

The Impact of Project Financial Subsidies on Project Achievement

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Abstract

The practice of offering financial allowances to appease participants in conferences or workshops has led to the improper allocation of crucial development resources, as well as the emergence of social issues within communities. A research financed by DFID Malawi on public expenditure assessment of travel (Peprah and Mangani, 2010) revealed that travel-related allowances constituted the largest portion of allowances, representing 76% of all payable allowances in 2010. This paper will discuss the different categories of allowances, the adverse and beneficial effects of various allowances on project success and sustainability, the influence of per diems on the project cycle, and the strategies suggested by researchers to alleviate the detrimental impact of allowances. Theoretical and conceptual reviews of per diems and other themes have not been specifically treated in the existing literature. Nevertheless, our investigation has discerned distinct theories and concepts that can be utilised in this domain.

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Introduction

In June 2022, the Malawian government eliminated workshops held outside of designated work locations as a measure to save government expenditures on allowances for workshop participants. The restriction was endorsed by a directive issued by the Secretary to the President and Cabinet, which mandated that all meetings and trainings must occur at specified work sites, while board meetings for parastatals should be held in dedicated boardrooms. The procedures were created to prevent the wasteful use of public resources, as personnel in the public sector primarily engage in activities for financial gain.

Efficiently managing the distribution of people and financial resources is a vital component of public service operations. However, following a duration of five months, the prohibition was lifted due to the sway exerted by government officials and the business sector, who had benefited from the instructional programmes provided by government ministries and state-owned enterprises. This exemplifies the extent and pervasiveness of the opposition to allowances in Malawi.

Malawian government policy regarding extension services for agriculture and community development

The community development strategy of the Malawian government aims to foster efficient and sustainable socioeconomic progress by employing a well-defined, reliable, collaborative, and people-centric approach. The plan seeks to facilitate strategic engagement between state and non-state actors and communities to address intractable challenges, fulfil local needs, foster local capabilities, and support local development endeavours. The policy's fundamental principles are that development should be driven by demand and that all stakeholders must comply with the established norms for the process of community development. These criteria comprise governance techniques that improve the efficiency and effectiveness of the process. However, there is a dearth of clear guidelines about how stakeholders should appropriately handle concerns linked to allowances while interacting with communities.

The requirements stipulated by the government and development partners regarding allowances are expressly intended for workshops, but do not apply to community meetings. The absence of a consistent policy framework creates uncertainty on the approach that stakeholders, including government and corporate companies, should adopt when interacting with communities. Agricultural sector policies prescribe the precise method for delivering extension services.

The policy is named "Agricultural Extension in the New Millennium: Towards Pluralistic and Demand-driven Services In Malawi".

The guiding principles of the policy include:

1. Demand driven extension services
2. Accountability
3. "Those who benefit pay" (Service at cost)
4. Resource sustainability
5. Equalization
6. Promotion of equalization

The implementing body has the discretion to determine the guidance on allowances, similar to the community development policy. There is a lack of definitive instructions regarding the provision of compensation to community members for their attendance at local meetings. Consequently, every organization tackles this issue in a distinct manner. Organizations employ several techniques to incentivize or remunerate communities for attending meetings, such as:

1. Monetary compensation is given for lunch and refreshments. The charges range from 2,500 to 6,000.00.
2. Offering solely beverage and snack provisions
3. Supplying resources to communities for the purpose of preparing a shared meal
4. Providing no offerings whatsoever

Guiding Principles

The guiding principles governing the guidelines are as follows:

