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Financial Management in Public Service Delivery in Zambia: A Brief Literature Review

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Abstract:- Financial management plays a role in any economy as it promotes the accountability of public resources. This paper seeks to demonstrate the role of financial management in the Zambian public service delivery. Critical issues in the relationship are analyzed with the aid of relevant literature review around the topic. The brief literature review was sourced from online search engines from journal articles and other relevant publications on the topic. A lot has been written on financial management and public service but not to the extent of the analysis in this paper. The overall result of the research revealed that the managers of public services prioritize provision at the expense of prudent financial management that seeks to enhance efficiency and effectiveness, especially, given the various competing financial needs of the country. Financial management is essential to instill stakeholder confidence especially in Zambia which is dependent on taxpayers and donor funding for its public service delivery. This paper raises some of the critical issues that challenge the full realization of a citizen's proud public service systems. The challenges highlighted and opportunities present an opportunity for policymakers and other key stakeholders in public service delivery to appreciate the existing gaps, take necessary measures and ensure compliance to the good tenets of financial management and boast public confidence. It is expected that further studies will be stimulated around the topic in more detail with specific aspects of various components of public services in relation to financial management.

Keywords:- *accountability, brief literacture review, financial management, public service, stakeholders.*

I. INTRODUCTION

According to Banerjee (2015), financial management is concerned with systematic management efforts to manage the finances necessary for all business activities. Financial management includes planning and expending financial resources as well as reporting accordingly. The absence of financial resources, or, and, its successful management could lead to an institution's demise or inability to execute its mandate, because decisions revolve around sourcing and expending money to create value (Chandra, 2011).

Public service includes services for which the general public has an interest in and rationally expects Government to provide (Lane, 2000). Public service can be in form of actual services such as health, education, roads, electricity, housing, water, and sanitation. According to Li et al. (2017), public services, if properly assigned can reduce regional disparities in an economy. Most developing countries suffer from regional disparities with regards to development and Zambia is no exception. The Government provides public services using resources at its disposal such as taxes, fees, fines, grants, and loans. Revenue mix will vary according to each country largely depending on its endowment and policies. Government revenue will generally influence its expenditure such that any change in the former could have an impact on the latter (Raza, Hassan & Sharif, 2019).

In the recent past, the Auditor General of Zambia has been publishing audit findings on Government and quasi-government institutions with glaring financial irregularities that do not inspire the general public confidence in the cited institutions. The Auditor General has the constitutional authority to examine the allocation of public resources aimed at strengthening accountability and transparency in Zambia (Ndashe, 2019).

This paper seeks to review the role of financial management in public service delivery, assess any relationship therein, opportunities and threats that could influence the public and policymakers in their decision making. The paper builds on existing literature on public financial management and service delivery, explores the theory around this topic and its application to better understand the phenomenon. The conclusion is based on the findings and seeks to draw attention of the readers to the complementary role of financial management to public service delivery.

II. METHOD

The methodology was based on literature review on and around the topic. Online search was conducted on such engines such as google scholar and Sematic Scholar. The search was conducted using Boolean operators of OR, AND, NOT as combinations or exclusion of key words. Literature found was then reviewed for relevance, further discussion and conclusion.

III. LITERATURE REVIEW

Zambia has been implementing public service reforms over the years aimed at enhancing service delivery. According to Malisase (2016), the public reforms in Zambia are yet to yield the intended objectives because of inherent design deficiencies that adversely affected implementation and in some instances resulting in reverse of some positive gains achieved prior to the reforms. The author contends that the Zambian reforms were designed disregarding the

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dynamics in the economy over time. Reforms ought to result in improved efficiency, effectiveness, professionalism and representation in the delivery of public goods and services (Malisase, 2016). The author observes that the earlier Zambian reforms were targeted at promoting private sector following the liberalization of the economy in the early 1990s. The latter reforms seemed to have been targeted at reducing the adverse impact of the private sector enhanced reforms that we implemented at the expense of public service delivery (Malisase, 2016). The author makes valuable arguments and I would add that perhaps the reforms could have been negotiated to be implemented gradually. I realize this could have been a challenge at the time of change of government and desire to quickly deliver campaign promises. The issue of capacity to implement even the well-intended and structured programs could have been overlooked, hence the dissatisfied outcome.

