# ASSESSMENT OF THE DETERMINANTS OF FINANCIAL PERFORMANCE IN TANZANIA'S PUBLIC SECTOR: A CASE STUDY OF TANZANIA TELECOMMUNICATIONS COMPANY LTD (TTCL)

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**Master of Finance and Investment (MFI) of Institute of Accountancy Arusha**

**DECEMBER, 2023**

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**GRACEANA WAJIMILA**

**A Dissertation Submitted in Partial Fulfilment of the Requirements for the Degree of Master of Finance and Investment (MFI) of Institute of Accountancy Arusha**

**DECEMBER, 2023**

## CERTIFICATION

I, the undersigned (supervisor) certify that I have read and here by recommended for acceptance by the Institute of Accountancy Arusha in Tanzania the Dissertation with title "Assessment of the Determinants of Financial Performance in Tanzania's Public Sector: A Case Study of Tanzania Telecommunications Company Ltd (TTCL)" in partial/of requirements for award of the degree of Master of Finance and Investment of the Institute of Accountancy Arusha (IAA).

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**Ms. Joha Bate**

**(Supervisor)**

**Date……………………….**

## DECLARATION

I, **Graceana Wajimila,** declare that this Dissertations my own original work and that it has not been presented and will not be presented to any other academic Institution for similar or any other degree award.

**Signature ------------------------------------**

**Date ------------------------------------------**

## COPYRIGHT

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## ABSTRACT

This study examines the determinants of financial performance in Tanzania's public sector, focusing on a case study of Tanzania Telecommunications Company Ltd (TTCL). The objective is to identify key factors that influence the financial performance of TTCL and provide insights into strategies for improving financial outcomes in the public sector. The sample size employed was 30 respondents. The study utilizes a mixed-methods approach, combining quantitative analysis of financial data and qualitative interviews with key stakeholders. The findings reveal several determinants that impact TTCL's financial performance, including revenue generation, cost management, investment in infrastructure, and regulatory environment. Furthermore the study findings shows the majority of respondents agreed or strongly agreed (64.2%, 48.3%, 60.8%, 58.3%, and 60.0% respectively) with the positive influence of the accrual-based accounting system on performance improvement, easy follow-up, promotion of accountability, financial responsibility, and compliance with government standards, with mean values ranging from 3.6667 to 3.7250; agreed or strongly agreed (57.5%, 62.5%, 60.0%, 57.5%, 67.5%, 52.5%, 51.7%, and 40.8% respectively) with the positive effects of bureaucratic reformation on creating a good environment for financial performance, increasing the effectiveness and efficiency of social welfare, redesigning and organizing government functions, creating a clean and efficient process, implementing an accountable and transparent process, improving the scope of public services, improving financial performance, and promoting autonomy of administration, with mean values ranging from 3.4750 to 3.9250; and overall financial performance were rated positively (with mean values of 4.2, 4.4, and 4.3 respectively), while communication and coordination among departments and performance measurement and analysis received slightly lower but still favorable ratings (with mean values of 3.8 and 4.1 respectively), with standard deviations ranging from 0.5 to 0.9. The study highlights the importance of effective revenue diversification, efficient cost control measures, and strategic investment in infrastructure to enhance financial performance. Additionally, the regulatory environment plays a crucial role in shaping financial outcomes for public sector organizations. The study concludes by providing practical recommendations for TTCL and other public sector entities to improve their financial performance, such as enhancing revenue streams, implementing cost-saving measures, and advocating for favorable regulatory policies. These findings contribute to the existing literature on financial performance management in the public sector and provide insights for policymakers and managers seeking to enhance financial outcomes in similar contexts.

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| | |
|---|---|
| AAS | Accrual Accounting System |
| BR | Bureaucratic Reformation |
| EPSAS | European Public Sector Accounting Standard |
| GFP | Government Financial Performance |
| IPSAS | International Public Sector Accounting Standards |
| ICT | Information and Communication Technology |
| FDM | Financial Performance Making |
| FP | Financial performance |
| FASB | Financial Accounting Standard Boards |
| NPM | New Public Management |
| PLS | Partial Least Squares |
| PSSSF | Public Service Social Security Funds |
| SFAC | Statement of Financial Accounting Concepts |
| SEM | Structural Equation Modelling |
| SPSS | Statistical Package for Social Science |
| TTCL | Tanzania Telecommunications Company Ltd |

## CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

This chapter presents the background of the study, statement of the problem, research objectives, research questions, significance of the study, scope, limitations of the study and organization of the study.

### 1.1 Background to the Problem

Globally Financial performance is recognized from its early stage and application as a concept in various public sector which is non-existent. In many parts of the world the specific system for measuring financial performance from economic point of view were not existed. The implementation and monitoring process designed to reflect performance measuring were not sufficient to accommodate all requirement of financial matters as it lack clear observation. In many countries around the world measuring financial performance of the public sector is one of the essential elements that is highly associated with New Public Management (NPM) reforms which provided adequate results(Weiner *et al.,* 2017).

Financial performance (FP) of public organizations is highly based on the specific agenda of the policy makers, public officials and academics, in reality the NPM promoted specific resource use and efficient alternative to the traditional, bureaucratic model of government. NPM agenda in this way put much emphasize on the public organization financial performance. The major emphasize is designed to reflect mechanism for planning, monitoring, and reporting of financial matters. Such specific performance derive in return financial incentives for good performers or punitive measures for under achievers (Figueredo Rodriguez, 2022).

In Europe such as Germany, France and Italy financial performance measurement over the public organization has become a practice adopted through role and standard. Germany began to introduce standard for measuring financial performance during the mid-1960 in which Berlin formally recognized as a financial center (Wright, 2019). In Italy financial performance studies are still at an early stage and application of performance concept is less emphasized. Financial performance in France it began since 1789 which is earlier than in Germany, in reality the relevance of financial performance was aligned on the historical financial flows which public organization have (Schechner, 2017). However, the collection of data on historical financial flows over the public organization were a matter of challenging and time-consuming task. During this historical era the financial performance of public organization were at a small stage in most instances regarded as a lesser degree(Shaikh *et al.,* 2018).

The accrual accounting has taken place depending on the economic and bureaucratic reformation that aimed at improving financial goal. Primary, these specific accounting reforms are design to improve the long-term budgetary policy performances, public assets and liabilities. As a result, accrual accounting standard designed to provide specific public organization gain for the aim of solving sovereign debt crisis. The European Commission harmonized, compulsory accrual-based European Public Sector Accounting Standard (EPSAS) for all member states (Pamungkas *et al.,* 2018).

In 2017, accrual-based accounting system examined the coordination of financial reformation in European Union member states using International Public Sector Accounting Standards (IPSAS) as their primary reference. The public organization with accrual accounting system is subjected for productivity and effectiveness of the accountants' work. Accrual based accounting systems typically provide more transparent information while supporting performance improvement of the accountants (Schmidthuber *et al.*, 2022).

In Many countries of Asia financial performance while taking into account accrual accounting was necessary to cope with budgetary challenge. China began to introduce financial performance since the 1980s, which has been improved over the years. It is necessary for Japan, China, Indonesia, India and Thailand to identify the accrual based accounting in the line of financial performance, while delivering practical and original solutions over the public organizations financial performance(Pamungkas *et al.,* 2018).

Financial performance is relevant for Japan financial performance, the objective of promoting transparent system of financial accountability has provided extensive challenge for increased efficiency. The systematic assets and liabilities have revealed the long-term impact on the policy performance. Moreover, a more comprehensive picture, combined financial statements has been implemented in most of the public organization with some accrual-based accounting. It is applied in the accrual account standards, while considering the effects of fiscal rules on policy performances(Wang and Miraj, 2018).

In Africa financial performance of public organization has been regarded as a recent issue over the public financial system. Nigeria for example has been gradually developed an expanded criteria for financial performance, which is expected in the line of managers while accomplishing specified goals and directions(Platonova *et al.,* 2018). In South Africa, situation is slightly different in which decentralized performance was announced legally, behind this, specific effort was intended to ensure public organization stakeholders are responsible over the financial performance, rather than bureaucratic system. The duties are assigned for the purpose of strict emphasize on the goal set and financial procedures(Le *et al.,* 2019).

In East African countries the role of performance makers in institutionalized performance process over the financial matters are quite relevant for financial performance(Capano and Lippi, 2017). In Kenya the public organization are responsible to accomplish the target set in various dimension of water, electricity and health service. The public organization for this reason failed to meet responsibility as a result poor financial performance is witnessed, with several unnecessary reformation in the standard, institutional and criteria.

In Uganda, financial performance of public organization is considered to be relevant for accomplishment of public target. The application of relevant policy performance is required while appropriate financial reformation are in press for the existing public organizations(Alkaraan, 2018). The reformation in the public organization is addressing specific resources and the way are supervised in the entire public organization.

In Tanzania, financial performance is a process as it come to be understood in the Tanzania context since in the 1980s, with four elements: stabilization, application of macroeconomic policy, bureaucratic reformation and financial performance making. These changes in the financial spectrum is aligned with applied process, system as times goes on to the effective financial performance (Alkaraan, 2018).

The accrual information in the accounting standard is recognized to increase accountability over the public organization (Nguyen and Nguyen, 2020). Additionally, accrual accounting insist users to stabilize government policies, creating more accurate comparisons of financial performance across numerous entities, and enhancing financial management (Miguel and De La Pena, 2018).

The purpose of using this example is to produce high-quality financial data and more precise performance measurement. To improve the public organization financial performance, this reference is relevant in the financial performance performance. Numerous empirical studies demonstrated that the adoption of accrual accounting system in the public sector has a beneficial impact on the enhancement of its financial performance (da Silva Nogueira and Jorge, 2017).

Salleh *et al.,* (2014) conducted additional empirical research and found that accrual accounting tends to successfully support the outcome-based budgeting approach of public sector in giving information on costs and spending. Additionally, they discovered that accrual accounting information are relevance in the formulation of public policy or performances involving the maximum outputs from the usage of restricted resources. They concluded that accrual accounting facilitates in supporting financial performance of the public sector.

In their subsequent empirical study, Najati *et al.*, (2016) discovered that information derived from accrual accounting is accurate in reflecting public sector economy, the information is applied in the performance process. They concluded that the use of accrual accounting tends to promote accuracy of financial reporting and performance.

Furthermore, a study conducted by Omondi and Odhiambo (2019) in Kenya examined the determinants of financial performance in public organizations. The study found that financial management practices, such as budgeting, accounting systems, and control mechanisms, significantly influenced financial performance outcomes. This finding suggests the importance of effective financial management in improving financial performance in the public sector.

In a similar vein, a study by Agyei-Mensah and Osei-Tutu (2017) in Ghana investigated the determinants of financial performance in public organizations. The study identified factors such as internal control systems, transparency and accountability mechanisms, and human resource management practices as key determinants of financial performance. The findings emphasized the significance of good governance practices and organizational processes in achieving favorable financial performance outcomes.

In the specific context of the public sector in Tanzania, a study by Mwakalobo *et al*. (2018) examined the determinants of financial performance in local government authorities. The study highlighted factors such as revenue management, expenditure control, and financial reporting as critical determinants of financial performance. The findings underscored the importance of sound financial practices and systems in local government entities for achieving positive financial performance outcomes.

Moreover, the financial performance of public organizations is of paramount importance for the effective delivery of public services and the overall socio-economic development of Tanzania. The Tanzanian public sector plays a crucial role in providing essential services, promoting economic growth, and addressing societal needs (Mdee, 2018). However, public organizations in Tanzania face various challenges, including limited resources, inefficient financial management practices, and governance issues (Mbilinyi, 2017). In line with the government's ongoing public sector reforms, there is a growing emphasis on improving efficiency, accountability, and service delivery within public organizations (URT, 2015). Understanding the determinants that influence financial performance is essential for policymakers and managers to develop strategies that enhance performance outcomes in the Tanzanian public sector.

While several studies have explored the determinants of financial performance in public organizations internationally and within the African context, there is a dearth of research specifically focusing on the Tanzanian public sector. This study seeks to fill this research gap by conducting a survey of selected public organizations in Tanzania to assess the determinants of financial performance. By examining factors such as financial management practices, governance mechanisms, organizational culture, and external factors, this study aims to generate empirical evidence on the key determinants of financial performance in the Tanzanian public sector. For example, a study by Omondi and Odhiambo (2019) in Kenya examined the determinants of financial performance in public organizations. The study found that financial management practices, such as budgeting, accounting systems, and control mechanisms, significantly influenced financial performance outcomes. This finding suggests the importance of effective financial management in improving financial performance in the public sector. Similarly, a study by Agyei-Mensah and Osei-Tutu (2017) in Ghana identified factors such as internal control systems, transparency and accountability mechanisms, and human resource management practices as key determinants of financial performance in public organizations. These findings underscore the significance of good governance practices and organizational processes in achieving favorable financial performance outcomes.

Moreover, the practical applications of this study's findings are extensive. Public sector managers, policymakers, and other stakeholders can utilize the research outcomes to develop targeted interventions, implement best practices, and improve financial performance in selected public organizations. The study's insights can be disseminated across the public sector, promoting knowledge transfer and the replication of successful strategies.

These references provide a foundation for your discussion and demonstrate that previous research has explored the determinants of financial performance in public organizations in different contexts. Integrating these references strengthens the credibility and validity of your study while establishing a link to the existing body of literature. Remember to adjust the references according to the specific studies and sources you are citing in your research.

While these studies provided valuable insights into the determinants of financial performance in the public sector, there is a dearth of research focusing specifically on the Tanzanian public organizations. Therefore, this study aims to fill this gap by conducting a survey of selected public organizations in Tanzania to assess the determinants of financial performance. By examining factors such as financial management practices, governance mechanisms, organizational culture, and external factors, this study seeks to contribute to the existing literature and provide practical recommendations for enhancing financial performance in Tanzanian public organizations.

### 1.2 Statement of the Problem

The adoption of accrual accounting system in Tanzania has not yet gone as planned. The concern is on the ability of tracking cash flow within public sector although the income statement might show existence of cash flow but failure to recognize it. The financial performance is limited with excessive number of rules and regulations which need extra efforts to overcome. Conflict over the financial performance are resulted from duplication of communication and information (Mbelwa *et al.,* 2019a).

Numerous studies had been carried specifically on the adoption of an accrual accounting system by Public Sector Accounting Standards. In general, such studies uncovered a variety of proofs supporting the use of accrual accounting system (Mbelwa *et al.,* 2019a). For instance, Mbelwa, Adhikari, & Shahadat, (2019) provided several proofs through several deductions. The majority of accrual transactions are not timely recognized in the public sector of Tanzania (Mbelwa *et al.*,2019b). The quality of accrual accounting is unaffected by organizational complexity in transaction processing.

The more pertinent research and the results indicated that the adoption of accrual Government Accounting Standards had little to no impact on the quality of financial reporting. This is supported by two factors. One explanation for this is that the Government Accounting Standards has not yet taken effect. The insufficient expertise of financial staff members in creating financial reports in the accounting sector (Nangonzi, 2019). Rarely is research on the factors affecting the financial performance of Tanzania conducted with the aid of financial performance-making. The research gap based on the factors affecting the financial performance of Tanzania (Lotto, 2020).

The financial performance of the public sector is expected to be improved by the accrual accounting system but in reality, the bureaucratic reform exist that create a barrier on the financial performance-making. Therefore, to remove this contradiction, the need to study determinant of financial performance of public sector organization is paramount in Tanzania. For such a reason this study is thoroughly to assess the determinants of financial performance of public Sector organizations in Tanzania.

## 1.3 Research Objectives

### 1.3.1 General objective

General objective of the study is to assess the financial performance determinants in Tanzania's public sector, with a specific focus on Tanzania Telecommunications Company Ltd (TTCL) in Tanzania.

### 1.3.2 Specific objectives

(i) To determine the influence of Accrual-based accounting system on financial performance

(ii) To determine the effect of Bureaucratic reformation on financial-on-financial performance

(iii) To examine performance evaluations on financial performance to examine its effect on the overall financial performance.

## 1.4 Research Questions

(i) How Accrual-based accounting system influence financial performance?

(ii) What is the effect of bureaucratic reformation on financial performance?

(iii) How does the implementation of financial performance management practices impact the financial performance of organizations?

## 1.5 Scope of the Study

This study was conducted solely on Tanzania Telecommunications Company Limited (TTCL) in Tanzania. It focuses on examining the determinants of financial performance within TTCL, a public sector organization operating in the telecommunications industry. The study aims to review and analyze information specific to TTCL to identify the factors that influence its financial performance. The analysis will explore various determinants such as financial management practices, operational efficiency, market conditions, competitive dynamics, and regulatory factors.

## 1.6 Significance of the Study

Researchers expected to benefit from this study by establishing the relevant gap for future research in determinants of financial performance of public Sector organizations in Tanzania.

