***Original Research Article***

**PROGRAM BUDGETING AND ORGANISATIONAL**

**PERFORMANCE OF DTA IN CAMEROON**

**ABSTRACT**

The performance of local public action through the management of Decentralized Territorial Authorities (DTAs) is increasingly crystallizing the expectations of administrations and citizens. This quest for performance has been accompanied by strong criticism of the management tools used, such as the traditional budget or “budget of means”. The advent of decentralization has ushered in a new era under the aegis of the program budget or “budget for results”. This article aims to assess the effect of program budgeting on the organisational performance of local authorities through two mediating variables: the reduction of information asymmetry and the optimal allocation of budgetary resources. To do this, we opted for a quantitative methodology and used a non-probability sampling method based on reasoned choice. The sample survey of the 46 municipalities was carried out by means of a questionnaire, and the multiple linear regression method was used to test the hypotheses. We tested the effect of the use of the program budget on the two mediating variables and the effect of the latter on the organisational performance of the DTAs in Cameroon. The results validated our various hypotheses. We can therefore conclude that the use of program budgeting reduces information asymmetry and optimizes the allocation of resources, which in turn significantly improves the organisational effectiveness and efficiency of the DTAs in Cameroon. The study recommends the use of program budgeting in local authorities to implement programs, strengthen links between resources and results and improve the performance of public action.

***Key words****: Program Budget, Information asymmetry, Optimal allocation of resources, Organisational performance, DTA.*

**INTRODUCTION**

In the 1980s, many developing countries faced a debt crisis characterised by large budget deficits and exponential debt. Means-tested public management showed signs of running out of steam, making it necessary to revise the models used and adopt management principles imported from the private sector. Public organisations were obliged to improve the quality of products and services, deadlines, costs and social commitments. In this context of change, administrative modernisation processes have been implemented to better meet taxpayers' expectations and improve public management performance (Cappelletti & Khouatra, 2009). These modernisation processes are generally referred to as "New Public Management" (NMP)[[1]](#footnote-1), also known as New Public Management (NPM). Based on the principles of efficiency, transparency and managerial accountability, NMP places the user at the center of its concerns and advocates a gradual transfer of management methods traditionally used in private organisations to public organisations and decentralised territorial authorities.

This trend has given rise to a controversial debate in management literature between those in favor and those opposed to the introduction of market logic in the public sector. The development or emergence of new concepts such as flexibility, effectiveness, efficiency, governance and evaluation in the public sector has raised a number of questions about the relevance of the new management style, its advantages and disadvantages, and the difficulties of implementation and evaluation.

The adoption of a reform to modernise public administration has enabled the State and its decentralised bodies to offer a local service that is effective, efficient and transparent, and to boost economic development. In Cameroon, the shortcomings identified in the law have led to a series of reforms within the public administration and the decentralised territorial authorities in order to respond appropriately to the pressing needs of citizens on the one hand, and to adapt these entities to changes in their environment on the other. This series of reforms led to the adoption of several laws between 1999 and 2019[[2]](#footnote-2) aimed at: - clarifying the general status of public establishments, public companies and decentralised territorial authorities ; - promoting the implementation of new control tools such as the Management Chart and the Program Budget; - ensuring the smooth running of the public administration; - optimising the performance of public establishments and the competitiveness and profitability of public companies and territorial authorities (TA).

In a context of increasing competition and the modernisation of public services, the challenge of performance has become a new imperative, a leitmotiv, an objective and, at the same time, a result to be achieved by public organisations and decentralised territorial authorities. The advent of the NMP has led to a series of reforms aimed at modernising the financial management of public institutions and territorial authorities , in particular the transition from resource-based budgeting to performance-based programme budgeting. In the era of decentralisation in Cameroon, this research aims to assess the contribution of program-based budgeting to improving the organisational performance of decentralised territorial authorities. Through the reduction of information asymmetries and the optimal allocation of resources, we postulate that program-based budgeting can improve the organisational effectiveness and efficiency of territorial authorities. This postulate serves as the backdrop for this paper, which we have divided into four parts. In the first, we conceptualise organisational performance and program-based budgeting in the context of local government. In the second, we focus on the theoretical framework and the modeling of the relationship between the concepts. The third section describes the research methodology. The fourth part is devoted to the presentation and discussion of the results obtained.

**1. Conceptual framework of the study**

**1.1 Organisational performance in local government**

Organisational performance is at the heart of any effective and efficient management policy. The aim of an organisational development strategy is to improve performance in high value-added areas (Audigier, 2008; Pesqueux, 2020). However, despite its importance in management science, this concept remains controversial and difficult to define, let alone measure. This observation can be generalised to decentralised territorial authorities, whose foundations and performance issues leave no one indifferent.

**1.1.1 Emerging framework and characteristics of territorial authorities**

After decades of political, institutional and economic centralism, the countries of sub-Saharan After decades of political, institutional and economic centralism, sub-Saharan African countries have embarked on reforms aimed at democratisation, liberalisation, administrative modernisation and decentralisation "communalisation", involving territorial authorities in order to establish the credibility of the state and strengthen governance at local level (Keita & al., 2008; Mahaman Tidjani, 2009; Marie & Idelman, 2010; Ndoumbe, 2020; Ondoua Biwole, 2023). The evolution of the institutional landscape in Cameroon took concrete form on 18 January 1996 with the adoption of a new constitution to replace that of 2 June 1972. This reform enshrined the institutional foundations of decentralisation with the creation of "decentralised territorial collectivities": the commune and the region[[3]](#footnote-3). The latter enjoy legal personality, administrative and financial autonomy and free management by elected councils. Although communes already existed, their new creation is based on the Constitution, which stipulates in Article 55 (1) § 2 that "any other type of decentralised authority shall be created by law"[[4]](#footnote-4). Between 1974 (entry into force of Law No. 74/23 of 5 December 1974 on the organisation of communes) and 2019 (adoption of Law No. 2019/024 of 24 December 2019 on the General Code of Decentralised Territorial Authorities), Cameroon's political authorities initiated numerous innovations. The aim is to modernise the state apparatus, place decentralisation at the heart of development issues and establish the DTAs as key players.

