

## The Role of Institutional Related Factors in Shaping the Usefulness of Public Sector External Auditors' Recommendations

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### Abstract

*The study examined the effect of institutional related factors on the use of public sector external audit recommendations in Tanzanian Local Government Authorities (LGAs). Based on institutional and stewardship theories, the study measured the influence of auditees' risk management activity, management commitment and a culture of transparency on perceived usefulness of audit recommendations. Data was gathered from a sample of 126 district council directors who responded to structured questionnaires through a descriptive-explanatory cross-sectional research design. The research used descriptive statistics, correlation and multiple regression analysis. Results showed that the impact of all institutional factors on perceived usefulness of audit recommendations were significantly positive. The factors of auditees' risk management had the highest influence ( $\beta = 0.264, p < 0.001$ ), second were about management commitment ( $\beta = 0.195, p = 0.004$ ) and a culture of transparency ( $\beta = 0.172, p = 0.007$ ). The multivariate model explained 29.0% of the variance in the perceived usefulness of audit recommendations, suggesting a moderate predictability. These results suggest that the degree of institutionalization, ethical leadership and robust risk management mechanisms may not only increase the bootstrap value but also facilitate usefulness of audit recommendations. In sum, the study suggests that enhancing managerial accountability and transparency can significantly enhance the usefulness of external auditors' recommendations in public sector entities. The study recommends institutional reforms, which should focus on values-based leadership, risk-based governance, and transparency in all decision-making processes that would improve usage of audit recommendations for higher yields and better accountability outcomes.*

**Keywords:** Institutional Factors, External Auditors' Recommendations, Management Commitment, Transparency Culture, Risk Management Practices, Public Sector

### Introduction

External audits have been ranked as the key tool for ensuring accountability (Cordery & Hay, 2019). In a nutshell, audits have been used to the large extent in promoting discipline, effective use of public resources and a public sector performance benchmark (Morin, 2014). However, Kells (2011) identified key impediments to usefulness of audit recommendations to include among others being anti-innovation, nit picking, creating an expectations gap, acting as a lapdog, engaging in headline hunting, promoting unnecessary systems, and being a hollow ritual. These aspects highlight inherent risks that can diminish the perceived value of audit findings. In that

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context, there is unreconciled arguments on how audit findings can be useful whilst suffering faults arising their inappropriateness. Doubtfulness on usefulness of external auditors recommendations is vivid in the public sector settings where van der Waldt et al. (2024) found South African municipalities recorded a doubling in irregularities of expenditures despite the presence of external auditors annual audits. In addition, the study reckoned the presence of 51% of municipalities in south Africa that that failed to implement external audit recommendations. However, the study did not conclude the extent to which management reluctance to adoption of recommendations deters their usefulness. In the same vein, Matlala and Uwizeyimana (2020) argued Limpopo municipalities had accumulated number of unimplemented recommendations to the extent of 82% to 93% for financial years 2010–2011 and 2011–2012 and therefore signalling possible lack of usefulness on external auditors recommendations. However, the causes for non implementation were not identified by the study.

In the similar trend, Shariman (2018) indicated the Malaysian public sector to have the increasing trend in outstanding recommendations trend increased from 65 in 2011 to 151 findings in 2013 in areas of improper payments, wastage of resources, unreasonable prices, unreasonable delay and poor job quality. Further the same Malaysian public sector 2016-2020 recorded repeated findings in areas of non-tax revenue ,assets and inventory management, procurement process lacks volume, planning of procurement process, procurement mismatches and budgeting (Hanif & Sunitiyoso, 2021). Similarly, the Tanzanian public sector recorded unsatisfactory trend in implementation of external auditors recommendations for four consecutive years from 2017/18 to 2020/21 as the outstanding status of external auditors recommendations were above fifty percent (Kellya, 2025), however these literatures did not articulate on the extent of usefulness of external auditors recommendations especially in the public sector and the contribution of auditee attributes towards usefulness of audit recommendations. As explained in the introduction, it is clear that there are doubts on usefulness of external auditors recommendations that might impend their implementation (Goddard & Malagila, 2015). Auditee reactions towards external auditors recommendations were highlighted by Reichborn-Kjennerud (2014) to be defying, capitulation, copying or ignoring recommendations depending on the level of conflict and strength of sanctions involved. The study however did not provide conclusive evidence on the extent of usefulness of external auditor’s recommendations and the contribution of auditee institutional related factors towards usefulness of recommendations. Whilst auditors characteristics such as competence and independence has been earmarked as key impediments of external auditors recommendations (Amyar et al., 2019), less attention has been placed on the influence of auditee institutional factors on the usefulness of recommendations. Management commitment and transparency culture were found by Demeke (2021) and Sari and Muslim (2023) to be crucial towards usefulness of external auditors recommendations.

