

Human Resource Management Reforms and Public Sector Governance in Tanzania: An Application of Decentralization Perspective

Nuru Kalufya,¹⁰

Francis Michael¹¹

Henry Chalu¹²

Abstract

In Tanzania, Human Resource Management (HRM) decentralization and reforms were initiated as an effort to address non-transparent and patronizing Human Resource (HR) practices so as to improve public sector governance. However, HRM of the entire public service has been centralized and placed in the hands of President's Office Public Service Management (PO-PSM). Hence, there arose the need to conduct this study by analyzing the influence of decentralization of HRM on public sector governance in Tanzania. Questionnaires were used for data collection, while Structural Equation Modelling (SEM) was used in data analysis. Results revealed that management of HR in a decentralised context has a significant relationship with both transparency and accountability. Moreover, findings revealed that political support, technology and culture moderate the relationship between management of HR in a decentralised context and public sector governance. The study suggests that in order to improve governance, the Tanzanian government has to engage strong political support and devolve the controlled autonomy on decision-making to some HRM practices to local government authorities, digitalise government, and transform employees' behaviours towards accountability for performance manner.

Key words: Decentralisation, Human Resource Management Reforms, Public Sector Governance

Introduction

In many developing countries, public sector institutions face problems of poorly functioning and weak governance. Therefore, in order to improve the state of governance in the public sector, public sector management reforms were introduced (Haque and Aziz, 1998; World Bank, 2000; Therkildsen, 2001; Ashour, 2004; Sulle, 2011; Chalu, 2014). The public sector reforms occurred in two distinct waves of reforms: first, generation reforms - Structural Adjustment Programmes of the 1980s followed by a second generation of governance reforms started in the mid-1990s. The second generation reforms were in a broader scope than the first generation reforms. The second generation reforms, which are inspired by the New Public Management (NPM) seek to improve governance in public sector institutions by instilling good governance agendas that support reduction of bureaucracies brought by previous structural adjustment reforms (Minogue, 2001; World Bank, 1997; 2002). The NPM agenda is characterized by adoption of private sector

¹⁰ Institute of Social Work

¹¹ University of Dar es salaam Business School

Email: kasabubu10@yahoo.com

¹² University of Dar es salaam Business School

Email: hchalu@gmail.com

management concepts and styles, while the good governance agenda promotes transparent and accountable public sector, as means to promote growth in a sector (Gray, 2007). NPM model reform was advocated as a global phenomenon (Osborne & Gaebler, 1992; Vigoda, 2007; Rainnie *et. al.*, 2012). Elements of the NPM model include resulted-oriented, devolution of authority, decentralization of activities, flexible employment and responsiveness to clients (McCourt, 2013).

The Public Service Reform Programme (PSRP) is being implemented by the Government of Tanzania since the independence era by entailing building of institutional and HR capacity to respond to needs of the new model. Although PSRP is being implemented by the Government of Tanzania in order to improve governance in the sector, the National Audit Reports depicted continued inadequacies in HRM (CAG, 2016). Therefore, this study focused on reform of HRM processes as part of public sector reforms in Tanzania that include processes on management of HR in a decentralized context and assessed the extent to which such NPM based reforms influence on governance in the sector.

It is argued that a key target of recent NPM reforms public HRM, for the Human Resource (HR) is the most vital asset and critical resource in public service (Kim, 2000; Battaglio and Condrey, 2006; Burns, 2007; Battaglio, 2009; Common, 2010; Kellough, Nigro and Brewer, 2010, United Nations, 2011). However, such public sector reforms based on NPM underemphasized on importance of HRM because of strong emphasis on the need to reduce the size of the government and the war on government bureaucracy (Nogueira and Paranaguá de Santana, 2015). Moreover, success of public sector reforms in Africa is hindered by lack of accountability and ineffective human resources practices (ECA, 2015). Regardless that HRM is the key element of reforms in the public sector, the HRM aspect is often forgotten and even downgraded when reforms are designed as well as implemented (Ashour, 2004; Kim, 2000; Therkildsen, 2006; Common, 2010; Poor and Afghan, 2013). Jordan and Battaglio (2013) find general lack of empirical evidence linking HRM reforms with outcomes. Furthermore, recent studies in Tanzania attested that there is little analysis on how employees are managed in the public sector in order to achieve commendable governance (Therkildsen *et. al.*, 2007; Tidemand and Msami, 2010; Mutahaba, 2015). Therefore, more empirical attention needs to be directed towards HRM reforms and their corresponding outcomes on both central and local government levels.

Theoretical Background and Literature Review

Theoretical Perspective

It has been argued that reforms in the public sector are based on the NPM as the theory of governing (Peters, 2010). Theoretical origins of NPM can be traced to a variety of theoretical perspectives including Principal-Agent Theory (Gruening, 2001; Osborne and Gaebler, 1993). Since this study assessed the HRM processes as part of the reforms, the Principal -Agency Theory was used because it views organizations as bundles of contracts binding workers and owners together (Eisenhardt, 1989). Principal-Agent Theory suggests a difference in interests of principals and workers' agents. Since HRM reforms were established to reinvent the way HR are managed in the public sector so as to improve governance in the sector, this theory suits better to explain relationship of variables in this study.

It has been argued that NPM is geographically varied between implementing countries (Borins, 2002). Since NPM based reform is not 'one size fits all aspect' because it varies between the

implementing countries, in order to generalize it, contingent factors are to be emphasized as to when and how NPM can be successfully adopted (Hood, 1991; Polidano, 1999; WB, 2009). Taking into consideration NPM based reforms had varied outcomes according to context as explained by Hood (1991), Borins (2002) as well as Gaspar and Mkasiwa (2015) and the limited HRM reforms studies considering contingency perspectives, this study employed Contingency Theory to assess the moderating effect of contingent factors in the relationship between HRM reforms and Tanzanian public sector governance.

Management of Human Resource (HR) in a Decentralized Context

Many OECD countries are moving towards a model of human resources management whereby major decisions regarding employee recruitment, performance management and other HR practices are delegated from a centralized HRM body to Ministries, Departments, Agencies and local government authorities. As HRM authority is delegated, the role of the central HRM body is also changing to one of setting minimum standards and formulating HRM policies rather than implementing them (OECD, 2011). Decentralization of public service was one among procedures of the reform programme adopted by many developing countries (Kolehmainen-Aitken, 1997; Lukumai, 2006; Meyer and Hammerschmid, 2010). Decentralization of authority and efforts to strengthen accountability are the two major NPM directions of public sector reforms in most countries (Pollitt and Bouckaert 2004; Jones *et. al.*, 2004; OCED 2005). Under this new NPM model, decentralized human resources management aspects have been characterized by creation of highly flexible structures as well as processes, removal of centralized agencies and service, wide consistency of rules and greater responsibility to line managers including supervisors in the management of employees (Hays and Kearney 2001; Brown 2004). Therefore, decentralized HRM system is one of common administrative reforms made to redistribute certain human resources functions normally performed by the central government (Tessema *et. al.*, 2009).