1. An event or mission should only be arranged if alternative approaches to enhancing job performance, such as mentorship or on-the-job training, are not viable.
2. The activities will be held in the home city, region, or location of the majority of participants.
3. To minimize expenses, the organizing institution must utilize government, donor, or internal venues, offices, or conference rooms. If this is unattainable, it is necessary to seek and document the consent of the DP in advance.
4. The choice of venue for any event, including lodging, must adhere to the relevant procurement regulations.
5. An authentic invoice is required to support the payment for the rental of facilities.
6. Only individuals deemed essential for the successful outcome of the event are to be invited.
7. Reimbursements will only be provided to those who have been officially invited or delegated and are physically present.
8. Participants will only receive accommodation if they remain overnight. Participants who are going back to their homes for the night cannot be deemed eligible.
9. The National ID card will serve as the main means of identification for attending seminars or events. Attendance and involvement will be determined by scanning National IDs twice a day, once in the morning and once in the afternoon. Attendance sheets requiring a handwritten signature should be reserved for exceptional circumstances, such as when the scanning system is unavailable for at least half a day.
10. The allowances for missions must not beyond the limits established in these rules under any circumstances.
11. Participants will not be granted any remuneration for their attendance.
12. Participants are prohibited from receiving remuneration (such as honoraria) for fulfilling responsibilities during activities (such as facilitating workshops or delivering papers) for which they are already being paid a salary.
13. Participants are prohibited from receiving allowances from other sources for expenses that are already covered by DPs or GoM, in order to avoid any form of "double dipping".
14. Transportation should be efficiently arranged to minimize expenses, optimize vehicle sharing (particularly among participants from the same organization), and promote the utilization of public transportation.
15. Full DSA is only applicable in cases where it is deemed impractical for an individual to return home on the same day due to the venue, location, or event. Prior approval is required for this.
16. Participants who are not from the district will receive allowances for meetings held in the district offices and local locations, but those who are from the district will not.

Event Guidelines (Workshops/Trainings/Seminars/Others)

Definition: Events typically entail the gathering of a considerable number of individuals who are invited to a designated venue (which is expected to be within their usual work area) to provide assistance or contribute to a specific endeavor; these events are not necessarily tied to the requirement of producing specific outcomes or reports; the organizer is expected to bear the majority, if not all, of the actual expenses, which are identifiable and/or can be estimated beforehand. The organisation organising the event should ideally bear the actual expenses of the event. If the organising organisation provides lunch and event refreshments, they must be paid for directly to the hotel or venue at their full price. Participants should not be provided with meals that are consumed at the workshop or event location as part of their allowance for meals. If required, the organizing institution will directly cover the real expenses for accommodations (including bed and breakfast) at the venue/hotel. The maximum amount that will be paid per person per night is MWK 60,000. This payment will be based on the negotiated corporate rate of the organizing institution or any long-term agreements with service providers.

The organising group has the option to provide participants with a cash allowance for dinner, up to a maximum of MWK 10,000 per day, or to cover the entire cost of their dinner by paying the venue/hotel (referred to as "full board").

Reimbursements for meals and/or accommodations can be provided for travel outside of the workplace, but only in exceptional situations and with written approval from the sponsoring Development Partner. This is applicable when it is not practical to pay the actual expenses to a venue/hotel, such as when an event is scheduled in remote areas. The reimbursements will be within the predetermined limits. The subsequent are the boundaries:

Item	Rates
Lunch	6,000.00
Dinner	10,000.00
Bed and breakfast	29,000.00

Instructions for Missions (Field Trips/Other Activities) in Malawi

A mission is typically a task performed by a small group of individuals, who carry out specific duties within a predetermined structure in order to achieve anticipated outcomes. The purpose of a mission is to deliver predetermined results and/or produce specific outputs in one or more locations, typically outside of their regular work environment. It is common for some of the actual costs associated with the mission to be unknown or unable to be calculated in advance. The organizing institution is responsible for covering the real expenses associated with the mission. If it is not possible to pay for the exact costs, allowances for meals and/or housing may be provided for travel outside the workplace, within the predetermined maximum limitations

Guidance on fuel and transport – all events & missions in Malawi

Use of project's owned or fully seconded vehicles:

In principle, the organizing institution shall cover the actual costs related to transport.

Use of private/other vehicles:

Transport will be reimbursed at MWK 130 per km. for cars and MWK 47 per km. for motorbikes based on the actual distance travelled as recorded in a logbook or its equivalent. The table of distances (annex1)⁴ can be used as a reference to cross-check the declared kms or to determine a flat advance payment.

Utilization of public transportation

Public transport expenses will be paid based on the authentic ticket provided by the carrier. If a ticket cannot be issued, which is frequent for most local commuters, the organising institution will investigate the current transportation expenses for the distance travelled and provide reimbursement based on that rate. The utilization of per diems and allowances persists notwithstanding the Global declarations and national recommendations. It is necessary to examine the reasons behind the success of this practice and find the most effective ways to regulate or utilise it for the overall good of society. Efficient resource utilisation is crucial for the success of businesses, nations, and societies.