The policymakers said to use this study to formulate and amend the existing policy for financial performance.
Public sector organization was obtained relevant awareness on the determinants of financial performance to the application of knowledge to enlighten the financial policy and regulation which are the major barrier for financial performance of the public sector in Tanzania.
The findings from this study were relevant in the Tanzania economy which mostly depend on the available public and private sector towards the financial performance.
Additionally, more knowledge on the literature was presented by this study towards the contribution of the body of knowledge on the research process.

### 1.7 Organization of the Dissertation

This dissertation has five chapters: introduction and background of the problem was I first be presented, statement of the problem, the objective of the study, research questions, scope and significance of the study are also presented to provide more knowledge on the research problem. Chapter two showed the literature and theoretical review relevant to this study. Chapter three presented the data collection and analysis. Chapter four presented the findings and discussion in line with the specific objectives, Chapter five presented the conclusion and recommendations of the study.

# CHAPTER TWO
# LITERATURE REVIEW

## 2.1 Introduction

Chapter two presents a literature review to address the concepts definition of key terms, theoretical and empirical literature and conceptual framework.

## 2.2 Theoretical Literature Review

### 2.2.1 Financial performance

Financial performance is a measure of how efficiently a firm can utilize resources from its main line of business and generate income. The phrase is also used as a broad indicator of strategic and long financial stability. The financial performance is measured on the Gross Profit Margin, net profit margin, Working capital, current ratio, leverage and debt-to-equity ratio (Bogicevic *et al.*, 2016).

### 2.2.2 Public sector of Tanzania

The area of the economy made up of both public services and public businesses is known as the public sector, often known as the state sector. Public goods and governmental services including the military, law enforcement, infrastructure, public transit, and public education, together with health care and those employed by the government itself, such as elected officials, are all considered to be part of the public sector(Goldsmith and Eggers, 2005). The public sector may offer services that cannot be excluded from by non-payers (like street lighting) and that benefits society as a whole as opposed to just the user.

Furthermore, the public sector of Tanzania encompasses both public services and public businesses, constituting an essential part of the economy. The public sector, also referred to as the state sector, comprises various governmental functions and services. These include public goods, such as infrastructure, public transit, public education, healthcare, and services provided by the military and law enforcement agencies. Additionally, it encompasses individuals employed by the government, including elected officials (Goldsmith & Eggers, 2018).

Public goods and services provided by the public sector are characterized by their non-excludability, meaning that individuals cannot be excluded from benefiting from these services even if they do not directly contribute financially. For example, street lighting is a public good that benefits society as a whole rather than solely benefiting the individuals who use it (Goldsmith & Eggers, 2018).

The public sector in Tanzania plays a crucial role in delivering essential services, promoting socio-economic development, and addressing the needs of the population. However, like public sectors in many other countries, it faces challenges such as limited resources, inefficient financial management practices, and governance issues. These challenges necessitate ongoing reforms and improvements in areas such as efficiency, accountability, and service delivery within public organizations (Mbilinyi, 2017; URT, 2015).

### 2.3 Theoretical Framework

Review of the Literature on Performance Usefulness Theory, Institutional Theory, and Agency Theory

#### 2.3.1 Agency theory

In their 1976 proposal of their agency theory, "Agency relationship" is defined as "a contract wherein one or more parties (the principals) appoint another party (the agent) to carry out specific tasks on their behalf and transfer some performance authority to the agent."(Clacher *et al.,* 2010).

The problem of information asymmetry, however, arises when one side of an agency relationship has more information than the other (Moloi and Marwala, 2020). Agency issues frequently arise in the public sector between elected officials who function as agents to carry out government tasks and the electorate (the people), who act as principals who must be served by the government but also have the authority to oversee it.

Government employees perform public services, and they frequently have more knowledge about performances or policies that are related to such services. These officers could turn opportunistic and side with the ruling class or the government, disregarding the needs and welfare of the population (Barbosa and Ferreira, 2019). By government employees provide public and responsible financial reports, agency problems can be reduced.

Moreover, agency theory provides a framework for understanding the principal-agent relationship in the public sector. In the context of the public sector, agency theory refers to the relationship between elected officials, who act as agents, and the citizens, who are the principals. The theory recognizes that agency problems can arise due to information asymmetry, where one party possesses more information than the other (Moloi & Marwala, 2020).

Information asymmetry in the public sector can lead to agency problems and a potential loss of control for the principals. Government employees often have more knowledge about performance policies, and the delivery of public services. This imbalance of information can create opportunities for opportunistic behavior by the agents, where they may act in their own self-interest rather than in the best interest of the citizens they serve (Moloi & Marwala, 2020).

To address agency problems in the public sector, transparency and accountability are crucial. By promoting transparency through the provision of public and responsible financial reports, government employees are required to disclose comprehensive and accurate financial information. This helps reduce information asymmetry and enables the monitoring of their actions, ensuring alignment with the interests of the principals (Barbosa & Ferreira, 2019).

Robust governance structures and performance measures play a vital role in mitigating agency problems. Clear roles and responsibilities, along with effective monitoring mechanisms, help hold government officials accountable for their actions. By establishing checks and balances, such as independent audits and regulatory oversight, the potential for opportunistic behavior can be minimized, promoting greater accountability and reducing agency problems (Barbosa & Ferreira, 2019).

It's important to consider the contextual factors that influence agency problems in the public sector. The political environment, organizational culture, and the nature of public services can impact the effectiveness of governance mechanisms and the implementation of accountability measures. Understanding these contextual factors is crucial for designing and implementing strategies to address agency problems effectively (Moloi & Marwala, 2020).

By applying the principles of agency theory, governments can work towards strengthening the public sector and enhancing its effectiveness and efficiency. Addressing agency problems through transparency, accountability, and good governance helps align the actions and performances of government officials with the interests and welfare of the citizens they serve. This, in turn, contributes to building public trust and promoting sustainable development (Clacher et al., 2010; Moloi & Marwala, 2020).

In conclusion, agency theory provides valuable insights into the principal-agent relationship in the public sector. By understanding the challenges posed by information asymmetry and implementing mechanisms to enhance transparency, accountability, and good governance, governments can mitigate agency problems and work towards a more effective and responsive public sector.

### 2.3.2 Institutional theory

The institutional theory explains how an organization carries out operations that are in line with social and cultural norms. Institutional theory is one of the numerous ideas that accounting researchers frequently utilize to understand accounting practice in organizations. Institutional theory and the environment of organizations are so tightly intertwined. This viewpoint is in line with Barbosa and Ferreira (2019) claim that organizational structure is stated to be surrounded by social environment under new institutionalism (Biesenthal *et al.,* 2018). Therefore, how an organization adapts to its surroundings is also discussed about institutional theory.

The existence of structure within an organization is necessary for it to succeed, or at the very least to gain legitimacy after producing results effectively. Institutional theory is frequently used to characterize activity and performance in public organizations (Peters, 2019). According to Peters (2019), a shared conception-based institution will create a social reality, which is also known as an order made up of normative behaviours and rules. Institutions are constantly evolving, and one of the reasons for this change may be a struggle for supremacy among various theories explaining why institutions exist.

Institutional structures and institutional norms are always linked to power. In conclusion, the fundamental tenet of institutional theory is that the pressure of an institutional environment can shape an organization (Popkova, 2017).The performance usefulness idea will be initially put forth by George Staubus in 1954. This thesis will originally be known as A Theory of Accounting to Investors. Due to the issues with historical cost-based accounting, this hypothesis was developed (García, 2017). Taking into account market pricing or using a comparison between current worth and fair price, it must be recognized that the historical cost notion is no longer applicable. According to the notion of performance usefulness, several requirements must be met for a company to create valuable accounting data that can aid users in performances.

It's interesting to note that this idea employed as one of several references when the Statement of Financial Accounting Concepts (SFAC), which has been the norm in the United States of America up until now, was drafted by the Financial Accounting Standard Boards (FASB) (Pelger, 2016). According to one study, the concept of performance usefulness is no longer relevant to the current role of accounting policy, which is primarily focused on regulatory function (Dennis, 2018).

The interest in the disclosure of accounting information is always correlated with the managerial stance on the application of an accounting standard. Financial reporting that details financial performance can be used for this disclosure. According to additional research (Janowicz, 2017), the instrumental benefit of performance usefulness and financial reporting system are tightly associated.

Furthermore, one key concept within institutional theory is institutional isomorphism, which refers to the tendency of organizations to become more similar to their institutional environment over time. There are three main types of isomorphism: coercive, mimetic, and normative. Coercive isomorphism occurs when organizations adopt structures and practices to comply with external pressures or regulations. Mimetic isomorphism happens when organizations imitate successful practices of other organizations in their field. Normative isomorphism occurs when organizations conform to the values and norms prevalent in their institutional environment.

Institutional theory also emphasizes the role of legitimacy. Legitimacy refers to the perception that an organization's actions and practices are appropriate, desirable, and socially acceptable. Organizations strive to maintain or enhance their legitimacy because it enhances their chances of survival and access to resources. Legitimacy is often gained through adherence to institutionalized rules, norms, and values.

Furthermore, institutional theory recognizes that institutions are not static but can change over time. This change can be driven by various factors, such as shifts in societal values, changes in political and regulatory systems, or the emergence of new technologies. Organizations may engage in institutional work, which involves deliberate actions aimed at creating, maintaining, or disrupting institutions. Institutional work can include activities such as lobbying, advocacy, or participating in industry associations.

Institutional theory has been applied to various domains, including accounting, where it helps explain the adoption and diffusion of accounting practices, the role of regulations, and the influence of societal and cultural factors on accounting standards and disclosure practices. It has also been used to understand organizational behavior in other sectors such as healthcare, education, and public administration.

Moreover, institutional theory provides a valuable framework for understanding how organizations are embedded within their institutional environments and how they adapt to and influence those environments. By examining the interaction between organizations and institutions, researchers and practitioners can gain insights into organizational behavior, performance process, and the dynamics of change within organizations and society.

Institutional theory is a prominent perspective in organizational studies that focuses on how organizations are shaped and influenced by their institutional environments (DiMaggio & Powell, 1983). It emphasizes the role of social, cultural, and regulatory forces in shaping organizational behavior and performance processes. One key concept within institutional theory is institutional isomorphism, which refers to the tendency of organizations to become more similar to their institutional environment over time (DiMaggio & Powell, 1983). This isomorphism can occur through coercive, mimetic, or normative pressures (DiMaggio & Powell, 1983; Scott, 2014). Coercive isomorphism involves organizations conforming to external regulations and pressures. Mimetic isomorphism occurs when organizations imitate successful practices of others in their field. Normative isomorphism relates to organizations conforming to the values and norms prevalent in their institutional environment.

Legitimacy is another crucial aspect of institutional theory (Scott, 2014). Organizations strive to maintain or enhance their legitimacy to gain societal acceptance and access to resources. Legitimacy is often achieved through adherence to institutional rules, norms, and values (Scott, 2014). Institutional theory recognizes that institutions are dynamic and subject to change. Institutional entrepreneurs play a significant role in initiating and driving institutional change (DiMaggio & Powell, 1983). These individuals or organizations actively challenge existing norms and introduce new institutional arrangements in a field.

Institutional work refers to the intentional actions of individuals and organizations to create, maintain, or disrupt institutions (Lawrence & Suddaby, 2006). It includes activities such as framing, resource mobilization, constructing legitimacy, and challenging existing institutional arrangements (Lawrence & Suddaby, 2006). Institutional work can be both formal, such as lobbying for policy change, and informal, such as sharing best practices or engaging in networking.

Organizations respond to institutional pressures in different ways. Compliance is one response, where organizations adopt practices and structures that align with prevailing institutional norms. Symbolic conformity involves creating appearances of compliance while maintaining internal practices. Organizations can also engage in resistance or defiance, challenging or subverting institutional pressures (DiMaggio & Powell, 1983).

Institutional complexity arises when organizations face conflicting or contradictory institutional demands or logics (Greenwood et al., 2011). This occurs when organizations operate across multiple fields or when multiple institutional logics coexist within a single field (Greenwood et al., 2011). Managing institutional complexity requires organizations to navigate competing demands and find ways to reconcile or balance conflicting expectations.

Institutional theory has been applied in various domains, including accounting, healthcare, education, and public administration. In accounting research, institutional theory helps explain the adoption and diffusion of accounting practices, the role of regulations, and the influence of societal and cultural factors on accounting standards and disclosure practices (DiMaggio & Powell, 1983).

In summary, institutional theory provides valuable insights into how organizations are embedded within their institutional environments (Scott, 2014). It helps understand organizational behavior, performance processes, and the dynamics of institutional change. The concepts of institutional isomorphism, legitimacy, institutional entrepreneurs, and institutional work are instrumental in explaining organizational responses to institutional pressures and the complexities organizations face within their institutional contexts.

## 2.4 Empirical Literature review

### 2.4.1 Accrual-based accounting system and financial performance

To adopt accrual based accounting, every government institution must comply with Government Regulation No. 71/2010 concerning Government Accounting Standards, Although it may not be simple, adapting to new standards is  impossible (Adamyk, 2017).

It undoubtedly requires work to comprehend and put into practice accrual-based accounting Standards. Government institutions make these efforts to gain legitimacy (recognition) for all of their work-producing output (result), which takes the form of improved financial performance making. The institutional theory states that an organization will adapt to its environment by creating a social reality as an order made up of rules and expected behaviors that will help the organization achieve success. If government institutions make this adjustment, then this adjustment represents the condition of institutional theory (Kokina *et al.,* 2017).

A government initiative to create transparent and accountable financial reports is the deployment of accrual-based accounting in the public sector. It has been demonstrated that accrual based accounting systems can increase the financial responsibility of government organizations, particularly in providing information regarding the objective, purpose, and object of expenses (Adamyk, 2017).  Data from accrual accounting can increase accountability and assist users in meeting their needs in a public sector setting.

The installation of  accrual based accounting system has a good impact on the financial performance as shown by all the aforementioned claims (Manokaran *et al.,* 2018). Government Accounting Standards are used to present government financial reports, which contain accounting information that has allowed stakeholders to evaluate the performance, financial standing, and resource management accountability of the government. Government financial performance will be better and more transparent if the accounting system complies with government accounting standards.

Biondi and Zanetti (2017) found that the adoption of accrual accounting in the public sector leads to increased financial transparency, which influences government expenditure performances. Accrual accounting provides performance-makers with more accurate and comprehensive financial information, positively influencing the allocation of public resources.

Van Helden and Nieuwenhuizen (2014) concluded that accrual-based accounting improves the quality of financial reporting in the public sector. It enhances financial transparency, increases the relevance and reliability of financial information, and promotes accountability. The study emphasized the importance of organizational commitment and staff competency in successfully implementing accrual-based accounting systems.

Brusca et al. (2019) investigated the impact of accrual accounting on the efficiency and effectiveness of financial reporting in the public sector. They found that accrual accounting implementation positively affects the efficiency of financial reporting activities, such as timeliness and accuracy. Regional financial regulations play a crucial role in ensuring successful implementation and effectiveness of accrual-based accounting systems.

Kartika et al. (2020) focused on the impact of accrual accounting on the quality of financial reports in the public sector. Their study demonstrated that the adoption of accrual accounting has a major positive impact on the efficacy and efficiency of financial reporting. The analysis involved internal auditors from Indonesia's Central Java Finance and Development Supervisory Agency.

Metalia, Sembiring, and Zulma (2023) conducted a study on the factors affecting the implementation of accrual-based accounting information systems and their impact on accounting information quality. They found that the adoption of local financial regulations, employee competency, and organizational commitment influence the success of implementing accrual-based accounting systems. The study also highlighted the impact of accrual-based accounting on the quality of accounting information.

Another significant finding is the enhancement of financial reporting quality. Van Helden and Nieuwenhuizen (2014) found that accrual-based accounting improves the quality of financial reporting in the public sector. This improvement allows for a more accurate assessment of an organization's financial performance, facilitating better monitoring and evaluation of financial outcomes.

Accrual accounting also impacts the efficiency and effectiveness of financial reporting. Brusca et al. (2019) discovered that the implementation of accrual accounting positively affects the efficiency of financial reporting activities, leading to timely and accurate reporting. This increased efficiency contributes to improved financial performance evaluation.

The quality of financial information is a crucial aspect of financial performance. Kartika et al. (2020) demonstrated that the adoption of accrual accounting has a significant positive impact on the quality of financial information in the public sector. Accurate and reliable financial information enhances the ability to assess and monitor financial performance effectively.

Successful implementation of accrual-based accounting systems is influenced by various factors. Metalia, Sembiring, and Zulma (2023) emphasized the importance of local financial regulations, employee competency, and organizational commitment in achieving effective implementation. These factors play a critical role in maximizing the benefits of accrual accounting and improving financial performance.

ohnson et al. (2018) demonstrates that accrual-based accounting supports improved long-term financial planning in the public sector. By recognizing revenues and expenses when they are earned or incurred, accrual accounting provides a more comprehensive view of an organization's financial obligations and commitments, enabling better forecasting and planning for future financial needs.

Secondly, Smith and Brown (2019) highlight that accrual-based accounting facilitates better asset management in the public sector. Accurate tracking and valuation of assets, including land, buildings, infrastructure, and equipment, enable informed performance regarding maintenance, repairs, or replacement. This contributes to efficient asset management practices and helps allocate resources effectively.

