**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF ACCOUNTANCY**

**A CRITICAL ANALYSIS OF THE SOURCES OF REVENUE AND EXPENDITURE PATTERN OF LOCAL AUTHORITIES. A CASE STUDY OF MARONDERA RURAL DISTRICT COUNCIL.**

**B1852926**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE BACHELOR OF ACCOUNTANCY (HONOURS) DEGREE OF BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF COMMERCE**

**December 2022**

# APPROVAL FORM

The undersigned certify that they have read and recommended to the Bindura University of Science Education for acceptance of the dissertation entitled **A CRITICAL ANALYSIS OF THE SOURCES OF REVENUE AND EXPENDITURE PATTERN OF LOCAL AUTHORITIES. A CASE STUDY OF MARONDERA RURAL DISTRICT COUNCIL.**

Submitted by B1852926 in partial fulfilment of the requirements of the Bachelor of Accountancy (Honours) Degree

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# RELEASE FORM

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**TITLE: A CRITICAL ANALYSIS OF THE SOURCES OF REVENUE AND EXPENDITURE PATTERN OF LOCAL AUTHORITIES. A CASE STUDY OF MARONDERA RURAL DISTRICT COUNCIL.**

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# DEDICATION

I dedicate this dissertation to my family and friends for their prayers, patience, and continuous support.

# ACKNOWLEDGEMENTS

Firstly, my gratitude goes to the Lord Almighty who have taken me this far. Secondly, I would like to thank my parents who helped me with prayers as I was doing this study. My gratitude also goes to my friends who were there for me when l needed help. I would also want to thank my supervisor with the continued support that he kept on giving throughout this study.

# ABSTRACT

The study was carried out to critically analyze the sources of revenue and expenditure pattern of local authorities. A case study of Marondera Rural Council. The main goal of this research was to determine the impact of revenue sources and expenditure patterns on quality of services provided. The secondary objectives were to identify the revenue sources and expenditure pattern of MRDC, to analyze the problems associated with revenue generation and the reason for inadequate funds at MRDC and to establish strategies to mitigate challenges associated with revenue generation. A descriptive research design was used on a sample of 61 MRDC’s staff members chosen through stratified random sampling technique. The main research instrument was a questionnaire and structured interviews were also used as a primary data collection method. Data analysis was undertaken using SPSS (version 20), and descriptive and inferential statistics were carried out. The findings indicated that the major sources of revenue for MRDC are licences and fees, rentals of council’s property, plan approval and development fees and rates on property and land. Other sources of revenue that are moderately available are income-generating projects ( Domervale ) grants and borrowings, lease and sale of land, penalties and fines and interest on investment. Lastly the user rates and charges, proceeds from natural resources and supplementary charges are the rarely available sources of revenue of MRDC. The inferential test revealed that The findings revealed that is a significant positive relationship exists between revenue sources and the quality of services provided as all coefficients for the dependent variables were above 0.7 (70%). The findings also revealed that the major problems associated with revenue generation are poor billing, poor debt collection mechanism, inadequate communication with rate payers, lack of power to enforce payments, corruption and embezzlement of funds and political pressure to relax revenue collection leading to liquidity problems. The researcher recommends that in order to mitigate the problems associated with revenue generation MRDC has to invest in training revenue collectors, reviewing the expenditure needs, outsourcing the revenue collection function. Further studies can be carried out to identify the determinants of provision of quality services by local authorities in Zimbabwe.

# TABLE OF CONTENTS

[APPROVAL FORM I](#_Toc123668309)

[RELEASE FORM II](#_Toc123668310)

[DEDICATION III](#_Toc123668311)

[ACKNOWLEDGEMENTS IV](#_Toc123668312)

[ABSTRACT V](#_Toc123668313)

[TABLE OF CONTENTS VI](#_Toc123668314)

[LIST OF FIGURES X](#_Toc123668315)

[LIST OF TABLES XI](#_Toc123668316)

[CHAPTER 1 1](#_Toc123668317)

[INTRODUCTION 1](#_Toc123668318)

[1.1. Introduction 1](#_Toc123668319)

[1.2. Background 1](#_Toc123668320)

[1.4. Objectives 3](#_Toc123668321)

[1.5. Research Questions 3](#_Toc123668322)

[1.6. Study Assumptions 3](#_Toc123668323)

[1.7. Significance of the Study 3](#_Toc123668324)

[1.7.1. To the Researcher 4](#_Toc123668325)

[1.7.2. To Bindura University of Science Education 4](#_Toc123668326)

[1.7.3. To Marondera Rural District Council 4](#_Toc123668327)

[1.8. Study Delimitation 4](#_Toc123668328)

[1.9. Study Limitations 4](#_Toc123668329)

[1.10. Chapter Summary 4](#_Toc123668330)

[CHAPTER 2 6](#_Toc123668331)

[LITERATURE REVIEW 6](#_Toc123668332)

[2.1. Introduction 6](#_Toc123668333)

[2.2. Theoretical Review. 6](#_Toc123668334)

[2.2.1. Benefits-Pay Principle 7](#_Toc123668335)

[2.2.2. Economic Efficiency 7](#_Toc123668336)

[2.2.3. Administrative Convenience 7](#_Toc123668337)

[2.2.4. Equity (Ability to Pay) 8](#_Toc123668338)

[2.3. Rural Local Authorities 8](#_Toc123668339)

[2.4. Revenue 9](#_Toc123668340)

[2.4.1. Internal and External Sources of Revenue 9](#_Toc123668341)

[2.4.2. Recognition of Revenue. 10](#_Toc123668342)

[2.4.3. Sale of goods [IPSAS 9 Paragraph 28] 10](#_Toc123668343)

[2.4.4. Rendering of services [IPSAS 9 Paragraph 19] 11](#_Toc123668344)

[2.5. Expenditure Patterns. 13](#_Toc123668345)

[2.5.1. Capital Expenditure. 14](#_Toc123668346)

[2.5.2. Recurrent Expenditure. 14](#_Toc123668347)

[2.6. Budgeting And Internal Control of Local Government Operations. 15](#_Toc123668348)

[2.7.Highlighted Problems of MRDC 15](#_Toc123668349)

[2.8 . Empirical Evidence 16](#_Toc123668350)

[CHAPTER 3 22](#_Toc123668351)

[RESEARCH METHODOLOGY 22](#_Toc123668352)

[3.1. Introduction 22](#_Toc123668353)

[3.2. Research Design 22](#_Toc123668354)

[3.2.1. Descriptive Design 22](#_Toc123668355)

[3.2.2. Research Approach 23](#_Toc123668356)

[3.3. Research population 24](#_Toc123668357)

[3.4. Sample size and sampling frame 24](#_Toc123668358)

[3.5. Sampling techniques 26](#_Toc123668359)

[3.5.1. Judgmental or purposive sampling technique 26](#_Toc123668360)

[3.6. Research Instruments 26](#_Toc123668361)

[3.6.1. Questionnaires 26](#_Toc123668362)

[3.6.2. Interviews 27](#_Toc123668363)

[3.7. Data Collection Procedures 28](#_Toc123668364)

[3.7.1. Pilot Study 29](#_Toc123668365)

[3.8. Validity and Reliability 29](#_Toc123668366)

[3.8.1. Reliability 29](#_Toc123668367)

[3.9. Data Analysis Procedures 30](#_Toc123668368)

[3.10. Ethical Consideration 30](#_Toc123668369)

[3.11. Summary 30](#_Toc123668370)

[CHAPTER 4 32](#_Toc123668371)

[DATA PRESENTATION 32](#_Toc123668372)

[4.1. Introduction 32](#_Toc123668373)

[4.2. Instrument response rates 32](#_Toc123668374)

[4.3. Demographic Information of respondents 33](#_Toc123668375)

[4.3.1. Educational qualifications of respondents 34](#_Toc123668376)

[4.3.2. Number of years worked at MRDC 34](#_Toc123668377)

[4.4. Objective 1: To identify the sources of revenue and expenditure patterns of MRDC. 35](#_Toc123668378)

[Discussion 37](#_Toc123668379)

[Discussion 39](#_Toc123668380)

[4.5. Objective 2: To analyze the problem associated with revenue generation and the reason for inadequate funds available for MRDC. 40](#_Toc123668381)

[Discussion 41](#_Toc123668382)

[4.6. Objective 3: To establish strategies to mitigate challenges associated with revenue generation. 41](#_Toc123668383)

[4.7. Objective 4: To determine the impact of revenue sources and expenditure patterns on quality of services provided. 43](#_Toc123668384)

[Discussion 46](#_Toc123668385)

[4.8. Summary 46](#_Toc123668386)

[CHAPTER 5 47](#_Toc123668387)

[SUMMARY, CONCLUSIONS AND RECOMMENDATIONS 47](#_Toc123668388)

[4.1. Introduction 47](#_Toc123668389)

[4.2. Summary 47](#_Toc123668390)

[4.3. Conclusion 48](#_Toc123668391)

[4.4. Recommendations 48](#_Toc123668392)

[4.5. Areas of further study 48](#_Toc123668393)

[REFERENCES 49](#_Toc123668394)

[APPENDICES 53](#_Toc123668395)

[APPENDIX 1 53](#_Toc123668396)

[RESEARCH QUESTIONNAIRE 53](#_Toc123668397)

[APPENDIX 2 59](#_Toc123668398)

[INTERVIEW QUESTIONS 59](#_Toc123668399)

# LIST OF FIGURES

[Figure 3.1: Formular to estimate the sample(Suh 2017) 23](#_heading=h.46r0co2)

[Figure 4.1: Educational Levels of Respondents (Field Survey, 2022) 30](#_heading=h.2iq8gzs)

# LIST OF TABLES

[Table 3.1Sample frame table [Questionnaires] 23](#_heading=h.2lwamvv)

[Table 4.1: Questionnaire Rate of Response (where n=50) 29](#_heading=h.kgcv8k)

[Table 4.2: Interview response rate (where n=11) 30](#_heading=h.34g0dwd)

[Table 4.3: Number of years worked at MRDC 31](#_heading=h.3hv69ve)

[Table 4.4: Sources Of Revenue 32](#_heading=h.4h042r0)

[Table 4.5: Expenditure Pattern 35](#_heading=h.1baon6m)

[Table 4.6: Problems associated with revenue generation and reason the reason for inadequate funds 37](#_heading=h.pkwqa1)

[Table 4.7: Strategies to mitigate challenges associated with revenue generation 38](#_heading=h.48pi1tg)

[Table 4.8: Correlation Matrix for Revenue Sources 41](#_heading=h.1302m92)

[Table 4.9: Correlation Matrix for Expenditure Patterns 42](#_heading=h.3mzq4wv)

# CHAPTER 1

# INTRODUCTION

## Introduction

The chapter defines the study's scope and focuses on the study's background, problem statement, research objectives. The chapter also discusses the researcher's assumptions, the definition of key terms, the scope, and the limitations of the study.