Benefits of project funding allocations

According to the literature assessment, providing cash for projects can have advantages for individuals, organisations, and international development. The existing literature outlines the benefits and beneficial effects of project funds allowances, such as per diems and other allowances.

- Per diems and lunch allowances augment the earnings of individuals attending workshops or training sessions.
- Enhances the efficiency of task completion.
- It is a customary or established practice for conducting workshops and training sessions.
- It is a highly effective method for compensating staff.
- It promotes the advancement of one's professional skills and knowledge

Rise in earnings for employees and recipients

The individual advantages of per diems revolve around two aspects. The primary purpose of per diems is to supplement salaries by giving additional funds for household needs, such as paying bills and loans, and saving for larger expenses. Increasing the financial resources accessible to those with low incomes is a contributing factor in alleviating poverty (Vian et al., 2013).

In Malawi, the remuneration for public employees is typically meagre in comparison to other nations in the SADC area. Consequently, this frequently results in diminished levels of drive to execute duties and accomplish the objectives of government sectors or parastatals. The Malawian cultural practice of having extended families, combined with the average size of core households being around 6 individuals, places a financial strain on employed individuals. To alleviate this, per diems are utilised as a means to supplement their income. Providing per diems as allowances might enhance their motivation and assist them in meeting their financial needs.

Enabling the completion of tasks

Individuals are more inclined to participate in voluntary meetings or training sessions aimed at acquiring new professional competencies if they are provided with reimbursement for their expenditures (Vian, 2009; Nkamleu & Kamgni, 2014). It has been shown that the level of participation in training workshops, whether for employees or beneficiaries, increases significantly when allowances are offered. Optimal attendance will guarantee that both the staff and beneficiaries acquire essential skills and maintain high levels of motivation throughout the training duration.

Conventional procedure for executing development projects

Project funding allowances are now a customary and anticipated component of development practices. According to Erasmus Y et al. (2017), the current state of development follows a certain pattern, whether it is advantageous or disadvantageous.

Implementing projects without providing allowances has become increasingly challenging due to the establishment of a prevailing cultural norm. Upon the introduction of a project, stakeholders and beneficiaries anticipate receiving supplementary income in the form of allowances.

Optimization of accounting systems

Per diems or monetary allowances are utilised in certain instances due to the greater efficiency of accounting systems in reimbursing employees based on predetermined per diem amounts, rather than real expenses. The paperwork is minimised, allowing workers to allocate their attention to matters beyond the justification of minor expenses incurred during official duties. Per diems enhance efficiency by imposing limits on the amount employees can spend, so limiting extravagant expenditures on expensive accommodations or meals. Prior to the implementation of harmonised rates in Malawi, it was customary for NGOs to directly cover the expenses incurred with service providers. However, this practice led to significantly inflated invoices. The participants would not have any concerns over the bill, as it was going to be paid by organisations.

Promoting the advancement of one's skills and knowledge in a professional setting

Employees are incentivized to participate in capacity building workshops or trainings when they are offered allowances such as per diems or other forms of compensation. As a consequence of attending these meetings with the aim of making money, individuals also inadvertently enhance their talents. Organisations or sponsors who plan to invest in the professional development of their employees are more inclined to provide per diems as a means of incentivizing their staff to attend capacity building workshops, where information is disseminated and expertise can be acquired.

Detrimental effects of project funding allowances

There is a substantial body of work that focuses on the adverse consequences of per diems, rather than their beneficial impacts. While some researchers may acknowledge the potential benefits of per diems, the majority of researchers completely reject or criticise the use of per diems in development or project implementation. The subsequent are the adverse consequences of project funds allowances:

- Advocates for the payment of meagre wages
- Eradicates the ethos of volunteerism
- Causes financial mismanagement or inadequate governance
- Diminishes the worth of acquired knowledge or professional growth
- Presents a potential threat to the system's control and favouritism
- Encourages competitiveness for limited time and mental resources
- It results in a decrease in government revenue
- It generates both the conditions and possibilities for fraudulent activities.
- It results in the creation of work plans that aim to maximise per diem.

