



A payment culture framework for municipal services in the North
West province

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DECLARATION

I, Enwereji Prince Chukwuneme, declare that this study titled, '*A payment culture framework for municipal services in North West province*,' is my original work. This thesis has not been submitted for a degree at this or any other university. All materials used in the study have been duly indicated and acknowledged through references.

Signed

Date

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DEDICATION

This work is dedicated to my God who showered me with amazing grace to complete this study.

LIST OF ACRONYMS

AICPA	American Institute of Certified Public Accountants
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ANOVA	Analysis of Variance
ATM	Automated Teller Machine
BLA	Black Local Authorities
CDW	Community Development Workers
CTLDC	Commission on Traditional Leadership Disputes and Claims
EFT	Electronic Funds Transfer
FAQ	Frequently Asked Questions
GB	Gigabyte
GCIS	Government Communication and Information Services
GDP	Gross Domestic Product
GST	General Systems Theory
HIV	Human Immunodeficiency Virus
HTL	House for Traditional Leaders
ICT	Information Communication Technology
IDP	Independent Development Programme
IT	Information Technology
MBEs	Management by Exceptions
MPRA	Municipal Property Rates Act
MSA	Municipal System Act
<i>N</i>	Population
<i>n</i>	Sample
NHTL	National House of Traditional Leaders
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
PPPM	Per Person Per Month
ROI	Return on Investment
RSA	Republic of South Africa

SMS	Short Message Service
SPSS	Statistical Package for Social Sciences
SWOT	Strengths, Weakness, Opportunities, Threats
UBPL	Upper-Bound Poverty Line
USAID	United States Agency for International Development
WPTLG	White Paper for Traditional Leadership and Governance
ZAR	South African Rand

CURRENT PAPERS FROM THE THESIS

Enwereji, P.C & Potgieter, M. 2018. Establishing a responsible payment culture for municipal services in the North West province: a conceptual framework. *International Journal of Economics and Financial Issues*, 8 (3):227-234.

Enwereji, P.C. & Potgieter, M. 2018. Strategic leadership qualities to enhance a payment culture for municipal services in the North West province.

Enwereji, P.C. & Potgieter, M. 2019. Strategy implementation frameworks to establish a payment culture for municipal services in the North West province of South Africa.

Enwereji, P.C. & Potgieter, M. 2019. Strategic management for establishing a responsible payment culture for municipal services in the North West province.

Enwereji, P.C. & Potgieter, M. 2019. Examining the factors that can enhance a responsible payment culture for municipal services in the North West province: a qualitative review.

ABSTRACT

Payment for municipal services in South Africa, especially in the North West province, has been a contentious issue as consumer debt keeps on escalating despite the managerial measures taken by municipal role-players to stop debt accruals. The purpose of this study was to identify the factors that could enhance payment compliance for municipal services, as well as to propose a payment culture framework for municipal services. The Systems Theory, Contingency Theory of Leadership, Social Contract Theory, Decision Making Theory, Theory of Planned Behaviour and the Agency Theory underpinned this study. A pragmatic research paradigm was adopted which views research design as a pluralistic approach that espouses available methods to unravel solutions to the study problem. In this regard, a non-empirical and empirical study was applied to seek solutions to the problem under investigation. A convergent parallel mixed methods research approach was applied and incorporated both quantitative and qualitative components. Residents living within the municipal areas of four local municipalities in the province, municipal role-players, councilors, as well as traditional leaders were involved in this study. Data was collected using a structured questionnaire for the quantitative component and face-to-face interviews for the qualitative component. Data was analysed using SPSS and Atlas-ti respectively.

Findings obtained from the study indicate vast opportunities for municipalities to strategically enhance payment compliance. It was discovered that fiscal exchange is the most influential factor to induce residents' inclination to pay for municipal services. Other factors identified to influence payment compliance include deterrence messages, social influence, payment education, budget transparency, service administration, traditional leadership, communication dynamics and adoption of emerging innovation options. Findings from both quantitative and qualitative datasets indicate that there is a lack of collaboration between municipal role-players and politicians resulting in administrative versus political dichotomy. It was revealed that politicians have the culture of giving unresolved promises to residents before getting into power which they do not passably fulfil resulting in suspicion of looting public funds. These and other reasons have ensued in payment default and non-payment for municipal services. With regard to these findings, it is recommended that municipalities should provide adequate services to residents and initiate payment enforcement measures, communication dynamics and emerging sustaining innovation options to facilitate payment compliance. The study recommends that politicians should understand the financial capacity of the municipality before giving residents high expectations towards service delivery. More so, it is recommended that municipal role-

players should ensure adequate collaboration with traditional leaders, councilors, other influential role-players in communities, as well as government and non-governmental entities to enhance payment compliance amongst residents in an endeavour to create a responsible payment culture for municipal services in the North West province.

Key words: Municipalities; Traditional leadership; Communication dynamics; Sustaining innovation; Collaboration; Payment enforcement; Payment culture; South Africa

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CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

If South Africa succeeds in enhancing a payment culture for municipal services, municipalities would then be able to advance to provide adequate services to residents. Municipalities are expected to devise measures to ensure payment compliance for services from residents. This would enable them to initiate quality development, financial stability and sustain funding for projects. Mobilising adequate revenue through timeous payment for municipal services from residents continues to be a main challenge for South African municipalities as many find it perplexing to enhance a payment culture. Reasons for inadequate payment performance has been attributed to unemployment, a sense of entitlement to services as a dividend of democracy, political malfeasance and poverty (Manyaka, 2014).

Culture refers to the acceptable characteristics and shared patterns of knowledge, behaviour and understanding that are adopted by people living in a defined geographical area through the process of socialisation (Zimmermann, 2015), whereas payment culture is a putative pattern of payment by residents in a particular area (Maphologela & Ngwane, 2015). Johnston (2014) affirms that South Africa as a nation is characterised by a precipitous culture of non-payment for municipal services by residents. Improving tax administration by local authorities has long been a matter of concern for developing countries, especially in Africa (Bird, 2015). This study examines the payment culture of residents in the North West province, scrutinises the factors that could contribute towards effective payment compliance while empirically striving to provide a proposed framework that would enable municipalities to enhance a sustainable payment culture.

This chapter presents the background to the study, the aims of the study, the research questions and objectives, the expected contribution, its delimitation and the structure of the thesis.

1.2 MOTIVATION FOR RESEARCH

Despite clear constitutional and legislative provisions for the composition, functioning and development of local municipalities in South Africa, reports show that local municipalities perform below expectations in mobilising payment from residents who receive such municipal services. The Financial and Fiscal Commission, the National Treasury and other concerned departments in South Africa have carried out several studies on measures to enhance municipal revenue and address the escalating municipal consumer debt. Various scholars (Fjeldstad & Heggstad, 2012; USAID, 2013; Thiga & Muturi, 2015; Al-Maghrebi *et al.* 2016; Jemaiyo & Mutai, 2016; Mascagni *et al.*, 2017) investigated the causes of municipal consumer debt, its consequences on service provision, and propose possible measures to turn around the parlous situation. A number of recommendations have been proposed by these studies on how to improve the payment culture of residents to enhance municipal revenue, and these are detailed in subsequent segments of this study.

Municipal consumer debt is an inhibiting factor that not only affects the municipal fiscal position but also engenders numerous consequences that militate against efficient delivery of consumer services as constitutionally mandated. The extent of municipal consumer debt of South African municipalities is quite alarming. In a report issued by the National Treasury in 2017 and as indicated by the Minister of Cooperative Governance and Traditional Affairs (van Rooyen, 2017), it is evident that the total consumer debt for 2015/2016 financial year amounts to ZAR 117 billion rand. Apparently, the accrued debts constitute the underperformance of municipalities in the provision of services, maintenance and the upgrading of infrastructure. There is a dire need for municipalities and policy makers in the North West province to understand the extent of debt accruals and how to adequately manage the related challenges and risks. Hence, this study proposes a framework that could be used in inculcating and enhancing a responsible payment culture for the payment of municipal services.

1.3 BACKGROUND TO THE STUDY

This discussion demarcates the study area, an introduction to South African municipalities, municipal internal sources of revenue, the collection of payment for service provision in the North West province, and an overview of payment for service provision by residents in the North West province.

1.3.1 Study area

The North West is one of nine provinces in the Republic of South Africa. The North West is bordered by Limpopo in the northeast, Gauteng in the east, Free State in the south-east, Northern Cape in the south-west and Botswana in the north. There are four district municipalities that make up the North West province and these are: Ngaka Modiri Molema, Bojanala Platinum, Dr Kenneth Kaunda, and Dr Ruth Segomotsi Mompati districts. The North West province covers an area of 104 882 km² with a population of 3 748 436 people (The Local Government Handbook, 2017). The province is endowed with natural resources such as platinum, gold, diamonds, and uranium. Residents of the North West province are largely civil servants while a minority are mine workers. Figure 1.1 presents a map of the North West province indicating the major towns and boundaries with other provinces and Botswana.

Figure 1.1 Map of the North West province



Source: SA-Venues.com (2017)

1.3.2 South African municipality types

The phrase municipality is an English word derived from the Latin word ‘Municipium’ which means ‘the duty holders.’ Draganic (2011) posits a municipality as a political and management unit that has self-governing powers. The Constitution of the Republic of South Africa (108 of 1996) submits that a municipality is an administrative division of a place that has corporate status and powers of government or jurisdiction. Municipal Structures Act (117 of 1998) established the main criteria of grouping types of municipalities ranging from the population of a particular area to its functions. This Act (117 of 1998) grouped municipalities into A, B, and C categories. A category A municipality is known as a metropolitan municipality; Category B is a local municipality; and a category C municipality refers to a district municipality and there are four of these in the North West province.

Metropolitan municipalities have self-standing authority in their area of jurisdiction and are a second administrative level, just below that of a province. Category A municipalities are areas of high population and places that are comprehensively developed. Category A municipalities are distinguished by high movement of goods and services, substantial industrial areas with multiple business districts, a place for higher economic activity, a place for integrated development, and also do have interdependence for social and economic linkages between units.

Local municipalities Category B share the same municipal executive and legislative supremacies in their area with district municipalities within whose area it falls. The Local Government Municipal Structures Act (117 of 1998) Sections 9 (a-f) specifies that Category B municipalities have a collective executive system, ward participatory system, mayoral executive system, as well as a plenary executive system.

The Municipal Structures Act (117 of 1998) specifies that regions that are not capable of having metropolitan municipalities must be awarded district municipality status. District municipalities (Category C municipalities) share authorities with local municipalities (Category B municipalities) and have greater authority and control in areas that have more than one Category B municipality within the area that it falls. These municipalities have executive and legislative authority and share in common the functions and duties of a local municipality.

1.3.3 Types of service provision by municipalities

The Constitution of the Republic of South Africa (108 of 1996) Sections 160-163 empowers municipalities to raise revenue from other sources apart from intergovernmental transfers. Apart from the Constitution of the Republic of South Africa, the Municipal Systems Act (32 of 2000) Section (11) (3) (i) backs up municipal revenue by imposing taxes, rates, fees, surcharges, tariffs, and other service fees. The Municipal Property Rates Act (6 of 2004) and the Municipal Financial Management Act (56 of 2003) further state that municipalities can make and implement local policies necessary to mobilise revenue for the municipality.

Local municipalities raise funds through internal and external means. Own revenue sources refer to the collection of revenue by a municipality itself, as well as through collection agents on behalf of a municipality. Manyaka (2014) maintains that municipalities' main source of revenue is raised through internal means. For the purpose of this study, the focus is on the nature of services provided by municipalities which are known as user charges and the mobilisation of payment for such services. User charges refer to the cost of service provision such as water provision, sanitation, electricity, sewerage and waste collection. Residents in turn then need to pay for their consumption as compensation for services provided by municipalities.

1.3.4 Development of non-payment culture for municipal services

Local municipalities in South Africa are considered as the nearest focus of crucial governance during the Apartheid dispensation, the period of post-apartheid transformation, and the present democratic governance in South Africa. During the Apartheid era, different levels of governance were based on racial background (Binza, 2000). The provision of equitable municipal services was focused on only white dominated areas while black dominated areas were marginalised and neglected. The Black Local Authorities (BLA) was established by the apartheid government to empower blacks as they had no access to parliament (Sithole & Mathonsi, 2015). The Black Local Authorities (BLAs) were delegated to fail the people they were supposed to serve due to the fact that they had no significant revenue base, and also a shortage of skills which resulted in poor service provision. With regards this, the BLAs became the targets of public protest which sometimes resulted in outrageous violence by communities through mass mobilisation during the 1980s. Residents, together with civic associations and other civil organisations, further launched rent and rates boycotts as part of their struggle against white (and co-opted black) rule as the BLAs had very limited income to provide essential services needed by those in black areas (Sithole & Mathonsi, 2015).

Furthermore, rent and rates boycotts took the form of protests which later emerged as a rallying point and bred a culture of non-payment in black dominated areas (Fjeldstad, 2004). As a matter of fact, the culture of non-payment in black communities had become deep-rooted in the perceptions of citizens such that when democratic governance emerged in 1995/6, it was almost impossible for citizens to change their mind-set and attitude towards the payment for municipal services to conform to their obligations as required by the constitution. Non-payment was further intensified by poverty that gripped mostly black residents. This challenge was worsened by the inability to provide adequate services and improve the living conditions of residents as promised by the former political dispensation (Sithole & Mathonsi, 2015).

Black communities resolved that they would start payment for municipal services only when local municipalities provided and improved the quality of municipal services. As no adequate services were provided to black dominated areas, residents continued to withhold payment of rates and services and this gradually developed into a culture of non-payment for municipal services. Currently, the alignment of civic societies and government to reverse the culture of non-payment for municipal services remains a major challenge as there is substantial evidence testifying to non-payment for municipal services throughout South Africa.

1.3.5 Payment for service provision by residents in the North West province

Local municipalities in the North West province encounter ethical, social and political predicaments in handling the escalating debts accruing from the non-payment of services by residents. Unemployment, alleged non-service provision, a culture of non-payment, and other reasons collectively add up to the debts of local municipalities for service provision at a disturbing rate. Municipalities levy rates and taxes on residents to whom municipal services are provided but local municipalities encounter a series of challenges in terms of collecting revenue from these residents. According to Fourie *et al.* (2011), the challenges connected to the inadequate collection of revenue from residents involve ineffective administration by municipal role-players which include poor evaluation, billing, collection, enforcement, communication, and the inability to enforce the content of the law on defaulters. Luttmer and Singhal (2014) affirms that inadequate mobilisation of revenue by local municipalities has resulted in an outstanding fiscal crisis in a global context, including South Africa.

The household statistics of the four district municipalities and a summary of payments for municipal services of the Mahikeng local municipality were collected to clarify an impression of payment compliance by residents. Furthermore, six years' consumer debt financial statements

were obtained to establish if there is an escalating debt accrual trend in the payment for municipal services in South Africa. The intention was to obtain the financial statements from all four district municipalities but only information from one district municipality could be obtained to substantiate the purpose of this study. Excerpts from these documents are presented in Table 1.1 and Table 1.2 respectively.

Table 1.1 provides the population statistics of the residents and the number of households in the selected district municipalities. The Bojanala Platinum district has the highest number of households and this is followed by the Ngaka Modiri Molema District, Dr Kenneth Kaunda District and lastly the Dr Ruth Segomotsi Mompati District.

Table 1.2 presents data on annual levies, annual collections, annual debts and cumulative accruals in the payment for municipal services in the Mahikeng Municipality and this information was obtained from the financial department of the municipality. It is observable in Table 1.2 that the annual collections are lower than the levies charged and this indicates that there is a gap between the rates and taxes levied and payments received for services (collections).

Table 1.1: Household statistics of the district municipalities of the North West province

District Municipality	Population	Number of households
Bojanala Platinum	1 657 148	611 144
Ngaka Modiri Molema	889 108	269 977
Dr Kenneth Kaunda	742 821	240 543
Dr Ruth Segomotsi Mompati	459 357	127 103
Total	3 748 434	1 248 767

Source: The Local Municipal Handbook (2017)

Table 1.2: Municipal service payment and property rates by residents in Mahikeng Municipality: 2010-2016 (ZAR)

Year	Levies	Collections	Debts	Cumulative Yearly Accruals
2016	423 051 649.25	292 580 786.29	130 470 862.96	1 025 937 988.94
2015	353 783 913.10	255 492 024.72	98 291 888.38	895 467 125.98
2014	316 168 981.94	217 219 607.69	98 949 374.25	797 175 237.63
2013	337 633 395.23	198 805 066.39	138 828 328.84	698 225 890.38
2012	307 348 771.66	83 441 392.90	223 907 378.76	559 397 561.54
2011	267 097 167.16	130 675 950.28	136 421 216.88	335 490 182.78
2010	340 307 382.78	141 238 416.88	199 068 965.90	199 068 965.90

Source: Mahikeng Municipality (2017)

1.4 PROBLEM STATEMENT

The payment of municipal services by residents in the Mahikeng local municipality has for the period 2010-2016 deteriorated to such an extent that the seven years' cumulative accruals amount to over a billion rand in 2016. It is apparent that the initiatives implemented to date have not yielded results enabling municipalities to halt the escalating debt. Manyaka (2014) posits that the inability of municipalities to achieve payment compliance through the payment of municipal services has contributed to a massive gap in pursuance of the service provision motive of municipalities. It is, therefore, deemed necessary to investigate the payment practices of residents; to examine the variables that influence default in payment, and then to devise a framework that could be used to cultivate a sustainable payment culture in an endeavor to arrest the deteriorating situation in the payment for municipal services, not only in the North West province but throughout South Africa. The problem of this study is: **outstanding debt accrual increases due to the non-payment culture of residents, and unless those factors contributing to non-payment compliance are identified and resolved, the persistent high consumer debt in the North West province will not be curbed.**

1.5 AIM OF THE STUDY

The aim of this study is to investigate the possible factors that could contribute towards achieving payment compliance for municipal services by residents and to proffer possible measures to recover and minimise consequent debts. It further seeks to create a framework to enhance a sustainable payment culture for the payment of municipal services in district municipalities of the North West province.

1.6 RESEARCH QUESTIONS

The main research question this study seeks to address is: ‘What would contribute towards an effective payment culture amongst residents in the payment for municipal services in the North West province?’ The related sub-questions are:

- Do the effective implementation of policy and legislation influence payment compliance for municipal services in the North West province?
- Does social influence promote payment compliance for municipal services in the North West province?
- Does deterrence promote payment compliance for municipal services in the North West province?
- Does fiscal exchange promote payment compliance for municipal services in the North West province?
- Does payment understanding and education enhance payment compliance for municipal services in the North West province?
- Does budget transparency lead to payment compliance for municipal services in the North West province?
- Does effective service administration promote payment compliance for municipal services in the North West province?
- Do the collaboration of municipal role-players and traditional leaders, the application of communication dynamics and emerging sustaining innovations options enhance the payment culture of the residents in the North West province?

1.7 RESEARCH HYPOTHESIS

The null and alternate hypothesis is tested in this study to show how close sample statistics is to a hypothesised population parameter. The null hypothesis (**H₀**) states that there is no relationship existing between two variables or two sets of variables; and the alternate hypothesis (**H₁**) states that there is a relationship (positive or negative) existing between two variables or two sets of variables. The testing of these hypotheses involves the process of accepting or rejecting a null hypothesis through a definite statistical process, as the null hypothesis is supported, the alternate is rejected and vice versa (Bradford, 2015).

The null and alternate hypotheses slated for this study are:

H₀: There is no relationship between policies and legislation, social influence, deterrence, fiscal exchange, payment understanding, budget transparency, service administration, traditional leadership, communication dynamics and emerging sustaining innovation and the payment culture for municipal services.

1.8 RESEARCH OBJECTIVES

The objectives of this study are grouped into three main points:

- To review related literature and determine the key enablers of a successful payment culture and to empirically examine if these influence payment compliance.
- To empirically create a framework to enhance a supportable payment culture amongst residents for municipal services.
- To make recommendations based on the framework to policy makers and municipalities on how to reduce municipal consumer debts by enhancing a payment culture.

1.9 CONTRIBUTION OF THE STUDY

This study is envisioned to explore the payment practices of residents and to investigate the enabling and preventative variables influencing the payment for municipal services. The study explores diverse methods which municipalities could adopt for handling municipal debt, as well as the mobilization of revenue for a municipality. This study also explores diverse debt management models and strategies and revenue enhancement methods available to municipalities to achieve payment compliance. At the end of the study, a framework is proposed which serves

as a recommendation for district municipalities to combat debt accruals. The contribution of this study is the development of strategies to enhance collaboration between traditional leaders and municipalities to improve the payment culture of residents for municipal services rendered. As the study is fashioned to propose a framework for a sustainable payment culture, the prescripts of the research are expected to give direction to policy makers and municipal financial executives in making tenable decisions and policies regarding measures to mobilise payment for municipal services from residents.

1.10 DELINEATION AND DELIMITATION OF THE STUDY

This study is delimited to the four district municipalities of the North West province, which are Ngaka Modiri Molema, Dr Kenneth Kaunda, Dr Ruth Segomotsi Mompati and Bojanala Platinum. The respondents of this study are residents in the various district municipalities who receive municipal services, as well as selected employees in the finance departments of the four district municipalities. This study is strictly confined to matters related to payment culture and payment compliance for municipal services in the district municipalities of the North West province.

1.11 THEORETICAL FOUNDATION AND LITERATURE REVIEW

The theories underpinning this study are the Systems Theory, Contingency Theories, Decision Making Theory, Theory of Planned Behavior, Agency Theory and the Social Contract Theory. These theories were selected because they address and provide solutions to the management challenges facing the optimal performance of organisations (municipalities in this case). In the first phase of the literature review, focus is placed on the strategic management of payment culture. The topics explored include successful strategic management, failures of strategic implementation in municipal governance, the relationship between culture and the implementation of strategy, strategy-culture conflict, and also the management of strategy-culture-conflicts.

The focus of the literature review is on the historical background of payment culture for municipal services and the reasons for non-payment of municipal services. Added to these are the factors that affect the payment culture for municipal services, such as policy and legislation, service administration and measurement, payment knowledge, understanding and education, deterrence, budget transparency, fiscal exchange, social influence and the collaboration of municipal role-

players and traditional leaders and others, communication dynamics and emerging sustaining innovation. Hence, this study investigates the duties of a strategic leader in the management of strategy culture conflicts in the payment for municipal services. The framework that was tested in this study was conceived from a meta-analysis of different authors' views on factors affecting payment culture for municipal services. The meta-analysis of the study is presented in Table 1.3.

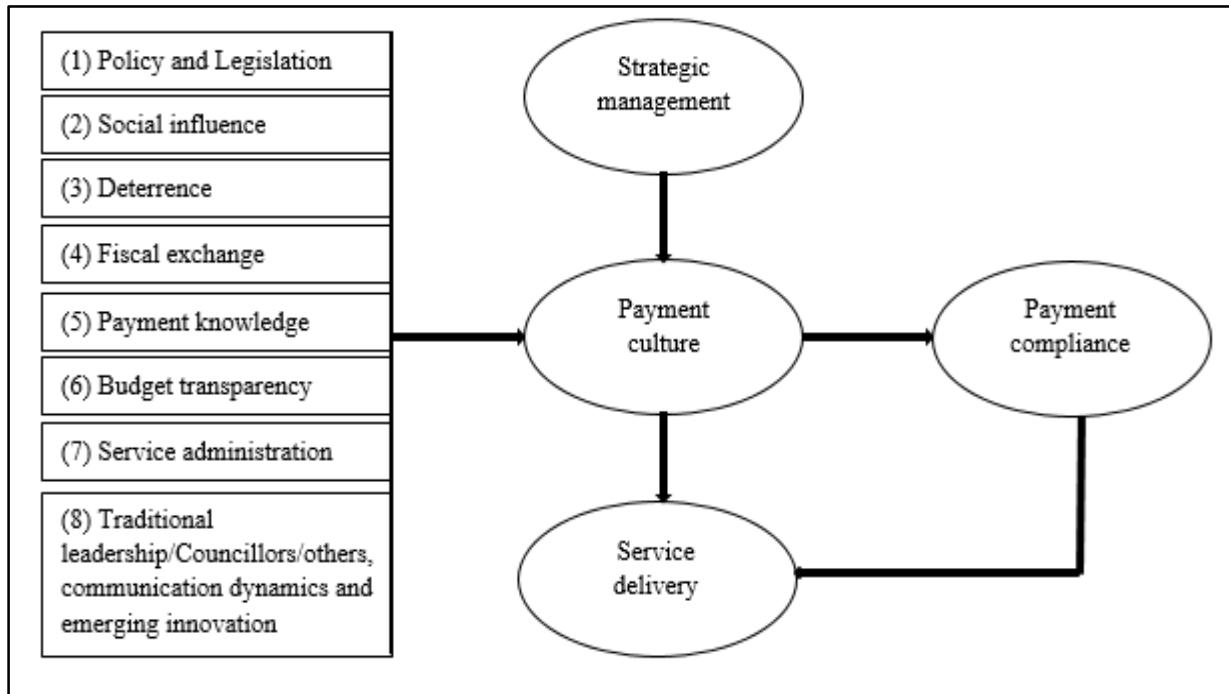
The amalgamation of constructs into a framework is proposed to enhance a payment culture amongst residents for the payment for municipal services. Based on the constructs identified as factors affecting payment culture for municipal services in the meta-analysis, Table 1.3 provides a synopsis of these factors and the recommendation made by this study. According to Table 1.3, factors such as policies and legislation, social influence, deterrence, fiscal exchange, payment understanding and education, budget transparency and service administration are acknowledged factors that influence payment culture. This study does not include service rates as this has been specified by South African legislation, such as the Municipal Property Rates Act and the Municipal Systems Act.

Table 1.3: Meta-analysis of factors influencing payment culture

Author(s)	Constructs								
	Policies & legislations	Social influence	Deterrence	Fiscal exchange	Payment education/ awareness	Budget transparency	Service admin	Service rates	Traditional leaders, communication dynamics & sustaining innovation
Fjeldstad and Heggstad (2012)	✓				✓		✓		
USAID (2013)					✓		✓		
Luttmer and Singhal (2014)		✓	✓					✓	
Thiga and Muturi (2015)			✓		✓			✓	
USAID (2013)			✓		✓	✓			
Mascagni, Nell and Monkam (2017)			✓	✓			✓		
This study (2018)	✓	✓	✓	✓	✓	✓	✓		✓

This study proposes the following additional factors: collaboration with traditional leaders (and or others); the application of communication dynamics and emerging sustaining innovation to influence the payment culture of residents in South Africa. Based on the meta-analysis presented in Table 1.3, a framework (Figure 1.2) is proposed which is tested in the empirical section of this study. Figure 1.2 depicts the factors this study deemed responsible in influencing the payment culture of residents in South Africa. Furthermore, it is argued that a strategic leader, municipal manager (managing team in this case), is responsible for combining all the leadership qualities to influence residents to comply with the payment for municipal services. Figure 1.2 presents an initial framework constructed for this study.

Figure 1.2: Initial framework



1.12 RESEARCH METHODOLOGY AND DATA COLLECTION METHODS

This study adopted the pragmatic paradigm which allowed the adoption of several approaches in finding answers to the reasons for non-payment and payment default for municipal services, as well as discovering a path to create an acceptable framework to enhance a payment culture for municipal services in the North West province. The mixed methods approach was adopted, incorporating both the quantitative and qualitative approaches. A convergent parallel mixed methods design was employed which enabled concurrent collection of data in the two approaches

in the quantitative research. The two population sets in the quantitative study include the four district municipalities in the North West province and the residents in the municipal areas and receiving municipal services. In the qualitative study, the population comprised municipal role-players, traditional leaders, councillors and other influential role-players in the communities of the North West province.

Samples were drawn from the population sets to include 384 residents in the quantitative study, 13 municipal role players in the four selected local municipalities (3 from each), 4 councilors and 2 traditional leaders across the four selected local municipalities. Data were collected using questionnaires for the quantitative phase and face-to-face interviews for the qualitative component. Quantitative data were analysed with the Statistical Package for Social Sciences (SPSS) software version 24 using statistical tests such as descriptive statistics, correlation analysis, analysis of variance, Chi-square test of independence and factor analysis. Atlas-ti (version 8.0) was used to analyse the qualitative data which enhanced the coding of data into themes and categories in order to obtain a deeper understanding of the non-payment culture of municipal residents. More so, a discussion of the factors that emerged from both the quantitative and qualitative datasets is made and linked to the results to achieve triangulation. Collectively, the two sets of data and findings enabled considering possible strategies to minimise payment defaults and to create a proposed framework to enhance a sustainable payment culture in the North West province.

1.13 DISCUSSION AND RECOMMENDATIONS

Discussion of the results obtained from the statistical analysis of the quantitative and qualitative methods are presented later on in this study. The proposed framework of this study is expected to serve as a recommendation to enhance the payment culture for municipal services and this is made available to policy makers and municipal management who are entrusted with ensuring municipal effectiveness and efficiency.

1.14 CONCEPT CLARIFICATION

Following is a description of the main terms used in this study.

Enhance: According to the Cambridge English Dictionary (2015), enhance depicts the state of improving the quality, amount or strength of something. It can also mean the ability to intensify,

increase or strengthen the standard of something. In the context of this thesis, enhance is interchangeably used with words such as create, establish, reform and initiate.

Communication: According to Wallace and Robertson (2009) and Valentzas and Broni (2011), communication depicts all the procedures involved in disseminating information from one person to another using an appropriate medium. Wells (2011) maintains that communication dynamics are a mix of various communication options used by organisations to communicate with stakeholders.

Innovation: Montgomery and Perry (2011), Atkinson (2013) and Stowe and Grider (2014) affirm that innovation is a transformational process by which new things (services, goods) are created through breakthrough or as sustained innovation. Breakthrough innovation refers to the creation of new services and goods; and sustaining innovation involves the upgrade or improvement of goods and services which replaces the old method of doing things

Municipal role-players: Municipal role-players are the municipal executives who are selected or elected to represent the entire municipal management in making decisions and taking critical responsibility in moving the activities of the municipality forward (Loughlin *et al.*, 2013).

Municipality: Municipality, according to the Constitution of Republic of South Africa (1996), is a political and management unit that has self-governing powers and authorities; it is an administrative division of a place that has corporate status and of government or jurisdiction (Draganic, 2011)

Rates: Rates are municipal charges levied on the provision of services such as water, sanitation, sewerage and property (O'Sullivan & Williams, 2013).

Residents (taxpayers, consumers): These refer to the citizens of South Africa living within the jurisdiction of a municipality who obtain, consume and pay for municipal services.

Taxes: Taxes are regular and compulsory payments (monthly, quarterly or annually) made by residents to government on income, business profits, value added on goods and other transactions (O'Sullivan & Williams, 2013).

Traditional leadership: Traditional leadership are people, organisations and institutions governing a particular place according to the direction of customary law (Mawere & Mayekiso, 2014; Eberbach *et al.*, 2017).

1.15 THESIS STRUCTURE

This study is structured in the following manner:

Chapter One: Introduction and background

This chapter addresses the overview of the study, the problem statement, aims of the study, the research questions and the objectives, expected contribution of the study and the delimitation of the study. It includes the synopsis of theories applied throughout the study and provides a brief introduction of the research methodology and methods applied.

Chapter Two: Strategic management of payment culture

The focus of Chapter Two is on theoretical models and frameworks on debt management, such as the systems, contingency, decision, planned behavior, agency theory and the social contract theory. An exploration is made in this chapter on the meaning of strategic management, process of strategic management, strategy implementation process, tasks and roles of a strategic leader, leadership competencies of executives in other countries, the relationship between culture and implementation of strategy and concerns on how to manage strategy-culture relationships.

Chapter Three: Factors affecting payment for municipal services

This chapter explores the factors affecting payment culture of residents for municipal services such as budget transparency, residents' payment knowledge and education, policy and legislation, fiscal exchange, social influence, deterrence, service administration and measurement. This chapter further examines the importance of collaboration between traditional leaders and municipal role-players in enhancing payment culture. It also interrogates the adoption of communication dynamics and emerging sustaining innovation to further enhance payment culture.

Chapter Four: Research design and methods

Chapter Four addresses the research methods used in this study. The research philosophy and approaches, research design, population, sampling, data collection instruments, and data analysis

are discussed in depth. This chapter also deals with validity, reliability and ethical issues as it relates to this study.

Chapter Five: Research results and findings

In Chapter Five, emphasis is placed on the presentation and discussion of the quantitative and qualitative research results obtained from the survey with the residents and the interviews with municipal representatives. It further presents the inferential statistics of the quantitative component, thus exposing the interrelationships existing among interacting variables while a network diagram is presented as a part of the qualitative component to simplify the findings obtained from the respondents.

Chapter Six: Overview of the research, conclusion and recommendations

This chapter presents an overview of the study, the discussion of the findings obtained from the quantitative and qualitative components. It further presents the contributions of this study which serve as a guide to the municipal role-players and other policy makers in the management of debt and service delivery. The limitations of the study, recommendations and the final conclusion are stated in this chapter.

CHAPTER TWO

STRATEGIC MANAGEMENT OF PAYMENT CULTURE

2.1 INTRODUCTION

Leaders of an organisation are expected to implement the concept of strategic leadership in order to move the organisation forward with regard to achieving and maintaining a competitive advantage. Thompson *et al.* (2014) argue that strategic management refers to the practice of how management transforms an organisation in order to cope with the challenges of the business environment. Consistent with this, Parnell (2014) affirms that strategic management incorporates the totality of activities that are initiated by managers to ensure that the performance of an organisation approximates anticipated targets. In this regard, Hill *et al.* (2017) stipulates that the failure or success of organisations strictly depends on management's effort to implement the objects of strategic management which should be aimed at achieving strategic advantage and growth. This emphasises the need for strategic leaders to be skilful to manage the affairs of an organisation, especially in the decision-making process to convert input into output.

This study interprets strategic leadership as strategic leaders on different levels striving to exercise their responsibilities, such as middle management who need to provide the tactical and operational level of management. With regard to the recurring municipal financial crisis in South Africa and the escalating debt accrual in the payment for municipal services, these topics address some possible solutions by which municipal role-players and policymakers could apply to enhance a payment culture.

This chapter begins by presenting the theoretical framework of this study, as well as the strategic management of payment culture. The theories adopted for this study were selected for the reason that they address and provide solutions to management issues surrounding the optimal performance of organisations (municipalities in this case). The strategic management of payment culture is further addressed to examine the interconnection between effective implementation of the organisational (municipality in this case) strategy and its impact on payment culture for municipal services. The functions and competencies of a strategic leader are examined to clarify the roles of a good strategic leader in the public sector needed for achieving desired results. The chapter further addresses the concepts of strategic leadership, the tasks and roles of strategic leaders, leadership competencies of executives in other countries, reasons for failure in strategy execution, the relationship between culture and implementation of strategy, as well as a selection of concerns on how to manage strategy-culture conflicts. The literature review of this thesis are

divided into two which are chapter two (strategic management of payment culture) and chapter three (factors affecting payment culture for municipal services).

2.2 THEORETICAL FRAMEWORK

The theoretical framework refers to the underpinning concepts of a study where important convictions and ideologies about the nature of knowledge are built (Grant & Osanloo, 2014). A theoretical framework supports and guides a study by providing a structure and describing how a study is philosophically and methodologically structured. The theoretical frameworks for this study were chosen to guide in providing ideas on how to approach the phenomenon under investigation, payment culture. The study adopts an eclectic approach which signifies that the underpinning theories were drawn from a wide selection of management theories and principles to elaborate the existing ideologies embedded in the study.

The literature review of this study is selective of studies that advocate the environmental approach to the strategic management process. This review adopts the viewpoint that external factors such as globalisation, communication, information technology, and competition are all indispensable in organisational planning and that all exert influence on the strategic management process. In essence, changes occurring within the external business environment have a direct influence on the performance and survival of organisations (Mofolo, 2012). The dynamic nature of the external environment forces organisations to devise strategies in order to modify and adapt their plans constantly for a balance with the external environment.

2.2.1 Systems Theory

The Systems Theory (*Allgemeine Systemlehre*) was advanced by Ludwig von Bertalanffy in the middle of the 20th Century in his pursuit to modify Aristotle's assumption that knowledge comes from the whole to the parts and that knowledge comes from parts to the whole (Mele *et al.*, 2010; Coetzee & Van Niekerk, 2012). This theory was not recognised and accepted by other scholars until after being considered by a group of economists (behavioural school of thought) who regarded a system as a unit of several interrelating parts that work in unison to achieve a defined objective (Hellriegel *et al.*, 2008). The focus of this school of thought is on how to resolve organisational problems prior to input, outputs, feedback and to further understand how the entire system functions to achieve a unified goal.

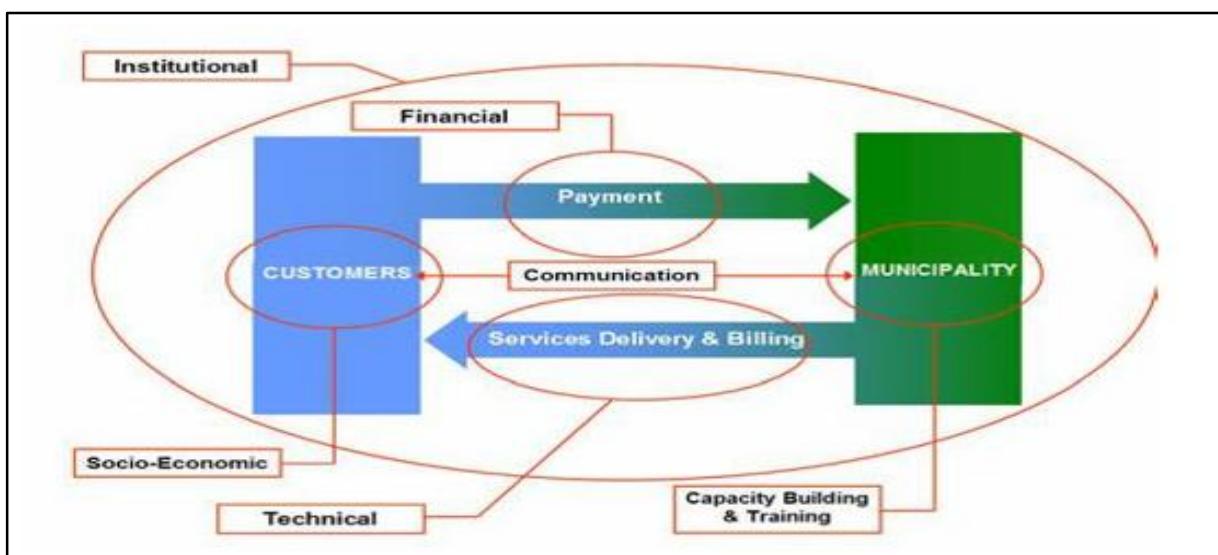
In order for a system to be effective, the interacting parts should function in unison and in a situation where a part is not active, it invariably affects the effectiveness of the entire system

(Hellriegel *et al.*, 2008). Thus, it is ideal that all units should interact effectively with the internal and external environments, thereby converting input into output and receiving feedback from both environments. Systems theorists emphasise the need for different departments to have extensive knowledge of their visions, developmental programmes, knowledge of their environments, manage their relationships with the internal and external environments, adapting to existing conditions, and also to have the courage to handle difficult times (Mele *et al.*, 2010).

A system is further viewed as having boundaries which differentiate the internal and external variables affecting its effectiveness. Systems theorists posit that there is a need for effective communication between firstly, an organisation (a municipality in this case) and consumers to understand the inhibiting factors affecting the compliance level and to further devise measures to enhance effective payment compliance and efficient service delivery (USAID, 2005); and secondly, consumers (residents in this case) who need to understand the implications of non-compliance. Municipalities should adopt the prescripts of this theory thereby ensuring that every unit functions effectively, co-operates effectively, relates with the internal and external environments, and ensure efficient service delivery to achieve the objectives of the municipality.

The Revenue Enhancement Model presented in Figure 2.1 depicts that effective communication is the linking factor between municipalities and customers (residents) to achieve payment compliance and service delivery.

Figure 2.1: Revenue Enhancement Model



Source: USAID (2005)

The Revenue Enhancement Model emphasises the importance of payment for municipal services and service delivery to enhance efficiency. This model encourages capacity building in municipalities, technical support in service delivery, socio-economic support with consumers (residents), and also institutional support in financial payments. The prescript of this model invariably encourages collaboration between municipal role-players and municipal employees and residents to enhance a responsible payment culture. It further supports municipalities to interact with residents, thereby understanding the issues surrounding non-payment and default for municipal services, thus identifying solutions to enhance a sustainable payment culture.

2.2.2 Contingency Theory of Leadership

The Contingency Theory of Leadership is a behavioral theory that contends that there is no single effective way to manage and design organisations as the best method of management depends on the internal and external factors affecting each specific organisation (Gallardo, 2015). Organisations are faced with different kinds of contingencies with regard to their internal and external environments which result in different levels of uncertainties. Gallardo (2015) affirms that there is no single optimal design to fit all organisations. This implies that leadership strategies that might be effective in some organisations may be ineffective when applied to another organisation. Hellriegel *et al.* (2008) posit that the basic concept of contingency theory emphasises that organisations are open systems which entail that managers should make decisions based on the contextual and environmental circumstances to ascertain the needs of the environment and its subsystems, as well as developing skills that are beneficial in moving the organisation forward.

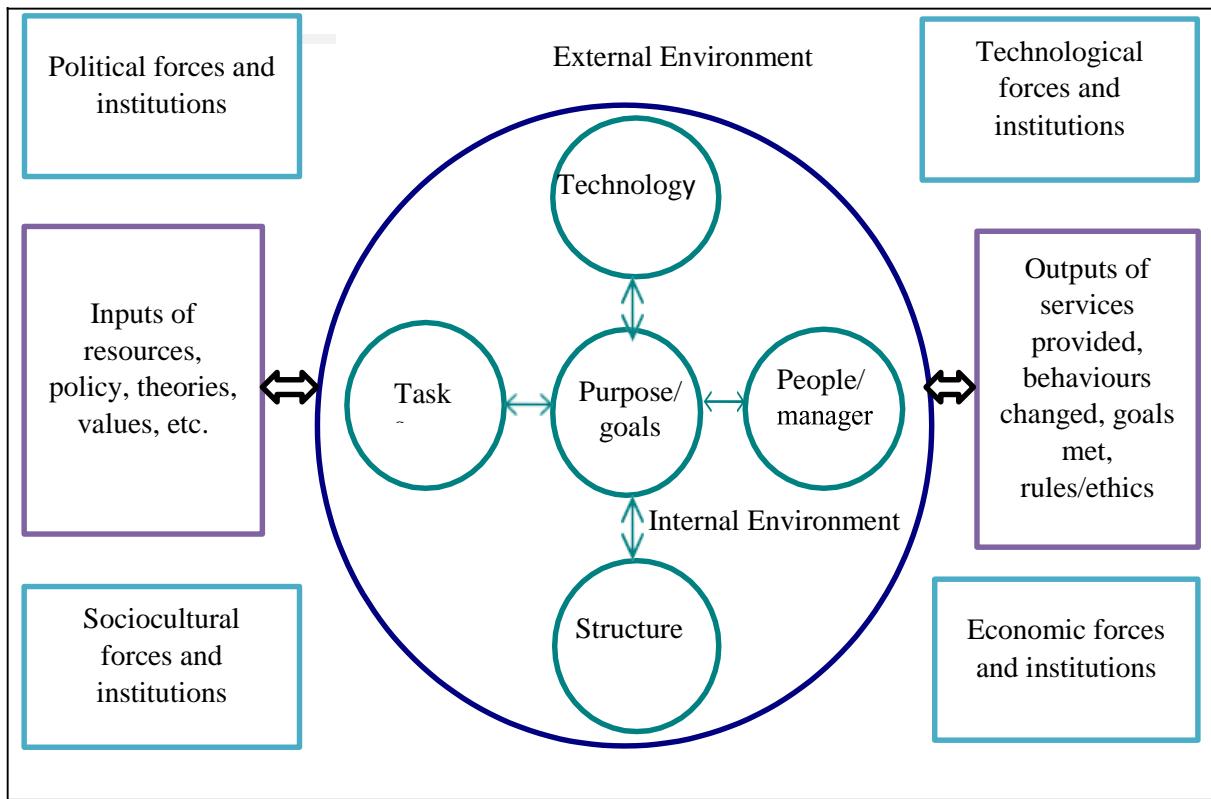
The Contingency Theory of Leadership posits that management should use diverse approaches to resolving issues that may arise in the work environment (Flynn *et al.*, 2009; Sauser *et al.*, 2009). It further posits that managers should make decisions based on the present need of the surrounding environment. In this regard, Miller and Greenwood (2010) postulate that it is important to note that differing situations may require different problem resolving mechanisms. Municipalities need to scan both the internal and external environments in order to identify suitable problem resolving mechanisms. Local municipalities ought to adopt the contingency approach in the management of service payment. Management needs to communicate adequately with residents and facilitate mechanisms to articulate residents' needs, then identify opinions and matters arising related to the payment of accounts. Only then could the municipality resort to devising strategies to resolve issues which ideally should enhance payment compliance. The Contingency Theory of Leadership

anticipates that management would combine diverse leadership approaches and situational controls to achieve performance, which will not necessarily be the same for all municipalities.

The application of the Contingency Theory of Leadership in a municipality context could enable managers to identify and even resolve issues from diverse perspectives. In this case, municipal role-players should consider the contingencies of the internal and external environment and evaluate whether or not the organisation is adept at managing the uncertainties of environment.

Figure 2.2 depicts the Contingency Theory of Leadership Model with the external environmental forces that influence organisational performance on the outside of the model.

Figure 2.2: Contingency Theory of leadership



Source: Schoech, (2006).

The external environmental forces are political, technological, economic factors, and sociocultural external forces that interact with the internal organisational variables (technology, people, structure and tasks) orchestrated by management to achieve desired goals. The Contingency Theory of Leadership is based on the premise that managers should consider the contingent

external environmental factors (political, technological, economic and sociocultural) in order to make favourable decisions for the organisation which are aimed at achieving a unitary goal.

The Contingency Theory of Leadership is based on a hierarchy characterised by its complexity and interaction between the following three elements: Leaders (municipal role players), Followers (residents) and Situation (environmental factors), to provide a general resolution direction to leadership. In the case of the municipalities in the North West province, role players are required to examine the factors that constitute the non-payment culture of residents for the payment of municipal services, as well as formulate measures to enhance payment compliance. Municipal role-players ought to be flexible in adapting to situations and should also use diverse methods to harness the forces and all environmental factors such that they resolve problems they may encounter in the process of enhancing residents' payment compliance. Furthermore, administrators should lead, support and direct residents in all circumstances to achieve the desired objectives of the municipality.

