# *Original Research Article*

## FACTORS ASSOCIATED WITH THE EXTENT OF USAGE OF ACCOUNTING INFORMATION BY THE PUBLIC ACCOUNTS COMMITTEE IN TANZANIA PUBLIC CORPORATIONS.


### ABSTRACT

This study aims to examine expectations on content of accounting information and ability to interpret accounting information as associated factors on the extent of usage of accounting information in Tanzania public corporations. The usage of accounting information by politicians in the world context have led to mixed results.Further, the use of accounting information by Public Accounts Committee (PAC) in monitoring public corporations has not been consistent, hence calling for an examination on the practice to get insights explaining the extent of usage of accounting information. Data for the study were gathered using a survey instrument from Public accounts committee members and ex-members from 2005 to 2022. The study used Partial Least Square Structural Equation Modeling [PLS- SEM] to analyze data. Findings reported coefficient determination ($R^2$) of 0.640 that explained a 64% variation in the extent of usage of accounting information as a dependent construct. The study found that expectations on content of accounting information and ability to interpret accounting information were positively and statistically significant as factors associated with the extent of usage of accounting information in Tanzania public corporations. Thus, the study strongly recommends to the Parliament, Regulators, practitioners, and other relevant stakeholders, to consider the findings of this study to enhance the extent of usage of accounting information. This can be done through crafting and implementing policy making for usefulness of accounting information driven by the Public Accounts Committee needs. Besides, the producers of accounting information must ensure accounting information possesses a quality, relevance, and appropriateness to influence the ability to interpret accounting information and meet expectations on content of accounting information, hence improving the extent of usage of accounting information in Tanzania public corporations.



**Keywords:** Extent of usage, Tanzania public corporations,Public Accounts Committee, and, accounting information.




### 1.0 INTRODUCTION

In the global context, there has been a growing debate on using accounting information in the public sector, both in Literature and among politicians[1]–[3]. The accounting information is used both by internal users like employees, Management, and Board of Directors and external users like suppliers, creditors, customers, auditors, investors, tax authorities, politicians in Parliament, and the general public for decisions making and accountability purposes [4]. According to [5], financial reporting provides valuable financial information for decision-making and supports accountability regarding appropriate resource utilization.

The demand for accountability in the public sector requires accounting information that supports effective oversight of public resources in public corporations [6]. As representatives of the public and decision-makers, the Public Accounts Committee (PAC) is a large consumer of public sector expenditure budget and accounting information [7]. The PAC is "seen as potential users of public sector accounting information" [8]. Politicians and managers are as unique independent users of accounting information who have the power to request any information at any time to cater to their wants [4], [6]. However, the practice is not the same, so this study needs to get insights into explanations and predictions of

variables explaining this gap [6]. In the same vein, [9], [10] suggested a study that will come out with a theoretical framework that can identify variables explaining how and why there is a perverse use of accounting information in public financial reporting. Similarly, the usage of accounting information has been documented, but the concern is "still largely under-researched" [11].

Further, studies on the political use of accounting information conducted in different jurisdictions have shown mixed results. For instance, politicians are not interested in accounting information and do not appreciate it [12]–[14]. In the same vein, the usage of accounting information is selective, occasionally, and not consistent [2], [6], [15]. Similarly,[7] developed a conceptual framework for using accounting information that was not empirically tested, hence the need for this study to validate empirically using the constructs of expectations on content of accounting information and ability to interpret accounting information in the Tanzania public sector context.

Despite the importance of parliamentary oversight in corporate governance of public corporations, there is "scarce empirical evidence in emerging markets like Tanzania, on the usage of accounting information including external audit reports or about the factors that affect the usage of accounting information in practice, by politicians" [6]. However, most studies on the usage of accounting information by the Public Accounts Committee were done outside Tanzania (in developed countries in Europe and the USA), hence creating the contextual gap in Sub-Saharan regions for an emerging economy like the Tanzania public sector context. Further, studies on parliamentary financial oversight and accountability are shaped by context (a unique aspect) prevailing in a given country [16]–[19].

This paper is arranged as follows. The next section outlines a prior study on the usage of accounting information by politicians. It continues with the methodology of the research in section three. Empirical data analysis and findings are presented in section four. Section five discusses the results. Lastly, section six includes the conclusion, recommendations, study limitations, and suggestions for further studies.

## 2.0 LITERATURE REVIEW

The extent of use of accounting information is the practice that involves consultation whereby users potentially utilize some sections or information items or elements in the financial report for decision making and accountability [15], [20], [21]. Accordingly,[22] postulate accounting information usage as the amount of accounting information considered worth using when decisions are made. Further, [6] defined accounting information used as the "way users potentially utilize that information."

The study is explained through the lens of the theory of accounting information usefulness. The theory is rooted in psychological and sociological theories that emerged to provide more explanations for the traditional accounting and economic theories [7]. The theory emerged a result of two combined theories of cognitive fit theory and social cognitive theory [7]. The antecedents of human mental factors' relationship with politicians' usage of accounting information are evidenced [7] expectations on content and interpretation are among cognitive variables that interfere with the task and problem representation to form the mental model governing accounting information's production and use [7].

Empirical studies on the political use of accounting information are scantly researched, particularly in the developing world, despite their importance for parliamentary oversight in corporate governance of public corporations [6], [11]. Conversely, there are some researchers on the usage of accounting information whereby the authors used different constructs to explain and predict the usage of accounting information in other contexts [21], [23]–[26].

[23] found that political roles and personal attributes (i.e., age and experience) determine the extent of usage of accounting information. Again, [6] found that the use of accounting information was only occasionally due to accounting information's general lack of knowledge and complexity. In the same vein, [26] found factors influencing accounting information usage are: the properties of accounting information (i.e., relevance and appropriateness), the role of institutional support, and the attributes of users.

Simiraly, [21] found usage of accounting information is encouraged by individual attributes like political experience, ideology, financial experts, and formal political roles. Lastly, [24] found the determinants of usability of accounting information include size, the debt level of the Local Government, and the

Councilor's gender, political orientation, and education. However, the literature review showed that the studies above were primarily descriptive in orientation with scant theoretical insights and context-specific. Therefore, necessitating this study to introduce other crucial mental factors of expectations on content of accounting information and ability to interpret accounting information extracted from the theory of accounting information usefulness as determinants for the usage of accounting information, which none of the above studies covered, which this study intends to focus on [27], [28].

[29] acknowledged that expectation means a "belief that something will happen." The minds of users and producers have different expectations or goals regarding the financial statement objective. Accounting literature indicates the existence of an expectation gap between consumers and producers of accounting information [7]. The use of accounting information improves when both the producer's and users' minds meet, hence knowing the content of a particular purpose financial statement[7]. However, general-purpose financial statements are produced for multiple consumers with varied expectations. The Conceptual Framework provides relevance, faithful representation, comparability, verifiability, timeliness, and understandability of the quality of accounting information to narrow the expectation gaps [30]. Thus, building from the above results that lead to the proposition:

**H1:** Expectations on content of accounting information is positively associated with the extent of usage of accounting information in Tanzania public corporations.