Article 1 of the 1974 reform defines the commune as "a decentralised public authority and a public law entity with legal personality and financial autonomy". It thus identifies two types of commune: the urban commune and the rural commune, which can carry out development actions through the intervention of various structures or communal syndicates. However, this legal framework does not give the DTAs sufficient financial autonomy, given the constant interventionism of the State. Nor does it clarify the profile of the elected representatives in terms of diplomas, different training courses, careers, qualifications in governance and administration.

The 2004 regulations cover three laws that specify the aims of DTAs:

* *Law n°2004/017 of 22 July 2004 on decentralisation*. It defines decentralisation as a means of promoting the development of democracy and good governance. Within the DTA, decentralisation is based on five pillars: practical provisions, the principle of transfer of powers, the organisation and functioning of decentralised territorial authorities, supervision of the DTA, control bodies and miscellaneous, transitional and final provisions.
* *Law n°2004/018 of July 22, 2004*, *establishing the rules applicable to communes*. According to the provisions of this law, the basic territorial authority, the commune[[5]](#footnote-5), has a general mission of local development and improvement of the living environment of its inhabitants. Its scope of action covers a wide range of activities (economic, public health and social action, environment and natural resource management, planning, land use, urban development and housing, education, literacy, vocational training, youth, sports and leisure, culture and promotion of national languages). The local authority is considered to be a key player in local development, on a par with the State and the private sector.
* *Law n°2004/019 of July 22, 2004 laying down the rules applicable to regions*. This law confers various powers on the regions, and their missions are similar to those of the communes. The region can undertake actions that complement those of the State, and propose measures to the communes within its jurisdiction, to encourage the coordination of development actions and local investments. Cameroon has ten (10) regions and fourteen (14) urban communities, most of which are located in the coastal, southern and south-western regions.

 The decentralization laws of 2004 marked a decisive turning point in the transfer of powers to territorial authorities. For Foutem et al. (2021), they provide a legal framework covering the areas of local development devolved to these communities. Law n°2019/024 of December 24, 2019 on the General Code of the DTAs, supports the decentralization process seen as "a transfer by the State, to the Territorial Collectivities, of specific competencies and appropriate means, it constitutes the fundamental axis for promoting development, democracy and good governance at local level" (article 5). Decentralization can be defined as a system of administration consisting in enabling a "territorial decentralization" local authority or a "technical decentralization" service to administer itself under the control of the State, by endowing it with legal personality, its own authorities and resources" (Guillien & Vincent, 2003). In fact, “decentralisation is real if the local authority has real control over its finances” (Gaudemet & Molinier, 1996). Thus, decentralization means not only bringing power - i.e., the places where political decisions are taken - closer to citizens, but also enabling the latter and Decentralised territorial authorities to be the masters and actors of their own future. Decentralisation therefore means that financial autonomy is granted to Decentralised Territorial Authorities, but without annihilating central power (Oliva, 2022).

Cameroon's General Decentralization Code covers a number of areas: the free administration of territorial authorities, the transfer of powers, the management and use of the State's private domain, the public domain and the national domain by territorial authorities, their organization and operation, and the supervision of decentralized cooperation, groupings and partnerships. The competences devolved to the DTAs can be summed up as being in the fields of health and social action, education, literacy and vocational training, the promotion of national languages, and economic action at local level. A number of innovations have been introduced through this law: less supervision, greater powers transferred to the DTAs, greater functional autonomy, the direct transfer of resources, a more precise financial system, the participation of the local population in drawing up the budget and choosing priority projects, clarification of the status of elected representatives, greater precision in terms of powers between the urban community and the district commune, the election of mayors of urban communities in place of government delegates.

* + 1. **Organizational performance: state of the art**
			1. ***Etymology and definition of performance***

 Performance is borrowed from the English word "performance", which in turn derives from the verb "*to perform*". It was introduced into the French language dictionary in 1839 and derives from the Latin "performare" meaning "to form entirely". Performance is an ambivalent notion, containing both the idea of action (*performing*) and that state (final stage or result). It can be understood as both the realization of an action (result) and its implementation (measurement of the realization process) (Bergeron, 2000); the results that flow from it and the success that can be derived from it (Pesqueux, 2004). Performance is a polysemous concept only makes sense in context (Salgado, 2013). Like organizational goals, performance is multidimensional, subjective and dependent on the referents chosen (Bourguignon, 1996). Often, the same result can be considered good or bad performance, depending on whether the objective is ambitious or modest

 A review of the literature over several years reveals numerous references that have proposed a definition of performance (Bouquin, 1986 & 2004; Bescos et al., 1993; Bourguignon, 1995 & 2000; Lebas,1995; Le Moigne 1996; Bessire, 1999; Marcel, 1999; Bergeron, 2000; Pesqueux, 2002 & 2004; Burlaud, 1995; Lorino, 2011; Djimta & al. 2022). This concept should be understood in terms of the triptych:

* *Action, modes of obtaining the result or process*: performance is understood in terms of the means, processes and skills implemented to achieve the result. It is an action distinct from the intention or promise (Bourguignon, 1995, p. 62), a process and not a result obtained at a given moment (Baird, 1986).
* *Result of an action that represents the level of achievement of objectives*: performance is perceived as a feat, a record or a prowess (Foucher, 2007, p. 60), and is measured by the results obtained (Bouquin, 1986, p. 114).
* *Success of action*: performance is a function of the representations of success held by the players and the organization as a whole (Bescos & Mendoza, 1994; Bourguignon, 1995; Burlaud, 1995).

