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Influence of Budgetary Practices on Budget Performance of Local Government Authorities in Tanzania

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Abstract: The local government authorities (LGAs) in Tanzania were restarted in 1980 and since then the government has gone in different programs of reforming them. However, the implementation of budget in LGAs in Tanzania is failing to produce intended outcomes. This study investigates effects of budgetary practices on budget performance of LGAs in Tanzania. The study used survey research design carried out at Ilala Municipal Council. Data collected using questionnaire was subjected to Statistical Package for Social Science (SPSS) version 23 for running the quantitative analysis. The research adopted Exploratory Factor Analysis (KMO and Bartlett's Test of Sphericity), simple regression analysis and correlation analysis to investigate the influence of budgetary practices (measured by budget planning, participatory budget and budget execution) on budget performance (supported by efficiency and effectiveness) of LGAs in Tanzania. Findings of the study indicate that budget planning, participatory budget and budget execution are directly related and they have close relationship with budgetary performance. Among the three budgetary practices tested, it was found that budget planning is a significant driver of budget performance. This study has implication to various stakeholders and actors alongside budget operations especially in Tanzania as well as the research community, where it provides new insights relating to budget practices and performance metrics that can be used to accelerate budget performance of LGAs. Decision makers in LGAs should put more emphasis on enforcing policies that improve performance of budget operations by addressing the benefits and weakness experienced in the past.

Keywords: Budget, Budget Performance, Local Government Authorities, Tanzania

1. Introduction

Measuring performance in both private and public sector organizations is an ever-growing phenomena and this is increasingly true for Local Government Authorities (LGAs) as well. Performance results can have major financial and reputational consequences to an organisation. Different methods have been developed for generating performance indicators particularly in the private sector but these have limitations when applied to public sector organizations which often have a diversity of missions, values and stakeholders [1]. Over centuries, budgeting has been seen as a crucial exercise through which organizations attain their goals or reach their performance targets. Budgeting plays an important role not only to organizations but also to individuals because it disciplines expenditures in relation to the available income [2]. A budget is a financial plan for a defined period, often one year. Budgeting is the process of planning, adopting, executing, monitoring and auditing the fiscal program of an organization for one or more future years [3]. A well formulated budgeted system enables the organization to reach its goals more successful. The rapid changes in today's business environment render a rigid approach to budgetary control. It is no longer helpful to compare actual results to that forecasted anything up to 15 Months previously [2]. Local government budgeting is described as a series of steps that link policy (people's preferences and needs) to financial planning (budget) to actual budget implementation – operations and service delivery [4]. Participatory budgeting incorporates citizen views as agencies to develop their budget proposals, so

citizen input is considered earlier in the process than has traditionally been the case [5]. Participatory budgeting has been successfully used by local governments in Brazil, Canada, China, the Dominican Republic, Ecuador, India, Indonesia, the Philippines, Serbia, South Africa, Sri Lanka, Tanzania, The United Kingdom, and Uruguay [3].

In Tanzania, Local government authorities (LGAs) were restarted in 1980 and since then the government has gone in different programs of reforming them [6, 7]. However, the implementation of budget in LGAs in Tanzania is failing to produce intended outcomes. Reports of the Controller and Auditor General (CAG) for five financial years from 2012/2013 to 2016/2017 show that the budget performance of some LGAs in Tanzania are unsatisfactory. For example out of 140 councils audited in the financial year 2012/2013, there were 112 (80%) councils who got unqualified opinion, 27 (19.3%) got qualified opinion and 1 (0.7%) got disclaimer opinion. For the year 2015/16 there were 171 audited councils, out of these 138 (80.7%) councils got unqualified opinion, 32 (18.7%) got qualified opinion and 1 (0.6%) got disclaimer opinion [8]. Moreover, CAG's reports indicated that many LGAs have not been implementing the auditor's recommendations for the improvement of their budgetary practices which resulted to their poor performance. For example, out of 41 recommendations in the financial year 2012/13 and 2013/14 only 16 (39%) were implemented and the remaining 25 (61%) were still pending and the trend goes on with worse improvements. In the financial year 2016/17, CAG's report shows that out 201 recommendations, only 41 (21%) were successfully implemented, 103 (52%) were under implementation and the remaining 55 (27%) were not taken into account [8, 9, 10]. Hence it becomes difficult to measure performance of the implemented budget in LGAs in Tanzania. Yet, documented empirical evidences that investigate the underlying factors of budgetary performance in LGAs in Tanzania are very scant. It is against this backdrop that this study aimed to fill this gap on effects of budgetary practices on budgetary performance in LGAs in Tanzania.