Financial management can influence public service delivery with varying outcomes. In their study, Piatti-Fünfkirchen and Schneider (2018), highlighted the benefits of financial management on health delivery but also acknowledged the pitfalls of a well-coordinated financial system that can impede this essential service. The authors, using the budget cycle of planning, execution, and evaluation, concluded that these elements had an impact on each of the health service delivery objectives of efficiency, quality, equity, and accountability. The managers of health services, in the case study, focused on the core role of health delivery which in most cases is a matter of life and death and perceived financial management systems as rigid and hindered their operations especially in emergency cases and outbreaks of new pandemics such as the Coronavirus disease of 2019, COVID 19. The authors, however, noted that a well-developed and communicated financial system can aid health delivery as long as there are adequate resources with an agreed before-hand ceiling, budget flexibility to take into consideration the uniqueness of health delivery and appreciation, especially of the service managers, for the role of the internal control environment.

Muya, Kaliba, Sichombo and Shakantu (2013) observed that poor financial management adversely contributed to the quality on construction projects. The cost escalation, time overruns and quality shortfalls have resulted in the delayed handover of construction projects in Zambia leading to the general dissatisfaction from stakeholders (Muya et al.,2013). In the recent years, Zambia has seen unprecedented construction especially of public road infrastructure that require huge project financing. As the authors advised the cause of the cost escalation, time overruns and quality shortfalls of construction projects need to be further investigated thoroughly in the Zambian context. The investigation of the cause will help address the three issues and restore public confidence of Government funded construction projects.

In their study, Muwema and Phiri (2020) discuss financial management from the Procurement perspective. Implementation of an efficient public finance management can enable the Government manage its resources accordingly and maximize opportunity costs associated with public procurement (Muwema & Phiri, 2020). The authors note that by adopting the Integrated Financial Management Information Systems (IFMIS) to monitor how ministries, departments and other state agencies spend funds on a real-time, the Zambian Government will improve its budgetary implementation. The IFMIS is designed to minimize financial wastage, and promote transparency and accountability in the utilization of public resources (Muwema & Phiri, 2020). The study revealed that, contrary to the IFMIS objective, the implementation has had its challenges resulting in non-attainment of the efficiencies and effectiveness of public systems envisaged. The users processed transactions outside the system before updating the system which duplicated the processing, further there is no provision for emergency procurement in the system ((Muwema & Phiri, 2020). The authors' observations are well noted; I realize that the Zambian government has continued to strive to enhance public procurement through the implementation of the Electronic-Government Procurement (E-GP) system that facilitates web based public procurement. The electronic public procurement is expected to enhance accountability and transparency (ZPPA,2022). However, there is need to constantly build capacity for users and sensitization of the merits of the system to ensure acceptability by all stakeholders.

The public sector is always in the spotlight to provide rational services and there is always a general outcry when the services are not provided timely or adequately. The despondency arises from the fact that the services expected are essential in nature, for instance, health, water, and sanitation, access roads to critical facilities, and yet the general public contributes to the national treasury that is responsible for resource allocation. Verbeeten (2008), concluded that performance management practices can be used to influence performance in the public sector. The public sector performance management is slightly different from the private sector but the primary objective of value maximization is common. While the private sector performance management will primarily be assessed on business growth and profit maximization, in the public sector emphasis is on efficient and effective utilization of resources (limited, due to varying competing needs) at a reasonable cost (economy). The public sector operates under circumstances that can affect its efficiency while the private sector seems to thrive in pioneering and implementing innovative strategies (Jain & Gautam, 2016). There is a need to have customized but clear and measurable performance indicators on which the public can hold authorities accountable, however, it is also worth noting the influence of behaviour effects unique to the public sector organizations (Verbeeten, 2008). Radnor and McGuire (2004) equally argue that public sector performance management ought to be premised on the relationship between strategy, people, organizational design, and performance systems.

Zambia's share of budget support from the cooperating partners has steadily increased over the years representing a substantial share of the country's fiscal space (De Kemp, Faust, & Leiderer, 2011). According to De Kamp et al. (2011), the budget support has assisted to improve service delivery especially in the social sector but further observe that despite the support, the country's poverty levels have remained high and access to public services is still satisfactory especially in rural areas. The gap between the necessary funding requirements and the actual funding available remains substantial hence the challenge of realizing the full objective of the poverty reduction budget support (De Kamp et al., 2011). Similarly, at Ghana Food Distribution, a state enterprise, the World Bank sponsored reforms could not yield the positive intended changes to budgetary control and performance monitoring partially because the reforms overlooked the public interest role in management controls (Uddin & Tsamenyi, 2005). Each country has its unique characteristics and at times reforms designed for a particular economy might not necessarily be as effective in a neighbouring country despite similar economic traits.

IV. DISCUSSION

A democratic country that depends on external financing support has a duty of care in form of accountability in the utilization of resources. The Government owes its citizens who elected it into office to improve their welfare through the improvement of public service delivery. As De Kamp et al. (2011), observed, Zambia has had its fair share of poor economic governance, misplaced expenditure priorities not aligned to development and social services, corruption by public officers, and lack of proper accountability mechanisms. The politicians make promises to improve the electorates' lives during election campaigns and raise expectations, however, once in office the reality is different.