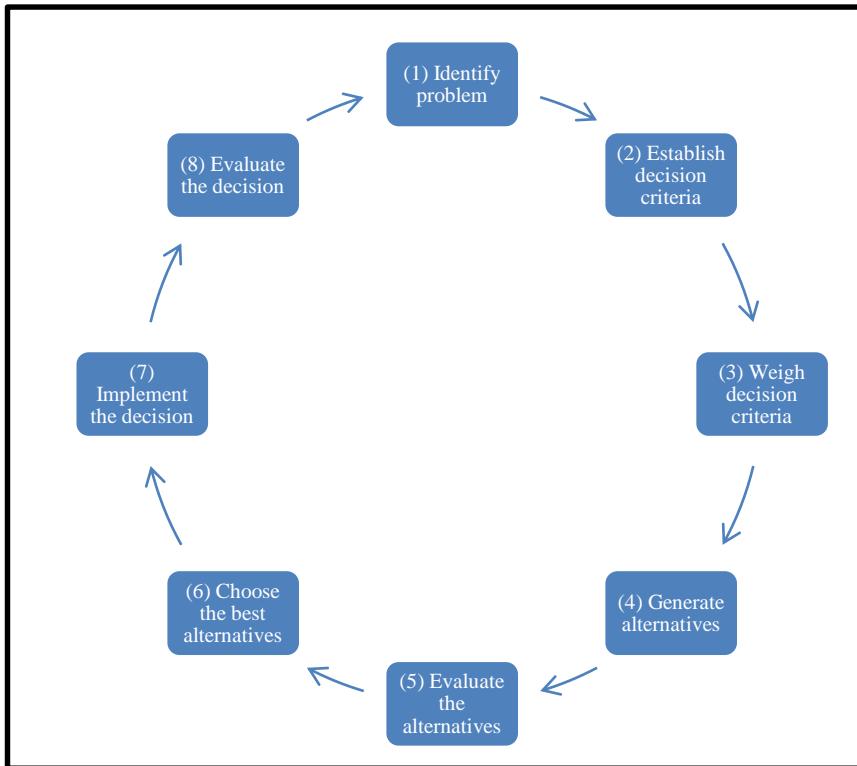
2.2.3 Decision-making Theory

The Decision-making Theory refers to a situation whereby several courses of action are selected from two or more alternatives to resolve a specific problem (Akrani, 2011). Decision-making is done to achieve an objective or to solve a specific problem. The Decision-making Theory, also referred to as the Rational Theory, is an instinctive and interdisciplinary approach that determines how organisations decide on the path to follow given unknown limiting variables in an uncertain environmental framework (Jefford *et al.*, 2011). The Decision-making Theory places emphasis on the best decision making strategy with perfect accuracy which is rational and based on logical concepts that are aimed at enhancing the capacity of management (municipalities) to formulate productive policies.

Intensifying the quality of the decision-making process in organisations improves work effectiveness, impacts lives and changes the organisational direction. The Decision-making Theory expresses the need for management to think rationally when under risk and uncertainty in order to select the best alternative amongst options. The relevance of this theory is that it provides management with structure and discipline to make decisions and furthermore, it encourages the consideration of factors that are incorporated into the decision-making process in a logical fashion. The Decision-making Theory, as portrayed in Figure 2.3, indicates that managers should firstly identify problems, then establish decision criteria, weigh decision criteria, generate alternatives, evaluate alternatives, select the best alternative, implement the decision, and finally evaluate

performance and results. The results and outcomes then form valuable input into the first step of the next process.

Figure 1 Decision-Making Theory



Source: Bwisa *et al.* (2014)

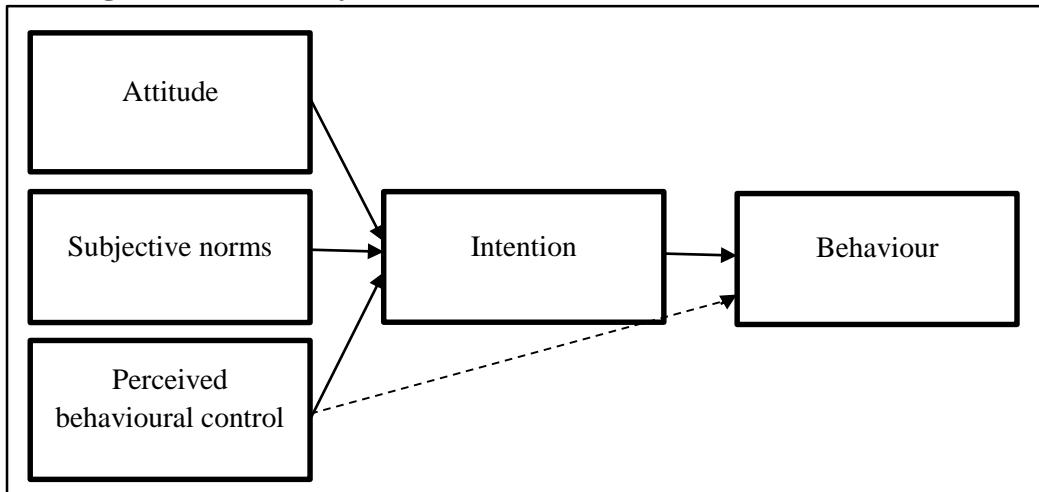
Municipal role-players, as in this case, need to understand the prescripts of this theory to be able to make a logical choice amongst available alternatives. Understanding this theory enables role-players in a municipality to evaluate the pros and cons of options, forecast the outcome of each possible choice, and then determine the best choice for each situation; even before making the decisions. This theory could enable municipalities to determine the best strategy to implement to achieve payment compliance for municipal services in any given situation.

2.2.4 Theory of Planned Behaviour

The Theory of Planned Behavior links belief and behaviour and predicts peoples' intention to engage in behavior at a particular time (Moss, 2016). This theory intends to explain all behaviours over which people have to exert self-control. The key component of this theory is the behavioural intent, which is influenced by attitude on the likelihood that the behaviour will have an expected outcome and the subjective evaluation of the risks and benefits of that outcome (Jimmieson *et al.*, 2008). The Theory of Planned Behaviour emphasises that human behaviours are governed not only by personal attitudes but also by social pressures and a sense of control.

This model, when coupled with a few modifications, can generate some fascinating predictions (LaMorte, 2016). For example, individuals are more likely to execute, rather than neglect their intentions, such as a plan to refrain from payment for services, if they express these plans on more than one occasion. This theory posits that human behaviour is deliberate and planned, therefore it can be changed. In essence, it means that the performance of behaviour is determined by intentions and behavioural control. This theory is depicted in Figure 2.4.

Figure 2.4: Theory of Planned Behaviour



Source: Bird and McClelland (2010)

It is observable in Figure 2.4 that attitude (favourable and unfavourable appraisal of behaviour in question), subjective norms (individual perceptions about the behaviour of others) and perceived behavioural control (ease or difficulty in behaviour performance) leads to intentions (likelihood to perform the behaviour) and finally, behaviour (action).

Employing this theory would enable organisations (a municipality) to understand the behaviour of people in a given circumstance. Municipalities in the North West province need to understand the prescripts of this theory in order to grasp early warning signals from residents towards payment default and the measures that could be applied to salvage the situation to achieve payment compliance.

2.2.5 Agency Theory

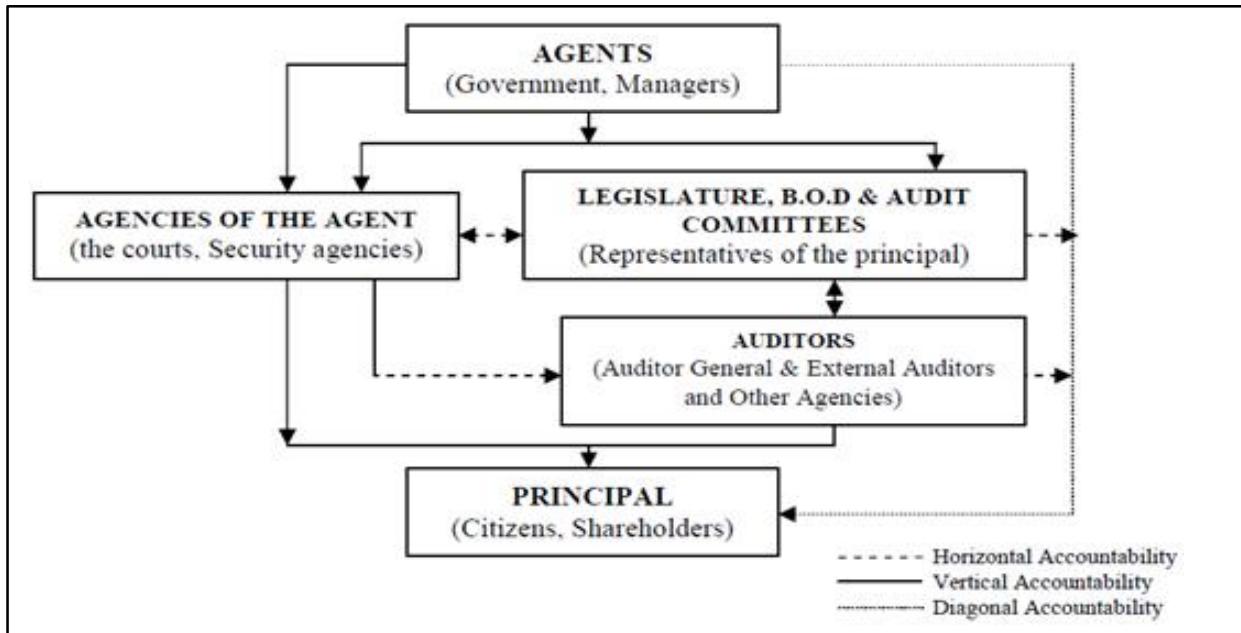
The Agency Theory was initially developed to elaborate on the relationship existing between two people known as the agent and the principal (Segal & Lehrer, 2012). Agency relationship is defined as a binding contract under which more than one person, known as the ‘principal’, enter into a contractual relationship with another, known as the ‘agent’, to perform several binding

services on behalf of each other's interest, which includes delegating decision making authority to the agent and managing some contingent situations on behalf of the principal (Segal & Lehrer, 2012). It should be noted that the principal can only check the deviations of the agent through the establishment of relevant incentives for the agent and by incurring monitoring costs designed to restrict any abnormal activities of the agent (Caers *et al.*, 2006). The study of Caers *et al.* (2006) predicts that the objectives of the principals can only be achieved if the activities of agents are checked while Akpanuko and Asogwa (2013) contends that the survival of the relationship can be enhanced by effective collaboration of both principal and agent, as well as, the adoption of open views and the availability of needed information.

The avowals of Zu and Kaynak (2012) and Mahaney and Lederer (2011) explain that the Agency Theory was propounded by financial economists in the 1960s and 1970s in order to understand the conflicts of interest between two people, known as the principal and agent. In assumed relationships, the principal hires the agent while the agent is obligated to perform the work. In this regard this theory addresses two specific issues: how to competently achieve the intended goals of the principal in order to avoid conflict, and ensuring that the principal and agent resolve different tolerances for risk (Hannafey & Vitulano, 2013). This theory further explains the principal-agent problem, which arises in the process of decision making by one party or entity (the agent) on behalf of, or that has an impact on, another person or entity (the principal). The principal-agency relationship is, however, sometimes controversial as the agent is inspired to act in their own best interest rather than the best interest of the principal (Lopes, 2012). It is of interest to note that there is always confusion on who is supposed to be the principal in the relationship. It is for this cause that the Agency Theory offers that managers (agents) may make decisions that conflict with the interest of principals, or that managers (agents) may pursue own objectives without considering the consequences on the principals (Mahaney & Lederer, 2011). Hannafey and Vitulano (2013) further aver that conflict arises as principals find it difficult to obtain precise information and to assess competently, some of their agents'/managers' behaviour.

Figure 2.5 presents the Agency Theory model depicting that the principal and their representatives hire agents and who ought to perform tasks assigned to them by their principals. Both agents and principals have their own self-interests to enter into a contractual capacity. It is also observable that agents are accountable to principals in many ways.

Figure 2.5: Agency theory



Source: Akpanuko and Asogwa (2013)

The application of the Agency Theory in a municipality setting presumes that municipal role-players, councillors, accountants and other employees are the agents while the recipients of the municipal services, voters, and rate payers are the principals. This relationship was reflected in Sections 238 of the Constitution, which states that:

“An executive organ of state in any sphere of government may delegate any power or function that is to be exercised or performed in terms of legislation to any other executive organ of state, provided the delegation is consistent with the legislation in terms of which the power is exercised or the function is performed; or exercise any power or perform any function for any other executive organ of state on an agency or delegation basis” (Constitution of RSA, 1996).

The study of Kivistö (2007) revealed that one of the issues facing agency relationships is that agents send false information to principles and this could be a cause of the incessant service delivery protests in South Africa, and this could also be a vital managerial weakness of role-players and governance structures in local municipalities in South Africa (AGSA, 2017). Furthermore, AGSA avows that municipal role players do not discharge their duties as constitutionally mandated in providing services to residents, as well as transparency and accountability towards residents (principle). The study of Koma (2010) also discovered that the issues lying behind municipal service delivery and payment for service delivery have not yet been fully addressed in a South African context. The application of the Agency Theory in a municipal context, therefore, implies that a relationship should be built on trust while agents ought to deliver

their promises as agreed upon when the contract was made in order to avoid mistrust and conflict (Zu & Kaynak, 2012). It also posits that there should be competent leadership by municipal role-players, as well as information transparency towards principals in order to take more effective strategic decisions amidst changing environmental circumstances (Mahaney & Lederer, 2011; Lopes, 2012).

2.2.6 Social Contract Theory

The Social Contract Theory posits that citizens' morals and political responsibilities are dependent upon a contract amongst them to reform the culture in which they live (Berdufi & Dushi, 2015). Morality, in this case, comprises the embodiment of rules, prevailing how citizens should treat one another, which rational people will accept in order to receive mutual benefits on the condition that others obey those rules as well (Nbete, 2012). The study of Nbete (2012) indicates that Thomas Hobbes and Jean Jacques Rousseau spearheaded the social contract theory in a quest to establish a civil society and to theorise a framework that balanced the authority of leaders (government) and the obligations of subordinates (citizens), based on the belief that they are parties to the social agreement.

The Social Contract Theory identified the existence of moral rules and enforceability of these rules as Rousseau asserts that "no one is above rules" (Berdufi & Dushi, 2015). This theory limits the ruling class (management in this case) from making bad rules. The Social Contract is amongst the most revolutionary theories which improve the functionality of society, and it also protects and offers citizens a more secure life. This theory continues to be relevant in today's political environment because it is the basis for the creation of a civil society where leadership and subordination exist, as well as the framing of government's legitimacy. In line with this, Madumo (2014) affirms that the Social Contract Theory seeks an impartial society where residents are committed to their duties in order to create a civil society. The Social Contract Theory would benefit South African municipalities if residents accepted their duties and responsibilities in order to bridge the gap with the municipality. This would enhance payment for municipal services by residents, as well as the effective provision of services by municipalities.

The section above explained the various theoretical frameworks which municipalities could adopt to enhance communication, cooperation and payment compliance in an attempt to change the payment culture of residents for municipal services. The following section explains the concept of strategic management which is needed to manage municipalities and to enhance the payment for municipal services.

2.3 STRATEGIC MANAGEMENT

This section delineates strategic management as informed by different scholars of management before examining the concepts involved in strategic leadership, and the tasks and roles of strategic leaders. The leadership competencies of management executives in other countries, the reasons for strategy implementation failure, the relationship between culture and the implementation of strategy, and how to manage strategy-culture relationships are reviewed in this segment.

2.3.1 Meaning of strategic management

Organisations and municipalities need to monitor their internal and external business environments to effect change in their business and service processes. In order to initiate change in a business environment, there is a need to implement the objects of strategic management to achieve desired objectives. This section presents the meaning of strategic management by several authors in the field of management. Aspects of strategic management by different authors such as futuristic activity, tactical efforts to gain comparative advantage, monitoring challenges to implement efficient measures, policy formulation to actualise organisational objectives, and investigative process to keep an organisation going are explained in-depth from the prescript of literature.

Strategic management denotes to a management process by which future goals of change are determined and current decisions to actualize a specific objective are decided upon (Anna, 2015). It is also the art and science of formulating, implementing, analysing and evaluating cross-functional decisions that enable an organisation to achieve its objectives (Verweir, 2014). Technology, competitors, tastes, fashions and people change over time, and organisations are expected to pull their resources and capacities together to ensure that they have control tailored to achieve various objectives.

Strategic management, in the views of Rothaermel (2013) and Joyce (2017), is regarded as the tactical efforts by an organisation to gain a competitive advantage in the business environment. It is regarded as a management philosophy on how to compete, providing direction in achieving the predetermined objectives of an organisation. A key success factor for an organisation is not by copying a close competitor as Rothaermel (2013) affirms, the only thing that matters in achieving business success is management's ability to combine and diversify activities to ensure creativity. Similarly, Joyce (2017) believes that comparative advantage is derived from doing things in a unique way. Organisational strategy involves the tactics and initiatives on how to compete in the

business environment and this entails processes, procedures and the transformation of philosophies (Joyce, 2017).

Strategic management also involves the practice by which management transforms organisations to cope with the challenges in the business environment (Thompson *et al.*, 2014). It is the process of assessing the strengths and weaknesses of an organisation to survive in the midst of competitors and to meet the expectations of all stakeholders. The strategic management task, according to Thompson *et al.* (2014), includes classifying the objectives of an organisation, mapping out the direction to achieve the objectives, incorporating ideas into practice, application of creativity and evaluation of tactical execution. Louw and Venter (2012) contend that managers should accommodate environmental change, think creatively and devise measures to sustain the organisation towards strategic development, change and transformation. With regard to strategic thinking in a dynamic environment, Louw and Venter (2012) and Thompson *et al.* (2014) state that management is required to guide organisational actions through the following questions: *Where are we now? Where are we going? How do we get there on time?*

In order to answer these questions, Louw and Venter (2012) state that managers are required to position organisations competitively, meet the objectives of stakeholders, monitor environmental challenges and formulate achievable goals which depend on the capacity of management and the organisational culture. More so, Hough *et al.* (2011) explain that organisational success depends on engagement with government, the external environment, and with other socioeconomic factors.

In the view of Parnell (2014), strategic management refers to the nature of actions or activities that are taken by managers to ensure that the performance of an organisation will equal or ideally exceed expected targets. The failure and/or success of organisations depend on management's strength in implementing strategies aimed at achieving strategic advantage and/or growth. Hill *et al.* (2017) allude that a strategic leader should be capable of managing the affairs of an organisation, especially in the decision-making process to convert input into output. Strategic management includes all measures involved in the implementation of strategies into reasonable action, such as designing products and/or services and supporting the lifeline of such products or services. Strategic management enables an organisation to improve its efficiency in discharging its operations through the ability of strategic leaders to specify authority; design organisational structure which provides guidance on human resource functions and decision making; control systems; and cultivating a responsible organisational culture (Stewart *et al.*, 2017).

Ungerer *et al.* (2015) ascertain that strategic management is a discipline that deals with an organisation's policy formulation which is informed by the planning and programme development that have long-term future prospects. In line with the above, strategy refers to the way leaders think or act in the implementation of the long term vision of an organisation. Partidario (2012) asserts that the concept of strategic management entails assessing the internal and external elements of the business environment to understand the variables that contribute to the attainment of organisational goals and making flexible decisions to achieve efficiency. Strategic management also involves the assessment of opportunities and risks involved in driving sustainable development, incorporating social, institutional and economic circumstances, and also facilitating stakeholder engagement through a collaborative process (Partidario, 2012).

Bruton and White (2011) affirm that strategy is the totality of actions that help to achieve organisational objectives. Strategic management entails the procedures by which an organisation outlines and communicates the type of business which an organisation wishes to adopt and the type of human and financial resources needed to achieve proposed business plans (Lynch, 2015). It is under strategic management practice that an organisation makes its policies and plans to ensure that all efforts are directed towards achieving pre-stated objectives. Strategic management builds the foundation and direction to achieve several organisational activities over forthcoming years. Strategic management directly benefits an organisation as it builds a basis through which the organisation moves towards consistency in achieving its objectives (Bruton & White, 2011).

Amason (2011) strongly contends that the concept of strategic management involves an investigative process. An investigative process refers to choosing an integrated course of action and reasonably mapping out measures to execute actions. Strategic management enables an organisation to make continuous improvement by doing what is right at the appropriate time. Katsioloudes and Abouhanian (2017) pinpoint that strategic management provides a background for management to source more cost-effective means so that the organisation can initiate change, achieve change or adapt to change. In a situation where an organisation does not perform excellently, Meyer (2012) opines that strategic leaders are then the key solution in providing direction to obtain its competitiveness within its business environment. Strategic management also provides a blueprint of where an organisation wants to be in the nearby future and it also indicates how an organisation is to achieve its objectives (Gamble *et al.*, 2017).

In the light of the above, Ackermann and Eden (2012) aver that strategic management may be viewed as the entire set of obligations, decisions, and actions required to achieve a strategic benefit

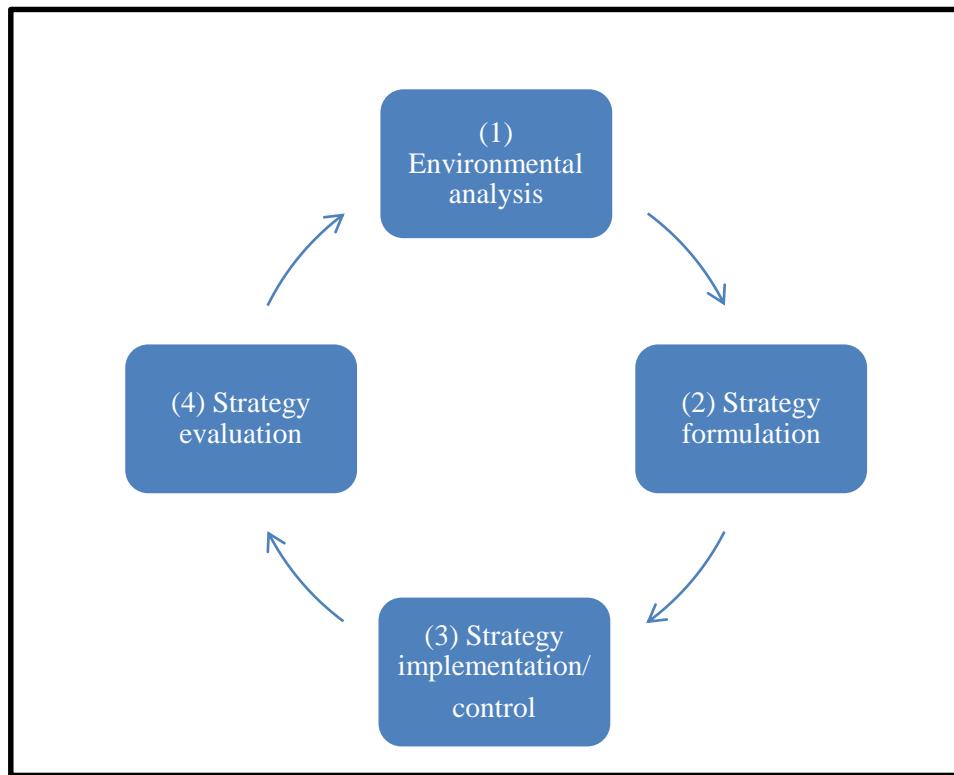
and to produce desired results. Evans (2014) further states that an organisation starts by undertaking intensive environmental analyses while using the information gained from the external and internal analyses to formulate its mission and vision statements. Strategic management also involves all the organisational resources such as human, financial and information getting coordinated and directed towards achieving the organisational vision in alignment with the internal and external environmental challenges (Hitt *et al.*, 2017). In order to achieve the long-term objectives of an organisation, management must have access to information about the business environment, formulate the mission statement, collaborate with all stakeholders, and add value to its products/services (Hitt *et al.*, 2017).

The above discussion provided the meaning of strategic management and it is noted that organisations can remain stable, stay in the line of business, add value to its products and services, and out-compete rivals through the process of strategic management. Following is a deliberation of the process of strategic management.

2.4 PROCESS OF STRATEGIC MANAGEMENT

Shaw and Maythorne (2013) suggest that strategy ought to include several ways of implementing organisational change, from short-term advances to long-term innovations. Organisational strategy, according to Ungerer *et al.* (2015), is a four-stage process responsible for an integrated closed loop system linking strategy to operational plans, implementation, review and learning. The four steps involved in the process of strategic management commence with the assessment of the internal and external environments, which links up with strategy formulation, implementation, and lastly, evaluation (Hitt *et al.*, 2017). A pictorial representation of this strategic management process is represented in Figure 2.6.

Figure 2.6: Strategic management process



Source: Adapted from Hitt *et al.* (2017)

Following is a synopsis of the four stages of the strategic management process.

2.4.1 Environmental analysis

The first stage of strategic management, as depicted in Figure 2.6, is environmental analysis. This is often the reason why many organisations experience turbulent times, because of the environment and they need to cope with a multitude of challenges. This discussion elaborates on the meaning of environmental analysis as viewed by several authors and the stages involved in conducting an environmental analysis is also dealt with.

Jofre (2011) avows that environmental analysis refers to an assessment of the environment to support the strategic decision managing of an organisation. It involves the combination of strategy enablers such as people, processes and technology to enhance decision making (Kessler, 2012). Shaw and Maythorne (2013) informs that an environmental analysis is conducted to understand the general attributes of the environment and to understand the strengths, weaknesses, opportunities and threats the organisation is faced with. Opportunities are the favourable situations that have the probability to contribute to strategic competitiveness, if it is well exploited, it may

come through cultural, political and economic reforms which may enhance growth. Threats are conditions which may tend to hinder the pace of progress or conditions that seem to retard the growth of an organisation. Environmental analysis involves the scanning, monitoring, forecasting and assessing of the internal and external challenges facing the future of an organisation and Hitt *et al.* (2017) uphold that it should be well-conducted by strategists in order to know the strengths and weaknesses of the organisation to actualise the objectives of an organisation. The concepts of an environmental analysis, as proposed by Hitt *et al.* (2017), are highlighted below.

(1) Environmental scanning

Environmental scanning refers to the process of analysing all the internal and external organisational factors that do and could have an effect on the functioning and future plans of an organisation (Sharma, 2017). Environmental scanning is mainly concerned with identifying the threats and weaknesses emanating from the internal and external environment within which an organisation operates (Hill *et al.*, 2017). In the process of conducting environmental scanning, management should analyse the micro and macro-environments in which the organisation operates and this includes the local, the national and the global environment. It is also necessary to assess the competitive strength of the organisation, its structure and the strength of competitors so that counter-strategies can be devised to protect the organisation.

(2) Environmental monitoring

The process of environmental monitoring involves the continuous observation of the business environment to detect possible changes occurring in both the internal and external environments. Continuous environmental monitoring enhances the chance of detecting meaningful environmental events and trends. According to Azcárate *et al.* (2013), the process of monitoring facilitates information transfer from the environments so that management can proactively find solutions to resolve potential problems that may arise. Municipal role-players, as in this study, should monitor their internal and external environments to understand issues surrounding the non-payment and default in the payment for municipal services.

(3) Environmental forecasting

The study of Grunig and Kuhn (2011) sustains that environmental forecasting refers to the ability of an organisation's management to make projections of futuristic events, its possible causes and the resultant effects of such events on organisational performance. In the view of Cutaia (2016),

environmental forecasting is undertaken to establish the best possible time to introduce a new concept and/or strategy and to project the subsequent impact this might have on the operational image of an organisation. This process is deemed as exceptionally challenging because organisational success depends on the ability of management to make an accurate forecast of the environmental challenges facing the organisation (Hitt *et al.*, 2017).

(4) Environmental assessment

The study of Lynch (2015) confirms that environmental assessment involves the determination of the timing and the significance effect of changes the environment might have on an organisation. It enables management to interpret the meaning of trends identified that might retard the success of the organisation. The subsequent section explains the next step in the strategy management process in an organisation.

2.4.2 Strategy formulation

Strategy formulation is the second step in the strategic management process and refers to the process by which an organisation considers alternatives and then selects the most effective course of action to achieve its objectives (Nedelea & Paun, 2009). The formulation of an organisational strategy takes account of all the internal and external environmental factors when compiling a working plan for accomplishing defined objectives. The definition of strategy by Ackermann and Eden (2012) upholds that strategy is a management statement of how organisational resources will be used to achieve desired goals. Nedelea and Paun (2009) declare that the following should be considered when a strategy is formulated:

- How to react to changing situations: Organisations (municipalities in this case) should thrive to understand the internal and external environments and be cognisant of the needs of consumers (residents), trends, cultures, customs and threats to be able to device measures to address all of these.
- How to allocate resources: Municipalities should consider all alternative methods of resource allocation to the various departments to ensure their effective functioning.
- How actions should be taken: Organisational strategy should stipulate the actions that should be taken by each and every functional department and/or operating section.

The process of strategic formulation requires careful analysis of situations, perfect judgement, and also making the right choice to achieve the set goals. The following steps are recommended by Bruton and White (2011) for formulating perfect organisational strategies:

- Mission statement: This stipulates the method an organisation will adopt to achieve its objectives.
- Vision statement: This explores the visions of the organisation, thereby giving clarity on the main objectives of the organisation.
- Study the external environment: Strategic formulation must consider the external environmental factors such as legislation, culture, technology and other macro-economic factors.
- Deciding on long and short-term strategies: Management should differentiate between long-term strategies and short-term plans and tactics before budget and resource allocation should be made.

Subsequently is an explanation of the process of strategy implementation, the third step in the strategic management process.

2.4.3 Strategy implementation/execution

A strategy, according to Jones and Hill (2010), is deemed meaningless until it is implemented. Organisations may fail repeatedly due to the inability to select and implement their strategies appropriately. This section deals with the third step of strategic management process, as expounded in Figure 2.7, and explains the meaning of strategic implementation by different scholars in management.

Strategy implementation, as affirmed by Partidario (2012), is the conversion of strategies into action. This process includes designing, refining the effectiveness of organisational operations, and improving organisational design, structure, control systems and culture. Strategy implementation is required to reposition the organisation in line with its vision, which could translate into reformation or re-engineering if necessary (Dhillon, 2014). Corporate governance and performance are linked to strategy implementation through the association between stakeholder management and corporate performance (Jones & Hill, 2010). Strategic leadership is necessary for attaining the vision of the organisation thereby, achieving its short term and long term objectives (Hough *et al.*, 2011).

Several organisations fail to realize a competitive advantage, as noted by Samad and Aziz (2016), due to the fact that good organisational strategies are often poorly implemented. To achieve effective strategy implementation, organisations sometimes need to restructure in order to meet the performance standards required, also through the monitoring and controlling of strategic activities (Parnell, 2014). To further sustain proper strategic implementation, management is required to set clear objectives, support reward systems, policies and procedures, involve senior management and the proper allocation of resources to support procedures (Samad & Aziz, 2016). The development of an implementation plan is required to translate strategy into action and it is obligatory that organisational strategic leadership should bring all business tasks together which encompasses the mission, vision, goals, ethics, culture, employee enthusiasm and communication (Parnell, 2014).

Strategy implementation in the view of Ehlers and Lazenby (2010) refers to a management process that requires leadership style that is change-motivated and commitment-driven by managers. The implementation of strategy commences with corporate governance, such that top management has the responsibility to oversee that managers implement the strategy and monitor its implementation (Gamble *et al.*, 2017). The magnitude of change required by an organisation determines whether change revolves around the current organisational structure and culture (Ungerer *et al.*, 2015). Management is required to accept changes within the existing organisational framework as it leads to the adoption of new measures to acclimatise to a changing environment and Ehlers and Lazenby (2010) then posit that the implementation of strategy covers all the necessary areas which include strategic change, organisational structure, strategic control systems, strategic leadership and sound governance. The next discussion expounds on the strategy evaluation and control.

2.4.4 Strategy evaluation and control

Strategy evaluation is the last phase in the strategic management process and it is the assessment exercise that informs management about the effectiveness of strategies applied in the execution of programs, projects and activities in an organisation. Following is an explanation of strategy evaluation and the processes involved in strategy evaluation. Hill *et al.* (2016) explain that strategy evaluation shed light on the effectiveness and efficiency of plans implemented in achieving organisational objectives. The process of strategy evaluation, as presented by Hill *et al.* (2016), includes the following four aspects.

- (1) Benchmarking performance

In the process of strategy evaluation, questions such as how to set benchmarks and how to prompt it should be considered. Management is required to objectify the requirements for performing main goals. The performance indicators that best identifies and expresses special requirements might then be used for evaluation purposes. Qualitative and quantitative measures can be used to achieve an inclusive assessment of performance. Quantitative measures include the determination of net profit, return on investment (ROI), earnings per share, cost of production, and rate of employee turnover. Qualitative measures can include all subjective assessment of factors such as skills, competencies, risk-taking potential, flexibility, satisfaction, motivation, and also job-related issues.

(2) Measurement of performance

Measurement includes a standard of performance which serves as a benchmark when it is compared to actual performance. Performance measurement becomes an easy process when it is reported and communicated through a defined system. In some situations, several factors such as managers' contribution and feelings are difficult to measure, as well as divisional performance which is equally difficult to measure when compared to individual performance. Measurement of performance should be done at the right time in order to comply with the purpose of evaluation. In organisations, measuring performance (such as the annual financial viability) and the statement of finances (such as the balance sheet and the profit and loss account) must be prepared on an annual basis for management to effectively measure performance.

(3) Analysing variance

In the process of measuring real performance and standard performance, management should identify the variances which must be analysed. Strategists have to indicate the degree of tolerance between which the variance and standard performance may be accepted. A positive deviation specifies an improved performance which is unusual to exceeding a target while a negative deviation is an issue that needs to be dealt with as it portrays underperformance in an area or for the entire organisation. A negative variation should be an obvious issue for strategists as the cause of deviation needs to be discovered and corrective action decided upon.

(4) Accepting corrective action

As soon as deviations in performance are noted, it is vital to device immediate remedial action. In a case where performance is continually far lower than preferred performance, strategists

should then implement a thorough investigation and evaluation of the elements liable for such performance. If the strategists find that the organisational potential does not match performance requirements, then the requirements have to be lowered or potential needs to be increased. Another uncommon corrective action is the reformulation of strategy which requires taking a step back to the departure point of strategic management and reframing strategies and/or plans according to the new allocation of resources.

The explanation above dealt with the concept of strategy evaluation and it should be observed that effective strategy evaluation can be done by benchmarking performance, measuring performance, analysing variance and accepting corrective action.

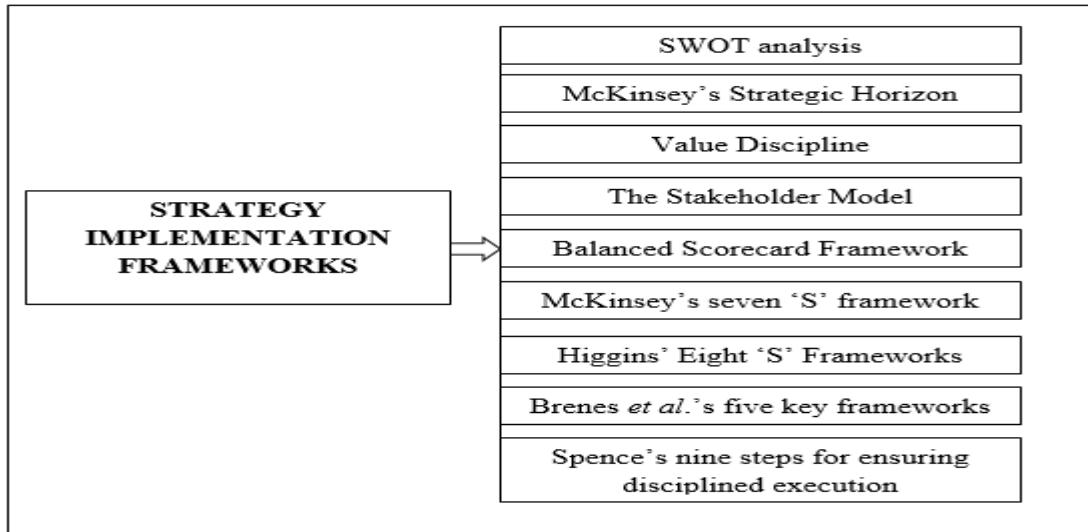
The subsequent section elaborates in detail on the different strategy implementation frameworks which organisations (municipalities in this case) should consider for adoption to achieve success in their business/service process.

2.5 STRATEGY IMPLEMENTATION FRAMEWORKS

There are different types of strategy implementation frameworks that could be considered by managers to achieve their organisational goals. Despite the availability of these frameworks, many organisations struggle to make informed selections due to a lack of vision and a multitude of environmental contingencies. Among the frameworks are the SWOT analysis, McKinsey's strategic horizon, Value discipline, The Stakeholder Model, the Balanced Scorecard Framework, McKinsey's seven 'S' framework for strategy execution, Higgins' Eight 'S' Framework for Strategy Execution, Brenes *et al.*'s five key frameworks for strategy execution, and lastly, Spence's nine steps for ensuring disciplined execution (Wright, 2017).

In deciding on a strategic framework, a strategic leader needs to consider and then select the best possible framework, apply the framework to the organisation's strategic goals, and then review the organisational plans based on the adopted framework. The implementation of a strategic framework will help an organisation to have direction, as well as enable employees to understand how their objectives fit into bigger aspirations. In municipalities, role-players should strive to select the best strategic framework considering their goals and objectives, as well as the environmental constraints within which they function. The subsequent delineation explains the various strategy frameworks available to enhance the functionality of organisations (municipalities in this case), as well as enhancing the payment culture for municipal services.

Figure 2.7: Strategy implementation frameworks



2.5.1 SWOT analysis

The acronym SWOT analysis denotes a technique used to identify the Strengths, Weakness, Opportunities and Threats of an organisation (Verweire, 2014). This can be applied in understanding how successfully organisations emerge in their benchmarking and how present projects are performing (Siddique & Shadbolt, 2016). Following is an explanation of each SWOT element as illustrated in Figure 2.8.

Figure 2.8: SWOT Analysis



Source: Siddique and Shadbolt (2016)

- (1) Strength — This refers to the factors which an organisation can effectively do comprising skills, products and human resources (Wheelen, & Huger, 2012). More so, strengths can separate organisations from close competitors. The effective use of an organisation's strength will enable it to achieve its objectives.
- (2) Weakness — This refers to the factors which might retard the progress of an organisation or the factors that may be lacking. Comparing the views of Jofre (2011) with those of Partidario (2012), organisational weakness may encompass products or services that close competitors can do better, resource limitations and a lack of skilled employees and financial resources.
- (3) Opportunities — According to Kaplan (2010), opportunities refer to a positive chance which could lead to organisational growth when utilised effectively. Such positive chance could be an underserved market environment, a few close competitors operating in the same business environment, a great need for a product in a particular place, and also the media coverage of products.
- (4) Threats — These are any impediment to growth or every factor of the business environment that poses a risk to success or growth (Hrebiniak, 2013). A threat can be changes in legislation guiding business operations, emerging competitors, financial issues, or anything which could affect the success of organisations negatively.

The SWOT analysis concept is divided into internal and external factors having a positive or negative influence on the progress of organisations (Damaron & Torset, 2014). More so, Damaron and Torset (2014) indicate that the internal factors of a SWOT analysis are the strengths and weaknesses due to the fact that it encompasses what an organisation can control in the internal environment. For example, organisations can improve the quality of its workforce and the quality of its products at any point in time. On the contrary, external factors (opportunities and threats) cannot be controlled as these are outside of the internal environment. For this reason, the SWOT analysis is considered by Partidario (2012) as an internal, as well as external analysis that can make a significant contribution towards the success of an organisation. More so, opportunities and strengths are considered by Partidario (2012) as the positive influences that are likely to influence the success of an organisation while weaknesses and threats are the negative influences that could restrict or hamper the growth of an organisation if not managed appropriately.

2.5.2 McKinsey's Strategic Horizon

The McKinsey's Strategic Horizon, according to Hobcraft (2015), was promulgated to articulate activities related to future innovation in such a way that it is consistent, as well as coherent. The three principles of McKinsey's strategic horizon include clarity, exploration and identification (Hobcraft, 2015). In the views of Wright (2017), McKinsey's strategic horizon keeps strategic leaders focused towards growth, innovation and encouraging change. In adopting this framework, organisational goals are categorised into three main groups, according to Wright (2017), namely: core business, emerging business opportunities, and blue sky categories.

- (1) Core business — This is known as horizon one and encompasses the totality of activities implemented or added to the current business of an organisation. It encourages the implementation of strategies channelled on the possible current revenue mobilising ventures of an organisation. In the case of the financial departments of municipalities, priority should be shifted to how payment for municipal services should be mobilised and to improve the margins of municipal financial matters.
- (2) Emerging opportunities — This is referred to horizon two and deals with the implementation of opportunities available within the context of the environment to yield results. There is an array of costs associated with this category due to the need for the expansion of the current business model. Municipal role-players should take cognisance of emerging opportunities and convert it into revenue-yielding prospects.
- (3) Blue sky — This is known as horizon three and encompasses the long-term business strategies implemented to keep the business going. These strategies may be non-beneficial for a long period of time due to the fact that such strategies are applied to changing the direction of an organisation. Activities such as research or new revenue opportunities always take some time to yield revenue for an organisation.

Organisations, according to Wright (2017), are required to split the strategic implementation process into the above three units of horizon according to the following percentages, preferably 70 (core)/20 (emerging opportunities)/10 (blue sky). This framework keeps the organisation focused on developmental activities and also on creating future revenue opportunities. Municipalities should adopt the prescripts of this framework to focus on the steady growth of the organisation, the creation of future revenue opportunities, and also in maintaining a balance between cash flow and growth rate.

2.5.3 Value discipline

The value discipline strategic implementation framework depicts that organisations should divide their strategic goals according to their particular line of business or area of specialisation (Kudo *et al.*, 2011). This approach enables an organisation to make assessments of available opportunities and threats and then devising measures for improvement. Kandasamy (2016) avers that the approaches in value discipline include: operational excellence; customer intimacy; product leadership; and customer value.

- (1) Operational excellence — Operational excellence encourages organisational fairness at each level of operation until the last consumer is satisfied. This strategic implementation approach ensures that products are standardised, limited and delivered at the lowest possible cost. It also guarantees that products are produced at the highest level of efficiency with zero defects and furthermore ensure that the target market is satisfied. Municipalities should adapt to the prescripts of this approach by providing adequate services to their residents, communicate with their residents through effective means, as well as providing appropriate payment options to achieve payment compliance in the quest to achieve perfect service delivery.
- (2) Customer intimacy — As the name implies, the focus of this approach is on the tastes and needs of the consumer. It seeks to understand the issues or difficulties consumers are faced with and then devising measures to resolve it to the satisfaction of consumers. In the case of municipalities, customer intimacy can be achieved by improving the services provided by municipalities to residents and this will result in improved relationships between residents and municipal role-players.
- (3) Product leadership — The focus of this approach is on innovation or the development or improvement of products. It implies that organisations who want to excel in a particular line of business should strive to be more creative and innovative than others in producing better, cheaper, more effective, faster or trendier products in an attempt to stay ahead of close competitors. It could be said that the product leader will be the municipality who is the leader in the market (district, province or country).
- (4) Customer value — This is a new approach proposed by Kandasamy (2016) and is based on the multidimensionality of customer value which organisations can create by having insight and understanding of the impacts of different components. This shows that the consumer is a unique, complex and rich concept that needs to be clearly understood by role-players in order to provide the right products with good quality, speed and cost-effectiveness.

Kandasamy (2016) upholds that the value discipline strategic implementation approach is one of the best approaches because it enables an organisation to be focused on diverting all energy into improving a particular line of business. In the case of municipalities, this approach should be considered as the core objective of municipalities in order to provide services, to facilitate operational excellence, to improve consumer relationships, and to enhance the provision of adequate services.

2.5.4 Stakeholder model

Stakeholders are groups of individuals who are affected by or can affect the accomplishment of organisational goals. The stakeholder approach is concerned with understanding the concerns of employees and stakeholders in order to propose attainable objectives within both the internal and external environments (Freeman, 2010; Rothaermel, 2013). The implementation of strategy, according to the Stakeholder Model, requires an organisation to consider or to give priority to a particular group of people who are involved in the business activity. The studies of Freeman (2010) and Rothaermel (2013) avers that the stakeholder model can be applied to the following stakeholders.

- (1) Employees — Strategies that could enhance the effectiveness of employees should be considered as a part of the stakeholder approach to ensure organisational effectiveness. Such strategies could include tangible and intangible benefits, for example an increment in salary, fringe benefits, motivational approaches, and so forth.
- (2) Customers — The implementation of strategies to favour customers, such as product improvements and price reductions, falls into this category. In the case of municipalities, residents are the target and strategies such as the provision of adequate services should be the objective of municipal role-players.
- (3) Community — In some organisations, different communities are given reasonable consideration due to prior specification by government. Such consideration includes the provision of employment opportunities, improving the lives of the citizenry and economic development. Municipalities, as in this case, should focus on improving the quality of service delivery to members of communities in order to induce them to pay for services rendered.
- (4) Society — Organisations implement strategies that could favour society by formulating development-friendly policies. Implementation of policies that will advance technology,

infrastructure and other research activities are contained in this category. Municipalities are expected to focus on the implementation of strategies that would enhance economic development and uplift communities.

Feeman (2010) and Rothaermel (2013) advocate that the stakeholder approach is regarded as an outward friendly approach as it tends to specify the direction whereby the ideas and needs of all stakeholder groups are given attention. In this approach, employees and others find the procedure exceptionally easy to understand within the context of the business environment. In the case of municipalities, municipal role-players should be able to consider residents, the strengths of their staff, the civil society and government during policy formulation.

2.5.5 Balanced Scorecard

A Balanced Scorecard is a strategic execution instrument used by organisations to improve business functions and their consequent outcomes. Zizlavsky (2014) states that a Balanced Scorecard is a performance measuring instrument that informs a strategic leader in an endeavour to achieve operational excellence and innovation. In the view of Stefanovska and Soklevski (2014), the Balanced Scorecard provides a balance between different perspectives which enhance organisational growth. It is an approach that categorises organisational strategy into four (4) quadrants, namely: financial, internal business processes, employee learning and growth and lastly customers. Figure 2.9 further explains the factor concerns included in the Balanced Scorecard implementation process.

Figure 2.9: Balanced Scorecard Model



Source: Adapted from Kaplan and Norton (2008)

Following is a synopsis of the Balanced Scorecard model.

- (1) Financial — Organisations consider the value they add to consumers in the process of controlling costs. In this approach, the main target of the organisation is to reduce costs and increase revenue, improve the return on spending and reduce risks.
- (2) Internal business processes — The focus of this approach is on how to satisfy a consumer in meeting organisational targets. It measures and improves internal and external consumer demands and needs. Furthermore, the focus of this approach is on product leadership, consumer intimacy and operational excellence.
- (3) Organisational capacity/Employee learning, growth and innovation — This approach ensures that employee knowledge is improved to maintain a competitive advantage against close competitors through learning and innovation. It facilitates change by allocating job design to encourage competence. In the case of municipalities, role-players could implement innovative strategies such as mobile banking and mobile messages to improve services.
- (4) Customers — This factor concerns how to improve consumer satisfaction in the business environment. This strategic implementation approach seeks to understand what is required from an organisation to establish a consumer-friendly relationship, provide information to

consumers in a special way, eliminate mistakes in consumer services, and to improve the general image of the organisation.

Stefanovska and Soklevski (2014) suggest that the implementation of the Balanced Scorecard strategy sustains the strategic goals of employees, thereby enabling them to have a unified vision of the organisation. Municipalities should adopt the prescripts of this approach in communicating adequately with employees, as well as aligning daily work routine with the organisational schedule. The Balanced Scorecard also enables municipalities to measure and monitor progress in the municipality as an organisation. The subsequent discussion explains the McKinsey's seven (7) 'S' framework for strategy execution.