2. Literature Review

2.1. Theoretical Review

This study reviewed budget theory, resource based view and agency theory to understand the theoretical underpinning of the relationship between budgetary practices and organizational performance. Budget theory is applied in this study to explain the budgetary relationship between the LGA's entities (employees) and stakeholders (representatives and their citizen) within it. In local government, budget practices are designed in such a way that they provide the desired objectives and goals. Good budget practices results into accuracy in projections and forecasting, efficiency use of resources, ability to reduce waste spending and ability to coordinate and communicate within departments by involving employees in decision making and budget

prioritization [11]. Budgeting process features financial performance of an organization which enables evaluating the financial viability of a chosen strategy [12]. Budget reflects the financial implications of LGAs plans identifying the amount quantities and time of resources needed to fulfill the objective and goals of LGAs. Budget has the ability of influencing the behavior and decision of employees and stakeholders thus translating LGAs objectives and providing a yard stick against which to assess performance [12].

The resource-based view (RBV) is a managerial framework used to determine the strategic resources with the potential to deliver comparative advantage to a firm. Resource based view suggests that for a company to have sustainable competitive advantage it has to have a resource pool which cannot be imitated or substituted by rivals [13]. Resource based view is useful for describing the role of capabilities and strategic resources within the firm operations and supply chain network [14]. Resource based view supports the independent variable; budget planning, participatory budget and budget execution. The combination of different resources from different level of budgetary process was subjected to this theory. The resource based view helps to define resource allocation that organizes the operations and programmes and links performance levels of those operations and programmes with specific budget amount in the LGAs. The tangible and intangible resources of the LGAs are both critical in allowing the organization to implement a responsive budget plan.

The principal agent theory is a supposition that explains the relationship between principal and agent in business [15]. It is concerned with resolving problems that are likely to appear in agency relationship due to divergent goals between the managers and owners of the firm. As owners tend to control and contract their managers to perform the controlling task of the firm, and they both seek to maximize their own utilities and are self-interested, a conflict of interest arises. Agency theory supports development of budgeting concept [16]. The theory explains why the concept of conflict of interest arises between principals (shareholders/ governments) and their agents (employees/ citizens) leading to agency cost. Referring to budgetary process in LGAs, the theory supports the independent variable (budgetary participation) since it involves participation of various interested parties in the budgetary process. The objective of the theory in this study is to see how LGAs can create effective contractual relationship and allow government to take actions that maximize its welfare.

2.2. Empirical Review

In an empirical study that aimed to investigate the relationship between budgetary practices and organizational performance, Kamau et al., found that good budgetary planning has direct impact on the performance of executed budget hence recommended that stakeholders should embrace good budget planning in order to achieve the desired targets/goals [12]. Furthermore, Osebo et al., conducted a study to investigate the impact of budgeting process on the

organizational effectiveness [17]. Findings of the study indicated that there was a direct relation between the effects of budget planning and budget implementation with the organizational effectiveness. However, in a study to determine the extent to which budgetary control principles are played to enhance financial management in Kinondoni Municipal Council, Mwakibasa found that there is a little impact of budgetary control principles on financial management of local government authorities [18].