Principally, decentralization can take various forms, such as deconcentration, devolution and delegation. Deconcentration focuses on shifting workload by centrally allocated officials to staff or officials outside the national capital; delegation is transfer of management from centre to semi-autonomous organization and agencies within public service structure; and devolution is concerned with transfer of political as well as decision-making powers including authorities for managing public service to independently elected local government (Rondinelli *et al*, 1983). Decentralization by devolution is promoted mostly by many developing countries. Through this form of decentralization, the government is expected to transfer political and administrative power as well as authority to the local government level in order to improve efficiency in service delivery (Smoke, 2003).

It has been claimed that decentralized HRM is linked to the new public management in which human resources responsibilities are given to operating managers such that as the results speed, flexibility and responsiveness to recruitment are enhanced (Lavigna and Hays, 2004). Moreover, decentralized HR is said to be more effective, flexible and responsive than centralized system since it gives line managers authority to manage and customize their HR programs to meet their needs and it is highly effective because it allows managers to reach hiring decision quicker with less red tape (Selden *et. al.*, 2001; Coggburn, 2005). Since under decentralized HRM line managers are given greater freedom, autonomy and responsibility, HRM decentralization is said

to increase morale of managers as well as enhances the decision-making process and innovation (Hasenan, 2010).

Furthermore, decentralization has been extensively perceived as a panacea to overcome many public management failures in which it is compressed with different aspects of local public administration that include structural reform and human resources management (Rohitarachoon and Hossain, 2012). Also it is believed to be a solution to limitation of centrally controlled national plans by delegating greater authority to officials working in the field closer to people and problems in which it is expected to cut red tape and increase official knowledge and sensitivity to local problems (De Vries, 2000).

However, apart from its advantages, decentralization of human resources also has its disadvantages. According to Prud'Homme (1995), decentralized human resources are mostly accompanied with corruption because it is likely that corruption is more widespread at the local level than national level. It has been further reported that without strong control mechanisms, implementation of the decentralization of human resources tends to lead to inequality, favouritism and nepotism (Wang *et. al.*, 2002; Tessema *et. al.*, 2009). A recent study conducted in Thailand revealed that decentralization of HRM has facilitated corruption and encouraged patronage system to be stronger in the local level (Rohitarachoon and Hossain, 2012). It is also proclaimed that HRM decentralization leads to inequity in resources distribution among local levels unless an appropriate equalization mechanism has been established (Prud'Homme, 1995).

Decentralization is one of essential institutional reform efforts pursued in developing countries and it is intended to bring more efficiency to public sector governance. However, it has been criticized that decentralization may increase unethical behaviours at local level and thus, it would not improve accountability (Ashour, 2004; Mutahaba, 2015). Moreover, decentralization as part of NPM based reforms, steers debate about its influence on accountability in the presence of political patronage of those who govern (Deleon, 1998; Christensen and Lægreid, 2001; Gregory, 2003). In the Tanzanian public sector, management of HR in a decentralized context was established in form of decentralisation by devolution (D by D) in order to improve governance in the Tanzanian public sector (Massoi and Norman 2009). However, implications of decentralization of HRM are poorly researched and inadequately understood (Kolehmainen-Aitken, 1997) and unfortunately, human resource considerations are not the centre of attention in decentralization case in many countries. Therefore, this study hypothesized that:

H1: Management of HR in a decentralized context has a significant positive relationship with public sector governance

H1a: Management of HR in a decentralized context has a significant positive relationship with accountability

H1b: Management of HR in a decentralized context has a significant positive relationship with transparency

Contingent Factors, Decentralization of HRM and Public Sector Governance

The study model assumes that HRM reforms and the outcome of the reform program - public sector governance - rely on external factors. NPM based HRM reforms exist in technological, political and cultural environment, which has to be taken into consideration for success of such reforms (Hood, 1991; Polidano, 1999). However, some of the previous studies in HRM reforms based on NPM like Kim (2000), Common (2010), Lufunyo (2013), Mutahaba (2015) and

Rugumyamheto (1998) did not consider the effect of these contingent factors, which also are not covered in NPM based theories.

Independence of public service commission in making HR decisions depends on degree of interference from the government. If there is more intervention from the government and the ministers in the HR decisions, the public service commission, as central personnel agency, is deemed to have less autonomy thereby leading to greater potential for politicization (Verhoest, Peters, Bouckaert, & Verschuere, 2004). Issues such as who appoints the head of the Public Service Commission and who makes HR decisions are relevant for organisational autonomy. If the head of the organisation is highly accountable to the government, there are greater constraints of organisational autonomy and greater risk of political patronage (Verhoest *et. al.*, 2004). In theory, if the head of the Public Service Commission is directly accountable to the government, the civil service will have little potential to prevent political patronage (Stanova, 2014). On the contrary, Stanova (2014) argues that if the Public Service Commission head is appointed by a council of ministers consisting of coalition parties, the head is not solely accountable to the government.

Recent studies (e.g., Dunleavy *et. al.*, 2006; Dunleavy and Carrera, 2013) have argued that 'Digital Era Governance' (i.e., use of digital technology including introduction of e-government in order to deliver improved government services, focusing on customer need) is the leading candidate to replace the New Public Management as a reform paradigm. Digital Era Governance brought out technological change, which has significant effects on the way citizens interact with their public employees (Pollitt, 2012). Therefore, competence in public HRM has become a matter of vital importance to proper functioning of government. The future of public management is similarly enthusiastic about technological change, seeing it as a key to the large public sector productivity improvements (Meyer-Schönberger and Cukier, 2013). It will enable slow-moving public services to move much faster, and to treat citizens on an individual rather than a categorized basis, also increased accountability and transparency. However, innovation and modernization remain paradoxical, full of unintended consequences and unhappy surprises as well as happy surprises (Margetts *et. al.*, 2010; Pollitt, 2012).

HRM Reforms vary, depending on cultural aspects surrounding the public sector organisations in different nations. For example, Hyden (2005) considered that lack of corporate culture in African countries can be a barrier to successful implementation of the public sector reforms. Therefore, for African countries to implement successful reforms, they have to adopt reforms that are not functional of corporate culture. However, development is shaped by culture and local context, which ultimately also determine the reforms outcomes. Moreover, it is argued that in most cases, development projects like public sector reforms, which do not take into account cultural dimension failed (Gardner *et. al.*, 2015).