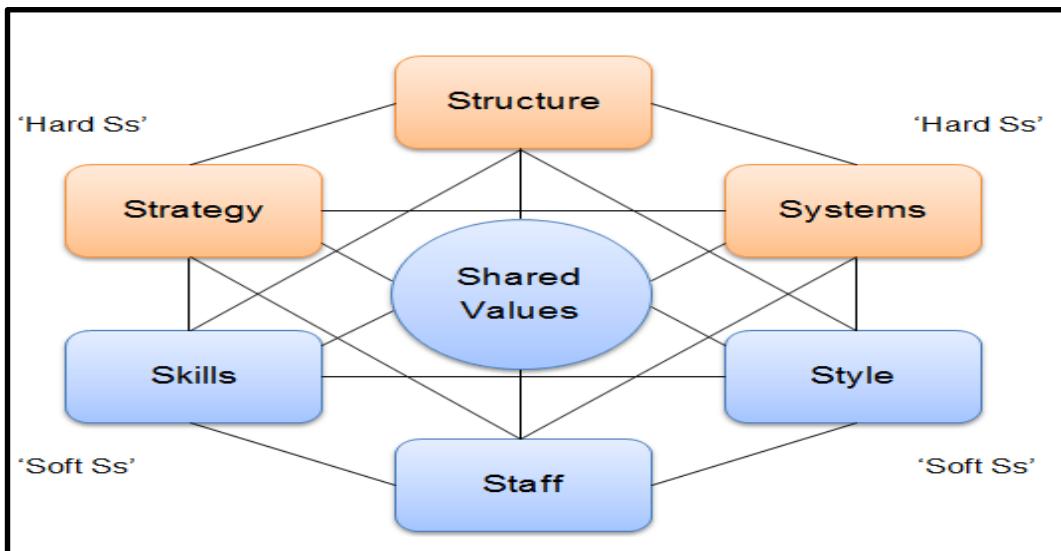
2.5.6 McKinsey's Seven 'S' framework for strategy execution

McKinsey's Seven 'S' framework for strategy execution was developed in 1980 by Tom Peters and associates as a strategic planning tool. This model comprises seven elements that could be aligned to achieve success in an organisation. Jurevicius (2013) upholds that organisations should align structure, systems, style, staff, skills and strategy to achieve a competitive advantage. Jurevicius (2013) asserts that these are divided into hard and soft fundamentals. The hard fundamentals (such as structure, systems and strategy) are those factors that can physically be seen when it is in the right direction, whereas the soft fundamentals (such as staff, skills, and style) are intangible factors that cannot be seen when it is not in place.

The study of Spence (2017) affirms that McKinsey's Seven 'S' framework allows a company to know how best it can fit into the execution of strategies while focusing on the seven elements as identified by the framework. This framework improves the effective performance of an organisation, examines the effects of impending changes on the organisation, as well as aligning departments to perform together for the benefit of the organisation (Spence, 2017). The seven 'S' framework, in the view of Savkin (2015), validates the link between seven elements to achieve organisational results. It further enhances a manager's ability to effect change in an organisation. Kraaijenbrink (2018) argues that organisation success is dependent on how these elements are linked to strengthening the organisation.

Following is a synopsis on the seven elements, as explained by Kraaijenbrink (2018) and presented in Figure 2.10.

Figure 2.10: McKinsey's Seven 'S' framework for strategy execution



Source: Kraaijenbrink (2018)

The seven elements are:

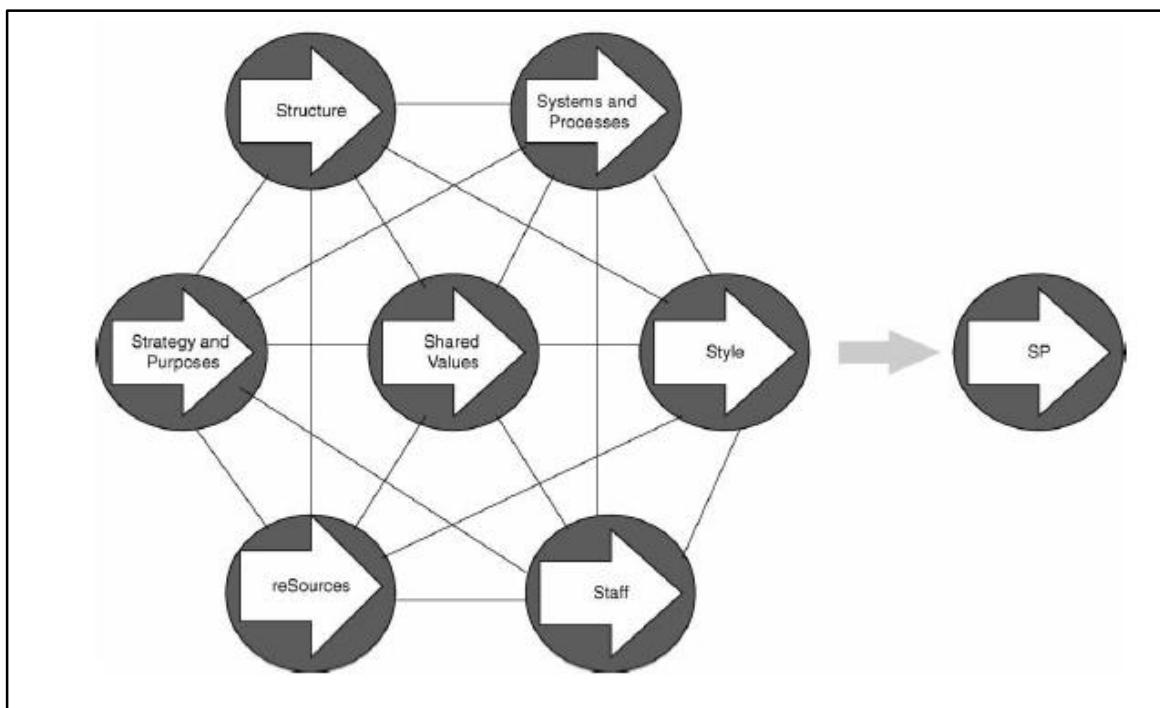
- Structure — This refers to the following five components of authority to perform jobs, the grouping of jobs into subdivisions, nature of control, measures of coordination and the operational model, policies and procedures.
- Systems — This refers to the daily activities of employees such as the information systems, capital budgeting systems, and the reward systems in order to get the job done.
- Style — This involves the leadership competencies and abilities adopted by top management to effectively manage the organisation.
- Staffing — The quality and capacity of employees needed by the organisation to execute its operations successfully.
- Skills — These are the competencies of employees in order to get the work done in an equitable manner.
- Strategy — These are plans devised to achieve organisational aims and objectives in order to achieve a competitive advantage.
- Shared values — This represents the general values that are shared by employees in any organisation.

Higgin's Eight (8) 'S' framework for strategy execution is the next subject of analysis.

2.5.7 Higgin's Eight 'S' framework for strategy execution

The Higgin's Eight 'S' Framework for Strategy Execution was developed by Higgin in 2005. This framework is based on the McKinsey's Seven 'S' framework as six elements of the McKinsey Seven 'S' framework was retained (Leibbrandt & Botha, 2014). The retained elements are structure, systems and process, style, staff, shared values and strategy. The 'skill' element in the McKinsey Seven 'S' framework was converted into resources by Higgin. Resources, in this case, involve all the material and immaterial wealth, such as money and information technology, needed to keep an organisation functional.

Figure 2.11: Higgin's Eight 'S' Framework (Aligned)

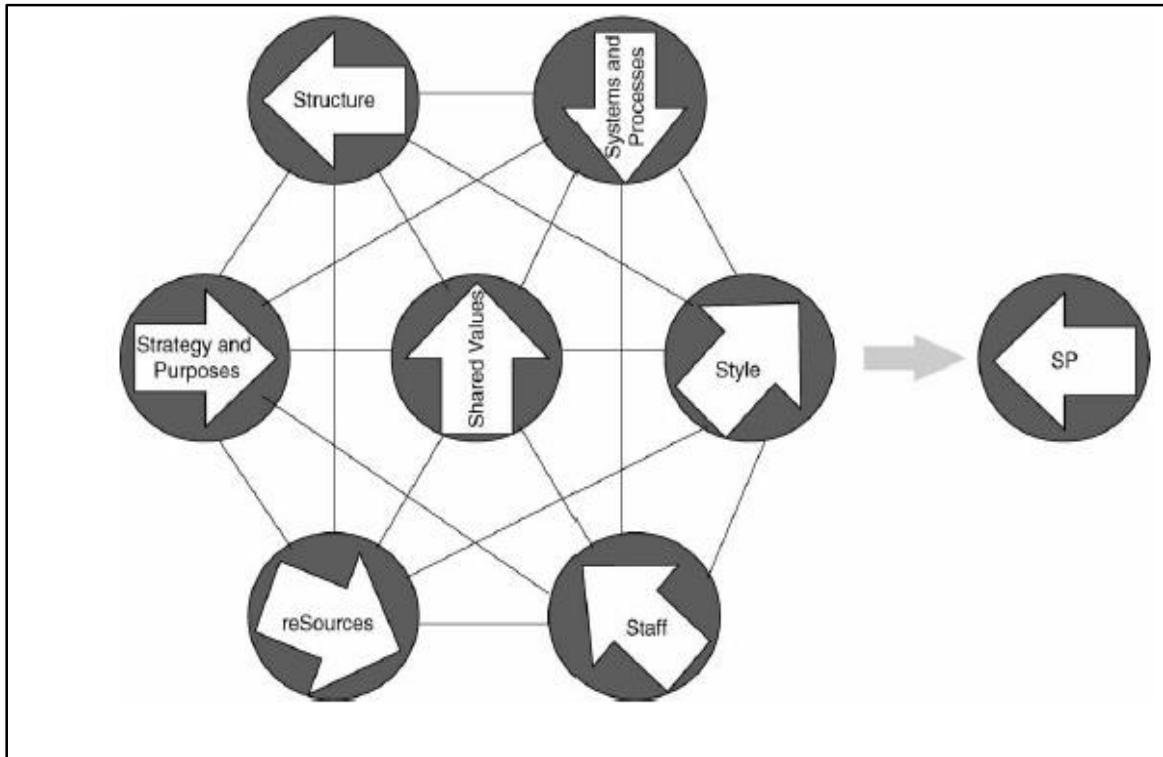


Source: Higgin (2005), Leibbrandt & Botha (2014)

The eighth elements added was 'strategic performance', which provides direction on how the execution process could be aligned and achieved. The purpose of the Higgin's Eight 'S' Framework is to align the different components of the Higgin's Eight 'S' Framework (Kumar, 2016). Furthermore, Kumar (2016), drawing from the avowals of Higgins (2005), argues that the seven components in the Higgin's Eight 'S' Framework should point towards the same direction in order to achieve *Strategic Performance (SP)*.

Figure 2.11 and Figure 2.12 presents the aligned and unaligned Higgins Eight 'S' Framework.

Figure 2.12: Higgin's Eight 'S' Framework (Unaligned)



Source: Higgin (2005), Leibbrandt & Botha (2014)

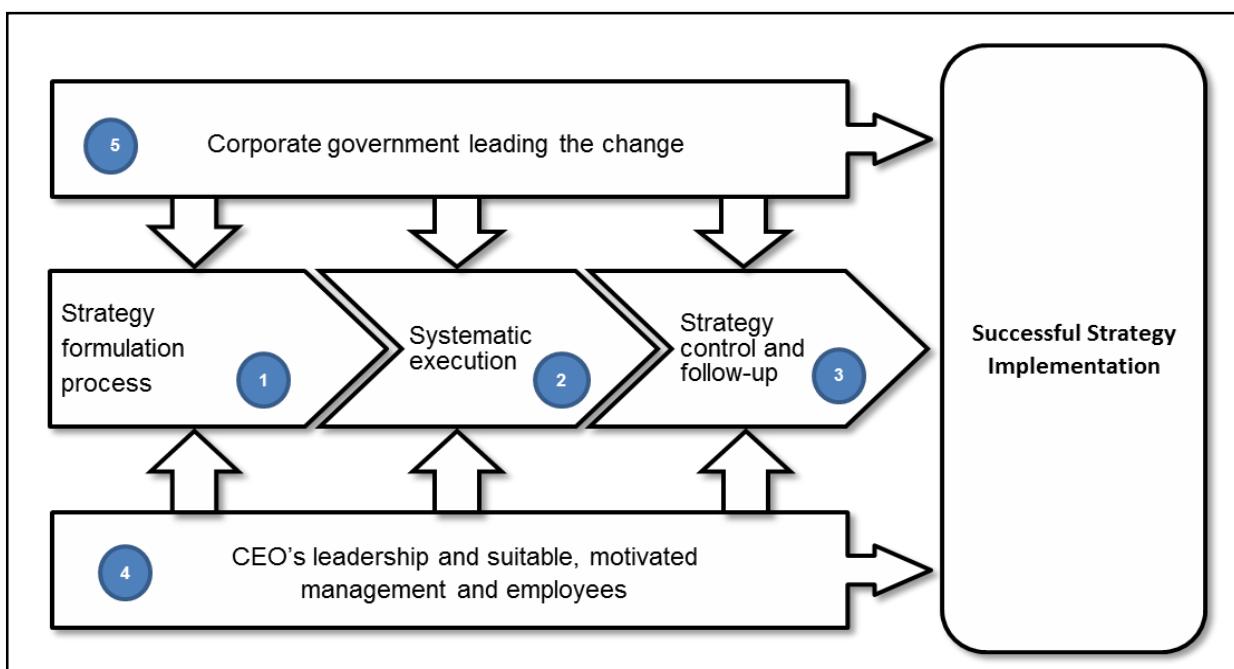
Figure 2.11 provides the aligned strategic components of the Higgin's framework. More so, organisations may pass through a stage or may experience a situation where the eight strategic components are not aligned or pointing in the same direction. Figure 2.12 pinpoints that the Seven 'S's in the Higgin's Eight 'S' Framework should point in one direction which depicts effective coordination and strategic direction in order to achieve a specified objective or Strategic Performance (SP), as indicated in Figure 2.11. In a situation where the Seven 'S's in the Higgin's Eight 'S' Framework do not point towards the same direction (as in Figure 2.12), it depicts ineffective coordination and confusions in the strategic direction of an organisation and this could retard the organisation from achieving its objectives. Figure 2.12 depicts a Higgins' unaligned eight strategic framework.

The following section presents the Brene's *et al.* framework for strategic execution.

2.5.8 The Brene's *et al.* Five Key Framework for Strategy Execution

Brene's *et al.* (2005) identified five important processes needed to achieve success in organisations (Hourani, 2017). Figure 2.13 is a graphic presentation of the Brene's *et al.* Five Key Framework for Strategy Execution.

Figure 2.13: The Brene's *et al.* Five Key Framework for Strategy Execution



Source: Brene's *et al.* (2005); Hourani (2017)

Following is an explanation of the five dimensions of the Brene's *et al.* Five Key Framework for Strategy Execution.

- (1) Strategy formulation — This refers to the dimension by which management formulates its strategies in terms of internal and external variables. In the view of Hourani (2017), management should first consider surveying the strengths, weakness, opportunities and threats of the internal and external environments before formulating strategies that are adopted to guide the activities of an organisation.

Secondly, management should endeavour to assess the nature of involvement of internal stakeholders as this enhances commitment to the business process. Finally, Brene *et al.* (2005) advocate that the services of external professionals should be obtained to contribute to strategy formulation in order to achieve organisational objectives.

- (1) Systematic execution — This involves the tactical implementation of strategy in an organisation (Brenes *et al.*, 2005). However, Wheelen and Hunger (2012) state that management should establish organisational actions and prioritise these actions in the course of strategy implementation. Other factors considered include structure and culture, nature of work and information technology, and other business processes. Management should also ensure that these factors are aligned with the selected strategy to ensure success. Finally, management should designate candidates who will decide on the employees who will execute

- the strategy decided upon.
- (2) Strategy execution, control and follow-up — This refers to the measurement and evaluation of the strategy implementation progress. It is the duty of top management to appraise, monitor and follow-up on the execution progress to ensure that actions are in accordance with plans. There is a need to constantly communicate with top management on issues encountered in the execution of strategy while top management is required to adjust and readjust to variables, factors and influences from both the internal and external environments (Brene's *et al.*, 2005).
 - (3) CEO leadership and suitable motivated management and employees — Effective execution lies in the hands of CEO's leadership and suitable motivated management and employees. They are the key factors involved in strategic communication and leadership to achieve the proper execution of strategies (Hourani, 2017).
 - (4) Corporate governance leading change — This is the last key element in the Brene's *et al.* Five Key Framework for Strategy Execution and the focus is on corporate governance that is change oriented and involves the formulation of clear and achievable objectives, discussing the strategic plans with all stakeholders, analysis of strategic execution, monitoring of compliance, and institute good evaluation systems to execute strategy proficiently. However, the focus of the Brene's *et al.* Five Key Framework for Strategy Execution is primarily on the importance of the strategy execution processes which reveal the relevance of strategy formulation, execution, as well as leadership and management.

Spence's framework for strategy execution is the next topic.

2.5.9 Spence's Framework for Strategy Execution

The Spence Framework for Strategy Execution is a nine step processes to achieve successful strategy execution (Spence, 2009) and is based on the Higgins Eight 'S' Framework, as well as the eight key levers suggested by Crittenden and Crittenden (2008). This framework follows a process approach. Figure 2.13 presents the Spence's nine steps for ensuring disciplined strategy execution.

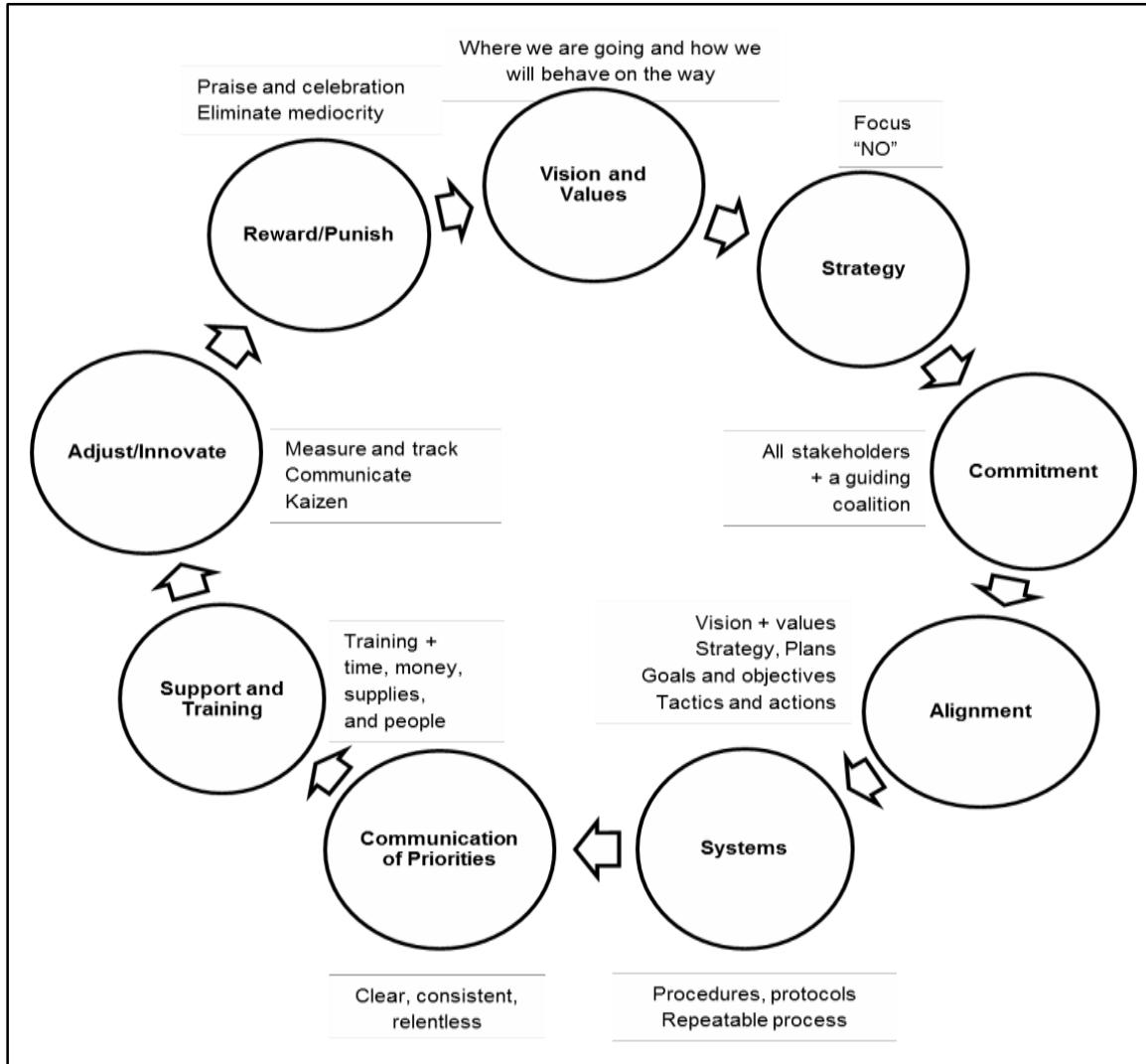
An explanation of these factors according to the views of Spence (2009) and Leibbrandt and Botha (2014), are presented below.

- (1) Vision and values — This is the first step in the Spence framework for strategy execution. The focus is on clearly communicating the vision and values during strategic implementation. Management is required to guide employees to adopt the vision and values and keep it in mind

in order to adequately execute organisational strategies.

- (2) Strategy — Emphasis is placed on the vision of the organisation. Top management is expected to establish a culture of logical execution by ensuring that the vision of the organisation should be actualised. The priorities of the organisation should be established, as well as implemented tactically to achieve success.
- (3) Commitment — It is absolutely necessary that all stakeholders in the organisation are committed to duty with regard to all the stages involved in the implementation of the strategy. It is required that all stakeholders are completely dedicated to their duties and respond to urgent cases in the process of strategy execution in order to be successful in their obligations.
- (4) Alignment — This step ensures that management aligns the plans, actions and objectives with the execution process. Management needs a common understanding of the aims and objectives of the organisation, as well as coordination amongst objectives to ensure success.
- (5) Systems — Reliable outcomes are derived by ensuring that systems function effectively. Management is required to identify all the processes needed to achieve desired results and effective organisational culture that will enhance achieving competitive advantage.
- (6) Communication of priorities — This factor emphasises the need to communicate with all stakeholders involved in strategy implementation to ensure they remain focused after the strategy has been developed.

Figure 2.13: Spence's nine steps for ensuring disciplined execution



Source: Spence (2009)

- (7) Support and training — Employees need steady support and training to actualise their scheduled tasks in an organisation. It is, therefore, needed that management should support employees with financial resources, training, time and all support needed in order to achieve success.
- (8) Adjust and innovate — Management is required to adjust the organisation in line with cultures or product/process innovation and adapt, if necessary, to new business environments. Management should thus understand the key drivers of success in order to achieve their objectives.
- (9) Reward and Punish — Management should decide on and implement reward systems and punish all employees in order to get them committed to their duties. Rewarding employees is an intrinsic motivation for successful employees and it is important to set targets for

employees and then to reward them when they actualise such targets.

The delineation explained the strategy implementation process and it was observed that the implementation process is the hardest aspect of strategic management, due to the skills and resources needed for success. This discussion also explained various strategy execution frameworks which management (municipalities in this case) could adopt to reposition and achieve their vision, as affirmed by Dhillon (2014). Amongst all the strategy implementation frameworks, the SWOT analysis (*as a factor oriented approach*) and the Spence Nine Step Framework for ensuring disciplined execution (*as a process oriented approach*) are recommended.

The SWOT analysis enables management to determine their strengths, weaknesses, opportunities and threats and they will be able to adjust to the internal and external challenges that could retard the growth of the business (municipality), as well as utilising the business opportunities for the growth of the organisation. Management (municipalities) could also consider the Spence Nine Steps Framework for ensuring disciplined execution in building/refining the effectiveness of their organisational operations, thus improving organisational design, structure and control systems to enhance the payment culture for municipal services. The concept of strategic leadership is elucidated in the subsequent discussion.

2.6 EXAMINING THE CONCEPT STRATEGIC LEADERSHIP

Strategic leadership is a system where strategists utilise all their knowledge and skills to provide direction for organisations in order to attain stated objectives (Hill *et al.*, 2017). The focus here is on the views of scholars concerning the meaning of strategic leadership, as well as the characteristics of a good strategic leader. In the view of Louw and Venter (2012), strategic leadership focuses on exercising the responsibilities of middle management in providing a tactical and operational level of management. Louw and Venter (2012) affirm that a strategic leader understands the nature of the internal and external environments and creates desired change within the organisational system to stabilise the functionality of the organisation. Furthermore, Hitt *et al.* (2017) describe a strategic leader as a person who assesses the environment, maintains flexibility and empowers subordinates to effect strategic change in an organisation. With regard to the continuous change in the internal and external environments, a strategist strives to manage change through others (employees) to attain organisational goals.

The characteristics of a good leader, as identified by Hill *et al.* (2017), Louw and Venter (2012), Bro *et al.* (2014) and Little *et al.* (2016), are dealt with in more detail in the subsequent discussion. Following is the meta-analysis conducted to aggregate the characteristics of a good strategic leader as per literature.

Table 2.1 Characteristics of a strategic leader

Source	Visionary, eloquent, consistent and strategic thinking	Emotional intelligence and behavioural complexity	Transactional and transformational leadership	Subordination and tactility	Managerial leadership
Bruton & White (2011)		√	√		√
Louw & Venter (2012)	√			√	√
Bro <i>et al.</i> (2014)			√		
Keevy & Perumal (2014)		√		√	
Little <i>et al.</i> (2016)		√		√	
Hill <i>et al.</i> (2017)	√	√			
Hitt <i>et al.</i> (2017)	√			√	√

Following is an explanation of the characteristics of a strategic leader.

2.6.1 Visionary, eloquent, consistent and strategic thinking

In the view of Louw and Venter (2012) and Hrebiniak (2013), the focus of a visionary leader is on the future of an organisation when formulating and shaping ideas while using people to

actualise the goals stipulated by management. Following are the characteristics of a visionary leader as avowed by Hrebiniaik (2013) and Hourani (2017):

- A visionary leader is idealistic in solving existing problems, also changes attitudes, ways of thinking and the behaviours of subordinates.
- A visionary leader communicates ideas to subordinates in an empathetic way to make them feel incorporated into the organisational vision.
- A visionary leader influences the attitudes and opinions of employees and subordinates in order to achieve results.
- A visionary leader engages in the assessment of the environment and the futuristic activities that will contribute towards the growth of an organisation.
- Visionary leaders make tactical decisions based on information obtained from the internal and the external environments.
- A visionary leader develops strategies to improve the functionality of an organisation in order to improve vision.
- A visionary leader is interested in innovation which involves creating new concepts and investing in human capital.

A strategic leader should be visionary, eloquent and consistent. This proposition entails that a visionary leader should understand the internal and external environments to position the organisation on the right path to achieve organisational aims (Hill *et al.*, 2017). The concept of vision includes making forecasts and devising means to make adjustments in order to attain organisational goals. Leaders should communicate their vision to subordinates in such a way that stakeholders clearly understand the concepts, principles and the strategic objectives of the organisation. Hitt *et al.* (2017) posit that visionary leaders should guide subordinates while the vision is articulated consistently until it is ingrained into the organisational culture.

Concerning strategic thinking, leaders should propose a diverse course of action to follow in resolving issues in the organisation. In problem identification, leaders should scan the environment (internal and external), understand the challenges facing the organisation, and recognise the need for change and decide on the course of action (models) in order to resolve issues. In order to diagnose organisational issues, a leader should understand the nature of problems and the causes of such situations before formulating measures to resolve it. Strategic leaders are required to show commitment in the development business models as this would enable them to obtain a sense of direction to actualise the vision of the organisation. According to

Louw and Venter (2012), a business model refers to a conception by management on how different strategies could be combined to achieve the vision of the organisation. The inability of strategic leaders to identify and implement a functional business model in the organisation may lead to poor performance and organisational failure. In local municipalities, the municipal role-players should be visionary to move the organisation forward.

2.6.2 Emotional intelligence and behavioural complexity

Emotional intelligence, as a quality of a strategic leader, refers to the ability of a leader to establish, manage and keep relationships with others (internal and external stakeholders). In order to achieve a cordial relationship with others, a strategic leader should possess a set of characteristics, such as self-awareness, self-regulation, motivation, empathy and social skills (Little *et al.*, 2016). Self-awareness entails understanding own emotions, strengths, weaknesses and future goals. Self-regulation is attained when a leader controls situations through personal integrity and honesty while motivation involves having a passion to improve the work situation through others, rather than obtaining financial benefits. In handling relationships, a leader should have empathy, which is the ability of a leader to understand and respond politely to the need of others in order to develop them to achieve the goals of the organisation (Jazabkowski & Whittington, 2008; Dameron & Torset, 2014). More so, a leader should possess social skills where accurate information is obtained from subordinates through good communication skills and relationships that promote team-work.

Added to this, a strategic leader should be well-informed. Apart from the formal way of sourcing information, Little *et al.* (2016) aver that a strategic leader should source information through informal and sometimes unconventional ways (the grape-vine) rather than relying on formal ways that sometimes could misinform a leader. Furthermore, Hill *et al.* (2017) affirm that leaders who tend to build an information network through formal and informal means are better leaders than those that do not interact with people in the environment. The next characteristic, the transactional and transformational quality of a strategic leader, is elaborated upon.

2.6.3 Transactional and transformational leadership

A leader should possess transactional and transformational leadership qualities. In transactional qualities, a leader specifies the actual performance of subordinates and the consequences of not meeting targets (Bro *et al.*, 2014). Transactional qualities include contingent reward and Management By Exceptions (MBEs). A contingent reward refers to a situation where a leader is active and rewards subordinates for meeting targets while MBEs emphasise the ability of leaders

to monitor employees and react to deviations and seek solutions for taking corrective action. In this regard, Bro *et al.* (2014) explain that a transactional leader changes employees to perform better through pecuniary (Jones & Hill, 2010) and non-pecuniary (Bruton & White, 2011) concepts. A transformational leader strives to improve the quality of employees in an organisation by utilising different types of management styles (Keevy & Perumal, 2014). In this regard, leaders are expected to have ideal influence, inspirational motivation, individualised concentration and intellectual stimulation. Ideal influence occurs when leaders consider the needs of employees more than their own and they also portray respectable moral standards which stimulate respect and trust among employees. In inspirational motivation, leaders communicate clear and persuasive authority to actualise the future vision of the organisation. Individualised consideration involves considering the complaints of employees and responding selflessly while intellectual stimulation refers to the ability of a leader to encourage employees to think differently in order to resolve issues individually, rather than to depend on the leader. Keevy and Perumal (2014) furthermore noted that transformational leaders are empathetic, equipped with self-awareness, and they also have deeper awareness of organisational issues.

2.6.4 Subordination and tactility

A strategic leader should ideally be ready to confer authority on subordinates, according to Louw and Venter (2012), while they empower others to acquire relevant skills to assist in the implementation and execution of strategies. In the absence of delegating authority and empowering subordinates, strategic leaders are liable to be overburdened, thus making themselves less effective in delivering organisational mandates (Louw & Venter, 2012). Furthermore, organisations would be more functional if employees are empowered, knowledgeable, as well as motivated in performing their duties. Strategic leaders should be tactical in the use of power in the organisation in order to build consensus for progressive ideas rather than imposing them on employees, as proposed by Louw and Venter (2012). Also, strategic leaders need a substantive range of skills to introduce ideas in a more democratic manner for wide acceptance by all employees. Managerial leadership as the next characteristic of a strategic leader is dealt with in the subsequent delineation.

2.6.5 Managerial leadership

Managerial leadership involves the ability to manage the daily activities of an organisation while focusing on the maintenance of order to achieve the goals stipulated by management. The

following characteristics of a managerial leader, as indicated by Louw and Venter (2012), are highlighted as:

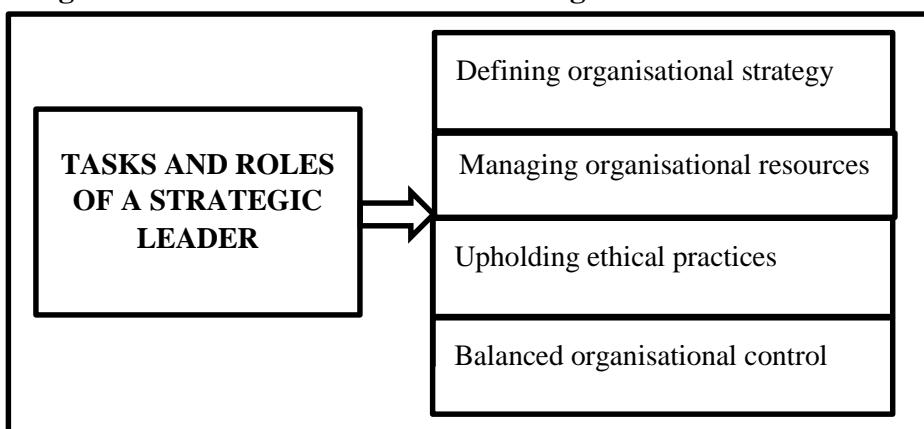
- Managerial leaders believe in the combination of ideologies and people to get work done in the organisation.
- Managerial leaders monitor the work progress according to the duties given to subordinates.
- Managerial leaders influence the actions and behaviours of subordinates.
- Managerial leaders support subordinates to accomplish given tasks.
- Managerial leaders use linear thinking and make decisions based on the internal and external environments.

The discussion above examined the concept of strategic leadership and it is evident that the outstanding qualities of a good strategic leader include being visionary, eloquent and communicative. More so, a strategic leader should possess emotional intelligence, transactional and transformational qualities, subordination and managerial qualities. An elucidation of tasks and roles of a strategic leader is made in the subsequent discussion.

2.7 TASKS AND ROLES OF STRATEGIC LEADERS

In strategic leadership, leaders are required to perform certain functions which are directed towards achieving organisational objectives. Consistent with this, Nickols (2016) ascertained that the tasks and roles of strategic leaders are the specified responsibilities required to achieve success. This deliberation expresses the relevant tasks and roles required from strategic leaders in order to achieve the objectives of an organisation. Figure 2.14 presents the tasks and roles of a strategic leader.

Figure 2.14: Tasks and roles of a strategic leader



Source: Joyce (2017)

The following discussion expounds on the tasks and roles of a strategic leader.

2.7.1 Defining organisational strategic direction

The tasks of a strategic leader incorporate defining the strategic direction and this includes the organisational vision and mission upon which strategic direction is expressed.

The strategic leader specifies the organisational direction by formulating the vision and mission of an organisation in specific terms and devising strategies to achieving it. By specifying organisational strategic direction, Olson (2017) affirms that a strategic leader should study the threats and weaknesses of the organisation to be able to focus on strategies to be implemented to ensure that organisational goals will be objectified. More so, Nickols (2016) stresses that strategic leaders are in the position to set organisational goals in such a way that it will be clear, understandable and acceptable by all employees. Also, the strategic direction should be viewed as something that will be beneficial to each and every one of the stakeholders of the organisation. In defining an organisational vision, the strategic leader sets a guide to achieving the organisational long-term business opportunities which include a wider concept of where the organisation is heading and its imagined future position (Brinkschroder, 2014). Organisational vision assists in creating synergy between management and employees in having a common direction in achieving strategic goals. Also, it aids in motivating employees in such a way that their dreams will be identified, as well as having the commitment to actualise the dreams of the organisation. The characteristics of an organisational vision, as avowed by Hitt *et al.* (2017), include:

- A vision should be ultimately understood and accepted by all stakeholders of the organisation.
- An organisational vision should be made to be precise in such a way that it will mean not more than it says.
- A vision should be motivating to drive stakeholders in having a keen interest in achieving it.

An organisational mission involves the fundamentals upon which an organisation exists. It includes the scope of the organisation and the types of services rendered. The organisational mission is to be specified by the strategic leader who needs to ensure that the organisation is poised to fulfil its promises to all stakeholders as reflected in the philosophy of the organisation (Taiwo *et al.*, 2016). The mission also guides organisational conduct, the formulation of objectives and strategies, and it enhances acceptability by the public. Managing organisational resources as a task of a strategic leader is clarified in the subsequent discussion.

2.7.2 Managing organisational resources

Strategic leaders ensure that all the resources of an organisation (such as the financial, human, and information resources) are adequately managed. This section elucidates on the attributes of a strategic leader in managing organisational resources.

In managing an organisation's financial resources, the strategic leader should ensure that adequate financial resources are obtained for daily, short and long-term operations (Brauns, 2013). The strategic leader should ensure keeping track of all financial transactions, predicts organisational incurable costs, and determines how the financial resources will be utilised (Hill *et al.*, 2017). In obtaining the financial resources of an organisation, Eustace and Martins (2014) affirm that the strategic leader should source for financial resources through loans, income from services/sales, user fees and other means of sourcing funds. It is to be noted that it is more advantageous to obtain diverse sources of funding than obtaining funding from only one source. In keeping track of the financial resources of an organisation, the strategic leader should ensure accountability of funds and should make sure that all employees know their limits in spending the financial resources allocated to them in order to execute their tasks (Rajasekar, 2014). Predicting organisational costs includes obtaining an indication of the activities required and to determine the actual costs needed to execute such activities. More so, maintaining a balance between aligning resources with actualising organisational objectives require substantial managerial skill. Furthermore, strategic leaders should maintain a delicate balance between remunerating employees and operating expenses. Upholding ethical practices is the focus of the next discussion as it explains the roles of the strategic leader in an organisation.

2.7.3 Upholding ethical practices

Ethical practices are practices deemed acceptable compared to what is not acceptable in accordance with the rules and regulations of an organisation (Hill *et al.*, 2017). Following is an explanation of the duty of a strategic leader to uphold the ethical practices of an organisation.

It is a well-known fact that the effectiveness of strategy implementation/execution occur when an organisation upholds ethical standards. In order to maintain law and order in its endeavour to achieve organisational goals, ethical practices must be employed throughout the organisation (Mirkamandar & Beheshtifar, 2015). To obtain ethical behaviour in an organisation, a strategic leader must ensure that justice, integrity, confidentiality and self-control are accentuated; and in order to maintain a high level of ethical practice in an organisation, the strategic leader must

nurture and support good ethical behaviour amongst all employees. On the contrary, unethical behaviour should as soon as possible be dealt with through disciplinary action, enquiries and suspensions to discourage others from such practices. The following guideline for the development and support of an ethical organisational culture is proposed by Couros (2014), Girma (2016), Haxton (2016), Yusof and Othman (2016) and Hill *et al.* (2017):

- Develop and communicate a code of conduct for all employees describing the mission and ethical standards.
- Revise and amend ethical standards if necessary.
- Communicate the ethical standards to all stakeholders in the organisation to ensure that business engagements are well specified.
- Develop and implement effective measures that are suitable to actualise the organisation's ethical standards.
- Create a favourable environment where all employees are treated with dignity and rewarded according to performance.

A balanced organisational control is clarified in the subsequent discussion as a role of a strategic leader.

2.7.4 Balanced organisational control

The fourth and last task and role of a strategic leader is balanced organisational control and this refers to the measures by which a strategic leader influence employee to behave in such a way that organisational goals will be attained (Bredmar, 2011). This section explains the duty of a strategic leader to implement organisational and balanced control.

This is an exercise where rules, guidelines, procedures and limits are developed to direct work processing within the scope of an organisation. These rules involve setting limits on financial transactions and expenditure, employee engagements and behaviours and other practices in the organisation. To achieve reliable organisational control, a Balanced Scorecard can be used. As explained earlier, a balance score card is an instrument used by management to determine if they are achieving a suitable balance with regards to their operations and performance. According to Bredmar (2011), strategic leaders are required to regulate financial procedures in order to maintain the financial stability in an organisation. This is done by improving the communication means and allow for proficiency, and also checking for errors and fraud. In this regard, the strategic leader allows for the submission of budgets and other financial documents to the

managerial line-commander, as well as setting limits on the authority to allocate and approve funds (Hitt *et al.*, 2017). A strategic leader should conduct regular budget variance and adequate financial controls to detect errors and finding soluble solutions to arresting it. Also, financial reports should be submitted to the strategic leaders, such as cash flow reports and the profit and loss account to indicate the financial position of the organisation (Stoner, 2014). Other functions of strategic leaders in the implementation of balanced organisational control, as indicated by Brinkschroder (2014), Rajasekar (2014) and Hitt *et al.* (2017), include:

- Brand management: A strategic leader is to ensure balanced organisational control in brand/quality management by maintaining a quality product, as well as maintaining consistency with regard to price, promotion, distribution, features and packaging. This contributes towards maintaining consistency for establishing an organisational public image.
- Productivity and efficiency: To ensure productivity and efficiency in an organisation, a strategic leader implements organisational control through various communication measures, such as weekly departmental meetings and organisational memos. Efficiency can also be achieved through job specification and job orientation so that every employee understands and performs their duties accordingly.
- Legal compliance: Strategic leaders should ensure that employees keep to the rules and regulations of an organisation. Keeping to the policies of organisations will prevent or reduce defaulting by employees and hence enhance productivity and balancing organisational control.

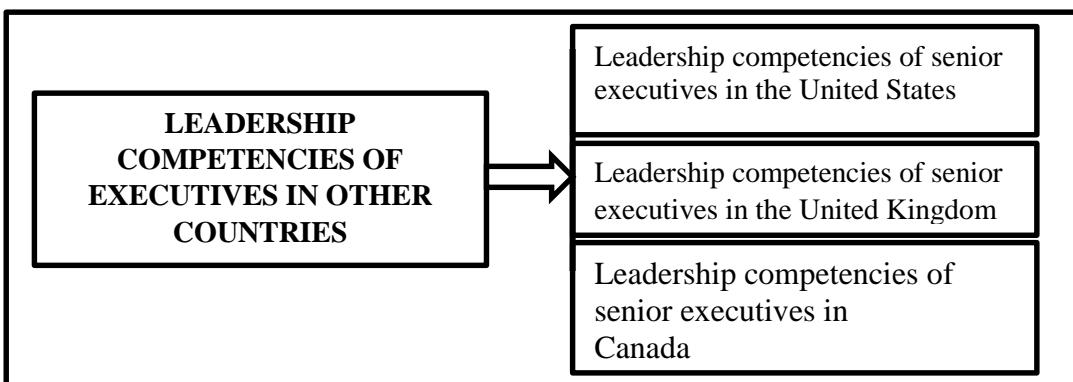
The above section focused on the tasks and duties in managing organisational resources and the upholding of the organisational ethical role of a strategic leader and it was deduced that the major tasks in defining organisational direction practices for balanced organisational control. Based on the ideal qualities discussed above, a closer look will be taken at leadership competencies in other countries to be able to identify/compare leaders in South Africa with the rest of the world.

2.8 LEADERSHIP COMPETENCIES OF EXECUTIVES IN OTHER COUNTRIES

Leadership competencies, according to Joyce (2017), epitomise the attributes, skills and behaviours of strategic leaders which result in exceptional performance. The avowals of Mascagni *et al.* (2017) pinpoint that many municipalities on the African continent fail to provide adequate services to residents due to issues related to strategic leadership. This section presents the

leadership competencies of strategic leaders in the United States of America, the United Kingdom and Canada for comparative purposes. The reason for selecting these countries is that they are the leading countries in the world with regard to municipal debt management and service provision. The essence of explaining these leadership qualities is to benchmark the leadership qualities municipal role-players in South Africa should embrace in order to become world-class leaders who provide adequate services to residents and to constitute a responsible payment culture. Figure 2.15 presents the leadership competencies of executives in other countries included in this study.

Figure 2.15: Leadership competencies of executives



Source: Adapted from Joyce (2017)

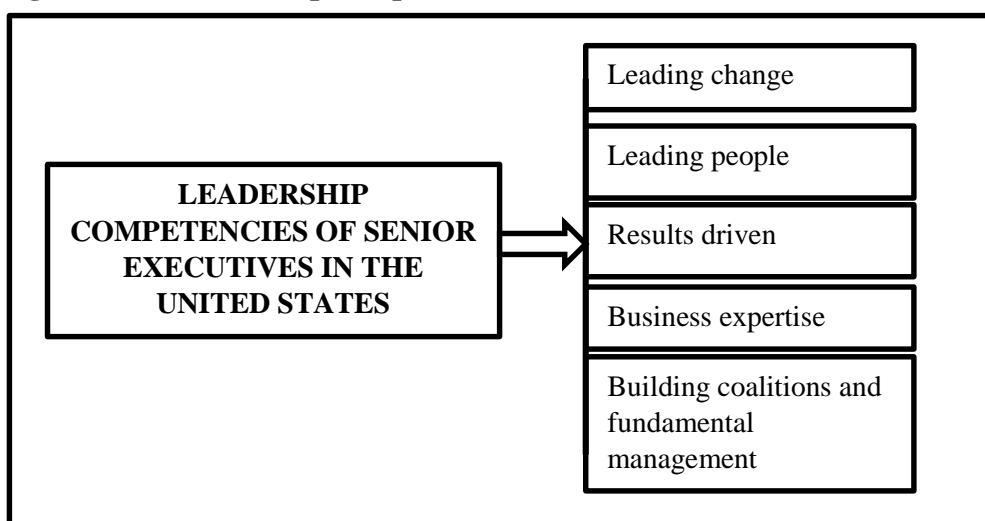
2.8.1 Leadership competencies of senior executives in the United States

Joyce (2017) upholds that it is law in the United States of America (USA) for senior executives to be qualified to hold senior executive positions, their qualifications are reviewed by the qualification authority of the United States to ensure that these executives are capable of discharging their duties equitably. A senior executive is expected to think strategically, which include the formulation of the vision, implementation of plans to achieve predetermined goals, taking advantage of good opportunities, and the management of risks. Redmond (2016) further states that the setting of the vision includes having a long-term goal which should be capable of accomplishment by incorporating others to achieve such goals through appropriate time, talent and resource management. Additional competencies required from a USA senior executive is presented in figure 2.16.

- (1) Leading change — As it is generally believed that change is the driver of progress and Nickols (2016) avers that leaders in USA are capable to produce change in organisations. Change in this instance may include finding better options for doing things, leaving old ways and embarking on better processes. It is also worthy to note that to become an

acceptable leader in the USA who stimulates change is a difficult task. Bauer (2014) opines in this regard that leaders in USA work exceptionally hard to gain the commitment from subordinates. In order to lead and to achieve change as an executive in the United States, strategic leaders are creative and innovative, aware of external challenges, flexible in decision making, resilient and visionary.

Figure 2.16: Leadership competencies of United States executives



Source: Adapted from Joyce (2017)

- (2) Leading people — Leading people in an organisation refers to the skill where subordinates are inspired, motivated, managed and influenced to achieve defined objectives (Jabbar & Hussein, 2017). To achieve success in an organisation, leaders in the United States provide clear direction to subordinates while encouraging and guiding them until tasks are accomplished. Strategic leaders are regarded as key players in determining success or failure and Joyce (2017) affirms executives in the United States lead people by managing conflict, team building, leveraging diversity and developing subordinates.
- (3) Results driven — Result driven leaders are leaders who adequately collaborate with their subordinates to achieve change (Bauer, 2014). Redmond (2014) stated that strategic leaders in United States display humane qualities by connecting with their employees and to be able to understand what they need to achieve organisational objectives. The avowals of Redmond (2014) indicate that strategic leaders who are not compassionate cannot build cultures where employees are engaged. Results-driven leaders in the United States are expected to possess the following competencies in this regard: accountability, customer service skills, entrepreneurship, problem resolving ability, and technical credibility skills.

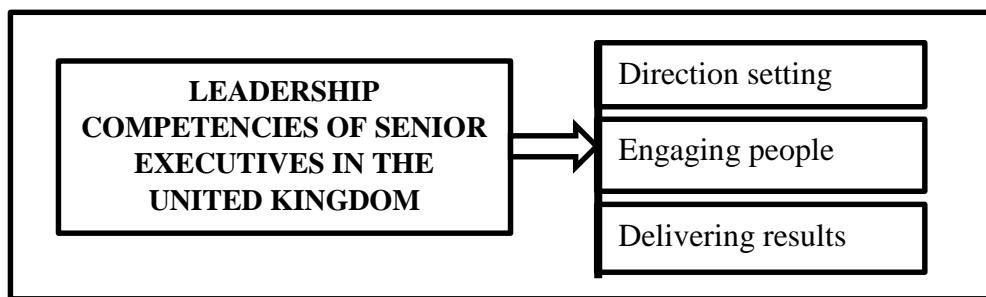
- (4) Business expertise — A strategic leader with business expertise drives positive results by increasing employee engagement, productivity, customer satisfaction and innovation (Zenger & Folkman, 2017). Having business expertise requires a strategic leader to have exceptional skills in finding financial solutions for an organisation and also having substantial knowledge in investment management (Joyce, 2017). Related business expertise includes financial management capabilities, human capital management abilities, and also technology management.
- (5) Strategic leaders in USA build coalition when partnering with subordinates, who then work together to achieve a common goal and employees often gain more cohesiveness and are likely to be more effective during coalitions (Staggenborg, 2015). The attributes of a coalition, according to Joyce (2017), include partnerships, political savvy and negotiation skills. In fundamental management, strategic leaders are required to have mastered interpersonal skills, oral communication, written communication, public service motivation and honesty.

