



UGANDA MANAGEMENT INSTITUTE

**INSTITUTIONAL FACTORS AFFECTING THE PERFORMANCE OF URBAN LOCAL
GOVERNMENTS IN UGANDA:- A CASE OF BUGIRI TOWN COUNCIL**

BY

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF MANAGEMENT SCIENCE
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MAY, 2014

Declaration

I, Emmanuel Ofwono, hereby declare that this is my original work and has never been presented to any institution for any purposes or academic award before.

Signed:

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Approval

We hereby certify that this study was conducted with our supervision and this dissertation has been submitted with our approval.

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Dedication

This dissertation is dedicated to my parents, Mr & Mrs. Ofwono who had an academic dream for me when I knew nothing in this world; they have tirelessly struggled and sacrificed to see me realise that dream. To my family for their support during my academic struggles. It goes without mention that without your continuous guidance and moral support this piece of work could not have come to its present state.

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List of Acronyms

| | | |
|-------|---|---|
| SPSS | - | Statistical Package for Social Scientists |
| ROM | - | Results Oriented Management |
| IT | - | Institutional Theory |
| IGG | - | Inspector General of Government |
| OECD | - | Organisation for Economic Cooperation and Development |
| HMSO | - | Hammerson |
| IDRC | - | International Development Research Centre |
| UNCHS | - | United Nations Centre for Human Settlements |
| UNDP | - | United Nations Development Programme |
| NGOs | - | Non Government Organisations |
| ADB | - | African Development Bank |
| GDP | - | Gross Domestic Product |
| UTPC | - | Urban Technical Planning Committee |
| CDC | - | Centre for Disease Control |
| NAADS | - | National Agricultural Advisory Services |
| PPDA | - | Public Procurement And Disposal of Public Assets |
| NEMA | - | National Environment Management Authority |

Abstract

This study examined the Institutional factors affecting the performance of Urban Local Governments in Uganda, taking a case of Bugiri Town Council, with specific focus on: The relationship between formal and informal Institutional factors with performance of Bugiri Town Council, and the moderating effect of Infrastructure on the performance of Bugiri Town Council. The study used a case study design, conducted to a cross section of a sample size of 92 respondents. Data was collected using self administered questionnaires and interview guides. Quantitative data was analysed with the aid of the statistical package for Social Scientists, and presented as descriptive statistics, Correlation coefficients and regression models. On the other hand, qualitative data was sorted, summarised and presented against the study themes. Results indicated a positive but very weak relationship between institutional factors and Urban local governments performance; the regression model results showed that informal institutional factors were responsible for 3.2% of the variation in local governments performance, while infrastructure affected the relationship between institutional factors and urban local governments performance by 7.6%. Basing on the findings, it was concluded that; there was need to emphasise leadership, policies and regulations for improved performance; values, norms, attitudes, beliefs, ethical standards, and codes of conduct should be positively promoted for better performance; and, during planning and resource allocation priority should be put on infrastructure development. The study recommended that; Ministry of Public Service should strengthen leadership in Uganda Urban Councils; Governance should be strengthened and emphasized for improved performance; informal Institutional factors like Morals and norms, Culture and Traditions, Habits, Attitudes & beliefs should be followed for better performance; and infrastructure development should be prioritized in planning and resource allocation.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examined the Institutional factors affecting the performance of Urban Local Governments in Uganda. Institutional factors represented the independent variable while performance was the dependent variable. This Chapter presented the background to the study, statement of the problem, objectives, research questions, hypotheses, conceptual framework, significance of the study, justification, scope, and operational definitions of key terms used in the study.

1.2 Background to the Study

1.2.1 Historical Background

Historically, performance dates back to early management theories that assumed that organisations existed to serve a purpose (Etzioni, 1964), and management role was to support this purpose by strategically gathering and applying resources in an efficient manner. Lusthaus et al, (2002) however observe that in practice, organisations goals were constantly and easily displaced. Time changed peoples' perception of goals, leaders altered goals, and organisational events caused a shift in priority or even systems structures sometimes inadvertently acted as a counter-productive force, and inhibited the achievement of objectives. Given this complexity, the only way for the organisations to know if they were moving in the right direction or achieving results was to devise means of assessing progress, hence performance. Lusthaus et al (ibid) further observed that the earliest attempt to measure performance was in the private sector and profit was a means of judging performance since firms that did not make money went out of business. Thus, at the simplest level, measuring financial growth was a way of assessing how “well” work was being

done. Profit is indeed a significant and valid aspect of good performance, and many managers in the private sector used profitability as a complete metaphor for understanding organizational performance, and began to define their purpose, above all, in terms of monetary gain.

In government and non-profit organizations, however, ideas about what constitutes good performance were not as clear. The adoption of profitability as a primary objective in the private sector was congruent with prevailing ideologies shaping management practices at the time. Management theorists in the early part of the century focused on devising scientific or engineering methods to increase financial gain (Taylor, 1947). In support of such management objectives, organizational assessment focused on identifying ways to improve the efficiency of workers. By “engineering” optimal ways for people to behave in specific organizational production systems, managers aimed to produce more goods for less money, thereby increasing profits.

Starting in the 1940s, more abstract and generic conceptions of performance began to emerge in the discourse on organizational performance (Likert, 1957). Gradually, concepts such as effectiveness, efficiency and employee morale gained ground in the management literature and, by the 1960s, were considered major components of performance (Campbell, 1970). Managers understood an organization to be performing well if it achieved its intended goals (effectiveness) and used relatively few resources in doing so (efficiency). In this context, profit became just one of several indicators of performance. The implicit goal shaping most definitions of organizational performance was the ability to survive. From this perspective, an effective yet inefficient organization would not survive any better than an efficient organization that was not achieving its stated goals. Thus, prevailing organizational theories expected performing organizations to both meet their goals and to do so within reasonable resource parameters (Campbell, 1970).

In Uganda, the need for better performance is associated with the public service reform programmes that started in the 1990's (Williamson, 2005). Currently crucial efforts to improve efficiency and effectiveness of public sector institutions have been made through initiatives such as Results Oriented Management (ROM) and Staff Performance Appraisal Systems notwithstanding the signing of Annual Performance Contract Agreements for Strategic level managers in MDAs. In Local Governments, the Ministry of Local Government has introduced National Assessment to monitor the extent to which individual local governments meet specific minimum and performance measures as a means of ensuring accountability and value for money.

1.2.2 Theoretical Background

The study was guided by the Institutional Theory (IT); inspired by what was known as the Institutional School of Organisational Analysis (Scott, 2004, Bigartt & Hamilton, 1987), which deals with large-scale patterns of meaning that come to be taken for granted in a society and that underlie every day action in organized settings. Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment, because institutional isomorphism, both structural and procedural, will earn the organisation legitimacy. Urban Local Governments existing and operating in different regions of Uganda with divergent institutional environments ultimately face diverse pressures. Some of those pressures in the Local Government institutional environments are testified to exert fundamental influences on competitive strategy (Porter, 1990) and human resource management (HRM) practices (Zaheer, 1995).

Scott (2004) further observes that work arrangements in organisations are not predetermined by economic laws, but are shaped as well by cultural, social and political process. That social order is a product of social norms and rules that constitute particular types of actors and specify ways in which it can take action. As noted by Meyer et al (1988), organisations are recognised to be rationalised systems and that norms of rationality play a causal role in the creation of formal organisations.

In his research Scott (2004b) highlights that many models giving rise to organisations are based on “rationalised myths”-rule-like systems that depend for their efficacy-for their reality, on the fact that they are widely shared, or promulgated by individuals or groups that have been granted the right to determine such matters. These models give rise to policies, programmes, positions and procedures of modern organisations. Scott however observes that these models are re-enforced with coercive or normative pressure from institutional agents such as the state and professional bodies for the case of Uganda like Auditor Generals’ Office, Inspector General of Government and Police or mimetic influences stemming from similar or related organisations.

Scott, (2003) explores reasons for performance variance among organisations. He contends that some institutional requirements are strongly backed by authoritative agents or effective surveillance systems and sanctions while others receive sympathetic responses from organisational participants in positions to implement them. He argues that response will further vary depending on which elements are predominant: regulative systems that depend more on external controls-surveillance and sanctioning are more likely to elicit strategic responses. Scott notes that compliance to regulations is a function of resources devoted to enforcement. Normative elements, which rely more on internalisation process, are less likely to induce only lip service or resistant

responses; and as for cultural-cognitive elements, which rest on more deeply set beliefs and assumptions, strategic responses are, for many, literally, “unthinkable”. Zucker (1988) thus suggests that “to be institutional, the structure must generate action”.

Meyer (1985), postulates that formal structures that celebrate institutionalised myths differ from structures that act efficiently. He argues that categorical rules conflict with logic of efficiency. According to Scott (2004), a concern with effectiveness, efficiency and other types of performance measures does not exist in a vacuum but requires the creation of distinctions, criteria, common definitions and understanding-all institutional constructions. The broader cultural-cognitive, normative and regulatory aspects of the institution shape the nature of competitions and of the markets, as well as the meanings of effective performance and efficient operations. In conclusion, institutional factors bound and defined rational arguments and approaches.

Scott (2004) further observes that within these institutional factors, some institutional provisions may support the creation of structures that are more attuned to ensuring accountability, gaining legitimacy, and securing social fitness than to directly improve the quality or quantity of goods and services. Such requirements can contribute to increasing the organisations’ recognisability, acceptability and reputation. Zucker, (1988) cautions that like all systems, institutional arrangements are subject to entropic forces, and require the continuing input of energy and resources to prevent decay and decline.

1.2.3 Conceptual Background

The concept of institution varies from author to author, time to time and organisation to organisation (Scott, 2008, Wikipedia, 2010). According to Guy & Henneberry (2000) the concept

of institutional factors is not only confusing but contradictory, while Hanninen & Pekka (2002) contend that it is difficult to define what institutional factors are due to the ambiguous nature of the word “Institution”. Kim (2008) considered institutional factors as policies and programmes that regulate or support urban development while Guy & Henneberry (2000) considers them in terms of rules and incentives which influence the behaviour (Performance) of members in that institutional structure. Winarso (2005) categorises institutional factors into formal and informal factors. He considers formal institutional factors as those which are centred on managerial and organizational structures of government reflected in formal rules and regulatory frameworks while informal institutional forces are rooted in the basic features of political and governance culture.

Stimson et al (2003) conceptualises institutional factors in terms of appropriate policies and right environment necessary to facilitate efficient resource allocation in Urban Governments. He underscores the role of leadership in initiating reforms, policies, and projects that benefit the business and citizens in general. Bolton (1992) categorises institutional factors into: local governance; culture/traditions, community collaboration and central-local relations. According to Commons (1931) Institutions in his specification cover unorganised customs up to the organised management of social life, such as the family, the corporation, the trade association, the trade union, the reserve system, and the state. A feature common to all of them is control: ways to arrange individual actions as parts of collective action.

As explained by North (1994), Informal institutional factors embraces the largely informal rules of a society; that is, the history, cultural values, norms and taboos of the milieu within which organizations function. Like Morals and other unwritten societal expectations, the Informal institutional factors impose constraints on the behavior of organizations and the people who work

within them. Although the various aspects of institutional factors are difficult to measure and evaluate, they are nonetheless extremely important in molding the behavior and performance of organizations that evolve within a given environment.

Ostrom (1999), identifies institutions at three levels. The institutions at the constitutional level are the arrangements that determine the basic rules of society, as well as property rights. Institutions at the collective choice level regulate decision-making and are modified with time in response to social progress and changes in power relationships among the actors of the policy arena. The operational institutions at the operational level are subordinated to these previous levels. These institutions transmit the conventions and rules of economic and social transactions as institutions. Given the heterogeneity of the literature and lack of clarity and consensus on the concept of institutional factors, this study conceptualised institutional factors as those endogenous formal and informal factors that bind behaviour in an organisation.

Salem (2003) conveys that the concept of performance is still confusing and continues to be misunderstood hence pose problems in its measurement. Salem (ibid) notes that performance is about doing work as well as being about the results achieved. It is viewed as the outcome of work and provides strongest linkage to the strategic goals of the organisation, customer satisfaction and economic contributions.

Wilson (2000) argues that the increased demand for performance in governments is attributed to greater need for accountability by interest groups, advocates, the media and the general public. Breitbarth conceptualises performance in terms of quality of customer service. Accordingly, performance quality must satisfy 1) stakeholder or customer perceptions (eyes of the customer)

and 2) technical quality (measures that reflect the eye of the expert). Pollitt & Bouckaert (2000) explain performance in terms of political and economic process designed to bring about change in public sector (to which Urban Local Governments belong). Lusthaus et al (2002) argued that “every organization has work to do in the real world and some way of measuring how well that work is done.” Their conception of organizational performance was based on common sense, and on the notion that organizations need a way to concretely identify their purpose and assess how well they are doing in relation to it. This constituted an organisation’s institutional definition of its own purpose in relation to how Urban Local Governments measure Performance on the extent to which services like roads, street lighting, clean water, hygiene and sanitation are provided to the people.