## Background

In most low-income nations, inadequate provision of public goods is a barrier to development (World Bank, 2004; Besley and Ghatak, 2006). In recent years, one popular method of tackling these issues has been the devolution of expenditure duties to local governments (Gadenne and Singhal, 2014). These changes take advantage of improved responsibility among public officials and have extensive backing from foreign organizations such as the World Bank (2000). However, even though the fact that local democracy has been shown to generate significant incentives for effective governance, this wave of decentralisation has had minimal success thus far.

Marondera Rural District Council (MRDC) is a Local Authority Board under the Ministry of Local Government, which was established in terms of Rural District Council’s Act (Chapter 29;13). It is a non-profit making organisation which was established to promote rural development in their area of jurisdiction through the provision of social and infrastructural services to the Community as a whole at a fair charge. Marondera Rural Council’s target market consists of residential and commercial customers.

Due to insufficient funding, MRDC, like many other local authorities in Zimbabwe, is unable to satisfy all of its commitments. Ratepayers are complaining because MRDC is failing to repair roadways. Garbage goes uncollected, leading in the spread of many ailments.

Local authorities get their revenue from payments for services delivered to residents. From these collections the council is legally obliged to provide the following services to the community:

* Stands and rehabilitation services
* Health services
* Construction and maintenance
* Licensing and taxation
* Planning
* Refuse collection and management
* Education services

To achieve the aforementioned service delivery requirements, local governments must exhaust all available possibilities and overcome income collecting problems. The efficacy of income collection in comparison to spending is an area that must be evaluated. Local governments play an important role in the economy, and its good operation has a favorable impact on the economy as a whole. As a result, it is imperative that local governments perform admirably in order to contribute to economic progress.

* 1. **Statement of the Problem**

MRDC is a local authority responsible for providing essential services and infrastructure to the communities within its jurisdiction in Marondera. There is a need to critically analyze the sources of revenue and expenditure pattern of MRDC in order to understand the financial sustainability and effectiveness of the organization. Despite the important role that MRDC plays in serving its communities, there is a lack of research examining the sources and patterns of revenue and expenditure within the organization. there is a huge lack in literature concerning information that elucidates how MRDC gets its revenue. more so, how do the patterns of revenue and expenditure of MRDC impact its financial sustainability and effectiveness in delivering services to its communities.

## Objectives

* + 1. To identify the sources of revenue and expenditure patterns of MRDC.
    2. To analyse the problem associated with revenue generation and the reason for inadequate funds at MRDC.
    3. To establish strategies to mitigate challenges associated with revenue generation.
    4. To determine the impact of revenue sources and expenditure patterns on quality of services provided.

## Research Questions

**In answering the main question, the followings guide the study:**

* What are the available sources of revenue and expenditure patterns of MRDC?
* What are the factors that affect revenue generation of a local authority?
* How to mitigate challenges associated with revenue generation?
* What is the impact of revenue sources and expenditure patterns on quality of services provided?

## Study Assumptions

* The researcher anticipates receiving information that will be answered honestly and objectively.
* There exists a solution to the challenges that local governments are now facing.
* The researcher expects that the sample size chosen will represent the whole population of MRDC from which conclusions should be drawn.

## Significance of the Study

### To the Researcher

The research is one of the prerequisites for a Bachelor of Accountancy Honours Degree at the Bindura University of Science Education. It provides the researcher with practical information, allowing her to gain essential expertise in the Accountancy profession.

### To Bindura University of Science Education

The findings will benefit the university given that they will be utilized for more research by other students to help them comprehend how theory can be applied to practice.

### To Marondera Rural District Council

The Marondera Rural District Council will gain from the research study by taking the researcher's recommendations into account. The research will result in the formation of financially sustainable Local Authorities, allowing them to provide sufficient services to the citizens of Marondera Rural Council. The success of local governments in providing services has a considerable impact on citizens' living conditions, the economy, and the overall growth of the country.

## Study Delimitation

The research will concentrate mainly on MRDC, analyzing present and projected sources of revenue and expenditure trends for the years 2020 and 2021. Furthermore, the questionnaires were sent to the MRDC accounting department, administration, council members, and the council's internal audit department.

## Study Limitations

The first drawback is that the study solely looks at the MRDC. Another source of worry is the local government's unwillingness to provide information. However, because of the authorization letter provided by the University, the researcher had an easier time. The researcher also had to deal with a time restriction. To address this issue, the researcher worked on weekends.

## Chapter Summary

This chapter examined the research's background, problem statement, research aims and research questions, assumptions established in the research, and limitations and delimitations of the study.

# CHAPTER 2

# LITERATURE REVIEW

# Introduction

The term "literature review" refers to the works of earlier authors that the researcher investigated in order to have a better understanding of the topic and research challenges. This chapter will primarily concentrate on significant topics such as the purpose of a literature review, theoretical literature, empirical evidence, gap analysis, and a summary. Theoretical literature highlights factors and interactions relevant to the intended study. The empirical literature refers to past studies that are analogous to the current investigation. According to Saunders et al. (2009), critically reading the literature will give the foundation for one's study.

## Theoretical Review.

This section contains a review of several taxation concepts that Local Government Authorities can use to determine the various local taxes that they can charge on their inhabitants.

Taxation on economic activities, including income-generating activities and consumption of goods and services, is one of the key sources of (local) government revenue across the world. (Hyman, 2010). The basic logic is that the regulatory body requires a contribution to the expense of its activities from a person or organization under its control. Most of the time, there is no correlation between the amount paid and the type of benefit obtained (Chilunjika 2013). The basic philosophy of tax design should govern revenue collection, whether at the national or local level. Tax design and revenue collection should be founded on principles of benefit-pay, economic efficiency, administrative convenience, and equity. Goode (1984), Musgrave and Musgrave (1984), IMF (2011), and AFRODAD (2011).

### Benefits-Pay Principle

The benefits pay principle, also known as user pay, contends that taxes should be allocated based on the benefits gained from publicly delivered products and services (Oakland & Testa,2009). Fees and charges, according to people who support this position, are an effective approach for local governments to raise income since the expense of providing products and services is divided among the customers. Though this approach is widely accepted by the public (Weinzierl, 2016), its drawback is that many local government programs benefit those who can least afford to pay for them (i.e welfare). The second problem is that the advantages are sometimes difficult to quantify (Weinzierl, 2017).

Based on this theoretical picture, one may argue that revenue collection must be based on users of certain public services provided by a local government. As a result, this theory implies that revenue collection tactics should focus on extracting rent from agents who use a certain service. A revenue collection plan must identify the procedures and processes that can maximize rent capture from public service users.

### Economic Efficiency

The nature of a market economy necessitates that a tax system be effective. Despite several evidence to the contrary, economists usually believe that markets do a decent job of making economic decisions regarding things like consumption, manufacturing, and finance (Ross, 2018). As a result, they believe that tax policy should typically avoid interfering with the market's allocation of economic resources. That is, taxation should interfere with individual decisions as little as possible. It should not discriminate in favor of or against certain consumer expenditures, manufacturing methods, organizational structures, or industries.

Of course, this does not preclude fundamental social and economic goals from taking precedence over these concerns. Pollution taxes, for example, may be useful as a method of safeguarding the environment. The most difficult aspect of this approach is that there is no scientifically precise method of allocating revenue to remove inefficiencies.

### Administrative Convenience

A good tax system should be simple to execute for both tax collectors (enforcement) and taxpayers (Convenience). Eckeston (1983) proposed that a fair tax system should not impose taxes that are hard to enforce even when individuals voluntarily comply with tax rules, and that the government should check tax payments; otherwise, the tax becomes an inducement to breach the law. Tax regulations must be understandable to the taxpayer, as straightforward and certain as feasible. A healthy tax system should also provide some type of stability, with an orderly transition if necessary.

Tax revenue collection should be cost effective—gathering more money than the expense of collecting the same. Thus, efficient revenue collecting systems must impose the fewest administrative and other overheads in order to meet economic efficiency standards. Revenue collection tactics must optimize the amount of rent collected for the local government.

### Equity (Ability to Pay)

According to the ability-to-pay concept, taxes should be dispersed based on taxpayers' ability to pay them. Citizens with more earning capacity, for example, should be taxed more harshly than those with less earning capability. Furthermore, a healthy municipal tax system should be sensitive to concerns of justice (equity). A system that is seen to be unjust risks being rejected, lowering compliance levels and increasing compliance costs. Excellence in local government budget administration is founded on the concept of equity.

In reality, however, the measure of equity and fairness is whether a system protects and empowers the weak and disadvantaged, and if authorities defend the rights of excluded, unpopular, and politically invisible individuals (and places) (Chilunjika, 2013). Implementing a tax system based on ability to pay necessitates some form of collective agreement about the equal distribution of taxes among residents. Individual assessments of ability to pay are likely to differ among persons with diverse preferences.

## Rural Local Authorities

Local authorities are government institutions in charge of all public service delivery in their communities. They can better comprehend the demands of the public and minimize bureaucratic processes for acquiring services because of their proximity to the populous. Local governments' principal job is to provide services for the community's welfare utilizing funds earned through service fees, government grants, and other means (Zimbabwe Institute, 2005). Local governments, in other words, mostly support themselves. Rural local authorities are local governments that are located in rural areas or districts. According to DeVisser (2010), Section 71 of the Rural District Councils Act defines the authority of rural local bodies. These powers normally apply to the formation of any township within a local region, as well as the proper observance of any conditions of ownership to any land. A local government is now empowered to take all necessary steps to ensure that these requirements are met. Rural local authorities, also known as Rural District Councils, are formed by the president in the same way as urban councils are formed, according to Section 8 of the RDC Act 29.13.

The presence of traditional leaders in these rural local governments is noteworthy. Traditional leaders work alongside elected authorities in local government to govern their regions and provide services. Rural municipalities, according to McMillan and Amoako-Tuffou (1991:314), have much smaller populations, lower per capita incomes, a larger tax base per person but a smaller portion of it being residential property, higher local expenditures per person (especially for roads), and a less dense and less urbanized population.

