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RESEARCH TOPIC

IMPACT OF REVENUE GENERATING SYSTEMS AND PERFORMANCE IN LOCAL AUTHORITIES IN ZIMBABWE. A CASE OF CHIREDZI TOWN COUNCIL.

BY

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This dissertation is submitted in partial fulfillment of the requirements of the **Bachelor of Commerce (Honors) Degree in Accounting** in the Department of Accounting at Midlands State University.

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I, ChanyauTatenda, do hereby declare that this dissertation is entirely my own composition. All references made to works of other persons have been duly acknowledged. I have made it independently with the close advice and guidance of my supervisor.

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DEDICATION

This work is dedicated to my family, friends and God Almighty who generously gave me the strength, health and other resources to successfully accomplish this research amid other competing demands.

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ABSTRACT

Revenue generation is the nucleus and bedrock for sound local authority sustainability. Thus this research examines the impact of income generating systems and performance at Chiredzi Town council. This is because local authorities as the third tier of government and closest to the people need revenue to provide basic social services to the citizens. However it is unfortunate that Chiredzi Town Council is failing to generate the much needed revenue despite the fact that the local authority collect revenue from existing sources of revenue due to factors influencing revenue generating system. The researcher used both primary and secondary methods of data collection to generate the needed information. Information obtained through questionnaires were presented in graphs, tables and expressed in percentages. Study findings indicate that the following factors hinder revenue generation in local authorities: political interference, mismanagement of income generating projects, inability to collect fully revenue due and limited powers to make by-laws among others. The researcher therefore recommended strategies for effectively maximising revenue generation and alternative sources of revenue.

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CHAPTER 1

1.1 Introduction

The chapter sets the confines of the study and thus focuses on the background of the study, statement of the problem, research objectives, and research questions derived from the objectives. The chapter also highlights some assumptions by the researcher, definition of key terms, the scope and the limitations of the study.

1.2 Background to the study.

Chiredzi Town Council is one of the local authorities in Zimbabwe located in the low-veld region of the country. Since its formation in the year 2000 the urban council was mainly financed by domestic and commercial rate payers within the district, revenue from council projects and government grants.

A significant decline in revenue generating systems at the local authority is getting management worried as highlighted by Chief Accountant in his end of year remarks (Financial reports 2012). From the year 2012 the organisation's existing income sources were no longer able to generate the needed revenue to carry out its objectives as stipulated in the Urban Council's Act chapter (29:15) which include maintaining infrastructure and facilities, managing water and sanitation, providing and maintaining roads, refuse removal, managing health and education, providing housing, cemetery management and carrying out social work.

The local authority's beer garden which has been a reliable revenue source for the organisation thereby providing funds for service provision and employee salaries was reportedly running loss for the past 3 years (Full council meeting held on 2014-08-14). Mangoma's (2014) article also highlighted that "Chiredzi Town Council will spend more than US$20 000 to refurbish the loss-making Chigarapasi Beer hall which used to be a major

source of revenue for the local authority". Below is a table showing an extract of Chigarapasi beer garden income and expenditure from 2011 to 2013

Table1.1 Chigarapasi Income and expenditure extract

Year	Expenditure	Income	Profit/loss
2011	$ 420,000.00	$ 323,700.00	$ (96,300.00)
2012	$ 300,000.00	$ 229,200.00	$ (70,800.00)
2013	$ 396,000.00	$ 276,000.00	$ (120,000.00)

More so, the cancellation of outstanding water bills and rates incurred between February 2009 and June 2013 by the local governance minister also affected the income generating systems of the council. The fifty percent debt relief order by the local governance minister has impacted negatively on the council's liquidity position resulting in the organisation losing an estimated seventeen million dollars as bad debts (Management minutes 04/04/2014). Further, the irregularities in the federal and state government statutory allocation also affected the council's cash flows since grants from the central government was one of the organisation's major source of revenue. Mazulu, (2013) article also highlighted that there was neither funding provided for in the 2013 government budget nor designated revenues for provincial councils.

Regardless of poor revenue generating system, the local authority is obliged to perform its statutory duties however the effectiveness and efficiency of the service delivery rely on the council's finance hence effective and efficient income generating systems is a key to the operations of the local authority. Maduako, (2010) in her research argues that poor revenue generations is a major problem hindering the efficient performance of local authorities. The

study seeks to assess the impact of revenue generation systems and performance at Chiredzi Town Council.

1.3 Statement of the problem.

Chiredzi Town Council is failing to deliver quality services because of poor revenue generation systems. Thus, this study focuses on investigating the impact of revenue generating systems at Chiredzi Town Council.

1.4 Research Questions

Main research question

What is the impact of poor revenue generation systems at Chiredzi Town Council?

Sub research questions

i.   What are factors influencing income generation systems at Chiredzi Town Council?

ii.   An evaluation of income generating systems at Chiredzi Town Council?

iii.   Is there any other alternative sources of income Chiredzi Town Council can utilise?

iv.   What can Chiredzi Town Council implement to increase revenue generation systems?

1.5 Research Objectives

Main research objective

To determine the impact of poor revenue generation systems to at Chiredzi Town Council.

Sub objectives

i.   To determine the factors influencing income generation systems at Chiredzi Town Council.

ii.   To evaluate the revenue generation systems at Chiredzi Town Council.

iii. To identify current and alternative sources of revenue Chiredzi Town Council can utilise.

iv.   To find out strategies Chiredzi Town Council can implement for effective income generation systems.

1.6 Significance of the study

The research help the researcher with research skills for future academic and vast of knowledge in the income generation system of local authorities. Also the study is done in partial fulfilment of the requirements of the Bachelor of Commerce Accounting Honours degree.

The study will provide the university with literature that help scholars who may wish to undertake further studies on income generation system in local authorities.

Also the study will help to develop the present revenue generation system at Chiredzi Town Council and that information is vital to the government and other stakeholders in improving local government revenue or income generation system enhancing cash inflows of local authorities.

1.7 Scope of the study

The study focus mainly on the income generating system of Chiredzi Town Council in Zimbabwe. The period of the study is from 2011 to 2014.

1.8 Delimitation

The research is based on the operations of Chiredzi Town Council 69 Inyathi Rd Chiredzi.

1.9 Limitations

i. The researcher can be limited on getting as much information as he need for an in-depth   knowledge of local authorities financial performance because of time constraint. However the researcher will try to make use of time budgeting to help the researcher to fruitfully utilize the time that is available.

ii. The researcher will focus mainly on the income generating systems of Chiredzi Town Council

1.10 Definition of terms

CTC – Chiredzi Town Council

Local authority –according to Urban Council's Act chapter (29:15) "means municipal council, town council, local board, rural District council or provincial council".

Government funds - according to IAS 20 "are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity".

1.11 Summary

The focus of this chapter has been the problem and its setting. The background of the problem was given. It also highlighted the objectives of the study, the research questions and the statement of the problem. The importance of the study and the definition of terms particularly for this study were given. The chapter also outlined assumptions of this study, scope and anticipated limitations. The proceeding chapter focused on the review of literature related to the problem under study.

CHAPTER 2-LITERATURE REVIEW

2.0 Introduction

Hart, (2011) define literature review as a brief overview of what has been researched, argued and established relating to a topic which is usually presented in an orderly manner reviewing journals, articles, textbooks and additional sources relevant to the study. In this chapter the researcher explores and discusses conceptual and empirical literature on revenue generation system in local authorities, or similar local authority bodies.

2.1 Factors influencing income generation systems in local authorities

Madzivanyika, (2011) highlighted the factors that influence income generation systems and service delivery in urban councils in Zimbabwe. The factors among others include, limited income generating powers of local authorities, unbound controls by the minister of local governance, absence of legal protection in local authorities, centralised control over employment of senior management, inability by local authorities to collect fully outstanding revenue, political interference in council affairs, poor management of income generating projects

2.1.1 Political Interference

One of the contested relationship that negatively affect the proper functioning of a council is the interference of political parties. Steytler, (2013) argues that political parties can also obstruct the effective management of council affairs and he highlighted that interference may take a number of forms i.e. from seeking to influence decision to the appointment of political office holder to position in the administration without necessary skills and experience.Ayeko-Kumeth and Jane, (2014) argues that some local authorities instead of providing servicesto people, political actors have changed their agenda into pushing their political interests

keeping the regime in power.According to Japhet, (2014) in the Zimbabwe Congress Trade Unions document, the author also supported the idea saying political interference is mostly disturbing the operation of councils in Zimbabwe after the debts were illegally cancelled by the local government minister ahead of 2013 elections. He pointed out that it is revenue and the poor worker who is being sacrificed and called upon to bear the brunt of political blunder and mismanagement.

Political influence has moved inwards as a result of structural reforms which led to less professionalised municipalities Kjaer, (2011). It is clear that the shortages of skills and relevant staff in local authorities influence revenue generation systems. Sagwe, (2010) argues that in Ogembo Town Council ministerial policy guidelines influence the allocation of LATF as it gives criteria of the fund allocation to projects hence the allocation may disadvantage other wards projects as a result of political interference.Lliyasu, (2011) also note that revenue allocation appears to be political in nature than technical whereby one would come up with a formula but the political dimension may change the parameters . The same author recommended that allocation for projects need to be followed by the council and political interference should be stopped in order to enhance revenue generation.

2.1.2 Poor management of revenue generating projects

Councils should undertake trading activities which generate revenue. Al-hassan, (2011) however, argued that for the projects to generate income there is need for an effective management for sustainability. George, (2014) define sustainability of a project as the ability to ensure that the institution supported through the project and benefits realised are maintained and continue after the end of the project external funding. Sustainability of projects has been of great concern since income generating projects were one of the sources of revenue in local authorities however it has been noted that their sustainability is rather

disappointing as expenditure incurred on them is not tallying with benefits accrued, Tango International, (2009a).

Further, income generating projects such as beer gardens are facing huge competition from the private firms which are effectively kept to modernisation standards. Local authorities trading firms lack modern standards to lure more customers for maximisation of revenue generation, as a result revenue generation becomes very low with expenditure remaining very high due to salaries of employees. Kajembe and Maregeri, (2009) argues that scarce of staff expertise and commercial techniques can be the cause of local authorities income generating projects failure.One of the major source of Chiredzi Council revenue generating beer garden was reportedly running losses due to absolute cold rooms, toilets and general outlook impacting negatively on the revenue generating systems of the local authority Mangoma, (2014).

2.1.3 Central interference in local authorities' functions

Madzivanyika, (2011) argued that the central interference into council affairs may hinder the level of revenue being generated in local authorities. The author highlighted that in 2005 the minister of local governance orders the transfers of water management function from local authorities to ZINWA. Since local authorities in Zimbabwe are all administered under the same ministry which is the minister of local governance the water function was transferred to ZINWA impacting negatively on the revenue base of urban councils. The transfer did not only affect the revenue generation in local authorities but also compromised water and sanitary service provision to the residents. In 2008, the local government minister issued another directive ordering the provision of water back to the local authorities. This illustrates the confusion caused by central interference in local authorities leading to poor revenue mobilization in councils.

