measurement is to provide a broader base for the understanding of PB. A synthesis of the review informed the research statement and formulated the general and specific research questions presented earlier in the introduction chapter. The objective of the literature review was to inform the context of the research, rather than to impose the theoretical framework for empirical analysis. Moreover, the limited empirical research on NPM in developing countries was identified as a result of the review. While PB has been widely investigated in developed countries, this has not been the case in developing countries.

The review has basically divided into five sections. The first section provides an overview of various budgeting terms. The second section addresses NPM, NPFM, and their relevance to budgeting and performance measurement. The third section reviews accounting literature in developing countries and starts with general issues relating to public sector financial management in developing countries and then, more specifically, reviews CB, MTEF and PB. The fourth section reviews budgeting literature in developed countries. For the purposes of the review, studies are categorized into Health, Educations and Other Sectors, Central Government level and Local/State Government level. This section also highlights accounting studies on PB, CB, and MTEF. Section five synthesizes the literature and argues for an interpretive approach to the understanding of budgeting practices in the context of PB, CB and MTEF in one of the developing countries, Tanzania.

2.1 An Overview of Various Budgeting Terms

This section presents an overview of various budgeting terms and where appropriate identifies the origins of the terms and gives the historical perspective.

2.1.1 Budget: An Overview

The word "budget" has various meanings, depending on the historical, political, social, and technical contexts. The meaning of the term budget may be applied generally, or specifically to a certain context.

Historically, the word budget referred to a leather pouch, wallet, bag or purse and later came to mean a statement within the bag, rather than the bag itself (Lee Jr and Johnson, 1973). Also, this statement or document in a bag may mean the technical contents of a document rather than the document itself. For example, a budget may refer to a list of expenses and revenues for a specified period of time (Lee Jr and Johnson, 1973; Von Hagen and Harden, 1995), a record of the past, a statement about the future, and even a plan or prediction (Wildavsky, 1975). It may also mean a plan that expresses anticipated actions for allocating scarce resources amongst competing public needs and wants (Lee Jr and Johnson, 1973).

Apart from the above historical and technical meanings, the word budget may have a variety of meanings in different political and social contexts. These may refer not only to what a document contains, but also to what a document can achieve. A budget may be defined as any of the following: a mechanism for allocating resources, an instrument for pursuing efficiency, a means of securing economic growth, an engine of income distribution, a mechanism through which subunits bargain over conflicting goals, a representation of an organization's expectations, a reflection of organizational aspirations, a device for controlling the behaviour of others, a form of power, a network of communication, or a work program (Wang, 2002; Wildavsky, 1975).

Moreover, a budget may be linked to politics (Norton and Elson, 2002; Serritzlew, 2005; Wildavsky, 1975) or may mean an authorization to the government by the legislature to raise revenues, incur debts and effect expenditures in order to achieve certain goals (Norton and Elson, 2002). A budget conveys what the government expects and is authorized to do during the period (Von Hagen and Harden, 1995). It is a vital policy tool (de Renzio, 2007) that governments use to promote their objectives, ranging from ensuring macroeconomic stability, to allocating resources and delivering services. Olson *et al.* (2001) explain budget as an example of giving accounts about future action via reference to ex-ante accounts.

Apart from the historical meaning of the word budget, the technical, social and political meanings reflect the varying interpretations of the term. Budget is an outcome of the budgeting process. The following section reviews the term budgeting.

2.1.2 Budgeting: An Overview

A formal budgeting began with the reforms of William Pitt the younger, Chancellor of the English Exchequer in the late 18^{th} century (Wildavsky, 1975). Informal budgeting existed even before this time, as budgeting is a common phenomenon and, to some extent, everybody does it (Lee Jr and Johnson, 1973). Wildavsky (1975) argues that regular annual budgets, that incorporated all the state revenues, did not appear until the 19^{th} century, when the controlling purposes of budgeting predominated. Flynn (2007) argues that comparing budgeted expenditure with actual expenditure is a simple performance measure which has two problems. Firstly, details of projected spend are produced after the Financial year has begun and, secondly, monitoring systems are based on cash outflows (not accrual). Various budgeting reforms were adopted, and Wildavsky (1975) argues that the early ones focused on increasing revenue.

Budgeting can be defined in various ways, depending on its social contexts. In hospitals, for example, Jegers (1996) defines budgeting as a decision by hospital authorities concerning allowed expenses for every unit in the hospital during a given period. To the government, budgeting may be defined as the routinization of choice with respect to public finances (Schick, 1998a). In other social contexts, budgeting may be defined as a process that describes how decisions concerning public resources are made (Wang, 2002) and as a means of translating financial resources into human purposes (Wildavsky, 1975).

Budgeting can mean more than the process itself. The term budgeting may involve reflections on what a budgeting process can achieve. The early stages of the budgeting revolution defined budgeting as a means of serving legislative accountability (Premchand, 1984). In later stages, budgeting became a mechanism for setting goals and objectives, and identifying weaknesses or inadequacies in organizations (Lee Jr and Johnson, 1973). Lee Jr and Johnson (1973), Gaebler and Osborne (1993) and Lee Jr *et al.* (2007) define budgeting as a means of controlling and integrating the diverse activities that are carried out by numerous subunits within large bureaucracies, both public and private. Budgeting is therefore a means by which complex organizations can be guided to produce intended consequences.

Budgeting has also been defined as a union of natural and rational processes (Boland and Pondy Jr, 1983). Schick (2003b) defines budgeting as a rule-driven process that regulates the raising and spending of public money. It answers the question of who does what, when, and how in the preparation and implementation of the budget. Budgeting can also be the following: a process of cultural reinforcement (Czarniawska-Joerges and Jacobsson, 1989), a political process, activity or function (Covaleski and Dirsmith, 1986; Tooley and Guthrie, 2007; Wang, 2002), an opportunity for playfulness (Cooper *et al.*, 1981), a form of institutional isomorphism (Covaleski and Dirsmith, 1983), an experimentation (Pinch *et al.*, 1989), a legitimate tool (Covaleski and Dirsmith, 1983; 1986 ;1988; Edwards *et al.*, 2000), and a means of achieving internal efficiency (Covaleski and Dirsmith, 1988).

This review of budgeting reflects the diverse meanings of the term. This research explored the meaning of budgeting as reflected by Tanzania's central government actors.

2.1.3 An Overview of Cash Budgeting System

CB is a system which has two main meanings. The first meaning is embedded in the budgeting system during budget preparation, and the second meaning is embedded in the budgeting system during budget execution.

In the context of budgeting preparation, CB is the specification of budgetary expenditure authorizations and revenue estimates in terms of cash accounting measures. It is a system that has no ex-post information about revenue, expenses, assets, and liabilities (Jones, 2007). This is the opposite of an accrual budgeting system, which defines the specification of budgetary expenditure authorizations and revenue estimates in terms of accrual accounting measures (Robinson, 2009). Under the CB, ex-ante financial control through the release of cash is the primary instrument, while under accrual budgeting, control relies primarily upon ex-post monitoring and sanctions (Robinson, 2009) . In the context of budget preparation, CB is practised almost universally (Shah, 2007). Few countries have moved from CB to accrual budgeting (Robinson, 2009).

In the context of budgeting execution, CB system is a recommendation or a conditionality of the IMF (Swallow, 2010). It is also known as cash-flow budgeting (Wildavsky, 1986). A CB system during budget execution has nothing to do with budgetary appropriations and the use of the term CB in this context is argued to be highly misleading (Shah, 2007). It is argued to be a cash rationing system, rather than a cash budgeting system (ibid) . A CB is argued to be a most extreme manifestation of a repetitive budgeting system (Wildavsky, 1986). There are also a variety of definitions for a CB system during budget execution. It may be defined as a system that imposes strictness on current and capital expenditures (Robinson, 2002), i.e. the current expenditures are not allowed to be used for capital expenditures and vice versa. However, it may also be used as a budgeting system which brings spending into line with resources, by limiting domestic spending to domestic revenue (Dinh *et al.*, 2002). This is a budgeting system in which the cash allocations to Ministries are limited by cash availability (Llienert, 2003), or the Ministries' expenditures are limited to cash inflows into the Exchequer on a monthly basis (Fagernäs and Roberts, 2004).

Normally, a CB system during budget execution is used for two main reasons. Firstly, it may be used as an emergency measure to restore fiscal discipline and macroeconomic stability (Swallow, 2010). Secondly, it may be used as a routine measure, or a tactic to deal with the inevitable consequences of an unrealistic budget during times of high uncertainty or unpredictability of revenue (Shah, 2007; Swallow, 2010). Swallow (2010) argues that countries have adopted a CB system during budget execution for the first reason and have maintained it for the second reason.

2.1.4 An Overview of MTEF System

MTEF was first developed in Australia in the 1980s (Schiavo-Campo, 2009; Schick, 2002). However, in more recent times, it has been argued that the MTEF has been pioneered by the United Kingdom (Premchand, 1984; Schiavo-Campo, 2009). It has been developed and used by both developing and developed countries as a result of poor budgeting outcomes. Despite its genesis as a necessary programming tool to cut government spending in advanced countries, MTEF became an alibi for improving weak links between budgeting and planning (Schiavo-Campo, 2009; Shah, 2007). MTEF links policy, plans and budgets over a medium-term period of 3 to 5 years (Craig and Doug, 2003; Gray, 1998). Developing and implementing an MTEF in linking policy, planning and budgeting can be accomplished progressively, at a pace that fits a country's capacities and may take even ten years (Gray, 1998).

MTEF consists of a top-down resource envelope, and a bottom-up estimation of the current and medium-term costs of development policies (Craig and Doug, 2003). It is an arrangement by which annual budget decisions are made in terms of aggregate or sectoral limits on expenditures for each of the next three to five years (Schick, 2002). However, there are various versions and formulations of an MTEF budgeting system.

In the context of the level at which MTEF can be applied, a government may implement overall/aggregate MTEF or a sector-level MTEF (Gray, 1998; Schick, 2002). An overall MTEF approach is a top-bottom approach, in which a government allocates resources to individual sectors. A sector-level MTEF approach involves a bottom-up approach, in which sectors govern resource allocation within an individual sector. Effectiveness of MTEF, however, depends on the combination of both approaches. While a bottom-up approach is a building block to achieve a comprehensive MTEF, a top-bottom approach achieves a better balance of policies and resources at the inter-sectoral level and avoids limitation of opportunities for responses that go beyond the sector (Gray, 1998).

In the context of the ways in which the MTEF is implemented, MTEF may be a multi-year projection, or a technocratic exercise that does not involve strategic decisions by political leaders (Schick, 2002). On the other hand, MTEF may include the involvement of strategic directions. There are two main groups in this variant. The first group consists of forward estimates (which are medium-term projections of the revenue or spending that will ensue from approved policies). These are rolled ahead each year and are updated for price changes, and re-estimates of revenue and program expenditure, and policy initiatives (Merk, 2006; Schick, 2002). New programs in a rolling MTEF must project their full costs over the three-year period, in order to be considered for funding (Schiavo-Campo, 2009). Countries with rolling MTEF include Canada, New Zealand, Spain and Italy (Merk, 2006). The other group consists of a fixed or periodical MTEF. In a fixed or periodical MTEF, government commitments to agencies are made for a three-year period (Merk, 2006; OECD, 1997). Examples of countries with fixed MTEF are the UK, US (until 2002), Sweden and Netherlands (Merk, 2006).

2.1.5 An Overview of Performance Measurement

The term "performance measurement" has diverse meanings. Vakkuri and Meklin (2006), for example, explain performance measurement as a product and a medium of human action which institutional conditions of working environment can influence. de Bruijn (2007) argues that performance measurement ranges from using quantitative data about specific variables to assess performance, to verifiable descriptive, narrative or anecdotal information. It is a measurement of levels of activities and achievements through a range of indicators (Wang, 2002). Caiden (2003) defines performance measures as a systematic quantitative/qualitative assessment over time of what an organization is doing, how well it is doing it, and what effects the activities are having. Shah and Shen (2007) include entire results, which are input, process, output and outcome. de Bruijn (2007) argues that performance measurement means measuring those effects that are measurable (output or product) and argues against those who include outcome. However, ter Bogt (2008) includes both output and outcome, arguing that performance measurement is related to activities, outputs and outcomes and not primarily with inputs. Input is defined as resources, while output means goods and services. Outcome has the impact on the community (Pallot, 2002). Lebas (1995) defines performance, in the case of management, as not so much about past achievements, as is generally accepted, but about the future and about the capability of the unit being evaluated.

Melkers and Willoughby (1998) noted that terms such as input, process, output, outcome, effectiveness, and efficiency were used in the context of performance measurement in The States. Bovaird *et al.* (1988) present four different conceptual levels of performance required to evaluate any given programme or organization. These four levels are economy, efficiency, effectiveness and equity of which indicators are directed.

Lee Jr and Burns (2002) argue that performance measurement has been evolved in the budgeting process as a result of the government objective to ensure it meets the demands of citizenry, and as a result of action by the Accounting profession, requiring states and local government to adopt service efforts and accomplishments, which are measured in terms of performance.

Performance measurement judges the performance of the program or organization (Guthrie and English, 1997), leads to accountability of both organizations and individuals (Economic Commissions for Africa, 2003; Flynn, 2007), assists in planning, budgeting and implementation of programmes (De Bruijn, 2007; Lee Jr and Burns, 2002), and fulfils various functions within the organization, which include transparency, learning, appraisal by third parties and positive or negative sanctions (De Bruijn, 2007; Economic Commissions for Africa, 2003). Performance measurement has diverse meanings and it improves public budgeting. The research has investigated performance measurement in the realm of PB.

2.1.6 Performance Budgeting System

Dean (1989) argues that PB was first implemented in 1949 through the recommendation of the Hoover Commission with regard to the organization of the executive branch of government in the USA. It was also established by the UN through the manual in 1965 (ibid). However, Shah and Shen (2007) have argued that New Zealand and Australia were the forerunners in PB in the late 1980s, followed by others in the early and mid-1990s.

Promoting efficiency in budgeting is a budgeting initiative that has been documented as a prominent reform all over the world, and that has been prominent in the USA for over a decade (Andrews, 2004). This is a phenomenon of the 20th century; Wildavsky (1975) points out that it was first spawned in the US, where it is known as PB. It is also known elsewhere as value for money (ibid).

PB is also known as performance-based budgeting, and the term 'output budgeting' is sometimes used to mean the same thing. Willoughby and Melkers (2002) argue that it is hard to standardize the definition of PB because it has a more diverse set of requirements, as it blends various aspects of current public management trends, including outcome measurement, performance measurement systems, strategic planning and benchmarking. Willoughby and Melkers's (2002) argument is confirmed in the following varying definitions of PB.

Output budgeting is a term used to describe the budgetary approach used in the UK central government around 1970, and is broadly similar to PB (Garrett, 1972). Schick (2003a) defines PB as any budget that presents information about what agencies have done or, expect to do, with the money provided to them. Schick (2002;2003a) argues that PB is the only budget that explicitly links each increment in resources to an increment in outputs or other results. PB requires strategic planning regarding agency mission, goals and objectives, an assessment of agency progress towards specified targets, a process that requests quantifiable data to provide meaningful information about programme outcomes and measurement of results, outcomes and impacts (Melkers and Willoughby, 2001). McGill (2001) defines PB as including both a strategic framework and the mechanics of resource allocation in relation to performance.

Shah and Shen (2007) categorize PB into four groups, depending on the extent of the implications of performance information in the budgeting decisions. These four groups are performance-reported budgeting (PRB), performance-informed budgeting (PIB), performance-based budgeting (PBB) and performance-determined budgeting (PDB). In PRB, performance information is only reported in the budgeting documents. In PIB, performance information plays a minor role in the budgeting, while in PBB, performance information plays a major role in the budgeting decisions, together with other information. In PDB, there is a direct and explicit link between allocations of funds and performance information. The categories are arranged in ascending order (PRB, PIB, PBB and PDB), depending on the extent of implication of performance information in budgeting. Shah and Shen (2007) argue that PBB is the best system for rational decision-making. The last one, PDB, is argued to be undesirable and impossible (Shah and Shen, 2007). Joyce (1996) reaches the same conclusions regarding the preference for using performance information in the budgeting process.

2.2 Relevance of NPM and NPFM in Budgeting and Performance Measurement

The NPM has assumed a dominant role in reforms in the public sector in the 1980s and 1990s (Lapsley, 1999). According to Gruening (2001), the first NPM developments began in the late 1970s and early 1980s under the Prime Minister, Margaret Thatcher, in the UK (the Financial Management and Next Steps initiatives), and in some municipal governments in the US (e.g. Sunnyvale in California). The reasons for its introduction were economic recession and tax revolts. In the UK, the oil crises 1974 and 1979 led to pressure to control public spending and privatization was introduced to improve public sector performance. Where complete privatization was inappropriate, various steps were taken in the public sector (Tomkins, 1987).

Hood (1995) explains NPM and provides the possible accounting implications by using seven dimensions, four of which relate to the extent to which the public sector should be distinct from the private sector; these involve the following:

i. Disaggregation of public organizations into separately managed corporatized units for each public sector product, which may result in more cost centre units;
ii. Competition between public sector organizations and between public sector and private sector, which may result in costly cooperative behaviour;

iii. Greater use of management practices within the public sector, broadly drawn from the corporate sector, may result in private-sector accounting norms;

iv. Greater stress on discipline and parsimony in resource use and alternative findings, which may result in more stress on the bottom line.

The other three dimensions concern the extent to which managerial and professional discretion should be fenced in by explicit standards and rules and involve the following:

v. Increased hands-on management, which may result in fewer procedural constraints, and more use of financial data for management accountability.

vi. More explicit and measurable standards of performance, which may result in performance indicators and audits.

vii. Attempts at a more homeostatic style according to preset output measures, which may result in moving from activity costing to cost centre accounting.

Olson *et al.* (2001) argue that NPFM reforms represent a move from systems essentially based on the discretionary responsibility of service providers to ones with more constrained public service responsibilities. Sarker (2006) points out that the NPM framework was proposed to make public sector administration more efficient, effective and responsive. Due to public sector ineffectiveness and inefficiencies, NPM techniques were introduced (Van Helden, 2005). NPM is broader than NPFM. However, the difference can be deceptive as, without financial management reforms, NPM would be less significant (Guthrie *et al.*, 1999).

NPFM are the real reforms in NPM (Van Helden, 2005). They can be used as a noun, verb, methodological approach as the product of applying a particular methodology and to cover a range of decision-making processes both within, and external to, an organization (Guthrie *et al.*, 1999). There are five categories of NPFM: financial reporting systems, management systems and structures, performance measurement, devolvement or delegation of budgets, and internal and external public sector (ibid).

Since their inceptions, NPM and NPFM have attracted the interest of many authors in the field of accounting (Goddard, 2005; Groot and Budding, 2008; Guthrie *et al.*, 1999; Hoque *et al.*, 2004; Jackson and Lapsley, 2003; Jansen, 2008; Lapsley, 2008; Newberry and Pallot, 2005; Olson *et al.*, 2001; Sarker, 2006; ter Bogt, 2008).

NPM may result in private sector norms. Other authors have advocated caution regarding the transfer of private sector models, such as principal-agent, to the public sector without considerable modifications (Newberry and Pallot, 2005). Other authors have noted that NPM reforms are not implemented voluntarily by practitioners to their internal management practices. Jackson and Lapsley (2003) argue that the reforms in Scottish public sectors were implemented by recommendation of official bodies and, when an accounting change took place, it did so because of the requirement of regulation, statute or exhortation. Subsequently, ter Bogt (2008) revealed that Dutch local governments adopted NPM partly because of external legitimation. Guthrie *et al.* (1999) revealed variations between countries in the type and degree of activities of NPFM reforms. They argued that they should be investigated in more depth, both nationally and internationally, and that it should be recognized that is not a uniform, global movement.

It was the objective of this research, through recognizing the differences between various countries, to explore the budgeting reforms in the local context of Tanzania's central government. The next sections present NPM and NPFM issues of interest relating to budgeting and performance measurement respectively.

2.2.1 Relevance of NPM and NPFM for Budgeting

NPM and NPFM have various implications for budgeting. NPM in budgeting is focused on efficiency and resource savings (Jansen, 2008). With NPM, stable base budget and establishment norms are replaced because of the need to cut direct costs and raise labour discipline (Hood, 1995). Contemporary public expenditure management is interested in the process of budgeting primarily because procedural rules strongly influence expenditure outcomes (Schick, 1998a).

Guthrie *et al.* (1999) state that NPFM involves devolvement in budgeting, decentralization and delegation of budgets, and linking budgets with the reporting of results in financial and non-financial terms. Promoting efficiency in budgeting is a budgeting initiative that has been noted as a prominent reform all over the world (Andrews, 2004). NPM seeks to establish outcome-based budgeting techniques (Kelly and Wanna, 2000). The linking of budgets with the reporting of results is addressed as PB. PB links each increment in resources to an increment in outputs or other results (Schick, 2002;2003a). NPM seeks to establish new budget conventions that are based on principal-agent relationships, outcome-based accrual accounting and contract price budgeting (Kelly and Wanna, 2000). Schick (1998a) argues that there are three basic objectives of modern public expenditure management: to strengthen aggregate fiscal discipline, to allocate public resources in accord with strategic priorities, and to promote the efficient provision of services.

NPM involves incorporation of planning into budgeting (Bissessar, 2010). MTEF was established to link policy, plans and budgets (Craig and Doug, 2003; Gray, 1998). With NPM, the aggregates of spending (and other budget) totals must be sustainable over the medium term, or longer, through policies and instruments that enable the government to maintain discipline year after year (Schick, 1998a).

The NPM reforms in budgeting include PB and MTEF, which focus on improving efficiency. The NPM framework was proposed to make public sector administration more efficient, effective and responsive (Sarker, 2006). The objective of the research was to understand how budgeting reforms under the realm of NPM were adopted and implemented by Tanzania's central government actors.

2.2.2 Relevance of NPM and NPFM for Performance Measurement

NPM and NPFM moves the performance measurement focus from considering inputs only to considering outputs as well (Hood, 1995; Jansen, 2008; Olson *et al.*, 2001). Previously, performance evaluation focused on discrepancies between budgets and actual expenses. With NPM, performance measurement implies setting targets, focusing on efficiency, comparing targets with actual performance and placing an emphasis on output (Jansen, 2008). NPM means that performance management is based on more explicit performance measurements, which relate to targets defined at an earlier stage (Jansen, 2008). NPM addresses more explicit and measurable standards of performance (Hood, 1995).

Guthrie *et al.* (1999) made it plain that, with NPFM, performance measurement includes techniques such as financial and non-financial performance indicators, league tables, output and outcome performance measures and benchmarking. However, Guthrie *et al.* (1999) argue that performance measurement and evaluation systems under NPFM increase the indirect costs of public services, while at the same time giving out signals of rationality and efficiency to external stakeholders concerned with legitimacy and value of services.

The move from input to output for services provision is criticized by various authors (De Bruijn, 2007; Lapsley, 1999; Olson *et al.*, 2001). For example, Olson *et al.* (2001) argue for the complexity of input-output relationships as many activities relate to people or citizens, whose lives and social contexts are only partially formed by the intentions of actors within the public sector. Lapsley (1999) argues that there is a need to revisit the NPM paradigm and its elements because of the problematic nature of input-output in complex services; the objective would be to emphasize the quantity, which accentuates the primacy of accounting and points to irrationality, and which may affect quality adversely. de Bruijn (2007) also argues that achieving output targets does not tell us anything about the professionalism or quality of the performance. He added that efforts to reach output targets may even harm professionalism and quality.

Nevertheless, Lapsley (2008) argues that while there has been considerable effort to develop performance measures and new techniques, such as benchmarking and balanced scorecard, there has been little to resolve the performance measurement dilemma. He argues that performance measurement will continue to be an area of heavy emphasis by key NPM players - public service organizations, audit bodies, governments and researchers - and that the practice of performance measurement will continue to exhibit dysfunctional and contentious effects which will not be resolved in the foreseeable future. However, he suggests that robust performance measurements despite their shortcomings should be maintained to achieve the objectives of managers and professionals. A number of authors have provided their suggestions regarding the effective implementation of NPM and NPFM reforms in performance measurement. Olson *et al.* (2001) suggest that empirical studies should investigate objective performance measurement. Allen *et al.* (2004) provide principles for good practice in performance measurement, which include the need for a performance measurement framework to encompass the critical aspects of public financial management, internationally agreed codes and standards, comprehensive performance measures, and avoiding having too many indicators. Olson *et al.* (2001) argue for more simplified performance measurements. Modell (2004) argues for more researchers to analyse how different groups of actors interpret performance measurement models, and the extent to which they are compatible with existing performance measurement practices.

As early as 1986, Dean argued that developing better performance measurement in the public sector was a topic of long-lasting interest to governments (Dean, 1986, p.21-22). Performance measurement is a major reform in budgeting. This research has investigated PB in the realms of NPM on performance measurement.

2.3 Accounting Studies on Public Sector Financial Management in Developing Countries

This section reviews accounting literature about public sector financial management in developing countries. It begins with general aspects of public sector financial management and then focuses on empirical budgeting studies other than PB, MTEF and CB. MTEF, PB and CB are then discussed in more detail.

2.3.1 Literature on General Aspects of Public Sector Financial Management

Public sector financial management has attracted great interest from various authors in developing countries. Other authors have focused on the review of accounting and/or management accounting literature about public sector financial management (Abdul-Rahaman *et al.*, 1993; Alawattage *et al.*, 2007). Others have focused on the implementation of NPM reforms (Awio *et al.*, 2007; Batley and Larbi, 2004; de Waal, 2007; Tambulasi, 2007; Therkildsen, 2000) and others on the specific characteristics of developing countries (Abdul-Rahaman and Lawrence, 2001; Mimba *et al.*, 2007).

Of those who reviewed accounting literature, Abdul-Rahaman *et al.* (1993) concluded that few accounting studies have been conducted in the public sector in developing countries; they argue that this may be the result of researchers not being residents of these countries, hence experiencing cultural and language problems. They also argued that, even when more work has been done in a specific area, inappropriate methodologies have been used. They conclude that public sector organizations are rational, harmonious and cooperative entities, yet there are other ways of perceiving and understanding them.

Subsequently, Alawattage *et al.* (2007) review seven papers devoted to management accounting in less-developed countries and suggest that accounting research in such countries needs to address the issues of poverty reduction, corruption, community involvement, history, culture and politics. They argue that effective management accounting in less-developed countries may require broader, simpler, more open and transparent and sometimes informal, systems developed locally.

Other authors have focused on the implementation of NPM and NPFM. (Awio *et al.*, 2007; Batley and Larbi, 2004; de Waal, 2007; Olson *et al.*, 2001; Sarker, 2006; Tambulasi, 2007; Therkildsen, 2000)

Therkildsen (2000) investigates public sector reform in Tanzania, and argues that there was fragile domestic political support for these reforms and few service delivery improvements. Substantial external influences, fragmented domestic policy-making, weak links between policy-making and its implementation, and questionable assumptions about NPM-inspired reform measures, were identified as the causes of these shortcomings.

Batley and Larbi (2004) examine reforms in selected developing counties in Africa, South and Southeast Asia, and Latin America, based on the experiences of different sectors, which include agricultural marketing, health, business development and urban water supply. They argue that lack of financial accountability is a barrier to effective public sector management. They conclude that reform approaches need to be sensitive to the institutional conditions of particular countries.

On the other hand, Awio *et al.* (2007) examine how the Ugandan community-led approach of the HIV/AIDS initiative relies on a very different mechanism to achieve accountability for expenditure on health-related public services. They concluded that developing countries need to import relevant and workable aspects of NPM reforms, while at the same time exploring other options for services and programme areas that apply to unique circumstances.

Tambulasi (2007) investigates the extent to which NPM-based management accounting practices have increased managerial autonomy and reduced political control in Malawi's local governance. He found that the NPM-based management accounting has led to loss of local political control, which makes politicians resort to unproductive behaviours including interference, sabotage and corruption in order to regain their lost political control. On the other hand, administrators maintain their managerial autonomy through NPM-based managerial prerogative, seeking central government intervention and colluding with councillors in corrupt activities. He suggests that reformers should consider the social, political and cultural environment of the implementing countries, so as to prevent counter-productive consequences that may present massive negative implications for public policy outcomes.

Waal (2007) tests whether performance management is a useful management tool for organizations in developing countries, a case study of a Tanzanian college. Waal (2007) concluded that performance management can be tried out in developing countries but with the need for continuous attention, dedication and particular stamina from management, in order to keep focusing on performance management, and to keep it alive in the organization.

Sarker (2006) describes the successful implementation of NPM models with two preconditions, which many developed countries have, but which developing countries are lacking. These are a reasonable level of economic development and experience of the operations of markets; this is because NPM principles are market-oriented and basic, orderly, administrative processes, and they state their capacity in terms of institutional, technical, administrative and political factors.

Based on the experience of the failure of various reforms, Olson *et al.* (2001) argue that much less of the resource allocation process should continue to be determined by traditional NPM procedures, despite all the problems. They argue for NPFM reforms to emanate from the doors of practising accountants themselves.

Of those who looked at specific characteristics of developing countries, Rahaman and Lawrence (2001) examined and reviewed the concept of deficiency in Ghana, through a case-study of the Volta River Authority (VRA). They observed that the concerns about the lack of formal control and budgetary procedures, lack of auditor independence, gross embezzlements and misappropriation of funds, lack of competent staff, untimely and inaccurate financial information, and lack of published annual accounts did not apply in the context of the VRA. However, the historical circumstances of the Authority presented serious constraints and challenges to the effectiveness of its financial resource management, thus rendering the accounting and financial management procedures a facade, which masked the underlying socio-political reality in the organization and which could therefore fit the description "deficient".

Mimba *et al.* (2007) explore the influence of specific characteristics of the public sector in developing countries. They argue that improved decision-making requires the production of performance information according to the needs of the users, and that the users should implement the information they receive correctly. They argue that this is difficult to achieve, even in developed countries.

The above review suggests that public sector financial management may require reforms to be developed internally. It also suggests that the appropriate methodology be used during the investigation of these reforms; this should be one which is not based on economic theories and which allows the views of practitioners to be heard, because ready-made information may not be applicable to the circumstances in developing countries. The need to understand the specific cultural and social environment of the country is emphasized. It was the objective of this research to understand budgeting practices as a better financial management technique for poverty reduction, using an interpretive methodology, which allowed the understanding of the political, social and cultural environment.

2.3.2 Empirical Studies on General Aspects of Budgeting

Tang (1997) investigates the role and importance of budgetary guidelines in Hong Kong's fiscal policy. Tang (1997) argues that budgeting guidelines have played a major and successful role in budgetary management in Hong Kong. However, strict adherence to the guidelines restricts the government's ability to act on emergent issues in the country. Tang (1997) suggests that, as long as a financial stability target has been achieved, there is a need to review the guidelines. Excessive fiscal reserves imply challenges to and criticisms of the guidelines.

Wildavsky (1975) argues that, if the Planning, Programming and Budgeting System (PPBS) had internal deficiencies, it could not work anywhere. If the budgetary processes in poor countries are controlled by poverty and uncertainty, positive change must focus precisely on those variables. He argues for continuous budgeting, which facilitates adaptation to emergent problems. If budgets cannot last a year, then the allocations in them should correspond to what is expected to happen over a shorter period of time.

Alam and Lawrence (1993) investigated the budgetary processes of a public sector commercial organization in Bangladesh. They found that the budget process was not grounded in a specific analysis of the uncertain contexts in which it operated but was dominated by the requirements of external government authorities. They also revealed that the budgetary procedures contrasted simply with the rational technical approaches of conventional Western practice.

Awio and Northcott (2001) explore the impact of decentralization on Ugandan healthcare budgeting. Incremental budgeting has been used before and after decentralization. Before decentralization, the budgeting was entirely the responsibility of the Ministry of Health; however, after decentralization, it became the responsibility of local district authorities. The findings showed that the budgeting participation was highly improved, budget accuracy was increased, prioritization of allocation had been improved and budgets were used as control tools more after decentralization than previously.

Dean (1986) and Caiden and Wildavsky (1980) investigate the relationship between budgeting and planning. Dean (1986) also looks at the linkage of auditing and accounting with budgeting. He notes the tenuous linkage between the budgeting system and planning in four developing countries: India, Malaysia, Philippines, and Sri Lanka and concluded that there was an obvious link between budgeting and auditing.

Caiden and Wildavsky (1980) investigated poor countries, focusing on how their settings affected the planning and budgeting process. They found that central government budgets and economic planning were rudimentary and difficult to implement because of the high degree of environmental uncertainties. This problem cascaded through the various government departments, ministries and government-owned enterprises in these countries.

Mserembo and Hopper (2004) examined the role of PPBS in the economic development of Malawi and analysed factors affecting its outcomes and implementation. They argued that, while previous planning systems were problematical, there was evidence to support Caiden and Wildavsky's (1980) reservations about PPBS in developing countries and their promotion of simpler, alternative budget measures. They concluded that the rhetoric of PPBS is often not matched by reality.

Solomon and De Wet (2004) examined the effect of budget deficit on inflation in Tanzania. They tested the relationship between the budget deficit, exchange rate, Gross Domestic Product (GDP) and inflation and found that inflation is very responsive to shocks in the budget deficit as well as GDP.

Uddin and Tsamenyi (2005) investigated the impact of World Bank-sponsored reforms in order to understand the transformation of accounting and performance in a Ghananian state-owned enterprise. They found out that the budgetary practices did not change substantially, with the exception of reporting practices. Budgeting remained politicized, delayed, directionless and ineffective.

Sarker (2006) used secondary materials to explore and analyze the factors in the success and failure of NPM reforms in Singapore and Bangladesh. He identified factors in the success of NPM-oriented reforms to include formal market economy, the rule of law, the advanced level of the administrative infrastructure and state efficiency. He also noted that developing countries are influenced by international agencies in the implementation of the budgetary reforms.

This review of budgeting studies in developing countries suggests a continuous approach in budgeting in order to accommodate changes. It also notes that budgeting systems which have failed in developed countries may not work in developing countries. Furthermore, there are uncertainties which significantly influence budgeting practices in developing countries. Inflation is also responsive to shocks in budget deficit. It was the objective of this research to investigate the local contexts of the environment of Tanzania's central government in relation to the budgeting practices.

2.3.3 Performance Budgeting Studies in Developing Countries

PB studies have attracted the interest of various authors in developing countries (Dean, 1986; McGill, 2001; Oduro, 2003; Ronsholt and Andrews, 2005; Shah and Shen, 2007; Short, 2003; Williamson and Canagarajah, 2003).

Shah and Shen (2007) reviewed South African budgetary reforms and concluded that, despite micro fiscal successes, the improvements in public service delivery have not materialized. Other targets for reform - in accrual accounting and accountable budgeting environments - have not been reached. The progress on PB and planning was also said to be slow. The partial success of South Africa's reforms has been linked to its modern economy, which enables the generation of predictable resources for public spending, and its non-reliance on donor budget support.

Holmes and Evans (2003) synthesized studies from eight countries in order to review the experience of implementing MTEF in a Poverty Reduction Strategy Paper (PRSP) context. They observed that there was a need to sequence a performance focus and argued that it was important not to swamp the centre with performance information, which is primarily a management tool at the sectoral and organizational levels.

Oduro (2003) examines the use and effectiveness of results-oriented budgeting in Ghana. He concludes that Ghana's public expenditure management is not performance-based as it was not designed to be so initially. Oduro (2003) argues that, despite the development of medium-term plans for public expenditure, which are associated with explicit targets, there is a mismatch between resources mobilized, and the results sought, because the outcome and output targets are often not systematically translated into corresponding targets at the input and activity level, and because the costs of achieving them are often not firmly established.

There is disagreement amongst researchers into the successful implementation of PB. McGill (2001), using case-studies in Tanzania and the Indian state of Andhra Pradesh, investigates the practice of PB. He provided general principles and conclusions on the successful implementation of PB. Tanzania was found to comply with most of the principles but Andhra Pradesh did not. McGill (2001) argues that the move from input- to output-based budgeting was clear and explicit in Tanzania.

On the other hand, Evans and Ngalwea (2001) argue that government moves towards PB to strengthen the budget process was revealed as technically complex and its implementation was likely to be at an extremely low level. They argue that while the government insisted that it was already implementing PB, practice was lagging well behind.

Ronsholt and Andrews (2005) reviewed results-oriented expenditure management in Tanzania and observed that PB has been gradually introduced since 1998 in Tanzania and included in the Finance Act 2001. However, they argued that, in principle, PB is facing some limitations.

Dean (1986) investigates the implementation of PB in four developing countries. He argues that the UN manual provides preconditions for countries contemplating the reform, which most of the developing countries do not have. However, Dean (1986) argues that PB is not an unmitigated failure. The achievements include facilitation of performance auditing, more information, changing management attitudes, better programming, better performance measurement in the public sector, improved budget submission and informed budget dialogue. Dean (1986) concludes that PB did not live up to expectations and identifies a major fault to be failure of the system to consider users' needs.

Three years later, Dean (1989) argues that the problems which were encountered by the adoption of zero-based budgeting in developing countries were also encountered in developed countries. This means that the problems of reforms implementation may not only be related to the specific contexts of the country, but also to the technical aspects of the reforms themselves. Dean (1989) argues against the crude transfer of accounting technology from the West to developing countries and observes that some techniques, such as PB, programme budgeting, and zero-based budgeting, were anachronistic to developing countries.

Williamson and Canagarajah (2003) examine the use of performance management practices in the public sector expenditure programme management in Uganda. They argue that the Ministry of Finance has tended to continue with incremental budgeting despite adopting PB. Williamson and Canagarajah (2003) reveal that, throughout the last five years, no sector has seen a reduction in its MTEF allocation. They argue that the Ministry budget submission, especially the recurrent budget, is not results-focused. Furthermore, performance information seems to be of no use to the government.

Llienert (2003) investigated expenditure management in African countries and found that performance-oriented budgeting was starting to be introduced in Mali and Uganda. This was necessitated by the challenge of implementing country-owned poverty reduction strategies that link specific objectives with the budgeted expenditures needed to achieve the desired changes. However, the capacity to administer the additional data and analytical requirements of output/outcome budgeting was often lacking (Llienert, 2003).

This review shows that the link between budgeting and performance or policies such as PRSP is frequently described by phrases such as ‘ambiguous’, ‘a weak link’, ‘difficult’, ‘no systematic translation of output to input’, ‘the progress is slow’, ‘did not live up to expectations’, ‘mismatch between resources mobilization and results’, and ‘budgets not focusing on results’. A different view was expressed by McGill (2001), who claimed that the move from input- to output-based budgeting was clear and explicit. PB is also argued as not an unmitigated failure. The objective of this research was to gain a deeper understanding of the budgeting practices in order to uncover these complexities.

2.3.4 MTEF Studies in Developing Countries

Anipa *et al*. (1999) reviewed the implementation of MTEF in Malawi and Ghana. They revealed that the political commitment and the involvement of stakeholders in the design and implementation were the reasons for MTEF's success. They observed that MTEF was initially time-consuming and required detailed information about costs, which need subsequent analysis.

Rønsholt *et al.* (2003) observed difficulties in the monitoring progress towards MTEF targets which were as follows: the number of targets were increasing and it was not clear through what process the revised and expanded targets were to be set; reported PRS progress did not always correspond to the targets set; the omission of certain targets and the use of varying measurement/indicators of targets; targets and indicators set under MTEF and PRS processes deviated (including two MTEF targets set to accommodate budget lines which were, in reality, not performance-based); and the level of aggregation of targets /indicators varied.

Ronsholt and Andrews (2005) investigated the implementation of MTEF in Tanzania and observed that the MTEF document was prepared in series and in different formats, which result in a non-final document. They observed a relatively weak linkage between the PRS and the MTEF/PB approach.

Wynne (2005) provides lessons from the experience of Ghana, Tanzania and Uganda on public financial management reforms, specifically MTEF and IFMIS. He argues that MTEF was succeeding in Tanzania, maturing in Uganda and struggling in Ghana. IFMIS was working in Tanzania and Uganda and failing in Ghana. Wynne (2005) argues that the expectations of the reforms were not achieved and that in most cases the changes were insignificant; it was also difficult to discern the causal relationship between the reforms and the changes. Comparing this with the UK experience of medium-term planning in the budgeting process, Wynne (2005) questions whether the reforms are mature enough and whether they have undergone serious tests and trials. He argues that care is needed to ensure that prescriptions of the reforms are actually relevant and appropriate to the needs of each particular country. He also noted that the presence of large and unsustainable government debt may result in developing countries accepting reforms, such as MTEF and IFMIS, uncritically. He calls for further research to ascertain the views of practitioners, rather than relying solely on consultants.

Short (2003) investigated, and discovered, an extraordinary implementation of MTEF in Ghana, as the first year budget under the MTEF produced a change, which has not been seen in any other country. However, Short (2003) noted that, while the MTEF in Ghana nominally used a three-year planning horizon, it was really only a part of the annual budget cycle. As the MTEF approach was mooted to be the basis of the 1999 budget, and the subsequent two years' budgets, a second MTEF cycle should have started for the 2002 budget, but this did not happen. Short (2003) found no evidence of expenditures being linked to output and outcomes.

Roberts and Andrews (2005) attempted to evaluate the implementation of MTEF in Ghana. They found that early procedures, mechanisms and structures did not translate into sustainable reform impacts. Indeed, these gains were short-lived and, in subsequent years, the reform was shown to be less than successful. Roberts and Andrews (2005) noted delays in donors’ disbursement and lack of political will among the factors that hindered MTEF in Ghana.

Le Houerou and Taliercio (2002) reviewed the experience of MTEF in several developing countries and found no clear empirical evidence of improved macroeconomic balance. There was some limited empirical evidence that MTEFs were associated with reallocations to subsets of priority sectors, but no empirical evidence of a link between MTEFs and greater budgetary predictability; furthermore, there was no evidence that MTEFs are developed enough to generate efficiency gains in sectoral spending.

Shah and Shen (2007) examine budgetary reforms in Kenya, using a literature review, and argue that MTEF had led to an increase in fiscal transparency. However, there was still a critical disconnection between the MTEF phase and annual budget preparation. Shortcomings in the underlying budget structure and classification system in MTEF were observed. Budget discipline was reported to be very weak, which caused difficulties in realizing political priorities in the budget. The authors argue that reforms may introduce new ways of doing things, but do not necessarily change actors’ behaviours.

Foster, *et al*. (2002) synthesized research papers about five African countries - Uganda, Tanzania, Ghana, Malawi and Mozambique in order to examine how public expenditure management has been linked to poverty reduction. They concluded that, in Uganda and to a lesser extent in Tanzania, MTEF could be an extremely useful tool for turning poverty rhetoric into meaningful shifts in spending priorities. However, they argued that the problems of building capacity and managing performance were central and were remained as challenges. On their investigation of MTEF in Malawi, Foster *et al.* (2002) concluded that there was little evidence that the MTEF has been used in decision-making at a policy or operational level in recent years. Indeed, they argued that the MTEF process remained largely divorced from routine budgeting and had not been used as the basis for the PRSP.

Schiavo-Campo (2009) evaluates the implementation of MTEF in developing countries. Positive impacts are observed in the context of an awareness of the need to look beyond immediate urgencies; there is some encouragement for intra-governmental coordination, and an initial orientation towards results. Schiavo-Campo (2009) argues that negative impacts have been much heavier: little local ownership, distraction from basic budgeting problems, and severe strain from limited capacity. Referring to the Tanzanian experience, Schiavo-Campo (2009) argues that it is better to improve the annual budgets than move ahead with three-year budgets.

This review shows that MTEF may encounter resistance to change, and also that it is manifesting in various forms. Furthermore, there can be positive impacts of MTEF, such as an increase in transparency and an awareness of the need to look beyond immediate urgencies. Some researchers assert that the link between MTEF and annual budgets may not exist. Other authors question whether MTEF has undergone tests and trials before being used in developing countries. Therefore, it was the objective of this research to investigate how MTEF is implemented in the local contexts of the Tanzanian Central Government.

2.3.5 Cash Budgeting Studies in Developing Countries

Stasavage and Moyo (1999) investigate CB in Uganda and Zambia. They argue that CB has brought clear benefits, in terms of improved expenditure control with regard to line ministries. However, they argue that, contrary to what is often suggested, adoption of a cash budget has not provided a means for top politicians to intervene in policy decisions. In Zambia, a strict rule imposing a balanced budget on a monthly basis is both ineffective, as a commitment device, and costly, in terms of increased volatility of expenditures (Stasavage and Moyo, 1999).

Bigsten and Danielsson (1999) revealed that the introduction of CB in Tanzania resulted in an improvement in the differences between expenditures and revenues from 1996 onwards. They also observed a budget incentive in that, when a ministry or an agency had managed to operationalize a service improvement programme based on one performance improvement model, the Ministry of Finance would, from the outset, commit to fund fully and with predictability, the approved budget of the organization. However, the authors doubted whether the beneficial effects of CB in the form of budget balance, lower inflation and improved budget discipline, outweigh the potential costs in the form of lower investments.

Llienert (2003), when investigating CB in African countries, argues that cash limits were often below the warrant limits and the latter are consistent with the annual budget appropriations. Accounting officers often did not ensure that expenditure commitments were contained within the cash limits. As a result, expenditure arrears and overdue unpaid invoices became a pervasive problem in many Anglophone African countries (Llienert, 2003).

Dinh *et al.* (2002) investigated CB in Zambia and found that CB produced lower inflation during the early periods of its introduction but later on, CB failed to lower inflation. They argued that CB strategies presented potentially high risks for poverty reduction. While the original noble intention of a cash rationing system was to bring spending in line with resources, in practice, the system failed to achieve both the desired level and composition of public spending, because it could not replace fiscal discipline and brought ad-hoc, discretionary policy decisions into the public expenditure management arena.

Schick (1998b), when analyzing the application of the New Zealand model to developing countries, commented on the cash-flow budgeting system. Schick (1998b) explained cash-flow budgeting as the system by which the amounts actually spent were determined more by cash payments than by the amounts authorized by law. It also bred repetitive budgeting, which occurs when the government “re-budgets” several times during the year in order to align disbursements and resources. Schick (1998b) defined this as the informal public sector, which is dominant in developing countries and this was the basis of his argument for not trying the New Zealand reforms in developing countries.

In their investigation of CB in Uganda, Reinikka and Svensson (2004) found volatile monthly releases of funds from the Treasury, as a result of CB adoption in 1992. However, as part of the World Bank's structural adjustment programs, non-wage recurrent expenditures for primary education were given a priority program status, which protected schools from within-year budget cuts (Reinikka and Svensson, 2004).

The review of CB studies suggests it brings some improvements in fiscal deficit and inflation. However, the costs of CB in terms of ineffectiveness, risk to poverty reduction efforts, weakened budget discipline, accountability problems, volatile monthly release, reduction of investment, and failure to focus on poverty reduction are argued to be higher than the benefits. CB implementation has also resulted in expenditure arrears, overdue unpaid invoices, and volatile cash release. The objective of the research was to understand how CB was implemented in the Tanzanian central government.

2.4 Budgeting Studies in Developed Countries

This section reviews empirical accounting studies on budgeting practices in developed countries. The review is divided into three sections. The first section reviews budgeting literature about local/state governments. The second section reviews the literature concerned with health, education, and other sectors. The third section reviews budgeting studies focused on central government. During the review, PB, CB and MTEF studies are highlighted.

2.4.1 Budgeting Studies on Local or State Government

PB studies show difficulties and negative experiences related to the implementation of PB, although there are some exceptions (Lu, 2007). He argues that performance information is increasing in budgeting and that this implies its use in managerial decisions on budgeting. Lu (2007) argues that PB is a collaborative process in which each part should play a valuable role. His findings suggest that agencies perceive themselves to be playing a significant role in PB. He argues that the use of performance information in budgeting has increased over the twenty year period since 1985 and that agencies using performance information for managerial decisions are more likely to conduct PB (Lu, 2007).

Skousen (1990) reviewed budgeting control practices in local authorities in England and Wales. The objectives were to identify the general strengths and weaknesses of budgeting practices, assess changes and any progress being made. Skousen (1990) found that budgetary control statements lacked timeliness, suffered from an absence of profiling and output measures, which prevent variance analysis, failed to distinguish between controllable and non-controllable items and ignored non-financial output measures.

Lee Jr (1997) examined the extent to which states conduct and use program analysis. He noted the drop, between 1990 and 1995, in state budget offices conducting both productivity (determining the most efficient process for converting resources to goods and services) and effectiveness (determining the relationship between governmental activities and the effects of those activities on the external environment) analysis, and in executives using these analyses for decision-making. Lee Jr (1997) claims there was a saturation of budget reform in the US.

Melkers and Willoughby (1998) investigated the trends towards improving PB in the USA. They found that most States adopted a formal requirement for PB, and the creation of overseeing bodies. They concluded that the legal or administrative requirements for the States to conduct performance-based budgeting were not applied.

Three years later, Melkers and Willoughby (2001) explored the opinions of budget officers about performance-based budgeting implementation in their states. They found out that implementation of performance-based budgeting was proceeding slowly. More budgeters were hopeful about the role of performance information in the budgeting process. However, legislative and executive support for PB and performance measurement in the agencies was critical. They argue that, while some benefits could be highlighted, results showed that implementing PB was not without problems, perhaps the greatest being differing perceptions of its use and success among budget players, particularly across branches of government.

Lee Jr and Burns (2002) discovered backsliding in the use of performance measurements in a number of states. However, they failed to provide the reasons this, in the period when performance measurement was nationally championed as an essential ingredient of contemporary budgeting. There were more questions than answers when examining the reasons for this backsliding. Population size was the only state characteristic that was related to the use of performance measures.

Willoughby and Melkers (2002) found differing perceptions across the branches of government regarding both the extent of performance-based budgeting implementation and its success. They found that states with better-known performance-based budgeting systems had not necessarily realized greater success, in terms of effectiveness from this budget reform, than states with less popularly-known systems.

Andrews (2004) looked at the factors which caused a few states to adopt performance-based budgeting meaningfully in the USA. He proposed the three-factor model for meaningful adoption, which most governments do not have. The model includes a reform space, which was determined by the intersection of greater and appropriate authority, better acceptance and higher ability.

Kong (2005) investigated PB in the United States and argued that it was premature to claim that PB would replace line-item budgeting in the near future, particularly at the federal and state level. PB had evolved in a visible way, although practices were still far behind the rhetoric (Kong, 2005). Kong (2005) concluded that the locus of PB in the 21st century would be local, the focus would be comparative, and the impetus would come mainly from the media.

Melkers and Willoughby (2005) evaluated the use of measurement in budgeting in US local governments. They concluded that the use of performance measurement by local departments is pervasive, although survey respondents are less enthusiastic about measurement effectiveness. They argued that consistent, active and integrated measures throughout the budget process are important in determining real budget and communication effects in local governments.

Carlin (2006) reports the results of the empirical analysis of an accrual output-based budgeting system (AOBBS) implemented in the Australian state of Victoria. Carlin (2006) emphasizes the claims that AOBBS resulted in the creation of measurable, improved performance-related information, and thus facilitated continuous improvement in a way that traditional public financial management systems are allegedly less capable. The evidence from the study was not consistent with such expectations.

Noutomi and Nakanishi (2007) report on the Japanese local government NPM reforms concerning performance measurement, PB, total quality management and target base budgeting. They argue that accumulated budgeting competence is a key for the success of PB.

ter Bogt (2008) revealed that Dutch local government organizations showed low regard for the quality and value of information in output and outcome budgets and related documents. Most respondents in Dutch local governments were disappointed by their recent experiences with quantitative performance measurement in output and outcome budgets.

Bellamy and Kluvers (1995), Seal (2003), Ezzamel *et al.* (2007) and Reddick (2003) all investigate budgeting practices other than performance budgeting. Goddard also incorporates culture into the budgeting practices (Goddard, 1997;1999) and relates budgeting with accounting and accountability (Goddard, 2004;2005). Others, such as Mayper *et al.* (1991) and Serritzlew (2005), investigate the budgets' variances.

Bellamy and Kluvers (1995), Seal (2003) and Ezzamel *et al.* (2007) looked at budgeting practices other than PB. Bellamy and Kluvers (1995) investigated the extent of usage of PPBS in Australian local governments. They found that a traditional budgeting system was retained, despite the new system being introduced. The key reason for this was familiarity with the traditional budgeting system.

Seal (2003) investigates incremental budgeting and concludes that people should be cautious when making claims about the end of incrementalism. He argues that the previous reforms' attempts to move away from incrementalism in local government budgeting have failed and suggests that the challenge to long-standing budgetary practices is greater than ever before.

Ezzamel *et al.* (2007) attempted to understand how new accounting and budgeting practices emerged and unfolded in three devolved UK local governments. They found that budget was seen to function as a ritual of reason and there were elements of isomorphism or convergence, most likely to have been of the normative nature. They concluded that accounting and budgeting can be highly ritualized and institutionalized practices, thus explaining the importance accorded them by all devolved bodies.

Reddick (2003) examined the impact of three rival decision-making theories on disaggregated US state budgetary output data. The results indicated that rational theories have been successful in reducing total expenditures, but have been less successful in functional areas; at aggregate level the budget may appear incremental, while garbage can budgeting is more prevalent in functional areas than for a government as a whole.

Goddard (1997;1999) attempted to understand budgeting by incorporating culture in the budgeting process. He observed that corporate culture and hierarchical culture have major influences on budget behaviour, while professional culture has a lesser influence and national culture has little or no influence. Goddard (1997) noted that, on a more practical level, the study indicates the importance of cultural fit in the design and operation of a financial control system. He also revealed that culture is an important influence on budget participation and that perceived participation is as important as actual participation.

Two years later, Goddard (1999) investigated the interrelationship between culture and financial control systems in three local governments in the UK. He found that financial control systems were both constitutive and reflective of culture. The reflective nature was seen when professionalization dominated departmental cultures, while the constitutive nature was noted when the financial control system was used to change the culture. Goddard (1999) argued that there was a clear relationship between budgets-related behaviour and culture, with logics of action providing the link.

Later on, Goddard (2004;2005) related budgeting with accountability. In these two studies He looked at the relationship between accounting, accountability and governance in the UK and showed how budgetary practices contributed to accountability in local government. The budget system was the most important organizational process with regard to accountability. In this study, the annual budget cycle was the pre-eminent accounting practice used to achieve accountability in all cases. Goddard (2005) incorporated NPM reforms into the relationship between accounting, accountability and governance and found that budgeting practices make a more significant contribution to accountability than NPM reforms do.

Mayper *et al.* (1991) and Serritzlew (2005) examined the factors that cause differences between budgeted and actual expenses and showed how municipal budget variances were not random in US Municipals. They explained the variances in terms of competition and intergovernmental grants. These two factors were positively correlated with variances between the original and reported budgets. However, Serritzlew (2005), when examining the reasons for budget overruns, in a study of Danish Municipalities, identifies political, institutional and economic factors as the explanation for the budget slack. He found that contracting out, informal rules and the decision-making of locally elected politicians contributed to budget overruns in Danish Municipalities.

