EFFECTS OF COUNCIL-RELATED INTERNAL DETERMINANTS ON FINANCIAL SUSTAINABILITY OF SELECTED LOCAL GOVERNMENT AUTHORITIES IN TANZANIA: THE MODERATING ROLE OF GOOD GOVERNANCE

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CERTIFICATION

The undersigned certify that they have read and hereby recommend for acceptance by the Open University of Tanzania (OUT) a thesis titled: **"Effects of Council - Related Internal Determinants on Financial Sustainability of Selected Local Government Authorities in Tanzania. A Moderating Role of Good Governance",** in fulfilment of the requirements for the award of the Degree of Doctor of Philosophy (PhD) in Finance of the Open University of Tanzania.

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DECLARATION

I, **Elimbinzi E. Mlay,** declare that, the work presented in this thesis is original. It has never been presented to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine bona fide. It is hereby presented in fulfilment of the requirement for the Degree of Doctor of Philosophy in Finance (PhD) of the Open University of Tanzania.

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Signature

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Date

DEDICATION

This work is dedicated to my parents, the late Mr Elisaria Yesaya Mlay and my beloved mother Wedaeli Joel Kanza.

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ABSTRACT

This study examined the Council-related internal determinants of financial sustainability of selected local government authorities in Tanzania using good governance as a moderating variable in knowledge advancement. Study objectives were; to examine the effect of financial planning , financial monitoring and financial control on financial sustainability. Also, the moderating effect of good governance on the relationship between financial management practices and financial sustainability was examined. The study applied agency theory and Institutional theory. It employed a survey strategy with a total of 330 respondents. Structural Equation Modelling (SEM) was used for data analysis. The results revealed that financial planning, financial monitoring and financial control have positive and significant relationships with financial sustainability. The multi-group analysis confirmed positive moderation of good governance on both paths of financial monitoring and financial control on financial sustainability. . The practical implication of the findings is that, institutions that promote effective financial planning, monitoring, and control contribute to long-term financial sustainability, and that prioritizing governance reforms in local government, including transparency measures, oversight mechanisms, and citizen engagement. It underscores that effective governance structures can strengthen the alignment of interests between principals (citizens, taxpayers) and agents (local government authorities), leading to better financial outcomes.

***Keywords**: Financial Sustainability, Local Government Authorities, Good Governance, Financial Controls*

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CR	Composite Reliability
FC	Financial Control
FM	Financial Monitoring
FP	Financial Planning
FS	Financial Sustainability
G G	Good Governance
GFI	Goodness of Fit Index
LGA	Local Government Authorities
MFI	Micro Finance Institution
NFI	Normed Fit Index
NGOs	Non-Governmental Organizations
PCFI	Parsimony Comparative Fit Index
PLS	Partial Least Square
PMO	Prime Minister Office
RFI	Relative Fit Index
RMR	Root Mean Square Residual
RMSEA	Root Mean Square of Approximation
SEM	Structural Equation of Modelling
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social science

TLI	Tucker - Lewis Index
TSCP	Tanzania Strategic Cities Project
ULGSP	Urban Local Government Strengthening Programs
URT	United Republic of Tanzania
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

1.1 Background of the Problem

One of the most significant factors for Local government LGAs to consider while fulfilling their functions is financial sustainability (Fellows, *et al.,* 2022) Financial sustainability is the capacity of an organization to accumulate and manage the limited resources available to execute its purposes successfully and efficiently over time without depending on external funding sources (Aneta, *et al.,* 2021). The same is true for the Local Government Authorities (LGAs), which are in charge of providing services to the residents of their areas. As such, LGAs must assure financial sustainability so as to provide present services without jeopardizing its ability to do so in the future (Fellows, *et al.,* 2022).

The local government Authorities, are considered to be agents of the central government and are tasked with dealing largely with issues that affect the local population of a given district or location (Sikander 2005) Local governments function as the primary public administrative authorities for a certain geographic area or region within a country. They offer local political representation and support the social, cultural, and economic growth of the communities they serve (Thapa, 2020; Shah & Shah, 2006). They are frequently referred to be the level of government that is "closest to the people" because they typically represent the lowest level of the governmental structure (Beer and Prance, 2012).

By delivering services to the residents of their respective areas, local governmental

Authorities (LGAs) serve in this position as the central government's representative. These local government Authorities work as the agents of central government and the central government stands as principal. The central tenet of the Agency theory is that potential conflicts arise when local government administrators and the central government are motivated by disparate organizational objectives (Pham, & Nguyen, 2020). Hence, accountability in terms of monitoring and control techniques such as financial planning, financial monitoring, and financial controls are required to ensure financial sustainability (Xingxing, 2012).

The key dimensions connected with financial sustainability at the local/regional level include: revenue, services and debts (Citro, *et al.*, 2018). Indeed, restoring a sustainable balance between revenue and expenditure and debts remains a huge challenge, prompting financial sustainability to become a prominent idea in public organizations and businesses (Augustine 2022). In addition to that financial sustainability is affected by the internal factors such as financial planning, monitoring and financial control (Aneta, *et al*., 2021).

McQuestin, (2021) argues that since previous studies only highlighted one factor—the internal budgeting procedures (budget inaccuracy) that showed a significant correlation with financial sustainability, more scholarly attention needs to be paid to examining other internal determinants of financial sustainability such as financial planning, financial monitoring and financial control. The existing scholarly literature, which is mostly focused on the identification of external determinants, may benefit from further investigations that throw light on previously missed internal determinants of financial sustainability.

This study builds on the Agency Theory and applies the Institutional Theory to moderate the relationships between internal determinants (financial planning, financial monitoring and financial controls) on financial sustainability based on the fact that a good governance practice increases efficiency by lowering agency costs through improving monitoring and facilitating access to valuable resources through resource supply (Aguilera & CuervoCazurra, 2004). The concept of good governance has been widely applied in the establishment of development programs at its valuable undertaking; a thorough analysis is necessary to understand its significance, as it arises from the historical context in which numerous governments faced crises related to development and legitimacy as a result of poor governance.

According to Motubatse, Ngwakwe and Sebola (2017), good public sector governance promotes wise decision-making, efficient use of resources, and holds the management of those holdings accountable multinational organizations like the IMF have studied the solution for sound governance and assessed the issue of transparency, claim Lamdany & Martinez-Diaz (2009). In order to elucidate the concept of governance, Ojok and Basheka (2016) list four components: accountability, transparency, participation, and predictability. On the basis of the same observations, (Abd-Aziz et al., 2015) contend that the following elements—strategic vision, involvement, effectiveness and efficiency, consensus orientation, transparency, responsiveness, equity building, accountability, and rule of law—are necessary for good governance in the public sector.

Furthermore, there is a conflicting finding among scholars on the influence of financial planning on financial sustainability which found negative and significant relationship (Abiodun et al., 2020; Adeki & Okoth, 2019). While another scholar found positive and insignificant relationship (Mujennah et al.,2019). At the same time other researchers found positive and significant relationship between financial planning and financial sustainability (Abdulkaddir, 2021; Mahmood et al 2021; AlQersh, 2021; Abiodun et al., 2020). Similarly, there is a disagreement among scholars on the effect of financial monitoring on financial sustainability. For instance, Mbilla, (2020); Adegboyegun, et al (2020) found positive and insignificant relationship while Adeki & Okoth (2019) found negative and significant relationship, Chilingat et al. (2018); Kumar et al. (2019), found positive and significant relationship between financial monitoring and financial sustainability.

Scholars also disagree about the influence of financial controls on financial sustainability. For instance, Aneta *et al.* (2021); Kumari et al., (2019), found positive and insignificant association between financial controls and financial sustainability, while Abiodun (2020) found negative and significant relationship although (Dagane, & Kihara, (2021); Ocholla et al., (2022); Ahmed & Ng'anga (2019), found positive and significant relationship. This discrepancy leaves a research gap that must be filled.

Therefore, this study examined the effects of financial planning, financial monitoring and financial controls on financial sustainability of LGAs while considering a good governance as a moderating variable to strengthen the relationship between internal determinants and financial sustainability based on the fact that previous studies suggest that a good governance can be used as a moderator (Puttlasina*, et al.,* 2022; Hassan*, et al.,* 2021). More specifically, the respondents were the accountants and internal auditors as they are being involved in LGAs financial planning, monitoring and controls in the operations of all cities and municipal councils in Tanzania.

To the researcher's knowledge, scant studies have looked at the effect of financial planning, financial monitoring, and financial controls on the financial sustainability of LGAs while taking good governance into account as a moderating variable, despite the fact that LGAs play a significant role in fostering social and economic development in Tanzania (URT 2021). Hence, this research tries to close this gap.

1.2 Statement of the Problem

Tanzania has a total of 185 LGAs. More than 70% of LGAs in Tanzania failed to reach their revenue collection targets, despite ongoing changes in local government in Tanzania aimed at improving LGA performance (URT 2022). The most successful financial year was 2015–16, with 81 percent of LGAs meeting their targets for annual income collection. The rate was lowest in the 2018–19 fiscal year, when 73% of LGAs fell short of their revenue collection targets (URT, 2020). LGAs have significantly improved their own-source income collections by collecting a total of TZS 891.84 billion in the financial year 2021/22, an increase of around 17% from the collection TZS 760.95 billion in the previous year.

LGAs had numerous internal financial sources; however, they were unable to collect the intended TZS 76.59 billion. Seventy-six (76) LGAs out of the 184 LGAs failed to allocate and contribute the necessary proportion of TZS 22.37 billion to development initiatives (URT 2022). Additionally, there was a theft of funds in the LGAs, where TZS 435.02 billion was spent to buy more building materials than were necessary, TZS 898.85 was wasted, and TZS 3.5 was borrowed but not paid back on time (URT 2022) as a result of this more expenditures were incurred without value for money which weakened the financial sustainability of LGAs in providing other services to the community. Financial pressure on local governments, especially their financial sustainability, has intensified as a result of the LGA's failure to properly manage revenues, expenditure and debts (Augustine 2022). The gap between the revenue collected and the necessary expenditure to tackle the crisis is larger than usual, which, therefore, might require exceptional mechanisms to offset the additional costs and/or the fall in revenue (Forman, et al., 2020).

Nonetheless, numerous studies have been carried out in LGAs to identify the best methods for enhancing LGAs' financial sustainability (Ameer et al., 2019; Masenga, 2021; Mbogo, 2022; Ocholla, *et al.*, 2022; McQuestin, 2021; Kessy, 2020)), crucial managerial components of analysis are either entirely absent or dispersed and understudied, specifically the internal determinants of financial sustainability such as financial planning, financial monitoring, financial controls and their effects on financial sustainability of LGAs using good governance as moderator variable in Tanzania (McQuestin, 2021).

Additionally, the majority of current research on financial sustainability is done in other developing and developed nations, such as Kenya country government

(Panyoko et al. 2024), Indonesia (Ginting et al. 2024),Sri Lanka's banking sector (Kumari *et al*. 2019), Hamed (2023) Saudi Arabian banking sector, Nigeria's listed companies (Abiodun, *et al.,* 2020), Yemen's manufacturing firms (AlQersh 2021)), Kenya's NGOs (Chilingat *et a* 2018) and Indonesia's local government areas (LGAs) (Aneta, et al., (2021) and Australia; (MacQuest 2021). Also, there are few prior studies on the financial sustainability of LGAs specifically the influence of internal determinants on financial sustainability of LGAs (Mbogo 2022).

As a result of the conflicting results from the studies conducted in the context of financial sustainability, there is no strong theoretical foundation for the relationship between financial planning and financial sustainability. For instance, it has been discovered that there is a positive but insignificant association between financial planning and financial sustainability (Abiodun *et al*., 2020; Adeki & Okoth 2019). There were negative and significant correlations revealed by Mujennah, *et al.*, (2019), while Mahmood et al (2021); AlQersh (2021) Abdulkaddir (2021) found positive and significant relationship. On other hand, regarding the effect of financial monitoring on financial sustainability, there is also no agreement.

Researchers like Mbilla (2020) and Adegboyegun, et al., (2020), found positive and insignificant effects while Adeki & Koth (2019) found a negative but insignificant relationship between financial monitoring and financial sustainability, while other researchers like Chilingat *et al.* (2018), and Kumari et al. (2019), found a positive but significant relationship, Scholars also dispute about the effect of financial controls on financial sustainability For instance, Aneta *et al*. (2021) found positive and insignificant association between financial controls and financial sustainability. While the study by Abiodun *et al* (2021) found negative and significant relationship.

Financial controls and financial sustainability have a positive and substantial association, according to studies by Kumari *et al* (2019), as well as a positive and insignificant relationship (Dagane, & Kihara, 2021; Ocholla et al., 2022). However, considering the different scenarios, these studies were carried out outside of Tanzania, which provided the basis for this study.

Furthermore, to the best of the researcher's knowledge, little research has been conducted globally or specifically in Tanzania to look at the moderating effect of good governance on the effect of financial planning, financial controls, and financial monitoring on the financial sustainability of LGAs. The introduction of institutional theory as a moderating variable increases the strength of agency theory in predicting financial sustainability. As a result, this justifies carrying out this study in order to fill in the theoretical and contextual gaps.

1.3 Research Objectives

1.3.1 General Objective

The main objective of this research was to evaluate the effects of Council- Related Internal Determinants on Financial sustainability of selected LGAs in Tanzania, using good governance as a moderating variable.

1.3.2 Specific Objectives

The study based on the following specific objectives:

i. To examine the effect of financial planning on financial sustainability of the selected Local Government Authorities in Tanzania.
ii. To examine the effect of financial monitoring on financial sustainability of the selected LGAs in Tanzania.
iii. To examine the effect of financial controls on financial sustainability of selected LGAs in Tanzania
iv. To examine moderating role of good governance on the relationships between internal determinants and financial sustainability of LGAs in Tanzania

1.4 Significance of the Study

The results of this study add to our understanding of the financial viability of a few Tanzanian LGAs. The results also provide a point of reference for future studies on the financial viability of particular LGAs in Tanzania. From a theoretical perspective, the study expands on our understanding of how internal determinants affect the financial sustainability of the chosen LGAs in Tanzania using the framework of Agency theory. Additionally, it enhances the predictive power of the Agency theory by extending its applicability to internal determinants of financial sustainability LGAs and incorporating good governance as a moderating variable. The introduction of good governance was deemed to have a noteworthy impact on the correlation between the internal determinants and the financial sustainability of LGAs. Practically, study findings help management of LGAs and the central Government to have more understanding of financial sustainability and internal factors that influence financial sustainability of the LGAs. Through this understanding, management of LGA can be able to come up with adequate financial planning together with effective and efficient financial monitoring and control mechanisms. The results of this study clarify whether enhancing financial accountability procedures can address the issue of financial sustainability. The data is essential for LGA management and stakeholders, as they can enhance their LGAs' financial sustainability by implementing accountability measures.

1.5 Relevance of the Study

This study aims to fill a contextual gap because, to the best of the researcher's knowledge, no research has been done to examine the moderating effect of good governance on the influence of financial planning, financial monitoring, and financial controls on the financial sustainability of LGAs in Tanzania. This opened the door for further study on the impact of financial planning, financial monitoring, and financial controls on the financial sustainability of LGAs from developing countries, particularly in LGAs. The agency theory's predictive power for financial sustainability was strengthened by the application of institutional theory as a moderating variable. As a result, theoretical contribution has been attained.

The study's findings can be used by the policy makers of central government to strengthen its policies and directives on the financial sustainability of local government Authorities (LGAs). The study's findings can also be used by top management of LGAs to ensure that their specific LGAs' revenue, spending, and debt are properly managed.

1.6 Organization of the Thesis

This study is organized in six chapters. The first chapter covers background of the problem, statement of the problem, research objectives (general and specific objectives), justification and relevance of the study. Both theoretical and empirical literature reviews are covered in chapter two. It offers a conceptual foundation and research gap as well. The research methodology used in this study is presented in chapter three. Chapter four reports data analysis and hypothesis testing, Chapter five covers the discussion of the study findings while chapter six provides conclusion, recommendation, limitations of the study and areas for future research. Lastly a list of referenced materials has been provided together with appendices.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter focuses on the theoretical and empirical literatures reviews regarding financial sustainability of LGAs. The purpose of reviewing the literature is to present in detail the range of previous studies that are related to this study (Yin 2011). Consequently, main areas to be addressed include definition of fundamental concepts, theories guiding the study, empirical literature review with its tabulation together with theoretical and conceptual framework.

2.2 Conceptual Definitions

2.2.1 Financial Sustainability

Sustainability, according to Navarro-Galera et al. (2016), is commonly understood to be a council's ability to carry on with its current operations for the provision of local public services into the future while maintaining its financial position. Financial sustainability is the capacity of an organization to accumulate and manage the limited resources available to execute its purposes successfully and efficiently over time without depending on external funding sources (Edem, 2017). However, there are a variety of definitions in use, no "standard" approach to measuring sustainability, and a number of interconnected components that make up sustainability (Caldas *et al.,* 2021).

One aspect of sustainability is financial sustainability, which encompasses a number of related concepts. As a result, any attempt to summarize sustainability using a single index will always include some implicit value judgment, making it arbitrary and only useful in specific situations. A sustainability paradigm with "social," "environmental," "economic," and "governance" components is advocated by Da Cruz & Marques (2014, p. 167), who warn that "discretionary aggregation methods are theoretically incorrect and in general produce meaningless scores."

For the aim of this study, the definition given by Edem (2017) is extended to define financial sustainability as capacity of an organization to accumulate and manage the limited resources available to execute its purposes successfully and efficiently over time without depending on external funding sources. The definition has been extended to cover the internal determinants of financial sustainability such as financial planning, financial monitoring and financial controls.

2.2.2 Financial Planning

Chelangat et al. (2018) state that financial planning is an essential tool for determining the critical tasks necessary to accomplish a particular objective. Activities like budget management, setting overhead caps, financial reporting, analyzing financial plans, and involving stakeholders all fall under this umbrella. Financial planning is defined in another study by Mbogo et al. (2021) as the process of forecasting future occurrences and determining how operations should be carried out in accordance with specified targets established by the company. The working definition of Mbogo et al., (2021) will be used in this study, nevertheless, as it is contemporary and pertinent to the topic at hand.

2.2.3 Financial Controls

According to Towett, *et al.,* (2019) financial control refers to guidelines and practices put in place by a company or organization to monitor, manage, and report on its financial resources and activities income statements, cash flow statements, budget sheets, accounting systems, and operating ratios. In a similar vein, financial controls were described by Augustine (2022) as a process intended to assist an organization's resources that are influenced by the structure, work and authority flows, people, and management information systems of the entity. However, the study adapted the definition by Augustine (2022) because it is suitable for this study.

2.2.4 Financial Monitoring

Monitoring, according to Mbilla et al. (2020), is the process of evaluating the effectiveness of internal control framework's performance over time, like self-evaluations, peer reviews, internal audits, financial reporting and monitoring of fund. In a similar vein, Adegboyegun (2020) defined monitoring as a continuing function that aims primarily to provide the management and main stakeholders with early indications of positive or negative progress, in the achievement of objectives. Therefore, the proposed study will make use of Mbilla et al. (2020)'s definition, which is more comprehensive and applicable because it contains the study's construct.

2.2.5 Good Governance

Bubalio (2023) defined good governance as a bundle of admirable characteristics, showing how organization ought to be carried out by ensuring efficient by enforcing rule of law, transparency and accountability in decision making processes. In the similar vein good governance is defined by Hong & Linh, (2023) as principles and policies that help businesses orient, operate, and control; hence, it is considered a valuable mechanism for improving firm value. Therefore, the proposed study will adopt the definition by Bubalio (2023) because it comprehensive and more relevant as it contains construct of the study.

2.2.6 Local Government Authorities

According to Eckersley *et al*. (2023) local government is defined as the important government agencys that oversee a particular country's territory or region, offering local political representation and promoting the social, cultural, and economic advancement of the community they serve. According to Obisanya, and Hassan (2022), local government refer to the administrative bodies that are responsible for governing and managing local areas or regions within a country. However, the study adopted the definition by Eckersley *et al.,* (2023) because it is current and suitable for this study.

2.3 Theoretical Literature Review

2.3.1 Related Theories

To understand the concept of financial internal determinants and sustainability of LGAs, various theories were reviewed which include the Agency theory and Institutional theory.

Agency theory: Agency theory was first presented by Alchian & Demsetz (1972), and it was built upon by Jensen & Mackling (1976). According to the tenet, companies enter into a service agreement with another company. Therefore, the theory's foundations are principal and agent linkages. When the principal authorizes the other party (agent) to carry out a certain task on their behalf, an agency link result (Eisenhardt, 2009). According to the theory, both the organization and the managers have particular motivations that they share and that encourage positive working relationships.

Agency theory states that owners give directors control over business governance; yet, on occasion, directors fail to consider the interests of the owners, which create an agent dilemma and a moral risk (Pham& Nguyen, 2020). The directors as agent may therefore tend to profit more than the shareholders by utilizing their knowledge of economic resources (Hussain, et al., 2018). To address this challenge, it is necessitating monitoring and control measures such as monitoring and evaluation, financial planning and financial controls, Agency Theory raises awareness of the necessity of internal controls in organisations even though it may not specifically mention their presence. (Towett, et al., 2019). The theory also contends that in order to make sure that their agents behave in accordance with predetermined goals and expectations, principals must adopt a variety of policies, practices, systems and strategies, most notably implementing internal control practices like financial planning, financial monitoring, and financial controls (Abiodun. (2020).

According to agency theory in connection with this study, there are numerous and complex principal-agent connections for the LGAs in Tanzania (Nyman et al., 2005). For instance, the Whole Council is in charge of managing the entire political structure of the LGAs. As a result, the agents who represent the LGAs give the Councilors (principals) periodic reports. On the other hand, the Councilors must also keep the general public updated on all LGA matters. Commonly, this is done in public meetings, with the citizens acting as the principals and the Councilors as their agents.

Residents can ask councilors about the state of social and development activities taking place in their communities during these forums. Administratively, all LGA representatives connect with the government through PMO-RALG, the parent ministry. LGA officials are required to provide a full accounting of the LGAs' general administration in their capacity as the government's agents. This general management is then the subject of numerous checks by the government, including external audits.

In the agency theory it is criticized that, stewardship approach presupposes an unrealistic alignment of the interests of the capital owners and the director (the agent), which calls into question the agency theory. It has also been thoroughly debunked that it only applies to capitalist countries with developed economies (Getie, et al., 2010) Nevertheless, the agency theory has been deemed pertinent to this study since it backs up the claims that the principal (central government) should make sure that control measures are implemented in order for the agent (LGAs) to accomplish their goals (Nyaramba & Ngugi 2014). The condition of LGAs' financial sustainability may also be explained by agency theory. For instance, the theory might explain how the self-serving actions of LGAs management (agents) affect the wellbeing of citizens (principals). Their behaviours include misusing of LGAs funds when it comes to using financial and non-financial resources (Muranda 2006; Kloha et al., 2005).

Therefore, the recognition of financial planning, monitoring, and controls in resolving the agent problem require more than agency theory can explain in the establishment and operation of various settings (Abdulllah 2014; Mihret et al., 2007). In order to increase the ability of Agency theory to explain its underlying effects on the financial sustainability of LGAs in Tanzania, it is necessary to include Institutional theory because through established principles, the government requires good corporate or good governance. Agency theory focuses more on internal mechanisms to align interests and reduce agency costs (Jensen & Meckling, 1976). In contrast, institutional theory provides insights into how external institutional pressures shape governance practices (DiMaggio & Powell, 1983). In practice, researchers and practitioners often integrate elements from both theories to understand the complexities of governance. They examine how institutional pressures (institutional theory) interact with internal governance mechanisms (agency theory) to affect organizational outcomes such as financial performance, sustainability, and stakeholder trust (Scott, 2001; Tihanyi et al., 2003). "If the principles of Good Government Governance are applied to the government, a government's performance will be better," stated Beshi and Kaur (2020).

Institutional theory: This study used neo-institutional theory (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 1995) it is further argued that the set of good governance practices that the OECD (2019) considered as being universally accepted is the result of a rationalized norm. Along with increased globalization and digitalization, other factors also played a role in the institutionalization of the global good governance norm.

First, the introduction of good corporate governance codes and other regulatory changes subject firms to work under a great deal of legitimacy pressure (Galaskiewicz & Wasserman, 1989) to embrace a set of globally approved board practices presuming good governance (Zattoni & Cuomo, 2008) as a result of the presence of various forces pressuring them to comply to the globally legitimate good governance norm. Efficiency and legitimacy, which are not necessarily mutually exclusive but may coexist and complement one another (Ntim & Soobaroyen, 2013; Tolbe, are the two main reasons why neo-institutional theory contends that coercive, normative pressures can compel firms to adhere to the good governance norm.

According to academics, companies that adhere to the good governance norm can increase efficiency by lowering agency costs through improved monitoring and facilitating access to valuable resources (Aguilera & CuervoCazurra, 2004). The Local Government system is a recognized organization with laws and bye-laws. When the theory is applied effectively, performance will increase, and local governments will be better able to deliver services in an efficient and effective manner. According to critics by Lawrence, & Hardy (2004) Institutional theory has been criticized because of the tendency to concentrate on the outcomes of institutionalization. Because of this, companies are now viewed as empty "black boxes" that contain nothing of value. As institutions are not static and are subject to pressure to change as a result of competition for resources and changing stakeholder expectations, institutional theory has also come under fire for insisting on the homogeneity of practices, structures, policies, and rules that are presumed to be unchanging (Goodstein & Scott, 2002; Maged & Ahmad, 2016). This criticism is understandable, however.

Additionally, it is thought that institutionalization creates routines, dependable structures, habits, and roles that are particularly resistant to shift unless the dominant actor presents an effective and successful alternative institutionalization (Utilizinger, 1987). The theory has been criticized, but it has survived them, and many scholars have found it to be trustworthy in grasping the concept of good government (Yuliya *et al.*, 2021). Institutional theory views good governance as a set of norms, practices, and rules that are socially constructed and embedded within institutional environments, emphasizing the importance of conforming to institutional expectations and pressures in shaping organizational behavior (DiMaggio & Powell, 1983). From this perspective, good governance practices are influenced by external forces such as legal frameworks, cultural norms, industry standards, and stakeholder expectations, with organizations conforming to these norms to gain legitimacy and maintain their standing in the institutional environment (Scott, 2001). Integrating institutional theory with agency theory can be particularly useful in predicting the financial sustainability of local government authorities, as it allows for a comprehensive understanding of how external institutional pressures (like regulatory and cultural expectations) interact with internal governance mechanisms (such as financial controls and accountability practices) to affect financial outcomes and sustainability (Tihanyi et al., 2003). Because of this, institutional theory is important to inform effective governance in LGAs in Tanzania, working in conjunction with agency theory.

2.4 Empirical Literature Review

2.4.1 The Effect of Financial Planning on Financial Sustainability

The research by Abdulkadir (2021) investigates how financial sustainability of regional NGOs based in Addis Ababa is affected by accountability. NGOs were chosen at random to participate in the study and multiple regression was used to analyze the data. The findings indicate positive and significant relationships. Nevertheless, because only local NGOs working in Ethiopia were included in the study, findings are only applicable to specific organizations, making it unable to generalize the findings.

Another study by Mahmood, *et al.*, (2021) from Pakistan on the effect of strategic planning on the financial sustainability of small and medium-sized firms (SME). The SEM for data analysis discovered positive and significant relationships. Future studies may recommend this paradigm for use in other organizational contexts. Likewise, Abiodun, *et al.*, (2020) from Nigeria conducted a study in the firms listed in the capital market examine the effect of financial planning on financial sustainability using purposive sampling, sample size 50 employee.

Ginting (2024) investigated the relationship between regional financial independence at regency/city governments in North Sumatra Province and the following factors:

wealth, balance fund, capital expenditure, employee expenditure, and budget financing surplus.. Descriptive statistics, the traditional assumption test, multiple linear regression analysis, and hypothesis testing are the methods used for data analysis.

Based on the results, it can be concluded that while balance funds have a significant negative impact on regional financial independence, capital and employee expenditures have a significant positive impact. Regional Financial Independence is unaffected by Local Government Size, Wealth, or Budget Financing Surplus. Every independent variable influences regional financial independence at the same time.

The results from multiple regressions reveal that financial planning has negative and significant relationship. Another study by AlQersh, *et al*., (2021) from Yemen, examined the effects of financial planning on the financial sustainability of SMEs manufacturing firms, using structural equation model revealed a positive and significant relationship. The sample was restricted to manufacturing SMEs, which constrained the generalizability of the results to other industries. Future researchers may focus on different fields. Similar research was conducted by Kenyan researchers. Odek, & Okoth (2019) on the effect of financial planning on the financial sustainability of distribution companies. Multiple regression analysis indicates a negative and significant relationship. The study, however, was limited to distribution companies.

Panyako & Miroga (2024) looked at how the budgeting process affected the Kenyan county government of Trans Nzoia County's financial performance. The correlation design and agency theory served as the paper's guiding principles. The findings indicated a moderately positive relationship between financial performance and financial planning.

The impact of financial planning on the long-term financial viability of manufacturing companies was evaluated in a Kenyan study by Mbogo & Macharia (2021). When structural equation modeling was applied, the outcomes demonstrated a strong and positive correlation. However, it was restricted to manufacturing SMEs; further research ought to consider other domains, such as local government authorities.

The impact of financial planning on the performance of the Cape Metropolis in South Africa was examined by Enow and Kamala (2022). The results showed that sound financial planning was essential to the city's performance. But the study didn't concentrate on long-term financial viability.
The performance of public hospitals in Machakos County was studied by Muthama (2022) in relation to the preparation of cash estimates. It was clear that budgeting helped with expense projections, which improved accountability for the hospitals' financial management. Nevertheless, the study did not rely on the local government representatives.

Mpora (2023) investigated how Ugandan financial institutions' performance was impacted by their internal control framework. Using both quantitative and qualitative methods, a mixed research design was used to accomplish the goals. The effectiveness of the internal control system and firm performance are significantly positively correlated. Nevertheless, the study did not consider the local government authority's financial sustainability.

The effect of financial planning on the financial sustainability of local government authorities is examined in the study by Indonesian researcher Mujennah, *et al.,* (2019). The study reveals a positive but insignificant relationship. However, because purposive sampling was used in the study, results cannot be generalized (Table 2 -1).

H_1: Financial planning has positive effect on financial sustainability of selected LGAs in Tanzania

Table 2.1: Previous Studies on the Effect of Financial Planning on Financial Sustainability

Authors	**Country**	**Industry**	**Sampling Unit**	**Sampling Method**	**Sample Size**	**Analytical Method**	**Relationships**
Abdulkaddir, (2021)	Ethiopia	NGOs	Employees	Simple Random Sampling	215	Multiple Regression	Positive Significant
Mahmood, *et al.,* (2021)	Pakistan	SMEs industrial sector	Employees	Stratified Probability Technique	384	SEM	Positive and Significant
AlQersh, (2021)	Yemen	SMEs-manufacturing firm	Managers	Random Sampling	397	SEM	Positive and Significant
Abiodun, *et al* (2020)	Nigeria	Firm	Listed Companies	Purposive Sampling	50	Multiple Regression	Negative Significant
Odek & Okoth, (2019).	Kenya	Distribution companies	Employees	Census Survey Technique	38	Multiple Regression	Negative and Significant
Mujennah, *et al.,* (2019)	Indonesia	LGAs	Employees	Purposive	39	Multiple Regression	Positive and Insignificant
Mbogo M and Macharia, (2021)	Kenya	Manufacturing	employees	Simple random	234	SEM	Positive and significant
Ginting et al, (2024)	Indonesia	Public sector	Employees	Purposive sampling	28	Regression	Positive and significant
Bunyako et al (2024)	Kenya	Public sector	Employees	Purposive sampling	76	Regression	Positive and moderate
Enow & Kamala (2022)	South Africa	Public sector	Employees	Purposive sampling	200	Regression	Positive and significant
Mpora et al (2022)	Uganda	Financial institution	Employees	Purposive sampling	118	Regression	Positive and significant

2.4.2 Financial Monitoring and and Financial Sustainability

The study by Chelangat *et al* (2018) on the effect of financial monitoring on financial sustainability of NGOs, carried out in Kenya, using a multiple regression model showed a strong and positive relationship. Although the study's conclusions are restricted to NGOs, future research should take other sectors.

Mbilla, *et al.,* (2020) did a further study in Ghana looking at the effect of financial monitoring on financial sustainability of listed bank.. The outcomes of multiple regressions revealed a positive but insignificant relationship. Unfortunately, the use of the purposive sample technique limits the generalizability of results due to bias. Similar to this, Odek & Okoth (2019) from Kenya did a study in distribution enterprises to examine, the effect of financial monitoring on financial sustainability. The results indicated positive and significant correlations. This study is restricted to distribution corporations in Kenya, other businesses, particularly those in the public sector (local government authorities), are not considered.

In order to evaluate the effect of financial monitoring on the long-term financial sustainability of non-governmental organizations (NGOs), Dagane & Kihara's (2021) study from Kenya. A positive and significant relationship is shown by the results of multiple regressions. But it only looked at NGOs; further research ought to take local government authorities and other sectors into account.