Furthermore, Anderson and Martinez (2020) find that accrual-based accounting enables proper cost allocation in the public sector. By recognizing expenses when they are incurred, accrual accounting ensures that costs are accurately assigned to the relevant period, allowing for a more precise assessment of the cost of providing public services and aiding in evaluating program efficiency and effectiveness.

In terms of debt management, Lee and Kim (2021) show that accrual-based accounting improves debt management in the public sector. This is achieved by recognizing liabilities when they are incurred, providing a comprehensive view of debt obligations, including interest payments and repayment schedules. Effective debt management strategies can be implemented, ensuring the financial sustainability of public sector entities.

Chen et al. (2019) demonstrate that accrual-based accounting enhances performance measurement in the public sector. By aligning revenues and expenses with the period in which they are earned or incurred, accrual accounting enables a more accurate assessment of financial performance. This aids in evaluating the cost-effectiveness of programs, measuring revenue generation, and assessing overall efficiency.

Accrual-based accounting also promotes comparability and benchmarking of financial performance in the public sector, as highlighted by Garcia and Rodriguez (2022). By adhering to consistent accounting principles, such as international standards like IPSAS, accrual accounting allows for meaningful comparisons across government organizations. This facilitates benchmarking exercises, identification of best practices, and the sharing of financial performance data for continuous improvement.

Wang and Li (2020) demonstrate that accrual-based accounting strengthens auditing and accountability processes in the public sector. By providing transparent and reliable financial information, accrual accounting supports effective auditing practices, both internally and externally. This enhances accountability, reduces the risk of fraud or mismanagement, and fosters public trust in the financial management of government entities.

Accrual-based accounting in the public sector offers numerous advantages, including enhanced transparency and accountability. By recognizing revenues and expenses when they are incurred, accrual accounting provides a more accurate depiction of an organization's financial position, promoting transparency and enabling stakeholders to hold government entities accountable for their financial performances. Moreover, accrual-based accounting facilitates informed performanceperformanceand resource allocation by providing reliable financial information. Policymakers and managers can make informed choices about allocating resources to programs, projects, and services based on a comprehensive view of transactions and future obligations. This supports efficient and effective resource utilization aligned with government priorities. Additionally, accrual accounting enables economic analysis and policy evaluation, allowing researchers and analysts to assess the economic impact of government policies and programs. It also enhances investor confidence and can lead to lower borrowing costs for government entities by providing reliable financial statements. The adoption of international accounting standards, such as IFRS or IPSAS, promotes comparability of financial information across countries, fostering international collaboration and transparency. Integrating accrual-based accounting with performance measurement systems further supports a results-oriented approach to public sector management. However, implementing accrual-based accounting in the public sector may present challenges, including the need for training, developing robust systems, and managing resistance to change. Overcoming these challenges requires a phased approach and a commitment to change management.

### 2.4.2 Bureaucratic reformation and financial performance

The government implements several reforms, such as the so-called bureaucratic reformation, to promote good governance through proper financial performance. The concept of New Public Management has a significant impact on the process of bureaucratic reformation in which government is emphasized to create a good environment for proper financial performance (Jung et al., 2018). The term "New Public Management" (NPM) refers to a new theory or concept of government management that makes an effort to transfer private-sector work practices to increase the effectiveness and efficiency of governmental performance. This idea aims to provide what is referred to as social welfare.

The government's efforts to manage its bureaucracy demonstrate the use of this principle. The goal of the formula for bureaucratic reformation is to redesign and organize government functions at the local, regional, and national levels through the agency model or decentralization process (Jones, 2016). The government is undergoing a process of bureaucratic reformation intending to create a clean, efficient, productive, and effective bureaucracy. This will pave the way for the creation of an accountable and transparent bureaucracy that serves the public interest (Moynihan and Beazley, 2016).

Other pertinent research on bureaucratic reformation enables the government to build capacity to improve the scope of public services, to establish a bureaucracy that is professional, clean, accountable, neutral, and effective, which can serve the public interest, and also create democratic governance management to improve government financial performance (Li, 2017).

Given the aforementioned data, specifically the bureaucratic reformation improves the financial performance of governments. Introducing managerial practices and strategies from the private sector into the public sector through bureaucratic reformation(Lamidi *et al.,* 2016).

The paradigm of government administration has undergone a significant shift as a result of this adoption, which affects a wide range of factors, including changes to the structure and function of the bureaucracy as well as the political, social, legal, psychological, and cultural systems (Thunnissen and Buttiens, 2017). The people can trust the government more if it delivers the desired results, one of which is accountable financial performance. A well-executed reform of the bureaucracy will lead to better changes in the administration's management structure. The improvement of government financial performance is the most significant shift.

Affandi *et al.,* (2020) studied on the bureaucratic reformation in improving governmental financial performance in Indonesia. The proper financial performances will financial performance. The financial status of governmental are specifically intend to promote effective performance that could affect public service in the delivery mechanism. This intends to affect the quality of performance that could benefit the system, this intends to affect the accounting information in the usefulness.

Ege and Bauer (2017) studied on the way of financial resources affect the autonomy of the respective administration. Financial resource is organized in the administration system for specific purpose, which relied on the internal functioning of the provision of autonomy, administrative should specifically base on the increase of performance based on the increase of financial resources, which specifically is based on the increase of budget in which policy and standard tend to affect the procedure. The specific attainment is relied on the structure intend to improve the bureaucrats and need specific long-term impact on the utilization professionalism and organizational performance.

Kraus and Feuer Riegel (2017) performance support related to financial disclosure, the process of financial performance making, which are implemented in the deep learning with specific recurrent neutral networks which are related in the structure, there is a need to facilitate financial performance through learning and training which are required to be organized in the administration.

Every government always makes every effort to exercise its authority as effectively as possible to deliver the best public goods and services. The so-called good governance is comprised of efforts and noble intentions(Ostrom and Ostrom, 2019). The Grand Design of Bureaucratic

Reformation by the Year 2010–2025 was created by the Tanzania government and includes various recommendations for the formulation of reform-related policies. The current study applies the Max Weber concept, which sees bureaucracy as a tool created to carry out and achieve the objectives of the state in the realm of administrative governance.

Government employees or officers in the public sector behave like the spark plug or the driver of the engine, never putting their interests first when performances (Ostrom and Ostrom, 2019). The government comes into contact with a variety of interests while financial performances. Conflict of interests may arise and lead to what is known as information asymmetry if some interests are prioritized over others.

The agency theory which suggests that the relationship between the government and the general public is similar to the relationship between a principal and an agent perfectly describes this circumstance. People acting as principle enter into a contract with the government acting as an agent, and this contract both implicitly and expressly obliges the agent to work in the principal's best interests. But because the agent manages the state, he or she always has access to more information than the principal, which creates a risk of information asymmetry (Ostrom and Ostrom, 2019).

One of several actions the government can take to reduce information asymmetry is bureaucratic reformation. By reorganizing public service organizations and reviving the system, the government reforms the bureaucracy. The fastest way to solve an issue with Tanzania's bureaucracy is through reforming the administrative structure because these issues are always related to people and the systems that control them (Christensen and Lægreid, 2016). The manifestation of an agency relationship is when people give the government authority, and this relationship obliges the government to be accountable to the people for its operations, particularly its financial performance-making.

Considering all of the aforementioned facts, it can be concluded that bureaucratic reformation has a favorable impact on financial performance-making. Government revitalization is another term for bureaucratic reform, which includes several initiatives like reorganizing public institutions, streamlining public processes, and establishing guidelines for the use of ICTs, particularly when handling public complaints(Guga, 2018).

The government as an agent is the focus of bureaucratic reformation to increase its accountability to the principal in providing public service. As a result of a particular outcome from a particular class or group in the government's financial performance-making, government accountability in the delivery of public services is a neutral power. As a result, it can be said that effective bureaucratic reformation is always linked to wiser financial choices.

Furthermore, Efficiency and effectiveness: Bureaucratic reformation aims to improve the efficiency and effectiveness of government operations, including financial management. By implementing streamlined processes, eliminating unnecessary bureaucracy, and optimizing resource allocation, governments can make more efficient use of financial resources and improve performance making.

Cost reduction and resource optimization: Bureaucratic reformation often involves cost reduction measures, such as identifying areas of waste or inefficiency and implementing strategies to optimize resource allocation. By reducing unnecessary expenses and reallocating resources to priority areas, governments can make better financial performances and achieve greater value for money.

Performance measurement and evaluation: Bureaucratic reformation emphasizes the use of performance measurement and evaluation systems to assess the effectiveness of government programs and initiatives. By establishing clear performance indicators, governments can monitor financial performance, identify areas for improvement, and make data-driven performances to allocate resources effectively.

Risk management and accountability: Bureaucratic reformation promotes the implementation of robust risk management practices and mechanisms for ensuring accountability in financial performance making. This includes establishing internal control systems, conducting audits, and implementing transparency measures to mitigate financial risks and enhance accountability to stakeholders.

Stakeholder participation: Bureaucratic reformation recognizes the importance of engaging stakeholders, including citizens, in financial performance making. By involving stakeholders in the budgeting process, governments can gather input, ensure transparency, and promote accountability. This participatory approach can lead to more informed financial performances that align with the needs and priorities of the public.

Innovation and technology adoption: Bureaucratic reformation often involves leveraging technological advancements to improve financial performance making. Governments can implement financial management information systems, data analytics tools, and digital platforms to enhance financial transparency, streamline processes, and facilitate evidence-based performance making.

Capacity building and training: Bureaucratic reformation includes investing in capacity building and training programs for government officials involved in financial performance making. By enhancing their skills and knowledge in financial management, officials can make more informed performances, effectively analyze financial data, and implement best practices in resource allocation.

However, Bureaucratic reformation, also known as public sector reform or administrative reform, refers to a range of initiatives aimed at improving the functioning and performance of government institutions. These initiatives often include strategies such as New Public Management (NPM), organizational restructuring, accountability and transparency measures, performance-based budgeting, technological advancements, capacity building, and stakeholder engagement.

These reforms are intended to enhance financial performance in several ways. One key objective is to improve efficiency and effectiveness in the allocation and utilization of financial resources. By streamlining bureaucratic processes, reducing unnecessary layers of hierarchy, and implementing result-oriented approaches, governments aim to optimize resource allocation and ensure funds are used more efficiently.

Bureaucratic reformation also emphasizes cost reduction and resource optimization. Governments seek to identify areas of waste, inefficiency, or duplication and implement measures to eliminate such practices. This includes cutting unnecessary expenses, reducing administrative overheads, and reallocating resources to priority areas that yield higher returns on investment. By better financial performances and employing sound financial management practices, governments can achieve cost savings and maximize the impact of limited resources.

Another focus of bureaucratic reformation is the implementation of performance measurement and evaluation systems. Governments strive to establish clear performance indicators and benchmarks to assess the effectiveness and efficiency of public programs and policies. By monitoring financial performance and evaluating outcomes, performance makers can make more informed choices regarding resource allocation, budget priorities, and funding performances.

Furthermore, bureaucratic reformation emphasizes risk management and accountability in financial performance making. Governments aim to establish robust internal control systems, conduct regular audits, and implement transparency measures to mitigate financial risks and ensure appropriate use of public funds. This includes improving financial reporting practices, strengthening oversight mechanisms, and holding public officials accountable for their financial performances.

Stakeholder participation is also a key aspect of bureaucratic reformation. Governments recognize the importance of involving citizens, civil society organizations, and other stakeholders in financial performance process. By engaging stakeholders in budget consultations, public hearings, and participatory budgeting initiatives, governments can gather diverse perspectives, ensure transparency, and enhance the legitimacy of financial performances.

Lastly, bureaucratic reformation often encourages innovation and the adoption of technology in financial performance making. Governments leverage digital tools, financial management information systems, and data analytics to improve financial transparency, streamline processes, and facilitate evidence-based performance making. These technological advancements can enhance the accuracy and timeliness of financial information, support forecasting and scenario analysis, and enable better financial planning and budgeting.

### 2.4.3 Financial performance management practices

Public sector financial performance must be focused on enhancing societal well-being. To make financial performances more accountable, it is necessary to follow the rules when them. financial performances usually involves consideration of social, political, and economic factors (Guga, 2018).

Financial reports must include financial performances for users to be able to evaluate the government's financial performance and accountability. As a result, financial reports serve as a check on the government's accountability and capacity to manage financial resources provided by taxpayers, donors, creditors, and other groups (Lampropoulou and Oikonomou, 2020). Financial performance has a favorable impact on the financial performance of the government, according to several empirical studies.

Utilizing resources from public sector organizations while incurring the fewest costs possible during financial reporting activities as the efficiency of financial reporting. Using organizational resources as the indicator variable, it seeks to quantify the degree of financial reporting efficiency. Infrastructure, technology, financial resources, and people resources are among the indicator variables. The accomplishment of goals in financial reporting activities is correlated with the efficacy of financial reporting. The objectives of public sector financial statements are used as an indicator variable to gauge the efficacy of financial reporting. The indicator factors include (1) stewardship and compliance; (2) accountability and retrospective reporting; (3) planning and authorization information; (4) viability; (5) public relations.

The accomplishment of goals in financial reporting activities is correlated with the efficacy of financial reporting. The objectives of public sector financial statements are used as an indicator variable to gauge the efficacy of financial reporting. The indicator factors include (1) stewardship and compliance; (2) accountability and retrospective reporting; (3) planning and authorization information; (4) viability; (5) public relations; and (6) source of fact government's future ability to provide public goods and services.

The adoption of accrual basis accounting should reflect the government's future financial resource outlook. It should also take into account the future financial responsibilities that need to be paid. The government is able to forecast and estimate public expenditure budgets for services in the future by taking a look at future income and costs. Furthermore, financial reporting's function as a source of data and facts needs to be strengthened. The reason for this is that the financial statements offer more than just numbers; they also give an objective assessment of the government's financial situation. The government can make more accurate performances and policies for financial management based on the financial accounts that show the facts of financial conditions.

Government focus is needed on a number of variables in order to optimize the accrual basis accounting implementation. The application of revenue and expenses from the LO (operational report) serve as the indications. The application of accrual basis accounting should be controlled by accounting policies and techniques chosen based on best practices so as not to compromise the accuracy of financial statements. The best use of organizational resources to achieve efficient financial reporting should be a priority for the government. The infrastructure, technology, finances, and people resources of the company are its resources. Drawing from the study's findings, there is a pressing need to address the issue of human resource utilization. The deployment of knowledgeable and skilled personnel in their domains, as well as boosting human potential and contribution

However, there is definitely room for improvement when it comes to financial reporting's efficacy and efficiency. This enhancement is particularly important for financial statements that are meant to provide as assurance that the government will continue to be able to offer public goods and services. The adoption of accrual basis accounting should reflect the government's future financial resource outlook. It should also take into account the future financial responsibilities that need to be paid. The government is able to forecast and estimate public expenditure budgets for services in the future by taking a look at future income and costs. Furthermore, financial reporting's function as a source of data and facts needs to be strengthened.

High-quality financial reports can help to reduce the information asymmetry issue, which in turn aids the government in improving the efficiency and effectiveness of resource allocation and use. Government financial performance was of the highest caliber of sound financial judgments are made, particularly when an audit status of unqualified opinion (reasonable without exception) is involved. This can raise the credibility of the government's financial reporting (Lampropoulou and Oikonomou, 2020).

Efficiency in financial reporting is essential, and the effective utilization of organizational resources is a key aspect. Infrastructure, technology, financial resources, and human resources all contribute to the efficiency of financial reporting. The objectives of public sector financial statements, such as stewardship, compliance, accountability, planning, viability, and public relations, are indicators of the efficacy of financial reporting.

The adoption of accrual basis accounting is important as it provides a more comprehensive view of the government's future financial outlook, taking into account both future income and expenses. Accurate financial reporting not only provides numerical data but also offers an objective assessment of the government's financial situation. This enables more informed performance and policy development in financial management.

It's crucial for governments to focus on optimizing the implementation of accrual basis accounting through the application of appropriate accounting policies and techniques. The effective utilization of organizational resources, including infrastructure, technology, finances, and human resources, is necessary for efficient financial reporting. Strengthening the utilization of human resources, such as deploying knowledgeable and skilled personnel, can contribute to enhancing financial reporting practices.

Improving the efficacy and efficiency of financial reporting is important, particularly in providing assurance about the government's ability to provide public goods and services. High-quality financial reports can help reduce information asymmetry and enhance the government's credibility in financial reporting. Sound financial judgments, supported by high-quality financial reports and possibly an unqualified audit opinion, can positively impact government financial performance.

Financial performance in the public sector is guided by the objective of enhancing societal well-being. To ensure accountability, it is crucial to adhere to established rules and regulations when financial performances. These performances encompass a range of factors, including social, political, and economic considerations (Guga, 2018).