## Revenue

The entire amount of income earned by the sale of goods and services connected to the principal activities of the firm is referred to as revenue. According to Miller and Berger (2009), revenue is defined as the gross inflow of economic benefits or services potential received and receivable by the reporting organization, which reflects a growth in net assets / equity other than increases attributable to contributions from owners. Revenue is calculated using the fair value of the considerations received and receivables. Local governments can generate money from both internal and external sources.

### Internal and External Sources of Revenue

According to Zhou and Chilunjika (2013) internal and external sources of revenue for local authorities are:

* Rates on property and land
* User charges and fees
* Penalties and fines
* Licences and fees
* Supplementary charges
* Plan approval and development fees
* Income generating projects
* Lease and sell of land
* Rentals on council’s property
* Proceeds from natural resources
* Intergovernmental transfers
* Interest on investments
* Grants and borrowings

### Recognition of Revenue.

Revenue The nature of the requirements and their resolution determine when revenue recognition from non-exchange transactions should be recorded, according to International Public Sector Accounting Standard 23. For example, revenue is recorded when a condition forces the company to provide goods or services to a third party or refund unused funds to the transferor.

When an entity recognizes an asset as a result of a non-exchange transaction, revenue equal to the asset's measured value is also recognized, unless a liability must be recognized instead, according to paragraph 49 of the same standard. If a liability must be recognized, it will be measured in accordance with the standards of paragraph 57, which indicate that the amount recognized as a liability must be the best estimate of the amount required to meet the obligation at the reporting date. In such circumstances, any net increase in net assets will be recorded as revenue. When a liability is decreased as a consequence of the taxable event or a condition being met, the amount of the liability reduction is recorded as revenue.

Additionally, IPSAS 9 specifies the following method for recognizing revenue from exchange transactions.

### Sale of goods [IPSAS 9 Paragraph 28]

Revenue from the sale of goods shall be recognized when the following conditions have been satisfied

* The quantity of revenue can be accurately calculated.
* The entity has passed the primary risks and benefits of ownership of commodities to the customer.
* The expenses incurred or will be incurred in connection with the transaction may be properly measured.
* When it is likely that the entity will profit economically from the transaction.
* The entity retains neither continued administrative engagement nor effective control over the items sold to the extent that is generally associated with ownership.

### Rendering of services [IPSAS 9 Paragraph 19]

When an entity renders a service in accordance with IPSAS 9, revenue is recognized when the outcome of a transaction involving the rendering of services can be estimated reliably, and revenue associated with the transaction is recognized by reference to the stage of completion of the transaction at the end of the reporting period. When all of the following requirements are met, the outcome of a transaction may be confidently estimated:

The amount of revenue can be measured reliably;

* The economic benefits connected with the transaction are likely to accrue to the entity; the transaction's stage of completion at the end of the reporting period can be quantified reliably; and the expenses incurred for the transaction and the costs to complete can be measured reliably.
* The researcher wants to know if local governments are adhering to these guidelines when it comes to revenue.
* Ndlovu et al, (2006) cited the main sources of local authority revenue as being from three categories which are local taxes, shared taxes and non-tax revenue.

According to Carmichael (2003), the principal sources of revenue for local governments are rates on fixed property and revenues from commercial operations such as water and gas delivery services. Jayapalan (2002) backs up this claim, writing that property taxes are the most important source of revenue for local governments. Jayapalan identifies "grants-in-aid" from the local government ministry as another source of money for local governments in his book, Modern Governments and Constitutions. He distinguished two categories of help grants: percentage aid and rate support grants. The parent ministry provides percentage grants-in-aid on the condition that the local authority meet specified criteria and maintain a particular level of standards. Rate support grants are not attached to specific services, but are provided as a general source of money.

According to Semboja (2000), local governments generate money through a combination of taxes, license fees, and levies. He also stated that, despite the enormous variety of revenue streams, four major sources overlap practically all councils. Development levies (head taxes), crop and livestock cess (agricultural cess), company permits, and market fees are examples. Semboja also claims that taxes might be an additional source of revenue for local governments. He wrote that tax collection is the job of the council workers in local government and is fully autonomous from the central government. District councils are divided into three levels: the council headquarters, the wards, and the village levels. The leader is in charge of organizing taxpayers at the sub-village level.

According to Chandler (2005), the real estate tax on commercial structures, stamp fees, land leasing charges, the land tax, and market place levies are all sources of revenue for municipal governments. However, because national legislation regulates the rates, they may only be classed as partially original local sources. Municipalities are not permitted to raise tax rates over the legal maximum, but they are allowed to abate and cut rates at a direct cost to the municipality's budget.

Kolovitskova & Lukovenko (2007) wrote that most sufficient among revenue sources for local governments are the following:

* local taxes and duties;
* land taxes - for cities of oblast significance and 60 percent of the land tax – for rural and urban settlements, for cities of rayon significance; income taxes of enterprises of communal property;
* incomes from selling communal property;
* own incomes of budgetary entities and organizations;
* industry tax;
* taxes on owners of transport means;

According to Rhodes (1988), local authorities in England derive the majority of their revenue from rates and government grants. McConnell agreed, pointing out that the majority of council money comes from rates, fees, rentals, and non-domestic rates, which are costs levied to non-residents for accessing the town's amenities.

Mutizwa-Mangiza (1998:5) provided a thorough overview of the sources of revenue for local authorities, pointing out that local authorities have the following revenue streams available to them for the purpose of producing money.

* Rates- land rates on property owned by individuals, companies or government including parastatals. This also includes rates on buildings, for instance developed property.
* Fees and charges- the major sources under this category are premises licence, occupational licence, services or facilities (for example ambulances and survey fees), goods or documents supplied (for instance water sewerage buildings and plan approvals and transfer fees.)
* Commercial activities including returns from own investments and rental income.
* Cash and royalties
* Return on investments- these represent investments in companies they do not explicitly control and own.
* Service charges- these are charges on residents and companies’ resident in their jurisdiction
* Grants from government, donations and also transfers from other arms of government.
* Short-term borrowing but this needs the approval of the minister.
* Internal sources-money set aside from budget to pay for projects and is commonly referred to as a contribution to capital. .

This researcher shall explore further and find out if local authorities are utilizing all sources of revenue they are empowered to administer by the law. The researcher would also want to find if efforts are made to improve revenue collections by finding new sources other than the traditional sources.

### Expenditure Patterns.

According to Orewa (1968), the major role of a local government is to raise money effectively and utilize it to provide as many social services as possible to its taxpayers while still maintaining a decent level of income.

The expenditure pattern of local government administration, particularly of MRDC, may be divided into two categories: capital expenditure and recurrent expenditure. The chairman is supported by the deputy chairman, secretary, and treasurer, as well as the applicable head of department and legislative bodies, among other executive members. There is always a standard policy and approval process in place. Prior to incurring any cost, the relevant office of the official in charge of spending is consulted. The authorization to incur expenditures (AIE) is expected to be in agreement with the budget for the years in order to be led and spend responsibly.

### Capital Expenditure.

Included among the activities carried out by local government are the following.

1. construction of culverts and other small bridges nearby.

2. bus, machine, and official vehicle purchases for the council.

3. involvement in market expansion and abattoir construction.

4. the building of a classroom and a small stadium.

5. construction of theme parks, secretariats, and staff housing.

6. Construction of medical facilities and a vertinary

7.Purchases of office equipment including computers, typewriters, air conditioners, refrigerators etc

When the council must spend a significant amount of money on these tasks, such capital expenditures are often done piecemeal or in segments to allow the council to carry out its other responsibilities in line with the budget plan. There is little doubt that some of these capital and business-related initiatives will produce cash for the council.

### Recurrent Expenditure.

This category includes all costs that are not tied to capital investments. Some of them are salaries, wages, allowances, rents, and rates; maintenance of office computers and automobiles; the cost of guarding the premises and local government assets; and any other incidental expenditures involved in the council's normal operation. This area includes the provision of office supplies such as machine or computer ribbon, typing sheets, pencils, pens, rulers, and so on; expenditure patterns are also expected to be consistent with the budgeted allocation assumption for the current year. This expenditure must be offset by the entire revenue, and the council should profit from a positive balance.

### 2.6. Budgeting And Internal Control of Local Government Operations.

Plans are created by all groups, whether they be social, political, or electronic. A corporation is no longer a company if it does not have a plan. Nwoze (2002) argued that uncoordinated action was associated with being an individual. The extent and intricacy of plans can vary, and because companies vary in size, so can how much they prepare for the future. The number of plans put into the organization's effort also has an impact on its performance. Profit maximization or achieving acceptable goals or levels of performance are common corporate objectives.

According to Copeland and Descher (1979), it is critical to achieve continual growth or ensure the organization's existence, prevent risk while making investments, and provide a social service since it is sought by others (Copeland 1979). With this purpose in mind, budgeting is given a high priority in order to fulfill organizational objectives. A budget is described as "a monetary plan that is produced and authorized before a certain period of time, often describing costs to be incurred during that period and capital to be deployed to attain stated goals" (Owler 1984).

However, it is clear that budgeting is an important tool that aids in the overall revenue and spending pattern of local government. The administration should not be too weak to detect all needed gaps of financial irregularities such as forgery, embezzlement, money theft, reckless spending, and so on.

### 2.7.Highlighted Problems of MRDC

Over the years, the MRDC had received sufficient fund to carry out the statutory obligation. Other associated problems include the following.

1. They have few revenue streams.
2. Inability to proceed with important capital development initiatives due to a lack of loan funding from above.
3. Poor revenue collection, resulting in underpayment of staff salaries on occasion.
4. Non-payment or delay in payment of state funds or tax revenue shares to local governments, particularly in MRDC.
5. Certain local government authorities, particularly those in rural areas, are unable to function.
6. Rising costs and increased demand for better services.
7. Control and management are ineffective.

### . Empirical Evidence

#### The sources of revenue and expenditure patterns

Sudasinghe (2010) investigated local government expenditures: integrating socioeconomic, political, and governmental viewpoints. In this study, the qualitative approach was utilized to determine the drivers of local government spending in Sri Lanka. In terms of the sample employed in this study, all municipalities and urban councils from 2006 were selected on the basis of that year's local government elections, totaling 54. Due to the research, local government expenditures vary according to a combination of social, political, and governmental variables. Furthermore, the central government's dominance over the local level is important in local expenditure decision making.

Fjelstad et al. (2004) did study in Tanzania on Local Government Finances and Financial Management. The primary goal of the study was to examine improvements in local governments' capabilities for financial management and revenue enhancement, as well as changes in governance, such as accountability and responsiveness. Six councils were used to create the sample. The analysis indicated that the most important topics to solve were redesigning the present local revenue structure and strengthening financial management. Furthermore, actions were necessary to strengthen taxpayer compliance and the responsibility of tax collectors and councils.

