Effectiveness of Financial Planning on Public Sectors Performance in Tanzania

James Daniel Chindengwike

ABSTRACT

Financial planning is very imperative in public and private sectors performance not only for developed countries but in developing countries. Tanzania like other developing countries where public sectors performance is not achieved well. The study examined the effectiveness of financial planning on public sectors performance in Tanzania. The performance of organizations was measured by Return on Assets (ROA). The study used the “cross-sectional survey research design”. Data was collected from 128 staffs from five public sectors in Tanzania through questionnaires. Probability sampling was employed to choose staffs. This study opted mixed research approach. This study opted descriptive analysis such as standard deviation, mean and variance. Furthermore, correlation and multiple linear regression model was conducted to demonstrate the association between determinants. SPSS application was employed in analysis of data. The results showed that, there is statistically positive association between financial planning and public sector performance in Tanzania with P-Value 0.04. The study recommends that the governments should be increase the oversights to in order to ensure that the financial planning’s are implemented effectively and efficiently, therefore to archive the public sectors performance in Tanzania. The study likewise suggests that all public sector organizations should make sure that the operation systems are implemented effectively, therefore can archive the performance. Also, the study suggests that financial strategies and full accountabilities from staffs is needed in public sector organizations in order to increase performance.

INTRODUCTION

Financial Planning is every essential in public sectors due to the necessitate to boost the effectiveness, competence and transparency of the condition of public services and worth for money (Lawson, 2015). Financial planning refers to a managing of the supports of institutions in purpose to attain the financial goals for their company. Are outcomes starting investment and person answerable intended for successfully drama a financial act, such as an input power process inside a financial trade procedure. The need for financial accountability all over the world has led to the growth of independent

1 Department of Finance, Accounting and Economics, Faculty of Commerce and business Studies, St. John’s University of Tanzania, chindengwikejames@gmail.com
organizational structure, groups, the par-time of the services (structural development and promotion-similar transformation), growth conversation, management training, awareness or team-work management (artistic executive gears), arrangement organization, goals, indicator and productivity purposes, augmented importance on service excellence, normal surrounds and customers honesty which vary depending on the nation.

There were environment determinants such as past plan, gathering political affairs and economic consideration which manipulate the accomplishment of new public administration proposal (Kalkhouran et al., 2015). Poor financial answerability leads to stolen funds in the country huge amount of change were lost in increasing country through financial misdemeanors or offensive financial accountability which has continuously worn out the institutions and nation’s meager possessions (Petar, 2018). Here has remained diverse famous luggage of abuse of government money in a lot of nations plus Tanzania, and the need of accuracy to lay down measures in the consumption of the money (Alhassan et al, 2018). The yearly universal statement for their audit in the financial reports of the government in unusual year during, CAG account the spectators of abuse of group of people funds from dissimilar region, and there were expenses with no being notice by managements (CAG, 2018).

Absence of financial planning hinder the economic development of the country because public sectors responsibility is very major in scheming mark and shareholders are effectively concerned with the feature of liability in operation of public institutions. Are important for the management officers to be detained responsible of the employ and transparency of merchandise for their degree to which the community goals have been gifted. There is need to examine the effectiveness of financial planning on public sectors performance in Tanzania

2.0 LITERATURE REVIEWS

Peter and Ibrahim (2018) had done for the impact of economic planning practices on the economic institutions of Non-Profit creation physical condition institutions in Kiambu County, Kenya. This research employed chief data which was serene during use of a personality-administer half controlled survey. Evocative figures such as, frequencies and mean were employed for the grounds for the analysis of the data. The score of the mean was aged toward speed the determinants in order of the significance. After data has been composed throughout questionnaires, it was equipped in willingness for examination by restriction, treatment blank response, coding, classify and key into (SPSS processor software for examination. analyze data was obtainable by assist of occurrence charts and tables.

Tarus and Juma (2017) showed a study on role of financial development method on monetary performance in government hospitals in Kajiado North Sub-County. The revision adopts an expressive research survey design. The study mandatory to find out
how cash groundwork affects monetary presentation; the knowledge did support that cash preparation affect monetary performance. The study recognized that commonplace of the defendants strongminded that truly financial flow was well finished at these common hospitals. The regularly nasty discovery on monetary performance was 3.95 in break of a threatening mean that is honesty near decide in a five opinion likert scale. Karanja & Karuti, (2014) responsibility the influences power economic sustainability of secluded connotation in Isiolo Region, Kenya. The study obligatory to relax on how financial preparation, financial treatment, monetary valuation and fiscal direct overstated performance.