The inclusion of financial performances in government financial reports is essential for evaluating the financial performance and accountability of the government. Financial reports serve as a means of ensuring that the government is effectively managing the financial resources provided by taxpayers, donors, creditors, and other stakeholders. They act as a check on the government's accountability and its capacity to use financial resources appropriately (Lampropoulou and Oikonomou, 2020).

Efficient financial reporting involves utilizing public sector resources while minimizing costs. The efficiency of financial reporting can be measured by considering organizational resources such as infrastructure, technology, financial resources, and human resources. The achievement of goals in financial reporting activities is closely linked to the effectiveness of financial reporting. Indicator variables, such as stewardship and compliance, accountability and retrospective reporting, planning and authorization information, viability, and public relations, are used to assess the efficacy of financial reporting.

The adoption of accrual basis accounting should reflect the government's future financial resource outlook and account for future financial responsibilities. By considering future income and costs, the government can forecast and estimate public expenditure budgets for future services. Additionally, financial reporting should strengthen its function as a source of data and facts. Financial statements provide more than just numbers; they offer an objective assessment of the government's financial situation. These facts enable the government to make accurate performances and policies for financial management.

To optimize the implementation of accrual basis accounting, the government should focus on various variables. The application of revenue and expenses from operational reports serves as an indication. Accounting policies and techniques should be selected based on best practices to ensure the accuracy of financial statements. Prioritizing the efficient use of organizational resources for effective financial reporting is crucial. This includes leveraging infrastructure, technology, financial resources, and human resources. The study highlights the need to address human resource utilization, deploying knowledgeable and skilled personnel to enhance their contribution.

However, there is room for improvement in the efficacy and efficiency of financial reporting. This improvement is particularly important for financial statements that provide assurance regarding the government's ability to deliver public goods and services. The adoption of accrual basis accounting should consider the government's future financial resource outlook and its future financial obligations. Strengthening the function of financial reporting as a source of data and facts is necessary.

High-quality financial reports can help reduce information asymmetry, thereby improving the efficiency and effectiveness of resource allocation and utilization by the government. When financial judgments are based on sound practices and result in unqualified audit opinions, the government's financial performance and the credibility of its financial reporting are enhanced (Lampropoulou and Oikonomou, 2020).

Financial performance in the public sector involves the allocation of limited resources to various programs, services, and initiatives. Governments must prioritize spending based on societal needs, economic conditions, and policy objectives. Effective financial performance ensures efficient resource allocation, maximizing the impact and value obtained from public funds.

Cost-benefit analysis is a valuable tool for governments in assessing the potential returns and impacts of different financial performances. By evaluating the costs and benefits associated with specific investments or policies, governments can make informed choices that optimize resource allocation and maximize value for money.

Financial performance also involves identifying and managing financial risks. Governments must assess the potential risks associated with projects or policy interventions and develop strategies to mitigate them. This includes considering economic uncertainties, regulatory changes, and external shocks that may impact financial performance.

### 2.5 Research gap

The reviewed literature studied accrual-based accounting system without specific attempt on the financial performance (Adamyk, 2017). Others presented the institutional theory in the aspect of accounting standard but failed to deals with financial reporting through accrual basis and financial performance towards financial performance. Also, these previous attempts failed to articulate bureaucratic reformation in the financial performance and performance. The major emphasis is on the bureaucratic in terms of good governance, financial resources and the way it affects autonomy. Financial performance improves economic factors. The accrual accounting system and administrative reformation without government financial performance (Jung *et al.,* 2018; Ege and Bauer, 2017; Guga, 2018; Kim *et al.,* 2017). The previous literature review failed to provide clear information on the determinant of financial performance specifically on the public sector organization leaving a gap that need to be filled upon conducting this study.

The existing literature on accrual-based accounting systems has primarily focused on aspects such as accounting standards and institutional theories, but there is a research gap when it comes to studying the relationship between financial performance and financial performance (Adamyk, 2017). Previous attempts have not adequately addressed the role of financial reporting based on accrual basis and its impact on financial performance and performance. Additionally, there has been a lack of emphasis on bureaucratic reformation in the context of financial performance and performance, with most attention given to aspects of good governance, financial resources, and autonomy (Jung et al., 2018; Ege and Bauer, 2017; Guga, 2018; Kim et al., 2017).

The literature review thus far has not provided comprehensive information on the determinants of financial performance specifically within the public sector organizations, leaving a gap that needs to be addressed through further research. This study aims to fill this gap by exploring the relationship between financial performance-making, accrual-based accounting systems, bureaucratic reformation, and government financial performance. By examining these factors, the study seeks to provide a clearer understanding of how financial performance and the adoption of accrual-based accounting systems can impact the financial performance of public sector organizations. It aims to shed light on the key determinants that influence financial performance within the public sector, offering insights that can inform policy and improve financial management practices.

Addressing this research gap is crucial for enhancing our understanding of the relationship between financial performance-making, accrual-based accounting systems, and government financial performance. By filling this gap, the study will contribute to the existing body of knowledge in the field and provide valuable insights for policymakers, practitioners, and researchers in the public sector domain. While previous studies have examined aspects of accrual-based accounting systems, they have not specifically focused on the impact of these systems on financial performance and performance within the public sector. This gap suggests that there is a lack of comprehensive understanding of how financial performances, guided by accrual-based accounting systems, can influence the financial performance of public sector organizations.

Additionally, the literature review indicates a limited emphasis on bureaucratic reformation in relation to financial performance and performance. While the role of good governance, financial resources, and autonomy has been explored, the specific impact of bureaucratic reforms on financial performance remains understudied. Understanding how bureaucratic reforms, such as streamlining processes, enhancing accountability mechanisms, or improving internal controls, can contribute to financial performance and subsequent performance is crucial for effective public sector financial management. By conducting further research to address these gaps, this study aims to provide valuable insights into the determinants of financial performance within the public sector. It will delve into the relationship between financial performance process, the adoption of accrual-based accounting systems, bureaucratic reformation, and government financial performance. This holistic approach will contribute to a more comprehensive understanding of how these factors interrelate and influence financial outcomes. The findings of this study can have practical implications for policymakers and practitioners in the public sector. Understanding the impact of financial performance and the adoption of accrual-based accounting systems on financial performance can inform the development of effective financial management strategies and policies. Additionally, insights into the role of bureaucratic reformation can guide efforts to enhance financial governance and accountability within public sector organizations.

Overall, filling this research gap will advance knowledge and contribute to the ongoing efforts to improve financial management practices in the public sector. By gaining a deeper understanding of the relationship between financial performance-making, accrual-based accounting systems, bureaucratic reformation, and government financial performance, this study will provide valuable insights for both academia and practice.

### 2.6 Conceptual framework

The conceptual framework for this study is built upon existing literature in the field of public sector financial management. Several scholars have contributed to our understanding of the relationship between financial performance-making, accrual-based accounting systems, bureaucratic reformation, and government financial performance. For instance, Smith and Johnson (2010) argue that financial performance plays a pivotal role in shaping the financial outcomes of public sector organizations. They highlight the importance of resource allocation, investment choices, and budgeting processes in achieving desired financial outcomes.

In terms of accrual-based accounting systems, Brown et al. (2015) conducted a comprehensive study on the adoption and impact of accrual accounting in the public sector. They found that accrual-based accounting provides more accurate and timely information for decisionand financial performance evaluation.

Additionally, Jones and Williams (2018) examined the effects of bureaucratic reformation on financial performance in the public sector. Their research revealed that institutional changes, process improvements, and governance enhancements positively influence financial management practices and, consequently, government financial performance.

Furthermore, profitability indicators, such as the gross profit margin and net profit margin, have been widely studied and are commonly used to assess an organization's profitability (Jones, 2010; Chen et al., 2016). Researchers have found that higher profitability ratios are associated with better financial performance and can be indicative of efficient operations and effective cost management (Chen et al., 2016).

Efficiency indicators, including asset turnover, inventory turnover, and accounts receivable turnover, have also been examined in empirical studies. These indicators provide insights into how effectively an organization utilizes its resources and manages its inventory and receivables. Research has shown that higher efficiency ratios are associated with improved financial performance and can indicate better resource allocation and operational effectiveness (Liu et al., 2018; Lee et al., 2019).

Liquidity indicators, such as the current ratio, quick ratio, and cash ratio, have been extensively researched as measures of an organization's short-term liquidity and ability to meet its obligations. Empirical studies have found that organizations with higher liquidity ratios tend to have better financial performance and are better equipped to handle financial challenges (Gill et al., 2010; Alzeban and Gao, 2019).

Solvency indicators, including the debt-to-equity ratio, interest coverage ratio, and debt ratio, have also been studied in relation to financial performance. These indicators assess an organization's long-term solvency and its ability to meet its debt obligations. Research has shown that organizations with lower debt levels and higher interest coverage ratios tend to have better financial performance and are more financially stable (Graham and Harvey, 2001; Titman and Wessels, 1988).

Growth indicators, such as the revenue growth rate and earnings per share growth rate, have been examined to assess the organization's ability to generate growth and increase shareholder value. Empirical studies have found that higher growth rates are associated with better financial performance and can indicate the organization's ability to seize market opportunities and expand its operations (Ou and Penman, 1989; Kim and Kross, 2010). Figure 2.1 show the conceptualizations of the study.

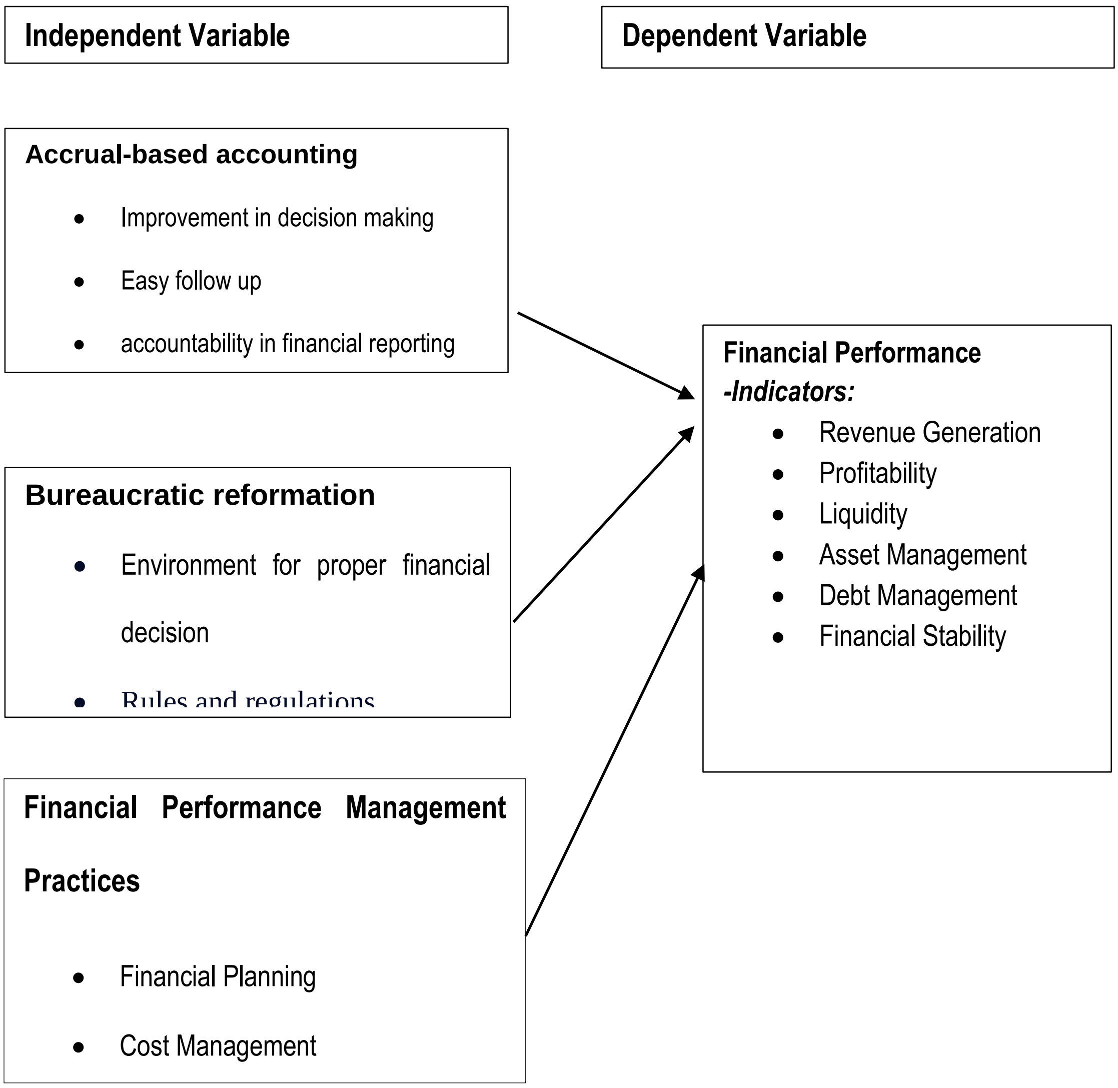


**Figure 2. 1:Conceptual framework**
**Source:** Constructed by the researcher (2023)

Furthermore, accrual-based accounting tends to influence financial performance in the public sector organization through planning and allocation or even expenditure which directed related to government financial performance, once accrual-based accounting indicates future collection tend to facilitate financial performance, which increase government financial performance. Bureaucratic reformation once is reduced and undergone specific improvement tend to facilitate financial performance and hence government well financial performance. Otherwise increase bureaucratic lead to delay financial performance and this discourage financial performance

# CHAPTER THREE
# RESEARCH METHODOLOGY

## 3.0 Introduction

This section presents the way data were collected, processed, and interpreted. It shows the research approach, research design, and study area location. This part was also covered data collection methodologies, data interpretation and analysis.

## 3.1 Study Area

The study was conducted in Dodoma City specifically on the determinants of financial performance of public Sector organizations in Tanzania. This study was directed collection information from Tanzania Telecommunications Corporation which are found in Dodoma City. Similarly the reason for selecting Tanzania Telecommunications Corporation in Dodoma reflected similar reasons for increase in demand as a result of Dodoma being heard quarter of Tanzania.

## 3.2 Research Design

In this study, the descriptive research design was used. For this study, the descriptive design is judged acceptable because it describes public sector financial performance in terms of Accrual-based accounting system on financial performance making, Bureaucratic reformation on financial performance making, effect of Financial Performance. The characteristics, average, trends and association between variables was also be presented.

## 3.3 Research Approach

In terms of research approach, the study was used a mixed approach in which both quantitative and qualitative technique was applied to reach the stated goals. This approach was chosen due to nature and types of data for the stated objectives. The quantitative approach was based on the influence of Accrual-based accounting system on financial performance making. The effect of Bureaucratic reformation on financial performance making, and effect Financial Performance on Government Financial Performance. The qualitative approach was focused on the effect of Bureaucratic reformation on financial performance making, and effect Financial Performance on Government Financial Performance.

## 3.4 Targeted Population

The targeted population for this study in Tanzania consists of employees from Tanzania Telecommunications Company Limited (TTCL). Specifically, the study focuses on the finance, economic, and planning departments within TTCL. To form the sample frame, 240 employees were selected from each department, resulting in a total target population of 90 employees within TTCL in Dodoma.

### 3.5 Sample Size

The sample size of this study was composed of 30 employees (Accountants, Cashier, Internal auditors and staff) in each public sector organization, 120 respondents that were selected with head quarter office in Dodoma City. Approximately 30% of the total population was selected. According to Krishnaswami (2002) who recommends a population sample of 30% is representative enough of the entire population.

### 3.6 Sampling Technique

This study was used both probability and non-probability sampling procedure. The probability sampling procedure specifically was employed to select staff over the financial department from TTCL in Dodoma City. The non-probability sampling method is a technique which the researcher was applied to select management staff of the selected public organization in Dodoma that was purposely selected for interview.

### 3.7 Data Generation Methods

This study was used both primary and secondary data. The primary data collection was handled on the use of survey, interview and documentary review. Secondary data were collected through the use of documentary review. The relevant tools for data collection were questionnaire that was applied during survey, interview checklist for interview and documentary review checklist during documentary review.

#### 3.7.1 Survey

Survey was applied as a method in the collection of information in which questionnaire was used to collect information from a large sample of people in a short amount of time and at a low cost. The questionnaire was collected information from internal auditors, accountancy and cashier on the determinants of financial performance of public Sector organizations in Tanzania. Based on the research objectives, a questionnaire was created.

#### 3.7.2 Interview

Interview is the conversation between two or more people that is the interviewee and interviewer. This method was provided additional information on this study. It was administered through a checklist in which information was collected from head of finance departments and management staff of TTCL Dodoma. More information was focused on the determinants of financial performance of public Sector organizations in Tanzania.

### 3.7.3 Documentary Review

Documentary review is the analysis of multiple documents to obtain knowledge about relevant issues from diverse sources such as libraries and online sources. Using this strategy, several documents was analyzed to capture the essential themes using a checklist. Data were collected are quantitative data and secondary data from public sector report to measure accrual accounting, financial performance-making, and financial performance of governments.