Encourages the provision of meager wages

According to Chene (2009), the practice of awarding per diems has been found to weaken the equitable compensation of salaries over an extended period. The provision of allowances to workers has been employed as a means to conceal the truth of extremely low wages, especially within the public sector. Public sector personnel frequently supplement their pay by participating in workshops and receiving allowances. If allowances were eliminated, the true extent of the meagre salaries received by civil personnel would be revealed. The utilisation of allowances in this context serves as a temporary remedy for a persistent issue, ultimately leading to the formation of a distinct culture. The paradox of this situation is that people hindered by per diems appear to be oblivious to the detrimental effect it has on their income, as they appear content with the immediate advantage.

Another consequence is that by providing informal, unregulated daily allowances, funders and project managers can circumvent establishing a legal employment connection with their workforce. If an organisation chooses to compensate its

employees using per diems rather than salaries, the employees would not receive the legal entitlements of protection or benefits such as pensions, medical support, severance compensation, etc.

Providing financial compensation undermines the spirit of volunteerism

The improvement of society depends on individuals uniting and dedicating their time to advocate for subjects they deeply care about. The provision of money incentives, such as allowances, for attending developmental meetings or training workshops has been observed to undermine the intrinsic motivation of individuals, as their attendance is primarily driven by the desire for monetary gain.

In Malawi, it is customary to observe substantial gatherings at political rallies in exchange for monetary remuneration or even a mere t-shirt adorned with political insignia. Despite the election commission's ban on the use of hand-outs to obtain political advantage, this behavior has been normalized.

The practice of providing a per diem allowance has resulted in recipients insisting on receiving compensation for all forms of training or meetings, irrespective of whether they have really incurred any expenses. This subsequently hinders the economic progress of both the town and the country. In such situations, the requirement to provide per diems in order to ensure participation in meetings or trainings can particularly put smaller non-governmental organizations and government sectors at a disadvantage, as they may not have the financial means to do more than reimburse the actual expenses incurred.

Results in fiscal mismanagement and inadequate governance

Per diems are typically disbursed in cash and are characterized by informality and discretion. This implies that the payment made by these individuals might present significant difficulties for organizations in terms of implementing effective financial management processes and maintaining good governance. The requirement of holding a substantial amount of cash for a conference or workshop, which is distributed to numerous individuals with no documentation, raises evident concerns regarding governance. The extensive utilization of per diems might foster informal attitudes towards currency transactions, so exposing both individuals and organizations to potential risks.

Per diems and allowances can serve as a motivation for officials to solely visit the field with the intention of receiving the allowance, rather than out of necessity. The field visits are motivated by the aspiration to generate revenue, with staff sometimes sacrificing meals to conserve their per diem funds.

Diminishes the worth of the acquired information or professional growth

Another detrimental consequence of providing project cash allowances is that it shifts participants' focus towards financial gain rather than the acquisition of information and skills. Individuals opt to participate in events or workshops primarily for

the sake of financial gain, rather than considering the significance of the training for their personal growth or its potential contribution to the development of their organization or country.

In certain instances, seminar participants do not align with the intended target audience. Chine, M., 2009 argues that the practice of providing "sitting allowances" during meetings not only increases their cost unnecessarily, but also creates strong incentives for senior officials to dominate training events at the expense of lower-level civil servants who would benefit more from these interventions. This results in missed opportunities for skill development and performance improvement for the latter group. Occasionally, senior officials may not fully participate in training sessions, yet still claim their per diem, travel reimbursement, or sitting allowance, before moving on to the next event. To ensure that all participants receive per diems and travel allowances, project officers may choose to hold training sessions and meetings in remote locations.

Endangers the system's appropriation and favoritism

The establishment of patron-client relationships in the workplace has occasionally been linked to the practice of providing project funds allowances to employees of government and private organizations. Chene, M., 2009 states that politics and personal connections significantly influence the selection and advancement of individuals in internationally sponsored projects, widely known as "dollar projects" in the country. Subsequently, individuals assigned to these roles are anticipated to reciprocate favors to their benefactors, who assume that a portion of the resources will be redirected back to them. Instances have been seen where senior officers would be remunerated as a gesture of gratitude for facilitating the participation of a subordinate officer in a workshop. This can be instigated either by the subordinate officer in order to gain favor from the superior officer, or it might be explicitly requested by the officer.