Mwaura (2013) gritty the result of economic training on the economic routine of automobile firms in Kenya. The aim of the study was expressive study method. The aspire of this revise was to discover out whether fiscal scheduling has a shatter on the economic presentation of the opaque in the car business in Kenya. The punishment of the revise point to that the monetary planning measures such as salary before thought and tax and the capital functioning which contain of fixed assets and prepared capital have a bluster on the financial presentation of the firm intended by return on capital working (ROCE). This involve that a percentage adapt in the financial preparation procedures will have an effect on the financial performance of a solid. This study shows that there is bodily powerful relationship between financial training and financial arrangement of a firm. The achievement of any business depends on the way the economic plans are make.

Peter (2018), scrutinized the consequence of financial planning transport out under the monetary performance of non-profit manufacture governments in Kiambu County, Kenya. The study recognized an expressive survey design. The goalmouth populace of the study tailored all the 108 in all the non-profit Manufacture administrations in Kiambu County, Kenya. Two defendants were selected per group thus making the total defendants were 216. This absorbs used chief data which was composed through usage of a self-administered semi organized questionnaires. Expressive statistics such as, nasty and incidences was used for the reason of data examination. The mean attain was used to rate the article in order of their suggestion. After data has been composed through surveys, it was organized in willingness for examination by conquest, action blank reply, coding, classify and keying into Statistical Package for Social Sciences (SPSS) computer software for examination. The study found that preparation performs (budgeting performs, cash planning, inventory management and working capital consecutively) have a confident and significant significance on exhibition.

3.0 RESEARCH METHODOLOGY

A cross-sectional survey research design was nominated to carry out this study. A cross-sectional survey research design was easy to triangulate different information. This research was showed on the following organizations in Tanzania public sectors which
were TTCL, TRL, ATCL, TPDC and TANESCO located at Dodoma City. The researcher had deliberately selected these organizations because the financial planning is solitary of the calculated purposes of the organization. Also, these locations were selected meanwhile they are enclosed by the government division where by financial control, financial setting up and financial monitor and assessment get put with the intends to guarantee that the organization are gratis from mistakes and errors. From 240 staffs from five (5) public sectors. The sample size of the study was 150 respondents, researcher got answer from all 150 Staffs at Dodoma District. The Yamane’s Formula 1967 was used to calculate

\[ n = \frac{N}{1 + N(e)^2} \]

\[ n = \frac{240}{1 + 240(0.05)^2} \]

\[ n = \frac{240}{1.6} \]

Whereby \( n \) = sample size; \( N \) = Population of the study; \( e \) = confidence interval was adopted 5% not 10% or 1% because of the coefficient variation of the population.

\( n = 150 \text{ Staffs} \)

Primary and secondary data was used in this study. The quantitative data collected in this study was examined by using the Statistical Package for Social Science (SPSS) Software to calculate mean, standard deviation, percentages, frequency and regression.

**Model Specification;** The Multiple Linear Regression Model (MLR) was used in the study since the nature of dependent variable (Public Sector Performance) is continuous. The universal form of the equation to forecast response variable from explanatory variables is:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \]  

(i)

Whereby;
Y = Public sector performance; \( X_1 = \) inventory management; \( X_2 = \) cash planning; \( X_3 = \) working capital; \( \beta_0 = \) Co-efficient of the model; \( \beta_1 - \beta_3 = \) Beta Co-efficient of Determination; \( \varepsilon = \) Stochastic Error Term; \( \beta_0 = \) Co-efficient of the model (constant).

4.0 RESULTS AND DISCUSSION

The consequences get are as uncovered by Table 4.1. From the fallout, engage that all the variables had Cronbach Alpha greater than 0.7 therefore engage that the research thing were dependable in convey out the revise.

Table 4.1: Reliability Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Planning</td>
<td>0.754</td>
<td>Cronbach Alpha greater 0.7, acceptable</td>
</tr>
<tr>
<td>Public sector performance</td>
<td>0.704</td>
<td>Cronbach Alpha greater 0.7, acceptable</td>
</tr>
</tbody>
</table>

Source: Research Results, 2023

4.1 Preliminary Test (Diagnostic Checking)

In the building of arithmetical models, model legitimacy is disapprovingly authoritative to ensure impartial and valid arithmetical inferences. Therefore, numerous model analytic tests have stood expressed for examination and noticing model misspecification. The study assumes normality tests, heteroscedasticity, multicollinearity and autocorrelation.