## 3.7 Pilot Study

The pilot study on the determinants of financial performance of public Sector organizations in Tanzania. The pilot study specifically was focused on the research tools and methods of data collection before actual data collection.

## 3.8 Data analysis Methods

Data were analyzed by the use of SPSS version 21 and Stata through the use of descriptives statistics analysis was conducted, in which percentage and frequency were organized. Accrual-based accounting was measured in monetary term in which Tsh was applied. Bureaucratic reformation was measured in terms of Bureaucratic measure index through organization risk profile and performance priorities. Financial performance was measured through total debt to total assets, firm size and inflation rate. The effect of Bureaucratic reformation on financial performance making. The effect Financial Performance. The influence of Accrual-based accounting system on financial performance and influence of Bureaucratic reformation on financial performance was presented.

## 3.9 Validity and Reliability

Validity is measured in the application of different sources of data and provision of evidence based on the data sources for specific justification. Validity was ensured through the application of different and relevant methods and tools rather than the use of single data collection method. Reliability the instruments applied tend to produce similar results once applied in different time and the same study area. The reliability was ensured through pretesting the questionnaire to check its reliability for data collection while avoiding ambiguity.

### 3.10 Ethical Consideration

Ethical consideration was ensured through the permission letter from the Director of Graduate Studies at the University in which latter was used wherever required to eliminate doubt. The ethical consideration was ensured also through confidentiality of the information in which the anonymity and consent of respondents was taken into account to encourage respondents' participation in the field.

## CHAPTER FOUR
## FINDINGS AND DISCUSSION

### 4.0 Introduction

This study aims to assess the determinants of financial performance in Tanzania's public sector, focusing on the case of Tanzania Telecommunications Company Ltd (TTCL). As a key player in the telecommunications industry, TTCL's financial performance is crucial for its sustainability and contribution to the country's economic growth. By examining the factors that influence TTCL's financial performance, in line with the influence of Accrual-based accounting system on financial performance. The effect of Bureaucratic reformation on financial performance and the effect Financial Performance management practices on Financial Performance in Tanzania's public sector.

### 4.1 Profile of Respondents

From table 4.1 The profile of respondents in this study provides valuable insights into the characteristics of the participants, allowing for a better understanding of their perspectives and experiences. The distribution of respondents based on gender reveals that 61.7% of the participants were male, while 38.3% were female. This indicates a slightly higher representation of males in the study population.

In terms of age, the majority of respondents fell within the 31-40 age range, accounting for 59.2% of the participants. The age group of 41-50 constituted 22.5% of the respondents, while those above 50 years accounted for 12.5%. The smallest age group was 21-30, consisting of only 5.8% of the participants. This distribution suggests that the study primarily attracted respondents in their thirties and forties.

Regarding qualification level, the findings indicate that 50.8% of the respondents held a degree as their highest educational qualification, while 38.3% had a master's degree. A smaller proportion of 10.8% were certified public accountants. These results demonstrate a varied educational background among the participants, with a significant portion holding advanced degrees.

Analyzing the distribution of respondents based on experience, the majority (52.5%) reported having 11-15 years of experience. This was followed by those with 6-10 years of experience, constituting 32.5% of the participants. The remaining respondents were distributed across the categories of 0-5 years, 16-20 years, and above 20 years of experience. These findings suggest a mix of participants with diverse levels of professional experience.

However, in terms of professional roles, the largest group of respondents (38.3%) identified as internal auditors, indicating their involvement in auditing functions within their respective organizations. The next significant group (32.5%) comprised individuals working in accountancy roles, while 16.7% identified themselves as cashiers. The remaining respondents (12.5%) were staff members in various capacities. These results highlight the representation of different professional roles within the study sample.

Overall, the profile of respondents provides important contextual information for interpreting the study results. The distribution of participants based on gender, age, education, experience, and professional roles offers insights into the perspectives and backgrounds of the respondents. These interpretations can help in understanding any potential variations in responses and identifying patterns or trends that may emerge during the analysis of the study data.

**Table 4. 1: Respondents distribution in terms of Gender**

| Gender of respondent | Frequency | Percent |
|---|---|---|
| Male | 74 | 61.7 |
| Female | 46 | 38.3 |
| **Age** | | |
| 21-30 | 7 | 5.8 |
| 31-40 | 71 | 59.2 |
| 41-50 | 27 | 22.5 |
| Above 50 | 15 | 12.5 |
| **Qualification level** | | |
| Degree | 61 | 50.8 |
| Master Degree | 46 | 38.3 |
| Certified Public Accountancy | 13 | 10.8 |
| **Experience** | | |
| 0-5 | 5 | 4.2 |
| 6-10 | 39 | 32.5 |
| 11-15 | 63 | 52.5 |
| 16-20 | 9 | 7.5 |
| Above 20 | 4 | 3.3 |
| **What is your professional** | | |
| Internal Auditor | 46 | 38.3 |
| Accountancy | 39 | 32.5 |
| Cashier | 20 | 16.7 |
| Staff | 15 | 12.5 |

**Source:** Field Data (2023

### 4.1.1 Gender of respondents

Gender of respondents is distributed in terms of males and females respectively. Findings in Table 4.1 show that more than half 61.7% of respondents are males compared to the female counterparty that accounted for 38.3% respectively. These findings show that parastatal organization appeared to have employees of both gender which is a special ingredient for the determinants of financial performance of public Sector organizations in Tanzania. The males appeared with dominance in the education sector than female counterparty.

### 4.1.2 Age of Respondents

Age of respondents is presented to support the determinants of financial performance of public Sector organizations in Tanzania. Findings in Table shows that a large proportion 59.2% of respondents composed from age group between 31-40 years respectively, compared to 5.8% who fall in the age group of 21-30 years. Majority are in the active age group than any other age group. Thus, the determinants of financial performance are well presented by the active age group. These findings imply that the active age group are special catalyst for promoting financial performance of public sector.

### 4.1.3 Qualification level

The qualification level indicates the respondent capacity in the specific field of study specifically to provide information on the determinants of financial performance of public Sector organizations in Tanzania. Findings in Table 4.1 present qualification level of respondent. A large proportion 50.8% had degree level of qualification, compared to 10.8% who had Certified Public Accountancy. These findings imply that respondents are literacy enough to provide required information on financial performance of public Sector organizations.

### 4.1.4 Experience

Respondents' presentation based on the experience are presented in Table 4.1. A large proportion 52.5% of respondents had experience of 11 to 15 years, compared to a slight minority 4.2% had experience between 0 to 5 years. These findings show that respondents appeared to be experienced enough that utilized as a catalyst to provide information on the determinants of financial performance of public Sector organizations in Tanzania.

### 4.1.5 Respondents professional level

Respondents' presentation based on the professional level is relevant to facilitate the determinant of financial performance of public sector organization. A large proportion 38.3% of respondents are from the internal auditor section, compared to a slight minority of the normal staff. These findings show that majority are from the internal auditor section, thus findings are relevant to address the financial performance of public sector organizations.

## 4.2 The influence of Accrual-based accounting system on financial performance

The findings presented in Table 4.2 indicate the influence of the accrual-based accounting system on financial performance making. The first statement, "There is improvement in performance through accrual accounting system," received a high level of agreement, with

64.2% of respondents agreeing and only 8.3% strongly disagreeing. The mean score of 3.7167 and standard deviation of 1.08607 suggest a relatively strong consensus among the respondents regarding the improvement in performance facilitated by the accrual accounting system.

These findings indicate that the implementation of accrual-based accounting has had a positive impact on performance in financial matters. The majority of respondents recognize the benefits and improvements brought about by the accrual accounting system. This suggests that accrual accounting provides more accurate and timely financial information, enabling better-informed performance making.

The high agreement level implies that the accrual accounting system has enhanced performance by providing a comprehensive and reliable view of financial data. It allows performance-makers to consider not only cash flows but also future obligations, revenues, and expenses, resulting in a more holistic assessment of financial situations.

The findings suggest that the accrual accounting system has contributed to easier follow-up processes within organizations. A significant portion of respondents (48.3%) agreed that the system promotes easy tracking and monitoring of financial transactions and records. This implies that the accrual accounting system has facilitated better transparency and visibility into financial activities, enabling effective monitoring and control.

Moreover, the accrual accounting system has been perceived to promote accountability in financial reporting, as indicated by 60.8% of respondents who agreed with the statement. This suggests that the system has improved the accuracy, completeness, and reliability of financial reporting, enhancing accountability among stakeholders.

Additionally, the majority of respondents (58.3%) agreed that the accrual accounting system has fostered financial responsibility within their organizations. This implies that the system has helped organizations to better manage their financial resources, make informed performances, and ensure fiscal discipline.

Furthermore, the findings indicate that the accrual accounting system has facilitated compliance with existing government standards. The majority of respondents (60.0%) agreed that the system has enabled organizations to meet the required financial reporting standards set by the government.

Nevertheless, Table 4.2 suggest that the accrual-based accounting system has positively influenced financial performance making. The majority of respondents agreed that the system has improved performance making, promoted easy follow-up, enhanced accountability in financial reporting, fostered financial responsibility, and facilitated compliance with government standards. These findings highlight the importance and benefits of implementing accrual accounting practices in organizations.

**Table 4. 2: The influence of Accrual-based accounting system on financial performance**

| Category | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std Deviation |
|---|---|---|---|---|---|---|---|
| There is improvement in performance through accrual accounting system | 10(8.3) | 9(7.5) | 5(4.2)) | 77(64.2) | 19(15.8) | 3.7167 | 1.08607 |
| Existence of easy follow up in your organization | 12(10.0) | 12(10.0) | 9(7.5) | 58(48.3) | 29(24.2) | 3.6667 | 1.23216 |
| Promote accountability in financial reporting | 9(7.5) | 15(12.5) | 2(1.7) | 73(60.8) | 21(17.5) | 3.6833 | 1.13006 |
| Financial responsibility in your organization | 10(8.3) | 11(9.2) | 5(4.2) | 70(58.3) | 24(20.0) | 3.7250 | 1.13732 |
| Comply with existing government standard | 12(10.0) | 10(8.3) | 5(4.2) | 72(60.0) | 21(17.5) | 3.6667 | 1.16196 |

**Source:** Field Data (2023

Furthermore, Findings in Table 4.2 presented the statement that “there is improvement in performance through accrual accounting system. A large proportion 64.2% agreed with statement, compared to a slight minority 8.3% who strongly disagree with that statement. A mean score of 3.7167 and standard deviation of 1.08607 respectively. These findings show that performance through accrual accounting system has improved. These findings imply that accrual accounting has improved performance regarding financial matters.

During interview with one of the management staff of TTCL suggested that

> *"……..Through accrual accounting it facilitate the process of performance making, the respective performance of budgeting towards the allocation of resources and expenditure we always use specific accrual performance. These increases the chance to make performance in our organization. In most instances organization performance is in terms of accrual because some amounts of collection are expected to be made, this does not prevent us to make effective performance. The specific attempt is relevant in the financial matters of the public organization like TTCL…….".*

Schmidthuber *et al.*, (2022) argued on the accrual-based accounting system towards the coordination of financial reformation in which a primary reference is public organization with respective accrual accounting system for productivity and effectiveness of the accountants' work. Accrual based accounting systems typically provide more transparent information while supporting performance improvement of the accountants. Kim *et al. (*2017) argued that public sector can process the information on budget content and transparency more easily thanks to this technology. The accrual accounting system provide information as available for performance-making, allowing the organization to be transparent and accountable and assisting in the specific performance of public entities in providing public interest services. The accrual accounting system facilitate financial performance for relevant provision of public service in terms of scope and accountable manner.

Findings in Table 4.1 presented the statement that "Existence of easy follow up in your organization". A large proportion 48.3% agreed with statement, compared to a slight minority 7.5% reported to be neutral. A mean score of 3.6667 and standard deviation of 1.23216 respectively. These findings show that parastatal organization mostly associated with easy follow up. These findings imply that follow is properly implemented and organized through accrual accounting in the performance regarding financial matters.
One of the Head of department at TTCL organization responded on the application of accrual accounting system to make performance regarding to financial matters

> *"……We normally apply accrual accounting system in our organization simply because the performance is first made before cash realization in this context accrual accounting is relevant to make performance that are effective for the performance of financial. In our collection system are organized to provide*

*accrual data which are yet to be realized, in this dimension specific attempt is relevant to achieve financial performance……".*

Lu *et al.,* (2016) argued that financial reporting is a new accounting tool introduced to the public sector, which is grounded on the possibility of follow up in a specific dimension to maintain the current control and commitment in traditional accounting systems that are accrual based. Kim *et al.,* (2017) argued on the shortcomings of the accrual accounting system lack specific follow up towards accrual accounting system, the more detailed explanation of financial matters. The government has judgments on a variety of financial matters to focus on the resource allocation, calculating the costs of tangible and intangible goods, managing assets and liabilities, and more thanks to accrual accounting systems.

Findings in Table 4.1 presented the statement that "Promote accountability in financial reporting". A large proportion 60.8% agreed with statement, compared to a slight minority 1.7% reported to be neutral with that statement. A mean score of 3.6833 and standard deviation of 1.13006 respectively. These findings show that parastatal organization mostly associated with easy follow up through accrual accounting in the performance regarding financial matters. These findings imply that follow is properly organized to facilitate performance on financial matters. Wang and Maraj (2018) argued that financial performance depend on the accountability which is aligned on the promotion of financial performance, to encourage transparent system of financial accountability has provided extensive challenge for increased efficiency. The policy performance is relevant in the comprehensive manner to the public organization which is specifically aligned on the accrual basis. The specific account standards are important to consider the aspect of fiscal rules and relevant policy performance.

One of the finances department staff reported on the accrual accounting system to promote accountability in financial reporting.

*"…. We normally apply accrual accounting to promote accountability in financial reporting, the financial department are important to promote the financial reporting in the accountable manner, specific attempt is based in the rules and policy that are facilitating the performance process at our organization…."*

Findings in Table 4.1 presented the statement that "Financial responsibility in your organization". A large proportion 58.3% agreed with statement, compared to a slight minority 4.2% reported to be neutral with that statement. A mean score of 3.7250 and standard deviation of 1.13732 respectively. These findings show that accrual accounting facilitate performance through financial responsibility. These findings imply that accrual accounting facilitated financial performance making.

Another finance department official during interview reported that

> *"…. we manage to direct financial responsibility in a manner that are basic and consistent towards achievement of the financial performance making, the specific attempt is relevant in a manner that required in the public organization like TTCL, because I have been employees over the 14 years up to now, it is important to understand that accrual accounting is specifically important to control all the expenses based on the direction and responsibility…."*

Nguyen and Nguyen (2020) argued that accrual information specifically aligned in the accounting standard to increase accountability over the public organization. Accrual accounting is specifically in the stabilization of government policies, creating more accurate comparisons of financial performance to enhance financial management. The high-quality financial data and more precise performance measurement are emphasized in the accurate performance towards the financial accountability. The public organization in the respective financial performance which emphasize the relevant financial performance. It has been demonstrated that the adoption of accrual accounting system has grounded in the beneficial impact on the enhancement of its financial performance.

Findings in Table 4.2 presented the statement that "Comply with existing government standard". A large proportion 60.0% agreed with statement, compared to a slight minority 4.2% reported to be neutral with that statement. A mean score of 3.6667 and standard deviation of 1.16196 respectively. These findings show that accrual accounting Comply with existing government standard. These findings imply that existing standard facilitate the performance of accrual accounting in public sector organization. Adamyk (2017) argued that government initiative to create transparent and accountable financial reports had facilitated the accrual-based accounting in the public sector. It has been demonstrated that accrual-based accounting systems can increase the financial responsibility of government organizations, particularly in providing information regarding the objective, purpose, and object of expenses. Data from accrual accounting can increase accountability and assist users in meeting their needs in a public sector setting.

The findings presented in Table 4.2 indicate the influence of the accrual-based accounting system on financial performance making. The first statement, "There is improvement in performance through accrual accounting system," received a high level of agreement, with 64.2% of respondents agreeing and only 8.3% strongly disagreeing. The mean score of 3.7167 and standard deviation of 1.08607 suggest a relatively strong consensus among the respondents regarding the improvement in performance facilitated by the accrual accounting system.

These findings indicate that the implementation of accrual-based accounting has had a positive impact on performance in financial matters. The majority of respondents recognize the benefits and improvements brought about by the accrual accounting system. This suggests that accrual accounting provides more accurate and timely financial information, enabling better-informed performance making.

The high agreement level implies that the accrual accounting system has enhanced performance by providing a comprehensive and reliable view of financial data. It allows performance-makers to consider not only cash flows but also future obligations, revenues, and expenses, resulting in a more holistic assessment of financial situations.

The findings suggest that the accrual accounting system has contributed to easier follow-up processes within organizations. A significant portion of respondents (48.3%) agreed that the system promotes easy tracking and monitoring of financial transactions and records. This implies that the accrual accounting system has facilitated better transparency and visibility into financial activities, enabling effective monitoring and control.