Subsequently, a discussion of the leadership competencies of executives in the United Kingdom is presented.

2.8.2 Leadership competencies of senior executives in the United Kingdom

The competency framework of a senior civil servant in the United Kingdom (UK) provides that a senior executive should be a strategic leader that is capable to set direction, engage people to achieve determined objectives and deliver results. Figure 2.17 presents the leadership competencies of executives in the United Kingdom.

Figure 2.17: Leadership competencies of United Kingdom executives



Source: Adapted from Joyce (2017)

Following is an explanation of leadership competencies required of executives in the UK, as affirmed by Murray (2013), Couros (2014), Marrin (2015) and Joyce (2017).

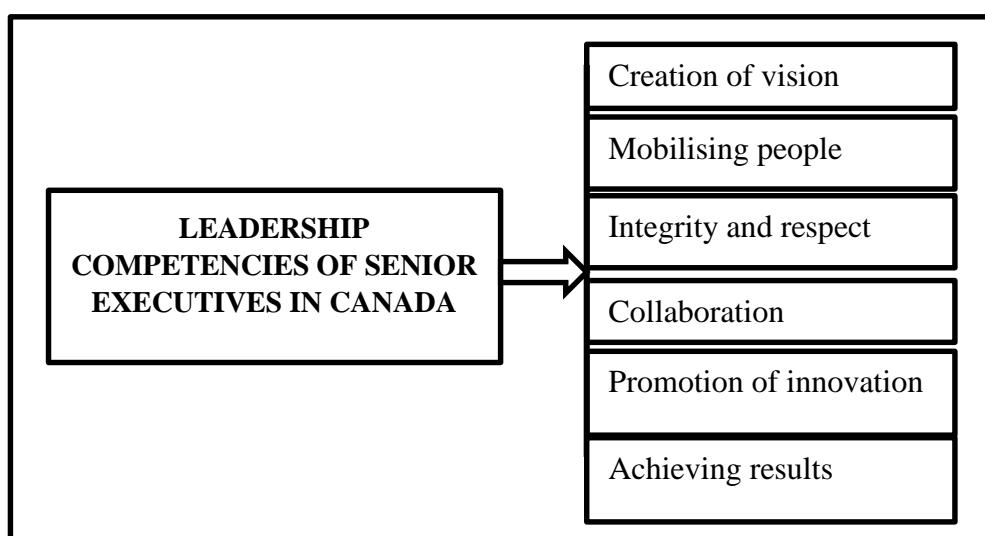
- (1) Direction setting — Strategic leaders in the United Kingdom are expected to set direction by sharing the vision and communicating high-performance expectations with subordinates (Couros, 2014). In setting direction, the big picture of tasks is communicated and changes are made while decisions take place to actualise dreams (Joyce, 2017). Executives forecast the future and develop long-term objectives and in creating change, strategic leaders continuously encourage a culture of innovation and creativity, as well as evaluating options and risks in decision-making.
- (2) Engaging people — Engaging people in the work environment involves building the enthusiasm of subordinates about their own goals and objectives (Marrin, 2015). Strategic leaders strive to discover the needs of subordinates and then engage them in order to direct their talents effectively towards achieving the objectives of the organisation. Senior executives in the UK exhibit competencies in engaging their employees through leading, collaborating and building capabilities with all subordinate (Joyce, 2017). In leading subordinates, executives establish the future vision and direction of the organisation; and in collaborating with subordinates, the strategic leader creates an all-inclusive environment to welcome opportunities and ideas from subordinates; as well as investing in the capability of people to achieve the objectives of the organisation.
- (3) Delivering results — Strategic leaders can deliver results in an organisation by defining the vision, collaborating with employees, inspiring them to work effectively, deliver value and modify organisational enablers (Murray, 2013). In the UK, as indicated by Joyce (2017), strategic leaders deliver results through achieving commercial outcomes, delivering value for money, managing the quality of service and delivering at an acceptable pace. In delivering value for money, UK executives collaborate with subordinates to ensure that they maximise their outcome within the limitations of available resources; in managing quality service, they ensure creativity to deliver operational excellence, as well as keeping good focus, and addressing performance issues in delivering at an acceptable pace.

The following delineation elucidates on the leadership competencies of executives in Canada.

2.8.3 Leadership competencies of senior executives in Canada

The Canadian Accountability framework specifies the qualities which should define and identify leaders in the Canadian Public Service. The six leadership competencies prescribed are: creating a vision, mobilising people, upholding integrity and respect, collaborating with people, innovation and lastly, achieving results (Forgues-Savage & Wong, 2010; Joyce, 2017). These leadership qualities are reviewed to contribute to the understanding of municipal role-players in South Africa who need to provide adequate municipal services to residents. Figure 2.18 presents the leadership competencies of executives in Canada.

Figure 2.18: Leadership competencies of Canadian executives



Source: Adapted from Joyce (2017)

- (1) Creation of vision — To create a vision, strategic leaders in the public sector assess the future and create ideas to actualise dreams. In creating an organisational vision, Stoner (2014) affirms that a strategic leader should create a persuasive team vision that will be capable of accomplishment, describe the current reality to develop plans for information collection, identify key strategies to achieving the vision, make additional plans for collaboration and communication, and to make personal commitment to achieve the vision.
- (2) Mobilising people — Strategic leaders in Canada mobilise people by inspiring and motivating people to perform or act (Haxton, 2016). However, engaging and mobilising people may seem to be a difficult task and Haxton (2016) posit that strategic leaders in Canada moderate the span of control which create a difference to improve engagement in order to obtain outstanding results.

- (3) Integrity and respect — Steggall (2014) avers that leaders in Canada collaborates with self-respect to build good reputation and/or trust. Strategic leaders are expected to lead by example as subordinates firstly need to build trust before following instructions. In organisations, having integrity may lead to the building of trust as subordinates have conversations with each other and integrity, therefore, serves as “a positive deposit in the bank of employees’ connections” (Steggall, 2014).
- (4) Collaboration — Collaborative leadership refers to a leadership style by which a leader partners with the internal and external stakeholders of the organisational to achieve results (Archer & Cameron, 2013). This entails that strategic leaders invest time to build relationships with internal and external stakeholders, being ready to handle conflict in a very practical manner and, most importantly, being able to implement control. Joyce (2017) affirms that leaders in the Canadian Civil Service are proactive in bringing all stakeholders together for finding solutions to achieve results.
- (5) Promotion of innovation — Innovation is regarded as the process of transformation, finding better solutions for doing things, or creating new things (Atkinson, 2013). Promoting innovation is held at a high esteem in the Canadian public service as breakthrough and sustaining innovations are created. Breakthrough innovation creates new services, new products and new ways of doing things while sustaining innovation creates room for improvement on services (Yusof & Othman, 2016).
- (6) Achieving results — Senior executives in Canada, as avowed by Joyce (2017), gather and manage available resources in such a way that their motives are completely achieved. Strategic leaders are expected to have vision, strategic plans, and to execute plans through proper collaboration in order to achieve results.

This section stipulates that achieving success in the public sector needs strategic leaders who should be proactive, visionary, passionate, result driven, innovative and collaborative. The subsequent section expounds on the leadership perspective of South African Local municipalities.

2.8.4 Leadership perspective: A South African experience

An explanation of the leadership competencies of good strategic leaders in other countries was made in this section. This could be a benchmark for strategic leaders at South African municipalities and other developing countries in order to provide adequate services to residents

and to achieve the municipality's short-and long-term objectives. According to Fourie *et al.* (2011), South African municipal leaders do not exhibit adequate leadership competencies as there is massive evidence of inadequate collection of revenue from residents which originates from poor evaluation, billing, collection, enforcement, communication, and the inability to enforce the content of the law on defaulters. Concurring with this view, Luttmer and Singhal (2014) affirm that inadequate mobilisation of revenue by municipal role-players could be a result of the inability to effect leadership skills in order to promote change.

The study of Enwereji and Kadama (2018), shows that municipalities in South Africa perform below expectations as consumer debt keeps on increasing while they have failed to provide adequate services to residents. Also, some district municipalities in the North West province of South Africa have failed to embrace the emerging communication and innovation options such as the adoption of mobile applications for the payment for municipal services and sending reminders through emails and/or mobile applications for communication purposes (Enwereji & Kadama, 2018). More so, Enwereji and Potgieter (2018) affirm that South African municipal role-players (executives) should collaborate with other stakeholders to achieve their set targets and to induce development. In the absence of accepting change, promotion of innovation, and collaboration with other stakeholders, South African municipalities continue to experience the persistent consumer debt crisis in the administration of service payment. Consequently, this and other reasons has resulted in the inability to enhance a responsible payment culture as it could be that strategic leaders in South Africa do not embrace the strategic leadership competencies explained above.

The subsequent discussion expounds on the reasons for failure in strategic implementation.

2.9 REASONS FOR FAILURE IN STRATEGY IMPLEMENTATION

There are numerous reasons for organisational failure in strategy implementation that top management need to be acquainted with, should they want to improve organisational effectiveness. This deliberation provides an amalgam of some of the major reasons why organisations fail to implement strategy. Table 2.2 presents a compendium of the factors listed by various scholars identifying the various factors that cause frustration in strategy implementation.

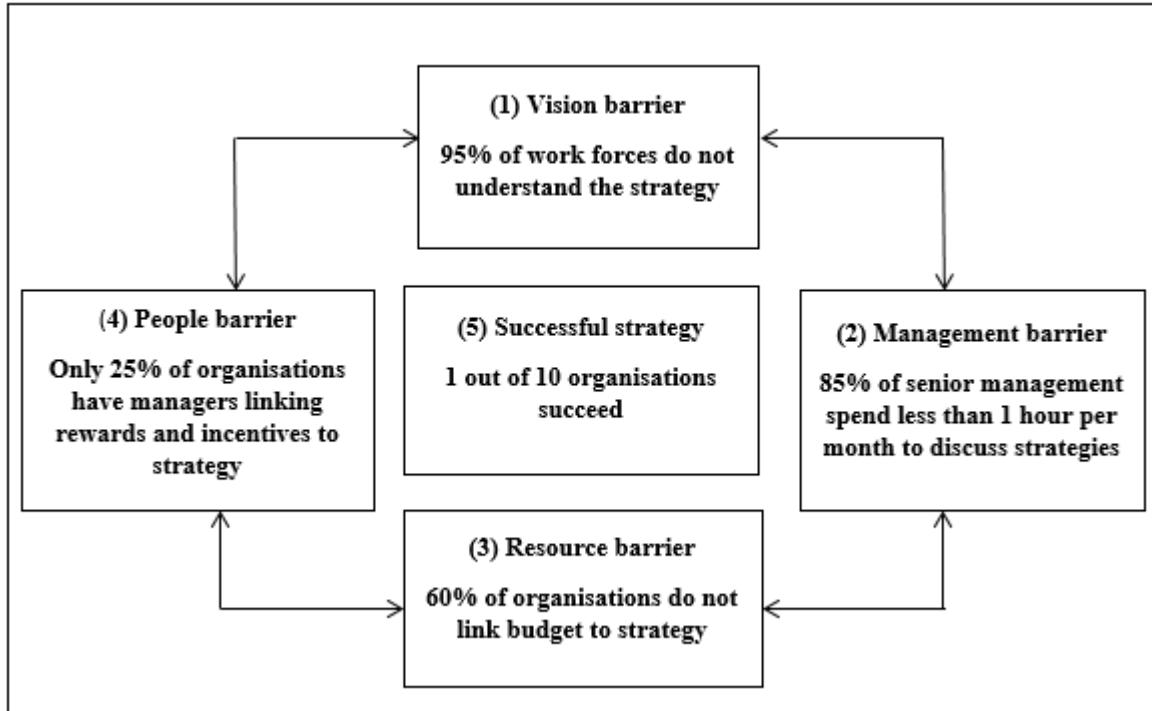
Table 2.2: Factors affecting strategy implementation negatively

Source	Vision barrier	Management barrier	Resource barrier	People barrier	Leadership, lack of implementation of plans	Dealing with complexities/ communication issues	Technology/ culture and environment
Elhers & Lazenby (2010)	√			√			√
Kaplan & Norton (2008)		√					√
DuBrin (2011)		√				√	
Yuen & Lim (2016)			√				√
Barton & Ambosini (2013)		√			√		
Jones & Hill (2010)					√		
Olson (2017)			√		√		√
Eustace & Martins (2014)	√				√		
Brinkschroder (2014)		√			√		√
Girma (2016)			√		√		
Rajasekar (2014)					√		√
Girma (2016)					√		
Thornton (2013)				√		√	
Koschmann (2012)		√				√	
Beer (2013)			√			√	
O'Donnell & Boyle (2008)	√					√	√
Siddique & Shadbolt (2016),		√			√		
Kotter (2012)	√					√	
Miller <i>et al</i> (2013)			√				√

Kaplan and Norton (2008) noted that organisational failures may occur due to a lack of strategy definition by top management to efficiently administer their operations as there is a lack of integration between practices while an all-inclusive management system is deemed lacking. Four

barriers that contribute towards failure in strategy implementation are highlighted in Figure 2.19 and these are the vision barrier, the management barrier, the resource barrier, and the people barrier.

Figure 2.19: Strategy implementation failure



Source: Kaplan and Norton (2008)

Following is an explanation of the barriers illustrated in Figure 2.19 that can prevent strategy implementation.

2.9.1 Vision barrier

The organisational vision refers to a statement that encapsulates the core beliefs and values of an organisation. A vision barrier is created when many of the employees do not apprehend the specified approach of the organisation and this then leads to an inability to follow the strategic direction of the organisation (Ehlers & Lazenby, 2010). It is observable in Figure 2.19 that 95% of the workforce in most cases does not understand the strategic vision of the organisation. In this regard, Ehlers and Lazenby (2010) and Kaplan and Norton (2008) opine that a vision statement should be inspirational to guide employees in achieving organisational objectives. Vision statements are difficult to implement as there is a wide gap between paper-work and the daily actions of employees and management should device soluble measures to educate employees on the vision and strategic goals of the organisation so that all employees have it at heart.

2.9.2 Management barrier

In spite of the fact that managers view strategy implementation as a top management activity, it is depicted in Figure 2.19 that many managers do not meet the strategic goals set by their organisations. It is observable that 85% of senior management do not spend quality time to discuss matters related to organisational strategies and strategy implementation (Kaplan & Norton, 2008). Management, according to DuBrin (2011), is regarded as the attainment of organisational goals in an efficient and effective manner by planning, organising, coordinating, directing and leading. Managers are expected to devote time to discuss these elements of management and to implement the objects of strategic management to ensure that the objectives of the organisation are achieved. In order to achieve desired goals in a municipal context, municipal role players should endeavour to discuss organisational strategies and strategy implementation with all members of top management to ensure that detailed duties will be assigned to specific individuals who should be held accountable.

2.9.3 Resource barrier

Organisational resources, such as human and financial, should, according to Yuen and Lim (2016), be placed in the right position in an organisation for the attainment of organisational growth. This proposition entails that management should examine the competencies of employees before allocating them to specific duties in order not to waste talent and resources. It is observable in Figure 2.19 that 60% of organisations do not align budgets with strategy. This signifies that financial resources are not optimally utilised and this could imply many resources are wasted or get incorrectly channelled towards unprofitable ventures which do not yield positive results or which are not indicated in the strategic goals of the organisation. In this regard, poor resource allocation and the management thereof are viewed as a significant barrier to strategy implementation (Yuen & Lim, 2016). In the case of municipalities, role-players should ensure that the right resources are employed and should also ensure that available resources are channelled into positive investments as this could result in a desired constitution of a payment culture for municipal services.

2.9.4 People barrier

Due to the fact that management is inclined to not dedicate adequate time discussing issues related to strategy implementation, this invariably leads to under provision of incentives for strategy execution (Ehlers & Lazenby, 2010). Figure 2.19 depicts that 75% of incentives are not linked to

strategy execution. This is also caused by management's inability to work as a team in strategy execution (Barton & Ambosini, 2013). Strategy implementation is made difficult because of the inherent resistance to change and management issues in organisations. Management is expected to reach consensus on the actual path to follow in implementing strategy effectively and timely. Management should thus constantly review their strategy and make necessary adjustments to guarantee success (Kotter, 2015). In a situation where management fails to implement necessary measures to strengthen the capacity of the organisation, Barton and Ambosini (2013) postulate that this is known as the 'people barrier' to strategy implementation. According to Jones and Hill (2010), the involvement of lower-level management in the success of strategy implementation is important, particularly in today's technology drive where imminent success is often based on luck and chance discoveries rather than on rational strategy.

Apart from the barriers to effective strategy execution illustrated in Figure 2.19, there are six other factors proposed by literature that also pose barriers to strategy implementation and these are now being dealt with in more detail.

2.9.5 Other barriers to strategy implementation

The implementation of strategy is a difficult task and management should devise appropriate measures to ensure that it is well-implemented to achieving organisational objectives (Kaplan & Norton, 2008). In the same direction, Brinkschroder (2014) and Olson (2017) contend that there are a set of six other factors that contribute to failures in strategy implementation and following is a synopsis of these factors.

2.9.5.1 Lack of proper implementation of plans

Managers are expected to state clearly the vision, mission, and value statements which should be supported by reasonable action to achieve the stated objectives of an organisation (Olson, 2017). The implementation of strategic plans needs to be clear while managers are required to communicate the reviews and agreements on contingencies with employees (Kaplan & Norton, 2008). However, the inability to implement plans as agreed on by top management can frustrate the efficient implementation of strategies. The following process, as recommended by Brinkschroder (2014) and Olson (2008), should be used to guide strategy implementation:

- Management should decide on a strategic plan after agreeing with all stakeholders involved in the strategy implementation process.

- Organisational budgets should be well-aligned to annual goals which ought to be based on specific financial estimates.
- Management should assign responsibilities to different groups of stakeholders.
- There should be a scorecard available for tracking and monitoring all plans.
- Management should establish a performance management system to measure the performance of employees and all stakeholders involved.
- The totality of plans should be communicated to stakeholders.
- There should be weekly or monthly meetings based on strategy implementation reporting and monitoring.
- Management should set up review dates at which time the line strategic plans should be reported, deliberated, as well as reviewed.

2.9.5.2 Issues with organisational leadership and commitment

Poor leadership, according to Rajasekar (2014), is among the factors that cause the failure of strategy implementation. There is a need for managers to guide and control the nature of activities in an organisation. The affirmation of Girma (2016) indicates that logical action and good decisions by top management in the process of strategy implementation enable an organisation to achieve its objectives. It requires that top management should keep to the norms, policies and rules of the organisation while they constantly communicate with employees, in order to keep them on the right track (Eustace & Martins, 2014). Organisational leaders should learn how to appreciate and nurture talent, build trust, develop close ties between employees, confront challenges and communicate satisfactorily with employees (Mitchell, 2015). Leaders are expected to develop managerial competency in an organisation by developing employee skills, time management skills, decision-making capabilities, and accuracy in goal attainment. The greatest tasks of leaders are to motivate employees during the work process, to manage stakeholders in the business environment, to set attainable goals, to clarify tasks, and to delegate authority to ensure that strategy implementation will be successful (Mitchell, 2015).

2.9.5.3 Dealing with complexities

Strategy implementation is a complex process with many variables which require experienced leadership (Strohhecker & Grobler, 2012). Dealing with complexities is a vital quality of top management because they are required to make high ethical decisions in times of complex situations. High ethical thinking, as described by Thornton (2013), is a thought of higher degree

which enables management to understand the challenges of an organisation from different perspectives in the process of making organisational decisions. Thornton (2013) posits that organisational complexity is the intellectual capacity of managers to take notice of the issues surrounding the organisation and to develop measures to resolve it. In order to implement the strategies of organisations effectively, managers should deal with complexities and think in multiple magnitudes or in associations which will encourage gaining more insight to find solutions to problems. More so, managers should adopt systems-thinking in such a way that the organisation is viewed as an adaptive structure; purposefully search and integrate emerging information just to be versatile in seeking solutions, and connect or unite with employees to seek better solutions to resolve organisational issues. In dealing with complexities in organisations, Rajasekar (2014) affirms that managers should be able to think wide and expand opportunities to ensure that the strategies of the organisation will be duly implemented.

2.9.5.4 Inability to communicate effectively as a challenge to strategy implementation

Communication is the procedure of passing information from a sender to a receiver and from a receiver to a sender through a chosen medium (Wells, 2011). Koschmann (2012) postulates that organisational communication involves a process by which employees and/or stakeholders of an organisation exchange information within and outside their business environments. In order to implement organisational strategies effectively, communication should be able to flow among the stakeholders of an organisation. Beer (2013) advocate that the effective communication of strategies in an organisation contributes towards efficient execution of strategies. Furthermore, the inability of managers to communicate organisational strategies to employees in such a way that it will be comprehended by all could inhibit the implementation of the strategy. Figure 2.19 illustrates that 95% of employees do not understand organisational strategy and this hinders strategies to be well-implemented and as such cause the organisation to lack possible vision.

2.9.5.5 Technological barrier as a challenge to strategy implementation

The concept of technology refers to the scientific application of machinery and other devices to the work process in order to achieve the purpose of an organisation (Marx, 2010; Wahab *et al.*, 2012). Due to the fact that technology is considered as a measure to solve problems in an organisation, management should be creative to ensure that it is applied competently to achieve the goals of the organisation. Some organisations (and municipalities) do not provide enabling technological advancement which poses to be a barrier to the implementation of their strategic goals. According to the Auditor Generals' Report (2017), South Africa struggles to provide and

maintain infrastructure to enable sectors such as the industrial, commercial and household sectors to function effectively, therefore, organisations need to invest in a strong network of technology which is designed to support the implementation of strategic objectives of an organisation.

2.9.5.6 Culture, environment and change management

Culture refers to a set of standard characteristics and a common form of knowledge, behaviour and understanding that are adopted by people living in a given community and this is dispersed through socialisation (Zimmermann, 2015). In the same direction, O'Donnell and Boyle (2008) posit that organisational culture and culture are intertwined as they deal with the practices which organisations adopt for handling people and business processes. In order to implement a strategy in the organisation, Ehlers and Lazenby (2010) affirm that there is a need for change management in organisations and this includes the organisation's implementation of diverse strategies to move from a current state to a higher level. Ehlers and Lazenby (2010) and Siddique and Shadbolt (2016) affirm that the implementation of strategic management in organisations requires active leadership that is liable to convert input into output. In this respect, O'Donnell and Boyle (2008) acknowledged that the implementation of the strategic management process requires leaders to create an appropriate environment for change, leaders to position themselves as champions who adopt employee engagement and empowerment, employ team orientation, assessment of change, and to train employees.

In the business environment, organisations would not need to be too concerned regarding threats from the external environment if their change processes have been adequately planned for (Kotter, 2012). Miller *et al.* (2013) noted that change is determined by cultural heritage and that people or employees could be influenced to adapt or change their behaviour, which leads to organisational culture. Managers are expected to establish a culture that will enable the implementation of strategic management in order to move the organisation forward. In the absence of creating a favourable environment for change, Ehlers and Lazenby (2010) affirm that the implementation of organisational strategies will not be possible.

The above discussion dealt with additional reasons for failure in the implementation of organisational strategy. It is to be noted that management can make progress in the implementation of strategy if these factors are considered.

The subsequent delineation examines the relationship between culture and implementation of the strategy.

2.10 THE RELATIONSHIP BETWEEN CULTURE AND IMPLEMENTATION OF STRATEGY

Culture refers to the beliefs, norms, values and the totality of the social heritage which people in the same geographical location share (Rose, 2017). Cultural imperatives set the foundation upon which organisational strategies are implemented. In this regards, effective implementation of organisational strategies depends on its prior alignment with the norms, beliefs and values of the people. Strategic leaders, therefore, should constantly establish initiatives to support the implementation of strategy in a particular environment (Hrebinak, 2011; Rose, 2017). The essence of this discussion is to elaborate on the relationship between culture and the implementation of strategy in order to enlighten strategic leaders on how to implement agreed strategies in the organisation (municipalities in this case). Consequently, measures to change peoples' culture and to handle peoples' psychology, and the concerns of how to manage the strategy-culture relationship are discussed.

Barnat (2016) noted that organisations need to consider sheer cultural practices before the implementation of strategy as culture determines the nature of strategy implementation. The interrelationship of culture and strategy enhances adaptability, consistency and mission accomplishment. It is also important to be flexible, as further avowed by Barnat (2016), when focus is placed on the external environment in order to meet the needs of consumers (residents). This is due to the fact that cultural imperatives, which include norms and beliefs, are interpreted and dictated while signals are translated into strategy.

The affirmation of Hrebinak (2011) indicates that there is an opinion that strategy drives behaviour, not knowing that norms and the belief system drives strategy and also determines how people work together to achieve definite objectives. Hrebinak (2011) emphasises that managers should focus on structure and process, people, incentives and enforcement controls in order to implement strategies in a diverse culture. By focusing on structure and process, strategic leaders should decentralise operations and build a culture of decision-making autonomy in such a way that employees can reach out to consumers (residents) to understand their perception about services rendered in order to take corrective measures if needed.

To focus on people when changing their cultural heritage, the strategic leaders should introduce new people with new ideas, new thinking with competitive capacities, and new skills to change the way of thinking, the beliefs and the behaviour of people. Strategic leaders are required to provide more incentives such as mobile communication (sending of account balances and debts

through mobile phones), payment of municipal services through Automatic Teller Machines (ATM), debit order, money order, and Electronic Fund Transfers (EFT). This is viewed as affecting behaviour and performance in such a way that management would attract new resources and capabilities which will help to change people's culture (Hrebiniaik, 2011; Rose, 2017). More so, Hrebiniaik (2011) further affirm that focus should be placed on changing enforcement controls such as the disconnection of service provision. Also, increasing the method of feedback, evaluate the performance of employees and take remedial action. Management should ensure checking employee performance through performance management to hold managers and employees responsible for performance results in order to shape new behaviour that will be able to change the culture of particular people.

Murgor (2014) avers that culture constitutes the aggregate behaviour of the external environment which is exogenous and affects organisational performance. In this regard, the external environment provides an organisation with inputs which is converted into output through skills. Njoroge *et al.* (2016) postulate that an organisation cannot control the external environment and Cristian-Liviu (2013) declares that the following should be done by strategic leaders to change people's culture:

- Implement new strategic ideas to catch people's attention.
- Interpret and comprehend the nature of the environmental culture in order to know how to handle uncertainties.
- Improve decision-making skills so that strategic leaders can make suitable decisions that will be able to resolve a situation.
- Increase innovation to introduce new ways of doing things.
- Develop skills in order to make things easier for stakeholders.
- Encourage employees and give them support to create a sustainable culture.
- Encourage focussing on external environmental issues.

In summary, Cooper (2001) reconfirms the actual cause of resistance to change and indicated that it includes emotional, cognitive, social, behavioural and organisational resistance. Emotional resistance occurs when people adapt to unhealthy situations or practices due to ignorance of the effects or advantages of the change. In cognitive resistance, people find approaches to reduce the demands for change or make remarks that do not encourage change. Social resistance occurs when social relationships are used to reduce the demand for change. Behavioural resistance follows when people promise to do something but fail to follow it through in the change process while

organisational resistance occurs when employees do not see the need for change and diversify measures to disrupt change. Organisational resistance can occur through improper group dynamics, integrated functions, organisational politics and also due to abysmal organisational systems.

In order to manage people's psychology in resistance to change, Cooper (2001) concurs that strategic leaders should implement the following measures:

- Expect resistance and implement diverse measures to achieve change.
- Explain the need for change.
- Clarify what is needed to achieve change.
- Ask for assistance and cooperation to achieve change.
- Encourage consistent discussion and guidance.
- Ask for suggestions and follow them through.
- Ensure flexibility and welcome negotiations.
- Specify time limits for change.
- Work as a team to achieve change.

This discourse dealt with the explanation of the relationship between culture and the implementation of organisational strategy. It is perused that culture is a way of life of people living in a particular place; it then requires that strategic leaders should introduce new strategies and explain the need for change in order to change peoples' culture. The subsequent delineation will expound on the concerns on how to manage strategic-culture relationships.

2.11 CONCERNS ON HOW TO MANAGE STRATEGIC-CULTURE RELATIONSHIPS

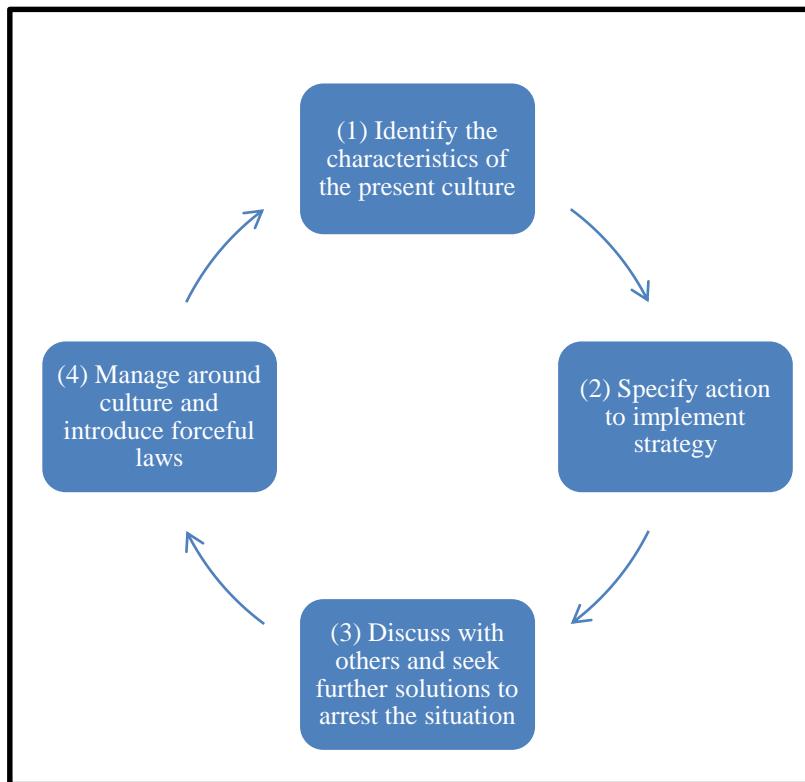
Culture as previously discussed is viewed by Zimmermann (2015) as tolerable characteristics of people living in a particular place while Rothaermel (2013) pinpoints strategic management as the measures utilised by managers in order to transform organisations to cope with future challenges in the business environment. This section explains how managers (municipalities in this case) should implement diverse organisational strategy amidst varied cultural backgrounds. In this situation, Cristian-Liviu (2013) avers that managers should take account of people's way of life before making and implementing strategies. The avowals of Thompson *et al.* (2014) indicate that there is always resistance to change when there is a dilemma between culture and strategy

implementation. This affirmation by Thompson *et al.* (2014) implies that organisational direction, performance and strategy should be in alignment with culture to achieve strategic goals.

The implementation of strategy in a conflicting culture remains the greatest task of managers as they strive to understand the behaviour, norms and beliefs of people. Apparently, strategic leaders who do not adequately understand the culture of people invariably fail to implement the strategic goals of an organisation. However, it takes time to understand the general behaviour of people, though Hitt *et al.* (2017) postulate that a strategic leader should be visionary concerning strategic direction. This assertion depicts that managers should understand the business environment, opportunities, threats and weaknesses facing an organisation, as well as devising soluble measures to deal with it all. Strategic leaders are in the position to set organisational goals which should be clearly understood and accepted by all employees and unless these strategies are in alignment with the culture of the people and the organisation, the implementation of strategy will not be effective. In this regard, Thompson *et al.* (2014) postulates that culture-strategy conflict should be managed by strategic leaders as it is believed that it weakens managers' efforts and may hinder the implementation of strategy.

In order to unravel the culture-strategy dilemma, top management is required to formulate new measures and procedures and give support to middle management, whose job specification falls under operating approaches and support. Thompson *et al.* (2014) identified four steps through which organisations can resolve culture-strategy conflict. Figure 2.20 presents the solutions to resolve culture-strategy conflict.

Figure 2.20: Solution to culture-strategy conflict



Source: Thompson *et al.* (2014)

It is observable in Figure 2.20 that a strategic manager can resolve strategy-culture conflict by firstly identifying the characteristics of the present culture that will enable the implementation of strategy while the cultural constraints that do not support the implementation of strategy are distinguished. The second step is to specify actions to implement strategy which involve the ability of managers to state precisely the actions and related behaviour they want to obtain in the new culture. In the third step, managers should discuss with other employees and organisational role-players how to seek additional solutions to arrest the situation. Strategic leaders here should explain the characteristics of the culture of the people and why it is necessary to implement new strategies to change it. Finally, the fourth step advocates the use of forceful action to achieve a change of culture. Strategic leaders can resort to abide with the contents of legislation and legal action to ensure that wrong cultural practices are changed (Thompson *et al.*, 2014).

Thompson *et al.* (2014) affirm that strategic managers should apply diverse techniques to ensure the success of strategy implementation. Other forceful actions, according to Cristian-Liviu (2013) and Thompson *et al.* (2014), which should be applied by management to achieve a change of culture include:

- Replacing managers who are used to the old culture and who find it difficult to get acquainted with the new culture.
- Promote people who indicate their willingness to help disseminate the process of change.
- Appoint a new breed of managers to assist in driving change forward.
- Select only employees that best suit the positions during the period of screening.

The discourse above elucidates the relationship between culture and the implementation of strategy, it was discovered that this is a very difficult task for strategic leaders. It is recommended that strategic leaders should be acquainted with culture to be able to implement soluble measures or apply forceful rules to change it.

2.12 Summary

This chapter forms the theoretical background of this study and it explored the relevance of the collaboration between residents and municipal role-players. This was made possible by reviewing theories of management explaining how to handle the relationship of government, residents, as well as role players to achieve defined objectives. The theories also consolidate the importance of making effective decisions in a culturally diverse context. The review further explained the concepts of strategic management and confirmed that strategy refers to a process by which management achieves change through a planning and development process which involves the assessment of future goals and mapping specific action to actualise it. Strategic management is achieved through adequate analysis, formulation, implementation and evaluation and it also needs numerous tasks from a strategic leader in order succeed. It was discovered among others, that the core competencies of a good strategic leader include being visionary, eloquent, and consistent. Furthermore, the competencies of other executives in other countries were reviewed and it was noted that the major barriers that cause failure in strategy implementation include vision barriers, management barriers, resource barriers and people barriers. Based on this literature review, it is suggested that organisations should consider people's culture and practices before implementing strategies as culture determines the dynamics of strategy implementation. The review finally recommends that the interrelationship of culture should be enhanced through having extensive knowledge of people's cultural imperatives, implementing measures to change culture, as well as introducing forceful rules to encourage change. The next chapter addresses factors that affect payment culture for municipal services.

CHAPTER THREE

FACTORS AFFECTING PAYMENT FOR MUNICIPAL SERVICES

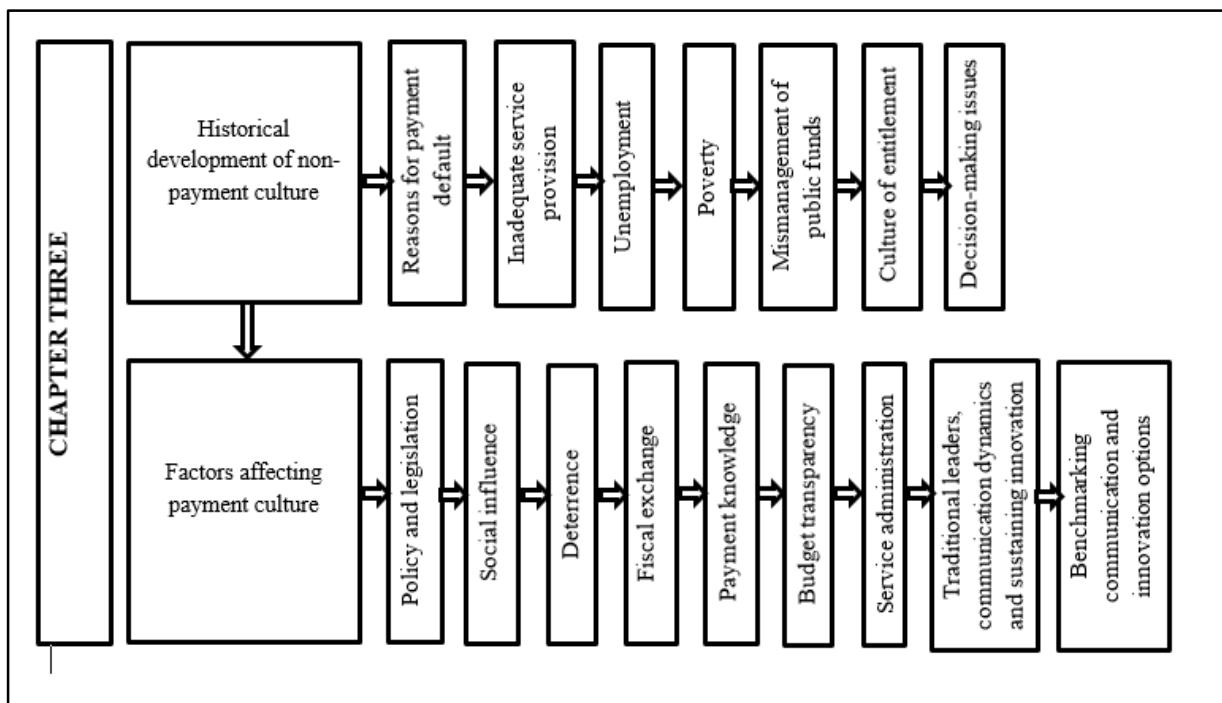
3.1 INTRODUCTION

Municipalities in South Africa could enhance the payment for municipal services if they identified and incorporated the factors affecting the payment culture of residents. As noted in Chapter One, the payment culture of residents in the North West province has deteriorated to such an extent that the consumer debt amounts to R117 billion and this has a multiplier effect in the provision of services to residents. Despite the legal frameworks guiding the payment for municipal services, Thiga and Muturi (2015) and Jemaiyo and Mutai (2016) affirm that local municipalities in South Africa neither provide adequate municipal services to residents nor mobilise adequate revenue from consumers. This has resulted in the destruction of properties and violent protests as citizens' demand effective services. Mobilizing adequate revenue needs to be prioritised as noted by Manyaka (2014) in order to provide adequate municipal services to residents as constitutionally mandated.

There are various factors affecting payment culture for municipal services but factors identified as influencing the payment culture of residents in this study are policies and legislation, social influence, deterrence, fiscal exchange, payment knowledge and understanding, budget transparency, and service administration.

Chapter two provides the theoretical background of this study and this chapter addresses the research questions of the study. The historical background of non-payment culture for municipal services in South Africa, the reasons for payment default, as well as explaining the factors that affect the non-payment for municipal services are examined in this chapter. Subsequently, a chapter map of this study is presented in Figure 3.1.

Figure 3.1 Chapter map



The following discussion elucidates on the historical development of payment culture in South Africa.

3.2 HISTORICAL DEVELOPMENT OF NON-PAYMENT CULTURE FOR MUNICIPAL SERVICES IN SOUTH AFRICA

South Africa as a nation is characterised by a sheer culture of non-payment for municipal services and this is affirmed by Johnston (2014). The issue of non-payment for municipal services has its legacy in the anti-apartheid struggle wherein a sense of entitlement to services has been bandied as a dividend of democracy (Johnston, 2014). Culture is viewed as those acceptable characteristics and shared patterns of knowledge, behaviour and understanding adopted by people living in a defined geographical area through the process of socialisation (Zimmermann, 2015). Payment culture is viewed as an established or emerging pattern of payment by residents in a particular area (Maphologela & Ngwane, 2015).

As noted in Chapter one, the non-payment for municipal services originated in the black dominated areas in the 1980s during the Apartheid era (Moses, 2002). South Africa is categorised today as a heterogeneous society consisting of varied cultures, races and economic circumstances. Most of the South African population suffer from abject poverty, unemployment, insufficient housing and a lack of educational facilities. In South Africa, municipalities are considered the

closest arm of government mandated to provide services to residents, who in turn, are expected to pay rates and taxes for such services (Bastida *et al.*, 2013). In a situation where residents default consistently on the payment for services provided by a municipality, this has an adverse effect on the revenue and the provision for services by municipalities (Mendonca & Machado, 2013; Monkam & Moore, 2015). In the view of Rosen and Gayer (2013), the ability of municipalities to provide services is weakened due to consistent defaults on the payment for services as municipalities' income comes from the proceeds from rates, taxes and levies.

During the Apartheid era, towns and city councils were divided into two groups. The first group catered for black communities while the other catered for white municipal areas (Binza, 2000). City councils that were positioned to cater for blacks were unable to provide adequate services and there was also an imbalance in resource allocation towards the development of black dominated areas, compounded by the inability of blacks to pay for municipal services such as water, electricity, sanitation, storm water drainage and sewerage systems provided by municipalities (Sithole & Mathonsi, 2015). The consistent default on the payment of municipal services resulted in poor service delivery that culminated in power failures, insufficient water provision and poor sanitation (Moses, 2002). Moses (2002) further shows that the black dominated areas witnessed widespread diseases such as typhoid, hepatitis B and cholera, as well as massive environmental pollution associated with the problem of poor refuse collection and disposal. While the Apartheid administration waited in vain to receive service payments from the black dominated areas, the white municipal leaders ensured that they did not provide adequate services to the black communities. More so, it should be noted that service payments received from black communities were used by the municipalities to provide more improved services to the already affluent white areas (DBSA Report, 1998).

The leaders of Apartheid delegated authority to black councils and councillors, who were regarded by blacks as apartheid's stooges for the further oppression of the masses (Christianson, 1994). These councils and councillors were seen by their communities to be hindering the pace of development in black communities due to corruption-related reasons (Christianson, 1994). Most of the historically disadvantaged blacks in South African municipalities fought and challenged the discriminatory method of the Apartheid system of government in numerous ways, which today still includes demonstrations, riots, strikes and collective crowd action in public places, especially at municipal buildings and offices (Christianson, 1994). Nevertheless, mass action by the neglected black majority tended to have a significant effect. The rent and rates boycotts were often worsened by anger over the ejection of residents in these areas.

The process of amalgamating black and white councils during the 1980s and 1990s was riddled by contestations over legitimacy. This circumstance gave birth to continued conflict as people believed that councillors and councils do not represent the interests of the residents (Christianson, 1994). Some political organisations, such as the African National Congress (ANC), used this medium to weaken the hold of Apartheid by making black dominated areas ungovernable. More so, the ANC goaded stay-away action and encouraged black communities to withhold payment for municipal services such as rent, rates and tax payments in retaliation against the poor quality and/or lack of service provision in their areas (Moses, 2004). The ANC viewed and voiced that apartheid leadership was undemocratic and racially biased, which resulted in the defiant actions of blacks getting legitimacy and justification.

With due respect to the activities of the black-dominated municipalities that embraced the inability to provide adequate services, non-payment for municipal services escalated. However, it appears that another facet has been added to the non-payment fiasco as it is currently used to damage the reputation of the ruling ANC government since the promises made in 1994 are yet to be fulfilled. In a conventional view, the non-payment for municipal services is today not as politically motivated as it used to be but many consumer debts today are incurred due to unemployment or poverty. Kroukamp (1995) posits that the inability to pay for municipal services was originally exhibited to fight against the inequitable service provision between white and black dominated municipalities. However, protests in the form of payment boycotts became a culture which has been adopted by a large section of the consumers in the South African municipal services context. The subsequent discussion elucidates the reasons for payment default of municipal services.

3.2.1 Reasons for payment default in the payment for municipal services

Numerous reasons have been identified by Moses (2002) for why South African residents default for payment of municipal services. Some of the reasons include the Apartheid era, the inability to produce a representative government, a breakdown in administration, and an inability to provide equitable services to residents. In the view of Powell *et al.* (2010), there is evidence of social unrest and uprisings today in many local municipalities in South Africa and this is due to the inability of municipal role-players to effect effective administration and to provide adequate municipal services to their residents. Powell *et al.* (2010) further mentions that many municipalities in South Africa have witnessed total destruction of municipality buildings and the

burning of schools and government properties due to conflict arising from the inability to provide proper services. Some role-players at municipalities such as that of Moqhaka, Ngwethe, Tswaing, Madibeng and the Nokengtsa Taemane, defaulted to pay for municipal services due to poverty and tribal issues. Consistent with this, Kanyane (2014) and Manyaka (2014) further indicate that the reasons for the non-payment problem have, however, been overcome by other reasons recently, which include poverty, unemployment, political issues, entitlement issues and opportunism. The compendium of these factors contributing to payment default is highlighted as:

- Inadequate service provision by the municipalities
- Poverty
- Unemployment
- Mismanagement of public funds
- Culture of entitlement
- Decision making issues
- Maladministration and poor governance of municipal workers
- Suspicion of high-level corruption amongst the municipal workers
- A rise in the cost of municipal services
- The inability of municipal workers to communicate effectively with residents
- Autocratic decision-making processes adopted by municipal workers

The following segment deals with each on the causes of payment default for municipal services in numerous municipalities in South Africa.

3.2.1.1 Inadequate service provision

Service delivery involves providing services such as electricity, sewerage, sanitation, pipe-borne water and other municipal services to residents at an affordable rate (Kanyane, 2014). Adequate service provision demands that municipal role-players should ensure that there ought to be a steady supply of essential services to residents and constant maintenance of equipment for service delivery (Powell, 2010). Kenyane (2014) maintains that inadequate service provision has led to mass protests and civil unrest throughout many municipalities in South Africa. Consumers boycott payment due to frustration with the provision of services by municipalities. Frustration with service provision can be due to irregular power supply or total power failure, poor quality water supply, poor sanitation, sewerage leakages, as well as pipe borne water leakages. The payment boycotts by consumers are intended to get noticed and hopefully influence service providers to improve service provision. According to Powell *et al.* (2010), payment boycotts have been

employed by residents of South Africa in different circumstances for residents to benefit more from the dividends of democracy.

3.2.1.2 Poverty as a reason for non-payment of municipal services

Poverty accounts for payment default for municipal services. According to a survey conducted by Statistics South Africa in 2015, it is conspicuously clear that poverty in South Africa is on the rise and this fact undoubtedly contributes towards the failure to pay for municipal services. The All Media Products Survey (AMPS) of the South African Advertising Research Foundation (2015) specifies that the fraction of people who live in poverty in South Africa increases every year. This creates a stark picture of the financial challenges of the South African population at large. Following is a presentation of poverty headcount by age in South Africa in 2006, 2009, 2011 and 2015.

Table 3.1 depicts that despite the measures implemented to reduce the poverty rate from 2006 to 2011, poverty levels in South Africa increased in 2015. More than half of the South African population is deemed as poor in 2015 as the poverty headcount increased to 55.5%, up from 53.2% in 2011.

Table 3.1: Poverty headcount by age in South Africa (2006, 2009, 2011 & 2015)

AGE	YEAR AND PERCENTAGES OF POVERTY			
	2006	2009	2011	2015
0-17	77.5%	73.4%	63.7%	66.8%
18-24	70.3%	66.3%	58.6%	60.1%
25-34	57.3%	55.1%	47.1%	61.0%
35-44	55.2%	50.0%	42.1%	45.0%
45-54	53.6%	49.0%	40.4%	42.2%
55-65	55.0%	50.3%	42.3%	43.3%
65+	64.7%	53.4%	43.2%	44.0%

Source: Statistics South Africa (2015)

These facts are further calculated using the upper-bound poverty line (UBPL) of R992 per person per month (pppm) in 2015 prices. This depicts that more than 30.4 million South Africans lived in poverty during 2015. This is substantially better when compared to the 2006 results where two-thirds of South Africans (66.6% or 31.6 million people) lived below the poverty level.