From this review, the literature suggests that budgeting as a process has contributed to accountability. The other issue raised is the existence of a relationship between culture and budget-related behaviour. Budget variances are observed to be related to economic factors, competition, and intergovernmental grants. Isomorphism has been identified as one of the factors in the implementation of the reforms. On the other hand, despite the mixed results, the review of budgeting studies in local government suggests that, even in developed countries, there are difficulties in the implementation of PB. This is also applicable to the so-called pioneer of PB, the US. Limitations to the successful implementation have been explained as resulting from familiarity with previous budgeting techniques, difficulties in establishing effectiveness measures compared to productivity measures, the lack of managerial capacity to use information, and the lack of budgeting competence. This evidence may confirm Wynne's and Dean's reservations about whether the budgetary reforms have undergone sufficient serious tests and trials in developed countries to be transplanted into developing countries (Dean, 1989; Wynne, 2005).

2.4.2 Budgeting Studies in Health, Education and Other Sectors

Mayston (1998) and Groot (1999) have investigated budgeting practices in both the education and health sectors. Other authors have investigated the health sector (Glynn *et al.*, 2008; Jegers, 1996; Lega and Vendramini, 2008; Lowe, 2000b; Tomkins, 1987) while others have investigated budgeting practices solely in the education sector (Edwards *et al.*, 1995; 1996;2000; Houghton, 1996). Perrin (1998) and James (2006) investigated budgeting practices in sectors other than education and health.

Mayston (1998) examines the relative merits of delegated budgeting in both the health and education sectors in the UK; at the time of the research, sectors used a top-down formula funding for the purpose of promoting equity for a disadvantageous group, in preference to other possible approaches to public sector budgeting. He argues that this top-down resource allocation has many potential advantages, but there is a need to supplement the top-down resourcing formula by improved bottom-up information on the costs of delivering services to disadvantaged populations.

Groot (1999) examined the budgetary reforms in the health and education sectors. He revealed that most reforms resemble NPM. A different set of measures had been applied in each sector, depending on the major problems faced by each. He found that cruder and oversimplified measures were most effective to quickly and drastically economize on costs. Output measures stimulate output-maximizing behaviour, which outweighs short-term attempts to economize. Some budgetary reform measures had an impact on organizational conduct, while others didn't. The difference was related to the degree by which budgetary reform measures coincided with professionals' opinions about good practice.

Of those investigating budgeting practices in the health sector, Tomkins (1987) investigated the implementation of budgetary reforms in the UK. He observed the lack of success of the budgetary reforms imported from the private sector.

Alam and Lawrence (1993) examine how accounting technologies and practices are an integral part of the commercialized, economically-driven health sector in New Zealand. They argue that the reforms in New Zealand aim to change the culture of healthcare providers, through new accounting and budgeting methods. Under the new system, the separation of purchaser and provider was supposed to bring greater efficiency and flexibility. The new system separates social and business roles. Serious problems with the new system include a lack of proper definition of products, their qualities and their prices.

Jegers (1996) used questionnaires to examine the budgeting procedures of intensive care units (ICU) in 12 European countries. He found that, in a large number of cases, no specific ICU budget existed. The majority of respondents perceived budgetary flexibility and wished for more flexibility. Jegers (1996) concluded that hospital management or ICU managers could initiate more, or less, sophisticated budgetary control systems, though it seems this was not an obligation.

Lowe (2000b) conducted a study in a large regional hospital, Health Waikato in New Zealand. He concluded that the use of accounting techniques may be seen as a central part of the process through which change is made acceptable within an organization. The implementation of a clinical budgeting system project was found to be central to the constitution of the organization. Hospital culture, work patterns and staff interrelationships were affected by project implementation.

Glynn *et al.* (2008) examined the progress of GP practices that have decided to become budget holders. They found that, whilst practices are developing financial budgets, they have generally made little effort to develop practice budgets and therefore there is little detailed performance monitoring.

Lega and Vendramini (2008) attempted to understand the roles, benefits and drawbacks of planning, budgeting, controlling and performance measurement systems in the Italian healthcare organizations. They concluded that these systems stimulate interchanges between physicians and managers to discuss changes and future directions for the organizations. These systems have also stimulated greater accountability and a cost-conscious culture. However, Lega and Vendramini (2008) argued that the abuse of systems, their partial development and the struggle to move from operating to performance management were deeply affecting their legitimacy. Normative, coercive and mimetic isomorphism, the introduction of quasi-markets and an interest in improving clinical governance were identified as the reasons for the development of these systems.

Other authors have investigated budgeting practices in the education sector (Edwards *et al.*, 1995; 1996;2000; Houghton, 1996). Edwards *et al.* (1995) investigated budgeting in three Local Education Authorities in the north-west of England. They looked at Local Management in School Initiatives (LMS) which had the objective of responding to the needs of users of the school service. They concluded that budgetary reforms had limited impact on organizations and the requirement for reform was more related to external demands for legitimation than the needs of organization.

Later on, Edwards *et al.* (1996) focused on the development of LMS schemes in three English Local Education Authorities (LEAs) and their relationship to the debate concerning incremental and comprehensive budgeting. They concluded that, while some LEAs were already some way down the road of budgetary devolution to schools, prior to LMS, others had much greater measures of centralization. Four years later, Edwards *et al.* (2000) examined the budgeting of resources and planning of educational strategies in order to find the connections between them, using a sample of schools located in three North West of England LEAs. They found that internal budgetary control systems had been implemented in order to meet external requirements and the specific nature of the relationship between budgeting and planning varied between schools.

Houghton (1996) examined the role of budgets in primary schools in New Zealand and concluded that resource allocation was the most important role of budgets. Bourn and Ezzamel (1986) conducted a study on costing and budgeting in the National Health Service in the UK. They identified four difficulties in developing management budgeting. These involved organizational structure and decision-making processes, defining and measuring outcomes and performance in terms other than “workload” or “deaths and discharges”, technical accounting problems, and economic and social issues.

Of those investigating other public sectors, Perrin (1998) attempted to look back over nearly twenty-five years of public sector accounting in the UK. He concluded that, while one may speculate that the political objective of supporting accruals accounting was to increase the pressure on public servants to enhance their performance, research and anecdotal evidence suggest that there is limited interest in ex-post financial reporting in the public sector from the media, managers, customers or voters. Ex-ante information (such as budgeting) was reported to be of more interest to the public and media than ex-post information (financial reporting).

James (2006) explored the processes of change caused by public sector reforms in order to understand the effect of changes on budgeting. He found that the budgeting process after corporatization continued with a bottom-up approach and that change met with considerable resistance. Institutional pressure was exerted externally by government, but the internal institutional pressure also provided a means of resistance.

Based on this review, accounting studies about budgeting in the health and education sectors suggest that, as was the case for local governments, with the exception of New Zealand and a few other cases, budgetary reforms did not live up to expectations, and the problems of establishing measures for budgeting are critical. Furthermore, the literature highlights the occurrence of resistance to change in sectors other than education and health. The review also suggests that health and education have attracted the interest of many authors when compared to other sectors (James, 2006; Perrin, 1998). Moreover, many authors are interested in either education or health but few are interested in comparing the two with each other (Groot, 1999; Mayston, 1998).

2.4.3 Budgeting Studies in Central Government

Many authors have investigated PB in central government (Caiden, 1998; DuPont-Morales and Harris, 1994; Joyce, 1993a; 1993b;1996; OECD, 1997; Pollitt, 2001;

Rose, 2003; Shah and Shen, 2007; Sterck and Scheers, 2006; Talbot, 1998; Van Dooren, 2005; Wilks, 1995). However, studies on aspects other than PB also exist (Jones, 2002; Joyce and Meyers, 2001; Likierman, 2000; Pallot, 2002). Robinson (2002) investigates CB, while Schick (2002) and the OECD (1997) investigate MTEF.

Of those investigating PB, Joyce (1993b) surveys the current performance measurement landscape in federal government. Based on six agencies, he observes that it is extremely difficult for agencies to link their performance measures and budget process in a meaningful way. None of the agencies used performance measurement to make decisions about the level of resources that the programme obtained in the budget process. He argues that performance measurement is used more extensively in the budget execution process than in budget preparation. Joyce (1993b) argues for the need for correct measures and for understanding of the need for information for decision-making. He concludes that the short-run emphasis of performance measurement should be based on the agency management, rather than as a tool for resource allocation.

DuPont-Morales and Harris (1994) argue that incorporating planning and performance measurement in budgeting creates a strong system of accountability. They argue that incorporating organizations' purpose, direction and impact strengthens the bond of accountability between public agencies and tax-payers.

Wilks (1995) provides a report on the reform of the national budget process in Sweden's central government. He argues that the reforms were the result of recurrent problems in the Swedish economy. These included the introduction of PPBS in 1968, which was abolished in 1978. The new budget process was adopted in 1989, with the focus on setting goals and specifying, analyzing and evaluating results. The successes of the reforms included a results-oriented culture, increased participation in the budgeting process, and improvement in the amount of performance information given in the reports. However, poor quality of information was observed, which rendered the information useless for government planning. Wilks (1995) also argues that political leaders did not discuss performance and they were not concerned with the reforms in any way.

Joyce (1993a) attempts to demonstrate the limitations of budget reforms in the US. He argues, based on the historical data that reforms deliver less than they promise. Reasons identified for the failure of reforms included political factors and the overwhelming amount of paperwork that they generated. He argues that PB is not likely to have a short-term effect on the way resources are allocated and is not fundamentally different from PPBS.

In the same year, Joyce (1996) evaluated the process of budget appraisal, based on the two papers of Lehan and Meyers. He argued that there is no simple way of using performance indicators for resource allocation, because of the ambiguous relationship between resource allocation and output. This was based on the specification and the existence of the relationship. Based on the idea that activities that meet targets should be given more money and those that do not meet them should be given less, Joyce (1996) argued that more knowledge is needed to ascertain whether targets have been met, and why they were, or were not, achieved.

OECD (1997) examines performance management practices in ten OECD member countries. They conclude that inputs are still important as a budgetary guideline, that the link between performance and the budget is indirect and often influential, rather than direct and automatic, and that budgetary pressure moves the use of performance information to the ex-post evaluation. OECD (1997) concludes that it cannot make a generalised statement about the ten member countries examine because of cultural, political and administrative differences, which result in different management approaches.

Caiden (1998) attempts to discuss the nature of performance measures, their purpose, difficulties in their implementation, and issues of institutional design and feasibility. Based on a US review, Caiden (1998) argues that the link between performance measurements and resource allocation decisions is not straightforward. In this paper, Caiden (1998) argues that human services are not adapted to quantifiable measures. The need for every country to determine its own uses of performance measurement and evaluation, and consideration of how best to implement them, within each country's own political and administrative institutions was emphasized. Caiden (1998) pessimistically added:

> […] There is also the old issue of whether it is justifiable, realistic or even ethical for so-called experts in rich countries with well-established administrations to ask their counterparts in poorer countries who work in an environment of extreme constraint to undertake theoretical reforms that even the former, with all their advantages, find extremely difficult or impossible […] (p.42).

Talbot (1998) argues that the output and performance analysis aspects of the introduction of Resource accounting and budgeting are the least discussed by the UK central government. Talbot (1998) suggests that the performance information should not only be correct and reliable, but should also be seen to be so. Talbot (1998) concludes that there is a need to include performance information in the financial reports in order that information to be included in the auditing process.

Pollitt (2001) assesses the mechanisms to improve resource planning and allocation, by integrating financial and budgetary management with performance management. He concludes by advocating a selective strategy, which seeks to establish the foundations in terms of performance-friendly accounting and budgeting systems, before placing too much weight on attempts at sophisticated integrated decision-making. This would be an alternative to a comprehensive strategy, which encompasses all sectors and all levels, and which bears risks in terms of high cash, costs, and the likelihood of failure, despite opportunities.

Rose (2003) argues that the success of moving to an outcome focus in New Zealand has been achieved through the generation of better-quality information, particularly through the introduction of accruals accounting, specific roles for ministers and chief executives, and accountability relationships enhanced with rewards and sanctions, linked to performance. He concludes that most OECD countries have taken major steps towards results-oriented budgeting, but the extent of achievement in each country depends on a number of factors, including constitutional and governance arrangements and political will. He suggests that the reforms need to be fully evaluated.

Van Dooren (2005) examines the organizational characteristics that foster performance measurement in the Ministry of Flemish Community in Belgium. He argues that the availability of performance measurement information is assumed to be included in new management tools, such as performance contracts and PB which, makes performance measurement policy a missing link.

Sterck and Scheers (2006) argue that the focus of PB varies from country to country, as demonstrate in Australia, Canada, Sweden, the Netherlands, New Zealand, the United Kingdom and the United States. Sterck and Scheers (2006) reveal very little evidence that performance information is used in the political budgetary decision-making process or in the legislative overseeing function in any of these countries.

Shah and Shen (2007) argue that PB is a useful tool for performance accountability and budget transparency in line ministries (sectoral ministries) but of limited relevance for ministries performing central policy functions, such as the Ministry of Finance or Ministry of Foreign Affairs. In their review of the extent of the implementation of PB based on the literature review, they argue that the USA is only reporting performance information in budgets, while New Zealand uses performance information as a major factor in budgeting decisions, together with other factors. Australia is seen as implementing performance-informed budgeting, together with Tanzania.

Of those investigating budgeting practices other than PB, Likierman (2000) sets out some of the concerns about the implications of the change from cash- to accrual-based accounting and from a focus of inputs to one of outputs and outcomes by the UK central government. Likierman (2000) identifies concerns about coping with new information and the confusion and potential misuse of information caused by the introduction of Resource accounting budgeting. However, he argues that the concerns may well be premature, as the process of change is still in progress.

Joyce and Meyers (2001) assess the Clinton administration’s record of budgeting in the US. They reveal that, in the two terms of his administration, there is a move from large budget deficits to large budget surpluses. The reasons for the change are identified as the strong economy and deficit reduction deals, while Defence spending and interest declined as a percentage of budgets. Consequently, executive branch budgetary and financial management were claimed to have improved during the Clinton administration.

Pallot (2002) reviews New Zealand's experience with Resource Allocation and Budgeting (RAB) and finds that there is difficulty in accomplishing it. The effects of RAB on efficiency, accountability and priority-setting appear positive; however, it is not easy to determine the effects as attributable to RAB alone.

Jones (2002) investigates the relationship between budgeting and accounting and how budgeting in the UK gradually moved away from the accounting discipline. He argues that government budgeting does not have an external check on its measure of deficit; however, the UK government has introduced an audit of assumptions underpinning the budget, although this is not an audit of the numbers themselves.

Robinson (2002) investigates financial control in the Australian government. He reveals the incorporation of the accrual element in the CB system, by which bills payable and cash outlays for parliamentary outlay appropriations were allowed to be covered. The incorporation of this accrual element within the CB framework was designed to deal with the problem that to set budgetary authorization limits in terms of cash outlays is to leave departments with the scope to evade those limits, by manipulating expenses which involve future cash outlays.

Of those investigating MTEF, Schick (2002) argues that the reputed success of Australia's reforms has spurred interest in the MTEF. He notes that many countries claim to be applying MTEF. However, few use it in the manner intended by its architects. In some countries, it is little more than a multi-year projection; in others, it is a technocratic exercise that does not involve strategic decisions by political leaders. Schick (2002) also suggests that MTEF depends on reliable projections of macroeconomic conditions, future revenue and spending.

The OECD (1997) argues that some OECD countries have also tried multi-year budgets as a means of focusing on providing the financial stability needed to take a longer perspective on performance objectives (e.g., Denmark, Canada, and Sweden). However, this goal appears to be difficult in times of budgetary squeeze, where financial uncertainty makes it difficult to commit resources over longer periods of time.

The literature suggests that performance information may be used in budget execution rather than budget preparation. It also suggests that there is no easy way of using performance information for resource allocation. The literature advocates that financial information may be included in financial reports in order for it to be included in the auditing process. Successful reforms are reported to be improving efficiency, accountability, priority-setting, increasing participation, including performance information in reports and creating a results-oriented culture. However, in a few cases it was difficult to relate success with reforms alone. The success of reforms is argued to be related to institutional, governmental, and political will.

2.5 Synthesis of Literature Review and Argument for an Interpretive Accounting Research in a Developing Country

The literature review on accounting and budgeting practices in developing and developed countries reveals the following issues of interest on CB, PB and MTEF.

CB during budget execution is revealed as a useful measure to restore fiscal deficits. However, there are various negative impacts of CB: ineffectiveness, expenditure arrears, overdue unpaid invoices, reduction of investments, risk to poverty reduction, weakening of budget discipline, accountability problems, and volatility of monthly release (Bigsten and Danielsson, 1999; Dinh *et al.*, 2002; Reinikka and Svensson, 2004; Stasavage and Moyo, 1999; Therkildsen, 2002). There is also the incorporation of accrual element within the CB framework during budget preparation in Australia.

Empirical studies suggest that PB is complex, and that the link between performance measurement and budgeting is indirect, influential, and ambiguous. Studies reveal difficulties in the implementation of PB, with a few exceptions (see Lu, 2007; McGill, 2001). Caiden (1998) argues for different uses of performance measurement in budgeting and argues against identical reforms, as countries vary in size, economy, culture, policies and institutions. However, some positive impacts are recorded in the contexts of improving efficiency, accountability, priority-setting, increasing participation, including performance information in reports, and creating a results-oriented culture.

There are few empirical studies on MTEF in developed countries. Nevertheless, those which exist show difficulties in the implementation of MTEF in both developed countries and developing countries alike. Schick (2002) argues that the reputed success of Australia's reforms has spurred interest in the MTEF. However, few use it in the manner intended by its architects. The experience of MTEF suggests the need for an increase in transparency, awareness of the need to look beyond immediate urgencies, some encouragement of intra-governmental coordination, and an increase in fiscal transparency, although the link between MTEF and annual budgets may not exist. Other authors question whether MTEF has undergone sufficient tests and trials for it to be used in developing countries (Wynne, 2005). A synthesis of the literature review suggested an interpretive approach to budgeting practices in developing countries should be taken for six main reasons.

Firstly, the budgeting terms such as budget, budgeting, CB, MTEF, PB and performance measurement have varied meanings and are subject to varying applications (Lee Jr and Johnson, 1973; Schick, 2002; Shah and Shen, 2007). Different meanings and applications reflect the complex nature of the budgeting phenomenon. Complexity requires an appropriate methodology, which may uncover these complexities. Interpretive research was therefore adopted for the understanding of this complex phenomenon.

Secondly, NPM reforms are inherently ambiguous (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Van Nispen and Posseth, 2009). Yet again, empirical studies have revealed mixed results (Evans and Ngalwea, 2001; Kong, 2005; Lu, 2007; McGill, 2001). While some authors such as McGill (2001) and Lu (2007) argue that PB has been successfully implemented, others such as Evans and Ngalwea (2001) and Kong (2005) hold different opinions. In these contexts of complexities, a positivist approach may not provide fruitful results.

Thirdly, most of the studies in the developing countries have been carried out by consultants (Wynne, 2005). Other studies have used different methodologies such as literature review (Shah and Shen, 2007; Wynne, 2005). Strategies used in interpretive accounting research provide an opportunity for uncovering the complexities of social life, through multiple data collection methods such as documents, interviews and observation. This helped in obtaining organizational actors' perceptions on the adoption and implementation of budgetary reforms.

Fourthly, while there are initiatives for empirical studies on MTEF, there are few PB studies in developing countries. Many empirical studies of PB have been undertaken in developed countries. This has produced a need for an interpretive accounting research on PB practices in a developing country.

Fifthly, cultural, political, social, and administrative factors are argued to have influenced budgeting, accounting and NPM reforms (Goddard, 1997;1999; Mimba *et al.*, 2007; OECD, 1997; Tambulasi, 2007). They are therefore important dimensions in the understanding of budgeting practices. Interpretive accounting research provides an opportunity for the understanding of cultural, political, social and administrative practices in budgeting.

Lastly, none of the research has attempted to investigate a combination of PB, MTEF and CB. These budgeting systems are used concurrently, despite being investigated separately. An interpretive approach to a joint investigation of CB, MTEF, and PB systems was sought in order to provide fruitful results.

2.6 Summary

This chapter has reviewed the literature on accounting and budgeting in both developed and developing countries. The review has covered the meanings of various budgeting terms, such as budget, budgeting, MTEF, PB and CB. Furthermore, empirical studies on PB, CB and MTEF have been reviewed. In developed countries, categories of state/local, health/education/other sectors, and central government have been constructed for the purpose of the review. Limited studies in PB and CB in developing countries demands a study in a developing country, in this case Tanzania. Complexities in budgeting suggest an interpretive accounting study. The next chapter presents the methodology of this research. It argues for an interpretive accounting research and a grounded theory strategy.

Chapter Three

Research Methodology

3.0 Introduction

The choice of research methodology was governed by the central question of the research, namely an attempt to understand the social nature and social world of accounting practices through constructive and interpretive actions of people. Organizations are not regarded as material things and are accorded the power of thought and action. They are seen as complex, socially constructed phenomena. In this respect, the research was anchored within an interpretive paradigm. Grounded theory was executed on the need to develop socially informed theory. This is capable of explaining the contradictions and paradoxes of organizational accounting practices, so as to reflect the richness and complexities of social life, and as a way of getting closer to accounting in practice (Humphrey and Scapens, 1996).

The first section of this chapter describes research paradigms in social sciences and in accounting. It also justifies the need for an interpretive paradigm. The second section briefly illuminates and presents grounded theory and the grounded research process for the study. The third section presents validity and reliability issues. The final section addresses the rationale for researching budgeting practices in the context of PB, MTEF, and CB in a developing country. This section also addresses data collection and analysis techniques, and the sampling method employed.

3.1 Research Paradigm

The research is informed by philosophical assumptions, which form the basis for paradigms and methodology choices. Burrell and Morgan (1979) define paradigm as the commonality of perspective which binds the work of a group of theorists together in such a way that they can be usefully regarded as approaching social theory within the bounds of the same problematic. Burrell and Morgan (1979) devised a sociological framework which forms the basis of paradigms in social sciences and accounting. The need to consider researcher values and beliefs concerning the nature of society and social sciences is emphasized (Hopper and Powell, 1985). This section therefore presents Burrell and Morgan's (1979) sociological framework of paradigms. It then presents alternative paradigms in accounting research which, one may argue, are grounded in the same framework.

3.1.1 Burrell and Morgan's (1979) Sociological Framework

Burrell and Morgan's (1979) framework distinguished paradigms based on two independent dimensions; the first dimension concerned assumptions about the nature of social science, while the second dimension is about the nature of the society. Assumptions concerning the nature of social science comprise four elements: ontology, epistemology, human nature and methodology.

Ontology is concerned with assumptions about the nature of the reality under investigation, be it socially constructed (nominalism), or independent of an individual appreciation of it (realism). Nominalism argues that the social world, which is external to individuals, is composed of words, concepts and labels which do not comprise a real structure unless used as tools for describing, making sense of, and negotiating the social world. Realism argues that reality is external and objective.

Epistemology refers to the grounds of knowledge, and how one might begin understanding the world. Anti-positivism believes that knowledge needs to be experienced in order to be acquired. It also states that one has to understand from the inside rather than the outside, as knowledge is softer, subjective, and transcendental. Positivism believes that knowledge is external and can be easily acquired, as knowledge is hard, real, and capable of being transmitted in tangible form.

Human nature describes the relationship between human beings and the environment, be it relativist or deterministic. The relativistic position assumes that humans exercise free will in the environment and that human beings are the controllers of the environment. In contrast, the deterministic position assumes that human beings respond in a mechanical way, because humans are controlled by the environment.

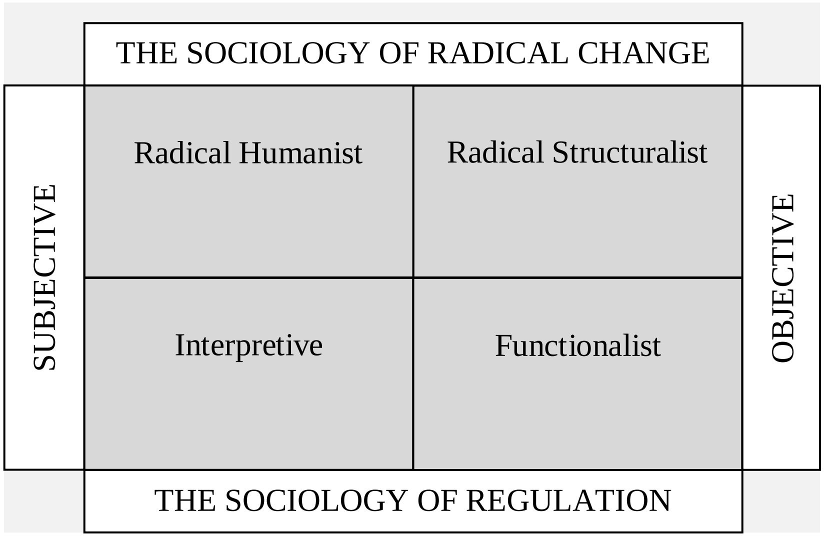
The three assumptions above have a direct connection to methodological nature. Methodological assumption concerns the way in which one attempts to investigate and obtain knowledge about the social world. On the one hand, nominalism, anti-positivism and voluntarism emphasize methods which allow insights into an individual's inner world, for example through the use of interviews and observations (ideographic methods). At the other extreme, realism, positivism and determinism accentuate statistical methods, such as surveys (nomothetic methods).

The other major dimension of Burrell and Morgan's framework is assumptions concerning the nature of society. On the one hand, cohesiveness and unity is assumed in society and there is little problem with the status quo. The emphasis is put on understanding why society tends to hold together rather than fall apart and thus leads to understanding regulations in human affairs (sociology of regulation). On the other hand, structural conflicts and contradictions are assumed to exist in society, and society is assumed to be falling apart. The emphasis is on what is possible rather than what it is, hence, radical change (sociology of radical change).

Burrell and Morgan identify four paradigms based on the above two dimensions: assumptions about the nature of social science in an objective-subjective dimension, and assumptions about the nature of society in the sociology of regulation/sociology of radical change dimension. Realism, positivism, determinism and nomothetic methods subscribe to the objective dimension, while nominalism, anti-positivism, voluntarism and ideographic methods subscribe to the subjective dimension.

Interpretive and functionalist paradigms are both located in the sociology of regulation. The former approaches its subject matter from a subjectivist point of view, while the latter approaches its subject matter from an objectivist point of view. The other two paradigms, radical humanism and radical structuralism, are placed in the sociology of radical change and approach society from subjectivist and objectivist views respectively. The following is the sociological framework as provided by Burrell and Morgan (Figure 1):

Figure 1: Burrell and Morgan's (1979) Sociological Framework



Source: Burrell and Morgan (1979)

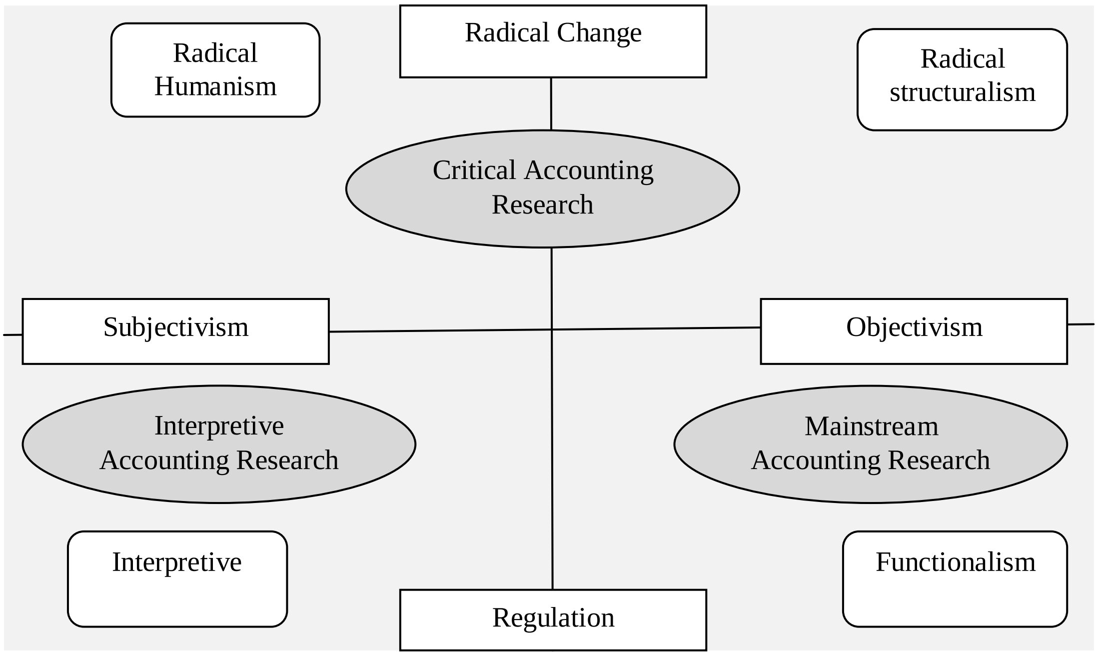
This framework has been criticized by many researchers in accounting, based on the objectivist-subjectivist problematic. This is caused by the dichotomy and action-structure relationship (Ahrens *et al.*, 2008; Chua, 1986; Hopper and Powell, 1985; Kakkuri-Knuuttila *et al.*, 2008; Laughlin, 1995; Ryan *et al.*, 2007). Chua (1986) also criticizes the framework for its strong argument for the relativist notion of scientific truth and reasoning, and for the latent relativism. It is also argued that the separation of the radical structuralist from the radical humanist is not well-supported within sociology itself (Chua, 1986; Hopper and Powell, 1985).

Despite all of the above criticisms, Burrell and Morgan's theoretical framework remains important as a means to direct attention to underlying issues behind research in social sciences, and accounting research in particular.

3.1.2 Research Paradigms in Accounting

Accounting researchers are opposed to the objective-subjective dichotomy of Burrell and Morgan's framework. Hopper and Powell (1985), for example, regard the dimension relating to social science as a continuum, and divide studies into functional, interpretive and radical. Chua (1986) develops the accounting research framework using the different, but related, metaphysical assumptions of Burrell and Morgan (1979), which were later adopted by Ryan *et al.* (2007). However, Chua (1986) argues that the assumptions are different in important respects (see Ahrens *et al.*, 2008; Chua, 1986). The assumptions used by Chua (1986) are basically the same as those of Burrell and Morgan (1979), with the only added assumption being the relationship between Theory and Practice. Hopper and Powell (1985), Chua (1986) and Ryan *et al.* (2007) recognize three accounting research paradigms: functionalist, interpretive and critical. A summary of accounting classification as provided by Ryan *et al.* (2007) is presented in figure 2 below.

Figure 2: Ryan et al.'s Categories of Accounting Research



Source: Ryan *et al.* (2007)

Critical accounting research combines Burrell and Morgan's radical humanism and radical structuralism with the rationale of removing the objective-subjective problematic and its manifestation in the action-structure debate (Ryan *et al.*, 2007 p.43). Hopper and Powell (1985) argue that this category of accounting research criticizes the status quo. Baxter and Chua (2003) point out that critical accounting research mobilizes research to provide a platform of critique, change and improvement. Methodologies commonly used in critical accounting research include historical, ethnographic and case-studies (Chua, 1986).

The second paradigm of accounting research is functionalist. This is defined by Ryan *et al.* (2007) as the paradigm which regards society as a single system of interrelated elements serving specific functions, and the role of the researcher is to discover the nature of those functions. This paradigm is also known as mainstream accounting research, which Ryan *et al.* (2007 p.49) argue will remain dominant in finance research. However, other types of research can be, and are used, in accounting research. In functionalist research, quantitative methods of data collection and analysis, which allow generalizations, are favoured (Chua, 1986). In this respect, survey, experimentation and data-based methods are commonly used.

The last paradigm is interpretive. Chua (1988) defines the interpretive paradigm as the philosophical tradition which focuses on the constructive and interpretive actions of people. Ryan *et al.* (2007) define interpretive accounting research as research which is concerned with understanding the social world and the social nature of accounting practices, and making sense of the social character of daily life. Chua (1988) noted the use of the interpretive paradigm in management accounting research. She describes the main paradigms in interpretive research as symbolic interactionism and ethnomethodology. However, there are other interpretive paradigms such as ethnographic[2] case-studies and grounded theory[3] (Parker and Roffey, 1997).

According to Blumer (1969), symbolic interactionism refers to a particular form of interaction that occurs between people; it is based on the premise that human beings act on things based on the meanings which things have for them, which are derived from social interaction and handled in, or modified, through an interpretive process. Chua (1988) defines ethnomethodology as the study of how people go about doing what they do in their everyday life. She argues that few management accounting researchers attempt to comprehensively transplant a symbolic interactionist or ethnomethodological methodology. Instead, they use key interpretive paradigm notions, which allow them the freedom to develop or discard key assumptions, whilst remaining within the interpretive paradigm (Chua, 1986 p.6).

Apart from the above classification of research paradigms in accounting, Laughlin (1995) suggests theory, methodology and change as the dimensions for methodological choices in accounting research, with low, medium and high

[2] This is argued as a research procedure appropriate to ethnomethodology.
[3] It is recommended that the principles of grounded theory also be used in quantitative research (Glaser and Strauss, 1967; Miles and Hurberman, 1984:1994; Strauss, 1987).

parameters. This classification removes the objective-subjective problematic. Indisputably, Laughlin's classification is based on Burrell and Morgan's framework, as it relates its three dimensions to Burrell and Morgan's assumptions about social science and society. Laughlin theorizes that the theory choice concerns the level of prior theorization, while the methodology choice concerns the role of the observer. In high methodology, the observer is irrelevant to the research process while, in low methodology, the observer is encouraged to participate in the research process. The change choice is with regard to the investigator's concern about the value or otherwise of maintaining the current situation.

Laughlin (1995) also proposed middle-range thinking, which is a medium view of the theoretical, methodological and societal change. This recognizes skeletal theories and skeletal generalizations. The German critical theory is the only actual social science approach that seems to reflect this medium view. However, Laughlin himself denies this as a critical theory, because of the diverse body of thought in critical theory (p.84).

Arguably, the functionalist paradigm is located in the high/high quadrant as, among other things, it uses structured and quantitative methods. The main interpretive accounting researches described by Chua (1988), namely interactionism and ethnomethodology, have been classified in the low quadrant in all three dimensions of Laughlin's classification (see Parker and Roffey, 1997 p.215). However, they argue that grounded theory fits into neither camp in the Laughlin schema for classifying research. Nevertheless, Glaser's approach to grounded theory is argued as being located in the low/low quadrant and Strauss's approach of a low/medium quadrant is based on its structured approach to data collection and analysis (Elharidy *et al.*, 2008; Parker, 2001; Parker and Roffey, 1997).

Arguably, the removal of the subjective-objective problematic is the great contribution of Laughlin to the dimensions for theoretical and methodological choices. Ryan *et al.* (2007 p.49) concurred with Laughlin (1995) with regard to the theory, methodology and change classification for the purpose of removing the objective-subjective dichotomy. However, the main accounting paradigms remain as interpretive, functional and critical.

3.1.3 Interpretive Accounting Research

Hopwood (1979) realized how little most accounting researchers know about the actual functioning of accounting systems in organizations. Whilst maintaining respect to scientific methods of investigations, he introduced elements of caution into methodological choices for understanding accounting systems in action. Based on similar arguments, interpretive accounting research has been addressed by various early accounting researchers (Chua, 1988; Colville, 1981; Covaleski and Dirsmith, 1990; Hopper and Powell, 1985; Jönsson and Macintosh, 1997; Parker and Roffey, 1997; Tomkins and Groves, 1983).

Interpretive accounting research emphasizes the understanding of everyday practices and accounting behaviour (Colville, 1981; Tomkins and Groves, 1983). Colville (1981) suggests a need for a theoretical framework that would permit the understanding of everyday organizational and accounting behaviour, while Tomkins and Groves (1983) argue that the scientific basis of accounting research is too narrow, and that interpretive research focuses more closely on the concerns of practitioners and provides greater insight into the everyday effects of accounting and the practices of accountants themselves.

Hopper and Powell (1985) and Chua (1988) regard meanings as socially constructed in interpretive accounting research and, therefore, they emphasize the need to understand the social world of accounting practices. They argue that a better understanding of accounting will be obtained if the use of interpretive research methods is directed towards understanding how accounting meanings are socially generated and sustained (Hopper and Powell, 1985). Chua (1988) points out that interpretive accounting research seeks to understand the social nature and the social world of accounting practices, and attempts to capture more accurately the lived experiences of the actors being studied. This socially constructed meaning can be achieved by asking “how” questions instead of “causal” questions. Morgan (1988) argues in favour of viewing accounting as an interpretive art, because accountants interpret and construct reality.

Interpretive accounting research offers strong and rich insights into understanding the role of accounting in organizations (Covaleski and Dirsmith, 1990). This understanding can be achieved through the interplay between the researcher, the subject and the socio-cultural context of the study (Parker and Roffey, 1997). Jönsson and Macintosh (1997) argue that interpretive and ethnographic researches have been marginalized in accounting, despite them being valuable ways of understanding the way in which accounting works in an actual organizational setting.

Rahaman and Lawrence (2001) attempt to explicate the negotiated order perspective as a social theory through the use of case study, in order to understand accounting in its organizational context and appreciating accounting practice within organizations and society. They argue that negotiations in organizations are not tools for conflict resolution but, rather, a central element in organizational management.

Recently, interpretive research has been addressed by accounting researchers arguing for its clarity and its future (Ahrens *et al.*, 2008; Baxter *et al.*, 2008; Cooper, 2008; Kakkuri-Knuuttila *et al.*, 2008; Scapens, 2008).

Social action theory, grounded theory, symbolic interactionism, ethnomethodology and phenomenology are identified as interpretive research strategies (Covaleski and Dirsmith, 1990). Jönsson and Macintosh (1997) also identify cognitive anthropology, symbolic interactionism and ethnomethodology as interpretive strategies. However, many accounting studies do not explicitly declare either methodology adopted or the strategies adopted within interpretive research.

3.1.4 Examples of Empirical Interpretive Accounting Research

This section provides examples of empirical interpretive accounting research, excluding the empirical studies of grounded theory, which will be covered in the second section of this chapter (section 3.2). The objective of this section is to show examples of how interpretive accounting research has been used in the public sector (Dent, 1991; Goddard, 1999; Goddard and Powell, 1994; Hoque *et al.*, 2004; Nahapiet, 1988).

Dent (1991) conducted a longitudinal study to trace the process of cultural change in a state-owned railway company. He described how the old railway culture and belief in the railway as a social service, was gradually replaced by a new business culture and the belief that railways should be instrumental in making profit, as the result of changes in accounting practices.

Hoque *et al.* (2004) explored how accounting, accountability and performance management systems within NPM ideals evolved within the Australian police service, and observed a rigid accountability structure that was continuously subject to performance evaluation.

Nahapiet (1988) looked at resource allocation in the NHS with regard to the change in the method of funding, from an incremental basis, to a formula basis. He noted that accounting activities shaped organizations through the emergence of new issues, leading to redefinition of the resource position; reciprocally, organizations shaped accounting as other planning mechanisms and formula changes emerged.

Goddard and Powell (1994) evaluated organizational performance, and the factors that informed consequent decision-making, in a UK District Health Authority by using a naturalistic methodology. They examined stakeholders' perceptions of service and service quality. Goddard and Powell (1994) argued that accounting systems in the public sector have been of limited use in improving services, as they have concentrated on financial and legal probity. They suggested that accounting systems may benefit through developing within a naturalistic approach, which recognizes the political plurality of performance, the importance of interpretation, and culture.

Goddard (1999) used an interpretive research methodology to investigate the interrelationship between culture and financial control system in three local governments in the UK. He found that financial control systems were both constitutive and reflective of culture. The reflective aspects were seen when professionalisation dominated departmental cultures, while the constitutive aspects were evidenced when the financial control system was used to change the culture. Goddard (1999) argued that there was a clear relationship between budgets-related behaviour and culture, with logics of action providing the link. However, he argued that the influence did not all flow in one direction.

The above examples show how interpretive accounting research has been used in the public sector. Examples confirm Chua's (1988) argument that interpretive accounting research aims to answer "how" questions rather than "causal" questions. For example, Dent's (1991) study explains how culture changed from the old culture to a new business culture as the result of a transformation in accounting practices. Similarly, this research has sought to understand "how" budgetary reforms have been adopted and implemented in Tanzania's central government. Other interpretive studies have been conducted in Non-Government Organizations (NGOs) (see, for example, De Loo *et al.*, 2006; Dixon *et al.*, 2006), business firms (see, for example, Ahrens and Chapman, 2002; Dirsmith *et al.*, 1997; Dunk and Perera, 1997; Edwards *et al.*, 2007; Efferin and Hopper, 2007; Mobus, 2005; Vaivio, 2006) and in financial authorities and institutions (see, for example, Sawabe, 2005).

3.1.5 Rationale for the Choice of Interpretive Paradigm

There were three reasons for the choice of interpretive methodology for this study. Firstly, this methodology is related to the phenomena under investigation. Accounting and budgeting practices are related to social, cultural and political practices (Covaleski and Dirsmith, 1986; Czarniawska-Joerges and Jacobsson, 1989; Goddard, 1997;1999; Mimba *et al.*, 2007; OECD, 1997; Wang, 2002). In order to gain a deep understanding of practices interwoven with social, cultural and political practices, there was a need for an interpretive research approach (Ahrens *et al.*, 2008; Chua, 1988; Colville, 1981; Hopper and Powell, 1985; Hopwood, 1979; 1983; 1987; Humphrey and Scapens, 1996; Tomkins and Groves, 1983).

Secondly, interpretive research provides meanings from actors' perceptions and experiences. This permits meanings to be socially constructed, as the budgeting terms themselves are often perceived differently. For example, the words budget, budgeting, PB, CB, and MTEF have been perceived, implemented, and applied differently by actors (see, for example, Lee Jr and Johnson, 1973; Schick, 2002; Schick and OECD, 2009; Shah and Shen, 2007). Interpretive research facilitates the understanding of how accounting meanings are socially generated and sustained (Hopper and Powell, 1985).

Thirdly, there has been a more widespread acceptance and adoption of the key tenets of interpretive methodology for the study of management accounting (example Dent, 1991; Goddard, 1999; Goddard and Powell, 1994; Hoque *et al.*, 2004; Nahapiet, 1988). Interpretive methodology provides distinctive insights (Chua, 1988).

Consequently, there was a need for an inductive approach, such as a grounded theory strategy, which has the potential to help interpretive researchers develop theories of everyday management accounting practices (Elharidy *et al.*, 2008 p.143).

3.2 Grounded Theory

Grounded theory was originally developed by two sociologists, Barney Glaser and Anselm Strauss, in 1967 (Glaser and Strauss, 1967). It was later addressed by Strauss and Corbin (for example, Corbin and Strauss, 1990;2008; Strauss and Corbin, 1990;1998;1997) and Glaser (for example, Glaser, 1978;1992;2001). Strauss and Corbin (1990) defined grounded theory as a qualitative research method that uses a systematic set of procedures to develop and inductively derive grounded theory about a phenomenon. Glaser (1992) defined grounded theory as a methodology of analysis, linked to data collection, which uses a systematically applied set of methods to generate an inductive theory about a substantive area. Induction involves a move from the plane of observation of the empirical world to the construction of explanations and theories (Gill and Johnson, 2006 , p. 28)

Grounded theory is capable of capturing complex social phenomena as it emphasizes the need for developing concepts and their linkages (Strauss, 1987). Since its inception in 1967, the different approaches have evolved basically according to the ideas of its two founders. These are the Glasserian and Straussian approaches to grounded theory.

3.2.1 Glasserian and Straussian Approaches to Grounded Theory

In this section, the Glasserian approach to grounded theory is compared to the Straussian approach. The comparison provided the basis for the selection of the Straussian approach which was used in this study. There are basically four differences in the two approaches of the founders of the grounded theory.

Firstly, the Glasserian approach does not desire to select the area of study before entering the research site, while the Straussian approach selects an area (organization or activity) and allows issues to emerge on their own. The second difference, the need for a literature review before data collection is linked to the first difference. While Glaser (1992) does not emphasize the need for a literature review in order to form new interpretations, Strauss and Corbin (1998) acknowledge that the objectivity of the researcher is impossible, even though researchers undertake to set aside their prior knowledge and experience. The third difference lies in the detailed and structured steps that are to be taken by the researcher in the open, axial, and selective coding processes. While Glaser does not follow these detailed processes, Strauss and Corbin emphasize the importance of these detailed processes to achieve better theory formulation. The fourth difference is that Glaser produces a theoretical formulation which is then left to other researchers to test, while Strauss and Corbin undertake continual verification and testing to determine the likely validity of the theory (Parker and Roffey, 1997).

The method of Strauss and Corbin was selected and used for this study mainly for two reasons. Firstly, it is easy to operationalize and it is a more structured and practically-oriented method for generating grounded theory. However, care was taken to ensure that concepts for theory generation were not forced, as Parker and Roffey (Parker and Roffey, 1997) suggest:

> […] The latter (Straussian approach) do offer great potential assistance to the field researcher who must nevertheless take particular care to avoid forcing or imposing concepts that reflect the researcher's own predispositions rather than those emerging from interaction with the study site and its participants […] (p.124).

Secondly, grounded theory, as defined by Strauss and Corbin, has features that fit well with the interpretive accounting research. These features involve naturalistic, hermeneutic, social construction, diversity, eclecticism and explanation (Elharidy *et al.*, 2008 p.149).

With the adoption of Strauss and Corbin's grounded theory, care was taken not to use the approach as a 'recipe book' which, if followed rigorously, may result in a high-quality research (Elharidy *et al.*, 2008). The use of literature and previous research was kept to a minimum to avoid influencing the inductive approach and superimposing existing theories on data. Literature was used to inform, rather than describe, how the researcher interacted with the field.

3.2.2 Grounded Theory Research Process

The grounded theory process of this research started with the literature review, which allowed the direction of the research site. It also allowed the setting of broad and initial research questions, or issues, or topic guides (Strauss and Corbin, 1998). Initial research questions were developed to guide data collection. Data was collected by three methods: interviews, observation and documents analysis. Multiple sources of data are emphasized as being important for theory building and validity of research (Parker and Roffey, 1997; Ryan *et al.*, 2007).

The initial research questions were modified throughout the entire research process. They were modified as early as the initial visits to the research sites. The initial visits resulted in the identification of the research themes presented in chapter 5, and which were actors' issues of interest. These modified the initial research questions, and guided data collection and data analysis. The initial research questions were modified during the research process to reflect actors' issues of interest rather than maintain a prior commitment to any particular pre-existing theory (Parker and Roffey, 1997). For example, the initial focus of research included performance measurement practices, but these were not featured during data collection and analysis and were therefore relegated. Nevertheless, their importance in PB was still crucial.

Grounded theory involves three stages of data analysis: open, axial and selective coding. The three stages of data collection are iterative rather than distinct. Grounded theory is an iterative process in which data collection, analysis and theory formulation is carried out concurrently. Open coding is a process of breaking down, examining, comparing, conceptualizing, and categorizing data (Strauss and Corbin, 1990 p.61). In this research, this was done sentence by sentence and paragraph by paragraph in order identifies open codes[4] from the interview transcripts and observation or interview reflection notes. Properties of open codes were identified by the use of theoretical memos[5]. Meanings of documents were also discovered (Parker and Roffey, 1997). The detailed open coding process of the study is presented in chapter 5.

After the first coding process, axial coding was undertaken to identify core codes. Core codes were identified through the identification of the relationships between open codes and by making connections between categories (Strauss and Corbin, 1990). Theoretical sampling was conducted on the basis of concepts that have proven theoretical relevance to the evolving theory (Strauss and Corbin, 1990). Sampling was continued until reaching theoretical saturation, that is, it was not worth sampling any more (Parker and Roffey, 1997). The detailed axial coding process of the study is presented in chapter 6.

When the core codes were obtained, the last coding process, selective coding, was completed. This requires the selection of a focal core code, that is, the central phenomenon which has emerged from the axial coding process. Other core codes should be related directly or indirectly to the focal core code. The relationship can be one of either conditioning, or influencing, the focal code, the outcome or the moderator/facilitator of the focal code (Parker and Roffey, 1997). The output of this process was the substantive grounded theory presented in chapter 7.

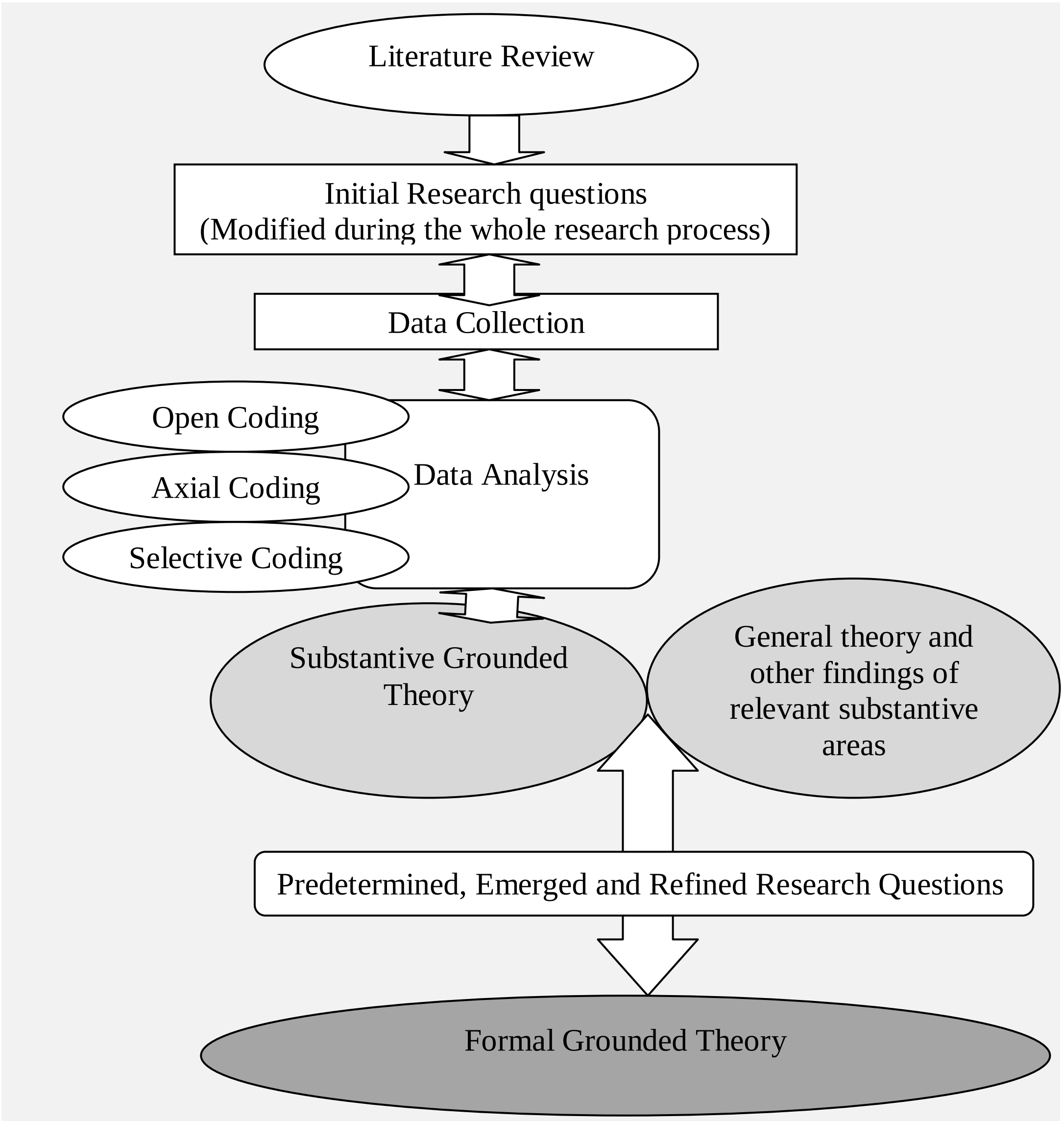
The substantive grounded theory was matched against an appropriate literature base, or prior research (Coopey *et al.*, 1998; Covaleski *et al.*, 1998; Goddard, 2004; Greenhalgh, 2000; Lowe, 1995; Parker and Roffey, 1997). By going back to the literature, cases are allowed to ‘talk to each other’ (Ahrens *et al.*, 2008; Lukka and Mouritsen, 2002). The need for reference to previous case-studies was to develop theoretical reflections on accounting practice (Humphrey and Scapens, 1996). Glaser and Strauss (1967) and Strauss (1987) suggest constant comparison, of substantive grounded theory with findings of the same substantive area and other

[4] Names or labels are given to events, activities, functions, relationships, contexts, influences and outcomes.

[5] Theoretical memos include written theoretical questions, coding summaries and hypotheses which are used to monitor and stimulate coding. Relationships between codes and crucial quotations or phrases are also written in the memos.

substantive areas, as one of the ways of generating formal theory. A formal grounded theory is a 'multi-area' theory developed for a formal/conceptual area, while a substantive theory is a one-area theory developed for a substantive/empirical area (Glaser and Strauss, 1967; Strauss, 1987). The substantive grounded theory was therefore developed to become a formal theory through a constant comparison of substantive grounded theory with the appropriate and relevant literature. Appropriate and relevant literature included the general theory of NIS, other relevant findings in NIS literature, and relevant findings in budgeting and NPM reforms, where the central phenomenon of the emergent substantive grounded theory was likely to occur (Strauss, 1987). The detailed move of substantive grounded theory to formal grounded theory is presented in chapter 8. Figure 3 below summarizes the research process of the study.

Figure 3: Research Process for the Study



3.2.3 Examples of Empirical Grounded Theory Research in Accounting

Grounded theory has been used in various research sites, including local government (Goddard, 2004;2005), other public sectors (Covaleski and Dirsmith, 1983; Lye *et al.*, 2005; Wickramasinghe *et al.*, 2004), business firms (Efferin and Hopper, 2007; Fearnley *et al.*, 2002; Gibbins *et al.*, 1990; Greenhalgh, 2000; Holland, 2006; Jönsson and Grönlund, 1988; Nixon, 1998; Tillmann and Goddard, 2008), non-government organizations and/or religious organizations (Abdul-Rahman and Goddard, 1998; Goddard and Assad, 2006; Lightbody, 2000; Parker, 2001;2002;2003), manufacturing companies (Slagmulder, 1997; Yoshikawa *et al.*, 1995), banks (Norris, 2002) and the community at large (Solomon and Solomon, 2006).

Goddard (2004) conducted a study in four UK local governments to investigate the relationship between accounting, governance and accountability. A grounded theory methodology was adopted and Bourdieu's concept of habitus was used to further develop the grounded theory and suggest a more formal theory. He found that the budget system was the most important organizational process with respect to accountability. Goddard (2005) also investigated UK local governments with regard to the relationship of accounting and NPM with accountability and governance. He found that accountability, rather than governance, is relatively important per se to participants and a more significant contribution to accountability was made by budgeting practices than NPM practices.