Hamed's (2023) study from Saudi Arabia evaluated the impact of financial monitoring on the financial sustainability of banks The results of multiple regression, which was used, indicate a significant and positive relationship. It was restricted to banks, though, and additional research ought to take local government authorities and other sectors into account.

Panyako & Miroga (2024) looked at how the budgeting process affected the Kenyan county government of Trans Nzoia County's financial performance. The correlation design and agency theory served as the paper's guiding principles. The findings indicated a moderately positive relationship between financial performance and financial monitoring. Nevertheless, the research was carried out outside of Tanzania.
Mpora (2023) looked into how the internal control framework of financial institutions in Uganda affected their performance. To achieve the objectives, a mixed research design that combined quantitative and qualitative methods was employed. The study included 118 respondents in total, selected through a combination of simple random and purposive sampling methods. There exists a significant positive correlation between the efficacy of the internal control system and the performance of the firm. However, the financial sustainability of the local government authority was not considered by the study.

Another study, conducted by Sri Lankan researchers Kumari, *et al.*, (2019), looked at the effect of financial monitoring on the financial sustainability of banking organizations.. The results showed a substantial positive association. The results are restricted to banking institutions, and the sample size is modest, which is the study's main drawback.

The impact of financial controls on the financial sustainability of NGOs was evaluated in a Kenyan study by Dagane & Kihara (2021). A positive and significant relationship is shown by the results of multiple regression. It did, however, only focus on NGOs; future studies ought to take local government authorities and other sectors into account.

On other hand Adegboyegun, *et al.*, (2020) conducted study from Nigeria examining the effect of financial monitoring on financial sustainability in the SMEs.. The analysis of data done logistic regression estimate revealed positive and insignificant relationship However, this study was limited to only one state which limit the generalization of findings (Table 2-2).

H_2: Financial monitoring has positive effect on financial sustainability of selected LGAs in Tanzania

Table 2.2: Previous Studies on the Effect of Financial Monitoring on Financial Sustainability

Authors	Country	Industry	Sampling unit	Sampling method	Sample size	Analytical method	Relationships
Chilingat *et al* (2018)	Kenya	NGOs	NGOs employees	Convenience sampling	550	Multiple regression	Positive and significant
Mbilla (2020)	Ghana	Banking	employees	Purposive sampling	300	Multiple regression	Positive and insignificant
Odek, & Okoth (2019).	Kenya	Distribution companies	employees	Census survey	38	Multiple regression	Negative and significant
Kumari *et al*. (2019)	Sri Lanka	Banking	employees	Stratified sampling	70	Multiple regression	Positive and significant
Adegboyegun,*et al* (2020)	Nigeria	SMEs	employees	purposive	120	Logistic regression estimate	Positive and insignificant
Hamed, (2023)	Saud Arabia	Banking	Employees	Simple random sampling	118	Multiple regression	Positive and significant
Dagane & Kihara (2021)	Kenya	NGO	Managers	Simple random	100	Multiple Regression	Positive and significant
Panyako & Miroga(2024)	Kenya	Public sector	Employees	purposive	76	regression	Positive and moderate
Mpora et al (2022)	Uganda	Financial institutions	employees	Simple random	118	Regression	Positive and significant

2.4.3 The Effects of Financial Controls on Financial Sustainability

The study from Kenya by Dagane, & Kihara, (2021), assessed the effect of financial controls on the financial sustainability of NGOs. Multiple regression was utilized and results show positive and significant relationship. However, it was limited to NGOs, the other research should consider other areas including local government Authorities. The study by Kenyan researchers Ochola, *et al.*, (2022) looked at the effect of financial controls on financial sustainability of the public sector.. The outcomes of the multiple regressions a positive and significant relationship. Unfortunately, the public sector analysis did not consider the municipal governments.

On the other hand, Ahmed & Ng'anga, (2019) conducted research in Kenya to examine the effect of financial controls on financial sustainability. Data analysis using multiple regression the results demonstrate a positive and significant relationship. However, the fact that this study's data came from just one state placed certain restrictions on it. So, the generalizability of our findings to other states will be constrained. Abiodun (2020) from Nigeria conducted a study in the enterprises listed on the capital market to assess the effect of financial controls on financial sustainability. Multiple regression analysis' findings show a negative and substantial association. Yet, because the study employed biased purposive sampling, conclusions cannot be generalized.

Hamed (2023) Saudi Arabian studied the effect of financial control on the financial sustainability of banks. There is a strong and positive correlation, according to the results of the multiple regression analysis that was done. However, it was limited to banks, and further study should consider local government agencies and other industries.

Mpora (2023) looked into how the internal control framework of financial institutions in Uganda affected their performance.. There exists a significant positive correlation between the efficacy of the internal control system and the performance of the firm. However, the financial sustainability of the local government authority was not considered by the study.

Panyako & Miroga (2024) examined the impact of the budgeting process on the financial performance of the Trans Nzoia County government in Kenya. The paper was guided by the agency theory and the correlation design. The results showed a somewhat positive correlation between financial control and performance. However, the study was conducted outside of Tanzania.

The effect of financial controls on the financial sustainability of the North Gorontalo Regency Government was examined in the study carried out in Indonesia by Aneta et al. (2021).). The results show a positive and significant relationship. Bashaija, *et al.*, (2020) conducted a study to examine the effects of MFI financial control in Rwanda. The study used stratified sampling in conjunction with a cross-sectional research approach.

Prior research has been conducted to ascertain the impact of auditing and budget control on an organization's financial performance. For instance, Hartenian (2021) looked at how the internal audit function affected Middle Eastern organizations' performance during tumultuous times.. According to the study, the perceived efficacy of budget control and auditing was dependent on a number of factors, including the management's support for internal audit procedures, the competence of human resources, the independence of decentralized units, the right function size, and the relationship between internal and external audit. The relationship between budget control, auditing, and financial performance in devolved government units was not examined in this important study.

The study's findings show a positive and significant relationship. Kumari, *et al*., (2019) did another study from Sri Lanka to investigate the effect of financial controls on the financial sustainability of the banking industry. Seventy employees were the sample size for the study's stratified sampling technique. Multiple regression analysis was used. The findings, revealed insignificant but favourable correlation. The study, however, was restricted to the banking industry; subsequent studies should consider other sectors, such as LGAs (Table 2-3).

H_3: Financial controls has positive effect on financial sustainability of LGAs in Tanzania

Table 2.3: Earlier Studies on the Effect of Financial Controls on Financial Sustainability

Author	**Country**	**Industry**	**Sampling unit**	**Sampling method**	**Sample size**	**Analytical method**	**Relationship**
Dagane, & Kihara, (2021)	Kenya	NGO	Employee - Garisha	Census sampling	50	Multiple regression	Positive and significant
Ochola, *et al*. (2022)	Kenya	Public Sector	Devolved Government Employees	Stratified sampling	433	Multiple regression	Positive and significant
Ahmed & Ng'anga, (2019)	Kenya	Public Sector	Employee-Costal Region	Purposive sampling	47	Multiple regression	Positive and significant
Abiodun (2020)	Nigeria	Firms	Employees	Purposive sampling technique	50	Multiple regression	Negative and significant
Aneta *et al* (2021)	Indonesia	Public Sector	Employee	purposive	84	PLC SEM	Positive and insignificant
Kumari *et al.*, 2019	Sri Lanka	Banking	Employees	Stratified sampling	70	Multiple regression	Positive and insignificant
Ginting et al (2024)	Indonesia	Public sector	Employees	Purposive sampling	28	Regression	No effect
Mpora et al (2022)	Uganda	Financial institutions	Employees	Simple random	118	regression	Positive and soignificant
Panyako & Miroga (2024	Kenya	Public sector	Employees	Purposive	76	Regression	Positive and moderate
Hamed, (2023)	Saud Arabia	Banking	employee	Simple random sampling	118	Multiple Regression	Positive and significant

2.4.4 Moderating Role of Good Governance

There is scant research on the influence of effective governance on the interplay between financial planning, monitoring, and controls. Financial planning and sustainability have been studied (Abdulkaddir, 2021; Mahmood, *et al.,* (2021); AlQersh, 2021; Abiodun, et al., 2020; Odek, & Okoth 2019); earlier research also established the effect of financial monitoring on sustainability (Chilingat, *et al*., 2018; Mbilla, 2020; Odek & Okoth 2019).; Kumari, *et al.,* 2019; Adegboyegun, *et al.,* 2020), Financial sustainability and controls Dagane & Kihara, (2021) (; Ochola *et al.,* 2022; Ahmed & Ng'anga, (2019).; Abiodun. 2020; Aneta, *et al*., 2021; Kumari, *et al*., 2019) are discussed separately.

More particularly, it is suggested that strong governance will act as a moderator in the interaction between financial planning, monitoring, and controls on LGAs' financial sustainability in order to give the agent theory more predictive power when projecting financial sustainability good governance practice enables increase efficiency by lowering agency costs through improving monitoring and facilitating access to valuable resources through resource supply (Aguilera & Cuervo Cazurra, 2004).

2.5 Research Gap

This study used institutional theory as a moderating variable, which, as far as the researcher is aware, has never been used. Agency Theory has been more strengthened in predicting financial sustainability. Regarding the effect of financial planning on financial sustainability, academics are divided. Because of this, developing a solid theoretical basis for the interaction between the two notions is challenging (Abdulkaddir, 2021; Mahmood *et al* (2021); AlQersh, 2021; Abiodun *et al.*, 2020; Odek, & Okoth 2019) Inconsistent and contentious findings were also noted regarding the connections between financial controls and financial sustainability (Chilingat *et al.*, 2018; Mbilla, 2020; Adeki & Okoth 2019; Kumari, *et al*., 2019; Adegboyegun,*et al* 2020); and between financial monitoring and financial sustainability (Dagane, & Kihara, 2021) ; Ochola *et al*., 2022; Ahmed & Ng'anga, 2019).; Abiodun. 2020; Aneta *et al*., 2021; Kumari *et al*., 2019) these contradictory findings produce a research gap that has to be filled.

However, the majority of earlier research on the effect of financial planning, monitoring, and controls on financial sustainability focused on developed and developing nations in other sectors, such as banking, NGOs, and other private sectors (Abdulkaddir, 2021; Mahmood, *et al.*, 2021; AlQersh, 2021; Abiodun, *et al*., 2020; Adeki & Okoth 2019). LGAs were not given much consideration by financial sustainability research. The current investigation will therefore close this contextual gap and add to the theory.

2.6 Conceptual Framework

A conceptual model is proposed to direct the empirical study on the basis of an analysis of the convergent literature connected to the research variables.

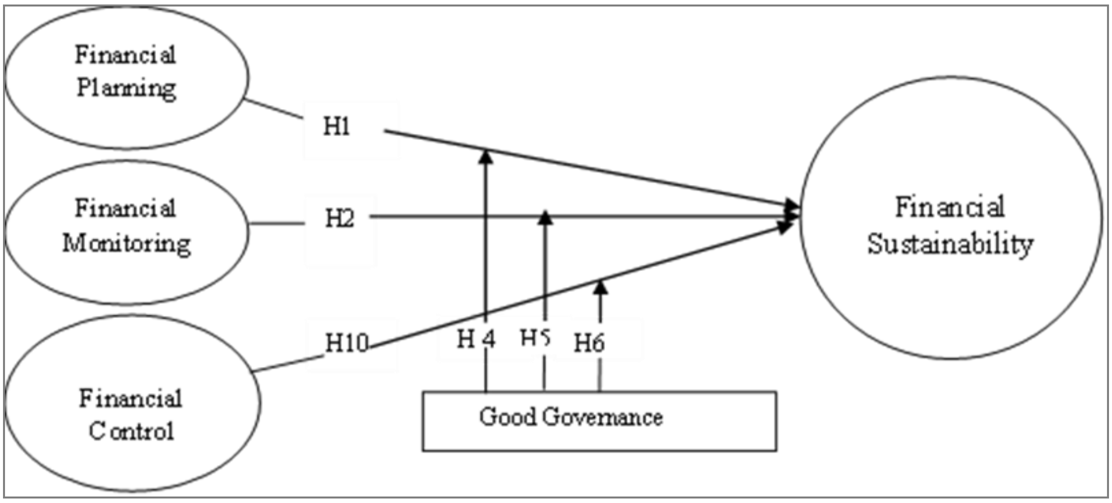

Figure 2.1: Conceptual Framework

Source: Researcher construction based on the synthesis of literatures (2022)

2.7 Research Hypothesis

H_1: Financial planning has positive effect on financial sustainability of selected LGAs in Tanzania

H_2: Financial monitoring has positive effect on financial sustainability of selected LGAs in Tanzania

H_3: Financial controls has positive effect on financial sustainability of LGAs in Tanzania

H_4: Good governance positively moderates the effect of the financial planning on financial sustainability of selected LGAs in Tanzania

H_5: Good governance positively moderates the effect of financial monitoring on financial sustainability of selected LGAs in Tanzania

H_6: Good governance positively moderates the effect of financial controls on financial sustainability of selected LGAs in Tanzania.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Overview

Research methodology is a strategy or plan of action that connects methodologies to the research's outcome and answers the research problem in a methodical way (Creswell, 2009; Kothari, 2004). The methodology for the study is presented in this chapter. The population under study, the research design, strategy, approach, sample size, sampling techniques, data collecting, and research instruments are all explained in this chapter. The chapter also describes how the data analysis plan and research tools were validated to meet the study's research objectives. In order to accomplish the study aims, a way to test the proposed associations was therefore made available by the justified research approach that was chosen.

3.2 Research Philosophy

Research philosophy pertains to the views and presumptions regarding the methods of gathering, examining, and utilizing data related to a specific topic. Generally speaking, there are numerous branches of research philosophy depending on the diversity of subjects (Aarker, et al., 2010). In the study of business and management, research philosophy can be divided into four branches: pragmatism, positivism, realism, and interpretivism. These branches are characterized by philosophical presuppositions like ontology, which describes the nature of reality, axiology, which describes values and ethics, and epistemology, which describes acceptable knowledge (Sounder, Lewis & Thornhill, 2012).

This study used positivism research philosophy. The researcher examined the nature of observable reality (ontology) and develops acceptable knowledge (epistemology) about the topic by collecting and analyzing data to look for a causal relationship (Saunders, Lewis, & Thornhill, 2012). This viewpoint places a strong emphasis on using the impartial scientific method to further scientific understanding (Junjie & Yingxin, 2022). The scientific method calls for the creation of research hypotheses, the gathering of observable, measurable data, and the statistical testing of those hypothesis (Tuboly, 2022).

According to Scotland (2012) positivist philosophy is intended to describe the relationships by identifying causes that influence outcomes. The aims are to come up with laws and form a basis for prediction and generalization. Therefore, in this study the researcher tested the relationships between internal determinants and financial sustainability under the moderation of institutional theory by development and empirical testing of hypothesis.

3.3 Research Approach

Deductive reasoning was used in this study. Sounders et al., (2009) described deductive approach as the one which theory – based hypotheses are formed and research strategy is formulated to test them. Under this strategy, research hypothesis was produced and tested with reference to existing theory (Love & Cott, 2022). The relationship between financial planning, financial controls, financial monitoring, financial sustainability, and good governance were conceptualized at the outset of this study. The data collected were used to evaluate and formulate hypotheses connected to current theory and explain causal relationships between the variables using a deductive approach (Casula, *et al.,* 2021).

3.4 Research Design and Strategy

Explanatory research design was employed in this study. According to Baran (2022), explanatory research design is used when studying cause and effect using a logical method. According to Henseler (2018), the primary goal of an explanatory research design is to identify potential connections between variables that are pertinent to the study's problem. That is to say, the purpose of this study is to clarify how excellent financial planning, financial monitoring and financial control affect the financial sustainability of LGAs under moderating role of good governance. This study employed a survey research strategy in terms of its research design. This tactic fits under the deductive (positivist) paradigm (Rahi, 2017).

In order to evaluate the causal relationship between internal determinants and financial sustainability of LGAs using good governance as a moderating variable, a survey and Structural Equation Modeling techniques were employed in the study. Natalia et al. (2021) claim that survey method enables the collection of quantitative data from a sizable sample, and that the collected data can then be examined quantitatively using both descriptive and inferential statistics.

3.5 Area of the Study

The study was carried out in LGAs specifically major cities in Tanzania, notably Dar es Salaam, Tanga, Mwanza, Arusha, Mbeya, and Dodoma including their municipal councils which involve a population of 800 personnel who are the accountants and auditors and finance officers. These LGAs were chosen on purpose in order to balance (represent) the urban environments of Tanzania's many regions, including the Lake Zone, coastal zone, central zone, northern zone, and southern highlands. Additionally, they serve as the main public administrative authorities for a certain region or geographic area within a country, offering local political representation and promoting the social, economic, and cultural growth of the area they represent (Thapa, 2020; Shah and Shah, 2006).

3.6 Survey Population

A population is a broad category of creatures that all have the same basic traits (Chambers & Odar, 2015). Another straightforward definition of population is "all members of a particular group" (Tiemann, 2010). Hence, the population having the relevant traits that the researcher is seeking to include in the data collection to achieve his or her research goals is the target population. For an organization to be selected from the target demographic, inclusion and exclusion criteria have to be met (Kitchenham & Pfleeger, 2002).

Employees who work for urban local government authorities in Tanzania, specifically all cities and their municipals located in Dar es Salaam, Mwanza, Mbeya, Arusha, Tanga, and Dodoma, who are regularly engaged in activities concerning accounting, finance, and internal audit made up the study population. In light of this, the population and research region selected offered pertinent data for the investigation of the internal determinants of financial sustainability of selected LGAs in Tanzania.

3.7 Sampling Design and Procedure

Probability sampling was used because the investigation was positivist in character. In order to create a stratified random sample of the population, LGAs was divided into municipal councils and city councils, which will make up the two strata. Then, based on the population ratio of each stratum, respondents were chosen through systematic random selection. The ratios from Table 3.1 were utilized to calculate the sample size for each stratum. According to Hair et (2016) a formulas systematic sampling interval was determined based on the sample size of each stratum

$$K = \frac{N}{n} \text{ ………………………………………..…… Eqn. 1}$$

Where:

K is the sampling interval;

N is the population size of the stratum and

n is stratum sample size

The estimation of systematic sampling interval in Table 3-1 indicates that the researcher selected every 2^{th} person on a list of the population for all selected Urban Authorities, because interval is 2^{th} for all urban local government authorities.

3.8 Sample Size

Since it is more challenging to study the complete population when conducting research, samples are used instead (Shi et al., 2022). Therefore, a high sample size is necessary when using structural equation modeling (SEM) (Hair et al., 2011). The general rule recommends that a study have at least 10-15 participants for each variable (Field, 2009), since there are 30 indicator variables in the research instrument. Thus, a sample size of at least 10 x30, = 300 would be adequate. But Kass & Tinsley (1979) recommend having between 5 and 10 participants for each variable, up to a maximum of 300 (Beyond which test parameters). Also, Tabachnick & Fidell (2007) recommend a sample size of 300 to be satisfactory during the factor analysis procedure.

Similarly, Garver & Mentzer (1999) suggested 300 cases to be a good sample size for the studies using Structural Equation Modelling (SEM) especially AMOS as the current study. However, Hoe (2015) suggested a critical sample size of 200 whereas a rule of thumb any number above 200 provided adequate statistical power. The formula returned a sample size of 150 respondents. However, normally researchers increase the sample size by 10% to cover for lost questionnaires, uncooperative and untraced respondents especially when participation is voluntary and anonymous, and also data collection is done by a way of self-administered survey questionnaire (Kish 1965).

In that regard, addition of 10% of the calculated sample size of 300 sums up to an absolute sample of 330 individuals. Therefore, 330 individuals sampled from the target population was the sample size for the study as shown in Table 3.1.

Table 3.1: Sample Distribution by Stratum and Systematic Sampling Interval

SN	Region	Stratum	Sampling unit	Percentage	Sample size (330X Ratio)	Sampling interval K/n
1	Dar es salaam	Kinondoni Municipal council	60	7.5	25	60/25=2nd
		Temeke Municipal council	70	8.75	29	70/29 =2nd
		Ilala city council	100	12.5	41	100/41 =2nd
		Kigamboni Municipal council	30	3.75	13	30/13 = 2nd
		Ubungo Municipal council	40	5	17	40/17 =2 nd
2	Mwanza	Ilemela Municipal Council	50	6.25	21	50/21 =2nd
		Mwanza City Council	110	13.75	45.375	110/45 =2nd
3	Dodoma	Dodoma city council	160	20	66	160/66= 2nd
4	Arusha	Arusha City Council	60	7.5	24	60/24 = 2nd
5	Mbeya	Mbeya City council	70	8.75	27	70/27= 2nd
6	Tanga	Tanga City Council	50	6.25	18	50/18=2nd
	Total		**800**	**100**	**330**	

Source: Research data, (2022)

3.9 Unit of Analysis

The study's frame of reference or the subject of the investigation, whichever comes first, serves as the unit of analysis (Kumar, 2018). Employees from the accounts, finance, and audit departments were analyzed as a unit in this study since it is thought that they are the most qualified to evaluate financial sustainability. The usage of employees results from the fact that those working in these departments are among the crucial players involved in financial planning, financial monitoring, financial controls, as well as governance activities.

3.10 Variable and Measurement Procedures

This study contains three types of variables that were measured namely dependent variables independent variables and moderator variable. Independent variables included financial planning, financial monitoring, financial control whole dependent variable was financial sustainability in addition to that; the moderating variable was good governance. This study adopted measurement which had statistical significance from the previous researchers.

The measurement of variables was done through existing scales from other studies. A five-point Likert scale was used in the measurement of items. This scale was appropriate in this study since a five-point Likert scale provide sufficient details. Otherwise, the use of a seven-point or nine-point Likert scale was regarded to be complex (Lu, 2013). Table 3.2 provides measurement and sources.

Table 3.2: Measurement Variables

Variable	No of items	Code	Measurement items	Measurement	Sources
Financial planning	6	FP	FP 1=Annual budget FP2=Expenditure outside budget FP3=Compare actual expenditure FP4= Maximum expenditure FP5=Accurate financial report FP6=Discussion for financial proposal	Five-point Laker scale =Strongly disagree = Disagree = Neutral =Agree = Strongly agree	Masiega et al., (2021) Chelingat *et al*., (2018
Financial monitoring	6	FM	FM1 =Strict supervision FM2=Audit of internal control FM3= External audit FM4= Discuss audit report FM5=Understanding of internal control FM6= Coordination of activities	Five-point Likert scale. 1 =Strongly disagree 2 = Disagree 3 = Neutral 4 =Agree 5 = Strongly agree	Chelingat *et al*., (2018), Mujennah et al., (2019)
Financial control	6	FC	FC1=Segregation of duties FC2 =Review transactions FC3 =Supervision FC 4=Training FC5= Adhere to provision FC6 = Follow up actions	Five-point Likert scale. 1 =Strongly disagree 2 = Disagree 3 = Neutral 4 =Agree 5= Strongly agree	Mbilla, *et al* (2020), Hussein Umar et al (2018)
Financial sustainability	6	FS	FS1=Surplus FS2=Positive operating margin FS3=Funding diversified FS4=Less fixed cost FS5=adequate resources allocation FS6= money for contingencies	Five-point Likert scale. 1 =Strongly disagree 2 = Disagree 3 = Neutral 4 =Agree 5=Strongly agree	Ejohb et al., (2014) Ejoh,N & Ejom P (2014)
Good governance	6	GG	GG1=available website GG2= ethical compliance GG3= regular audit GG4= independent decision making GG5= compliance with laws and regulations GG6= participation	Five-point Likert scale. 1 =Strongly disagree 2 = Disagree 3 = Neutral 4 =Agree 5 =Strongly agree	Amalia et al (2018) Eckersley et., al (2018) Sudaryati, et.,al., (2018)

Source: Researcher, (2022)

3.11 Method of Data Collection

The primary data for this study was obtained by a self-administered structured questionnaire using the drop and collects method. This method entails delivering questionnaires by hand and then collecting them once they have been completed. The method was utilized because it is trustworthy and appropriate for higher sample sizes (Hair et al., 2016). Also, Bernard (2017) claims that the drop and pick technique enables researchers to obtain data at a relatively low cost from a sizable representative sample of respondents, with a response rate of up to 98%. Age, gender, education level, and work experience-related questions were included in the questionnaire's initial section. Questions on financial planning, financial monitoring, financial controls, and financial sustainability were included in the second half. While Questions about governance were included in the final segment and were made up of various statements inform of five-point Likert – scale.

3.12 Data Analysis Techniques

The data for this were coded and entered into SPSS software using a quantitative methodology. Additionally, Confirmatory Factor Analysis (CFA) and SEM models were done using IBM Amos version 23. There was also descriptive and inferential analysis done.

3.12.1 Descriptive Analysis

The respondents' demographics, including their age, gender, level of education, and geographical location, are presented through descriptive analysis using frequency and percentages. These contribute to the overall image of sample representativeness and improve the validity of the results (Hair et al., 2010). The number of respondents in this study were analysed using percentages based on their gender, age, education, their awareness on financial planning, financial monitoring, financial control, good governance, and how each item in the study constructs was answered. This study gave a broad overview of the sample representativeness, which facilitated the explanation of the results.

3.12.2 Inferential Analysis

In this study, inferential analysis was employed to test a hypothesis through the use of structural equation modelling. Since SEM enables the testing of relationships between one or more independent and dependent variables—which may be discrete or continuous, latent or observed it was chosen over other methods (Ulman, 2006). Structural equation modeling was chosen because, in contrast to other quantitative statistical models, it may be used to investigate the connections between latent constructs that are represented by a variety of measurements (Byrne, 2010). Byrne contends that, in contrast to other multivariate processes, SEM assesses both observable and unobservable variables and that it offers an explicit estimate of measurement errors in the parameters.

This indicates that inferential analysis was utilized by the researcher to ascertain the effect of the independent variable on the dependent variables and the underlying strength of the relationships, considering P values of < or = to 0.05. Confirmatory Factor Analysis (CFA) was also performed using the modification index (MI) estimation method to test the hypotheses and determine whether relationships exist between the observed variables and their underlying latent constructs.

SEM includes two evaluation phases: measurement of model fit and structural model evaluation. Verifying the goodness of fit indices is a step in the measurement model assessment process. It helps to analyse the degree to which latent variables are represented by the observed variables. In structural model assessment, proposed relationships between constructs are evaluated (Ullman, 2006). Byrne (2010) asserted that SEM was capable of analysing a set of relationships between one or more independent variables and one or more dependent variables. SEM is capable to do that because it involved completely and simultaneously tests of those relationships among the variables. In this study, six hypotheses based on the conceptual framework were formulated and analysed simultaneously so as to determine the relationships between constructs.

As SEM accounts for simultaneous equations, it was possible to conduct this kind of analysis because a variable could be both a criterion and a predictor in different equations. As such, compared to other multivariate methods, it is more flexible. Financial planning, financial monitoring, and financial control are the three independent variables in this study. Good governance serves as a moderating variable, and financial sustainability is the dependent variable. SEM is used appropriately in this research. Furthermore, SEM was chosen because it has the capacity to identify and fix errors that other methods are unable to. When using SEM to analyze data, errors could be estimated and eliminated, but common variance was left in place after analysis. This resulted in relationships that were free of measurement error and precise measurement reliability, Hair and others (2010).

Hox and Bechger (2014) argued that although SEM was a suitable multivariate technique in the current study, it was somewhat complex and difficult to understand. They also suggested that more attention should be paid when interpreting SEM results, implying that an adequate sample size was required to produce valid results. The study's researcher made sure that this requirement was satisfied, which produced accurate results. Consequently, SEM models were examined using IBM SPSS Amos software version 23, which produced a number of tables and figures. Two processes are carried out: measuring model fitness and using structural models. The structural model tested the suggested hypothesis, and when models are measured, the validity and reliability of every variable were evaluated.

3.13 SEM Assumptions

In order to prevent drawing the incorrect results, this study examined the SEM assumptions. Hair et al. (2011) assert that it is crucial to make sure SEM assumptions are upheld in order to prevent drawing the incorrect findings. They include missing data and outliers, as well as multivariate normality, linearity, and multicollinearity.

3.14 Multivariate Normality Test

The study evaluated the normality assumption using kurtosis and skewness statistics, as recommended by Liu et al (2020). The accepted absolute values for both Skewness and Kurtosis are 7, which indicate that the normalcy assumption is not being broken (Hair et al., 2010).

3.14.1 Multivariate Linearity Test

In order to ensure linearity, the relationship between the indicator variables and the underlying constructs as well as between one construct and another was examined in this study. Bivariate scatter plots were made for each variable in order to accomplish this. By displaying the trend, shape, and strength of the relationship between the variables through graphical representation, the Scatterplot matrix ensures linearity (Hair et al., 2010; Kline, 2015). The linearity assumption is not violated if the data points are close to a straight line (Awang, 2011).

3.14.2 Multicollinearity Test

According to Kline (2015), multicollinearity can arise when two variables that seem to be measuring different things actually measure the same thing. Since multiple measures are needed to describe a latent construct (unobserved variable), the application of SEM by design solved the multicollinearity problem in this study. The factor analysis techniques reflected this. Since a set of observed variables represents distinct latent constructs, Blunch (2012) argues that multicollinearity cannot occur.

High correlations between the predictor variables are a multicollinearity problem (Kass & Tinsley, 1979). The Variance Inflation Factor (VIF) and tolerance settings were used to test this. Multicollinearity is indicated by a VIF more than 5 and a tolerance value less than 0.2. (Hair, et al., 2011).

3.14.3 Missing Data and Outliers

Survey research has many explanations for missing data. Cheema (2014) lists a few of these: questions that aren't pertinent to the respondent's circumstances, questions that are ignored by the respondent entirely, and difficulties the data collectors have finding the responsive. Conclusions from the study are significantly impacted by the method chosen to handle missing data (Rhoads, 2012). Recognizing the significance of the study therefore requires an understanding of how missing data was handled. Cases with scores significantly different from the rest in a given set of data are referred to as outliers, according to Byrne (2010).

The structured questionnaire used to collect the data for this study was entered into IBM SPSS version 25. Following this, data cleaning included evaluating extreme values, variable labelling, coding and recoding into new variables, and missing value assessment. Using the unique identifiers, the questionnaire for a particular participant was located for entries that had missing or extreme values. For both continuous and categorical variables, data coding and recoding were completed. Additional analysis was done once it was confirmed that all data cleaning concerns had been resolved.

All missing data found were removed from this study. The Mahalanobis D statistic (Mahalanobis, 1936) was used in this investigation, however, to identify outliers. It is regarded as an outlier if the Mahalanobis distance (D2) values are higher than the Chi-square values of the items used. When using the mean substitution approach, outlier data will be replaced with the mean value (Hair et al., 2011).

3.15 Exploratory Factor Analysis (EFA)

EFA is a statistical technique used to condense data to a smaller number of summary variables in order to improve the scale's accuracy and investigate the theoretical underpinnings of the phenomenon (Awang, 2011). According to Kass & Tinsley (1979), EFA is used to look at a psychometric instrument's underlying structure. The theory should serve as a guide for EFA interpretation (Kennedy et al., 2019). In order to comprehend the structure of the relationship between variables, this study applied EFA.

3.16 Confirmatory Factor Analysis (CFA)

CFA is a statistical method used to confirm a collection of observed variables' factor structures (Kass & Tinsley, 1979). It enables testing of the observed variables' and their underlying latent constructs' hypotheses (Hair et al., 2010). As a result, this study employed CFA to determine whether construct measurements are consistent with knowledge of their nature. Each construct went through a CFA to assess its one-dimensionality, reliability, and validity. The investigation also employed CFA to determine whether the data are consistent with the measurement model.

3.17 Evaluation of the Measurement Model

CFA was used in this study to test the measurement model. In order to assess the model, fit in this study, a combination of indices was used as suggested by earlier studies like Foroudi (2019); Liu et al (2020). At least one of the fit indices in the combination must fall into one of the three categories of absolute, incremental, or parsimonious fit (Awang, 2011).

As shown in Table 3.3, in order to evaluate how well the proposed model, fit the data, this study used three different types of fit: absolute fit (Discrepancy chi-square and Root mean square error of approximation), incremental fit (Goodness of Fit Index, Comparative Fit Index, and Tucker-Lewis Index), and parsimonious fit (Chi-square/Degree of freedom) (Table 3.3) **A** range of indices must be reported because they indicate distinct aspects of model fit (Ullman, 2006; Hooper et al., 2008). CMIN/DF, RMSEA, CFI, PCFI, TLI, GFI, RMR, NFI, and RFI were the evaluated indices in this study (Hooper et al., 2008; Gupta, 2015).

3.17.1 Reported Goodness of Fit Indices

The following are the Goodness of fit indices used to evaluate measurement models for this study.