 These three perspectives highlight several principles of performance (Bourguignon, 1995; Lebas, 1995 & Pesqueux, 2002). Performance is a function of one or more objectives, it is multidimensional if the objectives are multiple, it is a sub-set of actions (elementary stages of action and result of action), it is subjective as it calls for judgment and interpretation

 Result, as the level of achievement of pre-set objectives, is a key performance variable. According to Bessire (1999), performance is the result of logical, rational decisions that are consistent with each other. This perception is also shared by Lebas (1995), who considers a high-performing company to be one that outperforms its competitors over the medium term, and ideally across all the parameters that define performance. In practice, performance is the comparison between results obtained and desired results. It refers to a result obtained at a given moment "T", with reference to a context, an objective and an expected outcome, whatever the field (Notat, 2007). Performance is a notion that focuses on the announced result, and conveys a value judgment on the final outcome (positive or negative) and the approach to achieve it (Schier & Saulquin, 2007)

 In management science, performance is usually linked to the achievement of objectives, which are the raison d'être of an organization, and links objectives, results and means. This meaning reveals its main pillars: action, result and success (English meaning) or the result of an action, success (French meaning). Bourguignon (2009) likens it to an injunction to act - result of action - success. In the scientific literature, performance is also apprehended or evaluated from several angles: organizational, financial, social, environmental, commercial... (Akrich et al., 2017). To underscore the ambivalence of the concept of performance, Pesqueux (2004 & 2005), uses the allegory of "a strange attractor of economic (competitiveness), financial (profitability), legal (solvency), organizational (efficiency) and social dimensions" or "catch-all " word.

* + - 1. ***Conceptualizing organizational performance in DTAs***

 The issue of organizational performance has been overused in management science literature since the 20th century. But despite the abundance of existing literature, this notion has never been understood in a univocal way; on the contrary, it takes on several facets depending on the perception of the different actors in the organization (Saulquin & Schier, 2005). Organizational performance is therefore relative. In a metaphorical sense, it is often compared to that of racehorses. For Le Moigne (1996), "it's not a question of doing (well), it's a question of not doing worse than others". This approach contains the general idea that organizational performance is measured by how well objectives are achieved (Pesqueux, 2004).

 Among the definitions of organizational performance provided in the literature, most approach the notion from the prism of "the achievement of organizational objectives and means". This is the case of Georgopoulos and Tannenbaum (1957), who define performance as: "the degree to which an organization, as a social system with resources and means at its disposal, achieves its objectives without straining its means and resources and without putting undue pressure on its members". For Lorino (1997), corporate performance is "everything, and only everything, that contributes to achieving strategic objectives". Bourguignon (2000, p. 934) speaks of "the achievement of organizational objectives, whatever the nature and variety of these objectives. This achievement can be understood in the strict sense (result, outcome) or in the broad sense of process". Organizational performance therefore means the result of the actions that have made it possible to achieve it, i.e. the fact of obtaining a sub satisfactory result (Bartoli, 2005) based on objectives deemed SMART[[6]](#footnote-6) . The ability to achieve these objectives depends on the resources available and their effective, efficient and cost-effective use given the environment (Asat & al., 2015)

 In the literature on organizational performance, the environment plays a key role in definition of this concept. Yuchtman & Seashore (1967) refer to the latter as an organization's ability, in absolute or relative terms, to exploit its environment in the acquisition scarce and valuable resources. This traditional vision was challenged in the 1990s with the advent of constructivism. For the proponents of this school of thought, performance measurement should take into account the perceptions of the various players or groups of players (internal and external stakeholders), whose expectations are numerous (Hassard & Parker, 1993). Thus, there are as many definitions of organizational performance as there are stakeholders in the life of the company (shareholders, managers, employees, customers, etc.) (Salgado, 2013). Indeed, an organization's performance indicates how it succeeds in achieving its objectives for all its stakeholders (Antony & Bhattacharyya, 2010). According to this understanding, performance can be assessed through the expectations of shareholders (financial profitability), through managers (the degree to which objectives assigned to managers are achieved), through employees (improved working conditions, social climate and self-fulfilment). Lorino (1999) refers to an organization's performance as "the judgment made by society (customers, users, local residents) on the relationship between value produced (needs satisfied) and costs incurred (resources consumed)".

 According to these definitions, an organization's performance seems to be determined by the synergy of several criteria, notably its degree of coherence and stability, its ability to acquire and use resources, its reputation and image, and by variables such as stakeholder relations, communication, mission, management philosophy and style, recognition, the quality of organizational processes, etc. (Marcel, 1999). Organizational performance also embodies the idea of a synergy of actors, and is built over time and through collective action. It is a set of elements that contribute to the creation of value within a company, or more precisely, to the improvement of the latter's net worth through the contribution of each individual or group of individuals (Lorino, 2003).

 Organizational performance has many dimensions. It is often equated with effectiveness, efficiency, competitiveness, productivity, effectiveness, sustainability, profitability, result, legitimacy, success, etc. According to Bourguignon (1997), performance combines effectiveness and efficiency. To define performance, Bouquin (2004, p. 63) uses the three "E" formula: Economy, Efficiency and Effectiveness. Marion & al (2012, p. 93) combine four variables: relevance, coherence, efficiency and effectiveness. As organizational performance is focused on the idea of accomplishing an action, it therefore covers three complementary logics: an efficiency logic referring to the means implemented by the organization, a budgeting logic linked to the notion of objectives, and finally, an effectiveness logic referring to the results to be obtained (Bartoli,1997). These three logics differ little in Marchesnay (1991), who cites three dimensions: effectiveness, efficiency and efficacy. For Morin (1994), organizational performance is a complexity made up of four building blocks: sustainability, economic efficiency, the value of human resources and the organization's legitimacy in the eyes of external groups

 For the purposes of this research, we have chosen effectiveness, efficiency, efficacy, relevance, financial viability and the value of human resources (Gibert, 1980; Morin, 1994) as the main variables in organizational performance.

