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Fiscal corruption and local government budgetary efficiency: The role of leadership consultation

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Abstract
Fiscal corruption has been implicated a predictor of budgetary efficiency in local government for quite a long time. Similarly, leadership consultation has been argued a critical aspect in the fiscal corruption-budgetary efficiency relationship. However, despite the probable fiscal corruption-leadership consultation influences, existent literature holds no conclusive position on this matter. On the basis of both garbage-can-budgeting model and budgetary incrementalism theory, this study investigated fiscal corruption explanation to changes in budgetary efficiency. Moreover, it examined mediation of leadership consultation in the fiscal corruption-budgetary efficiency linkages. Data were collected from 27 districts and 180 sub-counties in eastern Uganda, East Africa. Regression analysis and structural equation modeling results indicate that discretionary public power, rent-seeking behavior, and legal system; notable fiscal corruption attributes, predict budgetary efficiency. However, leadership consultation has no mediation influence on surveyed entities' fiscal corruption-budgetary efficiency association. Implications to theory and practice are discussed and future research direction proposed.

Keywords: Local government, fiscal corruption, leadership consultation, budgetary efficiency, structural equation modeling

1. Introduction
In local government attaining sustainable and widely-acceptable state of budgetary efficiency is generally considered an enormous step in the entity's overall performance goal. This dream is perceived extremely critical for both short and long-term operational and fiscal endeavors (Wehner & de Renzio, 2013) [19]. In practical terms, budgetary efficiency is that attribute which demonstrates that an entity's period budget has been implemented effectively. Essentially, this achievement implies that the entity is able to mobilise all required revenue and execute its expenditure mandate within the budget period at the lowest cost possible (McKie & van de Walle, 2010; Wehner & de Renzio, 2013) [17, 19].

However, research, theory and practice seem to concur that realizing this efficiency standard especially on a sustainable basis, say, annually may not be easy (McKie & van de Walle, 2010; Wehner & de Renzio, 2013) [17, 19]. This challenge cuts across majority localities resident in both the developed and the developing world. Nonetheless, for decades, entities with limited technical capacity and chronical fiscal resource restraints such as those of Sub-Saharan Africa, have been identified particularly budget efficiency vulnerable (Wehner & de Renzio, 2013) [19].

To date neither practice, literature, nor theory provides reliable explanation as to what precisely causes budget efficiency failure in most local jurisdictions. Some scholars (e.g. Kristensen, Kromann, Groszyk & Buhler, 2002) [13] partially attribute the problem to the multiple parties involved in the entire budget-making process, especially during budget implementation. The numerous players hold diverse interests in the attainment of budget objectives and such interests ultimately compromise budgetary efficiency (Kristensen *et al.*, 2002; Lindaman & Thurmaier, 2002) [13, 14]. In countries of the developing world, particularly those of Sub-Saharan Africa, notable locality budget players include entity administrators, employees, community representatives, central government representatives, and sometimes donors (Lindaman & Thurmaier, 2002; McKie & van de Walle, 2010) [14, 17].

The dominant factor claimed by related literature (Chand, Moene & Mookherjee, 2003; Harstad & Svensson, 2011; Keefer & Knack, 2007) [3, 7, 9] as being responsible for budgetary inefficiency in most local entities is fiscal corruption. Harstad and Svensson (2011) [7] posit

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that corruption undermines expenditure control and administrative accountability which are the blood line of budgetary efficiency.

Moreover, it is also argued (Keefer & Khemani, 2005; Kotera, Okada & Samreth, 2012) [9, 12] that budgetary efficiency cannot be feasible without leadership consultation. This is simply because it is through local leadership consultation (linkages) that budgetary efficiency can be assessed meaningfully (Kotera *et al*., 2012) [12].

The current study examines fiscal corruption-leadership consultation-budgetary efficiency triangulation in 28 districts of Uganda, East Africa as a case in point. For years, the country has enjoyed global acclaim for its fiscal federalism and specifically budgetary approach since it adopted decentralization in the early 1990s (Delavallade, 2006; Wehner & de Renzio, 2013) [6, 19].

The garbage-can budgeting model (Cohen, March & Olsen, 1972) [4] and budgetary model of incrementalism (Davis, Dempster & Wildavsky, 1966) [5] were the two theoretical underpinnings employed in examining local entity budgetary efficiency. In the garbage-can budget model, Cohen *et al*. (1972) [4] highlighted the random outcome of a large set of independent players and events in the budget process.

With various alternatives at hand, the players can choose one believed the most ideal. Thus correct option choice implies effective budget implementation and ultimately budgetary efficiency (Cohen, *et al*., 1972) [4]. Davis *et al*. (1966) [5] consider any change in budg*et al*location always incremental in nature. Such incrementalism compels the various players to plan strategically when implementing the budget and consequently empower budgetary efficiency (Davis *et al*., 1966) [5].

2. Contribution to the knowledge body

This research is envisioned making a number of contributions to both local government budgetary efficiency empirical literature and theory. Firstly, we seek to provide empirical evidence that fiscal corruption represents a potential mechanism capable of influencing budgetary efficiency. Besides, we seek to provide evidence that when fiscal corruption in such entities is curtailed through leadership consultation, achieving budgetary efficiency is feasible.

