



**REMUNERATION AND LOCAL REVENUE PERFORMANCE IN KIRYANDONGO
DISTRICT LOCAL GOVERNMENT, UGANDA**

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MARCH 2014

DECLARATION

I, Tom Asimwe, do hereby declare that this is my original work; except in instances where scholarly materials were used and has never been submitted to any other university for any awards.

Signed: _____ **Date:** _____

APPROVAL

This is to certify that this dissertation entitled “**Remuneration and Local Revenue Performance in Kiryandongo District Local Government, Uganda**” was submitted for examination with our approval as Institute supervisors.

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Mr. Felix Andama Adiburu

Supervisor

DEDICATION

I dedicate this work to my mother Byarufu Sunny, my wife Flossy, my daughter Kabasomi Daphin for their contributions and prayers towards my social and academic development.

ACKNOWLEDGEMENT

This dissertation has been a success due to the moral and technical support of my colleagues at work and those with whom I relate too.

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May the mighty God reward them abundantly!

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LIST OF ABBREVIATIONS

ACAO	Assistant Chief Administrative Officer
CAO	Chief Administrative Officer
CFO	Chief Financial Officer
CVI	Content Validity Index
DLG	District Local Government
DV	Dependent Variable
HoD	Head of Department
HRM	Human Resource Management
IV	Independent Variable
KDLG	Kiryandongo District Local Government
LGMSD	Local Government Management and Service Delivery
LGMSD	Local Government Management service Delivery.
LGs	Local Governments
MoLG	Ministry of Local Government
NAADs	National Agriculture Advisory Services
PPO	Principal Personnel Officer
SAQ	Structured Administered questionnaire.
SPSS	Statistical Package for Social Sciences
S/C	Sub-County
US	United States

ABSTRACT

The purpose of this study is to establish the influence of remuneration on local revenue performance in Uganda; A case of Kiryandongo District Local Government. Specific objectives included; establishing the relationship between financial rewards and local revenue performance, examining the effect of non-financial rewards on local revenue performance and assessing the effect of Government policy of revenue transfer on local revenue performance. A cross-sectional study design supported by quantitative and qualitative approaches was used. The accessible study population of 110 was identified from which 86 respondents was drawn to form a sample with a response rate of 91%. The following were the key findings; financial rewards was positively related (96% to 4%) agree and disagree respectively to local revenue performance while non-financial rewards related positively (92% to 8%) with local revenue performance and government policy was found to relate positively (62% to 38%) with local revenue performance. From the study findings, the following conclusions was made; it can be concluded that not all salary packages given to LG staffs conformed to their salaries because most of them have salary loans and were paid through the bank. It was absorbed that, not all staffs were paid allowances and bonuses although fewer incentives were evident. In summary, not all staffs were availed accommodation. Capacity building exists at the district, however not all staff benefit from the scheme because of resource constraint. Compensation was present although not every staff benefited. Promotional opportunities were evident at the district with a few benefiting. From the key findings obtained in the study, the following conclusion about Government Policy; political indifferences affected local revenue performance negatively, transparency and accountability be strengthened.. In addition, from the study finding the following were the recommendations made: That financial rewards influence revenue performance. That non- financial reward equally affect local revenue performance and political difference has a bearing on local revenue performance.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter one comprises of background to the study, statement of the problem, general objective or purpose of the study, specific objective, research questions, hypothesis, conceptual framework, significance of the study, justification of the study, scope of the study and key operational definitions.

1.2 Background to the study

1.2.1 Historical Background

The history of remuneration was traced back from colonial rule where people used to exchange goods and services for work done. Families would offer part of their harvest in exchange of labor. While there was no first pay stud for the first work-for-pay exchange, the first salaried work would have required a human society advanced enough to have a barter system to allow work exchanged for goods or other work. More significantly, it presupposes the existence of organized employers perhaps a government or a religious body that would facilitate work-for-hire exchanges on a regular enough basis to constitute salaried work. From this, most infer that the first remuneration in salary to paid in a village or city during the Neolithic revolution, sometime between 10,000 BCE and 6000 BCE. Even many of the jobs initially created by the commercial revolution in the years from 1520 to 1650 and later during industrialization in the 18th and 19th centuries was not remunerated (salaried), but to the extent, they were paid as employees, probably paid an hourly or daily wage or paid per unit produced. From 1870 to 1930, the second Industrialization revolution gave rise to the modern business corporation powered by railroads, electricity and the telegraph and telephone. This era saw the widespread emergence of a class of salaried executives and administrators who served the new, large-scale enterprises created. New managerial jobs lent themselves to salaried employment, in part

because the effort and output of office work were hard to measure hourly or piecewise, and in part because they did not necessarily draw remuneration from share ownership. With evolution, it was noted that remuneration had its roots in the economic theories of Adam Smith, (1770s) under the term “Rational economic man”. During that, time organizations started employing individuals while valuing productivity against labor force. Therefore, if employee’s remuneration is better, the level of productivity increases. Since that time, remuneration is referred as salary/wage, piece rate, allowances, commission, overtime, Honoraria and other incentive both financial and non-financial. However, for the sake of this study, remuneration mean the extra monetary and non-monetary valuables given to an employee in an organization appreciating accomplishment of task assigned to him/her.

In the early 20th century, the America government took a significant role and began to introduce several changes in many aspects of workers’ pay and remuneration. This brought about Acts such as the fair Labor Standards Acts of 1938, which dictated equal pay for equal work. However, recessions dotted the following twenty years but later on the economy boomed and government played an increasingly important role in America's workplace by ratifying the equal pay Act Executive order 11246, Title 7 of the Civil Rights Acts in 1963 (Noe, Hollenbeck, Gerhart and Wright 2003; Switzer, 2004).

Remunerations as bonuses are payable twice years in June and December are one of the most important features of the Japanese wage practice. They amount to more than 20% of the annual wages of an average Japanese worker. Just like wages, the amounts of the bonus at unionized companies are determined by the annual collective bargaining agreements. The decisive factor in the collective bargaining to determine the amount of bonuses is the company’s economic performance. Almost all Japanese companies pay bonuses, and certain portion of the bonus is assessed in accordance with the employee’s evaluation during the period in which it is

applied, and even employees receive the same wage, the amount of their bonuses are generally different. Akira Takanashi (2002)

According to the Results of Welfare Expense Survey in 2002 conducted by Japan Business Federation, when a company employs someone, besides salary and bonus, it pays about 17% of them as additional personnel expenses. The benefit cost per employee in 2001 is 95,883 yen, 2.9% increase from the previous year. The amount of the benefit cost that is stipulated in laws was 68,482 yen, showing 4.7% increase from the previous year, while the amount of the benefit cost that is not mandatory was 27,401 yen. A company's welfare expenses consist of "legal welfare" and "non - legal welfare". Legal welfare mainly includes health insurance, employee pension insurance, nursing care insurance, unemployment insurance and worker's compensation insurance for job-related accidents. In 2001, health insurance premiums are 32.8%, and employee's pension insurance premiums are 52.7%, so that those two impose about 85.5% of the compulsory benefit costs that organizations are paying out for employees. Labor insurance premium occupies 11.8%, broken down as 8.2 % for unemployment insurance and 3.6 % for employee's compensation insurance.

In the United States of America (US) remunerations are paid to employees in a timely manner for example in Sun Microsystems, Inc. in addition to salary and bonus, company also provides employees with social insurance allowance, benefits and some voluntary social benefits. Social insurance allowance includes health insurance, nursing care insurance, and pension insurance. Benefits compose of medical examination, by which a medical examination for employees is performed once a year; group term insurance; compensation scheme for industrial accidents not required by law; group long term disability insurance, and so on. Other kinds of benefits such as annual leave with pay, summer holidays, club activities, sports club, rest houses, etc. are also available.

In some companies, such as Nippon Polaroid (US), pay system is a more demanding one, for senior managers because of two reasons. One reason is that the heavier the responsibility becomes, the greater the change in the compensation according to business performance becomes. The other reason is that there are no upper or lower limits for performance-based portion in the compensation for directors and managers. The system connects to business performance for senior managers since division manager and above are on annual salary system, indicating that a large portion of their compensation is goes to performance. Section managers and below receive monthly salaries, performance - based compensation, bonus and allowance. A maximum of 25% compensation goes to business performance. Bonus for section managers and below also varies according to business performance and differences may be about four times of the total monthly salary at the maximum. Factors such as the level of difficulty in achieving the objective determine salaries, but bonuses solely on actual achievement.

In Africa, countries like Nigeria interest to influence workers performance by motivating them started the way back in 1970s. The performance of workers has become important due to the increasing concern of human resources and personnel experts above the level of output obtained from workers due to poor remuneration. For one reason or another most organizations, attach rewards to the existing jobs hence a technique to influence their workers. Vroom (1964) supports the assumption that workers tend to perform more effectively if their wages relates to performance, and not based on personal bias or prejudice, but on objectives evaluation of an employee's merit.

In Uganda today, local revenue means income generated from local resources managed and controlled by local governments. The sources of Local revenue are market fees, local service tax, land fees, rentals, royalties, hotel tax and others. Note withstanding, local governments derive power to levy and collect local revenue from the constitution of the republic of Uganda.

Structurally Local Governments are under the MoLG with its staff recruited through the district service commission and rewarded (remunerations) in accordance to established salary scales and rates for allowances as approved by Ministry of Public Service. Further still, history has it that since decentralization, local revenue has been dwindling as much as services are nearer to the people. This has been evident in several audit reports from Office of Auditor General constitutionally mandated to look into all Government accounts, External Audit reports, National Assessment Team reports, quarterly financial performance reports, monthly revenue returns from lower local governments and failure to co-fund to other government programs as stated in memorandum of understanding between donor funding and LGs. Government further introduced the system of Revenue sharing in proportionate ratios as laid down in LG Act Cap 243 and financial and accounting regulations (2007). The public is demanding for service delivery and accountability while government is concerned with quality of service, costs incurred and why results are not coming out.

In Kiryandongo DLG, one of the growing LGs, revenue performance in this district over the years has been of a major concern to its survival. Ways or methods are devised to ensure that the revenue bases are increased and in the end, many measures put forward to boast this of which rewarding staff who participates in this tiresome exercise of revenue collection has been one of them. In Local Governments, history has it that since decentralization, local revenue has been dwindling down as much as services near to the people.

1.2.2 Theoretical Review

This study was guided by the equity theory. According to the equity theory as was advanced by Adams (1965), workers compare the reward potential to the effort they must expend. Equity exists when workers perceive that rewards equal efforts. In this theory, it was assumed that employees do not just look at their potential rewards; they also look at the rewards of others as well and the challenge identified is that inequities may occur when people feel that their

rewards are inferior to the rewards offered to other persons sharing the same workloads. See illustration below

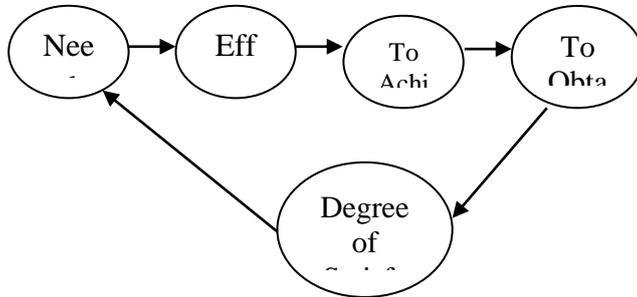


Figure 1: *Equity Theory*

Source: Inequity in social exchange; Adams (1965)

The illustration above clearly shows that employee express their need through efforts to achieve a given goal and thereafter obtain rewards and therefore a degree of satisfaction is expressed. The equity theory makes a good point as people behave according to their perceptions. Rewards perceived as equitable should have positive results on job satisfaction and performance; those rewards perceived as inequitable may create job dissatisfaction and cause performance problems. Every manager needs to ensure that any negative consequences from equity comparisons are avoided, or at least minimized, when rewards are allocated such as pay increases or promotions, the beneficiaries express increased work related efforts and vice versa. It is upon the equity theory that the researcher laid emphasis on fully understanding the key concepts of remunerations and revenue performance, a case of Kiryandongo DLG.