2.1.4 Centrally restricted budget making process

De Visser, et al (2010) pointed out that the national ministry has extensive powers over day to day decision making in local authorities through the regulatory framework in budgeting. A budget is a crucial requirement in the management of council operations each year. It sets out the expenditure priorities and allocate the scarce resources among the services the council intends to provide. Madzivanyika, (2011) argues that local authorities cannot do anything meaningful without a running budget this implies that every local authority must have a running budget so as to allocate scarce resources to meet unlimited demand of residents however, Wekwete, (2012) states that the budgets for urban councils are subject to regulatory framework set by the central government watering down the authority of local authorities. As a result local authorities won't be able to structure their budgets that meet local preferences.

Madzivanyika, (2011) also argues that central government is too geographical and operationally detached to appreciate council's expenditure that is in line with local preferences. Due to central control over budget making more time is spent on budget processes going back and forth between council and central government hindering the revenue generation process. A local newspaper (Newsday may 2011) reported that the budget for the city of Kwekwe had not been approved by May 2011. The delay in approval did affect the financial plans and service delivery for the council hence reducing the revenue generating system in place.

2.1.5 Reduced powers to make by-laws in local authorities

Atakpa&Ocheni, (2012) supports the view that revenue generation in local authorities can be influenced by the inability of local authorities to enforce by-laws which could enhance their revenue collection. Andrews and Shar, (2005; 66) notes that the power given to the minister of local governance in the Constitution of Zimbabwe discourage urban council to make by-

laws. In the Constitution of Zimbabwe 2013 it is clearly stipulated that by-laws in local authorities may only take effect after approval by the minister on which the minister may either approve or disapprove. This may cause unnecessary delays in the implementation of by-laws and decisions necessary to enhance revenue generation, for instance a city council might not be able to respond to public demand for a service delivery by enacting a by-law instead it has to wait for approval by the minister. This implies that councils might not be able to respond to public demand opportunistically to increase its revenue generation

Bremaeker, (2013) highlighted that, North-East of Brazil over 200 municipalities have no way to expand their rates bases or pay anything other than salaries of their public employees due to limited powers of municipalities.

2.1.6 Inability to collect fully revenues due

One major administrative problem for many types of council in developing countries is their inability to collect fully the revenues due to them. Kajembe&Marageri, (2009) conclude that this is due to poor administrative capacity to assess the revenue base, poor administrative capacity to enforce the rates, explicit and resistance from rates payers, corruption including embezzlement of revenues, external pressure on the local finance department to provide optimistic projections, political pressure on the local rates administration to relax on revenue collection.

 In most council there are huge gaps between reported and projected revenues. Iversen et al, (2006) argues that due to a decline in revenue collection local authorities in Uganda have to privatise revenue collection so as to improve revenue generation. According to the evidence gathered from six urban councils the same author pointed out that the privatisation of revenue collection is currently transforming the weak revenue bases of local authorities by reducing corruption at collection points. However, Fjeldstad, (2010) disagrees with the view of

privatising revenue collection arguing that more revenue will also be lost through the use of agents hence reducing the potential income of council. He further reiterated that even the relationship between the local authorities and citizens would also be deteriorated as citizens may face some difficulties to communicate their problems to private companies.

From the above factors that influence revenue generating systems in local authorities it is clear that poor management of trading projects, poor revenue collection techniques, unreliable grants in aid from the central government, political interference in local authority's decision making and limited powers in local authorities are the major ones impacting negatively on the liquidity position of the councils. Pretorius &Schurink, (2007) recommends that leadership qualities in local authorities can be used to enhance revenue generation through the planning of proper strategies to overcome these problems.

2.2 An evaluation of revenue generation sources in local authorities

2.2.1 Rates

Residents staying within a local government area pay some amounts to local authorities in form of rates. Moduako, (2010) define rate as a local tax of the local government which can be either property rate, special rate or capitation rate. The same author went on further describing property rate as a fixed percentage amount of the current value of a private property levied on the owner of such a property. Recent researches argue that property rates constitutes a significant amount of revenue in local authorities. However difficulties always arises when determining the value of property levies since the levy is based on the net book value of the property owned by either household or enterprises Foster, (2011).

More so, Zimbabwe Urban Council's Act highlighted that each local authority has the duty to charge rates and levies on different types of property which include land industrial and

residential constructions however it has to be approval of the minister. In addition Fjeldstad&Heggstard, (2012) note that in most local authorities property markets are not well developed, properly registered and sometimes the valuation rolls maybe be outdated or not in place. The same author went on further saying it is very usual that property is mostly owned by rich people who at the same time have political powers which they may use to manipulate property taxes on their holdings. This may eventually results in non-payment of the rates.

Dornfest, (2012) also highlighted the disadvantages of property rates during assessment at a percentage of market value, frequency of reappraisal or revaluation, legislation, rules and policies, equalisation, caps and limits determination pointing out that during the determination of the levy bias may arise where members of the Valuation Board have interest. Zhou &Chilunjika further argues that local authorities in countries that are going under land reform programmes may face some challenges in the collection and enforcement of paying property tax since it may be considered as contradicting with the land reform programmes.

2.2.2 Development Levy

According to Zhou and Chilinjika, (2013) development levy is an income imposed by the central government for payment by the local people to enhance local development in the form of roads, bridges, schools, hospital construction among others. Maduako, (2010) highlighted development levy also constitute amounts or rents paid for using any land or building belonging to a local authority. Development levy is another source of revenue in local authority however, the same author criticized the source on the basis that the level of levies is determined by the national government rather than by local authorities who are really aware of what should be done to develop their localities. In Zimbabwe, people who reside in certain

localities resist payment of the development levy due to the fact that payment and development on the ground is usually disproportional (Wekwete, 2010).

2.2.3 User Charges

Jaap, (2009) argues that user charges are the most lucrative sources of revenue in developing countries. It can be defined as a charge per unit output and usually takes three forms which are service fee, public prices and benefit levies. Revenue from user charges is generated through payment for the services provided by the local authority. Maduako, (2010) highlighted that the revenue is also used in the regulation and maintenance of the services. Various types of services that can be paid for include water, electricity, education and health. At Chiredzi town Council user fee is only recognised from refuse collection, water, education and health, electricity user charges are collected by ZESA which provide the service to the citizens.

It can be argued that user charges can be a reliable source of revenue generation for local authorities however Zhou &Chilunjika, (2013) argued that the source cannot be used for financing capital projects. There is also a problem in the selection of an appropriate fee to be charged to the citizens so that the local authority won't create a burden on the citizens. Maduako , (2010) further argued that the imposition of fees and charges on public service always require enabling laws for them to be lawful hence delaying the revenue generation.

2.2.4 License Fees

Revenue in local authorities can also be generated through imposing fees and charges from various types of licences such as business licences, bicycle, and wheelbarrows among others Maduako, (2010). Licences can be paid as a fixed amount to the local authority or as a

percentage of the profits of an enterprise, Goldfrank, (2009) states that Licence fees contribute to the revenue generation in local authorities through the issuing of licences, for instance in Zimbabwe for any business to run a fee must be paid first to the local authority. Fjeldstard&Heggstard argues that in Anglophone Africa contribute 5% to 30% of local authority's internal income. However the same author argues that there are some challenges on the collection of revenue.

In his research Fjeldstard&Heggstard, (2012) the author discovered that since the licences will be paid as a percentage of profits, assessing turnover to enterprises that do not keep records can be very difficult and also some businesses may be reluctant to paying the business licences as a result of travel costs. It must also be noted that high tariff or a higher licence may discourage local traders from paying. Poor administration may also affect the collection of business licence due to local authorities failing to keep proper records of local traders in the district Zhou &Chilunjika, (2013).

2.2.5 Income Generating Projects

The Zimbabwe Urban Councils Act [Chapter 29: 13] clearly stipulates that the "funds of a council shall consist of revenues received from any activity engaged in by the council in terms of section eighty (80)". The Act gives local authorities the right to be involved trading activities as a way of generating income. Elizabeth, (2010) described income generating projects in local authorities as those amounts realised by the municipality from commercial activities and industrial establishments, amongst them include transport services, bakeries, farms, beer gardens and shares invested in private companies. The same author also noted that if council projects are effectively managed with minimum political interference higher revenue can be realised.

However it was argued by George, (2013) that the sustainability of these council projects is rather disappointing due to poor administration and lack of commercial expertise in the local authorities. It must also be noted that the operation of both a beer garden and the health clinic is accompanied by the anomaly that the health department discourage the drinking of alcohol while the beer hall department encourages the drinking of alcohol to raise more profits. The two departments appear to be contradicting hence it will be best for the local authority to lease the beerhall to a private sector company in order to maximise revenue generation.

2.2.6 Intergovernmental Transfers (ITGs)

Local authorities as the third tiers of the government are often given grants by the central government in order for them to discharge their functions effectively particularly in the area of provision and maintenance of basic needs for the citizens Maduako, (2010). These grants are categorised into general/block, equalization grant, matching grant and specific grant. According to the Zimbabwe Institute, (2005) grants enable councils in the construction of roads, parks and stadiums. Kajembe&Marageri, (2009) highlighted that local authorities in Tanzania revenue come from government grants with rural districts being funded 95% of their revenues. In Zimbabwe local authorities rely on ministerial allocations in the provision of services to the general public, the ministerial allocation are used mainly in infrastructural development and capital projects financing for example Bulawayo city was allocated US4 million for the restoration of sewage infrastructure Government of Zimbabwe, (2010).

Although the allocation of grants-in-aid is very crucial in development planning Mogues et al, (2009) in his research argued that overdependence on government grants may result in reduced own revenue generation by local authorities. As a result of these ministerial allocation council tend to relax on generating their own revenue depending on allocations which may be strictly tied to specific functions. Lamidi et al, (2013) and lliyasu, (2011) also

argues that revenue allocation in local authorities may appear to be political in nature whereby one would come up with the correct way of allocating the funds but the political dimensions may change the parameters. The researcher recommend the direct allocation of revenue so as to benefit from grants.

2.2.7 Borrowing

Local authorities are permitted to borrow funds from the central government and financial institutions like banks, Maduako, (2010). They usually raise loans to cover the costs of capital projects within their statutory jurisdiction for example drainage schemes, health or agricultural developments. Unlike grants-in-aid loans have a limit to borrowing due to the interest rate and grace period and also the borrower is expected to pay back Zhou, (2013).

2.3 Alternative income generating systems in local authorities

Revenue generation in local authorities is considered to be the nucleus and path to the achievement of statutory objectives. However recent studies discovered that revenue generation is being hindered by other factors thus reducing the liquidity position of many local authorities raising issue and concerns for management to look for other alternative sources of revenue to finance the gap. The following are alternative sources of revenue local authorities may utilise.

2.3.1 Special Situations

Local Authorities must analyse their situation and determine their competitive advantage in their area. This can enable them to take advantage of a certain situation in the area and use it to generate revenue for instance during the festival period Nuwara-ehya local authority in Nigeria collects a large portion of its revenue from visitors by imposing parking fees, entrance fees for the festival (Financial Management training Module document of 2008).