Accordingly [31] interpretation means "generating meaning" from a given situation with a view of taking action or decision. In the same vein, interpretation means "a personal judgment about an element under examination" [32]. People can interpret the same stimulus or element examined differently [33]. Further, accounting information producers and users have different interpretations of the event observed [32]. [10] postulates that varied outcomes on the usage of accounting information can be theoretically "*explained by how interpretations are framed*."

Politicians interpret accounting information presented to them in a language of clear and plain numbers that are narrative or self-laudatory. Chapman, 1998 and Jonsson, 1998 cited by [34] that accounting is a technical language that politicians have to interpret and from which they construct meaning. However, the meaning is "socially constructed, internalized, and shared" among people [35]. In addition, [36] claimed that meaning is context-dependent. Therefore, politicians' behaviors are shaped by 'meanings, values, and beliefs created and shared among Parliament members' [35]. Thus, it can be hypothesized that:

**H2:** Ability to interpret accounting information is positively associated with the extent of usage of accounting information in Tanzania public corporations.

## 3.0 RESEARCH METHODOLOGY

This study is causal or explanatory research using a positivist philosophical approach [37]. The data were gathered through a cross-sectional survey instrument which was a highly economical way" and allows easy comparison, making it more authoritative [38]. A sample was drawn from a population of the ex-members and members of the Public Accounts Committee from 2005 to 2022 responsible for overseer Tanzania public corporations. This study used the probability sampling design through simple random sampling to select a minimum sample consisting of 110 individuals without replacement. The participants were chosen based on their position and knowledge as members of the Public Accounts Committee to have valid information for further assessment.

Data were gathered from November 2021 to March 2022. As a measure to consider for the likely non response, lost reponses and spurious responses, 50% of participants were added based on judgement to 165[110*1.50]. One hundred sixty-five (165) survey questionnaires were circulated to the participants through Google form, WhatsApp, and face-to-face. The targeted audience was asked to rate their opinions on the measurement instrument on a 5-point Likert type scale, whereby one (1) represents "not at all useful" and five (5) for "very useful." One hundred ten (110) valid questionnaires were received,

identical to a 65.8% response rate, attributed to using questionnaires written in the Swahili language, which politicians most prefer.

The research used SPSS to analyze the demographic profiles of the respondents. Besides, Smart PLS-SEM software was used to analyze the measurement model and structural model relationships between antecedents of expectations on content of accounting information and ability to interpret accounting information on the extent of usage of accounting information in Tanzania public corporations. PLS-SEM is an advanced tool for multivariate analysis [combines multiple regression and principal factor analysis) having the power to estimate theoretically established cause-effect relationship models [39]. As a causal-predictive method, PLS-SEM intends to maximize the explained variance of the dependent latent construct [40], [41].

## 3.1 MODEL DEVELOPMENT

The study purposely intended to analyze the influence of expectations on the content of accounting information and ability to interpret accounting information on the extent of usage of accounting information in Tanzania public corporations. PLS-SEM generated a model based on latent construct extracted from the theory of accounting information usefulness. PLS-SEM evaluation involves a measurement model that links indicators with respective latent constructs, and the structural model relates latent variables with other latent variables [42]. The structural model encompassed expectations on content of accounting information, ability to interpret accounting information, and the extent of usage of accounting information. The measurement model was extracted from the validated instrument by previous studies but was customized or adapted in the Tanzania public sector context, as shown in Table I below.

**Table: 1 Constructs measurement model**

| Construct | Indicators | Scale | References |
|---|---|---|---|
| Extent of usage of accounting information (EOUAI) **[Dependent ]** | The audit opinion is used to measure the extent of usage of accounting information by PAC (EOUAI_1) | Interval (5-point scale) | [43]–[46] |
| | Interim (Management) reports are used to measure extent of usage of accounting information by PAC (EOUAI_2) | | |
| | Management Letter is used to measure extent of usage of accounting information by PAC (EOUAI_3) | | |
| | A comprehensive income statement (Profit and loss account) is used to measure extent of usage of accounting information by PAC (EOUAI_4) | | |
| | Statement of financial position (Balance sheet) is used to measure extent of usage of accounting information by PAC (EOUAI_5) | | |
| | Statement of Cash Flows is used to measure the extent of usage of accounting information by PAC (EOUAI_6) | | |
| | Statement of changes in owners' equity is used to assess the extent of usage of accounting information by PAC (EOUAI_7) | | |

| | | | |
|---|---|---|---|
| | Accounting policies and Notes on the financial statements are used to gauge the extent of usage of accounting information by PAC (EOUAI_8) | | |
| | Financial estimates or budgets are used to measure the extent of usage of accounting information by PAC (EOUAI_9) | | |
| | Public procurement reports are used to measure the extent of usage of accounting information by PAC (EOUAI_10) | | |
| | Corporate Social Responsibility reports are used to measure the extent of usage of accounting information by PAC (EOUAI_11) | | |
| | Corporate governance reports are used to measure the extent of usage of AI by PAC (EOUAI_12) | | |
| | The statement of the Board of Directors is used to measure the usage of accounting information by PAC (EOUAI_13) | | |
| Expectations on content of accounting information (EOAI) **[Independent]** | Accounting information is free from errors and fraud (EOAI_1) | Interval (5-point scales) | [47], [48]) |
| | Accounting information presents the true performance of the corporation (EOAI_2) | | |
| | Accounting information shows the financial position of the corporation (EOAI_3) | | |
| | Accounting information complies with statutory requirements, e.g., PPRA, Company Act (EOAI_4) | | |
| | Accounting information contains no material misstatement EOAI_5 | | |
| Ability to interpret accounting information (IOAI) is facilitated by: **[Independent** ] | The format of the accounting information (IOAI_1) | Interval (5-point scales) | [49] |
| | Experience in using accounting information (IOAI_2) | | |
| | Your knowledge of evaluating business performance (IOAI_3) | | |
| | Assistance from finance experts (IOAI_4) | | |
| | Your prior belief in accounting information (IOAI_5) | | |

**Source:**Literature review 2021

The study's structural model [consisting of EOUAI, EOAI, and IOAI) was hypothesized using the computed path coefficients in Smart PLS-SEM. The measurement model encompasses the indicators of

EOUAI_1 to _13, EOAI_1 to _5, and IOAI_1 to _5 as indicators of the constructs presented in Table 1 above.