On the other hand, surcharges for non adoption of recommendations together with auditees’ robust risk management practices were highlighted to be key tools towards usefulness of external auditors recommendations (Mormul, 2021; Whittle & Nel-Sanders, 2022; Yussuf et al., 2024). Similarly, these studies had no details on whether and to what extent these auditees related faults impedes usefulness of audit recommendations. The institutional theory emphasized conformity to legitimacy (DiMaggio & Powell, 1983). Under this theory, the absence of management commitment significantly impacts the usefulness of external audit recommendations (Amalia, 2023). In that context, audited organizations' responsibility is to implement recommendations for legitimacy and norm conformity. Otherwise, the absence of compliance with normative behaviour

may attract surcharges. Due to large number of outstanding recommendations especially in Tanzanian context, applicability of the theory towards usage of audit recommendations is not yet tested. In the same vein, the stewardship theory (Davis et al., 1997) requires managers to align with interests of owners who are mainly taxpayers. Thus, it suggests for management to design risk management and transparency to ensure usefulness of external auditors' recommendations. However, both stewardship and institutional theories are limited in a number of ways. These include, the idealization of managers, assumption of altruism, downplaying of the self interests, prioritizing legitimacy with efficiency and overlooking dynamic change and non-Western contexts (Budiandru, 2024; Gagné & Hewett, 2025; Haveman et al., 2023; Hayne et al., 2023; Nabane et al., 2024). These limitations require theoretical triangulation of both theories to each other. Due to the presence of theoretical and empirical gaps, this study investigates the extent to which external auditors' recommendations are useful in Tanzanian Local government authorities. It further assesses the influence of institutional related attributes towards usefulness of external auditors' recommendations.

### **Theoretical literature review**

The stewardship theory pinpoints the manager's intrinsic commitment and transparency culture in relation to useful audit recommendations (DiMaggio & Powell, 1983). The commitment arises from assumptions of the theory on the need for receptivity of external auditors' recommendations that enables an environment where audit recommendations are translated into practical reforms (Gagné & Hewett, 2025; Salomonsen et al., 2024). Similarly, the transparency culture that is grounded on ethical behaviour strengthens stewardship values by cultivating acceptance and operationalization of external auditors recommendations hence their usefulness (Budiandru, 2024; Salomonsen et al., 2024; Yussuf et al., 2024). The stewardship theory has limitations such as assumptions of trustworthy managers, neglecting of the agency problems and lack of its relevance in weak institutional environment (Saidu Badara, 2017; Salomonsen et al., 2024) that can be overcome by using the institutional theory.

Institutional Theory (DiMaggio & Powell, 1983; Meyer & Rowan, 1979) postulates that organisations have to adopt and strive for efficiency but consider securing survival, legitimacy and stability (Coşkun & Erturgut, 2025; Rudko et al., 2024). In a nutshell, organisations are shaped by cognitive, normative and coercive pressures rather than efficiency, effectiveness in delivery of services (Alam & Miah, 2024; Ding & Wang, 2025). The major assumptions of the theory are capabilities of institutional pressures to dominate organisational behaviours, convergence of institutions towards similar practices through isomorphic influences and ensuring normativity on their settings and practices (Alam & Miah, 2024; Hoque & Kaufman, 2024). Considering normativity and cognitive nature of Local Government Authorities (LGAs), robust risk management serve as a cognitive foundation that integrates internal controls and risk-based decision making. This leads to considering value while normalizing compliance with audit recommendations as "the proper thing to act on". This fosters usefulness and values of audit recommendations (Vuko et al., 2025; Yahaya, 2024). On the other hand, coercive pressures impose legal and financial penalties and sanctions to specific officials for failure to implement auditors recommendations (Bauer & Hidayat, 2024). These punishments compel implementation of audit recommendations through deterrence and therefore moving audit recommendations from "rituals of verification" to practically useful governance tools for safeguarding resources (Manheim et al., 2023; Mwangi, 2024; Yussuf et al., 2024). The theoretical gap in Tanzanian

LGAs arises due to absence of the visible mechanisms on how the institutional theory is applicable given the increasing number of external auditors' recommendations.