The festival period attracts millions of people hence providing huge sums of revenue to the local authority.

Kellam, (2004) also come with a view that the Local authority can provide and encourage the sale of compost bins, sanitary equipment such as ready-made water seal lavatory equipment, water well construction and cleaning services. Likewise, most Local Authorities have a competitive advantage, a special situation that is available only in their area that could be taxed in order to bring in additional revenues. Chiredzi Town Council can also take advantage of agricultural shows and the Tshangani people cultural shows which are held yearly and monthly respectively charging entrance fee, parking fees as a way of revenue generation.

2.3.2 Public-private partnership

E.R. Yescombe, (2011) defined private public partnership as the concept of using private funds in the provision of public services. The concept has become increasingly popular as a way of procuring and maintaining public sector infrastructures. Local authorities use the concept in the construction and development of public projects such as roads, bridges, tunnels, railways, hospitals, schools, social housing, waste water treatment and government offices. E.R. Yescombe, (2011) give the following types of public-private partnership which include concessions agreement, design and build, operating contract and build operate and transfer

Through public private partnerships local authorities may build bridges, tolls and infrastructures of which they may derive revenue from in a long run, for example a private company may build a toll gate on behalf of the local authority. The local authority will then allow the private company to charge service fee to the general public for a specified period of time. The toll reimburses the private company for the cost of the building and operating the

facility which will eventually reverts to public control at the end of the concession thereby deriving revenues back into the local authority. Moszoro, (2011) supported that public private partnerships enhance revenue generation and infrastructure development in local authorities.

S.M. Levy, (2010) highlighted that the toll-road concession in the city of Chicago provide the city revenue amounting to $1.8 billion which was used to relieve the budget shortage. The same author also argues that the concept of public-private partnership may free up public finance for other uses, reduce the risks to the public sector, increase efficiency of operation and achieving lower maintenance cost.

It is clear that by having private firms taking the responsibility of constructing bridges highways or any building the limited available resources in the local authority can be allocated to other important projects such as employment costs and service delivery. Sandvin et al, (2011) also argues that the private sector can introduce some efficiency that the public sector may have difficulties in doing because of either political or financial constraints.

However, E.R Yescombe argues that structuring public –private partnerships may be complicated due to the need to reconcile the aims of many parties involved. On the private sector side thee are investors, lenders and company providing the construction, on the public authorities there are local authorities who give the policies and lastly the general public who need to have the basic understanding of the policies and financial issues.

Other than increasing the revenue base and supplying the aspirin for infrastructure headache Osborne, (2012) also argued that public private partnerships may use the best minds and resources of both sectors to the benefit of the public.

2.3.4 Sale or Leasing of Assets

Local Authorities does own several income producing assets that could be sold or leased to raise revenue. The leased asset maybe used as a cash cow through the monthly paid instalments by the lease. Sandvin et al, (2011), indicate an example of the Fort Wayne Utility which was leased in the mid 1970's in Nigeria. He however argues that the leasing of such assets may generate considerable political controversy

Recent studies also highlighted that local authorities may get on investments that can produce regular revenue sources such as mass transit transportation programmes, petrol filling ranks in rural parts to supplement those of private sector. Rural pharmacy houses and medicine stores may also be embarked with the establishment of poultry farms, nursery institutes and day-care centres as new areas of revenue generation.

2.4 Turnaround strategies for effective revenue generating systems in local authorities

Moses, (2012) suggest ways and strategies for maximising revenue generating systems in local authorities. The author suggested the following best practices for an effective revenue generation system which are; exploitation of existing revenue generating system to the full, modification of existing generating system, development of new areas of revenue yield, minimisation of corruption and administrative waste and use of detection techniques.

2.4.1 The improvement of institutional management system through the provision of skilled staff such as auditors and engineers

Local government training and education can build the capacity of the local governments' staff. Staff employed in some of the key department such as rates should be based on professional qualifications and not any other consideration As a result, operational and managerial skills shall improve across the local government functions, including revenue collection.

Devas and Etoori, (2010) in his study on recruitment at Arug Municipality in Uganda, also indicated that, it is the decentralization and remuneration of staff which has been increased to attract and retain professional and experience staff. Bahl, et al, (2011) suggested that, the shortage of qualified staff (assessors, debt collectors and accountants) is often more serious at the local level, which is partly attributed to their comparatively low pay, partly to the relatively unattractive location, and poorer career prospects in local government service.

Association of Rural District Council, (2000) argued that, without effective leadership, no employee contribute to optimum and the electorate feel dissatisfied also highlighted that leadership should be at the pinnacle of the management pyramid. Devas and Etoori (2010) supported this ideology in his study when he indicated that the mayor of Entebbe Municipality in Uganda has been in office for more than eight years having won three elections, the budget outreach programme was his vision, and his leadership style seems to have done much to ensure good working relationships between levels and between elected councillors. Thus, councillors should strive for a common goal and strategy to steer the local authorities to quality service delivery to the community

2.4.2 Public education on payment of taxes and levies

Schroeder, et al (2009), believes that a better educated taxpayer population may enhance the revenue generation in local authorities. Local authorities must initiate programs to educate the public on the importance and benefits of paying rates and fee in time. Atapka&Ocheni, (2012) also argued that if citizens know their responsibility it will be easier for councils even to adjust the rates fee. However it has to be noted that some costs may be incurred in paying allowances to educators.

2.4.3 Privatisation of rates collection

Local authorities may also enhance their revenue generation through the privatisation of rates collection. This would involve a municipality contracting a private company to collects revenue on behalf of the local authority. Iversen et al, (2006) comes up with the view that that district councils in Uganda have opted for private levy collection following a dramatic drop in revenue collected. According to that evidence collected from six urban councils the paper argued that privatization is currently transforming the nature of fiscal corruption by reducing corruption at revenue collection points. Iversen et al, (2006) went on further to highlight the challenge of assessing accurate revenue potentials. Historically, the main disadvantage of revenue collection has been overzealous collection resulting in the deterioration of the state-citizen relationships. Field teams carried out independent assessments of revenue potentials of six rural councils of varying size and with different revenue shares and found a gap between reserve prices and actual potential suggesting local councils are losing between 25 and 74 percent of revenue they would have gathered if ratepayers had been correctly assessed. However Zhou &Chilunjika, (2013) argues that rather than enhancing local revenue, the private rates collection system transfers a significant proportion of money collection from rates payers into the pockets of rates agents and members of the local elite.

2.4.4 Use of Information communication technology

Jaap, (2013) define e-governance as the use of the modern information technology in council management and modernization of tax administration. E-governance can be used to increase revenue generation through the use of the e-taxation concept which is a new form of tax payment that does not require going to tax authorities and tax is paid through information and communication systems by paying taxes due in an electronic environment based on internet and interactive bank accounts (Al-hassan, 2013). The e-taxation system is cost saving, saves time, brings about efficiency in declaration and subsequent payment of tax due and lastly reduces the embezzlement of funds by revenue collectors thus improving revenue base for the local authority.

The revenue generation mobilization at Chiredzi Town Council are carried out using the manual process which makes it difficult to track the progress of the council in revenue generation. AL-hassan, (2011) argue that it is imperative for councils to adopt rational and more efficient measures such as ICT to increase revenue generation capacities. The same author goes on saying computerisation does not only aid in council administration in decision making but also increase the efficiency to a greater extent. Some countries such as Singapore, Malysia are today gradually but steadily taking ICT to rural communities.

2.4.5 Transparent and Accountable financial management

Janelle P, and John G.T, (2013) argues that it is not only the availability of resources that affect income generation in local authorities but local authorities must have a transparent and accountable financial management as one of its best practices. The key objective being to develop financial stability needed to build trust and commitment

Sound financial and fiscal management based on proper reporting systems and introduction of a strong accounting system will help to increase local government revenues. An example of this is using an accrual accounting system, which recognizes revenue when it is earned rather than when cash is received, and expenses are recognized when they occur rather than when they are paid for. An accrual accounting system can provide information on all assets and the cost of their use. MATENGO & ASSOCIATES document also argues that in the past majority of the Local Authority's had their financial reporting leaning towards cash basis than accrual, however, with the introduction of IPSAS reporting, there need for them to embrace IPSAS fully which is more informative with the disclosures.

2.5 Summary

This chapter highlighted the theoretical literature on income generation systems and performance in urban councils and small local authority bodies. The researcher reviewed previous studies similar to his. Study of literature enabled identification of knowledge gaps to be filled by the current study. The next chapter focuses on the research methodology employed to achieve research objectives.

CHAPTER 3: RESEARCH METHODOLOGY

3.0 Introduction

This chapter dealt with practical procedures that were used for carrying out the study and how data was collected and analysed. It portrayed an explicit description of the research design, the survey procedure, sampling design, sampling procedure, sample size, data collection methods and instruments that were used by the researcher.

3.1 Research Design

Saunders, Lewis & Thornhill, (2012) defined research design is defined as a general strategy employed by the researcher to answer the research questions, or "a plan that the researcher proposes to follow in conducting of the research" Remenyi et al, (2009).The researcher used a case study research design since it establishes binding and reliable evidence for the research process as well as presenting findings which result from the research .The case study is particularly valuable in answering who, why and how question Remenyi at al, (2009).

3.1.1 Descriptive research design

A descriptive research design was used to unearth data that sometimes lie buried in the minds and feelings as well as attitudes of the people. The researcher chose descriptive research design method because of its massive use of words and it lends itself easy to quantification thereby making it easy to analyse and interpret the data to be collected. Also by using the descriptive method design, data is easier to collect and condense for both the present and the past using graphs, tables and charts. The researcher uses both the qualitative and quantitative research methods in gathering and analysing data. The researcher then triangulate multi sources of data in order to ensure that qualitative data collected using semi-structured group interviews complemented quantitative data collected using questionnaires.

3.2 Population and Sample

3.2.1 Target Population

The target population consist of one hundred and twenty eight (128) Chiredzi Town council's employees and eight (8) councillors across the district.

3.2.2 Sample Size and Sampling Techniques

The researcher uses non-probability sampling using judgemental samples consisting of five executive management team of Chiredzi Town Council, non-management employees grouped into two as accounts staff and other, current councillors in Chiredzi Town urban area. Judgemental samples were used by the researcher to ensure representation of each sub-group in the population and produce improved estimators with less variation. The management included the Town Secretary, Finance Director, Town Engineer, Housing Director and the Human Resource Manager. The Directors were believed to give the quality of information needed since they are the ones who manage the operations of the council. More so, directors have a clear picture of how the council was performing over the past and current years and the reasons why the performance has been like that.

Non-management were also grouped into accounts employees and other with the former comprising the Chief Accountant, Revenue Accountant, Expenditure Accountant, Stock Controller, two cashiers, and two revenue collectors in order for the researcher to have a clear picture of how revenue is collected accounted and being expensed. The councillors are also indirectly involved in the provision of services to consumers since they hold offices and contribute on council resolution.