1.2.3 Conceptual Background

Remuneration was perceived as means to compensate individuals, persons or employees in return of his or her contribution to the organization. It is the reward for employment that took course in form of financial remunerations of which compensation, salary, wage, allowances,

benefits and bonus form the key components, while non-financial included accommodation, training, feeding, to mention among others. (<http://www.thefreedictionary.com>)

According to American Accounting Association, "revenue is the monetary expression of the aggregate of products or services transferred by an enterprise to its customers during a period of time". When a business delivers goods to its customers or renders services to them, it either receives immediate payment in cash or acquires an account receivable (debtor) which will be collected and thereby become cash within a short time. The revenue for a given period is equal to the inflow of cash and receivables from sales made in that period. Tax assessment: the value calculated by the assessor is then used as the basis for determining the amounts to be paid or assessed for tax or Insurance purposes. Revenue performance was a concern of how best local revenue collected by concerned parties with an aim of improving services delivered to the locals as well as meeting the set targets. Oxford Advanced Learner's Dictionary defines performance as the act or process of carrying out something or execution of an action or a repetitive act or fulfillment or implementation (Hornby, 2000). In this respect, revenue performance connotes the staff defined role of ensuring revenue sources are identified and taxes collected. The key aspects of remunerations involve the financial, non-financial and government policy. Therefore, revenue performance was measured to be the ability of employees to increase their efforts towards revenue collection from predefined sources within the district. Furthermore, the researcher explored that rewarding employees through better remunerations have a positive effect on the level of revenue collected by the LG.

1.2.4 Contextual Background

Kiryandongo district is a district located in the Northwestern direction of Uganda. The district is largely dependent on agriculture just like other districts in Uganda. It relies mostly on farming as the major source of employment and income. Agriculture (crop husbandry) constitutes about 75% of the total labor force and the rest does livestock farming. The chief

crops grown include food crops like bananas, cassava, maize and potatoes. The decentralization process practiced in Uganda devolves its powers, functions and responsibilities to popularly elected local governments. As any LG, Kiryandongo district has powers vested in it by the central government to make and implement their own development plans; to make, approve and execute their own budgets; to raise and use resources according to their own priorities. Revenue performance in KDLG relates on how best its staff could increase on Local revenue collection. The Local Governments Act empowers local governments to collect specified taxes, licenses and fees in accordance with laws passed by parliament. It was noted that, local revenue sources would be insufficient to meet the mandated expenses. To cover these deficits, the central government was mandated to provide grants directly to the districts from the consolidated fund. However, this created a significant challenge towards revenue management and performance.

1.3 Statement of the Problem

Globally, revenue performance has a direct relationship with its collection performance and as such, good revenue administration results in better collection and vice versa. In Uganda`s LGs revenue administration and management involves registration and enumeration, assessment, collection, enforcement, monitoring and evaluation, social mobilization, accounting and others. Kiryandongo District Local Government relatively a new district has had opportunity to undertake and implement several rounds of district development plans. Despite of the district having qualified and experienced employees, it was grappling with inadequate local revenue collections as reflected by the budget performance of 2010/11 financial year were Ugx 120,932,142 was estimated only Ugx 92,027,557 was realized equivalent to 76%, while in 2011/12, Ugx106,269,662 was budgeted and Ugx 60,093076 was realized accounting to 56.5% . Taxpayers are dissatisfied with socio-economic indicators for education, health, rural roads, water and sanitation, agriculture and the environment and natural resources for the district

points to a declining state of affairs. In addition, councilors emoluments are paid in arrears and co-funding obligations to NAADs and LGMSD not met in time. If the above trends are not addressed at the earliest, there is a likelihood that few or no improved revenue performance will be met hence a likely cause to the stagnating of the LG in terms of development. It was upon such a background that the researcher had key interest in establishing whether remuneration relates to local revenue performance in Kiryandongo District Local Government - Uganda.

1.4 Purpose of the Study

The purpose of this study was to establish the influence of remuneration on local revenue performance in Uganda; a case study Kiryandongo District Local Government.

1.4.1 Objectives of the Study.

This study was guided by the following objectives;

- 1) To establish the relationship between Financial rewards and Local revenue performance in KDLG
- 2) To examine the effect of non-financial rewards on Local revenue performance in KDLG
- 3) To assess the effect of Government policy of revenue transfer on the relationship between Remuneration and Local revenue performance in KDLG

1.5 Research Questions

This study sought to answer the following research questions.

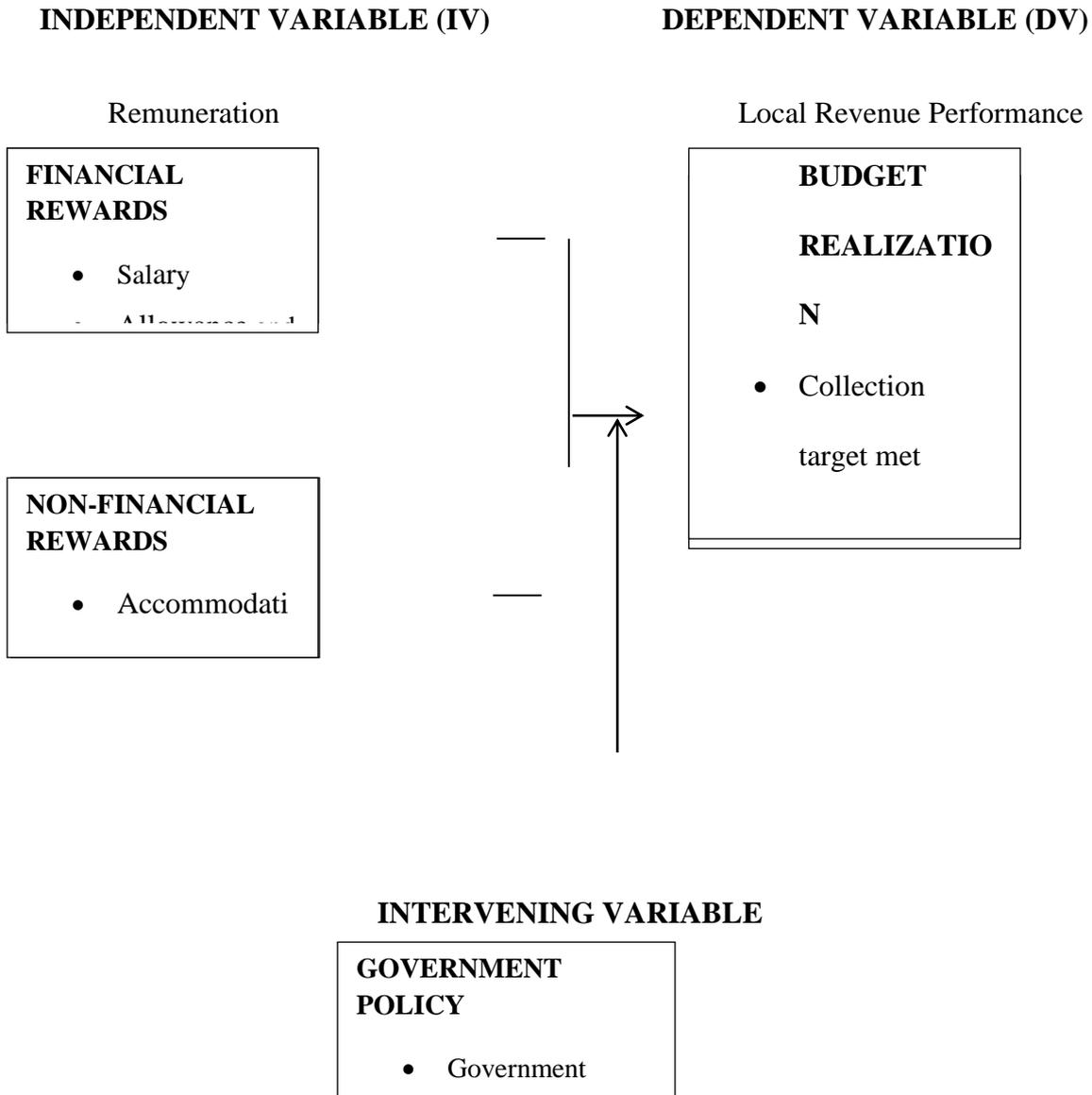
- 1) What is the relationship between financial rewards and local revenue performance in KDLG
- 2) How does non-financial rewards affect local revenue performance in KDLG
- 3) To what extent does Government policy of revenue transfer affect the relationship between remuneration local revenue performances in KDLG?

1.6 Hypothesis of the Study

The study tested the following hypothesis statements

- 1) There is a positive relationship between financial rewards and local revenue performance.
- 2) Non-Financial rewards affect local revenue performance.
- 3) Government policy of revenue transfer affects the relationship between remuneration local revenue performance in KDLG

1.7 Conceptual Framework of the Study



Source: Adopted from MoLG: Local Revenue Handbook (2007) and modified by the researcher.

Figure 1.1: Conceptual framework between remuneration and local revenue performance.

The conceptual framework denotes the relationship between remuneration as independent variables (IV) and local revenue performance as dependent Variables (DV) while government transfers as moderating variables as illustrated above.

1.8 Significance of the Study

The study undertaken benefits the stakeholders/general public, academicians, development partners, Local governments, and other organizations in the following ways.

Stakeholders fully understand the influence of remuneration on local revenue collections or performance; they know the existing mechanisms need revision. From the study academicians are hoped to develop the need to carry out more research on the gaps identified and works as starting point for exploration of more ideas (expansion of knowledge), Government looks into ways of enforcing better remuneration to its employees hence improving on service delivery. More, the study brings out some possible and workable solutions to improve on the local revenue collection in local governments and further research on local revenue performance.

1.9 Justification of the study

The study is useful to the academicians as it improves their knowledge on remuneration and local revenue performance in local governments in Uganda, Kiryandongo District in particular. The study was the first of the kind and it emphasizes on how remuneration relates to local revenue performance against the budget. More, the study supports the improvement of the existing revenue policies and practices as linked to remuneration. Further, the study suggests significant policy statements through its recommendations for instance the basic salary, rate of allowances and other incentives are measured. The study dug deep into the policy of accommodation, use of private motor vehicles or cycles, medical, staff trainings and promotions. Finally, the study looked into how effective and efficient means of realizing revenue through setting achievable collection targets, Performance review meetings, enumeration and assessment of taxpayers, cost analysis and government transfers relates local revenue performance.

1.10. Scope of the Study

1.10.1 Content Scope

The study focused on mainly two variables; these comprised of remuneration as an independent variable, whereas local revenue performance as the dependent variable. Further, the study concentrates on remuneration as defined by different scholars and its effect on the local revenue performance in Kiryandongo district, Uganda.

1.10.2 Geographical Scope

The study was carried out in Kiryandongo district local government, with a survey covering the 8 parishes from the 3 sub counties and some department which collect local revenue within the LG.

1.10.3 Time Scope

The study covered the period from 2010 and 2012. This was the time when KDLC was facing insufficient revenue collections hence affecting its performance.

11.0 Operational Definition

The following concepts were common in this study. However, their meaning has not changed as used by different scholars.

Bonuses: Something, given, paid, or received above what is due or expected after achieving the target.

Compensation: Monetary recoverable by reason of another's breach of duty

Government transfers: Is a redistribution of income in the market system by government to support decentralization programs.

Incentives: Is something that motivates an individual to perform an action

Local revenue: Income locally generated from within the district through different sources.

Political Intervention: Influence by those officials in power in a particular Government

Realization: It meant attainment of set budget strategy by the entity in specified period.

Remuneration: The researcher meant employee reward for work done.

Revenue administration: This meant enforcement of rules and procedures in tax collection system.

Revenue management: Concerns is to collect revenue through effective collection and administration of taxes (best practices in taxes)

Salary: Is a form of periodic payment from an employer to an employee, as expressed in an employment contract

Strategies: It's a guiding principle used to attain an objective.

Training: Is the acquisition of knowledge, skills and competencies because of the teaching of practical skills and knowledge that relate to specific useful competencies

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The main objective of this chapter was to critically review the existing literature related to remuneration and its effect on local revenue budget performance in local governments. The chapter presents the actual literature review and objective by objective. Specifically, the literature review was based on the main study dimensions like, financial rewards in form of salary, allowance and incentives while non-financial rewards in form of training, accommodation, compensation and promotion while government policy comprised of government transfers and political interference. On the other hand, local revenue performance was referred to the domestically generated funds.

2.2 Theoretical Review

The study was guided by the equity theory. According to the equity theory as was advanced by Adams (1965), workers compare the reward potential to the effort they must expend. Equity exists when workers perceive that rewards equals efforts. In this theory, it is assumed that employees do not just look at their potential rewards; they also look at the rewards of others as well and the challenge identified is that inequities may occur when people feel that their rewards are inferior to the rewards offered to other persons sharing the same workloads.

The equity theory makes a good point as people behave according to their perceptions. Rewards perceived as equitable should have positive results on job satisfaction and performance; those rewards perceived as inequitable may create job dissatisfaction and cause performance problems. Every manager needs to ensure that any negative consequences from equity comparisons are avoided, or at least minimized, when rewards are allocated such as pay increases or promotions, the beneficiaries express increased work related efforts and vice versa.

It was upon the theory that the researcher laid emphasis on fully understanding the key concepts of remunerations and revenue performance.

2.3 Remuneration and Local Revenue Performance

There are many studies in the literature, which examine the financial and non-financial incentives and their effects on several variables. For example, Al-Nsour (2012) examined the effects of financial and non-financial incentives at Jordanian university in terms of organizational performance. There was significant relationship observed between financial and non-financial incentives and organizational performance in accordance with the data obtained from this study. Moreover, the study showed that financial incentives were highly regarded than non-financial incentives.