## **Empirical literature review**

### **Management Commitment**

Rosário and Boechat (2025) and Shvetsova (2025) refer to management commitment as leaders' willingness, dedication, and participation in the setting strategic goals and promulgation of accountability. Further, the International Standards of Organisations (ISO) argues that the management commitment to be allocation of resources, demonstration of leadership and setting policies that ensure realization of objectives (Bevilacqua et al., 2025). Also, Cochran and Wood (1984) as cited by various authors including Bevilacqua *et al.* (2025) describe management commitment as the extent to which managers dedicate time, knowledge, effort, and align their behaviours in support of organisational success. This study adopts a definition of organisational commitment based on the ISO standards by testing whether LGAs has dedicated adequate number of skilled staff, budget and practices that foster implementation of audit recommendations. Erkie (2023), in Namibia explored the factors hindering implementation of audit recommendations. Based on a interview findings from 20 key informants, the study found a lack of management commitment to be key impediment to the implementation of audit recommendations. The study had the methodological gap of involving the smaller sample size, being conducted in a single ministry and not exploring whether the corresponding audit recommendations are useful in the ministry's context (Miles, 2017). On the other hand, Yussuf et al. (2024) studied the impediments to implementation of procurement recommendations in Tanzanian public sector MDAs. Based on 51 informants interviews, the studyrevealed the absence of stakeholders commitments to crucial in retardation/acceleration of audit recommendations. The lack of analysis of usefulness of recommendations, however, is a limitation to generalization of the findings. In contrast Samagaio and Felício (2023) in Portugal, assessed whether and how organisational and personal factors influence the quality of internal audit practices. Evidence based on a sample of 112 auditors showed that much organisational commitment significantly reduces audit quality practices (RAQP) especially when internal auditors are under tight time pressure. The study did not however stipulate the influence of organisational commitments towards usefulness of audit recommendations. This leads to the contextual gap especially in Tanzanian Local Government Authorities (Miles, 2017). The lack of conclusion on the effect of management commitment on external audit recommendations, it is plausible to develop the first hypothesis:

H<sub>1</sub>: Management commitment positively influences external auditors' recommendations

### **Transparency Culture**

According to GAO (2024), transparency culture comprise effective management of resources in a manner of open, honest and free flow of information in everyday functions of the organization. Berger and Fengler (2021) defined the transparency culture to encompass frameworks that govern norms, values, meanings for dealing with demarcations on obvious as compared to unobvious. Similarly, Everest et al. (2014) contended transparency to be the act whereas organisations shares true information to the public. This study will adopt the definition of the transparency culture from GAO (2024) due to its comprehensiveness in covering almost all aspects of transparency definition. Surya et al. (2023) based on the focus group discussion of internal auditors concluded on the strong influence of ethical culture on internal audit effectiveness. The study however had methodological faults of not indicating the actual sample size of informants, nature and number

of informants who were interviewed and therefore rendering doubts on generalization of observed findings (Miles, 2017). Also purposive and generally qualitative research method is characterised by the researchers to be biased in some cases (Saunders & Lewis, 2023). Also, the study did not accurately articulate how the organisational culture influences usefulness of external auditors' recommendations. Similarly, Yahaya (2024) investigated the influence of transparency cultures within corporations on ethics and audit practices. The study utilized qualitative approach with no pre-determined sample size of informants. The study found auditors operating in cultures with reasonable strength to contribute much on professional independence and integrity of auditors. The main empirical gap in this study is absence of conclusion on the extent to which transparency culture weakens or strengthen usefulness of external auditors' recommendations. Due to scant literatures on the direct influence of external auditors' recommendations but available in other areas, it is plausible to hypothesis as follows:

H<sub>2</sub>: Transparency culture positively influences external auditors' recommendations

### **Auditees risk management practices**

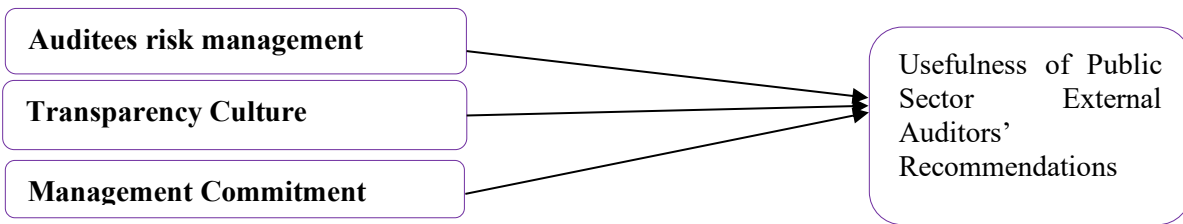
Risk management comprises of the entire process designed and applied across the organisation to detect potential events that might affect organizational objectives (Palareti et al., 2016). Also, Syrová and Špička (2023) defined it as all integrative measures that ensures organisational risks are accommodated in the organisational design. Finally, Kungwani (2014) viewed it as activities that involves risk recognition, assessment and mitigation . This study adopted the definition of risk management from Palareti et al. (2016) due its comprehensiveness. Pradana et al. (2024) examined the impact of risk management implementation on effectiveness of the internal audit function in Indonesian public sector. The study revealed significant positive influence of risk management on internal audit function. However, the study did not explain whether and to what extent auditees risk management practices influence applicability of external auditors' recommendations. This study further utilized the sample size of 94 officials only which is small to generalize findings as compared to Saunders (2023). In the similar argument, Salihu and Hoti (2022) investigated manager's perception on the IT Audit Recommendations and found risk management practices has the positive effect on implementation of audit recommendations. The study did not provide the model on how the risk management practices influences usefulness of audit recommendations. Due to presence of unexplored association between risk management practices and usefulness of external auditors' recommendations, it is plausible to hypothesis as follows.