Table 3.1 population and sample size

Position in council	Population	Sample size	Percentage
Management	5	5	100%
Non-management employees	123	37	30%
Ward Councillors	8	8	100%
Total	**136**	**50**	**37%**

As shown by the above table the researcher's final sample size was fifty out of one hundred and thirty six giving a 37% representative of the total population. This concurs with Haralambos, (2012) which pointed out that a minimum of 33% sample size representative of the total population is required. Five out of five top managers, thirty out of one hundred and twenty three non-management staff, and eight out of eight councillors were considered representing a hundred percent, thirty percent and hundred percent for the directors, non-management staff and councillors respectively. The final composition of the sample was determined by forty five respondents of the questionnaires and those who were interviewed composed of five executive directors.

3.3 Data Sources

Both primary and secondary data were used to collect data on assessing the impact of income generation systems and performance at Chiredzi Town Council.

3.3.1 Primary data

Primary data refers to data collected when the researcher goes to the originator of evidence and thus happen to be original in character, (Remenyi, 2009). Primary data enable the researcher to effectively gather the required information thereby eliminating irrelevant data. This data was collected from the self-administered questionnaires, interviews and a pocket notebook.

3.3.2 Secondary data

Geis (2010), defined secondary data as data collected for the second time and is already available in other sources. The researcher collected this data from financial reports, journals, financial reports, internet and schoolbooks written by different authors. Secondary data guided the researcher to identify other income generation systems in other local authorities. Secondary data was also found to be useful in complimenting biases that could emanate from primary data sources.

3.4 Research instruments

The data collection instruments that were employed for the study include the use of structured institutional questionnaires, semi-structured interviews and direct observation,. These tools were employed to facilitate the data collection process as and when the use of any one of them became necessary. These tools were employed to ensure a complete assessment and understanding of the phenomenon under investigation.

3.4.1 Questionnaire

Oppeintein, (2010) views questionnaires as data collection instruments encompassing checklists, attitude, scales and projective techniques. For this reason, it acted as most appropriate for soliciting people's perceptions towards revenue generation system and

performance at Chiredzi Town Council. This instrument have merits over other types of surveys in that they are cheap, provide standardised answers and they do not require much effort from the researcher making it simple to compile data.

Further, a questionnaire is capable of collecting data from respondents whom the researcher may never be able to contact physically. For this reason, the questionnaire was chosen, for it would have taken the researcher more time to get into contact with all the respondents in the desired samples.

According to Saunders, (2012) information obtained through self-completed questionnaires can be presented statistically for example tabulated in graphical representations thus the information obtained was presented in charts, graphs and tables. However, questionnaires were standardised so it was impossible to explain some points in the questions that participants might misinterpret and also questions were based on past events that build up present knowledge and participants may forgot important facts.

3.4.2 Likert Scale

The researcher used the Likert-style rating in his collection of opinion data. The scale consists of statements varying from positive to negative ensuring that respondents read and carefully chose which box to tick. The end points of the scale are typically strongly agree and strongly disagree.

By using the scale responses were forced to express their opinions in a number of points (five) with the "neutral" rating allowing the respondent to "sit on the fence" as the word is less threatening than admitting they do not know Saunders, (2012). Further the Likert scale was quick and efficient method of collecting data.

3.4.2 Interviews

Personal interviews were used in this study to obtain information from the top managers of the council because they were best applicable with a small group of people and they facilitated the recording of non-verbal communication, which comes in form of kinesics, proxemics, gestures and facial expressions. Also interviews are adoptable since the interviewer can follow up ideas, probe responses, investigate and motivate feelings that the questionnaires cannot do.

However with interviews more time is needed to collect and analyse the validity and usefulness of responses. Also interviews seem to have no anonymity hence respondents are afraid to respond to sensitive questions.

3.5 Data Collection Procedure

The researcher had to seek audience with directors selected in interviews and appointment was made using word of mouth. The interviews and questions were short and precise and a pilot study was carried out from a sample of five to make sure that each question would sound the same to all the research participants. Questionnaires were distributed in person by the researcher to the employees and councillors.

3.6 Data Validity

Validity of data was ensured when the researcher carefully designed individual questions. The researcher also invited other professionals to check subject agreement (face or content validity).Checking of correlation of the measure with other measured criterion and construct validity was done. The researcher also ensured that the right respondent answered the questionnaire. Discussion of answers by respondents was discouraged.

Reliability of data was ensured by the researcher when he made sure that the questionnaire was of reasonable length. Items were not difficult, confusing and ambiguous. Questionnaires were pilot tested and corrected (test-retest method and split-half method).

3.7 Data presentation and analysis

The data was analysed using descriptive statistical methods in form of tables, percentages, graphs and charts and statistical parameters to enable easy understanding of the research. The presentation chosen was to present the data in a clear, readable manner and allow the reader/user to see clearly the relationship in the data. In some instances actual results obtained will be compared to the theory as established under literature review.

3.8 Summary

The selected methodology served the important purpose of restricting the study to investigating only relevant matters and maintaining coherence in the study. The questionnaire method, interview and observation were sufficient to obtain the required information from the sample population.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This Chapter provides the presentation and an analytical interpretation of raw data gathered from the field solicited through questionnaires and interviews. Tables, charts and graphs were used so as to reveal the salient message in the data hence facilitating interpretation.

4.1 Response and success rates

Table 4.1 questionnaire and interview success rate

	Target respondents	Successful	Success rate
Questionnaires	45	40	88.88%
Interviews	5	5	100 %
Total	50	45	90%

Of the questionnaires that were dispatched only forty (40) were responded to, representing a success rate of 88.88% as depicted by Table 4.1 above which is valid and reliable as supported by Dalene, (2009) who argues that questionnaire response rate should be more than fifty percent.The target population was properly represented since key councilors (non-executive directors) who are relevant to the study also responded to the questionnaires. Robson (2012) argues that questionnaires produce best with standardized questions which can be interpreted the same way by the responders. The sample selected was able to give a true opinion on the income generation systems and performance at Chiredzi town council.

 A total of five (5) interviews were carried out with the top management of the council which represents a success rate of 100% as depicted by Table 4.1 above. Punch. K, (2008) noted

that an interview response rate of fifty percent is acceptable thus the response rate is hundred which is excellent. These interviews were meant to cement the questionnaire responses making use of the executive management who are responsible for policy making and all the council affairs. The interviews brought about the same answers already provided by questionnaires. The interviews added validity, credibility and accuracy to the study. According to Phellas, (2014) interviews accorded the researcher the chance to probe deeply in order to discover new clues and open new dimensions of a problem under study, use observation as another evaluation method, clarifying questions and conducting them at any location and time. The interview had a higher response rate hence the research was able to retain a degree of control over data collection. The study was also able to gather more and deeper information about income generation systems and performance in local authorities from the interviews.

4.2 Demographic data

4.2.1 Gender of respondents

The researcher asked the respondents questions regarding their gender status and he obtained the following responses:

Table 4.2: Gender of respondent

Gender	Frequency	Percentages (%)
Male	20	50
Female	20	50
Total	**40**	**100**

The responses showed that (20/40)50% of the respondents were female just as (20/40) 50% were males. This showed that the research findings were not gender biased as both sex were almost equally represented. It also implied that the local authorities' labor force is not gender biased. However men and women have different perception and this added validity, credibility and accuracy to the study.

4.2.2 Working experience of respondents.

The researcher asked the respondents questions regarding the number of years they served at the company and obtained the following responses:

Table 4.3: Working experience of the respondents.

Age interval	Frequency(years)	Percentages (%)
0-5	12	30
6-10	18	45
Over 10 years	10	25
Total	**40**	**100**

The results above showed that (12/40) 30% of the employees at Chiredzi Town Council were between 0 to 5years, (18/40) 45% were between 6 to 10years, while (10/40) 25% were above 10 years of experience. This huge pool of experience added reliability, accuracy and relevancy of the data that was collected by the researcher.

Table 4.4: Showing the education level of the respondents

Qualifications	No. of respondents	Percentage (%)
Degree	4	10
Certificate	14	35
Diploma	12	30
'O' Level and A 'level	10	25
Total	**40**	**100**

The research findings showed that (4/40)10% of the workers were graduates, (12/40) 30% were diploma holders, (14/40) 35% were certificate holders and (10/45) 25% were O 'level and A 'level. The   highest percentage of certificate, O 'level and A 'level holders showed that the Chiredzi town council employees' were moderately qualified hence the organization lacks qualified personnel for efficient budgetary and financial management systems.
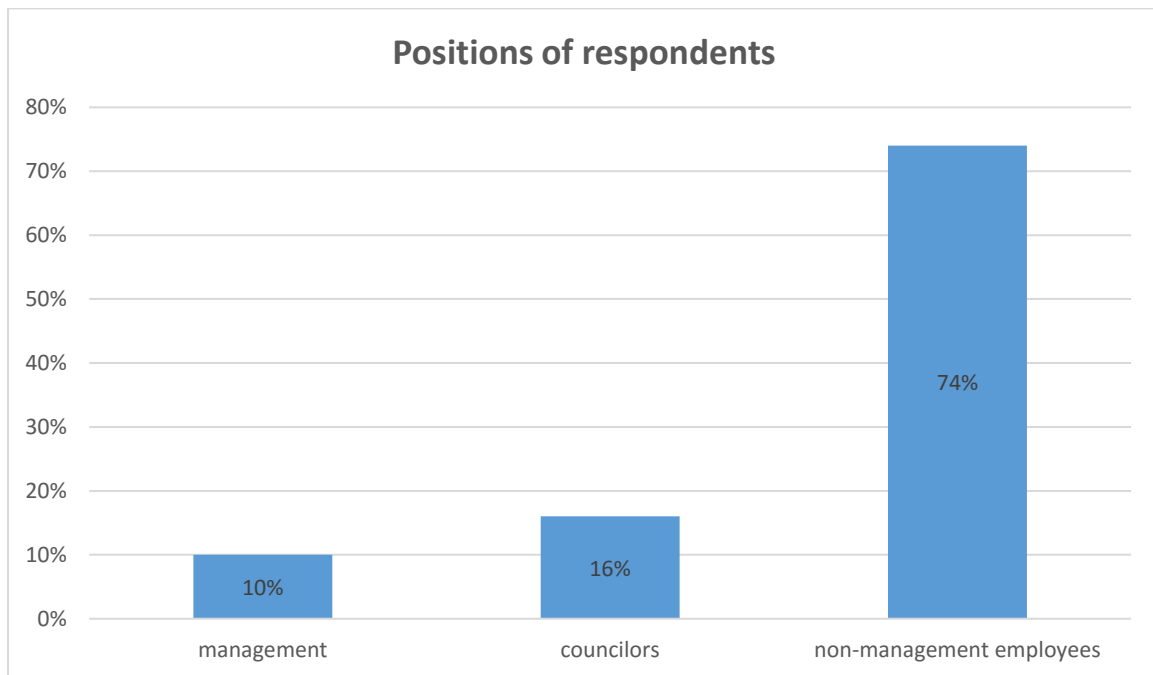
4.3 Position of the respondents