Ideally, the study intends to empirically and systematically analyze notable constructs of fiscal corruption, leadership consultation, and budgetary efficiency. Largely overlooked by previous literature (e.g. Chand *et al*., 2003; Harstad & Svensson, 2011) [3, 7], these attributes hold potential explanation capacity.

This is so in that they may generate important implications in terms of developing budgetary efficiency policy guidelines. Currently such literature is quite scanty.

Secondly, in terms of theoretical contribution, the study intends to extend appreciation and application of the identified theory to practical realities in the developing world. For instance, the garbage-can budgeting model; considered most ideal in explaining budget efficiency dynamics, has rarely been employed in countries such as those of Sub-Saharan Africa (Lindaman & Thurmaier, 2002) [14]. The study therefore offers a unique theoretical opening to contextualize it to such a locality setting. Moreover, the research intends to create understandability of the widely applied incrementalism model. It examines the

pace of budgetary efficiency under different conditions. This may be intriguing when applied to budgetary processes in capacity and resource-constrained environments of Africa.

3. Hypotheses (H) development
3.1. Budgetary efficiency

In government, the annual budget is a considered a pivotal management tool. It is through the budget that monetary, fiscal and social policies are made to interact in order to generate quality service delivery. Budgets are also the only reliable instruments employed to initiate regulatory, administrative and anti-corruption reforms whenever necessary (Lindaman & Thurmaier, 2002) [14].

At sub-national level, specifically, local government settings, budgets are essentially meant to enhance fiscal accountability. Ideally, the budget is that framework that engenders community needs and preferences-fiscal planning-service delivery (budget implementation) triangulation. This is only possible if the budget is executed in the most cost-effective manner; technically referred to as budgetary efficiency (Wehner & de Renzio, 2013) [19]. In Sub-Saharan Africa, expenditure control and specifically administrative accountability are the two dominant indicators of budgetary efficiency in local government (McKie & van de Walle, 2010) [17].

3.1.1. Expenditure control

Conventionally, in sub-national entities the budget is considered a pivotal policy document in that it eases expenditure control. Inter-departmental expenditure for both recurrent and capital items are systematically scheduled and matched against available resource balances (Kristensen *et al*., 2002; McKie & van de Walle, 2010) [13, 17]. Firstly, this renders any claims over and above pre-set budget categories to be ignored and only those within budget to be honored for payment.

Secondly, entities avoid habitual practices like supplementary budgeting (fiscal incrementalism) which are indicative of budgetary indiscipline. Besides, expenditure control also involves minimizing resource misappropriations typical of virement mandates (McKie & van de Walle, 2010) [17]. These are situations in which only funds budgeted for specific projects are expended thereon and unauthorized inter-project spending is avoided.

In Uganda, it is common practice for local entities to request for advance funding prior to central government's official budgetary releases. Termed vote-on-account support, the released resources must be managed transparently and this is only feasible when an effective expenditure control mechanism is employed (Kristensen *et al*., 2002; Lindaman & Thurmaier, 2002) [13, 14].

3.1.2. Administrative accountability

Accountability is the constituent of both formal (laws and regulations) and informal practices entities adopt to make administrators, bureaucrats and political representatives answerable to the populace (McKie & van de Walle, 2010; Wehner & de Renzio, 2013) [17, 19]. Moreover, it is indicative that governance matches community or collective (policy) decision-making capacity at entity level. Consistent with the garbage-can theory (Cohen *et al*., 1972) [4], efficient operative budgetary and managerial set-ups also render entities accountable to higher-level governments, public

agencies, and even donors. In congruence, Lindaman and Thurmaier (2002) [14] posit that since local government administrators constitute the technical personnel constitutionally mandated to run entity political, administrative, and fiscal affairs, they must always be accountable.

In Uganda, for instance, the district is the main local entity in its decentralization structure. Others include city (Kampala), municipalities, divisions and sub-counties. At district level, the chief administrative officer (CAO), the resident district commissioner (RDC), and the local council five (LC5) chairperson comprise its executive administrators (Lindaman & Thurmaier, 2002) [14]. In order to carry out their mandate, these administrators are supported by various heads of department and subordinate employees. Administrative accountability to the local community is achieved through district local council representatives while to central government through the presidential-political-appointee, the RDC.

The accountability required is largely in respect to mobilized fiscal resources (local revenue and grants) and expenditure (recurrent and developmental projects) incurred in a given budget period (Kristensen et al., 2002; Lindaman & Thurmaier, 2002) [13, 14].

In practice, much as such responsibility is mandatory, empirical evidence indicates that budgetary efficiency is rarely attained in the majority over 100 districts run by the country. This is largely due to poor implementation of the budget which has over the years been closely associated with fiscal corruption and rent-seeking (Kristensen et al., 2002) [13]. Besides, in most districts, local revenue is often never collected in amounts budgeted for, allegedly due to population low incomes and associated poverty. Grants (inter-governmental fiscal transfers) are also commonly released in inadequate amounts relative to entity outlay demands. This renders both recurrent and project spending execution ineffective (Lindaman & Thurmaier, 2002) [14].