H<sub>3</sub>: Auditees risk management practices positively influence usefulness of external auditors' recommendations

### **Conceptual Framework**

This study's independent variables are Auditees' Risk Management Practices (ARP), Management Commitment (MC) and Transparency Culture (TC) and the dependent variable is Usefulness of Audit Recommendations (UAR). The conceptual framework illustrates the hypothesized relationships between these variables. The literature consistently identifies a lack of management commitment as a primary barrier to implementing audit recommendations (Erkie, 2023; Yussuf et al., 2024). Managers' dedication of time, knowledge, as well as organization's dedication of skilled staff and budgetary resources (Cochran & Wood, 1984; Rosário & Boechat, 2025) are crucial. According to the institutional theory, this commitment enhances the likelihood

that audit recommendations will be acted upon. Samagaio and Felício (2023) also show that organizational impact of commitment, has a significant role in audit-related outcomes. Furthermore, empirical studies by Surya et al. (2023) and Yahaya (2024) indicate that strong transparency cultures improve audit recommendations usefulness. The stewardship theory suggests that such a transparency culture improves a stewardship orientation where managers and auditors are aligned as collaborative stewards of government resources. This alignment enhances the perceived relevance and usefulness of audit recommendations. Lastly, risk management, as a comprehensive process for identifying and addressing potential threats (Palareti et al., 2016; Kungwani, 2014; Syrová & Špička, 2023), directly shapes the audit environment. Therefore, auditees with mature risk practices are easy to find external audit recommendations more useful.



**Figure 1: Conceptual Framework**  
Source: Research Construct (2025)

### Methodology and Approaches

Using the positivists philosophy and quantitative approach, the cross-sectional study was conducted on a sample of 126 LGAs out of 184 in Tanzanian mainland. Selected LGAs were split half to reflect a range of performance levels in implementing audit recommendations, the methodologies which is largely advocated to be effective in evaluation of similar studies (Yussuf et al., 2024). Among these, low performing LGAs in terms of implementation of audit recommendations as per the Controller and Auditor General’s report for the year ended 30 June, 2023 (NAOT, 2024) were Nachingwea DC, Malinyi DC, Kasulu DC, Mkalama DC and other 57. Similarly, high-performing LGAs with lowest number of accumulated implementations were Mtwara/Mikindani MC, Masasi DC, Ubungo MC, Kibaha TC, Dar es Salaam CC and other 57. Only Directors were involved in the survey due to their final accountability in management of LGAs (Mbelwa, 2014; Sabuni, 2013). In that context, Municipal, District, Town and City directors of the selected LGAs completed structured questionnaires to provide the required data. The study employed a descriptive and explanatory research design, allowing for the quantitative collection and analysis of data to examine the relationship between institutional related factors and the usefulness of external auditors’ recommendations.

The study variables and their respective measures were aligned with the research objectives. Auditees’ Risk Management Practices (ARP) was measured using two items established operational risk management (ARP1) and effective risk management practices (ARP2). Management Commitment (MC) consisted of six items namely regular management changes (MC1), frequent changes in council directors (MC2), and frequent changes in department heads (MC3). The others are adequate and skilled staff (MC4), strong management commitment (MC5) and budget allocation for implementing audit recommendations (MC6). Transparency Culture (CT) was measured using two items; transparent operations (CT1) and dedicated staff for handling audit recommendations (CT2). The Usefulness of Audit Recommendations (UAR) was assessed using seven items; addressing council challenges (UAR1), prioritizing financial controls

(UAR2), and prioritizing operational controls (UAR3). The others are providing useful insights (UAR4), supporting project implementation (UAR5), serving as validation tools for programs (UAR6) and enhancing clarity in council operations (UAR7). All items were adopted from various authors (Morin, 2008, 2010, 2014; Morin & Hazgui, 2016) and measured on a five-point Likert scale ranging from 1 (*Strongly Disagree*) to 5 (*Strongly Agree*). The Likert scale was chosen for its clarity, cultural suitability and effectiveness in supporting statistical analyses (de Winter & Dodou, 2010). The interpretation of mean scores followed the categorization: 1.00 - 1.50 = Strongly Disagree; 1.51- 2.50 = Disagree; 2.51 - 3.50 = Neutral; 3.51- 4.50 = Agree; and 4.51–5.00 = Strongly Agree (Lindner & Lindner, 2024).