Mituhallah (2007) used a descriptive study approach to conduct research on revenue sources in Nairobi City Council. She discovered that income sources such as neon signs, billboards, ads, plans, approvals, public health, single business permit, displays, rates, and rents may create sufficient money; she also discovered that political intervention accounts for 60% of revenue mismanagement. She proposed that financial management enable the Nairobi City Council to be self-sustaining even in the absence of government funding.

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#### Analysis of the problem associated with revenue generation and the reason for inadequate funds available for MRDC.

Kucherera (2014) investigated revenue collection problems in rural local governments. Out of the 4250 research participants, 64 were chosen as a sample. Purposive sampling was employed by the researcher to assign heads of departments and employees to participate in the study. According to the research, only local government workers are responsible for revenue collection, and there is no community input when debating unit costs, which demotivates ratepayers.

Twaibu (2020) conducted a research on the factors contributing to inefficient revenue collection in Temeke and Kigamboni Municipal Councils. The study used Temeke and Kigamboni Municipal councils were used as research cases, and 90 people were sampled using purposive and convenience sampling procedures. Data was gathered through the use of questionnaires, interviews, and document reviews. According to the study findings, municipal councils' limited funding sources contribute to inefficient revenue collection because they rely only on taxes/fees, government grants, and foreign aid. The study discovered that municipal staff had a limited capacity and capability in revenue collecting. Also, the research pointed that lack of appropriate tax education to taxpayers. Lastly that the laws were contributing to efficiency as they govern revenue collection.

Nkuna (2021) performed study on the revenue collection constraints impacting municipal financial sustainability. The study's goal was to look at the factors that contribute to a shortage of municipal financial resources, with a focus on insufficient revenue collection. The case study was the Maruleng Local Municipality. As a research design, the study used a concurrent mixed method. An investigation of the municipality's financial records was used to establish the condition of the municipality's finances, followed by telephone interviews with municipality officials (inductive analysis), and lastly a questionnaire-based survey of ratepayers (factor analysis). The study revealed that the municipality was experiencing severe revenue collection challenges. The findings revealed a poor service delivery, inadequate billing, metering challenges, lack of capacity and poor implementation of polices being the factors contributing to inefficient revenue collection and posing threats to municipality viability.

Nghifiwa (2021) investigated the elements influencing revenue collection. The study was carried out to look into the elements that influence revenue collection at Erongo RED. A descriptive survey study design was utilized, which employs both the quantitative and qualitative methods, as well as data gathering equipment such as questionnaires and interview guides. A sample of 120 respondents was used, drawn from both workers and consumers. The study identified important problems that contributed to insufficient revenue collection, such as inaccurate billing, among others.

Nyanumba (2010) investigated the elements influencing revenue collection in the Nairobi City Council. The purpose of this study was to identify the elements influencing revenue collection in the Nairobi City Council. The research was a case study. The questionnaire was used to collect primary data from the departments chosen. The target respondent worked in the revenue collection department. The researcher quantitatively evaluated data by describing and summarizing it using descriptive statistics, allowing the researcher to characterize the distribution of scores. Statistical quantifiable data was studied in order to draw findings and provide recommendations. The researcher concluded that revenue is mandatory in any organization. no operation can take place without revenue and that is why organization aim to maximize revenue while minimizing the cost. The researcher also added that revenue section should be taken serious and mobilization of revenue collection should be done through all means in order to collect enough revenue to fund the operations of the city council of Nairobi.

Owandho (2020) did study on the elements influencing revenue collection by Kenyan county administrations. The study was conducted to investigate the potential variables impacting Homa Bay County. This study employed a descriptive research approach, using 141 Sub County authorities, such as revenue officers, as the target group. The sample size was 105 people, and the technique used was stratified random sampling. Self-administered structured questionnaires were used to obtain primary data. SPSS was used to analyze the data. According to the report, technical innovation, inter-governmental dialogues, institutional organization, and tax base are critical variables for improving county governments' revenue collection.

#### To establish strategies to mitigate challenges associated with revenue generation.

Adi et al. (2015) studied internal revenue generation in Taraba State, Nigeria: Problems and Prospects. To collect data for the study, structured and unstructured questionnaires were employed. A total of 100 questionnaires were distributed, with 92 being returned. The key conclusions were that the revenue apparatus was obsolete and insufficient, that there was insufficient employees who lacked professionalism in the revenue sector, and so on. The report proposed that in order to strengthen the revenue generation system, existing revenue equipment be upgraded, legislation be updated, employees be retrained, wages be paid on time, and incentives be provided to tax collectors, among other things.

Ogbuokiri (2012) conducted research on the problems of internal revenue generation in the local government area of Enugu State. A case study of Aninri Local Government area of Enugu State. The descriptive survey technique of data collecting was used in the study, with a questionnaire instrument presented to randomly selected personnel. The following findings were reached using systems theory as the theoretical framework: lack of training opportunities for revenue collectors has been the major problem that hinders the council from generating enough internal revenue; incompetence among council officials contributed to low internal revenue generation; and corruption among revenue collectors contributed to failure to generate enough revenue for Aninri Local government. The study recommended the following regular training programs for revenue collectors: in order to minimize the problem of staff incompetence, there should be checks and balances for the entire departments, because power corrupts and absolute power corrupts absolutely; and there should be constant monitoring of internal revenue collectors and their operational performance to reduce the problem of corruption.

Kimario (2014) performed study on the problems that local government authorities encounter while implementing revenue-boosting measures. A case study of the municipal councils of Dar es Salaam. Recommendations were given to the central government to take the lead in monitoring public returns by raising public awareness and educating people about the significance of paying taxes for their personal benefit. LGAs must establish and formulate policy guidelines that will be approved and efficiently implemented in order to collect adequate income for development. They are also expected to produce cash from local sources rather than rely on handouts from the federal government. They are meant to examine ordinances, computerize revenue management, outsource certain revenue collection to private agents, tighten revenue collection system, and impose harsher penalties on council workers and agents found guilty of mishandling of collected income. Finally, taxpayers should do their part by gladly paying taxes for the benefit of themselves and the general public.

#### The impact of revenue sources and expenditure patterns on quality of services provided.

Chanyau (2014) investigated the influence of income generation systems on local government performance in Zimbabwe. Chiredzi Town Council is an example. Primary and secondary data collecting procedures are used to generate the necessary information. The sample size was 50 people out of a total of 136 people in the research. According to the study findings, the following reasons impede revenue creation in local governments: political interference, mismanagement of income-generating projects, failure to collect entirely due money, and restricted powers to enact by-laws, among others.

Martinez (2015) did study on revenue sources and municipal government performance in Colombia. The study determined that an increase in property tax income caused by an exogenous cadastral update benefits various essential public services such as education, health, and water. According to the study, these impacts are at least 10 times greater than the effects of an equivalent rise in oil royalties acquired as a result of rising oil prices. Despite the fact that royalties are set aside for this purpose, the effect of oil royalties on public goods is essentially negligible.

Karori et al. (2016) investigated the impact of revenue collection efficiency on Kisii County Government's operational performance. The study found that benchmarking strategy effects revenue collection, which influences operational performance, and that supervisory systems influence revenue collection, which influences operational performance. The research indicated that Kisii County Government has the ability to collect more income if its supervisory mechanisms are improved, computerized systems are properly utilized, and objectives are met.

#### 2.9. Research Gap

The majority of research conducted focus on the inadequacies of revenue collection. Few research, if any, investigate revenue sources. As a result, empirical research on the examination of local government revenue sources and expenditure patterns is limited. This study aims to close the gap by expanding on current literature and doing empirical research.

#### 2.10. Summary

The chapter served as the foundation for the study's literature review. The sources of revenue and expenditure patterns for rural council were highlighted, as were the methods and strategies of revenue collecting, as well as the difficulties and solutions to revenue collection. The section examined revenue sources for rural towns to see how sustainable they are in supporting council. The studied literature revealed that the issues connected with revenue collection are domestically driven, that is, they arise mostly from local government operations and administrations.

# CHAPTER 3

# RESEARCH METHODOLOGY

## 3.1. Introduction

This chapter provides an overview of the researcher's data gathering instruments and sampling approach. To judge how methodical and comprehensive the study was, the researcher reviews the research design as a blueprint of activity. This chapter also goes into depth on the research equipment used during data gathering.

## 3.2. Research Design

A research design, according to Saunders et al. (2015), is a framework for doing research that specifies a clear and logical strategy for addressing specific research questions through data collection, interpretation, analysis, and discussion (2015). The master plan defines how the research project will collect and analyze data (Zikmund, 1997). As a result, the inquiry framework avoids the gathering of irrelevant data. A study design assists the researcher in carrying out certain tasks effectively and systematically, and once completed, the real work may begin (Bostley, 2019).

### 3.2.1. Descriptive Design

Descriptive studies gather information and tabulate the frequencies of study variables or their interactions in order to profile a group of individuals, problems, or occurrences in order to describe a subject (Cresswell, 2003). The examination was conducted using a descriptive research approach, and samples of people were selected from a corresponding population. One advantage of using a descriptive research design is that it allows researchers to accurately describe and understand a particular group or phenomenon in detail, providing insights and knowledge that can inform decision-making and policy.

A descriptive research design is a type of study that aims to describe a group or phenomenon in a systematic and accurate way. It is often used to explore and understand a particular topic or issue in more detail, and can be conducted using a variety of methods, including surveys, interviews, observations, and analyses of existing data.

In a descriptive research design for a thesis, the researcher would first identify a specific research question or problem that they want to address. They would then develop a plan for collecting and analyzing data that will help them answer this question or solve this problem.

Next, the researcher would choose the appropriate research methods for collecting data. For example, if the research question is related to people's attitudes and beliefs about a particular topic, the researcher might use a survey to gather this information. Alternatively, if the research question is related to how people behave in a certain context, the researcher might use observations to collect data.

After the data has been collected, the researcher would analyze it using appropriate statistical techniques or other methods of analysis. Finally, the researcher would write up the findings in a clear and concise manner, discussing the implications of the results and offering recommendations for future research.

Overall, a descriptive research design is a useful approach for exploring and understanding a particular topic or issue in more detail, and can help to provide insights and knowledge that can inform decision-making and policy.