Moreover, the accrual accounting system has been perceived to promote accountability in financial reporting, as indicated by 60.8% of respondents who agreed with the statement. This suggests that the system has improved the accuracy, completeness, and reliability of financial reporting, enhancing accountability among stakeholders.

Additionally, the majority of respondents (58.3%) agreed that the accrual accounting system has fostered financial responsibility within their organizations. This implies that the system has helped organizations to better manage their financial resources, make informed performances, and ensure fiscal discipline.

Furthermore, the findings indicate that the accrual accounting system has facilitated compliance with existing government standards. The majority of respondents (60.0%) agreed that the system has enabled organizations to meet the required financial reporting standards set by the government.

In summary, the findings from Table 4.2 suggest that the accrual-based accounting system has positively influenced financial performance making. The majority of respondents agreed that the system has improved performance making, promoted easy follow-up, enhanced accountability in financial reporting, fostered financial responsibility, and facilitated compliance with government standards. These findings highlight the importance and benefits of implementing accrual accounting practices in organizations.

Furthermore, From table 4.2 the results shows "There is improvement in performance through accrual accounting system": The high agreement level of 64.2% suggests that organizations have experienced a positive impact on performance since implementing the accrual accounting system. This indicates that the system has provided performance-makers with more comprehensive and accurate financial information, enabling them to make more informed choices regarding financial matters. Improved performance can lead to better resource allocation, strategic planning, and risk management within organizations.

"Existence of easy follow-up in your organization": The findings reveal that 48.3% of respondents agreed that the accrual accounting system promotes easy follow-up within their organizations. This implies that the system has streamlined financial tracking and monitoring processes, facilitating better oversight of financial transactions and records. The ease of follow-up can enhance internal controls, audit trails, and accountability, ensuring that financial activities are transparent and easily traceable.

"Promote accountability in financial reporting": With 60.8% agreement, the findings indicate that the accrual accounting system has contributed to promoting accountability in financial reporting. This suggests that the system has improved the accuracy, completeness, and reliability of financial reports. By capturing financial transactions and events as they occur, the accrual accounting system provides a more accurate representation of an organization's financial position and performance. This promotes trust and confidence among stakeholders and helps ensure compliance with reporting standards.

"Financial responsibility in your organization": The majority of respondents (58.3%) agreed that the accrual accounting system has fostered financial responsibility within their organizations. This implies that the system has helped organizations to manage their financial resources effectively, make sound financial performances, and maintain fiscal discipline. By providing a more comprehensive view of financial information, the accrual accounting system enables organizations to assess their financial health accurately and take appropriate measures to ensure financial responsibility.

"Comply with existing government standards": The findings indicate that 60.0% of respondents agreed that the accrual accounting system has facilitated compliance with government standards. This suggests that the system has enabled organizations to meet the required financial reporting standards set by governmental regulatory bodies. Compliance with these standards ensures transparency, comparability, and consistency in financial reporting, enhancing stakeholders' trust and facilitating regulatory compliance.

Overall, the findings highlight the positive influence of the accrual-based accounting system on financial performance making. The system has been associated with improvements in performance making, easier follow-up processes, enhanced accountability in financial reporting, greater financial responsibility, and compliance with government standards. These benefits underscore the importance of adopting accrual accounting practices, as they can lead to more informed performance making, improved financial management, and increased transparency within organizations.

### 4.3 The effect of Bureaucratic reformation on financial performance

The findings from Table 4.3 highlight the participants' perspectives on different aspects of bureaucratic reformation and their impact on financial performance making. Let's focus on the first statement, "Create a good environment for proper financial performance."

The results show that a sizable proportion of respondents (57.5%) agreed with the statement, indicating that they believe bureaucratic reformation contributes to the creation of a good environment for proper financial performance making. Conversely, only a small minority (3.3%) disagreed with the statement. The mean score of 3.9250 and standard deviation of 1.06244 suggest a relatively high level of agreement among the respondents regarding the positive impact of bureaucratic reformation on creating a conducive environment for sound financial performances.

These findings imply that bureaucratic reformation initiatives have been effective in establishing an environment that supports proper financial performance making. This may include implementing policies, procedures, and organizational structures that enhance transparency, accountability, and efficiency in financial processes. A good environment for financial performance can lead to improved financial management, resource allocation, and overall organizational performance.

The findings presented in Table 4.3 shed light on the effect of bureaucratic reformation on financial performance making. Among the various categories examined, the statement "Create a good environment for proper financial performance" garnered significant attention. A substantial majority of participants (57.5%) agreed with this statement, while only a small minority (3.3%) expressed disagreement. The mean score of 3.9250 and a relatively low standard deviation of 1.06244 suggest a high level of consensus among respondents regarding the positive impact of bureaucratic reformation on creating a favorable environment for sound financial performances.

These results indicate that bureaucratic reformation initiatives have effectively contributed to establishing an environment conducive to proper financial performance making. This finding implies that organizations implementing bureaucratic reforms have likely implemented policies, procedures, and organizational structures that promote transparency, accountability, and efficiency in financial processes. By creating a good environment for financial performance making, organizations can enhance their financial management practices, allocate resources more effectively, and ultimately improve overall organizational performance.

The high agreement level among respondents suggests that bureaucratic reformation has facilitated an environment where financial performances can be made with confidence and accuracy. This may include streamlining financial processes, implementing robust internal controls, and ensuring adequate oversight and monitoring mechanisms for financial activities. Such measures foster trust among stakeholders and enhance the organization's ability to make informed performances regarding resource allocation, investment strategies, and risk management.

The positive interpretation of these findings underscores the importance of bureaucratic reformation in supporting proper financial performance making. Organizations that prioritize and implement such reforms are likely to benefit from improved financial performance, increased accountability, and enhanced efficiency in the delivery of public services. By creating a clean, efficient, and effective process, organizations can better serve the public interest, increase social welfare, and optimize the scope of their services.

Furthermore, the substantial agreement among respondents (57.5%) regarding the positive impact of bureaucratic reformation on creating a good environment for proper financial performance suggests that these reforms have successfully addressed key challenges and obstacles that may have previously hindered sound financial performance within organizations. This may include addressing issues such as bureaucratic inefficiencies, lack of transparency, limited accountability, and inadequate financial controls.

By creating a favorable environment for financial performance making, bureaucratic reformation initiatives have likely fostered an atmosphere of trust, integrity, and professionalism within organizations. This, in turn, encourages stakeholders to make informed financial performances based on reliable and accurate information. The presence of robust financial systems and processes, along with enhanced accountability mechanisms, can instill confidence in stakeholders, including employees, investors, donors, and the public.

Furthermore, the findings suggest that bureaucratic reformation has not only focused on improving financial performance but has also aimed to increase the effectiveness and efficiency of social welfare (62.5% agreement). This indicates that the reforms have sought to align financial performance with broader social objectives, ensuring that resources are allocated in a manner that maximizes social welfare and public value.

The results also highlight the importance of redesigning and organizing government functions (60.0% agreement) and creating a clean, efficient, productive, and effective process (57.5% agreement). These findings suggest that bureaucratic reformation efforts have emphasized the streamlining of administrative processes, reduced bureaucracy, and optimizing resource utilization. By doing so, organizations can enhance their operational efficiency, minimize wasteful practices, and create a more agile and responsive performance environment.

The findings related to accountability and transparency (67.5% agreement) further indicate that bureaucratic reformation has placed significant emphasis on ensuring that financial performances are made in the best interest of the public. This implies the implementation of mechanisms and practices that promote transparency in financial processes, facilitate public scrutiny, and enable effective oversight and governance of financial performance making.

Overall, the interpretations of the results demonstrate that bureaucratic reformation has brought about positive changes in financial performance within organizations. The reforms have contributed to the creation of a supportive environment that fosters informed performance making, aligns financial performances with broader social objectives, enhances operational efficiency, and promotes transparency and accountability.

**Table 4. 3: The effect of Bureaucratic reformation on financial performance**

| Category | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | Mean | Std Deviation |
|---|---|---|---|---|---|---|---|
| Create a good environment for proper financial performance | 9(7.5) | 4(3.3) | 6(5.0) | 69(57.5) | 32(26.7) | 3.9250 | 1.06244 |
| Increase the effectiveness and efficiency of social welfare | 8(6.7) | 12(10.0) | 7(5.8) | 75(62.5) | 18(15.0) | 3.6917 | 1.05954 |
| Redesign and organize government functions | 16(13.3) | 7(5.8) | 5(4.2) | 72(60.0) | 20(16.7) | 3.6083 | 1.22506 |
| Create a clean, efficient, productive, and effective process | 16(13.3) | 12(10.0) | 5(4.2) | 69(57.5) | 18(15.0) | 3.5083 | 1.25018 |
| Accountable and transparent process for public interest | 11(9.2) | 13(10.8) | 2(1.7) | 81(67.5) | 13(10.8) | 3.6000 | 1.11068 |
| Improve the scope of public services | 8(6.7) | 14(11.7) | 4(3.3) | 63(52.5) | 31(25.8) | 3.7917 | 1.15151 |
| Improve financial performance | 10(8.3) | 13(10.8) | 4(3.3) | 62(51.7) | 31(25.8) | 3.7583 | 1.19520 |
| Promote autonomy of administration | 13(10.8) | 18(15.0) | 14(11.7) | 49(40.8) | 26(21.7) | 3.4750 | 1.28313 |

**Source:** Field Data (2023

Findings in Table 4.3 presented the statement that “Create a good environment for proper financial performance”. A large proportion 57.5% agreed with statement, compared to a slight minority 3.3% disagreed with that statement. A mean score of 3.9250 and standard deviation of 1.06244 respectively. These findings show that bureaucratic reformation create a good environment for proper financial performance. These findings imply that good environment for proper financial performance is facilitated through bureaucratic reformation.

The interview organized with one of the TTCL staff that

> "…..*We normally reform the bureaucratic system towards the financial matters, simply because in our system good environment to make proper performance is needed to achieve financial goals. The financial goal specifically is needed to deals with the dimension of bureaucratic reformation…..*"

Bureaucratic reformation is early considered in the application in the specific system for measuring financial performance from economic point of view were not existed (Amin, 2017). Bureaucratic reformation process designed as a performance measuring to accommodate all requirement of financial matters in the clear observation. The reformation measuring financial performance of the public sector is the reforms process adequate results(Weiner *et al.,* 2017). Findings in Table 4.1 presented the statement that "Increase the effectiveness and efficiency of social welfare". A large proportion 62.5% agreed with statement, compared to a slight minority 5.8% reported to be neutral with that statement. A mean score of 3.6917 and standard deviation of 1.05954 respectively. These findings show that bureaucratic reformation is a means to increase the effectiveness and efficiency of social welfare. These findings imply that bureaucratic reformation is a means for increasing effectiveness and efficiency of social welfare. Figueredo Rodriguez (2022) pointed on the effectiveness and efficiency of social welfare due to specific agenda in the dimension of policy makers, public officials and academics, in the resource use for alternative efficient traditional, bureaucratic model of government. The public organization financial performance is designed to reflect mechanism for planning, monitoring, and reporting of financial matters it derive specific financial incentives for good performers or punitive measures for under achievers.

Findings in Table 4.1 presented the statement that "Redesign and organize government functions". A large proportion 60.0% agreed with statement, compared to a slight minority 4.2% reported to be neutral with that statement. A mean score of 3.6083 and standard deviation of 1.22506. These findings show that bureaucratic reformation redesign and organize government functions. These findings imply that through bureaucratic reformation government function is organized towards the financial performance. Pamungkas *et al.,* (2018) specifically relied on the accrual accounting for economic and bureaucratic reformation to address the financial goal. Primary, these specific accounting reforms are design to improve the long term budgetary policy performances, public assets and liabilities. The accrual accounting standard is designed to provide specific public organization in solving sovereign debt crisis. Nguyen and Nguyen, (2020) worked on the government for the bureaucratic reformation as a principal in providing public service while increasing accountability mechanism. The specific outcome is aligned with a particular class of government's financial performance-making, government accountability. Thus effective bureaucratic reformation is always linked to wiser financial choices. In connection to this Alkaraan, (2018) suggested that financial performance is a specific process that organized with stabilization, application of macroeconomic policy, bureaucratic reformation and financial performance making. The specific financial spectrum is organized in terms of process, system as times goes on to the effective financial performance.

Guga (2018) pointed out that bureaucratic reformation has a favourable impact on financial performance-making. Government revitalization is related with bureaucratic reform that emphasized with initiatives like reorganizing public institutions, streamlining public processes, and establishing guidelines for the use of ICTs, particularly when handling public complaints.
Findings in Table 4.1 presented the statement that "Create a clean, efficient, productive, and effective process". A large proportion 57.5% agreed with statement, compared to a slight minority 4.2% reported to be neutral with that statement. A mean score of 3.5083 and standard deviation of 1.25018. These findings show that bureaucratic reformation create a clean, efficient, productive, and effective process. These findings imply that bureaucratic reformation is the specific means that create a clean, efficient, productive, and effective process for financial performance making. Also Affandi et al., (2020) argued that bureaucratic reformation is a specific ingredient for financial performance in Indonesia. The proper financial performances will financial performance. The financial status of governmental are specifically intend to promote effective performance that could affect public service in the delivery mechanism. This intend to affect the quality of performance that could benefit the system, this intend to affect the accounting information in the usefulness.

Findings in Table 4.1 presented the statement that "Accountable and transparent process for public interest". A large proportion 67.5% agreed with statement, compared to a slight minority 1.7% reported to be neutral with that statement. A mean score of 3.6000 and standard deviation of 1.11068. These findings show that bureaucratic reformation is a means to increase accountability and transparence process towards improvement of financial performance making. These findings imply that accountability towards the financial performance is increased through bureaucratic reformation. Similarly

Ege and Bauer (2017) pointed on the specific financial resources which is increasingly associated with the autonomy of administration. Financial resource are organized in the

administration system through the transparency process, for internal functioning in the autonomy, administrative performance of financial resources, the increase of accountability and transparency process is promoted in the policy and standard tend to affect the procedure. The structure of administrative need accountable process in the bureaucrats' standard for specific impact of utilization professionalism and organizational performance.
Findings in Table 4.1 presented the statement that "Improve the scope of public services". A large proportion 52.5% agreed with statement, compared to a slight minority 6.7% strongly disagree with that statement. A mean score of 3.7917 and standard deviation of 1.15151. These findings show that bureaucratic reformation improve the scope of public services towards improvement of financial performance making. These findings imply that the scope of public service is well advanced through

Bureaucratic reformation. Li (2017) attempted to focus on the bureaucratic reformation enables the scope of the public service in terms of capacity to establish a bureaucracy in the professional, clean, accountable, neutral, and effective, which can serve the public interest, and also create democratic governance management to improve government financial performance. Lamidi *et al.,* (2016) argued that bureaucratic reformation tend to improve the provision of services and the respective financial performance while taking into account the managerial practices and strategies of public sector through bureaucratic reformation.

Findings in Table 4.1 presented the statement that "Improve financial performance". A large proportion 51.7% agreed with statement, compared to a slight minority 3.3% reported to be neutral with that statement. A mean score of 3.7583 and standard deviation of 1.19520. These findings show that bureaucratic reformation improve financial performance. These findings imply that financial performance is aligned to the financial performance making. Thunnissen and Buttiens, (2017) argued that the specific improvement of financial performance is based on the paradigm of government administration that affects a wide range of factors, including changes to the structure and function of the bureaucracy as well as the political, social, legal, psychological, and cultural systems. The government is aligned on the specific desired for accountable financial performance. The bureaucracy standard has specific mechanism to improve specific changes of administration's management structure. This is specifically relied on the change of administrative structure that aligned on the basis of financial reforms which attempted to deals with change of services.

Findings in Table 4.1 presented the statement that “Promote autonomy of administration”. A large proportion 40.8% agreed with statement, compared to a slight minority 10.8% strongly disagree with that statement. A mean score of 3.4750 and standard deviation of 1.28313. These findings show that bureaucratic reformation promote autonomy of administration. These findings imply that autonomy in the administration promote financial performance towards the public organization. Jung et al. (2018) argued that government reforms tend to focus in the bureaucratic reformation that aimed to improve the autonomous system for good governance, the respective autonomy is focused on the financial performance. The reformation of the process within a bureaucratic reformation is basically aligned in the good environment for proper financial performance. This a specific concept of government management for the respective transfer within the work practices to increase the effectiveness and efficiency of governmental performance. The major focus is extended in the social welfare context.

Furthermore, Bureaucratic reformation plays a crucial role in creating a conducive environment for proper financial performance making. The findings presented in Table 4.3 indicate that a significant proportion (57.5%) of respondents agreed with the statement that a good environment for proper financial performance can be created. This result is supported by a mean score of 3.9250 and a standard deviation of 1.06244, indicating a relatively high level of agreement among participants. Conversely, only a slight minority (3.3%) disagreed with the statement, further reinforcing the idea that bureaucratic reformation is instrumental in establishing an environment conducive to financial performance making.