Table 1 Demographic Characteristics of the Respondents: District Executive Director (n = 125) by Gender, Age, Work Experience and Education Level Table 1 illustrates the distribution of respondents in terms of gender, age, work experience and education level. The sex distribution reveals that males were 84 (66.7%) and female were 42 (33.3%). This confirms the high representation of male participants in the sample. In terms of age, most of the respondents were between 40-50 years (60,47.6%), followed by those who were aged 29-39 years (33,26.2%), 51-61 years (21,16.7%), 18-28 years (9,7.1%), and 62 years and beyond (3,2.4%). This may indicate that samples were predominantly middle aged/ mid-career individuals who had significant work experience. Reflecting the experience aspect, a significant percentage of the respondents had more than 18 years of public sector experience (50, 39.7%), followed by 6-11 years (30, 23.8%), 12-17 years (26,20.6%) and 1–5 years (20,15.9%). This shows that majority of participants were experienced employees in their organizations. In terms of level of education, most (64, 50.8%) had a bachelors` degree followed by diplomas or its equivalent (53, 42.1%), followed by masters` degrees (8,6.3%) and only one had a PhD (0.8%). These results suggest that most were male, experienced and generally well-educated respondents which should make the base for the investigation of variables mentioned above sound.

**Table 1: Characteristics by Gender of Respondents**

	<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	84	66.7
	female	42	33.3
	<b>Total</b>	126	100.0
<b>Age</b>	18-28years	9	7.1
	29-39years	33	26.2
	40-50years	60	47.6
	51-61 YEARS	21	16.7
	62 above years	3	2.4
	<b>Total</b>	<b>126</b>	<b>100.0</b>
<b>Experience</b>	1-5 years	20	15.9
	6-11 years	30	23.8
	12-17 years	26	20.6
	18 and above years	50	39.7
	<b>Total</b>	<b>126</b>	<b>100.0</b>
<b>Education Level</b>	Phd Degree	1	.8

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	51-61 YEARS	21	16.7
	62 above years	3	2.4
	<b>Total</b>	<b>126</b>	<b>100.0</b>
	Masters	8	6.3
	Bachelor degree	64	50.8
	Diploma	53	42.1
	<b>Total</b>	<b>126</b>	<b>100.0</b>

Source: Researcher (2025)

### Unity Of analysis

The LGA was the unit of analysis in this study and its Council Director (CD) formed the unit of investigation. Councils were selected for the analysis on the basis of their performance: both high-performing and low-performing councils were included to facilitate a fair and robust comparison. Performance was measured by the extent of audit recommendations' implementation. Meaning councils that performed well complied effectively and utilized funds whereas those who did not perform had recurring audit queries and opened unimplemented recommendations. The use of performance-based selection in this study has enhanced our ability to investigate how institutional considerations influence the usefulness of recommendations by external auditors within a wide range of LGs. Of the 184 LGAs in Tanzania (Table 2), a cumulative total of 126 councils were included in our study. The table gives notional total council numbers, councils and directors involved. It was these councils at which 125 council directors were recruited and agreed to complete the questionnaires, suggesting good representation from all categories of LGAs. The participation of directors not only indicates reliability of study findings but guaranteed that findings represented a robust consideration of institutional level of governance arrangements, resource capacity and audit response condition.

**Table 2: Unity Of Analysis**

<b>Council</b>	<b>Total</b>	<b>Council Involved</b>	<b>Directors Involved</b>
Distict council	137	95	95
Town council	21	14	14
Municipal council	20	13	13
City council	6	4	4
<b>Total</b>	<b>184</b>	<b>126</b>	<b>125</b>

Source: Researcher (2025)

**Data Analysis**

Data were analyzed using descriptive and inferential statistical techniques. Descriptive statistics, including means, standard deviations, were used to summarize respondents’ characteristics and perceptions. Inferential analysis, particularly multiple regression, was employed to test the relationship between independent variables (ARP, MC, CT) and the dependent variable (UAR). Before running regression analysis, diagnostic tests were conducted to ensure that key statistical assumptions such as normality and multicollinearity are met (Palat, 2020). The analysis provided both statistical significance (p-values) and explanatory power (R<sup>2</sup>) to assess the strength and direction of associations among variables. To ensure data reliability and validity, the Kaiser Meyer Olkin (KMO) test was applied to assess sampling adequacy, while Cronbach’s Alpha was used to evaluate internal consistency of the measurement scales (Palat, 2020). The results from the Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test of Sphericity indicate that the data were suitable since measurement items were both valid and consistent for further statistical procedures as shown in Table 3. The KMO value of 0.921 exceeds the recommended minimum threshold of 0.60 (Kaiser, 1974), demonstrating excellent sampling adequacy and confirming that the data structure is appropriate for identifying underlying factors. Moreover, Bartlett’s Test of Sphericity was statistically significant ( $\chi^2 = 4,592$ ,  $df = 300$ ,  $p < 0.001$ ), indicating that the correlation matrix is not an identity matrix. This means there are significant inter correlations among the items and therefore making variables suitable for regression analysis (Palat, 2020).