* *Organizational effectiveness*: indicates the extent to which an organization is able to achieve its goals by setting clear objectives and precise indicators for measuring these objectives (Audigier, 2008). Effectiveness is the relationship between the results achieved by an entity and the objectives set. It is completely independent of cost, which differentiates it from efficiency.
* *Organizational efficiency****:*** an organization's ability to achieve its objectives at the lowest possible cost. These may be production objectives (minimizing the resources used), quality objectives (optimizing) or lead-time objectives (producing in record time). Here, results are measured in terms of resources. Efficiency is the ratio between the result obtained and the costs incurred to achieve the objectives, i.e. the best quality-quantity-price ratio (Lusthaus & al., 1998; Audigier 2008).
* *Organizational relevance*: this is an organization's ability to adapt to its environment, meet the needs of priority stakeholders and ensure its legitimacy with them (Morin & al., 1994). Relevance assesses the fit between the elements of the offer and the expectations of the market or stakeholders (Salgado, 2013).
* *Financial viability*: this refers to an organization's permanent availability of sufficient, stable financial resources to ensure its proper functioning.
* *The value of human resources*: is measured through the social climate (appreciation of the work experience), output (employee performance), employee mobilization and development (skills enhancement) (Morin, 1994).
* *The organization's legitimacy in the eyes of external groups*: this is a generalized perception or presumption that an entity's actions are desirable, suitable or appropriate within a socially constructed system of norms, values, beliefs and definitions (Suchman, 1995, p. 574).

 In view of the literature deployed, we can propose a definition of organizational performance for the DTA based on that of public establishments in Cameroon. According to Law N°2017/010 of July 12, 2017 on the general status of public establishments, organizational performance is the ability to carry out an action to obtain results in accordance with previously set objectives, while minimizing the costs of the resources and processes implemented. In this respect, the organizational performance of a DTA can be defined as: "*its ability to optimize the value of its human, material and financial resources, to achieve its objectives and satisfy the expectations of priority stakeholders by demonstrating effectiveness, efficiency and relevance"*. In the context of integrating new control and management tools, this definition has a double advantage: it can be generalized and provides measurement indicators adapted to DTAs.

* 1. **Program budgeting: a conceptual approach and specific features in Cameroon**

The means-based budgeting system has shown its limitations in meeting the demands of taxpayers. Modern societies are increasingly committed to changing their approach to budget management and reforming their public management framework towards Results-Based Management (RBM). RBM, attributed to Peter Drucker (1964), is a management technique applied by organizations to ensure that their procedures, products and services contribute to the achievement of well-defined results (UNDP, 2002). In the literature, Program Budgeting (PB) has been conceptualized through two notions: results-based budgeting and performance-based budgeting (CABRI, 2010)[[7]](#footnote-7) . What these two concepts have in common is that they involve the integration of performance information into budgetary processes.

Basically, Program Budgeting is a way of managing public expenditure that aims to promote efficiency (Askim, 2007). It is a management system that promotes the timely delivery of public goods and services, by facilitating the budget execution process (Andrews & Campos, 2003). This understanding of Program Budgeting is shared by Robinson (2007). For the author, Program Budgeting aims to improve the effectiveness and efficiency of public spending by linking the funding of public sector agencies to the results they deliver. As Bouvier (2012) points out, this budget is part of a performance culture and is literally different from the means-based budgeting system: "it is a budget of results, where objectives are set with indicators". In fact, Program Budgeting is an approach to presenting budget appropriations that groups actions by program, and reconciles for each of them appropriations of all kinds and the physical or financial results expected, the whole being completed by an indicative projection covering several years (Raymond & Jean, 2003, p 80).

Some international organizations have also proposed interesting definitions. According to WHO (1993), a Program Budget is a budget that focuses on the objectives to be achieved, rather than on traditional expenditure headings for activities or means. It reflects a process that highlights the ends to be achieved and translates them into the necessary expenditure. For the OECD (2007), Program Budgeting is a budgeting process that establishes a link between allocated funds and measurable results. In the same vein, CABRI (2019) describes Program Budgeting as a results-based budgeting model whose aim is to tighten the links between a government's strategic priorities and its spending plans, by organizing outputs and expected outcomes in a programmatic way and allocating funds accordingly.

Program budgeting is one of the tools used to operationalize RBM, as many countries are increasingly moving towards results- and performance-based budgeting (Fadil & Amedjar, 2020). For decades, funds allocated to public investment in Cameroon have been under- or misused. To remedy this situation, the government urgently needed to revise the State's financial regime to bring it into line with the CEMAC[[8]](#footnote-8) program budget. However, a perusal of the legislative[[9]](#footnote-9) texts on public finance in Cameroon did not reveal any text mentioning the notion of the Program-Budget, apart from the separate terms "budget" and "program". The law on the State Financial Regime (SFR) defines the budget as "all State resources and expenses authorized by the finance law, in the form of revenues and expenditures within the framework of the fiscal year". The same law presents the notion of program as "a set of actions to be implemented within an administration to achieve a given objective within the framework of a function". The GCDTC (2009) offers a definition that reconciles the two notions: "the budget presents all the programs contributing to the economic, social, health, educational, cultural and sporting development of the local authority". We can thus deduce that a budget presenting programs can be likened to a "program budget", the corollary of which is results-based budget management.

Program budgeting reforms reflect today's emphasis on the performance culture required of modern public administrations (Percebois, 2006). The aim is to increase the well-being of the population by making public administrations more efficient and more mindful of the use made of public funds. As Robinson (2007) points out, the aim is to maximize organizational effectiveness and efficiency.