In public sector organizations in developing countries like Tanzania, reforming of HRM practices under NPM model aims at transforming employees' behaviours by shifting from traditional bureaucratic personnel administration (business as usual mode) towards HRM (accountability for performance mode). At the same time, HRM practices are influenced by culture differences (Hofstede, 1980; Trompenaars, Hampden-Turner, 2004). Therefore, for successful implementation of HRM reforms in Tanzanian public sector organizations, relevance

of the adopted reforms has to take into consideration these contingent factors in our environment, which leads to posit the following hypotheses:

H2: Contingent factors have a significant moderating effect on the way management of HR in a decentralized context promotes public sector governance

H2a: Political support influences on the relationship between management of HR in a decentralised context and accountability;

H2b: Political support influences on the relationship between management of HR in a decentralised context and transparency

H2c: Technology influences on the relationship between management of HR in a decentralised context and accountability;

H2d: Technology influences on the relationship between management of HR in a decentralised context and transparency

H2e: Culture influences on the relationship between management of HR in a decentralised context and accountability.

H2f: Culture influences on the relationship between management of HR in a decentralised context and transparency.

Methodology

This study employed explanatory research design by using the survey strategy. The study was done in Public Institutions located in Dar es Salaam, Dodoma and Kigoma. The choice of the regions is that according to recent report by National Audit Office (2014), Dar es Salaam region was a good performer in HRM and governance area, while Dodoma was an average performer and Kigoma was a poor performer for three consecutive years. The population of study covered public sector employees in each of the Tanzanian public institutions grouped in MDAs and Local Government Authorities (LGAs). This study applied probability sampling technique to ensure generalizations of the study (Creswell, 2012; Cooper and Schindler, 2014). Taro Yomane's formula of $S = n / (1+n(e)^2)$ was used to determine the sample size. The sample size was calculated at 2 percent margin error and 98 percent confidence interval. Therefore, 239 respondents were chosen from public sector institutions in Tanzania. Structured questionnaires were used for collection of primary data. The questionnaire was a 5 point Likert scale adopted from the COCOPS survey instrument (Hammerschmid *et. al.*, 2013). The COCOPS project is the Executive Survey on Public Sector Reform in Europe- an original survey of public sector senior executives in twenty European countries done in 2011. Public documents showing trends of HRM reforms were reviewed.

Structural Equation Modelling (SEM) was used for data analysis because it tends to explain optimal behaviour of variables and to predict their future behaviour (Davicik, 2014). SEM allows making use of several indicator variables per construct simultaneously, which leads to highly valid conclusions at the construct level (Kline, 2011). SEM also takes measurement error into account and hence, conclusions for relationships between constructs were not biased by measurement error (Hair *et. al.*, 2010).

Analysis and Interpretation of Findings

Respondents' Demographic Profile

A bit over two-thirds (68%) of respondents were males, while females were only 32 percent. Majority of the respondents were in the age groups of 26-35 (40%) and 36-45 (35%), while those

aged 56-65 were 11 percent. It was revealed that majority of the respondents (46%) had master degrees followed by those with bachelor degree level (40%). With those with highest degree – doctoral degree (6%) and those with diploma education level were 7 percent. Out of 239 respondents in Tanzanian public institutions studied in this survey, 45 percent respondents were from MDAs, 29 percent from LGAs and 27 percent respondents were from other public institutions. Furthermore, 67 percent of respondents were from Dar es Salaam region, 24 percent were from Kigoma region and 8 percent were from Dodoma region.

Reliability and Validity

Confirmatory factor analysis was used to determine reliability and validity of measurements. As depicted in Figure 1 and corresponding Table 1, the measurement model goodness of fit indices were as follows: Cmin/df = 2.162; CFI = 0.956; GFI = 0.898; AGFI = 0.862 and RMSEA = 0.70. Although GFI and AGFI was less than 0.90 and RMSEA was larger than 0.05, the most important index Cmin/df was less than 3.00 and CFI was larger than 0.90, indicating acceptable reliability. Therefore, the measurement model can be concluded that it was acceptable. The convergent validity of measurement model was assessed by Average Variance Extracted (AVE) and Composite Reliability (CR). The CR value ranges between zero and one (0 – 1). The ideal level of standardized loadings for reflective indicators is 0.70 but 0.60 is considered to be an acceptable level (Barclay *et. al.*, 1995). CR measures overall reliability of a set of items loaded on a latent construct. Value ranges between zero and one and thus, values greater than 0.70 reflect good reliability. Between 0.60 – 0.70 is also acceptable if other indicators of the construct’s validity are good (Hair *et. al.*, 2006). Discriminant validity check was done by comparing AVE’s with the squared correlation for each of the constructs. The AVE of a latent variable should be higher than the squared correlations between the latent variable and all other latent variables. The rule of thumb for assessing discriminant validity requires that the square root of AVE should be larger than the squared correlations between constructs (Cooper & Zmud, 1990; Hair *et. al.*, 1998).

Figure 1: CFA Measurement Model

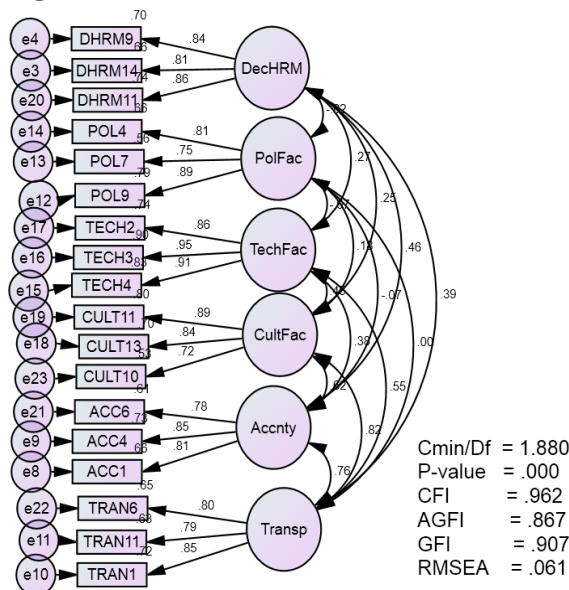


Table 1: CFA of Dimensions and Items

Item Relationship	Regression Weights	S.E.	C.R.	P	Standardized Regression Weights
DHRM14 <--- DecHRM	.889	.063	14.219	***	.815
DHRM9 <--- DecHRM	.946	.065	14.615	***	.838
ACC1 <--- Accnty	1.000				.812
ACC4 <--- Accnty	1.034	.073	14.121	***	.854
TRAN1 <--- Transp	1.000				.846
TRAN11 <--- Transp	1.015	.072	14.146	***	.791
POL9 <--- PolFac	1.000				.888
POL7 <--- PolFac	.888	.072	12.326	***	.749
POL4 <--- PolFac	1.066	.081	13.213	***	.811
TECH4 <--- TechFac	.971	.041	23.726	***	.910
TECH3 <--- TechFac	1.000				.946
TECH2 <--- TechFac	.870	.042	20.751	***	.861
CULT13 <--- CultFac	.995	.080	12.399	***	.839
CULT11 <--- CultFac	1.078	.083	13.010	***	.894
DHRM11 <--- DecHRM	1.000				.861
ACC6 <--- Accnty	.986	.076	12.886	***	.783
TRAN6 <--- Transp	1.037	.072	14.464	***	.804

Table 2 indicates that all measures were found to be reasonably reliable with CR ranged between 0.855 and 0.932, which conformed to criteria of internal consistency (Hair *et. al.*, 2010). Furthermore, the AVE in each dimension is greater than 0.5, which supports presence of discriminant validity (Malhotra and Dash, 2011; Hair *et. al.*, 2010). Therefore, since the goodness of fit was reached, the measurement model in this study was verified and thus, acceptable and the researcher proceeded to the structural model.