2.3.1 Financial Rewards and Local Revenue Performance

Financial rewards refer to the type of benefit (s) a person was entailed to when he or she fully performs up to the employers expectations. Laws, regulations and policies regulate the current system of local revenue administration in local Governments. Power to administer them scattered cuts across ministries, and government departments. These include among others, the constitution of the Republic of Uganda, which is the supreme law of Uganda and has a binding force on all authorities and persons throughout Uganda. The Local Government Act, Cap 243 which provides the authority for Local Governments to impose tax under section 80, and in accordance with article 152 of the constitution of the Republic of Uganda, the Local Governments Financial and Accounting Regulations, (2007) which provides guideline on financial administration and control, budgeting, revenue collections and others. If staff are well remunerated both financially and non- financially, they will follow these provisions hence increased revenue performance. Other regulations include, Market Act, The Trade (licensing) Act Cap.101, Hotel Act Cap., Stage pay and Public Entertainment Act, Cap. 9, Liquor Act Cap 93, the Petroleum Supply Act 2003, Public Health Act Cap 269 and Cattle traders Act Cap 224.

These regulations intend to harmonize and increase revenue performance. (Local Revenue hand book, 2007). According to Ellis et al (2004), the financial incentives have a short-term effect on the motivation levels of employees although they play a critical role in their motivation. Therefore, non-financial incentives are also required to give a long-term motivational effect instead of the short-term effects of financial incentives at these premises. Non-financial incentives are listed as enabling authority, participating in the management, job enrichment, promotion, holidays, better working atmosphere (opportunity of air-conditioning, less noise, etc.), enhancing a sense of belonging. These rewards for the case of KDLG fall under the category of salary, allowance and incentives. Rewards are motivational force to individuals. Research has it that many factors directly influence performance with regards to work. Lawler (1985), concluded on factors like, amount received, the amount he/she feels should receive, what others collect, and lastly what satisfies employees. The finding above was intended to have a true reflection of the linkage between financial rewards form of salaries, wages and other benefits. The motivational level aimed at increasing revenue collection, while other analysts have argued that the introduction of performance-based financial rewards can be revenue neutral as the existing salary schedules, which reward seniority and academic qualifications be flattened, and the revenue gained from this reform can be targeted at rewarding LG staff performance (Solomon & Podgursky, 2001). However, this appears to be inconsistent with these authors' previous advocacy for a system of increased LG staff salaries. Previous programs that attempted to provide revenue-neutral performance-based systems have been unsuccessful due to a lack of funds and LG staff opposition. In contrast, Mohrman, Mohrman & Odden (1996) argue the private sector model shows that costs can be kept down because the workforce becomes flexible and versatile, in particular teachers will need to have and use a range of pedagogical techniques, which suggests the revenue required to implement this strategy would be relatively low. However, the private sector model may have limited

relevance to the public sector, as resources are finite, and schools do not generate additional financial resources with increased productivity (Milanowski, 2003). One possibility is for average class size to increase, which allows teachers to be paid more, without increase in education funding.

Thorpe et.al (1968), argues that pay is the dominant factor in the choice of employer and consideration of pay seem most powerful in building people to their present jobs. Jacques (1961) emphasized the need for such reward system is perceived as being fair and equitable. It should be clearly related to effort or level of responsibility and people should not receive less money than they deserve compared with their fellow workers. However, criticism by Herzberg et.al (1957), on effectiveness of money is not in line with the above finding, He argued that because they claimed while lack of it can cause dissatisfaction, its provision does not result in easting satisfaction. It follows those employees who treasure money so much may find their tasks less pleasurable and may not do them well. Their mindset is money and not quality and quantity to produce results. An official may decline an assignment if prior facilitation is not given yet he/she is entitled to salary. Vroom (1964), supported the assumption that workers tend to perform more effectively if their wages are related to performance that is not based on personal bias or prejudice, but on objective evaluation of an employee's merit. Though several techniques of measuring job performance have been developed, the specific technique chosen varies with the type of work. All these issues call for research efforts, so as to bring to focus how an appropriate reward package can jeer up or influence workers to develop positive attitude towards their job and thereby increase their productivity. On argument in support of performance based financial rewards is that these rewards motivate staff to perform at their best hence yielding more revenue. The staff will remain committed to their job and therefore ensure more taxes are collected. However, on the other hand financial rewards and other related financial incentives do not provide incentives for LG staff to improve and therefore concentrate

on revenue collection. Akintoye (2000) asserts that money remains the most significant motivational strategy. As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success.

Katz, Sinclair, et al. (2005) demonstrates the motivational power of money through the process of job choice. He explains that money has the power to attract, retain, and motivate individuals towards higher performance. For instance, if a librarian or information professional has another job offer which has identical job characteristics with his current job, but greater financial reward, that worker would in all probability be motivated to accept the new job offer. Banjoko (1996) states that many managers use money to reward or punish workers. This is done through the process of rewarding employees for higher productivity by instilling fear of loss of job (e.g., premature retirement due to poor performance). The desire to promote and earn enhanced pay may also motivate employees. One of the largest benefits reported has been that performance-based rewards are an increase in the motivation of teachers. It was argued that performance-based pay increase staff motivation by adequately rewarding productivity gains. This perspective links the attitude of staff to student outcomes, by arguing that once the motivation and skill of the staff determine salaries, staff quality improves. Within the literature, Tomlinson (2000) argues that performance-based pay is about motivating people, and developing performance-oriented cultures. Staffs, who are not motivated by financial rewards, can be encouraged with non-financial rewards (Odden, 2000a). These rewards can include, for example: satisfaction from high student achievement, recognition, influence, learning new skills, and personal growth (Tomlinson, 2000; Odden 2000b). As Odden & Kelley (2002;

Kelley, 1999) argue work-based rewards are a means of providing motivation by introducing clear goals to the concerned parties, and facilitating student achievement.

Akerele (1991), observed that poor remuneration is related to profits made by organization, while wage differential between high and low income earner low morale, lack of commitment and low productivity. The relationship between performance on job and the pay associated with performance must be clear if the organization is to achieve increased performance. Institution set strategies on target basis attainable in specific period. On attainment of that target an employee is praised and rewarded in recognition of his/her efforts at work. Lastly, there must exist an opportunity to improve performance, if the employee do not have the opportunity to improve or increase performance, then its meaningless for that employee to expand effort at a task. In response to the finding, another common criticism was that, if teachers are motivated by pecuniary reward they will respond to financial incentives. If money is a relatively small motivator for teachers, attempts to focus on monetary-reward systems can have the consequence of increasing resentment towards management, and reducing employee loyalty, resulting in a reduction in productivity (Ramirez, 2001).

In UK in December 20011 and jan2012 two of the country's biggest investors, Fidelity worldwide investment and the association of British Insurers called for shareholders control over executive pay package. Dominic Rossi of Fidelity Worldwide Investment stated "inappropriate level of executive reward have destroyed public trust and led to situation where all directors are perceived to be overpaid. This gave an impression that remuneration scheme have become too generous and out of line with the interests of investors". Two sources of public anger were cited as Barclays where senior executive were promised million pound pay package despite a 30% drop in share price and Royal Bank of Scotland where the head of Investment banking was set to earn large sum, after thousands of employees were made redundant. Another criticism was by Professor Lynne Anderson and Thomas S. Batermann

published in the journal of organizational that found out that highly paid executives are more likely to behave cynically; therefore show tendencies of unethical performance (Executive Pay in United States). Not only Leftists, but also conservative establishmentarians like Ben Bernanke have further criticized it, Peter Ducker, John Bogle, Warren Buffett. Paul Krugman criticized the ideal of stock options and other alleged pay-for-performance driven by Economics. According to economist Paul Krugman, today the ideal that huge paychecks are part of a beneficial system in which executives are given an incentive to performance well has become something of a sock joke. A 2001 article in Fortune, 'The Great Chief Executive Officer Pay Heist' encapsulated the cynicism. The stock of goods were not moving therefore Chief Executive was supposed not to be rewarded but the reverse was true

Bonus was referred to in this research as payment in excess of what has been achieved. It is not common in public service. The Corporate Governance Consultancy found out that out of 107 companies 72% of new share option systems (1997), paid out awards for annual earnings growth of 2% above inflation, this was achieved in the last 10 years. Asiimwe (2010) cited that employees were encouraged to work hard in order to increase productivity because of bonus payment. Under bonus payment system, emphasis is on whether employees are paid on achievements of set targets. Then what of those who achieve above their targets, how are they rewarded? Furthermore, Eric (1999) argues that these targets may be on monthly or quarterly basis per revenue collector. In light of the above interference, the researcher was interested in finding whether bonus is awarded in local governments especially in Kiryandongo district and how it impacts on local revenue performance which is the key variable upon service delivery to the public. Armstrong (2010) noted that, all organizations are concerned with what would be done to achieve sustained high level of performance through people. By this he meant giving close attention to how individuals can be motivated through such means as incentives, rewards, leaderships, and good management and, importantly, the work they do and the organizational

context within which they carry out that work. Notwithstanding the expectancy theory of motivation, employees perceive alike hood that, they will attain rewards, incentives that they value by choosing the job. Its believable that when employment fulfills the motivation factors, then individuals will express more positive work attitude and perceptions, and if this is frustrated, then the person express negative work attitudes hence low performance.

Naldöken et al. (2011) examined the financial incentive application on the motivations of employees at a state hospital in terms of their performance. It was absorbed that the medical employees, who benefited from these financial incentives were positively motivated by this application. Scheepers (2009) also examined the extent to which incentive systems affected the motivations of employees at information and communication technology firms. In accordance with the results of the study, an entrepreneurial reward system tends to focus on formal acknowledgement, social incentives and organizational freedom of employees to encourage corporate entrepreneurship. Pouliakas (2008) tested the non-monotonic effect of monetary incentives on job satisfaction. In the study, 1998-2005 of the British Household Panel Survey was used to investigate the ceteris paribus association between the intensity of bonus/profit-sharing payments and the utility derived from work. According to the findings of the study, small amounts of financial incentives resulted into a highly important effect on employee satisfaction, whereas large amounts of financial incentives affect them positively. Therefore, the researcher suggested no financial incentive unless sufficient amount of financial incentives were provided. Pinar et al. (2008) conducted surveys to 796 blue-collar employees at several institutions in order to determine the elements, which affect the job satisfaction of employees. According to the findings of the study, the most affected dimension in terms of job satisfactions of blue-collar employees was the job itself, and the second dimension was the payment and promotions. Burgess and Ratto (2003) reviewed the incentive pay to improve public-sector efficiency and the evidence on its effects. The researchers concluded how optimal incentives

for public sector differ from private sector and which types of incentives are the most appropriate for public sector. Moreover, the researchers commented on the design of new policies introduced in the UK public sector in the light of the theoretical arguments and the evidence. Employees are more motivated by financial incentives than non-financial incentives. Almost all of the public employees' state that the appreciation of the actions completed create a feeling of satisfaction and give a positive motivation towards their job. It was also stated that, giving an opportunity for promotion of employees and getting their opinions on their area of interest are among the important factors to motivate them for their jobs.

The LG Act 243, financial and accounting regulation stipulates that revenue collected should be banked intact, but in a situation where the collector has missed his salary for some months, revenue collector will be tempted to use this money before is banked contrary to the regulation hence affecting actual revenue reported. Audit reports both internal and external/Office of Auditor General reveal under declaration of revenue collected and delayed remittance of funds leading to timing and lading by collectors. So these issues have not been clearly brought to light. The study is intended to find out whether these irregularity accounts to low revenue performance. A long side Local revenue performance, a number of entities and individuals are involved in the administration and management of such local revenue at national, regional and local levels. So usually, remuneration or reward system plays cardinal role, it is important that all the stakeholders clearly understand and play their expected roles, and responsibilities if performance is to be increased. This reduces duplication, promotes synergy and inter/intra corporation and collaboration. There is no doubt that the effectual fulfillment of each entity's responsibilities leads to the optimal maximization and usage of local revenue collection.

2.3.2 Non-Financial Rewards and Revenue Performance

Non-financial rewards refer to non-monetary financial values. They include; accommodation, job promotion, compensations, training and promotions among others.

Nwachukwu (1994) blamed the productivity of Nigerian workers on several factors, among them is employer`s failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity. Judging from all these empirical studies and findings, one may generally conclude that a good remuneration package, which ties financial rewards to individual performance, result in higher productivity. The researcher agreed to the above statement that, staffs who earn big pay in any organization have to justify the rewards paid in terms of how much input they exhibit in line with expected output.