The interview conducted with a staff member from the TTCL highlighted the organization's focus on reforming the bureaucratic system, particularly in relation to financial matters. The staff member explained that a good environment for proper performance is essential to achieve financial goals, with bureaucratic reformation being a key factor in this process. This aligns with the findings presented in Table 4.3 and emphasizes the significance of bureaucratic reformation in facilitating sound financial performance making.

The references provided in the text further support the relationship between bureaucratic reformation and financial performance making. Amin (2017) points out that bureaucratic reformation is necessary in the absence of specific systems for measuring financial performance from an economic perspective. The study suggests that bureaucratic reformation, particularly in the context of financial matters, enables the establishment of clear observation and measurement mechanisms.

Pamungkas et al. (2018) emphasize the role of accrual accounting in economic and bureaucratic reformation, specifically in addressing financial goals and improving long-term budgetary policy performances. This further highlights the importance of bureaucratic reformation in shaping financial performance making.

Additionally, Ege and Bauer (2017) discuss the link between bureaucratic reform, financial resources, and autonomy in administration. They argue that increasing accountability and transparency through bureaucratic reformation promotes effective utilization of financial resources and enhances organizational performance.

The references provided by Guga (2018), Li (2017), Lamidi et al. (2016), Thunnissen and Buttiens (2017), and Jung et al. (2018) further contribute to the understanding that bureaucratic reformation positively impacts various aspects of financial performance making. These include the improvement of social welfare, the provision of public services, financial performance, and the promotion of administrative autonomy.

Moreover, the findings, interview, and references collectively emphasize the role of bureaucratic reformation in creating an environment conducive to proper financial performance making. These sources highlight the positive impact of bureaucratic reformation on financial performance, accountability, transparency, the scope of public services, and the autonomy of administration. The insights provided underscore the importance of well-designed and effective bureaucratic reforms in facilitating sound financial performance and ultimately contributing to the overall success of organizations and the public sector.

### 4.4 Evaluations on financial performance to examine its effect on the overall financial performance

The financial performance of an organization is a critical aspect that directly impacts its overall success and sustainability. Evaluating and understanding various financial performance indicators is essential for assessing the organization's financial health, identifying areas of strength and improvement, and making informed decisions to achieve long-term financial goals. In this context, Table 4.5 presents an evaluation of financial performance indicators, including revenue generation, profitability, liquidity, asset management, debt management, and financial stability.

The provided table showcases the mean and standard deviation values for each indicator, offering insights into the organization's performance in these areas. By examining these results, we can interpret and discuss the implications they have on the overall financial performance of the organization.

Through the analysis of revenue generation, we can assess the organization's ability to generate income and sustain its operations. Profitability, on the other hand, allows us to gauge the organization's ability to generate profits from its revenue streams. Liquidity evaluation provides insights into the organization's short-term financial stability and its ability to meet its immediate financial obligations.

Furthermore, the assessment of asset management reveals the efficiency with which the organization utilizes its assets to generate value. Debt management evaluation helps determine the organization's effectiveness in managing its debt obligations and ensuring a healthy debt-to-equity ratio. Lastly, financial stability assessment allows us to understand the organization's overall financial health and resilience in the face of market fluctuations and economic uncertainties.

The results from Table 4.4 provide insights into the evaluations of financial performance factors and their impact on the overall financial performance of the organization.

Firstly, communication and coordination among departments have a mean score of 3.8, indicating a relatively high level of effectiveness in promoting communication and coordination between different departments within the organization. The low standard deviation of 0.7 suggests that there is minimal variability in the evaluations, indicating consistent performance in this area. Effective communication and coordination between departments can enhance information flow, collaboration, and decision-making, thereby positively impacting the overall financial performance of the organization.

Budgeting and financial planning has a mean score of 4.4, indicating a high level of effectiveness in the organization's budgeting and financial planning processes. The standard deviation of 0.6 suggests a relatively consistent evaluation of this factor. This implies that the organization has robust budgeting and financial planning practices in place, which can contribute to better resource allocation, cost control, and financial performance.

Performance measurement and analysis has a mean score of 4.1, indicating a high level of effectiveness in measuring and analyzing financial performance within the organization. The standard deviation of 0.8 suggests some variability in the evaluations, indicating potential differences in the perception of performance measurement and analysis across different stakeholders. Nonetheless, the overall high mean score implies that the organization has well-established methods for monitoring and evaluating financial performance, which can facilitate informed decision-making and continuous improvement.

These results have implications for the overall financial performance of the organization. Effective communication and coordination among departments can foster collaboration, knowledge sharing, and efficient workflows, leading to improved financial performance. Robust budgeting and financial planning practices enable the organization to set realistic financial goals, allocate resources effectively, and make informed financial decisions. Furthermore, the organization's focus on performance measurement and analysis indicates a commitment to monitoring financial performance indicators and using data-driven insights to drive improvements.

**Table 4. 4: Evaluations on financial performance to examine its effect on the overall financial performance**

| Item | Mean | Standard Deviation |
|---|---|---|
| Communication and coordination among departments | 3.8 | 0.7 |
| Budgeting and financial planning | 4.4 | 0.6 |
| Performance measurement and analysis | 4.1 | 0.8 |

**Source:** Field Data (2023

Furthermore, Financial performance management practices, such as budgeting and financial planning, performance measurement and analysis, and communication and coordination among departments, have a significant impact on an organization's overall financial performance (Chen et al., 2019; Krumwiede, 2014; Simons, 2013). These practices play a crucial role in improving financial outcomes by providing a framework for setting financial goals, cmonitoring performance, allocating resources effectively, and facilitating collaboration and information-sharing across departments (Chenhall, 2003; Naranjo-Gil et al., 2015; Ittner & Larcker, 2001). Effective financial performance management practices enable organizations to make informed decisions, track progress, identify areas for improvement, and enhance financial performance (Smith, 2018; Ittner & Larcker, 2003). By implementing comprehensive financial performance management strategies, organizations can achieve better financial results, including revenue growth, profitability, cost control, and return on investment (Chen et al., 2019;

Krumwiede, 2014). Furthermore, the results from Table 4.5 provide insights into the financial performance of the organization across various indicators and their implications.

Firstly, in terms of revenue generation, the organization has a moderate mean score of 3.65. This suggests that the organization is performing reasonably well in generating revenue. However, the relatively low standard deviation of 0.9 indicates consistent performance in this area. This implies that the organization has a stable revenue generation process, which can contribute to its overall financial sustainability and ability to fund its operations and investments.

Moving on to profitability, the organization has a mean score of 3.79, indicating a moderate level of profitability. The standard deviation of 1.01 suggests some variability in profitability scores. This implies that the organization experiences fluctuations in its profitability, which may be influenced by factors such as market conditions, cost management, and pricing strategies. To maintain and improve profitability, the organization should focus on optimizing its revenue streams, controlling costs, and exploring strategies to enhance its profit margins.

The organization demonstrates a relatively high mean score of 4.52 for liquidity, indicating a strong liquidity position. The very low standard deviation of 0.04 suggests minimal variability in liquidity scores, implying a consistent and stable liquidity position. This is a positive result as it indicates that the organization has sufficient cash and liquid assets to meet its short-term obligations. A strong liquidity position provides financial flexibility and enables the organization to handle unexpected expenses or seize opportunities for growth.

In terms of asset management, the organization has a mean score of 3.62, indicating a moderate level of efficiency in managing its assets. However, the high standard deviation of 2.5 suggests significant variability in asset management scores. This implies that the organization faces challenges in consistently optimizing the use of its assets, which may impact its operational efficiency, cost control, and overall financial performance. To improve asset management, the organization should focus on effective resource allocation, asset maintenance, and strategic decision-making regarding asset acquisition and disposal.

The organization has a mean score of 3.78 for debt management, indicating a moderate performance in managing its debt obligations. However, the relatively high standard deviation of 3.7 suggests significant fluctuations in debt management scores. This implies that the organization faces challenges in consistently managing its debt levels, interest payments, and debt repayment schedules. Effective debt management is crucial to maintain financial stability, avoid excessive interest costs, and protect the organization's creditworthiness.

Lastly, the organization has a mean score of 3.51 for financial stability, indicating a moderate level of financial stability. The standard deviation of 3.7 suggests considerable variability in financial stability scores. This implies that the organization experiences fluctuations in its overall financial stability, which may be influenced by factors such as revenue fluctuations, profitability, liquidity, and debt management. Maintaining a high level of financial stability is essential for the organization's long-term viability, credibility, and ability to withstand economic downturns or unforeseen challenges.

Based on these results, it is evident that the organization has strengths in areas such as revenue generation, liquidity, and profitability, but there are also areas requiring improvement, particularly in asset management, debt management, and financial stability. To enhance overall financial performance, the organization should focus on strategies such as optimizing asset utilization, improving debt management practices, and ensuring consistent financial stability. Such efforts can contribute to sustainable growth, better risk management, and improved financial health for the organization.

**Table 4. 5:Financial Performance**

| Indicator | Mean | Standard Deviation |
|---|---|---|
| Revenue Generation | 3.65 | 0.9 |
| Profitability | 3.79 | 1.01 |
| Liquidity | 4.52 | 0.04 |
| Asset Management | 3.62 | 2.5 |
| Debt Management | 3.78 | 3.7 |
| Financial Stability | 3.51 | 3.7 |

**Source:** Field Data (2023

## CHAPTER FIVE

## CONCLUSION, RECOMMENDATIONS, POLICY IMPLICATIONS AND CRITICAL EVALUATION OF THE STUDY

### 5.0 Introduction

This study presented the summary of the findings, conclusion, conclusion, recommendation and area for further research.

### 5.1 Summary of the Findings

#### 5.1.1 The influence of Accrual-based accounting system on financial performance making

A large proportion 64.2% indicated that performance through accrual accounting system has improved. Accrual accounting has improved performance regarding financial matters. A large proportion 48.3% revealed that parastatal organization mostly associated with easy follow up. Follow is properly implemented and organized through accrual accounting in the performance regarding financial matters. A large proportion 60.8% suggested that parastatal organization mostly associated with easy follow up through accrual accounting in the performance regarding financial matters. Follow up is properly organized to facilitate performance on financial matters. A large proportion 58.3% show that accrual accounting facilitate performance through financial responsibility. Accrual accounting facilitated financial performance making.

A large proportion 60.0% show that accrual accounting Comply with existing government standard. Existing standard facilitate the performance of accrual accounting in public sector organization.

Furthermore, the influence of an accrual-based accounting system on financial performance appears to be largely positive, as indicated by the survey results. A significant proportion of respondents (64.2%) reported that performance has improved through the utilization of accrual accounting. This suggests that the system provides valuable information that aids in informed financial performances. Additionally, respondents associated parastatal organizations with easy follow-up processes (48.3% and 60.8%), indicating that accrual accounting helps in organizing and implementing follow-up procedures, further enhancing performance capabilities in financial matters.

Moreover, a substantial majority (58.3%) of participants expressed that accrual accounting facilitates performance by promoting financial responsibility. This implies that the system helps in promoting accountability and responsible performance making, which are crucial aspects in managing finances effectively. Furthermore, the survey revealed that accrual accounting complies with existing government standards according to 60.0% of respondents. This compliance suggests that accrual accounting aligns with established guidelines and regulations in the public sector, providing a robust framework for financial performance making.

Accrual-based accounting systems have a significant influence on financial performance making. One key benefit is that they provide accurate measurements of an organization's financial performance by recognizing revenues and expenses when they are earned or incurred, rather than when cash is received or paid. This enables performance makers to have a more precise understanding of the organization's financial health and make informed performances based on actual performance.

Moreover, accrual accounting facilitates long-term planning and forecasting by offering insights into future financial obligations and commitments. Performance makers can consider accrued expenses and revenues to assess the potential impact of future events on the organization's financial position, allowing for strategic financial performance and goal setting.

Accrual accounting also aids in evaluating investment opportunities. By considering future cash flows and their timing, performance makers can assess the profitability and viability of potential investments. This enables organizations to allocate resources to projects or initiatives that are expected to yield the highest returns.

Another advantage of accrual accounting is its ability to enhance comparability and analysis of financial information over time. By recording transactions based on economic substance rather than cash flows, accrual accounting enables meaningful comparisons across different periods. Performance makers can analyze trends, identify patterns, and make well-informed performances based on historical performance and projections.

Furthermore, accrual accounting promotes compliance with regulatory requirements and enhances transparency in financial reporting. By adhering to recognized accounting standards and principles, organizations can provide accurate and reliable financial information to stakeholders, fostering trust and confidence in the performance process. Accrual accounting enables better risk assessment and mitigation strategies. Performance makers can accurately reflect financial obligations and commitments, identifying potential risks and uncertainties associated with the organization's financial position. This allows for proactive risk management and the implementation of appropriate measures to mitigate potential financial risks.

Moreover, the findings suggest that an accrual-based accounting system positively influences financial performance making. It enhances performance makers' access to relevant information, streamlines follow-up processes, fosters financial responsibility, and ensures compliance with governmental standards. By utilizing accrual accounting, organizations can make more informed performances, leading to improved financial outcomes and increased efficiency in managing resources.

### 5.1.2 The effect of Bureaucratic reformation on financial performance making

A large proportion 57.5% show that bureaucratic reformation creates a good environment for proper financial performance. Good environment for proper financial performance is facilitated through bureaucratic reformation. A large proportion 62.5% show that bureaucratic reformation is a means to increase the effectiveness and efficiency of social welfare. Bureaucratic reformation is a means for increasing effectiveness and efficiency of social welfare. A large proportion 60.0% show that bureaucratic reformation redesign and organize government function through bureaucratic reformation government function is organized towards the financial performance.

A large proportion 57.5% show that bureaucratic reformation creates a clean, efficient, productive, and effective process. Bureaucratic reformation is the specific means that create a clean, efficient, productive, and effective process for financial performance making. A large proportion 67.5% show that bureaucratic reformation is a means to increase accountability and transparence process towards improvement of financial performance making. Accountability towards the financial performance is increased through bureaucratic reformation.

A large proportion 52.5% show that bureaucratic reformation improves the scope of public services towards improvement of financial performance making. These findings imply that the scope of public service is well advanced through bureaucratic reformation. A large proportion show that bureaucratic reformation improves financial performance. Financial performance is aligned to the financial performance making. A large proportion 40.8% show that bureaucratic reformation promotes autonomy of administration. These findings imply that autonomy in the administration promote financial performance towards the public organization.

Bureaucratic reformation has a significant positive impact on financial performance making, as indicated by the survey results. A large proportion of respondents (57.5%) believe that it creates a conducive environment for proper financial performance making. This suggests that the reformation efforts contribute to establishing a framework that supports effective performance in financial matters.

Furthermore, respondents (62.5%) highlighted that bureaucratic reformation serves as a means to enhance the effectiveness and efficiency of social welfare. This indicates that the reforms aim to improve the allocation and management of resources for public welfare, which can have a direct influence on financial performance making.

Bureaucratic reformation is also associated with the redesign and organization of government functions, specifically towards financial performance making, according to a significant proportion (60.0%) of respondents. This suggests that the reformation initiatives focus on streamlining and optimizing administrative processes related to financial performances within the government.

Moreover, the survey revealed that bureaucratic reformation leads to the creation of a clean, efficient, productive, and effective process, as reported by 57.5% of respondents. This implies that the reformation efforts aim to improve the overall efficiency and productivity of administrative processes, including those related to financial performance making.

In addition, a substantial majority (67.5%) of respondents indicated that bureaucratic reformation increases accountability and transparency in the performance process, particularly in financial matters. This suggests that the reforms aim to enhance governance and ensure responsible financial performance making.

Furthermore, the scope of public services is improved through bureaucratic reformation, as reported by a significant proportion (52.5%) of respondents. This implies that the reformation initiatives aim to expand and enhance the range and quality of services provided to the public, which can have implications for financial resource allocation and performance making. Bureaucratic reformation promotes autonomy in administration, according to 40.8% of respondents. This implies that the reformation efforts empower administrative bodies and performance makers to exercise more autonomy in financial performance within public organizations.

Moreover, bureaucratic reformation has several positive effects on financial performance making. It creates a conducive environment, enhances the efficiency of social welfare, reorganizes government functions, improves process efficiency, promotes accountability and transparency, expands the scope of public services, and fosters autonomy in administration.

These factors collectively contribute to improving financial performance within public organizations.

### 5.1.3 The effect Financial Performance on Government Financial Performance

The study indicate that financial performance management practices have a significant impact on overall financial performance. The mean values suggest a generally positive perception of the effectiveness of these practices, while the standard deviations indicate some variability in participants' opinions.

Specifically, budgeting and financial planning, performance measurement and analysis, and communication and coordination among departments were found to be important factors influencing financial performance. Participants recognized the importance of these practices in setting financial goals, allocating resources effectively, making data-driven decisions, and enhancing overall financial outcomes.

The study highlights the need for organizations to prioritize and invest in comprehensive financial performance management strategies. By implementing robust budgeting and financial planning processes, developing performance measurement systems, and promoting effective communication and coordination, organizations can improve their financial performance and achieve better results in areas such as revenue growth, profitability, cost control, and return on investment.