3.17.2 Root Mean Square Error of Approximation (RMSEA)

An absolute fit index with a non-centrally chi-square distribution is called RMSEA. According to Kline (2015), the model's reasonable fit to the population is measured rather than whether the model accurately represents the population. The degree of freedom increases and RMSEA decreases; the closer RMSEA gets to zero, the better the fit of the model (Brown, 2015; Kline, 2015). Because RMSEA takes model complexity into account and is sensitive to the number of parameters in a given model, it was selected to be one of the reported indices in this study (Gupta, 2015). Since it is population-based, the size of the population has less of an impact on it (Hoofs et al., 2018).

3.17.3 Goodness of Fit Index (GFI

According to Kline (2015), the GFI is an absolute fit index that calculates the percentage of covariance in the sample data matrix that the model can explain. It consistently accepts values in the range of 0 to 1 and calculates the degree to which the researcher's model best fits the data. Studies with a large or small sample size should use it (Gunawan, 2016).

3.17.4 Comparative Fit Index (CFI)

CFI assumes that the latent variables are uncorrelated, so it compares the sample covariance matrix with a restrictive baseline model, which is null. Numbers between 0 and 1 are accepted. Values nearer 1 suggest a good fit (Hooper et al., 2008). Because its relative independence from sample size makes it suitable for studies involving both large and small samples (Gunawan, 2016). Because it had a large sample size, it was chosen for this investigation.

3.17.5 Tucker Lewis Index (TLI)

In LISREL, TLI is also referred to as the Non-Normed Fit Index (NNFI). The suggested model is contrasted with the null model. Although the TLI value can be outside of the 0–1 range, it is interpreted similarly to the CFI. As a result, values nearer 1 indicate a good fit (Hooper et al., 2008). TLI features take into consideration effects that arise from the model's complexity (Brown, 2015).

3.17.6 The Ratio of Minimum Discrepancy to Degree of Freedom (CMIN/DF)

The CMIN/DF index, which was created to take into consideration the sensitivity of chi-square statistics when a large sample is involved, is the minimum discrepancy divided by its degree of freedom (Hooper et al., 2008). When the chi-square is not divided by its degree of freedom, a large sample size increases the likelihood of rejecting the model (Gupta, 2015).

3.17.7 Normed Fit Index (NFI)

According to Gupta (2015), one of the original incremental fit indices is NFI. It is unaffected by the number of parameters which accept values from 0 to 1 Values closer to 1 indicate a good fit (Hair et al., 2006).

3.17.8 Parsimony Comparative Fit Index (PCFI)

The majority of the time, the Parsimony Comparative Fit Index—which is based on CFI is used to evaluate the fitness of complex models. According to Malhotra et al. (2017), PCFI is always more than or equal to 0.5. The accepted range is greater than or equal to 0.8, according to Gupta (2015).

3.17.9 Root Mean Square Residual (RMR)

The square root of the difference between the sample covariance matrix's residual and the predicted covariance model is known as the root mean square residual (Malhotra et al., 2017; Gupta, 2015). The scales of each indicator are used to compute the range of RMR, which in this study was 1 to 5. The range that is acceptable is 0.08 or less.

3.17.10 Relative Fit Index (RFI)

Relative fit index represents derivative of value of NFI. To obtain RFI, relative chi-square of estimated model is divided by relative chi-square of baseline model and then the ration is subtracted from one (Gupta, 2015). It indicates perfect fit when calculated value is greater than 0.9.

Table 3.3: Goodness of fit indices with their acceptable threshold levels

Fit index	Acceptable threshold levels
Absolute Fit Indices	
CMIN/DF(X^2/df)	≤3
RMR	≤ 0.08
GFI	≥0.90
Incremental Fit Indices	
CFI	≥0.95
NFI	≥0.90
TLI	≥0.90
RFI	≥0.90
PCFI	≥0.50
Standalone Fit Index	
RMSEA	≤ 0.08

Source: Hooper *et al.* (2008); Gupta, (2015)**;** Hair, *et al.*, (2006); Malhotra *et al.* (2017)

3.18 Structural Model

Once the measurement model had been completed, the structural model was tested. All goodness of fit metrics that were included in the measurement model evaluation were employed. In the initial step, structural modes must be tested without moderator variables (Hair, et al., 2010). This method was used in this study to evaluate the direct impact of financial planning, monitoring, and controls on financial sustainability. The analyses of H1 through H3 were carried out at this stage. This results from the first through third specific objectives.

3.19 Multi-Group Moderation Analysis

The study employed a variety of indicators statements to quantify good governance, making it a latent construct. In light of this, the study by Awang (2011) issues a warning that the moderation analysis for a model with a latent component is extremely challenging. Additionally, because it may result in issues with model convergence and standard error, the conventional modelling technique employing interaction terms is not applicable to latent constructs. Instead, Multi-Group CFA was used in the study to examine the influence of the moderator variable's latent nature. As a result, this study examined H4 to H6 obtained from the fourth objective using a step-by-step Multi-Group CFA approach.

3.20 Validity and Reliability Test

3.20.1 Reliability Test

The degree of reliability relates to how well a data gathering or analysis technique produces consistent and repeatable results under the same circumstances (Kumar, 2018). Cronbach Alpha, which ranges from 0.00 to 1.00, gauges the degree of correlation between the respondents' responses to the questionnaire items. The value of Alpha rises in tandem with an increase in the correlation between the items (Chronbach, 1951). Vaske, et al., (2017) state that an alpha of 0.65 to 0.8 is considered sufficient. Nonetheless, Palos-Sanchez and Saura (2018) contended that a minimum Alpha value of 0.6 to 0.7 is appropriate.

Composite reliability, according to Brunner and SÜ\ (2005), is the total of the variance of true scores in relation to the variance of total scale scores. According to Yin (2015), composite reliability of 0.6 and higher is thought to be sufficient to demonstrate the instrument's dependability. Consequently, after conducting an exploratory factor analysis test, the reliability of the retained items and the instrument items were assessed in this study using Cronbach alpha. Prior to evaluating the structural model, composite reliability was employed to verify the accuracy of the measurements.

3.20.2 Validity Test

Validity is the ability of the instrument to measure what it is intended to measure for a latent construct (Saunders et al., 2009). To conduct SEM successfully, six types of validity are necessary for each measurement model namely the discriminant validity, convergent validity, and content validity. Face validity. Internal validity and external validity.

3.20.3 Discriminant Validity

The construct's discriminant validity reveals how it differs from other latent constructs (Kennedy et al., 2019). To assess discriminant validity, Fornell-Larcker will be utilized. A higher AVE value than squared correlation is required to achieve discriminant validity (Fornell & Larcker, 1981). The degree to which a particular measure of one construct does not measure other constructs that it is not intended to measure is known as discriminant validity. In other words, there is little correlation between it and other constructs (Bhattacherjee, 2012). Similar to convergent validity, discriminant validity is also determined by AVE; if the square root of AVE is greater than the correlation coefficient between the two constructs, discriminant validity is confirmed (Palos – Sanchez & Saura, 2018). IBM SPSS version 25 was utilized to calculate the values of AVE and AVE square root in this investigation.

3.20.4 Content Validity

When a design questionnaire successfully measures the construct, it was intended to measure, it is said to have content validity (Hair et al., 2011). According to Foroudi's recommendation, all variables shall be derived from theory and extensive literature to ensure content validity (2019). When a design questionnaire successfully measures the construct, it was intended to measure, it is said to have content validity (Hair et al., 2011). According to Foroudi's recommendation, all variables shall be derived from theory and extensive literature to ensure content validity (2019).

3.20.5 Convergent Validity

The degree to which a scale item is related to other variables and other measures of the same construct is known as convergence validity (Kennedy et al., 2019). Factor loadings, Average Variance Extracted (AVE) with a cut-off point of 0.5 or higher, and Composite Reliability (CR) with a cut-off point of 0.7 or above will be used to determine convergent validity (Hair et al., 2016).

Convergent validity, according to Bhattacherjee (2012), establishes how closely a measure relates to the construct it is intended to measure. When assessing convergent validity, we look at how well the measured variables represent and measure a particular construct and whether they are correlated (Palos – Sanchez & Saura, 2018). The term "average variance extracted" (AVE) refers to the difference between the total variance resulting from the construct and the variance resulting from measurement error (Fornell & Larker, 1981). When the computed AVE value is less than 0.50, it signifies that the variance resulting from measurement error surpasses the variance that represents the construct.

Accordingly, AVE is deemed sufficient if its value is greater than or equal to 0.50 (Fornell & Larker, 1981; Palos – Sanchez & Saura, Lam (2012) argued, however, that the internal reliability of the measurement items is still acceptable if the composite reliability (CR) of a construct is above the required level, even if its AVE is below the suggested cut off point. To find evidence of convergent validity, exploratory and confirmatory factor analyses are also employed (Tharenou et al., 2007). Repetitive items are either dropped or constrained in order to achieve this.

3.20.6 Face Validity

If the study questionnaire seems to measure what it is intended to measure, it is said to have face validity (Kennedy et al., 2019). Hence, a questionnaire sent to two qualified academics in the fields of finance and budgeting in order to establish face validity.

3.20.7 Internal validity

Whether the outcome effect on the dependent variable is due to a specific independent construct is the question of internal validity. In other words, it illustrates cause and effect (Bhattacherjee, 2012; Mohajan, 2017). This suggests the researcher's capacity to rule out competing theories explaining the dependent variable (Greener & Martelli, 2018). Because random selection reduces sampling bias and gives each unit an equal chance of being chosen, it helped to improve internal validity when used to obtain the units of analysis for this study (Malhotra et al., 2014). Furthermore, the observed convergent and discriminant validity demonstrated the existence of internal validity.

3.20.8 External Validity

The degree to which the experiment's findings are applicable in real life is known as external validity. Wider generalizability is typically found in survey research, where data is collected from a diverse range of people, businesses, or other analytical units (Bhattacherjee, 2012). Furthermore, external validity shows whether findings from one study can be applied to another group of interest in order to make predictions (Mohajan, 2017). To ensure external validity, this study used a survey design.

3.21 Ethical Consideration

Ethics are the moral standards that a specific community has established and accepted as a code of behavior (Bhattacherjee, 2012). Bhattacherjee went on to say that in order to prevent being held accountable for misconduct, it is imperative to permit the presentation of legitimate findings. The researcher adhered to the following guidelines to maintain ethical standards in this study: disclosure, anonymity, informed consent, voluntary participation, and confidentiality.

The Open University of Tanzania's postgraduate office provided introduction letters, enabling the researcher to obtain data. The respondents were informed of the study's purpose in order to give them the freedom to participate only with their free consent. The confidentiality and anonymity of the collected data were maintained by not disclosing the respondents' identities in the report. Additionally, plagiarism concerns were addressed through proper referencing and citation.

CHAPTER FOUR

FINDINGS OF THE STUDY

4.1 Overview

This chapter present findings from the study based on data analysis. The descriptive analytical method was used to analyse profile of the respondents. The analysis examined the effect of internal determinants on financial sustainability of the Selected Local Government authorities in Tanzania under the moderating role of Good Governance. The factor analysis was performed through exploratory factor analysis (EFA) and Confirmatory factor analysis (CFA) using the data collected from survey. The chapter also provides summary of findings from the tests for validity and reliability of the instruments used in the research. Finally, it provides the results from the test of hypothesis postulated in the study.

4.2 Data Preparation

Data coding and cleaning are steps in the data preparation process. Numerous tasks are carried out to clean the data, including identifying missing data that could lead to inaccurate data in the data set, eliminating duplicate data, and verifying and fixing errors (Tabachnick and Fidell, 2013). During preparation, the researcher made sure the data were consistent and complete. Kumar (2011) underlined the need to clean the data to minimize errors, misclassification, gaps, and incompleteness.

4.3 Response Rate

To make sure the real data would be helpful for analysis, the response rate was tracked. The percentage that the respondents provided answers to the questions that the researcher distributed is known as the response rate. By looking at the response rate, the researcher was able to obtain a reasonable level of assurance about the sufficiency of the responses and prevent sample bias, which can lead to inaccurate findings and conclusions about the study population. Internal auditors and accountants from the selected local government areas (LGAs) of Dar es Salaam, Mwanza, Arusha, Dodoma, Tanga, and Mbeya are involved in this population study. Out of the 330 questionnaires distributed, the researcher was able to gather 325 copies, or 98% of the total. The higher response rate, according to Sounder et al. (2012), is proof that the sample is actually representative of the study population.

4.4 Missing Data

The respondents to this study were given self-administered questionnaires to complete, and they were expected to do so. A systematic sampling procedure was used by the researcher and six assistants to distribute 330 questionnaires to respondents. There were only 325 completed surveys that were analyzed for missing information. As a result of respondents' non-responses, which may have an impact on the analysis of the data, missing data are referred to as unavailable values from a question or set of questions (Hair et al., 2010).

Upon reviewing the completed surveys, it was discovered that seven (7) of the surveys had missing values. There were five questionnaires with missing data in the respondents’ profile section where respondents failed to indicate their age and education level. In addition, there were two (2) questionnaires with missing data in the variable measurement section where respondents failed to check whether they agreed or disagreed with certain statements.

Furthermore, an analysis of the absent data was conducted, which demonstrated that the absence of data had happened entirely at random, or missing completely at random (MCAR). In order to leave 318 complete cases for additional data analysis, the seven questionnaires were removed using a list-wise method. Tabachnick and Fidell (2013) asserted that cases with missing data should be removed. One of the best methods for dealing with rare and random instances of missing data, they contended, is to remove the cases of missing data. Similarly, Hair et al. (2010) proposed that since the sample size cannot be significantly decreased, fewer than 10% of cases with missing values that are entirely random can be excluded from the data set. This approach was valid because the seven (7) deleted questionnaires with missing data represent 2% of the total sample that was collected.

4.5 Checking for Outliers

According to Creswell (2009) and Hair et al. (2010), outliers in a given data set are values that fall outside of the range. An outlier is a value on a variable that is either extremely high or extremely low compared to other observations. To guarantee that the SEM results are appropriate, outliers should be handled carefully (Tabachnick and Fidell, 2013). Since data entry was carefully regulated using helpful data entry software called CSPro, there were no outliers discovered during data analysis. Nonetheless, the current researcher was able to get the values to fall inside the specified range by using a rating scale in the research instrument that ranged from 1 to 5. The researcher also created box plots for each variable to look for outliers using IBM SPSS software version 23 to make sure the data were free of outliers. In box plots, the extreme outlier is denoted by an asterisk, and the moderate outliers are represented by circles. The findings demonstrated that, as listed in appendix II, there were no outliers in any of the variables.

4.6 Respondents Profile

Age, gender, educational level information and geographical location about the respondent's profile were examined by the researcher. Based on descriptive statistical results with presented frequencies and percentages, the respondents' profile was created in order to gain insight into the nature and characteristics of the respondents involved in the data collection process. The findings made it possible for the researcher to understand the fundamental characteristics of the study participants and to apply the findings to the inferential data analysis.

Even though the primary goal of the study was to focus on the internal determinants of the financial sustainability of the selected LGAs under a moderating role of good governance, taking the respondents' profiles into account in the analysis enhances the validity. In order to meet these requirements, the researcher included questions in the questionnaire that gathered the demographic data of the respondents, which is then provided in the sections that follow.

4.6.1 Respondents' Distribution by Age

The age of respondents was measured in years was categorized into four groups namely 20-30 years, 31-40 years,41-50 years, 51years and above. It is important to include age of respondents because experience, exposure and maturity of respondents will contribute towards understanding of the financial sustainability aspects. The respondents aged between 20-30 years constitute 19.8%, and respondents aged between 31-40 years present 39%. Moreover, the findings show that 31.1% represent respondents with the age between 41- 50 years and the remaining respondents are of the age of 50 years and above. As indicated in the Table 4-1 from this analysis, the majority of respondents fall between 31 – 40 years that reflect group of people with maturity in terms of knowledge skills and experience regarding their duties and responsibilities at work station.

Table 4.1: Respondents' Age

Age Group	Frequency	Percent
50 +	32	10.1
41 - 50	99	31.1
31 - 40	124	39
20 - 30	63	19.8
Total	**318**	**100**

Source: Field Data, (2023)

4.6.2 Respondents' Distribution by Gender

The sample also indicate the distribution of respondents by gender the results indicate that the number of males was 210 which is equivalent to 66% while number of females 108 which is equivalent to 34% as shown in Table 4.2.

Table 4.2: Gender Composition of Respondents

Gender	Frequency	percent
Male	210	66
Female	108	34
Total	**318**	**100**

Source: Field data (2023).

4.6.3 Distribution of Participants Based on Level of Education

In relation to respondents' level of education 18.6% of the respondents completed diploma, where 50.6% completed bachelor degree while 24% of respondents completed master degree and 6.6% of the respondents had postgraduate diploma. The detailed results are shown in Table 4-3. The logic of the sample to have derived from people with particular levels of education enable the researcher to obtain relevant information for the study for instance here the majority of the respondent equivalent to 50'6% are the graduate with bachelor degree hence they are knowledgeable enough in the context of financial sustainability and its internal determinants as well as good governance of Local Government Authorities.

Table 4.3: Respondent's Level of Education

Education	Frequency	Percent
Diploma	59	18.6
Bachelor	161	50.6
Masters	77	24.2
Post graduate diploma	21	6.6
TOTAL	**318**	**100**

Source: Field data (2023).

4.6.4 Distribution of Participants Based On Region

The results indicate that the respondents from regions comprise of 38.1% from Dar es salaam, 12.9% from Dodoma while 7.9 % from Tanga, 10.4% from Mbeya and 17.6 from Mwanza. Table 4-4 indicates that majority of respondents about 38.1% were from Dar es Salaam.

Table 4.4: Geographical Composition of Respondents

Region	Frequency	Percent
Dar es Salaam	121	38
Dodoma	41	12.9
Tanga	25	7.9
Arusha	42	13.2
Mbeya	33	10.4
Mwanza	56	17.6
Total	**318**	**100**

Source: Field data (2023).

4.7 Descriptive Analysis of Study Constructs

4.7.1 Descriptive Statistics of Financial Planning

A summary of the statistical analysis is shown in Table 4-5, along with the mean value for each of the six indicator variables. Six items were used to gauge financial planning. FP1 produced the highest mean score of 3.55 with a standard deviation of 0.897 out of all these items, while FP6 produced the lowest mean score of 3.36 with a standard deviation of 1.037. The average score for each item was roughly 4, and the standard deviations of the scores were smaller than the specific mean. This indicates that the respondent's choices did not significantly differ from one another. After that, as shown in Table 4-5, the SEM technique was used as a more sophisticated analysis to determine the degree to which financial planning significantly affected the financial sustainability of a selected LGAs in Tanzania.

Table 4.5: Descriptive Statistics for Items Forming Financial Planning (FP)

	N	Minimum	Maximum	Mean	Std. Deviation
FP1	318	1	5	3.55	.897
FP2	318	1	5	3.53	.994
FP3	318	1	5	3.54	.918
FP4	318	1	5	3.52	.982
FP5	318	1	5	3.38	.968
FP6	318	1	5	3.36	1.037
FP Overall	318	1.50	4.83	3.4790	.79248

Source: Field Data, (2023).

4.7.2 Descriptive Statistics of Financial Monitoring

Table 4-6 displays the mean value for each of the six indicator variables as well as a summary of the statistical analysis. A total of six items were used to measure financial oversight. Among these items, FM3 yielded the highest mean score of 3.86 with a standard deviation of 0.961, while FM5, FM6 produced the lowest mean score of 3.56 with corresponding standard deviations of 1.141 and 1.165. Each item had an approximate average score of 4, and the score standard deviations were all lower than the particular mean. This suggests that there was little variation among the respondent's choices.

Table 4.6: Descriptive Statistical Analysis for Items Forming Financial Monitoring (FM)

	N	Minimum	Maximum	Mean	Std. Deviation
FM1	318	1	5	3.72	1.017
FM2	318	1	5	3.84	.947
FM3	318	1	5	3.86	.961
FM4	318	1	5	3.81	.968
FM5	318	1	5	3.56	1.141
FM6	318	1	5	3.56	1.165
FM Overall	318	1.50	5.00	3.7248	.86922

Source: Field Data, (2023).

4.7.3 Descriptive Statistics of Financial Control

Table 4-7 displays the mean value for each of the six indicator variables as well as a summary of the statistical analysis. The financial control was measured using six items. Of all these items, FC3 and FC4 produced the highest mean scores, coming in at 3.53 and 0.869 and 0.847, respectively, while FC1 produced the lowest, at 3.44 and 0.954, respectively. Each item had an average score of about 4, and the standard deviations of the scores were less than the precise mean. This suggests that there was little variation in the results.

The level of significant financial control on financial sustainability was then evaluated using the SEM technique as a more sophisticated analysis, as indicated in Table 4.26 Respondents' choice.

Table 4.7: Descriptive Statistics Analysis for Items Forming Financial Control

	N	Minimum	Maximum	Mean	Std. Deviation
FC1	318	1	5	3.44	.954
FC2	318	1	5	3.47	.942
FC3	318	1	5	3.53	.869
FC4	318	1	5	3.53	.847
FC5	318	1	5	3.52	.887
FC6	318	1	5	3.51	.777
FC - overall	318	1.50	4.67	3.4990	.67917

Source: Field Data, (2023)

4.7.4 Descriptive Statistics of Financial Sustainability

Table 4-8 presents a summary of the statistical analysis along with the mean value for each of the six indicator variables. To gauge financial sustainability, a total of six items were employed. With a standard deviation of 0.983, FS4 had the highest mean score of 3.84 among these items, while FS2 had the lowest mean score of 3.66 with corresponding standard deviations of 1.109.

Table 4.8: Descriptive Statistical Analysis for Items Forming Financial Sustainability (FS)

	N	Minimum	Maximum	Mean	Std. Deviation
FS1	318	1	5	3.73	1.072
FS2	318	1	5	3.66	1.109
FS3	318	1	5	3.75	1.077
FS4	318	1	5	3.84	.983
FS5	318	1	5	3.68	1.144
FS6	318	1	5	3.73	1.138
FS - overall	318	1.50	5.00	3.7332	.90990

Source: Field Data, (2023).

Every item had a roughly average score of four, and all of the score standard deviations were below the specific mean. This implies that the respondent's selections were not very diverse.

4.7.5 Descriptive Statistics for the Moderating Variable

The moderating variable was good governance (GG) measured using 6 observable items at a 5-point Likert Scale. Using the average point score, the GG was grouped into three categories namely; non-compliance group, moderate compliance group and compliance group with GG. The non- compliance group with GG was when the average point score was below 3, the moderate compliance group was when the average score was 3 while the compliance group with GG was when the average score was above 3. Following this classification, the study revealed that majority were 193 (60.7%) compliance groups with GG while minority was 17 (5.3%) moderate compliance group while 108 (34%) was noncompliance group Table 4.9.

Table 4.9: Descriptive Analysis of the Good Governance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non-compliance	108	34.0	34.0	34.0
	moderate	17	5.3	5.3	39.3
	Compliance	193	60.7	60.7	100.0
	Total	318	100.0	100.0	

Source: Field Data, (2023).

Kline (2011) asserts that each group should have at least 100 cases in order to be considered for multi-group analysis. As shown in Table 4.9, two groups met the recommended criterion for moderation analysis. As a result, the group that consisted of roughly 17 (5.3%) of cases with moderate GG was eliminated. An analysis was carried out on two groups: Noncompliance group with GG 108 cases (34%) and Compliance group with GG had 193 cases (61%) as shown in Table 4.10.

Table 4.10: Description of Good Governance in Two Groups

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Noncompliance group	108	35.9	35.9	35.9
	Compliance group	193	64.1	64.1	100.0
	Total	301	100.0	100.0	

Source: Field Data, (2023).

4.8 Testing Assumptions for SEM

4.8.1 Normality

The Structural Equation Modeling (SEM) assumptions state that data should follow a normal distribution pattern. In order to prevent statistically inaccurate results, it is crucial that the researcher tests the data's normality before conducting hypothesis testing. Kline (2011) states that there are two common types of normality: multivariate distribution normality and univariate normality. One variable is the focus of univariate normality. A sample may have skewness and kurtosis, or a non-normal distribution, according to Hair et al. (2010) Since Kurtosis and Skewness are thought to be sensitive means through which normality can be observed, they are used to show how much non-normality affects the standard conclusions drawn from analysis of variance (Cain et al 2016).

According to Kothari (2004), skewness is a measure of asymmetry that shows how the data are centred on the average. The symmetrical pattern, which denotes a normal distribution of data, shows that the data are perfectly balanced on both sides of the mode condition. Positive skewness is present when there is greater clustering of the data on the right side of the mode. In a similar vein, negative skewness is indicated by data that are more concentrated on the left side of the mode. The absence of a normal distribution of data is indicated by both positive and negative skewness, which is referred to as an asymmetrical distribution reflecting the presence of skewness (Kothari 2004).

Kurtosis is the distribution's peakiness, which can be either too peaked or too flat in relation to the typical bell-shaped curve (Tibachnick and Fideli, 2013). Mesokurtic describes the shape of the normal curve as having the kurtic in the center, while leptokurtic suggests that the curve is more picked than the normal curve and platykurtic suggests that the curve is flatter. In summary, for appropriate statistical inferences to be made during data analysis, both skewness and kurtosis must be normal (Hair et al., 2010; Saunder, et al., 2012).

With IBM SPSS 23, the skewness and kurtosis of the data were measured in order to perform the normality test for the current study. Although some studies, like Gorondutse and Hilman (2014), suggest accepting Kurtosis values up to ±7, Won et al. (2017) state that the acceptable range of absolute values for both Skewness and Kurtosis is ±2. As can be seen in Appendix III . The findings show that the suggested cut off value (±2) is where skewness and kurtosis are centred, which suggested that the data were normally distributed, perfectly meeting the SEM's assumption of normality (Won et al., 2017; Hair et al., 2010).

4.8.2 Linearity

Structural Equation Modelling presupposes linearity of the data in order to generate sound statistical inference for analysis (Hair et al 2010). A statistical concept known as "linearity" denotes correlations between constructs and observable variables as well as between one construct and another. It can be presented graphically as a straight line. Field (2009) refers to linearity as a situation in which the mean values of the dependent variables for each increment of the independent variable lie along a straight line. The linearity of data is often assumed for variables in malt variety analysis. If not considered, a nonlinear data can seriously undermine any statistical inference (Hair et al., 2010).

In this study, a scatter plot was used to assess the linear relationship between the independent and dependent variables. FS was the dependent variable, FP, FM, and FC were the independent variables, and GG was the moderating variable.

Linear Relationship between Financial Sustainability and Financial Planning: The study found a positive linear relationship between FP and FS using a scatter plot. As a result, a comparable increase in the values for FS was noted when the values for FP increased. In general, the study found that the values between FS and FP were trending upward. With a slope coefficient of 0.63, the coefficient of determination was roughly 40%.

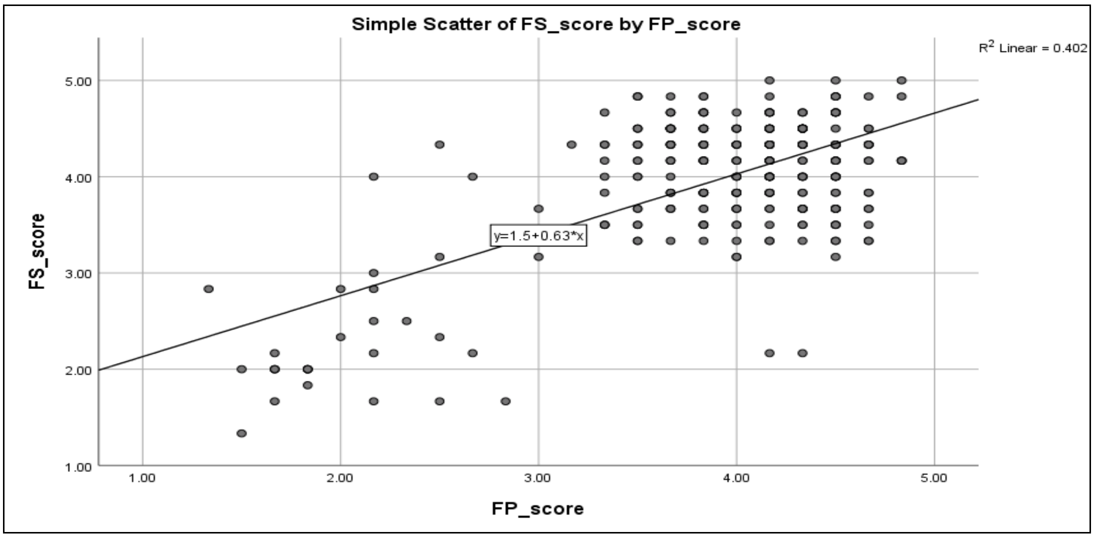

Figure 4.1: Linear Relationship between FS and FP

Linear Relationship between Financial Sustainability and Financial Monitoring: A scatter plot was used in the study to show that FM and FS had a positive linear relationship. Consequently, an equivalent rise in the FS values was observed in conjunction with the FM values. The study discovered that the values between FS and FM were generally trending upward. The coefficient of determination was about 44%, with a slope coefficient of 0.67.

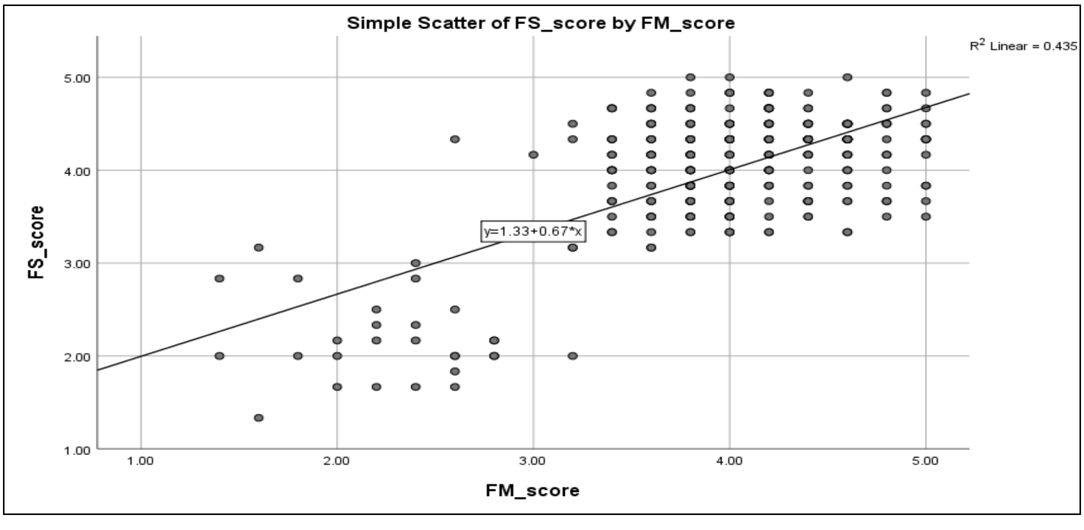

Figure 4.2: Linear Relationship between FS and FM

Source: Field Data, (2023).

Linear relationship between financial sustainability and financial control: The study employed a scatter plot to demonstrate the positive linear relationship between FC and FS. As a result, a corresponding increase in the FS values was noted alongside the FC values. The analysis found that there was a general upward trend in the values between FS and FC. With a slope coefficient of 0.57, the coefficient of determination was approximately 39%.

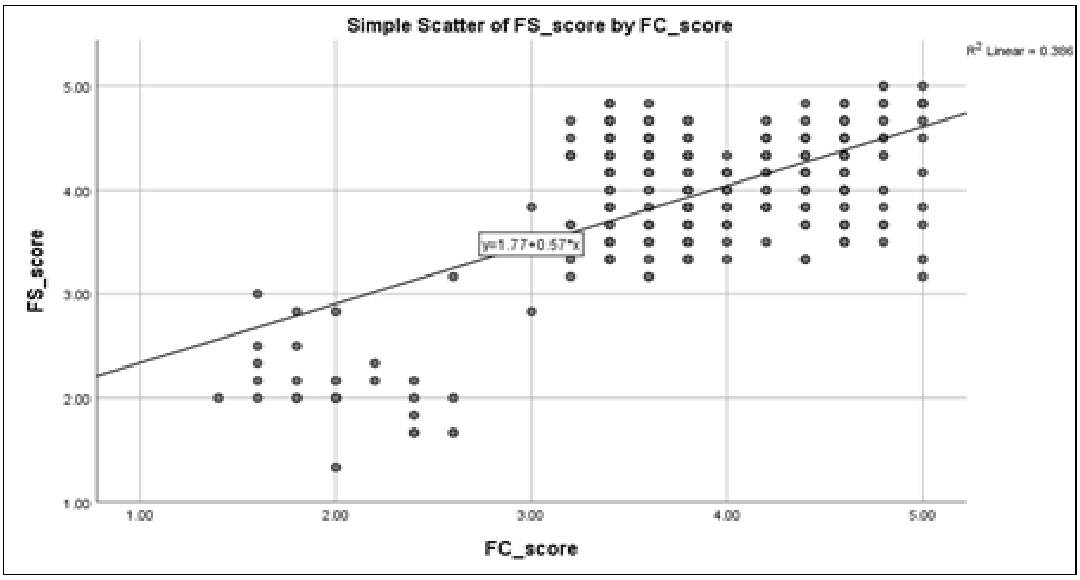

Figure 4.3: Linear Relationship between FS and FC

Linear relationship between financial sustainability and good governance: A scatter plot was used in the study to show how GG and FS have a positive linear relationship. Thus, it was observed that the FS values increased in tandem with the GG values. According to the analysis, the values between FS and GG generally showed an upward trend. Approximately 22% was the coefficient of determination, with a slope coefficient of 0.55.