Another study carried out, which was of importance to this research, was that of Wood (1974), he investigated the correlation between various workers attitudes and job motivation and performance using 290 skilled and semi-skilled male and female paper workers. The study revealed that highly involved employees who were more intrinsically oriented towards their job did not manifest satisfaction commensurate with company evaluations of performance. They depended more on intrinsic rewards as compared to those who were more extrinsic in orientation. Also, in a related study, Kulkarni (1983) compared the relative importance of ten factors such as pay, security, etc. which are extrinsic to the job, and other intrinsic factors like recognition, self-esteem, responsibility, among 80 white collar employees. It was absorbed that, higher value would be placed on intrinsic rather than extrinsic job factors. Data was obtained through personal interview in which individuals ranked each factor according to its importance. It was argued that, a non-monetary reward was better motivators, such as extra holidays. It was been observed in Canada, that many teachers take up the opportunity for unpaid leave. This raises the question of whether the current models of performance-based rewards are flawed because they fail to recognize actual teacher motivations (Chamberlin, et al, 2002). However, Odden (2001) argues that while research has shown current teachers to be motivated by intrinsic rewards, this does not mean potential teachers would not be motivated

by financial rewards. These potential teachers could well be talented, but hitherto been employed within the private sector because of inadequate financial rewards available for them.

2.4 Government Policy and Revenue Performance

Government policy as moderating variable has a direct bearing on Local Revenue performance in LGs. The dimensions of government policy comprise of management of funds collected, Government transfers both conditional and unconditional and political intervention as far as revenue collection is concerned. The mandate to collect revenue and the rates to charge is derived by the constitution of the republic of Uganda, LG Act and Local Government financial and accounting Act. LGs are entities to collect local revenue; although Central Government therefore has an upper hand as far as local revenue is concerned. The researcher highlights that graduated-tax was the most important source of locally generated revenue for local governments. The revenue from other local sources such as market dues, park fees, business licenses and property tax brings in less revenue than graduated-tax, except for Kampala City where property tax alone yields more revenue than graduated- tax. Despite the large share of graduated-tax in locally generated revenue, the share of Graduated-tax in total local government revenue was about 5 percent. Much as graduated-tax was abolished, local governments would not cease to exist. Market dues, on the other hand, account for about 5 percent of locally raised revenue and less than 1 percent of total local government revenue, yet they are a much bigger burden to the individual taxpayer than Graduated-tax. Government policies in eliminating some tax had a hand in the low collection of taxes.

Politically, politicians are supposed to play a role in mobilization of taxpayers upon positive response towards tax payments. However, during soliciting of votes, pledges and paybacks; they instead de-campaigning payment of taxes by taxpayer which affect local revenue performance. The Graduated tax died natural death amidst its evils as result of politicking of 2006. LGs also hire on contract basis private revenue collectors in tenderable sources like

markets, charcoal processing and transportation, taxi or bus- parks, parish permits or slaughter fees and others. Tendering system of markets as major revenue source to local government have been politically influenced through contracts committees. The researcher concurred with what was cited in the phase above as this is evident in times of political campaign; politicians tend to take advantage of their opposing opponents and put it straight that some taxes seen as sources of revenue would be eliminated leaving the respective districts including Kiryandongo financially handicapped. This in return affects the level of revenue to be collected.

According to rural taxation in Uganda final report (2004), private tendering has some strength like the ease in reality to collect and remit market fees and its substantive estimates. It also meets local council preferences for predictable and stable revenue in flow. As this works out, its flawed by continuous defaulting ,unrealistic reserve prices, which results in massive transfer of money from taxpayer to private tax tenderers and their associates including political god fathers. This still calls for the intervention of civil servants who are paid a peanut. This puts funds collected at risk because of temptations thus affecting actual revenue performance.

According to the World Bank report (2003), political intervention has on the other side narrowed tax base. The report sounded louder on this issue indicating that since 1990, political conflicts had killed more than 3.6 million people in sub Saharan Africa and injured more millions. This affects the work force to the investors and local workers/narrowing tax base purchasing power hence. Government transfers are revenue government sends to lower local government both conditional and unconditional grant to provide services to the public. LG Act 243 stipulates unconditional grant has reduced the gap left by abolition of Graduated tax; it's invested in community projects unlike the insufficient local revenue as accountability to the taxpayers. It has brought positive thinking to minds of taxpayers if timely released and properly put to use. It also motives revenue collectors since some facilitation in terms of monitoring allowances attached docks in their pockets. In the same route, taxpayer were encouraged to pay

their dues after receiving services from government in form of accessible road networks, medical care, water and other social amenities. In long run, Local revenue performance will increase if actually there is positive government intervention. The study went an extra mile to determine how these effected in Kiryandongo Local Government. The researcher concurs with the literature cited. It was noted that, in recent years, graduated tax for example attracted a lot of debate in Uganda, with many politicians calling for outright abolition and some calling for suspension. Whether abolition or suspension of graduated tax by politicians, such an action would mean that, from their perspective, they would be relieving taxpayer of the graduated-tax burden. Citizens throughout the country have over the years come to believe that they must pay graduated-tax annually as a responsibility to or requirement by the government. Prior to decentralization and the introduction of the elective local council (LC) system of government, graduated-tax administration was clearly free from political influence. However, with elective politics at the local level, Graduated-tax administration became muddled with political interference, so are market charges.

On management of funds, a number of stakeholders are involved in administration and management of local revenue efficiently and effectiveness at all levels. It is important to every stakeholder to know what the other part is doing as it reduces duplication, promotion of synergy and inter/intra Entities Corporation and collaboration. MoLG Report (2007), highlights that Ministry of Local Government is responsible for local revenue policy formulation, support implementation through revenue enhancement policies and capacity building activities. Others in play are the Ministry of Finance Planning and Economic Development, Local councils and other partners. Reports from other research have it that all these are silent about best practices in reward systems to use while facilitating revenue collectors as way to increase local revenue performance. If funds are available, better service will reach to taxpayers. Furthermore, the researcher concurred with the literature highlighted above and further argued that assessments

are no longer transparent or fair, with local politicians 'influence leading to under-assessment of their political supporters or interfering with its collection especially around election time. Graduated-tax has now become a political campaign issue in Uganda. This interference has weakened the beliefs that citizens had formed around graduated-tax, mainly that it is mandatory to pay the tax. With political interference, citizens came to question payment of Graduated-tax, thus leading to low compliance rates and eventual decline in revenue collection. Graduated-tax had played a role in creating a responsible citizenry. For a country whose budget is financed by donor fund to a tune of 50 percent, it is ironical to argue for abolition or suspension of Graduated-tax contributed to the general government revenue base. In addition, Fjeldstad (2003), commented that general economic trends impact on tax base, for example the import duties, the restrictions and politically allocated tax exemption.

2.4 Summary of Literature Review

This study has shown the relationship between payment of remuneration to Local Government employees entrusted with revenue collection and there actual performance. The researchers mind set as far as remuneration is concerned, was viewed as allowances, timely salary, incentives and rewards, and how it affects productivity, whereas local revenue has been pursued as locally generated revenue like market dues, business licenses and other taxable income generating activities and how its administered and managed. On the same note, researcher absorbed that assessment of local revenue performance was not detailed because different studies reveal gaps in practical operations. The technical team principally responsible for establishment of revenue collection structures, sensitization of taxpayers, and identification of potential taxpayers, Valuation and supervision was wanting.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to carry out the study. It presents the research design, study population, sample size, sampling methods, data collection methods and instruments, procedure for data collection, validity and reliability, data management and analysis and measurement of variables.

3.2 Research Design

Kothari (1985) defines research design as a conceptual structure within which research is collected and constitutes a blue print of collection, measurement and analysis of data. Cross-sectional study involve data collected at a defined time, including questions about the past, but they often rely on data originally collected for other purpose and are moderately expensive. Furthermore, both the qualitative and quantitative approaches were adopted to supplement on the cross sectional design. The likely benefit of a cross-sectional study design are that it allows researchers to compare many different variables at the same time, it is simple and less time consuming as recommended by Neuman (2003). The researcher used cross-section study design to collect data at lower local government as revenue collection point within Kiryandongo district local government. In the same vein, Amin (2005) gives rationale of using the triangulation approach as ideal for establishing relationship between two or more variables. Where possible the researcher would triangulate especially on questionnaires and interview responses to get clear information.

3.3 Study Population

Sekaran (2003) defines a population as the entire group of people, events or things that a researcher wishes to investigate. The study population totaled to 110 respondents, which comprised of CFO (1), ACAO (1), CAO (01), Revenue officer (01), Internal Audit (02), PPO

(01), from the district and 4 Sub-counties/Lower Level staff (49), Business fraternity (20), District Executive committee (04), and S/c councilors (30). The study population was preferred because it plays a key role in implementing public sector institutional activities as the area of study. Town Councils as urban local government was not considered in this respect because they financially autonomous. (*see Appendix V attached*).

Table 3.1: Showing the Category and Accessible Population

Classification	Category	Frequency (N)
District Top Official	CFO	01
	CAO	01
	ACAO	01
	Revenue Officer	01
	Internal Audit	02
	PPO/HRM	01
Lower Local Government staff	Sub-county chiefs and other staffs from 4 sub-counties	49
Politicians	District Executive Committee	04
	Sub-Counties Working Committees	30
Business Fraternity	Prominent business men/women in sub-counties	20
Total		110

Source: Kiryandongo District Personnel Records (2012)

3.4 Sample Size and Selection

A sample size is a subset or sub group of the population (Sekaran, 2003). Mugenda and Mugenda (2003), argue that it is impossible to study the completely targeted population, therefore the researcher has to decide on a sampled population and therefore a sample is a subset of the population that comprises members selected from the population. The sample size (86) was determined based on the Krejcie and Morgan 1970 mathematical Table, (*See attached Appendix IV for the table details*).

Table 3.2: Sample size and Sampling technique

Category	Accessible Population	Sample size	Sampling Technique
CFO	01	01	Census
CAO	01	01	Census
ACAO	01	01	Census
Revenue Officer	01	01	Census
Internal Audit	02	02	Census
PPO	01	01	Census
District Executive Committee	04	04	Census
4 Sub-County Staffs	49	37	Simple Random
Councilors from (4) sub-counties (working Committees)	30	22	Sample Random
Business Fraternity from 4 sub-counties	20	16	Simple Random
Total	110	86	

Source: Kiryandongo District Personnel Records (2012) and determined basing on Krejcie and Morgan (1970)

3.5 Sampling Techniques

Two sampling techniques to select the respondents from the sample was used. These included census and simple random sampling methods. Census refers to study of the whole elements in the sample size. The researcher used census as sampling techniques to select district top officials. These included; CFO, CAO, ACAO, Revenue officer, Internal Audit, PPO and Executive committee members. The purpose of using this method is to ensure that all the respondents gave clear and technically reliable information about remunerations and LG revenue performance while spending less time. The lower LG staffs, Business fraternity and Working committee councilors using the simple random sampling technique. This technique selected gave respondents an equal chance drawn from the sample and avoid bias on the side of

the researcher as recommended by (Mugenda & Mugenda, 2003). Further still, the method is free from classification errors, requires minimum knowledge about the population and takes less time. This technique helped the researcher to know attitude of taxpayers and the committee.

3.6 Data Collection Methods

The researcher used mainly the Questionnaire survey, Interview Guide and Documentary review method to support the collection of both primary and secondary data from the field.

3.6.1 Questionnaire Survey Method

The questionnaire method designed categorically obtained quantitative data. The method involved the use of self-administered questionnaires to respondents in relation to how remunerations affected revenue management. In seeking for quantitative data, the researcher used closed ended questionnaires based on a five scale (1-5 rating). This method supported the researcher in investigating the motives and feelings based on the likert scaling (Creswell, 1994). The method is cost effective and saves time among others.

3.6.2 Interview Guide Method

Nachmias & Nachmias (1996) define an interview as a “face-to-face, interpersonal role situation in which an interviewer asks participants questions designed to elicit answers pertinent to the research hypotheses. Face to face, interviews conducted between the researcher and the top district officials. Those involved included; CAO, CFO, ACAO, PPO, Internal Auditors and Revenue officer as these were key informants with vital information about the financial operations of KDLG. A structured interview comprising of majorly open-ended questions good for soliciting subjective data when the range of responses are not tightly defined were used. The advantage with this method is that the variety of responses would be wider and truly reflect the opinions of the respondents. This increases the chances of the researcher

receiving unexpected and insightful suggestions for it is not easy to predict the full range of opinions as recommended by Amin (2005).

3.6.3 Documentary review Method

The method involves sourcing for secondary data in all relevant written documents. The researcher had access to the monthly revenue returns reports, Final accounts and financial performance review reports and minutes among others pertaining to revenue performance. This enabled the researcher get necessary information on remunerations and revenue realization strategies.