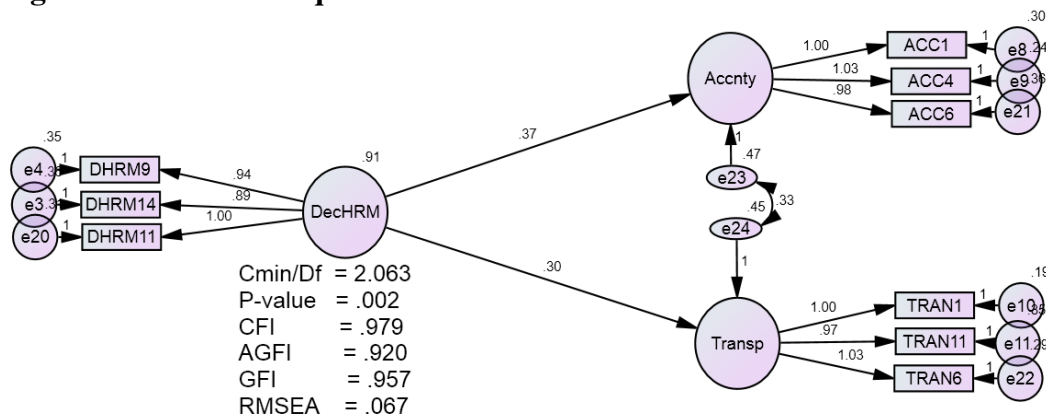
Table 2: Reliability and Validity Tests Results

Variable	CR	AVE
TechFac	0.932	0.821
DecHRM	0.876	0.703
Accnty	0.857	0.667
Transp	0.855	0.663
PolFac	0.858	0.669
CultFac	0.862	0.676

Structural Model - Hypotheses Testing

The SEM was conducted to test the formulated hypotheses. The full structural equation model is considered and the hypotheses to be tested related to the pattern of causal structure linking several variables in the study. Overall, the mediation structural model fit the data well. Most of the fit statistics met the minimum requirements (Cmin/df = 2.063; GFI = .957; AGFI = .920; CFI = .976; and RMSEA = .067). The signs of structural paths were consistent with the hypothesised relationships in the study.

Figure 2: Structural Equation Model



Management of HR in a Decentralized Context and Public Sector Governance

The study hypothesis stated that “*Management of HR in a Decentralized Context has a significant positive relationship with Public Sector Governance.*” The H1a and H1b were supported because results showed that decentralisation of HRM has significant relationship with public sector governance. The results indicated further that influence of Management of HR in a Decentralized Context on Public Sector Governance was significant. That is, the regression

weight for influence of Management of HR in a Decentralized Context on Accountability is significant at $\beta = 0.37$, while influence of Management of HR in a Decentralized Context on Transparency was supported at $\beta = 0.30$. The standardized regression weights of the output and results of hypotheses tests are presented in Figure 2 and corresponding Table 3.

Table 3: SEM Estimates

			Regression Weights	S.E.	C.R.	P	Standardized Regression Weights
Accnty	<---	DecHRM	.368	.059	6.205	***	.456
Transp	<---	DecHRM	.298	.055	5.377	***	.393
DHRM14	<---	DecHRM	.891	.062	14.277	***	.818
DHRM9	<---	DecHRM	.939	.065	14.541	***	.834
ACC1	<---	Accnty	1.000				.815
ACC4	<---	Accnty	1.029	.073	14.088	***	.852
TRAN1	<---	Transp	1.000				.860
TRAN11	<---	Transp	.968	.074	13.078	***	.767
DHRM11	<---	DecHRM	1.000				.863
ACC6	<---	Accnty	.981	.076	12.870	***	.782
TRAN6	<---	Transp	1.028	.074	13.956	***	.810

Source: Field Data (2015)

Contingent Factors Have a Significant Moderating Effect On the Way Management of HR in a Decentralized Context Promote Public Sector Governance

The study model assumes that HRM reforms and the outcome of the reform program - public sector governance - rely on external factors. NPM based HRM reforms occur in political, technological and cultural environment, which has to be taken into consideration for success of such reforms (Hood, 1991; Polidano, 1999). Therefore, the hypothesis was “Contingent factors have a significant moderating effect on the way management of HR in a decentralized context promote public sector governance.” According to Hair and colleagues (2010), Saunders (1956) as well as Preacher and colleagues (2007), moderations enable highly precise explanation of causal effects by providing a method for explaining not only how X affects Y, but also under what circumstances the effect of X changes, depending on the moderating variable of Z. Therefore, the moderation effect in this study was performed in Statistical Programme for Social Sciences (SPSS) version.... by creating new variables by standardizing all variables in the model decentralization of HRM (ZDHRM), political support (ZPolSup), technology (ZTech), culture (ZCult), accountability (ZAccnt) and transparency (ZTrans). Then computed a product variable, for example, decentralization of HRM X political support (DHRM_x_PolSup). Then the model was formed in AMOS, checked for significance and it was adjusted as per model fit issues. Then when moderations were significant, the moderations were plotted so as to interpret moderation effects.

Moderation Effect of Political Support on Decentralisation of HRM and Public Sector Governance

The hypothesis was set that “political support has a significant moderating effect on the way management of HR in a decentralized context promote accountability and transparency.” The

results indicated that the hypothesis was fully accepted, the regression weight for the effect of political support in the relationship between management of HR in a decentralized context and both accountability and transparency is significant (ZTrans<---DeHRM_X_PolSup and ZAcct<---DeHRM_X_PolSup). In reference to Table 4, results indicated that the moderation effect occurs on both of H_{2a} (Political support influence the relationship between management of HR in a decentralised context and accountability) and H_{2b} (Political support influence the relationship between management of HR in a decentralised context and transparency).