Figure 4.1: Positions of respondents

On respondents, (33/45) 74% were non-management employees with the accounts staff being the majority in the group, (33/45) 16% were councillors and (5/45) 10% executive managers. Accounts staff employees responded much to the questionnaires, this increase the reliability of findings obtained since accounts department employees generally have more knowledge about the council's revenue generating operations. The number of positions held by the employees is portrayed by fig 4.1

4.4 Factors influencing revenue collection in local authorities

The graph (Fig 4.2) below shows the factors that influencing income generation systems in local authorities.
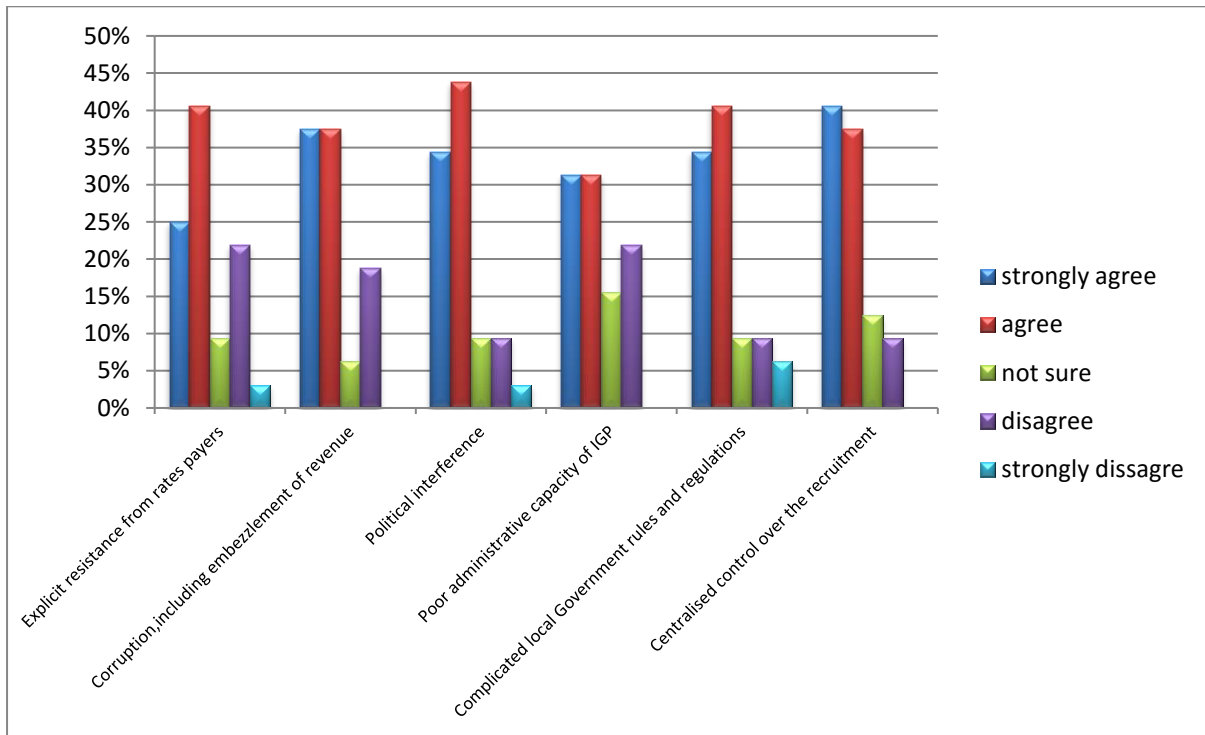

Figure 4.2: Factors influencing revenue generating systems

From the above graph, 65.6% of the respondents agreed that explicit resistance from rates payers was the problem faced by local authorities in revenue collection, 9.4% of the respondents were not sure about the statement, 25% of the respondent disagrees that explicit resistance from rates payers was the problem which leads to low local revenue collected, but all in all the majority of the respondents agreed to it. So this means that explicit resistance from rates payers is problem faced by local authorities in revenue collection.

Fig 4.2 also shows that 75% of the respondents agreed that corruption including embezzlement leaded to low revenues collected, 6.3% of the respondents were not sure about the statement and also 18.8% of the respondents disagreed with this factor. This means that

corruption including embezzlement of revenue collected leaded to low local revenue collected since rates payers perceived that their money is going to be embezzled concurring with Iversen, (2006).

From fig 4.2 above, 78.2% of the respondents agreed that political interference on council affairs was also the challenge which leads to low revenues collected, 9.4% of the respondents were not sure about the statement and whereas 12.5% of the respondents disagreed with this factor. This means that political interference contributed in revenue generation declining in local authorities. Jaap, (2013) also come with a view that political parties can also obstruct the effective management of council affairs by hampering decision making through councillors.

From the graph above, 62.6% of the respondents agreed that poor administrative capacity of generating projects such as beer gardens and other trading activities leads to low revenue generation in the organisation. 15.6% of the respondents were not sure about the statement, 21.9% of the respondents disagreed that poor administrative capacity, but all in all the majority of the respondents agreed with it .So this means that poor management of IGP leads to low income generated sharing the same view with George, (2013) who highlighted that mismanagement in local authorities trading projects causes low revenue generation.

From fig 4.2 above, 75% of the respondents agreed that complicated local Government rules and regulations are the challenges faced by the local authorities in revenue generating, 9.4% of the respondents were not sure whether this factor limits local revenue generation, where as 15.7% of the respondents disagreed with this view that complicated local Government rules and regulations was the factor which leads to low revenue collected, thus complicated rules and regulation was the limit to revenue generation.

From the graph above, 78.1% of the respondents agreed that centralized control over the enrolment of senior staff is the challenge faced by the local authorities which affect their revenue generation. 12.5% of the respondents were not sure whether this factor limited local revenue collection, Whereas 9.4% of the respondents disagreed with this view that centralized control over the recruitment of senior personnel leads to low revenues collected, thus centralized control over the recruitment of senior personnel leads to low local revenue generation.

As shown by the graph (Fig 4.2) above, the findings reveal that the most challenging factor leading to declining of revenue collections was political interference followed by centralized control over recruitment of senior personnel but these are inter-linked. In support of the above results, Lee Han Wei, (2009) stated that the major cause of declining revenue collection in local authorities was political interference. However this added validity, credibility and accuracy to the study.

Zomba District Development Plan in Malawi 2010-2013, the paper stated that weak revenue generating capacity and lack of appropriate business policies (by- laws) are factors that have contributed to low revenue generation. However, the variation in results might be caused by differences in sample sizes.

4.5. Sources of revenue generation at Chiredzi town council

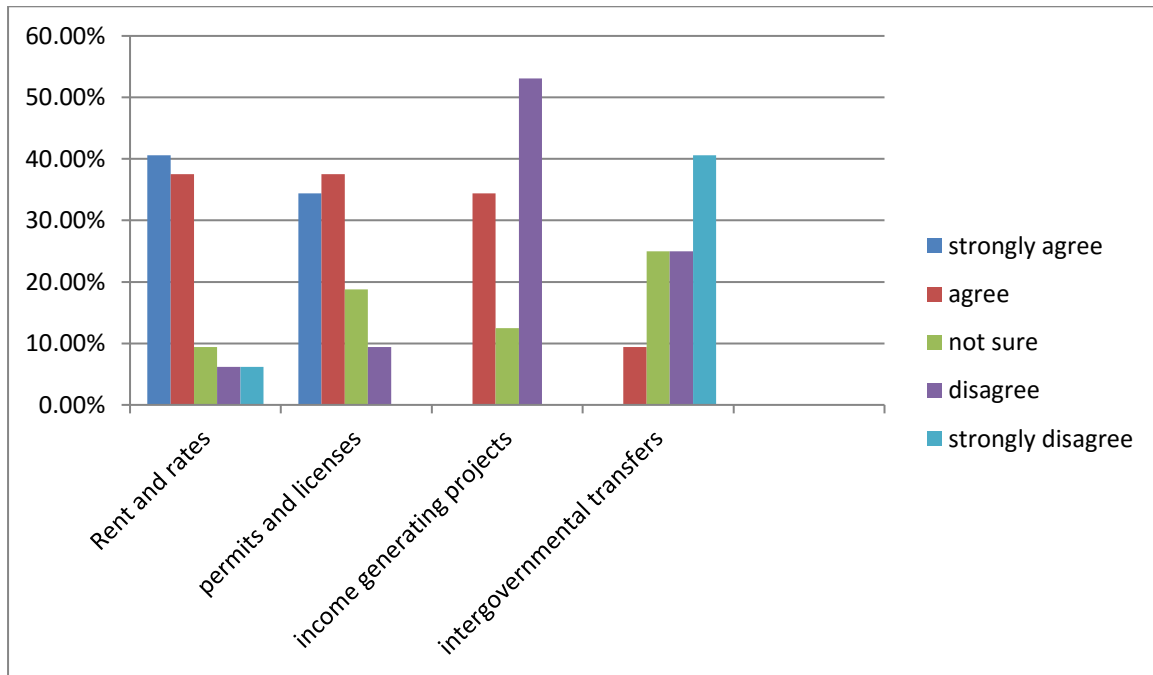The graph (Fig 4.3) below shows an evaluation of income generation systems in local authorities.

Figure 4.3 : **Revenue sources**

From the graph above, 78.1% of the respondents agreed that rent and rates are the source of local revenue collection, those who are not sure account for 9.4% and those who disagreed account for 12.4%. And this implies that rent and rates are a source of revenue generation at Chiredzi town Council.

From figure 4.3 above, 71.9% of the respondents agree that licenses and permits are a source of local revenue generation, those who are not sure account for 18.8%, and those who disagree account for 9.4% and so this means that licenses and permits are a source of local revenue collection in local authorities since majority respondents are in for it.
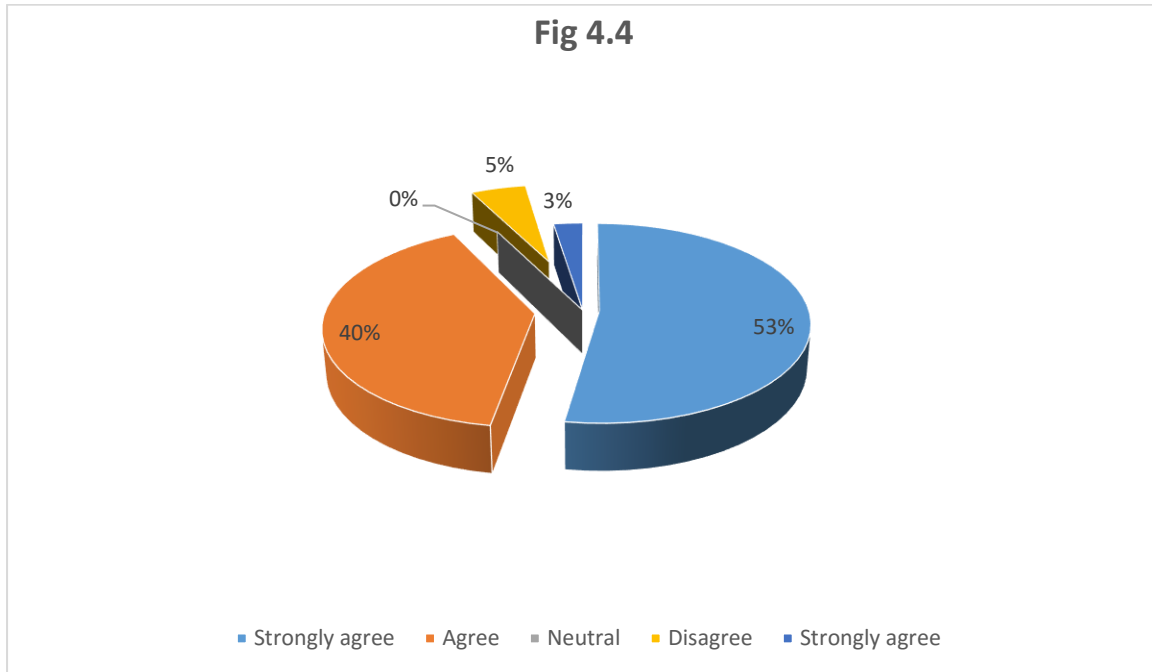
Fig 4.3 shows that 34.4% of the respondents agree that income generating projects are a source of revenue collection in local authorities, those who are not sure account for 12.5%, and lastly those who disagreed take 53.1% and this means that income generating projects are no longer a reliable source of revenue generation at Chiredzi Town Council.