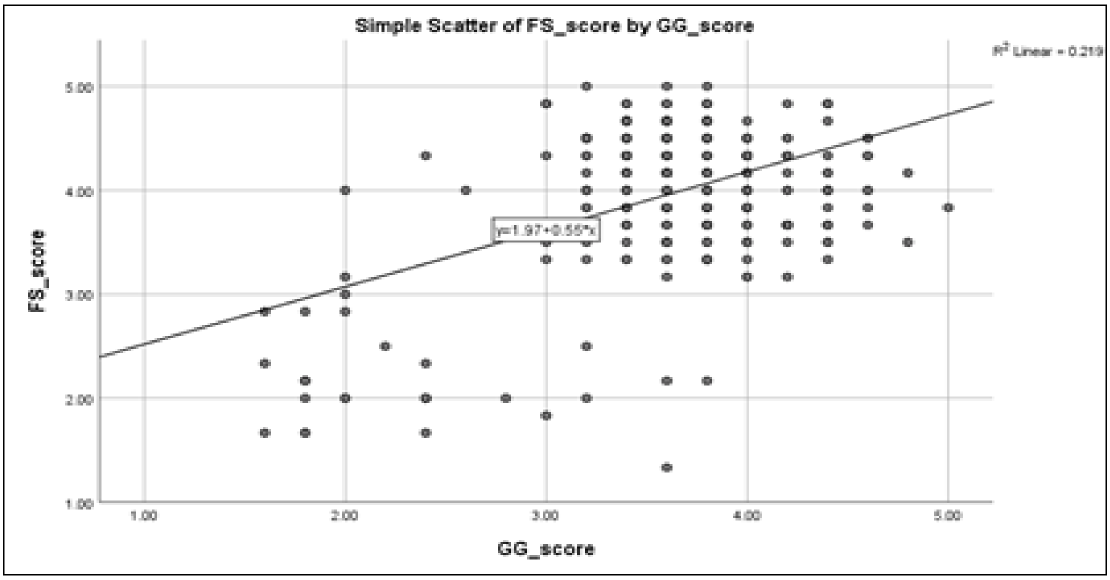

Figure 4.4: Linear Relationship between FS and GG

Source: Field Data, (2023).

Homoscedasticity: Furthermore, the study revealed a constant variance using the scatter plot of the regression standardized predicted values versus the regression standardized residuals as in figure 4.10. This was evidenced by not having a tunnel like shape in the figure.

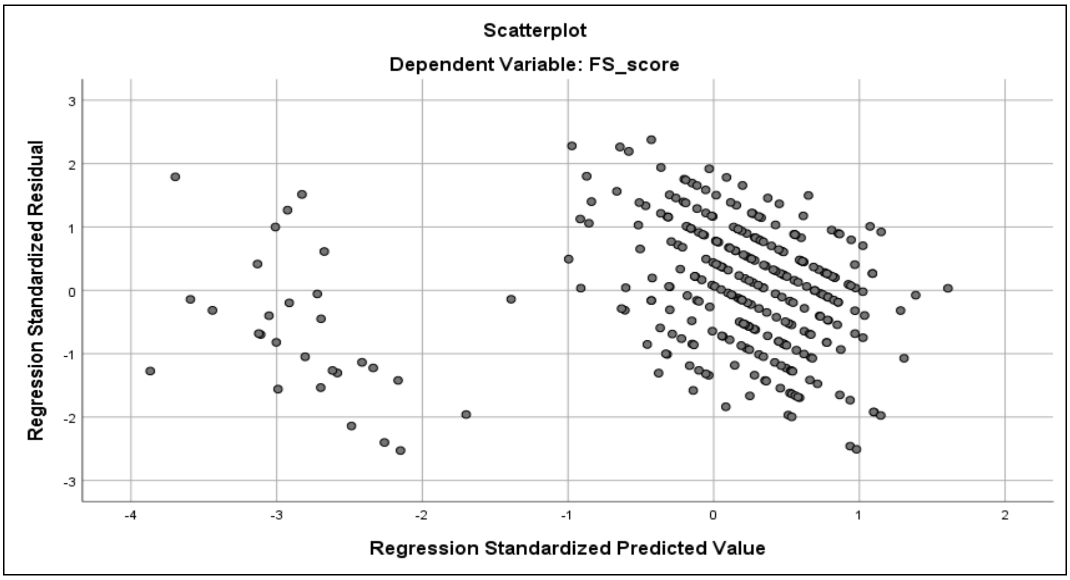

Figure 4.5: Field Data

Source: Field Data, (2023).

4.8.3 Multicollinearity

According to Hair et al. (2010) and Kline (2011), multi-collinearity is the state in which there is a high degree of inter-correlation among the independent variables. It seems that the independent variable should be able to stand alone without having a stronger correlation with another independent variable in order to prevent issues with model fitting and result interpretation (Field, 2009). Extreme multicollinearity, according to Kline (2011), is a major factor in non-positive definiteness and solution in multivariate analysis and can lead to instability in study results, so it is crucial that researchers account for its influence.

It was anticipated that multicollinearity would be examined using both the Variance Inflation Factor (VIF) and Pearson's correlation matrix analysis of the variables. According to Kline (2011) and Tbachnick & Fiedell (2007), any paired independent variable's correlation coefficient shouldn't be greater than 0.9. Nonetheless, if discriminant validity is satisfied, there are minimal opportunities for multi-collinearity cases (Grewal et al. 2004). The findings of the bivariate correlation between the independent variables are displayed in Table 4.3.

Table 4.11 demonstrates that all correlation coefficients between paired variables range from 0.527 to 0.659, falling within the recommended range. Specifically, the correlation between Financial Monitoring (FM) and Financial Sustainability (FS) was found to be the highest at 0.659, while the correlation between FM and Financial Control (FC) was the lowest at 0.527. This suggests that every independent variable used in the research positively correlated with the dependent variable

Table 4.11: Correlation Analysis to check Multicollinearity

		FS	FC	FM	FP
FS_score	Pearson Correlation	1			
	Sig. (2-tailed)				
FC Score	Pearson Correlation	.622**	1		
	Sig. (2-tailed)	.000			
FM Score	Pearson Correlation	.659**	.527**	1	
	Sig. (2-tailed)	.000	.000		
FP Score	Pearson Correlation	.634**	.607**	.591**	1
	Sig. (2-tailed)	.000	.000	.000	

Source: Field Data, (2023).

Furthermore, absence of multicollinearity was assessed using the levels of tolerance as well as the Variance Inflation Factor. The rule of thumb is that the VIF should not be above 10 while the level of tolerance should be below 2. In such instances, the absence of multicollinearity assumption was met (Table 4.12).

Table 4.12: The Assessment of the Multicollinearity Assumption

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.540	.173		-3.114	.002	-.881	-.199		
	FP Score	.459	.041	.399	11.174	.000	.378	.539	.809	1.235
	FC Score	.400	.056	.299	7.136	.000	.290	.510	.591	1.692
	FM Score	.343	.044	.328	7.718	.000	.256	.431	.574	1.743

a. Dependent Variable: FS Score

Source: Field Data, (2023).

4.9 Model Formulation and Validation

The aim of this section is to confirm that the suggested factor structure and the field data are, in fact, compatible. This is because the researcher developed the conceptual framework based on an assessment of existing theories and prior literature, rather than using any data from the field. Consequently, it is unclear if the constructs complied with the suggested actions. Consequently, even though the measurement scale was modified from earlier research, the researcher employed factor analysis to ensure that the constructs are consistent with their indicators/measured variables. The researcher deployed Exploratory Factor Analysis (EFA) and Confirmatory Factor analysis (CFA) to get more assurance that constructs are aligned with their indicator variable.

4.9.1 Results from Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) is a multivariate statistical technique used to quantify the relationships between multiple variables and provide an explanation of those relationships in terms of common underlying dimensions (Hair et al., 2010). EFA sought to ensure that each item loaded into a particular factor or construct in order to produce appropriate results during the model's final analysis (Hooper 2012).

Kaiser- Meyer- Olkin (KMO) was used by the researcher to measure sample adequacy prior to EFA. This measurement provides a practical means of determining if the sample size is sufficient (Awang 2011). According to Tabachnick and Fidell (2007), the KMO static value must be 0.6 or higher to permit the use of EFA. As a result, the suitability of factor analysis was ascertained by evaluating the entire correlation matrix; the availability of correlation among variables was examined using the Bartlett's test of sphericity, which indicates that chi-square results should be significant at $p < 0.05$.

KMO and Bartlett's tests: Using exploratory factor analysis, the study determined on if there are correlated items and the extent of correlation using the determinant, KMO and Bartlett's Test. The study revealed the determinant of 2.569 E-10 and the

KMO value of 0.940 while the Bartlett's Test was statistically significant at $p < 0.001$. These figures imply that the variables were correlated enough to form different study constructs hence achieved sampling adequacy as shown in Table 4.13

Table 4.13: KMO and Bartlett's Test Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**.940**
Bartlett's Test of Sphericity	Approx. Chi-Square	6760.876
	df	435
	Sig.	.000

Source: Field Data, (2023).

Total Variance Explained: After determining that variables were correlated enough, the principal component analysis (PCA) being a variable deduction method was applied so as to group the correlated items into particular constructs. The study had 30 observed variables, of which 5 constructs with Eigenvalue above 1 were formed. The percentage of variance due to rotation sum of squares was 15.16 and 13.04 for the first and fifth components respectively. The cumulative percentage due to rotation sum of squared loadings for the five constructs was 68.5 (Table 4.14).

Table 4.14: Total Variance Explained by Study Constructs

Component	**Initial Eigenvalues**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	12.238	40.793	40.793	12.238	40.793	40.793	4.548	15.161	15.161
2	3.696	12.320	53.113	3.696	12.320	53.113	4.353	14.509	29.670
3	1.905	6.350	59.462	1.905	6.350	59.462	4.017	13.390	43.060
4	1.591	5.304	64.767	1.591	5.304	64.767	3.913	13.043	56.103
5	1.130	3.766	68.533	1.130	3.766	68.533	3.729	12.430	68.533

Extraction Method: Principal Component Analysis.

When deciding which factors to keep or eliminate following the EFA output, Hair et al. (2010) proposed four criteria: the Eigenvalue criteria, which demands that the value be greater than 1, the screen test criteria, which use a scree plot to determine which factors should be kept after the inflated point, the factors with the minimum number of three items criterion, and the factor loading criterion. To avoid any potential weaknesses that could arise from utilising a single criterion, the use of all these diverse criteria was taken into consideration when choosing the final set of elements (Yong & Pearce, 2013).

In this study the five constructs with Eigenvalue above 1 were evidenced by the scree plot of study constructs with their corresponding Eigenvalue. Each of the study variable was able to formulate its own component, that why the x-axis has up to 30 components. However, the component is considered accurate if its corresponding Eigenvalue is at least 1. That is why the scree plot has a steep slope from the first component to the fifth, after which the slope is constant meaning that there is no more significant variability in the study components. The maximum number of components with Eigenvalue of at least 1 was therefore 5 components also known as constructs as indicated in Figure 4.6.

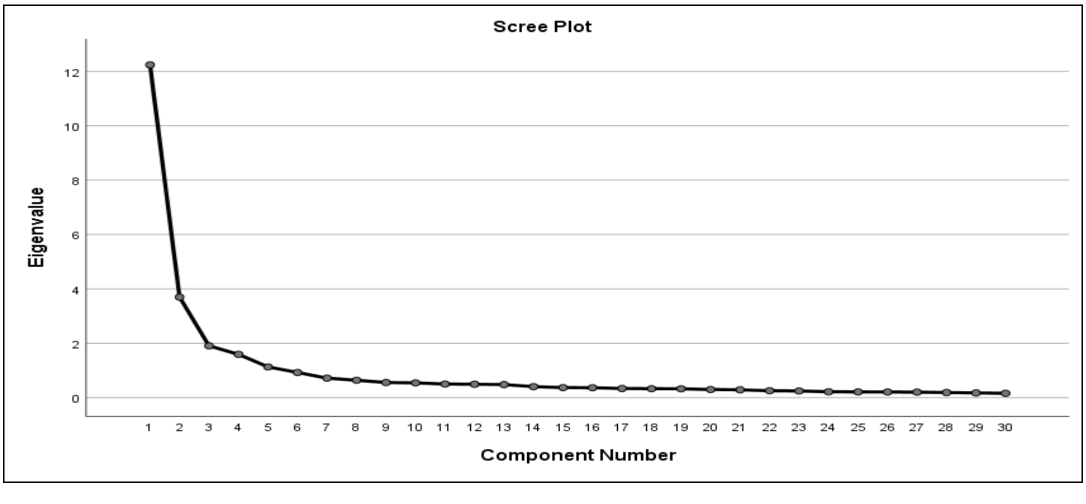

Figure 4.6: Scree plot graph showing retained factors above inflection

Source: Field Data, (2023).

Point distribution of item's factor loading following EFA: After determining the number of components with Eigenvalue above 1, then the components were rotated so as to determine the variables corresponding to the particular construct. As expected, the FP, FM FC, FS and GG were formed by all six study variables each. No overlapping of study variables to other constructs was observed (Table 4.15).

Table 4.15: Rotated Component of Study Constructs

	Component				
	1	**2**	**3**	**4**	**5**
FP2	.835				
FP1	.823				
FP3	.800				
FP4	.787				
FP6	.692				
FP5	.633				
GG2		.852			
GG3		.847			
GG1		.794			
GG4		.725			
GG5		.617			
GG6		.554			
FM1			.800		
FM4			.799		
FM3			.791		
FM2			.756		
FM5			.522		
FM6			.514		
FS3				0.689	
FS2				0.675	
FS4				0.663	
FS1				0.629	
FS6				0.654	
FS5				0.545	
FC4					.733
FC2					.721
FC3					.719
FC1					.650
FC5					.641
FC6					.625

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

List of items retained after EFA: The study revealed that all constructs was properly defined by the perceived study items. In such instances, based on the particular construct, all items were retained as identified in the methodology as well as presented in Table 4.16.

4.9.2 Factor Correlation Analysis

The study revealed the positive and medium correlation between study variables. A statistically significant relationship between any pairs of the study constructs were revealed at a 1% level. The smallest correlation of 0.154 as measured by the Pearson correlation coefficient was between FP and GG while the largest coefficient of 0.678 was between FM and FS. The correlation matrix between the factors in this study was examined in order to survey the factors' interrelationships. It was recommended that the variables for these investigations be distinct and have limited inter-relationships because Table 4.17 showed that neither significantly high nor significantly low relationships appeared among the variables since strong correlation range from 0.5 to 0.79, while moderate correlations range from 0.30 to 0.49 and weak correlation range from 0 to 0.29.

Therefore, in Table 4.16 indicated strong correlation on the relationship between independent variables and dependent variable and moderate correlation among independent variables except the correlation of FM with FC and GG with FM show stronger correlation while correlation of GG with FP is weak however all factor correlations are statistically significant at 1% level (Garson, 2002, p. 195; Kenny, 2016).

Table 4.16: Factor Correlation Matrix

Factor	FS	FP	FC	FM	GG
FS	1				
FP	.646**	1			
FC	.654**	.376**	1		
FM	.678**	.408**	.626**	1	
GG	.498**	.154**	.461**	.589**	1

Source: Field Data, (2023).

4.9.3 Confirmatory Factor Analysis

The confirmatory factor analysis (CFA) involves the specification of the measurement and structural models. The measurement models were conducted for each study construct and for a combination of study constructs when addressing a particular specific objective. The structural model aimed at assessing the effect of a particular independent variable on the financial sustainability. Therefore, the structural model was constructed based on specific objectives.

4.9.4 Evaluation of Model Fit under Confirmatory Factor Analysis

It is therefore advised to use multiple criteria to assess the model's uniformity with empirical data at the same time, as there is a specific measurable significance test that can accurately distinguish the model fit (Schreiber et al., 2006). Schermelleh – Engel et al. (2003) proposed a number of guidelines that should be adhered to when guiding the modification process in order to attain the highest level of model fitness. Standardized regression weights (SRW) values, which must be greater than 0.5, were one of the requirements. Modification indices that exhibit strong correlation between the measurement error construct and the cross-loaded item were eliminated as an additional criterion. Low factor loadings can be caused by a variety of factors, such as the presence of ambiguous or double-meaning statements, sensitive statements, and statements with multiple meanings (Awang, 2011).

There is an enormous variety of goodness of fit indices, according to Schermelleh – Engel et al. (2003), and the choice of which to use depends on the sensitivity of the sample size, the kind of data, and the statistical significance. There are three categories of model fit that are currently recognized: parsimonious fit indices, incremental fit indices, and absolute fit indices. Che-square, RMSEA, RMR, SRMR, GFI, and CMN/df are examples of absolute fit indices. According to Hair et al. (2010), the parsimonious fit indices are the PNFI and AGFIM, while the incremental fit indices are RNI, NFI, CFI, and TLI. This study used a combination of goodness of fit indices selected from each group so as to ensure the best fit of the model to the theory as recommended by Schermelleh – Engel et al. (2003) Therefore the used goodness of fit indices under this study includes, CMIN/df, RMSEA, CFI, TLI, RMR, CFI, RFI and NFI.

The IBM Amos version 23 method was utilized to estimate parameters using the maximum likelihood estimation (MLE) technique. MLE is a popular estimation technique that produces the best model fit and is flexible, efficient, and non-biased. It is particularly useful when the normalcy assumption has been met (Hair et al., 2010). The statistical significance of the underlying relationships in a given model was evaluated using the p-value in conjunction with the ratio of chi-square CMIN with respect to degree of freedom (DF), or IE CMIN/DF.

The ratio of the independent model discrepancy to the targeted model discrepancies is called the comparative fit index, or CFI. Because it represents the level of model fitness over the independence model, the CFI was chosen to be used as a fit index. Typically, it makes a comparison between the current model and other models (Hoe, 2008). The values of normed chi-square for the null were compared to the given model using the Tucker Lewis Fit Index (TLI), which takes the model's complexity into account to some extent (Hair et al., 2010). The correct number of observed variables and sample size needed by the model are determined using the Root Mean Square Error of Approximation (RMSEA), also known as the badness of fit measure.

In this instance, a poor model fit was suggested by the higher RMSEA value. According to Hoe (2008), the RMSEA fit index typically evaluated the precision of the difference between the estimated and observed input covariance matrices. The threshold values criteria for the chosen goodness of fit indices used in this study were shown in Table 4.17.

Table 4.17: Model Fit Indices and their Threshold Values

Fit index	Acceptable threshold levels
Absolute Fit Indices	
CMIN/DF(X^2/df)	≤3
RMR	≤ 0.08
GFI	≥0.90
Incremental Fit Indices	
CFI	≥0.95
NFI	≥0.90
TLI	≥0.90
RFI	≥0.90
PCFI	≥0.50
Standalone Fit Index	
RMSEA	≤ 0.08

Source: Hooper *et al.* (2008); Gupta, (2015); Hair *et al.* (2006); Malhotra *et al.* (2017).

4.9.5 Development of Measurement Models for each Construct

The measurement models entail at determining the compactness of study variables in explaining a particular construct. The assessment was done for each of the study constructs namely FS, FP, FM, FC and GG. The used items in each of measurement models were those revealed after EFA. If the item overlapped during EFA, then was not used during CFA.

Measurement Model for Financial Sustainability (FS)

Initially, IBM 6 Amos 23 conducted the financial sustainability test using its six indicators (FS1, FS2, FS3, FS4, FS5, and FS6). The model fit indices output were CIF = 0.933, RMR =0.061, TLI = 0.889, RFI =0.878, PCFI 0.560, RMSEA = 0.172, and NFI = 0.927. CFA showed that all of the regression weights were above 0.5 but statistically insignificant at p=0.00. In each of the measurement model, some model fit indices were not met. For instance, the CIF was below 0.95 while the TLI was below 0.90; RFI was below 0.9 and RMSEA was below 0.90 as presented in Figures 4.7 to 4.8. Hence called the use of modification indices (MI) to counterbalance the indices.

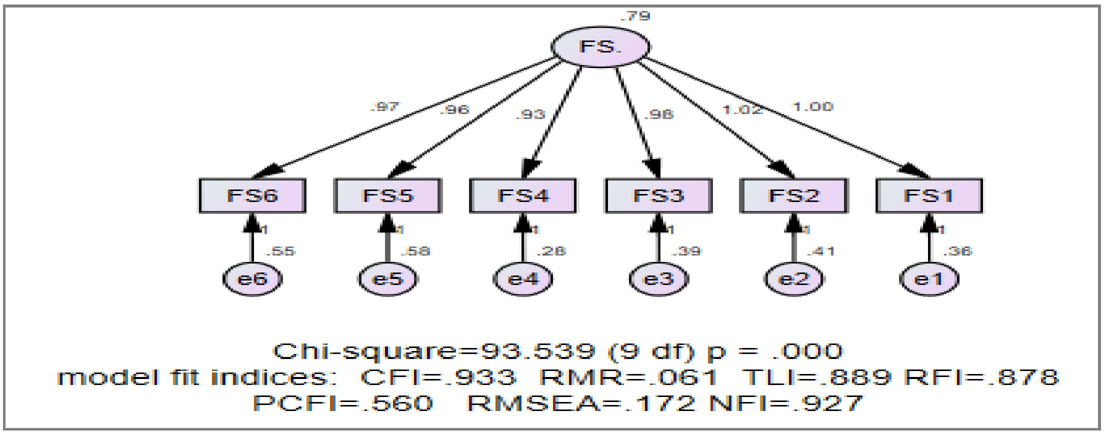

Figure 4.7: Standardized Measurement Model for Financial Sustainability (FS)

Source: Research Findings, (2023).

The study revealed a higher MI between e2 and e5 as well as e6 as presented in Table 4.18. These higher MI may disturb the strength of model fit indices, and thus, the need to allow the covariance between errors with higher MI so as to boost the model fit indices. The covariance was allowed.

Table 4.18: Modification Indices for Items Forming Financial Sustainability

			M.I.	Par Change
e5	<-->	e6	69.878	.294
e3	<-->	e6	7.399	-.081
e2	<-->	e5	13.911	-.116
e2	<-->	e3	8.444	.076

Source: Field Data, (2023).

As a result, items with high modification indices were paired in order to consider model modification. In this instance, the second run of CFA was conducted with FS having errors e5 and e6, as well as e2 and e5. The output was CIF = 0.997, RMR = 0.014, TLI = 0.994, RFI = 0.982, PCFI 0.465, RMSEA = 0.042, and NFI = 0.982. Upon allowing the MI, the study revealed that model fit indices are within the recommended cut-off as presented in Figure 4.8.

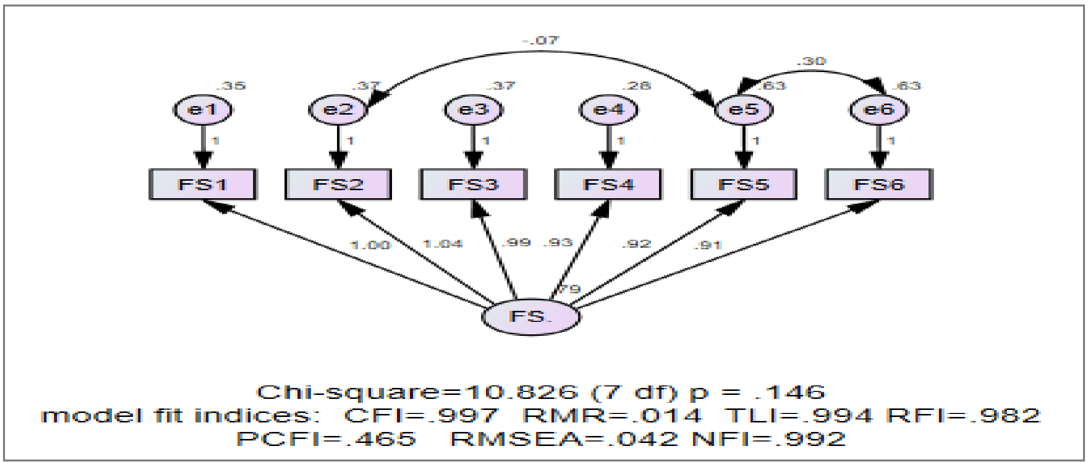

Figure 4.8: Standardized Measurement Model for Financial Sustainability (FS)

Source: Field Data, (2023).

Measurement Model for Financial Control (FC): IBM Amos software 23 was used to test the financial control measurement model for CFA using the FC1, FC2, FC3, FC4, FC5, and FC6 indicator variables. Using maximum likelihood estimation, the CFA was run once, and the results showed that all items had regression weights greater than 0.5 and were statistically insignificant at p=000. CIF = 0.933, RMR = 0.040, TLI = 0.888, RFI = 0.872, PCFI = 0.560, RMSEA = 0.139, and NFI = 0.923 were the model fit results. The analysis of the model fit indices showed that, as shown in Figure 4.9, the TLI was less than 0.9, RFI was below 0.90, RMSEA was above 0.08 and CIF was below 0.95 even though the other indices were within the necessary cut-offs. Hence known as counting and balancing the indices through the use of modification indices (MI).

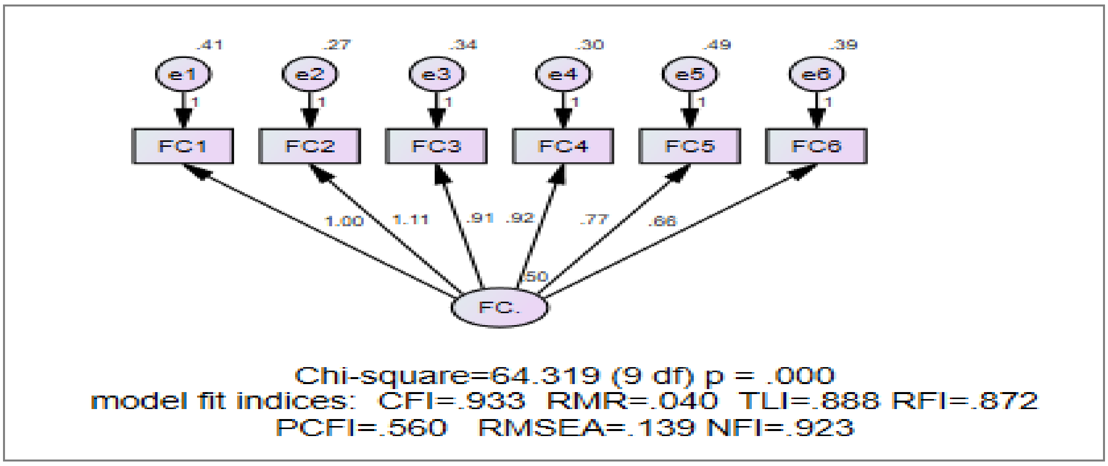

Figure 4.9: Standardized Measurement Model for Financial Control (FC)

The study revealed a higher MI between e5 and e6 as well as e1 and e6 as presented in Table 4.19 was very high, as such may disturb the strength of model fit indices, and thus we need to allow the covariance between errors with higher MI so as to boost the model fit indices. The covariance between e5 and e6 as well as e1 and e6 was allowed.

Table 4.19: Modification Indices for Items Forming Financial Control

			M.I.	Par Change
e5	<-->	e6	44.978	.175
e4	<-->	e5	4.228	-.050
e1	<-->	e6	9.697	-.078
e1	<-->	e4	5.488	.054

Source: Field Data, (2023).

As a result, items with high modification indices were paired in order to consider model modification. In this instance, the second run of CFA was conducted with FC having errors e5 and e6, as well as e1 and e6. The output was CIF = 0.998, RMR = 0.013, TLI = 0.997, RFI = 0.979, PCFI 0.466, RMSEA = 0.024, and NFI = 0.990. Upon allowing the MI, the study revealed that model fit indices are within the recommended cut-off as presented in Figure 4.10.

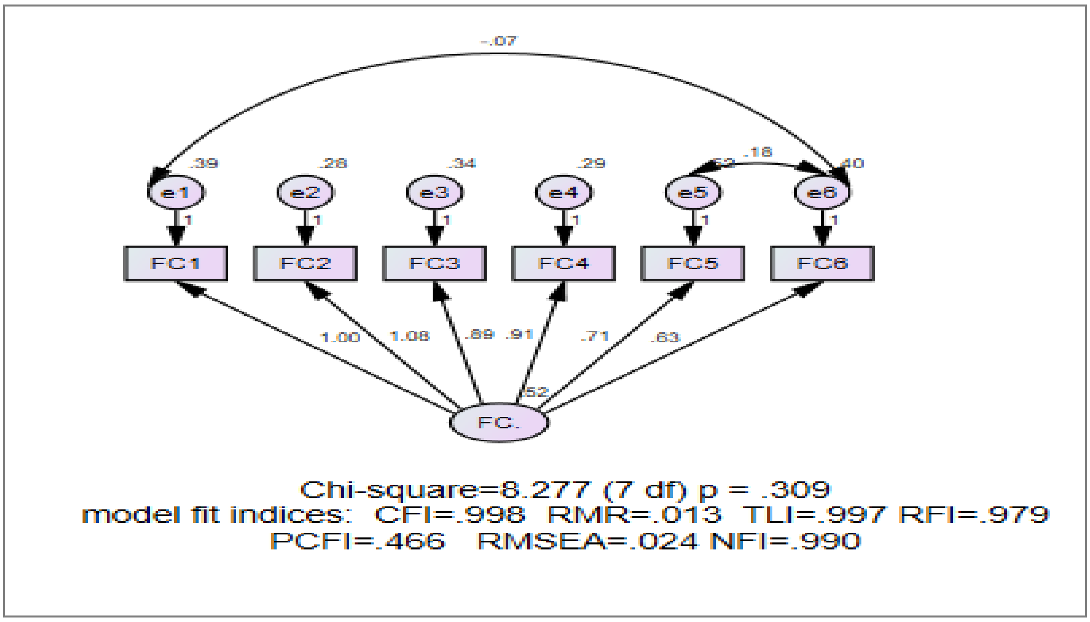

Figure 4.10: Standardized Measurement Model for Financial Control (FC)

Measurement Model for Financial Planning (FP): Financial planning (FP) with indicators namely FP, FP2, FP3, FP4, FP5 and FP6 was placed in the CFA model

Figure 4.12 presented the summary of CFA after the initial CFA run employing IBM Amos 23 through a maximum likelihood estimate. The initial CFA run output for FP were CIF = 0.962, RMR = 0.037, TLI = 0.936, RFI = 0.924, PCFI 0.577, RMSEA = 0.121, and NFI = 0.954.

The FP was formed by 6 observable items. Using the model fit indices, the study revealed that while other indices were within the required cut-offs, the RMSEA was above 0.08 as presented in Figure 4.11. Hence called the use of modification indices (MI) to counterbalance the indices.

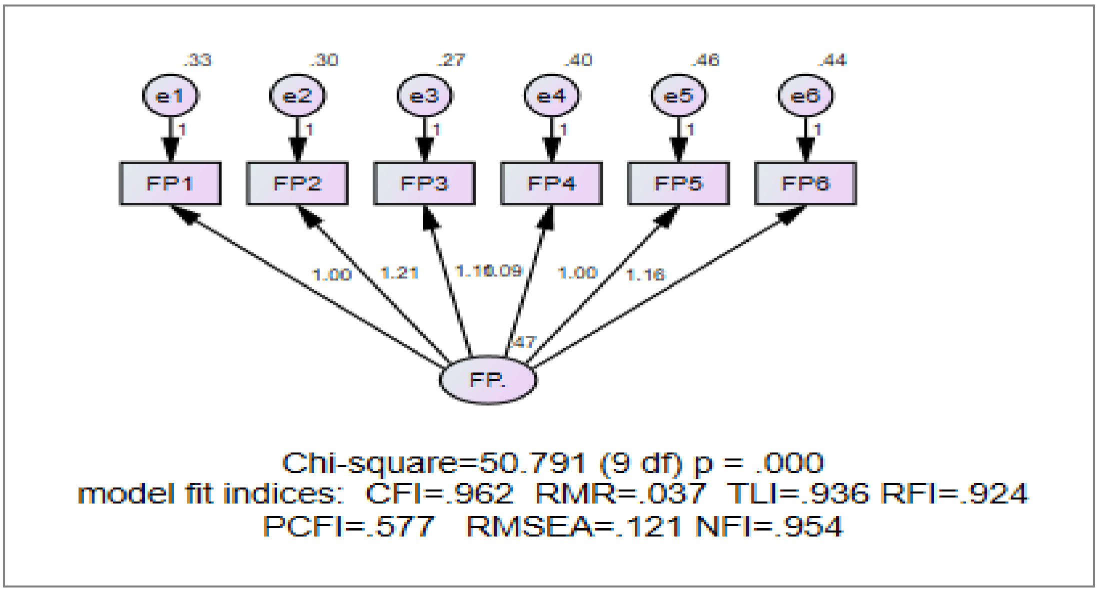

Figure 4.11: Standardized Measurement Model for Financial Planning (FP)

The study revealed that higher MI between e5 and e6 (Table 4-20) may disturb the strength of model fit indices. Thus, such challenge necessitated the need to allow the covariance between errors with higher MI, so as to boost the model fit indices. The covariance between e5 and e6 was allowed.