3.2.1.3 Unemployment as a cause of non-payment

Unemployment refers to a situation where able men and women who are searching for jobs do not have one. Kenyane (2014) and Powell *et al.* (2010) affirm that unemployment is one of the major problems causing non-payment for municipal services in some of the municipalities, especially the North West province. Table 3.2 presents the South African unemployment rate in 2015, 2016 and 2017.

Table 3.2 depicts that South Africa's unemployment rate in January 2015 was at 24.3% and this rose to 27.7% in July 2017. The average unemployment level in South Africa from 2015 to 2017 is at 25.50%. Unemployment poses a problem to consumers as they further live below the poverty line, thus finding it difficult to pay for their municipal services consumed (Powell *et al.*, 2010).

Table 3.2: South Africa's Unemployment rate (2015-2017)

	UNEMPLOYMENT RATE IN %		
MONTH	2015	2016	2017
January	24.3	24.5	26.6
July	25.0	26.6	27.7
December	25.5	27.1	27.7
TOTAL	74.8	78.2	82

Source: Statistics South Africa (2017).

In some circumstances, many consumers are pensioners and provincial grant-holders who do not have an adequate income to live, not to mention paying for municipal services. This situation should attract the implementation of indigent policies by municipalities or by giving subsidies to disadvantaged households to pay a flat rate for their services consumed. The flat rate paid by consumers may be negotiated with municipalities.

3.2.1.4 Mismanagement of public funds by municipal role-players

Many consumers perceive municipal financial administration as being poorly managed and sometimes boycott the payment for municipal services due to the perceived mismanagement. This suspicion is nursed by the decay and breakdown of infrastructure and shortages, as evidenced by poor service provision incidents reported in the media. Studies such as Timm and Jadwat (1998) indicate that inadequate funding and failure to fulfil promises made by incoming councilors has led residents to suspect that role-players do not only mismanage but also loot public funds.

Unfulfilled promises and the inability to enforce payment compliance on defaulters cumulatively cause service consumers to get the impression that public funds are indeed mismanaged.

3.2.1.5 Culture of entitlement

Bellamy (2008) concurs with Toulmin (2008) and with Binswanger-Mkhize *et al.* (2009), Sikor and Lund (2010) and Lund (2011) that an entitlement mentality has led to non-payment for municipal services. Sikor and Lund (2010) mention that consumers are convinced that the provision of municipal services is the responsibility of municipalities. Therefore, consumers are entitled to service provision as a dividend of democracy. More so, Lund (2011) affirms that some consumers in South Africa boycott payment for municipal services due to land rights and citizenship, which gave them the conviction that land and all municipal services are for free and should not be paid for.

3.2.1.6 Decision-making issues

Section 4 of the Municipal Property Rates Act (No 6 of 2004) specifies that municipal role-players should encourage community participation in decision-making processes on matters concerning billing and rates of services. This Section of the Act also indicates that municipal role-players should provide necessary information concerning proposed property rates to residents and invite their inputs and comments at least 30 days prior to discussing and adopting such decision and policies. In recent times, South African municipal consumers feel dissatisfied when they are not involved in making decisions concerning service provision and matters related to the payment for service provision. Consistent with this, Kenyane (2014) affirms that consumers in South Africa should be included in decision-making processes because it has in the past, and will do so in future, lead to payment boycotts by consumers because they feel the decisions made by role-players are against them and their wishes.

3.3.7 Maladministration and poor governance of municipal workers

The reasons for the non-payment of municipal services in South Africa, according to Kelly (2013), are poor metering, inaccurate billing systems, the inability to promote electronic payment enhancements, and also improper enforcement on payment default. Municipalities, according to Manyaka (2014), should improve their administration, and must hire competent staff in order to achieve adequate service delivery.

The subsequent delineation expounds on additional factors affecting payment culture for municipal services.

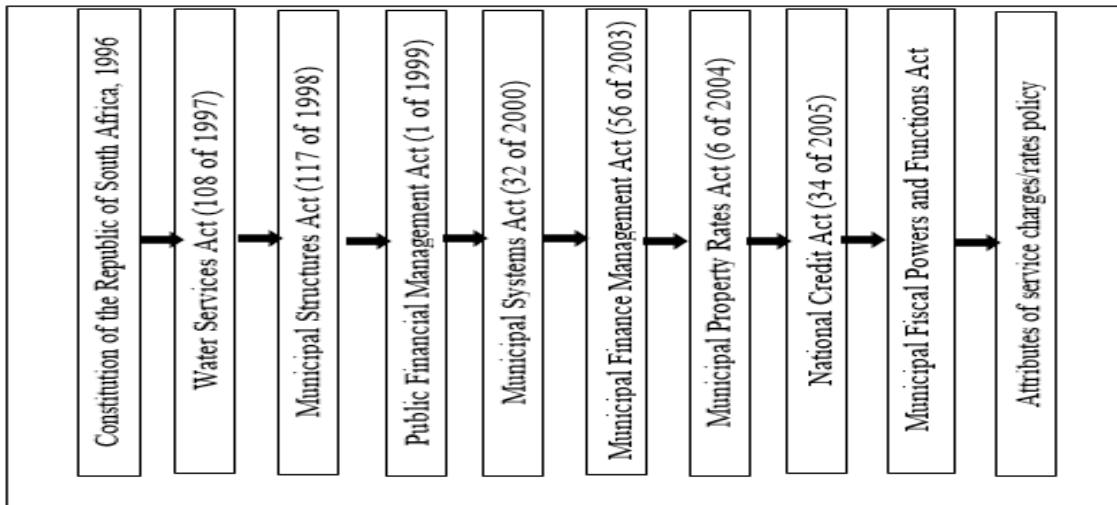
3.3 FACTORS IDENTIFIED AS AFFECTING PAYMENT CULTURE FOR MUNICIPAL SERVICES IN THE NORTH WEST PROVINCE

The meta-analysis presented in Figure 1.2 in Chapter One indicated the following factors as affecting the payment culture of residents for municipal services: policies and legislation, social influence, deterrence, fiscal exchange, payment knowledge/understanding, budget transparency and service administrations. This is an elaboration of these factors to elucidate how they interplay in the payment behavior of residents. Additional factors as illustrated in Figure 1.2 that are subsequently reviewed for the purpose of this study are collaboration between traditional leadership (and others) and municipal role players in influencing payment compliance; and the relevance of communication dynamics and emerging sustaining innovation that could enhance the payment for municipal services.

3.3.1. POLICY AND LEGISLATION

Policy and legislation is the first factor as illustrated in Figure 1.2 and this refers to the body of rules that guide the conduct of people in a particular situation and place. The legislation that supports the payment for municipal services in South Africa are set in chronological order to include: the Constitution of the Republic of South Africa, 1996; the Water Services Act (108 of 1997), the Municipal Structures Act (117 of 1998); the Public Financial Management Act (1 of 1999); the Municipal Systems Act (32 of 2000); the Municipal Finance Management Act (56 of 2003); the Municipal Property Rates Act (6 of 2004); the National Credit Act (34 of 2005); the Municipal Fiscal Powers and Functions Act (12 of 2007); and the Consumer Protection Act (68 of 2008). Each piece of legislation is examined as it outlines modalities of the payment for municipal services by residents.

Figure 3.2: Legislation supporting payment for municipal services



3.3.1.1 The Constitution of the Republic of South Africa Act (108 of 1996)

One of the objectives of the Constitution of South Africa is to improve the quality of life of each and every citizen, to set free potential and to create a united democratic country. In this regard, Sections 160-163 of the Constitution of the Republic of South Africa (1996) empowers municipalities to raise revenue from other available sources apart from intergovernmental transfers, endorsing that residents should pay in exchange for services rendered.

3.3.1.2 Water Services Act (108 of 1997)

The Water Services Act (108 of 1997) provides for the regulation and supply of water and sanitation. It also sets a standard for the imposition of tariffs and provides regulatory frameworks for water boards to function effectively. Following are some of the tenets of this Act that support the payment for municipal services:

- (1) Section 2(a) specifies that all citizens of South Africa have the basic right to access water supply and sanitation.
- (2) Section 4(2) provides for the conditions of payment and matters regarding limited and discontinued water service provisions.
- (3) Section 4(3)(c) stipulates that matters related to limited or discontinued services should not result in denial to the provision of basic water in a case where a consumer has proved that he/she is unable to pay for water provision.
- (4) Section 21 provides that all water service providers must make suitable bye-laws which incorporate the conditions for water supply and payment for water supplied.

3.3.1.3 Municipal Structures Act (117 of 1998)

The Municipal Structures Act (117 of 1998) grouped municipalities based on their main powers and functions. Chapter 5 of the Municipal Structures Act specifies the nature of service delivery that should be provided by municipalities as specified by Section 155 of the South African Constitution. The Municipal Structures Act grouped municipalities into A, B, and C categories. Metropolitan municipalities (Category A municipality) have self-standing authority in its area of jurisdiction and are at a second administrative level, just below that of a province. Local municipalities (Category B) share the same municipal executive and legislative supremacies in its area with district municipalities within whose area it falls. District municipalities (Category C municipalities) share authorities with local municipalities (Category B municipalities) and have greater authority and control in areas that have more than one Category B municipality within the area that it falls into. The Municipal Structures Act vests municipalities with the powers to provide services to residents and can levy and collect payment for service provided to residents.

3.3.1.4 Public Financial Management Act (1 of 1999)

The objective of this Act is to ensure the equitable practice of financial management practices at all levels of government. It guarantees that revenues generated from national, provincial and local levels are accounted for by authorities or persons entrusted with the finances. Section 38 of the Public Financial Management Act specifies the duties of the municipal accountant tasked with ensuring efficient financial practice in the public service are as follows:

- (1) To ensure that the municipality maintains appropriate risk management, an internal control system and audit system.
- (2) To promote efficiency and transparency in the management of municipal finances.
- (3) To collect all money payable to the municipality by agents, persons or entities and to prevent irregular or unauthorized expenditures.
- (4) To ensure compliance with any tax, duty or levy prescribed by legislation.
- (5) To manage the conduct of other financial officials and to take disciplinary action if there is any contravention against the contents of this Act.
- (6) Section 40 specifies that the municipal accountant must keep proper records of all the financial transactions in the municipality and submit the annual financial records of the municipality.

3.3.1.5 Municipal Systems Act (32 of 2000)

The main aim of the Municipal Systems Act (32 of 2000) is to improve the relationship between municipalities and residents. It enhances the capacity of municipal role-players to control credit and collect municipal debts, as well as to ensure the efficient monitoring of standards and to establish frameworks enhancing the effectiveness of municipalities. This Act further entrusts local municipalities with the privilege to run the affairs of a municipality through levying fees for services provided to residents, imposing surcharges on overdue fees for services, to levy rates on properties and to charge any other levies and licences which are permissible in accordance with the Constitution. The following sections support the collection of payment for municipal services from residents, as well as the management thereof.

- (1) Section 95 (2) (c), (e) and (f) of the Municipal Systems Act (32 of 2000) task municipalities to calculate and send bills to every service consumer through various means, to send reminders and to demand payment. Section 6 also make provision for customers to bear the additional cost and service fees for payments, post office deposits and other methods of payment as authorised by every municipality. This Section also makes provision for the implementation of customer care and debt collection policies. It also supports the observance of the content of municipal policies and bylaws, and the supervision and implementation thereof by local authorities.
- (2) Sections 96 specify that a municipality must endeavour to collect all payments for service provision and from all sources payable to it. In this regard, local municipalities are required to put in place credit control policies and mechanisms needed to guide the payment and collection of fees for services.
- (3) Sections 99 and 100 authorise municipalities to monitor the implementation and enforcement of credit control and debt collection policies.
- (4) Sections 104 (1), (f) and (j) make provision to terminate and/or restrict municipal services to debtors. Also, a municipality is entitled to seize debtors' property, issue attachments of rates payable on property, and can also extend liability to the family members of debtors. Furthermore, enforcement mechanisms are to be put in place and this includes an in-house department and/or external debt collection agencies. In-house collection in this case includes sub-units within the municipal structure that deals with debts in the 90 days' period and also external debt collection agencies involve the collection of municipal debts for the municipality that are outstanding for more than 90 days.

- (5) Sections 104 (1) and (k) make provision for combating theft of municipal services such as electricity, and as such, any unauthorised consumption, connection and re-connection of municipal services are punishable by law.
- (6) Sections 109 and 112 allow for the prosecution of residents who contravene municipal byelaws which are administered by the municipality or other legislation as observed in Sections 22 (8) (b) of the National Prosecuting Authority Act of 1998.

3.3.1.6 Municipal Finance Management Act (56 of 2003)

The main objective of this Act is to enhance proper financial management in local municipalities and to encourage economic development right down to grass root level. Additional contents of the Municipal Financial Management Act (56 of 2003) include promoting proper implementation of sound budgeting; corporate governance; sustainability of service delivery; proper planning; accounting; and reporting of municipal financial activities. The Municipal Financial Management Act (56 of 2003) Sections (64) (1) insists that the municipal financial accountant is responsible for the management of municipal revenue. Other functions of a municipal accountant as stipulated by this Act include:

- (1) The collection of all municipal revenue to conform to Section 95 of the Municipal System Act and other debt collection policies guiding the municipality.
- (2) To calculate and report the municipal revenue on a monthly basis to the appropriate authorities.
- (3) To ensure that appropriate surcharges and interests are charged on arrears or debts in the payment for municipal services except where there is an indication of exemption by the municipality.
- (4) To ensure that revenue collected by a municipality and/or revenue collecting agents are being reconciled on a weekly basis.
- (5) To ascertain that revenue collected by a municipality is calculated and presented every month.
- (6) To make provision that revenue collected from each section of revenue target are paid into the municipal working account.
- (7) To promote the maintenance of a municipal information system and accounting, recognising revenue when it is earned, accounts for receipt of revenue, and accounts for debtors.

Furthermore, other relevant functions of municipal executives as stipulated by the Municipal Financial Management Act (56 of 2003) are as follows:

- (1) Municipal managers — Municipal managers serve as a link between the municipality and the councilors. They are to ensure effective financial management and accountability in the municipality. Also, they are to make financial and other non-financial recommendations to councilors.
- (2) Internal auditor — The Auditor General is to ensure that the annual municipal financial accounts are reconciled by engaging in proper auditing and presenting the audits in the annual financial accounts.
- (3) Councilors — Financial issues of a municipality are to be handled and monitored by councilors. Councilors are to make sure that municipal finances are utilised effectively while they also serve as a link between residents and the municipality.
- (4) Treasurer — The municipal treasury is entrusted with the rights to set and implement the annual budgets of a municipality, to ensure that municipal revenue is not mismanaged, and also to make available municipal finances when needed.

3.3.1.7 Municipal Property Rates Act (6 of 2004)

The purpose of this Act is to impose equitable rates to every leaseholder who occupies land within the jurisdiction of a municipality. This Act ensures standardization of property rates through proper valuation to ensure fairness. The Municipal Property Rates Act (6 of 2004) makes provision for municipal administrative matters in property rates such as the valuation method, tariff setting, the valuation rolls, the methods of appeal and general property rates administration. The Municipal Property Rates Act (6 of 2004) outlines the following procedures to guide municipalities in the administration and collection of property rates from the residents.

- (1) Section 4 states that there should be community participation in making decisions related to property rates administration. This Section further indicates that municipalities should send notifications and necessary information concerning property rates decisions to be made at least 30 days prior to such meeting so that residents can submit their comments before adopting such policies.
- (2) Section 5 stipulates that the review of property rates policies should be made by management.

- (3) Section 6 clarifies that byelaws should be put in place to guide the municipality on property rates administration.
- (4) Section 8 (2) postulates that rateable properties in the municipality should include residential, industrial, commercial and the business premises.
- (5) Section 11 states that rates should be levied in Rand (ZAR) on all properties and at its market value. Market value refers to the amount a willing seller is ready to exchange the property to a willing buyer.
- (6) Section 15 provides that municipalities may consider rebates to indigent residents on the amount of the rates payable on the property.
- (7) Section 24 specifies that leaseholders must pay their rates when due to the municipality.
- (8) Section 27 states that municipalities must state clearly the amounts residents are to pay, the date on which the amount is to be paid, how the payable amount is calculated, the market worth of the valued property, the discount terms (if applicable), and the amount due for additional rates.
- (9) Section 45 (2)(a) states that a professional assessor should assess the property through physical inspection, computer-assisted mass appraisal (CAMA), aerial photography, geographical information system (GIS), or any other techniques to obtain a reliable evaluation.
- (10) Section 50 specifies that residents can lay complaints to municipalities on objections to valuations and billings.

The subsequent discussion expounds on the contents of National Credit Act (34 of 2005).

3.3.1.8 National Credit Act (34 of 2005)

One of the objectives of the National Credit Act (34 of 2005) is to impose interest on late payments for municipality services, such as electricity. This interest qualifies for debt review in terms of Section 86, as well as raising interest thirty days after the date that the periodic statement is delivered (Section 4(6) (b) (ii)).

3.3.1.9 Municipal Fiscal Powers and Functions Act (12 of 2007)

The objective of this Act is to promote transparency with regard to municipal fiscal powers and to regulate the imposition of surcharges on the services provided by municipalities. Furthermore, this Act specifies the following.

- (1) The Minister of Finance should ensure equitable billing to enhance collection and proper debt management.
- (2) Municipalities must apply for an imposition of tax to the Minister describing the reasons for the tax, the tax base, rates, person or persons liable to pay taxes, and the applicable tax relief or exemptions.
- (3) Municipalities must state the tax percentage at which a municipality imposes the tax.
- (4) Municipalities must specify tax collection authorities, tax remittance entities, methods of enforcement, compliance burden and measures for tax assistance.
- (5) Municipalities must state clearly the duration at which the tax will be completely collected.
- (6) Municipalities must provide the basis upon which surcharges on taxes will be imposed.

3.3.1.10 Consumer Protection Act (Act 68 of 2008)

One of the aims of the Consumer Protection Act (68 of 2008) is to establish specific standards for consumer protection with regard to services and information. This Act prohibits unfair marketing and business practices against consumers. Relevant content of this Act in terms of this study includes:

- (1) Guiding against unfair discriminatory practices on consumers and promoting equality amongst citizens.
- (2) Section 4 stipulates that the time of the day to contact consumers should be regulated in order to protect consumers' privacy.
- (3) Section 39 stipulates that an agreement should be made between the supplier of goods and the consumer before entering into a contractual relationship.
- (4) In terms of enforcement, Section 40(1) states that a supplier is not entitled to apply force, coercion, embarrassment or any unjust measure on any consumer to recover or collect payment for goods or services consumed.

- (5) In the aspect of unjust or unreasonable contractual engagements, Section 48(1) (a) (i) specifies that a supplier shall/may not supply goods or services at an unjust or unreasonable price or terms.
- (6) Section 54(1) of this Act provides that a consumer has the right to demand quality service from a supplier.

3.3.1.11 Municipal service provision by-laws

Municipal service by-laws are established to guide the conduct of service providers and service consumers in municipalities. The municipality by-laws are extracted from the content of the Constitution of South Africa (108 of 1996), as well as other applicable Acts that support the payment for municipal services. The service provision by-laws from various local municipalities state the following:

- (1) Municipalities shall provide adequate services to residents.
- (2) Residents within the jurisdiction of a municipality shall pay their rates and taxes as and when due.
- (3) The municipality shall consider consumers who are unemployed, and will apply an indigent policy in this regard.
- (4) Municipalities shall communicate adequately with consumers concerning payment options, due dates for payment, as well as, the penalties involved in the event of payment default.
- (5) Consumers shall make appeals in the event of miscalculations and/or discrepancies on the bills of the municipality
- (6) In the case of default, the municipality shall engage consumers and come to an agreement on how they shall pay their debts and in extreme cases, an agreement shall be made to deduct debts directly from the salaries of defaulters.
- (7) Municipal services, such as water, shall be reduced in the case of extreme debt by consumers.
- (8) In the case of continuous debt, the municipality shall ensure that owing consumers are notified to pay their debts at a given period before litigation.
- (9) Municipalities shall not issue a debt clearance certificate to any consumer until debts are cleared.

- (10) The municipality shall ensure that the names of defaulting consumers are listed with the credit bureau, and also handed over to a debt collector or attorney to recover the debt.
- (11) Municipalities shall invite community participation during the formulation, adoption and implementation of by-laws.
- (12) In the case of property rates, municipalities shall ensure that a list of properties is maintained in the valuation roll, also that rates levied should be clearly stated, the amount due for payment, the date when the amount is payable, how the amount is calculated; and the market worth of the property, together with possible rebates or exemptions.
- (13) That rates should be levied to all categories of land users including residential, business or commercial, industrial, mining, agricultural purposes, multiple use properties, and all other properties as may be determined by the Minister.
- (14) Municipalities shall conduct ratings based on the nature of a property which applies to agricultural properties or the promotion of social and economic development.
- (15) That errors or omissions shall be corrected by municipalities when bills are compiled.
- (16) The municipality shall give notification of approved rates to residents at least 30 days before the implementation of such rates.

The foregoing explanation of relevant legislation expresses the contents by which a municipality should handle the administration and the payment of municipal services in order to achieve maximum development and welfare of citizens. The subsequent discussion deals with the main attributes of tax policy which municipalities should consider when formulating rates policies in order for such policies to be effective, as well as representing the opinion of citizens.

3.3.1.12 Attributes of service charges/rates policy

In order to levy services charges/rates on residents, the Association of International Certified Professional Accountants (AICPA) (2011) proposes certain rules that must be followed. These rules are referred to as the attributes of the service charges/rates policy. Though this study concentrates on tax related literate, it is undoubtedly applicable to municipal service charges and rates. These attributes of service charges/rates are elaborated on below because it is just as applicable to South African municipalities.

- (1) Equity and fairness — The principle of equity implies that similarly situated consumers should be levied similarly. This denotes that the responsibility of municipal rates/tax administrators is to ensure that they are fair in attributing service charges to consumers. In

- this direction, services should be levied on a flat rate to all consumers which will be dependent on the consumption level. Equity and fairness simply mean that administrators should ensure that all income earners pay for service consumption and at an equal proportion.
- (2) The convenience of payment — Convenience of payment should be applied to ensure payment compliance. This attribute of service charges/rates policy implies that service charges/rates should be due at a time when it is most convenient for payment. When rates are levied at a wrong time, it is most likely that consumers will default in making payment.
 - (3) Economy of collection — This implies that the cost of rates administration and collection should be kept at a minimal rate. This principle indicates that rates/service charges should not be unnecessarily complex in order to reduce its administrative costs.
 - (4) Simplicity — Rates administration and method of levying should be kept simple in order for consumers to understand the rules and regulations guiding its payment. Complex rules should be avoided in rates rules in order to improve compliance. Simplicity helps to reduce the magnitude of errors in payment administration, increase the system's relevance, and enables a consumer to understand the consequences of transactions and defaulting.
 - (5) Neutrality — The primary motive of imposing rates/service charges is to raise revenue for the government, therefore, the effect of rates on consumers and business transactions should be very minimal in order to ensure compliance.
 - (6) Economic growth and efficiency — Rates/service charges should be made to encourage economic growth and efficiency in order to encourage consumers to pay while it should not in any way reduce productive capacity.
 - (7) Transparency and visibility — This attribute implies that consumers should be able to know the nature of rates/service charges, why, how and when it is imposed on them. It also helps a consumer to understand the cost of a transaction, total liability, how it is calculated, and which level of government collects it.
 - (8) Minimum rates-gap — This denotes that the municipal rates structure should be designed to minimize non-compliance. A rates-gap is the difference existing between rates owed by consumers and rates that are willingly paid. A rates-gap can be a result of intentional and unintentional reasons. Intentional reasons occur as a result of an inability to conduct appropriate filing, inability to report income adequately, overstating of deductions, and errors of omission of transactions; while unintentional reasons may result due to mathematical mistakes due to an inability to understand the rules guiding rates calculations.

- (9) Appropriate government revenue — The rates system should be a reliable measure to raise revenue as government should be able to predict how much income will be realized from the proceeds of rates within a specific period of time.
- (10) Certainty — This attribute represents the actual time when a service charge should be paid, how it will be paid, the actual amount to be paid, and how it is to be determined.

The discussion above explained the attributes of rates policies which should be observed in policy making to ensure municipal consumers' voluntary compliance. The discussion emphasized the importance that municipal role players should consider these attributes when deciding on policies guiding rates payment in order to achieve voluntary compliance.

The subsequent discussion expounds on social influence, the second factor as illustrated in Figure 3.1 that influences payment culture of the residents.

3.3.2 SOCIAL INFLUENCE

Fjelstad *et al.* (2012) indicate that the social interaction residents have with their neighbourhood and environment constitutes social influence. This concept stresses that the behaviour of a particular resident in the payment of municipal services is influenced by social interaction with other residents who do or do not pay for services. In the view of Fellner *et al.* (2013), residents are discouraged from paying for municipal services when discovering that other residents have been avoiding service payment without social sanction. In this regard, the implementation of legal action on defaulting residents may influence the payment compliance of other residents who do not pay for services. This discussion expounds on the meaning of social influence as one of the factor that influence the payment culture of residents for the payment of municipal services and the mechanisms of social influence as it influences residents to pay for municipal services. Some of the examples used in this discussion refer to the payment of taxes and equally applies to the payment of municipal services.

The social influence theory, according to Snavely (1990), refers to compliance behaviour and attitudes which tend to affect residents' behaviour for the payment of service provision and debts. It is reasonable to assume that human behaviour in the payment of services provided is influenced by social interaction with surrounding neighbours. In this regard, Sah (1991) and Banerjee (1992) believe that social relationships can stop consumers from tax evasion (and this includes municipal services provided) for the fear of sanctions by municipalities. The study of Andreoni *et al.* (1998)

found that consumers who complain about compliance believe that their neighbourhood complies with the payment for services; whereas those who report cheating believe that others cheat as well. Consistent with this, Ali *et al.* (2013) suggest that perceptions about compliance of other consumers may affect compliance behaviour. More so, service consumers who perceive their neighbourhood to be compliant are more likely to be payment complaint themselves.

In the view of Fellner *et al.* (2013) and that of Luttmer and Singhal (2014), social influence is viewed as a situation whereby consumers' compliance level is directly affected by other individuals who do pay for their services received. This emphasises the relevance of service compliance by consumers and the needed interference by municipal enforcement agencies. Besley and Perrson (2014) notes that service consumers are influenced by the behaviour of others based on the consequences of payment evasion. Fellner *et al.* (2013) raises an opinion to find out if government can raise the compliance level of consumers in a more positive way. The first step by which municipalities could improve social interaction is by providing information on peer behaviour. Though empirical studies indicate high-compliance contexts, as well as notifying payers that over 90 percent of individuals complied with payment failed to produce good effects (Blumenthal *et al.*, 2001; Fellner *et al.*, 2013).

The study of List *et al.* (2014) explored the effects of passing payment information on peer behaviour by examining the effects of timely payment by consumers in the United Kingdom. In this direction, the study outlined the following compliance messages to respondents:

- *9 out of 10 people pay their tax on time";*
- *9 out of 10 people in the UK. pay their tax on time; or*
- *9 out of 10 people in the UK pay their tax on time; you are currently in the very small minority of people who have not paid us yet.*

List *et al.* (2014)

This study was done to determine if there is a significant effect on early payment from consumers in terms of the three messages. The 'descriptive' norms were tested from the first experiment (what other service consumers are doing) against 'injunctive' norms (what other service consumers believe should be done). It was discovered that descriptive norms are more powerful than the injunctive norm. It may be relevant that these interventions did change individuals'

payment behaviour in this context; also, it may be considered that the compliance margin (timely payment) is more sensitive to such treatments than the evasion decision.

In the views of Ali *et al.* (2013), government (municipalities as in this case) could enhance social forces to facilitate social recognition for complying consumers. More so, Ali *et al.* (2013) assert that evidence from experiments done in the context of social influence indicate that social recognition influences payment compliance under specific conditions. Consistent with this, Dwenger *et al.* (2014) conducted an experiment where the names of those in a German church that are paying their tax regularly were published in the Local German newspaper. It was discovered that those who are involved in tax evasion were no more motivated to pay their rates and taxes while the compliant taxpayers were motivated to pay more taxes. These findings show the role of peer effects and social influences in tax compliance but much remains to be learned about the circumstances under which interventions targeting these motivations are effective in changing behaviour. The subsequent discussion expounds on the mechanisms of social influence.

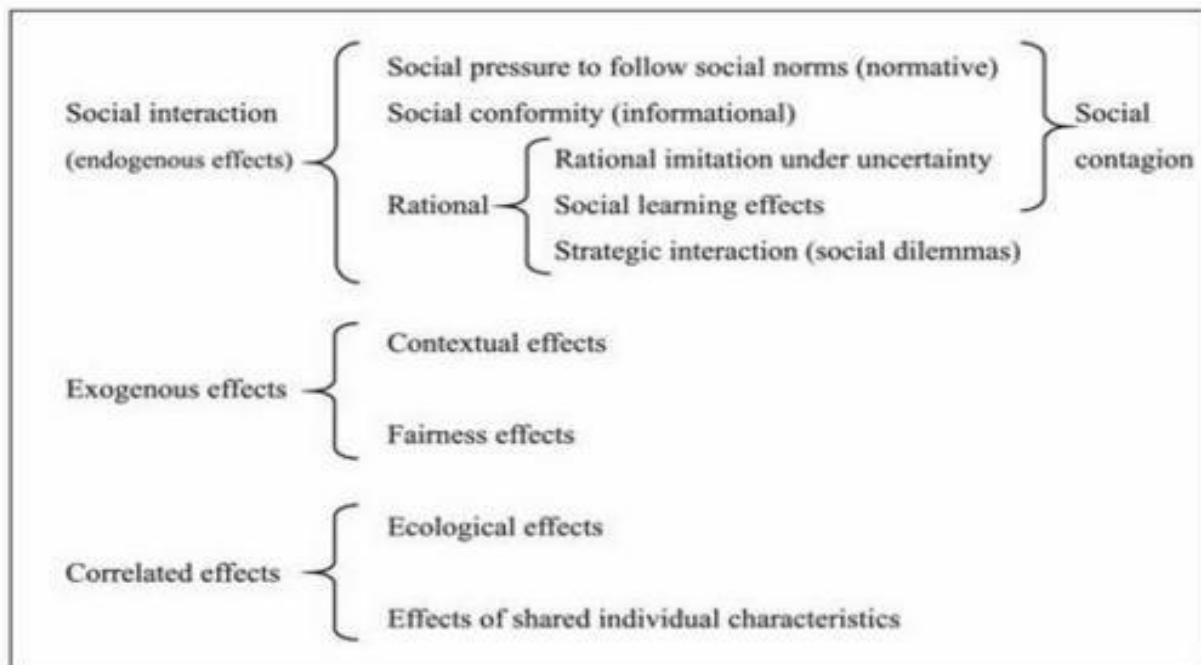
3.3.2.1 The mechanisms of social influence

Economic behavioural theories and the rational choice models depict that consumers do not take decisions in a social void but within the perspective of social interaction (Hedström & Ibarra 2010). Other rational behavioural theorists believe that payment compliance can only be achieved through deterrence but in the view of Noguera (2014), there are numerous factors that create interaction effects which impact on behaviour. These factors may include social norms, social conformity, rational imitation, social learning, strategic interaction and fairness effects.

- Social norms in this context include social pressures to accept certain rules or regulation concerning the payment of rates and taxes (Noguera, 2014).
- Social conformity is the unprompted merging of prior observed rates or tax behaviour.
- Rational imitation concerns residents' perception of being caught in the process of evasion, thereby adjusting to the neighbourhood compliance habit.
- Social learning includes the habit of observing and learning what other taxpayers around the neighbourhood do.
- Strategic interaction involves the ability to collectively interact and conform to other people's attitude in the case of positive development by government.
- Fairness effect implies the ability of a taxpayer to modify payment abilities if treated similarly to others.

Consistent with this, there is evidence in literature suggesting that social influence mechanisms have not been clearly identified. Alarcón and Garre (2009) affirm that social contagion, social impact, social interactions, fads, behavioural cascades, group effects, bandwagon effects, social imitation, social pressure, social proof, social conformity and social multipliers are being used differently to denote social influence as examined in different disciplines. Figure 3.4 presents the social influence mechanisms and how it influences residents' behaviours.

Figure 3.4 Group effects on individuals



Source: Noguera (2014)

Figure 3.4 explains that social influence comprises of three main components; namely, social interaction (endogenous effects); exogenous effects; and correlated effects on individuals' overt and covert behaviour with regard to rates or payment compliance. The social interaction (endogenous effects) of social influence includes the social contagion and the rational effects. The social contagion effects comprise of social pressure to follow social norms, social conformity and rational imitation under uncertainty. Rational effect includes rational imitation under uncertainty, social learning effects; and strategic interaction. Exogenous effects of social influence include contextual effects and fairness effects and lastly, correlated effects consist of ecological effects and effects of shared individual characteristics.

The discussion outlined the concepts and mechanisms of social influence. It could be observed that social interaction amongst taxpayers towards the payment of rates and taxes influences

residents' ability and willingness to pay their rates/taxes as municipal services. This indicates that administrators should strictly manage payment and apply sanctions against defaulters to foster a good payment culture for municipal services, as in this case. The subsequent discussion elaborates on deterrence as one of the factors, as indicated in Figure 3.1 as affecting the payment culture of residents.

3.3.3 DETERRENCE

Deterrence thought was propounded by Becker in the early 1960s and later on by Allingham and Sandmo in 1972. This theory focuses on investigating the relationship between rates and taxes and risk-taking (Mascagni *et al.*, 2017). This discussion elaborates on the different conceptions by authors on deterrence and the meaning of deterrence as based on a regulatory and non-regulatory approach.

The concept of deterrence states that residents make regular payments believing that the consequent penalty, when caught in the process of avoiding payment, will bring an extra cost (Mascagni *et al.*, 2017). Deterrence theory further postulates that the evasion rate is usually high when audit probabilities and penalties are low and also low when detection possibilities and penalties are high. This invariably enhances consistent and adequate payment by residents. Strategies for enforcement should be based on the economic deterrent concept as a standard for enforcement measure. However, Sandmo (2005) affirms that this thought has been criticised due as it focuses only on coercion while McKerchar and Evans (2014) opposes this assertion by providing some evidence to augment the importance of deterrence measures in addressing rates and tax evasion. Consistent with this assertion, McKerchar and Evans (2014) affirm that compliance attitude is induced by consumers due to their fear of getting caught, or the probability of being detected in rates and taxes evasion.

Moreover, Mascagni *et al.* (2017) ascertained that the principles of the deterrence theory have been widely adopted by administrations in promoting concepts of penalties and the fear of getting caught in the process of developing enforcement strategies. More so, Mascagni *et al.* (2017) aver that a high volume of reminder letters reveals a higher effort by revenue authorities, primarily because of the engagement of officials in delivering letters. With this assertion, municipal administrators can include deterrence messages in letters to catch the attention of consumers.

Deterrence messages could include the probability of audit and evasion penalties. An example of a deterrence message used in Rwanda that generated mass attention and compliance is presented below.

Pay your taxes on time and avoid fines and penalties. Do you know that if you do not declare and pay your taxes on time, RRA can fine and possibly prosecute you? Pay your taxes on time and avoid fines and penalties.



Source: Mukama *et al.* (2016)

The above deterrent message was sent to consumers to pay their taxes on time in order to avoid coercion. A symbol indicating a court order was added to the message to inform consumers that any attempt at tax evasion would be dealt with in a court of law. However, Mukama *et al.* (2016) argues that this message had intrinsic motivation on more taxpayers for paying their taxes in Rwanda.

In the view of Congdon *et al.* (2011), another form of deterrence message is to inform consumers how to make a simplified calculation of the cost of non-compliance, as well as calculating how much debt for non-payment would amount after a year. Debt administrators could include the liability of the amount, as well as warning residents about the intention of a municipality to take legal action on defaulters. The purpose of sending a deterrence message of this magnitude is to persuade consumers' subjective perception of being coerced when caught in the process of payment evasion and to reduce the cost of calculated arrears of unpaid rates/tax liabilities using a compounded interest rate.

3.3.3.1 Deterrence based on the regulatory approach

Ariel (2011) contends that the concept of deterrence continues to dominate all enforcement measures. This assertion is based on the premise that the justice system invariably exerts a considerable deterrent impact on residents due to inherent formal and informal sanctions. Payment administration, specifically, depends on deterrence mechanisms in order to reward delinquent and compliant residents. Based on this, rates policies without underlying sanction will result in non-compliance. Comparing the views of Ariel (2011) with that of social scientists such as Alm *et al.* (1988), it is clear that the deterrence model accepts the view that external forces motivate residents to make a concerted decision to comply with rates payment.

In this view, threats are often necessary to influence residents' conduct to achieve compliance as Nagin (2007) asserts that residents will simply default if there are no sanctions in the rates system. If deterrence is based on a regulatory approach, residents will calculate the likeliness of being caught and the severity of the resulting sanctions, thereby complying with the rates rules.

3.3.3.2 Deterrence based on a non-regulatory approach

Deterrence based on a non-regulatory approach is a contrasting worldview to deterrence. This assertion by Ariel (2011) denotes that residents are viewed as law abiding citizens as they work together with rates administrators for the good of the community and ultimately the nation. Consistent with this, Feld and Frey (2007) postulate that since consumers contribute towards sustaining the nation, there is no need to threaten them to achieve rates compliance. This approach is based on payment morale which implies that there is an underlying assumption that residents will comply with the rates rules. Therefore, the implementation of external deterrence on defaults is not required to motivate residents (Wenzel, 2006). Also, Wenzel affirms that persuading residents and making normative appeals can only increase the opportunity of enhancing rates compliance.

This discussion explains the concept of the deterrence paradigm and the importance of deterrence to enhance the payment culture for municipal services. It is observed from this discussion that administrators (municipal managers) may apply both regulatory and non-regulatory approaches of deterrence in achieving voluntary compliance.

Fiscal exchange is the fourth factor of discourse as per Figure 3.1 as a factor identified as influencing the payment culture for municipal services.

3.3.4 FISCAL EXCHANGE

The fiscal exchange paradigm lays that residents are motivated to pay for services on the evidence that government provides adequate services from the proceeds of service payment (Fjelstad *et al.*, 2012). This section deals with the concept of fiscal exchange and how it could influence the payment propensity of consumers to pay for services consumed.

The concept of fiscal exchange, according to Ali *et al.* (2013), refers to a cultural relationship that exist between residents and municipalities in the payment for municipal services (by residents) and the provision of services (by municipalities). Local municipalities will be able to provide

desired services needed to residents if residents pay for the services, while residents will not receive adequate services in the event of consistent defaults (Monkam, 2013). The fiscal exchange is positioned as a relationship building approach to encourage a mutual relationship and accountability between residents and a local municipality.

Consistent with the views of Coolidge (2012), Ali *et al.* (2013) postulate that the fiscal exchange theory suggests that evidence of government expenditure may inwardly motivate residents to comply with the rates rules. However, Moore (2004) avers that government can strategically increase residents' compliance level by making available goods and services needed by citizens in more efficient manner. More so, the provision of goods and services is seen as having a contractual relationship between government and residents. Bodea and LeBas (2013) also contend that payment compliance increases with prior awareness of the availability of service provision by government. In this regard, residents are concerned with what they actually get in return for adhering to the rates rules (*quid pro quo*).

Studies such as that by Fjeldstad and Semboja (2001) and D'Arcy (2011) indicate that residents may consider paying for their services due to the value of service provision by government; therefore, this recognition helps to induce rates compliance as consumers believe that their contribution is very necessary for financing service provision. The perception of these positive benefits by government helps to promote voluntary compliance without direct sanction or coercion required from government (Bodea & LeBas, 2013). Consumers now view their relationship with government as a mere terms of trade since the value of what is paid as rates and what they receive as benefits (service provision) cannot be actively ascertained. D'Arcy (2011) further indicates that rates and residents' attitude and compliance is mostly affected by the satisfaction gained from the service provided by government. Hence, if government fails to provide adequate service then payment evasion will occur as an attempt to adjust the terms of trade with the service provider (government).

3.3.5 PAYMENT EDUCATION AND AWARENESS

Service consumers cannot pay for services consumed if they do not have knowledge about payment. Payment education is the creation of an awareness of residents' obligation and other payment-related information to consumers (Oladipupo & Obazee, 2016). This delineation explains different authors' views on the meaning of payment knowledge, understanding and education in influencing residents' payment compliance.

The nature of education received by residents is an important factor that enhances adequate understanding of payment requirements and burden. Payment education is an element needed to ensure voluntary payment compliance as residents could feel belonged when payment details are known (Saad, 2014). The provision of education concerning the payment for services by residents is essential in influencing their compliance behaviour. According to Kasipillai (2003) and Thiga and Muturi (2015), an understanding of rates has a positive impact on compliance attitude of residents. Understanding refers to the general understanding of regulations and information pertaining to the consequences of rates evasion (Kasipillai, 2003). When residents' attitude is positive towards the administration of the rates, they are liable to be inwardly motivated to pay rates. Mohd (2013) emphasises the need to make consumers understand rates regulations through public rates courses and seminars to enhance compliance, and this is also applicable in the payment for municipal services.

In the view of Jemaiyo and Mutai (2016), payment education refers to the creation of awareness of rules and other payment related information to consumers in order to increase compliance. Relatedly, Hasseldine *et al.* (2009) pinpoint that the level of education gained by residents remain an underlying factor contributing towards payment compliance. More so, Jemaiyo and Mutai (2016) affirm that residents may have limited knowledge and this may inhibit compliance although complying with all the rates rules if information on government expenditures and the cost of public services are provided. Similarly, Braithwaite (2007) deduces that a high level of education created by administrators encourages residents to fulfil their legal obligations, such as registering and paying as constitutionally mandated. Payment education refers to the relationship between understanding the laws and regulations of service payment and complying.

It is important to educate residents as they are major contributors towards the economy. In the absence of adequate payment knowledge, residents struggle to deal with the system and this could negatively affect their level of compliance. Subsequently, increasing the level of education enhances successful compliance (Brainyyah & Rusydi 2013). An endeavour to enhance understanding in order to master the environment invariably increases compliance Mahmood (2012) and Kamil (2015) affirm that adequate payment education and rates knowledge are influential factors that affect payment behaviour and compliance.

Based on the avowals of Palil *et al.* (2013), awareness refers to all necessary arrangements made by administrators (municipalities in this case) to improve residents' consciousness and level of

ethics in the payment for services. Payment awareness enables residents to know more about the payment system, the methods used for calculating the amount due for services consumed and how to pay for such services (Saira *et al.*, 2010; Hastuti, 2014; Savitri, 2015). Empirical studies have confirmed that the understanding acquired by residents of the rates system have a positive impact on their payment compliance (Brainyyah & Rusydi, 2013). Furthermore, Brainyyah and Rusydi (2013) studied the effect of fairness, complexity and knowledge on compliance decisions and found that complexity has a negative effect on payment compliance but that knowledge did not have any significant impact on compliance. Another study conducted by Saad (2014) on residents' perception, complexity and knowledge on compliance revealed that compliance can be affected by residents' inadequate knowledge of rates information.

Another empirical study conducted by Palil *et al.* (2013) on the effect of awareness on compliance behaviour proved that knowledge and awareness play an important role in residents' compliance. Consistent with this, Alstadsæter and Jacob (2013) investigated the importance of awareness and discovered its positive impact on compliance and also that it decreases misreporting. Sumartaya and Hafidiah (2014) also examined the association between awareness and compliance behaviour and the results proved that awareness has a significant influence on compliance. Similarly, Savitri (2015) state that encouraging payment education enhances compliance. Invariably, in order to raise proceeds from residents, administrators (municipalities in this case) should endeavour to increase the level of awareness so that residents will pay regularly. An empirical study done by Kamil (2015) to provide the evidence of awareness, knowledge, service administration and penalties proved that awareness, knowledge and services administration showed a significant and positive impact on compliance.

Administrators (municipalities in this case) should endeavour to facilitate payment education in order to facilitate payment compliance (Azali 2006). Similarly, Ching (2013) opines that payment education can influence residents' decision towards compliance. Compliance with self-assessment system in the payment of services is difficult if municipalities do not educate residents (Mahat & Ling, 2011). The findings of interviews conducted by Mahmood (2012) in Malaysia depicts that the best way to enhance compliance is to educate residents/consumers. More so, consumers can acquire basic knowledge about payment that can change their compliance behaviour and attitude through education (Ugwu 2014).

A study conducted in Zimbabwe by Misch *et al.* (2011) proves that companies who accepted that they have poor knowledge on rates system is significantly the greater percentage of non-

taxpaying companies compared to the companies that have greater knowledge about the payment system. This finding shows that being knowledgeable about the payment system enhances payment compliance (Misch *et al.*, 2011). Furthermore, poor tax education creates barriers for individuals to understand legislation and the principles guiding payment.

The discussion above elucidated on the concept of payment knowledge, understanding and education to enhance payment compliance. It is ascertained that payment knowledge will enhance the understanding of the residents so that they are familiar with the details about payment methods and how the system works and is managed, thus increasing payment compliance. Subsequently, the concept of budget transparency, as the sixth factor illustrated in Figure 3.1, forms the basis of the subsequent deliberation.

3.3.6 BUDGET TRANSPARENCY

Budget transparency refers to the freedom of residents to access information on a municipality's income and expenditure and to request feedback on revenues, expenditures and allocations (Al-Maghrebi *et al.*, 2016). Municipal budgets represent an estimate of income and expenditure of the municipality over a financial year. Budget transparency enhances the accountability of municipalities, as well as improving public knowledge, thereby simplifying choices in policy formulation and resource allocation (Sun & Lynch, 2008). This discussion expounds the meaning of budget transparency, its benefits and the necessary steps involved in effecting budget transparency.

Alton (2014) affirms that budget transparency entices public participation towards service payment and accountability of governance. Based on the study of Al-Maghrebi (2016), there are two types of budgets, namely the national and the citizens' budget. The national budget is the proposed annual revenue options, expected expenditure and policy concerns of a municipality as matched to the audit. Krafchik (2012) states that a resident budget is a public document informing citizens about the summarised fiscal contents for the financial year. In this regard, fiscal transparency is regarded as a municipality's sincerity to its residents with regard to how the municipality operates, works, functions, and spend resources generated through various means, as well as how public funds are managed.

Budget transparency, according to Krafchik (2012), is necessary for residents' participation in the payment for services and accountability. Consistent with this, Alton (2014) affirms that

municipal budgets should be transparent, accessible, and accurate in order to be properly managed and also to enhance proper monitoring and evaluation. Based on this, municipalities should communicate their budgets in a simplified manner and in plain language to ensure its comprehensibility and it should also be timely, given the technical nature and processes involved in formulating the budget so that residents can make their constructive contributions which may shape policy formulation and resource reallocation.

The importance of budget transparency has been argued by some scholars as having a great positive impact on payment compliance (Alt & Lassen 2006). An empirical study by Grimmelikhuijsen and Meijer (2012) investigated the impact of budget transparency on citizens' trust in government and found that budget transparency exerts an influence on trust. A study by Kim and Lee (2012) also affirmed that budget transparency is positively associated with individuals' trust in government.

According to a study on the significance of budget transparency in the United States using a panel-data study (1972-200), Alt and Lowry (2010) proved that the tendency to improve budget transparency spurs trust in government which reduces the negative impact to comply with legislation and this invariable increases rate incomes. Another empirical study by Siahaan (2013) examined the correlation between rates transparency and voluntary rates compliance and proved that the relationship is significantly positive.

Scholars such as Alt and Lassen (2006) indicated that budget and fiscal transparency has an essential and positive role to play in enhancing compliance behaviour as it facilitates better control of government spending. Curtin and Meijer (2006) and Kim and Lee (2012) postulated that budget transparency supports wide acceptance of the performance of public institutions among citizens. In this regards, the level of budget transparency at government level leads to a more reliable payment compliance by residents.