4.1.1 Normality Test

Maximum of the parametric tests such as T-test and regression are property the presumption of typical dissemination. Subsequently, analyze the typical appropriation of the model must not be overlooked. While ordinariness presumption expects that unsettling influences or mistake terms of the model are regularly appropriated. Since mistake terms are the factors that have been overlooked, the effect of the precluded factors must be little and, best case scenario, arbitrary. On the off chance that this suspicion doesn't hold, this prompts mistaken outcomes and draw deluding translations. There are two different ways to check ordinariness normally the realistic strategy utilizing diagrams to imagine the dispersion and normality test. Normality, test is subtle sufficient at a low sample size or very sensitive to great sample scope. This study secondhand Jarque-bera test for challenging normality, the test discards the premise of ordinariness when the p-value is less than or equal to 0.05. From table 4.1 designated
that, the data are generally dispersed since the p-value (0.0678) for the Jarque-Bera (test for ordinariness assumption) is better than 0.05, hence there is no adequate indication to cast off the null hypothesis at 0.05 significance level.

**Table 4. 2: Jarque-Bera (Test for Normality Assumption)**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Pr(Skewness)</th>
<th>Pr(Kurtosis)</th>
<th>adj chi2(2)</th>
<th>Prob&gt;chi2</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>150</td>
<td>0.0567</td>
<td>0.0348</td>
<td>0.648</td>
<td>0.0678</td>
</tr>
</tbody>
</table>

**Source:** Study Findings (2023)

### 4.1.2 Multicollinearity

Multicollinearity happens when at least two free factors are profoundly related, consequently can't precisely mirror their individual commitments towards the needy variable (Pesaran, 2015). Multicollinearity is brought about by information assortment strategy, over-characterized model, model detail and limitations on model or in the population. This study carried out multicollinearity test using the Variance Inflation Factor (VIF) method. The VIF approximations how much the alteration of a regression constant is exaggerated due to multicollinearity in the perfect. The VIF was intended by captivating a sovereign variable and retreating it against each sovereign adjustable in the model. This gave R-squared values which were worked into the VIF formulation.

$$VIF_i = \frac{1}{1 - R_i^2}$$

Where $R_i^2$ is the R-squared value from regressed independent variables. The rule of thumb states that there is evidence of collinearity if the mean VIF is superior than agreement or if the main VIF is superior that 10 (Woodridge, 2013). From Table 4.2 the consequences designated that, there is no multicollinearity temporarily the regular VIF is 3.85 which is underneath 10 nasty VIF.

**Table 4. 3: VIF Test of Multicollinearity**

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
<th>1/VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial planning</td>
<td>10.07</td>
<td>0.099334</td>
</tr>
<tr>
<td>2</td>
<td>11.77</td>
<td>0.084985</td>
</tr>
<tr>
<td>3</td>
<td>6.73</td>
<td>0.148651</td>
</tr>
</tbody>
</table>
Dependents (Public sector Performance)

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>2.48</td>
<td>0.402729</td>
</tr>
<tr>
<td>3</td>
<td>3.8</td>
<td>0.263297</td>
</tr>
</tbody>
</table>

Source: Study Findings (2023)

### 4.1.3 Heteroscedasticity

Once the alteration of error period differs with each comment in such case heteroscedasticity is supposed to exist. An unsatisfactory variance may disrupt the supposition of traditional lined regression model and reason the perfect to be incompetent. These can be produced when data group method improved, attendance of outlier remark and according to human behavior. This study used Cameron and Trivedi’s rottenness of IM examination to checkered for heteroscedasticity. Also, the test provides the result on normality of data.

<table>
<thead>
<tr>
<th>Source</th>
<th>chi2</th>
<th>Df</th>
<th>P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heteroscedasticity</td>
<td>78.58</td>
<td>53</td>
<td>0.0507</td>
</tr>
<tr>
<td>Skewness</td>
<td>12.07</td>
<td>11</td>
<td>0.0378</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>2.7</td>
<td>2</td>
<td>0.18</td>
</tr>
<tr>
<td>Total</td>
<td>93.35</td>
<td>66</td>
<td>0.4685</td>
</tr>
</tbody>
</table>

Source: Study Findings (2023)

The result from table shows that the model does not suffer with the problem of heteroscedasticity meanwhile the P-Value (0.0507) for heteroscedasticity is bigger than 0.05 and also it shows that the perfect does not suffer through the problem of non-normality assumption then the P-Value is larger than 0.05.