In a study of Keng'ara et al., which was conducted to assess the effect of budgetary processes on the performance of an organization, it was revealed that budgetary processes significantly influences intense budgetary planning, budgetary control and budgetary implementation, monitoring and evaluation for organization performance [19]. Similar results were found in a study by Sani et al., on the effects of budgeting and budgetary control in local government

administration system in Nigeria which found that corruption and mismanagement, skilled manpower, state government interference and finance were among the challenges confronting local governments in Nigeria in achieving their targeted goals [20].

2.3. Conceptual Framework

The study sought to develop a conceptual framework that explains the relationship between budgetary practices (independent variable) and budget performance (dependent variable). A thorough review of the documented literature enabled the study to construct a conceptual framework (see Figure 1) that demonstrates that budget performance, measured by efficiency and effectiveness, is a function of budget practices namely budget planning, participatory budget and budget execution.
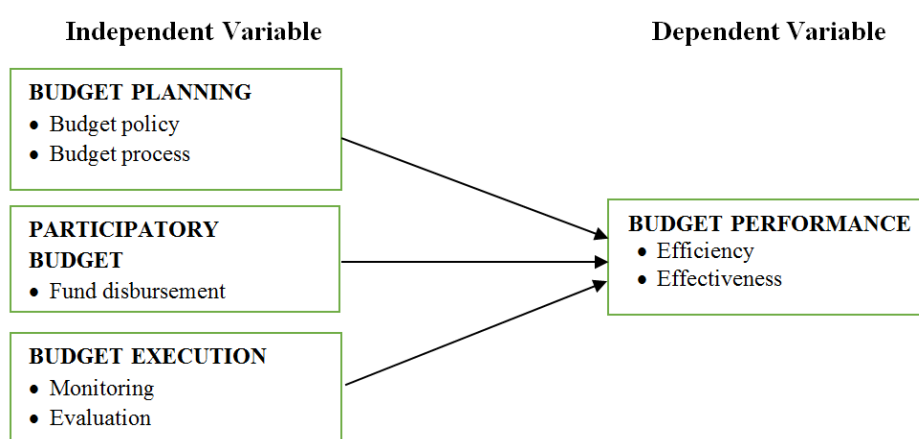

Figure 1. Conceptual framework of the relationship between budgetary practices and budget performance.

Performance measures in budgeting involve linking organization mission to the inputs (resource allocated and used) and the outputs i.e. work produced. Effectiveness and efficiency are common attributes used in measuring performance [12, 21, 22]. Effectiveness describes the results achieved and the quality of the service (timeless, customer satisfaction, etc.). Effectiveness indicates whether the program achieve its intended mission. On the other hand, efficiency describes the cost per unit of output or the productivity of employee or equipment. Efficiency indicates how well the resources are being used [22].

3. Research Methodology

The present study used a case study survey design to understand the effects of budgetary practices on budget performance in LGA's. The study was carried out in Ilala Municipal Council, Dar es Salaam and the target population involved employees located in departments and sections that are directly involved in budgetary practices. Basically, 220 respondents; including Heads of Departments, Head of Sections and subordinates (Head of Units) who are directly linked and involved in budgetary practices in IMC formed population of the study. The researcher used random

sampling technique alongside with stratified sampling to get 65 respondents who are not only direct linked with budgetary practices at IMC but also knowledgeable and experienced enough to deliver the required information. Descriptive statistics and inferential statistics were used to analyse the collected data and answer the research questions. Under descriptive statistics, the researcher used frequency counts while under inferential statistics; correlation and linear regression methods were used to study the effects of budgetary process on performance of LGAs. Internal consistence was used to check the reliability of the research instruments.

Sixty five (65) questionnaires with a 5-point likert scale were distributed to the respondents and all of them were returned duly filled giving a 100% response rate. This excellent average was obtained because during the time of distributing and collecting the questionnaires, all targeted respondents were sitting in one room for budget preparation. The extraction of data was carried out using Principal Component Analysis (PCA) from Factor Analysis Technique. The study adopted the Varimax rotation technique. The acceptable loading cut off point is normally +0.5 [23, 24]. However, this study has used 0.600 as a cut-off point in determining the loading factors throughout.