From the graph above, 9.4% of the respondents agreed that intergovernmental transfers are a source of revenue in local authorities, those who are not sure account for 25% and those who disagreed account for 65.6%. And this implies that intergovernmental transfers are not reliable source of revenue at the organisation.

However, as shown by the graph (Fig 4.3) above, the findings reveal that the most contributing source of revenue was rent and rates followed by permits and license .The graph shows that income generating projects and intergovernmental transfers are no longer reliable revenue source at Chiredzi town council. Whereas Mahama, (2009) found that most of Local government in Uganda rely on transfers from the central and state governments for   bridging the financial gap, that is, the gap between resources they have at their command and what they need to fulfil their mandated responsibilities. Political and economic environmental difference in Zimbabwe and Uganda might the main cause of the above results.

4.6 Alternative sources of income generation at Chiredzi town council

4.6.1 Imposing parking fee, entrance fee on special situations

Fig 4.4

Legend: ■ Strongly agree ■ Agree ■ Neutral ■ Disagree ■ Strongly agree

From the above information (Fig 4.4) research findings shows that (21/40)53% of the respondents strongly agree, (16/40)40% agree while (2/40)5% disagree and (1/40)1% strongly disagree. It is very clear that the majority of the respondents agreed that the imposing of parking fee and clamping of motor vehicles in the city can be an alternative source for the council as represented by a total of (37/40)93% responders agreeing to the same view. The questionnaire response is represented by a mean of 18.5.
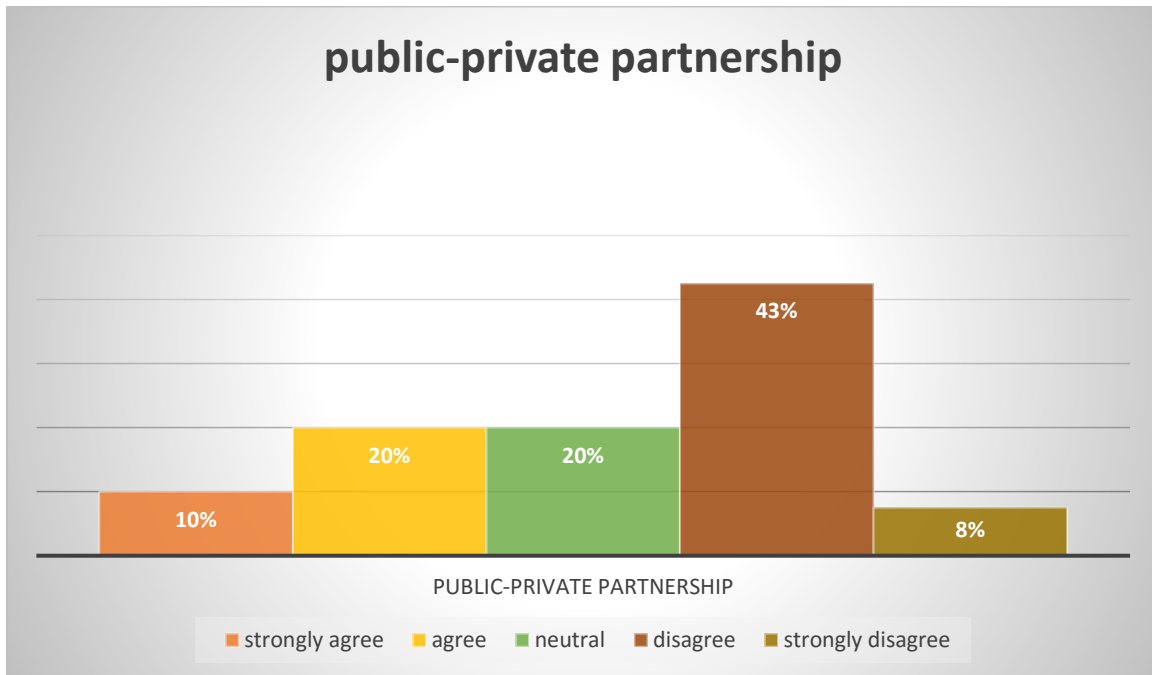
4.6.2 Public-private partnership

Fig 4.5

Fig 4.5 above shows that (4/40)10% respondents agree, (8/40)20% disagree, (8/40) are not sure, (17/40)43% disagree and (3/40)8% strongly disagree that public –private partnerships can be an alternative income generating system for the organization. From the findings it is clear that the majority (20/40)50% of the questionnaire respondents disagree with the view that partnerships between local authorities and a private company in the provision of services can enhance the revenue generation at the council. Of the 20% who were neutral the researcher assumes that the respondents did not have the knowledge about the concept. Since public private partnership involves the provision of services by the private company which have been provided by the private sector Slack, (2009) and a contract in which a private company will be collecting revenue on behalf of the council. Interview responders were also arguing that some revenue will be lost in paying those agents.

However interviews findings supported that public –partnerships may generate revenue through concessions, build operate and transfer contracts with the private companies. Also in the interviews management indicated that the organization is already under public-private partnership in which Hippo Valley company is providing water to the residents while the city council collects revenue on behalf.

4.7 Turnaround strategies to improve effectiveness and efficiency of revenue generation systems at Chiredzi town council.

4.7.1 Public education on payment of rates and levies
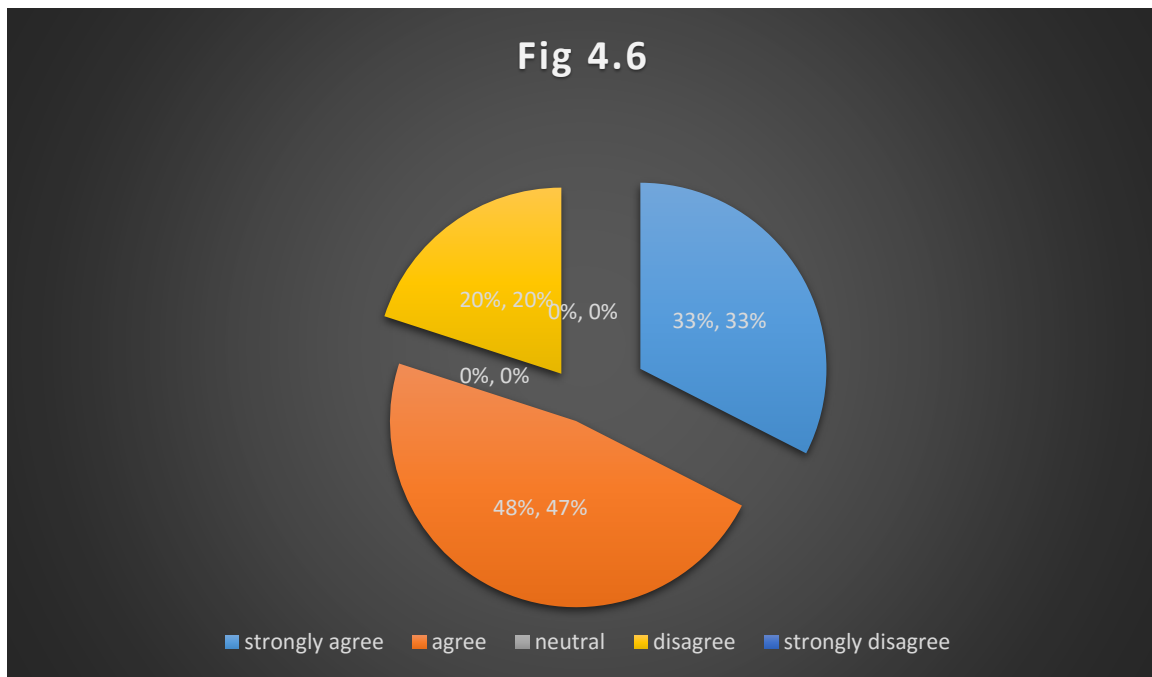
Fig 4.6 above shows that (13/40)32% strongly agree, (19/40)48% agree while (8/40)20% disagree that public education on payment of taxes and levies can be a turnaround strategy for effective revenue generation systems in local authorities. It is clear from the questionnaire findings that many respondents supports the view that the organization need to educate its rate payers on the obligation and rationale of paying tax so as to enhance its revenue

generation. This concurs with Schroeder et al, (2009) who believe that a better educated taxpayer population enhance the revenue generation.