1. **Program budgeting and organizational performance: a theoretical framework for the relationship**

For decades, modern societies have been striving to change their traditional approach to budget management towards Results-Based Management (RBM). The Program Budget is a factor of coherence, performance and transparency, making the State's choices in terms of goals, objectives and results legible. In territorial authorities, the Program Budget's contribution to improving organizational performance can be seen in the effectiveness and efficiency of public spending, the reduction of information asymmetries and the optimal allocation of resources

* 1. **Program budgeting: a lever for effective, efficient public spending**

 Administrative activity is usually affected by discretionary phenomena, technical and bureaucratic drifts due to the poor structuring of property rights. Moreover, the absence of instruments to limit managerial opportunism leads to wasteful use of public resources. To optimize the performance of administrations and make them more efficient, Alchian & Demsetz (1972), propose the introduction of incentive mechanisms through well-defined property rights that make managers more accountable. This is the approach adopted by the Program Budget, which gives additional leeway to managers of public assets

 Program budgeting is a public expenditure management tool that enhances a posteriori control and promotes the efficiency of public spending (Askim, 2007). It optimizes the budget execution process and grants additional room for manoeuvre to managers of public funds, in return for increased accountability. According to Barilari & Bouvier (2004), the implementation of Program Budgeting should lead to greater accountability on the part of budget managers, resulting in the emergence of new leaders with new responsibilities. Indeed, Program Budgeting offers advantages in terms of the fungibility of credits within a program and the reduction of financial controls (Percebois, 2006). It abandons the logic of means-based budgeting, and gives pride of place to the search for solutions enabling more efficient management of state resources.

* 1. **Program budgeting and reducing asymmetry**

 Program Budgeting is based on the principal-agent relationship (Cohen, 2007). An agency relationship is established when the principal, the holder of legitimate rights, entrusts powers to officials (agents) to manage an organization or resources on his behalf (Jensen & Meckling, 1976). Such an agency relationship exists within the DTA, since municipal judges are the representatives of the populations who have entrusted them with the task of governing on their behalf. Similarly, Parliament, mandated by the people, delegates to the administration the power to implement public action tools or manage specific areas within the framework of strategic orientations that have been approved by the electorate. The relationship between administrations and taxpayers is thus akin to an agency relationship (Charreaux, 1999). The government can be seen as the agent who prepares the budget, while mayors are the principal (Hou & al., 2011) who grants budget authorizations and examines the execution of expenditure. According to Folscher (2007), several potentially binding issues exist in the communal sphere between the principal agents.

 The presence of an agency relationship generally indicates two problems. The interests of the principal and the agent may be at odds. There may also be an information disparity between the two parties. Very often, the agent has more information than the principal about external factors and decisions (Begne, 2012). Agency theory is therefore based on two behavioral assumptions. The first assumes that economic actors seek to maximize their utility, while the second postulates that individuals can take advantage of the inadequacy of contracts (Charreaux & al., 1987). Once an agency relationship has been established, it is necessary to put in place mechanisms to ensure that agents' actions correspond to the desires of their principals. Agency relationships are likely to give rise to problems such as moral and opportunity risk, and adverse selection. If the principal wishes to restrict deviations caused by a divergence of interests, he or she must introduce a system of incentives and monitoring mechanisms (Jensen & Meckling, 1976; Fama, 1980).

 The use of Program Budgeting makes it possible to control agency problems within territorial authorities and ensure the efficiency and effectiveness of public spending. It makes it possible to introduce governance mechanisms conducive to a more balanced agency relationship between elected representatives (the municipal council) and managers (the mayor and his deputies). In this way, to ensure that the actions of elected representatives respond appropriately to the wishes of their constituents, the Program Budget makes it possible to strengthen external controls (parliamentary and jurisdictional controls) and internal controls over public spending (financial and accounting controls). We therefore postulate that " *the use of the Program Budget reduces information asymmetry within DTAs and improves their organizational performance"*.

* 1. **Program budgeting, a factor in the optimal allocation of resources**

 Despite some differences of opinion, Program Budgeting has established itself as a management tool inspired by welfare economics. Based on an economic conception of the role of the State, Program Budgeting makes it possible transform the process of allocating public resources by granting budgetary leeway and optimizing budgetary choices (Mathieu & Sterdyniak, 2021). Expenditure must be allocated to each area in such a way that the marginal cost is equal to the marginal benefit, since the cost of a resource allocated to a particular use is nothing other than the benefit it could have yielded had it been used elsewhere. Equilibrium is therefore based on the principle that resources should be allocated to different activities in such a way as to provide economic agents with identical marginal satisfaction. Pigou set out this principle in 1929, when he spoke of rationality in government management of public spending. studies have dealt with this issue in various fields (Amankwah & al., 2018; Saraoui, 2022).

 Program budgeting will introduce instruments for measuring results, in order to overcome the economic inefficiency of the public sector and the lack of instruments for reducing the opportunistic behavior of players. For Curristine (2005), these are indicators that enable performance objectives to clearly defined. They indicate a mechanistic conception of the use of information and resources. A number of innovations in program-budgeting give it a key role as an optimal allocator of resources in territorial authorities at, including: (i) a functional approach to expenditure, making it possible to apprehend the usefulness of spending; (ii) the transition from an annual budget to a program with an extensible decision-making time horizon; (iii) automatic stabilizers to regulate or optimize the management of budgetary resources; (iv) program review and optimization of budgetary choices; and (v) the upgrading of the budgetary orientation debate in territorial authorities . The budget is now seen as a strategic and financial monitoring tool (Kindo & Benseddik, 2021). It enables the organisation’s resources to be allocated appropriately to the various responsibility center’s in line with the objectives set by senior management (El Mobarik and Oukassi, 2022; Kounouwewa & Igue, 2024). A recent study on the subject indicates that the effects of program budgeting on the efficiency of public spending (investment and operations) are mixed (Onana, 2024). While the program budget mechanisms have a positive effect on the efficiency of public spending, the allocation of appropriations according to expected results, and internal and external a posteriori budgetary controls have a negative influence. In this respect, we can formulate the following hypothesis: *"the use of the Program Budget has an influence on the organizational performance of the DTAs through the optimal allocation of budgetary resources"*

The two hypotheses set out above are used to construct the research model shown in the figure below.