1.2.4 Contextual Background

Bugiri Urban Local Government is one of the over 196 decentralised urban local governments located in the Eastern part of Uganda. It has a total land area of 25 km², with a population of 17,046; (National Housing and Population Census 2002). The Urban Local Government has one referral hospital, three markets, one taxi park. Being an upcoming urban local government, it is characterised by lack/limited capacity to generate resources both physical and financial to sustain its delegated Urban functions; over 60% of funds come from central government. (Bugiri Town Council Budget, 2010/2011). It also experiences continuous ineffectiveness and inefficiency in public service delivery, continuous wastage, mismanagement and abuse of public funds and allocative inefficiencies; (Auditor General’s Reports on Bugiri Town Council 2003/2004-2008/2009 financial years).

Local revenue is far less predictable and yet it contributes to the operational budget of key administrative and some other sectors (including health) within the Town Council. Often revenue projections are of poor quality (either due to low technical capacity, political pressure or a mixture of both). Cash-flow is unpredictable as the majority of local revenue is collected in the last half of the financial year and recovery of debts is a big problem; (Auditor General's Reports on Bugiri Town Council Accounts for 2003/2004,2004/2005,and 2008/2009 financial years), & the IGG's Report referenced JNJ/CF/039/2008 dated 18th June,2010).

Whereas it is assumed that adequate participation of citizens in the planning, budgeting and monitoring process encourages them to comply by paying local taxes to fund development projects, the situation in Bugiri is that of alienation of key stakeholders in this process. There is a weak enabling environment for participatory budgeting and revenue generation yet these are vehicles for improved governance and local economic development. Given this context, the researcher thinks that establishing the relationship between institutional factors and performance will provide a way forward for improved service delivery in Bugiri Urban Council hence the basis for this research.

1.3 Statement of the Problem

The decentralisation system in Urban Authorities in Uganda hinges on an elaborate legal, regulatory and institutional framework , and notwithstanding the specific functions and services of Urban Councils as stipulated in the Second Schedule Part 3 of the Local Governments Act Cap. 243. This regulatory-institutional framework would ideally facilitate the performance of Urban Local Governments, like in ensuring lighting of all streets and Public places, Construction and

regular unblocking of drainage channels, collection of all planned local revenues, garbage collection and disposal, among others.

In spite of the existence of this seemingly elaborate legal and regulatory framework, there is increasing discontent from the public on the dismal performance of Bugiri Urban Local Government in service delivery. Over the three fiscal years of 2006/2007, 2007/2008, 2008/2009 there were shortfalls in local revenue collections of UGX 58,391,221=, UGX 51,882,000= and UGX 38,707,552=, respectively. Worse still, no street lights have been installed, making it difficult to distinguish between Bugiri Town and rural areas; only 20.8km of roads have been maintained out of the total 56.6km; a mere 823 water connections have been made out of the expected 7381 households, and only 29 staff recruited out of the total establishment of 66 (Auditor General's Reports on Bugiri Town Council Accounts for financial years 2006/2007-2008/2009, & Bugiri Town Council Three Years Rolled Development Plan 2006/2007-2008/2009). Procurement corruption is the order of the day (IGG's Report referenced JNJ/CF/O39/2008 dated 18th, June, 2010) and yet amidst all these, demand for services continues to increase. This raises the question of how Urban Governments can better understand what to change and influence to improve their ability to perform. Systematic diagnosis of institutional factors and a clear grasp of Urban Government capabilities can inform urban performance improvement drive. This study therefore examined how institutional factors influence Urban Performance, with focus on Bugiri Town Council.

1.4 General Objective

The general objective of the study was to examine the institutional factors that influence performance of Urban Local Governments in Uganda using Bugiri Urban Local Government as a case study.

1.5 Specific Objectives

1. To examine the relationship between formal institutional factors and performance of Bugiri Urban Local Government.
2. To establish the effect of informal institutional factors on performance of Bugiri Urban Local Government.
3. To explore the moderating effect of Urban infrastructure on institutional factors and performance of Bugiri Urban Local Government.

1.6 Research Questions

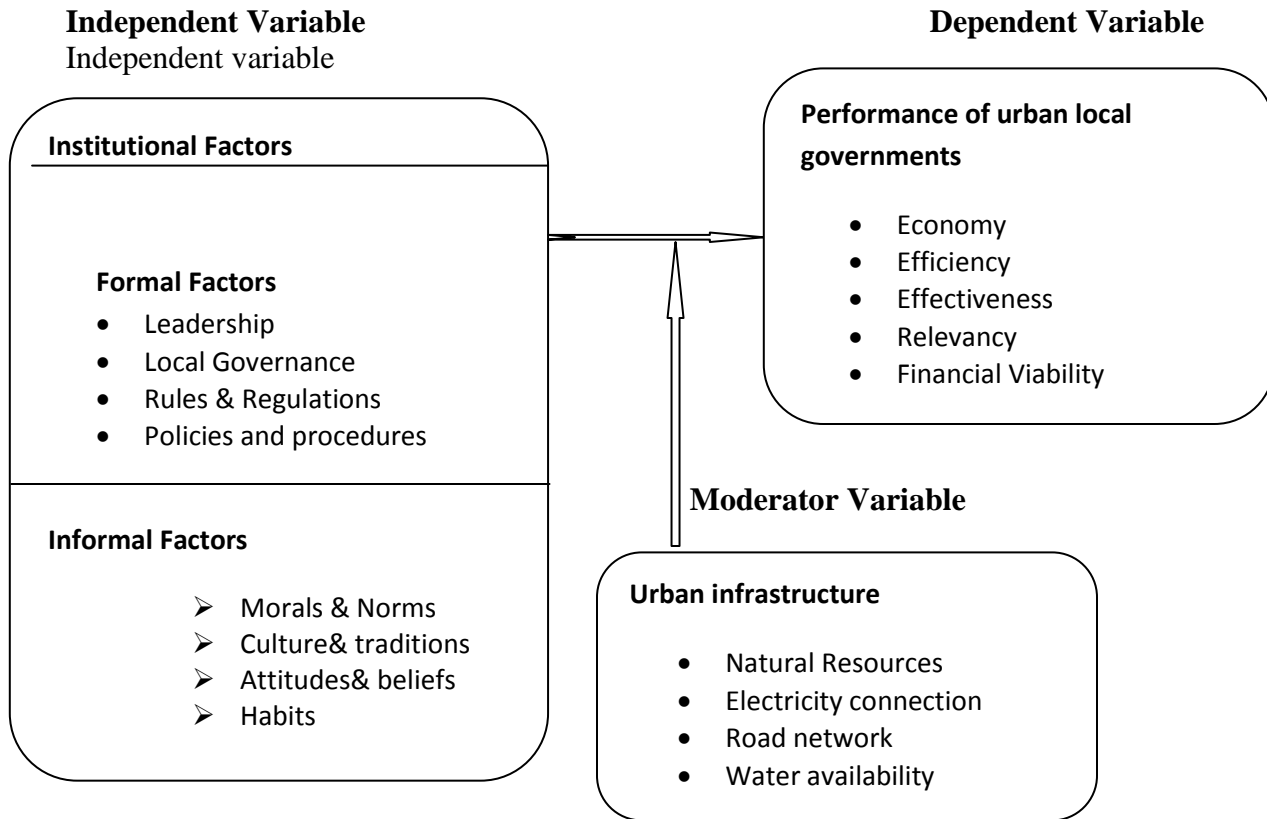
1. What is the relationship between formal institutional factors and performance of Bugiri Urban Local Government?
2. How do informal institutional factors affect the performance of Bugiri Urban Local Government?
3. What is the moderating effect of urban infrastructure on the relationship between institutional factors and performance in Bugiri Urban Local Government?

1.7 Hypotheses

1. There is a significant positive relationship between formal institutional factors and performance of Urban local Governments in Uganda.
2. Informal institutional factors have no significant effect on performance of Urban Local Governments in Uganda.
3. Urban infrastructure has a significant positive moderator effect on the relationship between institutional factors and performance in Urban Local Governments in Uganda.

1.8 Conceptual Framework

Figure 1: Conceptual Framework showing the Relationship between Institutional Factors and Performance of urban local governments



Source: Adopted from Scott (2004), Stimson et al (2003) and Winarso (2005).

In figure 1 framework, institutional factors (Independent Variable) had two dimensions namely formal and informal factors. Formal factors included leadership which involved the strategies and initiatives by the leaders that set direction for the organisation. Leadership impacts either positively or negatively on the performance of the organisation depending on the leaders ability to carefully analyse the organisational problems, involve stakeholders in governance, corroborate different sectors, build commitment and promote transparency in institutional activities.

Informal factors in form of Morals and Norms, Culture&traditions, Habits, & Attitudes and beliefs shape the performance expected in the Urban Council. However, the success of these informal factors are contingent on the extent to which they are enforcable and that the stakeholders and general public consider them to be fair, flexible, predictable, credible and clear. Taken together these factors give the organisation its personality and affect its perfomance and quality of work.

Urban performance (dependent variable) is measured in terms of effectiveness to the extent that it actually produces products and services and engages in community welfare. Performance in urban council must also follow the efficient parameter (In terms of actual cost per unit of service delivered) and services offered must be relevant to the expectations of stakeholders (on-going relevancy to stakeholders) if the Urban Council is to survive competition. In this framework, performance will be satisfactory if the Urban Government balances effectiveness, efficiency, economy and relevancy while being financially viable.

Finally in the framework, the structure of the institution (institutional factors) and its relationship with the behaviour (performance) of the organisation is moderated by infrastructure that may either positively or negatively influence the perceived relationship. Infrastructure may take the form of natural resources, electricity connection, water availability and road network.

1.9 Significance of study

Urban performance is synonymous with better service delivery and improved welfare to the Urban populace. Historically, Urban Councils in Uganda have been performing exceptionally well, but this trend has seen the reverse order over the last 20 years. The findings of this study may give direction for Urban Councils to determine what institutional factors are responsible for this

reversal in performance. The findings of this study would serve as a predictive in planning for Urban performance revival. With these findings, a plan of action may be designed and oriented to increase Urban performance. It was anticipated that the study would help to increase awareness on the influence of institutional factors in reviving Urban Performance.

1.10 Justification of study

The researcher's motivation for this study was premised on the notion that if properly designed and used, performance can serve to increase effectiveness and efficiency in urban local government programmes through the re-allocation of resources to priority areas, increasing the motivation of staff and managers as well as stimulating innovations for better service delivery to the people of Bugiri.

1.11 Scope of the Study

1.11.1 Geographical Scope

Geographically, the study was carried out in Bugiri Urban Local Government, including all the four wards/parishes and the eleven cells/ villages.

1.11.2 Time Scope

The time scope of the study considered the period of 2008-2013. This period was chosen because it happened to be the time when Bugiri Urban Local Government experienced severe working relationship between politicians and administrators and far reaching fluctuations in local revenue performance that contributed to dismal service delivery to the people

1.11.3 Content Scope

The study mainly considered the institutional factors (both formal and informal) that influence performance in Bugiri Urban Local Government. Urban performance considered aspects of

economy, efficiency, effectiveness, relevancy and financial viability, while the moderator variable examined was urban infrastructure.

1.12 Operational Definitions

Institutional factors refer to the Leadership, Local Governance, Rules and Regulations together with Policies and Procedures, Values and Norms, Ethical standards, Codes of Conduct & Attitudes and beliefs that regulate the performance of Urban Local Governments in the prevailing environment.

Formal Institutional factors are those that are openly codified, in the sense that they are established and communicated through channels that are widely accepted as official.

Informal Institutional factors are socially shared morals, norms, attitudes & beliefs, usually unwritten that are created, communicated and enforced outside of officially sanctioned channels. These factors are equally known but not laid down in writing and they tend to be more persistent than formal rules.

Urban Performance involves provision of quality services like roads, clean & safe water, street lighting, health services, hygiene & sanitation to the residents.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This study examined the institutional factors that influence performance of Urban Local Governments in Uganda using Bugiri Urban Local Government as a case of Study. This chapter shows the reviewed literature works done by other authors on how institutional factors affect performance of Urban Local Governments. The chapter is organised according to themes derived from the study objectives and the conceptual framework, starting with the theoretical review, formal institutional factors, informal institutional factors, urban infrastructure and finally, a summary of the literature. Throughout the review, gaps identified were highlighted, which provided direction for this research.