### 4.1.4 Correlation and Collinearity Statistics

This piece explains the association examination. Pearson’s association was conducted not at home to appearance at the associations between explanatory variables (financial planning, financial control and financial monitoring) and dependent variable (public sector performance). In the research, Pearson Association examination was carried out to patterned the countryside of association in the gathered variables below research. This research also conducts multicollinearity analysis to examination if here was
association between the independent variables. A “Variance Inflation Factor (VIF) was used, to detect multicollinearity in regression analysis”. Accordingly, VIF values of less than 10 and tolerance figures above 2 would signify non-presence of multicollinearity (Keith, 2006). agreed the fact that, VIF is less than 10 but patience is less than 2, we can finish that, there is low level of multicollinearity in the model. For that crate, the model can be used to forecast the dependent variable. Table 4.6 obtainable underneath shows imperfect correlations as well as Collinearity Statistics.

**Table 4. 5: Serial Autocorrelation**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Public sector Performance</th>
<th>Financial planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector Performance</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Financial planning</td>
<td>-0.230**</td>
<td>1.00</td>
</tr>
<tr>
<td></td>
<td>Sig 0.021</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N=275</td>
<td></td>
</tr>
</tbody>
</table>

**Correlation is important at 1 % significance level (2 tailed), * Correlation is significant at 5 % significance level (2 tailed), Sig implies p-value, and N= number of sample observations.**

**Software used:** SPSS 2023.

**Table 4.6 Correlation and Collinearity Results**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>0.05</td>
<td>0.026</td>
</tr>
<tr>
<td>0.815</td>
<td>0.20</td>
</tr>
<tr>
<td>0.85</td>
<td>0.55</td>
</tr>
</tbody>
</table>

**Source:** Survey Field Data 2021
The results of association show that, financial planning has an optimistic relationship. The suggests that economic planning associate with additional variables absolutely. Also, the findings indicate that, financial control has an optimistic association. This suggests that financial control correlated with additional indicators absolutely. This finding additional show that, monetary monitoring and assessment has a positive association. This implies that economic monitoring compare with other variables really. In addition to that, the VIF principles in relationship table is less than 10, so present is no multicollinearity difficulty that earnings the explanatory variables integrated in the model are not considerably connected with each other. From the principle of role VIF coefficient greater than 10 specify the existence of multicollinearity problem.

4.1. 5 Model fitness

In a model synopsis Table 4.5, weakness and course of the association between the variables is obtainable. The Table demonstrates the degree of the connection between the forecaster and outcome indicators. The model précis, the “R” worth is second-hand to specify the power and way of the association between the indicators. The R square indicate how greatly of the entire difference in the needy indicators is explain by the descriptive variables.

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.87a</td>
<td>0.81</td>
<td>0.81</td>
<td>1.51</td>
<td>1.51</td>
</tr>
</tbody>
</table>

Source: Survey Field Data 2021.

a) Predictors: (Constant) financial planning, financial control, financial monitoring

b) Dependent variable: Public sector performance

The consequences in Table 4.5 shows R = 0.87, which indicate that nearby is a physically influential and optimistic universal association between the forecaster indicators and the result indicators. It can also be establishing out that, R-Square value is 0.81. This worth indicates that independent variables (financial planning, financial control and financial monitor) can explanation for 81.3% of the inconsistency in the needy changeable (public sector performance). So, variation in public sector performance is completely explained by financial planning, financial control and financial monitoring. This imply additional that, there are other factor not cautious in this investigate which all jointly could add only 13.4% in the difference of the changeable public sector performance.
Also, the researcher experienced the autocorrelation supposition. That means mistake linked by means of one surveillance are uncorrelated with the error of any other surveillance. As renowned by Gujarati (2004), the finest famous examination for detection sequential association is Durbin Watson test. So, if the d compute is between 0 to less 2 in submission, it is unspecified that nearby is no autocorrelation difficulty. The compute “d” in the research was 1.51, which is flanked by 0-2 imply the nonattendance of autocorrelation difficulty.