Table 4.20: Modification Indices for Items Forming Financial Planning

			M.I.	Par Change
e5	<-->	e6	43.625	.186
e3	<-->	e6	4.036	-.045
e1	<-->	e5	5.839	-.059

Source: Field Data (2023).

Upon allowing the MI, the study revealed that model fit indices are within the recommended cut-off as presented in Figure 4.12.

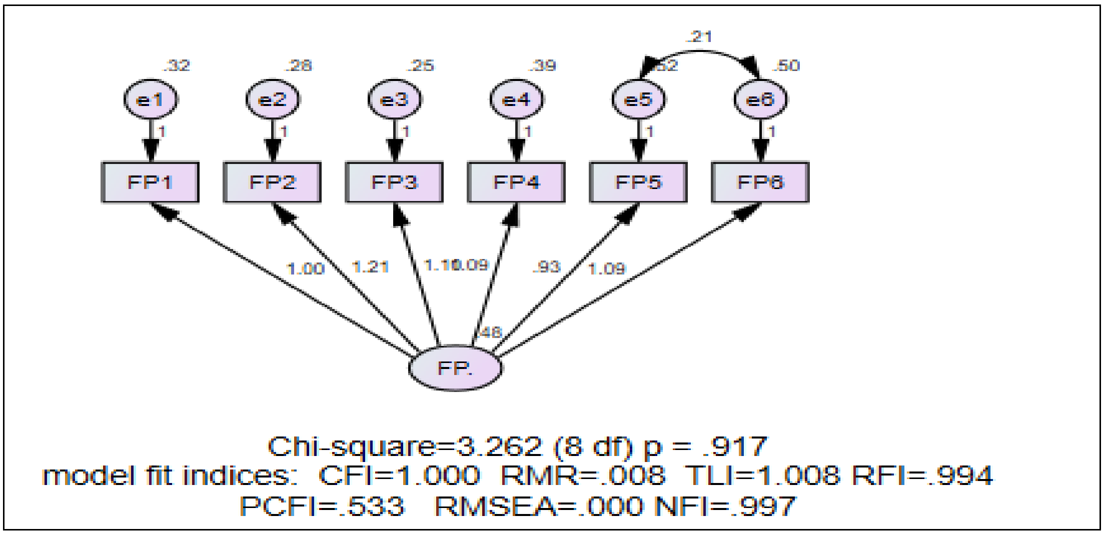

Figure 4.12: Standardized Measurement Model for Financial Planning (FP)

Source: Field Data, (2023).

Measurement Model for Financial Monitoring (FM): The FM was formed by 6 observable items. Using the model fit indices, the study revealed that while other indices were within the required cut-offs, the CFI was below 0.95 and RMSEA was above 0.08 as presented in figure 4.13. Hence called the use of modification indices (MI) to counterbalance the indices.

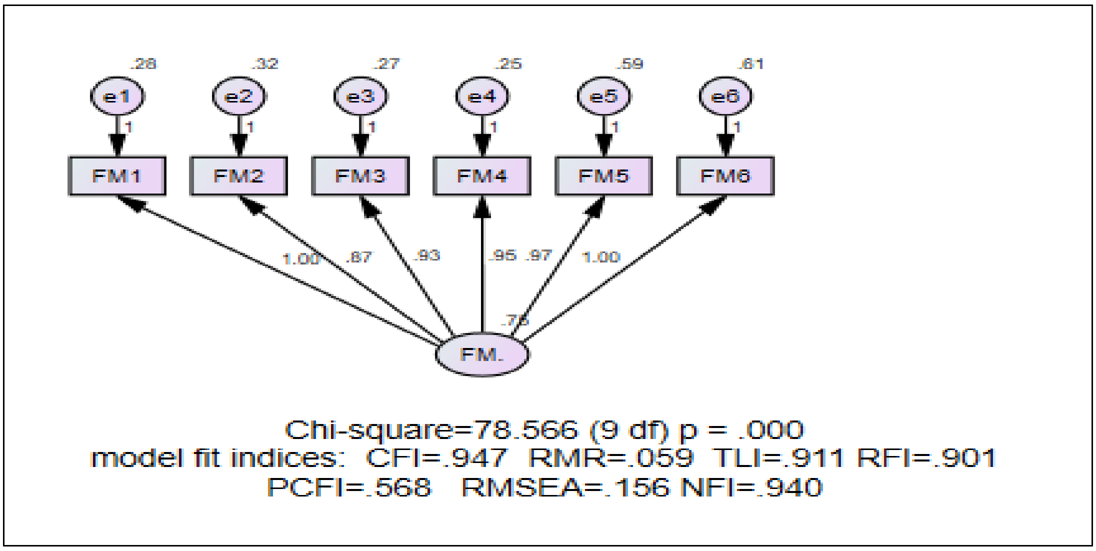

Figure 4.13: Standardized Measurement Model for Financial Monitoring (FM)

Source: Field Data, (2023).

The study revealed a higher MI between e5 and e6 as presented in Table 4-21. These higher MI may disturb the strength of model fit indices, and thus the need to allow the covariance between errors with higher MI so as to boost the model fit indices. The covariance between e5 and e6 was allowed.

Table 4.21: Modification Indices for Items Forming FM

			M.I.	Par Change
e5	<-->	e6	67.494	.302
e3	<-->	e6	5.792	-.063

Source: Field Data (2023).

Upon allowing the MI, the study revealed that model fit indices are within the recommended cut-off as presented in Figure 4.14 below.

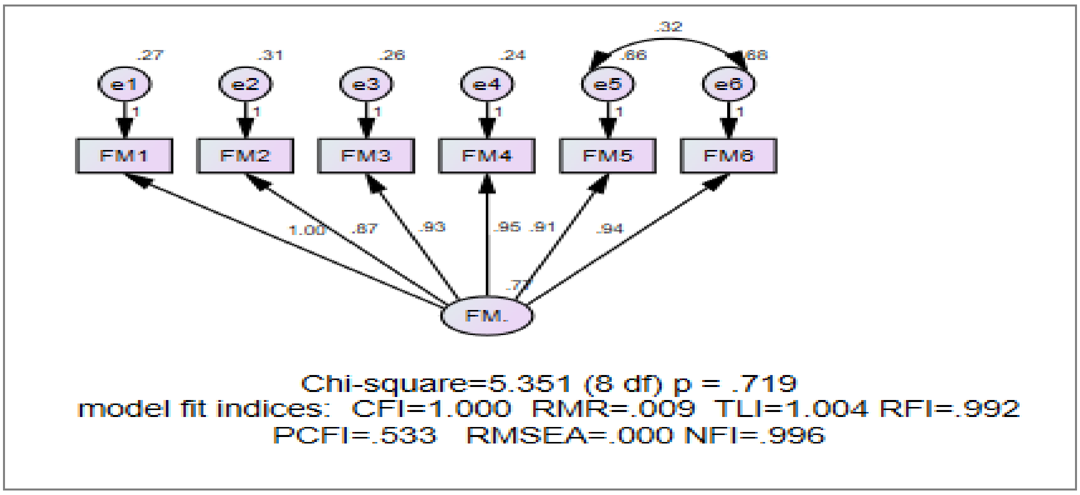

Figure 4.14: Standardized Measurement Model for Financial Monitoring (FM)

Source: Field Data, (2023).

Measurement Model for Good Governance (GG): The GG was formed by 6 observable items. Using the model fit indices, the study revealed that all indices were within the required cut-offs as presented in Figure 4.15.

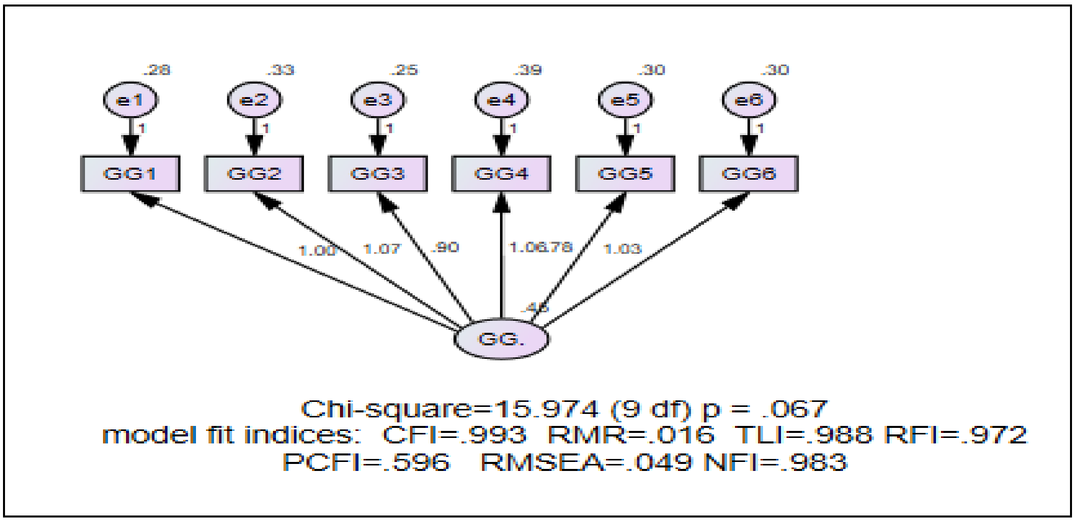

Figure 4.15: Standardized Measurement Model for Good Governance (GG)

Source: Field Data, (2023).

Development of the Overall CFA Measurement Model: The CFA involved construction of both the measurement models and the structural models pertained to study constructs underlying a particular specific objective. The presentation of this section adhered to the specific objectives under consideration. Ever since the study objectives includes the moderating variable, the presentation of study findings for objectives 1 to 3 did not consider the moderating variable.

Using the measurement model of the Internal Determinants of FS, the study revealed that the model fit indices were met. For instance, the RMR was below 0.08 while the PCFI was above 0.50 and RMSEA was below 0.08 however the CFI was below 0.95, TLI was below 0.90 RFI was below 0.90 and NFI was below 0.90. These results imply that the data explained well the model; however, modification was needed to boost the indices (Figure 4.16).

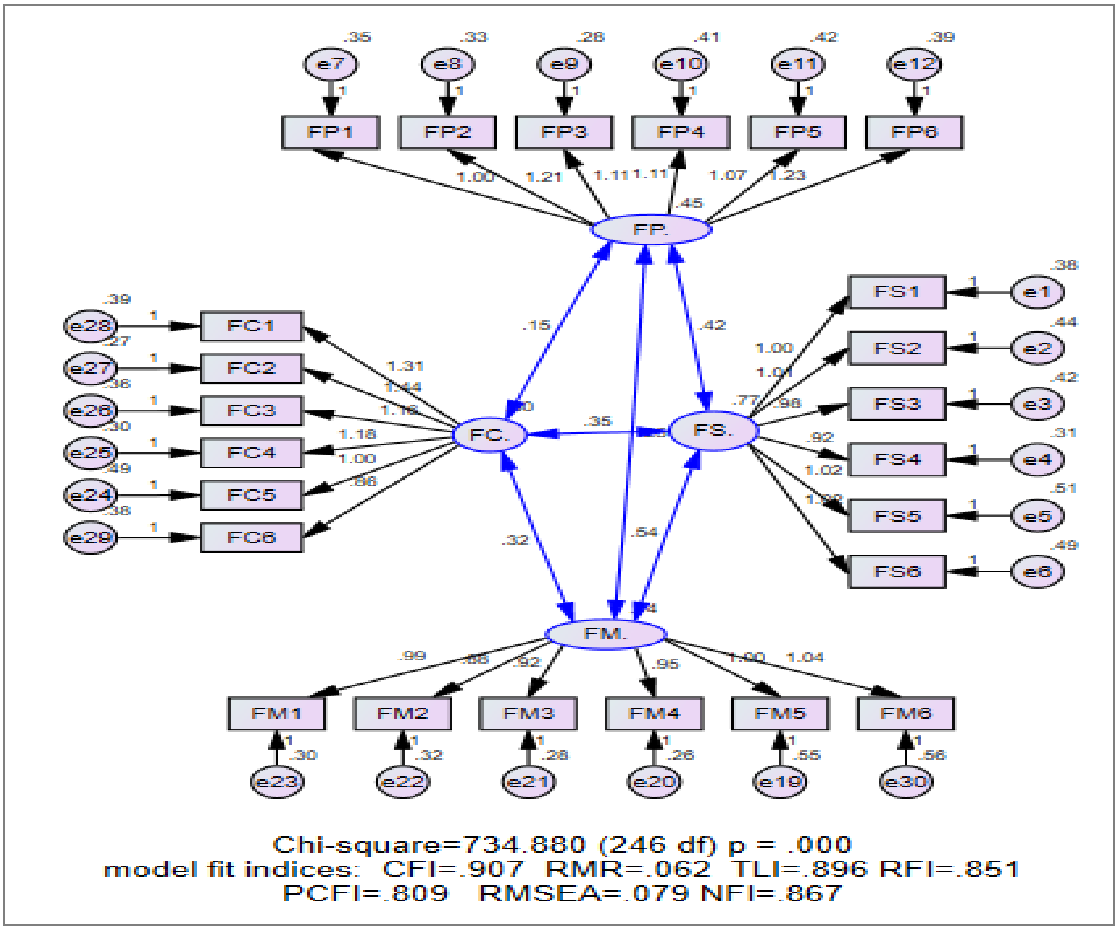

Figure 4.16: Standardized Overall CFA Model

In consideration of the modification indices (MI), the covariances were allowed between error terms with higher values of MI. the allowed covariance may be viewed as in Figure 4.17. After allowing covariance, the model fit indices were greatly modified and now the TLI is above 0.9 in accordance to other indices hence implying that the results are generalizable.

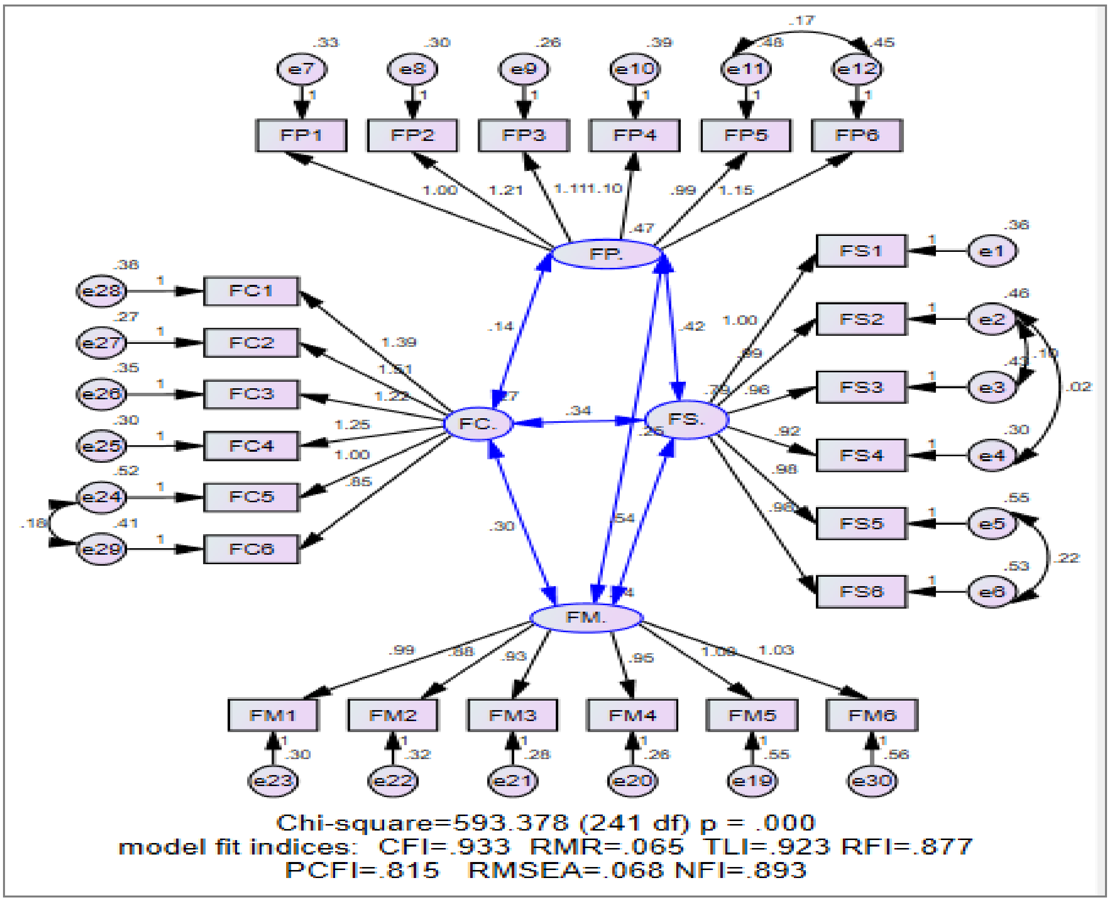

Figure 4.17: Standardized Overall CFA Model

4.10 Validity and Reliability Test

4.10.1 Unidimensionality

The unidimensionality is assessed based on the EFA results using factor loadings of each item. The rule of thumb is that, for unidimensionality assumption to be met, the factor loadings should be above 0.5, and incase the factor loading is below 0.5 then the particular need to be deleted from the model (Awang. 2011). In these instances, the researcher had enough evidence that the study constructs achieved the unidemensionality assumption as all study items achieved the minimum factor loading of 0.5 and none of the items were deleted from the model. Figure 4.17 on the distribution of factor loadings, for reference.

4.10.2 Assessment of Validity

Validity is the ability of instrument to measure what is intended to measure for a latent construct (Saunder, et al., 2009). To ensure effectiveness of SEM, three types of validity are necessary for each measurement model these are; the convergent validity, construct as well as the discriminant validity. The presentation on each of these items was considered.

4.10.3 Convergent Validity

The degree to which a scale item is related to other variables and other measures of the same construct is known as convergence validity (Kennedy et al., 2019). Factor loadings, Average Variance Extracted (AVE) with a cutoff point of 0.5 or higher, and Composite Reliability (CR) with a cutoff point of 0.7 or above were used to determine convergent validity (Hair et al., 2016). The convergent validity is normally assessed using the Average Variance Extracted (AVE). The rule of thumb is that the AVE should be at least 0.5. However, in case the AVE is below 0.5 but above 0.4, then the construct is considered valid if and only if the composite reliability is above 0.7. When every item in the measure model attained the level of statistical significance, convergent validity was noted (Ahmed, et al., 2016).

The current study revealed that all constructs had AVE above 0.5 except for FS and FC which had AVE values below 0.5 however their CR were above 0.7 hence implying that all construct attained the convergent validity. Table 4.15 Show the results from the assessment of reliability and validity of study construct.

4.10.4 Construct Validity

The construct validity as assessed based on the model fit indices for each of the study constructs and the overall measurement models as well as structural models. As presented above when analyzing the measurement models for each study construct, none of the constructs had model fit indices below the required cut-offs as presented in figures 4.9 to 4.17. Under these circumstances, the researcher had enough evidence of concluding that the construct validity was attained.

4.10.5 Discriminant Validity

According to Bhattacherjee (2012), discriminant validity is the extent to which a measure has low correlation with other constructs and does not measure other constructs that it is not supposed to measure. The discriminant validity is assessed based on the comparison between the square root of AVE and the correlation between studies constructs. The rule of thumb is that when the correlation between all study constructs is below 0.9 and that the square root of AVE is above the correlation between any of the two study constructs then the discriminant validity is revealed. Comparing the square root of the AVE as presented in table 4.15 and the factor correlation as presented in table 4.3 above, we revealed that the study constructs attained the discriminant validity.

4.10.6 Assessment of Construct Reliability

The reliability and validity of study constructs were assessed using the Cronbach's Alpha and the Average Variance Extracted (AVE) respectively. The study revealed that all study constructs were reliable as evidenced by the Cronbach's Alpha value being above the recommended value of 0.7 in each construct. Similarly, all constructs were valid as evidenced by the AVE value of at least 0.5 in each study construct. For the case of FP and GG, the AVE is below 0.5, however the Composite Reliability (CR) is above 0.7 which is in support to other literatures which reported that when the AVE is at least 0.4 and the CR is at least 0.7 then the construct under consideration is valid. In line with the CA, the composite reliability (CR) is also used as a measure of items internal consistence. The rule of thumb is that the construct should have a CR value above 0.6 for the construct to be reliable. The study revealed that all constructs had CR value above 0.7 hence implying that the constructs were reliable (Table 4.22).

Table 4.22: Assessment of Reliability and Validity of Study Constructs

Construct	No. items	CA	CR	AVE	$\sqrt{AVE}$
FS	6	0.914	0.809	0.415	0.64
FP	6	0.902	0.894	0.586	0.77
FC	6	0.863	0.839	0.467	0.68
FM	6	0.915	0.854	0.502	0.71
GG	6	0.870	0.877	0.548	0.74

Source: Field Data, (2023).

4.11 Overall Structural Equation Model of the internal determinants of Financial Sustainability

Following the results of the overall measurement model, the overall structural model was also set and outputs determined. Using the structural model, the model fit indices were evaluated, and then the path coefficients showing the relationship between the internal factors and FS were assessed. The presentation of these aspects is as here below.

4.11.1 Structural Equation Model

In assessing the effect of FP, FM and FC on FS, both the measurement and structural models were considered. All independent variables under consideration were involved in the measurement and structural models. In both the measurement and structural models, the study revealed that the model fit indices were met. For instance, the CIF, RFI and NFI were above 0.9 while the RAMSEA was below 0.08. These figures imply that the data explained well the model (Figure 4.18).

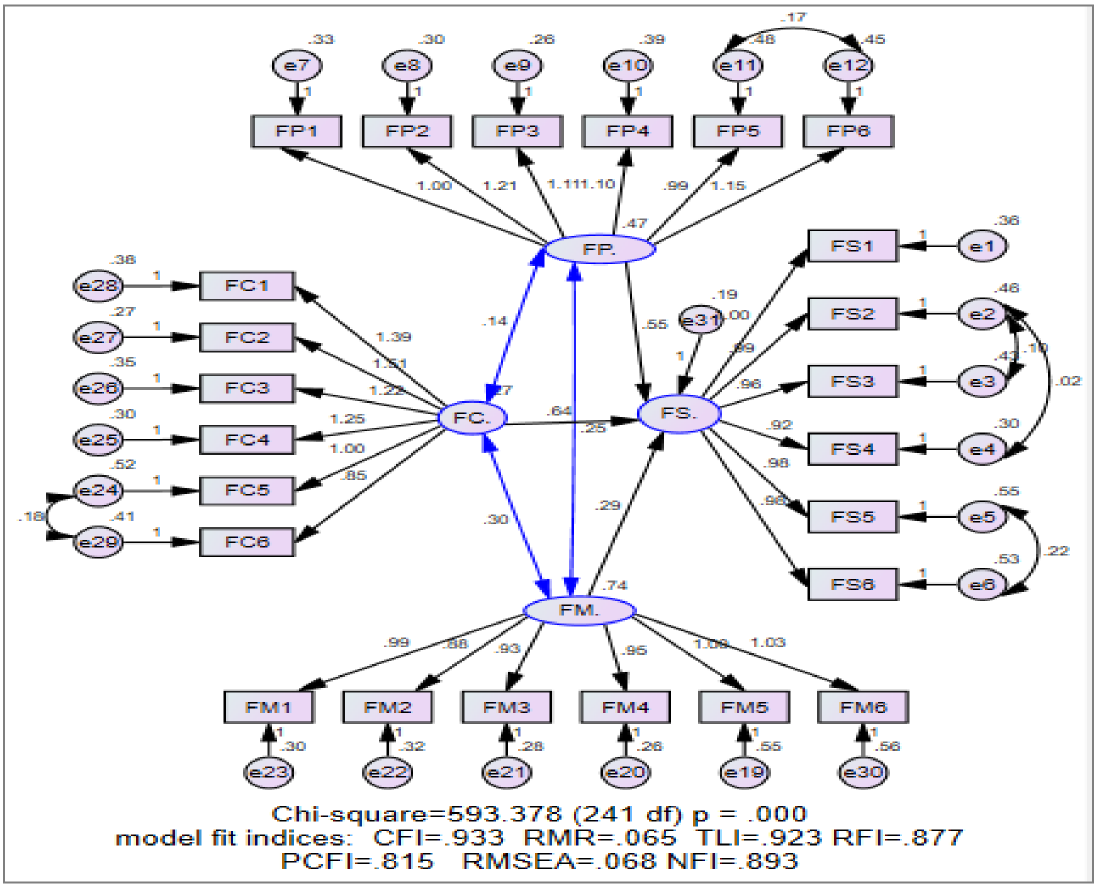

Figure 4.18: Structural Model

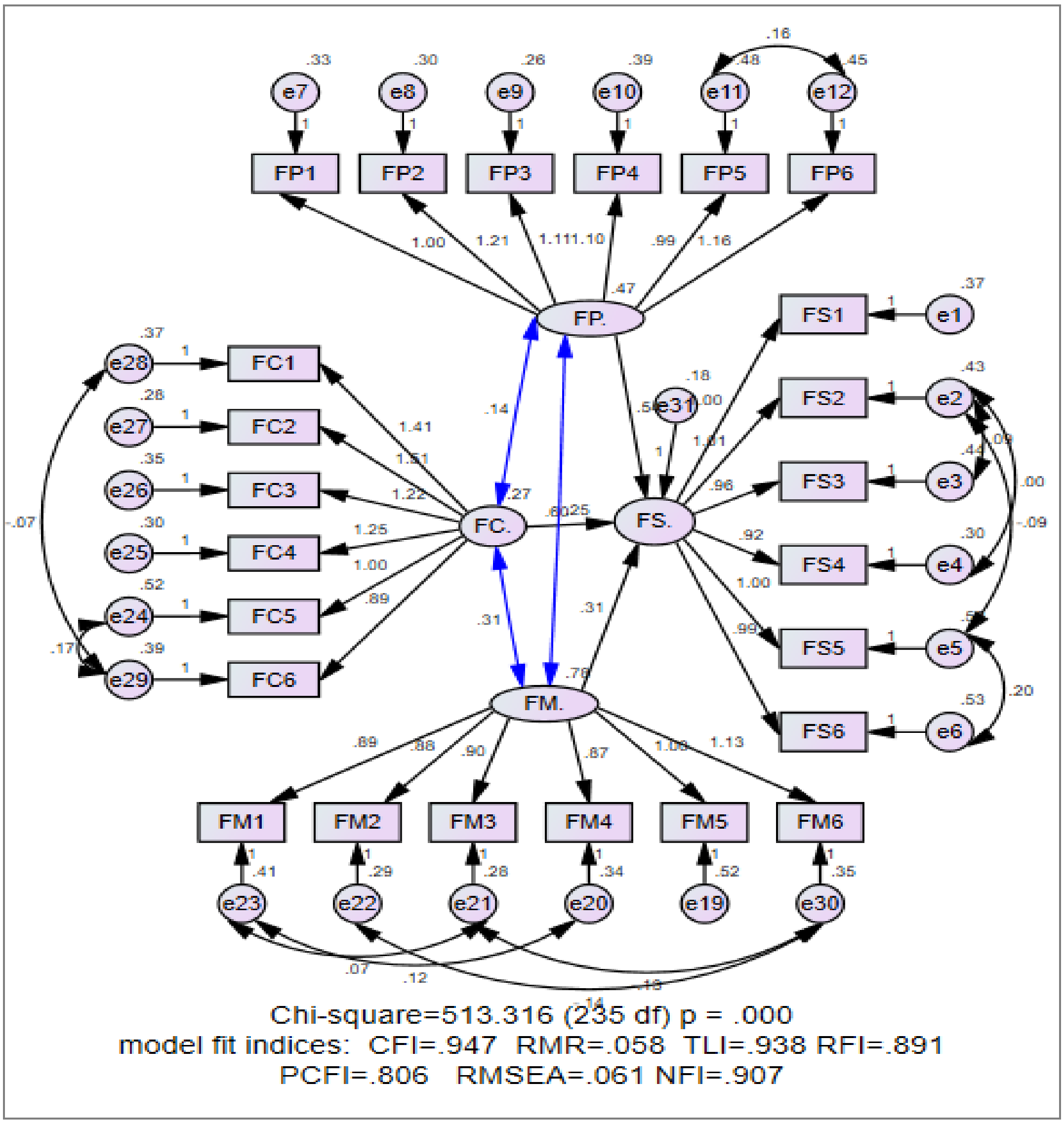

Figure 4.19: Structural Model

4.11.2 Standardized and Unstandardized Estimates from the Structural Model

Using the above structural model, the magnitude of the effect of each of the internal factors on FS was also presented. The standardized and unstandardized estimates showing the relationship between the internal determinants and FS were presented. In summary, all internal factors had a positive and statistically significant effect on FS. The detailed output is as presented in Table 4.-23, however, the presentation for each specific objective was also made in the preceding sections.

Table 4.23: Effect of Internal Determinants on FS

			Unstandardized Estimate	Standardized estimate	S.E.	C.R.	P	Label
FS.	<---	FP.	.537	.415	.064	8.402	***	par_28
FS.	<---	FC.	.604	.354	.109	5.562	***	par_29
FS.	<---	FM.	.312	.312	.055	5.689	***	par_30
FS2	<---	FS.	1.010	.806	.061	16.598	***	par_1
FS3	<---	FS.	.961	.790	.059	16.223	***	par_2
FS4	<---	FS.	.920	.828	.053	17.488	***	par_3
FS5	<---	FS.	.999	.774	.065	15.291	***	par_4
FP2	<---	FP.	1.208	.831	.078	15.451	***	par_5
FP3	<---	FP.	1.114	.830	.072	15.384	***	par_6
FP4	<---	FP.	1.103	.769	.079	13.998	***	par_7
FP5	<---	FP.	.990	.700	.080	12.381	***	par_8
FM4	<---	FM.	.871	.797	.056	15.454	***	par_9
FM3	<---	FM.	.901	.831	.058	15.590	***	par_10
FC5	<---	FC.	1.000	.584				
FC4	<---	FC.	1.251	.765	.124	10.112	***	par_11
FC3	<---	FC.	1.223	.729	.124	9.845	***	par_12
FC2	<---	FC.	1.509	.830	.141	10.679	***	par_13
FC1	<---	FC.	1.414	.768	.139	10.181	***	par_14
FM5	<---	FM.	1.000	.776				
FC6	<---	FC.	.890	.592	.083	10.787	***	par_15
FP1	<---	FP.	1.000	.763				
FP6	<---	FP.	1.155	.762	.084	13.746	***	par_18
FS6	<---	FS.	.987	.768	.065	15.202	***	par_19
FS1	<---	FS.	1.000	.825				
FM1	<---	FM.	.885	.773	.060	14.771	***	par_20
FM2	<---	FM.	.878	.821	.057	15.395	***	par_21
FM6	<---	FM.	1.128	.859	.069	16.288	***	par_22

Source: Field Data, (2023).

In support to the identified assumptions of SEM, the multivariate normality was also attained. This was evidenced by the skewness and kurtosis values being within the recommended cut-offs of ±2 and ±3 respectively (Table 4-24).

Table 4.24: Assessment of Multivariate Normality (Group one)

Variable	min	max	skew	c.r.	kurtosis	c.r.
FM6	1.000	5.000	-.476	-3.466	-.750	-2.731
FC6	1.000	5.000	-.648	-4.716	.267	.971
FC1	1.000	5.000	-.604	-4.401	.193	.704
FC2	1.000	5.000	-.411	-2.990	-.281	-1.021
FC3	1.000	5.000	-.347	-2.528	-.228	-.831
FC4	1.000	5.000	-.141	-1.029	-.293	-1.068
FC5	1.000	5.000	-.597	-4.343	.436	1.586
FM1	1.000	5.000	-.626	-4.556	-.095	-.346
FM2	1.000	5.000	-.665	-4.845	.093	.338
FM3	1.000	5.000	-.740	-5.391	.216	.787
FM4	1.000	5.000	-.653	-4.753	.033	.119
FM5	1.000	5.000	-.440	-3.202	-.746	-2.717
FP6	1.000	5.000	-.342	-2.489	-.435	-1.583
FP5	1.000	5.000	-.444	-3.235	-.287	-1.044
FP4	1.000	5.000	-.444	-3.230	-.237	-.864
FP3	1.000	5.000	-.455	-3.310	-.216	-.785
FP2	1.000	5.000	-.665	-4.844	.215	.783
FP1	1.000	5.000	-.589	-4.288	.301	1.094
FS6	1.000	5.000	-.687	-4.998	-.375	-1.366
FS5	1.000	5.000	-.661	-4.815	-.432	-1.572
FS4	1.000	5.000	-.620	-4.517	-.166	-.605
FS3	1.000	5.000	-.847	-6.164	.170	.620
FS2	1.000	5.000	-.852	-6.204	.125	.456
FS1	1.000	5.000	-.654	-4.758	-.170	-.620
Multivariate					26.977	6.809

Source: Field Data, (2023).