An additional issue posed by per diems in this particular scenario is that it results in managers failing to delegate tasks effectively, leading to the participation of unsuitable individuals in the trainings or workshops. The managers will either participate in training intended for their subordinates or delegate someone who will reciprocate the favor by attending a workshop on their behalf. The individual who would have greatly benefited from the training is unjustly denied the chance to enhance their skills and knowledge, while the person who does attend may not effectively contribute to or derive any advantages from the experience due to a lack of the necessary qualifications. Ineffectual training can ultimately lead to the failure of project and development projects. Occasionally, it might result in a decrease in motivation among employees and a hesitancy to efficiently carry out their other allocated responsibilities.

Encourages competition for limited time and mental exhaustion

The existing evidence indicates that project funds could have an additional adverse effect, namely that individuals priorities attending to donor financed initiatives above their regular daily operations. Ultimately, this results in subpar performance within the government sectors. Government officials often decline to participate in significant events within their communities, despite the fact that their compensation encompasses the expenses associated with their presence.

While senior officials participate in meetings to receive daily allowances, important responsibilities such as budget approval, contract signing, and staff supervision are postponed or disregarded. Consequently, this hinders the advancement of government interventions.

On the flip side, donor-funded projects, due to the practice of providing per diems, have additional detrimental impacts on the public workforce of developing countries. This is because donors and international NGOs end up vying for or hiring the most proficient and qualified government officials and essential technicians at exorbitant consultancy fees to work for them instead of the government. Consequently, this exacerbates the brain drain from the public sector. Donor financed programmers have been found to be major employers of skilled and experienced local staff, often maintaining long-term employment connections. The projects appeal to highly skilled individuals, especially those who are able to take a leave of absence from their civil service job while still ensuring job security.

It results in a decrease in government revenue

In Malawi, income tax plays a significant role in generating government revenue. When organizations circumvent formal contracts and opt for per diem payments for services, it contributes to the informal economy, which typically involves little or no tax payment. An indispensable element for Malawi's enduring and sustainable economic growth is the implementation of a proficient and equitable internal taxation system. The allowances are exempt from taxation, and as a result, the government does not receive any direct income from the payments made to the officials.

It generates both pressure and chances for fraudulent activities

The allure of per diems can induce officers to be persuaded to commit fraud against the organization. Instances exist where individuals resort to fabricating documents or invoices with the intention of obtaining additional per diems, transportation, or fuel reimbursements. Individuals may falsely assert a greater number of travel days or distances covered than they actually experienced. This was exemplified by a government official in Malawi who allegedly received over 1,000 days of per diem allowances in a single year (Vain, 2009), as well as senior ministry officers in Nigeria who were remunerated for week-long training workshops they attended for only a few minutes (Smith, 2003).

There have been occurrences in which government officials or NGO personnel have neglected to attend the trainings themselves, opting instead to send their drivers to receive per diems and sign on their behalf. Officers have the ability to attend multiple meetings simultaneously and complete attendance and allowance paperwork for each meeting. Another situation arises when managers, who choose employees to participate in workshops, seminars, or trainings, anticipate the staff members to reciprocate or provide a portion of the per diem. The pressure to obtain additional per diems or allowances can also result in officials who are eligible for both government and project per diems, collecting both payments when invited to a project meeting. The most unfavorable situation arises when the entire workshops are counterfeited, wherein the workshop never actually took place, however the government or NGO personnel fraudulently

claim training fees from the budget.

Developing a work plan and strategy focused on maximizing per diem

Another detrimental consequence of allowances is their potential to facilitate the abuse of the financial management system. The training courses or workshops may be scheduled to take place in a remote location, requiring all participants to travel to the event and get a day allowance as compensation. The rationale behind holding meetings off site is typically based on the notion that individuals can concentrate better when they are not continually distracted by pressing tasks at their own workplaces.

Impact of per diems on the project cycle

In their 2018 study titled "Reflections on the role of per diems in international development projects: barriers and enablers to the project cycle," Erasmus Y indicated that the impact of per diems cannot be solely negative, but rather a combination of positive and negative effects. The diagram below illustrates the impact of per diems, whether they act as obstacles or facilitators, throughout various stages of a development project's lifespan (Erasmus Y, 2018). The contention is that per diems are significant from the perspective of project conceptualization and design as it impacts the level of support for projects - projects are evaluated and there exists a "cultural expectation" of per diem compensation.