**Figure 1**: Conceptual research model

**Reducing information asymmetry**

PROGRAM BUDGET

**Efficiency**

**ORGANIZATIONAL PERFORMANCE**

**Optimal Allocation**

**Resources**

**Objectives**

**Procedure Quality**

**Efficiency**

**Monitoring and control**

Use of the

Program budget

Use of the

Program budget

**Source:** Realized by the author

1. **Research methodology**
	1. **Sampling and data collection**

For the present study, we have opted for a questionnaire survey. This choice reflects the fact that our survey techniques are based on rigorous statistical analysis, enabling us to interpret the results objectively by means of tests. Our survey was based on a sample of 46 DTAs in the Centre (22), Littoral (12) and Ouest (12) regions, selected using a non-probability convenience sampling approach. However, the DTAs studied met certain criteria for their selection in the sample: (a) they had to be of medium or large size; (b) they had to have been using the Program Budget for at least 3 years; (c) they had to have budgetary resources of at least 300,000,000 FCFA. The table below shows the DTAs in the sample.

**Table 1**: Overview of the DTAs studied

|  |  |  |
| --- | --- | --- |
| **Regions** | **Decentralised territorial authorities** (town hall) | **Number** |
| Center | Yaoundé 1(th) (Elig-Edzoa), Yaoundé 2(th) (Cité verte), Yaoundé 3(th) (Efoulan), Yaoundé 4(th) (Ekounou), Yaoundé 5(th) (Essos), Yaoundé 6(th) (Mendong), Yaoundé 7(th) (Nkolbisson), Mbankomo, Soa, Nkoteng, Eseka, Akonolinga, Matomb, Okola, Akono, Bikok, Mbalmayo, Ngoumou, Monatélé, Obala, Okola, Sa'a. | 22 |
| Coast | Douala 1(th) (Bonanjo), Douala 2(th) (New Bell), Douala 3(th) (Logbaba), Douala 4(th) (Bonassama), Douala 5(th) (Bonamoussadi), Douala 6(th) (Manoka), Edéa 1th, Edéa 2th, Dibamba, Pouma, Dizangue. | 11 |
| West | Bafoussam 1(st) (Tamja), Bafoussam 2(th) (Djekeng 2), Bafoussam 3(th) (Kouogouo), Banjoun, Bafang, Batié, Penkamichel, Baganté, Bandja, Bamendjou, Baganté. | 11 |
| **Total** |  | **46** |

**Source** : Realized by the author

* 1. **Analysis of collected data**

Having opted for a quantitative approach, we used multiple regressions to verify our theoretical presuppositions. Other tools such as principal component analyses (PCA) for the extraction of relevant items were also mobilized. Several theoretical works (Beuermann & Amelina, 2018; Kindo, 2022), have made it possible to consider the link between the use of the Program Budget and the organizational performance of the DTAs. Two mediating variables were introduced to test the link, information asymmetry reduction and optimal resource allocation. The model chosen for empirical testing is of the form: ***Y = α0 +*** ***α1 X +*** Ɛ With : Y: explained variable, X: explanatory variable, αj: Coefficients of estimated parameters; Ɛ : Standard error.

1. **Analyses of Results and discussion**
	1. **Validity of measurement scales**

Our survey questionnaire contains several measurement scales chosen according to specific criteria. The table below summarizes the results of the validity analysis of the variable measurement scales after deletion of irrelevant items.

**Table 2**: Summary of scale validity results

|  |  |  |
| --- | --- | --- |
| Model variables | KMO index | Meaning of Bartlett |
| Dependent variables | Organizational Effectiveness | 0,823 | 0,000 |
| Organizational efficiency | 0,856 | 0,000 |
| Mediating variables | Reducing information asymmetry | 0,792 | 0,000 |
| Optimal Resource Allocation | 0,882 | 0,000 |
| Independent variables | Program budget objectives | 0,776 | 0,020 |
| Procedure Quality | 0,783 | 0,000 |
| Monitoring and control | 0,846 | 0,000 |

**Source:** Results of our surveys

The table above shows KMO values above 0.5, which leads us to conclude that there are partial correlations between the variables studied. As the Bartlett test is highly significant for most variables at the 5% threshold, our data are factorizable. These results confirm the validity of our measurement scales and ensure the representativeness of the items used to measure the variables and constructs studied.

* 1. **Factor analysis of variables**

Before testing the hypotheses, we need to reduce the number of items and group them into factors that yield the maximum amount of information. To assess construct validity, we used principal component analysis (PCA). With regard to dimensionality or the number of factors to be retained, examination of the eigenvalues led us to retain all axes with an eigenvalue greater than 1, with a threshold corresponding to the minimum percentage of total variance explained, which authors place at around 0.6 (Evrard & al., (2003) ; Malhotra & al., 2007).

**Table 3**: Factor analysis and reliability results

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model variables | Number of items | Cronbach's Alpha | Number of factors  | Percentage of information returned by factor |
| Dependent variables | Organizational Effectiveness | 5 items  | 0,866 | 1 factor | 63,22% |
| Organizational efficiency | 3 items | 0,876 |
| Mediating variables | Reducing information asymmetry | 6 items | 0,915 | 1 factor | 60,17% |
| Optimal Resource Allocation | 8 items | 0,862 | 1 factor | 62,26% |
| Independent variables | Program budget objectives | 4 items | 0,873 | 1 factor | 58,32% |
| Procedure Quality | 6 items | 0,884 | 1 factor | 71, 42% |
| Monitoring and control | 4 items | 0,866 | 1 factor | 57,68% |

**Source:** Results of our surveys

Factor analyses revealed a statistically satisfactory factor to replace the measurement items for each variable in our model. The share of total inertia for each factor identified is greater than 1, and the percentage of total information returned exceeds 50%. These results confirm that the factors selected give a good representation of the measurement items and can be used as latent variables in the planned multiple linear regression analysis model.