### 3.2.2. Research Approach

A research approach , according to Ghauri et al. (1995), refers to the study techniques and practices that span everything from broad assumptions to methods of data collecting, analysis, and interpretation. Research design refers to the overall plan or framework for conducting a study, including the specific methods and procedures that will be used to collect and analyze data, while research approach refers to the overarching philosophy or perspective that guides the research, such as qualitative, quantitative, or mixed-methods.

In this research, the researcher made use of Mixed Methods approach. This approach allows researchers to triangulate their findings, meaning that they can use multiple methods to confirm or enhance their understanding of a particular phenomenon. This can be particularly useful for dissertations that aim to explore complex issues or phenomena that may be difficult to understand through a single method.

In the mixed-methods approach, researchers typically begin by collecting and analyzing qualitative data, such as interviews, focus groups, or open-ended surveys. This type of data allows researchers to gain an in-depth understanding of the experiences, perceptions, and attitudes of their participants. After analyzing the qualitative data, researchers may then collect and analyze quantitative data, such as closed-ended surveys or experiments, to test specific hypotheses or to examine relationships between variables.

Overall, the mixed-methods approach allows researchers to gain a rich and nuanced understanding of the research problem, and can be particularly useful for dissertations that aim to explore complex issues or phenomena.

## 3.3. Research population

A population, according to Coolican (2017), is the total group of people, objects, and data in a single location from which a sample can be drawn. Coolican (2017) went on to clarify that a population can be divided into target and study populations. The target population is one to which the researchers are interested in generalizing the findings. The population size will then be used to choose a sample that will accurately reflect the entire population. In this case 73 candidates make up the population,

## 3.4. Sample size and sampling frame

A sample is considered of as a smaller percentage of a larger population (Chinelo and Chioma, 2019). A sample also helps to reflect the target population and allows for generalizable findings. The study used both senior and junior MRDC staff workers as samples. A sample was taken from the departments of internal audit, finance, roads and works, environment and planning, central administration, and human resources. The researcher will use the Taro Yamane formula, developed in 1967 with a 95% confidence level, to estimate the sample size (Mukuwa and Phiri 2020). The formula is provided as follows:

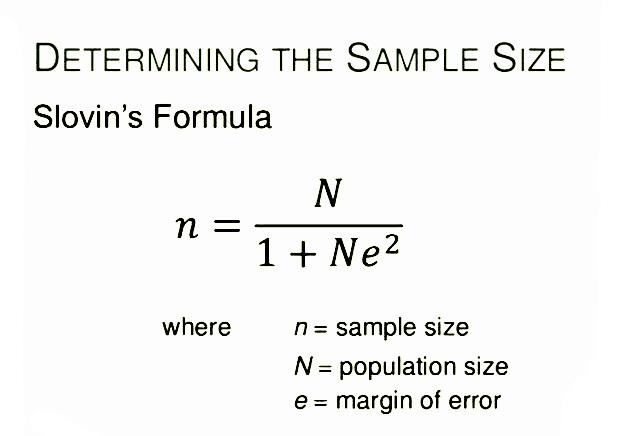


Figure 3.1: Formular to estimate the sample(Suh 2017)

Where,

N = Target Population =73 Employees

e = Standard error (5%)

n = Sample size

Therefore,

n = 73 /1 + 73 (0.05)2

n = 61

Table 3.1Sample frame table [Questionnaires]

|  |  |  |
| --- | --- | --- |
| Category | Study Population | Sample size |
| Central Admin | 11 | 9 |
| Human Resource | 10 | 8 |
| Finance | 14 | 12 |
| Roads and works | 19 | 16 |
| Internal Audit | 7 | 6 |
| Environment and Planning | 12 | 10 |
| Total | 73 | 61 |

## 3.5. Sampling techniques

Sampling is a statistical procedure that entails locating individual observations in order to learn more about the population under study and deriving inferences from the data (Hamed, 2016). The researcher used purposeful non-probability sampling to choose which units of analysis would be interviewed. This method was adopted because the researcher believed that some units of analysis were more competent and had a deeper understanding of the subject matter than others. The researcher also employed simple random chance methods to choose questionnaire responses.

### 3.5.1. Judgmental or purposive sampling technique

Involves the process of selecting a sample based on knowledge about a certain population, its components, and how research objectives are satisfied (Babbie, 2010). Deliberate sampling approaches are used in qualitative research to choose units for reasons that are directly related to meeting the study objectives (Teddlie and Yu, 2007). This sampling approach is a type of non-probability sampling in which the researcher picks the individuals who will be included in the sample. This approach was used to identify which units of analysis would get interviews. This is due to the researcher's belief that only some analytical units are more skilled and informed about the issue under consideration than others. As a result, this technique was utilized to identify particular employees who alone could offer a particular piece of information.

## 3.6. Research Instruments

Research instruments are equipment used to collect data on a certain study subject. According to Kothari (2004), there are two categories of data that may be acquired from respondents: primary data and secondary data. The researcher employed surveys and interviews to gain firsthand information from MRDC.

### 3.6.1. Questionnaires

Preceding studies, according to Afolayan and Oniyinde (2019), relied mostly on questionnaires. Because this study is interested in issues such as value, opinion, and thinking, a structured questionnaire was judged to be the most appropriate data collection strategy. It is a set of questions that have been carefully designed to elicit appropriate and relevant information from respondents. A questionnaire with some open-ended and some closed-ended items was used in this investigation. This was done in order to limit the quantity of irrelevant comments.

Section A, the first section of the questionnaire, was chosen to collect information on the respondents' biographies. Section B gathered information on the study's objectives, each of which was assigned a unique number. In contrast to an interview, when the researcher may not be able to extend the time restriction, employing a questionnaire allows participants to reply at their leisure, according to Zohrabi (2013). They ensure that the questions are uniform since varied replies will assist the researcher in analyzing and evaluating the data in the best way possible. Since uniform questions are disseminated to a large number of people, they save time.

Section A of the questionnaire was chosen because it contained information on the respondents' biographies. Section B collected information on the study's objectives, each of which was assigned a unique number. Unlike an interview, where the researcher may not be able to extend the time restriction, employing a questionnaire allows participants to reply at their leisure, according to Zohrabi (2013). They ensure that the questions are uniform since varied replies will assist the researcher analyze and assess the data in the best way possible. Uniform questions save time since they are delivered to a large number of people.

### 3.6.2. Interviews

An interview is a method of gathering information. The interviewer controls the conversation and presents questions in a research interview, while the subject answers (Hollowitz and Wilson, 1993). Interviews might take place either over the phone or in person. According to Saunders et al., interviews can be planned, semi-structured, or unstructured, and several types of interviews can be used concurrently (2009). The researcher conducted in-depth interviews with MRDC's senior executives using a semi-structured interviewing approach. The interview questions were pre-written to ensure consistency across all interviewees. The researcher performed in-depth interviews with subject-matter experts, who supplied a plethora of material that was extremely useful to the investigation. The researchers conducted semi-structured interviews and created a list of concerns and questions based on the research objectives. The researcher also found the benefits of conducting an interview, which are given below:

An interview is a method for gathering information. The interviewer controls the conversation and asks questions in a research interview, while the subject answers (Hollowitz and Wilson, 1993). Telephone or in-person interviews are also options. According to Saunders et al., interviews can be planned, semi-structured, or unstructured, and several types of interviews can be used simultaneously (2009). In-depth interviews with MRDC's senior management were conducted by the researcher using a semi-structured interviewing approach. Pre-written interview questions ensured consistency across all interviewees. The researcher conducted in-depth interviews with subject-matter experts, who supplied a plethora of material that was extremely useful to the study.

**Research Objective 3**- To determine the impact of revenue sources and expenditure patterns on quality of services provided.

Pearson's correlation coefficient was used in inferential analysis to assess the link between the quality of services supplied (dependent variable) and income sources and spending patterns (independent variables). A checklist was used to determine the extent to which revenue sources were used by assessing the sources received and the intervals of receipt, assigning a score of 0 when a revenue source is never accessed, 1 when it is rarely accessed, 2 when it is occasionally accessed, 3 when it is frequently accessed, and 4 when it is very frequently accessed.

The dependent variable quality of service was measured using three elements (Water and Sanitation, Sewage and drainage, and Road Maintenance and Construction) in which respondents were asked to rate the quality of service provided for 2019-2021 on a scale of Poor-1, Fair-2, Good-3, Very Good-4, Excellent-5, and the average for the three periods was correlated against the independent variables revenue sources and expenditure patterns.

## 3.7. Data Collection Procedures

The researcher acquired an authorization letter from Bindura University of Science Education during the data collection stage, granting her access to selected samples of MRDC. The letter adds that the data collected will only be utilized for academic purposes.

### 3.7.1. Pilot Study

A pilot study is a brief study that is undertaken to determine the validity of the instruments used. It's the first of a series of minor studies that will help with the planning and creation of the larger research. A pilot study is crucial because it establishes the study's viability and identifies difficulties early in the research process. It determines whether the research technique was thorough and appropriate for the research demographic.

As a consequence, the researcher decided to perform a pilot study, giving each of the six departments a sample of six questionnaires initially. The pilot study findings were analyzed, flaws in the research equipment were discovered, and more accurate data was added.

## 3.8. Validity and Reliability

The degree to which a tool was effective in measuring what it was designed to measure is referred to as its validity. Construction validity and content validity are the two forms of validity that may be recognized.

The degree to which an instrument's findings are relevant to its specified study objectives is referred to as construct validity (Sadik, 2019). The questionnaire was designed to be completed quickly. The supervisor's and pilot study participants' comments cleared any discrepancies and ambiguities in the questionnaire. The degree to which the material used in the questionnaire will aid in the achievement of the study's objectives is referred to as content validity (Sadik, 2019).

### 3.8.1. Reliability

According to Saunders et al. (2009), consistency is required to provide device dependability, and reliability is connected to the quality of the data supplied. A reliable instrument yields consistent results (Ferber, 1974). The consistency provides the researcher with the assurance that the findings are relevant to the issues they set out to address. When applied on diverse respondents, reliable instruments generate consistent results. Eliminating measurement error factors such as data collection bias can also improve dependability (Watts and Finkenstaedt-Quinn 2021).

The researcher was able to reduce data collecting bias by using guided questions and delivering surveys only to respondents. The researcher created the questionnaire and then sent it to the supervisor for revisions, which increased the reliability of the data collected.