The notion demonstrates that the project cycle and the impact of per diems on various variables are embedded within three layers of wider environmental factors. The initial layer involves overseeing the per diem system, encompassing elements such as standardisation (or the absence of uniform implementation). The second layers encompass the diverse contextual elements that enable the presence of per diems, including poverty, meagre wages, and numerous development initiatives in which individuals partake. The ultimate stratum encompasses the broader framework of international development practice, under which all of these development endeavours and the practice of remunerating per diems occur. This layer encompasses elements such as a donor-driven system that has become widely adopted and requested, as well as donors engaging in competition for the same target audience while striving to implement development practices that avoid exploiting individuals.

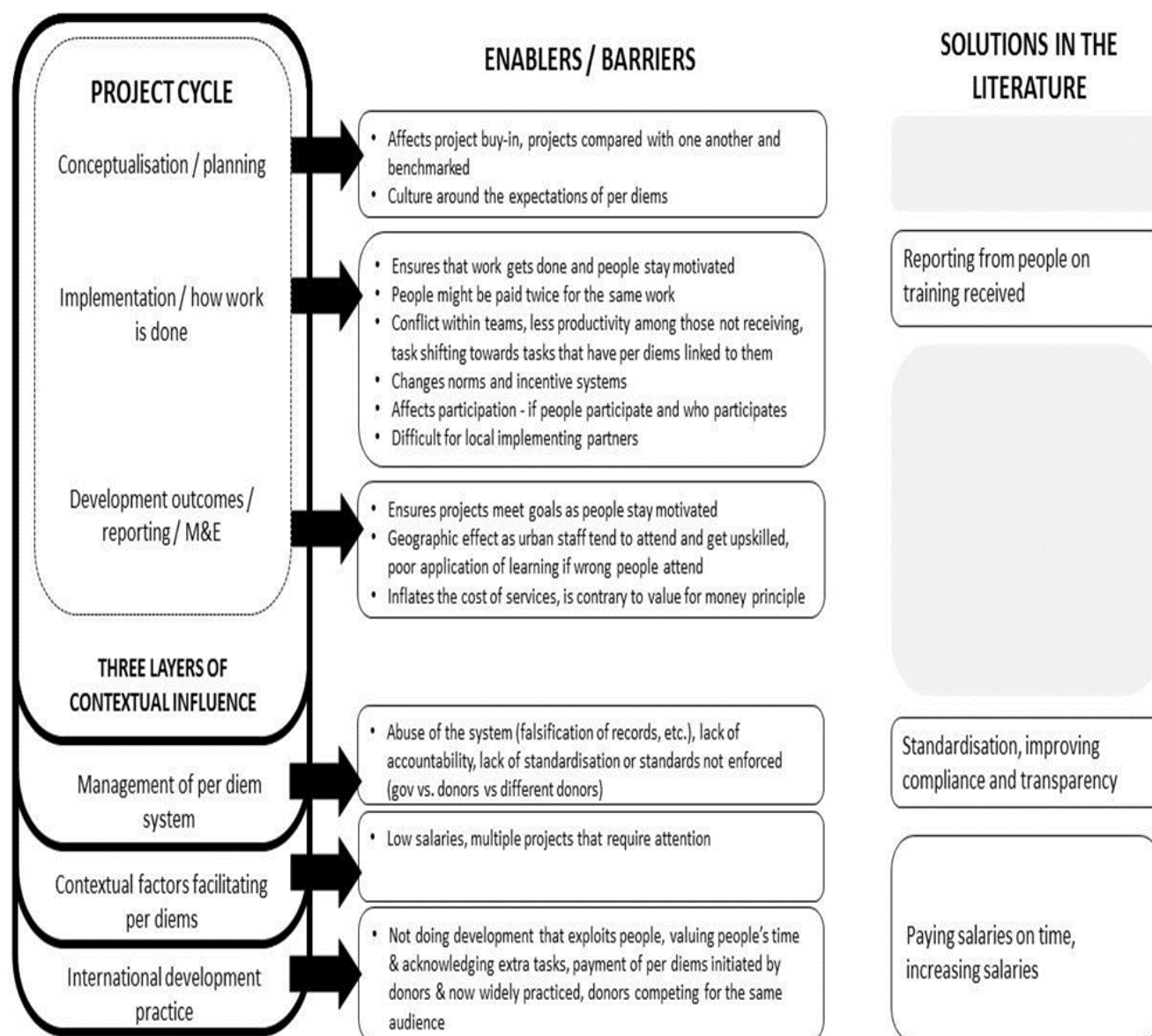


Figure 1. Reflections on per diems in international development projects: Barriers to and enablers of the project cycle, Development Southern Africa.