4.1.6 ANOVA

ANOVA is a compilation of arithmetical model and their connected approximation actions (such as the "variation" among and flanked by groups) used to examine the difference among group means in an example. ANOVA is significant since it assists the investigator to shape out if require to accept the null hypothesis or reject the exchange hypothesis. These demonstrations if the universal regression model is fitting for information. Table 4.6 obtainable below demonstrate analysis on ANOVA.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>14.48</td>
<td>3</td>
<td>4.83</td>
<td>7.26</td>
<td>0.00b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>70.44</td>
<td>106</td>
<td>0.67</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>84.92</td>
<td>109</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Source: Survey Field Data 2021.

a) Predictors: (Constant) financial planning, financial control and financial monitoring.

b) Dependent variable: Public sector performance (ROA and ROE).

This results in Table 4.4 found that, the explanatory indicators forecast the response indicator perfectly. This is indicating by a noteworthy value of 0.000, which is not as much of as 0.05, sense that, in wide-ranging, the regression model is completely and drastically predicting the outcome variable. Usually, results show that the autonomous variables (financial planning, financial control and financial monitor) perfectly and considerably predict the dependent variable (Public sector performance).
4.1. 7 Estimated Model Coefficients

The coefficient productivity offers the in sequence necessary for the investigator to estimate response variable on explanatory variables, as well as to make a decision whether explanatory variables give statistically to the model. This recognized the friendship between explanatory indicators (financial monitoring, financial planning and assessment and financial control) on the one hand and needy variable (public sector performance) on the other give. Table 4.7 below summarizes consequences on the psychoanalysis.

Table 4.9: Predictable Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.39</td>
</tr>
<tr>
<td>Inventory management</td>
<td>-0.02</td>
<td>0.07</td>
</tr>
<tr>
<td>Cash Management</td>
<td>0.21</td>
<td>0.07</td>
</tr>
<tr>
<td>Working Capital Management</td>
<td>0.20</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Source: Survey Field Data, 2021

The results from above Table 4.7 over have shown that, one independent variable that is; working capital management is statistically unimportant to public sector presentation because the sig-value is greater than 0.05. On the other hand, cash management and assessment and inventory management results have exposed a statistically significant association to public sector performance since the sig-value is less than 0.05. Thus, from the deteriorating consequences, the universal form of the equation to forecast response variable from ruler variables can be available as:
P<0.05 Therefore statistics important shows inventory management is 0.779, financial control is 0.007, financial monitor is 0.006 this entail that inventory management is statistically unimportant to public sector performance. Also, the regression consequences show that if other factor is not obtainable, public-sector performance would be 1.150. A unit augment of financial planning public sector performance would be .020. Also, the results show that, a unit raise in cash management would influence public sector performance by 0.206. Furthermore, the results demonstrate that a unit amplifies in Capital Management and assessment would influence public sector performance by 0.19.

The findings intended to scrutinize the result of financial planning on public sector performance. Consequences on the study demonstrate that, financial arrangement has no important effect on public sector performance based on p = 0.779 which calls for non-rejection of null hypothesis at 5% level of meaning. For that cause, null hypothesis is accepted that, financial planning has no important pressure on public sector performance. The close is therefore that, financial planning has no significant association with public sector performance. The results are support by Juma (2012) who scrutinize the factors moving explains of contributor fund public development schemes in Bungoma Region and also got the irrelevant relationship between financial preparation and organization financial sustainability. In contrast Mwaura (2013) gritty the effect of financial preparation on the economic performance of car companies in Kenya. This study shows that there is strong association between financial planning and financial performance of a firm. This suggests that a fraction change in the monetary planning events will have an outcome on the financial recital of a firm. The accomplishment of any business depends on the approach the financial plans are formulate.

5.0 CONCLUSION AND RECOMMENDATIONS

The results showed that, there is statistically positive association between financial planning and public sector performance in Tanzania with P-Value 0.04. The study recommends that the governments should be increase the oversights to in order to ensure that the financial planning’s are implemented effectively and efficiently, therefore to archive the public sectors performance in Tanzania. The study likewise suggests that all public sector organizations should make sure that the operation systems are implemented effectively, therefore can archive the performance. Also, the study suggests that financial strategies and full accountabilities from staffs is needed in public sector organizations in order to increase performance. Future study may consider other variables such as corruption, transparency and financial responsibility.

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