* 1. **Estimation of the effect of Program Budget use on organizational performance of DTAs**

Two hypotheses were formulated with a view to measuring the effect of program budgeting on the organizational performance of the DTAs in the sample. To test these hypotheses, we introduced two mediating variables (reduction of information asymmetry and optimal resource allocation). Each hypothesis was then broken down into two sub-hypotheses, which we tested using the multiple linear regression method. The main variables and test results are presented in the following paragraphs.

**Table 4**: Presentation of variables used

|  |
| --- |
| **Variables** |
| Organisational Performance  | OP |
| Reducing Asymmetry Information  |  RAI |
| Optimal Allocation of Ressources  | OAR |
| Objectives of Budget-Program  | OBP |
| Quality of Budget-Program Procedures  | QBPP |
| Monitoring and Control Budget | MCB |

**Source** : Realized by the author

* + 1. **Program budgeting: reducing information asymmetries and optimizing resource allocation in DTAs**

We proceeded in two stages. The first consisted in testing the effect of program budgeting on the reduction of information asymmetry, and the second in assessing its effect on the optimal allocation of resources in the DTAs.

* + - 1. ***The effect of program budgeting on reducing information asymmetry within DTAs***

As previously announced, we applied a multiple linear regression between the Program Budget utilization variables and the reduction of information asymmetry in the DTAs. The results are shown in the tables below.

**Table 5:** Model coefficients

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | **Non-standardized coefficients** | **Standardized coefficients** | t | Sig. |
| B | Standard error | Beta |
| 1 | (Constant) | 4.386 | 0.069 |  | 63.156 | 0.000 |
| **OBP** | 0.183 | 0.075 | 0.239 | 2.321 | 0.029 |
| **QBPP** | 0.179 | 0.080 | 0.252 | 2.230 | 0.015 |
| **MCB** | 0.189 | 0.076 | 0.265 | 2.488 | 0.010 |
| **a** Dependent variable : RAI |

**Source**: Results of our surveys

On reading the above table, the unstandardized and standardized coefficients are relatively low. Among the variables, the quality of Program Budget procedures has the highest effect on reducing information asymmetry, with a beta of 0.265. The regression equation to be deduced, if we neglect the error phenomenon, is as follows: *RAI* ***=*** *4.386 + 0.239OBP + 0.252* QBPP *+ 0.265* MCB. Analysis of this equation indicates a moderate influence of Program Budget variables on the reduction of information asymmetry in DTAs. In addition, we need to know whether the defined model consistently restores information.

**Table 6**: Summary of the regression model

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R-two | R-two adjusted | Standard error of the estimate | Editing statistics |
| Variation of R-two | Change in F | df1 | df2 | Sig. Variation in F |
| 1 | **0.703a** | **0.453** | **0.425** | **0.32227** | **0.453** | **8.937** | **3** | **79** | **0.000** |
| **a** Predictors: (Constant), SCB, OBP, QBPP |

**Source**: Results of our surveys

Our model restores almost 45% of the information contained in the initial variable, as shown by an R-two of 0.453, roughly equal to the adjusted R-two of 0.425. This coefficient of determination is statistically significant at the theoretical 5% threshold, as the Fisher variation is significant at the 0.000 level. The correlation coefficient R, equal to 0.703, confirms the postulated relationship between the Program Budget variables and the reduction of informational asymmetry in the DTAs. This result, although mixed in relation to the standardized coefficients above, supports the literature explored (Jensen & Meckling, 1976; Fama, 1980; Charreau, 1999; Folscher, 2007). Indeed, agency problems within DTAs (asymmetry in information distribution, opportunism on the part of managers) can be resolved through the use of Program Budgeting (PB). Thanks to its results-oriented objectives, the quality of its procedures, its monitoring and the strengthening of controls, the PB makes it possible institute governance mechanisms capable of restoring a more balanced agency relationship between the communal executive and its constituents.

* + - 1. ***The effect of program budgeting on the optimal allocation of resources within DTAs***

The results of the test of the impact Program Budget variables on optimal resource allocation are shown in the tables below.

**Table 7**: Coefficients**a** of the model

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | **Non-standardized coefficients** | **Standardized coefficients** | t | Sig. |
| B | Standard error | Beta |
| 1 | (Constant) | 4.193 | 0.064 |  | 65.347 | 0.000 |
| **OBP** | 0.140 | 0.069 | 0.203 | 2.016 | 0.047 |
| **QBPP** | 0.155 | 0.074 | 0.225 | 2.084 | 0.040 |
| **MCB** | 0.223 | 0.070 | 0.324 | 3.185 | 0.002 |
| **a** Dependent variable : AOR |

**Source**: Results of our surveys

This table shows non-standardized and standardized coefficients relatively low compared with the threshold. Among the variables, monitoring of budgetary control under the Program Budget has a major effect on optimal resource allocation, with a beta of 0.324. We can deduce the following regression equation notwithstanding the error phenomenon: *AOR = 4.193 + 0.203OBP + 0.225* QBPP *+ 0.324SCB****.*** As seen above, the analysis of this equation shows the influence of Program Budget variables on the optimal allocation of resources in the DTAs. To confirm this result, we have produced the following summary of the regression model:

**Table 8:** Summary of the regression model

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | R | R-two | R-two adjusted | Standard error of the estimate | Editing statistics |
| Variation of R-two | Change in F | df1 | df2 | Sig. Variation in F |
| **1** | **0.554a** | **0.306** | **0.280** | **0.58454** | **0.306** | **11.631** | **3** | **79** | **0.000** |
| **a.** Predictors: (Constant), SCB, OBP, QBPP |

**Source**: Results of our surveys

 The previous table shows that the coefficient of determination, multiple of our regression model, is 0.306, and that the variation in Fisher is well within the bounds of our confidence interval. This coefficient is statistically significant at the theoretical threshold of 5%, as is the variation in the Fisher score. Ultimately, the Program Budget variables selected make a significant positive contribution to the optimal allocation of resources within the DTAs studied. This result confirms the pioneering work of Pigou (1929); Amankwah & al. (2018); Saraoui (2022), on budgetary rationality in public spending, and that of the Mathieu & Sterdyniak (2021), on the optimization of budgetary choices through Program Budgeting.