## 3.9. Data Analysis Procedures

Data analysis is the process of evaluating study findings in relation to research topics. To analyze the quantitative data obtained, quantitative processes are utilized. The researcher relied heavily on SPSS version 20 and Microsoft Excel to simplify data analysis. Demographic data, as well as data from goals 1 and 4, are evaluated using descriptive statistics and content analysis. Tables, charts, and graphs are utilized as examples to make the quantitative data from the research in chapter 4 of this study more intelligible, well-classified, and summarized.

## 3.10. Ethical Consideration

Ethical considerations are an important aspect of any research study, including when carrying out a thesis. Some ethical considerations that may be relevant to this research include:

* Informed consent: Researchers must ensure that participants fully understand the nature of the study and their role in it, and must obtain their informed consent before collecting data from them.
* Confidentiality and anonymity: Researchers must protect the confidentiality of participants' personal information and must ensure that participants' identities are not disclosed in any published materials.
* Risk of harm: Researchers must consider any potential risks to participants' physical, emotional, or financial well-being, and must take steps to minimize these risks.
* Deception: Researchers must not deceive participants about the nature or purpose of the study, or about the data that will be collected from them.
* Plagiarism: Researchers must ensure that all work presented in their thesis is original and properly credited to its sources.

## 3.11. Summary

This chapter described in detail the study design used by the researcher to analyze the sources of revenue and expenditure patterns of local governments. The mixed method was used to describe the sample frame, sample size, and statistical analysis in this empirical study. The following chapter will go into the study's findings and how they were evaluated using the quantitative and qualitative approaches that were used.

# CHAPTER 4

# DATA PRESENTATION

## Introduction

This chapter presents, interprets, and analyses the data obtained from the questionnaires and interviews mentioned in the previous chapter. The data was presented and interpreted using graphs, tables, and pie charts. The information in the tables was obtained from both questionnaires and interviews. The tables and pie charts were created using Microsoft Excel and SPSS (version 20).

## Instrument response rates

The response rates for the close ended questionnaire and interviews are as follows

Table 4.1: Questionnaire Rate of Response (where n=50)

|  |  |  |  |
| --- | --- | --- | --- |
| **Department** | **Questionnaires Administered** | **Responded** | **Response rate (%)** |
| Central Admin | 8 | 7 | 87.5 |
| Human Resource | 7 | 7 | 100 |
| Finance | 11 | 9 | 81.81 |
| Roads and works | 13 | 12 | 92.3 |
| Internal Audit | 5 | 5 | 100 |
| Environment and Planning | 6 | 4 | 66.67 |
| **Total** | **50** | **44** | **88%** |

As depicted by table 4.1, the overall rate of response is 88% which is within the appropriate range as articulated by Saunders, *et al* (2015) that an acceptable response rate is above 70% is acceptable if the survey was administered through mail questionnaire. The rate of response of 88% was therefore deemed most appropriate. The researcher utilised google forms which enabled him to send the forms through all convenient platforms as per respondent’s convenience thus maximising the response rate.

Table 4.2: Interview response rate (where n=11)

|  |  |  |  |
| --- | --- | --- | --- |
| **Sector** | **Planned** | **Successful** | **Success rate (%)** |
| Central Admin | 1 | 1 | 100 |
| Human Resource | 1 | 1 | 100 |
| Finance | 1 | 1 | 100 |
| Roads and works | 3 | 2 | 66.67 |
| Internal Audit | 1 | 1 | 100 |
| Environment and Planning | 4 | 3 | 75 |
| **Total** | **11** | **9** | **81.82** |

Only nine of the eleven management personnel who were scheduled to be interviewed were available. The respondents gave an average response rate of 81.82%, insinuating that the data collected was representative of the whole population. An ideal interview should have a response rate of 70% to 80% in order to produce accurate results (Bell, Castronova and Wagner, 2009). This suggests that the data collected by the researcher, which received an 81.82% response rate, was accurate.

## Demographic Information of respondents

### Educational qualifications of respondents

Figure 4.1: Educational Levels of Respondents (Field Survey, 2022)

Fig 4.1 indicates that the majority of respondents possessed educational qualifications significant enough to comprehend expenditure patterns and revenue sources of MRDC as they possessed diplomas, first degree and a master’s degree which gives a true picture of structures of local authorities hence reliability of the study.

### Number of years worked at MRDC

Table 4.3: Number of years worked at MRDC

|  |  |  |  |
| --- | --- | --- | --- |
|  | Frequency | Percentage | Cumulative % |
| 0 to 4 years | 13 | 24.59 | 24.59 |
| 4 to 8 years | 17 | 32.79 | 57.37 |
| 8 to 12 years | 14 | 26.23 | 83.61 |
| Above 12 years | 9 | 16.39 | 100 |
| Total | 53 | 100 |  |

The table 4.3 shows that cumulatively 83.61% of the sample respondents have been employed at MRDC for at most 12 years and only 16.39% have gone beyond 12 years which suggests that most employees cease employment due to several factors such as retirement and other employment opportunities.

## Objective 1: To identify the sources of revenue and expenditure patterns of MRDC.

Table 4.4: Sources Of Revenue

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Source | N | Minimum | Maximum | Mean | Std. Deviation |
| Rates on Property and Land | 44 | 1 | 5 | 4.09 | 1.445 |
| User rates and charges | 44 | 1 | 5 | 2.16 | 1.496 |
| Penalties and fines | 44 | 1 | 5 | 3.25 | 1.572 |
| Licences and fees | 44 | 1 | 5 | 4.44 | 1.996 |
| Supplementary Charges | 44 | 1 | 5 | 1.37 | 1.216 |
| Plan approval and development fees | 44 | 1 | 5 | 4.26 | 1.410 |
| Income generating projects (e.g., Dormavale) | 44 | 1 | 5 | 3.72 | 1.381 |
| Lease and sale of land | 44 | 1 | 5 | 3.42 | 1.266 |
| Rentals on council property | 44 | 1 | 5 | 4.35 | 1.099 |
| Proceeds from natural resource | 44 | 1 | 5 | 1.58 | 1.402 |
|  |  |  |  |  |  |
| Interest on investments | 44 | 1 | 5 | 3.01 | 1.957 |
|  |  |  |  |  |  |
| Grants and Borrowings | 44 | 1 | 5 | 3.67 | 1.024 |

(Field Study, 2022)

The first objective of this study was to determine the revenue sources of MRDC. The table above indicates the revenue sources and based on these results a mean of 4.0 and above represents the major revenue sources of MRDC. A mean between 3.0 and 3.9 represents moderate revenue sources and lastly an average of less than 3.0 represents revenue sources that are rarely available to MRDC.

As depicted above the most available sources of revenue are licences and fees, rental on councils’ property, plan-approval and development fees and rates on property and land with means and standard deviation of (Mean=4.44; SD=1.996), (Mean=4.35; SD=1.099), (Mean=4.26; SD=1.410) and (Mean=4.09; SD=1.445) respectively. The highest mean that the most available source of revenue is Licence and fees which is acquired from charging licence and fees from business operators followed closely by rentals on councils’ property which is acquired from tenants renting council’s building, also there is revenue arising from plan approval and development which is arising from clients developing stands and approval of plans and rates on property and land which is acquired through charging development levies labour as well as the mark up.

Income generating projects, Grants and borrowings, Lease and sale of land, Penalties and fines and Interest on investment are moderately available sources of revenue of MRDC as demonstrated by their means and standard deviations of (Mean=3.72; SD=1.381), (Mean=3.67; SD=1.024), (Mean=3.42; SD=1.266), (Mean=3.25; SD=1.572) and (Mean=3.01; SD=1.957) respectively. This was also supported by the opinions of the interview respondents who indicated that these sources of revenue are not the main source of income but rather they are the medium source. This indicates although they are not the main source, if they are ignored the revenue of the council will fall and the council will fail to meet its obligations.

Lastly the user rates and charges, proceeds from natural resources and supplementary charges are the rarely available sources of revenue of MRDC with means and standard deviation of (Mean=2.16; SD=1.496), (Mean=1.58; SD=1.402) and (Mean=1.37; SD=1.216) respectively. This was also supported by the opinions of the interview respondents who indicated that they seldom receive revenue from these sources. This indicates that very little attention is given when collecting revenue.

The results of the interviews conducted indicated that many staff of MRDC interviewed had little knowledge concerning other sources of revenue that are available for MRDC. However, when asked which source of revenue are mostly available for MRDC the majority stated licences and fees, development levy and rentals of council’s property. To support this notion another respondent articulated that.

*“Licences and fees, rentals of council’s property and rates on land and property are the main sources of revenue for MRDC. The Domervale projected also contributed significantly to the council’s revenue through the sale of stray livestock.” (Interviewee 06)*

Another respondent gave the following response:

*“Grants and borrowings are the main sources of revenue for MRDC. Licences and fees, rates on council’s property and land contributes to a lesser extent.” (Interviewee 09)*

### Discussion

The first objective was to determine sources of revenue and the expenditure pattern of MRDC. The researcher discovered that the main sources of revenue are licences and fees, rental on councils’ property, plan-approval and development fees and rates on property and land. These results were in conformity with the findings of Kellam and Kehew (2004) and Mituhallah (2007)

The study discovered that licences and fees, rental on councils’ property, plan-approval and development fees and rates on property and land are the most available sources of revenue that are mostly available for MRDC. These findings refuted Kellam and Kehew (2004) who identified toll charges, sewage charges, road cutting charges, open space entry fees, hazardous waste fees, betterment fees and burial service charges. The findings differed because previous research looked at Rwanda which have better economic conditions as compared to Zimbabwe.

Mituhakkah (2007) concluded that that revenue sources such as Neon signs, Billboards, advertisements, plans, Approvals, Public Health, Single business permit, displays, Rates and Rents can generate enough revenue, however the results of the study claim otherwise as the sources that are available for MRDC differs because the study was carried out in Nairobi City council whilst the study was carried in Marondera Rural District council.