A donor-dependent country is expected to uphold high levels of accountability and instill system mechanisms that support public transparency and accountability. Hayman (2011), noted that cooperating partners have an option to enforce aid conditionality in an event that a budget support recipient country does not adhere to good tenets of democracy that seek to promote accountability and transparency. The cooperating countries have options of freezing, halting, or even redirecting funding when a country goes politically astray (Hayman, 2011). Zambia had its donor support, of about 273 million United States dollars, to the roads and health sector suspended following funds embezzlement and forensic audit revelations of financial irregularities (Usher, 2010). However, six years later, the cooperating partners agreed to restore aid funding gradually over a period of years, with minimal new funding subject to the Zambian Government implementing tighter financial management mechanisms as demanded by the donors (Usher, 2015). The challenge with such punitive measures, by the cooperating partners, is that the intended interventions are derailed and the ultimate recipients suffer the consequence. The target recipients would be the general citizens whose lives would have been positively impacted by the service delivery whose funding has been suspended, delayed, or in unfortunate event cancelled.

The Auditor General continues to reveal glaring financial management irregularities from its annual audits, with the latest highlighting flaws in financial record keeping, contract management weaknesses, wasteful expenditure, misapplication of funds, and weaknesses in implementation of information, communication and technology systems (General, 2019). These audit revelations do not inspire confidence in the public sector by the general citizens as well as cooperating partners. Unfortunately, the most adversely affected as a consequence of financial mismanagement is the general citizen, especially the poor masses in the Peri-urban and rural areas of the country. The citizen is denied access to the services, public funding was, planned for, the delay or and suspension has grave consequences. The Government will suffer reputational damage but the citizen would be denied public services such as access roads, health facilities, water, and sanitation, education, production inputs among other critical social services.

V. CONCLUSION

A democratic country cannot afford to ignore sound financial management across its rank and file in the public sector. Financial management supports transparency and accountability which are part of the good attributes associated with democracy. Proper public financial management systems aid collective control prioritization, accountability, and efficient management of public financial resources and in turn service delivery (Fourie, 2007). The Government is accountable to the public and owes its citizens the basic public services. Proper planning for activities to be undertaken during a particular period, assigning the meager resources across essential services according to plans is a good starting point. The Zambian Government is very good at planning, be it short, medium, or long term, the challenge is normally at implementation stage and eventually, the outcome realized is undesirable, unfortunately, and this is repeated over time.

The consequence of poor or inadequate public financial management not only results in a bad reputation for a Government but deprives efficient, effective, and economical public service delivery to the poorer citizens. The opportunity cost of continued financial mismanagement in the public service delivery is too high to ignore given the poverty levels in Zambia. The present irregularities in the health sector is very alarming given that this has a direct consequence on life especially in the era of the COVID 19 pandemic but also the fact that Zambia still grapples with other serious diseases such as malaria, HIV/AIDS, cancer, tuberculosis, to mention a few, that continue to claim lives through death. The financial irregularities in the road sector deprive the citizens of good road infrastructure to enable them access to essential facilities such as hospitals, markets, and schools. Education is critical as it enlightens and removes ignorance especially in the present global village, however, when public service managers assigned to deliver public education fail or delay to execute this mandate because of failure to adhere to prudent financial management, the country will not progress in tandem with the rest of the World. Water and sanitation are critical for health and human dignitary, and in a country that still relies heavily on donor financial support in this sector, adherence to prudent financial management is not debatable. Electricity drives a nation's economy and resources allocated to this sector should be properly accounted for to ensure affordability and increased access to the masses but also fair tariff and reliability to the country's industries.

Public service delivery is the mandate of any Government and it is expected that such services will improve the livelihood of the citizens especially the urban and rural poor. Exaggeration of expenses or contract prices, mismanagement of finances, wasteful expenditure, lack of adherence to budget, and disregard of reporting systems will deter efficient and effected public service delivery. Sound financial management systems will support the provision of critical services much to the delight of the general citizens and continued support from the cooperating partners. Adherence to financial management will ultimately restore confidence in the public sector especially as the number of financial related issues decline or even completely disappear from the Auditor general's annual reports. Financial management thrives in an adequate control environment, where there are audit trails of transactions, segregation of controls, transparent and efficient systems that prevent or easily detect fraud. The policymakers and public service delivery managers should be re-oriented to appreciate the importance of implementing sound financial management systems. The Government will save financial resources and reallocate to other needy areas of the economy for the benefit of the general public.

This article is meant to stimulate more detailed literature reviews on financial management in the public sector in Zambia and generate further specific research on various aspects around the topic.

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