**Table 3: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.921
Bartlett's Test of Sphericity	Approx. Chi-Square	4.592E3
	df	300
	Sig.	.000

Source: Researcher (2025)

Table 4 presents the reliability statistics for the study variables, as measured by Cronbach’s alpha. The results indicate that all variables demonstrated acceptable to high internal consistency, suggesting that the measurement items were reliable for capturing the intended constructs. A slight exception is with variable Culture of Transparency (CT), measured using two items, recorded a Cronbach’s alpha of 0.673, which is slightly below the commonly recommended threshold of 0.7 but still considered acceptable for exploratory research. These results confirm that the constructions used in this study are consistent and suitable for further statistical analysis, including correlation and regression testing.

**Table 4: Reliability Statistics**

Variable	N of Items	Cronbach's Alpha
UAR	7	.805
CT	2	.673
MC	6	.903
ARP	2	.887

Source: Researcher (2025)

**Model Specification**

The study adopted a multiple linear regression model to examine the influence of institutional-related factors on the usefulness of external auditors’ recommendations. The model was specified with the equation below:

$$UAR = \beta_0 + \beta_1(ARP) + \beta_2(MC) + \beta_3(CT) + \varepsilon$$

Where: UAR = Usefulness of Audit Recommendations (dependent variable), ARP = Auditees’ Risk Management Practices, MC = Management Commitment, CT = Culture of Transparency,  $\beta_0$  = Constant term,  $\beta_1 - \beta_3$  = Regression coefficients and  $\varepsilon$  = Error term. The coefficients  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  indicate the magnitude and direction of influence of each independent variable on the usefulness of external auditors’ recommendations.

**Result**

**Descriptive statistics**

The descriptive statistics are summarized in Table 5 and show that the mean values of all eight study constructs were generally high, which is indicative of positive perceptions toward the institutional factors influencing audit recommendation usefulness. The Average score of Auditees’ Risk Management Practices (ARP) was 7.72 (SD =1.65), indicating that most of the Local Government Authorities have in place risk management systems, with variation between respondents. The scores obtained for MC and TC exhibited mean score of 11.84 (SD = 2.16) and of 11.35 (SD = 2.45), respectively, suggesting a sound perception relating to the management’s commitment in dealing with audit recommendations. The dependent variable, UAR, had the highest mean score (M=28.37; and SD = 4.73), indicating that audit recommendations are perceived to be very useful in improving financial management and accountability. In addition, all the variables exhibited negative skewness indicating that distribution for responses were skewed toward higher values. The kurtosis scores indicate that the distribution is close to normal, ensuring that our data are suitable for further parametric analyses including regression.

**Table 5: Descriptive statistics**

Variable	N	Min.	Max.	Mean	St.Dev	Skewness	Kurtosis	Std. Error
					Statistic			
ARP	345	2.00	10.00	7.7217	1.65066	-.832	.131	.262
MC	345	3.00	15.00	11.8377	2.16131	-.587	.131	.262
TC	345	3.00	15.00	11.3507	2.44626	-.550	.131	.262
UAR	345	9.00	35.00	28.3652	4.72622	-1.115	.131	.262

Source: Researcher (2025)

**Correlation analysis**

The correlations result in Table 6 show that there is a strong positive linear relationship between all study variables (at the 0.01) significance level (2-tailed). This means that improvements in

institutions-related antecedents are associated with an increased perceived usefulness of the audit recommendations (Keller, 2017). Additionally, there is a moderate positive relationship between ARP and UAR ( $r = .466, p < .01$ ). This result is indicative that the actual practices of risk management contribute to enhance usefulness of auditors' recommendation in LGAs. Secondly, Management Commitment (MC) has a significantly strong positive correlation with ARP ( $r = .675, p < .01$ ) and low correlation of UAR ( $r = .473, p < 0.01$ ). These findings highlight the significance of committed leadership and adequate management support towards achieving effective implementation of audit recommendations. In addition, The Transparency Culture (TC) is positively related to both MC ( $r = .517, p < 0.01$ ) and UAR ( $r = .390, p < 0.01$ ), thus showing the importance of transparency and accountability for administrative practices on perceived usefulness of audit recommendations. These results demonstrate that LGAs characterized by strong management commitment, effective risk management, and transparent operations are more likely to derive meaningful benefits from external audit recommendations. Ultimately, this reinforces interdependence among the institutional factors in promoting accountability and good governance.

**Table 6: Correlation analysis**

S/N	Item	1	2	3
1	ARP			
2	MC	.675**		
3	TC	.365**	.517**	
4	UAR	.466**	.473**	.390**

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Researcher (2025)

**Multiple regression Results: Cause to effect relationship of variables**

**Multicollinearity test**

Multicollinearity assumption was assessed using the Variance Inflation Factor (VIF) and tolerance statistics. As shown in the results, all VIF values were below the commonly accepted threshold of 5 and the corresponding tolerance values exceeded 0.1. This suggests that multicollinearity did not exist and thus, not a threat to regression estimates (Hair et al., 2019).