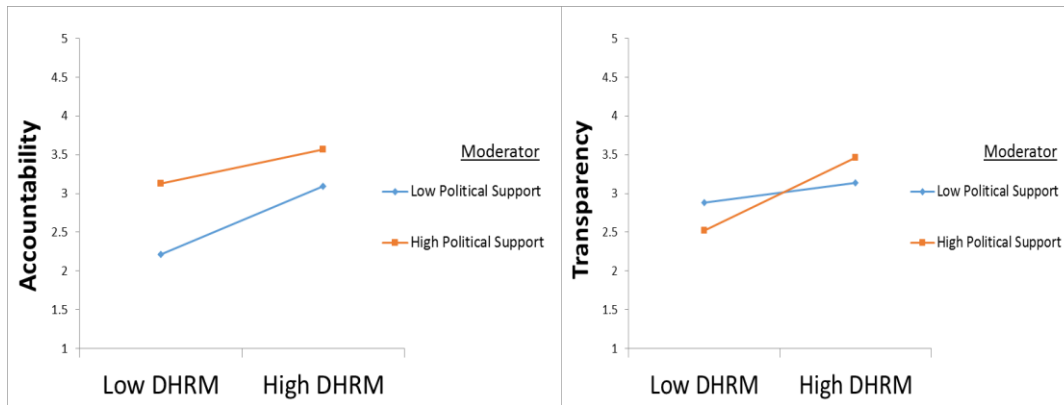
Table 4: Regression Weights of the Moderation Model between Political Support and DeHRM

	Estimate	S.E.	C.R.	P
ZAcct <--- ZDeHRM	.399	.055	7.307	***
ZTrans <--- ZDeHRM	.344	.060	5.727	***
ZAcct <--- ZPolSup	-.084	.055	-1.544	.123
ZTrans <--- DeHRM_X_PolSup	.130	.051	2.543	.011
ZTrans <--- ZPolSup	.003	.060	.043	.966
ZAcct <--- DeHRM_X_PolSup	.301	.046	6.486	***

Source: Field Data, (2015)

Since the moderations were significant (Table 4), the moderations were plotted (Diagram 1) so as to interpret the moderation effects. Also it is worth noting that political support has a significant moderating effect on all relationships. Moreover, Diagram 1 depicts that political support negatively moderates (dampens) the positive relationship between DHRM and accountability and political support strengthens the positive relationship between DHRM and transparency.

Diagram 1: Political Support Moderation between Decentralisation of HRM and Public Sector Governance



Moderation Effect of Technology on Decentralisation of HRM and Public Sector Governance

The hypothesis was set that “technology has a significant moderating effect on the way management of HR in a decentralized context promote accountability and transparency.” The results indicated that the hypothesis was fully accepted, regression weight for the effect of technology in the relationship between management of HR in a decentralized context and both accountability and transparency is significantly different from zero (ZTrans<---DeHRM_X_Tech and ZAcct<---DeHRM_X_Tech). In reference to Table 5, results indicated that the moderation

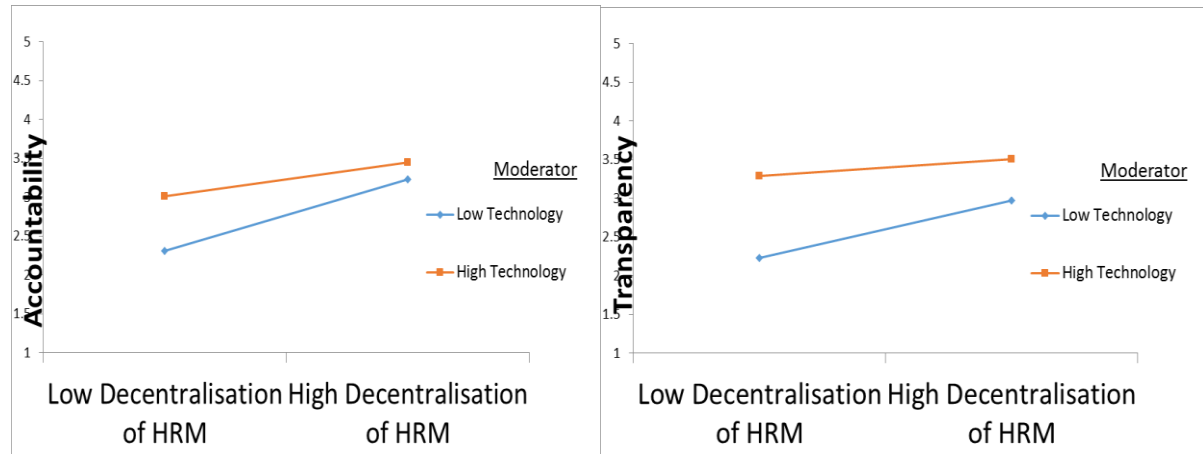
effect occurs on both H_{2c} (Technology influence the relationship between management of HR in a decentralised context and accountability) and H_{2d} (Technology influence the relationship between management of HR in a decentralised context and transparency).

Table 5: Regression Weights of the Moderation Between Technology and DeHRM

	Estimate	S.E.	C.R.	P	Label
ZAcct <--- ZDeHRM	.340	.058	5.875	***	
ZTrans <--- ZDeHRM	.241	.055	4.356	***	
ZAcct <--- ZTech	.230	.059	3.912	***	
ZTrans <--- DeHRM_X_Tech	-.127	.043	-2.971	.003	
ZTrans <--- ZTech	.398	.056	7.079	***	
ZAcct <--- DeHRM_X_Tech	-.122	.045	-2.723	.006	

Since the moderations were significant (Table 5), the moderations were plotted (Diagram 2) so as to interpret the moderation effects. Also it is worth noting that technology has a significant moderating effect on all relationships. Moreover, in Diagram 2, results depicted that technology negatively moderates (dampens) the positive relationship between decentralization of HRM and both accountability and transparency sides of public sector governance.

Diagram 2: Technology Moderation between Decentralisation of HRM and Public Sector Governance



Moderation Effect of Culture on Decentralisation of HRM and Public Sector Governance

The hypothesis was set that “culture has a significant moderating effect on the way management of HR in a decentralized context promote accountability and transparency.” The results indicated that the hypothesis was partially accepted, regression weight for the effect of technology in the relationship between management of HR in a decentralized context and transparency is significantly different from zero (ZTrans<---DeHRM_X_Cult). However, the regression weight for the effect of technology in the relationship between management of HR in a decentralized context and accountability is not significantly different from zero (ZAcct<---DeHRM_X_Cult). In reference to Table 6, results indicated that the moderation effect occurs only on the H_{2f} (Culture influence the relationship between management of HR in a decentralised context and transparency). However, the moderation of culture between decentralization of HRM and accountability was not significant and so it was trimmed. This implies that culture has no

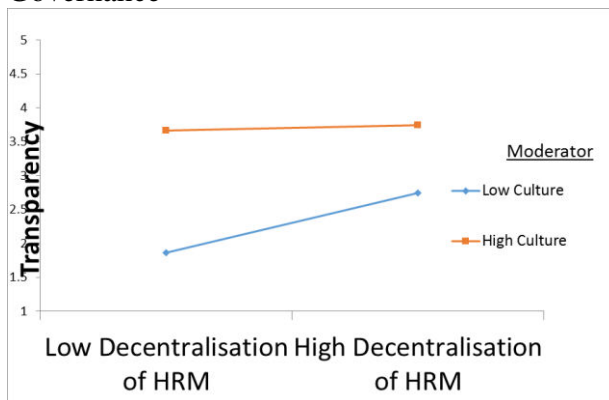
moderation effect in a relationship between decentralization of HRM and accountability side of public sector governance.