Wickramasinghe *et al.* (2004) investigated the Sri Lankan Telecommunications Company, which had been recently privatized, in order to understand whether privatization resulted in more effective management accounting systems and improved performance, and how the modes of production related to the evolution of management accounting systems. They found that new accounting and control regimes replaced bureaucratic management controls, resulting in positive commercial effects. However, the changes were reversed as the result of political interventions. Lye *et al.* (2005) illustrated the evolution from cash-based to accrual-based financial statements in the New Zealand central government. They found that the accounting change was a means to an end; it was introduced in order to achieve ministerial control and measure the performance of government entities in order to provide relevant information for management decision-making. However, such change occurred through interaction among wider historical, economic, political and social objectives of a country, rather than the mere presence of a few behavioural traits of managers or politicians who, as claimed in the literature, use accounting to meet their own ends. Covaleski and Dirsmith (1983) conducted studies in the health sector and found that higher-ranking nurse managers used budgeting information as a means of controlling subordinates and advocating the needs of nursing services. They proposed the redefinition of budgeting from being a tool of control to becoming a tool of negotiation and political advocacy. Parker (2003) investigated the strategic decision-making process of the board of a large not-for-profit community welfare organization (CWO) in one state of Australia. He revealed that the highest level of not-for-profit CWO organization governance was predominantly financially focused in terms of both strategic orientation and predominance of boardroom discussions.

Of the business and manufacturing firms that were observed, Jönsson and Grönlund (1988) investigated the changes in management accounting practices and their effect on information processing in a manufacturing environment. They observed two levels of information processing: central and local and found that changes in management accounting practices brought a better understanding of the role of accounting to operators at lower levels. Efferin and Hopper (2007) explored socio-cultural aspects of management control in a Chinese Indonesian manufacturing company and confirmed the findings of previous research that Chinese-owned businesses have low budget participation. Greenhalgh (2000) presented preliminary evidence of "controlling" or "management accounting" practice in a transitional small and medium enterprise which was expanding from a UK base to ten European countries. Greenhalgh (2000) concluded that the controller had developed a copying strategy as it chose to maintain a traditional accounting-led evaluation system in controlling and evaluating its transnational operations.

Tillmann and Goddard (2008) were concerned with how strategic management accounting was perceived and used in practice in a large multinational company in Germany. They revealed that an organization's actors, even in one company, perceived the term 'strategic management' differently. This contributed to confusion about what ‘strategic management’ might mean. They also suggested that a better understanding of strategic management accounting in practice could assist with the future design of strategic management accounting systems. Nixon (1998) investigated how the rising costs of Research and Development (R&D) and the increasing dependence of companies on technology for competitive advantage were causing both external investors and managers to seek better measures of R&D productivity and effectiveness. Nixon’s (1998) case study, exemplified the relevance of features generally associated with good performance measurement; the role of management accounting, especially target costing, when cost is a critical design parameter. It highlighted a a fusion of management accounting and design techniques, as well as the role of accounting as an integrating vernacular that links all project team participants.

Gibbins *et al.* (1990) explained and predicted corporate financial disclosure and found that firms developed a stable, two-dimensional internal preference for managing disclosure. Fearnley *et al.* (2002) evaluated directors’ and auditors’ experiences with the financial reporting review panel in the UK. They drew on institutional theory to evaluate the stated aims, objectives and operating procedures of the Financial Reporting Review Panel (FRRP) through detailed insights into the interaction of directors and auditors with the FRRP. They found that FRRP was an effective regulator and was contributing to the general good. Holland (2006) examined how large UK companies voluntarily disclose information through private and public channels and how this learning experience changed their disclosure behaviour. He outlined a grounded theory of corporate disclosure comprising disclosure choices, the story of value creation and intangibles, managerial optimism and opportunism, benchmarking and continuous corporate interaction with stock and information markets.

Yoshikawa *et al.* (1995) traced the development and use of functional cost analysis in Japan and found the significance of not underestimating the differences between Britain and Japan in the details of accounting methods and techniques. One key dissimilarity between Britain and Japan was the remoteness of the relationship between accountants and other managers. Slagmulder (1997) observed that achieving strategic alignment was the primary driving force behind the design of the

Management Control System and Strategic Investment Decisions and Strategy. Jönsson and Grönlund (1988) looked at the changes in management accounting and their effect on information-processing in high-tech manufacturing firms, and observed two levels of information-processing: local and central.

Abdul-Rahman and Goddard (1998), Parker (2001;2002;2003), Goddard and Assad (2006) and Lightbody (2000) investigated non-government and/or religious organizations. Abdul-Rahman and Goddard (1998) observed that Islamic values were at the core of organizational cultures and superseded the conventional perceptions of accountability. Parker (2001) identified a complex set of internal and external factors conditioning planning in a Uniting Church in Australia. The organization's approach to planning had been identified as reactive, being short term-oriented, resources-focused and responding to environmental crises only as they become apparent and pressing. In the same research site Parker (2002) found that a reactive style of planning produces an incremental budgetary mélange that ultimately results in a form of control by compromise. Parker (2002) concluded that not-for-profit organizations may indeed exhibit unique structural and processual dimensions and characteristics that offer special challenges to maintaining effective financial control. Goddard and Assad (2006) observed accounting as important in the process of navigating organizations' legitimacy in Tanzanian NGOs. Strategies employed by organizations in navigating legitimacy were building credibility and bargaining for change. Lightbody (2000) investigated the guardian behaviour exhibited within a private not-for-profit church organization in Australia. Lightbody (2000) observed that NGOs, like the public sector, will adopt a guardian role in the management of the resources of the entity. Norris (2002) investigated the use of activity-based techniques and information in two British banks. Norris (2002) found that the degree of their use was different in the two cases. While, for the one bank, it was a success, the use in the other bank was minimal and data-recording was poor. The differences were explained as being related to different levels of education, experience and commitment in each organization.

Solomon and Solomon (2006) determined the extent to which social, ethical and environmental disclosure was being integrated into institutional investment by the members of the institutional investment community in the UK. They found that institutional investors did not consider that public social, ethical, and environmental disclosure was adequate for their portfolio investment decisions.

Parker and Roffey (1997) argued that, despite the availability of more than 25 years' grounded theory methodology, few grounded theory generating studies had as yet emerged in the published accounting and management research literature. This research provides a contribution to the use of grounded theory research in the public sector (example Goddard, 2004;2005; Lye *et al.*, 2005; Wickramasinghe *et al.*, 2004). Furthermore, the study investigates budgetary reforms in the contexts of PB, CB and MTEF, which have rarely been investigated using the grounded theory approach.

3.2.4 Rationale for the Choice of Grounded Theory

Grounded theory was chosen as a research strategy for this study because of three main factors. Firstly, Humphrey and Scapens (1996) advocated moving beyond the illustrative use of social theory in order for the case-study to become more explanatory of accounting as a social practice. They also urged accounting researchers to recognize that theory is both informed and developed by observation. This suggests that, for case-studies to be explanatory, the theory needs to be developed from data. Illustrative case-studies have not produced significant insights into accounting practices' complexities and contradictions in contemporary organizations (p.100).

No prior theory was used for the initial focus of the research. Instead, grounded theory was used as a means of developing theory from data in order to make the research more concerned with budgeting practices rather than social theories and concerns. This was useful in order to discover what was happening, how things were done, why and when organization members did what they did and how component parts (people, organizational units, etc) interacted in organizations (Parker and Roffey, 1997).

Secondly, budgeting and NPM reforms are complex (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Van Nispen and Posseth, 2009). Furthermore, these studies have revealed mixed results (Evans and Ngalwea, 2001; Kong, 2005; Lu, 2007; McGill, 2001). Grounded theory is capable of capturing complex social phenomena, as it emphasizes the need for developing concepts and their linkages (Strauss, 1987).

Thirdly, various authors suggest a grounded theory as a useful methodology for interpretive research (Chua, 1988; Covaleski and Dirsmith, 1990; and more recently Elharidy *et al.*, 2008; Parker and Roffey, 1997). Grounded theory allows the actors' own perceptions and meanings to emerge, and it has the ability to generate a theory which is grounded in data (Strauss and Corbin, 1998 p.8).

Recently, Gurd (2008) cautioned accounting researchers about the use of grounded theory. He argues that the use of grounded theory can be misunderstood or that the core canons of grounded theory are not applied. These canons, according to Gurd (2008), are coding and theory building, interaction between data collection and analysis, theoretical sampling and comparative analysis. In their response to Gurd (2008), Joannides and Berland (2008) used the same samples and came to a different conclusion. They argued that authors who used grounded theory had understood, and made operational, the suggestions of the founders of the grounded theory. Modell and Humphrey (2008) argued that many researchers deviate from the standard grounded theory.

Grounded theory was adopted for this research. Various strategies were employed to maintain its quality, which included the reflexive nature of the data and participants during the research process and illustrated by iterative data collection, analysis and theory-building.

3.3 Validity and Reliability

Validity means accurately representing those features of the phenomenon that the research is intended to describe, explain or theorize (Hammersley, 1987), while reliability refers to the consistency of the findings obtained in the research (Gill and Johnson, 2006). Validity is argued to be a positivist issue, belittling to qualitative research (Chua, 1986; Gill and Johnson, 2006). Furthermore, Gill and Johnson (2006) argue for management researchers to develop skills to enable them to assess the quality of management research, rather than using or modifying positivist evaluation criteria. Nevertheless, the research focused on the following strategies to ensure validity and reliability.

Firstly, concurrent data collection and analysis was undertaken. Iterative data collection and analysis ensure validity and reliability (Strauss and Corbin, 1998), and so earlier interviews informed later interviews. Before the beginning of each interview, quick or detailed analysis of the previous interview was undertaken. Moreover, data collection was conducted in two phases, which provided time gap in between interviews, thus allowing detailed iterative data collection and analysis. Sufficient time for data collection allows iterative data collection, analysis and theory-building (Ryan *et al.*, 2007).

Secondly, the use of multiple data sources in interpretive research increases the validity of subsequent explanations of the accounting and management research phenomena (Scapens, 1990). Multiple sources of data were collected, including interviews, documents and observation. The multiple sources complemented one another. For example, the interview notes "we are not concentrating on the preparation of the two outer years" by respondents were validated by the actual figures of outer years in the budgets documents.

Thirdly, prior to beginning an investigation, a researcher can reason that events are likely to be found at certain sites and within a certain population (Corbin and Strauss, 2008). The research identified three Ministries in which to study budgeting practices: the Ministry of Finance and Economic Affairs; the Ministry of Health and Social Affairs; and the Ministry of Education and Vocational Training. During the research process, donors, members of parliament and Presidents Office-Public Service Management were also considered important and worth including in the research. Donors, for example, were interviewed during the second stage of data collection. The research therefore shows the existence of theoretical sampling during both data collection and analysis, as sampling was conducted based on concepts that emerged during the research process (Corbin and Strauss, 2008).

Fourthly, respondents provided feedback to the emerged nascent substantive grounded theory developed after the first stage and initial data collection and analysis. Their feedback during the second data collection stage confirmed the initial findings. ‘Struggling’, for example, was not an “*in vivo*” code. This was later confirmed during the second data collection, when one of the respondents argued:

> […] we are **struggling** our best to make sure that we meet our performance indicators […] (Official, MoEVT)

Fifthly, multiple case-studies enhance precise theory formulation. The research was conducted in three main sites with three overseeing sites. Furthermore, constant comparison of substantive grounded theory with general theory and findings of other substantive theories made the cases ‘talk to one another’ (Ahrens *et al.*, 2008; Lukka and Mouritsen, 2002). This enhanced the validity and reliability of the grounded theory.

Lastly, initial research questions, proposed as a result of the literature review, were modified by research themes identified from research sites. They were also modified by consequent data collection and analysis. This strategy ensured validity and reliability, as it made the research focus more on accurately describing the features of the phenomenon (Hammersley, 1987). For example, one of the initial research questions focused on identifying differences between the health and education sectors. As a comparative analysis of the two did not produce major differences, this question was relegated.

3.4 Researching Budgeting Practices in a Developing Country

This section addresses the rationale for researching budgeting practices in a developing country. It then addresses the research site, data collection and analysis techniques, and sampling methods adopted for the study.

3.4.1 Rationale for Researching Budgeting Practices in a Developing Country

The varying meanings and applications of various budgeting concepts such as budget, budgeting, PB, CB and MTEF, the mixed results of empirical budgeting studies, difficulties in implementation of NPM reforms and a need for an appropriate methodology suggested the use of a grounded theory strategy (Humphrey and

Scapens, 1996; Strauss, 1987). Furthermore, political, social, and cultural issues interwoven in budgeting practices made interpretive research appealing for this study.

Abdul-Rahaman *et al.* (1993) asserted that few accounting studies are conducted in the public sector in developing countries and suggested that this may be a result of researchers experiencing cultural and language problems as they may not be residents of those countries. They argued that, even when more is done in a specific area, inappropriate methodologies have been used. They identified that public sector organizations are rational, harmonious and cooperative entities, yet there were other ways of perceiving and understanding these entities. The general interpretive research question was to understand how PB, MTEF, and CB systems had been adopted and implemented by Tanzanian central government actors. The research consists of the following six predetermined, refined, and emerged specific research questions.

i. How do actors within the Tanzanian Central Government accept, resist, influence or become influenced by PB, MTEF and CB?

This was a refined research question, which was intended to understand how organizational actors influence and are influenced by budgetary reforms. It also focused on how organizational actors accept or resist the reforms. This question focuses on the following:

- What are the reactions of the actors to PB, CB, and MTEF?
- Do the PB, CB and MTEF influence the acts of organizational actors?
- What influences do actors have on the implementation of PB, CB and MTEF?

ii. What role does budgeting play in the Tanzanian Central Government and for Tanzanian central government actors?

This was the emerged research question looking to understand the role of budgeting in the central government and for the central government actors. The question emerged after the initial findings, which revealed the implications of budgetary reforms for the government and for the central government actors. This question focuses on the following:

- What implications does budgeting have for the Tanzanian Central Government?
- What implications does budgeting have for the Tanzanian Central Government actors?
- What was the value of budgetary reforms to the Tanzanian Central Government?

iii. Are the PB, CB and MTEF systems compatible, and are they compatible with the Tanzanian Central Government environment?

This question was initially focused on understanding the political, social, economic and social environment within which budgeting is practised. Later on, it was observed that there was incompatibility between the budgeting systems themselves. The question therefore now focused on the following:

- How is budgeting practised within the cultural, political, social, and economic environment?
- How are the budgeting systems jointly implemented in Tanzania's central government?

iv. What theoretical explanations can be developed to understand and explain the budgeting practices in the realm of their current reforms? How can the theoretical explanations of budgeting practices in the Tanzanian Central Government explain accounting changes in organizations?

This was the question that emerged after the researcher had obtained the theoretical explanations of what was happening to the budgeting practices in the Tanzanian Central Government and the perceived potential of how the theoretical explanations could explain other accounting changes in organizations. The question therefore focused on the following:

- What theoretical explanations can explain the adoption and implementation of budgeting practices in the Tanzanian Central Government?
- What theoretical explanations can explain the adoption and implementation of accounting changes in organizations?

3.4.2 Sampling Method

Selecting a sample is a fundamental element of a positivistic study (Collis *et al.*, 2003). For a non-positivistic study, there is no need for statistical inferences to be made from the sample, and there is no need for a representative sample. Nevertheless, there were two main sampling techniques used for this study, which were purposive sampling and theoretical sampling. The former sampling technique was used even before the researcher entered the research sites. Purposive sampling is the best sampling method for qualitative research and grounded theory strategy (Charmaz, 2003; Saunders *et al.*, 2007). Prior to beginning the investigation, the researcher reasoned that events are likely to occur at certain sites and within a certain population (Corbin and Strauss, 2008). The Ministry of Finance and Economic Affairs (MoFEA) was a likely ministry for the phenomenon of budgeting practices, while the Ministry of Health and Social Welfare (MoHSW) and the Ministry of Education and Vocational Training (MoEVT) were the sites where the budgeting practices of health and education, respectively, were likely to be found.

There were some elements of snowball sampling during the research. Snowball sampling is a sampling technique where it is essential to include people with experience of the phenomenon being studied (Collis *et al.*, 2003). During interviews and documents analysis, the researcher identified incidents and concepts which were likely to be found from certain experienced individuals. For example, a concept of “budgeting games”, which emerged from initial interviews at MoFEA, identified ministerial budgeting officers as the best respondents, as they were experienced in the budgeting preparation. Budgeting officers were therefore investigated, as it was reasoned that they were likely to be of help in understanding the phenomenon being studied.

Theoretical sampling was conducted together with purposive sampling, based on concepts that emerged during the data collection and analysis. Theoretical sampling is the process of sampling events, situations, populations and responses, and making comparisons between the samples of responses, descriptions, and behaviours to guide the developing theory (Parker and Roffey, 1997). Any incidence that illustrated the concepts was of concern in sampling. Sampling was based on emerging concepts and the researcher's reasoning about which respondents might best answer the research questions. For example, a category emerged during the data analysis regarding the donors' influence; this necessitated the inclusion of Development Partners (DPs)/donors as respondents. Similarly, the overseeing role of Members of Parliament, led to Parliament also becoming one of the research sites. The total sample size depended on theoretical saturation; therefore, this was not known until the research process was completed. Theoretical saturation occurs towards the end of the research process, when further data collection and analysis does not add anything new to an emerging theory and or to an existing category (Parker and Roffey, 1997).

3.4.3 Research Sites

The in-depth nature of the grounded theory research makes it impracticable to undertake more than a small number of case-studies. The research was undertaken in the Tanzanian central government. Three sites were investigated: MoHSW, MoEVT, and MoFEA. The President's Office Public Service Management (PO-PSM), Members of Parliament, and DPs were also investigated, as their overseeing role made them imperative for the study. A detailed description of cases is provided in chapter 4.

The case-study was not taken as a methodology. The case-study was used because of the nature of interpretive research, which seeks to provide a deep and rich understanding of the social nature of accounting practices (Ryan *et al.*, 2007 , p.145). The Tanzanian central government was selected as a result of the need to investigate a developing country, in order to understand the local contexts of the country and provide incremental evidence about budgetary and NPM reforms implementation. The researcher was also familiar with the location and language of the country, which made accessibility and data collection processes easier.

The selection of the health and education sectors was based on the significance of these sectors, as they provide core services to the public. Moreover, both of these sectors provide professional services which make them crucial in the realm of NPM reforms. Furthermore, these two sectors are among the areas of Millennium Development Goals (MDG) and they contribute to the measurement of human development index of a country, which has led to them attracting the interest of various donors and stakeholders throughout the world. Education and health sectors are priority sectors in a country's internal policies, such as MKUKUTA[6] and Development vision 2025. These sectors are also the sectors which have attracted greater interest in empirical budgeting research, which make them critical cases which encompass the issues of interest to this research (Collis *et al.*, 2003).

Collis *et al.* (2003) argue that the selection of representative cases is not important in interpretive studies, as there is no need for statistical generalization. However, multiple cases were used to enhance precise theory formulation as they may allow one to make sense of similar phenomena in other locations. The following table 1 provides a summary of research sites visited.

Table 1: Summary of Research Sites Visited

Research Site	Description	Comments
MoHSW	Ministry of Health and Social Welfare	The main research site concerned with health
MoEVT	Ministry of Education and Vocational Training	The main research site concerned with education
MoFEA	Ministry of Finance and Economic Affairs	The main research site responsible for coordinating budgeting practices of the country
PO-PSM	President's Office-Public Service Management	Coordinator of various reforms in Tanzania
Parliament	The Parliament of the United Republic of Tanzania	Members of Parliament are overseers/watchdogs of the main research sites
DPs	Development Partners	These are also called donors. They are overseers/watchdogs of the main research sites

[6] MKUKUTA is a Swahili name which means National Strategy for Growth and Reduction of Poverty (NSGRP).

3.4.4 Data Collection and Analysis

The research techniques used for data collection included interviews, observations and documents analysis. As these research techniques were used in the grounded theory, they were arranged with enough time-lag between them, especially interviews, to allow sufficient time for iterative data collection, analysis and theory-building (Ryan *et al.*, 2007).

3.4.3.1 Interviews

Semi-structured and unstructured interviews were conducted. Both of these are non-standardized interviews. In the former, the researcher has a list of themes and questions to be covered, which may vary from interview to interview. In the latter, more informal interviews are used to explore an in-depth general idea of actors' interest (Saunders *et al.*, 2007). The unstructured interviews were used early in the study to develop an in-depth understanding of budgeting practices. The later interviews, especially during the second phase of data collection, were semi-structured. During the interviews, both verbal and non-verbal cues were picked up. This made the face-to-face interview fruitful. Most of the interviews were tape-recorded and notes were taken. When tape recording was not possible, because a few respondents were not comfortable with the idea, notes were taken. Care was taken with the concurrent note-taking and interview discussion, which necessitated the writing-up of short notes which were immediately redrafted after the interview. Some of the tape-recorded interviews were transcribed.

A total of 70 interviews were conducted, 48 of which were conducted during the first phase of data collection and analysis, while the remaining 22 were conducted during the second phase. The first stage lasted for seven months, from February 2009 to August 2009. The second phase lasted for three months, from June 2010 to August 2010. Interviews are categorized into two main groups. The first group was conducted in main research sites which were the Ministries: MoEVT, MoFEA and MoHSW. The second group was concerned with the overseeing bodies or watchdogs. This group involved DPs, Members of Parliament and PO-PSM. Total numbers of interviews for MoFEA, MoHSW, MoEVT, Members of Parliament, DPs, PO-PSM were 24, 16,16,9, 3, and 2 respectively. The longest interview lasted for about three hours, while the shortest lasted for about 25 minutes. On average, interviews lasted for one and a half hours to two hours. Most of the interviews with Members of Parliament were short; the longest was conducted with the chairman of the Public Accounts Committee, which lasted for about one and a half hours.

Members of Parliament interviewees included four chairmen of various parliamentary committees, which included the Finance and Economic Committee, which is responsible for the budget of central government, the Social Services Committee, which is responsible for the budget of education and health, and the Public Accounts Committee, which oversees budget execution. Interviewees ranged from budgeting commissioners, heads of departments, accountants, economists, budgeting officials and budgeting officers. A summary of interviewees from each site is provided in table 2 below.

Table 2: Summary of Interviewees for Each Site

Position	MoEVT	MoHSW	MoFEA	Donors	Parliament	PO-PSM	Total
Ministries:							
Budgeting Officers	7	8	11	-	-	-	26
Economists	1	2	3	-	-	-	6
Directors / Heads of Departments / Sections	6	4	1	-	-	-	11
Accountants	1	1	1	-	-	-	3
Commissioners	-	-	7	-	-	-	7
Officials in departments	1	1	1	-	-	-	3
Over sighting bodies/ Watch-dogs							
Members of Finance and Economic Committee	-	-	-	-	4	-	4
Chairman of Finance and Economic Committee	-	-	-	-	1	-	1
Vice Chairman of Finance and Economic Committee	-	-	-	-	1	-	1
Members of Social Services Committee	-	-	-	-	3	-	3

Chairman of Public Accounts Committee	-	-	-	-	1	-	1
Director	-	-	-	-	-	1	1
Other reform official	-	-	-	-	-	1	1
Donors	-	-	-	3	-	-	3
Total	16	16	24	3	9[7]	2	70[8]

3.4.3.2 Observation

The second data collection technique conducted was observation. Participant observation was used and the researcher's identity was revealed (observation was overt). This means that the researcher is observing but not partaking in the activities, and the observation is not secret. This type of observation was used for ethical, but also because of time constraints, which made it difficult for the researcher to take part in the activities (Saunders *et al.*, 2007). However, on some occasions, the researcher's identity was known only to some of the officials. This was very fruitful, as the researcher could interact naturally with respondents as their fellow employee. Observation was conducted in the research field, during visits to the research site, during meetings, and during organizational actors' seminars related to the phenomena. Meetings attended involved three budget scrutinization meetings, four parliamentary committee meetings, and one DPs-related meeting. Three training sessions/seminars on budget preparation for organizational actors were also attended.

During observation, what was heard by the researcher; what others experienced and communicated to the researcher; and the researcher's own personal feelings during the observation were recorded. However, care was taken to reduce research bias and errors, by checking the analysis and conclusions with respondents. Observation was carried out only on issues relevant to the research phenomena.

[7] One member of the Finance and Economic Committee was also chairman of the Public Accounts Committee.

[8] One member of the Finance and Economic Committee was also Chairman of the Public Accounts Committee.

3.4.3.2 Documents

Budgeting, Planning and other documents were used to interpret the information, as information included in documents translates the budgeting practices in a formal way. Documents for analysis included Minutes of relevant meetings, reports, public records, budgeting documents, strategic plans, Planning and budgeting guideline, Planning and budgeting manual, policies and various Parliamentary Acts. The full list of documents used, the timeframe of documents, and the source of the documents is included in appendix II.

Many of the documents were freely available and therefore easy for researcher to obtain in various copies. When this was not possible, because of lack of availability, copies were made. Some of the documents were given in soft copies, which made the process much easier. Documents were used mainly for two purposes: to identify and frame interview questions; and for constant comparison with interviews and observation.

3.4.3.4 Data Analysis

Some of the tape-recorded interviews were transcribed by the use of Nvivo software, which became a useful tool for analysis as it helped in transcribing, coding, and managing data. Transcription was found to be much easier with this software, which otherwise would have been a lengthy process. As interviews were tape-recorded, they were converted to digital through the use of Audacity software, which is free software normally used for the conversion of audio sources from one format to another. The audio interviews, which were not transcribed, were directly coded in Nvivo software.

Observational notes, interview notes and documents were also analyzed with the use of Nvivo software. Data was analyzed through the systematic approach prescribed in the Strauss and Corbin (1990) grounded theory approach. Open coding, axial coding, and selective coding were utilized, and were conducted iteratively in the formulation of theory. A detailed discussion of open coding, axial coding and selective coding is presented in chapters five, six, and seven, respectively.

3.5 Summary

This chapter provides a discussion about the methodology used for this study. Examples of empirical studies and the nature of the phenomenon build up the justification of an interpretive approach and grounded theory strategy for the budgeting practices. The chapter also explained how data was collected, the types of data collected, and how it was analyzed. Three main data collection techniques were used: documents, interviews and observation. Data were analyzed by the use of Nvivo software through Strauss and Corbin's (1990) approach of open, axial, and selective coding. The chapter also shed light on the research sites where the data was collected. The following chapter describes the research sites in detail.

Chapter Four

A Profile of the Research Site: The Tanzanian Central Government

4.0 Introduction

This chapter provides an overview of the research sites, of which there were three: the Ministry of Finance and Economic Affairs (MoFEA); the Ministry of Education and Vocational Training (MoEVT); and the Ministry of Health and Social Welfare (MoHSW). Due to their relevance and importance to the overseeing and coordination of budgeting practices and reforms implementation, the President's Office-Public Service Management (PO-PSM), Parliament, and Development Partners Group (DPG) were also visited. This chapter is organized as follows. Section 4.1 presents an overview of Tanzania's profile. Section 4.2 addresses the central government level and also highlights the PO-PSM and Parliament. The main research sites are then presented in sections 4.3, 4.4 and 4.5 for MoFEA, MoHSW and MoEVT respectively. Section 4.6 presents an overview of the Tanzanian Development Partners Group (TDPG). Lastly, section 4.7 discusses reforms in Tanzania.

4.1 An Overview of the Tanzania's Profile

Tanzania is a country situated in East Africa, populated by 34,443,603 people (2002 Census). Other East African countries include Kenya, Uganda, Rwanda and Burundi, of which Tanzania is the largest, occupying an area of about 945,087 sq. km. Countries to the north of Tanzania are Uganda and Kenya; to the west lie Burundi, Rwanda, and Congo, while to the south are Mozambique, Zambia, and Malawi. Tanzania is a multiparty, democratic developing country comprising Tanzania mainland (Tanganyika) and Zanzibar. Tanganyika became independent in 1961, while Zanzibar gained independence in 1963. In 1964, these two nations merged to form the United Republic of Tanzania. The government of the United Republic of

Tanzania consists of 26 regions, five of which are in Tanzania Zanzibar. Dodoma is the capital city of Tanzania, while Dar-es-salaam is the country's commercial city. There are two governments in Tanzania: The Government of the United Republic of Tanzania and the revolutionary government of Zanzibar.

The Government of the United Republic of Tanzania has authority over all union matters in the United Republic and over all other matters concerning mainland Tanzania, while the revolutionary government of Zanzibar has authority in Tanzania Zanzibar over all matters that are not union matters. With regard to this study, budgeting practices were investigated in the context of the government of the United Republic of Tanzania. The United Republic of Tanzania is headed by the President who is the head of the state, the head of the government and commander–in-chief of the armed forces. There are three levels of governments in the United Republic of Tanzania: central government, regional government and local government. Central government consists of Ministries, Departments and Agencies (MDAs), while local government consists of Local Government Authorities (LGAs). LGAs include urban authorities (Municipal Councils, City Councils and Town Councils) and district authorities (District Councils and Township Authorities). LGAs are located in each region to assist central government in exercising and controlling state authority. LGAs and Regions are administered by a central government ministry, namely the Prime Ministers' Office – Regional Administration and Local Government (PMO-RALG). PMO-RALG provides a link between LGAs, Regions and MDAs.

4.2 An Overview of the Tanzanian Central Government

The central government level of the United Republic of Tanzania consists of three administrative organs: the Executive, Judiciary and Legislature.

The Executive comprises five parts: the President as the leader of the executive; the Vice-President as the principal assistant to the President; the President of Zanzibar as the head of the Executive for Zanzibar; the Prime Minister as the leader of government business in the National Assembly, and the supervisor, executor, and controller of day-to-day functions and affairs of the government; and the cabinet which consists of ministries.

Ministries are used to execute government functions. There are 57 MDAs, which include the main research sites visited, namely MoHSW, MoEVT and MoFEA. PO-PSM was another ministry visited, but not as a main research site. Ministries are headed by a Minister, who is assisted by a Deputy Minister. The highest principal administrator of a ministry is the Permanent Secretary.

PO-PSM is a ministry under the president's office, previously known as the civil service department. The functions of PO-PSM include administrative and personnel policy, administration of public service, coordination of training and recruitment, and improvement of the efficiency and effectiveness of the delivery of public services and human capital. The mission of PO-PSM is to ensure that the public services are effectively and efficiently managed through improved human resources management, systems and structures. PO-PSM provides advisory services to ministries, departments, and regions. It is also a pioneer, leader and coordinator of various public service reforms implemented in Tanzania. It was for this reason that this Ministry was also visited.

The judiciary is headed by the chief justice. It consists of three organs: the court of appeal of the United Republic of Tanzania; the high court for mainland Tanzania and Tanzania Zanzibar; and the judicial service commission for Tanzania mainland.

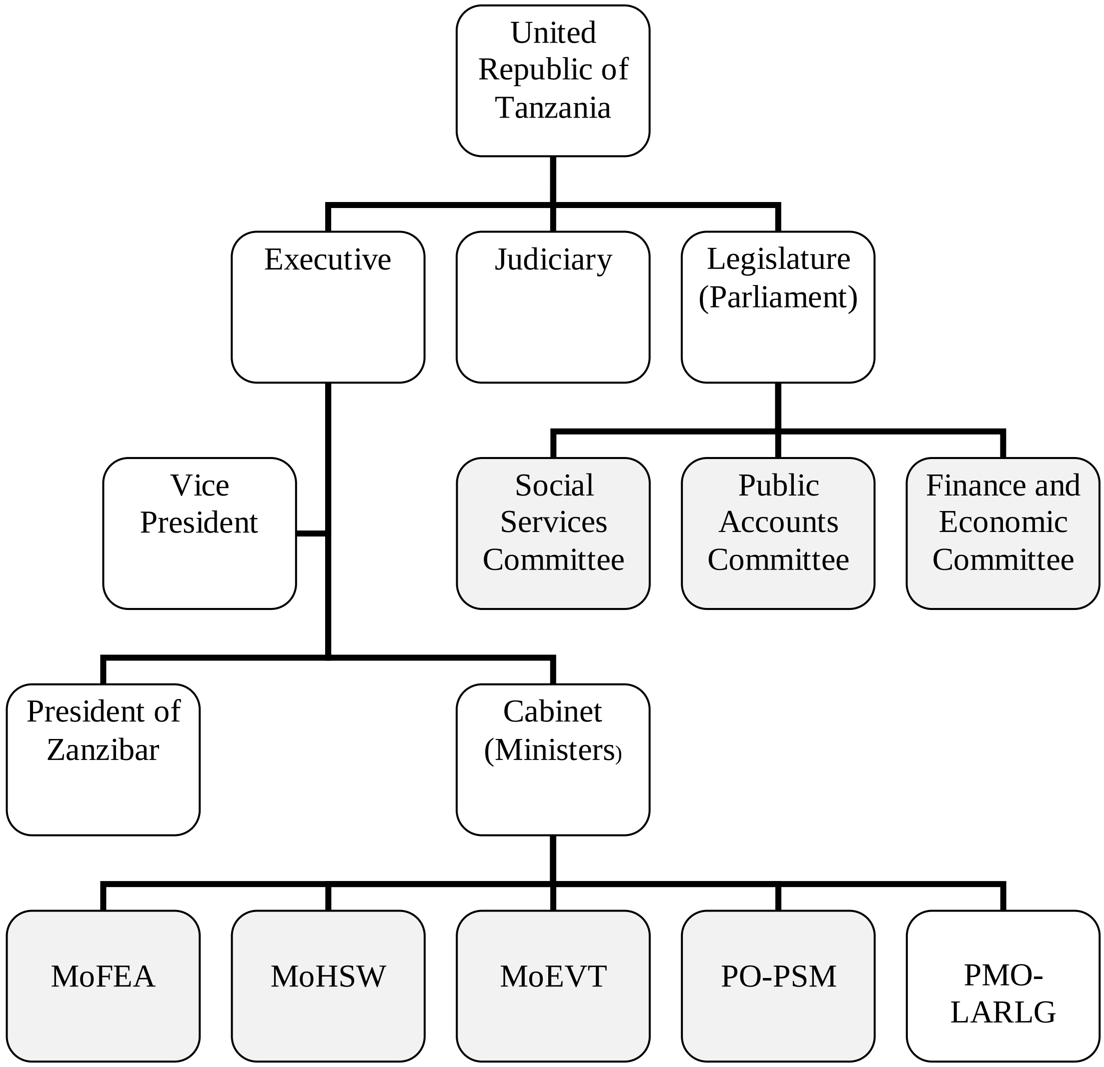
The legislature consists of the national assembly and the president. The national assembly consists of members of parliament and an attorney general. The parliament has authority on behalf of the people to oversee and advise the government about discharging its responsibilities. It is an effective instrument for overseeing government programs and plans. The parliament also oversees the action of the executive, by being a watchdog to ensure that government is accountable for its administration. It scrutinizes government policy and administration, including proposals for expenditure. The most important function of the parliament is to make laws. The parliament also gives legislative sanction to taxation and the acquisition of means to carry out the work of the government and to grant money for running the administration of the country, and stages debates on major issues of the day.

Parliament is sovereign in the sphere of legislation. Its establishment, composition and functions are stipulated in Chapter 3 of the Constitution of the United Republic of Tanzania. The parliament pre-dates the time of independence, when the laws passed had to be sent to England for accenting. After independence, the President of Independent Tanganyika accented all the laws. The parliament is headed by the speaker who is assisted by the deputy speaker. It consists of 17 standing committees, which are charged with the task of implementing Government functions.

Standing parliamentary committees include the social services committee responsible for social services such as education and health, the finance and economics committee, which oversees financial and economic issues of the government, and the public accounts committee, which oversees budget execution. These three committees were relevant for this study because they are involved in overseeing the main research sites visited. While the social services committee is involved with the budgeting practices of MoEVT and MoHSW, the finance and economics committee is involved with the budgeting practices of the whole country under the MoFEA. Some of the members of these three committees were interviewed to help provide an understanding of the PB, CB and MTEF.

The following figure (figure 4) illustrates how the research sites visited fit into the overall structure of the Tanzania Central Government. The objective was to show the research sites visited. Hereafter, the main research sites (MoFEA, MoEVT and MoHSW) are discussed in the following sections. Other sites visited that were not the main research sites (PO-PSM and Parliament), have already been highlighted above and are therefore not covered in the following sections.

Figure 4: Simplified Structure of the Central Government of Tanzania



4.3 A Profile of MoFEA

MoFEA is the Ministry in charge of the mobilization and management of funds. It was formed by the union of two former Ministries: the Ministry of Finance and the Ministry of Planning and Economic Empowerment. MoFEA manages the revenue, expenditure and finances of the government of the United Republic of Tanzania. It also provides the government with advice on the broad financial and economic affairs of the country. The objective of MoFEA is to support the government's economic and social objectives. Specifically, MoFEA responsibilities include the following:

- i Preparation of Central Government budget
- ii Development of tax policy and legislation
- iii Managing government borrowings on financial markets
- iv Determining expenditure allocations to different government institutions
- v Transferring central grants to local governments
- vi Developing a regulatory policy for the country's financial sector in cooperation with the Bank of Tanzania
- vii Representing Tanzania within international financial institutions

MoFEA works closely with other MDAs to ensure that poverty reduction strategies are implemented and objectives are attained. It is also concerned with the performance of the Tanzanian economy, international trade, monetary affairs and other aspects of the global economy that affect Tanzania's domestic performance. The functions of MoFEA include:

- i Revenue collection and expenditure management
- ii Formulation of fiscal and monetary policies and strategies
- iii Mobilization and management of external resources
- iv Management of government property and public investments.

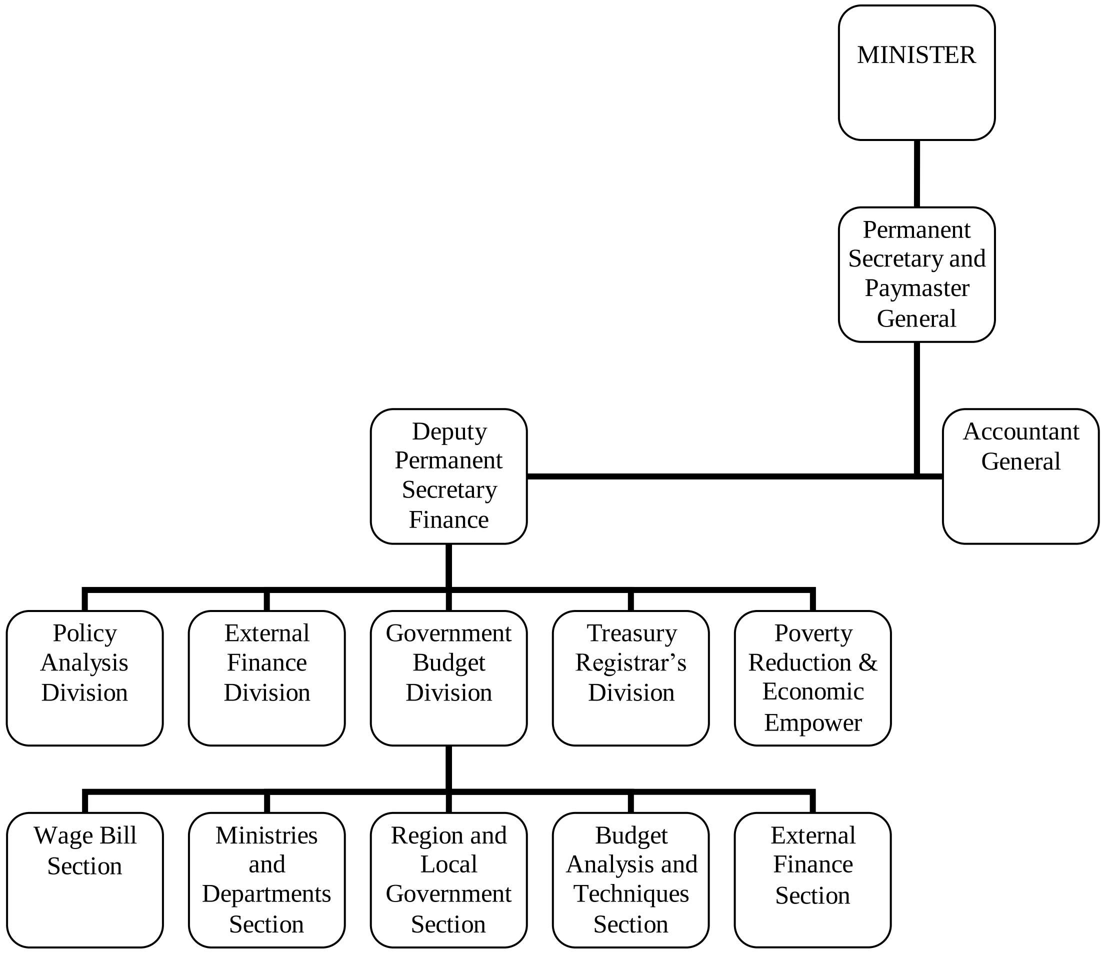
MoFEA is headed by the Minister of Finance who is assisted by two deputy ministers: the Deputy Minister of Economics and the Deputy Minister of Finance. The Ministry has one permanent secretary, who is the Paymaster General. The Accountant General, who reports directly to the Permanent Secretary, was of interest to this study as a means to understanding the execution of the budget. The Permanent Secretary has three assistants: the Deputy Permanent Secretary for Public Finance Management, the Deputy Permanent Secretary for Economic Management, and the Deputy Permanent Secretary for Treasury Services Management. MoFEA - Treasury consists of five divisions: the Policy analysis division, the Government budget division, the External finance division, the Treasury registrar, and the Poverty eradication and economic empowerment division.

Preparation of the central government budget is coordinated by the government budget division which is headed by the budget commissioner. The commissioner for budgets works closely with five other assistants: the Assistant commissioner for ministries and departments, the Assistant commissioner for regions and LGAs, the Assistant commissioner for wage bills, the Assistant commissioner for budget analysis and technique, and the Assistant commissioner for expenditure tracking. The five sections were core to the understanding of budgeting practices at MoFEA.

MoFEA also has subsidiary institutions which include the following: regulatory bodies, such as the Capital markets and securities authorities, banking institutions, such as the National Microfinance Bank, insurance institutions, such as the National Insurance Company, pension funds institutions, such as the Public Service Pension Funds, executive agencies, such as the Tanzania Revenue Authority, training institutions, such as the Institute of Finance Management; liquidation/collection firms, such as the Dar-es-salaam Stock Exchange, appeals bodies, such as the Tanzania Revenue Appeals Tribunal and other subsidiary institutions, such as National Audit Office. Figure 5 below presents the simplified organizational structure of MoFEA[9].

[9] This organizational structure represents only a part of MoFEA. It therefore excludes other parts which were not of interest to this research.

Figure 5: MoFEA Simplified Organization Structure



4.4 A Profile of MoEVT

MoEVT is the Ministry in charge of the education and vocational training portfolio. The education system in Tanzania is based on two years of pre-primary education, seven years of primary education, four years of secondary education, two years of advanced secondary education and at least three years of university/college education. The planning and budgeting practices of MoEVT cover the following: operations of the MoEVT headquarters, zonal and district school inspectorate offices, secondary schools, teachers' colleges, vocational training centres, adult and non-formal education centres, press units, special needs education schools/units and the Arusha English medium primary school.

Since 1967, Tanzania has been guided by the philosophy of education for self-reliance and the Ministry has been responsible for education, culture and sports.

Prior to 1990, the Ministry was also dealing with basic and higher/ tertiary education. However, in 1995 Education and Training policy was formulated which, with other socioeconomic reforms, led to the amendment of the Education Act of 1978. The Education Act of 1995 (Amendment) includes amendments relating to the liberalization of provision of education, the formalization and promotion of pre-primary education, universal and compulsory primary education for enrolment of all children aged seven years, and definition of the posts and roles of regional and district educational officers.

In 1998 there was another important change in the education sector. This was the formation of the Education Sector Development Program (ESDP), the implementation of which led to the formation of the Primary Education Development Plan (PEDP) of 2002-2006, the Adult and Non-Formal Education Plan of 2003/04-2007/08, and the Secondary Education Development Plan (SEDP) of 2004-2009. These plans had the objectives of increasing enrolment and access, improving quality and equity and strengthening institutional arrangements at all levels. MoEVT was given the responsibility for basic education and vocational training in 2006. Since February 2008, the responsibility for the provision of primary and secondary education has been given to the local governments through PMO-RALG. However, the responsibility for education from pre-primary to higher education is still under the control of MoEVT.

MoEVT consists of one minister, one deputy minister, and one permanent secretary. It also has one commissioner for education who reports directly to the permanent secretary. The Commissioner for Education at the MoEVT oversees seven divisions, each headed by a director. These divisions are Secondary education, Primary education, Adult and non-formal education, Teachers education, Higher education, School inspectorate and Vocational and technical education division. Other semi-autonomous government institutions and agencies under the MoEVT are the Tanzania Institute of Education (TIE), the Institute of Adult Education (IAE), the National Examinations Council of Tanzania (NECTA), the Tanzania Library Services Board (TLSB) and the Agency for Development Education Management (ADEM).

Together with the planning and budgeting section, the seven divisions under the Commissioner were central to understanding the budgeting practices at MoEVT. Each division has a budgeting officer, and these officers form a technical budget committee at the ministerial level. The budgeting section is within the policy and planning division. It comes under one head, who works with other budgeting officials on the coordination of the ministerial budget. The head of the budgeting section reports to the director of policy and planning, who then reports to the Permanent secretary.

Development Partners (DPs) in education play a supportive role in assisting the education sector. There are a large number of DPs in the education sector, including countries such as Sweden, Japan, Norway, Germany, Belgium, United Kingdom, China and South Korea. The international organizations that have also contributed to education and vocational training in Tanzania include the World Bank, African Development Bank, NORAD, Sida, GTZ, DFID, WFP, UNICEF, UNESCO, UNFPA, UNDP, CIDA, ILO, EU, JICA, USAID, JOVC, VSO, Celtel, CBP, the Peace Corps, Book Aid International, Aga Khan Education Foundation, Plan International, World Vision, Ireland Aid, Care International and different Non-Governmental Organizations.

The primary function of the MoEVT is to promote education and vocational training in Tanzania. Specifically, MoEVT has the following functions:

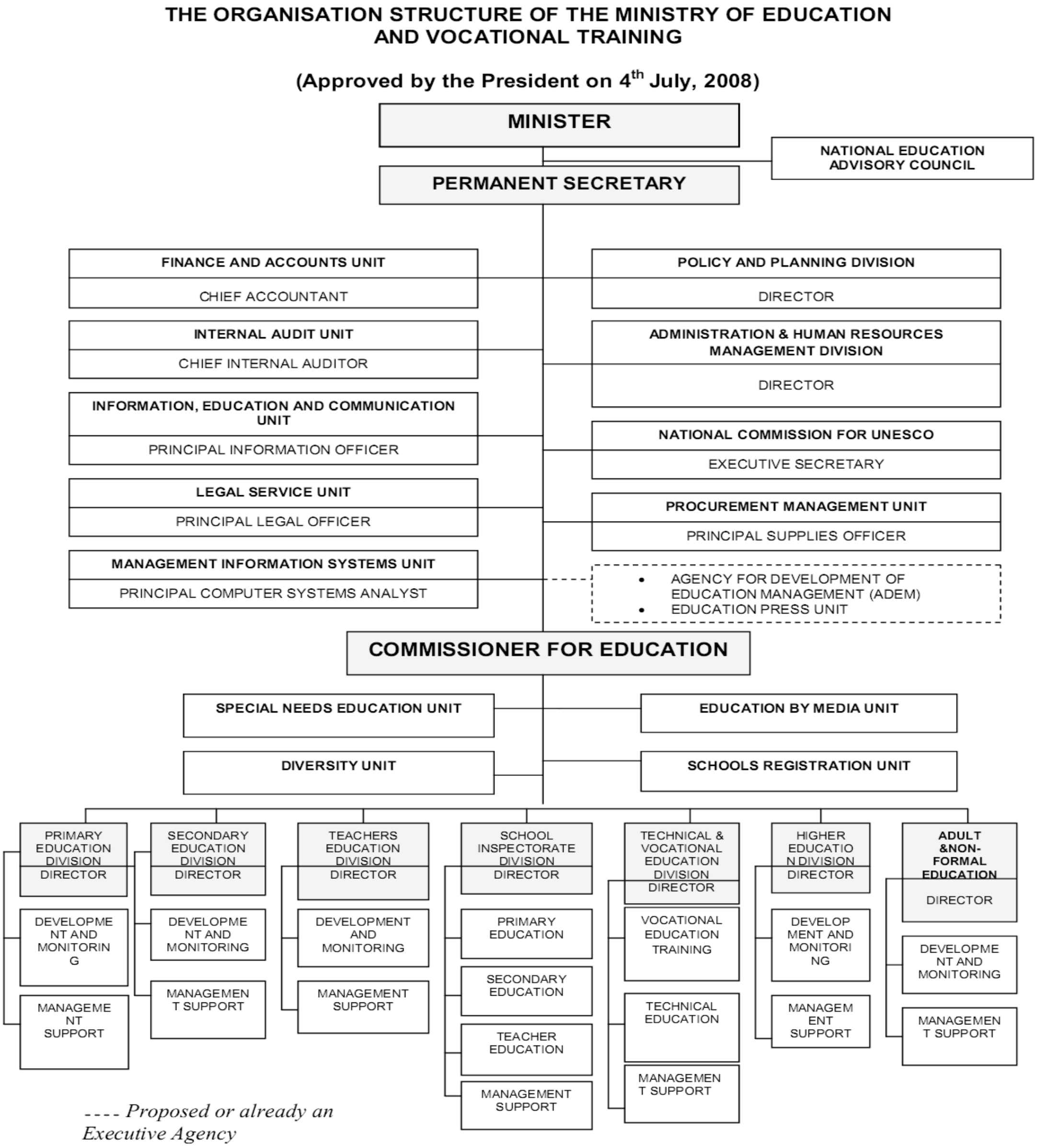
- i Formulate, implement, monitor and evaluate national educational and vocational training policies.
- ii Issue legislation and circulars to guide implementation of policies
- iii Widen access and provide provision of equitable, quality education
- iv Monitor and evaluate implementation
- v Provide a conducive environment for the non-government sector in education provision

Together with the above-mentioned functions, MoEVT has the following roles:

- i Ensuring equitable, quality education is offered at basic education level and vocational education and training level ii Ensuring an environment conducive to the promotion of private sector participation in the provision of education and vocational training.

The organizational structure of MoEVT is presented in figure 6 below.

Figure 6: MoEVT Organization Structure



Source: MoEVT

4.5 A Profile of MoHSW

During the colonial era and until 1977, health services in Tanzania were provided by both the government and private sectors. After 1977, following the Arusha declaration of 1967, the private sector was banned from operating, due to the belief that profit should not be made from human health. The ban lasted until 1991, when the government realized that it could not offer health services by itself as the result of unfavourable economic conditions. In 1991, therefore, the government allowed the private sector to provide health services, on condition they had the approval of the Ministry of Health. In 1996, the Ministry provided guidelines to ensure that quality health services were provided. Currently, the government, Parastatal organizations, voluntary organizations, religious organizations, private practitioners and traditional medicine practitioners provide health services in Tanzania.

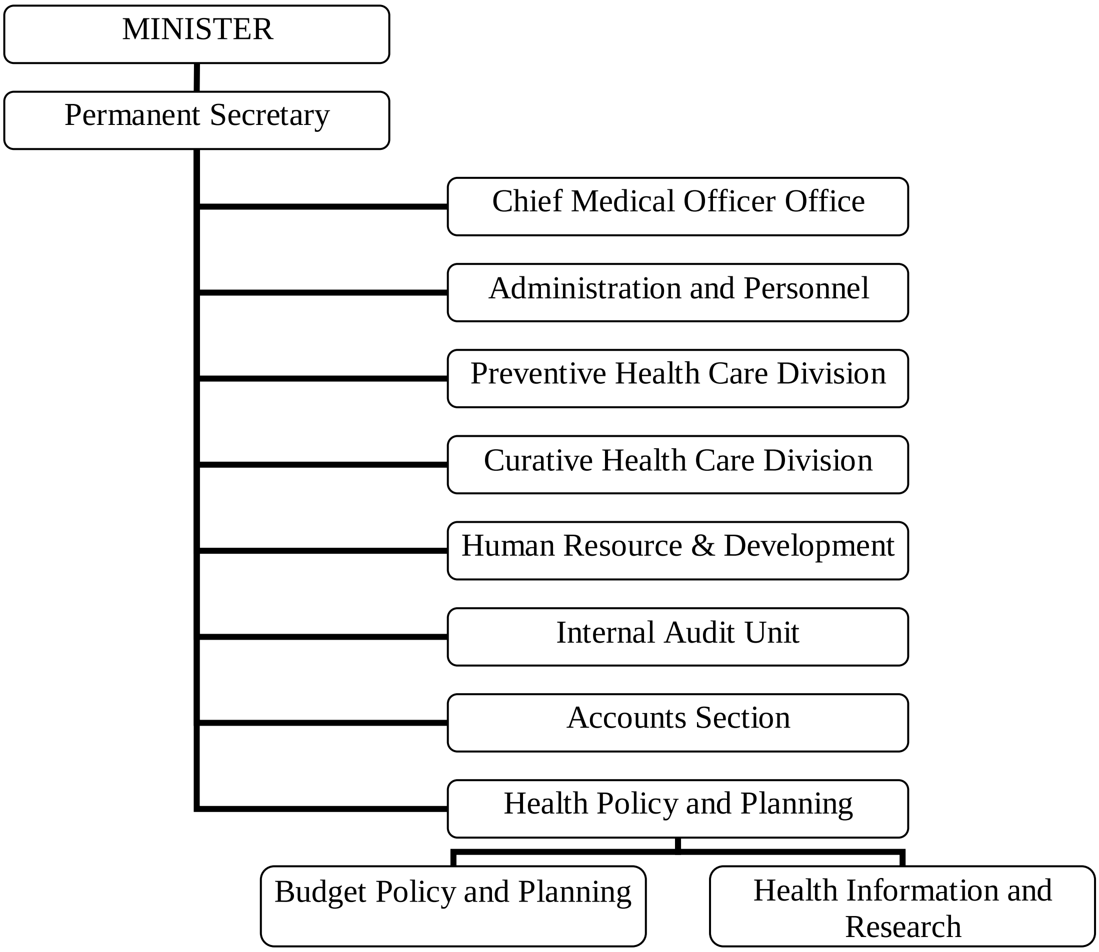
Since the mid-eighties MoHSW has been introducing a number of health sector reforms to match the government's introduction of public sector reforms. In 1994, major reforms started to improve access to, and the quality and efficiency of, health service delivery, Primary healthcare being the main focus. Primary health services include council health centres, dispensaries and district hospitals. In 1999, basket funding was introduced as the result of health sector reforms, and in 2002, Councils started to receive this funding. In 2001, district health services became part of LGAs. Furthermore, in 2003, the Health Sector Strategic Plan (HSSP) II (2003 -2008) was formulated to provide a guiding framework for the implementation of government policy and sector reforms, as well as DPs assistance. In 2007 MoHSW introduced the primary healthcare service development programme of 2007-2017. Another HSSP, HSSP III, was launched in 2009, which retains the key strategic priorities of the HSSP II plus added new priorities, which include social welfare, emergency preparedness, response and maternal, newborn, and child health. HSSP III will run for the period 2009-2015.