 From the above results, we can conclude that the use of the Program Budget reduces the asymmetry of information between local elected officials and managers, and also influences the optimal allocation of DTA resources. The test of the mediating variables having produced satisfactory results, we can now measure the effect of these variables on the organizational performance of the DTAs.

* + 1. **Reducing information asymmetry, optimal resource allocation and organizational performance in DTAs**

The results of the multiple linear regression between information asymmetry reduction, optimal resource allocation and organizational performance of the councils in our sample are summarized in the table below:

**Table 9**: Model estimation using multiple regressions

|  |  |
| --- | --- |
|  | Organizational performance |
| R | 0.730 |
| R² | 0.932 |
| Durbin Watson (DW) | 1.884 |
| Standard estimation error | 0.219 |
| Constant | 3.940 |
|  | Beta coefficient (ß) | Meaning: (P value) |
| Reducing asymmetry information  | **0.423** | 0.000\* |
| Optimal resource allocation | **0.716** | 0.000\* |

*\* Coefficient significant at the 1% level*

**Source**: Results of our surveys

The value of the coefficient of determination R² is used to assess the explanatory power of the variables in the model. The above results show that the reduction of information asymmetry and the optimal allocation of resources in DTAs significantly improve their organizational performance, with an explanatory power of around 93% (R² = 0.932), and a sufficiently low estimation error between -1 and +1. The Durbin Watson statistic is also significant and supports our result, indicating a positive autocorrelation between the variables in the model. The values of the beta coefficient (ß) are 0.423 and 0.716 respectively, with satisfactory levels of significance. This confirms that the explanatory variables of information asymmetry reduction and optimal resource allocation exert a significant influence on the explained variable of DTA Organizational Performance. In view of this, we can model the organizational performance of DTAs by the following equation *OP = 3.940 + 0.423 RAI+ 0.716 OAR + 0.219*.

This result, together with the previous ones, validates our initial hypotheses as follows: (1) The use of Program-Budgeting reduces the information asymmetry that improves the organizational performance of the DTAs in Cameroon. (2) The use of Program-Budgeting influences the organizational performance of the DTAs through the optimal allocation of budgetary resources. At this stage, we can accept that the use of program budgeting does indeed improve the organizational performance of DTAs.

**CONCLUSION**

This research aimed to evaluate the effect of program budgeting on the organisational performance of DTAs in Cameroon. To this end, two research hypotheses were constructed based on two mediating variables. These led to the formulation of three sub-hypotheses, which were tested using multiple linear regression. The results revealed that using the Program Budget reduces information asymmetry and favors the optimal allocation of DTA resources. The tests also confirmed that reducing information asymmetry and optimally allocating resources significantly influences the organisational performance of DTAs. These results lead us to conclude that using program budgeting improves the organisational performance of DTAs by establishing a more balanced agency relationship between elected representatives and managers and ensuring better resource allocation. These results confirm the importance of program budgeting as an effective steering and control tool for achieving mayoral objectives. However, the low level of reporting by town halls due to the confidentiality of financial data hampered this research. Some problems of operationalisation and theoretical framing could also be added to this. Nevertheless, the study remains interesting in the context of decentralisation and the empowerment of local authorities, as it demonstrates how a control or steering tool (Program Budget) can contribute to the organisational performance of local authorities. Implementing such a tool would ensure the effective and efficient management of public resources by local authorities. Future research could identify and evaluate the effect of specific program within a budgetary framework on the performance of DTAs, without necessarily using mediating variables.

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1. This term has been used since the 1980s (Hood, 1991 & 1995) to describe a series of changes in the public sector. The ideology of the NMP is that the management methods of the private sector, which are superior to those of the public sector, can be transposed to it. [↑](#footnote-ref-1)
2. Law 99/016 of 22 December 1999 on the general status of public establishments and public and semi-public sector companies, Law no. 2007/006 of 26 December 2007 on the State's financial regime, Laws no. 2017/010 & 011 of 12 July 2017 on the general status of public establishments, Decree no. 2019/320 of 19 June 2019 specifying the terms of application of the provisions of Laws no. 2017/010 & 011, Law no. 2019/024 of 24 December 2019 on the general code of the DTAs. [↑](#footnote-ref-2)
3. Article 55 (1) of the Constituent Act of 18 January 1996. [↑](#footnote-ref-3)
4. The DTAs created by the Constitution have constitutional status, while those created or to be created by law have or will have legislative status. They constitute, as it were, ‘a second circle of territorial authorities’. This dualism has obvious implications: while the communes and regions established by the Constitution cannot be abolished (unless the Constitution is revised), those created by law can be abolished by another law. [↑](#footnote-ref-4)
5. A self-forming association of men (Tocqueville, 1984); a natural community, a de facto solidarity, a basic unit that offers the advantage of being immediately experienced by citizens (Melleray, 1981). Three elements emerge from these definitions: acommunity of united men, a territory, and its own interests distinct from those of the State. Consequently, the commune is not a creation of the law. However, the intervention of the legislator is necessary to legalize this de facto situation, which is likely to evolve. [↑](#footnote-ref-5)
6. Specific, Measurable, Achievable, Realistic and Time-bound [↑](#footnote-ref-6)
7. African Concerted Initiative on Budget Reform. [↑](#footnote-ref-7)
8. Economic and Monetary Community of Central Africa [↑](#footnote-ref-8)
9. These are Law n°2007/006 of December 26, 2007 on the financial regime of the State, repealed by Law n°2018/012 of July 18, 2018 on the financial regime of the State and other public entities; the 2009 law on the financial regime of Decentralized Territorial Collectivities (DTC) and the General Code of Decentralized Territorial Collectivities (GCDTC). [↑](#footnote-ref-9)