3.2. Fiscal corruption
Citing the World Bank view, recent fiscal federalism research (e.g. Arbati & Escolano, 2015; Harstad & Svensson, 2011) [2, 7], associate fiscal corruption with that abuse of public office in order to generate private gain. Harstad and Svensson (2011) [7] claim that fiscal corruption does not only impair household-based tax revenue, but it tremendously inflates entity spending. While this practice is rampant in various developing countries, it takes on an exceptional dimension in Sub-Saharan Africa.

The current study examines the influence of fiscal corruption on expenditure efficiency, from three of its notable attributes. These are: discretionary public power (Keefer & Knack, 2007) [9]; rent-seeking behavior (Delavallade, 2006) [6]; and the legal system (Montes & Paschoal, 2006) [18]. Ideally, expenditure efficiency is eroded when private rent-seeking behavior employs discretionary public power to contravene the legal system.

This therefore suggests that in order for local entities to come up with any meaningful anti-corruption mechanisms, they must first consider strengthening the legal system which eventually reduces entity discretionary actions (Delavallade, 2006; Keefer & Knack, 2007; Montes & Paschoal, 2006) [6, 9, 18].

3.2.1. Discretionary public power
Budget efficiency literature (Keefer & Knack, 2007; Harstad & Svensson, 2011) [7, 9], identifies two main stages at which local authorities exercise their discretionary public power. First, is the point when the entity sets-out its budgetary instruments with a view of maximizing community welfare through quality service delivery (Keefer & Knack, 2007) [9]. Second, is when the entity adjusts its revenue-expenditure structure in order to effectively manage potential fiscal corruption threats. This second step is, however, common with benevolent entities that often act passively and tend to emphasize generating balanced budgets before approval and implementation (Keefer & Knack, 2007; Harstad & Svensson, 2011) [7, 9].

In Uganda, local governments are tasked to undertake the two models concurrently in order to fight fiscal corruption effectively. However, given the so-called political leverage obtaining in the country and the seemingly endless creation of new districts, discretionary public power in most entities is frequently violated (Kristensen et al., 2002; Lindaman & Thurmaier, 2002) [13, 14]. But as noted Delavallade (2006) [6], central government seems to ignore the fact that Uganda; like any other low-income country, naturally relies on a seigniorage fiscal structure.

According to Harstad and Svensson (2011) [7], seigniorage is considered prevailing when a country's expenditure is largely financed by revenue generated by income-related taxation. Thus, fiscal corruption, lack of capacity to operate the seigniorage system effectively, and community limited resource envelope; tend to compromise entity discretionary public power. Ultimately, the combination derails achievement of budgetary efficiency target.

From the foregoing local entity discretionary public power analysis, it can be proposed that:

H1: Discretionary public power relates positively with budgetary efficiency.

3.2.2. Rent-seeking behavior
Fiscal corruption in local entities also manifests itself through rent-seeking behavior. The budget expenditure side holds two painful reflections: firstly, corrupt officials inflating the size of public spending, not necessarily to boost entity benefit, but for person gain (Arbati & Escolano, 2015) [2]. Second, much as the amounts involved in spending tends to be higher than warranted, the ultimate expenditure output (productivity), is even lower than it is supposed to be (Delavallade, 2006; Harstad & Svensson, 2011) [6, 7].

On the revenue side, rarely does locally-collected revenue, grants received from central government, and donor aid end-up in entity coffers, but most of it is embezzled for personal gain. On the surface, rent-seekers give a picture of social transformation commitment and desire to create positive developmental change to the local setting (Delavallade, 2006; Harstad & Svensson, 2011) [6, 7]. But beneath, the mindset is that, after all these are government funds and how much personal benefit generated within the shortest time possible, the better.

This approach is exacerbated by weak and politically-compromised legal and regulatory systems governing most local jurisdictions (Montes & Paschoal, 2006) [18]. Like in other sister African countries, Ugandan-based local governments are victims of persistent rent-seeking practices. Literature (e.g. Kristensen et al., 2002; Lindaman & Thurmaier, 2002) [13, 14], attributes the malaise to gaps in

district service commission (DSC) mechanisms. In all districts throughout the country, DSCs recruit manpower only from the district's tribal and ethnic setting. This is on the basis that the district was given to the tribe as its own property by the political system (Kristensen *et al.*, 2002) [13]. The approach has not only promoted fiscal corruption impunity and inter-tribal feuds (Delavallade, 2006; Lindaman & Thurmaier, 2002) [6, 14], but has particularly failed anti-rent-seeking behavior mitigation efforts.

In sum, rent-seeking compromises budget implementation and in most local jurisdictions, tremendously undermined budgetary efficiency efforts. Given the imminent influence rent-seeking has on budgetary efficiency, it is predicted that:
H2: Rent-seeking holds a positive relationship with budgetary efficiency.