The health system in Tanzania comprises the following: treatment abroad, referral /consultant hospitals, regional hospitals, district hospitals, health centre services, dispensary services, and community health services. There are 8 referral/consultant hospitals owned by the MoHSW, 18 Regional hospitals owned by the regional secretariat, 55 District hospitals owned by the government and 13 designated district hospitals owned by Faith-Based Organizations. Community health services are owned by individual households. MoHSW has the following responsibilities:

i Formulations of health-related policies
ii Provision of hospital services, preventive services, chemical management services, forensic science services, food and drug quality services, and reproductive health services
iii Promotion of traditional medicine
iv Inspection of health services
v Participation in international health and medical organizations
vi Development of human resources under the Ministry
vii The overseeing of extra-ministerial development of parastatal and other projects under the Ministry.
viii Supervision of government agencies under the Ministry

MoHSW is in charge of the health and social welfare of the community. It is headed by the Minister, who is assisted by the Deputy Minister. A Permanent secretary oversees six divisions and two units, which are as follows: the Office of the chief medical officer, the Preventive health care services division, the Health policy and planning division, the Human resources development division, the Curative health services division, the Internal audit unit, and the Accounts unit. The health budgeting section is within the policy and planning division. The director of policy and planning reports to the Permanent secretary of the Ministry. The six divisions and two units under the Permanent secretary are central to an understanding of the budgeting phenomenon. Each consists of budgeting officers, who, in total, make up the budget technical committee at the MoEVT. The organizational structure of the MoHSW is provided in figure 7 below.

Figure 7: Simplified Organization Structure of MoHSW



4.6 Tanzania Development Partners Group (TDPG)

TDPG is a group of donors in Tanzania, formally created in 2004. TDPG comprises the government's partners in development, who are also called development partners. TDPG consists of bilateral members and multilateral members. There are 17 bilateral members: Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan (Embassy of Japan and JICA), Korea (KOICA and EDCF/Korea Exim Bank), Netherlands, Norway, Spain, Sweden, Switzerland, UK (DFID), and USA (USAID and MCC). There are also 21 multilateral members: AfDB, EC, WB, IMF, FAO, IFAD, ILO, IOM, UNAIDS, UNDP, UNCDF, UNEP, UNESCO, UNFPA, UNHCR, UNICEF, UNIDO, UNIFEM, WFP, WHO, and UN-HABITAT. Some of the bilateral members joined as early as 1964. TDPG has two leaders, one of whom is a bilateral member, appointed on an annual rotational basis, whilst the other is a UN Resident Coordinator/UNDP resident representative, appointed on a permanent basis.

The formulation of TDPG in 2004 was a response to the government's Tanzania Assistance Strategy (TAS), which was a government initiative to restore local ownership and leadership to the development process. It was also a framework for managing external resources and guiding co-operation between the Government and its development partners. The process of developing TAS started in the late 1990s and it was officially launched in 2002. TDPG was formed to build a coordinated development partner. In 2006, the Government and DPs formulated a Joint Assistance Strategy for Tanzania (JAST), as a framework for more effective external assistance. The JAST seeks to further enhance national ownership and government leadership of the development process. TDPG is required to focus its dialogue on overarching policy issues and development results, in line with the JAST principles. Under the JAST, the government and TDPG agreed to become accountable, both to each other, and also accountable to the citizenship.

TDPG aims at promoting the implementation of the Paris principles for aid effectiveness in Tanzania. This is believed to support national efforts towards achieving the country's growth and poverty reduction goals. The Paris Declaration (2005) articulated the need for close development cooperation and calls upon development partners to support the government through nationally-led economic and development strategies.

TDPG meetings consider the forthcoming key national meetings/events such as the budget, PER and sector review, as well as Government-DP high-level dialogue. Meetings also cover harmonization issues, such as JAST implementation, PER and MTEF, as well as providing an opportunity for information-sharing on issues and events of interest.

There are currently 21 TDPG subgroups, which are categorized into three areas. The first area is Cluster I, which relates to growth. This involves agriculture, the private sector and trade, the transport sector, and information/communication technologies subgroups. The second area is Cluster II, which relates to social development. This involves, among others, education, health, water, HIV& AIDS, fisheries, and forestry subgroups. The last cluster, Cluster III, is concerned with governance. The governance subgroup of DPG involves governance, public sector reform, public financial management, poverty monitoring, PER, legal sector reform and local government reform. The public financial management reform, health and education were found useful for enhancing an understanding of the budgeting practices at the central government level.

4.7 Reforms in Tanzania

Reforms in the public sector in Tanzania started in the 1990s. The current reforms in Tanzania include the following: the Public Service Reform Programme (PSRP) II, the Local Government Reform Programme (LGRP) embedding Decentralization by Devolution (D by D) across government, the Public Financial Management Reform Programme (PFMRP) III, the Legal Sector Reform Programme (LSRP) and National Anti Corruption Strategy and Action Plan (NASCAP) II. The following section provides a brief explanation of reforms other than PFMRP implemented in Tanzania. PFMRP will be presented afterwards.

4.7.1 Reforms Other than PFMRP Implemented in Tanzania

In 1991 the Civil service reform programme was launched with the objective of cost containment and government restructuring. This programme extended to 1999, and was followed by PRSP I in 2000, which had the objective of instituting performance management systems. It was designed to create efficient public services that would be capable of delivering services to the people and enhancing the performance and accountability of MDAs. In 2007, after PRSP I, PRSP II was launched, focusing on results and accountability. The third phase of PRSP is expected to start in 2012, with the objective of a quality improvement cycle.

LGRP I was implemented from 1998-2008 with a focus on transparency, accountability, and gender equity, followed by LGRP II, which covers the period 2008-2013. LGRP is implemented alongside the embedding of the D by D policy across Government. LGRP has the overall objective of ensuring timely and effective dispensation of justice.

NASCAP II has the overall objective of reducing corruption, particularly grand corruption, to the barest minimum through public awareness, deterrence, investigations, prosecutions and judicial convictions.

4.7.2 Public Sector Financial Management Reform in Tanzania

PFMRF I was implemented between 1998 and 2004, with the objective of improving fiscal discipline. It focused on minimizing resource leakage, strengthening financial controls, enhancing accountability and introducing a computerized IFMS. The second phase of PFMRP lasted from 2004 to 2008, with the objective of improving allocation efficiency. It focused on improving revenue forecasting, debt management, the expenditure framework, external resources management, Treasury management and accounting, procurement, the use of information technology, investment management, administration support services, external audit, leadership, coordination and monitoring, and evaluation of the programme. The PFMRP basket fund was introduced during this phase.

The current PFMRP III has the same objective as previous reforms of public financial management, which has remained to ensure efficiency, effectiveness, transparency and accountability in the use of public financial resources. Phase III started in 2008 and is ongoing; it focuses on enhancing predictability of resources to MDAs, promoting effective service delivery and strengthening production of accurate and timely accounts and results.

Reforms of the budgeting practices started early in 1994, when Tanzania adopted a CB system. This focused on bringing spending into line with resources. In 1998/1999, Tanzania adopted the MTEF. MTEF was initially adopted by only a few MDAs during this period but, by 2000/2001, all MDAs and LGAs in Tanzania were implementing MTEF. The current budgeting system in Tanzania is an MTEF system, which is a performance-based budgeting system. The budgeting process of Tanzania involves four main stages: budget formulation, scrutiny of budget proposals and dialogue, budget execution, and budget monitoring, evaluation and control.

4.8 Summary

This chapter provides an overview of the Tanzanian government and Tanzania's central government structure. Specifically, it discusses the main sites visited: MoFEA, MoEVT and MoHSW. It further provides an overview of TDPG and concludes with the summary of the reforms implemented in Tanzania. The next chapter presents the first stage of grounded theory data analysis. Data analysis is conducted on the data obtained from the main, and other, research sites that are discussed in this chapter.

Chapter Five

Emergent Research Themes and Open Coding Categories

5.1 Introduction

This chapter presents the emergent research themes of the study and the open coding categories. Emergent research themes were the issues of interest to actors identified during the fieldwork, and provided guidance for data analysis from open, axial and selective coding. The next section presents the emergent research themes, while the subsequent section provides an overview of open coding analysis. The last section discusses each of the open coding categories in detail.

5.2 Emergent Research Themes

Emergent research themes, the boundaries guiding the research were issues of interest to actors inductively derived from, and grounded, in the field data. The research themes were derived from initial observations, interviews and documents analysis and present a conceptual reflection entirely emergent from the field data. The following emerged as research themes of the research:

i The influence of donors on budgeting operations.

ii The challenges of incorporation of performance information in budgeting practices.

iii The implications of environment (economic, cultural, and political) on the budgeting practices.

iv The implications of various rules and regulations for the budgeting practices.

v The complexities of budgeting systems as related to Tanzania.

The following section presents the open coding analysis and the open coding categories. Open coding categories reflect the emergent research themes which guide the research.

5.3 Open Coding Analysis

Open coding is the process of breaking down, examining, comparing, conceptualizing, and categorizing data (Strauss and Corbin, 1990, p.61). It was done sentence by sentence, and paragraph by paragraph, in order to identify open codes[10] from the interview transcripts, observation or interview reflection notes. The meanings of documents and reports were also discovered during the open coding analysis (Parker and Roffey, 1997). The preliminary output of the open coding process of this research was that the many concepts were later reduced to 78 codes (Appendix I), and further reduction led to the following 22 final open coding categories, which are subsequently discussed in detail:

i Budget structure and financial dependency on donors.
ii Donors' practices, power and actors' perceptions
iii Uncertainties, changes and contingencies
iv Uncertainty in the working environment
v Social interactions and behaviour
vi Indirect self-funding culture
vii The need for improvements in budgeting allocations
viii Blame issues associated with budgeting allocations
ix Establishing rules, regulations and directions
x Application, perceptions and impacts of rules, regulations and directions
xi Budgeting games
xii Budgeting norms
xiii Complexities in performance measurement, budgeting systems and practices
xiv Ambiguous budgeting system structure
xv Incompatibility between budgeting systems
xvi Difficulties in conforming to requirements

[10] Open codes are names or labels given to events, activities, functions, relationships, contexts, influences and outcomes.

xvii Motivations for reforms implementation

xviii Improvements in budgeting operations

xix Blame issues associated with budgeting operations

xx Drawbacks of budgeting operations

xxi Attempting to measure performance and playing performance measurement games

xxii Attempting to link budgeting with performance

5.3.1 Budget Structure and Financial Dependency on Donors

At the time of this study, the budget structure of Tanzania consisted of development budget and recurrent budget. Generally, development budget was funded by foreign funds, while recurrent budget was funded by local funds. However, the Government made efforts to contribute a certain amount to both types of budgets. The objective of the Government was to build the capacity to finance the recurrent budgets in their entirety and, over time, make savings for the development budget, as was reflected in the following quote:

> […] Government revenue efforts aim at ensuring that the recurrent expenditure will be entirely financed from domestic revenues, while gradually building up savings for financing development projects […] (Budgeting guideline 2009/10-2011/12, p.84).

The local funds were insufficient to cover both types of budgets. For example, the budget guideline for 2008/09 – 2010/11 shows that the domestic revenue was only 58% of the total revenue for the financial year 2007/08. This resulted in a high level of dependency on donors, as is evidenced by the following statement:

> […] Our budget is still highly dependent on donors, especially the development budget, and this time it extends even to the recurrent budget […] (Shadow Minister of Finance).

5.3.2 Donors' Practices, Power and Actors' Perceptions

Donors were perceived as powerful by actors because of the significant role they play in financing the Government budget. Donors financed, on average, 40% of the Government budget. This gave them power to oversee government operations, including the budgeting operations. Donors were perceived to have power in the identification of priorities, establishment of rules and regulations, and the monitoring of government operations, including reforms and fund allocations, as was reflected in the following quotes:

> […] Poverty Reduction Strategy Paper (PRSP) had its conditions. Donors told us that those are the areas which they are going to fund. We agreed because we wanted their help […] (Official, MoFEA).

> […] This Development Partners Group is almost a mini parliament, it forms a mini Public Account committee … Their Public Expenditure report is actually a mini Controller and an Auditor General (CAG) report from their point of view […] (Chairman, Public Accounts Committee).

The extent of the donors' influence was perceived to be high, but, because of their financial assistance they were tolerated. Donors were perceived as wanting to do more than what was expected from them. Actors' perceptions of the extent of the donors' influence were reflected in the following quotes:

> […] Sometimes they want to put themselves in the driver's seat […] (Official, MoFEA).

> […] They are overdoing their overseeing role, that is what I can say, they are overdoing their oversight job, sometimes they want to impose activities on us which is not proper, and we don't want that […] (Official, MoFEA).

Technical Assistants were provided by donors to the Government to assist with the technical issues of government reforms. However, they were perceived to consume a significant amount of the development projects' funds. Nevertheless, donors' huge rewards demoralized local actors, as reflected in the following quote:

> […] Other donors are talking about bringing in Technical Assistants (TAs). What

> we are saying is, train us, and give us capacity to do it ourselves. Why bring in TAs? If they want to bring in TAs, then let them bring a competent Tanzanian. They usually don't want to do this, as they want to bring their fellow - countrymen. Foreign TAs are unfamiliar with the Tanzanian environment. Even worse, they are demoralizing our people because of their huge rewards […] (Official, MoFEA).

Various approaches were used to reduce the donors' influence, such as the use of General Budget Support (GBS) and the Joint Assistance Strategy (JAST), as was reflected in the following quotation:

> […] We are now escaping donors because of the mode (of funding through) aids and grants. This is because we are now using GBS. Therefore we are removing the concept of donors scrutinizing everything we are do […] (Budgeting official, MoFEA).

Fear of the donors was high due to the fear of the loss of funds. This is because of the financial dependency on the donors by the Central Government actors. Fear of the donors resulted in the accommodation of their views, as was reflected in the following quote:

> […] Yeah…What I can say is, we have to accommodate them (donors) because they are giving us fund, to accommodate them through Public Expenditure Reviews (PER) and the Annual GBS, to give their views and accommodate them in the budgeting regulations […] (Commissioner, MoFEA).

5.3.3 Uncertainties, Changes and Contingencies

The Tanzanian Central Government's budgeting practices environment was uncertain as the result of economic uncertainties, structural changes, contingencies and funding uncertainties.

Economic uncertainties existed in the form of exchange rate changes, inflation rate changes Gross Domestic Product (GDP) variations and the low level of the economy. Economic uncertainties significantly affected the projected estimates, especially in the medium term. An example of economic uncertainties was reflected in the following quote:

> […] Inflation used to be more or less close to the target in the past. From 2007 onwards it has risen dramatically. It is off track. Initially it was below 5%. But we were not able to maintain that. It was above 5%, 6%, 7% and now it is 12% by April … we cannot insist that inflation will be 5% in the medium term […] (Official, MoFEA).

Structural changes took the form of restructuring organizations, creating new MDAs, merging MDAs, and creating new departments, units, and organs, which resulted in new and additional roles and activities. This affected strategic plans and had implications for other budgeting operations. An example of the impact of structural change was reflected in the following quote:

> […] These MDAs change, for example, if we talk about cabinet change… you know…the plan is no longer relevant and you need to prepare another one. There are other new MDAs established you know. The life span of three years, which we are talking about here, is not fixed […] (Director, PO-PSM).

Contingencies were hugely important for the Government. The funds kept aside for contingencies during budget preparation were not sufficient to cover contingencies which occurred during the budget implementation. This resulted in the reallocation of funds from one area to another during the year, as reflected in the following quote:

> […] Unless something happens out of order; for example, if you have a famine, or may be because of drought we have to … to… we have to requests extra funds from the Parliament as supplements, or we can do reallocation through instructing MDAs to use less funds in order to finance a certain calamity [….] (Official, MoFEA).

However, the nature of the contingencies was complex, especially when accompanied by politics:

> […] Contingencies are not me, are not him, because, other contingencies, you may not even understand who causes them to emerge, they are automatically emerged, they do not have an owner, You cannot point to the owner, especially when they are accompanied by political wishes […] (Official, MoEVT).

Funding uncertainties is applied to both local funds and foreign funds. In reality, funding often did not meet the projected funding figures of MDAs. Similarly, the release of funds did not always take place as stipulated in the action plan. This was reflected in the following quotes:

> […] What can be predicted may be, perhaps, is foreign aid. But we cannot depend on that too much. As you have seen in the budget, the Government told us last year that only 59% of the expected funding was provided, and 41% of that was not released […] (Chairman, Finance and Economic Committee).

> […] It is now the end of August, we have not received even July's funding […] (Director, MoEVT).

5.3.4 Social interactions and Behaviour

Social interactions and behaviour category reflected the behaviour and interactions of organizational actors. The observed behaviours and interactions of most interest in the budgeting practices were fear and lack of transparency in dealings.

Fear among actors was observed on a higher-level/lower-level dimension. Lower-level officials feared having to disobey seniors' directions, even if they were not within the established rules and regulations. Lower-level officials feared losing their posts or being transferred to remote areas, should they fail to keep in line with their seniors. This caused officials to lack transparency when disclosing the real financial status and trend in budgeting practices. This was reflected in the following quote:

> […] You have your projects in Dar-es-salaam. You will not like to be transferred to remote areas. Leaving all what you have? Life is difficult! You cannot reject the order […] (Official, MoFEA).

5.3.5 Indirect Self-Funding Culture

An indirect self-funding culture was involved the way actors rewarded themselves with allowances to compensate for their low salaries, which were perceived to be too low to enable the actors to sustain their normal lives. This led to the culture of indirectly rewarding themselves with allowances, such as extra duty and per-diem. This culture also emerged as a result of the budgetary reforms as, in order to foster participation in the budgeting preparation, allowances were introduced. Although this culture was perceived as bad practice, actors perceived it as a significant part of their personal remuneration, as reflected in the following quote:

> […] We have to agree that there is a change. We have to fight in order to get what we want. However, it is not the right way. We had to fight for salary increase rather than allowances […] (Director, MoEVT).

5.3.6 Uncertainty in the Working Environment

The working environment of actors was pressurised as the result of time constraints during the budgeting preparation period. This caused a heavier workload. The uncertain environment was also observed in employees' rewards, due to their lower salaries.

Time constraints and heavy workloads were observed during budget preparation, especially when approaching the end of the budgeting preparation period. Ceiling changes contributed as a main cause of time constraints and pressure during budget preparation. The budget preparation was always subject to delays in its various stages despite meeting the deadline every year. There were frequent delays when releasing budgeting guidelines and ceilings. There were also delays in budget submission for scrutinization, which resulted in what actors called *"zima moto* style*"*[11]. This was reflected in the following quote:

> […] There are many changes of ceilings…ceilings are changing so often, that in the end you are doing "*zima moto* style" […] (Budgeting officer, MoEVT).

Employees' rewards were in the form of salaries and allowances. Salaries were perceived to be inadequate to maintain the existing life styles of actors. Allowances, therefore, remained a significant source of finance to actors, as was reflected in the following quote:

> […] You cannot pay me TZS. 300,000 per month while my consumption of petrol is more than TZS. 300,000 per month; … employees' incentives are in the form of those things, allowances, when an employee travels he gets per-diem, but to try to exist on the salary only, … even if you were you my sister, or any other person, you

[11] Zima moto is a Swahili terminology which means: Rushing in order to meet the deadline.

cannot live depending on the salary alone. Government salaries are very low in comparison with the normal life of Tanzanians […] (Official, MoFEA).

5.3.7 The Need for Improvements in Budgeting Allocations

A need to improve budgeting allocations was observed in three main areas: the training of budgeting officers, the identification of a few priorities in order to consider available resources, and the improvement of domestic revenue collection. Budgeting officers perceived themselves as incompetent in budgeting allocations, owing to a lack of training. This was understood to be contributing to the poor preparation of budgets, as was reflected in the following quote:

> […] We were given budget guidelines, but things are too technical. We need to be trained. We are not getting seminars before the budgeting exercise. After the release of budgeting guidelines we need to sit down and be informed about what we are expected to do […] (Budgeting officer, MoEVT).

Furthermore, projected expenditures were perceived as unrealistic, which resulted in ambitious budgets. This was especially the case for politicians focusing on expected results, without recognizing the availability of resources. The need to have realistic projections was reflected in the following quote:

> […] The lack of proper understanding of budgeting, … lack of proper understanding, which leads to extremely ambitious expenditure budgets, without due regard to available resources; this is the biggest challenge! […] (Official, MoFEA).

The other area of budgeting allocations where improvements were sought was in strengthening domestic revenue, as local collection was perceived to be too low. Furthermore, too many exemptions were perceived to exist in tax collection, especially for foreign investors. The need for improvement was reflected in the following quote:

> […] Strengthening our domestic resources; we are still too shy to collect (taxes)... even where we are authorized to collect; we have not utilized all the potentials. Our potential remaining sectors are basically unutilized … you collect 35 billion and you

are retaining 53 billion as levy exemptions! So Tanzania is actually subsidizing production of expensive items such as gold […] (Chairman, Public Accounts Committee).

5.3.8 Blame Issues Associated with Budgeting Allocations

Blame issues associated with budgeting allocations involved donors blaming actors for allocating more funds for allowances and supporting activities, at the expense of fewer allocations for core activities. This caused budgets to self-focus as more funds were allocated in order to satisfy individual actors rather than organization goals. It also resulted in de-linked budgets, where actual expenditures were de-linked from the organization goals. This was reflected in the following quote:

> […] Resources allocated to MKUKUTA (a policy for poverty reduction), as a percentage of total expenditure, have remained almost constant in the last three financial years … While allowances are sometimes inevitable, it is also astounding that such allowances, associated with MKUKUTA, are concentrated at the central government level, instead of going to LGAs, where the actual job of poverty alleviation is being made […] (PER, 2010).

Blame issues associated with budgeting allocations also involved actors blaming themselves. There were perceptions that the total costs of running the Government had increased, as the costs of supporting activities were higher than the costs of core activities. Total debts, in education, had increased as the result of the increased number of primary and secondary schools, which had resulted in an increase in the number of teachers and their needs, which may not have been covered by available funds. Poor planning and budgeting, and allocating more funds for allowances and supporting activities, were perceived as the causes for an increase in the government debt. The increase in total costs and debts was reflected in the following quotes:

> […] However of recent, core sub-votes have been changed. Nowadays, administration is the core sub-vote. In all institutions, administration is seen as the core sub-vote and its allocation is huge. […] (Official, MoFEA).

> […] We are consuming more than we are supplying to the citizens. To me if you turn it the other way, our cost of delivery is too high […] (Chairman, PAC).

> […] I am telling you, teachers' debts cannot be fully paid. There are many teachers' needs and the number of teachers increases day after day […] (Director, MoEVT).

5.3.9 Establishing Rules, Regulations and Directions

Actors established various rules, regulations and directions to provide guidance about budgeting operations. These included circulars, guidelines, manuals, policies, Acts, the Constitution of the United Republic of Tanzania and the establishment of new units.

Circulars were issued from time to time to guide budget preparation and budget execution. Every year, a circular was issued before budget preparation to highlight areas of emphasis in budgeting in that particular year. For example, a circular may have put emphasis on avoiding budgeting reallocation during budget execution.

Similarly, a budgeting guideline was prepared annually by the Treasury to guide MDAs, RSs, and LGAs in their preparation of MTEFs. It highlighted general and specific procedures to be followed in the implementation of budgets, including policy decisions and commitments.

The basic manual used in budgeting operations was another regulation that provided detailed guidance on preparation of budgets, measuring of performance, monitoring, evaluation, and reporting.

There were various Policies used in budgeting operations which included the following: National Strategy for Growth and Reduction of Poverty (NSGRP), in Swahili Mkakati wa Kukuza Uchumi na Kupunguza Umasikini Tanzania (MKUKUTA), Millennium Development Goals (MDGs), Development Vision 2025, Medium-Term Public Investment Plan (MTIP) and Ruling Party 2005 Election manifesto.

There were four main Acts of interest regarding budgeting operations: the Procurement Act; the Finance Act; the Annual Appropriation Act; and the Public Finance Regulations. The Procurement Act stipulated rules, regulations and procedures governing the public procurement process. The Finance Act provided the authority to the Minister power to the Minister of Finance and Economic Affairs to raise money by imposing taxes so as to finance the budget. In Section 18(10), it stipulated the need for a statement of classes of the output expected to be provided by each vote during expenditure estimation. The Annual Appropriation Act gave authority to the Government to appropriate funds from the Exchequer account for government expenditures. It provided authority to the Minister of Finance to draw money from consolidated funds and to allocate it to various votes. It also provided powers for reallocation of funds between votes (Section 5 (1)). The Public Finance Regulations 2001 section 5 (a) stated the need for two subsequent years of planning and stipulated that every MDA should be responsible for ensuring that information was available to the general public in respect of its activities and finances.

Section 63 (3) of the Constitution of the United Republic of Tanzania of 1977 (amended 1997) provided guidance on revenue, expenditure, and evaluation of organizational performance, including a requirement for evaluation of performance. Each vote of expenditure must provide a statement of classes of outputs from that vote that are expected to be produced during the year, and the performance criteria to be met in providing those outputs.

Various units had been established, especially in the area of monitoring and control. This included for example, the establishment of an expenditure tracking unit, a cash management unit and an internal audit unit. These units were expected to improve financial management through monitoring and control.

5.3.10 Applications, Perceptions and Impacts of Rules and Regulations

The application of the constitution was neglected in the context of organizational performance evaluation. As has been stated, the constitution required, from each vote, the preparation of a statement of classes of output expected to be provided, their performance criteria and a comparison of actual with forecasted performance. This section of the constitution was rarely applied in practice, and did not included performance of outcome and impact, as addressed in both the Planning and budgeting guideline, and the Planning and budgeting manual.

There were complexities and negative impacts in the application of the Procurement Act during budgeting execution. The procurement system was perceived as long and complex, as reflected in the following quote:

> […] When you sign the contract with donors, you need to agree that you will follow the Government procurement system. When you do this, sometimes you find that time is working against you. You may find that financial year has ended and you have not yet procured some items […] (Budgeting officer, MoHSW).

Similarly, the application of the Appropriation Act to funds reallocation was perceived as undesirable, because it was not used in an appropriate way. This was reflected in the following quote:

> […] Reallocation is a shame for almost all Ministries. Ministries incur expenditures above the approved budgets. Executive orders also contribute to this […] (Observational notes, Official, MoFEA).

While some circulars may have guided and helped the budgeting operations, other circulars may have distorted budget execution, such as the distortion of a budget already approved by the parliament. Future decisions through circulars may have been affected the approved budgets, as reflected in the following quote:

> […] It is like that circular of increasing travel allowances. It has benefits for every stakeholder but its risk is that, it distorted the already approved budgets. The same applies to salary increases in the previous financial year, if you can remember, salary increase started on January, but it also accumulated January to June, which its plan has already passed. Then, there may be beneficial things, intended to help people, but they end up distorting budget […] (Official, MoFEA).

The applicability of the Planning and budgeting manual may problematical in specific cases and under specific circumstances. For example, despite the provision of detailed guidance on linking of inputs with activities, targets and objectives, the application into practice was seen to be complex as, reflected in the following quote:

> […] Sometimes it is not easy to identify that this activity will lead to this target … as I have said, we are still not good on these things of measurements. For example,

> to make these targets and activities to be Specific, Measurable, Achievable, Realistic and Time bound (SMART) is still a problem […] (Budget official, MoHSW).

The use and significance of the budgeting guideline was perceived to be low by actors, as reflected in the following quote:

> […] It (budgeting guideline) delays, for example, this year there was a delay. We were about to finish the budgeting preparation. Even if a budget guideline is released, it doesn't have any significant impact on your budget preparation. To be honest, the guideline is not a constraint […] (Official, MoEVT).

Focusing on results was still difficult despite the establishment of Acts, guidelines and manuals. An example of lack of focus on accountability of results was reflected in the following quote:

> […] There are no disciplinary measures taken, you see…, I think it is like that. There are no disciplinary measures, you deliver, you don't, nobody cares […] (Official, MoFEA).

New units which had been established to improve the control of expenditures were perceived to be other sources of increasing expenditures, with the benefits of establishing these units not always outweigh their costs. For example, an expenditure-tracking exercise was perceived as an exercise used to scare the actors and to remind them that the Government still had the ultimate control. The use of expenditure-tracking reports was unpopular, and the exercise itself was often devalued by collusion between the trackers and those being tracked:

> […] Other trackers are given funds by those being tracked… in the end, the report is based on the discussion "what should we write"? […] (Official, MoFEA).

5.3.11 Budgeting Games

Budgeting games included politicians' interventions, allowances allocation - special request - ring-fencing game, the repetition game, end-of-year practices, and the reallocation game.

Politicians' intervention was a game played during ceilings determination. The need for more funds to achieve the expected performance induced politicians to argue for funds that would be additional to those initially allocated by technicians. This was reflected in the following quote:

> […] However, Politicians will come and say 'No, let me given more money'. You know, we are planning for revenue and expenditure, revenue itself is limited, if he goes and says, let me given 25 billion or 30 billion, while this year he had only 2 billion, that means you have to reduce from others and give it to him. Therefore priorities are distorted in that sense […] (Director, MoFEA).

Allowances allocation - special request - ring-fencing was a game played by the Treasury and the MDAs. MDAs had put allowances into budgets while ignoring allocations for the core activities. Thereafter, during budget execution, MDAs sent special requests to the Treasury requesting funds for the core activities. Having experienced the increase in the number of special requests, the Treasury adopted a ring-fencing technique throughout budget preparation and execution to ensure that core activities were fully funded. The allowances allocation - special request - ring-fencing game was reflected in the following quotes:

> […] We send special requests to the Treasury. However, they also tell us that "you need to reduce allocations on allowances' and similar issues" […] (Budgeting Official, MoEVT).

> […] Therefore we need to look on these issues. Have they allocated funds to the core activities? Then, if they have not done so, we have to increase the funds for the core activities […] (Official, MoFEA).

> […] Ring-fenced areas are now increased by the Treasury […] (Accountant, MoHSW).

Reallocation was the pre-dominant budgeting adjustment method and had to be approved by the Ministry of Finance and Economic Affairs (MoFEA). Reallocation was caused by contingencies, insufficient released funds, change of priorities/poor planning, poor spending and fears of audit query. Contingencies could take the form of a social, political or economic nature. One example is cited in the following quote:

> […] You may find that funds are reallocated from one area to another. Especially when approaching the end of the financial year. People are rushing to finish spending the funds. Sometimes we can say that funds underutilization brings about a CAG query. Then you may find that people are being helped by the Treasury, through reallocation, to utilize funds so that it may not bring audit query. This disregards the expected results. Most of expenditures are conducted at the end of the year and most of these expenditures do not focus on the planned activities […] (Budgeting official, MoFEA).

The repetition game in budgeting involved repetition of the same objectives, targets, activities and inputs over a number of years. A target with the same percentages of expected performance may have been written for several years into the budget documents: For example, the following target appeared in various years in the budgeting documents:

> […] The treatment success of TB and Leprosy increased from 80% to 85% by **2010** […] MTEF, MoHSW 2010/11-2012/13, p.76).

> […] The treatment success of TB and Leprosy increased from 80% to 85% by **2011** […] (MTEF, MoHSW 2009/10-2010/11, p.18).

> […] The treatment success of TB and Leprosy increased from 80% to 85% by **2012** […] (MTEF, MoHSW 2009/10-2011/12, p.13).

5.3.12 Budgeting Norms

Budgeting norms included outer years' preparation, the partial overseeing approach, additional funding strategy, funds discrepancies norm, the using of rhetorical words, and the identification of priority of priorities.

Outer years' budget preparation required taking into account the future situation, which may encompass inflation, continuity of activities, past experience and priorities. These factors were seldom used in the preparation of outer years' budgets. Instead, a 'gaps-filling' approach and a mathematical approach, by using a particular formula to add a certain percentage to outer years (such as 5% or 10%) had been adopted. This practice was acknowledged by practitioners in the following quotes:

> [...] To be honest, we are not concentrating on the outer years [...] (Budgeting official MoHSW).

> […] MTEF is a planning process of three years. However, practically, to be honest, we are only doing the annual budget each year. This is because even outer years are not considered […] (Official, MoFEA).

The partial overseeing approach was an approach adopted by scrutinizing bodies of the budgeting operations. Scrutinizing of the MDAs was more concerned with compliance with the processes and procedures than the substances. For example, owing to time constraints and delays in submission of MTEFs by MDAs, the process of scrutinization was perceived as a process of checking whether MDAs had complied only with specific issues, such as abiding by ceilings and considering priorities, as reflected in the following quotes:

> […] They told us not to put much emphasis on how MTEF appears; to only look if they abide with the ceilings and on national, sector and departmental priorities. If that is what you do, you are leaving out many other things […] (Official, MoFEA).

> […] As a result you are doing partial analysis. It doesn't make sense that you are given five MTEFs to look at today; while it's discussion (scrutinization) is tomorrow […] (Official, MoFEA).

MDAs wrote proposals to donors in order to obtain additional funds to finance their budgets. Another strategy, which the Treasury believed had been employed by MDAs to achieve this, was to establish new sections or departments in the MDA in order to increase their ceilings. More funding strategies were reflected in the following quotes:

> […] Some MDAs are establishing new sub-votes, in the expectation of getting more funds from the Treasury […] (Observational note, Treasury Official, MoFEA).

> […] If we receive only a small amount of funding, we need to prepare a proposal so as to get more funding. If it is approved, the funding comes to this Department; it cannot go elsewhere […] (Director, MoEVT).

A fund discrepancy norm was observed when the actual requests of MDAs may have differed from the actual ceilings provided by Treasury. Similarly, the actual funds approved by parliament may have been at variance with the actual funds released by Treasury. Sometimes, the funds released by Treasury may have differed from the funds used by MDA. This was reflected in the following quotes:

> […] For example, the actual request was 15 billion, so when you are given a ceiling of 9 billion it is ah… [...] (Budgeting officer, MoHSW).

> […] Nobody obtained 100% of approved funds in the last year, and you should expect the same in this financial year […] (Observational notes, Treasury official, MoFEA).

> […] If you fail to utilize all the funds released by the Treasury, funds are taken back by the Treasury […] (Budgeting Officer, MoHSW).

The use of rhetorical words was revealed by parliamentary committees by the use of the words “medium term period” when providing their opinions to the Government budget. However, their opinions were confined in an annual budget period.

Identification of priority of priorities was conducted during budget execution. This involved identifying and selecting budgeting items, from a list of already identified and approved priorities, as priorities to be executed. This was reflected in the following quote:

> […] We need to sit down and identifying priorities of priorities, we need to e need to scale down […] (Budgeting officer, MoEVT).

5.3.13 Complexities in Performance Measurement, Budgeting Systems and Practices

There were complexities in measuring outcomes and impacts on performance. Measuring outcomes and impacts was acknowledged to be difficult, and required time and money from both donors and local actors, as reflected in the following quotes:

> […] The success of Self Assessment depends on an institution's ability to be critical of itself … Because of the complexity of these processes … many objectives may be difficult to assess without undertaking a detailed study or survey … Though impact is difficult to measure, it is the starting point for understanding other forms of evaluation …Though this removes much of the measurement burden, outcomes are still difficult to gauge […] (Planning and Budgeting Manual 2005, p. 21, 34, 56 & 57).

> […] I agree that it is difficult to measure the outcomes and impacts, but that is not a reason for not doing it. We have to try to do it […] (Donor, World Bank).

Other complexities in budgeting practices related to the meanings placed on *Capacity* and *PB*. *Capacity* related to actors' perceptions that the current MDA's ability to utilize funds would have an impact on the following year's ceilings. This had two perceived implications for the MDA. Firstly, there was a fear that its ceiling might be reduced, as the absorption capacity of MDA was as one of viewed factors in ceilings determination. Secondly, it elicited a CAG query. This complexity was reflected in the following quote:

> […] The challenge is that… funds are released at the end of the year. You are given funds in June. You have only one month to utilize those funds. How are you going to use those funds? What we can do is to ask for an authorization from the Permanent Secretary. This takes a lot of time. You know office issues! Tasks are delayed, and the next year ceiling is reduced because you have failed to utilize the funds released by the Treasury. As the result of this, time elapse and you are identified as having a low capacity of funds absorption […] (Budgeting Officer, MoHSW).

PB had a variety of interpretations. The term happened to be new to most budgeting officers and to most politicians. Other officials (especially long-standing and senior staff) defined PB as a budgeting system which focused on results, whereas DPs defined PB as a budgeting system which required outputs to play a major role in the budgeting decisions. Other officials defined PB as a funding system which was based on past performance. The complexities of PB were reflected in the following quote:

> […] PB, there are different traditions of it but basically, err, PB is when the output of the resources that you allocate plays a major role in the budgeting process. Now it can play a major role in different ways, but basically, a traditional budget is a set of financial resources, and PB introduces not a set of resources, but a set of results that those resources are trying to achieve, and give those data very important role in decision mechanism […] (DP, World Bank).

Ceilings practices were a complex matter within the existing budgeting system. Many factors were involved in the determination of ceilings: core activities, MKUKUTA activities, government commitments and promises which may not have been practicable, absorption capacity of MDAs and the actual requests of MDAs. Furthermore, this process was full of political pressure. The complexity of ceilings practices was reflected in the following quote:

> […] You know, there are different bases for ceilings determination. For example … on… on… until now this issue about standards for how to determine ceilings is still controversial […] (Official, MoFEA).

5.3.14 Ambiguous Budgeting System Structure

There were three main areas of ambiguities in the structure of the budgeting system: the structure of the activity costing sheet which is used in the projections of the figures for the next two years of MTEF, involvement of every department in the achievement of any organization objective and the Government Finance Statistics (GFS) codes.

The activity costing sheet was a form used to show projections for a three-year period, i.e. base year and the following two years. The activity costing sheet did not have a column for "cost per unit" for each of the two subsequent years. This made the cost per unit constant for the whole three-year period, which did not make sense to actors, as was reflected in the following quote:

> […] Activity costing sheet assumes that cost is constant for all years. Do you understand? That the cost is constant, this is not correct […] (Budgeting Official, MoFEA).

The involvement of every department (sub-vote) in contributing inputs which focused on organizational objectives also created complexity and motivated allowances allocations. Despite clarification in the planning and budgeting manual that targets should not be shared across sub-votes for accountability purposes, a single target could be shared by various sub-votes. For example, a target of "skilled personnel recruited, motivated, and well developed to ensure performance" in the education sector have been expected to appear under the administration and human resources department. However, in reality, it was being shared by various sub-votes, including internal audit and procurement and supplies sub-votes (MTEF, MoEVT 2010/11-2012/13).

GFS codes' ambiguity referred to the persuading nature of the GFS codes to attract expenditures of an allowances nature. GFS codes which allowed allowances allocation could be used for any activity, target, and objective. The existence of GFS codes of an allowances nature in itself motivated allocation of funds to allowances, as reflected in the following quote:

> […] You put what? Extra duty allowances (laughing), yes, of course it is allowed […] (Observational Notes, Official MoFEA).

5.3.15 Incompatibility Between Budgeting Systems

Existing budgeting systems were incompatible. The CB system could not work with the PB system and MTEF. Because CB was subject to uncertainties of revenue collection while PB and MTEF were systematic structures, which consist of, for example, action plans and cash flows, which require specific amounts of funds for specific periods. The implementation of action plans had been impossible because of revenue uncertainties for both local and foreign funds. Incompatibility was reflected in the following quotes:

> […] This cash flow which is related to the action plan is not followed like this. This is a formality, yeah; it is just a formality that you are told to prepare a cash flow […] (Budgeting officer, MoEVT).

5.3.16 Difficulties in Conforming to Requirements

There were three main difficulties for actors to conform to the budgeting systems. These were conformance to the medium-term requirements, measurement of outcome and impact and the linkage of inputs with outputs and outcomes.

Conformance with medium term requirements was difficult due to uncertainties about the following two years. Unpredictability made projections for the next two years meaningless, as was reflected in the following quote:

> […] No, they (outer years' estimations) are not meaningful, its purpose was very nice. However, because of the time constraint on the budgeting exercise and the unpredictability of outer years, it is not worthwhile to deal with them, as they have no good basis. If you decide to put an increment of, say, an inflation rate, next year you will be told "No, use last year's ceiling, it does not have increment" or "No, do this" […] (Director, MoFEA).

Measurement of outcome and impact was another conformance difficulty in the budgeting practices. For example, objectives which were difficult to measure may not have been included in the budgets, as reflected in the following quote:

> […] Difficulties emerged about how to measure objectives and targets. We want to revisit our objectives and targets, so that they can be SMART to be able to be measured. In most cases we are measuring processes because output and outcome are difficult to measure […] (Budgeting Head, MoHSW).

The matching of inputs, activities, targets and objectives, and policies was difficult during both budget preparation and budget execution. During budget preparation, allowances have been allocated to any activity, target, or objective which caused the inputs and targets or objectives to be de-linked. During budget execution, reallocation distorted this linkage, as was reflected in the following quote:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

5.3.17 Motivations for Reforms Implementation

Motivations for implementation of budgetary reforms existed in three dimensions: Actors' beliefs that similar reforms were being implemented all over the world, the need to fulfill donors' requirements and beliefs on improving internal efficiency.

There were beliefs that similar reforms were being implemented all over the world. Other countries, especially developed ones, were perceived to be more successful in implementing similar budgeting reforms. This dimension of motivation was reflected in the following quote:

> […] However sometimes we say that we are moving with the environment, we are not an island, and now, the same budget day is going to be announced. Then we are being influenced by the surrounding environment […] (Official, MoFEA).

The need to fulfill donors' requirements was a motivation resulting from financial dependency, which caused acceptance of whatever the donors required. This guaranteed the acquisition of foreign funds in the form of foreign aid, grants, loans and reliefs, as was reflected in the following quote:

> […] Therefore, those other reforms are the results of their (donors') power. This is what I am saying here, that is "do this, if you cannot do this, it will be like this" […] (Official, MoFEA).

A belief in improvements of internal efficiency was another motivation for the implementation of budgetary reforms. There was a belief that reforms would improve internal efficiency, although such an implementation was acknowledged as difficult. This was reflected in the following quote:

> […] MTEF focus is on results different from other budgeting systems. It looks at objectives, targets, activities … it improves transparency…With MTEF, if it had been implemented as required, not like a theory, it would have given us best results […] (Official, MoFEA).

5.3.18 Improvements in Budgeting Operations

Various improvements in budgeting operations were perceived to exist as the result of the budgeting reforms. The role of budgets had increased in significance from being used as a resources allocation tool, to a document which could be used by politicians to build confidence in the citizens, in order to be re-elected. Furthermore, during budget discussions, politicians' contributions to budgets were customized to reflect their need to be re-elected Example of these was reflected in the following quote:

> […] Donors are not fulfilling their financial commitments which are shown in the budgets; this make us appear to be deceiving the citizens […] (Member of Parliament, Social Services Committee).

Budgets contributed to the means by which individual performance could be evaluated. Institutional objectives identified in MTEF became the standards against which an individual employee could be evaluated, through the Open Performance Appraisal System (OPRAS). However, effective application of OPRAS was still acknowledged as difficult to achieve. The role of the budget in OPRAS was reflected in the following quote:

> […] It is important for all employees working in Public Institutions to go through their annual plans and identify only those objectives, targets and activities that are to be implemented during the year, which will form the basis for deriving individual objectives. There are institutions and employees that can get their annual plans from MTEFs […] (OPRAS guideline, 2006, p. 7).

Transparency and awareness of the budgeting operations was perceived to be increasing. Budgets of all MDAs, Regions and LGAs were easily accessible through the parliamentary website. Furthermore, allocations of resources could be made more transparent by using the Strategic Budgeting Allocation System (SBAS), as reflected in the following quote:

> […] Planning was not systematically done, SBAS was not there, which is from MTEF system. This SBAS is open to everyone, you look together, then you allocate. Previously it was not like that. If you came to me like this and you justified yourself,

> I may give you Tsh.10, 000/=, or to get rid of you, I may give you 5/=. It was like that, it had no good basis, and it was a bit difficult […] (Director, MoFEA).

As the result of live budgeting discussion, increases awareness of budgeting operations was observed, and performance mindset and budget participation had improved, as was reflected in the following quote:

> […] I can see nowadays discussions with the Treasury is hot… even the Parliamentary discussions. Nowadays Members of Parliament can recall that "last year you said you were going to do 1, 2, and 3… what have you achieved?" […] (Official, MoHSW).

As a result of the CB system's implementation, the Government's over expenditure was perceived to have been reduced. Before CB, there were over expenditures, as reflected in the following quote:

> […] To be honest, the budget which we are using for each month, we are happy with, because it gives financial discipline. We are spending what we have, if we don't have money we cannot spend, previously we were using funds until we get deficits […] (MP, Social services Committee).

5.3.19 Blame Issues Associated with Budgeting Operations

There were various recriminations amongst actors themselves and between donors and actors. These involved recriminations between politicians and technicians, line ministries and the Treasury, and line ministries and institutions under the Ministry.

Donors and actors also blamed each other. Actors blamed donors for failing to release funds in time, and as promised, especially for project-funding. Donors were also blamed for having too much influence over the budgeting operations. Donors, in turn, blamed actors for many allowances allocations in the budgets, and failure to make meaningful projections.

Politicians blamed technicians for failure in financial management and for taking disciplinary actions against actors. Technicians blamed politicians for distorting priorities during both budget preparation and budget execution. Line ministries blamed the Treasury for ceilings changes, delays in ceilings releases, delays in the release of budgeting guidelines and delays in the release of funds to MDAs. They also blamed the Treasury for release of insufficient funds as compared to approved funds. Similarly, line ministries blamed institutions under the ministries for delays in the submission of MTEF to the Ministry. On the other hand, the Treasury blamed line ministries for delays in budget submissions and lack of seriousness in budget preparation, which involved lack of seriousness in preparation of outer years' figures, linking of inputs, activities, targets and objectives, and reallocation. An example of recriminations was reflected in the following quote:

> […] There is variation of ceilings even five times, you can be told that now your ceiling is 10 billion, within a very short period of time, you are told, no…it is reduced, and it is now 8 billion. In a short period of time you are told it has been increased to 15 billion. Lastly, you are told that it is 30 billion. Therefore, there is variance of ceiling, there are more than twelve forms which are needed to be adjusted […] (Budgeting officer, MoEVT).

5.3.20 Drawbacks in Budgeting Operations

There were various drawbacks experienced in the budgeting operations, which were reduced power and control and poor spending discipline.

There was a sense of loss of power and control by the Government. Donors were perceived to have taken control of various operations, including the establishment of laws and monitoring, as was reflected in the following quote:

> […] This Development Partner's Group is almost a mini Parliament. It takes the mini Public Account committee (PAC) … is almost a mini PAC … it implement Public Expenditure Review. This report is a mini CAG from their point of view. […] (Chairman, PAC).

Another drawback in budgeting operations was poor spending discipline. Actors were perceived to be focusing on their individual and personal development, rather than at national development. Poor spending discipline was observed in the form of poor value for money, camouflaged expenses, allocating funds for allowances, training and sham seminars. Poor spending discipline was reflected in the following quote:

[…] I don't agree that we have improved in spending discipline, we have only reduced over-expenditures, but others, ah… […] (Official, MoFEA).

5.3.21 Attempting to Measure Performance and Playing Performance Measurement Games

Line Ministries needed to meet the requirement of measuring performance, and employed various strategies to do this. For example, in measuring the annual physical progress towards targets, targeted values were compared with the actual progress and performance was calculated in percentage terms.

Measurement of physical progress towards targets was achieved in various ways. While some had attempted to make sense of the performance figures, others had adopted a gap-filling approach. The gap-filling approach was used when certain percentages were written merely to fill the gap, without making sense of the actual progress.

The performance measurement game was also used in measuring the performance. The complexities of measuring output, outcome and impact led to records being produced, which demonstrated that these measurements were in progress, but in reality, the records had no meaning. For example, in the remarks on implementation column in the table 3 below, the words *output* and *outcome* have been used with no relevance to the actual progress. Attending the course on retention could hardly be accepted as the output/outcome in the context of improving retention of pupils.

Table 3: Performance Measurement Game

Target Description	Actual Progress	Remarks on implementation
Retention of pupils in primary and secondary schools improved and maintained by 2007/08	M&E staffs have attended the course on pupils' retention during the year.	Expected **output** and **outcome** achieved.

(MTEF 2009/10 -2011/12, MoEVT)

5.3.22 Attempting to Link Budgeting with Performance

There were four strategies adopted in the attempts to link budgeting with performance. The first was the inclusion of performance information in budgets, the second was the use of past performance information on identification of priorities, the third was the linking of inputs to outputs and the fourth one is the perceived increase in funds from donors following better performance.

Budgets submitted to the Treasury include performance information. This involved actual vs. budgeted revenue and expenditure for the past year, and current mid-year. It also included information related to actual progress compared to targets. Budgeting guidelines also included a chapter on the review of macroeconomic performance and the performance of MKUKUTA clusters.

Past performance information was used as the basis for identification of the future priorities of MDAs, as reflected in the following quote:

> […] Priorities are the results of performance assessment. We are not alone in this, we are writing a proposal, making performance assessments and sharing these with donors and civil societies for two to three days […] (Official, MoEVT).

Attempts were made in the linking of inputs, activities, targets and objectives. This linkage was complex during both budget preparation and budget execution. During budget preparation, it became looser when allowances were allocated to any activity, target or objective. During budget execution, the link became looser as the result of insufficient funds and reallocations. For example, in Table 3 above, the actual progress involved actors attending the course on retention. The link between the course attendance and improvement of retention was too loose. On the contrary, the link between attending the course and improving the welfare of actors, through allowances, during the course was too close.

When a line ministry performed well during a certain financial year, its funds from donors tended to increase. This was reflected in the following quote:

> […] To the donors, better performance results in more funding. When you are not performing, they may withdraw their funds […] (Official, MoEVT).

5.4 Summary

This chapter has described the emergent research themes and has presented 22 open coding categories. A detailed discussion of each category in the open coding has been provided. After the open coding process, the next stage of grounded theory data analysis was implemented. This is the axial coding process, which is discussed in the next chapter.

Chapter Six

Development of the Core Codes

6.1 Introduction

This chapter discusses connections between categories obtained in the open coding process presented in the last chapter. It begins with an overview of axial coding process, compares the axial coding process with the open coding and then discusses each of the axial codes (core codes), by justifying the relationship between subcategories (open codes) and justifying the existence of the core codes.

6.2 An Overview of the Axial Coding Process

The axial coding process was undertaken to identify the core codes. Core codes were identified by recognizing relationships between open codes and making connections between categories (Strauss and Corbin, 1990, p.96). The distinction between open coding as presented in the last chapter, and axial coding in this chapter, is artificial and is made only for explanatory purposes (Corbin and Strauss, 2008, p.198). This is because the process of relating concepts was carried out in both types of coding and the two coding processes were not sequenced but interrelated. However, the axial coding analysis provided higher-level codes when compared to the open codes. During the axial coding process, the 22 open codes discussed in the last chapter were reduced to the following ten codes. Appendix I shows the details of this and how categories of open codes were merged into the core codes. Each of these ten codes is subsequently discussed.

i. The Donors’ Influence
ii. The Uncertain Environment
iii. Cultural and Administrative Practices
iv. Budgeting Allocations-Related Impacts
v. Establishing Rhetorical Rules and Regulations
vi. The Practising of Budgeting Norms and the Playing of Budgeting Games

vii. Ambiguous and/or Complex Budgeting Systems

viii. Budgeting Operations-Related Impacts

ix. Struggling for Conformance

x. Attempting to Measure Performance, Linking Budgeting with Performance and Playing Performance Measurement Games

6.2.1 The Donors' Influence

This category synthesized two subcategories, budget structure and financial dependency on donors, and the donors' power and the actors' perceptions. Budget structure and financial dependency on donors was a subcategory that referred to the actors' perceptions of the structure of the budget, which consisted of the development budget and a recurrent budget. Despite the Government efforts to contribute a certain amount of funds for all types of budgets, the development budget was mostly funded by donors, which revealed the financial dependency of the country on them. The other subcategory, the donors' practices, power and actors' perceptions referred to the financial role which donors played in financing the budget. This significant role had given them even more power to oversee government operations, including the budgeting operations. These two subcategories suggested a new category, the donors' influence, which was the result of the financial power of donors following their financial contribution to the Government.

The donors' influence was observed in various areas: reform-based initiatives, provision of inputs to the budgeting regulations, pressure on the Parliament in making various laws and day-to-day practices in the provision of aids and grants. The Donors' influence was reflected in the following quotes:

> […] I think there are several influences let's say, these reforms based initiatives within the public financial management programme, which try to strengthen the institutional elements of the budgeting as we discussed in the beginning, that is one, then there is the day-to-day practices of donors of giving grants, which sometimes goes in opposite direction because they don't come in line with the planning system. So, I think those are the two things I can see some donors, or some part of some donors, wish to strengthen the system, and there are other practices which actually

weaken the system, by fragmenting it and destabilizing it […] (Donor, World Bank).

[…] Yeah…What I can say is, we have to accommodate them (donors) because they are giving us funds, to accommodate them through Public Expenditure Reviews (PER) and the Annual GBS, to give their views and accommodate them in the budgeting regulations […] (Commissioner, MoFEA).

As the level of financial dependency became greater, the donors' role became more significant, which increased their power and influence over government operations. Their influence however, was perceived as excessive by practitioners, as reflected in the following quotes:

[…] They are overdoing their overseeing role, that is what I can say, they are overdoing their oversight job, sometimes they want to impose activities on us which is not proper, and we don't want that […] (Official, MoFEA).

[…] Sometimes they (Donors) want to put themselves in the driver's seat […] (Budgeting official, MoFEA).

The influence of donors was considered by actors as undesirable and efforts were made to ensure that their influence was reduced. For example, the use of General Budget Support was preferable to other modes of funding, in order to reduce the donors' influence, as reflected in the following quote:

[…] We are now escaping donors because of the mode of Aids and grants. This is because we are now using GBS. Therefore we are removing the concept of donors coming and looking for everything we are doing […] (Budgeting official, MoFEA).