Table 6: Regression Weights of the Moderation Between Culture and DeHRM

	Estimate	S.E.	C.R.	P
ZAcct <--- ZDeHRM	.326	.051	6.355	***
ZTrans <--- ZDeHRM	.246	.041	5.928	***
ZAcct <--- ZCult	.494	.052	9.477	***
ZTrans <--- DeHRM_X_Cult	-.225	.042	-5.408	***
ZTrans <--- ZCult	.709	.042	16.817	***
ZAcct <--- DeHRM_X_Cult	-.095	.052	-1.841	.066

Since the moderation ZTrans<---DeHRM_X_Cult was significant (Table 6), the moderation was plotted (Diagram 3) so as to interpret the moderation effects. Therefore, in Diagram 3, results depicted that culture negatively moderates (dampens) the positive relationship between decentralization of HRM and transparency.

Diagram 3: Culture Moderation between Decentralisation of HRM and Public Sector Governance



Discussion of Findings and Conclusion

The purpose of this study was to examine the relationship between management of HR in a decentralized context and public sector governance. Also this study examined the moderating effect of the contingent factors in that relationship. Public sector governance is being indicated by accountability and transparency, while contingent factors are indicated by political support, technology and culture. The results from hypotheses testing through SEM indicated that both accountability and transparency are significantly influenced by Management of HR in a decentralized context. These findings are consistent with the NPM doctrine and previous studies (e.g., Ashour, 2004; Mutahaba, 2015; Whittaker and Marchington 2003; OECD 2004; UK Presidency of the EU, 2005).

Previous studies (such as Ashour, 2004; Mutahaba, 2015; Whittaker and Marchington 2003; OECD 2004; UK Presidency of the EU, 2005) caution that while Management of HR in a Decentralized context is at the heart of reforms aiming at increasing responsiveness of the public service, it can have deleterious effects on collective values and ethical behaviour. Thus, it would

not improve accountability (*ibid.*). Also proponents such as Pollitt and Bouckaert (2004) suggest that not only that decentralization of HRM is good and letting managers manage is good, but also that political interference has to be managed in order to strengthen accountability. These studies relate to findings from this particular study, which support the relationship between Management of HR in a Decentralized context with both accountability and transparency. It is worth noting that previous studies did not consider the effect of transparency and also contingent factors and the theoretical base of the reforms.

Empirical findings demonstrate that decentralization may lead to the increase in accountability and transparency (Barnett *et. al.*, 1997). However, it has been warned that without strong control mechanism, implementation of the decentralization of human resources may increase unethical behaviours at local level and thus, it would not improve accountability (Mutahaba, 2015; Rohitarachoon and Hossain, 2012; Tessema *et. al.*, 2009; Ashour, 2004; Wang *et. al.*, 2002; Prud'Homme, 1995). Moreover, decentralization as part of NPM based reforms, steers debate about its influence on accountability in the presence of political patronage of those who govern (Deleon 1998; Christensen and Læg Reid, 2001; Gregory, 2003). The second objective of this study hypothesized that contingent factors have a significant moderating effect on the relationship between management of HR in a decentralized context and public sector governance. The results depicted that political support negatively moderates (reduces) the positive relationship between DHRM and accountability and political support strengthens the positive relationship between DHRM and transparency. Also technology negatively moderates (reduces) the positive relationship between decentralization of HRM and both accountability and transparency sides of public sector governance. Furthermore, culture negatively moderates (reduces) the positive relationship between decentralization of HRM and transparency. Moderation of culture between decentralization of HRM and accountability was not significant. It implies that culture has no moderation effect in a relationship between decentralization of HRM and accountability side of public sector governance.

Empirical findings demonstrate that political nature of the public service and centralized personnel agency are still relevant in the public service of developing countries (Colley *et. al.*, 2012). Also if there is more political intervention from the government and the ministers in the HR decisions, the public service commission is deemed to have less autonomy and at a greater risk of political patronage (Verhoest, Peters, Bouckaert, & Verschuere, 2004). However, Stanova (2014) argues that if the Public Service Commission head is appointed by a council of ministers consisting of coalition parties, the head is not solely accountable to the government. Therefore, there will be less political patronage. Even though employees in the public service have no allegiance to any political party and they are appointed on merit, they are required to serve any elected political parties who form the government (Jaensch, 1997; Mulgan, 1998; Keating, 1999; Gomery, 2005). Success of HRM reforms depends on strong political will among the country's leadership (Wood *et. al.*, 2008; World Bank, 2008). Moreover, separation of public sector HRM from politics helps to make merit-based HR decisions in place of political criteria (Burns, 2001). Although findings from this study depicted that political support strengthens the relationship between decentralization of HRM and transparency, they also support previous studies that political support reduces the relationship between decentralization of HRM and accountability.

Scholars have argued that digital era governance brought out technological change, which has significant effects on the way citizens interact with their public employees (Dunleavy and

Carrera, 2013; Cukier, 2013; Pollitt, 2012; Dunleavy *et. al.*, 2006). Such technological change will enable increased accountability and transparency in the public sector. However, change also has arguably brought about unintended consequences and unhappy as well as happy surprises (Margetts *et. al.*, 2010; Pollitt, 2012). These arguments are consistent with this findings from this study that technology dampens the positive relationship between decentralization of HRM and both accountability and transparency sides of public sector governance.

Empirical findings considered that lack of corporate culture in African countries can be a barrier to successful implementation of the public sector reforms (Hyden, 2005). Moreover, it is argued that, in most cases, development projects like public sector reforms, which do not take into account the cultural dimension failed (Gardner *et. al.*, 2015). At the same time, HRM practices are influenced by cultural differences (Hofstede, 1980; Trompenaars, Hampden-Turner, 2004). It was also argued that public sector organizations in developing countries undertaking reforms of HRM practices under NPM model aim at transforming employees' behaviours towards accountability for performance manner. Findings from this study support prior literatures that culture diminishes the positive relationship between decentralization of HRM and transparency and also culture has no moderation effect in a relationship between decentralization of HRM and accountability side of public sector governance.