3.2.3. Legal system
Several studies (e.g. Harstad & Svensson, 2011; Keefer & Knack, 2007; Montes & Paschoal, 2006) [7, 9, 18], provide evidence that local entities operating on increased levels of the rule of law, effectively control fiscal corruption. The scholars suggest that when setting-up operational arsenals of anti-fiscal corruption policies, a number of related dimensions must be embraced. Firstly, a stronger and physical law enforcement mechanism must be established (Montes & Paschoal, 2006) [18].

Most local jurisdictions especially in Sub-Saharan Africa, formulate law enforcement structures but practically, they cannot be enforced (Harstad & Svensson, 2011; Montes & Paschoal, 2006) [7, 18].

In Uganda, the weak (largely political partisan-driven) judicial system has tremendously compromised anti-fiscal corruption regulation at local level. Thus rent-seekers in several local governments perpetually embezzle public funds with impunity (Kristensen *et al.*, 2002) [13].

Secondly, Keefer and Knack (2007) [9] propose that there should be a wider scope for local communities to select their administrators in a transparent manner. Such fiscal democracy enhances accountability and reduces corruption. Much as this obtains in Uganda, the partisan politics undermines leadership choice (Lindaman & Thurmaier, 2002) [14].

Third, fiscal corruption can be curtailed through free media and freedom of expression especially by highlighting the budgetary process and its implementation. Uganda's fiscal federalism mechanism has been acclaimed for open-publicity on fiscal outcomes and this explains why some few localities achieve budgetary efficiency (Harstad & Svensson, 2011; Montes & Paschoal, 2006) [7, 18]. The above legal-budgetary efficiency debate leads to the following proposition:
H3: Local entity legal system relates positively with its budgetary efficiency structure.

3.3. Leadership consultation
From a budgetary context, leadership of a local government comprises a number of bureaucrats who control and guide the administration of its fiscal public policy. Kotera, Okada and Samreth (2012) [12] classify these officials into two categories; namely, those who work on revenue collection, and those who deal with public goods and services procurement. In participatory budgeting framework, in particular, such as that employed in Uganda's fiscal federalism environment, community representatives also

comprise the leadership team (Keefer & Khemani, 2005; Kotera *et al.*, 2012) [9, 12].

Over the years, it has been empirically established (Delavallade, 2006; Harstad & Svensson, 2011; Keefer & Khemani, 2005) [6, 7, 9] that the technical team-community representative team-political representative team triangulation can generate effective budget implementation. This is especially so if output is properly coordinated. Such coordination is what Keefer and Khemani (2005) [9] and Kotera *et al.* (2012) [12] consider leadership consultation and is believed to breed budgetary efficiency in the long-run. However, in several local jurisdictions, those of Uganda inclusive, effective leadership- coordination is rarely achieved. This is due to lack of appreciation on individual team inputs.

This position seems to enforce the related budgetary theoretical view proposed a number of decades ago (Davis, Dempster & Wildavsky, 1966) [5]. The theory indicated; inter alia, that technical teams in most local jurisdictions, often under-look other teams for inadequate capacity and regards the political team as central government spies. For instance, the political team looks at the so-called technical team as corrupt bureaucrats whose aim is to exploit the entity for private gain, while the community team consider themselves as entity owners. Thus their opinions should be supreme (Kotera *et al.*, 2012; Lindaman & Thurmaier, 2002) [12, 14].

Potential local entity leadership consultation-budgetary efficiency linkages seem to suggest that:
H4: Leadership consultation mediates the fiscal corruption-budgetary efficiency relationship.

4. Methods
4.1. Sample and procedure
Uganda adopted decentralized system of governance in the early 1990s. In order to particularly enhance its fiscal federalism agenda, the country operates on a seven political and administrative regions framework. The regions are: western, south-western, central, north-western, northern, north-eastern, and eastern regions. This research was conducted in the eastern region of the country. The region; a host to four sub-regions (Teso, Bugisu, Bukedi and Busoga), was purposively targeted given its renowned divergent budgetary efficiency and fiscal corruption make-up (Lindaman & Thurmaier 2002) [14]. The sub-regions are a host to 30 districts and around 300 sub-counties (Kristensen *et al.*, 2002; Lindaman & Thurmaier, 2002) [13, 14].

In the study, the district constitutes its unit of analysis. Only districts which have been in existence since 2012 were selected given their budgetary experience and well-established database status (Lindaman & Thurmaier, 2002) [14]. The research's units of inquiry at district level included administrators (CAO, RDC, and LC5 Chairpersons) and heads of department while at sub-county level sub-county chiefs and accountants. A combination of both purposive sampling (Aguinis, Pierce, Bosco & Muslin, 2009) [1] and random sampling (Ketchen, Boyd & Bergh, 2008) [11] approaches was employed to select participating districts, sub-counties, and individual respondents. Consequently, a total sample size (n) = (262) with diverse biographical characteristics was generated.