**Table 7: Variance Inflation Factor**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Auditees risk management practices (ARP)	.544	1.838
	Management Commitment (MC)	.460	2.176
	Transparency Culture (CT)	.732	1.366

Source: Researcher (2025)

**Role of Institutional Related Factors on Usefulness External Auditors' Recommendations**

The model summary results show the overall strength and explanatory power of the regression model used to examine the relationship between the independent variables and the dependent variable. The model produced a correlation coefficient (R) of 0.539, indicating a moderate

positive relationship between the predictors ARP, MC and CT and the dependent variable (Ozili, 2023). The R Square (.290) reveals that approximately 29.% of the variation in the dependent variable can be explained by the combined effect of these predictors. The Adjusted R Square (.284), which adjusts for the number of predictors in the model, confirms the model’s reliability and generalizability to the population. The average deviation between the observed and predicted values would be relatively low if it was 3.99933 that appears to be confirmed by the model’s timing predictions with a reasonable level of accuracy. These findings suggest that the predictors together moderate the outcome variable to a non-trivial degree and therefore represent a reasonably behaved model.

**Table 8: Model Summary**

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.539 <sup>a</sup>	.290	.284	3.99933

a. Predictors: (Constant), ST, RO, IC

Source: Researcher (2025)

The ANOVA results in Table 9 assess the overall significance of the regression model in explaining the relationship between the independent variables and the dependent variable.. The findings indicate that the regression model is statistically significant, with an F-value of 46.470 and a p-value of <0.001, which is well below the 0.05 significance level. This confirms that, collectively, the independent variables have a significant effect on the usefulness of audit recommendations.

**Table 9: ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2229.819	3	743.273	46.470	.000 <sup>a</sup>
	Residual	5454.163	341	15.995		
	Total	7683.983	344			

a. Predictors: (Constant), ARP, MC, CT

b. Dependent Variable: UAR

Source: Researcher (2025)

The regression coefficients in Table 9 clarify how much the dependent variable is affected by each independent one separately. The results demonstrate that these three antecedents have positive significant effects on usefulness of audit recommendations (UAR) at the 0.05 level. The influence of ARP is the most significant with an unstandardized coefficient (B) of. 755, polyserial beta ( $\beta$ ). 264 and  $t = 4.265$  ( $p = 0.000$ ). It can be inferred from this that increasing the level of risk management by one percent leads to an increase of. 755 percentage points in the effectiveness of audit recommendations, while holding other factors constant. Furthermore, Management Commitment (MC) shows significant positive influence on UAR, where  $B = .427$ ,  $\beta = .195$ , and  $t = 2.900$  ( $p = .004$ ). This evidence suggests that greater involvement of management is a key driver for the adoption and effectiveness of auditor recommendations. Similarly, Transparency Culture (CT) contributes positively and significantly, with  $B = .372$ ,  $\beta =$

.192, and  $t = 3.610$  ( $p = 0.000^*$ ). It indicates that transparent organizational practices foster the effective use of audit findings. The constant value ( $B = 13.258$ ,  $p = 0.000$ ) shows that, when all predictors are held constant, the baseline level of usefulness of audit recommendations remains positive.

**Table 10: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		
		Unstandardized coefficient (B)	Std. Error	Beta ( $\beta$ )	t	Sig.
1	(Constant)	13.258	1.313		10.097	.000
	ARP	.755	.177	.264	4.265	.000
	MC	.427	.147	.195	2.900	.004
	CT	.372	.103	.192	3.610	.000

a. Dependent Variable: UAR

Source: Researcher (2025)

### Discussion of Findings

The results provide important theoretical and empirical implications regarding the impact of institutional-related factors on the usefulness of public sector external auditors' recommendation. The findings are consistent with the overall theoretical constructs in the study that institutional structures, governance mechanisms and managerial behaviours play a decisive role in cultivating accountability and work performance. Institutionally speaking, the efficiency of audit recommendations is contingent upon not only whether the audit was properly useful but also the strength of an organization's risk management and compliance measures. Formalized systems such as these reduce uncertainty and introduced procedural regularity creating predictable climate in which audit recommendations can be implemented and therefore fostering perceived usefulness of them (Eltweri et al., 2022, Liberato et al., 2023). This is in line with the findings by Mormul (2021) and Rugeiyamu (2023) who showed that well designed risk management framework improves credibility, timeliness, and adoption of audit recommendations. In addition, the findings support strong risk management that serves to encourage proactive accountability. Organizations can use such risk assessments to evaluate the potential risks and their impacts, and then they can develop mitigation plans in order work on audit recommendations as strategic tools to enhance performance (Almgrashi & Mujalli, 2024). This correlates with the statement of Pradana et al. (2024) and Kungwani (2014) where they assert that organizations with developed risk management procedures display higher audit responsiveness and lower level of audit differences. In the Tanzanian context, at local government level, this is particularly important because there have been long standing problems of financial misappropriation, delayed execution of projects and inadequate monitoring systems. Accordingly, risk management acts as a prophylactic and therapeutic intervention which guarantees the health of institutions and contributes to the overall fitness.