4. Research Findings and Discussion

4.1. Factor Analysis for Independent Variables

The objective of the study was to determine the influence of budgetary practices on budget performance in LGAs. The study was guided by three main factors namely budgetary planning, budget participation and budget execution as indicators of budgetary practices in local government authorities. Confirmatory factor analysis was used to measure and tests the validity of the attributes used in this study.

4.1.1. Budgetary Planning

The first attribute of independent variable used in this study was budgetary planning, supported by two sub-variables namely; budgetary policy and budgetary process. Using factor analysis technique, Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) was used to verify suitability of data for factor analysis. After removing poor loading factor the result for KMO and Bartlett's Test was 0.738 which is highly acceptable value as indicated in Table 1; therefore, factor analysis is appropriate since results indicated a very significance value (p = 0.000), Chi-square is 379.780 and Degree of Freedom (df) was 36.

Table 1. *KMO and Bartlett's Test for Budgetary Planning.*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.738
Bartlett's Test of Sphericity	Approx. Chi-Square	379.780
	Df	36
	Sig.	0.000

Table 2 presents the rotated component matrix which shows how the variables load in component 1 and 2 using Principal Component Analysis extraction method. The reliability was performed to determine the consistency of the findings and the results show that the value of the Cronbach's Alpha of 0.910 for *201* and 0.865 for *202* which are above 0.7.

Table 2. *Rotated Component Matrix for Budgetary Planning.*

	Component		Cronbach's
	1	2	Alpha
201d. Prepare Estimates	0.898		
201a. Identifying responsibilities	0.880		
201c. Quality Assuarance	0.854		0.910
201b. Planning Assumptions	0.840		(Acceptable)
201e. Review Budget Process	0.810		
202b. Rigid		0.864	
202d. Transparency		0.841	0.865
202c. Involvement		0.838	(Acceptable)
202a. Recognition		0.815	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

4.1.2. Budget Participation

The second independent variable in this study was budget participation, supported by two sub-variables namely fund disbursement and effective communication. After analyzing the data, items 302d and 302e (see Table 4) were removed because of poor loading effect and the result of KMO and Bartletts's Test was 0.773 (77.3%) which is highly acceptable. Therefore, factor analysis is appropriate since Significance value (Sig. value "p = 0.000), Chi-square was 276.161 and Degree of Freedom (df) was 28 (see Table 3) are appropriate for further analysis.

Table 3. *KMO and Bartlett's Test for Budget Participation.*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.733
Bartlett's Test of Sphericity	Approx. Chi-Square	276.161
	Df	28
	Sig.	0.000

The results show that the value of the Cronbach's Alpha of 0.900 for *401* and 0.805 for *402* which are above 0.7 (see Table 4).

Table 4. *Rotated Component Matrix for Budget Participation.*

	Component		Cronbach's
	1	2	Alpha
301d. Need for Approval	0.867		
301a. Training	0.854		
301e. Communication	0.837		0.900
301c. Consultation	0.837		(Acceptable)
301b. Guidelines	0.836		
302b. Development		0.916	
302a. Budgetary changes		0.835	0.805
302c. Satisfaction		0.786	(Acceptable)

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

4.1.3. Budget Execution

The last tested attribute of budgetary practice used in this study was budget execution, supported by two sub-variables namely *budget monitoring* (*401*) and *budget evaluation* (*402*). After analyzing the data, the study removed indicator 402d, 402e, 401d and 401e because of poor loading factor (see Table 6) and the result of KMO and Bartlett's Test was 0.647 (64.7%) which is acceptable. Therefore, factor analysis is appropriate since Significance value (Sig. value "p = 0.000), Chi-square was 175.747 and Degree of Freedom (df) was 15 (see Table 5) are appropriate for further analysis.

Table 5. *KMO and Bartlett's Test for Budget Execution.*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.647
Bartlett's Test of Sphericity	Approx. Chi-Square	175.747
	Df	15
	Sig.	0.000

Table 6 present the rotated component matrix for competency; results show that the value of the Cronbach's Alpha of 0.855 for *401* and.806 for *402* which are above 0.7.