The study found that 55% of the participants are male and 45% are female with mean age was 39 years (SD=1.685) and mean job tenure 5 years (SD=1.169). Moreover,

statistics also revealed that 31% of them are single while 63% are married. In educational terms, 17% hold ordinary certificates, 28% diplomas, and 55% are bachelor's degree holders and above. Specifically, the study sample comprised 20% administrators and chief finance officers, 33% heads of department, 38% finance operations-related employees, and 9% community representatives.

In line with previous research evidence (Kristensen *et al*., 2002; Lindaman & Thurmaier, 2002) [13, 14], the current participant biographical set-up seems to suggest that the surveyed local governments in Uganda manage a budgetary system which is largely gender-balanced. Furthermore, most of their personnel are mature and middle-aged holding family responsibilities, and they are fairly educated. A good proportion of entity work force has only served for a moderate period and thus has potential to support their respective units for some time in future.

5. Measures
5.1. Expenditure control
This construct was measured by 12 items similar to those in scales validated by Kristensen *et al*. (2002) [13] and, McKie and van de Walle (2010) [17]. One of its sample items read: "[…] takes the issue of expenditure control very seriously." Collectively, the items' reliability alpha coefficient was (α=.729).

5.2. Administrative accountability
The second budgetary efficiency construct; administrative accountability, was assessed on the basis of scales in the works of both Lindaman and Thurmaier (2002) [14], and Wehner and de Renzio (2013) [19]. With a mutual reliability (α=.811) status, one of the selected items out of the 14 items developed stood as follows: "[…] answerable personnel and community representatives always observe their administrative mandate."

5.3. Discretionary public power
In order to measure discretionary public power in fiscal corruption, a set of 10 items was used. The scale adopted was similar to that validated in Chand *et al*., (2003) [3] and Keefer and Knack (2007) [9]. Sample item: "[…] have authority to execute public mandate with minimal supervision." The items exhibited internal consistence (reliability) value of (α=.834).

5.4. Rent-seeking behavior
The 15 items developed to test rent-seeking displayed a reliability (α=.826) value. Its scale was structured on the basis of that in (Arbati & Escolano, 2015) [2] and (Montes & Paschoal, 2006) [18] research work. One of the surveyed items ran as follows: "[…] in this local government may never be tackled effectively unless rent-seeking is addressed."

5.5. Legal system
Evaluation scales in Delavallade (2006) [6] and (Harstad & Svensson, 2011) [7] was employed by the current study to measure legal system as a construct of fiscal corruption in local entities. One of the items out of the 13 developed (α=.699) to carry out the evaluation included the following: "[…] system employed by this entity promotes impunity."

5.6. Leadership consultation
Leadership consultation had been anticipated mediator in local government fiscal corruption-budgetary efficiency relationship. A scale of 9 items; (α=.815), was developed along the Kotera (2012) [12] methodological approach. One of such items ran as follows: "[…] leadership mechanism does not simply exist in this entity." The scales adopted in measuring the current research constructs and their parent variables largely meet conventional acceptance internal consistence (reliability) range; namely, (0.65 < α < 0.95) (Aguinis *et al*., 2009; Ketchen *et al*., 2008) [1, 11]. This implies that these scales could lead to reliable data analysis output (Aguinis *et al*., 2009) [1].

6. Control variables
Participant biographical characteristics and one latent variable were controlled for in the study. Previous research (e.g. Aguinis *et al*., 2009; Macho & Ledermann, 2011) [1] recommends control for attributes such as gender, age, marital status, educational level, position held and tenure to minimize their potential influence on study statistical results. Moreover, some latent factor must also be controlled for in order to augment instrument validity assessment and effective Harman's one-factor approach-based confirmatory factor analysis (CFA). This action tremendously curtails possible repressive effect CFA latent factors tend to have on hypothesis results (Ichikawa & Konishi, 1995; Macho & Ledermann, 2011) [8].

Thus, biographical elements were controlled for as follows: [Gender: (0=male, n=172; 1=female, n=90)]; [Age in years: (1=25-35, n=31; 2=36-45, n=143; 3=46+, n=88)]; [Marital status: (1=single, n=46; 2=married, n=137; 3=others n=79)]; [Educational level: (1=certificate, n=14; 2=diploma, n=77; 3=bachelor's degree+, n=171)]; [Job tenure in years: (1=1-5, n=71; 2=6-10, n=146; 3=11+, n=45)].

7. Results
7.1. Preliminary analysis
As indicated earlier, prior to testing hypothesized relationships, Harman's one-factor analysis (Ichikawa & Konishi, 1995; Macho & Ledermann, 2011) [8] was first conducted. Specifically, Harman's one- factor test establishes possibility of the common methods variance (CMV) threat to the study data and eventual influence to the final results (Macho & Ledermann, 2011). The test involves loading all variable items onto a single pre-determined latent factor and noting the resultant structural modeling equation goodness-of-fit indices effect.

Weak indices suggest that CMV is not a threat (Macho & Ledermann, 2011; MacKinnon, Lockwood, Hoffman, West & Sheets, 2002) [16]. For subsequent hypothesis testing, however, MacKinnon *et al*. (2002) [16] caution that the impact of that single method latent factor must be controlled. Furthermore, research (e.g. Aguinis *et al*., 2009) [1] asserts that it is always critical to assess a study's variable factor structure. Conclusions drawn from studies with robust factor structures tend to be more reliable and significantly impacting to their theoretical and practice implications (Aguinis *et al*., 2009; Macho & Ledermann, 2011) [1].