The subsequent explanation is based on the benefits of budget transparency.

3.3.6.1 Benefits of budget transparency

Budget transparency has numerous advantages and according to Al-Maghrebi *et al.* (2016), these are:

- (1) Accountability — This refers to the presentation of budgets to residents and ensuring clarity in the management of funds generated from diverse sources so that municipalities could be accountable in order to promote compliance.

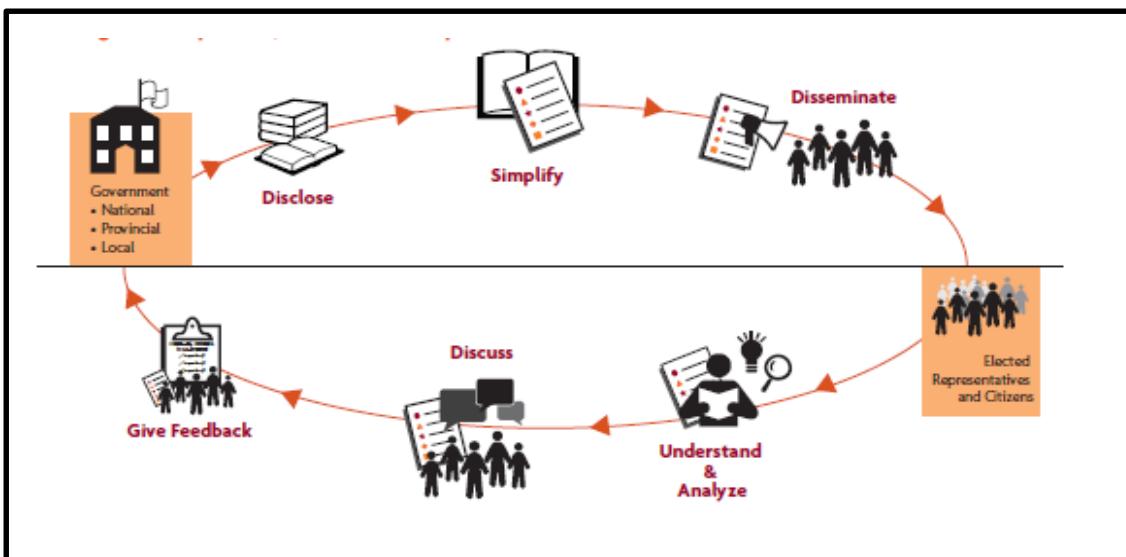
- (2) Integrity — Budget transparency reduces corruption, distortion, manipulation and the opportunity to deviate from policy decisions since these documents will be scrutinised by residents.
- (3) Inclusiveness — This entails the ability to summarise all expected revenue sources and expenditures to inform residents on the areas of interest of the municipality.
- (4) Trust — Residents are motivated to respect the regulations and to comply with the payment for services when they realise that their interests are respected, as well as when they know that public funds are effectively utilised.
- (5) Quality — The promotion of budget transparency enhances the quality of the budget as residents are allowed to make contributions about their concerns, thereby improving policy outcomes.
- (6) High revenues — Budget transparency improves profits due to the trust of residents in the management of funds by the municipality.

This section expounds on the benefits of budget transparency; it could be noted that payment compliance could be enhanced by effectively implementing the objects of budget transparency. The subsequent deliberation expounds on the steps involved in budget transparency.

3.3.6.2 Steps involved in effecting budget transparency

A set of steps are to be followed to implement budget transparency. These six steps are presented by Alton (2014) and are depicted in Figure 3.5.

Figure 3.5: Steps to implement budget transparency



Source: Alton (2014)

The six steps indicated in Figure 3.5 are divided into two sections. The first section of the process starts with disclosure, followed by simplification and then the dissemination of budgets. These three steps emphasise the need for municipal management to set budgets, to disclose the budgets, to make it easy for people to understand the contents, and finally to disseminate the budgets to all interested parties.

The second half of the process also comprises of three steps and include; understand and analyse, discussing, and lastly to give feedback. This implies that municipal administrators should understand and analyse the feedback received from residents concerning the content of the budgets and to discuss possible policy outcomes appropriately with residents, as well as to communicate feedback that is deemed as the final policy outcome with residents. Furthermore, Alton (2014) proposed the implementation of the following to improve budget transparency:

- Improving management understanding of budget transparency and select society representatives.
- Disseminate budgets to residents through electronic media (mobile phones, television, websites, and the Internet), print media (newspapers, magazines) and seminars.
- Create the residents' budget and as well, make it easy, short and comprehensible.
- Increase the capacity of municipalities to analyse budgets.
- Provide opportunities to gather residents' opinions on budget outcomes.
- Analyse responses.
- Communicate final policy outcomes.

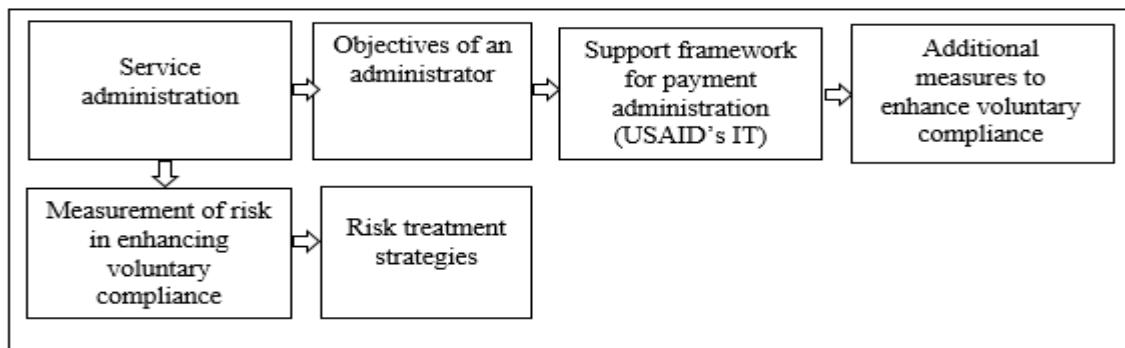
The discussion above expounded on the meaning of budget transparency and its relevance in enhancing the payment culture of residents for the payment for municipal services. It could be observed that municipalities could achieve payment compliance by adopting transparency during the budgeting phase. The focus of the subsequent discussion is on service administration and measurement, as illustrated in Figure 1.2 in an attempt to enhance payment culture for municipal services.

3.3.7 SERVICE ADMINISTRATION AND MEASUREMENT OF RISK COMPLIANCE

Service administration and measurement, according to the United States Agency for International Development (2013), refers to the administrative measures applied by municipal role-players to mobilise payment from residents. This discussion is deemed relevant as it highlights the qualities and measures suitable for role-players to adopt in influencing residents to embrace a payment

culture. This section explains in detail the meaning of service provision, measurement of risk in achieving voluntary compliance and lastly, risk treatment strategies. Figure 3.6 presents the roadmap of this section.

Figure 3.6: Service administration and measurement of risks



3.3.7.1 Service administration

Service administration refers to the internal and external measures carried out in the process of service provision, also the measures outlined to mobilise payment from service consumers (Peters, 2012). This discourse also expounds on the objectives of role-players in achieving voluntary payment compliance. USAID Information Technology supports to administration includes the following factors: the collection of residents' information, billing, collection, enforcement, customer care and appeals. The views of different authors are presented to obtain an understanding of service administration. Furthermore, this discussion examines diverse methods from which a municipality can select from to enhance voluntary compliance in their jurisdiction.

3.3.7.1.1 Objectives of an administrator

The success of administration, according to Manyaka (2014), lies in the hands of an administrator. Administrators can succeed in establishing responsible compliant behaviour through facilitating voluntary compliance, monitoring compliance, and by enforcing compliance. The following explains the objectives of a municipal administrator.

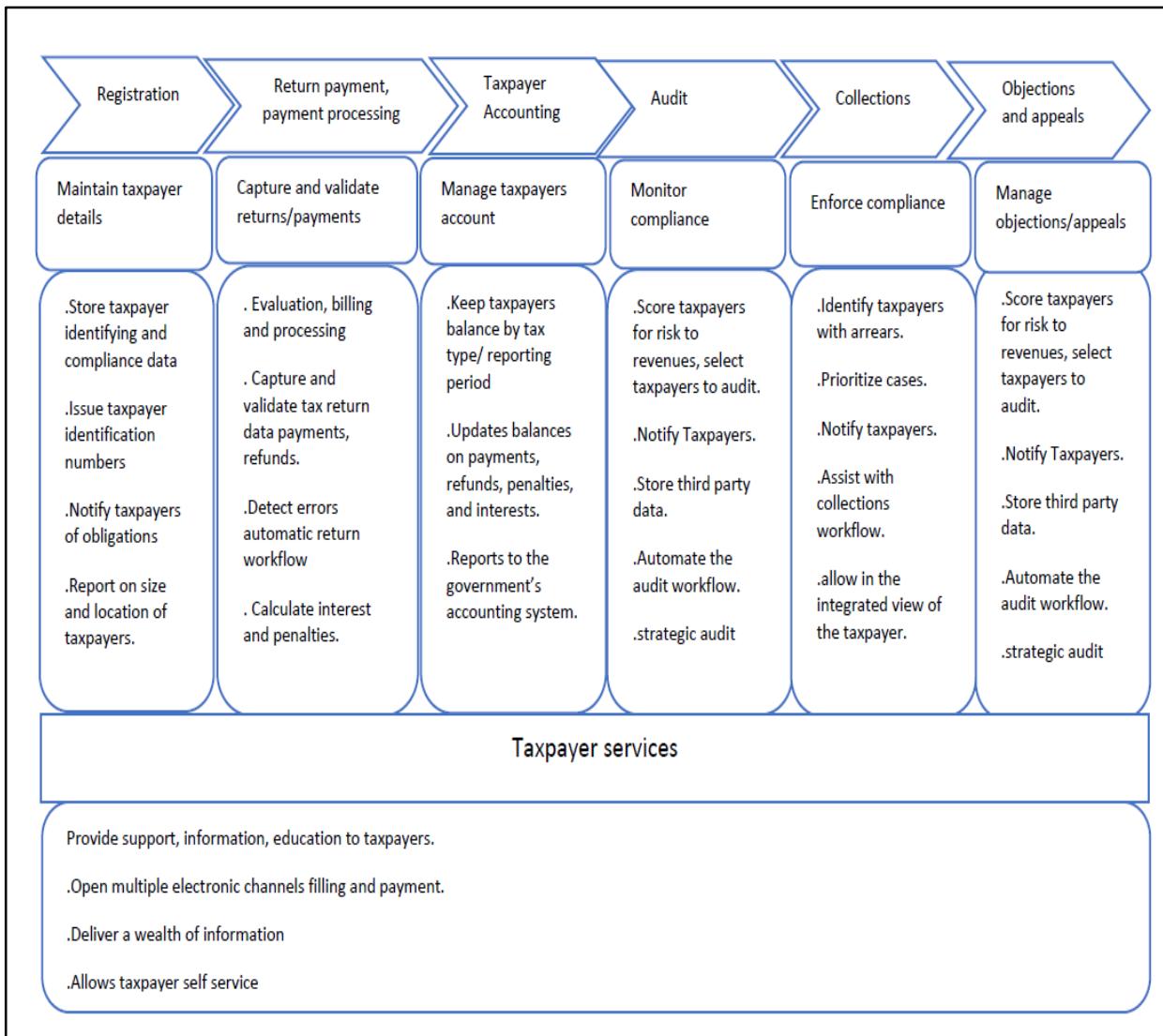
- (1) Facilitate voluntary compliance — Voluntary compliance can be facilitated through the simplification of procedures in service payment, providing necessary information needed by residents, educating them through various means, providing various payment options, and utilizing various communication options (see paragraph 3.13 & 3.14).

- (2) Monitoring compliance — The level of compliance needs to be monitored in order to decide on appropriate measures to enhance payment. This could be done by using information technology to detect the compliance level, as well as subjecting consumers to the consequences of non-compliance. Continuous audits should be conducted to ascertain the areas of greatest risk.
- (3) Enforcing compliance — Payment compliance must be enforced on residents who attempt to avoid payment or residents who are defaulting. Previously, the underlying factors that facilitate compliance behaviour were based on deterrence mechanism (see paragraph 3.7), presently it is advisable that administrators should encourage voluntary compliance through education and apply the contents of laws and regulations on defaulting residents after they have been served with notifications as per policy.

3.3.7.1.2 Support framework for payment administration (USAID's IT)

The United States Agency for International Development (USAID) proposes the steps which public entities, and this could also apply to municipalities, should embrace in facilitating service administration in order to achieve payment compliance. Figure 3.7 presents the USAID's IT support framework for tax administration.

Figure 3.7: USAID's IT support framework for tax administration



Source: USAID (2013)

This framework was postulated to guide and enhance the payment of tax in developing countries but it can be used to enhance the payment for municipal services. According to the views of USAID (2013), a service administrator should register residents/consumers, return payment processing, conduct accounting for residents, conduct audits, enforce collections, and make provision for appeals. These procedures are further expounded to highlight the factors enhancing payment collection through the application of computer systems or information technology.

Following is a synopsis of an elaboration of six administrative functions that need to be performed in an endeavour to enhance a payment compliance culture by municipalities. Each function has its own activities which all need to be orchestrated to function adhesively as an integrated system and a synopsis of these follow below:

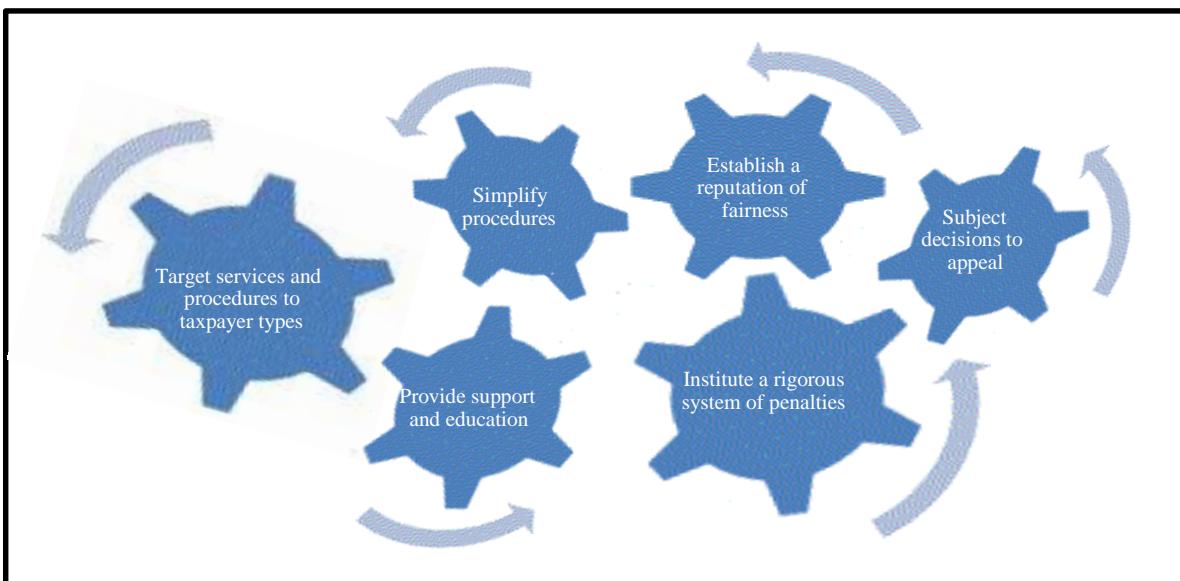
- (1) Registration of taxpayers — This is the initiation stage where taxpayers' details are captured and stored in an electronic data base. Administrators issue registration details to taxpayers and notifying them of their obligations. In the view of Akingbade *et al.* (2011), it is necessary to capture the information of eligible taxpayers in order to be able make forecasts on expected revenue.
- (2) Payment processing — During this stage, administrators should evaluate the amount of tax payable by each taxpayer, capture all the data needed for payment, detect errors, and calculate interests and penalties. However, this should be done in an equitable way as reflected in relevant legislation and regulations to ensure payment compliance.
- (3) Accounting — This stage involves the management of payment accounts which requires administrator to keep the balances of taxpayers, update balances with penalties, interests, refunds, as well as compiling a comprehensive statement or report to be submitted to government, the Auditor General in this case, as and when required.
- (4) Auditing — This helps in monitoring compliance by examining tax profits. Tax administrators engage in scoring taxpayers for risk, notifies taxpayers, store data, automate audit workflow, and forward reports to appropriate government authorities. Auditing of taxpayers' accounts enables the unfolding of fraudulent acts, incompetence of administrators, threats, weaknesses, and other information contained in reports (Devas *et al.*, 2004).
- (5) Collections — This refers to all measures applied by administrator to recover outstanding debts from taxpayers. Administrators must identify owing taxpayers, notify them, help with payment collection options, and alert taxpayers. Collections should be made simple and easy to encourage compliance. Araki (2013) affirms that payment enhancement options, such as Electronic Funds Transfer (EFT), mobile payment, debit and money orders, and cheque payments, should be provided to taxpayers in order to enhance payment. More so, administrators should endeavour to use diverse measures to enforce payment from taxpayers. Enforcement measures can be through incessant messages to pay, attachment of penalties, consultation of legal practitioners, and the attachment of fixed assets.
- (6) Objections and appeals — Residents should be given the opportunity to appeal on errors observed in their reports. The Municipal Property Rates Act section 50(1) (c) specifies that residents can apply for a redress in the issue of errors in a statement of accounts. Administrators should always track the payment status of taxpayers and make the necessary changes if appropriate.

The above section outlined the practices that need to be implemented by administrators to encourage voluntary compliance and it was observed that the tax system follows a series of definite steps to enhance payment compliance. The following section explains additional measures which tax administrators could follow to enhance voluntary compliance.

3.3.7.1.3 Additional measures to enhance voluntary compliance

The United States Agency for International Development devised another framework in 2013 to enhance voluntary payment compliance for the payment of taxes or rates. This discussion elaborates on a set of measures which municipal administrators could employ to enhance voluntary compliance. Figure 3.8 depicts the measures that could be applied to encourage voluntary compliance by municipalities in South Africa.

Figure 3.8: Measures to enhance voluntary compliance



Source: USAID (2013)

The subsequent explanation focusses on the additional measures that could enhance voluntary payment compliance.

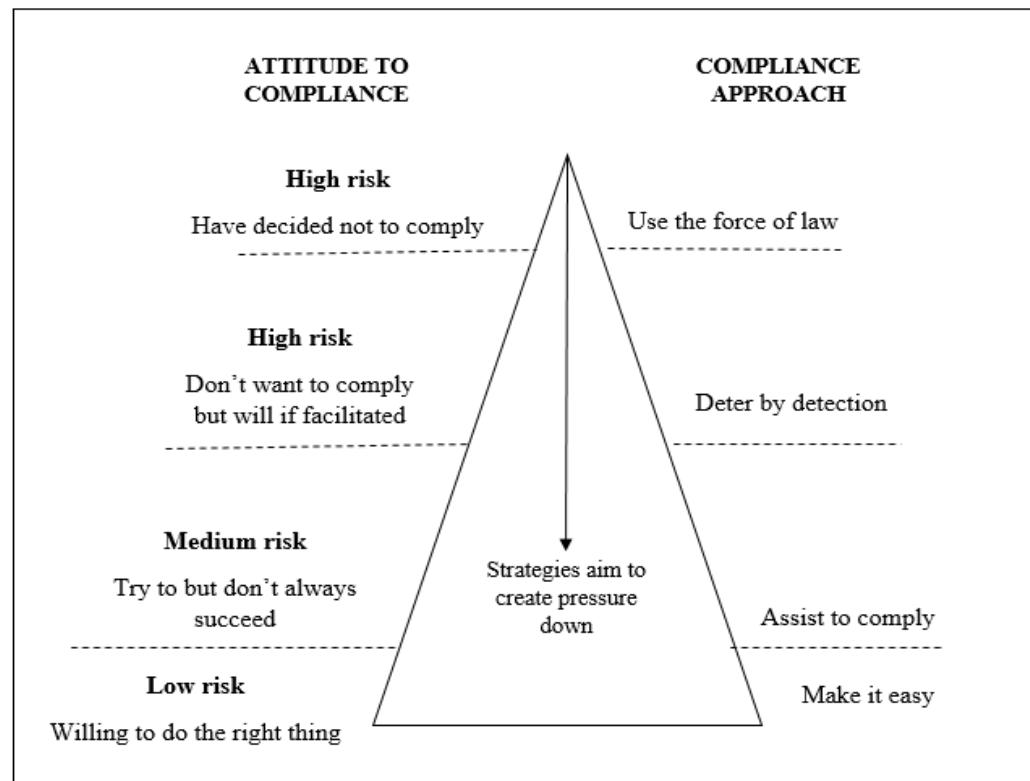
- (1) Target services and procedures to resident types — To achieve compliance, USAID (2013) maintains that administrators ought to target various levels of residents and minimise the cost and burden involved in facilitating compliance.
- (2) Adequate support and education — Administrators should provide excellent support and education to induce taxpayers in complying with tax laws and regulations. Some of the functions of administrators in achieving this task include:

- Educating and making residents understand their payment obligations and the benefits of compliance.
 - Answering telephone calls from residents and assisting them with their inquiries.
 - Providing written pamphlets to educate residents on matters related to tax compliance.
 - Assisting urgently with written enquiries received from residents.
 - Organising seminars/workshops for residents in an attempt to educate them on service payment.
 - Resolving disputes on assessment or objections immediately.
- (3) Implement penalties — Administrators should implement penalties on non-complying residents which must be in accordance with legislative precedents of the province. There should also be penalties for evasion and fraud, as well as punishing and publicising the convicts according to what the law demands.
- (4) The possibility of appeals — Administrators are required to provide for the filling of appeals with regard to errors or omissions as reported by residents. This enhances the fair and impartial judgement of administrators and motivates residents to comply with tax laws.
- (5) A reputation of fairness — Administrators should promote voluntary compliance to eliminate revenue loss through constant monitoring of residents' payment through regular auditing.
- (6) Simplify procedures — Administrators must simplify the procedures and facilities provided to residents for the processing and payment for services received. The payment procedures should not be complex but simple; furthermore, residents should be able to contact administrators through easily reachable phone numbers or toll-free numbers.

3.3.7.2 Measurement of the risk in enhancing voluntary compliance

The measurement of the risk level is a requirement to enhance voluntary compliance (Powell, 2016). In order to reduce compliance risk, administrators should register all residents, facilitate timely filing, and advocate timely payment and instigate enforcement. Administrators should ensure that they collaborate with other financial institutions and regulatory bodies to analyse information reported to them in order to identify areas of non-compliance for devising measures to improve on it. Figure 3.9 expounds on how residents are influenced and how the influence differs across residents' groups and types. It further elucidates the compliance behavioural drivers and the remedial enforcement to apply.

Figure 3.9 Risk differentiation compliance frameworks



Source: Powell (2016)

It is observable in Figure 3.9 that the risk differentiation framework comprises two sections which are attitude to compliance and the compliance approach. In attitude to compliance, there are three sets of risk levels and these are: high risk, medium risk, and the low risk level.

In the high-risk level are taxpayers who have decided not to pay due to one reason or the other and administrators are then required to facilitate compliance through the application of the full force of the law. This should be facilitated by sending a series of notifications to such defaulters and this is followed by necessary legal action which could include black-listing their names at the credit bureau, selling off their fixed assets, and in extreme cases imprisonment.

The second level of attitude to compliance is residents that do not want to pay tax but will pay when pressurised. This also falls in a high-risk level which needs appropriate administrative measures in order to be resolved. The compliance approach of administrators at this level will be to deter by detection. This involves constant tracking of residents' compliance level and detecting non-compliant residents and sending regular messages to them to pressurise them to pay and to remind them that they would have to face consequent legal action if they do not adhere.

The third level of attitude to compliance is residents who try but do not always succeed to pay for services received. This falls into the medium risk level and these consumers may need the assistance of an administrator to resolve the issue of payment. The compliance approach relevant to this level is for administrators to assist these consumers to comply. In achieving this, administrators need to provide encouragement and assistance, such as the provision of payment enhancements, communication options, and necessary information needed to make payments.

The fourth level of attitude to compliance is taxpayers that are willing to do the right thing. This falls within the low risk level which always needs the encouragement of administrators to be achieved. The compliance approach by administrators in this regard is to make it easy for taxpayers with regard to registration requirements, payment options, discounts, effective communication, and ensuring that all necessary information needed by taxpayers are forwarded to them.

3.3.7.2.1 Risk treatment strategies

Risk treatment strategies are applied to enhance payment compliance and to ensure that the tax (municipal services in this case) system is highly effective. Powell (2016) suggests that the following risk treatment strategies should be incorporated into a tax system to enhance payment compliance:

- Administrators should make it possible for a tax system to encourage voluntary compliance, also to reduce the cost of compliance.
- Taxpayers must be educated in terms of understanding the tax system, their rights and obligations towards voluntary compliance.
- Register all residents at the appropriate time.
- Making timely estimates on municipal income through proper forecasting and auditing.
- Devising measures to mobilise payment from residents and encouraging them to pay their accrued debts.
- Cultivate a culture of transparency through the exchange of information with residents on tax issues.
- Ensuring that matters related to appeals and objections are settled in the best interest of the resident and timely too.
- Ensuring that auditing practices will be improved to enhance the level of compliance.
- Ensuring that bad debts are written off and make arrangements to collect due debts to prevent debt accrual.

- Enhancing enforcement through the prosecution of defaulting residents in order to enhance compliance.
- Working in collaboration with other intermediaries in the process of service administration.

The discussion in this section explicated a proposed process for service administration and risk measurement factors needed to be implemented by an administrator to achieve payment compliance. The prescripts of this section indicate that enhancing voluntary compliance is a collaborative effort of the administrator and other agencies to treat residents as consumers, thereby understanding their challenges and assisting them to enhance compliance.

The next deliberation expounds on the concept of traditional leadership, as one of the factors highlighted in Figure 1.2 that could influence payment compliance.

3.3.8 TRADITIONAL LEADERSHIP

Traditional leadership refers to an institution of governance in a particular place, resident in the application of customary law (Eberbach *et al.*, 2017), and this developed over many hundreds of years, especially in Africa, and has served the people of Africa through wars, periods of slavery, famine, freedom struggles, economic and political reforms, and during the colonial and apartheid periods (Ntsebeza, 2005). This discussion privileges traditional leadership as it has an abiding influence on the behaviour of their subjects (citizens). In this regard, collaboration between traditional leadership and a municipality is proposed to enhance the payment culture of residents.

3.3.8.1 The concept and powers of traditional leadership in South Africa

Traditional leadership in Africa is a form of indirect leadership and the practice is still distinctly legitimate in some postcolonial African nations. It is truthful to assume that the positions and duties of traditional leadership in promoting sound and equitable governance in South Africa has been quite vague and underrated (Mawere & Mayekiso, 2014). Despite the promotional gestures to elevate the position of traditional leadership in some provinces in South Africa, such as the House for Traditional Leaders (HTL), their position, roles and duties are still questionable. Some dignitaries view them as unproductive, corrupt, undemocratic and oppressive (Ntsebeza, 2005). This is quite detrimental for traditional leadership in the South African context as many individuals accuse their collaboration with government as only for selfish gains.

Contrary to the conventional view, Mawere and Mayekiso (2014) affirm that there is a need to institute traditional leadership in the governance of the state due to the influence it has at grass-root level. Consistent with this, D'Engelbronner *et al.* (1998) aver that traditional leadership is based on the belief in consecration, which has been long established; also, it depicts the legitimacy of those who are chosen to rule by said traditions. Oomen (2005) opines that traditional leadership is an authority from God, and also adds that without it Africans would not be united as a community. Traditional leadership has been given the divine authority to guide their communities against unorthodox blockades aimed at destroying African nations.

Traditional leadership represents a local authority responsible for guiding their subjects and maintaining the safety of their localities. In the view of Hammar (2005), local or national authorities can co-exist with traditional leadership because their subjects depend on them in order to combat crime or implement new laws. In this opinion, traditional leadership rule, govern and protect their subjects based on the principles of tradition (Ntsebeza, 2003).

The concepts of traditional leadership depict how powerful the influence of traditional leadership can be over their subjects, also, the extent of their authority. Traditional leadership has legitimacy as they ensure lawfulness within the area they govern, also during the colonial period; the British embraced the policy of indirect rule, which shows that the British wanted to govern others through traditional leadership (Ntsebeza, 2006). The reason for adopting this strategy was to find ways of ruling indigenous people without upsetting traditional hierarchies and therefore effecting such rule with minimal rebellion. However, this was successful in many parts of Africa as the British collaborated with traditional leadership and made them a link between the British and the people.

According to the studies of Ntsebeza (2003) and Khunou (2009), traditional leadership is regarded as the oldest method of societal organisation that is based on the developmental needs of communities, culture development and the preservation of customs and values of African communities. George and Binza (2011) avow that traditional leadership had authority and power over their subjects before colonial rule. This is possible by instituting sectional (village) chiefs and delegating authority to them to perform certain duties on behalf of the traditional leaders. In South Africa, traditional leaders from the Tswana area are known as the *Kgosi*, *Inkosi* in Zulu, *Kumkani* in Xhosa, and *Kgoshi* in Pedi. These leaders control the activities and other functions in their communities such as political functions (sharing of resources among the ruling class), safety and security, as well as governance and development. Traditional leaders also control the economic activities in their areas such as the distribution of land to their subjects and the collection

of community taxes. Communal and individual conflicts are managed by traditional leaders and they also take care of the health sector, cultural functions (sacred and spiritual), customs and traditions, as well as any other relevant matters (Ntsebeza 2003). Ntsebeza (2003) affirms that Zibi of the Mgwalana traditional authority agrees that a traditional leader is a symbol of unity, a religious leader, a custodian of the culture, the values of the people, and the people's guard and judge. Traditional leaders ensure that law and order are kept and create a good standard for traditional governance. This assertion is supported by Tooke (as cited in Ntsebeza, 2003) who confirms that a traditional leader is viewed as the most influential member of a community and the embodiment of all attitudes.

3.3.8.2 Roles of traditional leadership in South Africa

After the dawn of new democracy in South Africa in 1994, government established a framework to guide the roles of traditional leadership. This act is known as the Traditional Leadership and Governance Framework Act (41 of 2003), which was promulgated to regulate traditional related issues in South Africa (Maloka, 1995; Thornhill, 1995). This Act is also meant to foster collaboration between traditional leaders and other government departments such as the Department of Home Affairs, the Department of Arts and Culture, the Department of Environmental Affairs and Tourism, and the Department of Justice, Health, Land and Housing in order to bring democracy right down to grass-root level.

In Sections 19 and 20(1) of the Traditional Leadership and Governance Framework Act (41 of 2003), a specification was made on the roles of traditional leaders in order to be effective in promoting leadership. This is also in alignment with the roles specified by the White Paper for Traditional Leadership and Governance 2003 (WPTLG). Traditional leaders are entrusted with responsibilities such as promoting arts and culture, promoting environmental activities and tourism, government communication and information service, health services, home affairs, housing and the promotion of justice amongst citizens. The subsequent discussion elaborates on the roles of traditional leaders.

- (1) Promotion of Arts and culture — It is stated in the White Paper for Traditional Leadership and Governance 2003 (WPTLG) that traditional leaders should promote matters related to arts and culture in the various provinces of South Africa. More so, this act supports traditional leaders to contribute towards the promotion of indigenous knowledge systems, traditional music, and promoting cultural heritage preservation and history. Additional functions of traditional leaders in the promotion of arts and culture are as follows:

- Facilitating arts and cultural programmes in communities.
 - Assists in reclaiming human dignity by collaborating with the Department of Arts and culture to supporting cultural heritage.
 - Helps to protect and preserve indigenous knowledge systems in rural communities.
 - Declares new institutions to restore abandoned cultures and histories.
- (2) Promotion of environmental affairs and tourism — Traditional leaders are expected to collaborate with the Department of Environmental Affairs and Tourism to promote environmental issues, as well as tourism. Additional roles of traditional leaders in enhancing environmental affairs and tourism are:
- Enhancing the growth of tourism by encouraging community members' participation, thereby increasing the chances of job opportunities.
 - Enhancing collaboration with the Department of Environmental Affair on educating community members on practices that are safe and promoting environmental-friendly practices.
 - Facilitating leadership information needed to maintain environmental governance.
 - Assisting in the management of coastal zones which falls within their jurisdiction.
- (3) Closing the communication gap between government and citizens — Traditional leaders facilitate dissemination of information between government and local residents. The White Paper for Traditional Leadership and Governance 2003 states that traditional leaders should provide governance at grass-root level by making the decisions of government such as new policies, laws, and etcetera, known to people in rural communities. Traditional leaders should also work collaboratively with other organs of government, such as the Government Communication and Information Service (GCIS) and the Information Officers and Community Development Workers (CDWs) in order to make available important information to citizens.
- (4) Facilitating health services at grass-root level — Facilitating the well-being of citizens is one of the main responsibilities of traditional leaders who are required to provide advice to their subjects on health issues, as well as preserving cultural and/or traditional methods such as rituals and initiations. Traditional leaders are responsible to collaborate with the Department of Health in the creation of awareness on the Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS), tuberculosis and other deadly diseases so that their subjects will be safe in their environment. Traditional leaders are also to ensure that

other traditional methods of healing are promoted whilst their cultural heritage is held in high esteem.

- (5) Assisting in the registration of births — Traditional leaders assist in the registration of births by collaborating with the Department of Home Affairs. They also assist in the issuance of marriage certificates, customary marriages, death certificates and other related certificates within their jurisdiction. Despite the fact that some of the rights of the issuance of some certificates were withdrawn from traditional leaders, they still have some rights to issue birth documents to citizens, though citizens may lack proper knowledge about that.
- (6) Provision of housing to residents — Traditional leaders allocate land and collaborate with government on the provision of housing for the poor, and also resolve the problems of unemployment. This serves as a key in facilitating poverty alleviation in rural communities. Traditional leaders are entrusted with the powers to ensure the rapid delivery of Reconstruction and Development Programme (RDP) houses and to oversee construction to ensure that the houses will be of a good quality that will stand the test of time.
- (7) Promotion of land administration and agriculture — According to the White Paper for Traditional Leadership and Governance 2003 (WPTLG), traditional leaders are expected to promote the administration of land and agriculture. This is done by promoting the justifiable use of land by advising government on matters related to the improvement of agriculture. Traditional leaders promote the preservation of wildlife to encourage tourism and also manage land with regard to its allocation to residents for domestic and agricultural purposes.
- (8) Facilitating justice amongst residents — Traditional leaders are entitled to facilitate justice and protect the national Acts and Constitution of South Africa. They are also entitled to settle tribal disputes amongst residents through customary courts before it is transferred to local and provincial courts for further trials. Traditional leaders can also serve and act as a Commissioner of Oath as a service requirement to community members.
- (9) Ensuring safety and security — The White Paper on Traditional Leadership and Governance 2003 (WPTLG) states that the duty of traditional leaders includes the promotion of safety and security within local communities. The provision of safety includes community policing and the development of measures to reduce theft, robbery, and conflicts, and also to promote peace and unity amongst the youth in the community. Traditional leaders are expected to collaborate with the National Youth Development Agency (NYDA) to fight corruption and crime.

(10) Facilitating social development — The WP TLG lastly states that traditional leaders ought to facilitate the accessibility of welfare services to residents in rural communities. They should also promote the protection of life and ensure that the young, the disabled, and the elderly receive all the dividends of democracy such as pensions and social grants. Traditional leaders should always be ready to render assistance to the needy in a community and to foster social development, such as developing social relationships and the development of welfare programmes.

The discussion above presented the duties and roles of traditional leaders in promoting economic development in the rural communities of South Africa. It was observed that traditional leaders facilitate development amongst their subjects. The subsequent discussion elaborates on the legislative background of traditional leadership in South Africa.

3.3.8.3 Legislative frameworks for traditional leadership in South Africa

The third dimension, as illustrated in Figure 3.1 concerns the legislative frameworks for traditional leaders. There are several legislative precedents attempting to transform the arena of traditional leadership in South Africa. Subsequently, legislative precedents are expounded to explain how legislation supports traditional leadership.

3.3.8.3.1 South African Constitution (No 108 of 1996)

Traditional leadership is supported by the Constitution of the Republic of South Africa 1996. Section 211, states the traditional leadership roles, as well as the provision of customary authority to settle conflict amongst people in local communities. Section 212 specifies that traditional leaders should take charge of matters concerning local communities. Despite the fact that cultural positions of traditional leadership have not yet been clearly specified, the Constitution of South Africa (108 of 1996) recognises the cultural position of traditional leaders. In Chapter 12 of the Constitution, the roles of traditional leaders on matters related to local government are stated. In Chapter 7 and Section 152 of the Constitution, the following are stated as the objectives of municipalities in terms of communities and traditional leadership:

- Local municipalities should provide a democratic and accountable government for local communities.
- Local municipalities should provide adequate services to communities.
- Local municipalities should promote social and economic development.
- Local municipalities should promote a safe and healthy environment.

- Local municipalities should promote incorporating people from local communities in matters concerning local government.

In order to achieve this, local municipalities need to collaborate with ward councillors and traditional leaders to bring the benefits of democracy to all at grass-root level.

With regard to the developmental duties of the municipalities, Section 153 (a) and (b) of the Constitution state that municipalities must:

- Give attention to the structure and effective administration of municipalities.
- Give priority to the basic needs of communities and to encourage their social and economic development.
- Facilitate national and provincial developmental programmes for the progress of communities.

This section supports the establishment of the Houses of Traditional Leaders by national and provincial government in order to ensure equitable service delivery. The following discussion expounds on the National House of Traditional Leaders Bill (B 56D—2008).

3.3.8.3.2 National House of Traditional Leaders Bill (B 56D—2008)

The National House of Traditional Leaders (NHTL) Bill (B 56D—2008) repeals the National House of Traditional Leaders Act (10 of 1997). The Bill was established to facilitate the functions of the NHTL. The act states that the National House should include three representatives from each province which must be senior traditional leaders. The Bill provides a criterion for the qualification of members to serve in the National House, and the exclusion of certain persons from participating in the National House. Clause 14 expands on the legislative relationship between the National House, Kings and Queens. The relationship has never been structured, though Kings and Queens are recognised at national level. Clause 15 stipulates the relationship between the National House and Provincial Houses and further stipulates the procedure to be adopted in the event of the National House wishing to interrelate with local Houses and Traditional Councils. Finally, the Bill makes provision for supporting the National House by government in order to enable local Houses to fulfil their demand with regard to laws and customs.

3.3.8.3.3 National House of Traditional Leaders' Act (10 of 1997)

The National House of Traditional Leaders Act 1997 (10 of 1997) repealed the Council of Traditional Leaders Act of 1994 to facilitate the activities of the institution of traditional leaders. Section 2 of this Act makes provision for the institution of the National House of Traditional Leaders, a directive was also made that the National House shall consist of members voted in

as provided for in Section 4 of the Act. In Section 3, dealing with the nature of the duration and dissolution of the House of Traditional Leaders, it is stipulated that the term will last for 5 years after inauguration. The National House of Traditional Leaders Act (10 of 1997) makes provision for the matters and functions of the National House to promote the functions of traditional leaders. It also specifies the functions of national government to make recommendations on matters regarding traditional leadership.

3.3.8.3.4 White Paper on Traditional Leadership and Governance (31 of 2003)

The White Paper on Traditional Leadership and Governance (31 of 2003) indicates that the traditional duties of government are to provide adequate services such as water, electricity, roads, medical care, housing and others to residents through Integrated Sustainable Rural Development. This initiative is to guarantee an integrated approach to rural development which can only survive through the collaboration between traditional and municipal councils. The White Paper on Traditional Leadership and Governance (31 of 2003) further indicate that traditional leaders may be involved in supporting government to enhance service delivery, support socio-economic development and to maintain peace and unity. In this regard, traditional leaders can:

- Impact the nature of government policies and legislation as far as it affects rural communities.
- Give advisory services to government on matters affecting their customs and traditions.
- Be consulted by government on policies that may affect rural communities.
- Support all government efforts to improve the lives of people living in rural communities.
- Develop a cordial relationship with government to support developmental programmes to improve service delivery.

The purpose of this legislation is to promote the function of traditional leaders within rural communities and to ensure they contribute towards bringing democracy to communities. This act enables traditional leaders to function effectively in their communities.

3.3.8.3.5 Traditional Leadership and Governance Framework Amendment (41 of 2003)

The Traditional Leadership and Governance Framework Amendment (41 of 2003) is an attempt to define the roles of traditional leaders in a South African context. The assumption holds that government should respect, protect and promote the institution of traditional leadership; hence the purpose of the Act is highlighted below:

- To ensure the acknowledgement of traditional communities.
- To establish the institution of traditional councils.

- To provide a legislative background for the leadership of traditional leaders.
- To ensure the recognition of traditional leaders and the nature of tenure in office.
- To ensure the provision of houses for traditional leaders and to provide for their functions.
- To make provision for dispute resolution, also the institution of the Commission on Traditional Leadership Disputes and Claims (CTLDC).
- To institute a code of conduct for traditional leaders.
- To amend the Public Bearers Act 1998 and other matters.

The contents of the Traditional Leadership and Governance Framework Amendment (41 of 2003) specify that traditional leaders are agents that facilitate democracy and governance in South Africa. Traditional leaders, therefore, should ensure that they render selfless service to their communities with dignity.

3.3.8.3.6 Municipal Systems Act of 2000 (32 of 2000)

The Municipal Systems Act (32 of 2000) supports the establishment of a traditional leadership council. In Section 17 (2) (d) of this Act, it is stated that municipalities may hold consultative sessions with traditional authorities in an attempt to promote governance, culture and participatory leadership. Important to note is that Section 81(3) of the Municipal Structures Act (117 of 1998), states that the municipal council should consult the traditional leader's council before taking any decision that could affect a local community, and should also provide for the expression of their views. The Municipal Systems Act (32 of 2000) enhances the collaboration between a municipal authority and that of traditional leaders to work towards cooperative governance. This acknowledges that traditional leaders can and do have a positive impact on contributing towards the economic development of South Africa through cooperative governance. However, it is deemed important that municipalities should always consult traditional leaders in community developmental issues, especially the Integrated Development Plan (IDP) and matters related to equitable service delivery and the payment for such services delivered.

3.3.8.4 Outstanding measures to enhance the ability of traditional leaders

The study of Eberbach *et al.* (2017) pinpoint that traditional leadership has to be recognised, empowered and provided with an enabling environment for discharging their duties equitably. In this regards, traditional leaders are required to understand the environment they operate in and the

cultural realities of residents functioning under their authority. According to Eberbach *et al.* (2017), possible reasons for the failure of traditional authorities can be:

- Traditional leaders are not always informed about the process of development and they do not know how to engage in it.
- Municipal councils do not provide an enabling environment to enable traditional leaders to function effectively.
- Most traditional leaders are not educated, thus, a lack of formal training to understand the complex processes of development.
- Municipal councils look down on traditional leaders as it is incorrectly thought that they only focus on the cultural heritage of their people and not on developmental issues.
- There are inadequate resources for development which cripple attempts by traditional leaders to be involved in developmental issues.

This discussion explained the concept of traditional leadership in an attempt to enhance payment for municipal services through collaboration with municipal role-players. The researcher is in agreement that traditional leaders have not to date really made a remarkable impact on developmental issues, as well as in contributing to the payment for municipal services in South Africa. Much can be achieved through collaboration between municipal role-players and traditional leaders in enhancing payment compliance and establishing a responsible payment culture.

The subsequent delineation elaborates on the roles of councillors in enhancing payment compliance for municipal services.

3.3.8.5 Councillorship

Councillors are persons who represent their constituencies within the local municipal sphere. Mileham (2009) sustains that councillors take decisions on behalf of the people they represent, also they ensure that the interest of the people is equitably represented. Councillors serve as a link between the people they serve and the municipalities. The essence of including this topic in this thesis is to review the traditional duties or roles of councillors, their collaboration with municipalities and residents in an endeavour to enhance the payment culture of residents to achieve equitable service delivery. Various legislation in South Africa, such as the Municipal Structures Act (117 of 1998), Municipal Electoral Act (58 of 1999), Municipal Systems Act (32 of 2000), Municipal Structures Amendment Act (1 of 2003), Constitution of the Republic of South Africa Amendment Act (2 of 2003), Cross-boundary Municipalities Laws Repeal and Related Matters Act (23 of 2005) and Small Business Tax Amnesty and Amendment of Taxation

Laws Act (9 of 2006), affirm that the councillor should serve as a link between the people and the municipality. The roles of councillors, according to Mileham (2009), are highlighted below.

- (1) Engaging and informing the people — The obligation of councillors include engaging the people to know what is happening in the municipality with regard to service delivery. Councillors are responsible to reach out to the ward constituents through various methods of communication such as Facebook, emails, SMS, also in the various village/town halls. More so, councillors need to explain issues regarding orderliness, peace and unity with the ward constituents. They answer questions which may arise in such meetings.
- (2) Representing the people — Councillors represent the ward constituents and make decisions based on the immediate need of the constituents. The councillor further provides feedback to the constituents after such representation.
- (3) Social cohesion — It is the duty of councillors to foster inter-ward cohesion. This is done by organising community events and communication. In this process, societal issues are raised and discussed and a resolution can be made to resolve such issues.
- (4) Link with the municipality — As noted earlier, councillors represent their ward constituents in the municipality. In this regard, the councillors are regarded as a link between the municipality and the residents. The councillors are entrusted with the following duties:
 - Informing residents about the plans and programmes of the municipality.
 - Informing residents if such programmes/plans are against their wellbeing.
 - Making inquiries from residents if municipal services are provided in an equitable manner.
 - Ensuring that capital projects done by the municipality are done with regard to the stipulated time frame.
 - Taking complaints from the constituency members to the municipality.
 - Maintaining law and order within the constituencies.

With regard to the above stated roles of councillors, the municipalities in the North West province should consider engaging the councillors to talk to their constituency members in order to influence their payment practice to enhance the payment culture for municipal services.

The subsequent deliberation expounds on the need for effective communication in enhancing payment compliance for municipal service provision as highlighted in Figure 1.2.

3.3.9 COMMUNICATION DYNAMICS

The word communication, according to the Miriam Webster dictionary (2017), involves the exchange of information between two or more people through symbols, signs or behaviour. *Communis* in Latin refers to the acquisition of understanding between a sender of a message and a receiver (Lunenburg, 2010). Consistent with this assertion, USAID (2005) and Sauer (2014) affirm that communication entails the dissemination of the right information to a target audience using the right channels at the right time. More so, the avowals of Wallace and Roberson (2009), Valentzas and Broni (2011) and Wells (2011) sustain that communication implies all the procedures involved in disseminating mutually understood information from one person to another using an appropriate medium. This discussion is included in this study to propose to municipalities the use of contemporary communication options in order to enhance the payment culture of residents.

3.3.9.1 Advantages of effective communication

Leonard (2018) avows that communication keeps two or more people together without raising doubts or questions as messages are being sent to a target audience and received. Consistent with this, Jamela (2016) reiterates the following advantages of effective communication. The advantages of communication were included in this deliberation to illustrate how important it is to enhance collaboration between residents and municipal role-players. Following are the advantages of communication:

- (1) Enhancing of understanding — Communication helps to increase understanding and knowledge of a target audience when a clarifying message is sent. It encourages confidence and removes doubt and feelings of resentment.
- (2) Clarifying emotional signals — Communication helps to clarify emotional cues, and it also helps to examine relationships such as meeting an aggressive person and helping an aggrieved customer.
- (3) Building good relationships — Organisations or municipalities can build good relationships and trust with their clients/residents by passing due information on to them, as well as responding adequately to their queries.
- (4) Managing diversity — Communication helps in bridging cultural differences between two parties, and it also facilitates resolving issues across various types of boundaries.