6.2.2 Establishing Rhetorical Rules and Regulations

Establishing rhetorical rules and regulations is a category which synthesized two subcategories: establishing rules, regulations and directions, and applications, impacts and perceptions on rules and regulations. Establishing rules, regulations and directions referred to the process of developing manuals, guidelines, acts and circulars. However, the applications, impacts and perceptions reflected inadequate use of acts and guidelines in the budgeting operations, and perceived negative impacts of circulars and procurement acts. This turned the rules and regulations into rhetoric, and a new category emerges: Establishing Rhetorical Rules and Regulations.

For example, the use of the planning and budgeting guidelines in budgeting operations was inadequate and described as irrelevant to actors during the budget preparation. Budgeting guidelines were also perceived to be exaggerating revenue and expenditures. Perceptions of budgeting guidelines were reflected in the following quotes:

> […] It (budgeting guideline) delays, for example, this year there was a delay. We were about to finish the budgeting preparation. Even if a budget guideline is released, it doesn't have any significant impact on your budget preparation. To be honest, the guideline is not a constraint […] (Official, MoEVT).

> […] Tanzania's estimates for revenues and expenditure are based on exaggerated guidelines, a situation that creates difficulties at the execution level […] (Donors, The Citizen, 20th February, 2010).

Sometimes, there were disparities between the established rules and regulations and the actual implementation. For example, budget allocations for the outer years were impracticable, which made the exercise more theoretical than practical. Acknowledgment of disparity was reflected in the following quotes:

> […] We say that we are implementing MTEF but in reality we are doing an annual budget […] (Official, MoFEA).

> […] It is like we are showing off that we have three years budget, but in fact, it is not like that […] (Budgeting officer, MoHSW).

While some circulars have had positive impacts on the budgeting operations, other circulars have had negative impacts on the budgeting execution. This happened when decisions through circulars affected the approved budgets, as reflected in the following quote:

> […] It is like that circular of increasing travel allowances. It has benefits for every stakeholder but its risk is that, it distorted the already approved budgets. The same applies to salary increases in the previous financial year, if you can remember, salary increase started on January, but it also accumulated January to June, which its plan has already passed. Then, there may be beneficial things, intended to help people, but they end up distorting budget […] (Official, MoFEA).

The Appropriation Act gave the Minister the authority to reallocate funds between votes and within a vote. This authority was perceived as being used inappropriately as it resulted in distortion of budgets, as reflected in the following quote:

> […] Reallocation is a shame for almost all Ministries. Ministries incur expenditures above the approved budgets. Executive orders also contribute to this […] (Observational notes, Official, MoFEA).

Similarly, the implementation of the Procurement Act had resulted in delays to projects' implementation. Delays in the use of released funds by the Treasury had perceived implications for the next year's ceilings in any given spending unit.

The link between resources allocations and policies had sometimes been problematic during the implementation period. The main feature of the budgeting system of Tanzania was the link between inputs, activities, targets, objectives and policies. This link, however, became problematic due to, among other things, the implementation of various rules and regulations, such as reallocation. This was reflected in the following quote:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

6.2.3 Budgeting Operations-Related Impacts

Budgeting operations-related impacts refer to improvements, drawbacks and blame issues associated with the budgeting operations of organizations, such as budget preparation, budget scrutinization and budget execution. This was a category which synthesized three subcategories: improvements in budgeting operations, drawbacks of budgeting operations, and blame issues associated with budgeting operations. Improvements in budgeting operations referred to positive impacts of organizational actors' strategies in budgeting operations, while drawbacks referred to negative impacts. Blame issues associated with budgeting operations involved various recriminations observed between the actors themselves and between actors and donors. All of these three subcategories addressed the impacts on budgeting, which related to operations, and therefore formed a new category: budgeting operations-related impacts.

Improvements included increasing the budgeting role, transparency, awareness, budget participation, reduction of the Government's over-expenditure and performance mindset. An increased budgeting role was implicated when budgets were not only used for allocations of resources. Budgets were used by politicians as a means of building public confidence and a mechanism for measuring individual performance. Increased transparency and awareness were observed in the live budgeting discussions at various levels, and in the availability of budgets and other documents on websites. Performance mindset was perceived to exist and the Government's over-expenditure was perceived to be reduced. Examples of improvements in budgeting operations were reflected in the following quotes:

> […] I can see nowadays discussions with the Treasury is hot… even the Parliamentary discussions. Nowadays Members of Parliament can recall that "last year you said you were going to do 1, 2, and 3… what have you achieved?" […] (Official, MoHSW).

> […] We are now using Strategic Budgeting Allocation System (SBAS), everyone can see how much is allocated to whom, and why it is allocated there […] (Official, MoFEA).

Drawbacks involved reduced power and control and poor spending discipline. There was the sense of loss of power and control by the Treasury, Members of Parliament, MDAs and individual departments within MDAs. Poor spending discipline was observed in the form of poor value for money, allowances allocations, excessive training and seminars and reallocation of funds from one area to another. Examples of drawbacks in budgeting operations were reflected in the following quotes:

[…] That is where we are. People perceive that local things are inferior, importing things from abroad, plus corruption… The tender to buy furniture for all these rooms is how much? A lot of money! One lock was purchased for one million! I went to AB[12], I tell you, and one bunch of spinach was Tzs. 2500 […] (Official, MoFEA).

Reciprocal blame was observed between the different groups i.e. politicians, technicians, Line Ministries, and donors all blamed each other for the faults in the implementation of CB, PB and MTEF. Examples of blame were reflected in the following quotes:

[…] There are many changes of ceilings…ceilings are changing so often, that in the end you are doing "*zima moto* style" […] (Budgeting officer, MoEVT).

[…] The challenge we have, is dependency on DPs. DPs may promise to provide 30 billion and unfortunately provide only 1 billion. This makes our predictions unreliable. It also makes the budgets of the outer years of MTEF not meaningful. Revenue predictions may be uncertain because of our dependency on the donors […] (Budgeting Official, MoFEA).

6.2.4 The Practising of Budgeting Norms and the Playing of Budgeting Games

This was a single category formed from two subcategories, which were the playing of budgeting games and the practising of budgeting norms. Playing budgeting games referred to the strategic implementation of unpleasant budgeting practices that were perceived as abnormal. These included the politicians' intervention game, the allowances allocation - special request – ring-fencing game, the reallocation game and the repetition game. The practising of budgeting norms referred to the strategic implementation of unpleasant budgeting practices, which were perceived as expected and normal given the circumstances. These included outer years' preparation, a partial overseeing approach, a more funding strategy, funds discrepancies norms, end of year practices, the use of rhetorical words and the identification of priority of priorities. Both of these two subcategories were addressed by the strategic

[12] Name of a region has been changed to protect its anonymity.

implementation of unpleasant budgeting practices, practised as either a norm or a game.

Budgeting games and budgeting norms were reactive strategies. For example, ring-fencing game was a reactive strategy to allowances' allocations and special requests games, as was reflected in the following quote:

> […] That is why there were so many special requests. When it was known that this was what they were doing, we came up with what we call ring-fencing of the most important areas. We knew that for institution A, we could expect to find one, two, three, and four of their expenditures […] (Official, MoFEA).

Games and norms were unpleasant and were usually accompanied by a need for improvement. For example, identification of priorities was accompanied by a call for sufficient funds from the Treasury. The 'more funding' strategy, in which actors wrote funding proposals to donors, was accompanied by a call to improve their own funds. Politicians' intervention in the budgeting decisions was accompanied by a call for understanding between politicians and technicians, as was reflected in the following quote:

> […] I think there will be improvements if politicians will try to understand technicians […] (Official, MoFEA).

Adoption of games and norms was imitative, which made the games similar within an MDA, and between MDAs. An example of an imitative approach to ring-fencing strategy was reflected in the following quote:

> […] This time I went to the Treasury. My colleagues were surprised during the meeting. I requested my fund to be ring-fenced. Previously I didn't know that this was the technique used by others … I think it will be better, if all items were to be ring-fenced, that is when we will have real budgets […] (Director, MoEVT).

6.2.5 Cultural and Administrative Practices

Two subcategories, social interactions and behaviour and, the indirect self-funding culture, were merged into a new category, Cultural and Administrative Practices. The first subcategory referred to behaviours of the actors and the atmosphere of their interactions, which reflected a fear of senior officers and lack of transparency in their dealings. The indirect self-funding culture referred to the way in which actors tried to reward themselves with allowances, in order to compensate for their low salaries. Both subcategories were related to the social conduct of the actors in cultural and/or administrative practices and were therefore merged into a new category: cultural and administrative practices.

The interactions atmosphere was one that is full of fear for actors. There was a fear of telling the truth to the seniors, and a lack of transparency in their dealings. Fear had impacts on the budgeting operations, as practitioners would do anything to comply with their superiors even if the practice was not in line with the rules and regulations. Actors feared losing their posts and being transferred to rural areas as punishments for not complying with their seniors. This was reflected in the following quote:

> […] This happened to me. I was… I was … there was one circular which directed that official cars should not consume more than 50 liters per week. My senior consumed up to 70 liters. He wanted more 30 liters. I told him that it is impossible because the circular allowed only 50 liters, now my senior wanted 100 litres, which was impossible for me to authorize. In the end he transferred the coupons to somebody else […] (Official, MoFEA).

The indirect self-funding culture was a way in which the actors struggled to top up their low salaries with allowances, in order to maintain their lifestyle. Salaries were perceived to be too low to sustain normal life, as was reflected in the following quotes:

> […] You cannot pay me TZS. 300,000 per month while my consumption of petrol is more than TZS. 300,000 per month, … employees' incentives are in the form of those things, allowances, when an employee travels he gets per-diem, but to try to exist on the salary only, … even if you were you my sister, or any other person, you cannot live depending on the salary alone. The Government salaries are very low in comparison with the normal life of Tanzanians […] (Official, MoFEA).

> […] We have to agree that there is a change. We have to fight in order to get what we want. However, it is not the right way. We should be fighting for salary increases rather than allowances […] (Director, MoEVT).

6.2.6 Ambiguous and/or Complex Budgeting Systems

This category consisted originally of three subcategories: incompatibility between budgeting systems, ambiguous budgeting system structure and complexities in performance measurement and budgeting. Incompatibility between budgeting systems referred to the incompatibility of CB with PB and MTEF. Ambiguous budgeting system structure referred to the failure of the system to enable meaningful projections for the outer years' figures. It also referred to the nature of GFS codes, which persuaded allowances, participation, which requires every department to have inputs focusing on organization objectives and complexities in ceilings determination. Complexities in performance measurement and budgeting referred to the difficulties in measuring output, outcomes and impacts. It also reflected varying meanings perceived by the actors in PB. Perceived varying meanings reflected the complex nature of the budgetary reforms. All of these three subcategories addressed the complexities and ambiguities of budgeting practices arising from budgeting systems. Therefore, a category of ambiguous and/or complex budgeting systems was created.

Ambiguous and complex budgeting systems were observed in the complexities in ceilings determination and included the following: political pressures, incompatibility between a volatile CB system and a systematic PB system and MTEF, the persuading nature of the GFS codes, the requirement for every department to have inputs focusing on organization objectives, thus motivating the allocation of allowances to any activity, target and objective, complexities in measuring the outputs and outcomes, and complexities in making outer years' projections through the use of the activity costing sheet, which was inappropriate. Examples of these complexities and ambiguities were reflected in the following quotes:

> […] The success of Self Assessment depends on an institution's ability to be critical of itself … because of the complexity of these processes … many objectives may be difficult to assess without undertaking a detailed study or survey … though impact is difficult to measure, it is the starting point for understanding other forms of evaluation … though this removes much of the measurement burden, outcomes are still difficult to gauge […] (Planning and Budgeting Manual 2005, p. 21, 34, 56&57).

> […] Therefore, we are saying that our budgeting systems are not good. I will give you one real example, if you look at the expenditure books you will find something known as allowances in kind. Allowances in kind are about 19 billion, which is more than the allocations of four ministries. Therefore the structure of budget itself is not ok. […] (Shadow Minister of Finance).

6.2.7 Budgeting Allocations-Related Impacts

This was a category which formerly consisted of two subcategories: the need for improvements in budgeting allocations and blame issues associated with budgeting allocations. The need for improvements in budgeting allocations referred to areas where improvements were required. These areas showed the current budgets' effects on allocations, which were also subject to recriminations. These two subcategories were related as they both addressed the impacts of budgeting changes related to budgeting allocations.

The budgeting allocations-related impacts referred to the impacts of organizational actors' strategies on budgeting allocations of organizations. These were reflected in budgeted revenue and expenditures, observed in the following areas: ring-fenced budgets that resulted from the ring-fencing technique adopted by the Treasury, dependent budgets, as a result of dependence on donors and written proposals for foreign funding, de-linked budgets as the result of failure to maintain the relationship between input, activities, targets, objectives and policies, self-focusing budgets as a result of allocating more allowances in budgets and ambitious budgets, as a result of unrealistic projections of expenditures and lack of recognition of available resources, and an increase in total costs and debts as the costs of service provision were perceived to be huge. The budgeting allocations-related impacts were reflected in the following quotes:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

> […] The lack of proper understanding of budgeting, … lack of proper understanding, which leads to extremely ambitious expenditure budgets, without due regard to available resources, this is the biggest challenge! […] (Official, MoFEA).

> […] Our budget is still highly dependent on donors, especially the development budget, and this time it extends even to the recurrent budget, this is the reason for the Government not being able to implement its medium-term plan. It is because of insufficient financial resources […] (Shadow Minister of Finance).

> […] However of recent, core sub-votes have been changed. Nowadays, administration is the core sub-vote. In all institutions, administration is seen as the core sub-vote and its allocation is huge. […] (Official, MoFEA).

6.2.8 The Uncertain Environment

The uncertain environment was a category which synthesized two subcategories; uncertainties, changes, and contingencies, and uncertainty in the working environment. Uncertainties, changes and contingencies referred to the uncertain environment in the contexts of funds uncertainty, political, economic and structural changes, and contingencies. Uncertainty in the working environment referred to uncertain environments in the form of pressures and time constraints on actors. It also referred to an uncertain environment caused by low employee salaries. These two subcategories were merged because they are both addressed the uncertainty of the environment.

The uncertain environments were observed in funding uncertainty, economic changes, political influences, the low level of the economy, the uncertainty of the employees about maintaining their lifestyle on low salaries, and uncertainties of employees during budget preparation, which resulted in situational workload and, hence, *zima moto style*. The uncertain environment was also increased by external factors such as famine and hunger. However, some contingencies were complex and the contingency fund kept aside was insufficient which resulted in reallocation during budget execution. The uncertain environment was reflected in the following quotes:

> […] No, the funds for contingency are not enough. You can find one contingency following the other. As a result, all contingency funds are absorbed and more funds are needed. We then tell MDAs to use fewer funds […] (Official, MoFEA).

> […] Employees' incentives are in the form of those things, allowances, when an employee travels he gets per-diem, but to try to exist on the salary only, … even if you were you my sister, or any other person, you cannot live depending on the salary alone. The Government salaries are very low in comparison with the normal life of Tanzanians […] (Official, MoFEA).

6.2.9 Struggling for Conformance

Struggling for conformance was a category made up from two subcategories: difficulties in conforming to requirements, and motivations for implementation of reforms. Difficulties in conforming to requirements consisted of areas of reforms which actors perceived as difficult to conform with. These included focusing on the medium term by making meaningful projections, the measurement of performance by measuring objectives and targets, and the linking of input with output during the strategic process of relating inputs with activities, targets and objectives. Motivations for the implementation of budgetary reforms referred to the motivations which inspired actors to continue to implement the reforms. They included a need for more funds, a need to parallel practice in other countries, and a need to improve internal efficiency. While there were difficulties in conforming to requirements, there were also motivations for the implementation of budgetary reforms. Motives for implementation despite difficulties reflected a sense of struggle, which suggested a new category: struggling for conformance.

Struggling for conformance was observed in the following three areas: efforts to make meaningful projections over the medium-term period, the need to measure outputs and outcomes and making efforts to link inputs with outputs. Struggling for conformance was reflected in the following quote:

> […] I have to prepare for three years. It is a government requirement that I must do it. If I submit it the way it makes sense to me, I will be told that it is not complete […] (Official, MoEVT).

6.2.10 Attempting to Measure Performance, Linking Performance with Budgeting and Performance Measurement Games

This category originally involved two subcategories: attempting to measure performance and playing performance measurement games, and attempting to link budgeting with performance. Both subcategories referred to the efforts of actors to make sense and play games while trying to relate budgeting and performance.

Actors attempted to measure performance by measuring the processes, while ignoring the outcomes and impacts, in order to make sense of the performance measurement exercise. When measuring outcomes and impacts, various performance measurement games were played, such as using a gap-filling approach to recording the performance of targets, and the use of rhetorical words to demonstrate that the measurement of performance was proceeding.

Attempting to link budgeting with performance referred to attempts to include performance information in budgets, using past performance to identify priorities, and linking allocations of inputs to outputs. There was a specific chapter in the budgeting documents addressing budget performance. It provided comparisons between actual, and budgeted, revenues and expenditures for the previous year, and for the current mid-year review. It also showed actual progress on the achievement of the targets. Budget guidelines also presented performance information on macroeconomic performance and the performance of MKUKUTA clusters.

Similarly, attempts were made to conduct a strategic process through which resources (inputs) were linked with the expected objectives (output/outcome). The process began with the setting of objectives, and targets, which would lead to those objectives. It also involved the establishment of activities which would achieve the targets, and the identification of inputs, within those activities. This represented an attempt to link inputs with outputs/outcomes.

6.3 Summary

This chapter discussed the axial coding process. The chapter provided a summary of how 22 open codes were reduced to the 10 core codes. It showed how the open codes were connected and merged into the core codes. The chapter justified the existence of the core codes, provided the logic for merging the related open codes together with a detailed explanation of the core codes. The next chapter identifies the focal core code among the existing axial codes that emerged during this stage. It also sets out the existing relationships between these 10 codes. Other core codes are related in the context of conditions, interactions/actions and consequences of a focal core code.

Chapter Seven

The Substantive Grounded Theory of Struggling for Conformance

7.1 Introduction

This chapter discusses the last coding process of the grounded theory, i.e. selective coding. Selective coding requires the selection of a focal core code emerging from the axial coding process discussed in the last chapter. Other core codes should be related directly or indirectly to the focal core code. This relationship is synthesized by the help of the paradigm (Corbin and Strauss, 2008). Section 7.2 therefore discusses this paradigm which consists of conditions, responses /interactions and consequences. Next, sections 7.3 present a focal core code which was the central phenomenon for this study - Struggling for Conformance. Sections 7.4 discuss the interactions/responses of the actors which were illustrative of the central phenomenon. Sections 7.5 and 7.6 present the conditions and consequences of the actors' responses/interactions respectively. Lastly, sections 7.7 present a grounded theory for the study – a model of struggling for conformance.

7.2 An Overview of a Grounded Theory Paradigm

A paradigm is a perspective, a set of questions that can be applied to data to help the analyst draw out contextual factors, and identify relationships between context and process (Corbin and Strauss, 2008, p.89). This relationship links core categories in terms of why, where, how and with what consequences a central phenomenon occurred. After the selection of the focal core category, which was the central phenomenon, other categories were linked to it, in a manner of facilitating/moderating/influencing or being the outcome of a focal core code.

The focal core code category is central to the study as it reoccurs frequently throughout the study and has many strong connections with other categories. The core category explains concisely what research is all about. It can be a process, condition, dimension, consequence or a theoretical code and can be obtained from an existing category, or it can be a new, abstract term which integrates the existing categories (Strauss and Corbin, 1998). An abstract term is used as a core category when the existing categories cannot capture the core theme. The core category obtained in the axial coding process - struggling for conformance – was identified as the focal core category which provided the summary of what was happening in the budgeting practices of the Tanzanian Central Government. Struggling for conformance, as a focal core code, has been explained in the context of its relationship with three other paradigm components, which were the conditions, the strategies/interactions and the consequences, of the central phenomenon.

The first paradigm component, conditions, allows a conceptual way of providing answers to the questions about what, why, where, and how a central phenomenon happens. Conditions can exist as causal conditions, intervening conditions or contextual conditions. Causal conditions refer to the factors that result in the occurrence of the phenomenon, while intervening conditions bear down upon the phenomenon. Intervening conditions impact causal conditions of the phenomenon (Strauss and Corbin, 1998, p. 132 & 133). Contextual conditions refer to factors that intersect dimensionally at a specific place and time to create a set of circumstances or problems to which persons respond through actions or interactions (Strauss and Corbin, 1998). For this study conditions existed as causal and/or contextual conditions. There were four conditions in this study, which caused and/or intersected and resulted in the process of struggling for conformance: ambiguous and/or complex budgeting systems, the donors' influence, the uncertain environment and the cultural and administrative practices.

The strategies or interactions component referred to responses made by individuals or groups to situations, problems, happenings and events. These are illustrative of the central phenomenon. There were three main strategies for this study, which could be presented in two phases. The first phase develops a strategy for establishing rhetorical rules and regulations. The second phase, implementation of those rhetorical rules and regulations, consists of two strategies: an attempt to measure performance, linking budgeting with performance and playing performance measurement games and the practising of budgeting norms and the playing of budgeting games.

The last paradigm component, consequences, refers to the outcomes of interactions or responses to the events (Corbin and Strauss, 2008, p.89). There are two consequences for this study. The first was the impacts of strategies/interactions on budgeting allocations, while the second was the impacts of strategies/interactions on the budgeting operations.

The following sections discuss the paradigm components for this study. To begin with, a focal core code, which was a central phenomenon for the study is presented. Strategies, conditions and consequences in relation to the focal core category are thereafter discussed. Finally, a presentation of a paradigm model for the study is presented.

7.3 Struggling for Conformance - The Central Phenomenon

This research explains the process through which organizational actors, despite the difficulties they encountered, were bound to conform to the requirements of budgetary reforms, which were the same as the requirements of donors. The situation of the organizational actors' determination to conform to requirements despite the difficulties was referred to as "struggling for conformance". Conformance difficulties were observed when focusing on the medium term period, linking the inputs with results and measuring the outputs and outcomes. Despite the difficulties, organizational actors were determined to implement reforms, in order to obtain funds from donors, improve internal efficiency and to parallel practice in other countries. Complex/ambiguous budgeting systems linked to the uncertain local environment, cultural and administrative practices and the donors' influence were the causes of, and/or intersected dimensionally, resulting in the phenomenon of struggling for conformance.

Struggling for conformance was illustrated by a two phase-strategy. Firstly, rhetorical rules and regulations on the budgeting operations were established, which demonstrated the Government commitment to the implementation of the reforms.

Secondly, the implementation of budgetary reforms was conducted in the form of budgeting attempts and games. This involved two strategies: attempting to measure performance, linking budgeting with performance and playing performance measurement games, and practising budgeting norms and playing budgeting games. The two main phases of strategies resulted in both positive and negative impacts on budgeting allocations and budgeting operations.

Struggling for conformance contains two concepts: “struggling” and “conformance”. Struggling means trying to overcome a problem and is a process of making great efforts to deal with a challenge, problem, or difficulty (Encarta Dictionary: English, UK). In the context of this study, struggling meant the actors’ efforts and attempts to implement budgetary reforms, despite the difficulties. Conformance means to comply with a fixed standard, regulation or requirement. Conforming is the act of conforming or of bringing about accord or a compliance requirement (Encarta Dictionary: English, UK). When put into the context of this research, conformance meant complying with requirements of the budgetary reforms, and complying with the donors’ requirements, both of which were the same. They involved focusing on the medium-term period, linking inputs to results, and measuring performance. Struggling for conformance therefore consisted of the actors’ considerable efforts to conform to the budgetary reforms and the donors’ requirements despite the difficulties. An example of struggling to conform to donors’ requirements was reflected in the following quote:

> […] We agree with them (DPs) about specific indicators. There are established indicators. We are struggling our best to make sure that we are meeting our Performance Assessment Framework (PAF) indicators […] (Official, MoEVT).

Struggling for conformance fell into two subcategories: difficulties in conforming to requirements, and motivations for reforms’ implementation. Difficulties in conforming to requirements comprised complexities experienced by the actors during the implementation of PB, CB and MTEF budgeting systems. There were three main difficulties for the actors: budgeting focus on the medium-term, three-year period, linking inputs with activities, targets, and objectives and measuring performance.

Focusing on the medium term was a conformance difficulty resulting from the uncertain environment, which caused by economic changes, structural changes, time constraints, the low level of the economy, and funding uncertainties. Focusing on the medium term, in the context of funds allocations, had been difficult because of the unpredictability of the outer years' figures and because of changes to priorities during the medium-term period. These were reflected in the following quotes:

> […] MTEF is a planning process of three years. However, practically, to be honest, we are only doing the annual budget each year. This is because even outer years are not considered […] (Official, MoFEA).

Linking inputs with activities, targets, objectives, policies, mission and vision was another conformance difficulty in attempt to link inputs with results. Actors may have failed to form this as the result of uncertainties during budget preparation and execution. During budget preparation, actors are struggling to maintain their existing lifestyle by allocating funds as allowances, because salaries were not sufficient for their survival. This resulted in the fixing of allowances for any activity, target or objective. Furthermore, uncertainties during budget preparation, especially on ceilings changes, resulted in *zima moto* style. Maintaining this linkage within the uncertain environment was perceived to be difficult. Throughout budget execution, the flow of funds through the CB system differed from that stipulated in the action plan and the cash flows of the actors. Unpredictability of revenues, changes and contingencies, and the struggles of the actors to maintain their existing lifestyle resulted in reshuffling and reallocation between votes and within a vote, which caused the whole link to collapse, as was reflected in the following quote:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

Measuring performance in budgeting was another conformance difficulty. Actors made attempts to measure the objectives and targets established in their strategic plans, and to incorporate them into their budgets. Targets were established for the three-year period, and needed to be evaluated at the end of the three years through the preparation of a three-year outcome report. Moreover, three-year targets needed to be annualized in order to track the annual performance. Measurement of annual targets and three-year period targets however, had been difficult, as was reflected in the following quote:

> […] Difficulties emerged about how to measure objectives and targets. We want to revisit our objectives and targets, so that they can be SMART to be able to be measured. In most cases we are measuring processes because output and outcome are difficult to measure […] (Budgeting Head, MoHSW).

Despite all these difficulties, there were three motivations for the implementation of budgetary reforms: the motivation to obtain funds from donors, motivation to improve internal efficiency, and motivation to parallel practice in other countries. Line ministries were also motivated to fulfill the requirements of the Treasury, as was reflected in the following quote:

> […] I have to prepare for three years. It is a Government requirement that I must do it. If I submit it the way it makes sense to me, I will be told that it is not complete […] (Official, MoEVT).

Motivation to acquire funds from donors was the result of insufficient funds and the low level of the economy. Donors imposed their views upon the budgetary regulations, as was reflected in the following quotes:

> [..] Ok. The problem is, what we are saying is, we may implement what they (donors) want. If they say "this particular issue is important", then you have to do it. However, you may have different opinions. Because you need the funds, you are forced to do it […] (Official, MoFEA).

> […] Therefore, those other reforms are the results of their (donors') power. This is what I am saying here, that is "do this, if you cannot do this, it will be like this" […] (Official, MoFEA).

Motivation to improve internal efficiency in organizations was the result of the belief in the promises of PB, CB and MTEF reforms. However, there were acknowledged complexities related to achieving the sought-after objectives and promises, as was reflected in the following quote:

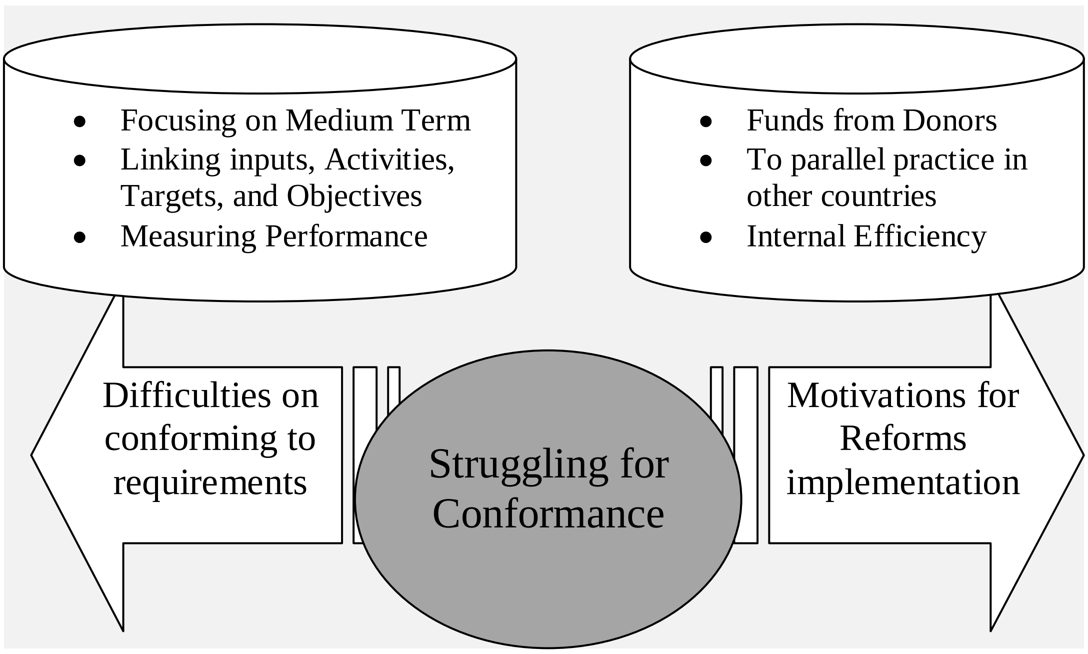
> […] MTEF focus is on results different from other budgeting systems. It looks at objectives, targets, activities … it improves transparency…With MTEF, if it had been implemented as required, not like a theory, it would have given us best results […] (Official, MoFEA).

Motivation for reforms' implementation in the context conducting budgeting practices in parallel with other countries was the result of the belief that Tanzania could not operate in isolation. What was implemented in other countries had to be implemented in this country also, as was reflected in the following quote:

> […] However sometimes we say that we are moving with the environment, we are not an island, and now the same budget day is going to be announced. Then we are being influenced by the surrounding environment […] (Official, MoFEA).

Figure 8 below summarizes the central phenomenon of struggling for conformance. Struggling for conformance as a central phenomenon was illustrated by three strategies/interactions, which were employed by the actors and are discussed in the following section.

Figure 8: Struggling for Conformance: A Central Phenomenon



7.4 Strategies and Interactions

Interactions/ responses/ strategies are made by individuals or groups to situations, problems, happenings and events (Corbin and Strauss, 2008, p.89). There were main three responses which illustrated the process of struggling for conformance explained in the previous section. These responses were presented in two phases. The first phase involved one strategy of establishing rhetorical rules and regulations, while the second involved the implementation of those rules and regulations using two additional strategies: firstly, attempting to measure performance, linking budgeting with performance and playing performance measurement games and secondly, practising budgeting norms and playing budgeting games. These three strategies will now be discussed.

7.4.1 Establishing Rhetorical Rules and Regulations

In this first phase, various rhetorical rules and regulations were established to require, guide and demonstrate the implementation of the PB, CB and MTEF reforms. It involved the provision of official agreements on various accounting procedures/rules whose use, perceptions and impacts were different from the established objectives, thus making them rhetorical. The extent of the establishment of rhetorical rules and regulations demonstrated the level of Government conformance with the reforms and donors' requirements. This enhanced the accessibility of foreign funds from donors, as was reflected in the following quote:

> […] Yeah…What I can say is, we have to accommodate them (donors) because they are giving us funds, to accommodate them through Public Expenditure Reviews (PER) and the Annual GBS, to give their views and accommodate them in the budgeting regulations […] (Commissioner, MoFEA).

Five strategies were adopted during the phase of establishing rhetorical rules and regulations: preparing inadequately-used and/or negatively/insignificantly-perceived guidelines, preparing inadequately-used manuals, preparing inadequately- and/or negatively-used acts and policies, preparing insignificantly-perceived and adversely-affecting circulars and establishment of perceived ineffective supervisory units. These five strategies are discussed below.

7.4.1.1 Preparing Inadequately-Used and/or Negatively/Insignificantly-Perceived Guidelines

The main guideline for PB, CB and MTEF was the planning and budgeting guideline, which was prepared annually by the Treasury, for the purpose of guiding MDAs, Regions and LGAs regarding the preparation and implementation of PB and MTEF. Some of the requirements in the planning and budgeting guideline may not have been implementable, owing to their complexities. For example, the requirement to prepare a three-year outcome performance report was rarely put into operation, despite being shown in bold in the guideline every year:

> […] MDAs, RSs and LGAs are required to prepare Annual Performance Reports and **3 Years Outcome Performance Reports,** providing feedback on the attainment of the key results areas of their strategic plans… (These reports) should be made available to the Parliament and disseminated to the public via the Institution's website, media or other appropriate forum to enhance transparency and accountability […] (Planning and Budgeting Guideline 2009/10, p.114).

The budgeting guideline was also perceived as irrelevant to actors, and regarded as too ambitious by DPs, as was reflected in the following quotes:

> […] It (budgeting guideline) delays, for example, this year there was a delay. We were about to finish the budgeting preparation. Even if a budget guideline is released, it doesn't have any significant impact on your budget preparation. To be honest, the guideline is not a constraint […] (Official, MoEVT).

> [...] Tanzania's estimates for revenues and expenditure are based on exaggerated guidelines, a situation that creates difficulties at the execution level […] (PER, 2010).

7.4.1.2 Preparing Inadequately-Used Manuals

The main manual used in the PB, CB and MTEF practices was the Planning and Budgeting Manual. Despite its inclusion in the Planning and budgeting manual, detailed procedures about the preparation of budgets and about how to link inputs, activities, targets and objectives were inadequately used, because they were perceived complex:

> […] Sometimes it is not easy to identify that this activity will lead to this target … as I have said, we are still not good on these things of measurements. For example, to make these targets and activities to be Specific, Measurable, Achievable, Realistic and Time bound (SMART) is still a problem […] (Budget official, MoHSW).

7.4.1.3 Preparing Inadequately- and/or Negatively-Used Acts and Policies

The main policies used for PB and MTEF were MKUKUTA, Development Vision 2025, MPP, and Ruling Party Election Manifesto. MKUKUTA consisted of three clusters. Cluster I concerned the Growth and Reduction of Income Poverty, Cluster II focused upon Improved Quality of Life and Social Wellbeing and Cluster III was concerned with Governance and Accountability. Allocations of funds by the Government to MKUKUTA areas were usually subject to DPs' criticisms, as was reflected in the following quote:

> […] Resources allocated to MKUKUTA, as a percentage of total expenditure, have remained almost constant in the last three financial years … While allowances are sometimes inevitable, it is also astounding that such allowances, associated with MKUKUTA, are concentrated at the central government level, instead of going to LGAs where the actual job of poverty alleviation is being made […] (Donors, The Citizen, 20th February, 2010).

The main Acts used for budgeting operations, and which were of concern to the actors were the Appropriation Act and the Procurement Act. Section 5 (1) of the Appropriation Act empowered the Minister of Finance to reallocate funds between votes and within a vote. This power was revealed in the following quote:

> […] Where the Minister is satisfied that it is necessary in the public interest that provision be made for defraying the expenditure of any region, Ministry or department of the Government in excess of any sum voted for it or for any service for which no sum is voted, and ***if it would be detrimental to the public interest to postpone the expenditure until provision can be made for it by the National Assembly***, he may, notwithstanding any provision to the contrary in this Act or any other written Law, authorize the application of any surplus arising out of savings in

> the Consolidated Fund or any vote in the schedule to this Act […] (Appropriation Act Section 5 (1)).

Application of this law was perceived to be bad behavior, rather than an issue of "*if it would be detrimental to the public interest to postpone the expenditure until provision can be made for it by the National Assembly",* as stipulated in the Act, as was reflected in the following quote:

> […] Reallocation is a shame for almost all Ministries. Ministries incur expenditures above the approved budgets. […] (Observational notes, Official, MoFEA).

Another impact of the Acts on the budgeting operations was the implementation of the procurement system, which was seen as a very long and complex process which resulted in an increase in total costs, while allocating fewer funds to the main goods and services. The long and complex procurements system resulted in delays in budget execution, which could have led to poor spending discipline. The incidence of delays as a result of the complexity of the procurement system was reflected in the following quote:

> […] When you sign the contract with donors, you need to agree that you will follow the Government procurement system. When you do this, sometimes you find that time is working against you. You may find that financial year has ended and you have not yet procured some items […] (Budgeting officer, MoHSW).

The Finance Act (2001) required votes to prepare a statement detailing the classes of outputs and performance criteria to be met when providing those outputs:

> […] For each vote of expenditure a statement of the classes of outputs expected to be provided from that vote during the year, and the performance criteria to be met in providing those outputs [...] (Section 18 (1) (b) of the Finance Act 2001).

However, outcomes and impacts were not covered by the Act, unlike the documentations of the planning and budgeting guideline and the planning and budgeting manual. Although this section had been established as early as 2001, it was not always referred to.

7.4.1.4 Preparing Insignificantly-Perceived and Adversely-Affecting Circulars

Circulars were prepared and circulated by different bodies to guide LGAs, Regions and MDAs about PB, CB and MTEF practices. For example, emphasis on the undesirability of reallocation was reflected in the circular shown below:

> […] I am taking this opportunity also to remind you those reallocations within a vote to meet unpreventable necessities, will be done after detailed analysis. Reallocation is allowed on genuine emergency activities; otherwise, the budget would not be meaningful […] (2008/09 Budget Circular: C/BA.54/534/02).

Other circulars however, had an adverse impact on the budgeting operations. For example, a circular on increases in travel allowances and salary increases had subsequently affected the already-approved budgets, as was reflected in the following quote:

> […] It is like that circular of increasing travel allowances. It has benefits for every stakeholder but its risk is that, it distorted the already approved budgets. The same applies to salary increases in the previous financial year, if you can remember, salary increase started on January, but it also accumulated January to June, which its plan has already passed. Then, there may be beneficial things, intended to help people, but they end up distorting budget […] (Official, MoFEA).

Circulars prepared annually by the Treasury were not perceived as significant when guiding PB and MTEF practices as they were perceived to provide little new information, as was reflected in the following quote:

> […] That circular doesn’t contain anything new. It has the same advice about guiding the preparation of budgets, and things like that […] (Observational notes, Official, MoFEA).

7.4.1.5 Establishment of Perceived Ineffective Supervisory Units

Some units had been established at the MoFEA with the intention of improving financial management. These included a expenditure tracking unit, a cash management unit and an internal audit unit. There were fears about the establishment of these units, related to whether they were going to achieve the sought objectives or whether they would increase expenditure. For example, the use of expenditure tracking unit reports is perceived to be inadequate. The exercise was perceived as a way to scare actors, by flexing Governmental authority, as was reflected in the following quote:

> […] You may find that tracking is performed, projects are inspected, but it is intended to scare them, and to remind them that the Government exists […] (Official, MoFEA).

7.4.2 Attempting to Measure Performance, Linking Budgeting with Performance and Playing Performance Measurement Games

This was a strategy employed in the second phase of the struggling for conformance phenomenon. It involved the inclusion of performance information in budgets, performance measurement games and attempts to link budgeting with performance.

7.4.2.1 Attempting to Measure Performance and Playing Performance Measurement Games

While some of the actors were struggling to make sense of the figures and information, in order to estimate performance, other actors played performance measurement games. Performance measurement games were observed in the presentation of performance information to the public, and in the measuring of outputs and outcomes.

Presentation of the performance figures usually showed a better picture than was the reality. Performance was reported as a percentage increase upon the previous year, or years, rather than being reported as a comparison with the expected targets. Other performance measurement games were played as the result of ambiguous and complex performance measurement practices. The measurement of outputs/outcomes/impacts was complex, which caused the actors to opt for reporting performance based on inputs. Sometimes, the rhetorical words *output* and *outcome* were used, to demonstrate that the performance measurement terms were used, while the reality was lagging far behind. From the Table 4 below, for example, the target required improvements in the retention of school pupils. Evidence of this being achieved is given in the Table in the form of a course on pupil retention having been attended by Monitoring and Evaluation (M&E) staff. However, attending the course was **NOT,** in itself, an output or outcome related to the target description, even through the rhetorical words output and outcome have been used.

Table 4: Performance Measurement Games: Rhetorical Words

Target Description	Actual Progress	Remarks on implementation
Retention of pupils in primary and secondary schools improved and maintained by 2007/08	M&E staffs have attended the course on pupils' retention during the year.	Expected **output** and **outcome** achieved.

(MoEVT's MTEF 2009/10 -2011/12)

The cumulative quarterly MTEF target-monitoring form required the measurement of performance of the actual physical progress of targets for the previous year. Different approaches were adopted in measuring this actual progress. While some actors made sense of focused on the estimated performance of the targets, other actors played the game of the gap-filling approach, by which a certain percentage may be listed, but it has no significance to the real situation. For example, in Table no.5 below, when scrutinising the first target, one may question how 100% performance was achieved if no funds were released:

Table 5: Attempting to Measure Performance: Gaps-Filling Approach

Annual Physical targets progress			Expenditure Status		
Target Description	Actual Progress	Estimated % completed	Annual budget	Cumulative actual expenditure	% Spent
Some buildings and facilities in 45 secondary schools,30 teachers colleges and MoEVT offices are to be habilitated by June, 2009		**100**	1,080,800,000	**-**	**0%**
14,887 competent staff recruited and equitably deployed by June 2009	**2,307** teachers deployed	**59%**	1,117,000,000	1,000,000,000	85%

(Source: MoEVT's MTEF, 2009/10-2011/12, p.135 & p.144)

7.4.2.2 Attempting to Link Budgeting with Performance

Attempting to link budgeting with performance was practised in three ways. The first was by reviewing institutional objectives and targets, which shed light on the identification of priorities in the next period, as was reflected in the following quote:

> […] Priorities are the results of performance assessment. We are not alone in this, we are writing a proposal, making performance assessments and sharing these with donors and civil societies for two to three days […] (Official, MoEVT).

Another link between performance and budgeting was in allocation of resources. The better the performance in the previous year, the higher confidence rose that there would be additional funding in the next financial year. This, however, applied only to donors' funding of MDAs and not to Government finance. This was reflected in the following quotes:

> […] To the donors, better performance results in more funding. When you are not performing, they may withdraw their funds […] (Official, MoEVT).

> […] But let's come to the Central Government, there is GBS, there are indicators which we are given, if there is no progress, the (donors) won't give you money […] (Head of Information and Research, MoHSW).

Regarding linking the allocations of funds to expected performance, efforts were made to link inputs with activities, targets and objectives. However, this proved difficult during budget preparation and execution. Mismatch during budget preparation was the result of actors focusing on their own rewards, and how the activity could benefit the individual actor. So, for example, issues of allowances were given priority, and were often allocated to any activity, target and objective. From the example below (Table 6), the relationship between the objective, which states that equitable gender-sensitive health, and social welfare services must be ensured, and the activity, hospitality services to accounts staff, is ambiguous. This is because hospitality for the account staff has nothing to do with the gender-sensitive health and social welfare services. Moreover, a huge amount of funding was allocated to food and refreshments, but its link to equitable and gender-sensitive health and social welfare services is ambiguous.

Table 6: Attempting to Link Inputs, Activities, Targets and Objectives

Objective: ***Equitable and Gender Sensitive Health and Social Welfare Services ensured***
Target: Administrative and logistical services to improve performance of internal audit and finance accounts provided by 2012

<table>
<tr><th rowspan="2">Activities to achieve target</th><th rowspan="2">Description of inputs</th><th rowspan="2">Measurement Unit</th><th rowspan="2">Unit cost of input</th><th colspan="2">2009/10</th><th colspan="2">2010/11</th><th colspan="2">2011/12</th></tr>
<tr><th>No. of units</th><th>Estimates</th><th>No. of units</th><th>Estimates</th><th>No. of Units</th><th>Estimates</th></tr>
<tr><td rowspan="3">To provide hospitality facilities to 60 Accounts Staff by June 2012</td><td>Food and Refreshments</td><td>person</td><td>80,000</td><td>0</td><td>0</td><td>42</td><td>3,360,000</td><td>420</td><td>33,600,000</td></tr>
<tr><td>Gifts / Prizes</td><td>person</td><td>1,000,000</td><td>0</td><td>0</td><td>1</td><td>1,000,000</td><td>1</td><td>1,000,000</td></tr>
<tr><td>Entertainment</td><td>person</td><td>1,000,000</td><td>0</td><td>0</td><td>1</td><td>1,000,000</td><td>1</td><td>1,000,000</td></tr>
</table>

(Source: MTEF, MoHSW 2009/10 – 2011/12 Sub vote 1002)

During budget implementation, the linking of inputs, activities, targets, objectives and policies was relegated in importance because of changes, contingencies and the use of CB, as was reflected in the following quote:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

The last link between budgeting and performance was formed through incorporating both physical and financial performance information into budgets. The budgeting document included a chapter concerning performance, entitled budget performance review. This compared the approved vs. the actual revenues and expenditures of the previous year and the current mid-year review. It also included performance information about MTEF targets vs. actual achievement. Furthermore, Form 12A provided detailed information about the cumulative quarterly MTEF target-monitoring form. Other performance information in the budgets was provided in the statement of the permanent secretary. The following is an example of physical performance information included in budgets:

[…] Increased number of pre-primary classes from 21,607 in 2005 to 28,048 in 2008 (29.8%) […] (MoEVT's MTEF 2009/10-2011/12).

7.4.3 Practising of Budgeting Norms and Playing of Budgeting Games

The Practising of budgeting norms and the playing of budgeting games is a third strategy in struggling for conformance. The first phase involved the establishment of rhetorical rules and regulations. Because of the uncertain environmental, cultural and administrative practices, ambiguous and/or complex budgeting systems, and the donors' influence, budgeting norms and games were conducted in order to manage the situation. Budgeting games and budgeting norms were grouped into six strategies: the allowances allocation – special request – ring-fencing game, the politicians' interventions game and more funding strategy, the outer years preparation games and the repetition approach, end-of-year practices and reallocation, funding discrepancies and identifying priority of priorities norm and the partial overseeing approach and use of rhetorical words. These are discussed below.

7.4.3.1 Allowances' Allocation- Special Request - Ring Fencing Strategy

This is a three-stage game which involved the Treasury and MDAs. Firstly, during budget preparation, MDAs allocated more funds for allowances, while ignoring the core activities, in order to maintain their lifestyle. Allowances allocation was motivated by the low level of salaries, the indirect self-funding culture, and support from the GFS codes system. For example, in the 2001 GFS codes, there was new code, namely "allowances in kind" which is perceived to consume a huge amount of resources. An example of the allowances' allocation game is provided below in Table 7. Extra duty allowance is the main input of the activity of preparing, submitting and disseminating ministerial MTEF.

Table 7: Activity Costing Sheet Table - Allowances Allocation Game
Objective D: Management and Administration in Education and Training Improved
Target 01: Financial resources and inventory system efficiently and effectively managed annually

Activities to achieve target	Description of inputs	Measurement Unit	Unit cost of input '000'	2009/10		2010/11		2011/12	
				No. of units	Estimates '000'	No. of units	Estimates '000'	No. of Units	Estimates '000'
To prepare, submit and disseminate ministerial MTEF annually	Stationery	set	20	1500	30,000	2500	30,000	1500	30,000
	Printing	copy	3	4000	12,000	4500	13,500	100	300
	Extra duty	Month	62,000	7	434,000	7	434,000	7	434,000
	Food and refreshments	Day	900	7	6,300	7	6,300	40	36,000
	Diesel	Liter	2	5000	10,000	6200	12,400	250	500

(Source: MOEVT Budget 2009/10-2011/12 p.30; Sub vote 1002; Policy and Planning)

Secondly, after the allowances allocations, MDAs continued with the game by making special requests for funds to the Treasury. Special requests compelled Treasury to provide funds to the MDA. This was because special requests were only available in "bargaining areas", which were the core activities to be implemented by a spending unit throughout the year. The special requests game was reflected in the following quote:

> […] We send special requests to the Treasury. However, they also tell us that "you need to reduce allocations on allowances' and similar issues […] (Budgeting Official, MoEVT).

After experiencing an increase in special requests, the Treasury adopted a ring-fencing technique, which was conducted in both budget preparation and budget execution. Ring-fencing ensured that funds were allocated to the core activities throughout the year. This was reflected in the following quote:

> […] The funds approved are huge, but we only get part of it. Moreover, the funds released are already ring fenced. They are already allocated by the Treasury. That is,(we are directed) 'You should put this for this item, put this amount for this item, put this amount for this item, and put this amount for this item'. What remains after that, then is what we are allowed to allocate […] (Budget officer, MoHSW).

7.4.3.2 Politician's Interventions and More Funding Strategy

Politicians' interventions and More Funding Strategy were strategies used by technicians and politicians to obtain more funds. Politicians intervened in the determination of ceilings and the budget execution exercise in order to obtain more funds. Insufficient funds for the expected objectives caused politicians to use executives to acquire more funds than those allocated initially by the technicians. This distorted priorities, as was reflected in the following quote:

> […] However, politicians will come and say "No", will go to the executives; "let me given more money". You know, we are planning for revenue and expenditure, revenue itself is limited, if he goes to the executives and say; "let me given 25 billion or 30 billion", while last year he had only 2 billion, which means, you have to reduce from others and give it to him. Therefore, priorities are distorted in this sense […] (Official, MoFEA).

As a result of insufficient funds and the low level of the economy, actors thought of ways to obtain more funds so as to fill the gaps between available funds and expected objectives. Writing proposals to donors was a dominant strategy adopted by actors. This was reflected in the following quote:

> […] If we receive only a small amount of funding, we need to prepare a proposal so as to get more funding. If it is approved, the funding comes to this Department; it cannot go elsewhere […] (Director, MoEVT).

7.4.3.3 Outer Years' Preparation Games and Repetition Approach

The outer years' preparation strategy was adopted in the form of 'gap-filling' and 'mathematical formula' approaches, while disregarding 'sense-making'. The process of outer years' preparation was not perceived as meaningful by actors, as was reflected in the following quote:

> […] No, they (outer years' estimations) are not meaningful; its purpose was very nice. However, because of the time constraint on the budgeting exercise and the unpredictability of outer years, it is not worthwhile to deal with them, as they have no good basis. If you decide to put an increment of, say, an inflation rate, next year

you will be told "No, use last year's ceiling, it does not have increment" or "No, do this" […] (Director, MoFEA).

An example of the gap filling approach to outer years' preparation was contributed by the structure of the activity costing sheet. This was reflected in Table 8 below in which, for the year 2009/10, only one month is expected. However, for the years 2010/11 and 2011/12 the number of months has been increased to 13; any attempt to make sense of this therefore been negated as there are only 12 months in a year.

Table 8: Activity Costing Sheet - Outer Years' Preparation

Activities to achieve target	Description of inputs	Measurement Unit	Unit cost of input '000'	2009/10		2010/11		2011/12	
				No. of units	Estimates '000'	No. of units	Estimates '000'	No. of Units	Estimates '000'
To facilitate 1 national Health Officer attend Masters of Science course in Environmental Science by 2009	Tuition fees	lump sum	4,600	1	4,600	1	3,360	1	4,600
	Training Allowance	month	5,900	1	5,900	13	76,700	13	76,700

(Source: MTEF, MoHSW 2009/10 – 2011/12 Sub-vote 3001)

The repetition games involved using the same figures for a number of years. This was brought about by time constraints, which caused actors to merely "cut and paste". It was also complemented by a partial overseeing approach. For example, the following target appeared in various years in the budgeting documents:

[…] The treatment success of TB and Leprosy increased from 80% to 85% by **2010**" […] (MTEF, MoHSW 2010/11-2012/13 p.76).

[…] The treatment success of TB and Leprosy increased from 80% to 85% by **2011** […] (MTEF, MoHSW 2009/10-2010/11 p.18).

[…] The treatment success of TB and Leprosy increased from 80% to 85% by **2012** […] (MTEF, MoHSW 2009/10-2011/12 p.13).

7.4.3.4 End-of-Year Practices and Reallocation

'End-of-year practices' is a game played as the result of funding uncertainties and meanings placed on the "capacity" of the spending unit. Much expenditure was incurred at the end of the year. More funds were also released in the fourth quarter of the year. MDAs struggled to ensure that they utilized all the funds released by the Treasury. A huge amount of funds were reallocated during this period. The utilization of funds in an appropriate way was difficult because of the pressure to use up the funds released by the Treasury. The capacity of the MDA was questioned if funds remained at the end of the year. While others adopted a strategy of paying debts, others may have used the funds extravagantly. Reallocation and end-of-year practices were reflected in the following quote:

> […] You may find that funds are reallocated from one area to another. Especially when approaching the end of the financial year. People are rushing to finish spending the funds. Sometimes we can say that funds underutilization brings about a CAG query. Then you may find that people are being helped by the Treasury, through reallocation, to utilize funds so that it may not bring audit query. This disregards the expected results. Most of expenditures are conducted at the end of the year and most of these expenditures do not focus on the planned activities […] (Budgeting official, MoFEA).

7.4.3.5 Fund Discrepancies and Identifying Priority of Priorities Norm

A fund discrepancy was a budgeting norm practised every financial year. Actual requests by MDAs were not always the same as ceilings provided by the Treasury. Similarly, the funds approved by Parliament were not always in accordance with the funds released to the MDA. This was mainly because of insufficient funds owing to exaggerated budgets, changes and contingencies, and donors' failure to honour their financial commitment. Moreover, sometimes, funds released to the MDA may not have been the same amount as the funds used by the MDA. The fund discrepancies norm was reflected in the following quote:

> […] We know that together with this process, there is no MDA or LGA which has been allocated funds depending on its requests, because Government revenue is inadequate, compared to our requests. Therefore the issue of "we have been allocated fewer funds than what we have requested" it is unimportant on the implementation of Government budget […] (2008/09 Budget Circular: C/BA.54/534/02).

Identifying the priority of priorities was implemented in two stages. The first stage was during budget preparation, upon receipt of the actual ceiling from the Treasury. When the ceilings received were lower than expected, MDAs had to identify the priority of priorities and cancel some activities. The second stage was during budget implementation, after insufficient funds had been released. If the fund released was lower than the fund approved by Parliament or as stipulated in the action plan, this strategy was adopted. Activities were funded on a 'non-wait, first-funded' basis, which de-linked inputs from activity and/or the target and the objective. This strategy was reflected in the following quote:

> […] We need to sit down and identifying priorities of priorities, we need to scale down […] (Budgeting officer, MoEVT).

7.4.3.6 Partial Overseeing Approach and Use of Rhetorical Words

Partial overseeing approach was adopted by supervisory bodies such as the Treasury, and Parliament in their duties of overseeing the budgeting operations. Members of Parliament in Parliamentary Committee meetings focused on the gaps between approved budgets and released funds from the Treasury, rather than on the substance of the performance of the released funds. They perceived and determined performance in the context of released funds, as was reflected in the following quote:

> […] I am on the Public Accounts Committee. We checked on infrastructure contributions from Development Partners and there was only 10% release in March. Now somebody would have told us the performance has been 74%. I wonder how this happened […] (Chairman, Public Accounts Committee).