Thus, the current study's three variables (fiscal corruption, leadership consultation, budgetary efficiency) factor structure was assessed through a number of confirmatory factor analyses (CFA). A six-factor structure reflecting the three variables was therefore compared against one-factor

structure and another two-factor structure. The three constructs of fiscal corruption variable (discretionary public power, rent-seeking behavior and legal system) and proposed mediator (leadership consultation) were forced to load onto the single-factor structure while budgetary efficiency constructs (expenditure control and administrative accountability) loaded onto the two-factor structure.

The six-factor model demonstrated better CFA fit to the data (χ^2_{df} =1.494; df=1; P<0.01; χ^2/df=1.494; GFI=.989; NFI=.991; RFI=.987; IFI=1.002; TLI=.999; CFI=1.000; RMSEA=.026) relative to the one-factor model (χ^2_{df} =8.276; df=1; P<0.01; χ^2/df=8.276; GFI=.983; NFI=.871; RFI=.980; IFI=.931; TLI=.898; CFI=.954; RMSEA=.139), and the two-factor model (χ^2_{df} =5.047; df=1; P<0.01; χ^2/df=5.047; GFI=.966; NFI=.982; RFI=.959; IFI=.985; TLI=.909; CFI=.962; RMSEA=.087) respectively. These results depict factor structure support for the study variables (Aguinis *et al*. 2009 [1].

7.2. Hypothesis tests

Descriptive statistics for each variable and construct measured in the study including means (M), standard deviations (SD) and inter-variable correlations are presented in Table 1. The results show that all measures have an adequate level of reliability ($\alpha \geq 0.75$) (Ketchen *et al*., 2008) [11]. Inter-correlations show; inter-alia, that leadership consultation and fiscal corruption are positively related (r = .39; p < .01). Likewise, budgetary efficiency relates positively with fiscal corruption to the extent of (r = .48; p < .05) and also relates positively with leadership consultation to (r = .56; p < .01) degree. These results provide initial support to Hypotheses 1-3.

Table 1: Means, standard deviations and inter-variable correlations

#	Variable	M	SD	1	2	3	4	5	6	7	8
1	Discretionary Public Power	3.71	1.59	.76							
2	Rent-Seeking Behavior	3.30	1.86	.26*	.84						
3	Legal System	2.95	1.82	-.33*	.41	.87					
4	Fiscal Corruption	9.64	2.74	.49**	.50**	.47**	.86				
5	Leadership Consultation	2.92	1.99	.42**	-.36*	.27*	.39**	.73			
6	Expenditure Control	2.79	2.04	-.19	-.27*	-.31	-.32	.42**	.81		
7	Administrative Accountability	2.98	1.97	-.32**	.22	.44*	-.14**	.26*	-.39	.75	
8	Budgetary Efficiency	5.57	1.89	-.35	-.43*	-.26**	.48*	.56**	.49*	.51**	.83

Notes: Correlation significant at 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed); Reliability coefficients in parentheses; n=262.

Hypothesized direct effect relationships were tested (Table 2) using procedures proposed by Macho and Ledermann (2011) [15]. For indirect (mediation) effect relationship testing and in-depth evaluation thereof, bootstrapping confidence interval-based analysis employed in (Ichikawa & Konishi, 1995; MacKinnon *et al*., 2002) [8, 16] was adopted.

Table 2: Hypotheses analysis

Dependent Variable: Budgetary Efficiency					
Particulars	β	SE	t	TV	VIF
Direct Effects					
Discretionary Public Power → Budgetary Efficiency	1.17*	3.17	2.14	.23	4.89
Rent-Seeking Behavior → Budgetary Efficiency	.53**	1.21	.89	.18	5.71
Legal System → Budgetary Efficiency	.46*	.81	1.38	.72	1.39
Indirect Effect					
Fiscal Corruption→ Leadership Consultation → Budgetary Efficiency	-.68	1.46	2.35	.84	3.72
Adjusted R^2 [.633]					
Bootstrapping Results: Indirect Effect (CI) [-0.082 ↔ 0.016]					

Notes: SE = Standard Error; TV = Tolerance Value; VIF =Variable Inflation Factor; Standardized Beta Coefficents Reported; *p < .05; **p < .01; Bootstrap Sample Size = 2500; CI = Confidence Interval; n = 262.

As shown in Table 2, a significant predictive relationship is observed between discretionary public power and budgetary efficiency (β = 1.17, p< .05). The results support Hypothesis 1. Likewise, in support of Hypothesis 2, the results indicate a positive and significant association between rent-seeking behavior and budgetary efficiency (β = .53, p< .01). Moreover, consistent with Hypothesis 3, legal system activities positively and significantly associate with budgetary efficiency (β = .46, p< .05).