4.12 Model Path coefficients and Hypothesis Testing

The study hypothesized three internal determinants of FS and these are FP, FC and FM. The influence of each internal determinant on FS was discussed based on the presented specific objectives 1 to 3.

4.12.1 The Relationship between Financial Planning (FP) and Financial Sustainability (FS)

The literature review chapter of this study shows that there is a positive relationship between financial planning (FP) and financial sustainability (FS). Hence the suggested relationship between Financial Planning and Financial Sustainability was stated as follow;

H_1: There is a positive and significant relationship between financial planning and financial sustainability of selected LGAs in Tanzania

In order to test the hypothesis and ascertain the effect of each financial planning indicator variable on the financial sustainability of the selected LGAs in Tanzania, a descriptive statistical analysis was conducted. as shown in Table 4-25.

Table 4.25: Structural Equation Modeling Results for Financial Planning

	Unstandardized Estimate	Standardized Estimate	S.E.	C.R.	P	Label
FS. <--- FP.	.537	.415	.064	8.402	***	par_28
FS2 <--- FS.	1.010	.806	.061	16.598	***	par_1
FS3 <--- FS.	.961	.790	.059	16.223	***	par_2
FS4 <--- FS.	.920	.828	.053	17.488	***	par_3
FS5 <--- FS.	.999	.774	.065	15.291	***	par_4
FP2 <--- FP.	1.208	.831	.078	15.451	***	par_5
FP3 <--- FP.	1.114	.830	.072	15.384	***	par_6
FP4 <--- FP.	1.103	.769	.079	13.998	***	par_7
FP5 <--- FP.	.990	.700	.080	12.381	***	par_8
FP1 <--- FP.	1.000	.763				
FP6 <--- FP.	1.155	.762	.084	13.746	***	par_18
FS6 <--- FS.	.987	.768	.065	15.202	***	par_19
FS1 <--- FS.	1.000	.825				

Source: Field Data, (2023).

The relationship between financial planning and the financial sustainability of particular LGAs in Tanzania was evaluated by looking at the path FP connected to FS from Table 4.31. According to the analysis's findings, there was a positive correlation between financial planning and financial sustainability, with a coefficient value of 0.415 produced by standardized estimate output suggesting a positive path. Consequently, the hypothesis's (H1) result showed significant positive relationships between financial planning and the financial sustainability of a selected Tanzanian LGAs.

The outcome was in line with Hoe's (2008) recommendation that a standardized path coefficient should have a value of at least 0.2 to be considered statistically significant. In this study, the standardized path coefficient resulted in 0.415, which is higher than the suggested value of 0.20, indicating that financial planning increased financial sustainability. The results of the analysis yielded a p-value of 0.000 and a C.R. value of 8.402, which were the basis for further analysis aimed at establishing the significant influence of financial planning on financial sustainability. Table 4.31 summarizes these critical values. This relationship was deemed significant if the C.R. was greater than 1.96 and the p-value was less than 0.05, and the results fell within the recommended ranges put forth by Hox and Bechger (2014).

The study's results thus suggested that hypothesis one (H1) regarding the relationship between financial planning and financial sustainability was supported, as the influence of financial planning on the selected LGAs' financial sustainability in Tanzania was found to be significant. Furthermore, the study assessed the magnitude and presence of statistically significant effect of FP on FS. The study revealed that, controlling for FM and FC, each score increases in FP, the FS increased by 0.537 and this association was statistically significant at $p = 0.001$.

Six indicators were used in this study to measure financial planning, as shown in Table 4.31. All indicator variables demonstrated significant influence, supporting the finding that all identified attributes that measure financial planning have a significant relationship with financial sustainability.

4.12.2 Relationship between Financial Monitoring (FM) and Financial Sustainability (FS)

According to this study, there is a link between selected Tanzanian LGAs' financial sustainability and financial monitoring. As a result, the following was the formulation of the proposed relationship between financial sustainability and financial monitoring:

H_2: There is a positive and significant relationship between Financial Monitoring and financial sustainability of local LGAs in Tanzania

This hypothesis was tested using the descriptive statistical analysis to ascertain the effect of each financial monitoring attribute on the financial sustainability of particular LGAs in Tanzania, as shown in Table 4.26.

Table 4.26: Structural Equation Modeling Results for Financial Monitoring (FM)

			Unstandardized Estimate	Standardized estimate	S.E.	C.R.	P	Label
FS.	<---	FM.	.312	.278	.055	5.689	***	par_30
FS2	<---	FS.	1.010	.806	.061	16.598	***	par_1
FS3	<---	FS.	.961	.790	.059	16.223	***	par_2
FS4	<---	FS.	.920	.828	.053	17.488	***	par_3
FS5	<---	FS.	.999	.774	.065	15.291	***	par_4
FM4	<---	FM.	.871	.797	.056	15.454	***	par_9
FM3	<---	FM.	.901	.831	.058	15.590	***	par_10
FM5	<---	FM.	1.000	.776				
FS6	<---	FS.	.987	.768	.065	15.202	***	par_19
FS1	<---	FS.	1.000	.825				
FM1	<---	FM.	.885	.773	.060	14.771	***	par_20
FM2	<---	FM.	.878	.821	.057	15.395	***	par_21
FM6	<---	FM.	1.128	.859	.069	16.288	***	par_22

Source: Field, (2023).

To ascertain the connection between financial sustainability and financial monitoring, Table 4.32's FM to FS path was followed. The results showed that financial monitoring was positively correlated with financial sustainability, with a positive path and a coefficient value of 0.278 obtained through the use of standardized estimate output. Consequently, this hypothesis's (H_2) results showed a strong positive correlation between financial sustainability and financial monitoring.

The findings are consistent with those of Hoe (2008), who suggested that a standardized path coefficient of at least 0.2 be required for it to be deemed statistically significant. This led to a critical discussion. Because of this, the study's standardized path result was 0.278, which is higher than 0.20.

Critical values were computed as shown in Table 4.32 to ascertain the influence of financial monitoring on financial sustainability. The results show a critical value of

5.689 and a p-value of 0.000. The relationship that had a C.R. > 1.96 and at p<.0.05 was deemed statistically significant, and the results fell within the range value suggested by Hox and Bechger (2014). Thus, the study's conclusions showed that financial monitoring had a considerable influence on financial sustainability of selected LGAs in Tanzania. Here, the hypothesis (H_2) was supported.

Table 4.32 indicates that although the combined effect of financial monitoring was significant, all of the indicator variables of financial monitoring were also significant because the C, R value was greater than 1.96, as suggested by Hox and Bechger (2014).

4.12.3 Relationship Between Financial Control (FC) and Financial Sustainability (FS)

The second chapter of this study made the case that financial Control (FC) and financial sustainability (FS) are positively correlated. As a result, the study's third hypothesis was:

H_3: There is a positive and significant relationship between Financial Control and Financial sustainability.

In testing this hypothesis, the researcher first considered descriptive analysis to determine the influence of individual attribute of financial control on financial sustainability as indicated in Table 4.27.

Table 4.27: Structural Equation Modeling Results for Financial Control (FC)

	Unstandardized Estimate	Standardized Estimate	S.E.	C.R.	P	Label
FS. <--- FC.	.604	.354	.109	5.562	***	par_29
FS2 <--- FS.	1.010	.806	.061	16.598	***	par_1
FS3 <--- FS.	.961	.790	.059	16.223	***	par_2
FS4 <--- FS.	.920	.828	.053	17.488	***	par_3
FS5 <--- FS.	.999	.774	.065	15.291	***	par_4
FC5 <--- FC.	1.000	.584				
FC4 <--- FC.	1.251	.765	.124	10.112	***	par_11
FC3 <--- FC.	1.223	.729	.124	9.845	***	par_12
FC2 <--- FC.	1.509	.830	.141	10.679	***	par_13
FC1 <--- FC.	1.414	.768	.139	10.181	***	par_14
FC6 <--- FC.	.890	.592	.083	10.787	***	par_15
FS6 <--- FS.	.987	.768	.065	15.202	***	par_19
FS1 <--- FS.	1.000	.825				

Source: Field Data (2023).

The hypothesis (H3) that there is a positive relationship between financial control (FC) and financial sustainability (FS) was examined using the path from FC to FS in Table 4.33. The results of the test for this hypothesis indicated a positive relationship between financial control and financial sustainability, with a standardized estimate of 0.354; C, R = 5.562 and p < 0.001. This means that for every standard deviation increase in financial control, there is a corresponding increase in financial sustainability of 0.354 standard deviations. Accordingly, the study demonstrated that greater financial sustainability would follow from a higher degree of financial control. Hence H_3 of the study is supported.

4.13 Multiple- Group Moderation Analysis

To examine the effect of the moderation on the relationship between internal determinants and financial sustainability, multiple group moderation analysis was conducted utilizing IBM AMOS 23 and the Chi-square difference test. The research's H4, H5, and H6 hypotheses were investigated using the multi-group moderation analysis. A multi-group analysis measure was included in the SEM framework to test any number or type of contrasts between similar models evaluated for various participant groups (Hair et al., 2010).

The data was first divided into groups according to the study's moderating/grouping variable, such as good governance (GG). Using the Agency theory and Institutional Theory components, this study specifically sought to evaluate the moderating effect of good governance on the relationship between individual internal determinants and financial sustainability (FS). Using a 5-point Likert scale, the six statements that make up good governance (GG) are GG1 through GG6. The respondents were asked to rate each of the six statements on a scale of 1 to 5, with 1 denoting strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree.

4.13.1 Testing for Measurement Invariance

Measurement invariance is a statistical tool used to determine whether measures of the same underlying construct are being made of different groups. When the link between the underlying construct and the manifest indicator variables (scale items, subscales) is consistent across groups, measurement invariance is attained. As stated by Hair et al. (2008), the primary goal of the measurement invariance test is to confirm that measure models run under various circumstances produce a comparable representation of the same construct.

Measurement invariance testing is a reliable method for examining equivalency in multi group data, claims Fischer (2010). This is the first step toward comparing structural models across groups in order to test hypotheses. The truth is that every observed indicator in every group needs to have the same relationship to the latent variable in order to compare latent constructs across groups in a meaningful way. According to Hair et al. (2010), a multi group structural comparison can determine the degree of differences for a given relationship or the entire model.

Measurement non-invariance, according to Putnick and Borstain (2016), suggests that a construct cannot be expressively tested or interpreted across groups because it has a different structure or meaning for various groups. As such, it is crucial to evaluate the construct's invariances before examining means differences among groups or different relationships of the construct among groups. Measurement invariance, with configural metric, and scalar invariance being the most prevalent conditions, is said by Xu et al. (2017) to address the crucial question of whether measurement of a latent construct varies across groups. As a result, Kline (2011) and Hair et al. (2010) claim that the process of measuring invariance is stepwise and involves a minimum of three crucial steps. They went on to say that every step should result in at least some degree of invariance.

Testing for configural invariance: The first test designed to confirm that each group achieved the same overall factor structure based on the proposed measure is the configuration invariance test. In this specific instance, the researcher confirmed that every CFA model has the same unobserved factors and associated indicators.

According to Byrne (2010), a researcher can test for invariance in a configural model by simply verifying that each group CFA has the same number of constructs and items associated with each construct. The number of factors and the factor-indicators correspondence are therefore the same in the configural invariance test, according to Kline (2011), but all parameters are freely estimated (unconstrained) within each group. As such, the main purpose of the configural model is to provide a baseline against which all other invariance tests are evaluated.

Consequently, it is advised that all of the factors and indicators related to the factors be the same when testing configural invariance. Under each group, all parameters should be simultaneously freely estimated (unconstrained) (Kline 2011). It seems that the configural invariance model serves as the foundation for upcoming measurement invariance comparison tests. Because of this, the same parameters that were used to estimate the final CFA model in figure4.22 were also used to estimate each group separately to ensure that the results were comparable. The main goal was to determine whether a different group could use the same general CFA model. There were two options for the process; the first required selecting each group separately and performing CFA several times. Performing a multi-group CFA analysis without including equality constraints was the second option.

This study employed the second option, which involves fitting the model under freely unconstrained estimation after involving the overall models for the group that complies with GG and another group that does not comply with GG under the same data file. The choice was made in order to reduce statistical errors and simplify the analysis. The following Table 4.34 showed the configural models summary for the composite chi-square. Using the multi-group analysis approach, the study revealed that the two models attained the configural non-invariance as evidenced by the model fit indices and corresponding CMIN values of 607.505 which was statistically significant at a less than 1% level (p = 0.000). Table 4.28 provide composite chi – square summary for configure models.

Table 4.28: Composite Chi-square Test for the Configural Model

Model	NPAR	CMIN	DF	P	CMIN/DF
Unconstrained	108	607.505	492	.000	1.235
Measurement weights	88	652.284	512	.000	1.274
Structural weights	85	665.778	515	.000	1.293
Structural covariances	79	740.410	521	.000	1.421
Structural residuals	78	767.572	522	.000	1.470
Measurement residuals	54	926.219	546	.000	1.696
Saturated model	600	.000	0		
Independence model	48	4856.072	552	.000	8.797

Source: Field Data, (2023).

The corresponding model fit indices including the TLI, CFI and PCFI were above the recommended cut-offs of 0.9 while the RFI was above 0.8 as presented in Figure 4.20. Together with these indices, researcher had enough evidence of concluding that the configural invariance evidence was achieved hence necessitating for conducting the moderation analysis. Figure 4.20.

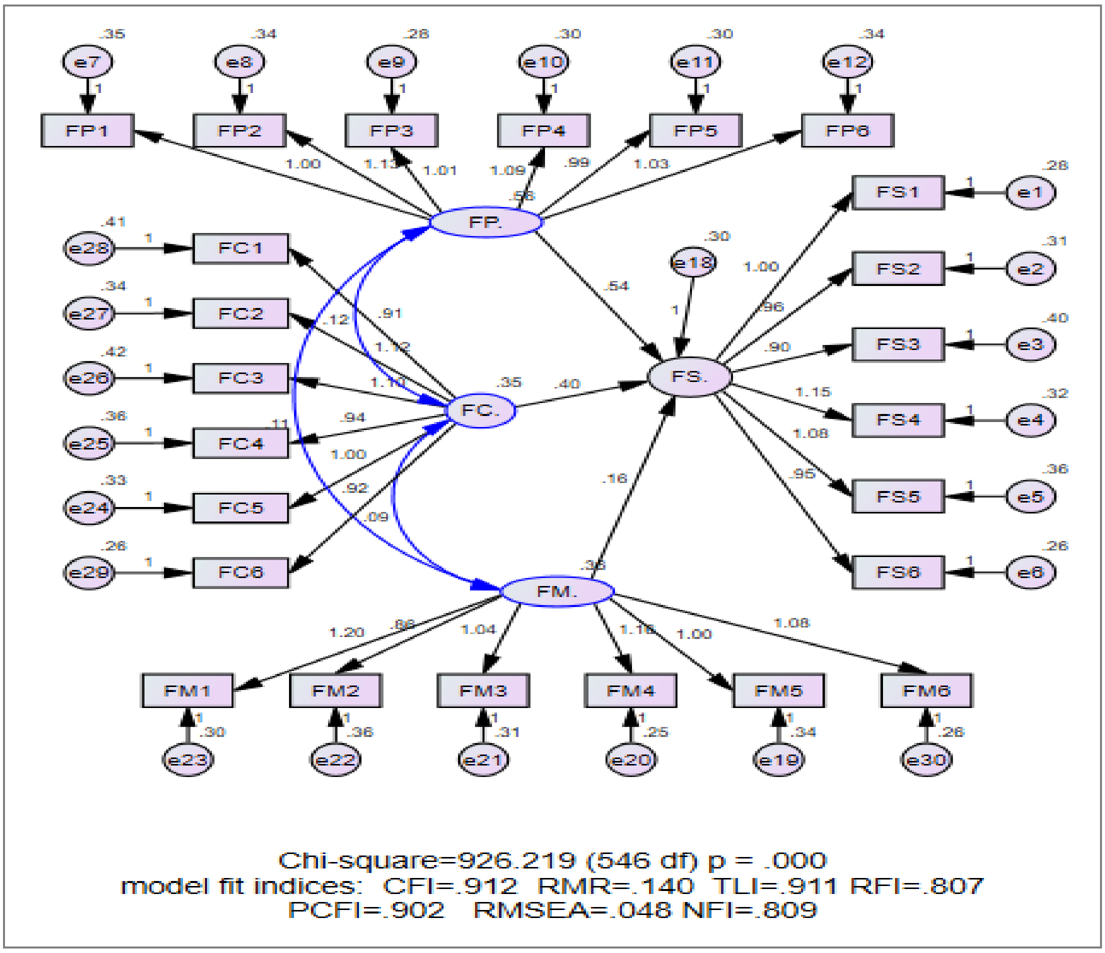

Figure 4.20: Overall Structural Model

Chi-square difference tests for moderation: The Chi-square difference test was also used as additional analysis by using IBM Amos to evaluate the presence of non-invariance between groups. The rule of thumb is that the Chi-square test statistic should be statistically significance so as to conclude the presence of non-invariance between the restricted and the unrestricted models. The study revealed a strongly statistically significant Chi-square value at a 1% level (p = 0.001) hence implying the presence of non-invariance between the two models. The presence of non-invariance further suggests that the effect of independent variables on the dependent variable might be different hence necessitating for the further moderation analysis called path by path analysis. The summary of these results is shown in Table 4.29.

Table 4.29: Chi-Square Difference Tests Output from IBM Amos 23

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho2
Measurement weights	20	44.779	.001	.009	.010	.004	.005
Structural weights	23	58.272	.000	.012	.013	.007	.007
Structural covariance	29	132.904	.000	.027	.030	.021	.024
Structural residuals	30	160.067	.000	.033	.037	.027	.030
Measurement residuals	54	318.714	.000	.066	.073	.052	.059

Source: Researcher (2023).

Furthermore, the invariant test was evaluated using the Chi-square differences between the unconstrained and constrained models. The study revealed the Chi-square difference of 58.27 which was statistically significant at p <0.001. These findings imply the presence of moderation effect; however, the path-by-path analysis is needed so as to establish the path with the moderating effect as shown in Table 4-30.

Table 4.30: Statistical Tool Package for Chi-square Outputs

	Chi-square	df	p-value	Invariant?
Overall model				
Unconstrained	652.284	512		
Fully constrained	710.556	535		
Number of groups		2		
Difference	58.272	23	< 0.001	No
Constrained path				
FS <--- FP	664.385	513	0.000	
FS <--- FC	675.589	513	0.000	
FS <--- FM	701.174	513	0.000	
Chi-square critical values				
90% confidence	553.41	512	0.1	
95% confidence	565.74	512	0.05	
99% confidence	589.37	512	0.01	

Source: Field Data (2023).

The assessment of the path-by-path analysis requires the use of the computed and the critical Chi-square values. The Chi-square critical values for different levels of significance was computed using the online calculator[1].The presence of significant moderating effect was assessed by comparing the critical and computed Chi-square values at different levels of significance.

The Path-by-Path moderation analysis: The path-by-path moderation analysis was done by comparing the Chi-square values based on the constrained and unconstrained models. The study had three independent variables/constructs and one dependent variable making a total of three paths. The path analysis was conducted by restricting one path after another and hence making the comparisons of the computed Chi-squared values to the critical values. In case, the Computed Chi-squared values were larger as compared to the critical values, then the statistically significant moderation effect was reported.

The study started by constraining path FS <--- FP, while other paths were set free for estimation. The computed model Chi-squared value was 664.385 which was statistically significant at $p<0.001$. Compared to the critical Chi-square value, we revealed that the 664.385 was greater not only at a 10% level but also at 5% and 1% levels respectively. These results mean that there was a statistically significant moderating effect of GG on the relationship between FS and FP.

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[1] https://www.danielsoper.com/statcalc/calculator.aspx?id=12 (>>>>>>)

The second path to be constrained was FS <--- FC, leaving other paths to be estimated freely from the model. The computed Chi-squared value was 675.589 which were even larger as compared to the critical value of 589.37 at a 1% level. These results mean that there was a statistically significant moderating effect GG on the relationship between FC and FS.

The third and lastly constrained path was for the FS <--- FM, leaving other paths freely estimated from the model. The computed model Chi-square value was 701.174 which is greater as compared to the critical Chi-squared value even at a 1% level. Therefore, these results imply there is a statistically significant moderating effect of GG on the relationship between FS and FP.

4.13.2 Moderation Hypothesis Testing

The purpose of Hypotheses H4 through H6 was to determine which group—the compliance group or the non-compliance group—is more affected by the moderator variable. Next, the same structural model was run separately using the two datasets to test for the hypothesis, since the data set had achieved configural invariance whereby the two models produced significant estimates through similar structure. The researcher uses datasets for two groups—one that complies with good governance and the other that does not—to run an unconstrained model in order to test these hypotheses. The strengths of the corresponding estimates of the standardized parameters and the significance level for both datasets were then compared;

In assessing the moderating effect of GG on the effects of internal determinants of FS, the structural model for the two-group analysis was set. Then, the model estimation was undertaken so as to determine the effect of each internal determinant on FS. The estimates including unstandardized as well as standardized estimates were reported for each group.

The moderating effect of GG on the relationship between FP and FS: As pointed prior, the effect of FP on FS was assessed based on the two groups of GGs namely the Noncompliance group and Compliance groups. The effect of FP on FS was also presented in accordance manner as follows.

The effect of FP on FS for the group not complying to GG: Based on the group of noncompliance with GG, the study revealed that for each unit increase in FP, the FS increased by 0.433. The observed increase was statistically significant at $p < 0.001$ ($p = 0.000$). Similarly, using the standardized estimates the study revealed that for each unit score increase in FP, the FS increased by 0.44 (Table 4.31).

Table 4.31: Effect of FP on FS within the Group Not Complying with GG

			Unstandardized Estimate	Standardized estimates	S.E.	C.R.	P	Label
FS.	<---	FP.	.433	.440	.102	4.247	***	b1_1
FS1	<---	FS.	1.000	.806				
FS2	<---	FS.	1.160	.849	.114	10.217	***	a1_1
FS3	<---	FS.	.951	.710	.122	7.805	***	a2_1
FS4	<---	FS.	1.290	.832	.131	9.840	***	a3_1
FS5	<---	FS.	1.127	.770	.129	8.738	***	a4_1
FS6	<---	FS.	.890	.807	.097	9.209	***	a5_1
FP1	<---	FP.	1.000	698				
FP2	<---	FP.	.932	.766	.111	8.366	***	a6_1
FP3	<---	FP.	.959	.814	.106	9.059	***	a7_1
FP4	<---	FP.	.921	.828	.100	9.226	***	a8_1
FP5	<---	FP.	.916	.843	.098	9.375	***	a9_1
FP6	<---	FP.	.761	. 698	.099	7.709	***	a17_1

Source: Field Data, (2023).

The effect of FP on FS for the group complying with GG: Based on the group of complying with GG, the study revealed that for each unit score increase in FP, the FS increased by 0.47 and this increase was strongly statistically significant at $p < 0.001$. Using the standardized estimates, the study revealed that for each unit score increase in FP, the FS increased by 0.432as shown in Table 4.32.

Table 4.32: Effect of FP on FS within the Group Complying with GG

			Unstandardized Estimate	Standardized estimate	S.E.	C.R.	P	Label
FS.	<---	FP.	.472	.432	.076	6.239	***	b1_2
FS1	<---	FS.	1.000	.848				
FS2	<---	FS.	.827	.775	.064	12.906	***	a1_2
FS3	<---	FS.	.853	.769	.067	12.769	***	a2_2
FS4	<---	FS.	1.048	.859	.069	15.287	***	a3_2
FS5	<---	FS.	1.047	.856	.069	15.180	***	a4_2
FS6	<---	FS.	.967	.830	.067	14.370	***	a5_2
FP1	<---	FP.	1.000	.794				
FP2	<---	FP.	1.261	.854	.093	13.512	***	a6_2
FP3	<---	FP.	1.053	.832	.081	13.007	***	a7_2
FP4	<---	FP.	1.196	.829	.093	12.815	***	a8_2
FP5	<---	FP.	1.040	.787	.087	11.972	***	a9_2
FP6	<---	FP.	1.186	.841	.088	13.436	***	a17_2

Source: Field Data (2023).

From Table 4.38, the standardized parameter estimates for the group that not comply with GG was.440 and for the group that comply with GG was .432 as indicated in Table 4.33. This shows that parameter estimates were statistically significant in both groups. In considering path by path moderation analysis results, it was observed that good governance did not moderate the path between FP and FS, however the relationship between FP and FS is stronger in the group that do not comply with good governance than group that comply with good governance.

Therefore, there was a presence of partial moderation which implied a there is very negligible amount of FP which affect FS; as such H4 was not supported.

Moderating effect of GG on the relationship between FM and FS: The moderating effect of FM on FS was assessed based on the two study groups of GG. Results were obtained for each group and the comparison of the effect on FM on FS based on the GG groups was reported.

The effect of FM on FS for the group complying with GG: The study revealed that, based on the Group complying with governance, each unit increase in FM the FS decreases by 0.106. However, the observed decline was statistically insignificant at a 5% level (P = 0.296). The observed declining effect of FM on GG was evidenced by both standardized and unstandardized estimates (Table 4.33).

Table 4.33: Effect of FM on FS for the Group Complying with GG

			Unstandardized Estimate	Standardized estimates	S.E.	C.R.	P	Label
FS.	<---	FM.	-.106	-.099	.101	-1.046	.296	b2_1
FS1	<---	FS.	1.000	.806				
FS2	<---	FS.	1.160	.849	.114	10.217	***	a1_1
FS3	<---	FS.	.951	.710	.122	7.805	***	a2_1
FS4	<---	FS.	1.290	.832	.131	9.840	***	a3_1
FS5	<---	FS.	1.127	.770	.129	8.738	***	a4_1
FS6	<---	FS.	.890	.807	.097	9.209	***	a5_1
FM4	<---	FM.	.952	.781	.104	9.141	***	a10_1
FM3	<---	FM.	.817	.687	.108	7.552	***	a11_1
FM2	<---	FM.	.743	.680	.100	7.457	***	a12_1
FM1	<---	FM.	.878	.720	.112	7.858	***	a18_1
FM5	<---	FM.	1.000	.814				
FM6	<---	FM.	1.015	.876	.098	10.353	***	a20_1

Source: Field Data (2023).

The effect of FM on FS for the group not complying with GG: Based on the group not complying with GG, the study revealed that for each unit increase in FM, FS increased by 0.476. This increase was strongly statistically significant at $p < 0.001$. The observed positive effect of FM on FS using unstandardized estimates was also evidenced by a positive effect of 0.311 for standardized estimates (Table 4-34).

Table 4.34: Effect of FM on FS for the Group not Complying with GG

	Unstandardized Estimate	Standardized estimate	S.E.	C.R.	P	Label
FS. <--- FM.	.476	.311	.110	4.327	***	b2_2
FS1 <--- FS.	1.000	.848				
FS2 <--- FS.	.827	.775	.064	12.906	***	a1_2
FS3 <--- FS.	.853	.769	.067	12.769	***	a2_2
FS4 <--- FS.	1.048	.859	.069	15.287	***	a3_2
FS5 <--- FS.	1.047	.856	.069	15.180	***	a4_2
FS6 <--- FS.	.967	.830	.067	14.370	***	a5_2
FM4 <--- FM.	1.369	.839	.142	9.648	***	a10_2
FM3 <--- FM.	1.230	.773	.137	8.987	***	a11_2
FM2 <--- FM.	.983	.641	.128	7.683	***	a12_2
FM1 <--- FM.	1.474	.835	.155	9.510	***	a18_2
FM5 <--- FM.	1.000	.648				
FM6 <--- FM.	1.148	.730	.130	8.821	***	a20_2

Source: Field Data (2023).

From the Table 4.35, the standardized parameter estimates for the group not comply with GG was.311, and for the group that comply with GG the standardized estimate was -.099 as shown in Table 4.36. It showed that parameter estimates were significant in the group that do not comply with GG and statistically insignificant in the group that comply with GG. Therefore, indicated the presence of full moderation due to variations that are reflected in significance levels. In that case it can be concluded that the relationship between FM and FS is stronger in the group that do not comply with GG than in the group that comply with GG; as such H5 was supported.

Hypothesis H_5: Good governance positively moderates the relationship between financial monitoring and financial sustainability.

Part 4.12.3 of this thesis indicated that the Good Governance moderated this relationship without showed the category of group in which moderation is more articulated. The results revealed from testing of this hypothesis justify specifically the group which the relationship was more articulated.

Moderating effect of GG on the relationship between FC and FS: The moderating effect of FC on FS was assessed based on the two study groups of GG. Results for the standardized and unstandardized effects were reported. A group comparison effect of FC on FS was also reported.

The effect of FC on FS for the group not complying with GG: The study revealed that for each unit increase in FC, the FS increased by 0.36 among people who voted for the non-compliance with GG and this association was statistically significant at a 1% level ($p = 0.002$). Similar evidence was reached using the standardized estimates as for each unit increase in FC, the FS increased by 0.301 (Table 4.35).

Table 4.35: Effects of FC on FS for the Group Not complying GG

			Unstandardized Estimate	Standardized Estimates	S.E.	C.R.	P	Label
FS.	<---	FC.	.362	.301	.119	3.049	.002	b3_1
FS1	<---	FS.	1.000	.806				
FS2	<---	FS.	1.160	.849	.114	10.217	***	a1_1
FS3	<---	FS.	.951	.710	.122	7.805	***	a2_1
FS4	<---	FS.	1.290	.832	.131	9.840	***	a3_1
FS5	<---	FS.	1.127	.770	.129	8.738	***	a4_1
FS6	<---	FS.	.890	.807	.097	9.209	***	a5_1
FC5	<---	FC.	1.000	.765				
FC4	<---	FC.	.971	.691	.135	7.215	***	a13_1
FC3	<---	FC.	1.260	.762	.166	7.614	***	a14_1
FC2	<---	FC.	1.213	.744	.162	7.512	***	a15_1
FC1	<---	FC.	1.023	.642	.163	6.261	***	a16_1
FC6	<---	FC.	.995	.782	.122	8.130	***	a19_1

Source: Field Data, (2023).

The effect of FC on FS for the Group complying with GG

For the case of the compliance with GG group, the study revealed that for each unit score increase in FC, the FS increased by 0.414 and the observed increase was statistically significant at $p < 0.001$ ($p = 0.000$). Similarly, using the standardized estimates the positive relationship between FC and FS was revealed (Table 4-36).

Table 4.36: The effect of FC on FS for the Group Complying with GG

			Unstandardized Estimate	Standardized Estimate	S.E.	C.R.	P	Label
FS.	<---	FC.	.414	.288	.098	4.209	***	b3_2
FS1	<---	FS.	1.000	.848				
FS2	<---	FS.	.827	.775	.064	12.906	***	a1_2
FS3	<---	FS.	.853	.769	.067	12.769	***	a2_2
FS4	<---	FS.	1.048	.859	.069	15.287	***	a3_2
FS5	<---	FS.	1.047	.856	.069	15.180	***	a4_2
FS6	<---	FS.	.967	.830	.067	14.370	***	a5_2
FC5	<---	FC.	1.000	.682				
FC4	<---	FC.	.953	.686	.117	8.158	***	a13_2
FC3	<---	FC.	.939	.641	.122	7.711	***	a14_2
FC2	<---	FC.	1.029	.754	.119	8.654	***	a15_2
FC1	<---	FC.	.810	.647	.101	7.997	***	a16_2
FC6	<---	FC.	.849	.675	.103	8.208	***	a19_2

Source: Field Data, (2023).

The group that did not comply with GG had a standardized parameter estimate of.301 from Table 4.36, while the group that did comply with GG had a standardized estimate of.288 from Table 3.37. According to this, parameter estimates in both groups were statistically significant. In light of the fluctuations in significance levels, it is therefore suggested that partial moderation may exist. It was determined that the group that does not comply with GG manifested a stronger relationship between FC and FS than the group that does comply with GG; as a result, H6 was supported.

Hypothesis H6: Good governance positively moderates the relationship between financial control and financial sustainability

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Overview

This chapter discusses both descriptive and inferential findings of the study. The information gathered in the preceding chapter on findings is synthesized here. Furthermore, it presents a comparative analysis of the present results with the observations made in earlier studies in this field. The impact of internal factors on the financial sustainability of local government Authorities (LGAs) in Tanzania, with good governance acting as a moderating factor. The following is the order in which the chapter is presented: descriptive statistics for the demographic factors of the respondents; inferential statistics analysis concerning the impact of financial planning, monitoring, and control on financial sustainability. Additionally, the chapter discusses how good governance has a moderating effect.