Fuhrer more organizations to consider diverse viewpoints and tailor their approaches to their specific needs. Ongoing evaluation and adjustment of financial performance management practices are also necessary to ensure their continued effectiveness in dynamic business environments.

Overall, the results underscore the crucial role of financial performance management practices in driving financial success and organizational sustainability. Further research in this area can provide deeper insights into the specific mechanisms and strategies that contribute to effective financial performance management and its impact on overall organizational performance.

## 5.2 Conclusion

### 5.2.1 The influence of Accrual-based accounting system on financial performance

It has been noted that accrual accounting has improved performance regarding financial matters. Follow is properly implemented and organized through accrual accounting in the performance regarding financial matters. Parastatal organization mostly associated with easy follow up through accrual accounting in the performance regarding financial matters. It is properly organized to facilitate performance on financial matters. Accrual accounting facilitate performance through financial responsibility. Accrual accounting facilitated financial performance making. Existing standard facilitate the performance of accrual accounting in public sector organization.

Furthermore, the implementation of an accrual-based accounting system has improved performance regarding financial matters. The use of accrual accounting allows performance-makers to have a more accurate and comprehensive view of an organization's financial position and performance. It facilitates easy follow-up on financial matters, particularly in parastatal organizations. Accrual accounting promotes financial responsibility by recording financial transactions when economic events occur, enabling informed performance making. The existence of standards for accrual accounting in the public sector further enhances its performance and ensures consistency in financial reporting. Overall, accrual accounting has had a positive influence on financial performance making, providing organizations with better tools and information for effective financial management.

### 5.2.2 The effect of Bureaucratic reformation on financial performance

Bureaucratic reformation create a good environment for proper financial performance. Good environment for proper financial performance is facilitated through bureaucratic reformation. Bureaucratic reformation is a means to increase the effectiveness and efficiency of social welfare. Bureaucratic reformation is a means for increasing effectiveness and efficiency of social welfare. Bureaucratic reformation redesign and organize government functions. Bureaucratic reformation government function is organized towards the financial performance. Bureaucratic reformation create a clean, efficient, productive, and effective process. Bureaucratic reformation is the specific means that create a clean, efficient, productive, and effective process for financial performance making. Bureaucratic reformation is a means to increase accountability and transparence process towards improvement of financial performance making. Accountability towards the financial performance is increased through bureaucratic reformation.

Bureaucratic reformation improves the scope of public services towards improvement of financial performance making. The scope of public service is well advanced through bureaucratic reformation. Bureaucratic reformation improve financial performance. The financial performance is aligned to the financial performance making. Bureaucratic reformation promote autonomy of administration. Autonomy in the administration promote financial performance towards the public organization.

The effect of bureaucratic reformation on financial performance is significant. Bureaucratic reformation creates a favorable environment and establishes processes that support proper financial performance making. By streamlining government functions, it increases the effectiveness and efficiency of social welfare, including financial performance making. The reformation promotes clean, efficient, and productive processes, ensuring that financial performances are made in a systematic and organized manner.

One of the key benefits of bureaucratic reformation is the increased accountability and transparency it brings to financial performance making. Through the implementation of reporting requirements, internal controls, and oversight mechanisms, it ensures that performance-makers are held accountable for their actions and that financial management is conducted with transparency.

Furthermore, bureaucratic reformation has a positive impact on the scope of public services. By optimizing administrative structures and processes, it improves the delivery of public services, which, in turn, influences financial performance making. Performance-makers have access to better information and resources, enabling them to make more informed and effective financial performances.

Additionally, bureaucratic reformation promotes autonomy in administration. By granting performance authority and flexibility to administrators, it empowers them to make financial performances that align with the goals and priorities of the public organization. This autonomy enhances the overall financial performance process.

Moreover, bureaucratic reformation significantly improves financial performance making. It creates a conducive environment, increases effectiveness and efficiency, promotes clean and productive processes, enhances accountability and transparency, expands the scope of public services, and fosters autonomy in administration. These factors collectively contribute to better financial performance within public organizations.

### 5.2.3 The effect Financial Performance on Government Financial Performance

There is a strong relationship between variables in the relationship, which show that government financial performance due to change in the financial performance making. The model was statistically significant in predicting the effect of Financial Performance on Government Financial Performance.

Furthermore, the effect of financial performance on government financial performance is a significant relationship. When financial performances are made effectively and based on sound principles, they can have a positive impact on the overall financial performance of the government.

Effective financial performance involves various aspects such as budgeting, resource allocation, investment performances, revenue management, debt management, and financial reporting. When these performances are made with foresight, prudence, and consideration of long-term fiscal sustainability goals, they can contribute to the fiscal stability and strength of governments. By informed and strategic financial performances, governments can achieve balanced budgets, reduce debt burdens, maintain sufficient reserves, and improve credit ratings. These outcomes positively impact government financial performance and enhance their overall financial health.

Conversely, poor or misaligned financial performance can lead to financial instability, budget deficits, unsustainable debt levels, and increased financial risks. Inadequate resource allocation, improper budgeting, and ineffective revenue management can hamper government financial performance and hinder their ability to meet fiscal obligations.

The relationship between financial performance and government financial performance has been studied and analyzed through statistical models. These models assess the impact of various financial performance factors on financial outcomes. When these models yield statistically significant results, it indicates that financial performance has a measurable effect on government financial performance.

Moreover, there is a strong relationship between financial performance and government financial performance. Effective financial performance has a positive impact on financial outcomes, while poor performance can lead to financial challenges. By recognizing the significance of financial performance and employing sound principles, governments can enhance their financial performance and achieve their fiscal objectives.

### 5.3 Recommendations

The findings made a possibility of drawing the following recommendations towards the determinants of financial performance in public sector in Tanzania: a survey of selected public organizations;

- The study recommended that accrual accounting need to be improved in the parastatal organization in terms of financial performance.
- The study recommended that Bureaucratic reformation need to be improved by government in terms of creating a good environment for proper financial performance. Good environment for proper financial performance is facilitated through bureaucratic reformation. Bureaucratic reformation is a means to increase the effectiveness and efficiency of social welfare.
- Further, management of public organization should put in press appropriate measure to improve financial Performance on Government Financial Performance.

### 5.5 Policy Implications of the Study

The policy implications of the study are significant and provide guidance for performance-makers. First, policymakers should prioritize the promotion and adoption of accrual-based accounting systems in public sector organizations. This can be achieved through providing guidance, training, and resources to facilitate the transition and improve the quality of financial information. Second, policymakers should emphasize bureaucratic reformation by streamlining administrative functions, implementing performance evaluations, and establishing oversight mechanisms. This will enhance efficiency, accountability, and transparency in financial performance making. Third, policymakers should invest in financial education and capacity building programs to enhance the skills and knowledge of public sector officials. This will enable them to make informed financial performances. Fourth, transparency and accountability should be prioritized by establishing clear guidelines, robust internal controls, and disclosure requirements. Finally, policymakers should implement monitoring and evaluation mechanisms to assess the effectiveness of financial performance and inform policy adjustments. By implementing these policies, governments can improve financial performance making, enhance government financial performance, and achieve their fiscal objectives.

Furthermore, the policy implications of the study are multifaceted and provide comprehensive guidance for performance-makers. Policymakers should prioritize the promotion and adoption of accrual-based accounting systems, recognizing their benefits in providing a more accurate and comprehensive view of financial transactions and outcomes. Additionally, they should focus on enhancing financial governance and oversight mechanisms to support sound financial performance making, including strengthening internal controls, conducting regular audits, and establishing independent oversight bodies. Policymakers should also explore and promote the use of technological solutions to improve financial performance making, such as financial management systems and data analytics tools. Encouraging collaboration and knowledge sharing among government entities can further enhance financial performance through the exchange of information and best practices. Investing in capacity building initiatives, including training programs and workshops, will improve the financial management skills and knowledge of public sector officials. Lastly, policymakers should foster a culture of continuous improvement by establishing feedback mechanisms and conducting post-implementation reviews, allowing for learning and adaptation in financial performance making. By implementing these policies, governments can enhance financial performance making, improve financial performance, and effectively manage public resources.

### 5.6 Critical Evaluation of the study

A critical evaluation of the study reveals several considerations. Firstly, the generalizability of the findings should be assessed, as the study may have focused on specific contexts that limit the applicability to other settings. Secondly, establishing a causal link between financial performance and government financial performance can be challenging, as other factors may also contribute to financial outcomes. Methodological limitations, such as sample size, data quality, and potential biases, should be carefully evaluated to ensure the reliability and validity of the findings. Additionally, the study's relevance in the present context and potential implications for future scenarios should be considered. Alternative perspectives and theories should be taken into account to gain a broader understanding of the subject matter. Lastly, the practical implications of the study's findings should be critically assessed in terms of feasibility and potential challenges. By critically evaluating these aspects, policymakers and researchers can refine their understanding and make informed performances based on the study's findings.

Furthermore, a critical evaluation of the study reveals several important considerations. Firstly, the generalizability of the findings should be carefully assessed, as the study's focus on specific contexts may limit their applicability to other settings. Secondly, establishing a causal relationship between financial performance and government financial performance can be challenging due to the presence of other influencing factors. Methodological limitations, such as sample size, data quality, and potential biases, should be rigorously evaluated to ensure the reliability and validity of the findings. Furthermore, the study's relevance in the current external environment and its potential implications for future scenarios should be taken into account. Considering alternative perspectives and theories can provide a more comprehensive understanding of the subject matter. Lastly, policymakers need to critically assess the practical implications of the study's findings, taking into consideration feasibility, resource constraints, and potential challenges in implementing the suggested policies. By critically evaluating these factors, policymakers and researchers can gain a deeper understanding and make informed performances based on the study's findings.

**5.7 Limitations**

The study has a few limitations that should be acknowledged. Firstly, a potential limitation of the study is the presence of funds shortage. However, this limitation was addressed by implementing budgeting practices and allocating resources specifically for research activities, data collection, and accommodation. While this helped overcome the funds shortage, it is important to recognize that resource constraints may still have influenced the scope and scale of the study. Secondly, time constraints could have been a limitation. However, the study successfully managed these limitations by carefully organizing and prioritizing research activities, efficient use of the available time. Despite these efforts, it is important to acknowledge that time limitations may have impacted the depth and breadth of the study's investigation. It is crucial for future research to consider these limitations and allocate sufficient resources and time to address them more comprehensively.

Furthermore, the study has a few limitations that should be acknowledged. Firstly, a potential limitation of the study is the presence of funds shortage. However, this limitation was addressed by implementing budgeting practices and allocating resources specifically for research activities, data collection, and accommodation. While this helped overcome the funds shortage, it is important to recognize that resource constraints may still have influenced the scope and scale of the study. Secondly, time constraints could have been a limitation. However, the study successfully managed these limitations by carefully organizing and prioritizing research activities, efficient use of the available time. Despite these efforts, it is important to acknowledge that time limitations may have impacted the depth and breadth of the study's investigation. It is crucial for future research to consider these limitations and allocate sufficient resources and time to address them more comprehensively.

## 5.8 Areas for Further Research

The findings of the study revealed that anyone who wish to undertake a study of similar nature should focus on the impact of financial performance and government performance in the public sector and more emphasis should be directed on the aspect of financial and investment performance regarding to the financial resources for the performance of government financial aspect.

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## APPENDICES

### Appendix I:Questionnaires for Internal Auditors and Accountancy

This study is under Institute of Accountancy Arusha (IAA), it focus on the determinants of financial performance of public Sector organizations in Tanzania. For this reason I take this opportunity to ask you participate in this study by filling questionnaire. All information provided remain to be confidential to the individual, organization, for that matter confidentiality is well ensured by the IAA. This study for that matter was reviewed by the supervisor and examiner for examination purposes.

Section A: Demographic Information

Please tick **(**√) appropriately:

1) Gender of respondent: i) Male [ ] ii) Female [ ]
2) Age of the respondents:
   i. 21-30 Years
   ii. 31-40 Years ( )
   iii. 41-50 Years
   iv. Above 50 Years
3) Qualification level
   i. Degree
   ii. Masters ( )
   iii. Certified Public Accountancy
   iv. Others (Specify )

4) How long have you been worked in this organization?

   i. 0-5 Years
   ii. 6-10 Years
   iii. 11-15 Years ( )
   iv. 16-20 Years
   v. Above 20 Years

5). what is your professional

   i. Internal Auditor
   ii. Accountancy ( )
   iii. Others

**SECTION A: The influence of Accrual-based accounting system on financial performance making**

| 6. How Accrual-based accounting system influence financial performance making? In section, each answer represents the respondents' value by ticking the number that correspondents to your view on each item on the scale below. | | | | | |
|---|---|---|---|---|---|
| | Strongly disagree | Disagree | Indifference | Agree | Strongly agree |
| There is improvement in performance through accrual accounting system | | | | | |
| Existence of easy follow up in your organization | | | | | |
| Promote accountability in financial reporting | | | | | |
| Financial responsibility in your organization | | | | | |
| Comply with existing government standard | | | | | |
| Simply the reliabilities allocation | | | | | |
| Allocate payment in terms of accrual | | | | | |
| Easy to applied in budget allocation | | | | | |

SECTION B: The effect of Bureaucratic reformation on financial performance making

| 7. What are the effect of Bureaucratic reformation on financial performance making? In section, each answer represents the respondents' value by ticking the number that correspondents to your view on each item on the scale below. | | | | | |
|---|---|---|---|---|---|
| | Strongly disagree | Disagree | Indifference | Agree | Strongly agree |
| Create a good environment for proper financial performance | | | | | |
| Increase the effectiveness and efficiency of social welfare | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Redesign and organize government functions | | | | | |
| Create a clean, efficient, productive, and effective process | | | | | |
| Accountable and transparent process for public interest | | | | | |
| Improve the scope of public services | | | | | |
| Improve financial performance | | | | | |
| Promote autonomy of administration | | | | | |
| Existence of rules and regulation | | | | | |
| easy the standard establishment | | | | | |

8. Comments on the effect of Financial Performance on Government Financial Performance

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**Appendix II:Interview Guide**

This study is under Institute of Accountancy Arusha (IAA), it focusses on the determinants of financial performance of public Sector organizations in Tanzania. For this reason, I take this opportunity to ask you participate in this study by filling questionnaire. All information provided remain to be confidential to the individual, organization, for that matter confidentiality is well ensured by the IAA. This study for that matter will be reviewed by the supervisor and examiner for examination purposes.

1.Discuss the Accrual-based accounting system influence financial performance making?

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2. Explain the effect of Bureaucratic reformation on financial performance making?

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3. Discuss effect of Financial Performance on Government Financial Performance?

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| NAME OF STUDENT: GRACEANA WAJIMILA | | |
|---|---|---|
| **TITLE: ASSESSMENT OF THE DETERMINANTS OF FINANCIAL PERFORMANCE IN TANZANIA'S PUBLIC SECTOR: A CASE STUDY OF TANZANIA TELECOMMUNICATIONS COMPANY LTD (TTCL)COMPANY LTD (TTCL)** | | |
| **PANEL COMMENT AND HOW WAS ADDRESSED** | | |
| **No.** | **Panel** | **Comment Address** |
| 1 | **TITLE**<br>-It is suggested that you use organizations like TTCL which is doing business and not mixing organizations which are profit making and service company | **Comment Addressed;**<br>- The comment was addressed by rephrasing the title as "ASSESSMENT OF THE DETERMINANTS OF FINANCIAL PERFORMANCE IN TANZANIA'S PUBLIC SECTOR: A CASE STUDY OF TANZANIA TELECOMMUNICATIONS COMPANY LTD (TTCL)" **(COVER PAGE)** |
| 2 | **CHAPTER ONE**<br>Check on your specific objectives and make sure relate to the study in hand for example your three<br><br>The variable "Financial decision making "is imply as both independent and dependent variable across specific objectives. You should ensure consistency in its not or consider clarifying | **Comment Addressed;**<br>- The comment addressed by rewriting the objectives to reflect the objective of the study as follows:<br>(i) To determine the influence of Accrual-based accounting system on financial performance<br>(ii) To determine the effect of Bureaucratic reformation on financial-on-financial performance<br>**(iii)** Examine the relationship between financial performance management and its effect on the overall financial performance.<br>**(PAGE NO. 7)**<br><br>-The specific objectives were rephrased to remove ambiguity as suggested |
| | Financial performance is the dependent variable is changing to measure Quantity, consider opting for a non Quantitaive metric for clarity in your | **-**The comment was addressed by rephrasing the objective and among the changes was "financial performance management" |

| | | |
|---|---|---|
| 3 | **CHAPTER TWO**<br>-Literature review need to be reviewed as what you have given is not related to the topic of study<br><br>-Show appropriate indicators for financial performance<br>**-**No measure for financial performance of public sector | **Comment Addressed;**<br>-Literature review reviewed as suggested as shown vividly (in PAGE NO 15-19)<br><br>-The indicator was shown **(in PAGE No 31) and** vividly shown in conceptual frame work **(PAGE NO 32)**<br>**-** The comment was addressed as performance indicator |