The partial overseeing approach was adopted by the Treasury during budget scrutinization, as a result of late submission of budgeting documents by MDAs. Budgets were examined by Treasury to check whether they complied with the formats provided in the guideline: well-prepared, abiding to priorities, abiding by ceilings and the like. This ignored the substances of the budgets, as perceived by the actors and as was reflected in the following quotes:

> […] They told us not to put much emphasis on how MTEF appears; to only look if they abide with the ceilings and on national, sector and departmental priorities. If that is what you do, you are leaving out many other things […] (Official, MoFEA).

> […] As a result you are doing partial analysis. It doesn't make sense that you are given five MTEFs to look at today; while it's discussion (scrutinization) is tomorrow […] (Official, MoFEA).

The use of rhetorical words as a budgeting game was observed through the Parliament in the context of the medium-term period. Medium-term focus was vividly observed in the budgeting guidelines established by the Treasury. However, from the Parliamentary perspective, the truth was that the medium-term focus was lagging far behind. This was especially the case with the Finance and Economic Parliamentary Committee in their opinions on the Government's MTEF. Rhetorical words were used to demonstrate the focus on the medium term, but the document which gave the committee's opinion addressed only a single year.

Organizational actors struggled to conform to reforms and donors' requirements, by firstly establishing rhetorical rules and regulations. Secondly, they made efforts to comply with rhetorical rules and regulations by using two different strategies. They attempt to measure performance, to link budgeting with performance and played performance measurement games and they also practiced budgeting norms and played budgeting games. Four conditions discussed in the following section resulted in the above discussed strategies.

7.5 Conditions for Struggling for Conformance

Conditions for struggling for conformance were of four types. These were the uncertain environment, ambiguous and/or complex budgeting systems, the donors' influence, and cultural and administrative practices. The following sections discuss each of these conditions in detail.

7.5.1 The Uncertain Environment

The uncertain environment placed constraints on the process of struggling for conformance. It was observed in the form of economic and structural changes and contingencies as well as in funding uncertainty, uncertainty in the working environment of actors with regard to workload, and low rewards. Reforms were implemented in the environment which produced uncertainty, thus making the actors struggle to conform.

Economic changes were observed in inflation changes, exchange rate changes and economic growth variations. The economic unpredictability of the next two years diminished the actors' concentration on outer years' figures. Moreover, economic changes had impacts on the changes of priorities. Economic changes were reflected in the following quote:

> [...] It can be new priorities, in the sense that in the last two years, if you can remember, we had electricity problems, and then the concept electricity is the number one priority came in. It depends on the current situation: now that we have a financial crisis, priority number one is to have enough food. In order not to fail financially because of food shortage problems, we have to make agriculture the priority, to ensure adequate food [...] (Director, MoFEA).

> [...] The Supplies officer will bring to you a price list during the budget preparation. However, during implementation you will find that prices have been increased [...] (Budgeting officer, MoHSW).

Structural changes influenced budgeting operations in the context of modifying the existing structures which resulted in new roles, new leadership and therefore new implications for budgeting operations. This caused unpredictability and the irrelevance of the medium term, as was reflected in the following quotes:

> [...] It difficult to predict (on outer years)... it is difficult; it depends on who is at the top. When the Leadership changes, all things change [...] (Director, MoEVT).

> [...] These MDAs change, for example, if we talk about cabinet change... you know the plan is no longer relevant, you need to prepare another one. There are other new MDAs established you know. The life span of three years which we are talking about here is not fixed [...] (Director, PO-PSM).

Contingencies in Tanzania were huge. The nature of contingencies was also complex. In the reallocation warrant documents few items, if any, were of a contingency nature, such as famine and drought. Contingency was used for normal activities, such as building universities and houses, and paying salaries and teachers' debts. The amount of funds allocated for contingencies during the budget preparation was not sufficient to cover the contingencies during budget implementation. This was widely known, even during the determination of contingency funds. It was perceived as irrational to put more funds into contingencies while the normal activities were not fully funded. Contingencies which happened during the year caused reallocation of funds. The impact of contingencies on the budgeting operations was huge and complex, as was reflected in the following quote:

> […] After it was realized that there were many teachers' debts, we decided to leave everything else and concentrate on paying those debts. Therefore we spent a lot of money paying teachers debts, and because of that a lot of activities were not implemented … I don't know if I would call it social, I would say it is still of political nature […] (Budgeting official, MoEVT).

Uncertainties in the working environment of actors' referred to time constraints during the budget preparation period. It also referred to employees' low rewards and staff relocations. As a result of many changes which occurred during the budget preparation period, especially ceilings changes, there were delays in budget submission and the budgeting work was rushed. This resulted in the "*zima moto style"* by MDAs and the partial overseeing approach by the Treasury. Uncertainties in the working environment of actors' were reflected in the following quote:

> […] There is variation of ceilings even five times, you can be told that now your ceiling is 10 billion, within a very short period of time, you are told, no…it is reduced, and it is now 8 billion. In a short period of time you are told it has been increased to 15 billion. Lastly, you are told that it is 30 billion. Therefore, there is variance of ceiling, there are more than twelve forms which are needed to be adjusted […] (Budgeting officer, MoEVT).

Funding uncertainty affected the preparation of budgets. It also affected implementation of the approved budgets. During budget preparation, it was difficult to project revenue because of uncertainty about the donors' financial commitment. During budget execution, both local funds and foreign funds were subject to uncertainties in the context of total amounts and timely release, as had been estimated and written in the action plans. These, have resulted in the identification of priority of priorities and reallocation strategies. Funding uncertainties were reflected in the following quote:

> […] The challenge we have, is dependency on DPs. DPs may promise to provide 30 billion and unfortunately provide only 1 billion. This makes our predictions unreliable. It also makes the budgets of the outer years of MTEF not meaningful. Revenue predictions may be uncertain because of our dependency on the donors […] (Budgeting Official, MoFEA).

7.5.2 Ambiguous and/or Complex Budgeting Systems

Ambiguous and/or complex budgeting systems involved the incompatibility of CB with PB and MTEF. It also involved incompatibility between the CB system and the procurement system. Other complexities and ambiguities involved the ambiguous budgeting system structure and the complexities in performance measurement and budgeting practices.

In an uncertain environment, such as Tanzania, the CB system was incompatible with PB, MTEF and the existing procurement system. CB required spending when funds are available, but both local and foreign funds were uncertain. To implement CB with a systematic PB had been difficult. Action plans and cash flows were the major elements in the implementation of the PB system which, the CB system found difficult to accommodate. Moreover, MTEF required meaningful projections which may not have been able to be accommodated by the CB system. Furthermore, the procurement system was complex and long, and could not be implemented with the existing CB system. Because of the complexity of the procurement system, the implementation of projects was always delayed. These complexities were reflected in the following quotes:

> […] It is not a personal concern, it is our arrangement of cash budget, we are still doing the cash budget, you see! Because you spend on what you have, what can be predicted may be, foreign aid. But we cannot depend much, as you have seen in the budget, the Government told us last year that only 59% of expectations were provided.41% was not released […] (Chairman, Finance and Economic Committee).

> […] We are obliged to look at the priorities for each area. Because if funding is insufficient, we need to tell them, "Colleagues, this is what we have, what shall we do?" They tell us, because it is insufficient, it is better not to follow the action plan […] (Budgeting official, MoHSW).

> […] This cash flow which is related to the action plan is not followed like this. This is a formality, yeah; it is just a formality that you are told to prepare a cash flow […] (Budgeting officer, MoEVT).

The ambiguous budgeting system structure involved the huge size of the MTEF, the support of GFS codes, involvement of every department in the achievement of any organizational objective and the ambiguity of the activity costing sheet, which was used for making projections for the three years of MTEF.

The allowances supportive nature of GFS codes brought about the allocation of allowances to any activity, any target and any objective. For example, the 2001 GFS codes had codes on allowances-in-kind. These kinds of codes attracted the allowances allocation game, as was reflected in the following quotes:

> […] You put what? Extra duty allowances (laughing), yes, of course it is allowed […] (Observational Notes, Official MoFEA).

> […] Therefore, we are saying that our budgeting systems are not good. I will give you one real example; if you look at the expenditure books you will find something known as allowances-in-kind. Allowances-in-kind are about 19 billion, which is more than the allocations of four ministries. Therefore the structure of budget itself is not ok. […] (Shadow Minister of Finance).

The permitted involvement of any department in any objective enabled some departments to take the opportunity to obtain whatever they wanted, especially with the existing low level of salaries for actors. For example, a target of "skilled personnel recruited, motivated, and well developed to ensure performance" in the education sector, may have been expected to appear under the administration and human resources department. However, in reality, it was being shared by various sub-votes, including internal audit and procurement and supplies sub-votes (MTEF, MoEVT 2010/11-2012/13).

The activity costing sheet did not have a column of cost per unit for each of the following two years. This had caused a problem when making meaningful projections for the following two years. The sheet assumed that only the number of units varied while, in reality, both the number of units and costs per unit may have varied. A format of activity costing sheet is presented in Table 9 below, revealing that the same cost was used for a three-year period although the reality may have been different.

Table 9: Activity Costing Sheet Ambiguity, Form 3B

Performance Budget code	GFS code	Required Inputs			Annual budget estimates Y0		Forward budget estimates Y0+ 1		Forward budget estimates Y0+ 1	
		GFS code description	Unit of Measure	Unit cost of input	No. of units	Estimates	No. of units	Estimates	No. of units	Estimates

Source: Budgeting guideline (2009/10-2011/12; p. 6)

Complexities in performance measurement and budgeting practices involved complexities in performance measurement practices and complexities in budgeting practices. Performance measurement complexities referred to complexities in the measurement of output, outcome and impact. It was easier to measure inputs and processes than to measure outputs, outcomes and impacts. There were also varying approaches used by actors in performance measurement. These complexities resulted in the use of rhetorical words and a gap-filling approach during performance measurement. Complexities in performance measurement were reflected in the following quotes:

> […] Determination of what performance has been achieved depends on one individual person. There are others who look at the number of activities which have been implemented to obtain the performance, others look at the amount of funds released by the Treasury, and others look at the inputs. There is the difficulty we face […] (Budgeting Official, MoEVT).

> […] Our issue here is not like roads construction. We need to conduct surveys to understand the impact. This cannot be done in one year. What we are now focusing

on is processes indicators. For example, we can say that the delivery kit should be maintained. We are increasing human resources so that patients can be well looked after […] (Official, MoHSW).

Complexities in budgeting practices involved three aspects: varying understandings of the meanings of PB, perceived meanings regarding capacity, and ceilings determination complexities.

There were varying interpretations of the meanings of PB, such as a system which related to performance contracts or a system that focused on results. Some actors did not understand the term PB at all. Astonishingly, the Government claimed to have implemented PB in 1998, while donors argued that they were planning to introduce PB to the Government. All in all, it was observed that PB was a complex term, as was reflected by one of the donors in the following quote:

> […] PB err there are different traditions of it but basically err PB is when the output of the resources that you allocate play a major role in the budgeting process […] (Donor, World Bank).

The adopted budgeting systems required a spending unit to utilize all the funds released by the Treasury. When funds remained, a spending unit may have suffered two consequences. The first was a CAG query, but the second could have been losing the confidence of the Treasury with regards to funds utilization. This would have implications for the next financial year's ceiling. Before the reforms, when a spending unit returned funds to the Government, it was identified as a hero. With the current systems, spending units wanted to demonstrate that they were better at funds utilization in order to be considered favorably for the next year's ceilings. However, this could be at the expense of deviating from the core activities, as was reflected in the following quote:

> […] You now, we have to move with time. I am required to utilize the funds, to spend the funds. If I don't, I am identified as inefficient and the following year, my ceiling will be reduced […] (Budgeting Officer, MoEVT).

Ceilings determination considered many factors such as consideration of core activities, MKUKUTA activities, Government promises and commitments, spending units' capacity and the actual requests. The failure of the system to make this process easier resulted in the adoption of the simple approach of using the previous year's ceiling. Last year's ceiling would have been taken as it was, or a certain percentage may have been added or deducted based on the total funds available. This also gave politicians opportunities to intervene. The complexity of ceilings determination was reflected in the following quote:

> […] You know there are different bases for ceilings determination. For example … on… on… until now this issue about standards for how to determine ceilings is still controversial […] (Official, MoFEA).

7.5.3 Cultural and Administrative Practices

Cultural and Administrative practices involved two main aspects: the indirect self-funding culture and fearing behaviour.

The indirect self-funding culture referred to actors' acts of rewarding themselves indirectly through allowances, as salaries are perceived to be low in comparison with their life style. This culture resulted in the allowances allocation game, which later caused special requests and the ring-fencing game. But this culture also made it difficult to establish the links between the inputs and expected objectives. Indirect self-funding culture was reflected in the following quote:

> […] What I can see is that, people are including activities which will benefit them. Before including an activity, one has to ask: "What will I personally get from this activity" […] (Budgeting official, MoEVT).

Perceptions that a bad thing may happen to an actor if he/she did not comply with the superior caused an actor to accept whatever he/ she was ordered to do by the superior. This occurred even if it interfered with the established rules and regulations. There was also a culture of seniors being reluctant to take disciplinary action against actors, as they were perceived to protect one another. Penalty transfers were perceived to be used to punish actors who failed to abide by their superiors' wishes. This caused fear, lack of transparency, reallocation of funds, and expenditures beyond the approved budgets, as was reflected in the following quote:

[…] Others may have the fear "My boss wants this amount of money. If I don't get it, what will happen?" People say that things are possible to do, even when they are not, because they are afraid […] (Official, MoFEA).

7.5.4 The Donors' Influence

The Donors' influence provided reasons for actors' responses to the phenomenon of struggling for conformance. Donors' significant financial assistance to the Government gave them the power to exercise their influence over the budgeting operations. The influence was mainly in the form of reform-based initiatives and other day-to-day activities, as was reflected in the following quotes:

> […] I think there are several influences let's say, these reforms based initiatives within the public financial management programme, which try to strengthen the institutional elements of the budgeting as we discussed in the beginning, that is one, then there is the day-to-day practices of donors of giving grants, which sometimes goes in opposite direction because they don't come in line with the planning system. So, I think those are the two things I can see some donors, or some part of some donors, wish to strengthen the system, and there are other practices which actually weaken the system, by fragmenting it and destabilizing it […] (Donor, World Bank).

> […] To sustain external support, DPs expect the Government to demonstrate continued progress in its core public service reforms. This includes the public service, financial management, legal sector, local Government, good governance and anti corruption reform programmes and strengthening of expenditure and accountability systems […] (Government and DPs MoU on the JAST, 2006 p.5).

Actors may have compelled to abide by the written and unwritten conditions of donors in order to access foreign aid, loans, grants and relief. Written conditions could take the form of the establishment of specific laws, as was reflected in the following quote:

> […] You can establish many indicators, even though you know they will be hard to achieve. However, because they (donors) insist, you have to agree with them in

order to obtain funds. Some indicators are specific to MoFEA, others are for specific Ministries. For example, they may argue that "we want you make this law, Public Financial Management Reform" […] (Official, MoFEA).

Unwritten conditions had been experienced by actors. In order for the Government to receive the promised funds from some of the donors, some astonishing informal conditions may have been considered. This may have involved, for example, the unwritten condition that a businessman from the donor's country must be given land, as was reflected in the following quote:

> […] For example, ABC[13] provides funds through GBS. However, ABC has businessman who want land in Tanzania but who have been refuted. ABC would say "I can't disburse this money unless my businessman obtains that land" … I had almost forgotten this, there are other donors who want their own country's procurement systems […] (Official, MoFEA).

Failure by donors to fulfil their financial commitments caused problems during budget execution. This was also part of the funding uncertainty which the country was facing. It was also observed that donors received huge rewards in comparison to the local actors. This demoralized the actors and made them struggle to top-up their salaries with allowances allocations; at least they could then shop in the same supermarkets as the donors, as was reflected in the following quote:

> […] Donors are paid $10,000/= (Approximately TZS. 15,000,000), Servants are paid TZS. 200,000/= per month … We buy in the same shops as they do. Do they want to buy in supermarkets alone? We are walking in the same roads as they do […] (Director, MoEVT).

7.6 Consequences

Discussed below are the outcomes of interactions/actions/strategies. Outcomes may be conscious or unconscious, intended or unintended. For this study, there are two main categories of consequences: consequences budgeting allocations-related

[13] Name of a country has been changed to protect its anonymity.

impacts and budgeting operations-related impacts. These two consequences are subsequently discussed.

7.6.1 Budgeting Allocations-Related Impacts

'Budgeting allocations-related impacts' were a consequence of organizational actors' startegies, reflected in budgeted revenue and expenditures. These included increasing total costs and debts, de-linked and self-focusing budgets, dependent and ambitious budgets, and ring-fenced budgets.

7.6.1.1 Increasing Total Costs and Debts

Total costs have increased as the costs of service provision were perceived to be huge compared to the services rendered to the public. Supporting activities were also perceived to have increased. An increase in debts at the MoEVT was observed linked to the increasing number of teachers, students and schools, which resulted in unrealistic budgets. Allocations for administrative costs were huge and were believed to be increasing day after day, as was reflected in the following quotes:

> […] However of recent, core sub-votes have been changed. Nowadays, administration is the core sub-vote. In all institutions, administration is seen as the core sub-vote and its allocation is huge. […] (Official, MoFEA).

> […] You want medical services delivered to expecting mothers, how much does it cost, nobody is ever looked into that, you see! I think, myself, the cost is too high. We are getting lower results but the costs of the results are too high […] (Chairman, PAC).

> […] There are other things which may be included in this construction or colour painting…You need to prepare terms of reference, find a contractor, people have to submit their proposals, people have to meet discuss the proposals, conduct physical and financial evaluations, and paid extra duty allowances …The final colour painting may consume 10 million, while the whole process of the colour painting may consume 100 million […] (Official, MoFEA).

The Government debt was also perceived to have increased. Debts increased as a result of increasing demands, unpredictability of certain items and ambitious and unrealistic budgeting allocations. For example, the payment of teachers' debts was believed to remain a challenge because of the increased number of schools, students and teachers. Similarly, the increase of Government debt was perceived to have increased as the result of the inflated size of the government. This was reflected in the following quotes:

> […] The Tanzania government debt total stock has reached $9.1 billion (Sh12.7 trillion) more than the Sh11.6 trillion allocated for the national budget in the financial year 2010/11. The debt has been rising steadily from $6 billion in 2007, when the country received debt relief amounting to $3 billion through the Heavily Indebted Poor Countries (HIPC) Initiative.
> But we need to question what the cause of the high debt is. One major explanation is the inflated size of the Government and the inflated budget that goes along with it, and the kind of expenditures that this Government makes, often in conflict with the priorities of the majority of Tanzanians, and marginalised women in particular […] (The Citizen, 2nd February, 2011).

> […] I am telling you, teachers' debts cannot be fully paid. There are many teachers' needs and the number of teachers increases day after day […] (Director, MoEVT).

7.6.1.2 De-linked and Self-focusing Budgets

Delinked and self-focusing budgets were budgets whose inputs were linked with individual objectives, rather than organizational targets and objectives. This occurred during budget preparation when more funds were allocated for allowances, thus making the budgets self-focusing on individual actors. It also occurred during budget execution, when funds were reallocated from one area to another. Politicians' intervention was also a cause of de-linked budgets, as funds required for specific spending units may have been shifted to other spending units because of their interventions. This was reflected in the following quote:

> […] If you have not allocated funds, when you shuffle, you make an adjustment from here to there, you disturb MTEF. If you have linked resources to the MKUKUTA, now you may find that they all fall apart […] (Official, MoFEA).

7.6.1.3 Dependent and Ambitious Budgets

The actors' strategy of searching for more funds by writing proposals and other means caused dependent budgets. Actors had considered writing proposals to donors to finance their budgets. Projects may have been included in the budget and approved by the Parliament while negotiations with donors were still in progress. Should the donors have withdrawn, projects would not have been implemented. The performance mindset had made actors focus on expected results while ignoring the availability of resources. This resulted in ambitious and dependent budgets, as was reflected in the following quote:

> […] The lack of proper understanding of budgeting, … lack of proper understanding, which leads to extremely ambitious expenditure budgets, without due regard to available resources; this is the biggest challenge! […] (Official, MoFEA).

7.6.1.4 Ring-Fenced Budgets

As a result of the allowances allocation - special request - ring-fencing game, budgets became ring-fenced, both during budget preparation and during budget implementation. The Treasury had to make sure that sufficient funds had been allocated and released for the core activities of the spending units. This caused the budgets of spending units to be ring-fenced, as was reflected in the following quotes:

> […] This time I went to the Treasury. My colleagues were surprised during the meeting. I requested my fund to be ring-fenced. Previously I didn't know that this was the technique used by others … I think it will be better, if all items were to be ring-fenced, that is when we will have real budgets […] (Director, MoEVT).

> […] The Treasury is increasing ring-fenced areas day after day […] (Accountant, MoHSW).

7.6.2 Budgeting Operations-Related Impacts

Budgeting operations-related impacts involved the outcomes of responses which were related to budgeting operations. These were the impacts of organizational actors' strategies on the budgeting operations of organizations, such as budget preparation, budget scrutinization and budget execution. There were six budgeting operations-related impacts, which were the outcomes of strategies employed in the process of struggling for conformance: increasing transparency and awareness of budgeting operations, reduction of the Government's over expenditure, an increased budgeting role and reduced power and control, inclusion of performance information into budgets, poor spending discipline and apportion of blame. These are discussed below.

7.6.2.1 Increasing Transparency and Awareness of Budgeting Operations

Implementation of rules and regulations on PB, CB and MTEF practices had increased transparency of budgeting operations and the awareness of actors. Budgeting discussions became meaningful at various levels: within an organization, between MDA and the Treasury and during Parliamentary discussions. The use of the SBAS increased transparency in resources allocations, as was reflected in the following quote:

> […] We are now using SBAS, everyone can see how much is allocated to whom and why it is allocated there […] (Official, MoFEA).

7.6.2.2 Reducing Over Expenditure

As a result of the CB system, the Government's over expenditure was perceived to have been reduced. CB required spending on the basis of what the Government had provided. Before the introduction of CB, every government cheque was paid without consideration of the availability of funds. There were huge deficits and debts. CB had reduced over expenditure, as was reflected in the following quote:

> […] To be honest, we are happy about the budget which we are using for each month, because of its financial discipline: we spend what we have, if we don't have the money, we cannot spend. Previously we spent funds until we were in deficit […] (MP, Social services Committee).

7.6.2.3 Increasing Budgeting Role and Reduced Power and Control

Budgets contributed to the means by which individual performance was measured through OPRAS. Budgets were also used by the Government and the politicians to build the donors and public confidence respectively. Furthermore, Executives exerted power over the Treasury, which reduced its control over allocations decisions, as was reflected in the following quotes:

> […] You know next year there is a general election. If you are not campaigning now in this year 2009/10 , if you are not campaigning now in order for your citizens to be happy, where are you going to get your votes?, then it is a technicians-politicians competition […] (Official, MoFEA).

> […] It is important for all employees working in Public Institutions to go through their annual plans and identify only those objectives, targets and activities that are to be implemented during the year, which will form the basis for deriving individual objectives. There are institutions and employees that can get their annual plans from MTEFs […] (OPRAS guideline, 2006).

The Treasury's ring-fencing technique had reduced the MDAs' control over funds allocation decisions. In order for Treasury to ensure that core activities were fully funded, power was exerted over MDAs, confining funds to specific items during both budget preparation and implementation. The Treasury's influence over MDAs' decisions had reduced MDAs' power, as was reflected in the following quote:

> […] Funds released by the Treasury are already ring fenced; this fund is for ABC, this fund is for DEF, any funds which remain, we are now looking on how to allocate […] (Budgeting officer, MoHSW).

Moreover, there was a sense of loss of power and control by the Government. Donors were perceived to have taken control of various operations, including the establishment of laws and monitoring, as was reflected in the following quote:

> […] This Development Partner's Group is almost a mini Parliament. It takes the mini Public Account committee (PAC) … is almost a mini PAC … it implement Public Expenditure Review. This report is a mini CAG from their point of view. […] (Chairman, PAC).

7.6.2.4 Poor Spending Discipline

Poor spending discipline was a result of the indirect self-funding culture. This had been accelerated by perceptions placed on "capacity meanings". This was especially the case when approaching the end of the financial year. The MDA believed that it had to utilize all the funds released by the Treasury by the end of the financial year. This caused more reallocations, by the end of which most of them were not focusing on the planned expenditures. Poor spending discipline was reflected in the following quote:

> […] I don't agree that we have improved in spending discipline, we have only reduced over-expenditures, but others, ah… […] (Official, MoFEA).

7.6.2.5 Inclusion of Performance Information in Budgeting

As a result of attempting to relate budgeting to performance, performance information was incorporated in the budgeting operations. Budgets included physical and financial performance information. For example, chapter four of the budgeting document included performance information which compared the previous year and the current year's mid-year review. It also compared approved vs. actual revenue and expenditure. Moreover, budgets included performance information relating to MTEF targets vs. actual achievement. Other performance information in the budgets was provided in the statement by the permanent secretary. Performance information was also included in chapter one of the Planning and Budgeting Guideline (PBG) which presented macroeconomic performance and MKUKUTA clusters performance.

7.6.2.6 Apportion of Blame

Politicians blamed technicians for the failure to execute the budgets as planned and, failure to take disciplinary actions against actors who had been unable to discharge their duties. Technicians blamed politicians for being too ambitious, with too many promises and commitments which could not be fulfilled with the available funds. MDAs blamed the Treasury for ceilings changes and delays, insufficient funds releases, and delays in funds release, which resulted in poor preparation and implementation of budgets. The Treasury blamed MDAs for a lack of seriousness in the preparation of budgets and reallocations. Individual departments within MDAs blamed the planning department for frequent changes, pressures and poor coordination. They also blamed institutions within the Ministry for delays. Donors blamed the Government for exaggerated guidelines, allowances allocations, failure to focus on the medium term and reallocation. The Government blamed donors for the failure to fulfill their financial commitments. Examples of apportion of blame were reflected in the following quotes:

> […] There are two things here. Donors argue that they will not make commitment for the medium-term period unless the Government makes meaningful projections over the medium term. The other part, Government, argues that it won't make meaningful projections unless donors make commitment over the medium term […] (Donor, World Bank).

> […] Ceilings are constantly changing, today is this ceiling, tomorrow you are given another ceiling … we are starting our planning early, since November, but you need to start afresh everyday […] (Budget officer, MoHSW).

> […] Administrators, especially in local governments for example, sometimes have made errors. However, they are not given any proper disciplinary actions. You will find that they are being transferred from one area to another […] (Member, Finance and Economic Committee).

7.7 The Model of Struggling for Conformance

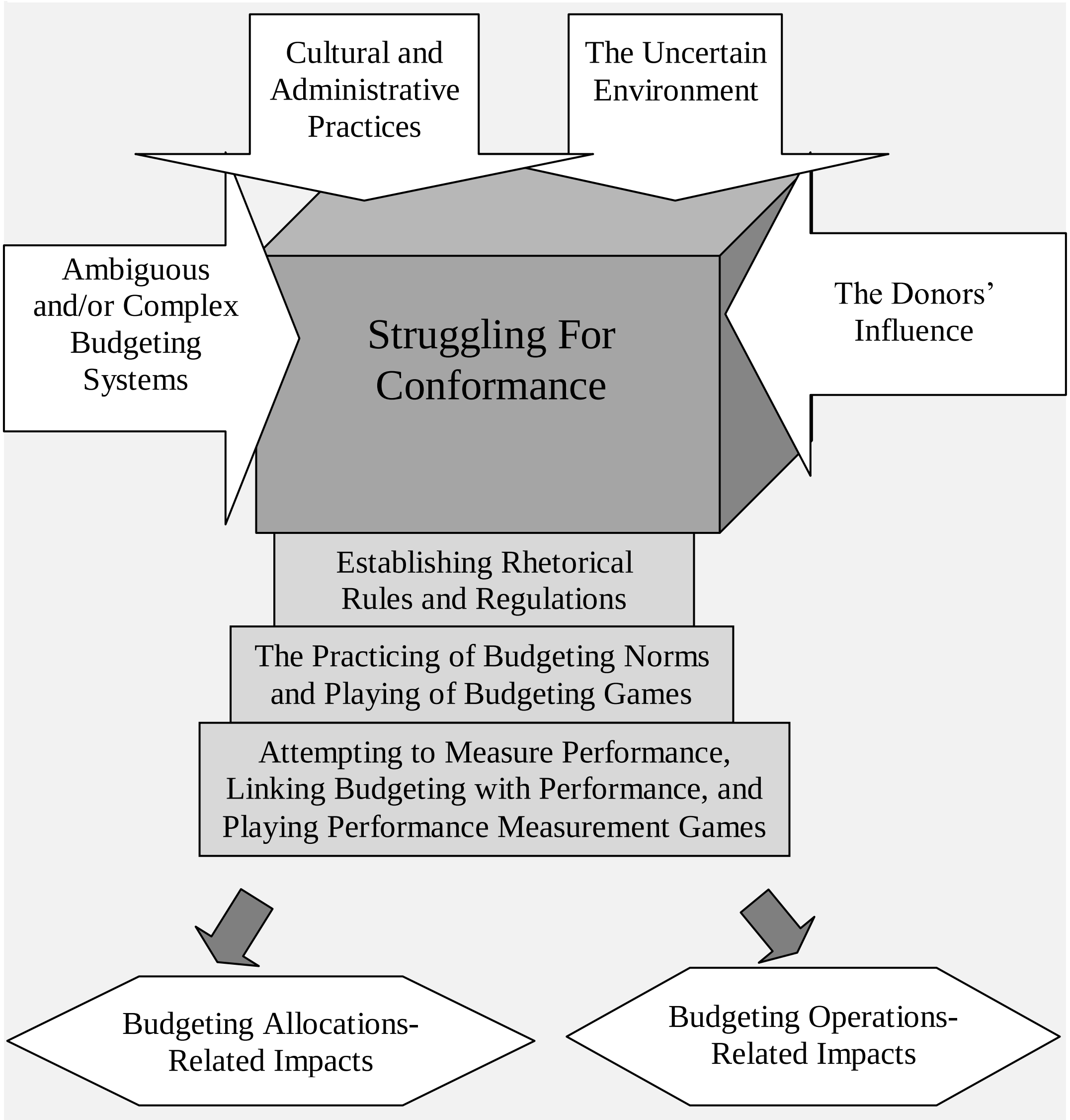
The model of struggling for conformance was summarized in the context of a central phenomenon, conditions, strategies and consequences. The central phenomenon - Struggling for conformance, explains the process through which organizational actors' are determined to implement budgetary reforms despite the difficulties. Difficulties were observed in three areas: focusing on the medium term period, linking inputs with results and measuring output and outcome. Despite the difficulties, actors revealed determination towards reforms implementation, as a result of the need to obtain funds from donors, improve internal efficiency, and to parallel practice in other countries.

Strategies of struggling for conformance were implemented in two phases. The first phase involved eagerness to implement the reforms through the establishment of rhetorical rules and regulations. The second phase involved attempts and games on the implementation of rhetorical rules and regulations. This involved attempting to measure performance, linking budgeting with performance and playing performance measurement games; and the practising of budgeting norms and the playing of budgeting games. Four major conditions caused and/or intersected dimensionally to result in a process of struggling for conformance: cultural and administrative practices, the donors' influence, the uncertain environment, and ambiguous and/or complex budgeting systems.

Strategies adopted by the actors had two major consequences: budgeting operations-related impacts and budgeting allocations-related impacts. The budgeting operations-related impacts involved increasing transparency and awareness of budgeting operations, the inclusion of performance information in budgets, reduction of the Government over-expenditure, increased budgeting role and reduced power and control, poor spending discipline, and apportion of blame. The budgeting allocations-related impacts involved increased total costs and debts, de-linked and self-focusing budgets, dependent and ambitious budgets, and ring-fenced budgets.

The following figure (Figure 9) presents a substantive theory of struggling for conformance as discussed above.

Figure 9: The Substantive Theory of Struggling for Conformance



7.8 Summary

This chapter discussed the final coding process - selective coding. It started with an explanation of the paradigm explaining the relationship between conditions, interactions/strategies and the consequences. The chapter then discussed the central phenomenon of the study - struggling for conformance. It also discussed the strategies employed in the process of struggling for conformance, the conditions resulting in the strategies, and the outcomes of the strategies. Lastly, the chapter presented a paradigm model of the "struggling for conformance". The next chapter further develops the substantive grounded theory into a more formal theory.

Chapter Eight

The Formal Grounded Theory of Struggling for Conformance

8.1. Introduction

> […] To enable grounded theory findings to be transferable between contexts, substantive theory should be moved to formal theory […] (Glaser and Strauss, 1967, p.34).

This chapter further develops the substantive grounded theory discussed in a previous chapter into a more formal theory. To make a grounded theory a multi-area theory, a substantive grounded theory is constantly compared with a general theory, and the findings of other relevant substantive areas (Coopey *et al.*, 1998; Covaleski *et al.*, 1998; Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Lowe, 1995; Parker and Roffey, 1997; Strauss, 1987). The NIS was used as a general theory to move the substantive grounded theory of struggling for conformance to a formal theory.

The chapter is organized as follows. The second section presents the significance of moving a substantive grounded theory to a formal theory and also justifies the mechanisms used in such a move. The third section discusses the rationale for using NIS. This is followed by a fourth section containing an overview of NIS. The fifth section constantly compares the substantive grounded theory with NIS and the findings of other relevant substantive areas. Lastly, a sixth section proposes a formal grounded theory of struggling for conformance.

8.2. From Substantive to Formal Grounded Theory

> […] A good formal grounded theory ought to be at least the equivalent weight of a ton of ethnographies and perhaps half a gross of substantive theories […] (Strauss, 1987, p.248).

A formal theory is a ready-made theory rather than a tailor-made theory (Kearney, 1998). It is a 'multi-area' theory developed for a formal/conceptual area, while a substantive theory is a one-area theory developed for a substantive/empirical area (Glaser and Strauss, 1967; Strauss, 1987). Substantive theory may limit its application to other contexts if the constant comparative method of modifying a theory is neglected. Similarly, it may have important general implications and relevance to other areas. It is for this reason that the emergent substantive grounded theory generated from data was moved to a formal theory. Formal theory allows generalization and transferability of research results, which may be easily adapted to other scenarios.

While it is possible to generate formal theory directly from data, it is better to start with a substantive grounded theory (Glaser and Strauss, 1967; Strauss, 1987). The substantive grounded theory is matched back against an appropriate literature base, or prior research (Goddard, 2004; Greenhalgh, 2000; Locke and Locke, 2001; Lowe, 1995; Parker and Roffey, 1997). Through going back to literature, cases are allowed to talk to one another (Ahrens *et al.*, 2008; Lukka and Mouritsen, 2002). NIS is applied as a general theory for comparison with the substantive grounded theory.

A formal theory cannot fit or work well when written from only one area (Glaser and Strauss, 1967). Therefore, a discussion of substantive grounded theory with a general theory constantly compares findings of other substantive areas to make a formal theory adequate. Findings of other substantive areas are the best building materials for a formal grounded theory (Glaser and Strauss, 1967). The need for reference to previous case-studies develops theoretical reflections on accounting practice (Humphrey and Scapens, 1996). Moreover, avoidance of the prevalent mode of formal theory will be achieved, as Strauss (1987) noted:

> […]The prevalent mode of formulating formal theory is to move directly from substantive to formal theory, without grounding the latter in any additional data[14]. The theorist, for example, suggests that his/her substantive findings and perhaps

[14] Data may be drawn from an interview, field note, newspaper account, article in a popular magazine, paper in a technical magazine, novel-in fact any document – or from your own or someone else's experience (Strauss, 1987)

> theory about say *physician-patient relationship* have implications for general theory of *professional-client relationship* but does not do the further work of studying the latter relationship comparatively […] (p. 243).

A core phenomenon in a substantive study has clear implications for a formal grounded theory (Strauss, 1987). Struggling for conformance was therefore taken as a central phenomenon for the formal grounded theory (see also Strauss, 1987). However, in a formal grounded theory, struggling for conformance was not confined to budgetary reforms. It involved other accounting changes adopted and implemented into organizations. Other concepts that emerged from the comparative discussion made the substantive grounded theory cumulative. The next section explains the rationale for the use of NIS.

8.3. Rationale for the Use of NIS

Budgeting studies have been informed by different theoretical perspectives, such as institutional theory, Bourdieu's concept of habitus, the contingency model and Burawoy's contributions to labour processes (Alam, 1997; Alam and Lawrence, 1993; Collier, 2001; Covaleski and Dirsmith, 1988; Edwards *et al.*, 2000; Goddard, 1997;2004; Kim, 2008; Pettersen, 1995; Seal, 2003; ter Bogt, 2008; ter Bogt and Jan van Helden, 2000; Uddin and Hopper, 2001). Institutional theory, specifically the NIS, has pertinent key issues which are generally similar to the substantive grounded theory. Given this relationship, and the experience from existing empirical budgeting literature, NIS was applied as a general theory which develops the substantive grounded theory into becoming a formal grounded theory.

The substantive grounded theory consisted of a central phenomenon, strategies, conditions, and consequences, which are similar to NIS tenets. Firstly, the central phenomenon explained the process through which actors struggled to conform to the requirements of budgetary reforms, which were also the donors' requirements. It therefore explained the responses of organizational actors to the adoption and implementation of budgetary reforms. NIS was a powerful theory when it came to explain the adoption of innovations by "institutionalized organizations" (Ribeiro and Scapens, 2006). NIS, therefore, explained how the actors responded to structures and procedures.

Similarly, the central phenomenon of substantive grounded theory consisted of two subcategories: motivations for the implementation of reforms, and the difficulties in reforms implementation. Motivations for the implementation of reforms category referred to the motives for adoption and implementation of budgetary reforms. These included legitimacy and efficiency elements. NIS propounds that organizations adopt processes and procedures in order to acquire legitimacy (DiMaggio and Powell, 1983; Meyer and Rowan, 1977) and internal efficiency (Collier, 2001; Covaleski and Dirsmith, 1988).

Secondly, the strategies of the substantive grounded theory were observed in two main phases. The first phase dealt with the establishment of rhetorical rules and regulations, followed by the second phase of attempts and games during their implementation. The strategies were similar to loose coupling in NIS and later NIS formulations, which recognize power and self-interests (Abernethy and Chua, 1996; Collier, 2001; Covaleski and Dirsmith, 1988; Tsamenyi *et al.*, 2006). Power and self-interest observed in the substantive grounded theory were similar to Burns and Scapens's (2000) institutionalization process of the establishment and implementation of rules, and the Giddens's definition of power, which addresses the ability of individuals or groups to make their own interests or concerns count (Giddens, 1997).

Thirdly, the substantive grounded theory consisted of contextual conditions which resulted in the process of struggling for conformance. There were three categories of conditions. The first category was similar to the intra-organizational environment in NIS, and involved the uncertain environment and cultural and administrative practices. The second category involved the external environment which was the donors' influence. The third category involved conditions similar to the nature of the new rules to be adopted. The nature of new rules is addressed in NIS and in loose coupling literature (Burns and Scapens, 2000; DiMaggio and Powell, 1983; Lukka, 2007; Modell, 2002; Oliver, 1991; Orton and Weick, 1990).

Fourthly, the positive and negative consequences in the substantive grounded theory (budgeting allocations-related impacts and budgeting operations-related impacts) were similar to the consequences of responding to institutional processes, which may result in the acquisition of legitimacy and/or the achievement of internal efficiency.

The extent of legitimacy acquired and efficiency achieved reflect the extent of the coupling of new rules to the actual practices (Covaleski and Dirsmith, 1983; DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

From these similarities, the entire substantive grounded theory could make use of NIS as a general theory for its development. Moreover, previous empirical budgeting studies employed NIS using similar arguments (Alam, 1997; Alam and Lawrence, 1993; Collier, 2001; Covaleski and Dirsmith, 1988; Edwards *et al.*, 2000; Seal, 2003). They asserted that the NIS was appropriate as it suggests the use of the formal structures of budgeting to justify organizations to the key environmental constituents.

Covaleski and Dirsmith (1988) for instance, investigated a university's budget as an important component of its formal structure that it uses in attempts to achieve legitimacy. Similarly, Collier (2001) employed institutional theory, using the organizational level of analysis and concentrating on the interaction between the activities directed at institutional legitimation, and those directed at purposive work activity. Alam and Lawrence (1993) investigated budgetary processes in the public sector, obtaining findings which were similar to institutional theory, as budgeting was used for demonstrating conformity with the needs and requirements of external authorities.

Hence, the relationship between substantive grounded theory and NIS, and the existing experience in budgeting literature, made NIS appealing for the development of the substantive grounded theory into a formal theory. The following section, therefore, presents an overview of NIS.

8.4. NIS and Institutional Theory: an Overview

Institutional theory has a long and complex history stretching back to the mid-nineteenth century (Scott, 2008). Institutional visions are characteristics of various trends in political science, economics and sociology (Frode, 1995). In sociology, Scott (1987) categorized four sociological formulations of institutionalization: how values are instilled, the process of creating reality, institutional systems as a class of elements, and the idea of diversity among belief systems. Consequently, Ahmed and Scapens (2000) and Riberio and Scapens (2006) identified broad forms of institutionalization that have had impacts, to differing degrees, on accounting research: Old Institutional Economics (OIE), New Institutional Economics (NIE) and New Institutional Sociology (NIS).

Ribeiro and Scapens (2006) explain *OIE* as a theory which asserts that individuals operate in a specific social setting, in which institutionalized rules and values shape behaviour. In OIE, the researcher analyzes the role of prevailing institutions in a change process and studies the reproduction or change in institutions over time. *NIE* encompasses the processes through which management accounting rules and routines can come to be institutionalized in the organization, and how management accounting practices are shaped by taken for granted assumptions, that inform and shape the actions of individual actors. *NIS* contends that institutionalized organizations tend to adopt structures and procedures that are valued in their social and cultural environment, in order to achieve legitimacy and to secure the resources that are essential for their survival.

8.4.1 NIS: Early Formulations

In NIS, institutional pressure can either be mimetic, coercive or normative (DiMaggio and Powell, 1983). DiMaggio and Powell (1983) explain the mimetic process as resulting from uncertainty, when organizational technologies are poorly understood, and when goals are ambiguous. This results in organizations modelling themselves upon other organizations. The coercive process results from political influence and the legitimation problem. It results from both formal and informal pressures (force, persuasion, or invitations to join in collusion), exerted on organizations by other organizations upon which they are dependent, and by cultural expectations in the society within which the organizations functions, or by government mandate. The normative process results from professionalization.

Institutional theories of organizations provide a rich, complex view of organizations (Zucker, 1987). They consider processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines for social behaviour, and inquire into how these elements are created, diffused, adopted, and adapted over space and time, and how they fall into decline and disuse (Scott, 2005).

NIS, adopted in this research, for the move from the substantive grounded theory to a formal theory, has been subject to criticisms, but there is a case for its extension, as discussed in the following section.

8.4.2 Later Formulations of NIS

The early formulations of NIS propound that formal structures and procedures are adopted in order to acquire legitimacy and guarantee the resources required for the survival of the organization, but they are detached from the everyday organizational practices, so as not to disturb the normal processes of daily operations. The need to acquire legitimacy decreases internal control and coordination (Meyer and Rowan, 1977), who argued that organizations reflecting institutional rules tended to buffer their formal structures from the uncertainties of technical activities by becoming loosely coupled (maintaining standardized, legitimating, formal structures, while their activities vary in response to practical considerations).

The theoretical ideas of Meyer and Rowan were developed in the institutional theory literature (DiMaggio and Powell, 1983) and in empirical accounting studies (Alam, 1997; Alam and Lawrence, 1993; Edwards *et al.*, 2000; Goddard and Assad, 2006; Hoque *et al.*, 2004). DiMaggio and Powell (1983) contended de-emphasis on internal efficiency:

> […] Today, however, structural change in organizations seems less and less driven by competition or by the need for efficiency […] (p.147).

One of the main critiques of NIS is based on the notion that it treats organizations too passively and treats legitimacy and efficiency as dichotomous (Oliver, 1991; Powell, 1985;1991). Powell (1985), for example, argues that new rules are institutionally enforced and adopted by organizations and are seen as necessary to maintaining operational efficiency. This is also addressed in some of the empirical works about NIS, through recognition of power and self-interest (Abernethy and Chua, 1996; Collier, 2001; Covaleski and Dirsmith, 1988; Tsamenyi *et al.*, 2006). The issue posed by the NIS perspective, the main criticism of which has been discussed above, is considered in a constant comparison with the substantive grounded theory in order to formulate a more formal theory. Burns and Scapens's

(2000) concepts about institutionalization, and the Gidden's definition of power (Giddens, 1997), were incorporated in NIS. Integrating power and self-interest with NIS helped to uncover the loose coupling, as Collier (2001) commented:

> […] Loose coupling is a 'black box' in which, somehow, managers accommodate conflicting demands. The concept of loose coupling needs to be unpacked. We need a better understanding of the organizational structures and practices that link institutional and technical environments in order to understand how elements of those environments are coupled and the reflexive impact that each has on the other […] (p.470).

8.5. The Substantive Grounded Theory and NIS

This section compares and contrasts the substantive grounded theory and the NIS. Findings from other substantive areas are constantly compared in the discussion. The discussion is divided into three sections based on the key substantive grounded theory and NIS themes. The first section discusses struggling and organizational actual practices. The second section discusses intra-organizational power relations and institutional processes. The third section presents institutionalization of complex/ambiguous rules & loose coupling.

8.5.1 Struggling for Conformance and Organizational Actual Practices

The substantive grounded theory observed struggling for conformance in the implementation of budgetary reforms, which explained the determinations of actors on reforms implementation despite perceived complexities. Organizational actors were motivated by two factors: efficiency and legitimacy. Struggling with accounting changes has also been observed in other substantive areas of budgeting (Van Nispen and Posseth, 2009; Wynne, 2005); NPM literature (Atreya and Armstrong, 2002; Vakkuri, 2010) and in NIS literature (Lowe, 2000a; Lukka, 2007; Modell, 2001). Lukka (2007) for example, argued:

> […] Management accountants from all around the organizations struggled with their everyday activities due to the ambiguous management accounting rules system of

> the firm. However, this condition of Southlake's management accounting did not paralyze it […] (p.94).

Vakkuri (2010) explained NPM-oriented management instruments as methods of struggling with ambiguity. Atreya and Armstrong (2002) revealed that Nepal was struggling for stability which had been promised by NPM reforms. Struggling for conformance was also reflected in the NPM literature for example, by a propounded argument that robust performance measurements should be maintained to achieve the objectives of managers and professionals, despite their shortcomings (Lapsley, 2008).

The substantive grounded theory observed struggling in three main areas. Firstly, the accountability of the results for the established targets and objectives for the three years ahead, impossible (Short, 2003). This was because of the unpredictability of the following two years. This was also observed in the implementation of the annual budget (Wynne, 2005). The process of funds allocations for the following two years (outer years) of MTEF was therefore "arbitrary" in the form of budgeting games (Modell, 2001), and more of a *ceremonial* nature than instrumental. Oliver (1991) identified these ceremonial practices as avoidance strategy; organizational attempts to preclude the necessity of conformity through concealing, buffering and escaping (Oliver, 1991). Ceremonial practices, therefore, occurred not only as a result of a lack of acceptance or resistance to innovations (Burns and Scapens, 2000; Nor-Aziah and Scapens, 2007; Siti-Nabiha and Scapens, 2005), but also as a result of contradictions in the rules (Covaleski and Dirsmith, 1983; Meyer and Rowan, 1977) and contradictions of rules relating to the local environment. This was reflected by one of the directors:

> […] No, they (outer years' estimations) are not meaningful, its purpose was very nice. However, because of the time constraint on the budgeting exercise and the unpredictability of outer years, it is not worthwhile to deal with them, as they have no good basis. If you decide to put an increment of, say, an inflation rate, next year you will be told "No, use last year's ceiling, it does not have increment" or "No, do this" […] (Director, MoFEA).

Secondly, the substantive grounded theory observed difficulties in linking the inputs with outputs and outcomes (Van Nispen and Posseth, 2009). PB, which addresses the linking of inputs with outputs and outcomes, was decoupled from actual practices, due to the coupling of another budgeting system adopted during budget execution (a CB system). Moreover, PB in Tanzania requires each Ministry and department to link the inputs with the results. As a result, every department was struggling to have inputs and activities, which may not necessarily have focused on organizational objectives. Organizational actors were therefore allocating funds for allowances, at the cost of core activities of the organizations, in the game of allowances-allocation – special-request and ring-fencing. Management, however, had attempted to secure the allowances allocation through the "ring-fencing" of funds for the core activities. The allowances allocation game was intended to result to the *strategic deterioration* aspect of accounting in organizations. Strategic deterioration referred to the unexpected negative feedback resulting from the manipulation of legitimacy (Suchman, 1995). Abernethy and Chua (1996) observed a *strategic innovation* response when organizational actors were going beyond the institutional requirements for achieving organizational efficiency, but the substantive grounded theory of this research observed an opposite response to that of Abernethy and Chua (1996). A similar observation of manipulating legitimacy and compromising efficiency has been observed in NIS, NPM, and the budgeting literature (Alesina and Perotti, 1999; Covaleski and Dirsmith, 1991; Tambulasi, 2007). The strategic deterioration aspect was reflected by one of the budgeting officials:

> […] What I can see is that, people are including activities which will benefit them. Before including an activity, one has to ask: "What will I personally get from this activity" […] (Budgeting official, MoEVT).

Thirdly, the substantive grounded theory observed difficulties in measuring performance. The requirement of performance measurement, emphasized every year in the budgeting guideline, was not in operation. It was unnoticed even by the higher-ranking officials. Furthermore, the budgeting structure required the measurement of the performance of annual targets. Outputs and outcomes were perceived as difficult to measure. This resulted in ineffectual attempts at measuring the inputs and processes, and games of measuring the outputs and outcomes. Performance measurement games were conducted in order to demonstrate that the terminologies of "outputs" and "outcomes" were actually in use. These acts, were therefore, ceremonial (Oliver's (1991) avoidance strategy). The performance measurement attempts were the creative routes to cope with the inconvenient situation of complexities (Lukka, 2007).

Burns and Scapens (2000) noted the likely representation of a 'satisfactory' solution in a boundedly rational sense of efficiency when there is co-existence of legitimacy and efficiency motives in the selection of a new accounting system. Moreover, in an institutional setting where internal pressures for greater efficiency co-exist alongside external institutional pressures, and are not necessarily contradictory, accounting change may be enacted to fulfill an instrumental, rather than a symbolic role (Nor-Aziah and Scapens, 2007). A formal grounded theory suggests the co-occurrence of ceremonial, instrumental (Covaleski and Dirsmith, 1991) and strategic deterioration aspects in the process of struggling for conformance. This may occur in different groups in organizations or in different elements of accounting changes. For example, in the substantive grounded theory, the strategic deterioration aspect was observed in the technicians' allocation of funds for allowances, while the instrumental aspect was observed in their creative attempts to measure, and work, with performance measurement in budgeting, and in management's adoption of a "ring-fencing" technique. The co-occurrence of ceremonial, instrumental and strategic deterioration aspects reflected the co-existence of legitimacy, efficiency, and self-interest motives.

8.5.2 Intra-Organizational Power Relations and Institutional Processes

The role of intra-organizational dynamics in accepting or rejecting institutionalized practices is critical (Greenwood and Hinings, 1996). The discussion of intra-organizational power relations and institutional processes involves four main areas: institutional pressure to acquire legitimacy, self-interest to improve internal efficiency, politicians' conflicting power, and technicians' conflicting power, management's enabling power and constituents' influence.

8.5.2.1 Institutional Pressure to Acquire Legitimacy

Institutional pressure to acquire legitimacy was observed through coercive pressure from the group of Development Partners/donors (DPs). However, the initial coercive pressure for the adoption of reforms originated from international organizations, such as the World Bank and IMF. There was a need to obtain foreign funding in the form of loans, aids, grants and reliefs. This required acquiescence to budgetary reforms as the dependency of the country on the donors was high. In return for funding, international organizations and DPs expected satisfactory progress in the reforms implementation, as indicated in one of the Memoranda of Understanding (MoU) between the Government and the DPs:

> […] To sustain external support DPs expect the Government to demonstrate continued progress in its core public service reforms. This includes the public service, financial management, legal sector, local government, good governance and anti corruption reform programmes and strengthening of expenditure and accountability systems […] (Government and DPs MoU on the JAST, 2006 p.5).

CB was adopted in 1994 as the result of coercive pressure from the IMF. PB and MTEF were adopted later in January 1998, on a pilot basis, and then for all Ministries in 2000/2001. PB was introduced by the World Bank during the annual Public Expenditure Review (PER) exercise of 1997. Implementation of PB and MTEF was an extension of the Civil Service Reform Programme (CSRP) introduced earlier in 1991. CSRP was followed by the Poverty Reduction Strategy Paper (PRSP) in 2000, which was adopted in order to meet conditionalities of Highly Indebted Poor Countries (HIPC), so as to qualify for significant debt relief. DPs were the overseers of reforms implementation and their willingness to continue financing depended upon the Government’s successful adoption and implementation of the reforms.

Coercive pressure by aid agencies on the adoption of budgetary reforms has also been observed in other developing countries such as Ghana, Singapore and Bangladesh (Sarker, 2006; Wynne, 2005). In the NIS literature, coercive pressure results from external authorities and government mandates (see, for example, Covaleski and Dirsmith, 1988; 1991; Tsamenyi *et al.*, 2006). It is also observed in the form of international organizations, such as the World Bank, rather than in a group of development partners (Sharma and Lawrence, 2005). Coercive pressure in developed countries may result from citizens' and parliamentary demand, and the international community (Van Nispen and Posseth, 2009). The substantive grounded theory of this research observed a group of DPs exercising coercive pressure on organizations. Coercive pressure to implement reforms was accompanied by other influences on organizational practices. Oliver (1991) noted the potential impact of constituents on strategic responses to institutional pressure.

Moreover, the substantive grounded theory observed mimetic pressure when actors tried to model themselves on other countries. Mimetic pressure was caused by the actors' belief that they were similar to other countries because of globalization, as one of the budgeting officials argued:

> […] However sometimes we say that we are moving with the environment, we are not an island, and now, the same budget day is going to be announced. Then we are being influenced by the surrounding environment […] (Official, MoFEA).

Mimetic pressure results from a standard response to uncertainty (DiMaggio and Powell, 1983). Uncertainty as addressed by NIS involves the uncertainty of technology, symbolic uncertainty, and ambiguity of organizational goals (DiMaggio and Powell, 1983; Ribeiro and Scapens, 2006). This confines environmental uncertainty to Western countries (Alam, 1997). Uncertain environments may also involve economic uncertainties in the context of inflation, exchange rates and GDP, working environment uncertainties, the changing of priorities, and funding uncertainties. Nevertheless, the pressure of globalization is consistent with the mimetic pressure paradigm in managerial behaviours, at the level of taken-for-granted assumptions, rather than consciously strategic choices (DiMaggio and Powell, 1983).