Table 4.5: Expenditure Pattern

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Source | N | Minimum | Maximum | Mean | Std. Deviation |
| cost of securing the premises and local government assets | 44 | 1 | 5 | 4.09 | 1.445 |
| Engagement into market development and building abattoirs | 44 | 1 | 5 | 2.16 | 1.496 |
| Expenditure on emergencies | 44 | 1 | 5 | 3.25 | 1.572 |
| Wages, salaries and allowances | 44 | 1 | 5 | 4.44 | 1.996 |
| the building of a classroom and small stadium. | 44 | 1 | 5 | 1.37 | 1.216 |
| Repairs and maintenances of office equipment | 44 | 1 | 5 | 4.26 | 1.410 |
| bus, machine, and official vehicle purchases for the council. | 44 | 1 | 5 | 3.72 | 1.381 |
| construction of culverts and other small bridges nearby. | 44 | 1 | 5 | 3.42 | 1.266 |
| Office supplies | 44 | 1 | 5 | 4.35 | 1.099 |
| Building of staff quarters | 44 | 1 | 5 | 1.58 | 1.402 |
|  |  |  |  |  |  |
| Purchase of office equipment | 44 | 1 | 5 | 3.01 | 1.957 |
|  |  |  |  |  |  |
| Building of health centres and vertinary | 44 | 1 | 5 | 3.67 | 1.024 |

(Field Study, 2022)

The first objective another part of this study was to determine the expenditure patterns of MRDC. The table above indicates the expenditure sources and based on these results a mean of 4.0 and above represents the major sources of expenditure of MRDC. A mean between 3.0 and 3.9 represents moderate sources of expenditure and lastly an average of less than 3.0 represents expenditure sources that are rarely available to MRDC.

As depicted above the most utilised sources of expenditure are wages, salaries and allowances, purchase of office supplies, repairs and maintenance of assets and cost of securing the premises and local assets with means and standard deviation of (Mean=4.44; SD=1.996), (Mean=4.35; SD=1.099), (Mean=4.26; SD=1.410) and (Mean=4.09; SD=1.445) respectively. The highest mean shows that wages, salaries and allowances constitutes a large most available source of revenue is Licence and fees which is acquired from charging licence and fees from business operators followed closely by rentals on councils’ property which is acquired from tenants renting council’s building, also there is revenue arising from plan approval and development which is arising from clients developing stands and approval of plans and rates on property and land which is acquired through charging development levies labour as well as the mark up.

Purchase of non-current assets, building of health centres and vertinary, construction of culverts and other small bridges, expenditure on emergencies, and purchase of office equipment are moderately used with means and standard deviation of (Mean=3.72; SD=1.381), (Mean=3.67; SD=1.024), (Mean=3.42; SD=1.266), (Mean=3.25; SD=1.572) and (Mean=3.01; SD=1.957). This was supported by the opinions of the interview respondents who indicated that these expenditures although they are not always utilised, they constitute a large portion of the budget. This indicates although they are not the main sources of expenditure for MRDC, if they have to be budgeted for because failure to do so will negatively impact the cashflows.

Lastly engagement into development and building abattoirs, building of staff quarters, building of classrooms rarely consumes the revenue of MRDC with means and standard deviation of (Mean=2.16; SD=1.496), (Mean=1.58; SD=1.402) and (Mean=1.37; SD=1.216) respectively.

### Discussion

The objective was to determine sources of revenue and the expenditure pattern of MRDC. The researcher discovered that the expenditure of MRDC is divided into 2 categories namely recurrent expenditure and capital expenditure, also the expenditures included the following wages and salaries and wages, repairs and maintenance of office equipment These results were in conformity with the findings of Sudasinghe (2010), who also added that the dominant role of the central government over the local-level is also significant in expenditure decision making at local level.

## Objective 2: To analyze the problem associated with revenue generation and the reason for inadequate funds available for MRDC.

Table 4.6: Problems associated with revenue generation and reason the reason for inadequate funds

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Reasons for inadequate revenue generation** | N | Min | Max | Mean | SD |
| Inadequate communication with rate payers | 44 | 1 | 5 | 4.10 | 1.713 |
| Lack of power to enforce payments | 44 | 1 | 5 | 3.60 | 1.701 |
| Corruption and embezzlement of funds by officials | 44 | 1 | 5 | 3.57 | 1.653 |
| Political pressure to relax on revenue collection | 44 | 1 | 5 | 2.14 | 1.434 |
| Poor debts collection mechanism | 44 | 1 | 5 | 4.65 | 2.300 |
| Poor Billing | 44 | 1 | 5 | 4.94 | 1.902 |
|  |  |  |  |  |  |

The second objective of this study was to analyse the problems associated with revenue generation and the reason for inadequate funds at MRDC. The table above indicates the problems associated with revenue generation and the reasons for inadequate funds and based on these results a mean of 4.0 and above represents the major reason that is contributing to inadequate funds. A mean between 3.0 and 3.9 represents another factors that are contributing and lastly an average of less than 3.0 represents other factors that are contributing to a lesser extent.

As depicted by the table above, poor billing, poor debt collection mechanism and inadequate communication with rate payers are contributing significantly to inadequate funds with a mean and a standard deviation of (Mean=4.94; SD=1.902), (Mean=4.65; SD=2.300) and (Mean=4.10; SD=1.713) respectively

Lack of power to enforce payments, corruption and embezzlement of funds and political pressure to relax on revenue collection are also another factors contributing to inadequate funds to a lesser extent with mean and standard deviations of (Mean=3.60; SD=1.701), (Mean=3.57; SD=1.653) and (Mean=2.14; SD=1.434) respectively. To support this notion another respondent articulated that;

*“The main factor affecting revenue collection is the pressure from political parties to relax on revenue generation so that they will gain acceptance but this is affecting the council negatively, also corruption and embezzlement of funds by the top officials is another factor.”. (Interviewee 04)*

### Discussion

The second objective was to look into the issues around income creation and the reasons for insufficient finances. The researcher discovered that bad billing, poor debt collection mechanisms, and inadequate communication with ratepayers contribute more than lack of capacity to enforce payments, corruption and misappropriation of funds by officials, and political pressure to relax on revenue contribute less. These findings agreed with those of Kucherera (2014), Twaibu (2020), Nkuna (2021), Nghifiwa (2021), and Owandho (2020).

According to Nyanumba (2010), revenue is required in any company. Because no activity can take place without money, organizations strive to generate revenue while minimizing costs. The researcher also stated that the revenue section should be addressed seriously and that revenue collection should be mobilized using all available techniques in order to gather adequate cash to fund operations.

## Objective 3: To establish strategies to mitigate challenges associated with revenue generation.

Table 4.7: Strategies to mitigate challenges associated with revenue generation

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Strategies to mitigate challenges associated with revenue generation** | N | Min | Max | Mean | SD |
| Customizable billing logic | 44 | 1 | 5 | 4.10 | 1.713 |
| Incentives for those who clear up their debt in time | 44 | 1 | 5 | 3.60 | 1.701 |
| Making use of a communication | 44 | 1 | 5 | 3.57 | 1.653 |
| Effective communication | 44 | 1 | 5 | 2.14 | 1.434 |
| Use of effective internal controls | 44 | 1 | 5 | 4.65 | 2.300 |
| Whistle Blowing | 44 | 1 | 5 | 4.94 | 1.902 |
|  |  |  |  |  |  |

The third objective of this study was to determine strategies to mitigate problems associated with revenue generation. The table above indicates the possible strategies to mitigate the problem associated with revenue generation and based on these results a mean of 4.0 and above represents the strategy that will help to mitigate the problems. A mean between 3.0 and 3.9 represents strategies that will help to mitigate the problem to a lesser extent another factors that are contributing and lastly an average of less than 3.0 represents solutions that will help to mitigate the problem but they have little or no impact.

As depicted by the table above, whistle blowing, use of effective internal controls and customizable billing are the major strategies that will help to mitigate problems associated with revenue generation with a mean and a standard deviation of (Mean=4.94; SD=1.902), (Mean=4.65; SD=2.300) and (Mean=4.10; SD=1.713) respectively

Incentives for those who clear up their debt in time, making use of a communication and Effective communication are also other strategies that can be implemented to reduce problems associated with revenue generation with mean and standard deviations of (Mean=3.60; SD=1.701), (Mean=3.57; SD=1.653) and (Mean=2.14; SD=1.434) respectively.

**Discussion**

The third objective was to determine ways for mitigating the challenges connected with income generating. The study revealed that whistleblowing, effective internal controls, and adjustable billing are the primary techniques that will assist to offset income production challenges. Another technique that will assist to ameliorate the problem is to offer incentives to those who pay off their debts on time, to use a communicative and effective communication system, to use bad invoicing, a poor debt collection mechanism, and to communicate ineffectively with rate payers. These findings agreed with those of Kimario (2014), Adi et al (2015), and Ogbuokiri (2016). (2012).

Kimario (2014) suggested that in order to mitigate the problems associated with revenue generation, they should review bylaws, computerize revenue management, outsource some revenue collection to private agents, strengthen revenue collection system, and impose harsher penalties on council staff and agents found guilty of mismanagement of collected revenue. Taxpayers should perform their part by gladly paying taxes for the benefit of themselves and the general public.

Adi et al. (2015) proposed that in order to strengthen the revenue generating system, existing revenue equipment and rules be upgraded, employees be retrained, wages be paid on time, and incentives be provided to tax collectors, among other things.

Finally, Ogbuokiri (2012) recommended the following regular training programs for revenue collectors, in order to minimize the problem of staff incompetence, there should be checks and balances for the entire department, because power corrupts, and absolute power corrupts absolutely, there should be constant monitoring of internal revenue collectors and its operational performance to reduce the problem of corruption.

## Objective 4: To determine the impact of revenue sources and expenditure patterns on quality of services provided.

An inferential test was carried out to determine the impact of revenue sources and expenditure patterns on the quality of services provided by MRDC. The measures of service quality used were Water and Sanitation, Sewage and drainage and Road Maintenance and construction. The correlation matrix below shows the correlations between the study’s variables

Table 4.8: Correlation Matrix for Revenue Sources

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | Revenue Sources | Water and Sanitation | Sewage and Drainage | Road Maintenance and Construction |
| Revenue Sources | Pearson Correlation | 1 | .838\*\* | .860\*\* | .812\*\* |
| Sig. (2-tailed) |  | .000 | .000 | .000 |
| N | 44 | 44 | 44 | 44 |
| Water and Sanitation | Pearson Correlation | .838\*\* | 1 | .702\*\* | .969\*\* |
| Sig. (2-tailed) | .000 |  | .000 | .000 |
| N | 44 | 44 | 44 | 44 |
| Sewage and Drainage | Pearson Correlation | .409\*\* | .524\*\* | 1 | .552\*\* |
| Sig. (2-tailed) | .000 | .000 |  | .000 |
| N | 44 | 44 | 44 | 44 |
| Road Maintenance and Construction | Pearson Correlation | .602\*\* | .769\*\* | .805\*\* | 1 |
| Sig. (2-tailed) | .000 | .000 | .000 |  |
| N | 44 | 44 | 44 | 44 |
|  |  |  |  |  |
|  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | Expenditure Patterns | Water and Sanitation | Sewage and Drainage | Road Maintenance and Construction |
| Expenditure Patterns | Pearson Correlation | 1 | .438\*\* | .540\*\* | .302\*\* |
| Sig. (2-tailed) |  | .000 | .000 | .000 |
| N | 44 | 44 | 44 | 44 |
| Water and Sanitation | Pearson Correlation | .738\*\* | 1 | .602\*\* | .569\*\* |
| Sig. (2-tailed) | .000 |  | .000 | .000 |
| N | 44 | 44 | 44 | 44 |
| Sewage and Drainage | Pearson Correlation | .409\*\* | .824\*\* | 1 | .752\*\* |
| Sig. (2-tailed) | .000 | .000 |  | .000 |
| N | 44 | 44 | 44 | 44 |
| Road Maintenance and Construction | Pearson Correlation | .902\*\* | .869\*\* | .705\*\* | 1 |
| Sig. (2-tailed) | .000 | .000 | .000 |  |
| N | 44 | 44 | 44 | 44 |
|  |  |  |  |  |
|  |  |  |  |  |