- (5) Team building — When there is effective communication between parties it then reduces unwanted competition; thus it assists in building group cohesion to achieve greater productivity and organisational effectiveness.
- (6) Enhancing morale — Effective communication in an organisation enhances motivation and a healthy work environment as management communicates adequately with employees. Employees perform their duties more effectively when their duties are well clarified through the process of communication.

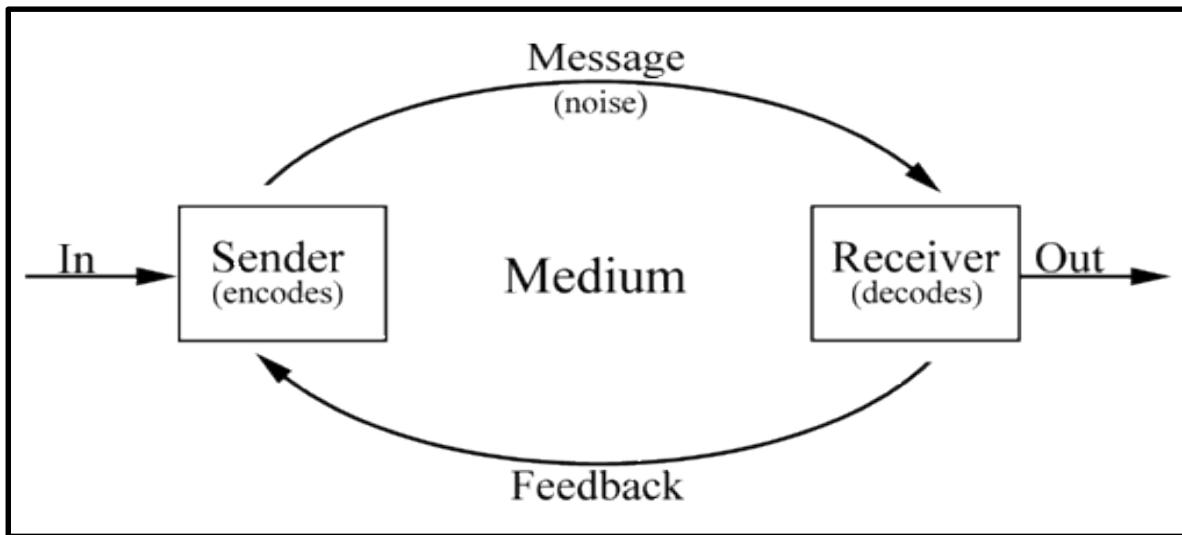
Subsequently, the communication model is explained.

3.3.9.2 Communication model

The conventional model of communication suggests that the process of communication involves two major actors known as a sender of information and a receiver of information (Lunenburg, 2010). The purpose of using a model in this study is to present a visual representation with the intention to offer a broader explanation to municipal role-players and residents on the process of communication (Gavi, 2013). The communication model refers to a visual symbol that represents the process of human communication.

The communication model selected for this study explains the processes involved in achieving effective communication. The sender encodes a message to a receiver through a medium, on the reception of the message; the receiver sends feedback to the receiver through a chosen medium. Communication is said to be complete when the sender receives the feedback from the receiver. Of importance is that organisations (municipalities in this case) should adopt appropriate channels for sending messages to their consumers (residents), hence ensuring that feedback will be obtained to ascertain further action to be considered. In this regards, municipalities should ensure that they send messages to consumers using appropriate channels, also at the right time in order to encourage them to pay for services consumed. Figure 3.10 presents the communication model.

Figure 3.10: Communication model



Source: Adapted from Lunenburg (2010)

The subsequent discussion is a synopsis of what is involved in achieving effective communication.

3.3.9.3 Methods of communication

Valentzas and Broni (2011) highlighted that there are two major methods of communication and these include electronic and print media. In the view of Inyang (2016), community theatres can also be used to disseminate vital information to people living in local communities. The various forms of communication obtainable in both electronic and print media are expounded below.

3.3.9.3.1 Electronic media

Hutton (2011) contends that “electronic media denote the media that require integrated circuit technology to send and receive messages”. Hassan (2012) also observed that electronic media is indeed effective in facilitating the sending and receiving of messages between senders and receivers. Following is an explanation of a selection of different forms of electronic media municipalities can utilise.

- (1) Television — According to USAID (2005), Bird *et al.* (2012) and de Mooij (2014), television enhances the dissemination of visual information to a target audience. Such information includes infomercials and advertisements. Both infomercials and advertisements are used to create awareness about a particular product and to persuade an audience to take action and/or to buy a product. This media can be used to send various forms of messages due to the fact that various languages can be used for the presentation of messages, also it enables capturing a very wide audience with no educational barrier (Familusi & Owoeye, 2014).

- (2) Radio sets — This form of electronic media uses only sound to disseminate information to a target audience (de Mooij, 2014). Advertisements, announcements and news are being disseminated to people through a radio set (Egan, 2007; Fielding & Plooy-Cilliers, 2014). Advertisements done through radio sets, according to de Mooij (2014), are timely conveyed, inexpensive, and covers a wider audience than printed media, Meade (2012) further affirms that radio is an appropriate means to send simple messages to a target audience, especially in a community setting.
- (3) YouTube — This refers to messages and promotional material placed on the Internet as an audio-visual form and can be used to educate and inform a target audience. YouTube is the largest audio-visual search engine in the world currently and a study by Sauer (2014) confirms that YouTube is accepted by a target audience due to the attractive audio-visual messages it conveys. Because it is placed on the Internet, it captures a very wide audience and it is very effective for dispersing urgent messages (Baruah, 2012).
- (4) Social media — This is a platform where information is exchanged between two or more people (de Mooij, 2014). Information, updates and promotional content are placed on social network platforms such as Facebook and Twitter (Baruah, 2012). Twitter's tweets are short message service and does not involve more than 140 characters. Sauer (2014) maintains that Facebook is widely accepted by many people in all parts of the world and this platform has over 1 billion users. Familusi and Owoeye (2014) further state that Facebook and Twitter gain wider coverage while users freely interact with the platform.
- (5) Electronic mail (e-mail) — Electronic mail is used to send single and bulk messages to audiences through electronic means (Bothma *et al.*, 2008; Sauer, 2014). Electronic mail is one of the media used to disseminate information to target audiences due to its ability to disseminate messages instantaneously (USAID, 2013). However, it is restricted by connectivity.
- (6) Desktops and laptops — These are devices used to send bulk messages or reminders to a target audience through mobile devices (Fielding & Plooy-Cilliers, 2014). This electronic application has a wider capacity to achieve wider coverage. Call centres are cheap and have the capacity of covering a large group of people instantaneously; it also saves money due to its ability to deliver bulk SMSs.
- (7) Electronic billboards and manual billboards — These are placed in a strategic place, mostly junctions or high traffic junctions, in order to display advertisements or special information to selected targets (Bird *et al.*, 2012). These devices are often used to remind a target market

or to educate them on a specific issue. It is advisable, according to Ann *et al.* (2012), to use a billboard as it is considered to have low maintenance costs and captures wide attention due to its size, its accessibility and its ability to create awareness.

- (8) The Internet — This involves the dissemination of information to a target audience through websites (Bothma *et al.*, 2008; de Mooij, 2014). It is advisable to develop a website efficiently so that it is highly interactive in displaying various options that inform and educate a target audience. Municipalities are advised to develop their websites in such a way that it will guide browsing and locating information such as contact information, finance options, service provision, job opportunities, payment options, accounts and frequently asked questions. Warner (2011) indicates that the Internet facilitates instantaneous response, interaction, tracking, as well as promoting efficiency.

3.3.9.3.2 Print media

This involves the method of disseminating information using physically printed material such as flyers, pamphlets, magazines, inserts, and also newspapers. A synopses of a selection of different types of print media are expounded below.

- (1) Newspapers and magazines — This medium is used to disseminate information to a target audience which serves as a geographical daily or periodicals (Bird *et al.*, 2012). According to Warner (2011), newspapers and magazines serve as a means of disseminating matters of local, provincial or national interest. This form is reliable, convenient, encompass pictorial photographs which attract a target audience and it can be stored for a considerably long time.
- (2) Flyers and inserts — These are short written messages that disseminate important information to a target audience. Flyers are written information which is precise or particular on a topic distributed to an audience (Bird *et al.*, 2012). Flyers and inserts are cheap to print and can be easily distributed (Ann *et al.*, 2012). Inserts is the type of flyer inserted inside magazines or newspapers and is used to sensitise an audience about a subject matter.

3.3.9.3.3 Workshops and community theatres

Beside electronic and print media, various other forms of communication exist and for the purpose of this study, workshops and community theatres are included.

- (1) Workshops — This refers to an arranged forum where a sender meets with a receiver with the intent to have a symposium in an attempt to educate the receiver (USAID, 2005). This arrangement enables the sender of information to understand the views of the receiver and answer questions that may emerge competently (Meade, 2012). According to the views of

USAID (2005), workshops are to be organised within intervals to obtain an understanding of the views of a target audience directly.

- (2) Community theatres — This refers to the application of cultural activities, as well as drama, as a means of informing a target audience (Inyang, 2016). Furthermore, Inyang (2016) asserts that community theatres assist in covering those audiences who cannot read the print media. This form of communication media helps in communicating appropriate information, engaging an audience emotionally, and educating an audience.
- (3) Road shows — Road shows are presentations made by representatives of an organisation about an existing opportunity in order to communication gap as well as to foster collaboration (Meade, 2012).
- (4) Exhibitions — This refers to a presentation and display of items by an organisation within a cultural or educational setting such as parks, malls, library etc. The organisation adopts exhibitions to display important information that will be beneficial to the organisation (Bird *et al.*, 2012).
- (5) Expos — This refers to events held by government intermediaries to educate the residents or general public on matters related to innovation, promote progress, as well as facilitating collaboration (Meade, 2012:7).

This discussion illustrates the meaning of communication, the various means of communication which includes electronic, print, workshops and community theatres. It is inferred that municipalities could achieve a lot in creating awareness amongst residents which could have a positive impact on influencing their payment culture.

The next deliberation discusses the meaning of sustaining innovation and how it can be used to influence payment culture for municipal services.

3.3.10 EMERGING SUSTAINING INNOVATION

Innovation, according to Atkinson (2013), refers to a transformational process by which new things (services, goods) are created. In the view of Montgomery and Perry (2011), innovation can either be a breakthrough or a sustaining innovation. Breakthrough innovation refers to the creation of new services and goods; and sustaining innovation involves an upgrade or improvement on goods and services as a replacement or change. The purpose of this discussion is to make role-players aware of different emerging sustaining innovation options which can be used to enhance the payment for municipal services by residents.

However, Stowe and Grider (2014) and Horth and Bunchner (2014) affirm that managers are faced with different tasks regarding measures needed to achieve success in the work environment. Strategic managers are expected to foresee the future by making counter plans through the process of innovation to achieve competitive advantage (Joyce, 2017). In this regard, managers are expected to think differently and propose different measures to resolve issues that may pose to be a threat to success (Horth & Bunchner, 2014).

3.3.10.1 Advantages of sustaining innovation in the public sector

Public sector innovation is greatly needed, especially on a local municipality level. In the view of Birkinshaw *et al.* (2008), innovation has contributed immensely to the perfection of the methodology of work processes, as well as towards the general productivity of organisations (Birkinshaw *et al.*, 2008). In the view of Montgomery and Perry (2011), innovation helps in inventing new products, as well as finding new ways to deploy such products. Montgomery and Perry (2011) further affirm that innovation facilitates good leadership and develops new talent in order to meet the demands of the public.

Innovation is a concept with outstanding benefits and enables achieving success in any business. The following advantages, according to Horth and Bunchner (2014), can be derived by implementing the concept of innovation in an organisation:

- It helps an organisation to resolve challenging problems with regard to productivity, payment options, delivery and human resource issues.
- It helps in generating profit, increase an organisation's market share, as well as achieving a competitive advantage.
- It helps in improving the quality of products, hence reducing the cost of productivity.
- It helps in improving brand recognition and value due to the enhancement of methods.
- It increases the opportunity to engage in new partnerships and relationships.
- It increases organisational turnover and also improves profitability.
- It helps to improve customer relationships and employee satisfaction.

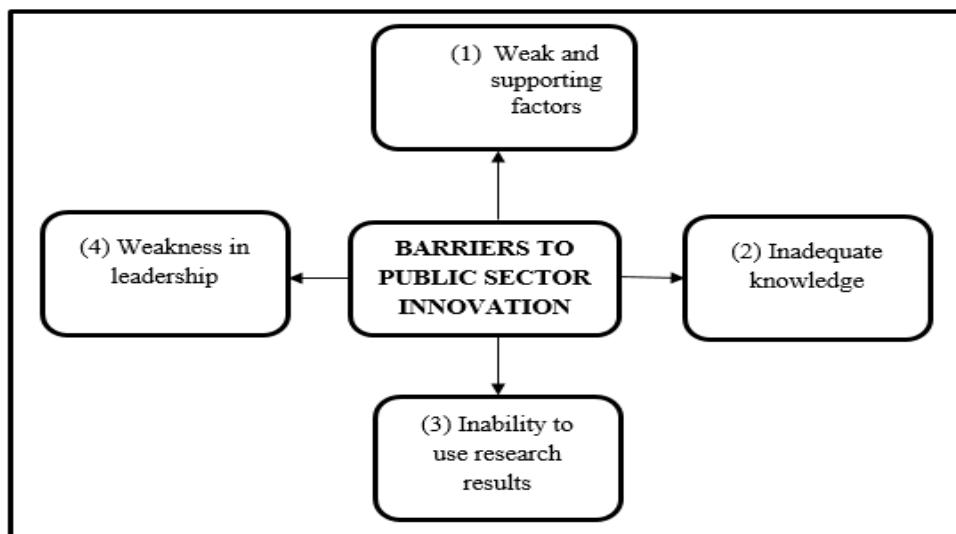
Furthermore, Horth and Bunchner (2014) declared that innovation is constantly needed in organisations for a move towards getting the best for the interest of the public. In this regard, municipalities should adopt the prescripts of innovation in order to achieve advancement. Factors of advancement in a municipal context include the methods of communicating with residents and

providing various payment options. Municipalities should ensure that the implementation of breakthrough and sustained innovation with regard to communication and payment options are improved in order to enhance the payment culture of residents.

3.3.10.2 Barriers to public sector innovation

There are several factors that are recognised as being a barrier to public sector innovation and these factors has been identified by Bason *et al.* (2013). For the sake of clarity, these factors are depicted in the figure below.

Figure 3.11: Barriers to Innovation



Bason *et al.* (2013)

- (1) Weak and supporting factors — This refers to resource limitations due to the scarcity of funds and needed human resources to initiate ideologies for improvement, also a manager's inability to improve the coordination of factors which is the result of management weakness. Other factors include complexities in understanding policies and the steps of the innovation process.
- (2) Inadequate knowledge — It is suspected that many administrators have inadequate knowledge concerning the application of innovation procedures, mainly due to a lack of funds, ignorance, and an inability to accept change.
- (3) Inability to use research results — This occurs when management chooses to ignore and refuses to adopt and implement research results to enhance innovation.
- (4) Weakness in leadership — This refers to the inability of administrators to possess adequate skills and obtain needed information to initiate the innovation process.

This discussion identified the issues that retard the implementation of innovation processes and if any of these factors are present in a municipality, then it should be eliminated. The following segment expounds on the various emerging innovation options that can be applied by municipalities to enhance the payment culture of residents.

3.3.10.3 Revenue collection options

Revenue collection options refer to the means by which municipalities facilitate payment for consumers. Presently, municipalities in the North West province enable payment from consumers through municipal counter payments, post office payments, retail outlet/shop payments, direct bank deposits and also by means of mobile payments. This section explores some payment options that can be utilised to enhance payment from service consumers.

- (1) Electronic funds transfer (EFT) — This refers to the transfer of funds originating through electric terminals that enable consumers to transfer money across banks. Electronic funds transfer eliminates the risk involved in carrying cash to a bank and this method of payment saves time as well as reducing administration cost and eliminates demanding labour in handling cash payments (Araki, 2013). EFT is also Internet banking which can be facilitated via computer, iPad and smartphones. This is also known as a mobile payment which refers to any transaction made through mobile devices. According to the study of Hoofnagle *et al.* (2012), “an innovation has been made to use mobile phones as a means of payment and it is gaining wider acceptance due to its convenience”. Mobile payments function as an electronic wallet and assist in making transfers thereby reducing the costs of transactions (Hoofnagle *et al.*, 2012).
- (2) Automated teller machines (ATM) — These are electronically powered banking outlets used to make deposits or withdrawals. These machines are operated by a customer and can issue receipts and confirm account balances without the intervention of an account officer. Mumin (2014) affirms that ATM machines are automatic, thus enhancing safety, fast delivery and can allow a transaction to be done in various locations.
- (3) Payway machines — These refer to a standing or handheld machine which is designed to accept payment for services. As an example, this device was introduced in Uganda in 2016 and has gained wide acceptance due to its convenience (Tugumisirize, 2016). This method is regarded as the most convenient method of payment for service consumption in Uganda as service consumers can pay from different locations and collect receipts.
- (4) Debit order/Stop order — A debit order is a directive from an account holder at a bank authorising the bank to pay a particular sum of money to a debtor or a business counterpart.

In order to facilitate this arrangement, the beneficiary makes the arrangement for payment while the authorisation to pay should be approved by the account holder. A stop order refers to an instruction from an account holder to pay a fixed sum of money at intervals to a debtor or a business counterpart. According to Jones (2012), debit and stop orders remain a good means of payment as they reduce cash risks and enable better budget planning.

- (5) Direct bank deposit — This refers to the arrangement of paying for service consumption across a bank counter and a receipt is issued to the account holder as proof of payment. However, this method is good but the consumer has to go to a bank before the transaction will be possible. Lang (2013) affirms that direct deposits encourage easy payment but is time-consuming as account holders queue for payment in a bank.
- (6) Retail outlet payment — This is one of the oldest means adopted to pay for service consumption. In this arrangement, consumers pay for service consumption at the post office or at retail outlets and shops such as Shoprite and Pick ‘n’ Pay. This method of payment can be time-consuming and involves a certain level of risk-taking.

Araki (2013) avows that municipalities should device payment options that will ease payments in an attempt to reduce defaulting by service consumers. The next discussion expounds on the sales promotional tools that municipalities could adopt to enhance the payment for municipal services.

3.3.10.4 Sales promotional and merchandising tools

Sales promotion is the adoption of short-term incentives to induce the purchase of a particular product or service. Morrison (2002) states that sales promotional tools refers to the tactics that is different from advertising, personal selling, publicity and public relations that are used to induce customers to make immediate purchase and merchandising tools are point-of-sale in-house materials used to motivate sales. In agreement to this view, Weisberg (2015) affirms that sales promotional tools are used to induce immediate purchase from customers rather than building long-term loyalty. While other promotional tools such as advertising and personal selling proffer details to buy a product, sales promotional tools provide reasons for immediate purchase. Sales promotional tools, according to Chase (2018), include the use of pull and push marketing. Whereas coupons, premiums, displays, samples, consumer sweepstakes and patronage rewards are used to promote sales in pull marketing, intermediaries are used to take products to consumers in push marketing. Municipalities could promote municipal payments by adopting the pull marketing concepts in order to induce residents to pay for services consumed to reduce consumer debts over a specific period of time. The advantages of adopting sales promotional tools, according to Morrison (2002) and Chase (2018) include the following:

- Increase in short-term sales, encouraging consumers to buy more and building long-term market share.
- Increase in sales during vacations or periods of major events.
- Inspiring intermediaries to make special effort to make sales.
- Enabling intermediary sales.
- Assisting sales persons get business from prospects.

Sales promotion and merchandising tools in this context are divided into special communication tools and special offers.

3.3.10.4.1 Special communication tools

Morrison (2002) avows that special communication tools offer the promoter more options to communicate with consumers. The various forms of special communication tools which can be applied by municipalities is highlighted below.

- (1) Specialty advertising — Specialty advertising are the free items or gifts given to potential customers. These items may include cups, towels, T-shirts, key rings, balloons, glasses, trays, matchbooks and many more. The logo or names of the promoters are printed on these items in order to create awareness or to induce sales from other customers. Municipalities in this case, can induce payment for services by giving out free gifts to residents that first complete their annual payment.
- (2) Point of sales displays — This include displays, labels and designs in malls or shops with eye-catching colours to induce the customer to get involve in buying products. In this process, an enormous variety of display items and configurations are available. More than half of all final purchasing decisions are made inside the store and municipalities should endeavour to set up displays in shops on discounts and other promotional incentives in order to enhance the payment for municipal services.
- (3) Educational seminars and training programme — This process includes the process by which the promoter organises a forum by which the potential customers are informed and educated about a particular product. The primary aim of this exercise is to increase sales through education. Municipalities can facilitate payment through the promotion of educational seminars in order to educate residents and to achieve payment compliance.

3.3.10.4.2 Special offers

Special offers denote short-term inducements by promoters directed to achieve increased sales. According to Morrison (2002), the various forms of special offers which can be used by a municipality to achieve sales include the following.

- (1) Coupons — Due to the fact that consumers are concerned with price and value for the money spent, coupons can be introduced to deliver great value in form of price reductions. Coupons are vouchers that enable consumers to get a reduced price on the couponed service. This is done to facilitate consumption of a particular product, generating temporary sales, as well as adding excitement for consumers. Coupons can be redeemed according to how it is distributed.
- (2) Price-offs — This is an advertised price reduction that does not involve the use of a coupon. Promoters do reduce or give discounts to customers who can make immediate payment for certain products. Municipalities can reduce the price of some services in order to induce residents to make immediate payment for such services.
- (3) Premiums — Products are offered at a minimal cost or for free, sometimes as an incentive in order to induce customers to buy more. This may also be inside a package, outside it or received through other means. Premiums are generally offered for consumer goods but may be applied to the payment for municipal services where residents could be offered a certain discount in reward of a certain payment for consumption made.
- (4) Patronage rewards — Patronage rewards are used to promote organisational products by giving rewards to various consumers for every purchase in the form of points. These points could be redeemed afterwards by consumers. Municipalities can adopt this strategy to induce residents to pay for the consumption of municipal services.
- (5) Consumer sweepstakes, contests and games — Residents can be informed to submit their names after making a certain amount or number of payments which should be a target in order to qualify for a draw. This can induce residents to pay for their services in order to qualify to partake in the draw. Lots are then drawn and winners get prizes. Consumer contests involve giving prizes to consumers based on the demonstration of certain skills and games. This is similar to sweepstakes but games involve scratch and win cards.
- (6) Recognition programmes — A recognition programme is organised in order to recognise top performing consumers. This may be in form of free travel, trophies and wall plaques. It may also include placing the photographs of the consumers in outstanding national dailies and magazines. Municipalities can enhance payment for services by recognising residents who do not default in the payment for their services.

This discussion elaborated on the need for municipalities in South Africa to adopt the objects of sales promotional tools to induce residents to pay for their service consumption. It should be noted that sales promotion is highly needed to reach out to residents, especially the pull marketing tools. The subsequent discussion presents a bench-mark of communication and innovation options in other countries.

3.3.11 BENCH-MARKING COMMUNICATION AND INNOVATION IN OTHER COUNTRIES

The application of innovation and communication has yielded excellent results in some countries, according to USAID (2013), such as El Salvador, Georgia, Bosnia and Herzegovina and Costa Rica. The advancement experienced in these countries includes the method of residents' registration, communication, customer care centres, and payment collections. The results outlined in this section should be considered by local municipalities in order to enhance voluntary compliance and for enhancing a favourable payment culture. The cases presented in this discussion are based on the study of USAID (2013), though this study was based on tax payment, it is considered relevant to municipalities as it is concerned with the measures to mobilise payment from residents.

- (1) Georgia — Georgia, an eastern European country, experienced non-payment compliance of municipal services and other taxes from 2000 to 2005. Other problems encountered were the existence of old malfunctioning equipment in the payment administration systems such as land phones, as well as the problem of workflow management, insufficient infrastructure and incompetent administrators. Inventions made in information technology enhanced taxpayers' registration and gave rise to 121%. Payment compliance level increased to 133% collection occurring from 2005-2008. In 2010, taxpayers' payment compliance level rose from 160th position to 64th position in the world. In respect of debt recovery, \$100 million was recovered annually while only \$13 million was spent annually on the project as administration costs.
- (2) Costa Rica — Costa Rica, a Central American country, adopted the innovations by USAID in 1998 to improve their tax system with regard to technology. In 2006, full IT implementation was embraced to increase tax compliance, to minimise debt accruals in the payment for tax and municipal services, and to reduce the corruption of tax administrators. Within a short period of time, 2006-2010, Costa Rica improved in reducing their tax administration costs and taxpayers' complaints reduced due to the effectiveness of

communication methods applied, a decline in administration errors was witnessed, and good progress in tax collections were recorded.

- (3) Bosnia and Herzegovina — Recurrent reports of poor communication, poor tax facilities, and poor infrastructure in Bosnia and Herzegovina in 2001 prompted the adoption of the USAID tax model. More so, tax archives were poorly maintained, there was evidence of corruption in the tax system, very poor tax collection and also extensive debt accrual. From 2001 to 2004, the tax corporation in Bosnia and Herzegovina achieved 300% growth in tax registration (30 107 in 2001 to 87 766 in 2004). Tax collections rose from 37.9% in 2001 to 47.5% in 2006. More than \$59 million dollars were collected from 2002 to 2004 due to special campaigns and promotions conducted to increase payment compliance. Administrators conducted appropriate electronic audits to track defaulters which reduced tax evasion and increased collections which ultimately enabled the country to increase their investments to \$12.76 million within the period of five years from revenue accruing from tax collection.
- (4) El Salvador — El Salvador was faced with serious issues related to taxpayer registration and data processing in the 1990s. In 2004, they improved their taxpayer services, audit processing and taxpayer web-based services. These were reform options needed to improve taxpayer services, increase voluntary compliance and to advance the tax system in El Salvador. After the implementation of the IT tax model in the quest to save the tax system, data management was enhanced and increased to a 50% faster speed rate and the storage capacity was increased from 3GB to 75GB. There was an increase in database maintenance and a 30%-40% increase in savings and database maintenance operations. In 2010, 300 audits were conducted in the first six months and \$100 million were recovered compared to the \$50 million mobilised during debt recovery in the 2009 financial year. In the aspect of customer care, email reminders rose to 2 685 compared to the 917 in 2008. Call centres were effective and saved \$215 000 per month as compared to expenditures incurred in postal mails. More so, the application of IT models improved revenue and the Gross Domestic Product (GDP) of the country rose from 11.1% in 2001 to 14% in 2011.

This discussion explains the advantages of embracing communication and innovation options in an endeavour to enhance payment compliance. It is observed that most countries who adopted these practices achieved remarkable success in their tax system. It is advisable that municipalities in the North West province should take cognisance of the objects communication and innovation

in order to establish voluntary compliance and to enhance a responsible payment culture for municipal services.

3.4 SUMMARY

This chapter examined in detail the origin of non-payment for municipal services, the possible causes of payment default and the factors that influence residents' behaviour in the payment patterns for municipal services. It was discovered that many factors contribute to default in payment of municipal services such as failure to abide with the contents of municipal legislation, social influence, deterrence, fiscal exchange, payment understanding, budget transparency, service administration, traditional leadership, communication dynamics and emerging sustaining innovation. Further, it was evident that residents' failure to pay for their municipal services is caused by socio-economic circumstances, entitlement issues, and an inability to respect the law. The proposal is the collaboration of traditional leadership and municipal role-players in enhancing the payment for municipal services, as well as the acceptance or implementation of communication dynamics and sustaining innovation options. More so, the study inferred from the literature that the municipal debt crisis as witnessed in the North West province would be alleviated if the proposed factors are initiated and implemented by the strategic leaders of municipalities. The focus of the subsequent chapter is on the research methods used to achieve the purpose of this study.

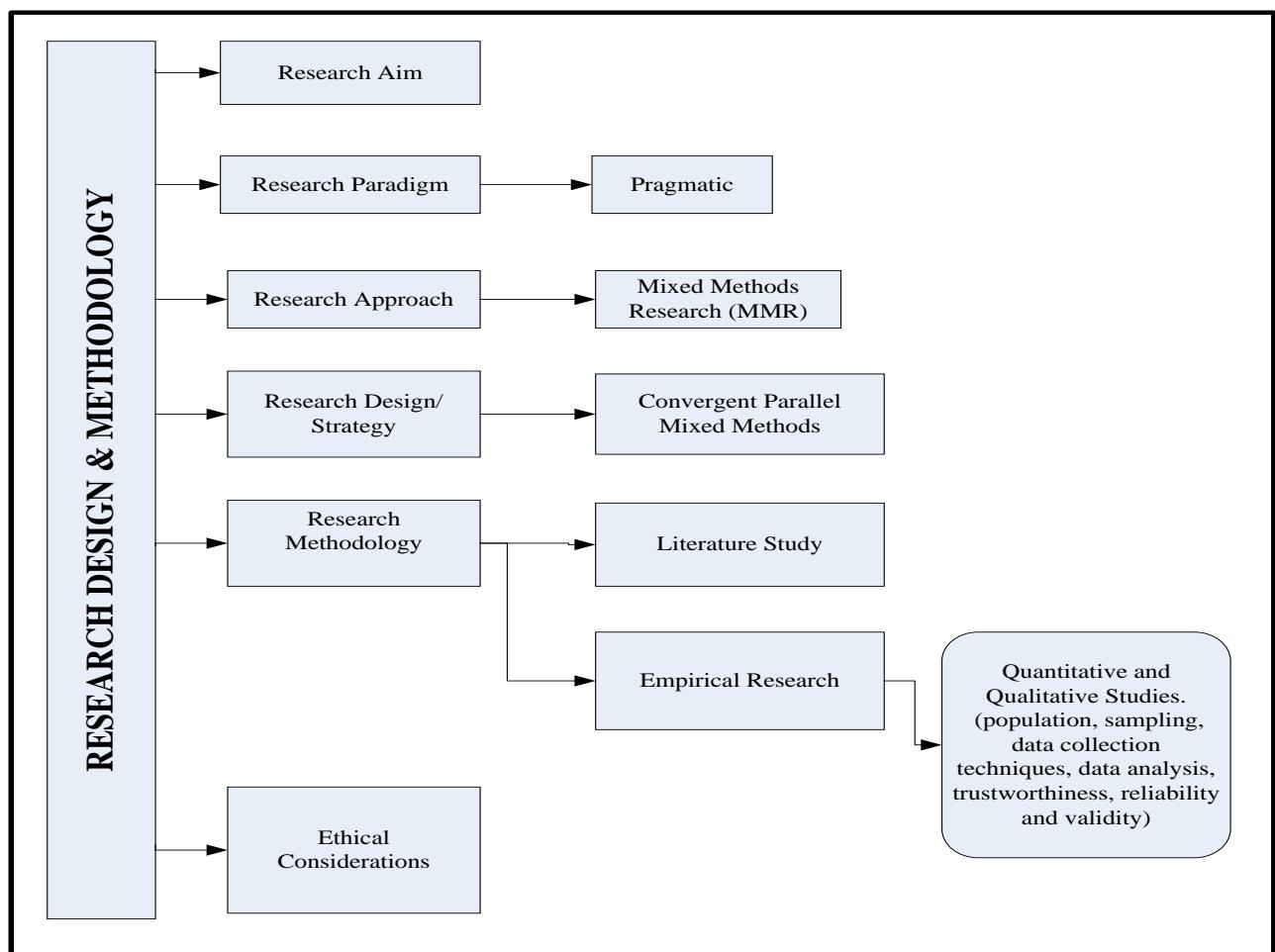
CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

The focus of this chapter is the research method and the necessary steps adopted to collect the data required to adhere to the research objectives stipulated for this study. In view to achieve this, the research paradigm, approach and design followed are examined in detail. Furthermore, a discussion of the research population of the study, sample selection, and data collection techniques are presented. Finally, the method used for analysing the data, testing reliability and validity, and the ethical concepts that guided the process of research are presented. The layout of the chapter is depicted in Figure 4.1.

Figure 4.1: Chapter figure



4.2 RESEARCH AIM

The research aim of this study is to explore the dominant factors contributing towards enhancing payment compliance for municipal services. As stated in Section 1.5 and 1.6, the sub-aims of this study are set to understand the effectiveness and implementation of legislation guiding the payment for municipal services in the North West province and how it influences residents' capacity to pay for services consumed. In addition to this, the study seeks to understand factors such as social influence, deterrence messages, fiscal exchange, payment education, budget transparency, and service administration in the ultimate payment for municipal services. More so, the study explored the collaboration of municipal role-players, traditional leaders, councilors and others; the application of communication dynamics and emerging sustaining innovation to enhance the payment culture of residents in the North West province.

The following segment discusses the research paradigm applied to this study.

4.3 RESEARCH PARADIGM

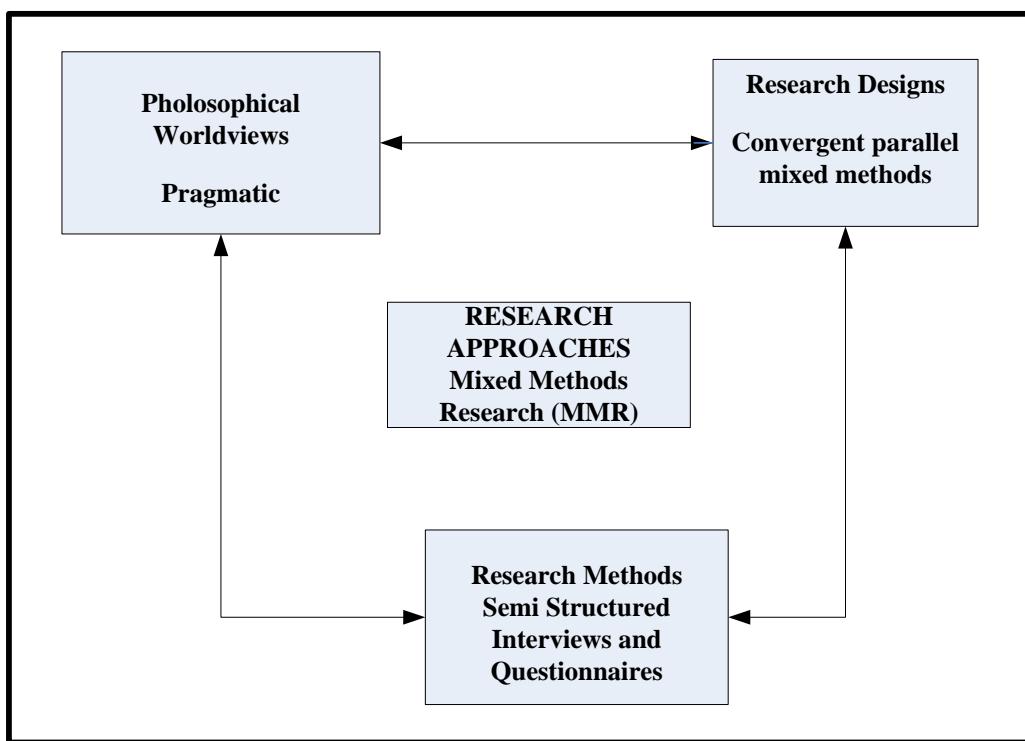
A paradigm is the basic set of assumptions that direct research (Creswell, 2014). Paradigms are regarded as worldviews bringing together the totality of researchers' perceptions, or choice of a study and the methods involved in conducting research (Kumar, 2014). Rubin and Rubin (2012) and O'Reilly and Kiyimba (2015) postulate that worldviews position a researcher relative to the research process. In line with this assertion, the assumption of positivist (quantitative) researchers is that reality is fixed, measureable and knowable; there exists only one truth and one external reality. The assumptions of the naturalist (qualitative) researchers entail that reality incessantly changes and can be verified indirectly through multiple interpretations of people and the acceptance of multiple facets of reality (Rubin & Rubin, 2012). Creswell (2014) and Blair *et al.* (2014) conclude by affirming that paradigms influence the totality of a study, research process, and the analysis of data.

In this study, a pragmatic paradigm was adopted. Pragmatic philosophers advocate the need for independence of the mind, the necessity for multiple methods (such as mixed methods research) and different assumptions in the research process (Creswell, 2014). The conception of a pragmatic paradigm insists that a research design is a pluralistic approach that adopts multiple methods to a research problem (Lapan *et al.*, 2012). In support of this assertion, Creswell (2014) views a pragmatic paradigm as problem-centered paradigm that tries to understand a research problem and further implement various measures at solving such problems. In the same view, DeCuir-

Gunby and Schutz (2017) aver that the pragmatist movement addresses problems from a Universalist perspective by using methods that best suit a given problem.

A representation of the interconnection between research paradigm, approach, design and data collecting instruments is made in Figure 4.2 which illustrates how the choice of a research paradigm influenced the adoption of the research approach (mixed methods research), the research design (convergent parallel mixed methods), as well as the data collecting instruments (questionnaires and semi-structured interviews). The figure provides a breakdown and a road-map for the research philosophy underpinning this study.

Figure 4.2: The interconnections of worldviews, designs and methods



Source: Creswell (2014)

Drawing from Creswell (2014) and DeCuir-Gunby and Schutz (2017), the choice for a pragmatic paradigm for this study includes:

- The pragmatic paradigm is problem-centered and it is concerned with the fundamental conceptual questions of this study: ‘When did the non-payment culture for municipal services in South Africa originate? What are the factors that would positively change the payment culture for municipal services in the North West province? How do municipalities in the North West province enhance a responsible payment culture for municipal services?’ These

philosophical assumptions assisted in identifying the research problems as stated in Chapter 1.

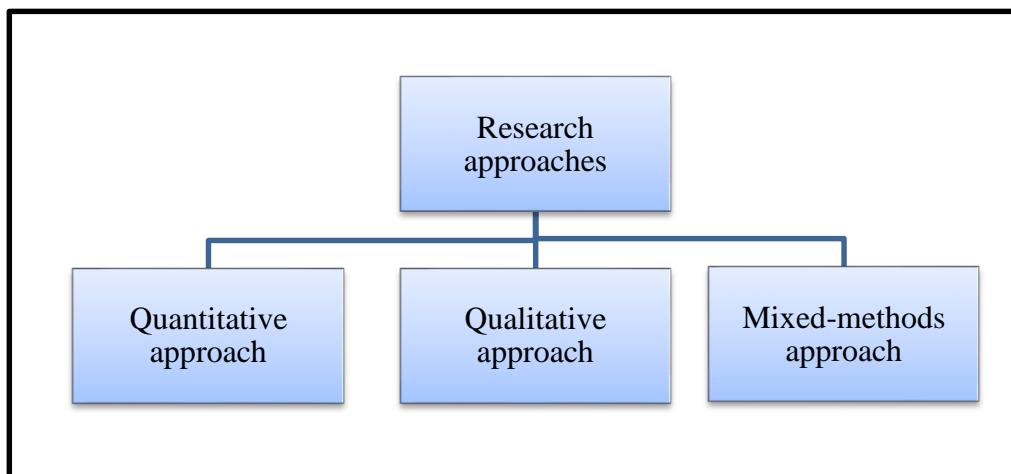
- The adoption of the pragmatic paradigm enhanced flexibility in the choice for research approaches to address the problem. In this regard, a mixed method approach was adopted for the collection of data through interviewing role-players at municipalities (qualitative component) and other role-players of importance and also involving residents in a survey with a structured questionnaire (quantitative component).

The succeeding section explains research approaches and justifies why this approach was adopted for this study.

4.4 RESEARCH APPROACH

In social research, the philosophical assumptions, design and methods constitute the research approach (Creswell, 2014). There are several research approaches such as the qualitative method, the quantitative method and the mixed methods of research (Creswell, 2014). For the purpose of this study, a mixed methods approach was adopted. For the sake of clarity, the three approaches are explained as presented in Figure 4.3.

Figure 4.3: Research approach



Source: Creswell (2014)

4.4.1 Quantitative research

Lapan *et al.* (2012) contends that quantitative research is independent of the studied phenomena and generalises findings to a given population. Edmond and Kennedy (2012) state that a quantitative research approach provides systematic steps in scientific inquiry which adopt quantitative principles and empowers a researcher to test theories by analysing relationships among variables, measured using detailed instruments and using statistical procedures for data analysis. In a related fashion, Kumar (2014) pinpoints that a quantitative approach is rooted in rational truth where variables are measured and objectivity ascertained. Consistent with this, Creswell (2014) ascertained that quantitative researchers explore large samples, explain the reliability and validity of findings, report findings in analytical and numeric format, and draw conclusions that can be generalised. The advantages of using a quantitative approach, as pointed out by Creswell (2014), Kumar (2014) and DeCuir-Gunby and Schutz (2017), are:

- The quantitative approach enables a researcher to find relationships existing among interacting variables.
- It encourages the presentation of findings or information using graphs, charts and tables.
- Data can be collected using questionnaires which enhances the collection of facts, opinions and feelings of respondents.
- Quantitative research saves costs.
- In quantitative research, a wider coverage and responses can be collected within a short time frame due to the use of questionnaires.

Edmond and Kennedy (2012) critique the quantitative paradigm and emphasise that quantitative research gathers information from a wide range of respondents but lacks the ability to make in-depth analysis. In a similar vein, Kumar (2014) warns that a quantitative study lacks the ability to proffer in-depth explanations and elaborations due to the inability to interact meaningfully with respondents. Quantitative research was only one component of this study due to its shortcomings as stated by Edmond and Kennedy (2012) and Kumar (2014).

Having discussed the quantitative approach of research, the subsequent discussion elaborates on the practice of the qualitative approach.

4.4.2 Qualitative research

The focus of a qualitative study is on studying phenomena based on the views of the respondents themselves. Lapan *et al.* (2012) emphasises that researchers using the qualitative approach immerse themselves into a study. They view meaning as more context and time-specific while the

findings in most cases cannot be generalised (Gray, 2014). In the views of Trainor and Graue (2013) and that of Creswell (2014), qualitative studies seek to understand a problem through induction; emphasizing process, values, context and interpretation in contextualizing meanings and concepts; and reporting in narrative format. Moreover, Bryman and Bell (2015) and Saldana (2016) strongly agree that a qualitative approach incorporates the collection of non-numeric data and utilizes designs such as participant observation, phenomenology, and case studies and interprets results in a narrative or descriptive account. Following are the advantages of using a qualitative approach:

- Encourages the acquisition of extensive understanding through interactions with respondents.
- A qualitative approach enhances the use of interviews as a data collecting instrument, encouraging the understanding of the historical occurrence of a problem under investigation. This will help the researcher to investigate the causes of non-payment for municipal services and remedial actions to enhance a responsible payment culture.
- The findings obtained in the study are presented in a narrative account, establishing the central ideas and proffering solutions therefrom.

However, qualitative research was not only adopted for the purpose of this study as Lapan *et al.* (2012) points out the disadvantages of using a qualitative approach, specifically that researchers do not emphasize the cause and effect of a study problem. Qualitative researchers also find it difficult to draw conclusions that can be generalized beyond the study setting. Similarly, Creswell (2014) notes that a qualitative study has limitations in predicting occurrences or describing the distribution of some variables in a population.

The preceding section explained the nature of a qualitative study, and the subsequent discussion expounds the meaning of a mixed methods research approach.

4.4.3 Mixed methods research

Mixed methods research is explained in its simplest form as the procedure of collecting, analysing and mixing both quantitative and qualitative data in the research process in a single study in order to have extensive and deep understanding of the phenomenon under study (Maree, 2015). The approach enables gaining a detailed understanding of trends and patterns, and insight into the variables through a quantitative and qualitative study (Ivankova, 2015). The advantages of choosing a mixed method approach in a study, as identified by Gray (2014), Ivankova (2015) and DeCuir-Gunby and Schutz (2017), are:

- (1) Content: The adoption of the mixed methods approach for this study specifically facilitated richness of data, thus strengthening the content of this study by exploring both sets of results obtained from the survey of residents (quantitative) and the interviews with role-players at municipalities (qualitative) and then corroborating it with the literature review findings of this study.
- (2) Complementarity and clarity: The mixed methods research approach encouraged clarity of findings, elaborations and illustrations by comparing the results obtained from the survey of residents with the results gathered through the interviews with selected municipal role-players and others. This also enabled obtaining an understanding of the historical causes of the problem and the measures applicable in enhancing a responsible payment culture.
- (3) Expansion: The adoption of the mixed methods research enabled expanding the breadth of findings by using possible inquiry components (empirical and non-empirical studies).
- (4) Multiple tools: The mixed methods approach enhanced the use of multiple tools to collect data from respondents, which enhanced richness of data.

In a contrary opinion, scholars such as Creswell (2014) and Kumar (2014), present the following disadvantages of the mixed methods as which researchers should always keep in mind:

- Excessive data collection: In a mixed methods approach, data is collected using various means such as questionnaires, interviews, observations, and a document analysis which all need extensive time and resources.
- Expertise in data collection and analysis: Adopting a mixed methods study needs an expert's experience in the choice of relevant data collecting instruments and the methods for data analysis.
- Various population contact: In a mixed methods study, different sets of research populations are contacted which could be very time-consuming.
- Disagreements in data: Sometimes, disagreements are discovered in a mixed methods study which tends to challenge and limit the applicability of the findings of a study.

The following explicates challenges encountered in using the mixed methods approach in this study and the actions taken to reduce validity and reliability of the findings of this study:

- There was data from residents using questionnaires and from municipal role-players using interviews. In addition to this, some documents were analysed to explicate the enabling municipal financial legislation.
- Relevant data were collected using the Statistical Package for Social Sciences and Atlas-ti.
- Residents, municipal role-players and other role-players were contacted concurrently in order to save time and costs involved in data collection.
- Data was triangulated in order to establish concurrences and contradictions in the two data sets.

The preceding discussion expounded on the various research approaches and explained why the mixed-methods research was adopted in seeking the opinions of residents and municipal role-players.

Having established the research approach, the subsequent discussion focuses on the research design of the study.

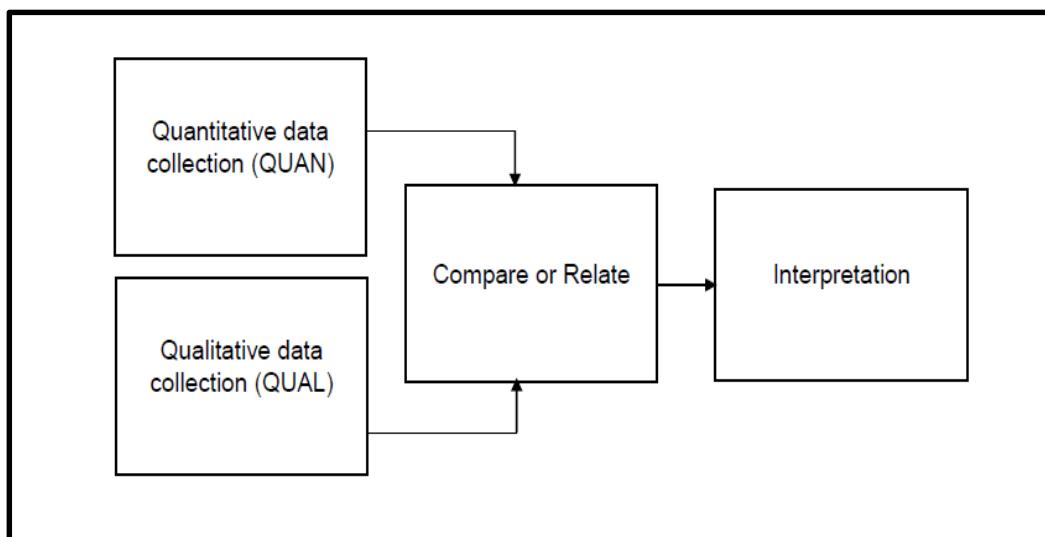
4.5 RESEARCH DESIGN

Kumar (2014) sees a research design as a road map that should be followed in the journey towards solutions to a research problem. Another explanation by Creswell (2014) expresses research design as a streamlined method of data collection in the process of conducting a research study. Bhattacherjee (2012) states that a design in research involves the process of collecting data, instrument validation and development, the sampling process and the data analysis so that the research questions can be answered. Punch (2014) affirms that a research design situates a researcher in the practical world and connects research objectives and questions to data and is therefore the basic plan that incorporates the strategies to follow; the framework; data collection procedures; and lastly, data analysis. Kumar (2014) further explains that a research design has two main functions which are identification and the development of logical arrangements in a study to assure quality in the research process. Figure 4.4 presents the pictorial view of the convergent parallel mixed methods design adopted for this study.