2.2 Theoretical Review

The theories that guided and underpinned the study included; the Institutional Theory (IT); economic theory and market mechanisms; and the Agency theory. The Institutional theory as proposed by (Scott, 2004, Bigartt & Hamilton, 1987), deals with large-scale patterns of meaning that come to be taken for granted in a society and that underlie every day action in organized settings. Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment, because institutional isomorphism, both structural and procedural, will earn the organisation legitimacy.

Economic Theory and Market Mechanism: In the 1960s, there were several forces at work that began to produce the “new institutional economics”. By the late 1950s, mathematical economists became convinced that they could prove if there existed rational actors with perfect information

who tried to maximize profits, markets were the most efficient way to organize a society's economic exchanges. As a result of this understanding, economists became more interested in the conditions under which markets failed to produce the most efficient allocation of resources. Economists noticed several things: information was never perfect and therefore actors could not make decisions without uncertainty. They also noticed that in real life, institutions, like laws, informal rules, norms, and organizations were ubiquitous and often took the place of markets. Scholars hypothesized that under conditions of uncertainty or imperfect information, institutions produced more efficient outcomes than markets. This general insight began to spawn a heterogeneous literature that became the new institutional economics. Scholars began to rediscover Berle and Means, Coase, and Schumpeter.

Agency theory views all social relations in economic interaction as reducible to a set of contracts between principals and agents. Principals are individuals who select agents to do their bidding in some matter. The key problem is aligning the interests of the agent such that they do not act against the interests of the principal. This requires writing a contract (sometimes explicitly, sometimes implicitly) that provides safeguards for both the principal and the agent. Such contracts must provide principals with a way to monitor agents, and must create incentives for each side to carry out its part of the bargain (Jensen and Meckling, 1974). These theories were found to be relevant because they highlight the diverse pressures that Urban Local Governments are faced with in line with their institutional environments, which certainly exert a lot of pressure and can affect their performance.

2.3 Formal institutional factors and performance of Urban Local Government

A number of authors have done in-depth studies on formal institutional factors and their effect on organisational performance.

2.3.1 Leadership and Urban Local Government Performance

Several scholars have researched on leadership and how it affects general performance (Pearce & Robinson, 2003; & Smith, 2000). Others attempt to measure performance in terms of customer satisfaction (Smith, 2000; & Wheeland, 2002), yet there is scarce literature (Marshall, 2005, OECD, 2001a) on how leadership actually affects urban local government performance and disaggregating the indicators of customer satisfaction in an urban setting. HMSO (2001) observes that leadership is central in delivery of public goods and its failure can lead to civil disorder. According to HMSO (ibid), to be successful, leaders need: democratic legitimacy; effective partnership with other local organisations; real urban empowerment and engagement; room to respond effectively to local priorities and willingness to exploit the potential afforded by new technologies. Marshall (2005) explains that city leaders lack the fiscal powers, autonomy and leadership capacity to spark broad based urban performance. Unfortunately Marshall's research was city specific and unique to Britain and this raises the question whether linking leadership to performance in one city can be used to shape policy in other urban areas-since economic, political and social contexts vary.

OECD (2001b) observe that effective leadership is only one of the several pre-conditions necessary for higher performance to occur. A clear mission, resource base, and potential for improvements in capacity 'are all component parts of the performance equation'. Leadership need to be joined with capacity-building efforts and stronger local finances to lead to better outcomes.

Francesca et al (2009) suggest that leadership can be effective in influencing urban performance if well facilitated. By giving leaders the right mix of resources and incentives, better performance can be guaranteed. Vecchio et al (2008) observe that it is the responsibility of the leader to manage culture, set direction, support resource development and ensure that tasks are done. They conclude that leadership is basically the process through which leaders influence the attitudes, behaviours and values of others towards organisational goals. Salopek (1998) outlines four qualities to be exhibited by an effective leader and these are: coaching and fostering dialogue; collaboration and being skilled at facilitating; skilled at visioning, championing and diffusing; skilled at organising and targeting and improving performance. The researcher notes that these skills are too general and may not necessarily apply to an urban local government like Bugiri which has peculiar leadership demands.

O'toole (1979) notes that while managers need to rely on rational strategies of organising, they need to complement it with values and to inspire loyalty and influence interpretation. Barley et al. (1988) in support of O'toole hints that if managers would pay more attention to an organisation's ideals, norms and values, as well as heed to symbolic aspects of management, they would discover powerful tools for enhancing organisational effectiveness. Denison (1990) argues that leaders' commitment is essential to achieving the high performance potential of an urban local government. He suggests that for better performance, leaders need to comprehensively involve all stakeholders in the organisation (Urban Local Government). As observed by Juechter et al. (1998), employees at all levels have to be engaged, have to be involved, and have to take ownership of the change. Ramsay et al (1983) advises that in high performing institutions, leadership and management involves employees and the general public in the decision-making process. Even when the leader makes decisions, the staff is genuinely consulted over the issues. Staff meetings

are held regularly as a process of consultative decision-making. Interestingly, this study established that while in Bugiri meetings were being held, sometimes they were ad-hoc and only undertaken as a routine measure to comply with the status quo.

2.3. 2 Influence of Policies and Rules/ Procedures on Urban Local Government Performance

Empirical studies (Lever et al 2003; Cheshire & Magrini, 2002) show that urban policies are linked to performance, though success can often be elusive. Lever et al (2003) argue that urban local governments need the ability and capacity to craft policy initiatives that tackle their specific needs. These policies ought to promote efficient public administration, avoidance of waste, skills policy, infrastructure planning, among others. Cheshire et al (2002) note that good growth policies cannot be delivered without adequate financial powers- spending, borrowing and revenue raising tools. On the contrary, Thiessen's (2003) study on 21 high income OECD countries concluded that fiscal decentralisation alone is not an adequate indicator of urban performance. While Thiessen's (2003) study was in a developed country's setting, it would be interesting to test the same study in a less developed country like Uganda using Bugiri urban local government for possible comparisons and contradictions in the findings.

North (1994) notes that rules, policies and regulations are the formal laws and codes that positively or negatively influence the behaviour of organisations through incentives and constraints they provide or impose. IDRC (2004) observes that local governments which lack policies to keep trained people on job may be affected in terms of performance if such highly trained personnel leave the institution, rendering it counter-productive. Indeed this is the situation in Bugiri Town Council where council spends millions of shillings on building capacities of revenue mobilisation officers every year due to high attrition. Most of the new staff trained lack

experience in dealing with the public and this has affected local revenue collection, which in effect negatively affects provision of services to the residents.

Engerman et al (1997) show that economic rules and policies are embedded in contracts, partnership and corporate laws to control the level of economic activities. IDRC (2004) highlight that the failure or lack of enforcement of contracts negatively affects performance of urban local governments. Eggertsson (1990) notes that bureaucracy which exists in local governments may provide an opportunity for various agents of the state to capture economic revenues (through such means as bribery, distortions etc), and to establish informal and underground networks of contractual relations. This is true in Bugiri and perhaps explains the difficulty in enforcing certain rules and regulations in the urban local government.

Enforcement of the rules and regulations is as important as the rules themselves (Kaji, 1997). Nowhere else is this more apparent than in urban local governments, where urban sectors must be reasonably sure that contracts can and will be enforced in the event that clients default. Unsound rules and enforcement systems in urban local governments have negative ripple effects on the willingness of contractors to undertake obligations and hence on performance. Chong & Calderon (1997) observe that enforcement of formal rules is largely based on legally sanctioned coercion or force, or threat of it. The effectiveness of the coercion however depends to some extent on whether people see the rules as being worthy of respect. If rules are not seen as fair or fairly enforced, individuals and organisations have greater incentives to evade them, increasing the difficulty and cost of enforcement. Among other attributes, good rules should be credible, fairly and evenly enforced, predictable and flexible. Credibility which is the extent to which rules and their enforcement systems command respect from those affected by them depends partly on low

transaction costs (using minimal resources) and fairness. Hunter (1997) explains that fairness is the degree to which rules and their enforcement are applied consistently and impartially from one person or group to another. Predictability is the extent to which actors within the environment have to cope with the unexpected changes in rules and policies while flexibility is the extent to which rules and their enforcement mechanisms change over time in response to the needs of the society.

Lai (2004) opines that if rules are to be owned, then those affected by them should actively participate in creating them, either directly or indirectly. For urban local government to perform better, it must carry out institutional diagnosis and reform. These rules ought to be measured and computed on various indices like corruption, red tape, efficiency of legal systems, and political stability.

2.3. 3 Governance and performance of Urban Local Governments

There is remarkable literature (Mehta, 2005; Kaufmann et al 2004; Sassen, 2002; UNCHS, 1999; & Deas et al, 2001) on city governance and its effect on performance, but a significant gap exists, largely due to limited comparable cross-urban data more so in African countries and Urban local governments like Bugiri.

As elucidated by Mehta (2005), governance is the exercise of authority through formal and informal traditions and institutions for a common good; thus encompassing: (1) the process of selecting, monitoring and replacing government; (2) the capacity to formulate and implement sound policies and deliver public services, and (3) the respect of citizens and state for institutions

that govern economic and social interactions among them. Ramakrishna (2005) links the increased need for governance to a means of achieving societal development objectives, while Jones Lang La Salle (2004) directly associates it with increasing financial constraints and fragmented responsibilities, which is making urban local government to realise now that only concerted effort can improve urban performance and competitiveness. World bank (2000) considers (good) governance in terms of administrative reforms; restructuring; decentralisation of power; transparency & accountability mechanisms and e-governance. To World Bank, good governance means less government (or less regulation), more market (private provision of services) and better policing (or reducing scope for corruption). Governance should be directed towards accomplishment of outcomes Osborne (1994).

Governance can be measured (UNDP, 1997; & UNCHS, 2000) in terms of principles of sustainability, decentralisation, efficiency, equity, participation, transparency, accountability, civic engagement and citizenship and security. Mehta (2005) forwards six components for measuring governance and these include: (1) voice and external accountability - whether urban local government is accountable to the people through feedback and democratic institution (2) political stability and lack of violence, crime and terrorism (3) government effectiveness (quality of policy making, bureaucracy, and public service delivery) (4) lack of regulatory burden (5) rule of the law and (6) control of corruption. As observed, most of these principles are messy as they combine both state functions and urban local government mandates. This justified the need for this research to isolate those factors which are particular to an urban local government setting like Bugiri Town Council.

Knox (2003) and Hubbard et al (2000) suggest that the element of urban governance should consider dynamic approach which considers management innovations and measures the degree to which urban managers have been able to successfully implement changes in their systems of administration to achieve superior performance. These measures include public–private-partnerships, local government-citizen interactions and networking. Knox (ibid) highlights that measures such as business sector initiative improves efficiency of local government functioning, as well as the degree to which policies and incentive schemes exist to encourage private sector participation in development. Sassen (2002) notes that having city governments interact with citizens and NGOs, opens up the space for introducing civil society in decision-making at urban local government level.

Mehta (2005) suggests that urban performance can take form of consumer satisfaction (survey/complaints); openness of procedures for contracts/tenders for urban services;percentage of population served by services and access of the public to stages of the policy cycle. Mehta ibid recommends use of proxy measures for transparency like: does the urban council have a well maintained noticeboard or web; what information is on the noticeboard/web?; is the urban local government budget publically available on the web/ library?. Access can be measured in terms of access to sewerage, telephones, electricity, quality of infrastructure and availability of education and health facilities and services. However, a number of measurement indicators like sewerage, telephone services do not apply to Bugiri since they are non existent. This required a well designed research that suits the current services offered in Bugiri urban local government.

2.4 Informal institutional factors and performance of Urban Local Governments.

Urban local governments do not exist in a vacuum. Each urban government is set in a particular environment to which it is inextricably linked (IDRC, 2004). This environment provides multiple contexts that affect the organisation and its performance, what it produces, and how it operates. Therefore to explain forces that shape the character and performance of an organisation, one needs to understand the concept of an enabling environment (Scott, 1995).

According to UNDP (1993), many development projects implemented within organisations either partially or fully fail because the intervention does not adequately address the enabling environment within which the organisation operates. Picciotto and Weisner (1998) observe that an enabling environment supports effective and efficient organisations and individuals, and creating such an environment is becoming an increasingly important aspect of development assistance. The researcher notes however that the literature is too broad and falls short of clearly explaining how wider organisational environment relates to urban local government performance. This gap represents a missing link and hence a driver in undertaking the current study.