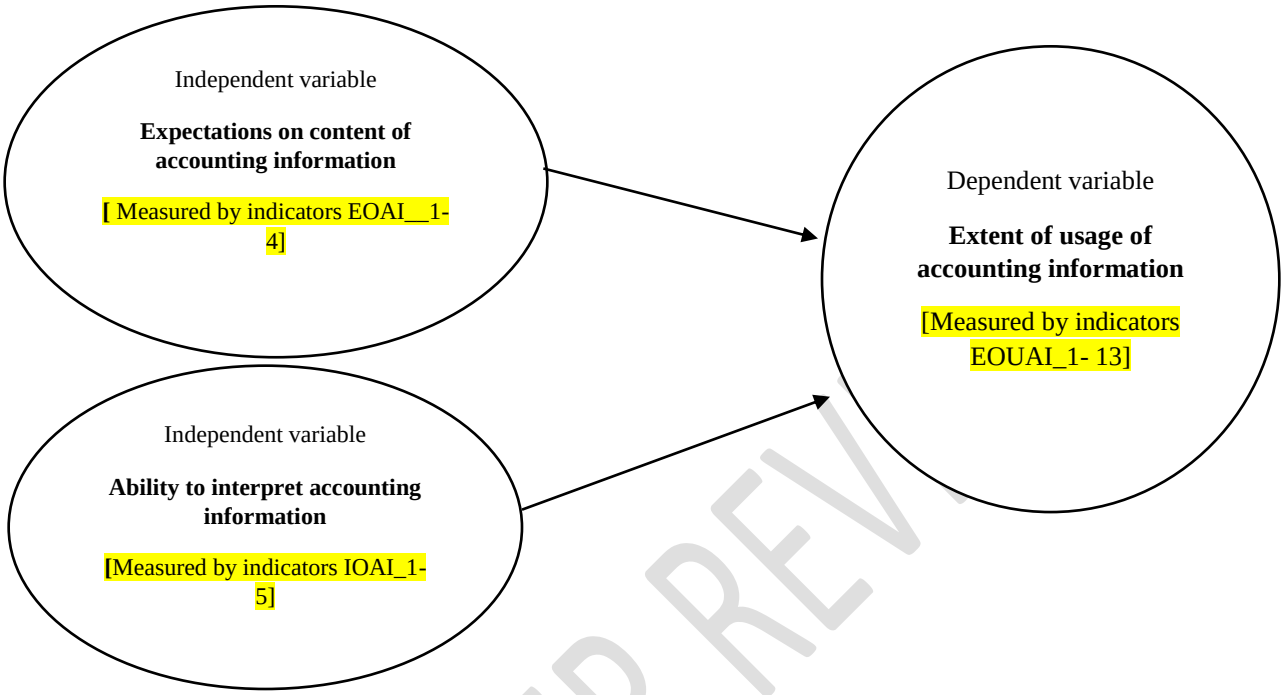


**Figure 1: Conceptual framework**

## 4.0 DATA FINDINGS AND ANALYSIS

The study found the nonexistence of non-response bias [as its values were below 2.4] caused by common method bias as set by [50]. In addition, the data were cleaned for outliers, missing data, correcting errors, and duplicate. Furthermore, the data achieved the sample adequacy criterion as proposed by Keiser-Meyer-Olkin (KMO) and significant Barlett's test of sphericity [51].

## 4.1 RESPONDENT'S DEMOGRAPHIC CHARACTERISTICS

Table 2 shows the demographic characteristics of respondents. The male respondents were 66.4% as opposed to 33.6% women. Concerning education level, Table 2 indicates that 66% were degree graduates, whereas 34% were non-degree graduates who justified sufficient knowledge to understand and respond to the circulated survey questionnaires. Further, 30% of the respondents were experts in accounting, Finance, auditing, economics, and Management, while 70% were experts in other fields. Regarding the experiences, Table 2 shows that 58.2% of respondents had an experience from 1-4 years, while 35.5% had an experience of more than 5 years.

**Table: 2 Demographic Characteristics of Respondents**

| Category | Item | No of the respondents N=110 | Valid Percent % |
|---|---|---|---|
| **Education Level** | Primary | 4 | 3.6 |
| | Secondary | 8 | 7.3 |
| | Certificate/Diploma | 23 | 20.9 |

| | | | |
|---|---|---|---|
| | Bachelor/Advanced Diploma | 36 | 32.7 |
| | Master | 34 | 30.9 |
| | PhD | 3 | 2.7 |
| | Postgraduate Diploma | 2 | 1.8 |
| **Field of study** | Accounting/Finance/Auditing | 26 | 23.6 |
| | Economics/Management | 7 | 6.4 |
| | Law | 11 | 10.0 |
| | Public administration | 25 | 22.7 |
| | Engineering | 8 | 7.3 |
| | Pharmacist | 5 | 4.5 |
| | Human Resource Management | 6 | 5.5 |
| | Social policy/medicine | 1 | 0.9 |
| | Education | 6 | 5.5 |
| | Procurement management | 9 | 8.2 |
| | Community Works | 4 | 3.6 |
| | medicine | 2 | 1.8 |
| **Experience** | < 1 Year | 7 | 6.4 |
| | 1-4 Years | 64 | 58.2 |
| | 5-9 Years | 32 | 29.1 |
| | 10-14 Years | 7 | 6.4 |

**Source**: Survey data March 2022.

## 4.2 EVALUATION OF THE OUTER MEASUREMENT MODEL

The measurement model met the global criteria of reliability and validity that allowed for the structural measurement model [41], [52]. The methods for measuring construct reliability or internal consistency were composite reliability and Cronbach's alpha [53], [54]. Construct validity was simultaneously measured by convergent and discriminant validity [53], [55], [56].

### 4.2.1 CONSTRUCT RELIABILITY

Construct Reliability, or internal consistency was tested by composite Reliability (CR) and Cronbach's alpha, with the predetermined lowest criterion ranging between 0.6 and 0.7 being acceptable. In contrast, reliability values of 0.70 and 0.90 arrange from satisfactory to good [52]. The study reported attainment of CR and Cronbach α minimum values of 0.872 and 0.802, respectively, as per Table 3

### 4.2.2 CONVERGENT VALIDITY

Convergent validity is the extent to which the construct converges to explain the variance of items [56]. The metric used to measure the convergent validity is Average Variance Extracted (AVE). An AVE of 0.5 or higher was acceptable as a measure for the reflective measurement model as a par rule of thumb [56]. In Table 3, convergent validity was achieved as all latent constructs AVE were above 0.5.

### 4.2.3 DISCRIMINANT VALIDITY

Discriminant validity refers to how a construct is genuinely distinct from other constructs in the structural model measured concurrent by three methods of Fornell- Larcker (1981) criterion, Cross Loadings, and Heterotrait-Monotrait ratio of correlations [57], [58]. The Fornell- Larcker criterion (Fornell- Larcker, 1981) suggests that "a latent variable shares more variance with its assigned indicators than with another latent

variable in the structural model"[40]. As a general rule, the square root of the AVE of each latent variable (bolded on the diagonal of the table) should be greater than the correlations among the latent variables [59]. Table 4 confirmed the achievement of the Fornell- Larcker criterion.