Table 6. *Rotated Component Matrix for Budget Execution.*

	Component		Cronbach's
	1	2	Alpha
401c. Risk assessment	0.924		
401b. Control activities	0.892		0.855
401a. Monitoring	0.825		(Acceptable)
402b. Targets and goals		0.918	
402c. Project reports		0.838	0.806
402a. Documentation review		0.782	(Acceptable)

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

4.2. Factor Analysis for Dependent Variable

The dependent variable in this study was budget performance, supported by two attributes namely; efficiency and effectiveness. The study also conducted factor analysis using KMO measure of sampling adequacy and Bartlett's Test of Sphericity to test the suitability of data

for further analysis. Item 702e was removed due to poor loading aspect, therefore; the results of the analysis show that KMO was 0.669 (66.9%), Chi-square 340.786 and Significance value of 0.000 as presented in Table 7. Hence, the findings reveal that, the data are suitable and fit for further statistical analysis.

Table 8 presents the results of the rotated component matrix for budget performance variable which shows that the value of the Cronbach's Alpha was 0.903 for 801 "*Efficiency*" and 0.790 for 802 "*Effectiveness*" which are above 0.7 as presented in the Table 8.

Table 7. *KMO and Bartlett's Test for Budget Performance.*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.669
Bartlett's Test of Sphericity	Approx. Chi-Square	340.786
	df	36
	Sig.	0.000

Table 8. *Rotated Component Matrix for Budget Performance.*

	Component		Cronbach's Alpha
	1	2	
701a. Clear goals	0.878		
701d. Departmental coordination	0.864		0.903
701c. Plans and objectives	0.859		(Acceptable)
701b. Clearly outline the expected expenditure	0.823		
701e. Systematic reporting	0.817		
702b. Projection of source for additional capital		0.816	
702a. Inventory control		0.794	0.790
702c. Motivate staffs		0.763	(Acceptable)
702d. Reduce risks in assets		0.747	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Table 9. *Computation of Variables on SPSS Data Set.*

Variable Characteristic	Variable name	Sub-variable (code)	Computation of Variables	New Computed Variable
Independent Variable	Budgetary Planning (*200*)	Budgetary Process	(201d + 201a + 201c + 201b + 201e) / 5	BUDGET PROCESS
		Budgetary Policy	(202b + 202d + 202c + 202a) / 4	BUDGET POLICY
	Participatory Budget (*300*)	Fund Disbursement	(301d + 301a + 301e + 301c + 301b) / 5	FUND DISBURSEMENT
		Effective communication	(302b + 302a + 302c) / 3	EFFECTIVE COMMUNICATION
	Budget Execution (*400*)	Budget Monitoring	(401c + 401b + 401a) / 3	BUDGET MONITORING
		Budget Evaluation	(402b + 402c + 402a) / 3	BUDGET EVALUATION
Dependent Variable	BP (*800*)	Efficiency	(801a + 801d + 801c + 801b + 801e) / 5	EFFICIENCY
		Effectiveness	(802b + 802a + 802c + 802d) / 4	EFFECTIVENESS

4.3. Correlation Analysis

4.3.1. Correlation Between Budget Performance and Budgetary Planning

Under this section, firstly, the study wanted to measure the association between budget performance and budget planning. Budgetary planning was tested using two sub-variables (*budget process* and *budget policy*, while budget performance was tested using *efficiency* and *effectiveness*. Using bivariate correlation technique, the result in Table 10 shows that, there is

a significant and strong positive relationship between budget performance (measured by effectiveness) and budgetary process ($r = 0.958^{**}$; $p = 0.000$). Budgetary policy has also shown a significant and positive relationship with efficiency with a Pearson Correlation ($r = 0.954^{**}$) and a p-value (p = 0.000). This implies that; both budget process and budget policy has relative relationship with budget performance and hence can be used to accelerate performance in the institution with strategic budget. These results are in line with the findings in the study of [12, 17, 19].