The “rules of the game” of a society are one of the most important ingredients of an enabling environment Datta and Nugent (1998). They oil the economic and social machinery. All urban local governments require appropriate standards, as well as fair and efficient mechanisms by which they can be enforced. Administrative and political standards are embedded in constitutions, traditional and common laws, charters, statutes and civil codes, some of which have significant implications. According to Eggertsson (1990), when public mechanisms that officially enforce property rights in society are inefficient or unreliable, organisations and individuals must privately institute internal controls to preserve their rights over the resources in question, raising their

transaction costs. In such situations, informal standards and enforcement devices often evolve and operate outside the purview of the official or formal institutional structure.

Institutional ethos (informal) often give insights into why some standards are enforced and others not; or why some people have power when their organisational positions indicate that they should not. The informal standards of society help seemingly irrational behaviour appear rational. Enforcement of cultural values are generally enforced through prescriptive and evaluative process inherent in social life (Skinner, 1996). Sometimes cultural considerations are more important than formal legal considerations in creating an effective framework for enforcement mechanism. It therefore implies that urban local governments should identify the aspects of institutional ethos that facilitate or constrain the work of the organisation they support.

According to organisational theorists (Blau 1995, Trice et al, 1969 & Van Maanen, 1979b) one cannot fully comprehend organisational dynamics unless one understands the importance of local interpretive structures and ritualised practices. Kilmann et al (1985) note that though culture is hidden, it provides a unifying theme that provides meaning, direction and mobilisation to an organisation like an urban local government. Lim (2000) considers culture as composed of deep-rooted beliefs, norms, and assumptions that provide an insight into the inner workings and belief system of the unit and offers behaviour codes of employees.

Organizational culture is defined as a patterning of accumulated shared learning by a social group(organization),which is integrated into the group's behavior and is used to adapt to external change (Argyris&Schön,1978) and generate internal action that permits daily functioning

(Schein,1992,pp.10-14). Organizational culture determines the shared predispositions that become ingrained in the beliefs of an organization's members, which then precede and drive behavior (Israel, 1996; Schein, 1992, p. 14). Thus, to understand an organization's culture, according to Schein (1992,p.17),we need to search deeper than the surface manifestations (artifacts such as language, traditions, and rituals) of organizational culture, and even beyond espoused values (norms and rules that guide behavior).We need to dig deeply into basic assumptions: the implicit values and beliefs that have become so taken for granted that they almost unconsciously tell Group member show to think, perceive, and behave (Schein,1992,p.22). Ultimately, this tells us how an organization's culture shapes its members' attitudes and behavior and then how these members interpret and understand that culture and translate it into action (Smircich, 1983, p. 351).It should be noted that the culture of an organisation can be a determinant of the kind of performance registered in that organisation.

Organisational norms define what members should do in an organisation in order for it to be successful. Therefore norms according to Wilkins and Patterson (1985) define the character of a local urban government and give it identity and a sense of mission. Actions become infused with urban local government norms such as openness, trust, cooperation, intimacy, or team work. Ouchi's (1981) theory Z describes a corporate culture where committment, cooperation, team work, trust, loyalty and egalitarianism are basic. Waterman (1982) contends that successful urban local governments have cultures that value action, service, innovations, people and quality. Denison's model (1990) of the University of Michigan clearly shows a compelling relationship between an organisation's culture (defined interms of mission, involvement, consistency, and adaptability) and bottom line performance (defined in terms of profitability, revenue growth, innovations, quality and employee satisfaction) Fisher (1998) complements Denison's

observations and sharpens the focus on two specific cultural elements that heavily influence organisational performance. They are (1) organisational direction and (2) involvement.

Kotter & Heskett (1992) argue that a strong culture founded on a well ordered set of management beliefs and practice helps organisational performance because they create unusual level of motivation in employees. Employees of an organisation having a strong culture have a reputation of being loyal and highly motivated. Contrary to Kotter's assertions, there are organisations that have weak cultures but are high performers. Therefore this raises a question of what explains performance of such organisations.

According to the proponents of adaptive culture theory, it is only culture that can help organisations anticipate and adapt to environmental change which will be associated with superior performance over long periods of time. They observe that non adaptive cultures are very bureaucratic, people are reactive, risk averse, and not very creative. Information does not flow quickly and easily throughout the organisation. Kilman (1985) describes adaptive culture in terms of risk-taking, trusting, proactive approach to organisational as well as individual life, members actively support each others efforts to identify all problems and implement workable solutions. There is shared feeling of confidence, there is wide spread enthusiasm, a spirit of doing whatever it takes to achieve organisational success and members are receptive to change.

2.5 Urban Infrastructure and performance of Urban Local Governments.

Infrastructure has an indispensable, positive role in development, especially urban infrastructure (Estache& Fay,2007). Apart from its function of raising productivity of labour and capital as an “unpaid for factor of production”, infrastructure contributes to the welfare of households

Kassides(1993). Nabutola (2006) argues that service delivery is the corner stone of city governance and includes access to water, trash collection, solid waste disposal, waste collection and treatment, electricity connection and road network. The reliability, quality and cost efficiency of equitable services to all areas of the city-wealthy & poor – is the primary responsibility of the urban local government, and is the most tangible result for which the community will hold their elected officials accountable. Wu (2010) notes that a strong positive relationship exists between measures of urban infrastructure, especially water and sanitation, and per-capita gross domestic product.

According to ADB (2000), physical infrastructure is important for better performance of urban local governments. ADB *ibid* suggests that infrastructure measurement should include: water supply and sanitation services, water treatment plant, desludging tracks, and sludge treatment facilities for sanitation. However, most of these indicators are not relevant to Bugiri which even does not have a reliable water supply, let alone sewerage component. The urban local government faces a serious problem of untreated underground water.

Easterly and Robelo (1993) find that public investments in transportation and communication is consistently correlated with economic growth. They cite evidence from U.S. that show that slow down of its productivity is related to decrease in public infrastructure investment. To complement these findings, Demurger's (2001) econometric results show that differences in transportation infrastructure contribute significantly to observed variation in growth performance among regions. Focusing on urban sector, Ling and Song (2002) found that an increase in paved roads is positively and significantly related to growth in per capita GDP among Chinese cities. While this body of literature is mainly from China and USA, the observable facts in Bugiri urban local government depict that the condition of infrastructure is worst than it has ever been since

independence in 1962. The extent of deterioration in roads, electricity, telecommunications, water and sanitation, and public buildings leaves a lot to be desired. Unfortunately no study has been carried out in Bugiri urban local government to refute or support these findings.

As the pace of decentralisation increases the role of the state in the provision of urban infrastructure is waning and urban local governments are becoming key partners in its provision (Lin,2001). Financing infrastructure development in urban local governments is mainly from property taxes and central government transfers. However urban governments in developing countries have neither sufficient tax sources to finance infrastructure nor the authority to borrow externally (Wong & Bird, 2004). While the central government allocates a lot of heavy responsibilities for the provision of nearly all public services to urban local governments, it does not adequately support them either through revenue assignment or intragovernmental transfer system.

2.6 Summary of Literature Review

The review points out existence of scarce literature on how leadership affects performance of urban local governments. The literature further identifies the fact that most studies had been conducted in cities in developed countries yet the current study is in a Town Council setting in a developing country. The review establishes messy urban principles that affect urban performance. Much as there could be some literature on the influencing factors on the performance of other Urban Local Governments in Uganda, no particular studies had been conducted in Bugiri Town Council and more so in specifically examining the influence of Institutional factors on performance. These gaps formed the justification and direction of this study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The study examined the institutional factors that influence performance of Urban Local Governments in Uganda using Bugiri Urban Local Government as a Case Study. This chapter describes the research methodology that was employed in the study. It includes the research design, population and sample size, data collection methods and instruments, as well as methods of data analysis.

3.2 Research Design

The study employed a case study research design that adopted a cross-section survey. Whereas the case study design enabled an indepth investigation of the problem, the cross sectional design allowed the study to describe characteristics of groups and provided lots of information from large samples at a point in time. To ensure consistency and corroboration, the study utilised triangulation approach, which involved both qualitative and quantitative methods of data collection.

3.3 Study Population

In this study, the population were 120 members consisting of all Urban Technical Planning Committee (UTPC) members (15), all ward leaders (45), all town councillors (15), all registered contractors (15), consumers' representatives in the four wards (20) and all development partners operating in Bugiri Town Council (10).

3.4 Sample Size Determination

The sample size was determined to be 92 using statistical tables as cited in the Krejcie and Morgan (1970). The assumption was that the confidence level was 95% with an acceptable error margin of 5%. The sampling approach used is presented in table 1.

3.5 Sampling Techniques and Procedure

Given that the study population is heterogenous, the study used stratified sampling strategy. The population was divided into strata and within each stratum, simple random sampling was applied to minimise bias. For the case of urban technical planning committee and councilors, the study adopted purposive sampling since simple random sampling could not guarantee inclusion of key personnel like the Town Clerk and the members of Urban executive committee who are charged with overseeing implementation of urban programmes. The study thus disaggregated the sample by category to address the uniqueness of each subgroup and to avoid bias. Details of the sampling techniques and procedures are presented in table 1.

Table 1: Sample Size and Technique

| Category of Respondents | Number of Elements (N) | Sample size (n) | Sampling Technique |
|---------------------------|------------------------|-----------------|------------------------|
| UTPC | 15 | 11 | Purposive sampling |
| Registered contractors | 15 | 11 | Simple random sampling |
| Ward Leaders | 45 | 36 | Simple random sampling |
| Consumers Representatives | 20 | 15 | Simple random sampling |
| Development Partners | 10 | 8 | Simple random sampling |
| Councilors | 15 | 11 | Purposive sampling |
| Total | 120 | 92 | Simple random sampling |

Source: Bugiri Town Council Development Plan 2010/11-2014/15

Table 1 gives the population of study as 120 elements. Using statistical tables, the sample size established was 92. Given the heterogeneity of the population, the researcher stratified the population into subgroups and within each strata, random sampling and or purposive sampling were employed to get the required sample.

3.6 Data Collection Methods

The study used a questionnaire, interview and observation methods to generate the required data for analysis on the effect of institutional factors on urban local government performance.

3.6.1 Questionnaire Method

A closed ended questionnaire was designed and administered to ease data collection and entry. The motivation for use of questionnaire was based on the fact that it could cover a large number of people, was relatively cheap, did not require prior arrangements, had no interviewer bias and permitted data collection on knowledge, beliefs, attitudes and behaviour and it was important in protecting the privacy of participants . However the major draw backs of this method include the design problem, need for several reminders, assumes no literacy problem and sometimes challenges of incomplete questionnaires.

To minimise these problems, clear and unambiguous instructions were given to respondents to ease entry. The researcher provided a general preamble and then specific instructions for particular sections and question structures. The response method of “please tick” was indicated. In order to increase the response rate, the questionnaire was carefully thought with a professional layout, and questions were as relatively few to avoid many instances of non response. Questions were designed on a 5-likert scale to provide an array of attitude statements derived from literature

review and conceptual framework. A total of 45 questionnaire items were administered to respondents.

3.6.2 Interviews

Interview guide was a method that was primarily used to gain an understanding of the underlying reasons and motivations for people's attitudes, preferences or behaviour (for this case) on how institutional factors affected performance of urban local governments. Interviews were carried out with six respondents, undertaken on a personal one-to-one basis. The researcher conducted interviews at the work place to minimise transport costs on the respondents. The researcher opted for interviews because they had good response rate compared to questionnaires, they encouraged in-depth questions, allowed the researcher to investigate motives and feelings of respondents and the interviewer was in control and gave help where there was a problem.

In this study, unstructured (in-depth) interviews were conducted to get deeper insight from key informants. The interviewer began by asking a general question while encouraging the respondent to talk freely. Subsequent questions and interview direction were determined by the respondent's initial reply. Even when the interview was unstructured, a list of guiding questions were set in advance to give the interview a sense of direction.

3.7 Data Collection Instruments

In the study, three data collection instruments were designed and utilised and these included: questionnaire guide, interview schedules/checklist, and the observation checklist.

3.7.1 Questionnaire

A questionnaire guide was developed to assess the opinions and perceptions of respondents on how institutional factors influence urban local government performance. To achieve this, a set of questions were purposely administered to elicit particular information from a respondent. The questionnaire was composed of closed ended questions to ensure that all major themes of the study were captured. Each theme was introduced with guidelines to be followed by respondents. Questions were of two types: those that sought information on bio-data and those that probed specific objectives organized on a 5-likert scale ranging from strongly agree to strongly disagree. The study preferred questionnaires because they were less expensive, and easier to administer than personal interviews; they lent themselves to group administration; and, they allowed confidentiality to be assured.

3.7.2 Interview schedules/checklist

The study made a checklist of issues to guide the interview. To ensure that the research remained focused, questions asked were those that corresponded with the main research questions. The checklist was made in such a way that it linked the research questions to the topic and checked the legitimacy of every single question on the topic list. This tool was unstructured to encourage deeper probe by the researcher. Where the respondent could not understand English, the services of an interpreter was sought.