4.7.2 Recapitalization of council projects for the replacement of absolute equipment e.g. renovating beer gardens to meet the required modern standards.
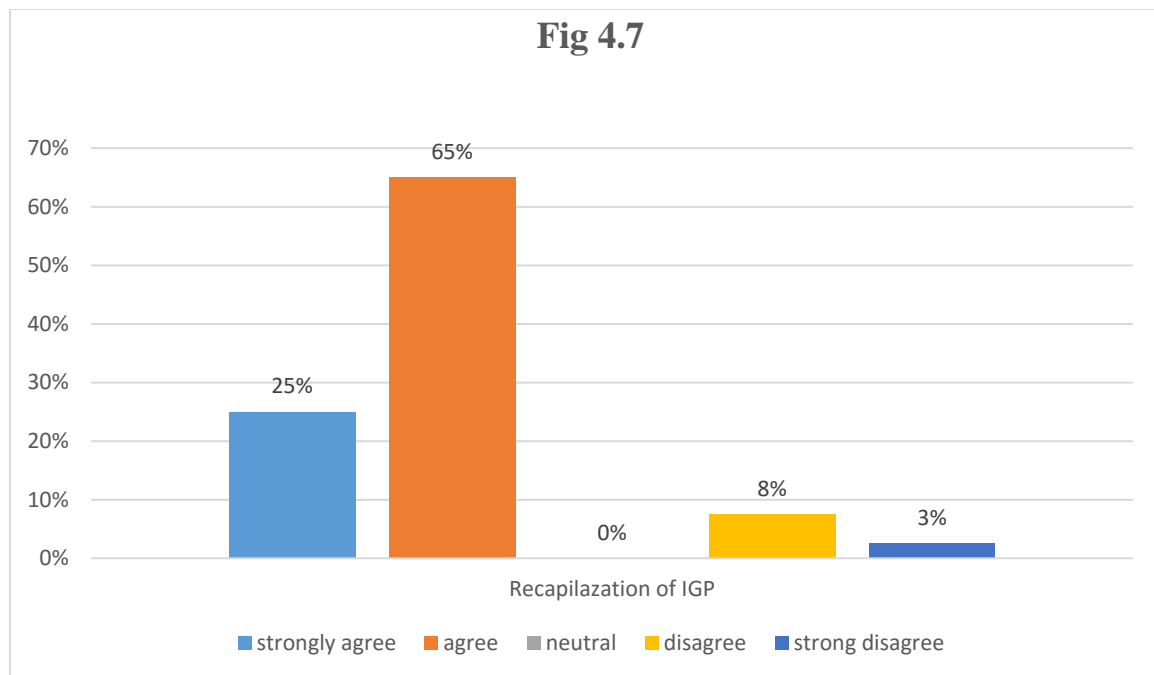
Fig 4.7

From the above graph (fig 4.7) the response show that (26/40)65% of the questionnaire responders agreed, (10/40)25% strongly agreed though (3/40)8% disagrees and (1/40)3% strongly disagrees that recapitalisation of income generating projects improve the effectiveness of revenue generation at the organisation. It is clear that the replacement and renovations of council projects improves the revenue generation at Chiredzi as represented by a bigger percentage of responders agreeing to the same view. The questionnaire response is supported by a mean of 18.

4.7.3 The improvement of institutional management system through the provision of skilled staff such as auditors and engineers
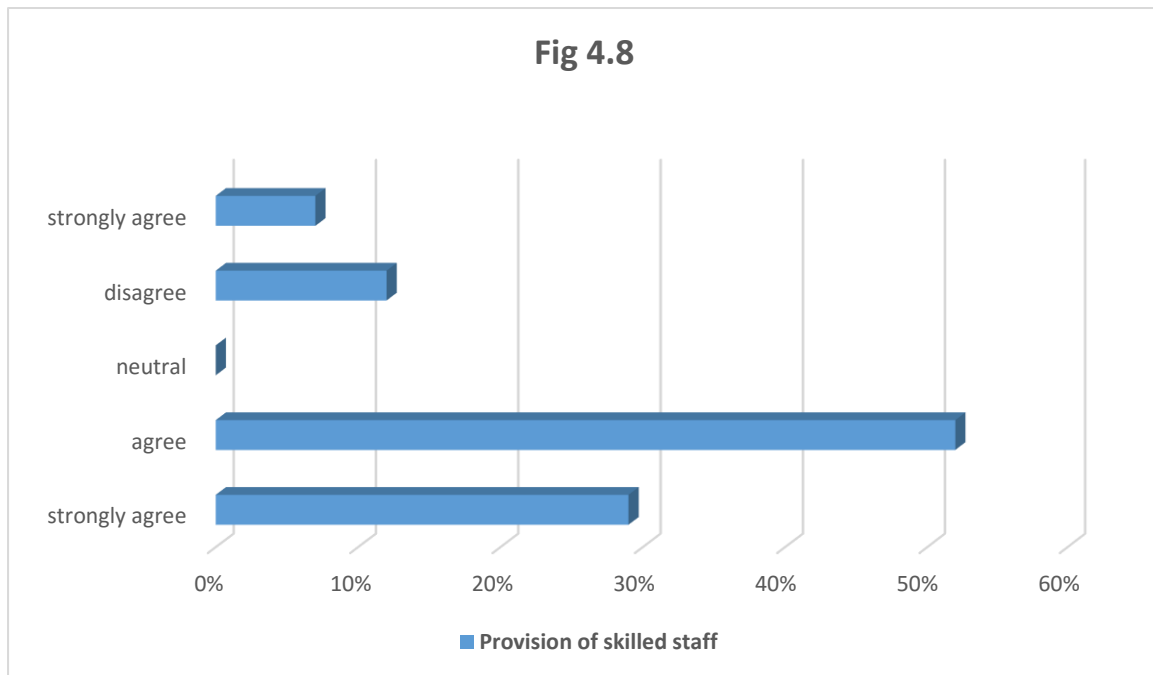
Fig.4.7 above shows that (12/40)29% of the respondents strongly agree, (21/40)51% agree while (5/40)12% disagree and (3/40)3% strongly disagree. Overall (33/40) of the respondents agree that improvement of institutional management system through the provision of skilled staff such as auditors and engineers is a turnaround strategy to improve income generation at the organisation. The response is supported by a mean of 16.5.

4.7.4 Use of information communication technology to make the data more understandable and transparent.

Fig **4.9**
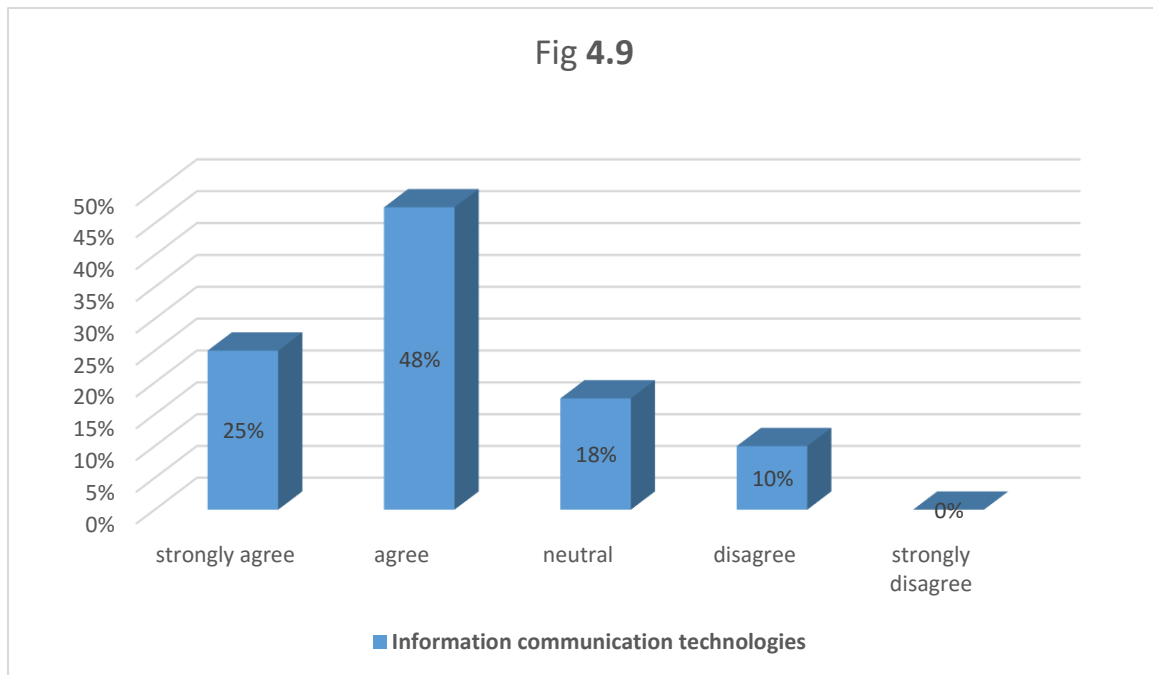
From the above graph (Fig 4.8) the majority (29/40)73% of the questionnaire respondents have agreed with the view that the use of information communication technology enhance the revenue generation at Chiredzi town council. It is indicated that (10/40)25% strongly agree, (19/40)48% agree, (7/40)18% were neutral while (4/40)10% were disagreeing. Al-hassan, (2011) also support the view that councils should adopt the use of ICT to increase revenue mobilization capacities making it easier to track the progress of revenue process.

4.8 Interview questions

Question1: What are the factors influencing revenue generation?

Concerning this question the researcher wanted to know if the respondents were aware of the factors influencing revenue generation at Chiredzi Town Council. The interviewees responded to this question by giving factors that were influencing revenue generation at the organisation. Highlighted factors include the inability of the council to collect fully revenue due, lack of powers to make by-laws, central interference into council functions, political interference and mismanagement of income generating projects.

Four over five of executive management were also arguing that the local authority is failing to collect the revenue outstanding due to the fiscal corruption at revenue collection points, employment of unskilled collectors and some resistance from rate payers. Iversen et al, (2006) supported the views of the respondents where he argues that poor administrative capacity to enforce the rates and embezzlement of funds are the factors influencing revenue collection.

Interviewees also raise their concerns on their inability to make by-laws saying that the organisation cannot implement a new by-laws on time to respond to citizen demands since the by-law have to wait for approval by the minister of local government. Interviewees were arguing that the delay in the implementation of the by-law may result in loss of revenue for the organisation. This concurs with Andrew and Shar, (2005:66) who argue that the power given to the minister in the Urban Councils Act undermine the powers of local authorities to make by-laws.

Three over five interview respondents also pointed out that political interference is also hindering their income generating system at the organisation. The respondents argue that

political interference is even affecting the recruitment processes in local authorities leading to employment of less professionalised staff. Employees are not going through the formal channels of interviews but are being selected by councillors in the organisation. The views of the respondents was supported by Ayeko-Kumeth, et al, (2014) who argues that political actors in the local authorities have changed their agenda of providing services into pushing of their political interests.

Mismanagement of income generating projects was also one of the most identified factors influencing revenue generation. All of the five interviews raise a concern on the failure of the local authority's beer garden arguing that the loss making beer hall has hindered their revenue generation in the past two years. The respondents were highlighting issues such as outdated standards and overstaffing leading to high expenditures but lees revenue in the beer hall. In his article Mangoma, (2014) also states that the beer garden belonging to Chiredzi Town Council was failing to lure customers due to an absolute cold rooms, general outlook and toilets. George, (2014) however argued that a project should continue to realise revenue after the end of project external funding.

Question 2: What are the sources of revenue for Chiredzi town Council?

In this question the researcher wanted to discover the sources of revenue generation at the organisation. From the responses given the respondents revealed that they know the following sources of revenues which include rates, development levy, government's grants, user charges, borrowing and income generating projects. The other three out of five respondents however argued that there are irregulars and problems in the allocation of government's transfers. Two out five also argues that the council was relying on government's grants in the development of capital projects. Overdependence on government

grants was affecting the generation of the local authority's own revenue sharing the same view with Mogues et al, (2009).

Question 3: What are the alternative sources of revenue generation to be used at Chiredzi Town Council?

Four out of five interview responders also come up with the view that imposing parking fees and clamping motor vehicles in the city can be another alternative revenue generation system for the council. The management of the organization also talk about entrance fees during festivals as another alternative source since the city holds agricultural shows and tshangani cultural shows which draws in millions of people yearly and monthly respectively. Orell, (2011) also supports the ideology of taking special situations available in your area that could be taxed as a source of revenue for the local authorities.