3.7 Data Collection Instruments

The instruments corresponded with data collection methods used for data collection, they included; the self-administered questionnaire, interview guide and documentary review guide.

3.7.1 Structured Administered Questionnaire (SAQ)

The researcher administered questionnaires to only lower LG staffs. In this questionnaire, the nature of questions posed were closed questions with options to select from, based on a one-five likert scale where SD (1), D (2), UD (3), A (4) and SA (5). Amin, (2005) argues that questionnaires are popular with researchers because information given is fairly, easily and the questionnaire responses are easy to code. However, the major weaknesses of questionnaires are that they do not provide detailed information to the problem therefore needs to be this substantiated with interviews. (*See Appendix I, attached*)

3.7.2 Interview Checklist

The researcher scheduled and conducted out personal interviews with the aim of collecting data from respondents. Interviews provide in-depth information about a particular research issue or question because information is not quantifiable, the interview quite often, is described as qualitative research method. With interviews, the researcher used an interview guide to guide the interview. Interviews were administered to key informants, who included; CAO, ACAO,

CFO, PPO, Revenue Officer and the Auditors as they were believed to be more knowledgeable on the topic. Mugenda, (1999), argues that interviews are advantageous in that they provide in-depth data which is not possible when using questionnaire. (*See Appendix II, attached*)

3.7.3 Documentary Review checklist

The researcher accessed some documents pertaining local revenue performance as source for secondary data. Documents reviewed included, Copy of Budget 2010/11 and 2011/12, Monthly revenue returns, Revenue performance reports, Copy of final Accounts 2010/11 and 2011/12 financial years, Payment vouchers among others. The documents were accessed from sub-counties and district headquarters respectively. These made the researcher to acquire necessary information about remuneration and actual revenue realized in KDLG under review period, (*See Appendix III attached*).

3.8 Validity and Reliability of instruments

In order to ensure the quality of the instrument used in the study; both the validity and reliability techniques were used.

3.8.1 Validity

It is the degree to which results obtained from the analysis of the data actually represents the phenomenon under study, (Mugenda, 2003). To ensure validity of instrument, the researcher used close guidance of the research supervisor and a local revenue administrator. It was through the pilot testing that the researcher needed to adjust tools accordingly. Content Validity Index (CVI) a degree to which data collected using particular instruments represents a specific domain of indicators. *See formula and calculation used below.*

$$\text{Content Validity Index (CVI)} = \frac{\text{(Number of items declared valid)}}{\text{Total number of items}}$$

$$\text{CVI} = 27/35$$

CVI = **0.77 (77%)**

A CVI value of **0.77** was obtained; Amin (2005) argues that stresses that for the instrument to be valid, the CVI should be 0.7 and above

3.8.2 Reliability

Merriam (1998), suggest that reliability in the traditional sense is better expressed as dependability or consistency in qualitative research. The reliability of an instrument measures the proportion of the variability in the response to the survey. That is a result of differences in the respondents. After designing the questions, they were pre-tested to a tenth of the sample size. (*See details in Table 3.2 below*)

Table 3.3: Reliability Results

Variable	Alpha Cronbach	Number of items
Financial Rewards	.576	6
Non-Financial Rewards	.520	6
Government Policies	.479	5
Local Revenue Performance	.516	10
Total	2.091	27

Source: primary data

The average value of 0.53 was obtained ($\sum\alpha / 4$); where $\sum\alpha$ is the total of alpha output (2.091) divided by 4 that is the number of variables and with support of the cronbach's alpha reliability coefficient (inter-item matrix). The output of **0.53** obtained is in line with Amin (2005) who argues that an alpha value of 0.5 or higher is sufficient to show reliability and the closer the alpha score is to one reveals the higher the internal consistency reliability, (Sekaran, 2003).

3.9 Data Collection Procedures

After completion of proposal defense, the researcher proceeded to the School of Management Sciences, submitted the final signed copies; an introductory letter was issued out to support the researcher to collect data from the respective field area. Three research assistants administered questionnaires, followed by face-to-face interview sessions conducted by the researcher, while focused group discussion with key respondents with expertise in revenue administration and management came last. The process took about two (2) months.

3.10 Data Analysis

Data analysis involved the use of both quantitative and qualitative techniques

3.10.1 Quantitative data analysis

All quantitative data obtained from the field was coded, sorted, entered, processed and cleaned using SPSS program a statistical package. Through using predefined features embedded in the program, the researcher managed to obtain descriptive statistics in form of frequencies, percentages, standard deviation and mean scores presented in tabular and graphical formats. While inferential statistical techniques comprising of the pearson correlational product moment was used to explain any relationship and regression technique for determining the percentage effect or variation were used among the study variables.

3.10.2 Qualitative data analysis

For qualitative data analysis, a content analysis was applied on data captured via interviews questions. This was transcribed and arranged based on emerging themes that were presented to supplement on the quantitative information. Amin (2005), argues that using the qualitative approach appreciates the research design that describes the situation on ground at that time, captures attitudes and practices, behaviors, perceptions, beliefs and contexts of the situation. In addition, the sample interviewed gave qualitative data.

3.11 Measurements of the variables

The study variables were categorised into the core independent variable and dependent variables where remunerations formed the independent variable while revenue performance was the dependent variable. These key variables were measured based on a ranked or ordinal scale using a Likert scale ranging from; strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1). All background variables for example Age, gender, experience etc were measured based on the nominal scale as they are not ranked variables.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter comprises of the presentation, analysis and interpretation of findings. It includes the demographic information about respondents, response rate, descriptive and inferential statistics as well as the hypothesis results obtained from the field data. More, these based on the specific objectives of the study.

4.1 Response Rate

The researcher used both the interview checklist and structured administered questionnaires to support the collecting of data from key respondents of which these yielded a response rate. See details in Table below.

Table 4.1: Response rate of respondents

Instrument used	Issued	Returned	Percentage (%)
Interview checklist	11	7	63.6%
Structured Administered Questionnaire (SAQ)	75	71	94.6%
Total	86	78	90.6%

Source: Primary data

Findings from the table above reveal that an overall response rate of **90.6%** ($78/86*100\%$) was obtained. Amin (2005) argues that a response rate of 50% is adequate. However, that about 70% is excellent.

4.2 Demographic Characteristics of Respondents

The respondents in this study had varying characteristics of which Gender, Marital status, age, education as well as job description and terms of employment formed these characteristics. These have been detailed follows:

4.2.1 Gender of Respondents

KDLG is Government owned institution, which employs both genders for the existing Jobs. The researcher requested respondents to indicate their gender. The reason to this was to establish whether Gender of respondents had an effect on local revenue performance.

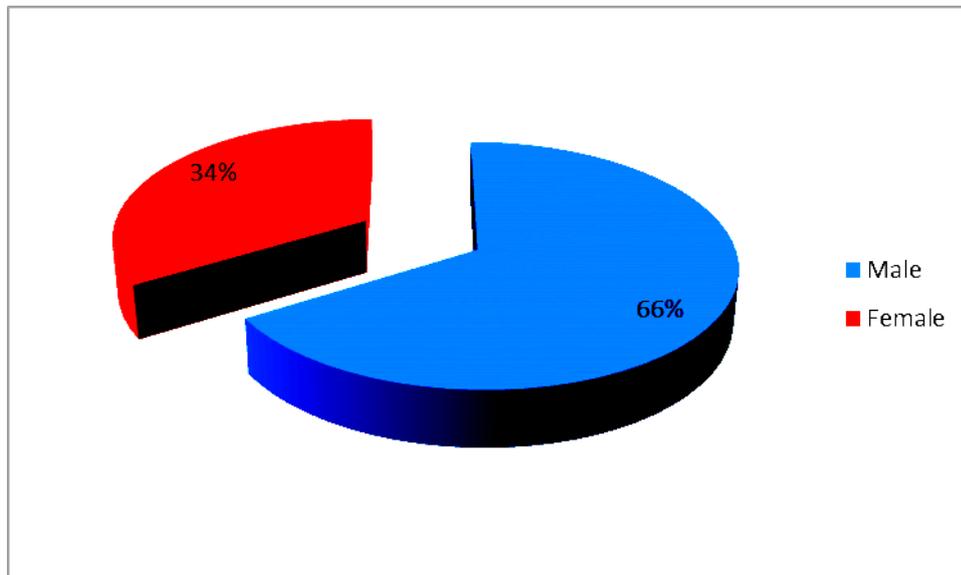


Figure 4.1: Gender of respondents

Findings from the above pie chart reveal that KDLG staff comprises of both male and female. Of these, male are still dominant as reflected by the n=52, 66% while n=26, 34% constituted the female meaning that the researcher got balanced views from the respondents about the topic under the study that is remunerations and local revenue performance. Secondly, given that numerous revenue collection activities for instance confiscation commodities from traders and business community, closing of their shops among other are field based. The men were preferred as compared to their female counterparts as the exercise was tedious and involved harsh measures deployed to realize that the revenue is fully collected. Further, women have been left with administratively related work that cuts across; thus clerical work at the district headquarters and other department for processing payments, compile reports and returns, transactions recorded such that data is available and accessible all the time.

To be more precise there is no female sub county chief or parish chief or directly involved revenue collector in KDLG.

4.2.2 Marital Status of respondents

Staffs of KDLG were of varying marital status and these ranged from single, married, divorced, widows/widowed among others. The researcher wanted to establish whether marital status was a key ingredient for improved local revenue performance within the district.

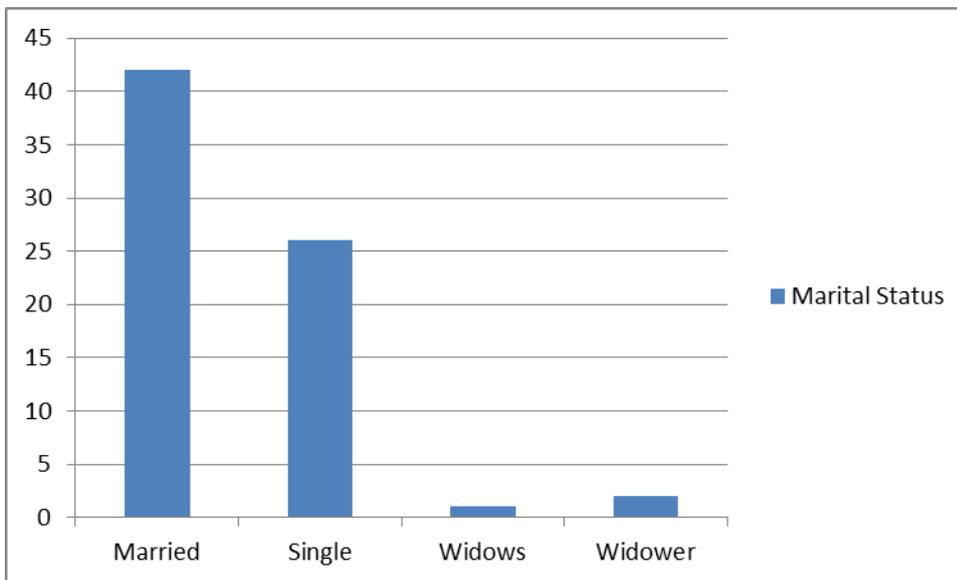


Figure 4.2: Marital status of respondents

Figure 4.2 above shows respondents by gender. Results reveal that the married (n=42, 59.0%) formed the majority, this was followed by the singles (n=26, 37.0%) while (n=1, 1.0%) were the widows and (n=2, 3.0%) formed the widowers. These facts that most staff were married, had family responsibilities to fulfill for instance; paying school fees to their children, maintaining their homes, and therefore were committed on their jobs as the jobs are a source of income. Further, the married tend to be responsible persons and always willing to execute the assigned duties and responsibilities. On the other hand, the singles as reflected above were either new recruits or still searching for partners and therefore were not fully committed.

A combination of the married and the single are important to support fully the execution of local revenue collection. The singles are still energetic can therefore withstand any pressure from the field if set revenue targets are to be met.

4.2.3 Age of respondents

Staffs employed at the KDLG premises are of varying age category. The researcher requested respondents to indicate their age as to determine whether Age had a connection to the collection of local revenue within the district. The Table 4.2 below shows the findings.

Table 4.2: Age of respondents

Age range	Frequency	Percent
<30 years	23	32.0
<40years	27	38.0
<50years	21	30.0
Total	71	100.0

Source: Primary data

Findings from the table above reveal that majority of the respondents 38.0%, n= 27 were below 40 years, 32%, n=23 were below 30 years while 30% were below 50 years. First, the researcher ethically dealt with adults. Secondly, it can be noted that staff with the age bracket 40 years and below were youth and middle aged, energetic, committed and can team up for results in revenue collection operation to earn a living. They were willing to work for long hours with less supervision, while those below 50 years, were of advanced age and had reached the climax of their career. They had fewer attitudes towards improved revenue performance as one of them said, *“He is motivated by the response of taxpayers and government itself is not mindful of them in terms of salary. They paid peanut and expected to do donkeywork. Whether he goes to field or note the difference is the same”*. Further, a combination of advanced age for advice was

good for the district as the youth and middle-aged respondents provided more support in the mobilization and collection of the required revenue.