The results in regard to Hypothesis 4, however, suggest no support from the study data. They indicate a negative and yet not significant (β = -.68, ns) mediation effect of leadership consultation on the fiscal corruption-budgetary efficiency relationship. This indirect effect position is further confirmed by a 95% bias-corrected bootstrap based on a 2500 sample size with confidence intervals (CI) exhibiting a no-zero value [-0.082 ↔ 0.016] range (MacKinnon *et al*., 2002) [16].

The foregoing hypothesis analysis results (Table 2) are also founded on a reasonably robust dataset whose multi collinearity threat is quite negligible. Previous research (e.g. Aguinis *et al*., 2009; Macho & Ledermann, 2011) [1, 15] considers data with tolerance values (TV) ($\leq$ 1.00) and variable inflation factors (VIF) ($\leq$ 10.00) safe from the multi collinearity threat.

8. Discussion
8.1. Study contribution

Despite the numerous studies on fiscal federalism, so far literature has not successfully answered one fundamental

question: "How can budgetary efficiency in local government and particularly in localities of Sub-Saharan Africa be effectively realized?" As a contribution to the existant knowledge body, this study attempts to provide an integrative response to this requirement by empirically testing the relationship between fiscal corruption and budgetary efficiency.

On the basis of past research (e.g. Keefer & Knack, 2007; Harstad & Svensson, 2011; Wehner & de Renzio, 2013) [7, 9, 19], fiscal corruption in most African entities is frequently associated with budgetary efficiency. Besides, it is also often argued that leadership consultation is extremely relevant for the fiscal corruption-budgetary efficiency linkages. Thus, the current research contextualizes fiscal corruption from its three notable constructs; discretionary public power, rent-seeking behaviour, and legal system (Harstad & Svensson, 2011; Lindaman & Thurmaier, 2002) [7, 14].

In line with the work of Keefer and Knack (2007) [9], this study provides support to the proposition (Hypothesis 1) that discretionary public power holds a positive relationship with budgetary efficiency. The entity must always set optimal budgets and manage its revenue-expenditure structure effectively in order to deliver quality services (Harstad & Svensson, 2011; McKie & van de Walle, 2010) [7, 17]. Moreover, relevant adjustments to the entity revenue-expenditure structure focused on restraining fiscal corruption are inevitable.

In practice, however, this is rarely attainable given the numerous budget players and potential interest conflicts underscored in both the garbage-can budgetary theory (Cohen et al., 1972) [4] and budget incrementalism model (Davis et al., 1966) [5]. In Ugandan-based local governments, like those in majority Sub-Saharan African countries, discretionary public power endeavours are often compromised by mismanaged partisan politics and the seigniorage fiscal configuration (Delavallade, 2006; Kristensen et al., 2002) [6, 13].

We also found a positive and significant relationship between rent-seeking and budgetary efficiency in surveyed Ugandan entities. These results re-enforce the empirical view held by Montes and Paschoal (2006) [18]. According to the two scholars, rent-seeking (self-interest) practices dominate majority local entity fiscal environments especially in developing countries. Camouflaging as a social transformation commitment mechanism, rent-seeking is aggravated by partisan politics, endless conflicts, and in Uganda by more or less a non-independent judicial system. Politically-backed local government officials deliberately misappropriate public funds with impunity. Ultimately, the overall entity budgetary efficiency endeavors suffer the cost (Lindaman & Thurmaier, 2002; Montes & Paschoal, 2006) [14, 18].

As predicted in Hypothesis 3, this investigation also discovered that activities governing a local government's legal system relate positively and significantly with its budgetary efficiency efforts. Decades ago, Cohen et al. (1972) [4] in their garbage-can budgetary theory reiterated the significant contribution of legal activities in attaining budgetary efficiency in sub-national units. Cohen et al. (1972) [4] argued that efficiency cannot be easily realized unless related legal activities are realistically-tailored to entity local budgetary circumstances.

Moreover, consistent with that garbage-can budgetary

theoretical view, recent research (e.g. Harstad & Svensson, 2011; Montes & Paschoal, 2006) [7, 18] attributes rampant budgetary efficiency incapacitation to misaligned legal intervention in local entities fiscal operations. Sub-Saharan African local government set-ups and particularly those of Uganda are likely to be victims of this oversight.

However, the present study's proposition that leadership consultation mediates the relationship between fiscal corruption and budgetary efficiency in local government (Hypothesis 4) did not secure data support. The budget incrementalism model (Davis et al., 1966) [5] and recently backed by empirical evidence (e.g. Delavallade, 2006; Harstad & Svensson, 2011; Keefer & Khemani, 2005) [6, 7, 9] stress that locality budgetary efficiency is only tenable under frequent and constant leadership-budgetary officials consultation.

What this research findings seem to suggest and like what currently obtains in Uganda (Kristensen et al., 2002; Lindaman & Thurmaier, 2002) [13, 14], majority local entity leaders lack technical capacity to appreciate budgetary realities. Additionally, coupled with protective politics and rampant rent-seeking practices, leadership consultation may end-up meaningless for budgetary efficiency (Lindaman & Thurmaier, 2002) [14].