Regarding cross-loadings, the indicator's outer loading on the associated construct should be greater than any of its cross-loading on other constructs [40]. As a general rule, loading should always exceed cross-loading, which the current study achieved as per Table 5.

HTMT is perceived as an effective and more reliable measure of discriminant validity [60]. Similarly, the HTMT was developed due to a failure of the Fornell- Larcker criterion and assessment of cross-loading to precisely identify discriminant validity problems PLS-SEM [58]. An acceptable cutoff score to interpret HTMT results is 0.85 and 0.90 [58], [60], [61]. Table 6 confirmed discriminant validity through the HTMT ratio of correlation below upper band 0.90. Thus, all items in the measurement instrument were guaranteed reliable and valid for the research, allowing further structural model evaluation.

**Table 3: Construct Reliability and Validity Test**

| Construct | Indicators | Loadings | Cronbach's Alpha | CR | AVE |
|---|---|---|---|---|---|
| Expectations on content of accounting information | EOAI_1 | 0.897 | | | |
| | EOAI_2 | 0.817 | | | |
| | EOAI_4 | 0.888 | | | |
| | EOAI_5 | 0.859 | 0.888 | 0.923 | 0.749 |
| Ability to Interpret accounting information | IOAI_1 | 0.841 | | | |
| | IOAI_2 | 0.781 | | | |
| | IOAI_3 | 0.854 | | | |
| | IOAI_4 | 0.690 | 0.802 | 0.872 | 0.631 |
| Extent of usage of accounting information | EOUAI_1 | 0.780 | | | |
| | EOUAI_10 | 0.752 | | | |
| | EOUAI_12 | 0.752 | | | |
| | EOUAI_13 | 0.797 | | | |
| | EOUAI_3 | 0.720 | | | |
| | EOUAI_4 | 0.857 | | | |
| | EOUAI_6 | 0.784 | | | |
| | EOUAI_8 | 0.741 | 0.904 | 0.922 | 0.599 |

**Source**: Survey data March 2022

**Table 4: Fornell-Larcker-Discriminant Validity Criterion Test**

| Latent variable correlation (LVC) | Expectations on content of AI | Extent of usage of AI | Ability to interpret AI | Discriminant validity achieved square root of AVE > LVC |
|---|---|---|---|---|
| **EOAI** | 0.866 | | | YES |
| **EOUAI** | 0.673 | 0.774 | | YES |
| **IOAI** | 0.618 | 0.756 | 0.794 | YES |

**Source**: Survey data March 2022

**Table 5: Cross-Loadings -Discriminant Validity Criterion Test**

| | EOAI | EOUAI | IOAI |
|---|---|---|---|
| EOAI1 | **0.897** | 0.603 | 0.514 |

| | | | |
|---|---|---|---|
| EOAI2 | **0.817** | 0.518 | 0.473 |
| EOAI4 | **0.888** | 0.630 | 0.615 |
| EOAI5 | **0.859** | 0.573 | 0.530 |
| EOUOAI1 | 0.528 | **0.780** | 0.504 |
| EOUOAI10 | 0.483 | **0.752** | 0.513 |
| EOUOAI12 | 0.432 | **0.752** | 0.607 |
| EOUOAI13 | 0.599 | **0.797** | 0.598 |
| EOUOAI3 | 0.434 | **0.720** | 0.564 |
| EOUOAI4 | 0.560 | **0.857** | 0.655 |
| EOUOAI6 | 0.534 | **0.784** | 0.579 |
| EOUOAI8 | 0.573 | **0.741** | 0.635 |
| IOAI1 | 0.541 | 0.601 | **0.841** |
| IOAI2 | 0.366 | 0.515 | **0.781** |
| IOAI3 | 0.485 | 0.667 | **0.854** |
| IOAI4 | 0.554 | 0.598 | **0.690** |

**Source**: Survey data March 2022

**Table 6: HTMT Ratio of Correlation Test Criterion**

| Construct (Latent variable) | Expectation of AI | Extent of usage of AI | Interpretation of AI |
|---|---|---|---|
| Expectations on content of accounting information | | | |
| Extent of usage of accounting information | 0.746 | | |
| Ability to interpret accounting information | 0.725 | 0.879 | |

**Source**: Survey data March 2022

## 4.3 EVALUATION OF THE STRUCTURAL MODEL

The structural model was assessed by using standard criteria like; the coefficient of determination ($R^2$), path coefficient (β-values), effect size ($f2$), T- statistics, P values, model fit, and predictive relevance of the model [$Q^2$] [52].

### 4.3.1 MEASURING THE COEFFICIENT OF DETERMINATION [$R^2$]

The coefficient of determination ($R^2$) assesses the model's explanatory power, which is computed as a squared correlation between specific endogenous construct actual and predicted values [52]. Coefficient signifies both consolidated effects of exogenous latent construct on endogenous latent construct and the amount of variance in endogenous as explained by the rest of the exogenous constructs associated with it [52]. Figure 2 below shows an $R^2$ value of 0.640 that suggests expectations on content of accounting information and ability to interpret accounting information combined as exogenous variables explained 64% variation in the extent of usage of accounting information as an endogenous variable.

Chin 1998, as cited by [62], conceived $R^2$ values of 0,.67, 0.33, and 0.19 as substantial, moderate, and weak, respectively. Thus, the $R^2$ value of o.640 of the study is denoted as substantial.