4.2.4 Education of respondents

KDLG is Government owned Institution and employs both genders for the existing Jobs. The researcher requested the respondents to indicate their education levels. This was done to establish whether education obtained and competence of revenue collector had a key role in local revenue performance. The Table below shows the findings.

Table 4.3: Education level of respondents

Education level	Frequency	Percent
UCE	2	2.8
UACE	1	1.4
Diploma	32	45.1
Bachelors	31	43.7
PGD	4	5.6
Masters	1	1.4
Total	71	100.0

Source: Primary data

Results obtained reveal that all the respondents were learnt; therefore could read and write. This was an advantage to the researcher since they were able to read the questionnaire and answer them with less support. Further, it absorbed, that most jobs available were for either diploma (45.1%) or degree holders (43.7%), PGD constitute (5.6%), and masters were (1.4%) while those below advanced level were (4.2%). On other hand, the learned workforce would be able to understand the value of meeting set targets in revenue collection and performance. This would be done through performing their duties and responsibilities for instance set and meet collection targets, revenue mobilization, sensitization of taxpayers, identification of revenue sources, enumerations, enforcement and others tailed towards realization of more revenue, but this was

not the case to certain extent. Local revenue performance remained below expected level, which effected service delivery. The researcher through interview found out that, staffs attach less importance on job with no remunerations in terms of allowances and basic pay. More so, promotional ladders in LGs is very rigid yet some staffs have the required qualifications but cannot be promoted a case in point Parish Chiefs with Bachelors degree have served in acting capacity for more than 2years. Some have diplomas but are paid salary scale of U8 equivalent to UCE. Further, since the inception of the district, many staffs are on assignment of duties by the CAO not District service Commission. In nutshell, education has not done much to increase local revenue performance since they lack motivation as far as job satisfaction is concerned.

Thorpe et.al (1968), argues that pay is the dominant factor in the choice of employer and consideration of pay seem most powerful in building people to their present jobs. Jacques (1961) emphasized the need for such reward system it's perceived as being fair and equitable. It should be clearly related to effort or level of responsibility and people should not receive less money than they deserve compared with their fellow workers. However, criticism by Herzberg et.al (1957), on effectiveness of money is not in line with the above finding, He argued that because they claimed while lack of it can cause dissatisfaction, its provision does not result in easting satisfaction. It follows that, those employees who treasure money so much may find their tasks less pleasurable and may not do them well that is failing to meet their set targets. Their mindset is money and not quality and quantity to produce results. It has been a common practice for private sectors proclaim that LGs staffs are weak in terms of job satisfaction. An official may decline an assignment if prior facilitation is not given yet he/she is entitled to salary.

Vroom (1964), supported the assumption that workers tend to perform more effectively if their wages relate to performance not based on personal bias or prejudice, but on objective

evaluation of an employee’s merit. Though several techniques of measuring job performance are in place, the specific technique chosen varies with the type of work.

4.2.6 Terms of Employment

KDLG recruited its employees on given terms of employment of which the following below reflect the key findings.

Table 4.4: Terms of Employment

Terms of Employment	Frequency	Percent
Temporary	3	4.2
Probation	10	14.1
Contract	6	8.5
Assignment of duty	2	2.8
Permanent	50	70.4
Total	71	100.0

Source: Primary data

Table 4.4 above, reveals that majority of the staff 70.4% are permanent employees, followed by 14.1% employed on probation while 8.5% on contract basis, 4.2% on temporary basis and 2.8% were on assignment of duty. The above revelation depicts that KDLG is Government owned whose recruitment of most staff s is on permanent basis. On the other hand, few staff were on both temporary and probation basis. Further, the importance of more permanent LG staff is that they have experience of understanding how key financial matters especially revenue collection as well as performing their duties and responsibilities geared towards achieving the revenue set target is concerned.

4.3 Empirical Findings

4.3.1 Financial Rewards and Local Revenue Performance

Financial rewards refers to the type of rewards extended to individuals for their efforts made these are tangible in nature for instance basic pay, allowances, bonuses among others. To this effect therefore, the researcher came up with a number of questions and responses as shown in Table 4.5 below.

Table 4.5: Descriptive statements on Financial Rewards

Questions about Financial Rewards	Percentage Response (%)					Mean	Std dev
	SA	A	UD	D	SD		
The salary package given to me conforms to my salary	55% (39)	24% (17)	4% (3)	16% (11)	1% (1)	4.15	1.154
Salary is paid to staff through the Bank	69% (49)	27% (19)	0% (0)	4% (3)	0% (0)	4.61	.707
Allowances and bonuses are part of financial rewards	55% (39)	41% (29)	0% (0)	4% (3)	0% (0)	4.45	.733
Allowance and bonuses benefit all staff	4% (3)	20 (14)	31% (22)	31% (22)	14% (10)	2.69	1.077
There varying allowance and bonuses paid to staff	30% (21)	66% (47)	3% (2)	1% (1)	0% (0)	4.24	.572
There are incentives extended to KD LG staff	3% (2)	32% (23)	30% (21)	18% (13)	17% (12)	2.86	1.138

Key: SA=Strongly Agree, A=Agree UD=Undecided D=Disagree SD=Strongly

Disagree Std dev=Standard deviation

The ratings above are interpreted as follows: (1) strongly disagree (SD), (2) disagree (D), (3) undecided (UD), (4) agree (A) and (5) strongly agree (SA), and Std Dev=Standard Deviation. More, the researcher interprets that the mean scores less than three (<3) reveal disagreement in responses while the scores above three (>3) reveal agreement in responses. More, the standard deviation scores less than one (>1) reveal communalities in responses and those above one (>1)

reveal indifferences in responses. Lastly, the researcher combined both agreed and strongly agreed to show the respondents who agreed while, disagreed and strongly disagreed to reflect respondents that disagreed.

A fraction of respondents 79%, n=56 agreed that the salary package given to them conforms to their salary, this was followed by 17%, n=12 that disagreed and 4%, n=3 that were undecided. Similarly, 96% respondents indicated that staffs get their salary through the Bank as compared to 4% that disagreed. The findings are because every jobholder at the district has an appointment letter, which fully stipulates how much they are supposed to earn monthly and thereafter annually. The portion that disagreed linked this to the fact that as more extra deductions made on their gross pay, carry home reduces by salary advance refund, loans among others. Further, it can be noted that as measure to avoid the cash management, all staff are requested to open up accounts and avail their account numbers to the personnel department who later use these accounts to effect payments appropriately. To support these finding, one responding district official said,

“Each of us earns differently except in instances where staff are at the same salary scale. The entire packaging is done in such a way that internal district staffs are paid based on their designation”

While another official said,

“For staff being paid directly to their respective banks reduces chances of handling liquid cash this exposes the existing financial stand as such money can be embezzled before the right owners receive it”

In addition, 96%, n=65 respondents indicated positively that allowances and bonuses were part of financial rewards compared to only 4%, n=3 that disagreed while 35%, n=32 disagreed, 31%, n=22 were undecided and 24%, n=17 agreed that allowance and bonuses benefit all staff meaning that financial rewards create a positive drive that allows staff perform better. Financial

rewards are monetary or tangible items that an individual receives, is motivated and has high morale to performance even better when well paid. These rewards include wages, allowances, and bonuses among others. More, it can be noted that much as they were earning extra pay in allowances and bonuses, the computations varied, there was PAYE levied which affected the net pay of these employees hence less satisfied with the pay, this in return has affected their morale thus negatively affected revenue performance in terms of collections and others at Kiryandongo district. One finance staff commented that,

“Allowances are part and partial of the total packaging that staffs receive monthly for their contributions in as far as executing their assigned duties and responsibilities are concerned”

While another interviewee said,

“To the lower level staffs, bonuses help boost their small pay while for the middle and top placed officials the allowances and bonuses tend to be minimal”

Lastly, on whether there were varying allowance and bonuses paid to staff; 96% agreed while 3% neither agreed nor disagreed and only 1%, n=1 disagreed respectively. Further, mixed views about the statement that there were incentives extended to KD LG staff was noted. Among the answers given included; 35% both agreed and disagreed while 30% were not committed to comment about any-thing. The findings revealed the fact that, in KDLC every internal staff is placed at a certain salary scale and therefore qualify for varying incentives meaning differences exist in payments for instance allowances and bonuses. More, the bonuses were tagged to best performance exhibited by such staff through meeting their set targets geared towards supporting KDLG achieve the goal of raising planned revenue. To complement on the findings above, one interviewee said, *“People work extra to be paid more, therefore each level has its scale of payment”*

In another related interview, the revenue officer said, “*More allowances and bonuses are readily available to however performs to our expectations*”

4.3.1.1 Correlation results on Financial Rewards and Local Revenue Performance

The correlation technique (correlation-bivariate) was used to establish whether relationship existed between financial rewards and local revenue performance, and the results that emerged are availed in the table below.

Table 4.6: Correlation results for Financial Rewards and Local Revenue Performance

		Financial Rewards	Local revenue performance
Financial rewards	Pearson Correlation	1	.218**
	Sig. (2-tailed)		.068
	N	71	71
Local revenue performance	Pearson Correlation	.218**	1
	Sig. (2-tailed)	.068	
	N	71	71

** . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data

Table 4.6 above comprises of variables, significance and number of respondent who returned the questionnaires. Pearson correlation (R=.218), sig (=068), N (=71). The Pearson correlation (R) value of .218** revealed a positive relationship between the financial rewards and Local revenue performance in KDLG. The revelations mean that the provision of salary to district staffs in time, giving such staffs better allowances and bonuses and compensating them where necessary were likely to bring about positive result into local revenue collected. In addition, efficient revenue administration that’s to say, Monthly revenue meetings, registration and enumeration, improved assessment and meeting collection targets, reduced costs of operations coupled with effective revenue management in terms of timely enforcement , referring to

charging policy, compliance to audit finds, and monitoring and evaluation ingredients for local revenue performance.

4.3.1.2 Regression results on Financial Rewards and Local Revenue Performance

A regression analysis specifically the model summary was used to establish the variation financial rewards had on local revenue performance in KDLG.

Table 4.7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.218 ^a	.047	.034	.51151

a. Predictors: (Constant), financial rewards

Source: Primary Data

The model summary table above comprises of values; R, R squared, Adjusted R square and standard error of the estimate; where R=.218**, R²=.047, Adjusted R²=.034 as and Standard error=.51151 using the predictor; financial rewards. The adjusted R² value of (.034) explains up to 3.4% (.034*100%) variation financial rewards had on local revenue collection while the remaining percentage of 96.6% accounts to other factors other than financial rewards.

4.3.1.3 Testing Hypothesis One

After testing the data, results revealed that a positive relationship existed between the two variables. The null hypothesis statement that, “*There is a positive relationship between financial rewards and local revenue performance*” was accepted and the alternative rejected.

4.3.2 Non-Financial Rewards and Local Revenue Performance

Non-financial rewards refer to the type of rewards that are intangible in nature for instance promotion, career growth among other examples. To this effect, therefore the researcher came up with a number of questions for which the following responses in Table 4.8 explains.

Table 4.8: Descriptive statements on Non-Financial Rewards

Questions about Non-Financial Rewards	Percentage Response (%)					Mean	Std dev
	SA	A	UD	D	SD		
Staff are availed with accommodation within the district	4% (3)	8% (6)	0% (0)	10% (7)	78% (55)	1.52	1.132
There is capacity building at the district	44% (31)	48% (34)	3% (2)	1% (1)	4% (3)	4.25	.921
Training is encouraged at the district	34% (24)	58% (41)	4% (3)	3% (2)	1% (1)	4.20	.768
Staff are compensated according to position	13% (9)	63% (45)	15% (11)	6% (4)	3% (2)	3.77	.848
Promotion opportunities exist at the district	13% (9)	76% (54)	7% (5)	4% (3)	0% (0)	3.97	.609
I have ever been promoted at the district	0% (0)	28% (20)	4% (3)	54% (38)	14% (10)	2.46	1.053

Key: SA=Strongly Agree, A=Agree UD=Undecided D=Disagree SD=Strongly Disagree Std dev=Standard deviation

The ratings above are interpreted as follows: (1) strongly disagree (SD), (2) disagree (D), (3) undecided (UD), (4) agree (A) and (5) strongly agree (SA), and Std Dev=Standard Deviation. More, the researcher interprets that the mean scores less than three (<3) reveal disagreement in responses while the scores above three (>3) reveal agreement in responses. More, the standard deviation scores less than one (>1) reveal communalities in responses and those above one (>1) reveal indifferences in responses. Lastly, the researcher combined both agreed and strongly

agreed to show the respondents who agreed while, disagreed and strongly disagreed are combined to reflected respondents that disagreed.