***Table 10.** Correlations Analysis between Budget Performance and Budget Planning.*

		Budgetary Process	Budgetary Policy	Effectiveness	Efficiency
Budgetary Process	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	65			
Budgetary Policy	Pearson Correlation	.197	1		
	Sig. (2-tailed)	.115			
	N	65	65		
Effectiveness	Pearson Correlation	.958**	.122	1	
	Sig. (2-tailed)	.000	.333		
	N	65	65	65	
Efficiency	Pearson Correlation	.180	.954**	.165	1
	Sig. (2-tailed)	.152	.000	.189	
	N	65	65	65	65

**. Correlation is significant at the 0.01 level (2-tailed).

4.3.2. Correlations Between Budget Performance and Participatory Budget

Secondly, the study wanted to understand the relationship or association between participatory budget and budget performance using bivariate correlation technique. Participatory budget was tested using two sub-variables (*Fund disbursement* and *Effective Communication*), while budget performance was tested using *efficiency* and *effectiveness*. The results in Table 11 show that there is a positive relationship between budget performance measured by efficiency and fund disbursement ($r = 0.961^{**}$; $p = 0.000$). This implies that there is a strong and close relationship between fund disbursement and effectiveness in budget performance. On the other hand, effective communication was seen to have a relative relationship with efficiency in budgetary operations ($r = 0.426^{**}$; $p = 0.000$). In addition, the model with significance level less than 0.05 is considered to be a good fit for the data and hence it is appropriate in predicting the influence of independent variable on dependent variable [25].

***Table 11.** Correlation Analysis between Budget Performance and Participatory Budget.*

		Effectiveness	Efficiency	Fund Disbursement	Effective Comm.
Effectiveness	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	65			
Efficiency	Pearson Correlation	0.165	1		
	Sig. (2-tailed)	0.189			
	N	65	65		
Fund Disbursement	Pearson Correlation	0.961**	0.166	1	
	Sig. (2-tailed)	0.000	0.187		
	N	65	65	65	
Effective Com.	Pearson Correlation	0.062	0.426**	0.115	1
	Sig. (2-tailed)	0.623	0.000	0.362	
	N	65	65	65	65

**. Correlation is significant at the 0.01 level (2-tailed).

4.3.3. Correlations Between Budget Execution and Budget Performance

Thirdly, the study wanted to understand the relationship between budget execution (*monitoring* and *evaluation*) and budget performance (*efficiency* and *effectiveness*). The result summarized in Table 12 show that there is a positive relationship between budget monitoring, budget evaluation and budget performance, effectiveness ($r = 0.929^{**}$; $p = 0.000$). This implies that monitoring levels available in an organization have a high chance in influencing budget performance. Budget evaluation attribute has been seen to have average relational influence with efficiency and budget monitoring ($r = 0.433^{**}$; 1.000^{**}; $p = 0.000$). This implies that the budget evaluation has potential effect on the effectiveness of budgetary in an organization Similar results were also found in the study of [19]. Hence, local government organizations need to ensure that they have the right personnel with the right knowledge in order to accelerate the performance of the budgets.

***Table 12.** Correlations Analysis between Budget Performance and Budget Execution.*

		Effectiveness	Efficiency	Monitoring	Budget Evaluation
Effectiveness	Pearson Correlation	1			
	Sig. (2-Tailed)				
	N	65			
Efficiency	Pearson Correlation	0.165	1		
	Sig. (2-Tailed)	0.189			
	N	65	65		
Monitoring	Pearson Correlation	0.929**	0.153	1	
	Sig. (2-Tailed)	0.000	0.224		
	N	65	65	65	
Budget Evaluation	Pearson Correlation	0.929**	0.433**	1.000**	1
	Sig. (2-Tailed)	0.000	0.000	0.000	
	N	65	65	65	65

**. Correlation Is Significant At The 0.01 Level (2-Tailed).

4.4. Analysis of Effects of Budget Planning, Participatory Budget and Budget Execution on the Budgetary Performance

The study employed multiple regression statistical analysis to test the significance of the relationship between the selected indicators of budgetary practices (budget planning, participatory budget and budget execution) and budget performance. Table 13 presents the model summary for overall contribution of the budget practices to the budget performance.