Source: Yvonne Erasmus, Desyreé Lötter, Natalie Tannous & Ruth Stewart (2018)

Conceptual Reviews:

Theoretical Perspective on the Economic Concept of Per Diem

Researchers in the literature have not directly addressed the topic of per diems. It is closely associated with other theories such as the incentive theory, economic theory, and political patronage model in order to determine its influence on society. From an economic perspective, the question of paying per diem or allowances can be examined by considering the principles of incentives and their various manifestations, such as the theory of rewards, rent-seeking behaviours, or the theory of political patronage within the framework of a principal-agent problem. The concept of incentives is fundamental to contemporary economic theory. At the core of this theory lies the fundamental inquiry into the factors that drive

individuals to behave in a specific manner within an economic or business context.

The incentive theory begins by addressing the principal-agent dilemma, which involves the challenge faced by owners/managers of enterprises in matching the goals of different members, such as workers, supervisors, and managers, with the objective of maximising profits (Laffont and Martimort, 2001). The principal-agent model illustrates a scenario in which a principal assigns a specific action or assignment to an agent who possesses distinct objectives from the principal and may possess confidential information. If the agent possesses an alternative goal function but lacks any confidential information, the principle can suggest a contract that effectively governs the agent's behaviour and motivates them to operate in a manner aligned with the principal's own preferences in a scenario where delegation is absent. If the agent possesses confidential information, it can fall into two categories: either the agent can perform an action without the principal's knowledge, which is known as moral hazard or hidden action; or the agent possesses private information regarding its cost or value that the principal is unaware of, which is referred to as adverse selection or hidden knowledge. These are the fundamental aspects of incentive inquiries.

The principal-agent theory examines situations in which the principal has challenges due to undisclosed information and seeks to determine the most effective strategies for the principal to address this issue. When it comes to the issue of per diems, sending staff on a mission can be seen as the principal delegating a task to an agent. The principle relies on the agent to do the assignment because they either lack the time or ability to accomplish it themselves. Nevertheless, economic theory instructs us that economic agents are rational actors that priorities their own self-interests to some degree. Individuals exhibit characteristics of isolation, self-interest, and the ability to calculate the advantages and disadvantages of various behaviors in order to maximize their personal satisfaction. The manager (principal) may not necessarily share the same purpose as the agent. This scenario involves a staff member who decides to either create a mission or opt for a mission in nation 'A' instead of country 'B' due to personal reasons, such as the desire to visit family and friends in country 'A'.

In addition, an agent may possess undisclosed knowledge that is not known to the principal. For instance, this occurs when the agent is aware that the training he will participate in will be conducted in a language he is unfamiliar with, or when he begins a mission with the objective of executing a work that has already been completed, but is unknown to the principal. The rent-seeking theory pertains to behavior observed in institutional contexts, where individuals' attempts to maximize value result in societal waste instead of social surplus (Krueger, 1974). Agents possessing privileged information will strategically engage in wasteful tasks in order to maximize their personal gain, potentially conflicting with the profit obtained by the principle.

Similarly, the presence of political patronage may account for the selection models employed in choosing candidates for missions and workshop participation. Patronage politics include the allocation of public money to political networks or "machines". The literature on patronage examines the variables that cause politicians to choose patronage over the provision of public goods. Regarding per diems and missions, the primary focus will be on the motivations of managers to provide missions and per diems as a means to reward political allies, neutralize opponents, and thereby enhance their political trajectories.

In addition, Africa is characterized by a moral economy that exerts significant influence over politics and economics. This moral economy is driven and maintained by the obligations that individuals have towards those within their kin group or community of origin, a phenomenon known as patron-clientism. In Africa, the primary unit of social organization continues to be the family and kinship system. This serves as the essential foundation of trust and support within which individuals function. Political elites aim to build concepts of mutual assistance and reciprocal relationships between patrons and clients, drawing inspiration from the dynamics of kinship and familial connections. Chabal and Daloz (1999), as well as Smith (2003), are notable for their focus on the significant contribution of clients in perpetuating the corruption that defines political economy based on patron-client relationships. According to their argument, politics in Africa can be explained as being influenced by hierarchical relationships based on patronage. In this system, power is maintained by redistributing resources that have been acquired through corrupt means to networks of clients. This redistribution follows rules of reciprocity that originate from a social organization and moral code based on kinship.