The results are also consistent with Agency Theory in that managers (agents) should be working on behalf of principals (citizens, regulators and the government; McGuire et al., 2016). But the conflicting interests of these actors create information asymmetry and a reduction in accountability. Results also imply that management commitment can overcome the obstacles

through enhancing goal homogeneity and encouraging the acceptance and utilization of audit recommendations. Committed management teams are more likely to invest resources, monitor compliance and establish routines of accountability that ensure action on audit findings. This finding is consistent with findings of other studies (Afadzinu et al., 2024; Erkie, 2023; Rahandiani et al., 2024; Yussuf et al., 2024), which assert that leadership commitment, follow-up by management and sufficient provision of resources are important to the successful implementation of audit recommendations. Moreover, another reason for the manager's support could derive from a general orientation of its leaders to promote audits not only in view of learning purposes but also in order to improve the organizational knowledge and change. According to McGuire et al. (2016), by integrating audit-based recommendations into planning, budgeting, and performance assessment practices creates a learning culture in the organization. This justification supports the supposition that managers under LGAs in Tanzania are less likely to responsibility evade from audit queries hence better rated by their CAG auditors (NAOT, 2025).

In addition, an element of culture transparency is evident in this study and adds more support for Stakeholder Theory. This perspective regards open, accountable, and ethical behavior as necessary to gain stakeholder trust and sustain organizational existence (Parmar et al., 2010). When in an open environment, audit results are openly discussed and corrective action is taken and everyone knows the roles. That kind of transparency promotes horizontal accountability among officeholders and vertical accountability to oversight institutions and society at large. This paper's empirical results reinforce the contentions of Yusuph and Guohua (2017) that transparency promotes audit effectiveness in Tanzanian public sector organizations. Transparency alleviates the primary source of non-compliance with standards – information asymmetry between auditors and auditees as proposed by Agency Theory (Bendickson et al., 2016). Greater transparency increases the probability that financial reporting authorities may view audit suggestions as constructive, encouraging action on and adoption of such suggestions (Gagné & Hewett, 2025).

In this sense, the present results complement earlier research by showing that also transparency culture is a strong predictor for usefulness of audit recommendations. Firstly, it is a direct predecessor to audit usefulness and the second, as an enhancer that increases value of management commitment and risk management in the auditor's product. In summary, the results suggest that the level of audit recommendation is a function of multiple factors. These are outcomes of procedural compliance which reflects deeper organizational values, governance ethics and the ethical conduct of leadership (Eltweri et al., 2022; Martínez-Ferrero & García-Sánchez, 2017). Such good risk management, with the transparency and commitment of leadership which follows leads to more robust entities being assured and a greater belief in the audit process. In a way, this result contributes some more evidence giving support to the argument raised in Almgrashi and Mujalli (2024), Kungwani (2014) and Mormul (2021) that usefulness of audit recommendations is constituted by outcomes of negotiations between managerial competence, organizational nature and corporate ethical environment.

In principle, these findings contribute to the public sector auditing literature by revealing that institutional and behavioral factors jointly strengthen the audit accountability nexus. They propose that the enhancement of the usefulness of external auditors' recommendations is a matter of technical, cultural and leadership practices stressing accountability. In practical terms the results confirm that there is a need for interventions on policy level, which institutionalize risk

management tools in organizations, increase the responsibility of managers and work towards a more transparent working climate. Training and continuing professional development on these issues ought to be given scale relative to their importance if public servants are to be technically and ethically competent. Finally, it does point out that the adoption of audit recommendations should be referred to as a strategic tool of governance rather than compliance. It would also help in such circumstances for the LGAs to institutionalize audit responsiveness by building it into the systems of organizations to enhance service delivery, inspire fiscal discipline and restore public trust. In the Tanzanian case, where audit queries and recurring recommendations are common, such forms of integrating could go a long way in regaining public sector credibility and effectiveness of governance.

### Conclusion

The results indicate that Auditees' Risk Management Practices (ARP), Management Commitment (MC) and Transparency Culture (TC) have positive effect on the usefulness of external auditor recommendations in public sector. Among these, ARP was found to be the most essential, while following MC and TC. Effective risk management and leadership and transparent working environment considered also are helpful ways that add importance to increase in usefulness of audit recommendations. Staff competency and training; corporate governance principles and ethical culture in organizations are important factors to improve usefulness of auditing. In the light of the above, LGAs should concentrate on formulating effective and efficient risk management policies and associated frameworks; make management commitment towards monitoring and resources allocation an explicit feature of their institutional process; prioritize transparency and accountability. It is also important to utilize a structured training for managers to enhance their capacity to translate audit recommendations into organizational policies, interventions, and processes. This allows institutions to make better usage of audit recommendations and therefore meeting compliance with various laws and regulations at the same time building the public confidence.

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