Thus, the study findings lead to conclude that although management of HR in a decentralized context is an important dimension of the reforms in the public sector, it does not improve accountability as supported by previous studies by Whittaker and Marchington (2003), Ashour (2004), OECD (2004), UK Presidency of the EU (2005) and Mutahaba (2015). Therefore, for successful implementation of HRM reforms in Tanzanian public sector organizations, relevance of the adopted reforms has to take into consideration contingent factors in our environment. The findings imply that although in Tanzanian public sector management of HR in a decentralized context was established in form of D by D in order to improve governance, the central government still has to deter the political interference in making decisions on some of HRM practices to local government authorities. For example, staff promotion, hiring of staff, staff compensation and issuing employment contracts in order to improve accountability and transparency in the sector.

Furthermore, the study results lead to suggestion that even though decentralisation by devolution (D by D) was established in order to improve accountability in the Tanzanian public sector, the government has to engage the strong political support and devolve the controlled autonomy on decision-making to some HRM practices to local government authorities so as to achieve the appropriate balance between centralisation and decentralisation in the field of HRM and good public sector governance. A general conclusion drawn from this study is that the good public sector governance can be achieved from implementation of HRM reforms with consideration of technological improvement so as to digitalise government. The government has to control political interference and increased political support to such HRM reforms and transform employees' behaviours from business as usual mode to performance for accountability mode.

References

- Ashour A.S. (2004) Integrity, Transparency and Accountability in Public Sector Human Resources Management, *UN DESA DPADM*
- Burns, J. (2007). Civil Service Reform in China. *OECD Journal on Budgeting*, 7(1), 1-25.

- Borins, S (2002) "Leadership and innovation in the public sector", *Leadership & Organization Development Journal*, Vol. 23 Issue: 8, pp.467-476, <https://doi.org/10.1108/01437730210449357>
- Chalu, H. (2014). A Model of Accounting Information Systems in Contemporary Public Sector Organisations. *A paper prepared for 8th International EIASM public sector conference Edinburgh, U.K.*
- Christensen, T. and Læg Reid, P. (2001) 'A Transformative Perspective on Administrative Reforms', in T. Christensen and P. Læg Reid (eds) *New Public Management: The Transformation of Ideas and Practice*, pp. 13—42. Aldershot : Ashgate
- Christopher Pollitt and Geert Bouckaert (2011) *Public Management Reform: A Comparative Analysis - New Public Management, Governance, and the Neo-Weberian State* *International Review of Administrative Sciences* 78(1):180-182 .
- Coggburn, J. D. (2005), The Benefits of Human Resource Centralization: Insights from a Survey of Human Resource Directors in a Decentralized State. *Public Administration Review*, 65: 424–435. doi:10.1111/j.1540-6210.2005.00469.x
- Common, R. (2010). International trends in HRM in the public sector: Reform attempts in the Republic of Georgia. *International Journal of Public Sector Management*, 24(5), 421-434.
- Cooper, D., & Schindler, P. (2014). *Business research methods* (12th. ed.). New York: McGraw-Hill.
- Creswell, J. (2012). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research* (4th ed.). Upper Saddle River, N.J.: Pearson/Merrill Prentice Hall.
- Deleon, L. (1998), Accountability in A 'Reinvented' Government. *Public Administration*, 76: 539–558. doi:10.1111/1467-9299.00116
- De Vries, M. S. (2000). "The Rise and Fall of Decentralization: A Comparative Analysis of Arguments and Practices in European Countries". *European Journal of Political Research*, 38: pp.193–224.
- Dunleavy P, Margetts H. (2010). *The Second Wave of Digital Era Governance*. American Political Science Association Conf., Washington, DC.
- Dunleavy, P., H. Margetts, S. Bastow and J. Tinkler (2006). "New Public Management Is Dead—Long Live Digital-Era Governance". *Journal of Public Administration Research and Theory*, vol. 16, No. 3, pp. 467-494.
- ECA (2015) *Public Sector Management Reforms in Africa*, Addis Ababa, Ethiopia, <http://www.uneca.org>
- Gaspar, A. B., Mkasiwa, T., A, (2015) "Managing performance or legitimacy? A case study of the Tanzanian Local Government Authorities", *Journal of Accounting in Emerging Economies*, Vol. 5 Issue: 4, pp.424-456, <https://doi.org/10.1108/JAEE-03-2013-0016>
- Gray, H. (2007). Governance for economic growth and poverty reduction: empirical evidence and new directions reviewed.
- Gruening, G. (2001). Origin and theoretical basis of new public management. *International Public Management Journal*, (4), 1-25.
- Hair, J., Black, W., Babin, B., & Anderson, R. (2010). *Multivariate data analysis* (Seventh edition, Pearson new international ed.). Prentice Hall.
- Hammerschmid G., Oprisor A., & Štimac. (2013). COCOPS Executive Survey on Public Sector Reform in Europe. *Research Report*, ISSN 2211-2006

- Haque, N. U., & Aziz, J. (1998). The Quality of Governance "Second-Generation" Civil Service Reform in Africa. *IMF Working Paper*, 98/164.
- Hays S. W. (2004). Trends and best practices in state and local human resource management: Lessons to be learned? *Review of Public Personnel Administration*, 24, 256-275.
- Hays, S. W. and Kearney, R. C. (2001). "Anticipated Changes in Human Resource Management: Views from the Field". *Public Administration Review*, 61: pp.585-597. doi:10.1111/0033-3352.00129
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, CA: Sage
- Hou, Y., Ingraham, P., Bretschneider, S., & Selden, S. C. (2000). Decentralization of Human Resource Management: Driving Forces and Implications. *Review of Public Personnel Administration*, 20(4), 9-22. DOI: 10.1177/0734371X0002000403
- Ian Gregory (2003) *Ethics in Research* [*Continuum Research Methods*](#), A&C Black, ISBN 0826464777, 978082646477
- Jones, S., Irani, Z., Sharif, A., and Themistocleous, M. (2004) "E-Government Evaluation: Reflections on two Organisational Studies," Proceedings of the 39th Hawaii International Conference on System Sciences, Hawaii.
- Kellough, J. E., Nigro, L. G., Brewer, G. A. (2010). "Civil Service Reform Under George W. Bush: Ideology, Politics, And Public Personnel Administration". *Review of Public Personnel Administration*, 30, pp.404-422.
- Kim, P. (2000). Human Resource Management Reform in the Korean Civil Service, *Administrative Theory & Praxis*. 22(2), 326-334.
- Kline, R. (2011). *Principles and Practices of Structural Equation Modeling* (3rd ed.). New York: The Guilford Press.
- Kolehmainen-Aiken, R-L. (1997). Decentralization and human resources: implications and impact. *Human Resources for Health Development Journal*, 2(1), 1-14.
- Lavigna, R. J., & Hays, S. W. (2004). "Recruitment and Selection of Public Workers: An International Compendium of Modern Trends and Practices". *Public Personnel Management*, 33(3), pp. 237-253.
- Lufunyo, H. (2013). Impact of public sector reforms on service delivery in Tanzania. *Journal of Public Administration and Policy Research J. Public Adm. Policy Res.*, 2(2), 26-49.
- Malhotra N. K., Dash S. (2011). *Marketing Research an Applied Orientation*. London: Pearson Publishing.
- Massoi L. and Norman A. S (2009). Decentralisation by devolution in Tanzania: Reflections on community involvement in the planning process in Kizota Ward in Dodoma. *Journal of Public Administration and Policy Research*, 1(7), 133-140.
- Mayer-Schönberger and V, Cukier K. (2013). *Big Data: A Revolution That Will Transform How We Live, Work, and Think*. Boston, MA: Houghton Mifflin Harcourt.
- Minogue, M. (2001). "Should Flawed Models of Public Management Be Exported? Issues and Practices" in McCourt, W. and Martin Minogue (eds.) *The Internalisation of Public Management: Reinventing the Third World State*. Cheltenham: Edward Elgar.
- Mulgan, R. (2000), 'Accountability': An Ever-Expanding Concept? *Public Administration*, 78: 555-573. doi:10.1111/1467-9299.00218
- Mutahaba, G. (2015). Human Resource Management: A Neglected Element in African Public Service Reforms, A Tool for Developing Capacities for Managing the Human Resource in Africa's Public Sector Institutions. *APS-HRMnet*, 73-87