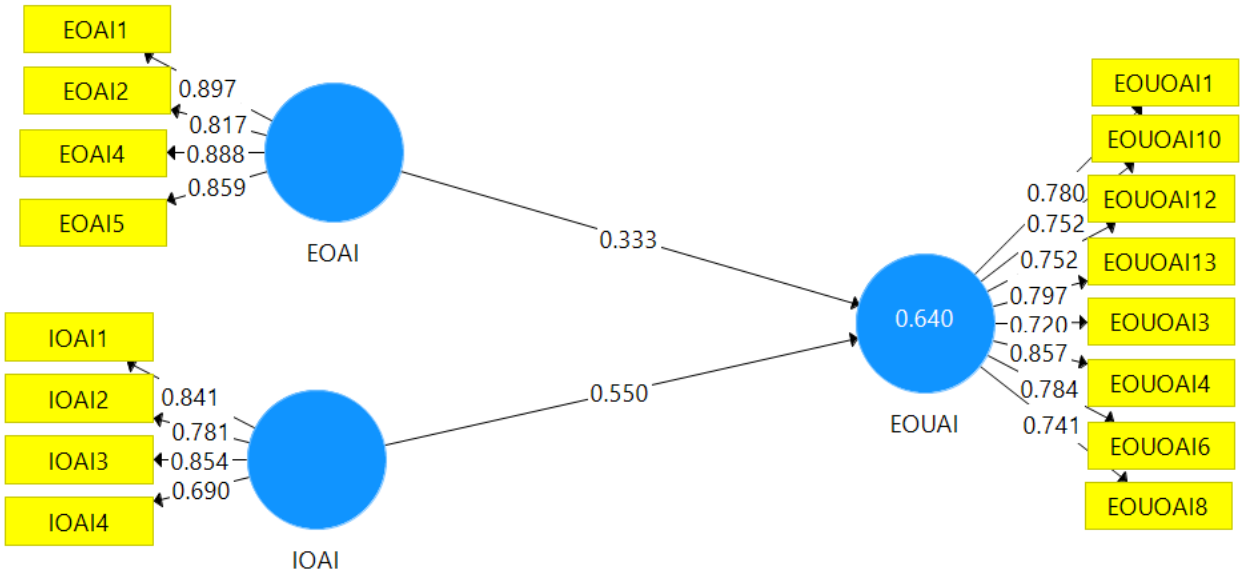


**Fig 2: Assessment of the Structural Equation Model**

### 4.3.2 EVALUATION OF THE PATH COEFFICIENTS (BETA-VALUES)

The path coefficients refer to the standardized beta coefficients of ordinary least squares having values ranging between -1 and +1 [40], [63]. Lindansky 1988 cited [64] postulate that path coefficients show the significant direct effect of independent construct on the dependent construct. Thus, the path coefficient is used to test theorized relationships between the study's variables. To test the hypothesis, non-parametric bootstrapping was conducted in Smart PLS-SEM at 0.05 p-value, single-tailed (1.65), and 5000 re-sampling cases [52]. The results on path coefficient were compared with the standard metrics of accepting hypothesis when the T value is above 1.65 and p-values equal to or less than 0.05 [52].

**Table 7: Structural Estimate (Hypothesis Testing)**

| Hypothesis | Path coefficients | T Statistics | P Values | ($Q^2$) | Effect size ($f^2$) | SRMR | Decision |
|---|---|---|---|---|---|---|---|
| HI: Expectations on the content of AI -> Extent of usage of AI | 0.333 | 4.002 | 0.000 | 0.345 | 0.191 | 0.084 | Supported |
| H2: Ability to interpret AI –Extent of usage of AI | 0.550 | 7.876 | 0.000 | 0.345 | 0.520 | 0.084 | supported |

**Source**: Survey data March 2022: Note: p<0.05 single-tailed t-statistics value> 1.65

Table 7 above shows the results of a theorized structural model. Expectations on the content of accounting information and ability to interpret accounting information were confirmed as positive and statistically significant factors associated with the extent of usage of accounting information. Thus, both hypotheses (H1) and (H2) are accepted.

### 4.3.3 EVALUATION OF PREDICTIVE RELEVANCE ($Q^2$)

The predictive relevance of the model was tested using blindfolding, which showed a value of 0.345, as presented in Table 7, justifying a medium predictive relevance of the model as it is greater than 0. As a general rule, $Q^2$ values indicate values greater than 0, 0.25, and 0.50 depict the PLS path model's small, medium and large predictive accuracy [56].

### 4.3.4 EVALUATION OF MODEL FITNESS

Equally, the model fit was tested and confirmed via PLS-SEM using a standardized root mean residual (SRMR) criterion value of 0.084, which falls within the acceptable range of SRMR<0.08 or values below 0.10 [55], [65].

### 4.3.5 EVALUATION OF EFFECT SIZE ($f^2$)

Furthermore, the effect size ($f^2$) measures the degree of impact of each exogenous (independent) constructs on endogenous (dependent) latent construct in the structural model [66], [67]. As a rule of thumb, $f^2$ denotes small, moderate, and large effect when it is higher than 0.02, 0.15, and 0.35, respectively [66]. Concerning Table 7, ability to interpret accounting information have a large effect on the extent of usage of accounting information ($f^2$=0.520), followed by expectations of content of accounting information ($f^2$=0.191) which has a moderate impact on the extent of use of accounting information.

## 5.0 DISCUSSION AND CONCLUSION

The findings as per Table 7 above indicated that the expectations on content of accounting information was positive and statistically significant (p-value=0.000) factor associated with the extent of accounting information usage. This result concurred with [10], who underscored the political expectations of using accounting information for decision-making and claimed an extensive expectation gap regarding the decision usefulness of audit reports in the private sector. In addition,[68] supported the finding above, which acknowledged the existence of a wide expectation gap between users' needs and compliance requirements for financial reporting in Malaysia. In the same vein, the result was also supported by [47] that the existence of the audit expectation gap in Nigeria was not posing a serious threat. Furthermore, [69] found MPs had high initial expectations of using the accounting information, but actual subsequent usage, as measured in two follow-up surveys, indicated a significant drop in their expectations due to the unmet usefulness demand of accounting information.

However, the study above was contrasted by [70], who confirmed that accounting information expectation was an insignificant factor associated with the extent of usage of accounting information. The empirical research showed no evidence to justify the expectation gap in Singapore regarding preparing financial reports, reliability statements, and decision usefulness of audited financial accounts [70].

Multidimensional expectations [in terms of objective, measures, usefulness, and applicability] are the root cause of role conflict [47]. In Tanzania's public corporations' context, stakeholders (producers and users) of accounting information have varying expectations. As a challenge, no one size can fit all, as the usefulness of accounting information to one group may not be relevant to other stakeholders [71]. Therefore, when developing and implementing policy-making for the usefulness of accounting information, the driving force should be "stakeholder's needs and expectations" [72]. In this view, bridging producers and users' expectations gap is necessary for increasing auditors' credibility and the extent of usage of accounting information by the Public Accounts Committee.

Furthermore, the results in Table 7 above showed that the ability to interpret accounting information was a statistically significant (p-value=0.000) factor associated with the extent of usage of accounting information. The result above was in agreement with [6], who argued that ability to interpret accounting information is enhanced by assistance from a finance expert that translates accounting information into a readable context in terms of contents and formats that can be valued, preferred, and understood by politicians, hence increasing usage of accounting information. Further, another supporting study by[73] found that culture using its impact on the accounting value of secrecy influences the interpretation of probability expression (such as probable, expected, remote) in international financial reporting standards (IFRS) to establish disclosure.

Furthermore, the study also concurred with previous findings by [74], who found that the budget format influences the extent of usage of accounting information for decision-making. In the same vein,[75] acknowledged that the format of budget based on outputs enhances usage by politicians as opposed to the format of budget based on statistically insignificant input. Similarly,[10], [26], [76] acknowledged the importance of the budget officers, agents, or brokers possessing accounting skills for supporting the

ability to interpret accounting information through detailed analysis, clarifications on budget issues and expertise in other matters of concern to MPs. Again, in a translator's role, the suppliers must ensure accounting information possesses quality, relevance, and appropriateness to influence the ability to interpret accounting information indirectly, hence improving the extent of usage of accounting information [26]. In buttressing the above issue,[77] acknowledged that the annual performance report's content needs to be "presented in a simple, easy to digest and clear for interpretation" with little support from financial experts. The contrasting studies that ability to interpret accounting information is a statistically insignificant determinant of the extent of usage of accounting information can be evidenced by[78], who found an absence of a trade-off between liquidity and profitability in using accounting information.