Question 4: Which Strategies can be used to improve effectiveness of revenue generating systems at Chiredzi town Council.

Management of Chiredzi town council in their interview response to this issue agrees to the view that IGP should be modernised indicating that the beer garden (Chigarapasi) owned by the council is failing to lure customers so as to increase its sales due to substandard outlook, toilets and cold-rooms. One of the managers pointed out that the beer garden used to be one of the major revenue sources of the organisation however competition from modernised night clubs in the city is reducing its sales with employee salary expenditures remaining high. As a result the council beer garden has been reportedly running losses for the past four months, (Herald 31 march 2014). The interview responders also come up with other ideas of increasing the income generation in council projects whereby the responders were saying costs of the projects must be reduced to the lowest in order for them to emmensurate with the accrued revenue i.e. a project must be able to sustain on its own Al-hassan, (2013).

Four out of five executive managers also pointed out that the provision of skilled staff such as engineers may basically turnaround the revenue generation at the organisation. One of the managers also added that skilled staff is very crucial in the organisation to the extent of even luring tax expertise at the organisation. However two of the interview responders argues that the turnaround strategy can be so expensive for the organisation.

Of all the five interviews carried out with the management of Chiredzi town council the use of information communication technology was mentioned as strategy to enhance the revenue generation systems at the organisation. The interview respondents stated that that the organisation through the use of ICT can make use of accounting software for collection and storing of data as well as well as modernisation of tax administration thereby improving efficiency and transparency. The interviews also reviewed that e-taxation can also be used by the organisation in which tax payment would be done through ICT thereby reducing the costs of collecting revenue. However management also indicated that the organisation lacks expertise in the field and is not equipped well with the ICT infrastructure hence the strategy can be costly to the town council.

Interviews responses revealed that public education on the payment of rates and levies also improves revenue generation at Chiredzi town council in the sense that rate payers get to know why they are paying and the effects of paying and not paying rates, however management also highlighted that the process may be costly to the organization due to educator's allowances. One of the interview respondents also raise a point that since the debts cancellation in June last year some rate payers are delaying to pay rates anticipating another debt relief, he then added that these rate payers need to be educated about paying rates to enhance revenue generation.

4.9 Summary

This chapter looked mainly on the presentation of collected data and at the same time analysing it. The findings were tabulated and expressed graphically so that they have meaning. Findings were drawn from the responses given by the respondents taken from the target population. The data was gathered through the use of questionnaires and interviews. The proceeding chapter focused on summary of major findings, conclusions and recommendations.

CHAPTER 5-SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 INRODUCTION

This chapter includes the summary of findings, conclusions, and recommendations of the entire study. It seeks to outline the summary of findings, conclusion and recommendations relating to revenue generation systems at Chiredzi Town Council.

5.1 SUMMARY

The research was aimed at investigating the impact of income generating systems and performance at Chiredzi Town Council.

Chapter one focuses on the background and statement of the problem. In this chapter the researcher highlighted that Chiredzi Town Council is failing to provide quality services to the citizens in the district due to its affected revenue generating system in place. The beer garden which used to be council's cash cow was reportedly running losses, debts from water and sanitary fees were cancelled by the minister of local governance and the ad-hoc system in governments grants allocation were identified as major causes hindering the council's revenue generating systems.

In chapter two the researcher looked on the factors influencing revenue generation at Chiredzi Town Council. The researcher highlighted , central interference in council functions, lack of legal protection, the council inability to collect fully the revenue due, political interference and mismanagement of council projects as the most contributing factors to Chiredzi Town council reduced revenue generation. In concluding the chapter the researcher finally come up with alternative sources of revenues the council can utilise at the same time with some strategies to bring about efficiency and effectiveness to revenue generating systems in place.

Chapter three covered the research design, population and sample size, sources of data, research instruments, validity and reliability of research instruments. A descriptive research design was used with questionnaire method, interview and observation obtaining the sufficient information required from the target population. The researcher make use of questionnaires to collect information from non-management team and councillors at Chiredzi Town Council while semi-structured interviews were carried with the five executive management of the organisation. Both primary and secondary sources of data was used by the researcher.

Chapter four looked mainly on the presentation of collected data and at the same time analysing it. The findings were tabulated and expressed graphically so that they have meaning. Findings were drawn from forty questionnaires and five interviews responses given by the respondents taken from the target population. Major research findings showed factors influencing revenue generation faced by Chiredzi Town Council, sources of revenue, alternative sources of revenues and turnaround strategies for effective revenue generation at Chiredzi Town council.

Main findings

i. The study also found that, the current income generation systems at Chiredzi Town Council is poor and this has affected its performance to a larger extent.

ii. The study found out that the revenue collection at Chiredzi Town Council is currently poor, the local authority is failing to collect fully revenue due.

iii. The study found that most of the challenges were in the structures of the local Government, for example centralised control over recruitment of senior political, central interference in council functions and political interference.

iv.   Further the local authorities are not receiving consistent grants from the government. The local private companies are not giving a hand to rescue the council from financial problems.

v.   The researcher also discovered revenue generation at Chiredzi Town Council's beer garden project is generally low due to inadequate provision of modernised customer needs.

5.2 RECOMMENDATIONS

Following the findings, the researcher calls to address the main challenges that contribute to the declining trend of revenue generation at Chiredzi Town Council. The researcher recommended that:

i.   Chiredzi Town Council should consider alternative ways of generating revenue so as to enhance revenue generation at the organisation.

ii.   Ensure that revenue is collected in full by training revenue collectors:The revenue authorities should be further sensitized about their role. For example through seminars, and others should be given scholarships by the Local Government to go for further studies and acquire more skills. This will help to check on inefficiency due to inadequate education, reducing corruption and embezzlement of funds: Internal control system should also put in place so as to curb corruption prevailing in the council.

iii. Also there should be a clear separation of urban councils and central roles. Clarity on roles allows urban councils and central government to know the extent of their powers so as to minimise interference in the urban council's functions. The role of the minister of local Government should assume a regulatory role rather than managerial

one and the legislative framework should clarify the regulatory scope of central government.

iv.   Urban councils should have autonomy to recruit senior personnel. Local autonomy over personnel recruitment guards against central allegiance by senior personnel. Central role may be limited to the regulation of the qualification and salary scales of council's employees.

v.   Political interference: Urban councils should have constitutionally protected and well-defined powers. Constitutionally protected and well-defined powers are important in order to clarify urban council's roles for quality service provision.

vi.   Recapitalization and renovation of the council's beer garden for the replacement of absolute structures so as to meet customer demands. Apart from renovating the beer garden Chiredzi Town Council may lease the project to a private company and receive revenue through the lease instalments.

Above all Schurink, (2007) for every local authority leadership qualities can be recommended as a measure to enhance revenue generation.

5.2 CONCLUSION

In the research, it is clear that poor revenue generation is a crucial activity in the sustainability of local authorities. Recent researches however highlighted that revenue generation systems in local authority is influenced by factors which include limited powers by local authorities to make by-laws, political interference, centrally restricted budget making processes, inability to collect fully revenue due and lack of legal protection for local authorities. As a result local authorities and their management are recommended to strategically plan on proper measures to generate revenue so as to meet with their functions as provided by the Constitution of Zimbabwe and Urban Council's Act.

5.4 Suggested areas for future study

This section suggests areas for further reading by the future researches on income generation systems and performance in local authorities. The researcher suggested that future researches should be undertaken to find out various procedures and plans that can be used to improve revenue generation in local authorities.

5.5 Summary

This chapter has looked at the summary of the research project, the conclusion that have been derived from the study and lastly the recommendations that have been made by the researcher.

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APPENDIX A:

Questionnaire: Chiredzi Town Council Employees

Midlands State University

P Bag 9055

Gweru

Date…………………………

Dear Respondent

RE: Research Project Assistance

I am ChanyauTatenda, a fourth year, final semester student at Midlands State University studying for a Bachelor of Commerce Accounting Honours Degree. I am undertaking a research entitled, ***"The impact of revenue generating system and performance in local authorities, a case of Chiredzi Town Council".*** It is my great pleasure and honour to include you in my research and to hear your views. Please feel free to answer the questions below. Be guaranteed that your answers will be treated with **confidentiality** and are solicited for **academic purpose only**.

Thank you in anticipation of your cooperation.

Yours faithfully

ChanyauTatenda.

APPENDIX B

Questionnaires

Kindly tick *(✓)* or fill in your responses in the appropriate box or space provided to each of the questions below:

1. **Position Held**..

2. **How long have you served the company?**

   0-5 yrs ☐   6-10 yrs ☐   Over 10 yrs ☐

3. What is your highest level of education?

High school   Certificate   Diploma   Degree   Other, please specify?
☐   ☐   ☐   ☐   ☐

In the following section respond to the items by ticking the alternatives you agree with using the table below.

Strongly Disagree (SD)	Disagree (D)	Not Sure (N)	Agree (A)	Strongly Agree (SA)
1	2	3	4	5

4. Factors influencing revenue generating systems in local authorities

Indicate your response by ticking *(✓)* the appropriate box.

Variable	SD	D	N	A	SA
Enforcement of the rates is the challenge faced by the council in revenue collection.					
Resistance from rates payers in revenue collection.					
Corruption, including embezzlement of revenue is the challenge faced by the council in revenue collection.					
Political interference in council affairs					
The complicated local Government rules and regulations are the challenge faced by the council in revenue collection.					
Centralized control over the recruitment of senior personnel					
Poverty among rates payers is the challenge faced by the council in revenue collection.					
Poor management of Income Generating projects e.g. beer gardens					

5. Major revenue sources

In your opinion which of the following are the main revenue sources to Chiredzi town council?

Indicate your response by ticking *(✓)* the appropriate box.

Variable	SD	D	N	A	SA
Rent and rates					
License fees and permits					
Income generating projects					
Intergovernmental Transfers					

6. Alternative sources of revenue generation at Chiredzi Town Council

Indicate your response by ticking *(✓)* the appropriate box.

Variable	SD	D	N	A	SA
Imposing parking fee, entrance fee and clamping of motor vehicles					
Public-private partnerships					

7. Turnaround strategies to improve effectiveness and efficiency of revenue generation systems at Chiredzi town council.

Variable	SD	D	N	A	SA
Public education on payment of taxes and levies					
Recapitalization of council projects for the replacement of absolute equipment e.g. renovating beer gardens to meet the +-required modern standards					
The improvement of institutional management system through the provision of skilled staff such as auditors and engineers					
Use of information communication technology to make the data more understandable and transparent					

7. Gender   M……………… F………………..

Thank you for your participation

APPENDIX C

Interview guide

1. What are the factors influencing revenue generation systems at Chiredzi town council?

2. What are the council's source of revenue?

3. What is/are alternative sources of revenue generation at Chiredzi Town Council

4. Turnaround strategies to improve effectiveness and efficiency of revenue generation systems at Chiredzi town council?