8.5.2.2 Self-interest to Improve Internal Efficiency

Adoption of budgetary reforms is partly explained by an organization's self-interest in improving the efficiency of operations, despite it being initially a coercive pressure (Lowe, 2000a). The substantive grounded theory observes strong beliefs regarding improving internal efficiency, as actors explicitly promoted the ideology of efficiency. Before the introduction of CB, there were over-expenditures and deficits. Government cheques were not rejected for payment, despite the unavailability of funds. Advice from the World Bank and IMF to the government was perceived to be appropriate by the actors. The efficiency motive of organizational actors was, therefore observed as proactive mimicking of institutional pressure (Modell, 2001).

On the other hand, PB and MTEF were included in the package of the Civil Service Reform Programme (CSRP) which was a donor-driven reform. PB was believed to improve the focus of funds allocations on results and, therefore, improve organizational efficiency. Despite their mishaps, PB and MTEF were still perceived as the best tools for improving efficiency, if implemented as required. Strong belief in internal efficiency is in line with Oliver's (1991) acquiescence strategic response:

> […] Organizational acquiescence depends on the organization's conscious intent to conform, its degree of awareness of institutional processes, and its expectations that conformity will be self-serving to organizational interests […] (p.156).

Organizational actors were therefore proactive in seeking efficiency in the adoption and implementation of innovations (Oliver, 1991; Powell, 1985;1991). Both efficiency and legitimacy motivated organizations towards the adoption and implementation of accounting changes in which any one motive may dominate the other.

8.5.2.3 Politicians' Conflicting Power

The Politicians' conflicting power was observed in funds bargaining processes. Politicians bargained for more funds than the funds initially allocated by technicians, through the use of executives, instead of through the formal channels of the Treasury. The directions on funds allocations from executives to the Treasury came in the form of "orders". The intervention of the politicians resulted in the distortion of priorities. This also resulted in the reshuffling of funds from one ministry to another, and a change in the initial ceilings allocated to individual ministries. Changes in ceilings forced reiteration of the budget preparation, which had sometimes had to occur up to five times. It also resulted in the rushing of the budget preparation exercise because of the frequent changes into ceilings. During this period of rushing, the links between inputs and outputs and the allocations for the next two years were highly affected. The power of the politicians conflicted with implementation of the reforms process, which is an illustration of the type of power that is conflicting (Giddens, 1976;1997). Moreover, asymmetric distribution of power between politicians and the Treasury resulted in conflicts in the implementation of innovations (Modell, 2002).

8.5.2.4 Technicians' Conflicting Power, Management's Enabling Power, and Constituents' Influence

The substantive grounded theory observed technicians' struggle to fulfill their personal objectives, through allocating funds for allowances, at the cost of core objectives (strategic deterioration). Accounting was therefore used to fulfil individual actors' interests (Covaleski and Dirsmith, 1991). This type of power may have compromised organizational efficiency (Nor-Aziah and Scapens, 2007). A game of allowances allocation by actors was followed by another game of special requests during budget execution. Allowances were allocated for non-core activities and approved by parliament. During the year, as few funds were allocated for core activities, ministries had to send special requests to the Treasury to fund the core activities. Because of the crucial importance of the core activities, the Treasury then had to disburse funds by the use of contingent funds or reallocation. Self-interests of the technicians conflicted with reforms implementation (Giddens, 1976;1997). Astonishingly, this technicians' practice of the allowances allocation was also similar to constituents' (donors) practices, as reflected in the following quote:

> […] Consultants are creaming off a staggering $20 billion from hard-won global aid budgets. The $20bn total is 40 per cent of the international communities' Overseas Development pot of $50bn - money that is meant to relieve poverty in developing countries. The World Bank has confirmed the figure for the first time: this weekend it admitted that money spent on "technical assistance" and consultants had increased by $2bn on last year's $18bn total […] (The Observer, 2005).

The strategic deterioration aspect of accounting change was caused by the complexity of the new rules, and by the low salaries of technicians. Additionally, it was caused by the influence of the external environment (constituents/donors) on intra-organizational power (technicians' interests), as was reflected in the following quote:

> […] Donors are paid $10,000/= (Approximately TZS. 15,000,000), Servants are paid TZS. 200,000/= per month … We buy in the same shops as they do. Do they want to buy in supermarkets alone? We are walking in the same roads as they do … We have to fight in order to get what we want. However, it is not the right way. We had to fight for salary increase rather than allowances […] (Director, MoEVT).

Management enabling power was observed in two main areas. The first area was in the adoption of the ring-fencing technique by the Treasury, which was introduced following the increase of "special requests" from ministries. During budget scrutinization, the Treasury had guarantee that core activities were sufficiently funded. Consequently, during funds disbursement, funds for the core activities were ring-fenced. The second enabling power area was the mobilization of budgetary reforms through allowances. The budget preparation task was rewarded with extra-duty allowances, as reflected in the following quote:

> […] If I cannot pay the allowances, the budgets will not be completed. Who will stay here until late at night, and on weekends, without being paid? […] (Director, MoFEA).

Budget preparation was a significant part of an employee's life. Despite existing ambiguities and work pressure, organizational actors were motivated to prepare the budgets because of the expected rewards from the budgeting preparation task, which was a specially rewarded task even for budgeting staffs. Seminars, special tasks and training were the main sources of income and were crucial to organizational actors. Tsamenyi *et al.* (2006) observed the technicians' resistance power, through their refusal to attend seminars designed to introduce accounting changes. In contrast, the environments observed in the investigated organizations of this study did not provide such an opportunity for employees to exercise power. The end of seminars, training and special tasks, such as budgeting, was significant to actors, as was reflected in the following quote:

> […] We are just paid 200,000/= per month. How can I pay the rent? How can I pay school fees? What about petrol? What I receive from from the budgeting exercise helps me throughout the year […] (Budgeting Officer, MoFEA).

The presence of power does not logically imply the existence of conflicts (Giddens, 1976). Power can be both enabling and conflicting (Giddens, 1976;1997). Moreover, in the same organization, both powers can co-exist (Tsamenyi *et al.*, 2006). Conflicting power may result in a ceremonial aspect (Nor-Aziah and Scapens, 2007), while enabling power may result in an instrumental aspect of accounting change (Collier, 2001; Tsamenyi *et al.*, 2006).

8.5.3 Institutionalization of Complex/Ambiguous Rules & Loose Coupling

Rules, norms and beliefs become institutions (a settled ways-of-thinking-and-doing social system) during the institutionalization process of recurrent reproduction of habits and routines through time (Ribeiro and Scapens, 2006). This section firstly discusses the institutionalization of complex/ambiguous rules in the context of how the new rules became institutions (Burns and Scapens, 2000). It then presents the occurrence of loose coupling in the institutionalization process.

8.5.3.1 Institutionalization of Complex/Ambiguous Rules

Institutionalization in the substantive grounded theory process started with the establishment of rhetorical rules and regulations. Various rules and regulations such as Parliamentary Acts, Budgeting manuals, Budgeting guidelines and policies were established for guiding the implementation of MTEF, CB and PB systems. Burns and Scapens (2000) identified three levels of power during the institutionalization process. They argued that the first level of power was in the enacting of rules and routines, the second level was in the (re-)enacting and reproduction of rules and routines, and the third level was in the encoding of rules and routines, and their subsequent (re-)enactment as the unquestioned ways of thinking and doing.

At the first level of power, throughout the enacting of rules and routines, powerful members within an organization may introduce a new management accounting system (Burns and Scapens, 2000). However, this may be a result of external influence, as observed in the adoption of reforms in the developing countries (Wynne, 2005). Nevertheless, the efficiency motive may co-exist with the legitimizing motive in the establishment of rules (Oliver, 1991; Powell, 1985;1991). Implementation of these rules and regulations, however, was loosely coupled to the actual practices (Lukka, 2007; Modell, 2002; Orton and Weick, 1990), as one of the directors argued:

> […] Yes, the requirement might be there that we have to prepare a performance outcome report. You know… we have a lot of rules written down which are not put into practice […] (Observational note: Director, PO-PSM).

Burns and Scapens (2000) argued for the introduction of modifications during the implementation of new rules. This occurs either deliberately or unconsciously when the new rules are inappropriate or are misunderstood (ibid). Complex/ambiguous rules are more subject to modifications. On the implementation of MTEF for example, many countries claim to be applying an MTEF. However, few use it in the manner intended by its architects (Schick, 2002). The rules as stipulated in the documents may be different from the actual practices. Management accounting practices may serve as ceremonial practices to preserve interests in organizations (Burns and Scapens, 2000). At the second level of power, during the implementation of established rules process, management accounting practices may cause ceremonial, instrumental, and strategic deterioration aspects, due to the co-existence of legitimacy, efficiency, and self-interest motives, respectively. These were caused by attempts and games of the organizational actors, such as performance measurement games and attempts, allowances allocation – special-request – ring-fencing game, and the politicians' games.

At the third level of power, the ceremonial, instrumental and strategic deterioration aspects become unquestioned ways of thinking and doing (Burns and Scapens, 2000). However, they may be loosely coupled to the established rules. Burns and Scapens (2000) argue that the process of institutionalization takes place over a lengthy period of time but, in their day-to-day use, the accounting routines are disassociated from their historical origins and are simply seen as 'the way of doing things'. Acquiescing to new rules requires not only that the rules be consistent with organizational goals (Oliver, 1991) but also that they can be practically implemented in the organizational environment. Loose coupling may involve further explanation, as Scott (2008) commented:

> […] Thus, rather than viewing decoupling as the hall-mark of an institutional effect, it was seen as one among many responses, and hence, itself requiring explanation […] (Scott, 2008, p.432).

8.5.3.2 Loose Coupling

Loose coupling allows a system in an organizational location to act on both technical and institutional levels (Orton and Weick, 1990). It is considered essential for resolving conflicts between legitimacy and efficiency (Meyer and Rowan, 1977; Oliver, 1991). However, when legitimacy exists with efficiency, and the two pressures are not contradictory, loose coupling may serve more than the mediation of legitimacy and efficiency. The formal grounded theory explains loose coupling in the contexts of formal rules and actual practices (Burns and Scapens, 2000; Lukka, 2007). Factors contributing to loose coupling in the substantive grounded theory of struggling for conformance were similar to factors observed in the NIS literature. These included ambiguous and complex rules, a fragmented internal environment, and also a fragmented external environment (Burns and Scapens, 2000; DiMaggio and Powell, 1983; Lukka, 2007; Modell, 2002; Nor-Aziah and Scapens, 2007; Oliver, 1991; Orton and Weick, 1990).

The substantive grounded theory observed four areas of loose coupling. Firstly, the PB system was loosely coupled with actual practices because of coupling another budgeting system (CB). Secondly, during budget preparation, PB was loosely coupled to the actual practices as the result of institutionalization of allowances in most of the activities, targets and objectives. This made the inputs loosely coupled to organizational objectives. Thirdly, allocations for the next two years of the MTEF period were *ceremonial,* because of unpredictability and uncertainties. The three-year time horizon of MTEF was also impracticable for monitoring and evaluation. Furthermore, the requirement for the preparation of three-year performance reports was not in operation (Oliver (1991)'s defiance strategy). Loose coupling was not only a mediating tool between efficiency and legitimacy, but a mediating tool for conflicting rules, fragmented environment and intra-organizational power relations.

The consequences of adopting new rules reflect the extent to which an organization achieved efficiency and/or legitimacy. Achieving efficiency and acquiring legitimacy are observed, in NIS literature, as the consequences of loose coupling (Covaleski and Dirsmith, 1983; Meyer and Rowan, 1977). The substantive grounded theory observed increased participation in budgeting operations, increased transparency and awareness, attempts to include performance information in budgets, and attempts to measure performance (Dean, 1986). These reflected the extent of the efficiency achieved and the instrumental aspects of accounting changes. On the other hand, accounting changes may have result in negative impacts on efficiency. The substantive grounded theory observed debts and the total costs of running the Government had increased. Donors, the Government, line ministries, technicians and politicians blamed one another, and there was a sense of loss of power by the Government and line ministries. There was also no evidence of increased accountability, despite the increased transparency, and budgets were used as the tools for fulfilling actors' objectives rather than organizational objectives (Covaleski and Dirsmith, 1991).

Apportion of blame indicated loose coupling; as Orton and Weick (1990) argue, to assert that a system is loosely coupled is to predicate specific properties and a specific history to the system, rather than an absence of properties. However, blaming between organizational actors and constituents reflected the extent of the legitimacy acquired.

The process of loose coupling is similar to the process of struggling for conformance when the rhetorical rules were not coupled to the actual practices. Struggling for conformance therefore explained how the new rules of accounting changes were loosely coupled to the actual practices, reasons, and consequences of loose-coupling. Loose coupling was explained not only as a mediating tool between efficiency and legitimacy (Nor-Aziah and Scapens, 2007) but also as a mediating tool of other factors such as complex nature of new rules, fragmented environment, and intra-organizational power relations.

8.6. The Formal grounded theory of Struggling for Conformance

The end product of the detailed discussion of a substantive grounded theory with a general theory of NIS and findings of other relevant substantive areas is a formal grounded theory of struggling for conformance. The formal grounded theory explains organizational response to both institutional and organizational environment. It therefore explains how such a response of struggling for conformance happens, why it happens and with what consequences (Corbin and Strauss, 2008).

The first section discusses the central phenomenon, while the second section examines strategies adopted (the actual practices) during the process of struggling for conformance. The third and fourth sections present the causes and consequences of the process of struggling for conformance, respectively. This is followed by a presentation of a model of struggling for conformance.

8.6.1 Struggling for Conformance: The Central Phenomenon

The central phenomenon of struggling for conformance explains the process through which organizational actors are determined to implement accounting changes in organizations despite the difficulties encountered. Organizational actors adopt and implement accounting changes despite difficulties because of legitimacy, efficiency and self-interests (Abernethy and Chua, 1996; Collier, 2001; Covaleski and Dirsmith, 1988; 1991; Oliver, 1991; Powell, 1985;1991; ter Bogt and Jan van Helden, 2000; Tsamenyi *et al.*, 2006).

Struggling for conformance consists of motivations and difficulties in the adoption and implementation of accounting changes. Motivations refers to the reasons for adoption and implementation of innovations, which addresses the main critique of NIS regarding the treatment of efficiency and legitimacy as dichotomous (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). The intermingling of efficiency and legitimacy is argued as a challenge in NIS literature (Scott, 2001). The substantive grounded theory observed efficiency and legitimacy intertwined through proactive mimicking of organizational actors (Modell, 2001). It also observed organizational actors motivated because of their self-interests, which compromised efficiency. One motive may dominate another during a specific period of time. For example, legitimacy may dominate efficiency during organizational decline and at a relatively early stage of the adoption of innovations (Covaleski and Dirsmith, 1983; Lowe, 2000a), while efficiency may dominate legitimacy for early adopters of innovations (Tolbert and Zucker, 1983; Westphal *et al.,* 1997).

Implementation of accounting changes in organizations may encounter various operational difficulties. For example, Lukka (2007) found that management accountants from all around the organizations struggled with their everyday activities. Wynne (2005) revealed that Ghana had been struggling to implement its agreed annual budget. The substantive grounded theory observed struggling in focusing on the medium-term period which, among other things, made accountability of the established targets for the three-year period well-nigh impossible (Short, 2003). It also observed organizational actors struggled with the linking of inputs to outputs and outcomes (Van Nispen and Posseth, 2009).

With the operational difficulties that result from accounting changes, and existing motivations for implementation, struggling to conform to the requirements of accounting changes ensues.

8.6.2 Actual Practices in Struggling for Conformance

This section explains how the central phenomenon of struggling for conformance occurs. It starts with the establishment of rhetorical rules for the implementation of accounting changes. Rhetorical rules are established through various legitimating tools such as Manuals, Guidelines and Acts of Parliament. Establishment of rhetorical rules is equally important for the achievement of efficiency and the acquisition of legitimacy. It justifies commitment to the implementation of the new accounting changes, and the existence of specific accounting change. Several observations in budgetary reforms, in developing and developed countries alike, reveals that when the changes are argued to have evolved in a visible way or are claimed to exist, practices may be far behind rhetoric (Evans and Ngalwea, 2001; Foster *et al.*, 2002; Kong, 2005; Mserembo and Hopper, 2004; Ronsholt and Andrews, 2005; Shah and Shen, 2007; Uddin and Tsamenyi, 2005; Williamson and Canagarajah, 2003).

During the implementation of the established rules, various types of organizational activities and routines may emerge which have either deviated from the original rules or were never explicitly set out in the form of rules (Burns and Scapens, 2000). A formal grounded theory suggests the occurrence of attempts and games which may reveal the existence of instrumental, ceremonial, and strategic deterioration aspects in the implementation of accounting changes, depending on the bounded rationality of legitimacy, efficiency, and self-interest motives respectively. While some organizations may reflect the instrumental aspects during the process of struggling for conformance (Lowe, 2000a; Lukka, 2007), others may reveal the co-existence of instrumental and ceremonial aspects (see also Burns and Scapens, 2000; Covaleski and Dirsmith, 1991). At the other extreme, other organizations may reflect the strategic deterioration aspects. Different aspects may be reflected in different groups within an organization, or in different elements of accounting changes.

The occurrence of instrumental, ceremonial, and strategic aspects during attempts and games depends on a number of factors, which include the nature of innovations, the nature of the environment and the nature of intra-organizational power relations. The presence of enabling and conflicting power reflects the existence of instrumental and ceremonial aspects respectively (Burns and Scapens, 2000; Collier, 2001; Nor-Aziah and Scapens, 2007). Similarly, a fragmented environment and complex rules are more likely to result in ceremonial and strategic deterioration aspects. However, this depends on the contextual intersection of the fragmented environment, complex innovations and conflicting power relations. Despite complex rules and the fragmented environment, organizational actors may devise creative actions in order to cope with contradictions (Lowe, 2000a; Lukka, 2007). However, this requires the existence of an enabling power. Instrumental attempts at measuring performance in the substantive grounded theory were the creative routes of coping with complexity, as reflected in the following quote:

> […] In most cases we are measuring inputs and processes because output and outcome are difficult to measure. For example, we may consider measuring the number of delivery kits issued, against the reduction of mortality rate […] (Head of Department, MoHSW).

Ceremonial aspects occur during loose coupling, when organizational actors mediate efficiency and legitimacy (Meyer and Rowan, 1977; Oliver, 1991). However, deliberate changes could occur due to the specific circumstances of the organization (Burns and Scapens, 2000). For example, the game of allocations for the two years of MTEF was ceremonial, due to the unpredictability of the two years. The next two years' allocations were therefore shown in the documents but detached from the actual organizational practices (Meyer and Rowan, 1977). Accounting changes may be enacted to fulfil ceremonial, or even strategic deterioration, roles despite the harmony of efficiency and legitimacy. Ceremonial aspects and loose coupling may occur in order to mediate conflicting rules, a fragmented environment and conflicting institutions in organizations. For example, the implementation of the rolling MTEF subverted the accountability of the targets set for the three-year period. Similarly, the implementation of CB during budget execution undermined the follow-up of PB allocations. Likewise, the allocations on PB were reflected by the technicians' individual allowances game. Loose coupling was, therefore, not only a mediating tool between efficiency and legitimacy, but also a mediating tool for conflicting rules, a fragmented environment and conflicting institutions (Nor-Aziah and Scapens, 2007).

The strategic deterioration aspect may be revealed in organizations during the implementation of rules. The process of acquiring legitimacy may, in turn, be conceived of as an interest-oriented activity (Covaleski and Dirsmith, 1991). Accounting changes are therefore subverted in order to serve the interests of individual actors, rather than organizational objectives, when the rules are complex, the environment is fragmented, and power is conflicting. This involved, for example, attempts and games on fulfilling technicians' and politicians' interests, while compromising organizational efficiency (Nor-Aziah and Scapens, 2007). Counter-productive consequences were equally observed in the implementation of budgeting and NPM reforms when the environment was fragmented and the rules were complex (Alesina and Perotti, 1999; Tambulasi, 2007).

8.6.3 Causes of Struggling for Conformance

Causes explain the reasons for the occurrence of the struggling for conformance phenomenon. Struggling occurs when there are motivations and difficulties related to the implementation of accounting changes. Struggling for conformance may result from complex/conflicting rules, a fragmented internal environment, a fragmented external environment, and intra-organizational power relations.

Complex/conflicting rules have an impact on how organizational actors respond to institutional and organizational pressures. NPM reforms are inherently ambiguous and complex (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Van Nispen and Posseth, 2009). Crude rules rather than complex rules may suffice for legitimacy (Abernethy and Chua, 1996). It is also observed, in NPM and the budgeting literature, that cruder and oversimplified innovations are the most effective (Groot, 1999; Pollitt, 2001). In order to achieve legitimacy and efficiency, organizations have to struggle to implement accounting changes despite complex/conflicting rules. In other organizations, this may reveal an instrumental aspect (Lowe, 2000a; Modell, 2001), while in other organizations, it may cause ceremonial and strategic deterioration aspects of accounting changes. The impact of the complexity of new budgeting reforms on strategic deterioration is also observed in budgeting literature (Alesina and Perotti, 1999).

A fragmented internal environment has an impact on organizational responses to both institutional and organizational pressures. It also results in loose coupling between the established rules and actual practices (Orton and Weick, 1990). A formal grounded theory addresses a fragmented internal environment in two aspects: fragmented institutions (ibid.) and a fragmented economic and working environment. Political institutions in organizations hinder successes in both budgetary and NPM reforms implementation (Anipa *et al.*, 1999; Joyce, 1993a; Roberts and Andrews, 2005; Rose, 2003; Tambulasi, 2007; Therkildsen, 2000; Van Dooren, 2005; Wilks, 1995). Existing institutions may challenge new innovations in an organization (Burns and Scapens, 2000). For example, organizational actors were struggling to top up their low salaries by allocating allowances to any activity, target, and objective. This made the inputs loosely coupled to targets and objectives. Similarly, a fragmented economic and working environment may result in struggling in reforms implementation (Caiden and Wildavsky, 1980). A fragmented internal environment may cause a shift from organizational efficiency to external legitimacy (Alam, 1997; Hoque and Hopper, 1994). This may result in ceremonial aspects. For example, the focus on the medium term was ceremonial, because of economic uncertainties, as reflected in the following quote:

> […] Inflation used to be more or less close to the target in the past. From 2007 onwards it has risen dramatically. It is off track. Initially it was below 5%. But we were not able to maintain that. It was above 5%, 6%, 7% and now it is 12% by April … we cannot insist that inflation will be 5% in the medium term […] (Official, MoFEA).

A fragmented external environment relates to the impact of constituents' practices on organizational responses. A low multiplicity of constituents reflects acquiescence to innovations (Oliver, 1991). Unsupportive constituents' practices negatively affect the implementation of accounting changes in organizations. For example, unsupportive practices of donors affected the implementation of budgetary reforms. These included the following: dictation of priorities, donors' huge rewards that forced organizational actors to top up their low salaries, delays in incorporating financial commitments into budgets, failure to fulfil their pledged financial commitment, and their influence, which was considered "too much" and caused a sense of loss of power amongst local actors. External dependence and donors' influence is observed as influencing budgeting and reforms implementation in developing countries (Awio *et al.*, 2007; Oduro, 2003; Roberts and Andrews, 2005; Sarker, 2006; Shah and Shen, 2007; Therkildsen, 2000).

Intra-organizational power relations may result in the struggling for conformance phenomenon. Collier (2001) argued that a discussion of the interaction between legitimacy and efficiency needs to be located amidst relations of power. Power can be both enabling and conflicting (Giddens, 1976;1997) and both aspects may occur during the process of struggling for conformance. Conflicting and enabling power may exist in different groups of organizational actors. For example, in the substantive grounded theory, management had exercised enabling power through a "ring-fencing" technique, where funds were forced to be allocated to core activities. On the other hand, employees/technicians had exercised conflicting power through an "allowances allocation", when allowances were allocated to any activity, target and objective. The presence of enabling and conflicting power reflects the existence of instrumental and ceremonial aspects (Burns and Scapens, 2000; Collier, 2001; Nor-Aziah and Scapens, 2007). However, one type of power may dominate the other (Nor-Aziah and Scapens, 2007; Tsamenyi *et al.*, 2006). The power and interests of the organisational actors not only affect whether the accounting change is ceremonial or instrumental (Burns and Scapens, 2000; Collier, 2001; Nor-Aziah and Scapens, 2007), but also affect whether the change causes the strategic deterioration aspect.

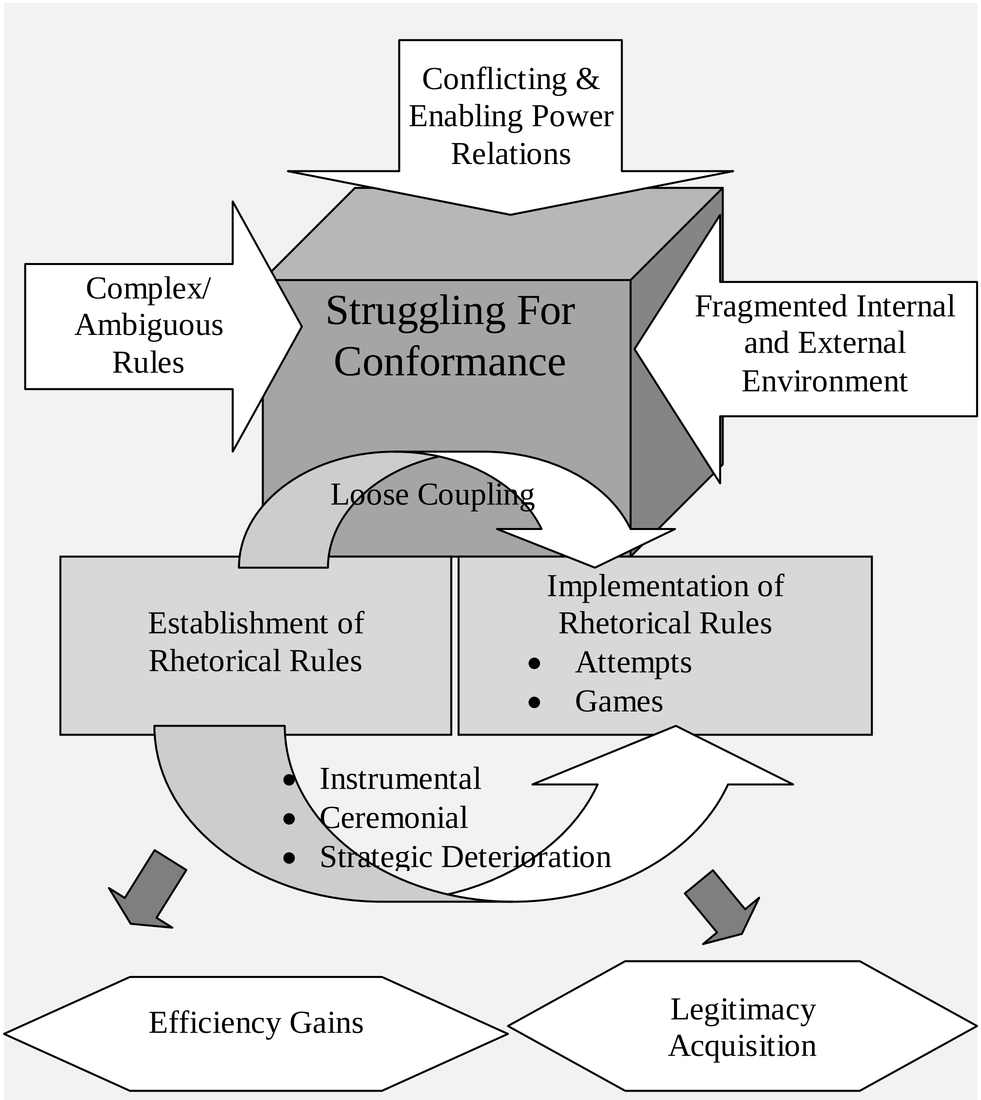
Struggling for conformance is likely to occur when the environment is fragmented, rules are complex, and when enabling and conflicting power co-exist. Its occurrence is also dependent on the intersection of these contextual conditions. Accounting change in organizations plays a variety of roles, ranging from instrumental and ceremonial to strategic deterioration.

8.6.4 Consequences of Struggling for Conformance

These are two main consequences of struggling to conform to accounting changes in organizations. These reflect the consequences of the establishment and implementation of rhetorical rules. Consequences address the extent to which efficiency has been achieved or legitimacy acquired (Covaleski and Dirsmith, 1983; DiMaggio and Powell, 1983; Meyer and Rowan, 1977).

Struggling for conformance may result in changes in the organization, although not as promised (see also Bigsten and Danielsson, 1999; Dean, 1986; ter Bogt, 2008; Van Nispen and Posseth, 2009; Wynne, 2005). The establishment of rhetorical rules is an important stage of the acquisition of legitimacy and the achievement of efficiency. However, it must be coupled with an implementation stage, which may either reflect ceremonial, instrumental, or strategic deterioration aspects of the new rules. All the ceremonial, instrumental, and strategic deterioration aspects reflect the extent of legitimacy acquisition and efficiency achievement. For example, the instrumental aspects may present a satisfactory progress in a boundedly rational sense of efficiency motive (Burns and Scapens, 2000), while the ceremonial aspects may suffice for legitimacy in its bounded level. The strategic deterioration aspects may manipulate legitimacy while compromising efficiency (Nor-Aziah and Scapens, 2007). The formal grounded theory of struggling for conformance is shown in figure 10 below.

Figure 10: The Formal grounded theory of Struggling for Conformance



8.7. Summary

This chapter has explored the substantive grounded theory through constant comparison with NIS and findings from other substantive areas. The objective was to obtain a multi-area theory, the formal grounded theory of struggling for conformance. The formal grounded theory has proposed that organizational actors are determined to adopt and implement accounting changes, despite the difficulties, in order to achieve efficiency, legitimacy and self-interests. It therefore addresses the intertwining of efficiency and legitimacy through proactive mimicking of organizational actors (Modell, 2001).

The phenomenon of struggling for conformance has been illustrated by two main strategies: the establishment of rhetorical rules, and the implementation of rhetorical rules. The implementation of accounting changes has been illustrated by attempts and games, which may reflect the coexistence of instrumental, ceremonial (Covaleski and Dirsmith, 1991) and strategic deterioration aspects. Strategic deterioration involves aspects which may satisfy the interests of organizational actors, manipulate legitimacy, and compromise organizational efficiency (Nor-Aziah and Scapens, 2007).

The formal grounded theory proposes that complex accounting changes require struggling for conformance while, with crude innovations, conformance and legitimacy are simple (Abernethy and Chua, 1996). Similarly, fragmented internal and external environments in organizations result to the process of struggling for conformance in the acquisition of efficiency and legitimacy. The next chapter synthesizes the research, presents the contributions of this study to the existing literature, and suggests areas for future research.

Chapter Nine

Conclusions and Contributions

9.0 Introduction

This chapter synthesizes the research presented in the previous chapters. It presents the main contributions and implications of the research. It discusses how the empirical findings of substantive grounded theory and formal grounded theory affect the current views of the literature about budgetary and NPM reforms, grounded theory and interpretive accounting research and NIS. The chapter starts with the presentation of the research digest, followed by its contributions and implications for existing theoretical literature. Methodological contributions and practical contributions are thereafter presented. Finally, recommendations for future research are offered.

9.1 Research Digest

This research investigated the phenomenon of budgeting practices in the Tanzanian Central Government. It sought to understand how budgeting systems under the NPM (Hood, 1991;1995) and UN-, World Bank- & IMF-exhorted systems had been adopted and implemented.

NPM reforms are argued to be inherently ambiguous and complex (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Van Nispen and Posseth, 2009). This also applies to the budgeting systems investigated in the contexts of MTEF, PB and CB. Experience of mishaps, and the significance of NPM reforms, has resulted in a need for further investigation as “the NPM is here to stay” (Guthrie *et al.*, 1999; Lapsley, 1999;2008; Olson *et al.*, 2001). Varying perceptions and applications of PB and MTEF (Lee Jr and Johnson, 1973; Schick, 2002; Shah and Shen, 2007), and the mixed results of empirical studies (Evans and Ngalwea, 2001; Kong, 2005; Lu, 2007; McGill, 2001) have demanded an appropriate methodology, interpretive research, and a pertinent strategy - a grounded theory strategy - for an exploration of this complex phenomenon.

The research findings developed a substantive grounded theory and a formal grounded theory (Glaser and Strauss, 1967; Strauss, 1987). The substantive grounded theory explained struggling for conformance in the adoption and implementation of budgetary reforms in the Tanzanian central government, while the formal grounded theory expanded further upon other accounting changes in organizations. The formal grounded theory was the result of constant comparison of the substantive grounded theory with NIS and findings from other relevant substantive areas (Coopey *et al.*, 1998; Covaleski *et al.*, 1998; Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Lowe, 1995; Parker and Roffey, 1997; Strauss, 1987).

The substantive grounded theory explained the phenomenon of struggling for conformance, whereby the Tanzania central government actors were determined to implement the budgetary reforms, despite the difficulties encountered. Difficulties were observed in the linking of inputs to outputs and outcomes, the ability to focus on the medium term, and the measurement of the performance. Nevertheless, the actors were motivated to implement the reforms in order to acquire funds from donors, to parallel practice in other countries, and to improve internal efficiency. A two-phase strategy was employed in the process of struggling for conformance: The establishment of rhetorical rules and regulations, followed by a phase of attempts and games in the implementation of those rules. These strategies were the response to ambiguous and complex budgeting systems, the uncertain environment, cultural and administrative practices, and the donors' influence. Strategies resulted in two consequences, which had both positive and negative effects on the organization. The first group of consequences was related to budgeting allocations, while the second group was linked to budgeting operations.

The formal grounded theory proposes the phenomenon of struggling for conformance by which organizational actors are determined to adopt and implement accounting changes in organizations, despite difficulties. It suggests that struggling for conformance is important for organizations because of the need to acquire efficiency, legitimacy and self-interests. The formal grounded theory proposes two phases of struggling for conformance: the phase of the establishment of rhetorical rules, followed by the phase of implementation. Attempts and games during the process of the implementation of rhetorical rules may reveal three aspects: instrumental aspects, which are useful for decision-making, organizational efficiency, and legitimacy, ceremonial aspects, which are sufficient for legitimacy but have no impact on organizational decisions and efficiency, and strategic deterioration aspects, which may negatively affect organizational efficiency but fulfil organizational actors' interests when manipulating legitimacy. The theory also suggests that struggling for conformance is likely to occur when conflicting power co-exists with enabling power (either of which may dominate), that accounting changes are complex/ambiguous, and that the internal and external environments are fragmented. The formal grounded theory suggests that loose coupling in struggling for conformance occurs when the implementation of the new rules is not coupled to the established rules. The consequences of the establishment and implementation of rhetorical rules during struggling for conformance reflect the extent of the acquisition of legitimacy and achievement of efficiency.

9.2 Theoretical Contributions

Chapter 8 further developed the substantive grounded theory into a formal theory. NIS was used as a general theory for comparison with substantive grounded theory. Findings from other substantive areas were constantly compared in order to move the one-area theory to a multi-area theory. This section presents the main areas in which the discussion in the previous chapter contributes to the existing literature. Theoretical contributions are divided into four main areas: Accounting research on NPM reforms, Interpretive Accounting research, Grounded Theory Accounting research and NIS Accounting research.

9.2.1 Accounting Research on NPM Reforms

> […] At present we have a clear picture of what reformers have attempted (albeit in a fragmented and uneven pattern); indications of organisations and accounting impacts; but limited information on evaluations and in particular, studies which demonstrate the existence or otherwise of substantive efficiency gains arising from

> the adoption of NPM techniques. The debate continues […] (Lapsley, 1999 , p.206).

In response to Lapsley (1999), above, and to the call for understanding the local contexts of the environment (Abdul-Rahaman *et al.*, 1993; de Renzio, 2007; Guthrie *et al.*, 1999), this study provided incremental knowledge on the adoption and implementation of NPM reforms in a developing country. The NPM framework was proposed in order to make public sector administration more efficient, effective and responsive (Hood, 1995; Sarker, 2006; Van Helden, 2005). Concurring with existing literature about developed countries, this research, undertaken in a developing country, demonstrated the difficulties encountered in the implementation of NPM reforms (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Tomkins, 1987; Van Nispen and Posseth, 2009). The research suggested that the reforms have produced inadequate benefits in relation to their promises, and even that they have had a negative impact. It confirmed the basic argument of Schick (1998a) regarding the implementation of MTEF, which stressed that:

> […] If developing countries have to rebudget during the year, what is the probability that they will stay on course over 3–5 years? […] (p.38).

The complex nature of NPM reforms, fragmented internal and external environments and intra-organizational power relations have contributed to the constraints on reforms implementation. The formal grounded theory, therefore, proposes that not only that the impacts and outcomes of public sector financial reform are socially or institutionally constrained (Nor-Aziah and Scapens, 2007), but that they are also constrained by the conflicting nature of the reforms themselves, due to specific nature of the fragmented environments in the organizations. For example, the implementation of PB in the Tanzanian central government was in conflict with the CB system because of economic and funding uncertainties. Similarly, the accountability of the three-year targets established was well-nigh impossible, due to the rolling nature of MTEF.

9.2.2 Interpretive Accounting Research

Interpretive accounting research offers strong and rich insights into the understanding of the role of accounting in organizations (Covaleski and Dirsmith, 1990). The research undertaken in the study provided three main contributions to interpretive research.

Firstly, it provided evidence of the co-existence of the ceremonial and instrumental use of accounting in organizations. Accounting literature emphasizes the symbolic role accounting plays in legitimating organizations (Ansari and Bell, 1991; Ansari and Euske, 1987; Berry *et al.*, 1985; Covaleski *et al.*, 1993; Goddard and Assad, 2006; Hoque and Hopper, 1994; Timoshenko, 2008). Similarly, budgeting literature suggests the use of budgeting for legitimacy (Covaleski and Dirsmith, 1983;1986; 1988; Edwards *et al.*, 2000). Both the substantive and formal grounded theories revealed elements of ceremonial aspects for legitimacy, However the adoption and implementation of accounting changes was perceived, and observed, as equally important for improving internal efficiency (Covaleski and Dirsmith, 1988).

Secondly, the research uncovered the co-existence of accounting roles and a new role of accounting in organizations. Empirical findings suggest that the new accounting practices play a variety of roles from a non-existent (or very limited) role to a constitutive role in management decision-making (Nor-Aziah and Scapens, 2007, p.213). The formal grounded theory suggests a strategic deterioration role of accounting in organizations. New accounting practices may result in strategic deterioration aspects, when the organizational actors struggle to manipulate legitimacy. Strategic deterioration aspects suit the interests of organizational actors, but may negatively affect organizational efficiency (Covaleski and Dirsmith, 1991; Nor-Aziah and Scapens, 2007). The strategic deterioration role is likely to occur when rules are complex, the environment is fragmented, and power is conflicting. The grounded theory suggests the co-existence of instrumental, ceremonial and even strategic deterioration aspects, when efficiency, legitimacy, and self-interest motives co-exist. This is reflected by the positive and negative impacts of the accounting changes in organizations. The positive impacts in the substantive grounded theory, for example, included increases in transparency and budget participation, while negative impacts included an increase in the total costs of running the government, an increase in debts and the use of budgets to fulfil individual interests, rather than those of the organizations.

Thirdly, the research contributed to the understanding of accounting practices, as it was both constitutive and reflective of culture (Goddard, 1999). The reflective aspects were apparent when professionalization dominated departmental cultures, while the constitutive aspects were evidenced when the financial control system was used to change the culture (ibid). The substantive grounded theory provided incremental evidence concerning the indirect self-funding culture being partly constituted by the accounting changes, and partly reflexive of the budgetary reforms implementation. Constitutive aspects were evidenced when the budgetary reforms were embedded with allowances, in order to enhance budgetary participation and completion of the budgeting preparation exercise. This indirect self-funding culture was also the result of donors' practices, through their self-payment of huge rewards. This encouraged the actors to behave in a similar way, as they had low salaries. Reflective aspects were noted when organizational actors played the game of allowances allocation, at the cost of core objectives, during budget preparation.

9.2.3 Grounded theory Accounting Research

> [...] Why then present yet another? The reason is that while grounded theory research can make a significant contribution to interpretive research, there is little available in the accounting and management literature beyond Tomkins and Groves (1983a, 1983b). Despite over 25 years of available methodology (Glaser and Strauss, 1967), few grounded theory generating studies have as yet emerged in the published accounting and management research literature [...] (Parker and Roffey, 1997 p.212).

Subsequent to Parker and Roffey's (1997) argument for the marginalized use of grounded theory in interpretive accounting research, a few studies have responded by investigating public sector organizations (for example, Goddard, 2004;2005; Lye *et al.*, 2005; Wickramasinghe *et al.*, 2004). This current research is a contribution to grounded theory accounting research in public sector organizations. The grounded theory offers an understanding of the complexity and richness of the environments within which accounting and management are practised (Parker and Roffey, 1997) and brings two main contributions to grounded theory accounting research.

Firstly, the substantive grounded theory attempted to unveil the complex nature of the adoption and implementation of budgetary reforms. While PB was first documented in a government manual in 1998, DPs argued, in 2010, that it was non-existent and proclaimed their intention to encourage the Government with its introduction. Moreover, McGill (2001) argued that the move from input- to output-based budgeting in Tanzania was clear and explicit, while Evans and Ngalwea (2001) concluded that the government of Tanzania insisted that it was already implementing PB, although the practice is lagging well behind. The grounded theory of struggling for conformance produced explanations for these complexities. Findings, such as differences in the perceptions of the meaning of PB by organizational actors and DPs (see also Shah and Shen, 2007) and the existence of ceremonial practices, were attempts to explain the complexities.

Secondly, the formal grounded theory theorized the phenomenon of struggling for conformance. This was equally observed in other substantive areas of budgeting (Van Nispen and Posseth, 2009; Wynne, 2005), NPM literature (Atreya and Armstrong, 2002; Vakkuri, 2010) and in the NIS literature (Lowe, 2000a; Lukka, 2007; Modell, 2001). The formal grounded theory was an attempt to theorize the phenomenon through explaining why organizations struggle, how they struggle, and with what consequences. For example, it explained why complex accounting systems in some organizations may reveal an instrumental aspect (Lowe, 2000a; Lukka, 2007), while in other organizations may reveal a ceremonial aspect (Covaleski and Dirsmith, 1983; Meyer and Rowan, 1977), or both ceremonial and instrumental roles. It was also essential to consider other factors such as intra-organizational power relations, the fragmented internal environment, and the fragmented external environment.

9.2.4 NIS and Accounting Research

The research has attempted to iterate the substantive grounded theory and NIS, in the move from substantive grounded theory to a formal grounded theory. In so doing, the following five pertinent contributions to NIS have been formulated.

Firstly, the research provides incremental evidence for the integration of efficiency and legitimacy, through the proactive mimicking of organizational actors (Modell, 2001). Earlier NIS formulations, which treated efficiency and legitimacy as dichotomous (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), have been subject to criticism (Oliver, 1991; Powell, 1985;1991). This criticism has been addressed in some of the empirical works on NIS (Collier, 2001; Covaleski and Dirsmith, 1988; Modell, 2001; Tsamenyi *et al.*, 2006). The formal grounded theory suggests the co-existence of efficiency and legitimacy motives. But it also suggests that one motive may dominate the other. While legitimacy may dominate efficiency during organizational decline, and at the relatively early stages of innovation introduction (Covaleski and Dirsmith, 1983; Lowe, 2000a), efficiency may dominate legitimacy for early adopters of innovations (Tolbert and Zucker, 1983; Westphal *et al.*, 1997).

Secondly, the research contributes to incremental evidence on power being both enabling and negating (Giddens, 1997; Greenwood and Hinings, 1996). The grounded theory suggests the co-existence of enabling and conflicting power in organizations, one of which may dominate the other. For example, the management's enabling power was revealed in the adoption of a "ring-fencing" technique, in order to ensure that funds were allocated to the core activities. However, there existed also the technicians' conflicting power, as it was the technicians who allocated funds for allowances, at the cost of funding for core activities.

Thirdly, the grounded theory contributes to the understanding of constituents' practices in NIS, as it introduces a new category of constituents in to NIS literature. While previous empirical accounting studies have identified constituents as external authorities, such as government, or financier organizations such as the World Bank (Lowe, 2000a; Sharma and Lawrence, 2005), the substantive grounded theory demonstrated a group of development partners exercising coercive pressure on reforms implementation. Because a low multiplicity of constituents reflects acquiescence to innovations (Oliver, 1991), the formal grounded theory concludes that fragmented constituents' practices result in struggling to implement accounting changes (see also Awio *et al.*, 2007; Oduro, 2003; Roberts and Andrews, 2005; Shah and Shen, 2007; Therkildsen, 2000). The grounded theory also reveals the influence of fragmented constituents on intra-organizational power relations. For example, in the substantive grounded theory, the huge personal rewards received by donors influenced the occurrence of strategic deterioration aspects in the organizations.

Fourthly, the formal grounded theory suggests the occurrence of a strategic deterioration, an opposite response of strategic innovation observed by Abernethy and Chua (1996) . Strategic innovation ought to mean an extreme response, where organizational actors respond beyond the institutional requirement. The formal grounded theory suggests the occurrence of a strategic deterioration response when organizational actors manipulate legitimacy, compromise efficiency, and fulfil individuals' interests (Suchman, 1995). For example, the substantive grounded theory observed intra-organizational power relations, when the technicians allocated funds for their personal allowances, at the expense of the core objectives of organizations.

Lastly, the formal grounded theory contributes to the understanding of loose coupling in organizations. The 'struggling for conformance' theory identifies the existence of loose coupling, when the new rules are not coupled to the actual practices. The theory therefore provides the reasons for, and strategies and consequences of, loose coupling. The formal grounded theory provides incremental evidence about loose coupling as a process. Loose coupling is therefore explained, not only as a mediating tool between efficiency and legitimacy (Nor-Aziah and Scapens, 2007), but also as a process of mediating conflicting rules, fragmented environments, and conflicting intra-organizational power relations.

9.3 Methodological Contributions

The research provides three methodological contributions. The first contribution relates to the grounded theory procedures, the second is to grounded theory paradigm model and the last contribution relates to the move from substantive grounded theory to a formal grounded theory.

9.3.1 Grounded Theory Procedures

Gurd (2008) cautions researchers about breaching the canons of grounded theory research. However, one may eclectically modify even a theoretical perspective in order to understand and explore better the phenomenon being studied (Chua, 1988 p.69). Grounded theory analysis involves open, axial, and selective coding stages. Open coding requires the identification of categories, their properties, and their dimensions (Strauss and Corbin, 1990). Properties show characteristics which are common to all concepts within a category, while dimensions show the position of a property along a continuum or range. In this study, dimensions of individual properties in an open coding category had an implication for the dimensions of an axial coding category. For example, the dimensions of properties in open coding categories "*more* donors' power" and "*huge* donors' financial contribution" had an implication for the "*high* donors' influence" axial coding category. Furthermore, despite providing richness for the category, dimensions were flexibly identified as they did not emerge as useful for all properties and categories.

9.3.2 Grounded Theory Paradigm Model

The grounded theory paradigm model consists of a central phenomenon, conditions, strategies and consequences. The central phenomenon explains what is happening, while conditions explain the reasons for what is happening. Strategies, as another component of the paradigm model, illustrate how the central phenomenon is happening whilst consequences explain the outcome of the strategies. Strauss and Corbin (1990) argued that there is an exception to the model, in that the consequences of the paradigm model may result in conditions. The substantive grounded theory of this study suggests that the consequences of the model may have an impact on strategies over time. For example, blaming was the consequences of the struggling for conformance model. These influenced one of the strategies eventually in that DPs blamed technicians for the allowances allocation, resulting in a reduction of allowances by 30% in one of the ministries.

9.3.3 A Move from Substantive to Formal Grounded Theory

A central phenomenon of the substantive grounded theory has clear implications for the formal grounded theory (Strauss, 1987). A formal grounded theory is a multi-area theory incorporating data/findings from other substantive areas. Strauss (1987) argues that the prevalent mode of researchers is to compare their findings with a general theory, without doing further work to study the latter relationship comparatively. Findings from other substantive areas are required to make a substantive grounded theory cumulative (Glaser and Strauss, 1967). Research suggests there should be constant comparison of substantive grounded theory, general theory, and findings from other relevant substantive areas (Glaser and Strauss, 1967; Goddard, 2004; Greenhalgh, 2000; Locke and Locke, 2001; Lowe, 1995; Parker and Roffey, 1997; Strauss, 1987). A general theory and substantive theory should guide the "other relevant substantive areas". The move to formal theory in this research employed NIS for general guidance with respect to the findings of other substantive areas, other than budgeting and NPM reforms. The general theory was therefore useful in sensitizing other substantive areas for comparison with the substantive grounded theory.

9.4 Practical Contributions

This research has several implications for policy-makers of NPM and budgetary reforms, such as the World Bank, IMF, Donors (DPs) and to the Tanzanian central government practitioners. The findings make four important contributions.

Firstly, some of the rules and regulations appeared not to be used in practice, while others were perceived to be insignificant for operations, or were inappropriately used. Cultural and administrative practices emerged as more influential in the budgetary practices than the established rules and regulations. Rules and regulations were therefore used as a strategy to conform to budgetary reforms, rather than as guidance to how budgetary practices must be implemented. This negatively affected the implementation of budgetary reforms, as the rules provided the organizational actors with the power to justify their actions. This implies that the establishment of the rules and regulations alone is not adequate for the successful implementation of budgetary and NPM reforms. This is especially the case when the rules and regulations are complex, conflicting, and established reluctantly by local practitioners under pressure from external influences. Local ownership is therefore significant for the establishement of rules, as well as in their implementation. It also implies that budgetary rules and regulations should be basic and able to influence the cultural and administrative practices. Nevertheless, other cultural changes may contribute to the budgetary practice through building human consciousness about determining what is right and wrong, rather than relying solely on what the budgetary rules and regulations state. Moreover, rational salary increases may reduce the negative impacts of cultural practices in budgeting.

Secondly, the current budgetary reforms implemented in the Tanzanian central government were incompatible with one another, incompatible with the local environment, and difficult to implement within the local contexts of the country. These incompatibilities portend the nightmarish nature of the technical aspects of the reforms, which have to be resolved in order to achieve a budget nirvana. Schick (1998b) cautioned developing countries not to try to introduce reforms in the New Zealand style, as these would not be compatible within their environment. However, with the exception of a few countries such as New Zealand, reforms such as PB and MTEF have been difficult even for developed countries (Caiden, 1998; Schick and OECD, 2009; Shah and Shen, 2007). Nevertheless, the causes of this lack of success may be different between developing and developed countries. What is common however, is the inherently ambiguous nature of the NPM reforms (De Bruijn, 2007; Guthrie *et al.*, 1999; Jansen, 2008; Lapsley, 1999; Olson *et al.*, 2001; Van Nispen and Posseth, 2009).

This implies that the design, adoption, implementation and evaluation of the budgetary and NPM reforms should involve a comprehensive view of the nature of the internal environment (cultural, social, political, economic), the external environment (external influences) and the technical aspects of the reforms (complex/simple, ambiguous, conflicting). For example, the implementation of budgetary reforms was influenced by the culture of indirect-self funding. The indirect self-funding culture negatively affected the implementation of the budgetary reforms. This culture, however, was developed by the introduction of allowances, which came as part of the budgetary reforms with the objective of increasing budget participation. In turn the huge rewards for DPs, the low salaries of organizational actors and the complexities of the budgetary reforms made this culture flourish.

Thirdly, DPs appeared to have significant influence on the technical and institutional aspects of the budgetary reforms and the day-to-day budgetary practices. This created the three-tier system comprised the Government, DPs and citizens. The Government was therefore accountable to both the DPs and the Citizens. Theoretically, the DPs and the Government were in partnership, which should have provided more power for the Government, and to this end the power was stipulated in various regulatory documents, such as JAST. However, in practise the DPs held more power and influence over budgetary practices than either the Government or the citizens. On the other hand, DPs' influence on government was perceived as important by them as a means to make the Government accountable to the citizens. This implies that, in order for the budgeting practice to improve financial management and reduce poverty, the DPs' demands on budgetary practices should reflect and match those of the citizens and the Government. The current experience suggests that the power of DPs may compromise such a match.

Moreover, the conditions of DPs were not always in-line with the beliefs and requirements of local practitioners regarding various issues, which were the priorities for funding and the technical aspects of budgeting. This implies that grants, loans and reliefs may make conditions to be accepted by organizational actors not only uncritically but also reluctantly. This has significant influence on the implementation of the adopted budgeting changes.

Lastly, the experience of CB in Tanzania suggested a reduction in the Government's over-expenditures. This, however, was not coupled with a strong spending discipline. The CB system was also not compatible with the other two budgeting systems (PB and MTEF), but it was the most practical option to implement. Prior research suggests adverse effects of CB in the contexts of ineffectiveness in expenditure arrears, overdue unpaid invoices, reduction of investments, risk to poverty reduction programmes, weakened budget discipline, accountability problems and volatility monthly release (Bigsten and Danielsson, 1999; Dinh *et al.*, 2002; Reinikka and Svensson, 2004; Stasavage and Moyo, 1999; Therkildsen, 2002). Nevertheless, a CB system was perceived as appropriate given the nature of the cultural environment of organizational actors.

This implies that there are huge benefits in the use of cash budgeting when applied to the reduction of over-expenditure. However, there are also many negative impacts. The design of the cash budgeting system should involve deliberate measures that will overcome its current adverse effects, while maintaining its strengths. Such measures, for example, may include the changing of the duration of cash releases, which, over time, will be increased from the current monthly duration that is applied in most of expenditures. Items that can be financed monthly should be differentiated from those which can be implemented by being financed in a longer duration, such as quarterly, or semi-annually. This requires improvements in revenue prediction in both local and foreign funding. DPs should therefore improve the pledging of grants and make it more timely and accurate. These measures, however, should consider the challenges of the current culture, which if not taken into account, may result in Government deficits and over-expenditures.

9.5 Limitations of the Study

In the process of responding to the central research question, which focused on how the CB, PB and MTEF were adopted and implemented in the Tanzanian central government, various methodological issues may have limited the research findings. The impact of the limitations however, was kept to minimum through various strategies adopted by the research. There were three main limitations of this research.

9.5.1 Time Span of the Study

Data was collected from 2009 to 2010. This may have limited the deeper understanding of the budgeting practices, as the budgetary reforms investigated had been adopted since 1994 (cash budgeting) and 1998 (PB and MTEF). Some of the respondents might not have been present at the time of adoption, and adoption, and were therefore new employees, while other respondents, who had been in post at the time of the reforms, may not have accurate recollections of what had happened. Nevertheless, the research attempted to include interviewees who worked before and after the budgetary reforms. Moreover, some of the documents used before the budgetary reforms, such as budgeting manuals, were collected and analyzed to complement the interviews.