Chapman, 1998 and Jonsson, 1998 cited by[34] that accounting is a technical language that politicians have to interpret and from which they construct meaning. However, the meaning is "socially constructed, internalized, and shared" among people [35]. Equally, [36] claimed that meaning is context-dependent. Therefore, politicians' behaviors are shaped by 'meanings, values, and beliefs created and shared among Parliament members' [35]. Ability to interpret accounting information is a crucial aspect of enhancing the extent of usage of accounting information. Interpretations enable users to be more informed, hence wise decision making. In the Tanzanian context, accounting information is translated into the Swahili language in order to enhance adequate understanding. Therefore, the ability to interpret accounting information is crucial for accountability and decision-making purposes by politicians in overseeing public corporations.

The above results both support the theory of accounting information usefulness by validating the antecedents of human cognitive variables of expectations on content of accounting information and ability to interpret accounting information as explaining and predicting the extent of accounting information usage.

The study contributed to theoretical and empirical dimensions. Theoretically, the study contributed to the theory of accounting information usefulness that expectations on content of accounting information and ability to interpret accounting information impact the extent of usage of accounting information by PAC in Tanzania public corporations, but the results are context sensitive. Therefore, theoretical implication stands as it was theorilized in the conceptual framework above that expectations on content and ability to interpret accounting information positively impact extent of usage of accounting information.

Similarly, results showed that public corporations are generating accounting information to meet the statutory obligations but with little value addition to the parliamentary oversight committee. Therefore, empirical contributions to Tanzania public corporations should ensure that they produce well-constructed, relevant, and appropriate accounting information. Politicians drive demand as users to enhance the extent of usage of accounting information in the public sector. However, the results added to empirical findings on using accounting information in developing countries' contexts, which is relatively scarce researched.

The study-specific objective was to examine variables associated with the extent of usage of the accounting information by the Public Accounts Committee in Tanzania Public Corporations. The hypothesized relationships were based on the theory of accounting information usefulness to exert factors associated with the extent of usage of accounting information. Both expectations on content of accounting information and ability to interpret accounting information indicated positive and statistically significant associated effect with the extent of use of accounting information. Multiple expectations of producers and Public Accounts Committee as users of accounting information can be improved through synchronization of their needs. Further, assigning a proper meaning (interpretation) to accounting information is a sine qua non for an effective and valuable addition to the parliamentary oversight committee regarding accountability and decision making. Politicians can interpret accounting information, but sometimes with the support of brokers, external auditors, budget experts, and other collaborating financial experts.

The current study confirmed that ability to interpret accounting information is a factor associated with the extent of usage of accounting information. However, ability to interpret mediates past knowledge, the experience of users, users' awareness, users' perceptions, and the context of the decision-making [7], [32]. Therefore, future studies should consider incorporating interpretation as a mediator to examine politicians' use or non-use of accounting information. The second restriction was that the study used the PLS-SEM as a tool for analysis which initially provides promising results in the measurement model but

later becomes statistically insignificant in the structural model. Therefore, a study is suggested to be performed using the same model but using different statistical tools.

Furthermore, the theory of accounting information usefulness includes other mental factors influencing behavioral intention that are not exhaustive in the study. Again, the current study was limited for generalization to110 Public Accounts Committee members and ex-members that overseer public corporations. However, the study recommends to the Parliament, Regulators, practitioners, and other relevant stakeholders, to consider the findings of this study by producing policy necessary to actuate usefulness of accounting information in public corporations. The current practice of using accounting information by politicians in Tanzania public corporations is expected to be enhanced, leading to unquestionable extent of usage of accounting information.Similarly, the suppliers of accounting information must ensure accounting information possesses a quality, relevance, and appropriateness to influence the ability to interpret accounting information and meet expectations on content of accounting information, hence improving the extent of usage of accounting information in Tanzania public corporations.

## REFERENCES


[1] A. Budding, G & Faber, "Usage of Accounting Information in the Dutch Political Arena," in *CIGAR Conference*, 2019.

[2] D. Giacomini, "Use of accounting information by mayors in local governments," *Int. J. Public Adm.*, vol. 43, no. 4, pp. 341–349, 2019.

[3] I. Lapsley, "Debate: Politicians' use of accounting information—the myth of rationality," *Public Money & Manag.*, vol. 42, no. 3, pp. 140–141, 2022.

[4] J. van Helden and C. Reichard, "Making sense of the users of public sector accounting information and their needs," *J. Public Budgeting, Account. & Financ. Manag.vol 31(4), 478-495*, 2019.

[5] IPSASB, *International Public Sector Accounting Standards: IPSAS 1 - Presentation of Financial Statements*. Retrieved on May 25th 2022 from www.ifrs.org, 2020.

[6] S. Jorge, M. A. J. de Jesus, and S. P. Nogueira, "The use of budgetary and financial information by politicians in parliament: a case study," *J. Public Budgeting, Account. & Financ. Manag.vol 31(4), 539-557*, 2019.

[7] H. A. G. Ouda and R. Klischewski, "Accounting and politicians: a theory of accounting information usefulness," *J. Public Budgeting, Account. Financ. Manag.*, vol. 31, no. 4, pp. 496–517, 2019.

[8] B. A. Rutherford, "Developing a conceptual framework for central government financial reporting: intermediate users and indirect control," *Financ. Account. & Manag.*, vol. 8, no. 4, pp. 265–280, 1992.

[9] E. Guarini, "The day after: newly-elected politicians and the use of accounting information," *Public Money & Manag.*, vol. 36, no. 7, pp. 499–506, 2016.

[10] J. Van Helden, "Literature review and challenging research agenda on politicians ' use of accounting information," vol. 0962, pp. 954–962, 2016.

[11] J. van Helden, "Literature review and challenging research agenda on politicians' use of accounting information," *Public Money & Manag.* vol. 36, no. 7, pp. 531–538, 2016.

[12] M. Ezzamel, N. Hyndman, A. Jonsen, and J. Pallot, "Accounting, Accountability and Devolution: A Study of the Use of Accounting Information by Politicians in the Northern Ireland Assembly's First

Term," *Irish Account. Rev.*, vol. 12, no. 1, pp. 39–62, 2005.

[13] J. Hughes and M. Parry, "The Musings of Frustrated Government Accountants," vol. XVIII, no. 1, pp. 43–49, 2018.

[14] K. Lüder, "Accrual Accounting and Budgeting in Government--A History of the Hessian 'New Administrative Management (NVS)' Project," in *14th Biennial CIGAR Conference, Birmigham*, 2013.