9. Conclusion

In summary, this investigation involved both regression and structural equation modeling analytical procedures to address substantive hypotheses and related research questions in the fiscal corruption-leadership consultation-budgetary efficiency linkages in local government. The findings provide a comprehensive picture of what defines the budgetary efficiency environment in Sub-Saharan Africa-based entities generally and those of Uganda in particular. Moreover, these findings; after taking full consideration of key statistical outcome inconsistencies reinforce the theoretical and empirical viewpoint that budgetary efficiency is relevant for local units' fiscal survival and strategy and can be achieved.

We therefore conclude that the factor fiscal corruption matters in attaining budgetary efficiency in local government. Specifically, fiscal corruption attributes: discretionary public power, rent-seeking behavior, and legal system, have the potential to derail entity budgetary efficiency efforts if not handled effectively. However, much as previous research deems leadership consultation critical for entity budgetary efficiency attainment, consultation input contributes little to technical achievement of budgetary efficiency.

10. Implications for theory and practice

The present research advances understandability of theoretical and practical implications of local government budgetary efficiency in at least three important ways. First, the approach to fiscal federalism in general and budgetary efficiency in particular is founded on quite a robust theoretical foundation. Notable among the theories are the garbage-can budgeting model (Cohen, et al., 1972) [4] and budgetary incrementalism theory (Davis et al., 1966) [5].

The transformation of that approach to practice has been rather haphazard. As observed by McKie and van de Walle (2010) and Wehner and de Renzio (2013) [17, 19], the most salient hindrance to effective integration of theoretical insights to local entity budgetary practice is lack of technical

capacity, political interference and weak judicial machinery. Second, this study provides empirical evidence that there is need to invoke theory in order to develop budgetary policy. Strong and implementable policy that emphasizes technical capacity, autonomy and regulation enhances budgetary efficiency (Wehner & de Renzio, 2013) [19]. Besides, in terms of practical implication, the study has identified three concrete and more or less measurable attributes that predict changes in local government budgetary efficiency structure. As indicated in the findings; discretionary public power, rent-behavior, and legal system, explain budgetary efficiency.

Why has this been important? Firstly, consistent with past research (e.g. Arbati & Escolano, 2015; Delavallade, 2006) [2, 6], it enables local entities identify and engage appropriate public personalities capable of appreciating budgetary goals and relevance. Secondly, taking the issue of rent-seeking critically enables entity budgetary practitioners to set-up robust staff selection and disciplinary criteria. Third, fully appreciating the legal machinery will enable entity administrators to advocate for realistic regulations that can be easily tailored to local budget circumstances. Acting collectively, the three approaches can significantly boost budgetary efficiency (Arbati & Escolano, 2015; Delavallade, 2006; Kristensen, 2002) [2, 6, 13].

11. Study limitations
In order for one to appreciate the findings of this research, it is important to bear a number of issues in mind. First, data employed to assess study variables were of self-report type. Ketchen *et al*. (2008) [11] observe that such data have a tendency of compromising both construct and validity configurations. Thus, as recommended by other scholars (e.g. Aguinis *et al*., 2009; Macho & Ledermann, 2011) [1, 15], data were collected from and systematically rated by different participants.

Second, unlike in longitudinal investigations, our data were cross-sectional in nature. Such data; largely collected within a fixed period of time (Ketchen *et al*., 2008; Macho & Ledermann, 2011) [11, 15], renders making related causal statements difficult. In order to examine issues of causality more effectively, future studies should go longitudinal.

Third, we designed the study model to suit Sub-Saharan Africa and specifically Ugandan local government fiscal setting. However, as a matter of reality, the model was founded on theories proposed and advanced in the developed world.

Previous empirical evidence (Chand *et al*., 2003; Ichikawa & Konishi, 1995) [3, 8] indicates that divergences in model residence-foundation theory originality often compromise generalizability of study findings. Thus, it is recommended that cautiousness be taken when generalizing the findings to budgetary efficiency investigations in localities elsewhere.

12. Proposed future research path
As noted in the foregoing sections, the present study focused on the prediction of budgetary efficiency in local entities from three fiscal corruption perspectives: discretionary public power, rent-seeking behavior, and legal system. Budgetary efficiency encompassed expenditure control and administrative accountability. Beyond the links explored in the investigation, in future research it would be interesting to examine some of the relationships from the context of some other budgetary efficiency dimensions.

Commonly cited dimensions include revenue mobilization (Kristensen *et al*., 2002) [13], technology (Montes & Paschoal, 2006) [18], and manpower structure (Harstad & Svensson, 2011; McKie & van de Walle, 2010) [7, 17]. Future studies could also investigate the present budgetary efficiency dynamics obtaining particularly in the developing world-based local entities and specifically those of Sub-Saharan Africa using different fiscal corruption attributes. Previous research (e.g. Arbati & Escolano, 2015; Harstad & Svensson, 2011; Keefer & Knack, 2007) [2, 7, 9] identifies entity location, partisan politics, and tribalism as notable promoters of fiscal corruption in African local governments.

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