9.5.2 Applications of Substantive and Formal Grounded Theory

A substantive theory is a one-area theory developed for a substantive/empirical area (Glaser and Strauss, 1967; Strauss, 1987). In other contexts, its application may be limited if the comparative method of modifying a theory is neglected. This research developed a substantive grounded theory which is possible to be used by other researchers in other substantive areas. The substantive grounded theory may be modified through a constant comparison with other substantive theories. Moreover, the research attempted to develop a formal theory based on the substantive grounded theory, a general theory and findings of other relevant substantive areas. A formal grounded theory however, can be applied to sensitize other researchers to the generation of new substantive theories and to assist them to formulate such theories (Glaser and Strauss, 1967). New substantive theories may help in further refinement of the formal theory.

9.5.3 In-depth Investigation of Research Sites

Ideally, the study would have undertaken a more in-depth investigation of budgeting practices in the education and health sectors in social service facilities, such as universities and hospitals. This was not feasible, owing to time constraints. A subsequent in-depth investigation of social service facilities would have provided a deeper understanding of the education and health sectors than what was found at the ministerial level in this study. This would provide a comparative contribution to knowledge of developed countries, with regard to educational facilities (Alam and Lawrence, 1993; Glynn *et al.*, 2008; Jegers, 1996; Lega and Vendramini, 2008; Lowe, 2000b; Tomkins, 1987) and health facilities (Edwards *et al.,* 2000; Edwards *et al.*, 1995;1996; Houghton, 1996). Nevertheless, the findings observed were, overall, adequate to respond to the established research questions.

9.6 Recommendations for Future Research

Based on the discussion of the substantive grounded theory and NIS, the above research contributions and limitations, the research recommends future research in the following four main areas.

Firstly, formal grounded theory explains the phenomenon of struggling for conformance in the adoption and implementation of accounting changes. It provides a set of conditions, the strategies and the consequences of the phenomenon. A theorized phenomenon of the formal grounded theory is more trustworthy for sensitizing other researchers to the generation of new substantive theories and for helping them to formulate such theories (Glaser and Strauss, 1967).

Secondly, the struggling for conformance theory explains the phenomenon of loose coupling, when the rules are not coupled to the actual practices. Loose coupling is explained not only as a mediating tool between legitimacy and efficiency (Nor-Aziah and Scapens, 2007), but also as a mediating tool for conflicting rules and fragmented internal and external environments. Further research may provide incremental evidence, or otherwise, on loose coupling in such contexts.

Thirdly, strategic innovation has been identified as one of the responses in NIS literature (Abernethy and Chua, 1996). The formal grounded theory provides another extreme of this act designated as strategic deterioration, where the interests of the organizational actors rather than the organizational interests are fulfilled. It is argued that new accounting changes play a range of roles, from a non-existent or small one, to a constructive role, in organizations (Nor-Aziah and Scapens, 2007, p.213). The formal grounded theory suggests that a strategic deterioration role is a result of complex rules, fragmented environment and conflicting power. Understanding the role of accounting changes in this perspective may be useful.

The formal grounded theory suggests the co-existence of ceremonial, instrumental and strategic deterioration roles in organizations. This could happen in different groups in organizations or in different elements of the accounting changes. The grounded theory has proposed a set of conditions for the occurrence of each role. Further research may investigate the co-existence of such roles in organizations. This is especially the case when legitimacy co-exists with the efficiency motive, or even the self-interest motive.

Lastly, there are few studies of MTEF in developed countries (Boex *et al.*, 2002; OECD, 1997). Similarly, there are few studies of budgeting in the education and health sectors in social service facilities, such as universities and hospitals in developing countries. This poses difficulties for comparative analysis of MTEF and budgeting studies in developed and developing countries. Moreover, there are few studies on CB (Bigsten and Danielsson, 1999; Llienert, 2003; Stasavage and Moyo, 1999). Understanding joint budgeting systems which are concurrently implemented in organizations is fundamental for uncovering the complexities of budgeting practices.

Appendices

Appendix I: List of Codes from Early Open Codes to Core Codes

EARLY OPEN CODES		FINAL OPEN CODES	CORE CODES
1	Modes of funding	Budget structure and financial dependency on donors	The Donors' influence
2	Budget Structure		
3	Insufficient funds		
4	Donors' financial contribution	Donors' practices, power and actors' perceptions	
5	Perceptions on donors		
6	Donors' power		
7	Funding uncertainty	Uncertainties, Changes and contingencies	The uncertain environment
8	Economic and Structural changes		
9	Contingencies		
10	Time constraint	Uncertainty in the working Environment	
11	Workload		
12	Employees' rewards		
13	Lack of transparency	Social interactions and behaviour	Cultural and Administrative practices
14	Fearing		
15	Indirect self-funding	Indirect Self-funding Culture	
16	Actors' perceptions on rewards		
17	Need for training	The need for improvements in budgeting allocations	Budgeting allocations-related impacts
18	Need for Revenue-based budgeting		
19	Need to improve identification of priorities		
20	Need for improving own revenue		
21	Allowances allocations	Blame issues associated with budgeting allocations	
22	Increased total costs and debts		
23	Circulars	Establishing Rules, Regulations and Directions	Establishing rhetorical rules and regulations
24	Guidelines and Manuals		
25	Policies, Acts and Constitution		
26	Establishment of new units		
27	Perceptions on Policies linkage	Application, perceptions and impacts of rules and regulations	
28	Perceptions, application and Impacts of Circulars		
29	Application of Acts, Manuals and Constitution		
30	Application and Perceptions		

	on Guidelines		
31	Politicians' interventions	Budgeting games	The practising budgeting norms and playing budgeting games
32	Allowances allocation		
33	Special requests		
34	Repetition		
35	Ring-fencing		
36	Reallocation		
37	Outer years' preparation	Budgeting norms	
38	Partial overseeing approach		
39	More funding strategy		
40	Using of rhetorical words		
41	End of year practices		
42	Identification of priority of priorities		
43	Funds discrepancies		
44	Measurement complexities	Performance measurement and budgeting practices complexities	Ambiguous and/or complex budgeting systems
45	Varying meanings – performance budgeting		
46	Ceilings determination complexities		
47	Capacity meanings		
48	Involvement of each department and huge size of MTEF	Ambiguous budgeting system structure	
49	Activity Costing sheet		
50	GFS codes		
51	MTEF medium-term focus	Incompatibility between budgeting systems	
52	Systematic Performance budgeting system		
53	Cash budgeting – revenue unpredictability		
54	Procurement system complexities		
55	Matching inputs, activities ,targets, objectives	Difficulties on conforming to requirements	Struggling for conformance
56	Measuring of outcomes and impacts		
57	Medium-term focus		
58	Parallel practice in other countries	Motivations for Reforms implementation	
59	Obtain funds from donors		
60	Improving internal efficiency		
61	Transparency and awareness	Improvements in budgeting Operations	Budgeting
62	Inclusion of performance information into budgets		
63	Reduction of government deficits		
64	Increasing budgeting role		
65	Reduced power and control		

67	Poor spending discipline	Drawbacks in budgeting operations	operations-related impacts
66	Ceilings delays and changes	Blame issues associated with budgeting operations	
68	Insufficient funds releases		
69	Delays on funds release		
70	Lack of seriousness		
71	Delays by institutions		
72	Sense-making	Attempting to Measure performance and Performance Measurement Games	Attempting to measure performance, linking budgeting with performance and performance measurement games
73	The use of rhetorical words		
74	Gap filling approach		
75	Inclusion of performance information in budgets	Attempting to link budgeting with performance	
76	Using past performance on identification of priorities		
77	Linking of inputs to outputs		
78	Increasing allocation on better performance		

Appendix II: List of Documents Analyzed

Type of Document	Timeframe	Source
MTEF (Budget Document)	2007/08-2009/10	MoFEA, MoHSW, MoEVT, Parliament Website
MTEF (Budget Document)	2008/09-2010/11	MoFEA, MoHSW, MoEVT, Parliament Website
MTEF (Budget Document)	2009/10-2011/12	MoFEA, MoHSW, MoEVT, Parliament Website
Budget Speech	2007/08-2009/10	MoHSW, MoEVT, MoFEA, Parliament website
Strategic Plans (SPs)	2004- 2009	MoEVT, MoHSW
Health Performance Profile Reports	2007/08-2009/10	MoHSW
Budget Guideline	2007/08- 2009/10	MoFEA
DPs' inputs to Guideline	2007/08	MoFEA
Circulars	2007/08-2009/10	MoFEA
Budget Background	2009/10	MoFEA
Action Plan	2009/10	MoHSW
Annual Cash Flow Plan	2009/10	MoHSW
BEST	2004-2007; 2005-2009	MoEVT
Minutes	2008/09	MoFEA
Constitution	1977 (Amended 1997)	Online
Vision	2025	MoFEA
MKUKUTA	2005	MoFEA
Planning and Budgeting Manual	2005	MoFEA
Statement of Reallocations	2003/04 – 2008/09	MoFEA

Finance Act	2001	MoFEA
Finance Regulations	2001	MoFEA
OPRAS Guideline	2006	PO-PSM
Newspaper- The Citizen	20^{th} February 2010	Online
Education Statistics Brief	2009	DPG
Hansards	2007/08-2009/10	Parliament Website
Performance budgeting operations manual	1999	MoFEA
Annual National Policy Dialogue	2009	MoFEA
Public Expenditure and Financial Review	2008	World Bank
Public Expenditure Review	2009	World Bank
Government and DPs' Memorandum of Understanding on JAST	2006	Online
Parliamentary committee reports	2007/08-2009/10	Parliament; parliament website
The Observer	2005	Online
Newspaper- The Citizen	2nd February 2011	Online
Public Expenditure Estimates Development Votes	2009 and 2010	MoFEA
Estimates of Public Expenditure Consolidated Funds Services and Supply Votes	2009 and 2010	MoFEA

Glossary of Swahili Terminologies

Swahili	the national language of Tanzania.
Zima moto style	the act of rushing in order to meet the deadline.
MKUKUTA	*Swahili* abbreviation of *Mkakati wa Kukuza Uchumi na Kuondoa Umasikini* Tanzania. It is a National Strategy for Growth and Reduction of Poverty (NSGRP).

References

Abdul-Rahaman, A. S., Gallhofer, S., Haslam, J., & Lawrence, S. (1993). Public sector accounting and financial management in developing countries: a critical assessment of the literature. *Asian Review of Accounting, 5*(2), 38-65.

Abdul-Rahaman, A. S., & Lawrence, S. (2001). Public sector accounting and financial management in a developing country organisational context: a three-dimensional view. *Accounting Forum, 25*(2), 189-210.

Abdul-Rahman, A. R., & Goddard, A. (1998). An interpretive inquiry of accounting practices in religious organisations. *Financial Accountability and Management, 14*(3), 183-201.

Abernethy, M. A., & Chua, W. F. (1996). A field study of control system "Redesign": the impact of institutional processes on strategic choice. *Contemporary Accounting Research, 13*(2), 569-606.

Ahmed, M. N., & Scapens, R. W. (2000). Cost allocation in Britain: towards an institutional analysis. *European Accounting Review, 9*(2), 159-204.

Ahrens, T., Becker, A., Burns, J., Chapman, C. S., Granlund, M., Habersam, M., Hansen, A., Khalifa, R., Malmi, T., & Mennicken, A. (2008). The future of interpretive accounting research-a polyphonic debate. *Critical Perspectives on Accounting, 19*(6), 840-866.

Ahrens, T., & Chapman, C. (2002). The structuration of legitimate performance measures and management: day-to-day contests of accountability in a UK restaurant chain. *Management Accounting Research, 13*(2), 151-171.

Alam, M. (1997). Budgetary process in uncertain contexts: a study of state-owned enterprises in Bangladesh. *Management Accounting Research, 8*(2), 147-167.

Alam, M., & Lawrence, S. (1993). Institutional aspects of budgetary processes: a case study in a developing country. *Asian Review of Accounting, 2*(1), 45-62.

Alawattage, C., Hopper, T., & Wickramasinghe, D. (2007). Introduction to management accounting in less developed countries. *Journal of Accounting & Organizational Change, 3*(3), 183-191.

Alesina, A., & Perotti, R. (1999). Budget deficits and budget institutions. In Poterba, J.M. & von Hagen, J. (Eds.), *Fiscal institutions and fiscal performance* (pp. 13-36). London: University of Chicago Press ltd.

Allen, R., Schiavo-Campo, S., & Garrity, T. C. (2004). *Assessing and reforming public financial management: a new approach*. Washington D.C.: World Bank

Andrews, M. (2004). Authority, acceptance, ability and performance-based budgeting reforms. *International Journal of Public Sector Management, 17*(4), 332-344.

Anipa, S., Kaluma, F., & Muggeridge, E. (1999). DFID seminar on best practice in public expenditure management. *Consulting Africa Limited*.

Ansari, S. L., & Bell, J. (1991). Symbolism, collectivism and rationality in organisational control. *Accounting, Auditing & Accountability Journal, 4*(2), 4-27.

Ansari, S. L., & Euske, K. (1987). Rationalizing and reifying uses of accounting data in organisations. *Accounting, Organizations and Society, 12*(6), 549-570.

Atreya, B., & Armstrong, A. (2002). Evaluation of the applicability of NPM reforms to developing countries: a case from Nepal. *Working Paper No.17. Melbourne: Victoria University*.

Awio, G., Lawrence, S., & Northcott, D. (2007). Community-led initiatives: reforms for better accountability? *Journal of Accounting & Organizational Change, 3*(3), 209-226.

Awio, G., & Northcott, D. (2001). Decentralization and budgeting: the Uganda health sector experience. *International Journal of Public Sector Management*, *14*(1), 75-88.

Batley, R., & Larbi, G. A. (2004). *The changing role of government: the reform of public services in developing countries*. NewYork: Palgrave Macmillan.

Baxter, J., Boedker, C., & Chua, W. F. (2008). The future(s) of interpretive accounting research-a polyphonic response from beyond the metropolis. *Critical Perspectives on Accounting, 19*(6), 880-886.

Baxter, J., & Chua, W. F. (2003). Alternative management accounting research--whence and whither. *Accounting, Organizations and Society, 28*(2-3), 97-126.

Bellamy, S., & Kluvers, R. (1995). Program budgeting in Australian local government: a study of implementation and outcomes. *Financial Accountability & Management, 11*(1), 39-56.

Berry, A. J., Capps, T., Ferguson, P., Hopper, T., & Lowe, E. (1985). Management control in an area of the NCB: rationales of accounting practices in a public enterprise. *Accounting, Organizations and Society, 10*(1), 3-28.

Bigsten, A., & Danielsson, A. (1999). Is Tanzania an emerging economy. *A report for the OECD project "Emerging Africa"*. Gothenburg and Lund, Sweden.

Bissessar, A. M. (2010). An institutional review of planning budgeting and monitoring in the Caribbean: challenges of transformation *International Journal of Public Sector Management*, *23*(1), 22 - 37.

Blumer, H. (1969). *Symbolic interactionism: perspective and method*. Englewood Cliffs, New Jersey: Prentice-Hall.

Boex, L. F. J., Martinez-Vazquez, J., & McNab, R. M. (2002). Multi-year budgeting: a review of international practices and lessons for developing and transitional economies. *Public Budgeting & Finance, 20*(2), 91-112.

Boland, R. J., & Pondy Jr, L. R. (1983). Accounting in organizations: a union of natural and rational perspectives. *Accounting, Organizations and Society, 8*(2-3), 223-234.

Bourn, M., & Ezzamel, M. (1986). Costing and budgeting in the National Health Service. *Financial Accountability & Management, 2*(1), 53-71.

Bovaird, T., Gregory, D., & Martin, S. (1988). Performance measurement in urban economic development. *Public Money & Management, 8*(4), 17-22.

Burns, J., & Scapens, R. W. (2000). Conceptualizing management accounting change: an institutional framework. *Management Accounting Research, 11*(1), 3-25.

Burrell, G., & Morgan, G. (1979). *Sociological paradigms and organisational analysis*. London: Heinemann.

Caiden, N. (1998). A new generation of budget reform. In Peters, B.G. & Savoie, D.J. (Eds.), *Taking stock: Assessing public sector reforms* (pp. 252-284). Canada: Canadian Centre for Management Development and McGill-Queen's University Press.

Caiden, N. (2003). Public service professionalism for performance measurement and evaluation. *Public Budgeting & Finance, 18*(2), 35-52.

Caiden, N. (2010). Challenges confronting contemporary public budgeting: retrospectives/prospectives from Allen Schick. *Public Administration Review, 70*(2), 203-210.

Caiden, N., & Wildavsky, A. B. (1980). *Planning and budgeting in poor countries* (Paperback ed.). New Brunswick, New Jersey: Transaction Publishers.

Charmaz, K. (2003). Grounded theory: objectivist ond constructivist methods In Denzin, N. & Lincoln, Y.S. (Eds.), *Strategies of qualitative inquiry* (2nd ed., pp. 249-291). Thousand Oaks, California: Sage Publications, Inc.

Chua, W. F. (1986). Radical developments in accounting thought. *The Accounting Review, 61*(4), 601-632.

Chua, W. F. (1988). Interpretive sociology and management accounting research-a critical review. *Accounting, Auditing & Accountability Journal, 1*(2), 59-79.

Collier, P. M. (2001). The power of accounting: a field study of local financial management in a police force. *Management Accounting Research, 12*(4), 465-486.

Collis, J., Hussey, R., Crowther, D., Lancaster, G., Saunders, M., Lewis, P., Thornhill, A., Bryman, A., Bell, E., & Gill, J. (2003). *Business research methods*. New York: Palgrave Macmillan.

Colville, I. (1981). Reconstructing. *Accounting, Organizations and Society, 6*(2), 119-132.

Cooper, D. J. (2008). Is there a future for interpretive accounting research? Editorial. *Critical Perspective on Accounting, 19*, 837-839.

Cooper, D. J., Hayes, D., & Wolf, F. (1981). Accounting in organized anarchies: understanding and designing accounting systems in ambiguous situations. *Accounting, Organizations and Society, 6*(3), 175-191.

Coopey, J., Keegan, O., & Emler, N. (1998). Managers' innovations and the structuration of organizations. *Journal of management studies, 35*(3), 263-284.

Corbin, J. M., & Strauss, A. (1990). Grounded theory research: procedures, canons, and evaluative criteria. *Qualitative sociology, 13*(1), 3-21.

Corbin, J. M., & Strauss, A. L. (2008). *Basics of qualitative research: techniques and procedures for developing grounded theory*: Sage Publications, Inc.

Covaleski, M., & Dirsmith, M. W. (1983). Budgeting as a means for control and loose coupling. *Accounting, Organizations and Society, 8*(4), 323-340.

Covaleski, M., & Dirsmith, M. W. (1986). The budgetary process of power and politics. *Accounting, Organizations and Society, 11*(3), 193-214.

Covaleski, M. A., & Dirsmith, M. W. (1988). An institutional perspective on the rise, social transformation, and fall of a university budget category. *Administrative Science Quarterly, 33*(4), 562-587.

Covaleski, M. A., & Dirsmith, M. W. (1991). The management of legitimacy and politics in public sector administration. *Journal of Accountancy and Public Policy, 10*, 135-156.

Covaleski, M. A., Dirsmith, M. W., Heian, J. B., & Samuel, S. (1998). The calculated and the avowed: techniques of discipline and struggles over identity in big six public accounting firms. *Administrative Science Quarterly, 43*(2), 293-327.

Covaleski, M. A., Dirsmith, M. W., & Michelman, J. E. (1993). An institutional theory perspective on the DRG framework, case-mix accounting systems and health-care organizations. *Accounting, Organizations and Society, 18*(1), 65-80.

Covaleski, W., & Dirsmith, M. W. (1990). Dialectic tension, double reflexivity and the everyday accounting researcher: on using qualitative methods. *Accounting, Organizations and Society, 15*(6), 543-573.

Craig, D., & Doug, C. (2003). Poverty reduction strategy papers: a new convergence. *World Development, 31*(1), 53-69.

Czarniawska-Joerges, B., & Jacobsson, B. (1989). Budget in a cold climate. *Accounting, Organizations and Society, 14*(1-2), 29-39.

De Bruijn, H. (2007). *Managing performance in the public sector*. London: Routledge.

De Loo, I., Nederlof, P., & Verstegen, B. (2006). Detecting behavioural patterns of Dutch controller graduates through interpretive interactionism principles. *Qualitative Research in Accounting & Management, 3*(1), 46-66.

de Renzio, P. (2007). Budget monitoring and policy influence: lessons from civil society budget analysis and advocacy initiatives. *ODI Briefing Paper. London: Overseas Development Institute*.

de Renzio, P., & Smith, S. (2005). Linking policies and budgets: implementing medium term expenditure in a PRSP context. *ODI Briefing Paper. London: Overseas Development Institute*.

de Waal, A. A. (2007). Is performance management applicable in developing countries?: The case of a Tanzanian college. *International Journal of Emerging Markets, 2*(1), 69-83.

Dean, P. N. (1986). Assessing the performance budgeting experiment in four developing countries. *Financial Accountability and Management, 2*(1), 1–24.

Dean, P. N. (1989). *Government budgeting in developing countries*. London: Routledge.

Dent, J. F. (1991). Accounting and organizational cultures: A field study of the emergence of a new organizational reality. *Accounting, Organizations and Society, 16*(8), 705-732.

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American sociological review, 48*(2), 147-160.

Dinh, H. T., Adugna, A., & Myers, B. (2002). The impact of cash budgets on poverty reduction in Zambia: a case study of the conflict between well-intentioned macroeconomic policy and service delivery to the poor. *Working paper No. 2914. Washington D.C: World Bank*.

Dirsmith, M. W., Heian, J. B., & Covaleski, M. A. (1997). Structure and agency in an institutionalized setting: the application and social transformation of control in the big six. *Accounting, Organizations and Society, 22*(1), 1-27.

Dixon, R., Ritchie, J., & Siwale, J. (2006). Microfinance: accountability from the grassroots. *Accounting, Auditing & Accountability Journal, 19*(3), 405-427.

Dunk, A. S., & Perera, H. (1997). The incidence of budgetary slack: a field study exploration. *Accounting, Auditing & Accountability Journal, 10*(5), 649-664.

DuPont-Morales, M. A., & Harris, J. E. (1994). Strengthening accountability: incorporating strategic planning and performance measurement into budgeting. *Public Productivity & Management Review, 17*(3), 231-239.

Economic Commissions for Africa. (2003). Public sector management reforms in Africa: lessons learned. *Addis Ababa: Development Policy Management Division*.

Edwards, J. R., Anderson, M., & Chandler, R. A. (2007). Claiming a jurisdiction for the "Public Accountant" in England prior to organisational fusion. *Accounting, Organizations and Society, 32*(1-2), 61-100.
Edwards, P., Ezzamel, M., McLean, C., & Robson, K. (2000). Budgeting and strategy in schools: the elusive link. *Financial Accountability and Management*, *16*(4), 309-334.
Edwards, P., Ezzamel, M., Robson, K., & Taylor, M. (1995). The development of local management of schools: budgets, accountability and educational impact. *Financial Accountability & Management*, *11*(4), 297-315.
Edwards, P., Ezzamel, M., Robson, K., & Taylor, M. (1996). Comprehensive and incremental budgeting in education: the construction and management of formula funding in three English local education authorities. *Accounting, Auditing & Accountability Journal, 9*(4), 4-37.
Efferin, S., & Hopper, T. (2007). Management control, culture and ethnicity in a Chinese Indonesian company. *Accounting, Organizations and Society*, *32*(3), 223-262.
Elharidy, A. M., Nicholson, B., & Scapens, R. W. (2008). Using grounded theory in interpretive management accounting research. *Qualitative Research in Accounting & Management*, *5*(2), 139-155.
Evans, A. J., & Ngalwea, E. (2001). Institutionalizing the PRSP approach in Tanzania. *In Booth, D. (ed.). The PRSP Institutionalization Study: Final Report. London: Overseas Development Institute*.
Ezzamel, M., Hyndman, N., Johnsen, A., Lapsley, I., & Pallot, J. (2007). Experiencing institutionalization: the development of new budgets in the UK devolved bodies. *Accounting, Auditing & Accountability Journal*, *20*(1), 11-40.
Fagernäs, S., & Roberts, J. (2004). The fiscal effects of Aid in Uganda. *Working Paper No. 9. London: Overseas Development Institute.*
Fearnley, S., Hines, T., Mcbride, K., & Brandt, R. (2002). The impact of the Financial Reporting Review Panel on aspects of the independence of auditors and their attitudes to compliance in the UK. *The British Accounting Review, 34*(2), 109-139.
Flynn, N. (2007). *Public sector management*. London: Sage Publications Ltd.
Foster, M., Fozzard, A., Naschold, F., & Conway, T. (2002). How, when and why does poverty get budget priority: poverty reduction strategy and public expenditure in five African countries. *Working paper No.164. London: Overseas Development Institute.*
Frode, B. (1995). Institutionalization of municipal accounting-a comparative study between Sweden and Norway. *Scandinavian Journal of Management, 11*(1), 25-41.
Gaebler, T., & Osborne, D. (1993). *Reinventing government: how the entrepreneurial spirit is transforming the public sector*. New York: Addison Wesley.
Garrett, J. (1972). *The management of government*. London: Penguin Books.
Gibbins, M., Richardson, A., & Waterhouse, J. (1990). The management of corporate financial disclosure: opportunism, ritualism, policies, and processes. *Journal of Accounting Research, 28*(1), 121-143.
Giddens, A. (1976). *New rules of sociological method* (second ed.). London: Polity Press.
Giddens, A. (1997). *Sociology* (third ed.). London: Polity Press.

Gill, J., & Johnson, P. (2006). *Research methods for managers*. London: Sage Publications Ltd.
Glaser, B. G. (1978). *Theoretical sensitivity: advances in the methodology of grounded theory*. Mill Valley, CA.: Sociology Press.
Glaser, B. G. (1992). *Basics of grounded theory analysis: emergence vs. forcing*. Mill Valley, CA.: Sociology Press.
Glaser, B. G. (2001). *The grounded theory perspective: conceptualization contrasted with description*. Mill Valley, CA.: Sociology Press.
Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory: strategies for qualitative research*. London: Wiedenfeld and Nicholson.
Glynn, J. J., Murphy, M. P., & Perkins, D. A. (2008). GP practice budgets: an evaluation of the financial risks and rewards. *Financial Accountability & Management, 8*(2), 149-161.
Goddard, A. (1997). Organizational culture and budget related behavior: a comparative contingency study of three local government organizations. *The International Journal of Accounting, 32*(1), 79-97.
Goddard, A. (1999). Culture and Drama: The role of financial control systems in the organisational process in three local government organisations. *International Journal of Public Sector Management, 12*(6), 516 - 532.
Goddard, A. (2004). Budgetary practices and accountability habitus. *Accounting, Auditing & Accountability Journal, 17*(4), 543-577.
Goddard, A. (2005). Accounting and NPM in UK local government-contributions towards governance and accountability. *Financial Accountability & Management, 21*(2), 191-218.
Goddard, A., & Assad, M. J. (2006). Accounting and navigating legitimacy in Tanzanian NGOs. *Accounting, Auditing & Accountability Journal, 19*(3), 377-404.
Goddard, A., & Powell, J. (1994). Accountability and accounting: using naturalistic methodology to enhance organizational control- a case study. *Accounting, Auditing & Accountability Journal, 7*(2), 50-69.
Gray, C. W. (1998). *Public expenditure management handbook*. Washington D.C.: World Bank. .
Greenhalgh, R. W. (2000). Information and the transnational SME controller. *Management Accounting Research, 11*(4), 413-426.
Greenwood, R., & Hinings, C. R. (1996). Understanding radical organizational change: bringing together the Old and the New institutionalism. *The Academy of Management Review, 21*(4), 1022-1054.
Groot, T. (1999). Budgetary reforms in the non-profit sector: a comparative analysis of experiences in health care and higher education in the Netherlands. *Financial Accountability & Management, 15*(3&4), 353-376.
Groot, T., & Budding, T. (2008). New Public Management's current issues and future prospects. *Financial Accountability & Management, 24*(1), 1-13.
Gruening, G. (2001). Origin and theoretical basis of New Public Management. *International Public Management Journal, 4*(1), 1-25.
Gurd, B. (2008). Remaining consistent with method? An analysis of grounded theory research in accounting. *Qualitative Research in Accounting & Management, 5*(2), 122-138.
Guthrie, J., & English, L. (1997). Performance information and programme evaluation in the Australian public sector. *International Journal of Public Sector Management, 10*(3), 154-164.

Guthrie, J., Olson, O., & Humphrey, C. (1999). Debating developments in new public financial management: the limits of global theorising and some new ways forward. *Financial Accountability and Management, 15*(3 & 4), 209-228.

Hammersley, M. (1987). Some Notes on the Terms' Validity'and'Reliability'. *British Educational Research Journal, 13*(1), 73-81.

Holland, J. (2006). Fund management, intellectual capital, intangibles and private disclosure. *Managerial Finance, 32*(4), 277-316.

Holmes, M., & Evans, A. (2003). A review of experience in implementing medium term expenditure frameworks in a PRSP context: a synthesis of eight country studies. *London: Overseas Development Institute*.

Hood, C. (1991). A new public management for all seasons. *Public Administration, 69*(1), 3-19.

Hood, C. (1995). The "new public management" in the 1980s: variations on a theme. *Accounting Organisations and Society, 20*(2/3), 93-93.

Hopper, T., & Powell, A. (1985). Making sense of research into the organizational and social aspects of management accounting: a review of its underlying assumptions *Journal of Management Studies, 22*(5), 429-465.

Hopwood, A. G. (1979). Editorial. *Accounting, Organizations and Society, 4*(2), 145-147.

Hoque, Z., Arends, S., & Alexander, R. (2004). Policing the police service: a case study of the rise of" new public management" within an Australian police service. *Accounting, Auditing & Accountability Journal, 17*(1), 59-84.

Hoque, Z., & Hopper, T. (1994). Rationality, accounting and politics: a case study of management control in a Bangladeshi jute mill. *Management Accounting Research, 5*(1), 5-30.

Houghton, L. (1996). Budgets. *Chartered Accountants Journal, 73*(3), 37-39.

Humphrey, C., & Scapens, R. W. (1996). Methodological themes, theories and case studies of organizational accounting practices: limitation or liberation? *Accounting, Auditing & Accountability Journal, 9*(4), 86-106.

Jackson, A., & Lapsley, I. (2003). The diffusion of accounting practices in the new "managerial" public sector. *International Journal of Public Sector Management, 16*(5), 359-372.

James, W. (2006). A processual view of institutional change of the budget process within an Australian government-owned electricity corporation. *International Journal of Public Sector Management, 19*(1), 5-39.

Jansen, E. P. (2008). New public management: perspectives on performance and the use of performance information. *Financial Accountability & Management, 24*(2), 169-191.

Jegers, M. (1996). Budgeting and cost accounting in European Intensive Care Units: a note. *Financial Accountability & Management, 12*(4), 323-334.

Joannides, V., & Berland, N. (2008). Reactions to reading "Remaining consistent with method? An analysis of grounded theory research in accounting". *Qualitative Research in Accounting & Management, 5*(3), 253-261.

Jones, R. (2002). National accounting, government budgeting and the accounting discipline. *Financial Accountability & Management, 16*(2), 101-116.

Jones, R. (2007). Accrual budgeting in government. In Brüggemeier, M., Schauer, R. & Schedler, K. (Eds.), *Controlling und Performance-Management im öffentlichen Sektor: ein Handbuch* (pp. 111-121). Basel: Haupt Verlag AG.

Jönsson, S., & Grönlund, A. (1988). Life with a sub-contractor: new technology and management accounting. *Accounting, Organizations and Society, 13*(5), 513-532.

Jönsson, S., & Macintosh, N. B. (1997). Cats, rats, and ears: making the case for ethnographic accounting research. *Accounting, Organizations and Society, 22*(3/4), 367-386.

Joyce, P. (1996). Appraising budget appraisal: can you take politics out of budgeting? *Public Budgeting & Finance, 16*(4), 21-25.

Joyce, P., & Meyers, R. (2001). Budgeting during the Clinton Presidency. *Public Budgeting & Finance, 21*(1), 1-21.

Joyce, P. G. (1993a). The reiterative nature of budget reform: is there anything new in federal budgeting? *Public Budgeting & Finance, 13*(3), 36-48.

Joyce, P. G. (1993b). Using performance measures for federal budgeting: proposals and prospects. *Public Budgeting and Finance, 13*(4), 3-17.

Kakkuri-Knuuttila, M. L., Lukka, K., & Kuorikoski, J. (2008). Straddling between paradigms: a naturalistic philosophical case study on interpretive research in management accounting. *Accounting, Organizations and Society, 33*(2-3), 267-291.

Kearney, M. H. (1998). Ready-to-wear: discovering grounded formal theory. *Research in Nursing & Health, 21*(2), 179-186.

Kelly, J., & Wanna, J. (2000). New Public Management and the politics of government budgeting. *International Public Management Review, 1*(1), 33-55.

Kim, Y. O. (2008). Institutionalizing gender budgeting in Korea. *Korean Women's Development Institute & Korean Institute of Public Finance, Seoul, Republic of Korea*.

Kong, D. (2005). Performance-based budgeting: the U.S. experience. *Public Organization Review, 5*(2), 91-107.

Lapsley, I. (1999). Accounting and the new public management: instruments of substantive efficiency or a rationalising modernity? *Financial Accountability and Management, 15*(3 & 4), 201-207.

Lapsley, I. (2008). The NPM agenda: back to the future. *Financial Accountability and Management, 24*(1), 77-96.

Laughlin, R. (1995). Methodological themes: empirical research in accounting, alternative approaches and a case for 'middle-range' thinking *Accounting, Auditing & Accountability 8*(1), 63-87.

Le Houerou, P., & Taliercio, R. (2002). Medium term expenditure frameworks: from concept to practice. preliminary lessons from Africa. *Africa Region Working Paper No. 28. Washington D.C: World Bank*.

Lebas, M. J. (1995). Performance measurement and performance management. *International Journal of Production Economics, 41*(1-3), 23-35.

Lee Jr, R. D. (1997). The use of program analysis in state budgeting: changes between 1990 and 1995. *Public Budgeting and Finance, 17*(2), 18-36.

Lee Jr, R. D., & Burns, R. C. (2002). Performance measurement in state budgeting: advancement and backsliding from 1990 to 1995. *Public Budgeting & Finance, 20*(1), 38-54.

Lee Jr, R. D., & Johnson, R. W. (1973). *Public budgeting systems*. Baltimore: University Park Press.

Lee Jr, R. D., Johnson, R. W., & Joyce, P. G. (2007). *Public budgeting systems*. London: Jones & Bartlett Publishers.

Lega, F., & Vendramini, E. (2008). Budgeting and performance management in the Italian National Health System (INHS). *Journal of Health Organization and Management, 22*(1), 11-22.
Lightbody, M. (2000). String and shielding: financial management behaviour in a church organization *Accounting, Auditing & Accountability 13*(2), 156 - 174.
Likierman, A. (2000). Changes to managerial decision-taking in UK central government. *Management Accounting Research, 11*(2), 253-261.
Llienert, I. (2003). A comparison between two public expenditure management systems in Africa. *OECD Journal on Budgeting, 3*(3), 35-66.
Locke, K. D., & Locke, K. (2001). *Grounded theory in management research*: SAGE Publications Ltd.
Lowe, A. (1995). The basic social processes of entrepreneurial innovation. *International Journal of Entrepreneurial Behaviour & Research, 1*(2), 54-76.
Lowe, A. (2000a). Accounting in health care: some evidence on the impact of case mix systems. *British Accounting Review, 32*(1), 189-211.
Lowe, A. (2000b). The construction of a network at health Waikato: the "towards clinical budgeting" project. *Accounting, Auditing & Accountability Journal, 13*(1), 84-114.
Lu, Y. (2007). Performance budgeting: the perspective of state agencies. *Public Budgeting & Finance, 27*(4), 1-17.
Lukka, K. (2007). Management accounting change and stability: loosely coupled rules and routines in action. *Management Accounting Research, 18*(1), 76-101.
Lukka, K., & Mouritsen, J. (2002). Homogeneity or heterogeneity of research in management accounting? *European Accounting Review, 11*(4), 805-811.
Lye, J., Perera, H., & Rahman, A. (2005). The evolution of accruals-based crown (government) financial statements in New Zealand. *Accounting, Auditing & Accountability Journal, 18*(6), 784-815.
Mayper, A. G., Granof, M., & Giroux, G. (1991). An analysis of municipal budget variances. *Accounting, Auditing & Accountability Journal, 4*(1), 29-50.
Mayston, D. J. (1998). Devolved budgeting, formula funding and equity. *Management Accounting Research, 9*, 37-54.
McGill, R. (2001). Performance budgeting. *International Journal of Public Sector Management, 14*(5), 376-390.
Melkers, J., & Willoughby, K. (1998). The state of the states: performance-based budgeting requirements in 47 out of 50. *Public Administration Review, 58*(1), 66-73.
Melkers, J., & Willoughby, K. (2001). Budgeters' views of state performance-budgeting systems: distinctions across branches. *Public Administration Review, 61*(1), 54-64.
Melkers, J., & Willoughby, K. (2005). Models of performance-measurement use in local governments: understanding budgeting, communication, and lasting effects. *Public Administration Review, 65*(2), 180-190.
Merk, O. (2006). Medium term expenditure frameworks in MENA countries *OECD Working group 3*. Cairo.
Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: formal structure as myth and ceremony. *The American Journal of Sociology, 83*(2), 340-363.
Mimba, N., Helden, G., & Tillema, S. (2007). Public sector performance measurement in developing countries: a literature review and research agenda. *Journal of Accounting and Organizational Change, 3*(3), 192-208.

Mobus, J. L. (2005). Mandatory environmental disclosures in a legitimacy theory context. *Accounting, Auditing & Accountability Journal, 18*(4), 492-517.

Modell, S. (2001). Performance measurement and institutional processes: a study of managerial responses to public sector reform. *Management Accounting Research, 12*(4), 437-464.

Modell, S. (2002). Institutional perspectives on cost allocations: integration and extension. *European Accounting Review, 11*(4), 653 - 679.

Modell, S. (2004). Performance measurement myths in the public sector: a research note. *Financial Accountability and Management, 20*(1), 39-55.

Modell, S., & Humphrey, C. (2008). Balancing acts in qualitative accounting research. *Qualitative Research in Accounting & Management, 5*(2), 92-100.

Morgan, G. (1988). Accounting as reality construction: towards a new epistemology for accounting practice. *Accounting, Organizations and Society, 13*(5), 477-485.

Mserembo, P. K., & Hopper, T. (2004). Public sector financial reform in Malawi: PPBS in a poor country. In Hopper, T. & Hoque, Z. (Eds.), *Research on Accounting in Emerging Economies: Supplement 2, Accounting and Accountability in Emerging and Transition Economies* (pp. 559-583): Elsevier, Oxford.

Nahapiet, J. (1988). The rhetoric and reality of accounting change: a study of resource allocation. *Accounting, Organization and Society, 13*(4), 333–358.

Newberry, S., & Pallot, J. (2005). A wolf in sheep's clothing? Wider consequences of the financial management system of the New Zealand central government. *Financial Accountability & Management, 21*(3), 263-277.

Nixon, B. (1998). Research and development performance measurement: a case study. *Management Accounting Research, 9*(3), 329-355.

Nor-Aziah, A., & Scapens, R. (2007). Corporatisation and accounting change: the role of accounting and accountants in a Malaysian public utility. *Management Accounting Research, 18*(2), 209-247.

Norris, G. (2002). Chalk and cheese: Grounded theory case studies of the introdution and usage of activity-based Information in two British Banks. *The British Accounting Review, 34*(3), 223-255.

Norton, A., & Elson, D. (2002). What's behind the budget?: Politics, rights and accountability in the budget process. *London: Overseas Development Institute*.

Noutomi, I., & Nakanishi, M. (2007). Net results of the Japanese NPM movement at local governments since the Mid-1990s: performance budgeting, Total quality management and Target based Budgeting. *International Journal of Public Administration, 30*(12), 1393-1433.

Oduro, K. N. (2003). Results-oriented public expenditure management. *Working Paper No.208. London: Overseas Development Institute*.

OECD. (1997). *In search of results, performance management practices*. Paris: Organisation for Economic Co-operation and Development.

Oliver, C. (1991). Strategic responses to institutional processes. *Academy of management review, 16*(1), 145-179.

Olson, O., Humphrey, C., & Guthrie, J. (2001). Caught in an evaluatory trap: a dilemma for public services under NPFM. *European Accounting Review, 10*(3), 505-522.

Orton, J. D., & Weick, K. E. (1990). Loosely coupled systems: A reconceptualization. *Academy of management review, 15*(2), 203-223.

Pallot, J. (2002). A decade in review: New Zealand's experience with resource accounting and budgeting. *Financial Accountability & Management, 17*(4), 383-400.
Parker, L. D. (2001). Reactive planning in a christian bureaucracy. *Management Accounting Research, 12*(3), 321-356.
Parker, L. D. (2002). Budgetary incrementalism in a christian bureaucracy. *Management Accounting Research, 13*(1), 71-100.
Parker, L. D. (2003). Financial management strategy in a community welfare organisation: a boardroom perspective. *Financial Accountability and Management, 19*(4), 341-374.
Parker, L. D., & Roffey, B. H. (1997). Methodological themes. *Accounting, Auditing & Accountability Journal, 10*(2), 212-247.
Perrin, J. (1998). Resource accounting and budgeting: from cash to accruals in 25 years. *Public Money & Management, 18*(2), 7-10.
Pettersen, I. J. (1995). Bubdetary control of hospitals; rituals rhetorics and rationalized myths? *Financial Accountability and Management, 11*(3), 207-221.
Pinch, T., Mulkay, M., & Ashmore, M. (1989). Clinical budgeting; experimentation in the social sciences: A drama in five acts. *Accounting, Organizations and Society, 14*(3), 271-301.
Pollitt, C. (2001). Integrating financial management and performance management. *OECD Journal on Budgeting, 1*(2), 7-37.
Powell, W. W. (1985). The institutionalization of rational organizations. *Contemporary Sociology, 14*(5), 564-566.
Powell, W. W. (1991). Expanding the scope of institutional analysis. In Powell, W.W. & DiMaggio, P.J. (Eds.), *The New Institutionalism in Organizational Analysis* (pp. 183-203). Chicago: University of Chicago Press.
Premchand, A. (1984). *Government budgeting and expenditure controls: theory and practice*. Washington, DC.: International Monetary Fund.
Reddick, C. G. (2003). Testing rival theories of budgetary decision-making in the US States. *Financial Accountability & Management, 19*(4), 315-339.
Reinikka, R., & Svensson, J. (2004). Local capture: evidence from a central government transfer program in Uganda. *Quarterly Journal of Economics, 119*(2), 679-705.
Ribeiro, J. A., & Scapens, R. W. (2006). Institutional theories in management accounting change: contributions, issues and paths for development. *Qualitative research in Accounting & Management, 3*(2), 94-111.
Roberts, J., & Andrews, M. (2005). Something funny happened on the way to reform success: the case of budget reform implementation in Ghana. *International Journal of Public Administration, 28*(3), 291-311.
Robinson, M. (2002). Financial control in Australian government budgeting. *Public Budgeting and Finance, 22*(1), 80-93.
Robinson, M. (2009). Accrual budgeting and fiscal policy. *Working Papers No. 09/84. Washington D.C: International Monetary Fund.*
Rønsholt, F., Mushi, R., Shallanda, B., & Assey, P. (2003). Results-Orientated Expenditure Management Country Study–Tanzania. *Working Paper No. 204. London: Overseas Development Institute*.
Ronsholt, F. E., & Andrews, M. (2005). “Getting it together”… or not: an analysis of the early period of Tanzania's move towards adopting performance

management systems. *International Journal of Public Administration, 28*(3), 313-336.

Rose, A. (2003). Results-oriented budget practice in OECD countries. *Working Paper No. 209. London: Overseas Development Institute*.

Ryan, B., Scapens, R. W., & Theobald, M. (2007). *Research method and methodology in finance and accounting*: Thomson, London.

Sarker, A. E. (2006). New public management in developing countries. *International Journal of Public Sector Management, 19*(2), 180-203.

Saunders, M., Lewis, P., & Thornhill, A. (2007). *Research methods for business students*: Financial Times/Prentice Hall.

Sawabe, N. (2005). Accounting for the public interest: a Japanese perspective. *Accounting, Auditing & Accountability Journal, 18*(5), 631-647.

Scapens, R. W. (1990). Researching management accounting practice: the role of case study methods. *The British Accounting Review, 22*(3), 259-281.

Scapens, R. W. (2008). Seeking the relevance of interpretive research: a contribution to the polyphonic debate. *Critical Perspectives on Accounting, 19*(6), 915-919.

Schiavo-Campo, S. (2009). Potemkin villages:"the" medium-term expenditure framework in developing countries. *Public Budgeting & Finance, 29*(2), 1-26.

Schick, A. (1998a). A contemporary approach to public expenditure management. *World Bank Institute*.

Schick, A. (1998b). Why most developing countries should not try New Zealand's reforms. *The World Bank Research Observer, 13*(1), 123.

Schick, A. (2002). Does budgeting have a future? *OECD Journal on Budgeting, 2*(2), 7-48.

Schick, A. (2003a). The performing state: reflection on an idea whose time has come but whose implementation has not. *OECD Journal on Budgeting, 3*(2), 71-104.

Schick, A. (2003b). The role of fiscal rules in budgeting. *OECD Journal on Budgeting, 3*(3), 7-34.

Schick, A., & OECD. (2009). *Evolutions in budgetary practice*: OECD.

Scott, W. (2008). Approaching adulthood: the maturing of institutional theory. *Theory and Society, 37*(5), 427-442.

Scott, W. R. (1987). The adolescence of institutional theory. *Administrative Science Quarterly, 32*(4), 493-511.

Scott, W. R. (2001). *Institutions and organizations* (2nd ed.): Thousand Oaks, CA: Sage

Scott, W. R. (2005). Contributing to a theoretical research program In Smith, K.G. & Hitt, M.A. (Eds.), *Great minds in management: The process of theory development*. NewYork: Oxford University Press.

Seal, W. (2003). Modernity, modernization and the deinstitutionalization of incremental budgeting in local government. *Financial Accountability & Management, 19*(2), 93-116.

Serritzlew, S. (2005). Breaking budgets: an empirical examination of Danish municipalities. *Financial Accountability & Management, 21*(4), 413-435.

Shah, A. (2007). *Budgeting and budgetary institutions*. Washington DC: World Bank

Shah, A., & Shen, C. (2007). A primer on performance budgeting. In Shah, A. (Ed.), *Budgeting and Budgetary Institutions* (pp. 137-178). Washington DC: World Bank.

Sharma, U., & Lawrence, S. (2005). Public sector reform, global trends vs. local needs: the case of a state rental organisation in Fiji. *Journal of Accounting & Organizational Change, 1*(2), 141-164.

Short, J. (2003). Countrycase study 4: assessment of the MTEF in Ghana. *London: Overseas Development Institute*.

Siti-Nabiha, A. K., & Scapens, R. W. (2005). Stability and change: an institutionalist study of management accounting change. *Accounting, Auditing & Accountability Journal, 18*(1), 44-73.

Skousen, C. R. (1990). Budgeting practices in local governments of England and Wales. *Financial Accountability & Management, 6*(3), 191-208.

Slagmulder, R. (1997). Using management control systems to achieve alignment between strategic investment decisions and strategy. *Management Accounting Research, 8*(1), 103-139.

Solomon, J. F., & Solomon, A. (2006). Private social, ethical and environmental disclosure. *Accounting, Auditing & Accountability Journal, 19*(4), 564-591.

Solomon, M., & De Wet, W. A. (2004). The effect of a budget deficit on inflation: the case of Tanzania. *South African Journal of Economic and Management Sciences, 7*(1), 100-116.

Stasavage, D., & Moyo, D. (1999). Are cash budgets a cure for excess fiscal deficits (and at what cost)? *World Development 28*(12), 2105-2122.

Sterck, M., & Scheers, B. (2006). Trends in performance budgeting in seven OECD countries. *Public Performance & Management Review, 30*(1), 47-72.

Strauss, A. L. (1987). *Qualitative analysis for social scientists*. NewYork: Cambridge University Press.

Strauss, A. L., & Corbin, J. M. (1990). *Basics of qualitative research: Grounded theory procedures and techniques*. Thousand Oaks, CA, US: Sage Publications, Inc.

Strauss, A. L., & Corbin, J. M. (1998). *Basics of qualitative research: techniques and procedures for developing grounded theory*. London: Sage Publications, Inc.

Strauss, A. L., & Corbin, J. M. (Eds.). (1997). *Grounded theory in practice*. London: SAGE Publications, Inc.

Suchman, M. (1995). Managing legitimacy: strategic and institutional approaches. *The Academy of Management Review, 20*(3), 571-610.

Swallow, A. (2010). Cash budgeting: Sub-saharan experience and lessons for Zimbabwe. *Oxford Policy Management briefing notes. February*.

Talbot, C. (1998). Output and performance analysis-time to open up the debate? *Public Money & Management, 18*(2), 4-5.

Tambulasi, R. (2007). Who is fooling who?: New public management-oriented management accounting and political control in the Malawi's local governance. *Journal of Accounting and Organizational Change, 3*(3), 302-328.

Tang, S. (1997). Budgetary guidelines and fiscal performance in Hong Kong. *International Journal of Public Sector Management, 10*(7), 547-571.

ter Bogt, H. (2008). Management accounting change and new public management in local government: a reassessment of ambitions and results an institutionalist

approach to accounting change in the Dutch public sector. *Financial Accountability & Management, 24*(3), 209-241.
ter Bogt, H., & Jan van Helden, G. (2000). Accounting change in Dutch government: exploring the gap between expectations and realizations. *Management Accounting Research, 11*(2), 263-279.
Therkildsen, O. (2000). Public sector reform in a poor, aid-dependent country, Tanzania. *Public Administration and Development, 20*(1), 61-71.
Therkildsen, O. (2002). Keeping the state accountable: is aid no better than oil? *IDS bulletin, 33*(3), 41-49.
Tillmann, K., & Goddard, A. (2008). Strategic management accounting and sense-making in a multinational company. *Management Accounting Research, 19*(1), 80-102.
Timoshenko, K. (2008). Russian public sector reform: the impact on university accounting. *Journal of Business Economics and Management, 9*(2), 133-144.
Tolbert, P., & Zucker, L. (1983). Institutional sources of change in the formal structure of organizations: the diffusion of civil service reform, 1880- 1935. *Administrative Science Quarterly 28*(1), 22-39.
Tomkins, C. (1987). *Achieving economy, efficiency and effectiveness in the public sector*. London: Kogan Page. .
Tomkins, C., & Groves, R. (1983). The everyday accountant and researching his reality. *Accounting, Organizations and Society, 8*(4), 361-374.
Tooley, S., & Guthrie, J. (2007). Budgeting in New Zealand secondary schools in a changing devolved financial management environment. *Journal of Accounting & Organizational Change, 3*(1), 4-28.
Tsamenyi, M., Cullen, J., & González, J. (2006). Changes in accounting and financial information system in a Spanish electricity company: a new institutional theory analysis. *Management Accounting Research, 17*(4), 409-432.
Uddin, S., & Hopper, T. (2001). A Bangladesh soap opera: privatisation, accounting, and regimes of control in a less developed country. *Accounting, Organizations and Society, 26*(7-8), 643-672.
Uddin, S., & Tsamenyi, M. (2005). Public sector reforms and the public interest. *Accounting, Auditing and Accountability Journal, 18*(5), 648-674.
Vaivio, J. (2006). The accounting of 'the meeting': examining calculability within a 'fluid' local space. *Accounting, Organizations and Society, 31*(8), 735-762.
Vakkuri, J. (2010). Srtuggling with ambiguity: public managers as users of NPM-oriented management instruments *Public Administration, 88*(4), 999-1024.
Vakkuri, J., & Meklin, P. (2006). Ambiguity in performance measurement: a theoretical approach to organisational uses of performance measurement. *Financial Accountability & Management, 22*(3), 235-250.
Van Dooren, W. (2005). What makes organizations measure? Hypotheses on the causes and conditions for performance measurement *Financial Accountability & Management, 21*(3), 363-383.
Van Helden, G. (2005). Researching public sector transformation: the role of management accounting. *Financial Accountability & Management, 21*(3), 99-133.
Van Nispen, F., & Posseth, J. (2009). Performance informed budgeting in Europe: the ends justify the means, don't they? *Working paper No. 2009/39. Florence: European University Institute.*

Von Hagen, J., & Harden, I. J. (1995). Budget processes and commitment to fiscal discipline. *European Economic Review, 39*(3-4), 771-779.

Wang, X. (2002). Performance measurement in budgeting: a study of county governments. *Public Budgeting & Finance, 20*(3), 102-118.

Westphal, J., Gulati, R., & Shortell, S. (1997). Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption. *Administrative Science Quarterly, 42*(2), 366-394.

Wickramasinghe, D., & Hopper, T. (2005). A cultural political economy of management accounting controls: a case study of a textile Mill in a traditional Sinhalese village. *Critical Perspectives on Accounting, 16*(4), 473-503.

Wickramasinghe, D., Hopper, T., & Rathnasiri, C. (2004). Japanese cost management meets Sri Lankan politics: disappearance and reappearance of bureaucratic management controls in a privatised utility. *Accounting, Auditing & Accountability Journal, 17*(1), 85-120.

Wildavsky, A. (1975). *Budgeting*. Oxford: Transaction publishers.

Wildavsky, A. (1986). *Budgeting: a comparative theory of budgetary processes* (Revised ed.). New brunswick, New Jersey: Transaction Publishers.

Wilks, S. (1995). Reform of the national budget process in Sweden. *International Journal of Public Sector Management, 8*(2), 33-43.

Williamson, T., & Canagarajah, S. (2003). Is there a place for virtual poverty funds in pro-poor public spending reform? Lessons from Uganda's PAF. *Development Policy Review, 21*(4), 449-480.

Willoughby, K., & Melkers, J. (2002). Implementing PBB: conflicting views of success. *Public Budgeting & Finance, 20*(1), 85-120.

Wynne, A. (2005). Public financial management reforms in developing countries: lessons of experience from Ghana, Tanzania and Uganda. *Working Paper No. ACBFWP/07/2005. Harare: African Capacity Building Foundation*.

Yoshikawa, T., Innes, J., & Mitchell, F. (1995). A Japanese case study of functional cost analysis. *Management Accounting Research, 6*(4), 415-432.

Zucker, L. G. (1987). Institutional theories of organization. *Annual review of sociology, 13*(1), 443-464.