- National Audit Office. (2014). Annual General Report of the Controller and Auditor General. NAO. United Republic of Tanzania.
- National Audit Office. (2016). Annual General Report of the Controller and Auditor General. NAO. United Republic of Tanzania.
- Nogueira and Paranaguá de Santana (2015), Human Resource Management and Public Sector Reforms: Trends and Origins of a New Approach, Discussion paper / Institute for Applied Economic Research. - Brasília: Rio de Janeiro: Ipea, ISSN 1415-4765.
- OECD (2004); The Organisation for Economic Co-Operation and Development (OECD) Annual Report
- OECD, (2005); The Organisation for Economic Co-Operation and Development (OECD) Annual Report
- Osborne, D., & Gaebler, T. (1993). *Reinventing government: How the entrepreneurial spirit is transforming the public sector*. Reading, Mass.: Addison-Wesley Pub.
- Polidano, C. (1999). "Public Sector Reform in Developing Countries: The State of Practice. Introduction: New Public Management, Old Hat"? *Journal of International Development J. Int. Dev.*, pp.373-375.
- Poor, A. Y., & Afghan, A. P. (2013). Managing The HR Function in Public Administration. *Interdisciplinary Journal of Contemporary Research in Business*, 5(1). Pollitt, C., & Bouckaert, G. (2004). *Public management reform: A comparative analysis*. Oxford University Press, USA.
- Preacher, K. J., Rucker, D. D., & Hayes, A. F. (2007). Addressing moderated mediation hypotheses: Theory, methods, and prescriptions. *Multivariate behavioral research*, 42(1), 185-227.
- Rondinelli, D., J.R. Nellis and G.S. Cheema (1983). "Decentralization in Developing Countries", *World Bank Staff Working Paper* 581.
- Rohitarachoon, P. and F. Hossain (2012). "Decentralized Recruitment and Se-lection in Thailand: Friend or Foe to Local Public Administration"? *Internation-al Journal of Public Administration* 35(8): pp.553-561.
- Rugumyamheto, J. (1998). *Public Service Management: A Case for Reform. Economic Management in Tanzania*, Tema Publishers.
- Selden, S. C., Ingraham, P. W. and Jacobson, W. (2001), Human Resource Practices in State Government: Findings from a National Survey. *Public Administration Review*, 61: 598–607. doi:10.1111/0033-3352.00130
- Stanova, L. (2014). Central civil service management structures as brokers of de-politicization and evidence-based civil service management: A typology. *Human Affairs*, 24 (3), 307-324.
- Smoke, P. (2003) 'Decentralisation in Africa: Goals, Dimensions, Myths and Challenges', *Public Administration and Development* 23(1): pp. 7-16.
- Sulle, A. (2011). Result-Based Management in the Public Sector: A Decade of Experience for the Tanzanian Executive Agencies. *Journal of Service Science and Management*, 4, 499-506.
- Susan Whittaker, Mick Marchington, (2003) "Devolving HR responsibility to the line: Threat, opportunity or partnership?", *Employee Relations*, Vol. 25 Issue: 3, pp.245-261, doi: 10.1108/01425450310475847
- Tessema, M.T., J.L. Soeters and A. Ngoma (2009). "Decentralization of HR Functions Lessons from the Singapore Civil Service", *Review of Public Personnel Administration* 29(2): pp. 168-188

- Tidemand, P., & Msami, J. (2010). "The Impact of Local Government Reforms in Tanzania 1998-2008". Special Paper 10/1, REPOA.
- Therkildsen, O. (2006). Elusive public sector reform in East and Southern Africa. Public sector reform in developing countries: capacity challenges to improve services. Y. Bangura and G. Larbi. Basingstroke, Palgrave.
- Therkildsen, Ole. (2001). Efficiency, Accountability and Implementation: Public Sector Reform in East and Southern Africa. Draft of Paper No. 3, Programme on Democracy, Governance and Human Rights, UNRISD, Geneva.
- Todd Jordan, R. Paul Battaglio, Jr (2013) Are We There Yet? The State of Public Human Resource Management Research Public Personnel Management Vol 43, Issue 1, pp. 25 - 57
- UK Presidency of the EU, 1 July to 31 December 2005 - Overview and policy priorities
- United Nations. (2011). *Human Resources Management Reform*. United Nations, Department of Management.
- United Republic of Tanzania (2008) Local Government Reform Program- Embedding Decentralisation by Devolution Across the Government, Main Assessment Report, Prime Minister's Office Regional Administration and Local Government, Dodoma.
- United Republic of Tanzania (2009) Tanzania Enhanced Structural Adjustment Facility Policy Framework Paper, World Bank, Washington D.C.
- Verhoest, K., B. G. Peters, G. Bouckaert and B. Verschuere (2004). "The Study of Organizational Autonomy: A Conceptual Review", *Public Administration and Development* 24, pp.101-18.
- Vigoda, E. (2007). New Public Management. *Encyclopedia of Public Administration and Public Policy, Second Edition (Print Version)*, 1321-1325.
- Wang, Y., C. Collins, S. Tang and T. Martineau (2002). "Health Systems Decentralization and Human Resources Management in Low and Middle Income Countries", *Public Administration and Development* 22(5): pp. 439-453.
- World Bank. (2000). World Development Report 2000/2001: Attacking Poverty - overview. *World Development Report*. Washington, DC: World Bank Group.
- World Bank. (2008). Public Sector Reform: What Works and Why? *An IEG Evaluation of World Bank Support*, <http://www.worldbank.org/ieg>