[15] J. Caruana and B. Farrugia, "The use and non-use of the government financial report by Maltese Members of Parliament," *Accounting, Audit. & Account. J.vol 31[4], 1124-1144*, 2018.

[16] AAPPG, "Strengtheing Parliaments in Africa:Improving Support," *Econ. Soc. Aff.*, vol. 16, no. June, pp. 1–10, 2008.

[17] R. Pelizzo and F. Stapenhurst, *Government accountability and legislative oversight*. Routledge, 2013.

[18] USAID, "Handbook on Legislative Strengthening." USAID Washington, DC, 2000.

[19] V. Wang, *The accountability function of parliament in new democracies: Tanzanian perspectives*. Chr. Michelsen Institute, 2005.

[20] R. Noordin, Y. Zainuddin, and M. Tayles, "Strategic management accounting information elements: Malaysian evidence," *Asia-Pacific Manag. Account. J.* Vol. 4, no. 1, pp. 17–34, 2009.

[21] L.-M. Sinervo and P. Haapala, "Presence of financial information in local politicians' speech," *J. Public Budgeting, Account. & Financ. Manag 31(4), 558-577.*, 2019.

[22] A. Diamantopoulos and A. L. Souchon, "Measuring export information use: scale development and validation," *J. Bus. Res.* vol. 46, no. 1, pp. 1–14, 1999.

[23] B. Faber and T. Budding, "Roles and user characteristics as driving forces of information use in the Dutch parliament," *Public Money & Manag.* Vol 42(3), pp160-168, 2022.

[24] E. Haustein, P. C. Lorson, L. O. Oulasvirta, and L.-M. Sinervo, "Perceived usability of local government (LG) financial statements by local councillors: comparative study of Finland and Germany," *Int. J. Public Sect. Manag.*, 2021.

[25] L. Mbelwa, "Factors influencing the use of accounting information in Tanzanian local government authorities (LGAs): An institutional theory Approach," in *The Public Sector Accounting, Accountability and Auditing in Emerging Economies*, Emerald Group Publishing Limited. Vol 15 pp 143-177, 2015.

[26] I. Saliterer, S. Korac, B. Moser, and P. Rondo-Brovetto, "How politicians use performance information in a budgetary context: New insights from the central government level," *Public Adm.*, vol. 97, no. 4, pp. 829–844, 2019.

[27] M. Ezzamel, N. Hyndman, Å. Johnsen, I. Lapsley, and J. Pallot, "Experiencing institutionalization: the development of new budgets in the UK devolved bodies," *Accounting, Audit. & Account. J. Vol 20(1), 11-40*, 2007.

[28] H. Ouda, "Accounting and politicians: A theory of accounting information usefulness," in *Practice-Relevant Accrual Accounting for the Public Sector*, Springer, 2021, pp. 255–306.

[29] K. A. Schwarz, R. Pfister, and C. Büchel, "Rethinking explicit expectations: connecting placebos, social cognition, and contextual perception," *Trends Cogn. Sci.*, vol. 20, no. 6, pp. 469–480, 2016.

[30] IASB, "Conceptual Framework for Financial Reporting At a glance," *Framework*, no. September, pp. 767–785, 2018.

[31] J. P. Leighton, "Students' interpretation of formative assessment feedback: Three claims for why

we know so little about something so important," *J. Educ. Meas.*, vol. 56, no. 4, pp. 793–814, 2019.

[32] B. J. Fogg, "Prominence-interpretation theory: Explaining how people assess credibility online," in *CHI'03 extended abstracts on human factors in computing systems*, 2003, pp. 722–723.

[33] O. U. Qiong, "A brief introduction to perception," *Stud. Lit. Lang.*, vol. 15, no. 4, pp. 18–28, 2017.

[34] L. Daff and L. D. Parker, "Accountants' perceptions of communication in not-for-profit organisations: inhibitors, enablers and strategies," *Accounting, Audit. & Account. J. Vol 33(6), 1303-1333*, 2020.

[35] P. M. Collier, *Accounting for managers: Interpreting accounting information for decision making*. John Wiley & Sons, 2003.

[36] K. J. Gergen, *Toward transformation in social knowledge*. Springer Science & Business Media, 2012.

[37] M. Jakobsen and V. Worm, "The Need for a Phenomenological Perspective in International Business Studies: Different Philosophies of Science and Their Consequences," in *Adapting to Environmental Challenges: New Research in Strategy and International Business*, Emerald Publishing Limited, 2020.

[38] A. Thornhill, M. Saunders, and P. Lewis, "Research methods for business students," *Essex Pearson Educ. Ltd*, vol. 7th, 2016.

[39] N. Zeng, Y. Liu, P. Gong, M. Hertogh, and M. König, "Do right PLS and do PLS right: A critical review of the application of PLS-SEM in construction management research," *Front. Eng. Manag.*, vol. 8, no. 3, pp. 356–369, 2021.

[40] J. F. Hair, C. M. Ringle, and M. Sarstedt, "PLS-SEM: Indeed a silver bullet," *J. Mark. Theory Pract.*, vol. 19, no. 2, pp. 139–152, 2011.

[41] J. F. Hair, M. Sarstedt, and C. M. Ringle, "Rethinking some of the rethinking of partial least squares," *Eur. J. Mark.*, 2019.

[42] E. Groenland and J. Stalpers, "Structural equation modeling: A verbal approach," *Nyenrode Res. Pap.*, no. 12–02, 2012.

[43] H. J. Ter Bogt, "Politicians in Search of Performance Information?-Survey Research on Dutch Aldermen's Use of Performance Information," *Financ. Account. & Manag.*, vol. 20, no. 3, pp. 221–252, 2004.

[44] A. ALMUTAWAA, "Perceptions of Corporate Annual Reports' Users toward Accounting Information and Voluntary Disclosure and its Determinants: The Case of Kuwait," Durham University, 2013.

[45] S. Royo, A. Yetano, and J. Garcia-Lacalle, "Accountability Styles in State-Owned enterprises: The good, the bad, the ugly... And the pretty," *Rev. Contab. Account. Rev.*, vol. 22, no. 2, pp. 156–170, 2019.

[46] M. Liguori, M. Sicilia, and I. Steccolini, "Some like it non-financial… Politicians' and managers' views on the importance of performance information," *Public Manag. Rev.*, vol. 14, no. 7, pp. 903–922, 2012.

[47] P. Olojede, O. Erin, O. Asiriuwa, and M. Usman, "Audit expectation gap: an empirical analysis," *Futur. Bus. J.*, vol. 6, no. 1, pp. 1–12, 2020.

[48] S. Tooley and J. Hooks, "Public accountability: The perceived usefulness of school annual reports," *Australas. Accounting, Bus. Financ. J.*, vol. 4, no. 2, pp. 39–59, 2010.