5.2 Descriptive statistics for Respondents' Demographic Factors

The study used descriptive analysis to determine demographic information of the respondents such as age, gender, level of education, geographical region. The results indicated that the majority of the respondents (80%) who participated in the survey were the graduate with bachelor degree in accounting and finance and above while 19% are the diploma holders. This implies that the study's participants had a trustworthy source of information since they were well-versed in accounting and finance.

According to the age statistic, 39% of respondents were between the ages of 31 and 40, 31.1% were between the ages of 41 and 50, and 10.1% were over the age of 51. This justifies the sample's composition of respondents who are mature enough to offer trustworthy information and who possess sufficient knowledge and experience regarding the financial sustainability of LGAs.

5.3 Inferential statistics Analysis

Structure Equation Modeling (SEM) using IBM SPSS Amos 23 produced the inferential statistics findings presented in Chapter 4. Confirmatory factor analysis, structural model analysis, and multi-group moderation analysis were all covered by SEM and produced results that led to insightful conversation. In order to evaluate the model fit indices, confirmatory factor analysis focused on the measurement model. Using the standardized regression coefficient, the structural model analysis focused on testing hypotheses both before and after moderation.

The SEM approach is used in inferential analysis because it was employed in the same way to examine the model's causal and effect relationship by Bhatia (2018) and Mushi (2016). With the aid of generated statistics, the analysis sought to ascertain the relationship between the independent and dependent variables. In order to analyse a comprehensive and simultaneous test of all the relationships between constructs and facilitate study conclusion, structural equation modelling (SEM) is thought to be the most dependable analytical method (Hair et al., 2010). The following sections illustrate the discussion of these inferential statistics findings for relationships between variables.

5.3.1 The Effects of Financial Planning on Financial Sustainability

The study considered whether financial planning could have a positive effect on financial sustainability of the selected LGAs in Tanzania. The study hypothesized that: H1: Financial planning is positively related to financial sustainability. The empirical results in chapter four (Table 4.25) revealed that financial planning had a positive and significant relationships with financial sustainability of selected LGAs in Tanzania (($y = 0.421$; C. R = 8.279; $p = 0.001$) and hence H1 was strongly supported. Therefore, a key factor in determining an LGA's survival is financial planning. The coefficient value shows that, on average, an increase of one unit in financial planning lead to a 0.421 increase in the financial sustainability of the selected Local Government Authorities in Tanzania. This suggests that having a well-thought-out financial plan enables the LGAs to maintain current and stable financial position by anticipating the amount needed for specific expenses (Sontag-Padilla et al., 2012).

This indicates that Tanzanian local government authorities' ability to maintain their financial stability is impacted by the financial planning. Additionally, it enables LGAs to allocate their limited financial resources to the intended cause as fully as possible, which may encourage donors to keep contributing because they will know that their money will be used as efficiently as possible (Elliott, 2012).

These results are consistent with a number of earlier studies that found a positive and significant relationship between financial planning and financial sustainability (Abdulkaddir, 2021; Mahmood et al., 2021; AlQersh, 2021; Abiodun et al., 2020).

However, results contradict with those obtained by previous researchers Abiodam, et al., (2020), Odek, & Okoth (2019). Mujennah *et al.,* (2019) which showed that financial planning is negatively related to financial sustainability. However, these studies were conducted from foreign countries such as Indonesia and Nigeria where social and economic environment is different from that of Tanzania. In addition to that, those studies focused on NGOs and Manufacturing industries which are quite different from the Local government Authorities which is part of the public sector.

The outcome from this study holds profound economic significance as it underscores the crucial role of proactive financial planning practices in bolstering the fiscal health and resilience of local governance entities. By strategically aligning financial resources with organizational goals and priorities, LGAs can optimize budgetary allocations, enhance revenue generation strategies, and mitigate financial risks effectively. Consequently, the positive association between financial planning and financial sustainability not only fosters prudent fiscal management within LGAs but also lays a foundation for sustained economic development, improved service delivery, and enhanced socio-economic well-being across Tanzanian communities.

5.3.2 The Effects of Financial Monitoring on Financial Sustainability

It was hypothesized in this study that there is a positive relationship between financial monitoring and financial sustainability. Findings from the current study (table 4.26) supported this relationship (y =0.278, C. R =4.838, P=000). Thus, (H2) financial monitoring has positive relationship with financial sustainability. This implied that raising financial monitoring efforts would therefore significantly improve the financial sustainability of LGAs. According to the coefficient value, the average increase in financial monitoring and evaluation will lead to a 0.278 rise in the financial sustainability of local Government Authorities (LGAs) in Tanzania for every one-unit increase. This suggests a thorough evaluation of LGA performance policies and practices, with the findings guiding future development of better strategies.

This study result is consistent with previous studies such as Odek, & Okoth (2019) from Kenya did a study in distribution enterprises to examine, the effect of financial monitoring on financial sustainability which reported positive and significant correlations. Another study, conducted by Sri Lankan researchers Kumari *et al*. (2019), looked at the effect of financial monitoring on the financial sustainability of banking organizations the results showed a substantial positive association.

However, the results of this study did not find evidence for the findings reported in financial sustainability most notably that of Mbilla *et al* (2020), who did a study in Ghana looking at the effect of financial monitoring on financial sustainability of listed bank which revealed a positive but insignificant relationship. On other hand Adegboyegun *et al* (2020) conducted study from Nigeria examining the effect of financial monitoring on financial sustainability in the SMEs, the study revealed positive and insignificant relationship. These findings could be caused either by the studies being conducted in a different country with diversity in social, political, and economic factors as well as sectorial differences.

This outcome underscores the economic significance of implementing robust financial monitoring practices within the context of local governance. Effective financial monitoring mechanisms enable Local Government Authorities (LGAs) to track expenditure patterns, detect financial irregularities, and ensure compliance with budgetary constraints, thus enhancing fiscal transparency, accountability, and efficiency. By fostering greater fiscal discipline and stewardship of public resources, financial monitoring contributes to the long-term financial sustainability of LGAs, ultimately facilitating economic growth, improved service delivery, and enhanced socio-economic development outcomes for communities.

Therefore, financial monitoring is important to the selected LGAs in Tanzania since it improves financial sustainability and enables the LGAs to be able to provide services to the citizens effectively and efficiently.

5.3.3 The Effects of Financial Control on Financial Sustainability

The study hypothesized that there is a positive relationship between financial controls and financial sustainability. This hypothesis was supported with y= 0.373; C. R = 5.676 and $p < 0.001$. Table 4,25 means financial control produce strong influence on financial sustainability of the selected Local Government Authorities in Tanzania. Financial control has an impact on the financial sustainability of local LGAs in Tanzania, according to the study's results, which also showed that the coefficient of financial control was positive and statistically significant. Financial sustainability of LGAs will increase by 0.373 on average for every unit increase in financial control according to the coefficient value. Strong financial controls, according to Kamwana and Muturi (2014), enhance the management to protect organizational assets, which support the long-term financial sustainability of the selected Local Government Authorities in Tanzania.

This result is consistent with previous studies such as Dagane, & Kihara, (2021) assessed the effect of financial controls on the financial sustainability of NGOs and the results show positive and significant relationship. The study by Kenyan researchers Ochola, et al. (2022) looked at the effect of financial controls on financial sustainability of the public sector which revealed a positive and significant relationship. On the other hand, Ahmed & Ng'anga, (2019) conducted research in Kenya to examine the effect of financial controls on financial sustainability; the results demonstrated a positive and significant relationship. Yet the effect of financial controls on the financial sustainability of the North Gorontalo Regency Government was examined in the study carried out in Indonesia by Aneta et al. (2021) which revealed a positive and significant relationship between financial control and financial sustainability. Bashaija, *et al* (2020) conducted a study to examine the effects of MFI financial control in Rwanda, the study's findings show a positive and significant relationship.

However other previous studies show contradictory findings such as Abiodun (2020) from Nigeria conducted a study in the enterprises listed on the capital market to assess the effect of financial controls on financial sustainability in which its findings show a negative and substantial association. Kumari *et al.* (2019) did another study from Sri Lanka to investigate the effect of financial controls on the financial sustainability which revealed insignificant but favorable correlation between financial control and financial sustainability.

Additionally, the study's findings demonstrated that every factor, including financial planning, control, and monitoring, had a positive and significant impact on financial sustainability. Therefore, as shown in structural equation modeling, a unit increase in these independent variables would result in a significant unit increase in the financial sustainability level of the selected Local Government Authorities in Tanzania.

This result underscores the substantial economic impact of effective financial control practices within local governance structures. By diligently tracking financial performance, identifying areas for improvement, and ensuring compliance with budgetary regulations, financial control enhances the fiscal resilience and accountability of LGAs. This, in turn, promotes prudent resource allocation, fosters investor confidence, and supports sustainable economic development initiatives, ultimately benefitting communities and stakeholders across Tanzania.

5.4 Moderation effects on the Determinants of Financial Sustainability

To ascertain the moderating effect of good governance, the entire sample was split into two groups: The Group that adhered to Good Governance and the Group that did not. According to the multi-group moderation analysis, the results of the Chi-square difference test did not show an invariant that demonstrated how the two models differed based on which Groups adhered to Good Governance and another Group that did not comply with Good Governance. The group that adheres to Good

Governance revealed a greater effect from the multi-group moderation analysis. The following sections provide further details on the model comparison results.

5.4.1 The Effect of Moderation on Relationship between FP and FS

Two groups were used in the multi-group analysis: one group that complied with Good Governance and another group that did not comply with Good Governance. The objective of the analysis was to identify the group that strengthened the relationship between financial planning and financial sustainability of the selected LGAs in Tanzania. According to the results of the moderation analysis, there was a positive and significant relationship between the group that complied with good governance and the other group that did not. The findings indicate that, as indicated by table 4.32, there is a stronger correlation between financial sustainability and financial planning in the group that do not adheres to good governance ($y = 0.44$ and $p < 0.001$), which is statistically significant, than in the group that adhere to good governance ($y = 0.432$, which is statistically significant at $p < 0.001$ ($p = 0.000$). This shows that the group that practices good governance experiences an increase in FS of 0.432, compared to a 0.44 increase in the group that does not practice good governance for every unit increase in FP.

The results verified that the relationship between FP and FS was not moderated by good governance. The results indicated that the two groups' approaches to financial planning are comparable. This demonstrated that the groups that influence FP on FS and those that do not comply with GG do not differ significantly. Research revealed that groups adhering to GG face compliance costs, which in turn raise expenses and weaken the organization's financial viability (Boivie et al., 2016; Dalton & Dalton, 2011; Johnson et al., 2013).

Regarding the theoretical contribution, the group that does not adhere to GG in terms of financial sustainability and planning has not had an impact because the two groups' significance levels are the same. Consequently, the strength of the relationship between FP and FS in FP remained constant for both groups. This is due to the fact that neither group appears to view FP differently.

The economic significance of these findings lies in understanding how governance practices influence the relationship between financial planning and sustainability within local government authorities. The stronger influence of financial planning on sustainability in the group not adhering to good governance suggests that in contexts where governance practices are weaker, effective financial planning plays a more pivotal role in driving financial sustainability. This underscores the importance of implementing robust governance mechanisms to complement financial planning efforts. Strengthening governance practices can enhance transparency, accountability, and efficiency in financial management, ultimately bolstering the effectiveness of financial planning strategies.

By aligning governance and financial planning practices, local government authorities can better navigate fiscal challenges, optimize resource allocation, and promote sustainable economic development. Moreover, these insights highlight the need for targeted interventions to improve governance standards, particularly in contexts where weaker governance may hinder financial sustainability efforts. Ultimately, by addressing governance deficiencies and fostering synergies between governance and financial planning, local government authorities can enhance their capacity to achieve long-term fiscal health and support broader socio-economic objectives.

The stronger correlation between financial planning and financial sustainability observed in the group not adhering to good governance underscores the potential importance of proactive financial planning practices in contexts where governance practices may be weaker. This suggests that, in such environments, robust financial planning efforts may play a more pivotal role in driving financial sustainability, potentially compensating for deficiencies in governance practices. Conversely, the slightly lower increase in financial sustainability associated with financial planning in the group practicing good governance highlights the complex interplay between governance standards and financial management practices.

This underscores the need for tailored approaches to financial governance that account for contextual factors and recognize the complementary roles of financial planning and governance in promoting fiscal health and resilience within local government authorities. Ultimately, these findings underscore the importance of adopting a holistic and context-sensitive approach to financial management practices to enhance the overall economic well-being and stability of local communities.

5.4.2 The Moderation Effect on the Relationship between FM and FS

The present study examined the relationship between financial monitoring and financial sustainability of the selected LGAs in Tanzania using the proxy of two groups—one that complies with good governance and the other that does not—to ascertain which group was more vulnerable to the moderating effect. The moderation analysis resulted in both groups having positive relationships. According to the study, for every unit increase in FM, the FS falls by 0.099, provided that the Group complies with governance. At the 5% level, however, the observed decline was not statistically significant (P = 0.296). Standardized and non-standardized estimates both supported the observed decreasing effect of FM for the group complying with GG as indicated in the Table 4.34.

According to the study, FS increased by 0.476 for every unit increase in FM, based on the group that did not comply with GG, with a p-value of less than 0.001, this increase was statistically significant. For standardized estimates, a positive effect of 0.311 supported the observed positive effect of FM on FS using unstandardized estimates as shown in the Table 4.35. This was a bit surprising finding revealed from this study which indicate that FS increased by 0.476 for every unit increase in FM, based on the group not complying with GG, this can be argued to be possible due to the facts that there are compliance cost that should be incurred in complying with good governance, thus by not complying to good governance those costs would be avoided/ reduced and therefore increase the financial sustainability.

Another surprise was that the study shows that, if the Group follows governance, the

FS decreases by 0.099 for every unit increase in FM. However, the observed decline was not statistically significant (P = 0.296) at the 5% level, such decline can be attributed to the compliance cost incurred by the entity which could increase cost and reduce financial sustainability of the LGAs (Boivie et al., 2016; Dalton & Dalton, 2011; Johnson et al., 2013).

In adopting a set of specific governance practices is associated with high direct firm costs through board compensation, which could be problematic given the considerable empirical ambiguity regarding the performance benefits of such practices (Boivie et al., 2016; Dalton & Dalton, 2011; Johnson et al., 2013). Given that there was a slight difference in the level of significance between the two groups (the group that complies with good governance and the group that does not), this study theoretically evaluates how good governance moderates the relationship between financial sustainability and financial monitoring. Thus, In addition to strengthening this path on the Agency theory predicting the financial sustainability of LGAs, good governance also fully moderates the relationship between financial monitoring and financial sustainability.

The economic significance of these results lies in the implications for the relationship between financial monitoring, governance compliance, and financial sustainability within local government authorities. In contexts where governance compliance is high, the observed slight decrease in financial sustainability with increased financial monitoring, albeit not statistically significant, suggests a potential trade-off between stringent monitoring practices and financial outcomes. This underscores the importance of striking a balance between accountability and flexibility in financial management to avoid undue constraints on resource allocation and decision-making processes.

Conversely, the significant positive effect of financial monitoring on financial sustainability in the non-compliant group highlights the critical role of effective monitoring mechanisms in driving fiscal resilience and performance. These findings underscore the need for tailored approaches to financial governance, recognizing the unique challenges and opportunities faced by local government authorities. By optimizing financial monitoring practices while ensuring alignment with governance standards, policymakers and practitioners can foster a conducive environment for sustainable economic development and improved service delivery within local communities.

5.4.3 The Moderation Effect on the Relationship, between FC and FS

The association between financial sustainability and control was integrated into a multi-group analysis by comparing two groups: one that adheres to good governance and the other that does not, in order to ascertain which group is more impacted by the moderation effect. Because of the moderating analysis's impact, every group experienced a positive and significant relationship. The study found that for the Group that complies with good governance, the FS increased by 0.414 for every unit score increase in FC. A statistically significant increase was observed at $p < 0.001$ ($p = 0.000$). In a similar vein, Table 4.37's standardized estimates revealed a positive correlation between FC and FS.

Afterwards, the research showed that among those who voted in favor of the non-compliance with GG, the FS increased by 0.36 for every unit increase in FC. This association was statistically significant at the 1% level (p= 0.002). The standardized estimates produced similar results, showing that the FS increased by 0.301 for every unit increase in FC as shown in table 4.36. The results indicated that there is a common way in which all groups maintain financial control. This demonstrates that the influence of financial control on financial sustainability is not significantly different between the groups that comply with good governance and those that do not.

Good governance moderated the relationship between financial control and financial sustainability and strengthened this path on Agency theory in predicting financial sustainability of LGAs. This is in line with the theoretical contribution. Good governance had an effect on financial control and financial sustainability as long the two groups provided results which is statistically significant.

The purpose of this study was to add details about internal factors that determine the financial sustainability of particular Tanzanian LGAs. By figuring out how financial planning, monitoring, and control affect financial sustainability, this was achieved. Using Agency theory as the theoretical framework, it was also possible to determine how Good Governance affected the relationship between the internal determinants and financial sustainability was found to be positively influenced by financial planning, financial monitoring, and financial control. This study's positive outcomes support the findings of the Agency theory once more.

The economic significance of these findings lies in the recognition of the critical role that financial control plays in fostering financial sustainability within local government authorities, regardless of governance compliance. The significant and positive relationship between financial control and financial sustainability indicates that effective control mechanisms contribute to improved fiscal health and resilience, irrespective of governance practices. By enhancing financial control practices, local government authorities can better manage expenditures, minimize financial risks, and ensure compliance with budgetary constraints.

This, in turn, promotes transparency, accountability, and efficiency in financial management, ultimately supporting sustainable economic development and improved service delivery for communities. Additionally, the consistency of this relationship across different governance contexts underscores the universal importance of prioritizing robust financial control measures as a key driver of long-term fiscal sustainability within local governance structures. Therefore, policymakers and practitioners should prioritize investments in strengthening financial control mechanisms to enhance the overall economic well-being and stability of local communities.

As shown in the study's final model (Figure 5.1), which was created following hypothesis testing and a discussion of the findings, the study also showed that good governance moderated the suggested relationships.

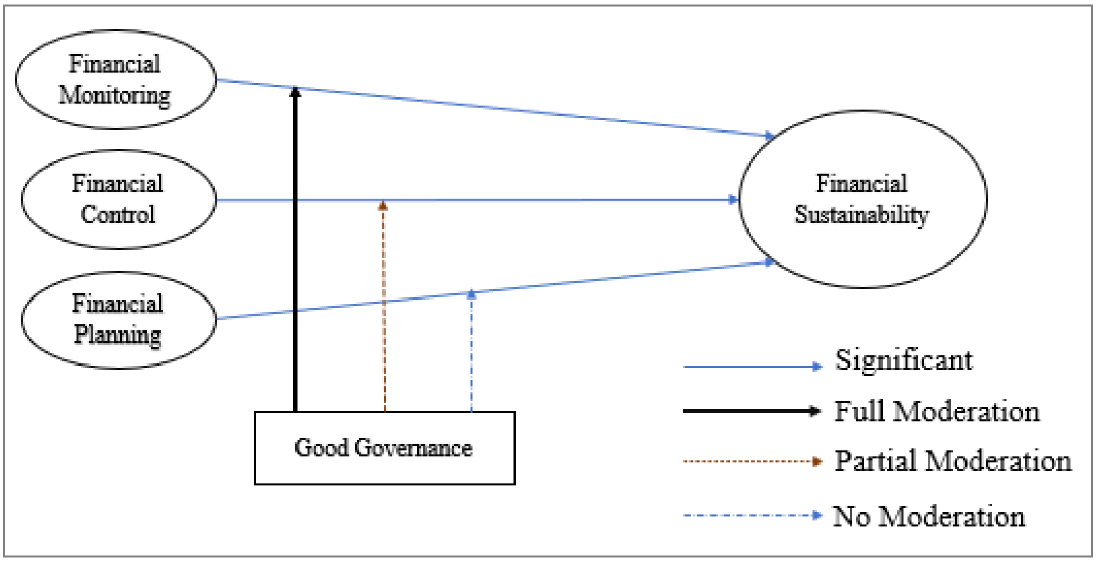

Figure 5.1: The Final Model of the Study

Source: Field Data, (2023).

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Overview

The current study's conclusion is presented in this chapter. The following conclusions are based on the outcomes for each of the particular objectives, which included: (i) To examine the effect of financial planning on financial sustainability of the selected LGAs in Tanzania (ii) To examine the effect of financial monitoring on financial sustainability of the selected LGAs in Tanzania (iii) To examine the effect of financial control on financial sustainability of the selected LGAs in Tanzania (iv) To examine the moderating role of good governance on the effect of financial planning, financial monitoring and financial control on financial sustainability of the selected LGAs in Tanzania. There's also a description of the theoretical, contextual, and practical implications. The chapter also offers the study's recommendations and identifies areas that warrant more research.

6.2 Summary of Key Findings of the Study

Based on the study's findings, financial planning, monitoring, and control were identified as the internal determinants of financial sustainability. This suggested that the three determinants had a significant impact on the financial sustainability of particular LGAs in Tanzania. The study specifically confirmed significant and positive relationships. Financial planning and financial sustainability had a strong and positive relationship, which the study also confirmed. This implied an increase in financial sustainability along with a rise in financial planning. It appears that as financial monitoring increased, so did financial sustainability, as the study's confirmation of a positive and significant relationship between the two variables suggests. Additionally, this research demonstrated a strong and positive correlation between financial sustainability and control, suggesting that rising financial sustainability followed rising control. To sum up, the study's conclusions supported the Agency Theory's ability to predict financial sustainability.

Additionally, the study showed that financial sustainability and financial monitoring were positively and fully moderated by good governance, with the relationship between financial sustainability and financial monitoring being stronger in the non-compliant group than in the compliant group. The relationship between financial control and financial sustainability was partially and favourably moderated by good governance, with the relationship between financial controls being somewhat stronger in the group that did not adhere to good governance than in the group that did. Good governance did not moderate relationship between financial planning and financial sustainability. Consequently, this provided evidence in support of the claim that good governance improves the predictive power of the Agency Theory model by strengthening its relationships with regard to the financial sustainability of LGAs in Tanzania.

6.3 Conclusion

The study's conclusion is broken down into the following two subsections: the first one is the conclusion derived from looking at the internal factors that influence financial sustainability. The second conclusion stems from evaluating the moderating impact of employing Good Governance in a multi-group moderation analysis of the financial sustainability determinants. Below are its thorough explanations:

6.3.1 Internal Determinants of Financial Sustainability

This study's conclusion validated and confirmed, based on the data analysis results, that internal factors like financial planning, financial monitoring, and financial control determined financial sustainability. This study aimed to evaluate the Agency Theory in the context of financial sustainability of the selected LGAS in Tanzania. The study found a positive relationship between the financial sustainability of the selected LGAs in Tanzania and all three of the Agency Theory's components. The study's conclusions validated the Agency Theory's prediction. As a result, it is evident that Agency Theory is the most crucial theory for analysing and predicting the financial sustainability of the selected LGAs in Tanzania.

The conclusion is also drawn by using specific objectives of the internal determinants of financial sustainability as follows.

The first objective was to examine the effect of financial planning on financial sustainability of selected LGAs in Tanzania. The results found that there is a positive and significant relationship financial planning and financial sustainability of the selected LGAs in Tanzania. Hence the study concluded that adequate financial planning was a crucial determinant of financial sustainability of the selected LGAs in Tanzania.

The second objective the study concluded that financial monitoring had a positive and significant effect on financial sustainability which is inline the hypothesis of the study that there is a positive and significance relationship between financial monitoring and financial sustainability.

In relation to the third objective, the study concluded that financial control had positive and significant relationship with financial sustainability. The stronger the financial control the higher the financial sustainability of selected LGAs in Tanzania. Therefore, financial control is the important internal determinants of financial sustainability of the selected LGAs in Tanzania.

6.3.2 Moderation Effect on Determinants of Financial Sustainability

Moderation analysis attempted to assess the effect of Good Governance on the relationship between internal determinants and financial sustainability. The results obtained from moderation analysis are geared to strengthen the Agency Theory in explaining financial sustainability of the selected LGAs in Tanzania. The moderation analysis indicated different results in the Group that comply with Good Governance and the Group that did not comply with Good Governance from different paths of internal determinants of financial sustainability of LGAs in Tanzania.

The results of this study revealed that the Good Governance moderated partially the relationship between financial control and financial sustainability because all the relationships turned to be positive and significant under both groups. Paradoxically, the results supported the propositions because they showed a stronger relationship in the non-compliant group compared to the compliant group. The financial sustainability of the selected LGAs in Tanzania is expected to rise in the group that did not comply with good governance since no compliance costs that increase expenditure which reduce financial sustainability of the selected LGA in Tanzania.

With respect to moderation effect on the relationship between financial monitoring and financial sustainability, the results provide evidence that Good Governance moderated fully their relationship. This is due to the fact that it displayed strong, positive and significant effect on the relationship between financial monitoring and financial sustainability of LGAs in Tanzania in the group that did not comply with Good Governance but weak, positive and insignificant relationship in the group that comply with Good Governance. In this view the study has drawn up the conclusion that financial monitoring towards financial sustainability play more significant effect in the group that did not comply with Good Governance compared to another group that complies with Good Governance.

The findings demonstrated that there was no effect of good governance in moderating the relationship between financial planning and financial sustainability. This suggested that the two groups' perspectives on financial planning are similar. The study concludes that, Agency theory can be improved by good governance. The moderation effect on this theory increases prediction power of the theory in explaining financial sustainability of LGAs in Tanzania. As a result, this has gained importance in the study's theoretical contribution and body of knowledge for academicians. This is due to the fact that, to the best of the author's knowledge, the moderation effect of good governance to the Agency Theory has not been examined.

6.4 Study Recommendations

The analysis and conclusion reached led to the following recommendations, which assist local government Authorities in Tanzania to strengthen their financial sustainability. As depicted in this study, internal determinants (financial planning, financial monitoring, and financial control) have a positive and significant impact on the financial sustainability of the chosen LGAs in Tanzania, as the study's findings demonstrate. To maintain financial sustainability, it is hereby recommended that Tanzanian Local Government Authorities (LGAs) create policies that will be used to guarantee appropriate management of LGA financial resources.

Further results also showed a positive and significant effect of financial planning on financial sustainability. Thus, this study suggests that one of the primary tactics used by management at LGAs should be an emphasis on accountability practices. A number of planning procedures, including budget monitoring, overhead ceilings, financial reporting, financial plan review, and stakeholder engagement, need to be improved by the administration of Local Government Authorities. By doing this, LGAs' overall performance and financial sustainability will both significantly improve.

Likewise, the study revealed a positive and significant effect of financial monitoring on financial sustainability of LGAs in Tanzania. In order to track outcomes, boost credibility, and foster accountability, the study advises LGAs to create appropriate and trustworthy accountability mechanisms like internal and external audits. The study also suggests that LGAs should be accountable by putting in place efficient financial monitoring, collaborating with already-existing private investors, or securing funding from reputable development partners in order to win over financiers.

Also results showed that financial control had positive and significant effect on financial sustainability of LGAs in Tanzania. As a result of this, the study suggests that in order to guarantee that LGA funds are appropriately managed and that their intended purposes are carried out, management of LGAs should make sure that their organizations have financial controls procedures and protocols in place such as segregation of duties, authorization limit, and custodianship of physical and financial resources. The study also recommends that the management of local LGAs closely examine their accountability practices' strategy and procedure and use the assessment's results to reinforce their accountability frameworks.

Moderation analysis reported positive and significant effect of Good Governance on interaction with financial planning, financial monitoring and financial control towards financial sustainability of LGAs in Tanzania. Therefore, to attain financial sustainability for LGAs in Tanzania, it is recommended that principles of good governance such as transparency, participation fairness, and accountability should be maintained and exercised. That means, through adhering to good governance principles, LGAs in Tanzania will be able to better compete for vital resources and survival skills that yield significant performance benefits.

Additionally, the LGAs will become more efficient by cutting costs through improved monitoring and facilitating access to priceless resources through resource provision. Moreover, LGAs that implement widely acknowledged, comprehended, and accepted practices have the potential to improve performance and gain social legitimacy in comparison to the expectations of citizens. The benefits of legitimacy that come from adhering to good governance practices improve LGAs by increasing social acceptance, lowering turbulence, and ultimately fostering organizational success and survival.

6.5 Study Implications

The implications presented in this section are based on the study's findings, discussion, and conclusions. They are divided into three categories: theoretical, practical, and policy implications, as well as contextual implications. The study's theoretical implications addressed how the study updated previous research's methodology and the theory surrounding internal determinants and how they affect the financial sustainability of local government units (LGAs) in Tanzania.

6.5.1 Theoretical Implications

One of the most significant areas where academic research, especially doctoral research, is needed is in this area. Whetten's (1989) article is among the most frequently cited in regards to the definition of a theoretical contribution to research. According to the author, determining how the inclusion or exclusion of a factor from the model influences the acknowledged relationship between the variables is one method to advance a theory. According to De Bakker et al. (2005), an article constitutes a theoretical contribution if it develops a methodical, abstract understanding of a particular phenomenon. Nonetheless, Crane et al. (2016) stated that "the application of existing theories to the business and society literature is probably still the most substantive contribution to the field to date" when describing what makes a theoretical contribution in the field of business and society. As per Corley and Gioia's (2011) assertion, a well-crafted theoretical work possesses a unique contribution, meaning that the research work presents novel perspectives that haven't been discussed before.

Additionally, Colquitt and Zapata-Phelan (2007) and Raghuram, *et al*., (2017) suggest that one way that empirical research can contribute to theory is by (i) testing the theory through the use of a hypothetico-deductive model, which entails developing hypotheses before putting them to the test through observation. In theory testing, a researcher looks into the moderators that represent the boundary conditions of the theory and/or incorporates the antecedents or consequences that weren't included in the original formulation, as well as the mediators that express the fundamental associations (Colquitt and Zapata-Phelan, 2007). ii) developing the theory; iii) broadening it; iv) reporting; and v) endorsing the theory. Thus, testers, builders, expanders, reporters, and qualifiers are among the group contributors to the author (Colquitt and Zapata-Phelan, 2007 and Raghuram et al., 2017). Qualifiers "represent moderate levels of theory testing and building (e.g., use of new moderators or mediators)" and testers "focus on testing existing models in contexts different from those in which the theory was developed, rather than on building new" (Raghuram et al., 2017, pg.1644).

The theory's implications for this study are based on the fact that it produced a financial sustainability model, which is supported by figure 5.1 and can be consulted by various academics. Using good governance as a moderating influence, the researcher tested the Agency Theory using financial sustainability as a proxy. Consequently, the theoretical contribution of this work consists of testing the current theory using a new moderator and, in an environment, different from the one in which it was developed.

Theoretical contribution is further demonstrated by the confirmation that the relationship between financial monitoring and financial sustainability, as well as the relationship between financial control and financial sustainability, was moderated by good governance Thus, to the best of the authors' knowledge, no moderator variable testing Agency Theory factors has employed good governance. Consequently, by demonstrating that good governance strengthens the relationship between financial sustainability and financial monitoring, the findings filled a theoretical gap in the literature.

Furthermore, through demonstrating a strong and positive correlation with financial sustainability, this study also advanced our understanding of the internal determinants of financial sustainability.

6.5.2 Practical Implications

This study may help management of LGAs and the central Government to have more understanding of financial sustainability and internal factors that influence financial sustainability of the LGAs. Through this understanding, management of LGA can be able to come up with adequate financial planning together with effective and efficient financial monitoring and control mechanisms. The results of this study clarify whether enhancing financial accountability procedures can address the issue of financial sustainability. The data is essential for LGA management and stakeholders, as they can enhance their LGAs' financial sustainability by implementing accountability measures.

The results of this study will help LGAs strategically match financial resources with organizational priorities and goals. They can also improve revenue generation tactics, optimize budgetary allocations, and successfully manage financial risks.

The results of this study are helpful to the donor community, especially in Tanzania, as it shed light on whether tightening financial accountability regulations which make the LGAs they support more financially sustainable. Tanzania's LGA regulator should gain from the study since it provides information on LGA financial practices and sustainability. As a result, regulators are being able to create policies based on the findings that increase Tanzanian LGA accountability for financial sustainability. Since the study explains how internal determinants and LGA financial sustainability are related, it is be helpful to LGAs in Tanzania to enhance accountability procedures, which in turn enhance financial sustainability. It is anticipated that by increasing their accountability, LGAs are able to draw more funding from donors and, as a result, achieve the long-term goals and objectives.

Scholars should find value in the study's findings since they add to the body of knowledge regarding accountability and the financial sustainability of LGAs. The study provides additional insight into this relationship, which has not been thoroughly examined in the literature, and serves as a foundation for further investigation. Therefore, the results encourage more investigation, which to advance current theory.

The results highlight the significance of prioritizing sound financial management practices as a way to support economic sustainability and responsible fiscal governance at the local level. Local governments can potentially achieve better budgetary outcomes, optimize resource allocation, and ensure long-term fiscal stability by improving financial control mechanisms, keeping an eye on spending patterns, and engaging in strategic financial planning. Furthermore, these actions can contribute to overall economic resilience, efficient service delivery, and increased public trust in local governance.