Table 4.9: Correlation Matrix for Expenditure Patterns

The Pearson Product Moment Correlation analysis was used to conduct a two tailed test. The scale for two tailed ranges from negative 1 to positive 1 and the closer a result is to 1, the stronger the linear relationship between the variables. A linear correlation that is greater than 0 indicates positive relationship while a coefficient below zero indicates a negative correlation between variables. The results from table 4.6 showed a strong positive relationship between the independent variable (Revenue sources) and the dependent variables Water and Sanitation 0.83 (83.8%); Sewage and Drainage 0.860 (86%) and Road Maintenance and Construction 0.812 (81.2%). The results from table 4.7 showed a weak positive relationship between the independent variable (Expenditure Patterns) and the dependent variables Water and Sanitation 0.438 (43.8%); Sewage and Drainage 0.54 (54%) and Road Maintenance and Construction 0.302 (30.2%). These results imply that revenue sources and expenditure patterns have a positive impact on the service quality provided by MRDC,

### Discussion

The third objective of this paper was to determine the impact of revenue sources and expenditure patterns on quality of services provided. The researcher used Pearson’s Product Moment Correlation Coefficient to analyse the data gathered through the questionnaire in SPSS (version 20) so as to determine the relationship between the variables.

The findings revealed that is a significant positive relationship exists between revenue sources and the quality of services provided as all coefficients for the dependent variables were above 0.7 (70%) and the significance level was (p=0.000) so we fail to accept the null hypothesis which stated that no relationship exists between revenue sources and service quality and accept the alternative hypotheses. The findings also revealed that a weak positive relationship exists between expenditure patterns and service quality as none of the beta coefficients exceeded 0.55 (55%). This indicates that other factors play a significant role in quality of service other than expenditure patterns. These outcomes are consistent with the findings of Chanyau (2014), Martinez (2015) and Karori et al (2016) who agreed that revenue generation has an impact on the service delivery.

## Summary

The study's findings presentation, interpretation, analysis, and discussion were focused on. The research results were presented using graphs and tables, and descriptive statistics, regression, and correlations were calculated using SPSS.

# CHAPTER 5

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## Introduction

This chapter focuses on the conclusion, summary and recommendations of the study based on how the research findings were critically analysed. The chapter shows the major findings of the study and their implications for practice.

## Summary

* MRDC's primary sources of revenue include licensing and fees, rents of council property, plan approval and development fees, and property and land taxes. Other reasonably available sources of revenue include income-generating enterprises (Domervale), grants and borrowings, land leases and sales, penalties and fines, and interest on investment. Finally, the MRDC's user rates and charges, natural resource revenues, and additional levies are unusual sources of revenue..
* A considerable proportion of the sample reported that they are aware with income sources such as licences and fees, rentals on municipal property, plan approvals and development fees, and rates on property and land.
* A two tailed Pearson’s Correlation test was carried out to determine the impact of revenue sources and expenditure patterns on the quality of services provided by MRDC.
* According to the study, the major challenges associated with revenue generation are poor billing, a poor debt collection mechanism, inadequate communication with rate payers, a lack of power to enforce payments, corruption and embezzlement of funds, and political pressure to relax revenue collection, which leads to liquidity problems.

## Conclusion

It is deduced from the study that not all sources of revenue are available for MRDC. user rates and charges, proceeds from natural resources and supplementary charges are rarely available sources and they contributed insignificantly to the council’s revenue.

Based on the findings, in order to mitigate the problems associated with revenue generation whistle blowing, use of effective internal controls, customizable billing, incentives for those who clear up their debt in time, making use of a communication and effective communication management accounting reports has to be implemented. The findings revealed that there is a significant positive relationship exists between revenue sources and the quality of services provided. Based on the research findings not all challenges identified in literature are worth review in Zimbabwe as some were deemed irrelevant in the Zimbabwean economy.

## Recommendations

* Updated record management to reduce the problem of revenue collection.
* Reviewing the expenditure needs of the organisation.
* Outsourcing the revenue collection function of MRDC.
* Training of revenue collectors.
* Use of extensive internal controls to reduce embezzlement of funds.

## Areas of further study

* The study focused only MRDC; hence a similar study can be carried to find out the impact of revenue generation in the town councils.
* A study to identify the determinants of provision of quality services by local authorities in Zimbabwe.

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# APPENDICES

## APPENDIX 1

### RESEARCH QUESTIONNAIRE

#### To MRDC Management.

The researcher is a student from Bindura University of Science Education currently studying for a Bachelor of Accountancy (Honors) Degree and wishes to gather data on **An analysis on the sources of revenue and expenditure of MRDC. A case study of Marondera Rural District Council.** The researcher therefore kindly requests you to complete the questionnaire below. The information submitted will be used for academic purpose only. Thank you.

*Instructions on responding to question*

1. *Do not write your name on the questionnaire*
2. *Show response by ticking the respective answer box or fill out in the respective respect*

#### Section A

* Highest qualification

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ordinary level | Advanced level | diploma | Bachelors’ degree | Master’s degree |
|  |  |  |  |  |

* Number of years worked at MRDC

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Below 5 years | 5-10 years | 11-15 years | 16-20 years | Above 20 |
|  |  |  |  |  |

#### Section B

* Determine the sources of revenue of MRDC

What are the sources of revenue that are available for MRDC?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………….

* Using the scale below, indicate the revenue sources of MRDC

1= Never, 2 = Rarely, 3= Occasionally, 4=Frequently, 5=Very Frequently

|  |  |  |
| --- | --- | --- |
|  | Sources of Revenue | Score |
| SR1 | Rates on property and land |  |
| SR2 | User charges and fees |  |
| SR3 | Penalties and fines |  |
| SR4 | Licenses and fees |  |
| SR5 | Supplementary charges |  |
| SR6 | Plan approval and development fees |  |
| SR7 | Income generating projects |  |
| SR8 | Lease and sale of land |  |
| SR9 | Rentals on councils’ property |  |
| SR10 | Proceeds on sale of natural resources |  |
| SR11 | Interest on investments |  |
| SR12 | Grants and borrowings |  |

* Determine the expenditure pattern of MRDC

What are the expenditure patterns of MRDC?

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* Using the scale below, indicate the expenditure of MRDC
* 1= Never, 2 = Rarely, 3= Occasionally, 4=Frequently, 5=Very Frequently

|  |  |  |
| --- | --- | --- |
|  | Expenditure Pattern | Score |
| EP1 | Construction of mini bridges. |  |
| EP2 | Purchase of official vehicles, buses and machines. |  |
| EP3 | Engagement into market development and building abattoir. |  |
| EP4 | Construction of classroom and building of mini stadium. |  |
| EP5 | Building of staff quarters. |  |
| EP6 | Building of health centers and vertinary |  |
| EP7 | Purchase of office equipment like computers, typewriter, air conditioners, refrigerators. |  |
| EP8 | Wages, salaries and allowances |  |
| EP9 | cost of securing the premises and local government assets |  |
| EP10 | Rentals and rates |  |
| EP11 | Repairs and maintenance of office equipment and other assets |  |
| EP12 | Office supplies |  |
| EP13 | construction of theme parks, secretariats, and staff housing. |  |

**Section C-** Analyse the problem associated with revenue generation and the reason for inadequate funds available for MRDC.

What are the problems that are associated with revenue generation and the reason for inadequate funds available for MRDC?

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* Use the extent scale below to answer all the questions that follow
* Strongly Agree-1, Agree -2, Neutral -3, Strongly Disagree-4, Disagree-5.

|  |  |  |
| --- | --- | --- |
|  |  | Score |
| RG01 | Poor billing |  |
| RG02 | Inadequate communication with ratepayers |  |
| RG03 | Lack of power to enforce payment |  |
| RG04 | Corruption and embezzlement of funds by officials |  |
| RG05 | Political pressure to relax on revenue collection |  |
| RG06 | Poor debt collection mechanism |  |

**Section D-**Establish strategies to mitigate challenges associated with revenue generation.

What are the ways to mitigate challenges associated with revenue generation?

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Using the scale below indicate the strategies that will help to mitigate the problems associated with revenue generation.

* Strongly Agree-1, Agree -2, Neutral -3, Strongly Disagree-4, Disagree-5.

|  |  |  |
| --- | --- | --- |
|  |  | Score |
| SRG01 | Customizable billing logic |  |
| SRG02 | Consolidated invoicing |  |
| SRG03 | Making use of communication that reach every client |  |
| SRG04 | Effective communication |  |
| SRG05 | Use of effective internal controls |  |
| SRG06 | Whistle blowing |  |
| SRG07 | Incentives for those who clear up their date in time |  |

**Section D-** Determine the impact of revenue sources and expenditure patterns on quality of services provided.

What are the impacts of revenue sources and expenditure patterns on the quality of services provided?

………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………………..

**Indicate MRDC’s targeted vs actual quality of services delivered for the fiscal years indicated below using the scale below with respect to the following:**

Poor-1, Fair-2, Good-3, Very Good-4, Excellent-5

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | 2020 | 2021 |
| QOS 01 | Water and Sanitation |  |  |
| QOS 02 | Sewage and drainage |  |  |
| QOS 03 | Road Maintenance and construction |  |  |

**Thank you for your cooperation.**

## APPENDIX 2

### INTERVIEW QUESTIONS

1. How long have been working for MRDC?
2. What are the sources of revenue that are available for MRDC?
3. What are the sources of expenditure for MRDC?
4. What is the problem associated with revenue generation and the reason for inadequate funds available for MRDC?
5. Briefly explain the impact of revenue sources and expenditure patterns on quality of services provided.