3.8 Quality Control of Instruments

In the study, the key indicators of the quality of measuring instrument were the validity and reliability of measures.

3.8.1 Validity of Instruments

The study undertook validity of the instruments to determine the degree to which the tool measured what it was supposed to measure. The study mainly was interested in content validity of the tool, that is the degree to which the test items represented the domain or universe of the trait or property being measured. In order to establish the content validity of a measuring instrument, the study identified the overall content to be represented. Validation of the tool took several steps. At the first step, two UMI supervisors were provided with the questionnaire tool and provided guidance on items that they deemed fit for the study. The next step involved use of a panel of 4 experts that was purposively selected and given the items to identify the content area and rate items according to their relevancy to the content of research. This was done based on a 4-likert scale ranging from 1=not relevant, 2= item needed some revision, 3=relevant but needed minor revision and 4= very relevant. To ease interpretation, the scale was collapsed to 2 where items under 1&2 formed not relevant and 3&4 formed relevant. The total initial number of items was 84 but this was reduced to 71 based on the experts opinion.

Table2: Showing the Content Validity Index for items in the study.

| Criteria for measuring content validity | Expert 1 | Expert 2 | Expert 3 | Expert 4 |
|---|----------|----------|----------|----------|
| Relevant (items) | 72 | 76 | 70 | 78 |
| Not relevant (items) | 12 | 8 | 14 | 6 |
| Content validity index | .86 | .90 | .833 | .93 |
| Average content validity index | .88 | .88 | .88 | .88 |

Table 2 shows that the average content validity index was .88 which is 88%. This implied that panel experts deemed 88% of the items to be relevant to the content of the study. According to House, House, & Compbell (1981), an average agreement of 70% is necessary for agreement, 80% is adequate for agreement and 90% is good for agreement. Therefore the items in the content were adequate for the study objectives. Those items that were rated as not relevant were eliminated out of the final questionnaire. The comments of experts on each item were utilised for revising the final tool which was administered to respondents.

3.8.2 Reliability of Instruments

In order to ensure that the results were consistent over time and an accurate representation of the total population under study, the questionnaire tool was tested using the cronbach alpha for reliability, replicability and repeatability and the coefficient was .899 which is approximately 90%. According to George and Mallery's (2003) rule of the thumb; “.9 – Excellent, > .8-Good, > .7- Acceptable, >.6 –Questionable, >.5-poor, and < .5-Unacceptable”. Therefore the study cronbach alpha was excellent showing that the questions were capable of capturing information that was stated in the study objectives.

3.9 Data collection procedure

For purposes of making the research process formal, a letter of introduction was sought from UMI spelling out the person undertaking the research and its purpose. Two research assistants were recruited and trained on the purpose and essence of the study. The contents of the questionnaire and interview checklist were made familiar to the research assistants. The questionnaire and

interviews were administered concurrently by the researcher with the aid of the research assistants. All respondents were physically visited to ensure a high response rate.

3.10 Data Analysis

3.10.1. Quantitative analysis

After the questionnaires were returned and interviews concluded, the researcher edited the raw data for completeness, accuracy, uniformity and comprehensiveness, the questionnaires were properly coded prior to their entry into the SPSS package. Responses from qualitative data were grouped according to the variables and the quantitative data was then logically arranged to allow for meaningful coding and patterns of computation. Statistical Package for Social Sciences (SPSS version 16) was used to process and analyze the data because of its simple usability. Data was analyzed by way of Pearson product Moment correlations and regression to determine the relationships (Mugenda and Mugenda, 1999). “Correlation analysis measures the relationship between two items, the resulting value (called the "correlation coefficient") shows if changes in one item (e.g., an indicator) will result in changes in the other item” as defined by Achelis, (2010). He further interprets this as; the correlation coefficient can range between + or - 1.0. A coefficient of +1.0, shows a "perfect positive correlation," means that changes in the independent item will result in an identical change in the dependent item. A coefficient of -1.0, a "perfect negative correlation," means that changes in the independent item will result in an identical change in the dependent item, but the change will be in the opposite direction. A coefficient of zero means there is no relationship between the two items and that a change in the independent item will have no effect in the dependent item.

Correlation and regression analysis were used to test the relationship between the variables. The analysis yielded statistics that were used to test the hypotheses as stated in chapter one. The presentation of the above quantitative results was made in descriptive formats such as tables, frequencies, percentages, pie-chart, and graphs.

3.10.2 Qualitative analysis

Qualitative data analysis is a type of data analysis that is mostly used in qualitative research in which the data are analyzed to non-empirical form as in qualitative research; data are in the form of texts, materials or photographs which describe events and occurrences (Mugenda and Mugenda, 1999). Qualitative data was obtained through the use of the interviews and documentary review that were thoroughly sorted, classified and categorized into the various variables. The presentation of the above qualitative results was made in verbatim statement to support findings from the quantitative analysis and conclusions were drawn.

3.11 Measurement of Variables

Variables in section A of the questionnaire were measured on nominal scale since they were eliciting bio data responses from respondents while section B, C, D &E that comprised of items on the likert scale were measured using ordinal scale. In the study, respondents indicated their level of agreement with each item by responding with the “ Strongly disagree”, “Disagree”, “Neutral”, or “Agree”, and “Strongly agree” options.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The study examined the institutional factors that influence performance of Urban Local Governments in Uganda using Bugiri Urban Local Government as a case of study. This chapter presents, analyses and interpretes the findings of the study in relation to the study objectives. The section encompasses the response rate, results on the background characteristics and ends with empirical results.

4.2 Response Rate

The response rate was calculated as a percentage of those who actually responded to a particular method against the total planned sample size expected from a given method of data collection. The findings are presented in table 3

Table 3: Showing Response rate

| Data collection tools | Number administered | Actual Response | Percentage Response Rate |
|------------------------------|----------------------------|------------------------|-------------------------------------|
| Questionnaires | 86 | 73 | 85% |
| Interviews | 06 | 06 | 100% |
| Total | 92 | 79 | 86% |

Source: primary Data (Field survey)

Table 3 shows that out of a total of 86 questionnaires given out, 73 questionnaires were actually returned representing a percentage response rate of 85% while for the interview method, all the planned 6 respondents did turn up for the interviews, thus 100% response rate. Given that the planned total respondents for both approaches was 92 and those who actually responded were a total of 79, the overall response rate was 86%, implying that the non-response rate was 14%.

According to Draugalis (2008), a response rate above 80% is recommended for survey research because it is sufficient to enable generalising the results of the target population.

4.3 Results on the Background characteristics of respondents

The study observed the background characteristics of respondents. These were categorized into basic demographic and economic characteristics including respondents' age distribution, sex composition, category, education level and number of years in service.

4.3.1 Respondent's Age Distribution

The age distribution of respondents was investigated by the study and findings are presented in table 4

Table 4: Respondents' Age Distribution

| Age (Years) | Frequency (in numbers) | Percent(%) |
|--------------|-------------------------|------------|
| Below 20 | 1 | 01 |
| 21-30 | 19 | 24 |
| 31-40 | 27 | 34 |
| 41-50 | 24 | 31 |
| Over 50 | 8 | 10 |
| Total | 79 | 100 |

Source: Primary data

Table 4 shows that 65% of the respondents were within the age bracket of 31-50 years compared to 25% who were below 30 years. Since the majority of respondents were mature enough, it implies that they would understand and appreciate the study variables and give factual information on how institutional factors affect urban local government performance.

4.3.2 Sex composition of respondents

The study explored the sex composition of respondents and the findings are presented in table 4

Table 5: Respondent’s Sex Composition

| Sex | Frequency | Percent (%) |
|--------------|------------------|--------------------|
| Male | 56 | 71 |
| Female | 23 | 29 |
| Total | 79 | 100 |

Source: Field data

Table 5 shows that 71% of the respondents were male compared to 29% that were female. This implies that there were more male respondents than females and the largest variability was in the category of contractors where all the 100% respondents were male. In the category of technical staff, only 28% were females compared to 72% males. This imbalance is partly explained by the fact that almost all contracts in Bugiri are run by male contractors and this requires a deliberate policy shift to provide for affirmative action to bring female contractors on board. Possibly such an approach would have a positive effect on performance.

4.3.3 Category of Respondents

The research explored the different categories of respondents and the findings appear in table 6 below.

Table 6: Category of Respondents

| Category | Frequency | Percent |
|--------------------------|-----------|---------|
| Technical staff | 14 | 18 |
| Contractors | 14 | 18 |
| Councilors | 13 | 17 |
| Consumer Representatives | 16 | 20 |
| Ward leaders | 12 | 15 |
| Development partners | 10 | 12 |
| TOTAL | 79 | 100 |

Source: Field data

Table 6 summarises the characteristics of respondents according to the categories. Findings indicate that 18% of the respondents were Town Council technical staff, 18% were contractors, 17% were Councilors, 20% were Consumer Representatives, 15% were Ward Leaders and 13% were Development partners. Given the background that all categories were fairly represented, it implies that the study would collect enriched information for comparative purposes on how institutional factors affect urban local government performance.

4.3.4 Education level of respondents

This research collected data on the respondents' level of education and the findings are presented in table 7.

Table 7: Respondents' Education Level

| Educational Level | Frequency | Percent |
|-------------------|-----------|---------|
| Ordinary level | 24 | 30.4 |
| Diploma | 28 | 35.4 |
| Degree | 17 | 21.5 |
| Masters | 3 | 3.8 |
| Others(specify) | 6 | 7.6 |

Source: Field data

Table 7 shows the respondents' education level. The majority of the respondents (35%) had a diploma as their qualification, while 30% confirmed they attempted ordinary level. The least level of education was Masters degree where only 4% of respondents expressed that they had acquired it. This is attributed to the Government of Uganda public service guidelines that provides that the lowest category of technical staff to be employed in a town council should possess at least a diploma. Over 65% of contractors and 55% of political leaders had ordinary level as their highest level of educational attainment. This is possibly explained by the fact that there is no specific law that pronounces itself on one to be a contractor. However, the fact that the majority of respondents had attained a high level of formal education in itself implies that most respondents were educated enough to understand the study.

4.3.5 Number of years in service by respondents

The study investigated the respondents' number of years spent in service and table 8 presents the research findings.

Table 8: Respondent's Number of Years in Service

| Time | Frequency | Percent |
|------------------|------------------|----------------|
| Less than 1 year | 12 | 15.2 |
| 1-3 years | 16 | 20.3 |
| 4-7 years | 14 | 17.7 |
| Over 8 years | 37 | 46.8 |
| TOTAL | 79 | 100 |

In terms of years in service, table 8 shows 15% of the respondents had spent less than one year in service, 20% had spent between 1-3 years in service, 18% had spent between 4-7 years and 47% had spent over 8 years in service. Given that the majority of respondents had over 4 years' experience in service, it implies that they had the required experience in service to understand the Organisation in order to give relevant information for the study.

4.4 Empirical Results

This section shows the study results on the institutional factors (informal and formal) and how they affect the performance of Urban local Governments in Uganda. Presentation of empirical results is based on the themes derived from the study objectives

4.4.1. Urban Local Governments performance

Table 9: Descriptive statistics on urban local governments' performance.

| | <i>Statements</i> | SA | A | N | D | SD | M | S.D |
|-----|---|----|----|----|----|----|------|-------|
| E1 | The public receive services on time in Bugiri Town council | 19 | 32 | 15 | 18 | 16 | 2.81 | 1.38 |
| E2 | Council collects enough local revenue to sustain its priorities | 14 | 37 | 11 | 20 | 18 | 2.92 | 1.362 |
| E3 | The public is satisfied with the quality of services provided by Bugiri town council | 12 | 19 | 18 | 25 | 26 | 3.33 | 1.375 |
| E4 | The public can freely access information from Bugiri town Council | 18 | 26 | 18 | 23 | 15 | 2.92 | 1.351 |
| E5 | Bugiri Town council has enough suggestion boxes for getting feedback from the public | 22 | 25 | 8 | 15 | 30 | 3.07 | 1.584 |
| E6 | Employees in Bugiri Town Council are satisfied with the motivation offered to them | 12 | 33 | 22 | 15 | 18 | 2.93 | 1.305 |
| E7 | Local revenue has been growing consistently for the last 3 years | 21 | 16 | 11 | 38 | 14 | 3.08 | 1.392 |
| E8 | The working environment in Bugiri town council is conducive | 14 | 23 | 21 | 21 | 22 | 3.14 | 1.367 |
| E9 | Bugiri town council has a noticeboard from which the public can easily access information | 30 | 12 | 3 | 34 | 21 | 3.03 | 1.590 |
| E10 | Bugiri Town council has quality primary schools | 15 | 29 | 12 | 23 | 21 | 3.05 | 1.403 |
| E11 | The public is satisfied with the quality of medical services offered in Bugiri Town council | 15 | 29 | 19 | 23 | 14 | 2.92 | 1.299 |
| | N=73 | | | | | | | |

A total of 11 items were used to measure and assess respondents' perceptions on performance of urban local governments. The researcher considered those statements with the highest percentages (above 50%) for detailed analysis. Respondents' opinions were measured on a 5-Likert scale where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree. For ease of interpretation and report writing, strongly agree and agree were aggregated into 'agree' just like strongly disagree and disagree to 'disagree', while neutral was retained. Overall, 51% of the respondents indicated that the public was not satisfied with the services delivered in the Town Council; 52% indicated that there had not been any consistent growth in revenue generation over the past three years, though 51% felt that the revenue generated by the Council is sufficient to address its needs; 55% held the view that Bugiri Town Council did not have a notice board from where the members of the public could access information. In general, a number of responses showed that there were glaring performance gaps in the Town Council, much as some steps had been taken in order to enhance performance.