Results show that effectiveness in budget performance is directly influenced by budget planning, budget participation and budget execution with R-square value of 92.1% and adjusted R-Squad of 91.5%. Under this ground the fact the assumptions are positive relevant for further analytical concerns.

***Table 13.** Regression Model Summary.*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.960a	.921	.915	.235

Predictors: (Constant), BUDGET_EVALUATION, EFFECTIVE_COMMUNICATION, BUDGETARY_POLICY, FUND_DISBURSEMENT, BUDGETARY_PROCESS.

These results coincide with the findings in the study of Manduna et al., who found that budget policy has a direct impact and influence to the budget performance in an institution [26]. Budget policy has a significant relationship with budget performance measured by efficiency ($p = 0.000$). Finally, policy has shown a significant relationship with budget performance with a contribution on beta value of ($\beta = 0.937$).

***Table 14.** Regression Analysis.*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.158	.140		1.129	.263
	BUDGETARY PROCESS	-.187	.282	-.221	-.662	.510
	BUDGETARY POLICY	.875	.038	.937	23.064	.000
	FUND DISBURSEMENT	.444	.272	.513	1.634	.108
	EFFECTIVE COMMUNICATION	.060	.035	.069	1.737	.088
	BUDGET EVALUATION	-.260	.142	-.310	-1.834	.072

a. Dependent Variable: EFFICIENCY.

5. Conclusions and Recommendations

The overall objective of this study was to determine the effectiveness of budget practices on budget performance of local government authorities. Three indicators of budget practices namely budget planning; budget participation and budget execution were developed and tested to see their effects on budget performance in local government authorities in Tanzania. Based on the findings, it can be concluded that budget process and budget policy are precise attributes that support the performance of budget in local government authorities. It has been seen that budget policy is directly related with budget performance measured by efficiency; hence, local government authorities have to employ change its budget functions into more relational arena. Contractual budget policy has high degree to improve the performance of the budget and hence allow stakeholders to serve the desired interest. In today's competitive world, budget is termed as a typical solution towards advanced growth and development. In budget operations and functions, planning plays a major role in supporting budget operations

in transforming the needs into a realistic expectation. Using modern software and applications in budget process, budget is said to be improved and hence has the possibility of improving the overall performance of budget operations.

5.1. Limitations and Implications of the Study

The study is limited to one council (Ilala Municipal Council); it can be extended to other budgetary actors namely (Councils, organization, institutions and private companies). The scale of this study was developed only at the IMC staffs located from different department/sections and it can be extended to other phases of the budgetary chain nodes (citizens sides at ward level) and improve the budgetary performance.

This study gives and provides new lights and insights to academicians and researchers in developing more concepts and models where little research has been done in budget performance especially in LGAs. It is believed that this study will be helpful to practitioners in budget area to evaluate their performance so that critical corrective measures and actions can be taken to improve the entire performance of the budget.

Policy makers should put more emphasis on enforcing policies that improve performance of budget performance operations by addressing the benefits and weakness experienced in the budget of goods and services. Budget is a critical aspect and a valuable resource that possess advantageous position in today's complex and competitive market. There is a need for actors alongside budget process to have appropriate skills and knowledge that can possess efficiency and effectiveness in budget performance operations.

5.2. Suggestions for Future Research

As the study revealed that the three selected indicators of budgetary practices have a significant relationship with budget performance in Ilala Municipal Council, it is recommended that future research should concentrate on assessing the contribution of the three discussed factors towards the growth or stability of development with large sample. One of the crucial areas is on the influence of budget policy on the implementation of Technology (ICT).

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