Finding presented in the table above reveal a proportion of 88% respondents who disagreed that staffs were availed with accommodation within the district compared to 12% that agreed meaning that numerous district staffs are entitled to housing allowances and were not given physical homes to stay. The researcher noted that most district staffs either rent or own their permanent homes. On the other hand, the individuals that owned district staff houses were sub-county chiefs and CAO as district top official privileged. The availability of either financial rewards in housing payments or non-financial rewards in availing accommodation in staff quarters is a key motivating factor that drives internal district staffs to perform better hence contributing more to the revenue collection within the district. One complementing officer said, *“With a home and your family steadily located in there, one is very settled and much willing to perform assigned duties without fear, this is good for staff wellbeing”*

A fraction of 92% compared to 8% that disagreed indicated that there is capacity building at the district and training is encouraged at the district fetched; 92% that agreed, 4% neither agreed nor disagreed and 4% that disagreed meaning that it is mandatory that every district holds a capacity building vote of which Kiryandongo district is one of these districts. For every financial year budget drawn, the capacity-building vote is always incorporated. Capacity building is an ingredient needed to support district staff training at all levels supported by an existing selection committee. As staff train in their respective field say finance; they get obtain skills, knowledge, get motivated and have the morale to perform their assigned duties and responsibilities needed to support the collection of revenue targets within the district. One responding official said,

“Financial resources for capacity building are readily available to all staff, though this is done on request forwarded to the training committee for selection”

While another said,

“District staffs need to train in particular areas. Skills and more knowledge are required to perform their assigned responsibilities”.

Interesting results obtained regarding the question that staffs compensation was according to position included; 76%, n=53 that agreed, 16%, n=11 were undecided whereas 9%, n=6 disagreed. The respondents that were neutral reserved their comment since revelation of the truth would subject them to disciplinary actions. In the same vein, the respondents who agreed had received compensation for instance refund of medical bill and therefore understood how the compensation computations were done whereas those who disagreed attributed this to the fact that they had never received any compensation or they have ever but it was minimal.

One of the district official said, *“Any rewards provided to internal staffs are subject to salary scales; for instance compensations made for the CAO differ from those processed for an accountant. These are totally different”*

While another said,

“Compensation exists, however it’s paid based on the position one holds at the district” That staffs who are signatory to any expenditure account have high chances of benefiting from compensation scheme. For example CAO, CFO, Sub-county Chiefs and sub-Accountants and ACAOs”

Majority of the respondents 89%, n=63 agreed that promotion opportunities exist at the district, 7%, n=5 neither agreed nor disagreed and 4%, n=3 respondents disagreed. Similarly, 60%, n=48 disagreed that staffs have ever been promoted at the district, 28%, n=20 agreed and 4% were undecided. These revelations can be attributed to the fact that as the district grows bigger, the demand for the jobs widens, the existing staff are availed an opportunity to prosper higher through internal promotions while others are based on merits resulting from better performance. On the hand, it can be noted that promotion takes its trend and given this is a

Government entity, the trend is sometimes delayed thus requests to promote a staff from one lower position to another is tagged to a series of steps followed systematically. One responding officer said, “*KDLG like any other organization or firm ensures staffs are subject to change of positions most especially upwards, this motivates such staff to even perform much better*” while another interviewee said, “*Yes promotional opportunities are available however these are delayed by some officials*”.

4.3.2.1 Correlations results on Non-Financial Rewards and Local Revenue Performance in KDLG

The correlation technique (correlation-bivariate) was used to establish whether relationship either negative or positive existed between non-financial rewards and Local revenue performance, and the results that emerged are availed in the table below.

Table 4.9: Correlation results for Non-Financial Rewards and Local Revenue Performance in KDLG

	Non-Financial Rewards	Local Revenue performance
Non-Financial rewards Pearson Correlation	1	.122**
Sig. (2-tailed)		.310
N	71	71
Local Revenue performance Pearson Correlation	.122**	1
Sig. (2-tailed)	.310	
N	71	71

** . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data

The Table above comprises of variables, significance and number of respondent who returned the questionnaires. Pearson correlation (R=.122), sig (=310), N (=71). The Pearson correlation (R) value of .122** reveals a positive relationship between the Non-financial rewards and LG Performance in KDLG meaning that the provision of good accommodation facilities for

instance staff quarters, encouraging staff are trained is linked to the staff training needs information availed. More, the timely elevation of staff from one position to another moderately better position would result into improved work morale hence morale boosts better revenue administration in registration and enumeration, improved assessment and meeting collection targets coupled with better revenue management in more timely enforcement of officials, referring to charging policy and monitoring and evaluation ingredients for local revenue performance.

4.3.2.2 Regression results on Non-Financial Rewards and Local Revenue Performance in KDLG

A regression analysis specifically the model summary was used to establish the variation non-financial rewards had on local revenue performance in KDLG. See **Table below**

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.122 ^a	.015	.001	.52016

a. Predictors: (Constant), non-financial rewards

Source: Primary Data

The model summary table above comprises of values; R, R squared, Adjusted R square and standard error of the estimate; where R=.122, R²=.015, Adjusted R²=.001 as and Standard error=.52016 using the predictor; non-financial rewards. The adjusted R² value of (.001) explains up to 1% (.001*100%) variation non-financial rewards had on local revenue collection; the remaining percentage of 99% represents other factors that were not part of the study.

4.3.2.3 Hypothesis Testing for Objective Two

After testing the data, results revealed that a positive relationship existed between the two variables. The null hypothesis statement that, “*Non-Financial rewards affect local revenue performance*” was accepted and the alternate rejected.

4.3.3 Government Policy and the relationship between Local Revenue Performance

Government policy refers to rules and procedures governing public funds and regulates government revenue and expenditures of all public authorities. To this effect, the researcher came up with a number of questions and responses as shown in Table 4.11.

Table 4.11: Descriptive statements on Government Policy

Questions about Government Policy	Percentage Response (%)					Mean	Std dev
	SA	A	UD	D	SD		
There is political indifferences at the district	20% (14)	42% (30)	25% (18)	10% (7)	3% (2)	3.66	.999
Political indifferences are caused by multiparty	11% (8)	41% (29)	31% (22)	14% (10)	2% (2)	3.44	.967
Political intervention has affect on LG revenue performance	38% (27)	39% (28)	17% (12)	2% (2)	2% (2)	4.07	.961
Transparency and Accountability influence Local Revenue Performance	55% (39)	28% (20)	10% (7)	2% (2)	4% (3)	4.27	1.041
Government transfers influence Local Revenue Performance	25% (18)	25% (18)	30% (21)	11% (8)	9% (6)	3.48	1.229

Key: SA=Strongly Agree, A=Agree UD=Undecided D=Disagree SD=Strongly Disagree Std dev=Standard deviation

The ratings above are interpreted as follows: (1) strongly disagree (SD), (2) disagree (D), (3) undecided (UD), (4) agree (A) and (5) strongly agree (SA), and Std Dev=Standard Deviation. Based on, the researcher interprets that the mean scores less than three (<3) reveal disagreement in responses while the scores above three (>3) reveal agreement in responses.

More, the standard deviation scores less than one (<1) reveal communalities in responses and those above one (>1) reveal indifferences in responses. Lastly, the researcher combined both agreed and strongly agreed to show the respondents who agreed while, disagreed and strongly disagreed to reflected respondents that disagreed.

Interesting results about the question posed that there is political indifferences at the district, showed 62% agreed, 25% neither agreed nor did disagreed and 13% disagree respectively. In addition, 52% respondents indicated that political indifferences were due to by multiparty, 31% neutral and 16% disagreed. More still, 77% respondents indicated that political intervention had affected on LG revenue performance compared to 17% who were undecided and 4% that disagreed meaning politicians have a role to play in revenue mobilization if more revenue is to be realized in KDLG. One responding district administration official said, *“That taxpayers listen to politicians than civil servants, so the word of politician is a stone in bottle of soda”*. While another interviewee said, *“the public considers revenue collectors as thieves”*, therefore if revenue is to realized, then politicians have to positively mobilize the public within their area of jurisdiction.

Finally, on whether transparency and accountability influence Local Revenue Performance; 83% agreed, 10% were undecided and 6% disagreed. In addition, 50% respondents indicated positively that Government transfers influence local revenue performance meaning *taxpayers will feel the returns of tax paid although tax is non -quidproquo* .One district finance official said, *“transparency and accountability is the only voters language and government piece mouth to the public.”* While another interviewee said, *transparency and accountability is the only way general public can build confidence to civil servant especially those entrusted with revenue collection, administration and management.”*

4.3.3.1 Correlational results on Government Policy and Local Revenue Performance

The correlation technique (correlation-bivariate) was used to establish whether relationship either negative or positive existed between Government policy and Local revenue performance, and the results that emerged are availed in the table below.

Table 4.12: Correlation results for Government Policy and Local Revenue Performance in KDLG

	Government Policy	Local revenue performance
Government Policy Pearson Correlation	1	.180**
Sig. (2-tailed)		.134
N	71	71
Local Revenue performance Pearson Correlation	.180	1
Sig. (2-tailed)	.134	
N	71	71

** . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data

The Table above comprises of variables, significance and number of respondent who returned the questionnaires. Pearson correlation (R=.180**), sig (=134) and N (=71). The pearson correlation (R) value of (.180**) reveals a positive relationship between the Government policy and LG Performance in KDLG meaning that the timely provision of Government transfers wired through Ministry of finance and ensuring that less political intervention in the core activities of KDLG prevails would result into better revenue performance. This would be achieved through revenue administration in registration and enumeration, improved assessment and meeting collection targets coupled with better revenue management in more timely enforcement of officials, referring to charging policy and monitoring and evaluation ingredients for local revenue performance.

4.3.3.2 Regression results on Government Policy and Local Revenue Performance in KDLG

A regression analysis specifically the model summary was used to establish the variation Government policy had on local revenue performance in KDLG. See Table below

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.180 ^a	.032	.018	.51558

a. Predictors: (Constant), Government policy

Source: Primary Data

The model summary table above comprises of values; R, R squared, Adjusted R square and standard error of the estimate; where R=.180, R²=.032, Adjusted R²=.018 as and Standard error=.51558 using the predictor; Government policy. The adjusted R² value of (.018) explains up to 1.8% (.018*100%) variation Government policy had on local revenue collection the remaining percentage of 98.2% to other factors not part of the study.

4.3.3.3 Hypothesis Testing for Objective Three

After testing the data, results revealed that a positive relationship existed between the two variables. The null hypothesis statement that, “*Government policy of revenue transfer affects local revenue performance*” accepted and the alternative rejected.

4.4 Local Revenue Performance

On local revenue performance, the study found out that there was continuous decline in revenue collection in KDLG in the period under review. The final accounts of financial year 2010/11 and 2011/12 showed that the trend has been declining, that is, Ugx 120,932,142 was estimated only Ugx 92,027,557 was realized equivalent to 76%, Ugx 106,269,662 was budgeted and Ugx 60,093,076 was realized accounting to 56.5% respectively .

One respondent noted that, *“If the trend continues, then there is no justification of having district status”*

Another respondent, *“Blamed the district for delaying to recruit staffs, while other pointed fingers to supervision by the district officials”*

One responding finance officer, *“Attributed decline to non- committal by the tax collector and un realistic budget estimates at lower local governments”*

While another executive committee member commented that, *“To staffs on assignment of duty and over stay in one work station”*. Similarly, another Revenue official was quote, *“Red saying the decline was due to curving off many town councils which original was the revenue base for sub-counties”*.

Lastly, in one of the district technical planning meeting, *“The internal auditor was tasked to make special audit especially on tendered revenue sources and report to CAO for action to concerned personnel”*.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary, discussion of findings and conclusions. Further, it includes limitations, areas of further study, contributions of the study based on specific objectives of the study.

5.1 Summary of the findings

Below are summaries of the findings arranged according to the specific objectives of the study.

5.1.1 Financial Rewards and Revenue Performance in KDLG

Findings obtained in chapter four revealed a positive (.218**) relationship between the financial rewards and Local revenue performance in KDLG. It was absorbed that, salary packages paid conformed to salary earned, staffs paid through banks, allowances, bonuses and other incentives partially extended to staffs.

5.1.2 Non-Financial Rewards and Revenue Performance in KDLG

Key findings in chapter four revealed a positive relationship (.122**) between the Non-financial rewards and LG Performance in KDLG. It can be noted that accommodation was restricted to only CAO and some S/c/chiefs, while the other staff were paid consolidated pay ie their salary is inclusive of accommodation allowances; capacity-building funds were planned and budgeted for at the district while resources were allocated and LG staffs trained every financial year. LG staffs received inadequately compensated, and a few recommended for promotions despite delays.