4.4.2 Formal Institutional Factors and performance of Urban Local Governments

In this objective the researcher presents, analyses and interprets findings on how formal institutional factors influence urban local government performance. Details of presentation appear in table 10

Table 10: Showing formal institutional factors and performance of Urban Local Governments

| | Statement | SA% | A% | N% | D% | SD% | M | S.D |
|-----|---|-----|----|----|----|-----|------|------|
| B1 | Leaders in Bugiri Town Council involve stakeholders in decision making | 16 | 52 | 13 | 16 | 3 | 2.32 | 1.03 |
| B2 | Leaders reward employees for their positive performance | 13 | 35 | 19 | 26 | 7 | 2.78 | 1.18 |
| B3 | Our leaders make popular rather than necessary decisions | 12 | 30 | 25 | 30 | 3 | 2.85 | 1.12 |
| B4 | Procedures are efficiently implemented | 12 | 59 | 17 | 9 | 3 | 2.29 | .86 |
| B5 | Bugiri Town Council has the political will to make credible policies | 29 | 46 | 6 | 10 | 9 | 2.21 | 1.20 |
| B6 | Bugiri Town Council policies promote efficient public administration | 26 | 50 | 12 | 6 | 6 | 2.13 | 1.05 |
| B7 | There is weak enforcement of policies in Bugiri Town Council | 20 | 32 | 10 | 20 | 17 | 2.91 | 1.39 |
| B8 | Rules and regulations are enforced without fear or favour in Bugiri Town Council | 16 | 30 | 15 | 19 | 20 | 2.99 | 1.41 |
| B9 | Stakeholders actively participate in creating Urban regulations | 17 | 35 | 19 | 17 | 12 | 2.68 | 1.24 |
| B10 | There is no corruption in the process of contract management in Bugiri Town Council | 10 | 20 | 17 | 25 | 28 | 3.41 | 1.33 |
| B11 | Bugiri Town Council is accountable to the people through regular feedback | 26 | 41 | 6 | 17 | 10 | 2.37 | 1.30 |
| B12 | Bugiri Town Council shares good practices with its stakeholders | 22 | 44 | 15 | 13 | 6 | 2.39 | 1.15 |
| B13 | Council encourages regular consultations with stakeholders | 23 | 39 | 17 | 10 | 10 | 2.44 | 1.25 |
| B14 | Bugiri Town Council enforces corruption free society | 12 | 30 | 16 | 22 | 20 | 3.03 | 1.35 |
| | Valid N (listwise) 73 | | | | | | | |

The researcher considered those statements with the highest means above 2.5 (B2, B3, B7, B8, B9, B10, & B14) and low standard deviation of less than 1.1 (B1, B4, & B6) for detailed analysis.

Respondents' opinions were measured on a 5-likert scale where 1=strongly agree, 2=agree,3=neutral, 4=disagree and 5=strongly disagree. In the course of presentation, in order to ease interpretation, strongly agree and agree were aggregated into agree just like strongly disagree and disagree to disagree, while and neutral was retained.

In table 10, statement B2 had a mean of 2.78 and was testing whether leaders in Bugiri reward employees for their positive performance. Results show that 48% of the respondents agreed compared to 33% who disagreed with the statement. Of those who agreed, 40% were either contractors or consumers representatives while 52% of those who strongly disagreed belonged to town Council staff and ward representatives. In an interview with one contractor, it was noted that leaders in Bugiri town council are sometimes erratic in their decisions, especially contracts, which they tilt in favour of their electoral areas with the hope of maximising votes in future. This, he observed, has affected the efficiency with which services are delivered in the town council.

Indicator B3 tested whether leaders make popular rather than necessary decisions. This question had a mean of 2.85. The findings show that 42% compared to 33% agreed with the statement. The cross-tabulated results further show that of those who agreed, 72% were males compared to 28% females. When one elderly woman was asked to comment on why fewer females than males agreed with the statement, she opined that most matters of council are keenly followed by males who have stakes like contracts and need for political rewards and therefore she was not surprised with the findings.

Statement B4 had a S.D of .865 and aimed at establishing whether procedures are efficiently implemented by leaders in Bugiri. The findings show that 71% were in support compared to 12% who did not support the statement.

Item B10 had a mean of 3.41 and tested whether there was no corruption in the procurement process in Bugiri Town council. The findings show that 53% compared to 30% of those who responded, disagreed with the statement. The cross tabulated result show that 67% , 61% and 56% of the ward representatives, consumers' representatives and politicians disagreed with the statement respectively.

In an interview, two respondents acknowledged that council adheres to procurement procedures in award of contracts. A ward representative asserted that procurement steps are followed. One respondent a contractor observed that *"They follow the right procedures of awarding tenders."* On the other hand, one politician believes they don't follow the procedures; *"they don't follow rightful procedures because most of the contractors do sub standard works."* Another respondent cited nepotism and political interference in the award of tenders hence the poor performance of Bugiri Town Council.

Seventeen percent (17%) of the respondents were not sure of how procurement is implemented in Bugiri Town Council and one person noted that things are implemented by technical staff more so those in the procurement Unit. A ward representative believes they are implemented normally only that payment of contractors is delayed. Respondents acknowledged that council makes announcements on radios and organizes meetings with relevant stakeholders for better service delivery though policies and activities are implemented slowly.

Item B8 had a mean of 2.99 and tested whether rules in Bugiri are enforced without fear or favour. Our findings show that 46% supported the statement against 39% that had a contrary view. Cross-tabulation reveals that 28% of those who agreed were consumer's representatives and 16% belonged to the ward representatives, while of those who disagreed, 26% were politicians and 22% were contractors.

Statement B6 had a standard deviation of 1.055 and aimed at establishing whether policies promote efficient public administration. The research findings show that 76% of the respondents thought this was the case compared to 12% who expressed a disagreement with the item.

Statement B14 had a mean of 3.03 and 42% of the respondents agreed that Bugiri town Council enforces corruption free society. The neutral and those who disagreed were 16% and 42% respectively. Of those who agreed, 28% were technical staff and 25% were consumers' representatives.

Statement B9 had a standard deviation of 1.24 and was intended to test if council involves other stakeholders in its work. The majority of the respondents (52%) agreed compared to 29% who had a contrary opinion. We interviewed a ward representative who agreed that all stakeholders are involved in the process of setting priorities. He expressed that stakeholders' meetings are held right from the cell, through the wards to Town Council level. There are committees at various levels e.g. village water committees and contracts committees. Another ward representative said, *"Stakeholders are always involved in planning like participating in the budget conference."*

However, a consumer representative interviewed gave a contrasting opinion that not all stakeholders are involved in the process of setting priorities and resource allocation. He lamented that hardly are town residents involved in budgeting and resources allocation;

“What happens is that most of our councillors who do not understand the budgeting process are called just to endorse the documents. Sometimes the lucky ones settle for gentleman’s agreement”.

In order to corroborate the descriptive findings, a correlation analysis was computed and the results are presented in table 11.

Table 11: showing Correlation Analysis Between Formal Institutional Factors and Organaisational Performance

| | | Formal Institutional factors | Performance |
|------------------------------|---------------------|------------------------------|-------------|
| Formal Institutional factors | Pearson Correlation | 1 | .039 |
| | Sig. (2-tailed) | | .732 |
| | N | 73 | 73 |

Table 11 shows that the correlation between formal institutional factors and urban performance is $r = .039$. The results imply that there is a positive but weak and insignificant relationship between formal institutional factors and performance of Bugiri Town Council. By interpretation it means that if council operates in an environment that promotes sound positive formal institutional factors like better policies, leadership and governance, then there would be improved contribution to council performance in terms of increased revenue collection and better service delivery, albeit to

a very minimal level. However, the findings do not support the hypothesis that: there is a significant relationship between formal institutional factors and urban local government performance.

4.4.3 Informal Institutional factors and Urban Local Government Performance

Informal institutional factors and Urban Local Government performance was tested using arithmetic mean and standard deviation. A total of eight items were used to measure the concept and the result of the analysis is as indicated in table 12.

Table 12: Informal Institutional factors and Urban Local Government performance

| | Statement | SA | A% | N% | D% | SD% | M | S.D |
|----|--|-----------|-----------|-----------|-----------|------------|----------|------------|
| C1 | Bugiri Town Council staff have a shared feeling of confidence in performing their tasks | 18 | 60 | 16 | 4 | 2 | 1.88 | .868 |
| C2 | Employees of bugiri Town Council are receptive to change | 26 | 52 | 11 | 11 | 0 | 2.03 | .960 |
| C3 | There is a strong spirit of doing whatever it takes among employees in Bugiri Town Council to achieve organisational success | 28 | 40 | 20 | 9 | 3 | 2.16 | 1.079 |
| C4 | Residents have confidence/trust in their leaders | 22 | 41 | 21 | 14 | 3 | 2.47 | 1.249 |
| C5 | Punishments/sanctions are administered and enforced in a fair manner | 11 | 41 | 38 | 4 | 6 | 2.47 | 1.297 |
| C6 | Residents in Bugiri Town council believe in hardwork and creativity | 18 | 40 | 19 | 18 | 6 | 2.39 | 1.192 |
| C7 | Residents within Bugiri Town Council respect the set code of behaviour | 8 | 30 | 25 | 29 | 9 | 3.11 | 1.187 |
| C8 | Residents pay their taxes without much coercion | 11 | 40 | 12 | 19 | 18 | 3.23 | 1.270 |
| | Valid N (listwise) 73 | | | | | | | |

Source: primary Data

From Table 12, the statements with the highest means are C7, and C8, while those with low standard deviations are C1, C2 and C3. Statement C7 had a mean of 3.11 and tested whether employees in Bugiri Town Council respect the set code of behaviour. The findings indicate that there was no significant difference between those who agreed (38%) and those who disagreed (38%) and those who were indifferent (25%). One technical staff interviewed observed that sometimes they only respect the rules and regulations which are formally laid down. He indicated that unless the rules are enforced the residents dump garbage anywhere. One political leader observed that people are stubborn and unless council enforced the rules and regulations the town would be in a mess.

Statement C8 had a mean of 3.23 and was testing whether residents pay taxes without much coercion. The findings show that 51% agreed while 37% disagreed. For the level of commitment of employees in Bugiri town Council and had a mean score of 3.35. Findings show that of all those who agreed with the statement, 33% were consumer representatives and 29% were ward representatives. For all those that disagreed with the statement, 29% were technical staff, 20% political leaders and 18% contractors.

Statement C1 had a standard deviation of .868 and tested whether council staff had a shared feeling of confidence in performing their tasks. Results show that 78% of those who responded agreed compared to 8% who thought otherwise. Of those who disagreed, none was from local leaders while ward representatives and consumers' representatives had 40% each.

Statement C2 had a standard deviation of .960 and tested whether employees of Bugiri Town council are receptive to change. The findings indicate that 78% of the respondents agreed

compared to only 11% who disagreed with the statement. Our detailed analysis further show that 67% of those who thought employees were not receptive to change were politicians and 33% belonged to the consumer’s representatives category. No single technical staff disagreed with the statement.

Statement C3 had a standard deviation of 1.079 and was testing whether employees in the Town Council had a strong spirit of doing whatever it takes to achieve organisational success. The findings show that 68% agreed while 12% disagreed. Of those who disagreed 83% were politicians, 11% development partners and 6% were ward representatives. None of the technical staff disagreed with the statement.

In order to cross check the descriptive findings, the researcher computed a regression analysis and details appear in table 13.