A per diem model in political economy

The problem at hand is that in the absence of per diem compensation for workshop attendance, there is a potential for the workshop space to remain unoccupied. Conversely, when a substantial sum of per diem is provided, there is a potential for unfit individuals to partake in the workshop, so displacing suitable participants and occupying the workshop space. This suggests that the problem may not be about deciding whether or not to pay for per diems, but rather about determining the most suitable per diem rate that will enable the workshop to take place and involve the necessary individuals. Frequently, the remuneration that employees get for additional travel expenses greatly exceeds their real expenses. Per diems or allowances serve a similar purpose as 'restricted cash transfer' and function as a motivating tool.

The motive economy operates under the principles of supply and demand, as well as the consequential impact of price. Applied economics operates on the assumption that there is a consistent positive relationship between reward and motivation, often referred to as the rational economic man. Standard economics heavily relies on effectively utilizing this price effect. An example of this is pay-for-performance, which has become a widely used method for motivating staff to achieve higher levels of performance. The rationale for this is that individuals are more inclined to engage in a task if they anticipate receiving a reward. Therefore, increasing monetary incentives leads to a higher supply. Hence, providing higher per diems will enhance the motivation of individuals to participate in workshops, seminars, and other trip missions, or boost the motivation of managers to send their workers to such events.

The conventional perspective on the connection between reward and motivation is being questioned by recent advancements in psychology. Recent studies and literature indicate that the factors that influence and enhance motivation are more intricate than previously assumed. Social psychologists (Reitman, 1998; Frey, 2001; Meiyu and Gerhart 2012) have determined that people's motivational structure consists of both extrinsic and intrinsic motivation. Extrinsic motivation is derived from external sources and entails receiving benefits from outside the individual, typically linked to the price system as perceived by economists. Intrinsic motivation, also known as behavioral motivation, originates internally. Typical external incentives include monetary compensation, accolades, academic marks, and commendation based on

performance evaluation. In contrast, individuals who are intrinsically motivated derive pleasure from engaging in activities purely for the sake of the activity itself. This drive is characterized by a strong desire to actively participate in resolving issues. Other phrases such as "public spirit" and "civic duty" convey the same idea. Both extrinsic and internal motives individually result in increased effort when we are more driven.

Furthermore, it has been shown that there are instances in which extrinsic drive might hinder intrinsic motivation. Psychologists have conducted tests that demonstrate that in certain circumstances, providing external rewards for completing a task that is inherently engaging might lead individuals to decrease the amount of effort they exert on the task. Titmuss (1970, cited by Frey, 2001) contended that compensating blood donors undermines important societal principles, leading to a decrease or complete elimination of individuals' inclination to donate blood. Consequently, offering incentives for engaging in an activity can potentially lead to unintended negative effects that may extend beyond the specific action targeted by the external reward. An illustrative instance is when a child is remunerated by their parents for mowing the lawn, leading to their willingness to repeat the task only if they are financially rewarded. The reluctance to perform tasks without compensation may also apply to other domestic responsibilities.

The phenomenon in question is referred to as the "crowding out" effect, which is also occasionally referred to as The Hidden Cost of Reward. According to the crowding out effect, increasing monetary incentives actually decreases supply instead of increasing it. Given the appropriate conditions, it is not recommended to utilize the price mechanism to stimulate an increased supply. Instead, it is preferable to rely on alternative forms of motivation, namely intrinsic motivation. A significant number of social scientists, including economists, now acknowledge the theoretical possibility that motivation may be adversely impacted when a previously non-monetary connection is converted into an openly monetary one.

Conclusion

The study has revealed the extent to which the disbursement of allowances has had a detrimental impact on government officials, NGO personnel involved in project implementation, and the communities in terms of their understanding of proper development practices. Collaboration between the government and non-governmental organizations (NGOs) is necessary to effectively tackle the deficiencies shown by the research. The gaps encompass the absence of enforcement regarding the guidelines pertaining to the provision of allowances, the lack of understanding regarding principles that foster efficiency and accountability, such as the beneficiary pay principle, and the mindset that regards effective financial management practices, such as full board workshops, as unfavorable.

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