5.1.3 Government Policy and Revenue Performance in KDLG

Government policy was found to have a positive (.180**) relationship with LG with the following found out; transparency and accountability as well as Government transfers

influenced local revenue performance. Some political indifferences were noticed at the district, caused by multiparty had effect on revenue performance.

5.2 Discussion of the findings

5.2.1 Financial Rewards and Revenue Performance in KDLG

Although staffs in KDLG benefited from allowances, paid salary in time and other monetary incentives, not all access these rewards. The officers in top position benefits more hence affecting revenue performance in KDLG. Revenue collectors value their contribution from the take-home. It was also evident from these testimonies that less pay or reward to lower cadres/staffs backed by bureaucratic revenue collection system was vulnerable to loss of revenue in forms of corruption and tax evasion through collusion and connivance between taxpayer and collector.

5.2.2 Non-Financial Rewards and Revenue Performance in KDLG

It has been absorbed that not all LG staffs of KDLG are accommodated nor receives accommodation allowances, promotions is not automatic but follows some procedures and training depends on the decisions of capacity needs assessment committee. Those who have attained training have not done enough to increase on revenue performance. This was evident by lack of effective and efficient adherence on administration and management policies as means of improving revenue performance.

5.2.3 Government Policy and Local Revenue Performance in KDLG

Government policies like transparency, accountability, transfer of funds to support LGs in service delivery and timely payment of salary were evident and effected revenue performance. These funds are properly put to use and value for money realized, however, taxpayers were not convinced that what they pay as taxes in form of business licenses was returned to them inform of better service to the public. Politicking backed by political indifferences and

influence peddling mainly when contracts committee is awarding contracts affects revenue performance as some of these tenderers end up not paying on time.

5.3 Conclusion of the findings

5.3.1 Financial Rewards and Revenue Performance in KDLG

From the key finding discussed earlier, the following conclusion was drawn; not all salary packages to LG staffs conformed to their salaries for example housing and medical allowances. LG staffs salary are paid through the bank, contract staffs, allowances and bonus if any receive cash payment, and fewer incentives evidenced.

5.3.2 Non-Financial Rewards and Revenue Performance in KDLG

From the study findings, the following conclusion was drawn; the district accommodates few LG staffs. Capacity building exists at the district, however not all staff benefit from the scheme. LG staffs submitted their training needs assessment and requirement, sponsorship is limited due to resource constraint. Compensation was present however not every staff was compensated. Promotional opportunities were evident at the district with a few benefiting. Of the issues raised, means of transport was not cited as hindrance to local revenue collection yet revenue collectors do not have either motor cycle or motor vehicle to assist them in mobilization, given the fact that local revenue is tapped from rural places as collection centers.

5.3.3 Government Policy and Revenue Performance in KDLG

Relating to the key findings, the researcher derived the following conclusion; political indifferences have affected local revenue performance negatively as differences in political views halt final decisions made. The existences of multiparty members affected key operations at the district. Politicians did not take the responsibility of actions for their decisions taken and many failed to account for the resources advanced. Further, Local Governments currently depend heavily on Grants especially unconditional grant.

5.4 Recommendation of the findings

5.4.1 Financial Rewards and Revenue Performance in KDLG

Those financial rewards are hub of staff motivation whose result increases revenue performance within KDLG. With that background, staffs entrusted with revenue collection can perform better if well remunerated. The district therefore should device means of improving facilitation of staffs if local revenue performance is to increase and improve on service delivery.

5.4.2 Non-Financial Rewards and Revenue Performance in KDLG

The researcher noted that taxpayers are adamant to pay taxes due to them and staffs lack accommodation. This leaves a big gap between the revenue collectors and tax- payers hence a cause for tax invasion. A case in point loading fees is routine activity done at any time day and night, therefore calls for collector to be vigilant and on site. The district should therefore think beyond the box and budget for accommodation especially to revenue collectors. The district through the capacity building committee should carry out carrier guidance so that a staff goes for training in line with the department he/she is serving. Although promotion in government follows specific criteria, those who merit and vacancy is available, should be give chance for promotion. In addition, means of transport carries weight in revenue mobilization and collection if revenue performance is to be increased. A social contribution to staffs like facilitation during weddings, and introduction and burial ceremonies accounts to incentives hence a motivating force towards better performance.

5.4.3 Government Policy and Revenue Performance in KDLG

The district through its internal structure should strengthen administration and management of staff if it is to release improved local revenue performance. Government should strengthen Rules and Regulations regarding transparency and accountability; achievable targets set and public made aware on public funds. Too much politicking to be avoided because it demines

taxpayers to pay taxes due. Government should intervene in Valuation of properties because it is expensive for lower local governments to handle.

Emphases on effective monitoring and supervision by concerned stakeholders will greatly improve on revenue performance especially on tendered revenue sources and banking. Measures to improve on transparency in revenue collection to reduce conspiracy, set and meet targets, update tax registers, valuation of tax-base and presetting reserve prices.

5.5 Limitations of the study

During the course of the study, the researcher encountered limitations of which the following are some of them:

The researcher faced the challenge of restriction to key valuable information; as this information was rendered sensitive district financial information with fears that such information would be leaked to the media. The inability of the researcher to access such information reveals inadequacy of the information obtained and based on this fact, it would be unfair for the researcher to generalize the research findings based on this ample information.

That the researcher conducted the study at Kiryandongo district Local Government, this limited the geographical scope as a newly formed district. As a matter of fact the financial problems KDLG encounters might be different from any other district in the country to this effect therefore given different scenarios occur else-where, it would not be wise for the researcher to generalize the findings as what affects KDLG may not affect Luwero or Masindi districts for instance.

Further to note, responses from questionnaires were varying and therefore different answered were received. The divergences in responses revealed mixed views about remuneration and local government revenue performance. Based on this, the researcher could not generalize the research findings.

Lastly, the researcher conducted his study at KDLG a newly created district with two years in operation, had time scope limitation. For that matter, the researcher could not generalize the research findings.

5.6 Areas for further studies

The researcher came up with the following below as the areas for further studies:

The researcher identified that less research has been conducted in the area of revenue and therefore came up with widening revenue base for increased local revenue performance within KDLG as another area for further studies.

Secondly, the researcher highlighted the need for research in intensifying on revenue mobilization and sensitization by collective involvement of stakeholders in KDLG

Lastly, the researcher identified the role of Government transfers in revenue performance as another area for further research.

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Appendix I: Questionnaire for other District Staff

RENUMERATION AND LOCAL REVENUE PERFORMANCE

Questionnaires to be filled by Respondent

Dear Respondent, The Researcher is a student at Uganda Management Institute (UMI) pursuing Masters in Management Studies and is carrying out a study on “*The Relationship between Remuneration and Revenue Collection Performance in Local Governments in Uganda: A case of Kiryandongo District*”.

The case study will help administrators and tax collectors on how to improve on facilitation to revenue collectors hence increase in revenue performance. You are therefore kindly requested to complete this questionnaire by filling in the space provided and by ticking the most appropriate answer by responding to the extent to which you agree or disagree with the statement. The information given will be confidentially handled and used for academic purposes only.

Thank you for participating and making this research a success.

Please indicate your choice by show of a tick

1. Gender of respondents

Male Fer

2. Marital status of respondents

Married

Widowed

Divorced

Single

Separated

3. Age of respondents

< 18 years

18 – 28 years

29 – 39 years

40-59 years

> 60 years

4. Education Level of respondents

None	<input type="checkbox"/>
	<input type="checkbox"/>
PLE	<input type="checkbox"/>
	<input type="checkbox"/>
UCE	<input type="checkbox"/>
	<input type="checkbox"/>
UACE	<input type="checkbox"/>
	<input type="checkbox"/>
Diploma	<input type="checkbox"/>
	<input type="checkbox"/>
Degree	<input type="checkbox"/>
	<input type="checkbox"/>
PGD	
Masters	
PhD	

5. Job Description

	<input type="checkbox"/>
Parish Chief	<input type="checkbox"/>
	<input type="checkbox"/>
Sub-Acct	<input type="checkbox"/>
	<input type="checkbox"/>
S/C Chief	<input type="checkbox"/>
	<input type="checkbox"/>
HoD	<input type="checkbox"/>
	<input type="checkbox"/>
CFO	<input type="checkbox"/>
	<input type="checkbox"/>
CAO	
Others	

6. Terms of Employment

Temporary	<input type="checkbox"/>
	<input type="checkbox"/>
Probation	<input type="checkbox"/>
	<input type="checkbox"/>
Contract	<input type="checkbox"/>
	<input type="checkbox"/>
Assignment of Duty	
Permanent	

SECTION B: Factors

Please indicate your choice by show of a tick: 5 (**SA-Strongly Agree**), 4(**A-Agree**), 3(**NS-Not Sure**), 2(**D-Disagree**) and 1(**SD-Strongly Disagree**)

FINANCIAL REWARDS		5	4	3	2	1
		(SA)	(A)	(NS)	(D)	(SD)
1	The salary package given to me conforms to my salary					
2	Salary is paid to staff through the Bank					
3	Allowances and bonuses are part of financial rewards					
4	Allowance and bonuses benefit all staff					
5	There varying allowance and bonuses paid to staff					
6	There are incentives extended to KD LG staff					
NON-FINANCIAL REWARDS		5	4	3	2	1
		(SA)	(A)	(NS)	(D)	(SD)
7	Staff are availed with accommodation within the district					
8	There is capacity building at the district					
9	Training is encouraged at the district					
10	Staff are compensated according to position					
11	Promotion opportunities exist at the district					
12	I have ever been promoted at the district					
GOVERNMENT POLICY		5	4	3	2	1
		(SA)	(A)	(NS)	(D)	(SD)

13	There is political indifferences at the district					
14	Political indifferences are caused by multiparty					
15	Political intervention has affect on LG revenue performance					
16	Transparency and Accountability influence Local Revenue Performance					
17	Government transfers influence Local Revenue Performance					
	LOCAL REVENUE PERFORMANCE	5	4	3	2	1
		(SA)	(A)	(NS)	(D)	(SD)
18	Collection targets are set					
19	Monthly revenue meetings are held					
20	All sources of revenue are tapped					
21	Data about Taxpayers is available					
22	Revenue collection team is enforced to avoid defaulters					
23	Costs of collection are high					
24	There are competent staffs in revenue collection					
25	Tax payers pay in time					
26	Audit committee reports are addressed in time					
27	Transactions are recorded as and when they occur					

Thank You

Appendix II: Interview Guide for District Officials

1. Remuneration

Comment about the financial rewards do you give if any to Local revenue collectors

What category of people do you engage in Local revenue collection?

Are there any other incentives extended to staff supporting revenue collection? If yes or no comment

How do you assist a staff if encountered with a problem while on revenue collection?

2. Non-Financial Rewards

Comment about staff accommodation within the district

Do you support your staffs on capacity building as means to boost revenue performance? If so, has it yield any positive result?

What mechanism do you use to promote staffs as means of motivating staffs especially those in revenue collection?

3. Local Revenue Performance

How do you strategize local revenue collection here (KDLG/Sub-county)?

Collection target

Revenue meetings

identification of Revenue sources

How efficient is your system of revenue collection in terms of:

Tax remuneration and assessment/data about Taxpayers

Cost of collection

Charging policy/rating of taxable income

Enforcement of Tax collectors

Personnel used in collection

How effective are you in revenue collection?

Timeliness of Taxpayers to pay

Response to Audit queries if any

Reporting and recording transactions

Are there challenges are you facing in revenue collection? How are overcoming them?

Tax-defaulters

Thanks for participating

Appendix III: Documentary Review checklist

- Performance review minutes
- Monthly Revenue returns
- Annual budgets (2010/11-2011/12)
- Final Accounts for 2010-12
- Payment Vouchers

Appendix IV: Table for determining Sample size from a given population.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Source: Krejcie, R. V. & Morgan, D. W. Education and psychological measurement (1970) .

Appendix V: Table showing Unite of Study in KDLG

Local Governments	Location/ Parish	Category of respondents
Kiryandongo DLG	District HQtrs	Heads of Departments
Kiryandongo sub-county	S/c Hqts	LLG Staffs
	Diika	Business fraternity & Councilors(working committees)
	Kichwabugingo	
	Kyankende	
	Kikuube	
	S/c Hqts	LLG Staffs
Kigumba Sub-county	Jeeja	Business fraternity & Councilors(working committees)
	Mboira	
	Kigumba 1	
Mutunda sub-county	S/c Hqts	LLG Staffs
	Kakwokwo	Business fraternity & Councilors(working committees)
	Diima	
	Nyamahasa	
Masindi Port Sub-County	S/c Hqtrs	LLG Staffs
	Kaduku	Business fraternity & Councilors(working committees)
	Waibango	

Source: Kiryandongo District Personnel Records (2012) and modified by researcher