Table 13: Regression Results for Informal Factors and Organisational Performance

| Model | R | R ² |
|-------|-------------------|----------------|
| 1 | .180 ^a | .032 |

a.predictors: (constant), informal factors

Table 13 shows that the R² value is .032 or 3.2%. This implies that informal factors accounted for a 3.2% variability in the performance of Bugiri Town Council, meaning that more than 96% factors that explain council performance in Bugiri town Council are outside this model. In interpreting these results, one needs to bear in mind that even a 1% increase in council revenue performance can lead to a significant increase in actual revenue collection. To further explore the effect of informal factors on performance, the researcher considered the co-efficients of the

predictor to establish whether the results were significantly different from zero and details are in table 14

Table 14: Coefficients^a for Informal Institutional factors

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------------------------------|------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 28.478 | 3.282 | | 8.676 | .000 |
| | Informal Factors | .151 | .094 | .180 | 1.603 | .113 |
| a. Dependent Variable: performance | | | | | | |

The beta (.180) is different from zero and this implies that informal factors do influence performance. Therefore the default hypothesis that informal factors have no effect on performance is not supported

4.4.4 Infrastructure and its moderating effect on the relationship between institutional factors and performance of Urban Local Governments

In this sub-section, the researcher presents, analyses and interprets findings on how infrastructure moderates the relationship between institutional factors and urban local governments' performance. Descriptive statistics are presented first in form of likert scale percentages, means and standard deviation and then followed by regression analysis.

Table 15: Infrastructure and its moderating effect on Institutional factors and Urban Local Government Performance

| | Statement | SA | A% | N% | D% | SD | M | S.D |
|-----|--|-----------|-----------|-----------|-----------|-----------|----------|------------|
| D1 | Bugiri Town Council community has access to safe water | 19 | 47 | 12 | 9 | 13 | 2.46 | 1.245 |
| D2 | Clean water is guaranteed 24 hours | 6 | 7 | 7 | 40 | 40 | 4.00 | 1.117 |
| D3 | Council has established waste collection centres throughout the Town | 20 | 45 | 12 | 10 | 13 | 2.46 | 1.249 |
| D4 | Most of the streets in Bugiri Town Council have street lights | 2 | 4 | 15 | 43 | 36 | 4.11 | .906 |
| D5 | Bugiri Town Council hardly experiences any load shedding | 10 | 3 | 2 | 21 | 64 | 4.33 | 1.217 |
| D6 | Bugiri Town Council has one of the best road networks | 13 | 23 | 10 | 28 | 26 | 3.32 | 1.428 |
| D7 | Council has a water treatment plant | 18 | 30 | 6 | 20 | 26 | 2.99 | 1.483 |
| D8 | Council has a sludge treatment facility | 6 | 22 | 17 | 23 | 31 | 3.46 | 1.295 |
| D9 | The houses in town council are mostly delapidated | 16 | 19 | 28 | 24 | 12 | 3.03 | 1.277 |
| D10 | All employees have guaranteed housing for accommodation | 2 | 0 | 6 | 29 | 63 | 4.53 | .731 |
| | Valid N (listwise) 73 | | | | | | | |

Source: primary Data

Table 14 shows that the statements with the highest means were D2, D4, D5 and D10 while those with lowest standard deviations were D4 and D10. Statement D2 had a mean of 4.00 and tested if Bugiri Town Council has clean water guaranteed 24 hours. The findings reveal that only 13% of the respondents were in agreement with the statement compared to 80% who believed this was not the status in Bugiri Town Council. The results further indicate that of all those who agreed with the indicator, 55% were politicians. Of all those who disagreed, 26% were consumers' representatives, 12% development partners, 11% contractors and 18% were ward representatives.

In order to corroborate the descriptives, the researcher performed a multiple regression to determine the moderating effect of infrastructure on the relationship between institutional factors and urban local governments performance. Table 16 summarises the findings.

Table 16: Showing the moderating effect of infrastructure on the Relationship between Institutional Factors and Urban Local Government Performance

| Model | R | R ² |
|-------|-------------------|----------------|
| 1 | .237 ^a | .056 |
| 2 | .275 ^b | .076 |

Model 1, a. predictor (constant), Institutional factors; model 2 b, predictor (constant), institutional factors, urban infrastructure

In table 16, the R² for institutional factors is .056 (5.6%) implying that the variability in council performance explained by institutional factors is 5.6%. However, when urban infrastructure is introduced in the model, the explanatory power of the model changes from 5.6% to 7.6% meaning that infrastructure contribute to the model's explanatory power by 2%. Therefore the null hypothesis that urban infrastructure has no moderating effect on the relationship between institutional factors and council performance is not supported.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study investigated the institutional factors that affect performance of Urban Local governments in Uganda, using Bugiri Town Council as a case study. This chapter provides a summary of the main study findings, the discussions, conclusions and draws recommendations for the study which was conducted to examine the relationship between formal institutional factors and performance of Bugiri Town Council, establish the effect of informal institutional factors on performance of Bugiri Town Council, and explore the moderating effect of Urban infrastructure on institutional factors and performance of Bugiri Town Council.

5.2 Summary of findings

5.2.1 Formal Institutional Factors and Urban Council Performance

The study findings show that there is a positive but very weak and statistically insignificant relationship between formal institutional factors and Urban council performance ($r=0.039$; $p=.732$). The positive nature of the relationship is reflected in form of strong stakeholder involvement in council activities, enforcement of rules without fear, efficient implementation of council procedures and continuous reward to better employee performers.

5.2.2 Informal Institutional factors and Urban Council Performance

The results show that informal institutional factors account for variability in urban council performance by a magnitude of 3.2%. Even though the percentage effect seems minimal, a number of indicators confirm and point to this direction for example many residents have confidence in

their leaders, Town council employees do whatever it takes to to achieve organisational success, there was belief that residents pay their taxes without much coercion.

5.2.3 Moderator effect of Infrastructure on the relationship between Institutional Factors and Urban Council Performance

The study findings show that urban infrastructure has a moderating effect of 2% on the relationship between institutional factors and urban council performance. This meant that infrastructure had a positive effect on the relationship between institutional factors and performance of Bugiri Town Council.

5.3 Discussion of findings

In this section, the researcher discusses the study findings according to major themes that were derived from the objectives and where necessary cross-referencing is employed in the discussion to link our findings with existing literature.

5.3.1 Formal Institutional Factors and Urban Council Performance

The findings show that there is a positive correlation between formal institutional factors (leadership, policies and governance) with urban council performance. While all the results are positive, the magnitude significantly changes from dimension to dimension with institutional policies having a strong positive correlation, leadership exhibiting moderate and governance having a weak correlation with urban performance.

The direct relationship between Leadership and urban performance means that for any unit change in leadership there will be a corresponding unit change in the performance of Bugiri Town Council. This is in agreement with HMSO, (2001) who observes that leadership is central in

delivery of public goods and its failure can lead to civil disorder. According to HMSO (ibid), to be successful, leaders need: democratic legitimacy; effective partnership with other local organisations; real urban empowerment and engagement; room to respond effectively to local priorities and willingness to exploit the potential afforded by new technologies. Marshall, (2005) explains that city leaders lack the fiscal powers, autonomy and leadership capacity to spark broad based urban performance. Unfortunately Marshall's research was city specific and unique to Britain and this raises the question whether linking leadership to performance in one city can be used to shape policy in other urban areas-since economic, political and social contexts vary.

The results indicated that policies had a positive relationship with urban performance. This implies that for a unit change in policies there will be a positive unit change on the performance of Bugiri Local Government. This is in agreement with North (1994) who notes that rules, policies and regulations are the formal laws and codes that positively or negatively influence the behaviour of organisations through incentives and constraints they provide or impose. IDRC (2004) observes that local governments which lack policies to keep trained people on job may affect its performance if such highly trained personnel leave the institution as it becomes counter-productive. Indeed this is the situation in Bugiri urban local government where council spends millions of shillings on building capacities of revenue mobilisation officers every year due to high attrition. Most of the new staff trained lack experience in dealing with the public and this has affected local revenue performance.

The results indicated that Governance had a positive but weak relationship with urban performance. This meant that for any unit change in Governance there will be a positive unit change in the performance of Bugiri Local Government. This is in agreement with Sassen, (2002)

who notes that having city governments interact with citizens and NGOs, opens up the space for introducing civil society in decision-making at urban local government level. It is also in agreement with Mehta (2005) who suggests that urban performance can take form of consumer satisfaction (survey/complaints); openness of procedures for contracts/tenders for urban services; percentage of population served by services and access of the public to stages of the policy cycle. Mehta (ibid) recommends use of proxy measures for transparency like: does the urban council have a well maintained noticeboard or web; what information is on the noticeboard/web?; is the urban local government budget publically available on the web/ library. Access can be measured in terms of access to sewerage, telephones, electricity, and quality of infrastructure and availability of education and health facilities and services. However, a number of measurement indicators like sewerage, telephone services do not apply to Bugiri since they are nonexistent.

The findings further concur with the observations of Tumushabe, Mushemeza, et al (2010), who note that effective local governments are able to build local consensus and hence, are able to put pressure on national political leaders such as the president, members of parliament or leaders of political parties to engage in appropriate administrative, legal and fiscal reforms that increase the efficiency and effectiveness of public service delivery and allow the local governance systems to work without undue influence. Local political leaders are able to mobilize politically and ensure that the threat of withholding political support to elected national leaders put pressure on those leaders to respond to the service delivery concerns of voters and citizens alike.

5.3.2 Informal Institutional Factors and Urban Council Performance

The study findings indicated that informal institutional factors had positive but weak effect on performance. This meant that for any unit change in informal institutional factors there will be a positive unit effect on the performance of Bugiri Urban Local Government. This is in agreement with Kotter & Heskett (1992) who argue that a strong culture founded on a well ordered set of management beliefs and practice helps organisational performance because they create unusual level of motivation in employees. Employees of an organisation having a strong culture have a reputation of being loyal and highly motivated.

The study findings also agree with Waterman (1982) who contends that successful urban local governments have cultures that value action, service, innovations, people and quality. Denison's model (1990) of the University of Michigan clearly shows a compelling relationship between an organisation's culture (defined in terms of mission, involvement, consistency, and adaptability) and bottom line performance (defined in terms of profitability, revenue growth, innovations, quality and employee satisfaction). Fisher (1998) complements Denison' observations and sharpens the focus on two specific cultural elements that heavily influence organisational performance. They are organisational direction and involvement (team work, capability development and empowerment). To a small extent respondents were not satisfied with the behavior of civil servants when attending to the public. Respondents said that some civil servants are approachable while others are not approachable and cooperative.

In tandem with the study findings, Kilman (1985) contends that an adaptive culture can help organisations anticipate and adapt to environmental change which will be associated with superior performance over long periods of time. On the other hand, non adaptive cultures are very

bureaucratic, people are reactive, risk averse, and not very creative; information does not flow quickly and easily throughout the organisation. Kilman (Ibid) further describes adaptive culture in terms of risk-taking, trusting, proactive approach to organisational as well as individual life, members actively support each others efforts to identify all problems and implement workable solutions. There is shared feeling of confidence, there is wide spread enthusiasm, a spirit of doing whatever it takes to achieve organisational success and members are receptive to change.

5.3.3 Moderating effect of Infrastructure on institutional factors and Urban performance

The results indicated that infrastructure had a positive but weak effect on urban performance. This meant that for any unit change in infrastructure there will be a positive moderating effect on institutional factors and performance of Bugiri Urban Local Government. This is in agreement with (Estache & Fay, 2007) who note that infrastructure has an indispensable, positive role in development, especially urban infrastructure. Apart from its function of raising productivity of labour and capital as an “unpaid for factor of production”, infrastructure contributes to the welfare of households (Kassides, 1993).

The study findings also agree with Nabutola (2006) who argues that service delivery is the cornerstone of city governance and includes access to water, trash collection, solid waste disposal, waste collection and treatment, electricity connection and road network. The reliability, quality and cost efficiency of equitable services to all areas of the city-wealthy & poor – is the primary responsibility of the urban local government, and is the most tangible result for which the community will hold their elected officials accountable.

Poor provision of social services has hindered the urban performance of Bugiri Town Council. Respondents said that there are no street lights and security at night in the Town Council, poor enforcement policies that don't prohibit prostitution, street children, no vector control and roaming animals in the streets. The water supply in the town council is on and off citing high corruption amongst water department. The health sector is in poor state since health centres are not stocked with drugs and lack personnel and poor garbage collection.

The study findings were in line with the views of McGill (1995), who observed that in order to determine the level of efficiency of the services provided the acid test of efficiency in the management of cities is the state of the infrastructure provision. If there is a "bottom line" to the urban management process, it is argued not to be the narrow perception of a council's financial performance. That merely illustrates the internal financial condition without reference to the council's impact on its development environment, its town or city. Thus the need is to recognise the concept of infrastructure provision to support urban and subsequently national economic development. The converse is the consequence of the infrastructure not being provided".