[49] J. F. George, A. Mirsadikov, and B. E. Mennecke, “Website credibility assessment: an empirical-investigation of prominence-interpretation theory,” *AIS Trans. Human-Computer Interact.*, vol. 8, no. 2, pp. 40–57, 2016.

[50] N. Kock, “One-tailed or two-tailed P values in PLS-SEM?,” *Int. J. e-Collaboration*, vol. 11, no. 2, pp. 1–7, 2015.

[51] H. A. Bakke, S. W. Sarinho, and M. T. Cattuzzo, “Study of the multidimensionality of the mabc-2 (7 to 10 years old) in children from the metropolitan region of Recife-PE,” *J. Phys. Educ.*, vol. 29, 2018.

[52] J. F. Hair Jr, G. T. M. Hult, C. M. Ringle, and M. Sarstedt, “A primer on partial least squares equation modeling (PLS-SEM).” Sage Publication, Inc.: Thousand Oaks, CA, USA, 2017.

[53] T. K. Dijkstra and J. Henseler, “Consistent partial least squares path modeling,” *MIS Q.*, vol. 39, no. 2, pp. 297–316, 2015.

[54] J.-M. Becker, C. M. Ringle, and M. Sarstedt, “Estimating moderating effects in PLS-SEM and PLSc-SEM: Interaction term generation* data treatment,” *J. Appl. Struct. Equ. Model.*, vol. 2, no. 2, pp. 1–21, 2018.

[55] J. Henseler *et al.*, “Common beliefs and reality about PLS: Comments on Rönkkö and Evermann (2013),” *Organ. Res. methods*, vol. 17, no. 2, pp. 182–209, 2014.

[56] J. F. Hair, J. J. Risher, M. Sarstedt, and C. M. Ringle, “When to use and how to report the results of PLS-SEM,” *Eur. Bus. Rev. Vol 31(1), 2-24*, 2019.

[57] J. F. Hair, W. C. Black, B. J. Babin, and R. E. Anderson, “Multivariate Data Analysis (new int. ed.),” *Harlow Pearson Educ.*, 2014.

[58] J. Henseler, C. M. Ringle, and M. Sarstedt, “A new criterion for assessing discriminant validity in variance-based structural equation modeling,” *J. Acad. Mark. Sci.*, vol. 43, no. 1, pp. 115–135, 2015.

[59] K. K.-K. Wong, “Partial least squares structural equation modeling (PLS-SEM) techniques using SmartPLS,” *Mark. Bull.*, vol. 24, no. 1, pp. 1–32, 2013.

[60] G. Franke and M. Sarstedt, “Heuristics versus statistics in discriminant validity testing: a comparison of four procedures,” *Internet Res.*, 2019.

[61] C. M. Voorhees, M. K. Brady, R. Calantone, and E. Ramirez, “Discriminant validity testing in marketing: an analysis, causes for concern, and proposed remedies,” *J. Acad. Mark. Sci.*, vol. 44, no. 1, pp. 119–134, 2016.

[62] J. L. Roldán and M. J. Sánchez-Franco, “Variance-based structural equation modeling: Guidelines for using partial least squares in information systems research,” in *Research methodologies, innovations and philosophies in software systems engineering and information systems*, IGI global, 2012, pp. 193–221.

[63] J. F. Hair Jr, M. C. Howard, and C. Nitzl, “Assessing measurement model quality in PLS-SEM using confirmatory composite analysis,” *J. Bus. Res.*, vol. 109, pp. 101–110, 2020.

[64] R. Ojha *et al.*, “Correlation and path coefficient analysis of wheat (Triticum aestivum L.) genotypes,” *Farming Manag.*, vol. 3, no. 2, pp. 136–141, 2018.

[65] L. Hu and P. M. Bentler, “Fit indices in covariance structure modeling: Sensitivity to underparameterized model misspecification.,” *Psychol. Methods*, vol. 3, no. 4, p. 424, 1998.

[66] J. F. Hair Jr, M. Sarstedt, L. Hopkins, and V. G. Kuppelwieser, “Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research,” *Eur. Bus. Rev. Vol 26(2), 106-121*, 2014.

[67] U. Zaman, S. Nawaz, S. Tariq, and A. A. Humayoun, “Linking transformational leadership and ‘multi-dimensions’ of project success: Moderating effects of project flexibility and project visibility using PLS-SEM,” *Int. J. Manag. Proj. Bus.Vol 13(1), 103-127*, 2019.

[68] M. Tayib, H. M. Coombs, and J. R. M. Ameen, “Financial reporting by Malaysian local authorities: a study of the needs and requirements of the users of local authority financial accounts,” *Int. J. Public Sect. Manag. Vol 12(2), 103-120*, 1999.

[69] J. C. McDavid and I. Huse, “Legislator uses of public performance reports: Findings from a five-year study,” *Am. J. Eval.*, vol. 33, no. 1, pp. 7–25, 2012.

[70] P. J. Best, S. Buckby, and C. Tan, “Evidence of the audit expectation gap in Singapore,” *Manag. Audit. J.Vol 16(3), 134-144*, 2001.

[71] J. Harrison, P. Rouse, and C. de Villiers, “Accountability and performance measurement: A stakeholder perspective,” *J. Cent. Cathedra Bus. Econ. Res. J.*, vol. 5, no. 2, pp. 243–258, 2012.

[72] P. Linna, S. Pekkola, J. Ukko, and H. Melkas, “Defining and measuring productivity in the public sector: managerial perceptions,” *Int. J. Public Sect. Manag.Vol 23(5), 479-499*, 2010.

[73] J. E. Ayadi, S. Damak, and K. Hussainey, “The impact of conservatism and secrecy on the IFRS interpretation: the case of Tunisia and Egypt,” *J. Financ. Report. Account.Vol 19(2), 234-271*, 2020.

[74] G. A. Grizzle, “Does budget format really govern the actions of budgetmakers?,” *Public Budg. & Financ.*, vol. 6, no. 1, pp. 60–70, 1986.

[75] R. Raudla, “The use of performance information in budgetary decision-making by legislators: Is Estonia any different?,” *Public Adm.*, vol. 90, no. 4, pp. 1000–1015, 2012.

[76] P. Duisenberg, “New development: How MPs in the Dutch parliament strengthened their budgetary and accounting powers,” *Public Money & Manag.*, vol. 36, no. 7, pp. 521–526, 2016.

[77] S. Mwombela, “Using Annual Performance Reports to Manage Public Resources in Tanzania.” Dar es Salaam: REPOA, 2012.

[78] S. Hristova, D. Stevcevska-Srbinoska, I. Mileva, and A. Zafirova, “Trade-off between liquidity and profitability: an empirical study of pharmaceutical sector in the Republic of North Macedonia,” *Timisoara J. Econ. Bus.*, vol. 12, no. 2, pp. 127–148, 2019.