Finally, if LGAs implement the study's recommendations and make them sustainable, the general public will gain from the research. Tanzanian local government units (LGAs) will be able to provide the general public with services that are both timely and cost-effective because of being financially sustainable.

6.5.3 Contextual Implication

As per the researcher’s review of literature and to the best of his knowledge, there is no study which had been conducted in Tanzania to analyze the effect of internal determinants (financial planning, monitoring and control) on financial sustainability using Good Governance as a moderator in LGAs. Most of the researches carried out in other countries tried to study the relationship between accountability and financial sustainability on different sectors as shown by Abdulkaddir (2021), Mahmood *et al* (2021); AlQersh, (2021), Abiodun *et al.*, (2020), Odek, & Okoth (2019), Chilingat, *et al.*, (2018), Mbilla, (2020), Adeki & Okoth (2019) Kumari, *et al*., (2019), Adegboyegun,*et al* (2020); Dagane, & Kihara, (2021) , Ochola *et al*., (2022); Ahmed & Ng'anga, (2019).; Abiodun. (2020) Aneta *et al*., (2021); Kumari *et al*., (2019) Therefore, this study helped to unlock the contextual gap by creating a starting point for future researchers in Tanzania to study the effect of Internal determinants on financial sustainability of LGAs in Tanzania in which these constructs were extracted from the Agency theory.

6.5.4 Policy Implications

The study's conclusions assist the national government in reviewing its guidelines and policies regarding the financial viability of local government authorities (LGAs) and in developing special measures to counteract rising expenses and/or declining revenue. To enable governments to better respond to local needs and regional variations, for instance, subnational taxation and spending powers should be strengthened (Forman, et al., 2020). The results of this study assist policy makers in all Local Government Areas (LGAs) in creating strategic plans that specify the approach and resources required to accomplish LGA priorities and programs. Financial sustainability factors should be considered by local governments as they create their strategic plans (Park, Kim, & Chen, 2020).

According to Kee (2003), the results of this study provide guidance to government policy makers on how to strengthen regional and local governments in order to tackle the challenges of the twenty-first century. This includes implementing changes in governance structures that are reshaping the relationship between local governments and citizens. Giving local government more leeway in choosing initiatives that are more ambitious in terms of community interests and local and regional development goals has a financial cost (Firman, Hudalah and Talitha, 2020).

The results of this study help policy makers in the central government and local governments to create sound public financial management policies with the active participation of local government and citizens. This is necessary to achieve the success of sustainable development, which includes eradicating all forms of poverty, guaranteeing everyone's health and well-being, providing access to affordable, dependable, sustainable, and modern energy, encouraging sustained, inclusive, and sustainable economic growth, and encouraging peaceful and inclusive societies for sustainable development. Having strong financial monitoring and control tools is essential to achieving plan implementation.

In order to improve the overall economic well-being and stability of local communities, policymakers and practitioners will use the study's findings to prioritize investments in strengthening financial control mechanisms.

Appropriate financial controls can guarantee value for money when carrying out the planned tasks. Monitoring provides information that supports status updates, forecasts and measures progress, updates the project schedule and current costs, and tracks the implementation of any approved changes or schedule amendments. It also ensures that tasks are completed smoothly, improving productivity and efficiency. Additionally, monitoring identifies any preventive or corrective actions that may be necessary.

The government can use the study's findings to establish policies pertaining to the existence of local self-government authorities with actual authority to guarantee efficient and competent governance.

By optimizing financial monitoring practices while ensuring alignment with governance standards, policymakers and practitioners can foster a conducive environment for sustainable economic development and improved service delivery within local communities.

6.6 Study Limitations and Area for Future Research

The purpose of this study was to examine the effects of internal determinants on the financial sustainability of the chosen LGAs, specifically all major cities in Tanzania, without considering LGAs in rural areas. As a result, the study's findings are only applicable to LGAs operating in Tanzania's major cities, and the researcher recommends that more research be done on the relationship between financial accountability and financial sustainability for LGAs in Tanzania's rural areas. Also, the study used only three internal determinants of financial sustainability of LGAs in Tanzania using Good Governance as a moderating variable. The study suggests that future studies should investigate additional variables so as to improve the prediction power of the model.

In addition, despite the study's generalization, the researcher found that good governance had a significant moderating effect on the relationships between internal determinants and the financial sustainability of local government units (LGAs) in Tanzania. The study suggests that more research be done using different methodologies and applying good governance in different contexts to see if similar conclusions can be drawn.

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APPENDICES

Appendix I: Questionnaire

Regards, Sir / Madame

The person who is distributing this questionnaire is a PhD candidate in finance at the Faculty of Business Management of the Open University of Tanzania. The influence of internal determinants on the financial sustainability of local government authorities in Tanzania is the topic of the research I am conducting. a good governance's moderating effect. Please answer the following questionnaire as soon as possible; I would appreciate it. All data collected in relation to this study will be kept private. All written reports will remain anonymous.

You can get in touch with the researcher using the following information if you have any queries about the survey or the research in general.

Email: mlayelimbinzi@yahoo.com
Name: Elimbinzi E. Mlay
Mobile: 0754321356

Please accept my sincere gratitude.

SECTION 1: Demographic information

Please tick where appropriate

1) Your age
    a) 20-30 ( )
    b) 31-40 ( )
    c) 41-50 ( )
    d) 51 or above ( )
2) Your gender
    a) Male ( )
    b) Female ( )
3) Your education levels
    a) Diploma ( )
    b) Bachelor degree ( )

c) Master's degree ( )

d) Post graduate diploma ( )

4) The region you are living
5) Dar es salaam
6) Dodoma
7) Tanga
8) Arusha
9) Mbeya
10) Mwanza

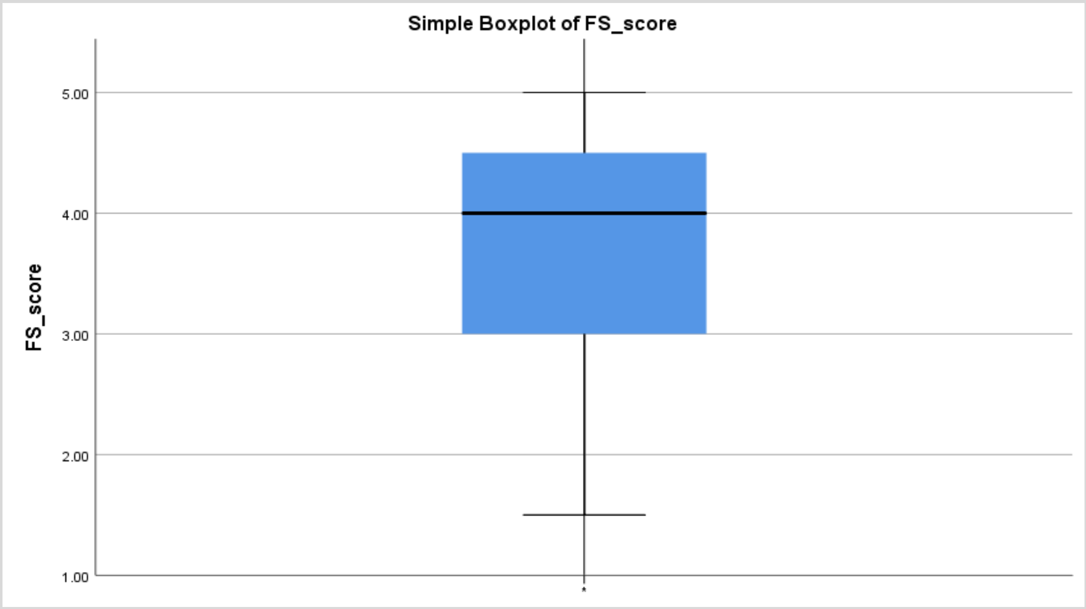
SECTION II

Please indicate level of agreement and disagreement on the scale of 1 to 5 by providing a tick ( ) to appropriate box where 1= strongly disagree (SD), 2=Disagree (D), 3=Neutral (N), 4=Agree (A), 5= Strongly Agree (SA

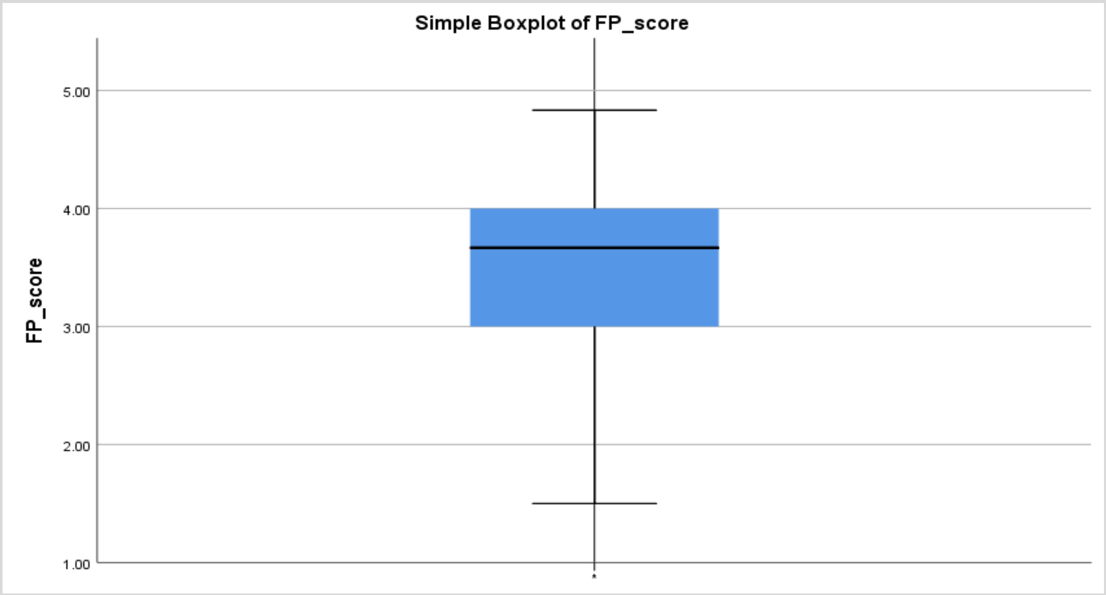
SN	**Financial Planning questions**					
		SD	D	N	A	SA
		1	2	3	4	5
	Financial planning					
1	Your organization prepares annual budgets that serve as a framework for their spending					
2	In your organization expenditures outside the budget should be approved and justified by the director					
3	Your organization regularly compare actual budgeted expenditure and provide justification					
4	Your organization has a maximum amount that can be spent on administration and overhead expenditure					
5	Your organization has full accurate financial reporting					
6	The financial proposals of the organization are analyzed and discussed by management					
	Financial monitoring					
1	Management of your organization has a strict supervisory role over operations					
2	The internal controls of your organization are effectively audited by internal auditors					
3	There is an effective external audit system carried out by CAG in your organization					
4	Management discusses internal and audit reports frequently and ensures that all audit findings are addressed					

5	All employees understand the concepts and importance of internal controls including division of responsibility					
6	In your organization management has identified individuals who are responsible for coordinating various activities within the organization					
	Financial controls					
1	There is adequate segregation of duties in the department of finance and accounts					
2	In your organization , management review financial transactions regularly					
3	Senior officers in the department of accounts and internal audit supervise regularly the work done by their subordinates					
4	Staff are trained to implement the accounting and financial management systems					
5	All department adhere to the provisions of the budget					
6	Follow up actions are taken to improve previously identified weaknesses in the internal controls systems					
	Financial sustainability					
1	Your organization annual statement of income always has surplus					
2	The organization has a positive operating margin ratio					
3	Your organization funding is fully diversified					
4	The organization has less percentage of fixed cost as compared to total cost					
5	Your organization set adequate allocation of financial resources for all planned activities					
6	Your organization has enough money for all contingencies					
	Good governance					
1	Website is available in your organization as part of implementation of transparency					
2	Your organization complies with applicable ethics and values					
3	Implementation of regular internal and external audit					
4	Objective and independent decision making free from pressure					
5	Availability of data and information on compliance with laws and regulations					
6	Your organization provides opportunities to all stakeholder to give inputs and suggestions for the betterment of the organization,					

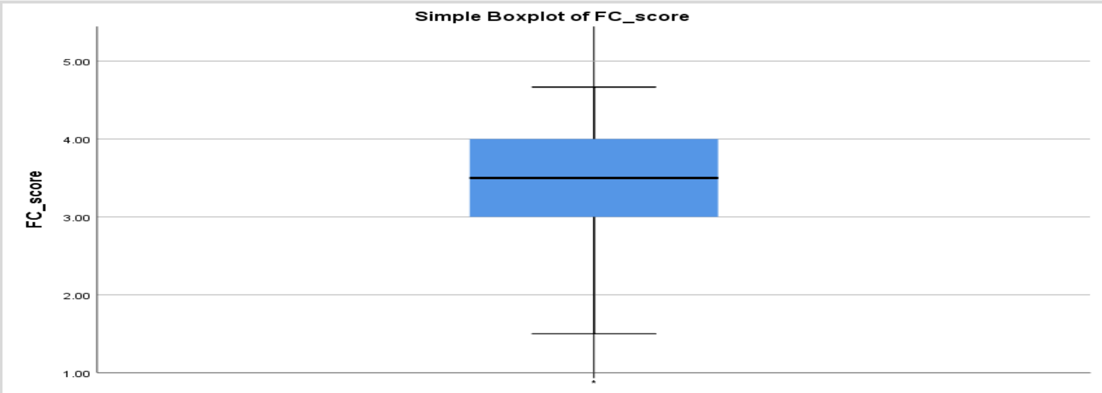
Appendix II: Box Plot for Outlier



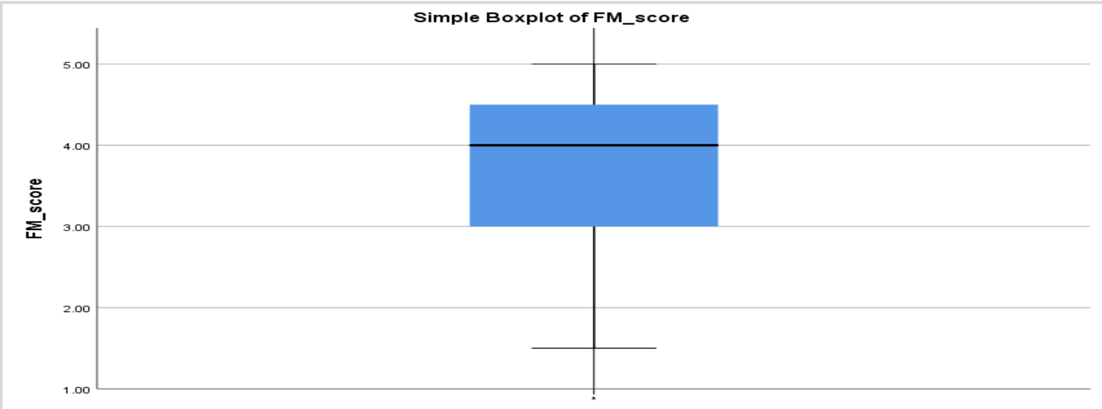
Box Showing the Status of Outlines for Financial Sustainability



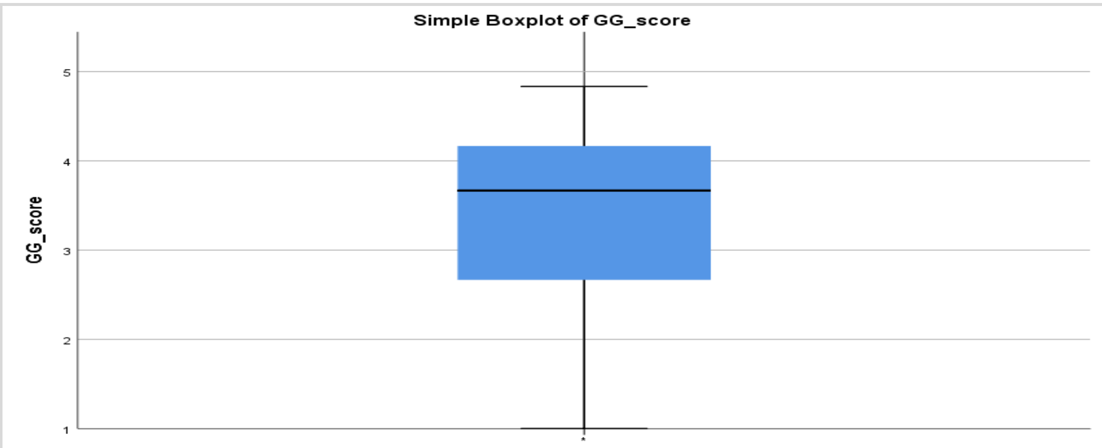
Box Showing the Status of Outlines for Financial Planning
Source: Field data, (2023)



Box Showing the Status of Outlines for Financial Control
Source: Field data, (2023)



Box Showing the Status of Outlines for Financial Monitoring
Source: Field data, (2023)



Box Showing the Status of Outlines for Good Governance
Source: Field data, (2023)

Appendix III: Table of Normality Test Results

Variable	Min	Max	Skew	C.R.	Kurtosis	C.R.
FM6	1.000	5.000	-.476	-3.466	-.750	-2.731
FC6	1.000	5.000	-.648	-4.716	.267	.971
FC1	1.000	5.000	-.604	-4.401	.193	.704
FC2	1.000	5.000	-.411	-2.990	-.281	-1.021
FC3	1.000	5.000	-.347	-2.528	-.228	-.831
FC4	1.000	5.000	-.141	-1.029	-.293	-1.068
FC5	1.000	5.000	-.597	-4.343	.436	1.586
FM1	1.000	5.000	-.626	-4.556	-.095	-.346
FM2	1.000	5.000	-.665	-4.845	.093	.338
FM3	1.000	5.000	-.740	-5.391	.216	.787
FM4	1.000	5.000	-.653	-4.753	.033	.119
FM5	1.000	5.000	-.440	-3.202	-.746	-2.717
FP6	1.000	5.000	-.342	-2.489	-.435	-1.583
FP5	1.000	5.000	-.444	-3.235	-.287	-1.044
FP4	1.000	5.000	-.444	-3.230	-.237	-.864
FP3	1.000	5.000	-.455	-3.310	-.216	-.785
FP2	1.000	5.000	-.665	-4.844	.215	.783
FP1	1.000	5.000	-.589	-4.288	.301	1.094
FS6	1.000	5.000	-.687	-4.998	-.375	-1.366
FS5	1.000	5.000	-.661	-4.815	-.432	-1.572
FS4	1.000	5.000	-.620	-4.517	-.166	-.605
FS3	1.000	5.000	-.847	-6.164	.170	.620
FS2	1.000	5.000	-.852	-6.204	.125	.456
FS1	1.000	5.000	-.654	-4.758	-.170	-.620
Multivariate					26.977	6.809

Source: Field Data, (2023).

Appendix IV: Ethical Documents

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Dar es Salaam City Council,
P.O Box 20950,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

3. To facilitate and to simplify research process therefore, the act empowers the Vice Chancellor of the Open University of Tanzania to issue research clearance, on behalf of the Government of Tanzania and Tanzania Commission for Science and Technology, to both its staff and students who are doing research in Tanzania. With this brief

background, the purpose of this letter is to introduce to you **Mr. Elimbinzi E. Mlay , Reg. No: PG202000159)** pursuing **PhD (Finance).** We here by grant this clearance to conduct a research titled **"Effects of Internal Determinants on Financial Sustainability of**

Selected Local Government Authorities in Tanzania. Moderating Role of Good Governance". He will collect his data at your area from 11th July to 31st January 2024.

4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

Kinondoni Biafra, Kawawa Road; P.O 23409; Dar es Salaam; Tel: +255 22 2668 445;
E-Mail:vc@out.ac.tz|| Website:www.out.ac.tz

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Dodoma City Council,
P.O Box 1249,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ <u>PG202000159</u> **10th July, 2023**

Director,
Ilemela Municipal Council,
P.O Box 735,
DAR ES SALAAM

<u>RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159</u>

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ <u>PG202000159</u> **10th July, 2023**

Director,
Kinondoni Municipal Council,
P.O Box 31902,
DAR ES SALAAM

<u>RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159</u>

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

Kinondoni Biafra, Kawawa Road; P.O 23409; Dar es Salaam; Tel: +255 22 2668 445;
E-Mail:vc@out.ac.tz|| Website:www.out.ac.tz

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Mbeya City Council,
P.O Box 149,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1st March 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1st January 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Mwanza City Council,
P.O Box 1333,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Tanga City Council,
P.O Box 178,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY

THE OPEN UNIVERSITY OF TANZANIA

Ref. No OUT/ PG202000159 **10th July, 2023**

Director,
Temeke Municipal Council,
P.O Box 42325,
DAR ES SALAAM

RE: RESEARCH CLEARANCE FOR MR ELIMBINZI E MLAY REG NO: PG202000159

2. The Open University of Tanzania was established by an Act of Parliament No. 17 of 1992, which became operational on the 1stMarch 1993 by public notice No.55 in the official Gazette. The Act was however replaced by the Open University of Tanzania Charter of 2005, which became operational on 1stJanuary 2007.In line with the Charter, the Open University of Tanzania mission is to generate and apply knowledge through research.

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Selected Local Government Authorities in Tanzania. Moderating Role of Good Governance". He will collect his data at your area from 11th July to 31st January 2024.

4. In case you need any further information, kindly do not hesitate to contact the Deputy Vice Chancellor (Academic) of the Open University of Tanzania, P.O.Box 23409, Dar es Salaam. Tel: 022-2-2668820.We lastly thank you in advance for your assumed cooperation and facilitation of this research academic activity.

Yours sincerely,

THE OPEN UNIVERSITY OF TANZANIA

Prof. Magreth S.Bushesha

For: VICE CHANCELLOR

Kinondoni Biafra, Kawawa Road; P.O 23409; Dar es Salaam; Tel: +255 22 2668 445;
E-Mail:vc@out.ac.tz|| Website:www.out.ac.tz

THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE,
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

UBUNGO MUNICIPAL COUNCIL

In reply please quote:

Ref: No. AB.94/216/02/262 **Date: 17th July, 2023**

Mr. Elimbinzi E. Mlay,
The Open University of Tanzania,
P.O. BOX 23409,
DAR ES SALAAM.

RE: **PERMISSION TO COLLECT DATA**

Refer to the above heading.

2. I am pleased to inform you that your above request has been considered by the Municipal Director, and has offered you a place to collect data concerning **"EFFECTS OF INTERNAL DETERMINANTS ON FINANCIAL SUSTAINABILITY OF SELECTED LOCAL GOVERNMENT AUTHORITIES IN TANZANIA. MODERATING ROLE OF GOOD GOVERNANCE"** from 11th July, 2023 to 31st January, 2024.

3. Upon receipt of this letter, please report to the **Municipal Finance and Accounts Unit Officer** for the commencement of your data collection.

4. During the period of data collection, you are required to obey the rules and regulations of the institution.

5. Yours Sincerely.

For: MUNICIPAL DIRECTOR
UBUNGO MUNICIPAL COUNCIL
DAR-ES-SALAAM

MYOT. PR
For: **THE MUNICIPAL DIRECTOR**
UBUNGO

All correspondence to be addressed to the Municipal Director. Luguruni, Morogoro Road, P.O. Box: 55068, Dar es Salaam, For more communication please contact us with Phone no: 0222-926341, Fax No: 0222-926342, Website: www.ubungomc.go.tz, Email: info@ubungomc.go.tz

JAMHURI YA MUUNGANO TANZANIA

OFISI YA RAIS
TAWALA ZA MIKOA NA SERIKALI ZA MITAA
HALMASHAURI YA JIJI LA DAR ES SALAAM

Kumb.Na.DCC/AF.3/ **Tarehe ....../....../.....**

MKUU WA IDARA
FEDHA NA BIASHARA
....

YAH: RUHUSA YA NDUGU ELIMBINZI MLAY **KUFANYA** **~~PROJECT/FIELD~~/RESEARCH**

Tafadhali rejea somo tajwa hapo juu.

Mtajwa hapo juu ni mwanachuo katika chuo cha CHUO KIKUU HURIA TANZANIA

ambaye amekubaliwa kufanya ~~Project/Field~~/Research juu ya Effects of Internal determinants on Financial Sustainability of LGAs in Tanzania Moderating role of good governance katika ofisi yako kuanzia tarehe 14/8/2023 hadi tarehe 31/1/2024

Hivyo mpokee na kumpa ushirikiano kulingana na mahitaji yake.

Nakutakika kazi njema.

Tafadhali wape ushirikiano.

Kny: MKURUGENZI WA JIJI
HALMASHAURI YA JIJI LA DAR ES SALAAM

Kny: MKURUGENZI WA JIJI
HALMASHAURI YA JIJI LA DAR ES SALAAM

JAMHURI YA MUUNGANO WA TANZANIA

OFISI YA RAIS,
TAWALA ZA MIKOA NA SERIKALI ZA MITAA

HALMASHAURI YA MANISPAA YA KINONDONI

Unapojibu tafadhali taja:

Kumb. Na. KMC/R.18/01 **Tarehe:** 11/08/2023

Mkuu wa Kitengo cha Fedha na Uhasibu,
Ukaguzi wa ndani,
DAR ES SALAAM.

YAH: KIBALI CHA KUFANYA UTAFITI NA KUMTAMBULISHA NDUGU ELIMBINZI E. MLAY

Kichwa cha habari hapo juu cha husika.

2. Ofisi ya Mkurugenzi imepokea barua ya tarehe **10/07/2023** iliyohusu kuomba kibali cha kufanya utafiti kuhusu ***"EFFECTS OF INTERNAL DETERMINANTS ON FINANCIAL SUSTAINABILITY OF SELECTED LOCAL GOVERNMENT AUTHORITIES IN TANZANIA. MODERATING ROLE OF GOOD GOVERNANCE.***

3. Kwa barua hii **Kibali kimetolewa** na Mwajiri kufanyaUtafiti kuanzia tarehe **11/07/2023 – 31/01/2024**. Hivyo mpokee na kumpa ushirikiano.

……………………
S. A Setumbi
Kny: **MKURUGENZI WA MANISPAA**

For: MUNICIPAL DIRECTOR
KINONDONI MUNICIPAL COUNCIL
DAR-ES-SALAAM

Barua zote zitumwe kwa Mkurugenzi wa Manispaa Manispaa ya Kinondoni, S.L.P. 31902, 2 Barabara ya Morogoro, 14883 Dar es Salaam, Unaweza pia kuwasiliana asi kwa Simu: +255 2170173 Nukushi: 2172606, Barua pepe – info@kinondonimc.go.tz

THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE, REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

TEMEKE MUNICIPAL COUNCIL

In reply, please indicate

REF. TMC

Date: 24/08/2023

TEMEKE MUNICIPAL COUNCIL

RE: RESEARCH PERMIT: ELIMBINZI E. MLAY

Please refer to the heading above.

This is to inform you that, permission is granted to the above mentioned student/researcher from THE UNITED REPUBLIC OF TZ to conduct researcher on Effects of internal Determinants on Financial sustainability of selected Local government authorities in Tanzania: moderating role of good governance

The study will be conducted from 11th JULY 2023 to 31st January 2024 2023.

Please give with necessary assistance.

For: **MUNICIPAL DIRECTOR**

92 Mandela Road / Taifa, P.O BOX 46343, Dar es Salaam, Telephone +255222928132, Fax +255222928137, Email: temeke@temekemc.go.tz , Website: www.temekemc.go.tz

JAMHURI YA MUUNGANO TANZANIA

OFISI YA RAIS
TAWALA ZA MIKOA NA SERIKALI ZA MITAA
HALMASHAURI YA JIJI LA DAR ES SALAAM

Kumb.Na.DCC/AF.3/ **Tarehe ....../....../.....**

MKUU WA IDARA
UKAGUZI WA NDANI
....

YAH: RUHUSA YA NDUGU ELIMBINZI MUNY **KUFANYA PRO~~JECT/FIELD/~~RESEARCH**

Tafadhali rejea somo tajwa hapo juu.

Mtajwa hapo juu ni mwanachuo katika chuo cha HURIA TANZANIA ambaye amekubaliwa kufany~~a Project/Field~~/Research juu ya The Effects of Internal determinants on financial sustainability of LGAs in Tanzania Moderating role of good governance katika ofisi yako kuanzia tarehe 14/8/2023 hadi tarehe 31-1-2024

Hivyo mpokee na kumpa ushirikiano kulingana na mahitaji yake.

Nakutakika kazi njema.

Tafadhali wape ushirikiano.

Kny: MKURUGENZI WA JIJI
HALMASHAURI YA JIJI LA DAR ES SALAAM

Kny: MKURUGENZI WA JIJI
HALMASHAURI YA JIJI LA DAR ES SALAAM

OFISI YA MKURUGENZI, 1 MTAA WA MISSION, S.L.P 20950, 11883 DAR ES SALAAM, SIMU NA 2128800, 2128805,
Tovuti:www.dcc.go.tz, Barua Pepe: info@ilalamc.go.tz

HALMASHAURI YA MANISPAA KIGAMBONI

[Barua zote zipelekwe kwa Mkurugenzi wa Manispaa Kigamboni]

Simu: +255 22-2928468
Fax: +255 22-2928469
Barua pepe: info@kigamboni.go.tz
Tovuti: www.kigamboni.go.tz

S.L.P. 36009,
KIGAMBONI,
DAR ES SALAAM,
TANZANIA.

Kumb. Na. ……………………

Tarehe 4-9-2023

: MFAO
: MIA
……………………
DAR ES SALAAM

YAH: RUHUSA YA BW/BI. Elimaiza Muny KUFANYA ~~PROJECT~~/ ~~FIELD/~~ RESEARCH KWA KIPINDI CHA KUANZIA 11/7/2023 HADI 31-1-2024.

Tafadhali rejea na mada tajwa hapo juu.

Mtajwa hapo juu ni mwanachuo kutoka Open University of Tanzania ambaye amekubaliwa kufanya Projcet/ Field/ Research juu ya Effects of Internal Determinants on Financial Sustainability of Selected Local Government Authorities in Tanzania, Moderating role of good Governance katika ofisi yako kuanzia tarehe 11/7/2023 hadi 31/1/2024.

Hivyo mpokee na kumpa ushirikiano kulingana na mahitaji yake.

Nakutakia kazi njema.

For MUNICIPAL D
KIGAMBONI

……………………
Kny. MKURUGENZI WA MANISPAA
HALMASHAURI YA MANISPAA YA KIGAMBONI.

Nakala:
Mkurugenzi wa Manispaa - Aione kwenye jalada
MANISPAA YA KIGAMNONI

PUBLICATIONS

THE OPEN UNIVERSITY OF TANZANIA
FACULTY OF BUSINESS MANAGEMENT
The Pan-African Journal of Business Management

Tel: +255 22 266 7450
+255 22 266 6376
Fax: +255 22 266 8759
Email: pajbm@out.ac.tz
Website: pajbm.out.ac.tz

Kawawa Road, Kinondoni
P.O. Box 34705
Dar es Salaam,
TANZANIA

SUBJECT: **Acceptance letter**
DATE: September 10, 2024
TO: Elimbinzi Mlay , Dr Saganga Kapaya and Dr. Sinde Hamis

Dear, Elimbinzi Mlay , Dr Saganga Kapaya and Dr. Sinde Hamis

Congratulations on the acceptance of your manuscript titled: "***Examining the Effect of Financial Monitoring on Financial Sustainability of Selected Local Government in Tanzania: The Moderating Effect of Good Governance***" to be published in the Pan-African Journal of Business Management (PAJBM). In a nutshell, your manuscript was subjected to a double-blind peer-review process. The reviewers were asked to provide comments as to whether your manuscript should be accepted, modified or rejected for publication. The outcome was minor revision before publication from both reviewers.

We acknowledge receiving the final manuscript which incorporates all the suggestions from our reviewers. Therefore, the article will be published in the coming Vol. 8, Issue 2, 2024.

Kind regards,

Dr. Bukaza Chachage
Chief Editor, The Pan-African Journal of Business Management
The Open University of Tanzania
+255-767076076
www.pajbm.out.ac.tz
https://www.facebook.com/OUTpajbm

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF INDUSTRY AND TRADE
COLLEGE OF BUSINESS EDUCATION (CBE)
(INCORPORATED BY ACT OF PARLIAMENT No. 31 of 1965)

Business Education Journal (BEJ) ***Date:*** *9th September, 2024*

Dear Authors, **Elimbinzi Mlay, Saganga Kapaya, Sinde Hamis**

RE: PAPER ACCEPTANCE LETTER

We are pleased to inform you that your paper entitled **"Examining the Effect of Financial Planning on the Financial Sustainability of Selected Local Government Authorities in Tanzania: The Moderating Effect of Good Governance"** is reviewed and got positive opinion.

This paper has been accepted for publication.

Yours,

Dr. Ubaldus J. Tumaini
For: Editor-in-Chief