5.4 Conclusion

5.4.1 Formal Institutional Factors and Urban Council Performance

The study concludes that there is a positive significant relationship between formal institutional factors and urban council performance in Uganda. And therefore Leadership, Policies and Regulations should be emphasised for improved performance.

Among the formal institutional factors, it was noted that policies had the biggest contribution towards performance of urban local governments, followed by leadership. This meant that in order to register effective performance, urban local governments need to have in place effective policy

guidelines, in addition to capable leadership that is able to exert pressure and demand for accountability from the duty bearers.

5.4.2 Informal Institutional Factors and Urban Council Performance

Informal institutional factors have a minimal effect in explaining the variability of urban council performance though values& norms, attitudes and beliefs, ethical standards, and codes of conduct should be positively promoted for better performance. In many organisations, culture is at the centre of performance, where the performance culture is weak, the results will reflect in inefficiency and ineffectiveness in terms of performance. Cultures give an organization a sense of direction and the ability to adapt to environmental changes.

5.4.3 Infrastructure and its moderator effect on Urban Council Performance

Infrastructure has a moderating effect on the relationship between institutional factors and urban council performance and as such during planning and resource allocation priority should be put on infrastructure development. The nature, reliability, quality and cost efficiency of equitable services is hinged on availability of the necessary infrastructure. Infrastructure provision is a key determinant of the level of efficiency of the services provided in the management of urban local governments.

5.4 Recommendations

5.4.1 Formal institutional factors and Urban Council Performance

- i. Leadership in Uganda Urban Councils and Bugiri Town Council in particular, should be strengthened by making the leaders aware of their roles and responsibilities since it was found that leadership has an influence on performance, implying that technical staff of the

Town Council should be in position to closely work with and guide the political leadership to ensure that they carry out their right mandate since a stronger leadership would spur enhanced performance.

- ii. Policies should be followed to the dot since they have a positive influence on performance of the Town Council. If policies are well followed and complied with, it would imply that the correct procedures are emphasised in the execution of activities which would enhance accountability, ensure value for money and greatly reduce on leakages.
- iii. Governance should be strengthened and emphasised. With good Governance there would be responsiveness, transparency, and prudent allocation and prioritisation of resources to meet the needs and the demands of the community of Bugiri Town Council. This would also mean increased participation of the community in decision making on the activities to be implemented for improved performance.

5.4.2 Informal institutional factors

Informal institutional factors should be followed since they provide morals and norms, culture & traditions, attitudes and beliefs within the organisation which have a positive relationship with Urban Performance.

5.4.3 Infrastructure

Infrastructure in form of availability of roads, clean and safe water, Telecommunication network, sewerage should be prioritised in the planning and resource allocation process of the Town Council as these have an influence on the performance of the Urban Council.

5.5 Contribution of the Study

The study findings can have some noticeable inference and contribute to thoughtful appreciation of the effect of institutional factors on urban performance. Critical analysis of formal institutional factors attest to the fact that urban council leadership, policies and governance have a profound effect on urban performance if properly planned, implemented and continuously monitored and reviewed. This study too has supplemented to the many other contributors on the importance of healthy informal institutional factors in strengthening the quality of urban performance. A supportive and effective urban infrastructure would translate into better urban performance. These observations do have clear policy implications and represent a discourse to those that intend to promote urban performance through the institutional factor approach.

5.6 Limitations to the study

The study covered a population of 120 out of whom only 92 were sampled. Considering the population of Bugiri Town Council of 17,046 people as per the 2002 National Housing and Population Census, the sampled population was too small to be used to make general conclusions on the influence of institutional factors on the performance of the Town Council. Probably having a bigger population would lead to indifferent findings.

The time taken to collect the data was also too short and may be, given more time the respondents would have given different responses. The political leadership for instance was busy canvassing for votes and may not have given the required concentration in filling in the questionnaires and therefore their responses may not conclusively provide their objective opinion in relation to the research area. The Urban Council technical staff may equally not have given sincere responses

since they are the implementors of the policies of the council and may cover up their areas of weaknesses.

5.7 Further areas of study

Future researchers should look at other factors that influence performance of Urban Local Governments other than those addressed by this study.

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APPENDICES

APPENDIX (I): QUESTIONNAIRE INSTITUTIONAL FACTORS AFFECTING THE PERFORMANCE OF URBAN LOCAL GOVERNMENTS IN UGANDA: A CASE OF BUGIRI URBAN LOCAL GOVERNMENT

Dear Respondents, I am Ofwono Emmanuel a student at UMI pursuing a masters degree in Management Studies (Urban Governance and Management). I am seeking your assistance in way of filling this questionnaire to enable me complete this research. Whatever information you provide will be strictly confidential and only used for academic purposes.

SECTION A: Respondents' Bio-Data

Kindly tick the option which applies to you. *Please ensure that all items are answered*

1. What is your gender

1. Male 2. Female

2. What is your age bracket in years

1. Below 20 2. 21-30 3. 31-40 4. 41-50 5. Over 50

3. What is your highest education level?

1. Senior IV 2. Diploma 3. Degree 4. Masters 5. Others (Specify)

4. Category of the Respondent

1. Town Council technical staff
2. Contractor
3. Local Leader/Politician
4. Consumers Representative
5. Ward Representative
6. Development Partner

5. How long have you been getting services in Bugiri Town Council

1. Less than 1 year
2. 1-3 years
3. 4-7 years
4. Over 8 years

SECTION B: Formal institutional factors and Urban Local Government Performance

Please circle each item only once according to how much you strongly agree (1) or strongly disagree(5) with the statement. 1. Strongly agree (SA) 2. Agree (D) 3. Neutral (N) 4. Disagree (D) 5. Strongly Disagree (SD). Please remember there are no wrong or right answers. Please do not omit any items.

| | <i>Statements</i> | <i>SA</i> | <i>A</i> | <i>N</i> | <i>D</i> | <i>SD</i> |
|-----|---|-----------|----------|----------|----------|-----------|
| B1 | Leaders in Bugiri Town Council involve stakeholders in decision making | 1 | 2 | 3 | 4 | 5 |
| B2 | Leaders reward employees for their positive performance | 1 | 2 | 3 | 4 | 5 |
| B3 | Our leaders make popular rather than necessary decisions | 1 | 2 | 3 | 4 | 5 |
| B4 | Procedures are efficiently implemented when needed | 1 | 2 | 3 | 4 | 5 |
| B5 | Bugiri Town Council has the political will to make credible policies | 1 | 2 | 3 | 4 | 5 |
| B6 | Bugiri Town Council policies promote efficient public administration | 1 | 2 | 3 | 4 | 5 |
| B7 | There is weak enforcement of policies in Bugiri Town Council | 1 | 2 | 3 | 4 | 5 |
| B8 | Rules and regulations are enforced without fear or favour in Bugiri Town Council | 1 | 2 | 3 | 4 | 5 |
| B9 | Stakeholders actively participate in creating Urban regulations | 1 | 2 | 3 | 4 | 5 |
| B10 | There is no corruption in the process of contract management in Bugiri Town Council | 1 | 2 | 3 | 4 | 5 |
| B11 | Bugiri Town Council is accountable to the people through regular feedback | 1 | 2 | 3 | 4 | 5 |
| B12 | Bugiri Town Council shares good practices with its stakeholders | 1 | 2 | 3 | 4 | 5 |

| | | | | | | |
|-----|--|---|---|---|---|---|
| B13 | Council encourages regular consultations with stakeholders | 1 | 2 | 3 | 4 | 5 |
| B14 | Bugiri Town Council enforces corruption free society | 1 | 2 | 3 | 4 | 5 |

SECTION C: Informal Institutional Factors and Urban Local Government Performance

Please tick each item only once according to how much you strongly agree(1) or strongly disagree

| | <i>Statements</i> | <i>SA</i> | <i>A</i> | <i>N</i> | <i>D</i> | <i>SD</i> |
|----|--|-----------|----------|----------|----------|-----------|
| C1 | Bugiri Town Council staff have a shared feeling of confidence in performing their tasks | 1 | 2 | 3 | 4 | 5 |
| C2 | Employees of bugiri Town Council are receptive to change | 1 | 2 | 3 | 4 | 5 |
| C3 | There is a strong spirit of doing whatever it takes among employees in Bugiri Town Council to achieve organisational success | 1 | 2 | 3 | 4 | 5 |
| C4 | Residents have confidence/trust in their leaders | 1 | 2 | 3 | 4 | 5 |
| C5 | Punishments/sanctions are administered and enforced in a fair manner | 1 | 2 | 3 | 4 | 5 |
| C6 | Residents in Bugiri Town council believe in hardwork and creativity | 1 | 2 | 3 | 4 | 5 |
| C7 | Residents within Bugiri Town Council respect the set code of behaviour | 1 | 2 | 3 | 4 | 5 |
| C8 | Residents pay their taxes without much coercion | 1 | 2 | 3 | 4 | 5 |

SECTION D: Urban Infrastructure and Performance

Please tick each item only once according to how much you strongly agree (1) or strongly disagree (5) with the statement. Please do not omit any items

| | <i>Statements</i> | <i>SA</i> | <i>A</i> | <i>N</i> | <i>D</i> | <i>SD</i> |
|-----|--|-----------|----------|----------|----------|-----------|
| D1 | Bugiri Town council community has access to safe water | 1 | 2 | 3 | 4 | 5 |
| D2 | Clean water is guaranteed 24 hours | 1 | 2 | 3 | 4 | 5 |
| D3 | Council has established waste collection centres throughout the town | 1 | 2 | 3 | 4 | 5 |
| D4 | Most of the streets in Bugiri Town Council have street lights. | 1 | 2 | 3 | 4 | 5 |
| D5 | Bugiri Town Council hardly experiences any load shedding | 1 | 2 | 3 | 4 | 5 |
| D6 | Bugiri Town council has one of the best road networks | 1 | 2 | 3 | 4 | 5 |
| D7 | Council has a water treatment plant | 1 | 2 | 3 | 4 | 5 |
| D8 | Council has a sludge treatment facility | 1 | 2 | 3 | 4 | 5 |
| D9 | The houses in town council are mostly delapidated | 1 | 2 | 3 | 4 | 5 |
| D10 | All employees have guaranteed housing for accommodation | 1 | 2 | 3 | 4 | 5 |

SECTION E: Urban Performance

Please tick each item only once according to how much you strongly agree (5) or strongly disagree (1) with the statement. Please do not omit any items

| | <i>Statements</i> | <i>SA</i> | <i>A</i> | <i>N</i> | <i>D</i> | <i>SD</i> |
|----|--|-----------|----------|----------|----------|-----------|
| E1 | The public receive services on time in Bugiri Town council | 1 | 2 | 3 | 4 | 5 |

| | <i>Statements</i> | SA | A | N | D | SD |
|-----|---|----|---|---|---|----|
| E2 | Council collects enough local revenue to sustain its priorities | 1 | 2 | 3 | 4 | 5 |
| E3 | The public is satisfied with the quality of services provided by Bugiri town council | 1 | 2 | 3 | 4 | 5 |
| E4 | The public can freely access information from Bugiri town Council | 1 | 2 | 3 | 4 | 5 |
| E5 | Bugiri Town council has enough suggestion boxes for getting feedback from the public | 1 | 2 | 3 | 4 | 5 |
| E6 | Employees in Bugiri Town Council are satisfied with the motivation offered to them | 1 | 2 | 3 | 4 | 5 |
| E7 | Local revenue has been growing consistently for the last 3 years | 1 | 2 | 3 | 4 | 5 |
| E8 | The working environment in Bugiri town council is conducive | 1 | 2 | 3 | 4 | 5 |
| E9 | Bugiri town council has a noticeboard from which the public can easily access information | 1 | 2 | 3 | 4 | 5 |
| E10 | Bugiri Town council has quality primary schools | 1 | 2 | 3 | 4 | 5 |
| E11 | The public is satisfied with the quality of medical services offered in Bugiri Town council | 1 | 2 | 3 | 4 | 5 |

**APPENDIX (II): INTERVIEW GUIDE FOR INSTITUTIONAL FACTORS AND
URBAN PERFORMANCE IN BUGIRI**

1. Do you think Bugiri Town council has strong leadership that can improve performance?
2. Does council adhere to procurement procedures in award of contracts?
3. How are things implemented in Bugiri Town council?
4. Are stakeholders involved in the process of setting priorities and resource allocation?
5. Do you think patients are satisfied with the quality of health services offered?
6. Are you satisfied with the behaviour of civil servants when attending to the public?
7. What are the challenges facing urban performance in Bugiri Town council?