There are three outstanding research designs in a mixed methods research and these are the exploratory sequential mixed methods design (where the qualitative study is conducted before the quantitative research) the explanatory sequential mixed methods design (where the quantitative

study is conducted before the qualitative research), and the convergent parallel mixed methods research (where both quantitative and qualitative research is conducted at the same time) according to Creswell (2014) and Ivankova (2015).

Figure 4.4: Convergent parallel mixed method design



Sources: Adapted from Creswell (2014)

This study adopted a convergent parallel mixed methods design. Convergent parallel mixed methods designs involve the process by which both quantitative and qualitative data are collected concurrently and analysed separately. It helps to discover existing contradictions in research findings (Creswell, 2014; DeCuir-Gunby & Schutz, 2017). Incorporating a in this study enabled merging the two approaches by presenting the first component of data collected from residents (quantitative result) and comparing it with the second component of data collected from municipal role-players and other role-players (qualitative result) to ensure that the research questions of this study are methodologically addressed (Creswell, 2014).

4.5.1 Benefits and challenges of using a convergent parallel mixed methods design

The adoption of the convergent parallel mixed methods design saved time and involved less financial implications as data was collected concurrently. Data collected in this study was analysed using the traditional quantitative and qualitative data analysis approaches. Furthermore, the adoption of this design enhanced clarity of presentation as the quantitative findings presented are compared to the qualitative findings.

Challenges encountered using the convergent parallel mixed methods design include the difficulty in merging the quantitative data collected from residents with the qualitative data collected from

the municipal role-players and other role-players. More so, there were contradictions in the findings from the two separate sets of data (the quantitative and qualitative data).

4.5.2 Addressing the challenges encountered in using a convergent parallel mixed methods design

This section was included to present how the researcher handled the challenges encountered in using a conversant parallel mixed methods design. In handling the challenges encountered in using a convergent parallel mixed methods study, the data collected from residents and municipal role-players and other role-players were analysed using the Statistical Package for Social Sciences and Atlas-ti. The two data sets were triangulated to obtain a comprehensive understanding. This enabled the development of a framework that is submitted at the end of this study.

Furthermore, this study adopted a cross-sectional approach because respondents were contacted once during the data collection process and there were no further scheduled appointments for data collection or respondent monitoring. The cross-sectional approach adopted in this study has the following advantages, as listed by Salkind (2010):

- Data is relatively cheap and quick to collect due to the fact that it is collected at a single time.
- It measures prevalence for every factor under investigation.
- Multiple outcomes are studied.
- It is excellent for descriptive statistics.

Having discussed the challenges encountered in using a convergent parallel mixed methods design, the subsequent discussion explores the alignment of the research objectives and research instruments.

4.5.3 Alignment of research objectives and instruments

The alignment of research questions with the instruments that were developed to find solutions to the research problems are addressed here. The main instruments that were used in this study include questionnaires, semi-structured interviews and an intensive document analysis. Table 4.1 presents the alignment of the research aims with the data collecting instruments.

Table 4.1: Alignment of research questions with data collection instruments

Research question	Instrument
Do the effective implementation of policy and legislation influence payment compliance in the payment of municipal services in the North West province?	Document analysis, semi-structured interviews, questionnaire
Does social influence promote payment compliance in the payment of municipal services in the North West province?	Questionnaire, semi-structured interviews
Does deterrence promote payment compliance in the payment of municipal services in the North West province?	Questionnaire, semi-structured interviews
Does fiscal exchange promote payment compliance in the payment of municipal services in the North West province?	Questionnaire, semi-structured interviews
Do payment understanding and education enhance payment compliance in the payment of municipal services in the North West province?	Questionnaire, semi-structured interviews
Does budget transparency affect payment compliance in the payment for municipal services?	Questionnaire, semi-structured interviews
Does effective service administration promote payment compliance in the payment of municipal services in the North West province?	Semi-structured interviews, questionnaire
Do the collaboration of municipal role-players and traditional leaders, application of emerging sustaining innovations and implementation of communication dynamics enhance the payment culture of the residents in the North West province?	Interviews, semi-structured interviews, document analysis

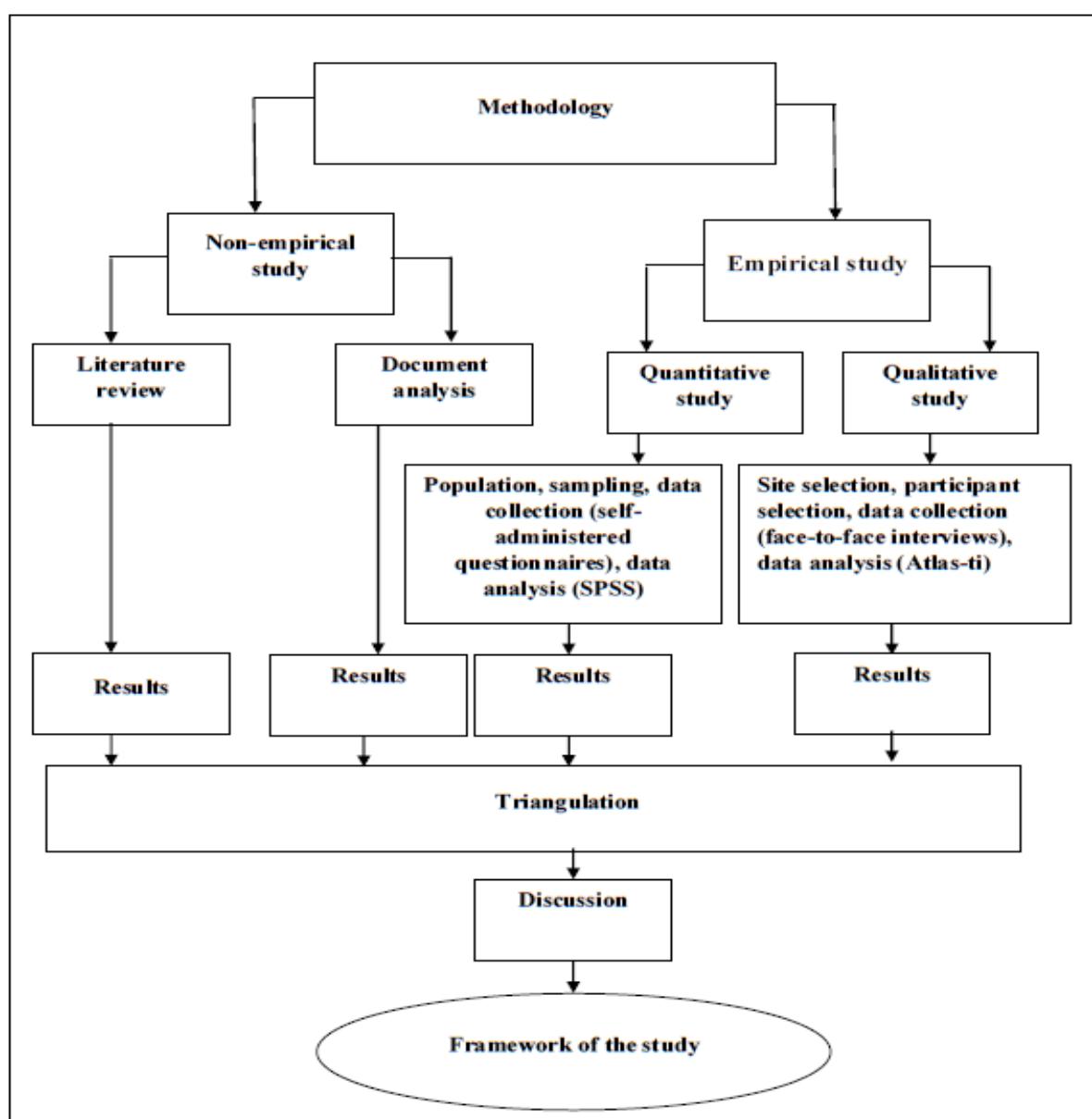
This discussion expounds on the alignment of the research objectives and the data collecting instruments, and the succeeding discussion explains the research methodology of this study.

4.6 RESEARCH METHODOLOGY

Methodology is the blueprint or series of decisions made by a researcher to govern a study in order to make it understandable, which must be subject to inquiry, critique and replication (McGregor & Murname, 2010). In an attempt to provide a concise explanation of research methodology, Lapan *et al.* (2012) expresses that it is a branch of knowledge that invents new knowledge and enhances the formulation of principles, rationales and philosophy. In the view of Clough and Nutbrown (2012), research methodology is a description and work-plan created during the course of designing a study while Trainor and Graue (2013) maintain that methodology

is a framework that provides rationales for using methods. Research methodology is a plan of action that links the methods used to collect and analyse data and to answer the existing research questions (Creswell, 2014). The methodology employed in this study is a combination of the non-empirical and empirical approaches and these will now be expounded upon. Figure 4.5 is a graphic representation of the research methodology of this study.

Figure 4.5: Research methodology of the study



4.6.1 Non-empirical research

A non-empirical study, as described by Leedy and Ormrod (2014), is a collective and comprehensive review of related studies in order to solve a problem under investigation. The non-

empirical study conducted to particularly unravel the problem under investigation is the literature review and the document analysis.

4.6.1.1 Literature review

A literature review assesses documents such as similar and/or relevant studies conducted by other scholars identify solutions to a problem under study (Gray, 2014). The reasons for conducting a literature search was to refine the focus of the research questions, identify the factors that have contributed to the development of the problem over time, discover the approaches to resolving the problem in question, to identify the defining elements which are phenomena, paradigms, concepts, theories and methods used in exploring and discovering a possible solution to a problem (O'Leary, 2010; Repko, 2012). Relevant texts and applicable electronic database searches were consulted. Other non-empirical approaches include document analysis which helped to identify the extent of the non-payment culture in the North West province, the legislative background of payment for municipal services, and also the duties of traditional leaders in collaborating with municipal and other role-players to enhance a responsible payment culture for municipal services.

4.6.1.2 Document analysis

Document analysis, according to Lapan *et al.* (2012) and Rubin and Rubin (2012), involves a review of secondary sources to facilitate unfolding relevant measures to investigate the problem under investigation. For this study, an intense document analysis was undertaken to collect necessary data related to relevant legislation guiding the collection of payment for municipal services. This enabled exploring the content of municipal legislation, thereby establishing the duties of municipal role-players in the management of payment for municipal services and also the rights, privileges and civil duties of residents concerning their payment obligations. More so, financial statements such as the payment for municipal services in the four district municipalities were collected and all reflect a deteriorating situation of the payment practices of residents. This was augmented by the literature study which sought for possible best-practice solutions from international payment practices.

This discussion expounded on the non-empirical study as a means of partially finding solutions to the problem of this study. The subsequent discussion explains the processes adopted to achieve the purposes of this study.

4.7 EMPIRICAL RESEARCH

Empirical research, according to Creswell (2014), refers to first-hand research and Kumar (2014) postulates that empirical research deals with the findings of a solution of a research problem through observation, interviews or surveys. This study incorporated empirical research in order to find solutions to the problems of this study by surveying the opinions of residents (consumers) by means of quantitative research, as well as the views of municipal role-players and other significant role-players, such as traditional leaders, councilors and influential individuals to enhance the payment culture of residents by means of qualitative research. This section was considered a main section because the study mainly adopted empirical research to seek solutions to the study problems. The steps followed are subsequently explained in detail.

4.7.1 Quantitative research and instruments

A quantitative research approach offers systematic steps in scientific inquiry and empowers a researcher to test theories by analysing relationships among variables, measured using detailed instruments and statistical procedures of data analysis (Edmond & Kennedy, 2012).

4.7.2 Population of the study

A research population is described by O'Leary (2010) as a total group a study is focused on, the total quantity of cases which are the subjects of a study and consists of objects, people, and/or events (Marshall & Rossman, 2011). Furthermore, Kumar (2014) asserts that a research population (N) is a set of cased sum which is a subset, called a sample (n), and which is drawn for analysis and decisions. For the purpose of this study, a breakdown of the quantitative population and sampling is explained below.

The target population is the four district municipalities of the North West province, the municipality workers and formal residents in the various local municipalities. There are two sets of population constituted in this category as indicated in Table 4.2.

Table 4.2: Population sets in the study

Population	Composition	Total number
Set 1	The four district municipalities in the North West province	4
Set 2	Residents from the various district municipalities	285 251

Source: The Local Municipal Handbook (2017)

4.7.3 Sample selection

Sampling is the process of selecting a subset out of a whole research population (Bhattacharjee, 2012). Data collection using a subset, called a sample, should be done in a way so that knowledge gained is a true representation of the entire population (Cohen *et al.*, 2011). In the view of Kumar (2014) and that of Ivanka (2015), sampling is the concept of selecting a few people from a larger group to form the basis for estimation or prediction for a problem.

Creswell (2014) affirms that sample selection saves time as well as financial resources. For the purpose of this study, residents who reside in the municipal areas and who are responsible for the payment of municipal services were included and residents who reside on government reserved areas or tribal lands were excluded from this study. Sample selection was done based on the 2 population compositions of the study (district municipalities and residents).

4.7.3.1 Sampling of the district municipalities

All four of the district municipalities were included in this study and four local municipalities from the four district municipalities were selected using non-probability convenience sampling. Bhattacherjee (2012) alludes that non-probability sampling involves a method where the opportunities of selecting respondents cannot be adequately determined because of the non-randomness or convenience in selection while Gray (2014) upholds that a non-probability sampling method relies on the personal judgement of a researcher. A non-probability sampling method, according to Maree (2015), focuses on cases that are ready, easily accessible and available to provide responses. However, Creswell (2014) pinpoints that not all cases in a non-probability sample strategy are the best for all studies.

Convenience sampling was decided upon for the purpose of this study because convenience it enhances readiness or access to respondents who are available and enables the collecting of data within the quickest possible time. Ivanka (2015) indicates that a convenience sampling method has the following advantages:

- Selecting respondents based on their accessibility and proximity.
- Selecting respondents who are willing to participate in a study.
- Saving costs and time instead of scheduling appointments with respondents who are unavailable.

Table 4.3 presents the sample selection of the municipalities.

Table 4.3: Sampling of the district municipalities

District municipality	Local municipalities	Local municipality selected
Ngaka Modiri Molema	Mahikeng Distobotla Ramotshere Twaing Ratlou	Mahikeng
Bonjala Platinum	Madibeng Rustenburg Moretele Kgetlengrivier Moses Kotane	Moses Kotane
Dr Ruth Sogomotsi Moppati	Kagisano-Molopo Naledi Mamusा Lekwa-Teemane Greater Taung	Naledi
Dr Kenneth Kaunda	JB Marks Maquassi Matlosana	JB Marks

Source: The Local Municipal Handbook (2017)

Four feasible and relevant local municipalities were selected for this study. Mahikeng and Moses Kotane local municipalities were selected because they are outstanding local municipalities in their districts as they have started applying modern modalities in management of payment for municipal service. It was necessary to investigate these municipalities to understand how payment for services are managed by the role-players. Due to the fact that Naledi is dominated by black population and JB Marks dominated by white, it was deemed reasonable to select these municipalities to investigate if traditional leadership applies to the two outstanding cultures and how it could be applied to enhance a responsible payment culture

4.7.3.2 Determining the sample size for residents

Residents of the local municipalities were selected using a convenience sampling. As noted in Section 4.7.3.1, convenience sampling enhances readiness and accessibility of data collection from the respective respondents (Kumar, 2014). The sample sizes for the municipalities were further compounded using Research Advisor's (2006) sample size calculator by following a 95% confidence interval and a 5% degree of accuracy/margin of error. According to the sample size calculator, the sample size for the residents is 384. The sample frame is further computed by using proportional sampling strategy based on the sample fraction. Williams (2015) asserts that proportional sampling ensures that the size of each stratum is proportionate to its size in the

population. The reason for this is to obtain the exact number of sample members that was drawn from each municipality.

$$\text{Sample fraction} = \frac{n}{N} = \frac{384}{285251} \quad 0.0013461828$$

Sample frame= population × sample fraction

Table 4.4 presents a summary of the sample size and sample frame for the residents in the selected municipalities.

Table 4.4: Sample size for residents receiving municipal services

Municipality	Total no. of residents	Sample frame
Mahikeng	103 333	139
Moses Kotane	80 654	109
JB Marks	80 572	108
Naledi	20 692	28
Total	285 251	384

4.7.4 Data collection and collection tools

Creswell (2014) contends that “data collection is a process by which respondents’ feelings and opinions about a subject matter are collected using specified techniques.” Data collected for the purpose of this study was by means of a self-administered questionnaire. This section elaborates the data collecting procedure involved in obtaining the data required.

4.7.4.1 Self-administered questionnaires

A self-administered questionnaire was used for obtaining the quantitative data. A questionnaire is a measuring instrument used to collect feelings and responses in a survey and consists of lists of questions that represent the inquisition into a study (Gray, 2014). The self-administered questionnaire was selected because it addressed almost all the research questions, and it was furthermore cheaper and easier to administer. According to Maree (2015), questionnaires, specifically self-completing questionnaires, have the following advantages over other data collecting instruments:

- Questionnaires are relatively cheap.
- It provides a greater anonymity needed in the study due to the fact that there was no face-to-face interaction.
- It provides opportunities to gather more accurate information and the feelings of respondents due to the anonymity of responses.
- Questionnaires are easy to administer and to collect.

- Considerable time is saved in the administration of questionnaires due to its convenience in administration.
- Respondents can easily answer the questions without the researchers' physical directive.
- Questions can be easily coded and analysed to give a comprehensive answer to the problem under investigation.

Creswell (2014) pinpoints that questionnaires are relevant in collecting the responses and feelings of respondents in a particular study, but, Kumar (2014) warns that the following disadvantages of using self-administered questionnaires in a study should be kept in mind:

- The use of questionnaires can be very limited in a study due to variations in academic standard (respondents must be literate).
- It is not appropriate for a population set that is handicapped, very young and very old.
- Questionnaires have a low response rate due to the fact that most administered questionnaires are not returned.
- There is no opportunity for clarification of issues due to the inability to interact with the researcher.
- Questionnaire responses can be influenced by peers or groups.
- Respondents sometimes give the questionnaire to other people without much experience of the context to complete it.

With regards to the disadvantages of using questionnaires as identified by Creswell (2014) and Kumar (2014), this study maintained the following:

- The questionnaire was formulated in simple English language in order to accommodate the semi-learned, learned and the elite group.
- A high response rate was anticipated by informing respondents on the merits of the study and by requesting them to be involved rather than issuing questionnaires impersonally.
- Questionnaire administrators interacted with respondents and encouraged them to participate in the study.
- Questionnaire administrators ensured that potential respondents resided in the North West province and also received municipal services.

4.7.4.1.1 Development of data collection instrument

As noted earlier, questionnaire, according to Maree (2015), is an instrument used for collecting facts, opinions and feelings of respondents on a given topic of study. It is relevant to design a

questionnaire in such a way that it collects the desired facts from respondents in order to address the research problems competently (Gray, 2014). The questionnaire designed for this study was constructed in simple English and distributed to residents of the four selected local municipalities in the districts. Closed-ended questions were chosen to obtain facts, opinions and feelings from residents on their payment culture and the factors influencing payment compliance attitude for municipal services in the province. The questionnaire consists of two sections. Section 1 sought the biographical information of respondents while Section 2 consists of thirteen (13) sections which assumed the following order:

- Section A elicited information on how the effective implementation of policy and legislation enhance payment culture for municipal services in the North West province.
- Section B sought information for establishing if social influences enhance payment culture for municipal services in the North West province.
- Section C sought to identify if deterrence enhances payment culture for municipal services in the North West province.
- Section D elicited information on how fiscal exchange enhances payment culture for municipal services in the North West province.
- Section E asked to know how payment understanding and education could enhance payment culture for municipal services in the North West province.
- Section F is based on establishing if budget transparency could enhance payment culture for municipal services in the North West province.
- Section G asked how effective service administration could enhance payment culture for municipal services in the North West province
- Section H is based on determining if the collaboration of municipal role-players, traditional leaders and the councilors could enhance the payment culture for municipal services in the North West province.
- Section I and J asked if effective communication could enhance the payment culture for municipal services in the North West province.
- Section K and L elicited information on how emerging sustaining innovations could enhance the payment culture for municipal services in the North West province.
- Section M provides respondents with the opportunity to express their recommendations of how the payment culture for municipal services in the North West province can be improved.

A Likert-type scale was adopted because it enabled obtaining the scales in the responses. According to Saldana (2016), a Likert-type scale questionnaire measures the negative and positive feelings of respondents in a study. A four (4) point response scale format was adopted for formulating the structured questions. Respondents were provided with the option to indicate their answer with an ‘X’ in the opposite block. A total of 500 questionnaires were distributed over a period of two months to residents receiving municipal services in the four selected local municipalities. This was possible through the help of friends, close allies, church members and paid questionnaire administrators.

4.7.4.1.2 Alignment of research objectives and variables measures in quantitative data collecting instrument

An alignment of the research objectives and the variables measured is presented in Table 4.5. This was done to ensure that the measures in the quantitative research instrument aligns with the research objectives of this study.

Table 4.5: Research questions and variables measured in the residents’ questionnaire

Research questions/factors	Variables measured
Views on legislation	Level of understanding of various legislation, level of commitment to municipal contract, level of understanding of municipal contract, time/procedure for increment of bills, affordability of municipal services, rates of increment of bills, payment enforcement, decision making process, credit control policies, indigent policy, governance/managerial capacity of municipal role-players.
Social influence	Nature of social effect in the municipality, uniformity of payment, extent of political influence, social recognition.
Deterrence	Effect of deterrence, effect of including debts in the bills, effect of deterrence messages, effect of sending threatening messages and appeals.
Fiscal exchange	Nature of services, satisfaction with service provision, transparency of bills and budgets.
Payment knowledge	Nature of knowledge/awareness and awareness about debt, impact of payment knowledge.
Budget transparency	Accountability of resources, process of allocation of resources, discussion of budgets, trust in the role-players, decision making process, timeliness of budget, presentation and discussion of budgets.
Service administration	Facilitation of compliance, registration, evaluation, monitoring of payment, enforcement, filling, auditing, customer care, appeals, payment procedures and collaborations.
Traditional leadership	Availability of traditional leaders, legislative support of traditional leadership, strength and duties of traditional leaders, traditional leadership and politics, loyalty of residents to traditional leadership, effect of collaboration of traditional leaders and municipalities
Communication dynamics	Means available for communication and receiving of bills.
Emerging sustaining innovation	Payment options and sales promotional tools.

The subsequent discussion expatiates the processes involved in the recruitment of respondents.

4.7.4.1.3 Recruitment of respondents

The selection of respondents is described by Maree (2015) as tedious. The recruitment of respondents involves the capacity to explain the relevance of a study in order to obtain informed consent to participate in a study (Creswell, 2014). The researcher, the academic details, the main aim and objectives of the study, and the contribution of the study towards the well-being of municipalities and communities in South Africa were clarified to respondents in the introductory part of the instrument. The recruitment also assured respondents of the confidentiality and anonymity of their responses, highlighting that respondents' responses are voluntary and that they could quit at will at any time. During the period of questionnaire collection, the administrators were requested to thank all respondents for their cooperation and contributions.

4.7.4.1.4 Pretesting the questionnaires

In maintaining internal reliability, each question was measured using Cronbach's alpha to test the degree of reliability. The values of Cronbach's alpha range from 0 to +1 and Pallant (2011) maintains that values above 0.7 are acceptable while values close to 1 are preferable. See section 5.2.4.1 for Cronbach alpha test.

4.7.5 Data analysis and statistical technique

After data was collected by means of the questionnaire and semi-structured interviews, the responses were analysed in relation to the objectives of this study. Creswell (2014) and Kumar (2014) affirm that data analysis involves a process of interpretation to give a comprehensive summary. For the purpose of this study, data analysis for the quantitative component is explained below.

4.7.5.1 Quantitative data analysis

Quantitative data collected using the questionnaire were analysed using the Statistical Package for Social Sciences (SPSS version 24) in order to conduct various statistical tests. The various tests that were obtained in this category include descriptive and inferential statistics.

- 1) Descriptive statistics facilitated summarising the set of data associated with the population of the study. Descriptive statistics in this study focused on describing and summarising all quantitative data to identify trends and patterns revealing the relationships among variables. It combined different responses in each section into tables, graphs and charts, and also calculated the frequencies of occurrences. The set of analysis in this category was

explanatory which consists of measures of central tendency, measures of variability and associations.

- 2) Inferential statistics focused on making predictions, generalisations or drawing conclusions about the population from the sample. This also involved conducting further statistical tests to establish how variables interrelate among themselves. Understanding the scope of inferential statistics provides a better explanation of the measures to enhance a responsible payment culture. The statistical analysis in this category is exploratory, thereby expanding the scope of the research problem. For the purpose of this study, the following inferential statistics were included: reliability analysis, correlation analysis, analysis of variance, chi-square test of independence, and also the factor analysis. Following is a synopsis of these statistical analysis.
 - Reliability analysis refers to the measure of data collecting instrument to repeatedly yield similar responses or scores each time it is used (Pallant, 2011). Reliability can be measured by estimating correlation coefficients. In this study, Cronbach's alpha (α) reliability coefficient was applied to measure the reliability of responses obtained from residents in the municipal areas.
 - Correlation analysis enabled explaining if there is a relationship existing between two variables in the study; this test was concerned with the relationships that exist between two ranked variables (X and Y). It measures the strength and direction of linear relationships between two variables, which are always between +1 and -1. The relationship is statistically significant if the p-value is equal to or less than a 0.05 level of significance (Mukaka, 2012).
 - Chi-square test of independence compares categories within a group. It was applied to test the independence of association between specific categorical variables. It measures the extent to which observed frequencies differ from the expected. There is a significant relationship between two categories if the probability value (p-value) is less than or equal to a 0.05 level of significance.
 - Analysis of variance (one-way) compares three or more groups under the same condition. The purpose of the ANOVA is to test the equality of means across multiple groups.
 - Factor analysis in this study measures the items that belong together, which are answered similarly. It establishes the relationships among sets of interrelated variables and the importance of one variable over another.

At the end of the statistical analysis of the quantitative component, a discussion of the findings is offered to link the results of the qualitative component to achieve triangulation. The subsequent discussion expounds on the second component of this study as illustrated in Figure 4,5, the qualitative component.

4.7.6 Qualitative research and instruments

Qualitative research seeks to understand a study through induction; emphasizing process, values, context and interpretation in contextualizing meanings and concepts; and reporting in narrative format (Trainor & Graue, 2013; Creswell, 2014). The steps followed to obtain qualitative results are detailed below.

4.7.6.1 Site selection

The sites selected for this study are four district municipalities of the North West province. According to Trainor and Graue (2013) and as validated by Maree (2015), a research site should be suitable and enabling to conduct a study while Creswell (2014) pinpoints that a study site must be feasible. These sites were selected because of the deteriorating payment compliance for municipal services by residents. The researcher resides in one of these areas and this enabled undertaking this study.

4.7.6.2 Participant selection (municipal role-players, traditional leaders, councillors and others)

According to The Municipal Handbook (2016), the total number of municipal workers in Financial Administration and Information Communication Technology is six hundred and fifty-six employees (656). Thirteen (13) role-players were purposively decided upon for interviews for this study. In the case of municipal role-players, the following were interviewed: the municipal manager, the municipal accountant and the ICT manager. Two traditional leaders were included to understand the extent of their collaboration with the municipal role-players in enhancing the payment culture for municipal services. Five councillors were interviewed, one from each selected municipality and two from Mafikeng local municipality to understand how they collaborate with the municipal role-players in handling the payment of municipal services and how they collaborate with the residents in matters related to payment compliance.

These respondents were selected using a purposive sampling method known as a typical case sampling. Relmer and Ryzin (2011) and Ivanova (2015) sustain that a typical case sampling identifies respondents in a group based on exposure, experience, nature of roles and duties. Ivanova (2015) identified the following advantages of purposive sample selection:

- There is assurance of originality of data collection which enhances the validity of data collection and ensures that data collected is a true representation of the population.
- The best respondents who can contribute to a study are selected for data collection.
- The historical cause of the problem under investigation is identified due to the vast experience of the municipal role-players selected for the study.

The subsequent discussion explains the data collection instruments employed.

4.7.6.3 Interviews

Research interviewing is a method where the facts, feelings, opinions, motives, behaviours and beliefs of respondents are obtained by an interviewer by asking a series of questions to an interviewee (Leedy & Ormrod, 2010). In this study, a semi-structured interview was adopted to gather data from the respondents. In the semi-structured interviewing process, an interviewer uses an interview guide to determine the flow of the interview and get new ideas and in-depth findings (Leedy & Ormrod, 2010). Consistent with this, Trainor and Graue (2013) and Blair *et al.* (2014) affirm that a semi-structured interview is an exchange of ideas based on the researcher's open-ended questions, based on specific areas of interest. As indicated in the preceding section, 6 municipal role players were interviewed, 2 traditional leaders, 5 councillors, making a total of 13 respondents. According to Maree (2015) and Creswell (2014), using semi-structured interviews in a study has the following advantages:

- Semi-structured interviews provide the opportunity to extensively explore the opinions of others.
- It is the only option to explore sensitive and personal issues.
- Semi-structured interviews are very relevant to make inquiries when there is no opportunity to directly observe respondents.
- Semi-structured interviews help to integrate respondents into a study.
- It provides historically-based information of the phenomenon under study by having face-to-face contact with respondents.
- The researcher guides and asks questions of interest and make amendments where needed.

The disadvantages of using interviews, according to Creswell (2014) and Maree (2015), are:

- The cost in conducting an interview is very high.
- There is the tendency to incur costs in training interviewers.
- There is always interviewer bias in the process of conducting interviews.

- It is time consuming.
- Collection of adequate data depends on the expertise of the interviewer and the nature of the interaction.

4.7.6.3.1 Development of data collection tool

Three specific research instruments were used to collect data from the respondents for the qualitative component of this study. The first semi-structured question was used to collect data from the municipal role-players which sought their managerial abilities applied to collect payment for municipal services from residents, as well as the strategies adopted to collect debts. The second semi-structured question was used to collect data from traditional leaders and the councillors, and lastly the third semi-structured question was used to collect the opinions of the ICT specialists. The first and second instruments asked about the social relationships between the municipal role-players and residents, and the measures adopted to handle non-payment culture and payment defaults by the residents and the last instrument identified the basic means of communication between the municipalities and the residents. Open-ended questions were used as a means to obtain data and follow-up questions were used in order to get more detailed facts and opinions from the municipal role-players as and when deemed necessary. Following are the several interview guides used to collect data from the respondents.

(1) Interview guide for the municipal role-players (Municipal managers, municipal accountant, and internal auditor)

The interview guides for this section consist of Section A and Section B. Section A focused on obtaining the biographical information of respondents and Section B, which comprised of eleven (11) sub-sections, focused on the research questions of this study which are as follows:

- Section B1 elicited information on the effective implementation of policy and legislation in enhancing payment culture for municipal services in the North West province.
- Section B2 elicited information on how social influence enhances payment culture for municipal services in the North West province
- Section B3 sought to identify if deterrence enhances payment culture for municipal services in the North West province.
- Section B4 elicited information on how fiscal exchange enhances payment culture for municipal services in the North West province.

- Section B5 asked how payment understanding and education can enhance payment culture for municipal services in the North West province.
- Section B6 investigated if budget transparency can enhance payment culture for municipal services in the North West province.
- Section B7 established how effective service administration can enhance the payment culture for municipal services in the North West province.
- Section B8 asked if the collaboration of municipal role-players and the traditional leaders can enhance the payment culture for municipal services in the North West province.
- Section B9 asked if the application of emerging sustaining innovations can enhance the payment culture for municipal services in the North West province.
- Section B10 sought if the implementation of communication dynamics can enhance the payment culture for municipal services in the North West province.
- Section B11 asked the relevance of strategic management in enhancing the payment culture for municipal services in the North West province

Table 4.6 provides the variables measured in the interview guides.

(2) Interview guide for the ICT specialist

An Information Technology Official is considered as a municipal role-player in this study but the instrument used to collect data from this respondent was separate from other municipal role-players due to the fact that the ICT specialist focuses only on communication with the residents. Additionally, one Information Communication Technology (ICT) service provider who is in charge of one of the selected local municipalities was interviewed to ascertain the methods applied to communicate with the residents and to establish the effectiveness of these measures.

Table 4.7 presents the objective and the variable measured in the research instrument.

(3) Interview guides for traditional leaders and councilors

The same instrument was used to collect data from the traditional leaders and the councilors. The intention was to understand the relationship between the councilors and the residents, as well as understanding the level of collaborations among the municipalities, traditional leaders and councilors.

Table 4.6, 4.7 and 4.8 presents the research questions and variables measured in the research instrument used to collect data from MRP, ICT, traditional leaders and councilors.

Table 4.6: Research questions and variables measured in the interview guide of the municipal role-players (Managers, Accountants and Internal auditors)

Research questions/factors	Variables measured
Views on legislation	Level of understanding of various legislation, level of commitment to municipal contract, level of understanding of municipal contract, time/procedure for increment of bills, affordability of municipal services, rates of increment of bills, payment enforcement, decision making process, credit control policies, indigent policy, governance capacity of municipal role-players.
Social influence	Nature of social effect in the municipality, uniformity of payment, extent of political influence, social recognition.
Deterrence	Effect of deterrence, effect of including debts in the bills, effect of deterrence messages, effect of sending threatening messages and appeals.
Fiscal exchange	Nature of services, satisfaction with service provision, transparency of bills and budgets.
Payment knowledge	Nature of knowledge/awareness about debt, impact of payment knowledge.
Budget transparency	Accountability for resources, process of allocation of resources, discussion of budgets, trust in the role-players, decision making process, timeliness of budget, presentation and discussion of budgets.
Service administration	Facilitation of compliance, registration, evaluation, monitoring of payment, enforcement, filing, auditing, customer care, appeals, payment procedures and collaborations.
Traditional leadership	Role of traditional leaders, legislative support of traditional leadership, strength and duties of traditional leaders, traditional leadership and politics, loyalty of residents to traditional leadership, effect of collaboration between traditional leaders and municipalities
Communication dynamics	Means available for communication and receiving of bills.
Emerging sustaining innovation	Payment options and sales promotional tools.

Table 4.7 Research questions and the variables measured in the interview guide of the ICT specialist.

Research questions	Variables measured
Payment knowledge	Nature of knowledge/awareness and awareness about debt, impact of payment knowledge
Communication dynamics	Means available for communication and receiving of bills
Emerging sustaining innovation	Partly, this phase measured the payment options available for consumers.

Table 4.8: Research questions and variables measured in the interview guide of the traditional leaders/ councilors

Research questions	Variables measured
Social influence	Nature of social effect in the municipality, uniformity of payment, extent of political influence, social recognition
Traditional leadership/collaborations	Nature of payment culture, Role of traditional leadership, and the need for collaborations.

4.7.6.3.3 Interview participation table

Following is the interview participation schedule of the respondents in this study.

Table 4.9: Interview participation

Interviews											
	Legislation	Social influence.	Deterrence.	Fiscal exchange.	Payment education/awarness	Budget transparency.	Service administration	Traditional.	Communication dynamics.	Emerging sustainable Innovation.	Strategic Management
Municipal Managers and account.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Councilors		✓						✓			✓
Traditional leaders		✓						✓			✓
ICT specialist					✓			✓	✓	✓	✓

Table 4.9 depicts that the municipal managers participated in all the interview guides, councillors and traditional leaders participated in social influence, traditional leadership and strategic management. Finally, ICT specialist participated in communication dynamics, sustaining innovation and strategic management.

The subsequent section provides a delineation of the researcher's role in the process of data collection.

4.7.6.3.2 Researcher's role during data collection

On the day of an interview, the researcher ensured that the following procedures were upheld:

- The interviewer introduced himself and thanked respondents for the opportunity granted for interviewing.
- The nature of the study, as well as its relevance to the development of municipalities in South Africa, was explained.
- The type of responses expected from the respondents was explained while they were asked to respond to their best knowledge and offer opinions to the interview and follow-up questions.
- The interview questions were asked in simple English to enhance easy understanding and response.
- The interviewer motivated respondents to give concise responses.
- Responses were recorded as field notes to avoid misconception of facts.
- The interviewer ensured that the session did not exceed 40 minutes to avert possible boredom of respondents.
- The interviewer thanked respondents for their cooperation, kindness, and their thoughtful responses at the end of each session.

The following section clarifies the techniques adopted to analyse the qualitative data collected for this study.

4.7.6.4 Qualitative data analysis

The qualitative data analysis was facilitated using Atlas-ti (version 8.0). Creswell (2014) notes that qualitative data analysis should follow a definite step to ensure reliable and credible results. Ivankova (2015) also pinpoints that data analysis in a qualitative study starts with studying the transcripts and ends in discussing themes and categories. Table 4.10 explains the procedures adopted to analyse data collected for the qualitative component through the semi-structured interviews.

Table 4.10: Steps in qualitative analysis

Step	Method	Explanation
1	Organising data	Data was transcribed from field notes and recordings, sorted and kept ready for data analysis.
2	Review of transcripts	Data was reviewed in order to master the contents to ensure that they reflect the direction of the study.
3	Initiating coding	Firstly, the themes emerging were labelled and then categorised.
4	Coding of data	The coding process was used to sort related data in a way that related headings with similar content are grouped together. These formed the categories under the themes.
5	Representation of data	The findings in the themes were represented in tables and figures such as the network diagram.
6	Interpretation and summarising of findings	The interpretations of findings were made in this category focusing on the research questions of the study, theories and existing literature.

The subsequent discussion elucidates triangulation, the validity (trustworthiness) and reliability of data collecting instruments.

4.8 TRIANGULATION

Triangulation, according to Creswell (2014), Maree (2015) and DeCuir-Gunby and Schutz (2017), refers to an approach where a researcher combines the findings from a quantitative component, the qualitative component and the literature reviews to obtain a comprehensive view of the study in an endeavour to find solutions to the problem of the study. In this study, the responses from the questionnaires administered to the residents, the responses to the interviews with municipal role-players, traditional leaders, councillors and other influential role-players in the communities, as well as the literature review were brought together to provide solutions to the research problems of this study. The product of triangulation in this study enabled the researcher to propose a payment culture framework for municipal services in the North West province.

4.9 VALIDITY AND RELIABILITY

Kumar (2014) contends that validity involves an instrument's ability to measure what it is supposed to measure while Relmer and Ryzin (2011) upholds that research instruments used for data collecting purposes should be of a good quality, as well as dependable in order to measure the feelings of respondents effectively. In this study, construct validity was obtained by formulating questionnaires and semi-structured interview guides from the reviewed literature,

document analyses and other experiences noted from other district municipalities experiencing similar challenges. The questionnaire and semi-structured interview guides were composed using simple English such that they were comprehensible and understandable. Validity was further maintained by ensuring that questionnaires were administered only to residents responsible for the payment of municipal services. Confirmability was achieved by ensuring that detailed accounts of events and explanations by the respondents were recorded while credibility was achieved by enabling participant checks to assure accuracy of the reporting phases.

Kumar (2014) avers that reliability is the degree of consistency of an instrument. Gray (2014) and Maree (2015) affirm that reliability measures concepts such as the dependability, stableness, honesty and accuracy of measuring instruments used in a particular study. Consistent with this, Creswell (2014) states that reliability ensures that the process of data collection is done in an accurate way to ensure that appropriate data is consistent with research objectives. Reliability must be observed in quantitative research because it enhances validity, clarity of measures, whether or not a study achieves the same results each time (Susanne, 2012). Reliability was maintained by employing a pilot test by administering questionnaires to one group of individuals, after which the same instrument was administered to the entire sample. In the quest to maintain reliability, 10 questionnaires were used for the pilot study to ensure that the questions are clear, simple and easily understood by respondents. In maintaining internal reliability, each section in the questionnaire was measured using Cronbach's alpha to test the degree of reliability. Reliability was obtained in the qualitative study by ensuring that the semi-structured interviews were conducted with only the municipality and other significant role-players. An explanation of the ethical concepts observed in this study is dealt with in the subsequent section.

4.10 ETHICAL CONSIDERATIONS

Ethical considerations, according to O'Leary (2010), should be duly observed in the process of research. Bastic and Matalon (2012) assert that what is acceptable and what is not acceptable in the process of conducting research must be observed. The views of Gray (2014) and Maree (2015) pinpoint that deviating from ethics in research does not represent an illegal conduct and thus the researcher may not be held guilty in civil law but practically guilty in the ethics of research. Table 4.11 below shows the ethical concepts in both quantitative and qualitative components which were maintained from the conceptualization of the study to the reporting phase of the study.

Table 4.11: Ethical concepts observed in the study

Stage	Observed ethics
Conceptualization of the study	An agreement was made with the supervisor on the proposed study. An attempt was made to know if the study was researchable and as such, preliminary data was collected and insight was gained on how to approach the study. Finally, the ethics committee ratified the study through a certificate issued to approve the proposed study.
Process of data collection	Agreement were made on the day of interviews. The nature and purpose of the study was communicated to respondents. Ethical considerations, such as confidentiality and anonymity of responses, were indicated as well as voluntary participation and voluntary exit. Having assured respondents on the aforementioned ethical considerations, their lives and interests were further assured to be protected (see questionnaire and interview guides as annexures), also coercing respondents for responses were avoided. During the distribution of questionnaires, administrators explained the nature of the study, as well as the importance to the development of South Africa before issuing the questionnaires to respondents. All ethical concepts are addressed on the first page of the questionnaire.
Process of data analysis	The use of inappropriate methodology was avoided. In this category, new findings, multiple findings, as well as contradictory/negative findings were reported. During the analysis, researcher bias was eliminated and as such, the researcher did not favour any group but analysed and presented all aspects of findings obtained in the study.
Process of compiling and reporting data	Results were compiled and communicated to respondents for necessary verification to eliminate misrepresentation of facts. No wrong information was used to report the views of the respondents. No attempt was made to hide views as all of them were documented. Finally, plagiarism was avoided in compiling the final report.

4.11 SUMMARY

This chapter explained the appropriate methodology and data collecting procedures employed to achieve the purpose of this study. The pragmatic paradigm was adopted in this study which embraced the use of diverse research approaches (quantitative and qualitative) to find solutions to the research problem. A convergent parallel mixed method design was adopted which enhanced the collection of data from residents through questionnaires and from municipal role-players, traditional leaders, councillors and others through semi-structured interviews. This chapter explained the population and site selection, as well as the appropriate sampling techniques. An

explanation was also made on the data analysis which was done using the Statistical Package for Social Sciences (SPSS version 24) for the quantitative component and coding data into themes and categories using Atlas-ti version 8.1, and discussing it thereafter for the qualitative component. Finally, the validity and reliability of the measuring instruments were explained, as well as the ethical concepts that guided the process of this study. The subsequent chapter presents the research results of the study.

CHAPTER FIVE

RESEARCH RESULTS AND FINDINGS

5.1: INTRODUCTION

Chapter four provided the research methodology adopted in this study. A pragmatic paradigm underpinned this study which enabled the researcher to use diverse approaches to unravel the problem under study. A mixed methods research approach was applied which incorporated both quantitative and qualitative research principles. In the quantitative phase, data were collected from the residents using questionnaires, as well as face-to-face interviews with municipal role players for the qualitative component.

Chapter Five presents the empirical results obtained from the quantitative and the qualitative research conducted. With regard to the research design of this study (see paragraph 4.5), a deliberate attempt was made to present the quantitative results before the presentation of the qualitative results in order to obtain a comprehensive view of the study. The results are presented using tables, graphs, frequencies, percentages, as well as discussions. In interpreting the findings, the results presented are categorised into integrated and meaningful statistics. It should be noted that this chapter strictly presents the findings obtained in the SPSS and Atlas-ti outputs without attempts to corroborate it with the literature review findings and the applicable theories. The discussion of the quantitative study commences with the biographical information of the residents which is followed by the constructs in the quantitative data as per the research instrument and terminates with the quantitative inferential statistics. Further, the qualitative component commences by presenting the biographical information of the respondents and ultimately their responses with regard to the constructs measured.

5.2 PRESENTATION OF QUANTITATIVE DATA

The numerical data from the residents who live in the municipal areas was analysed and organised using the Statistical Package for Social Sciences (SPSS version 24). The responses were coded into numeric values using Microsoft Excel and were imported into SPSS for further statistical analysis. The statistical analysis obtained includes descriptive statistics, and inferential statistics such as correlation analysis, Chi-square test of independence, as well as analysis of variance. Descriptive statistics enabled summarising the trends and patterns revealing the relationships among the population of the study; reliability analysis measured the reliability of the responses

obtained in each construct of the questionnaire; the correlation analysis explained if there is a relationship existing between two or more variables; the Chi-square test of independence compare categories within a particular group; and finally, the structural equation model which depicts the association or relationships existing between payment culture/behaviour and factors affecting payment culture. The quantitative results are presented in two phases according to the sections of the questionnaires (see section 4.7.4.1.1). Section 1 presents the biographical information of the respondents while section 2 presents the results obtained from the research questions of the study as stipulated in the questionnaire.

5.2.1 Response rate

The population of this study incorporates all the residents of the North West province who reside in the municipal areas. Four local municipalities were selected for this study. The sampling size is 384 residents (see paragraph 4.7.3.2). A total of 500 questionnaires were distributed to the residents in the selected local municipalities within the space of two months. This was possible through the help of friends, church members, social group members, colleagues, well-wishers and paid questionnaire administrators. Out of the 500 distributed questionnaires, 359 usable questionnaires were received making a response rate of 93%. A total of 141 questionnaires were incomplete and not included for the analysis. Serame (2011) suggests that a researcher can make a valid conclusion if at least a 70% response rate is achieved and therefore with a response rate of 93%, this study collected adequate data to arrive at a reliable conclusion. The subsequent discussion provides the biographical information of the respondents.

5.2.2 Biographical information of the respondents

This section reports on the biographical details of the respondents in the four selected local municipalities.

5.2.2.1 Gender

Respondents were asked to indicate their gender and their responses are represented in Figure 5.1. This item was deemed necessary to identify the gender characteristics of the respondents who participated in the study, and then make inferences on patterns of payment for municipal services.

Figure 5.1 Gender

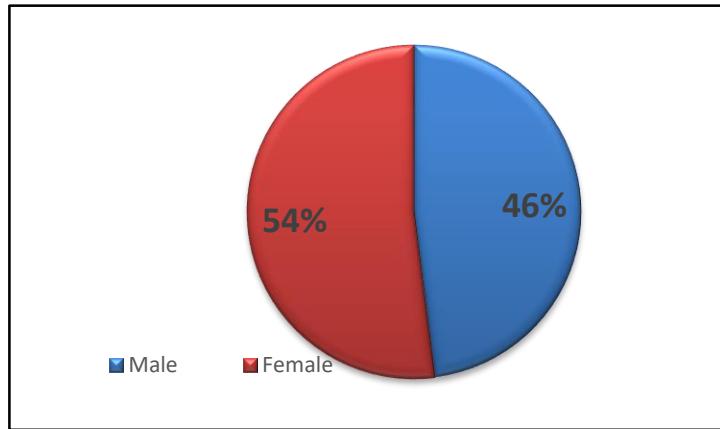


Figure 5.1 portrays that the more respondents were females (54%) than males who accounted for 46% in the study.

5.2.2.2 Age

Respondents were requested to indicate their age group the results obtained are depicted in Figure 5.2. This question was asked to identify the age categories of the respondents.

Figure 5.2 Age of the respondents

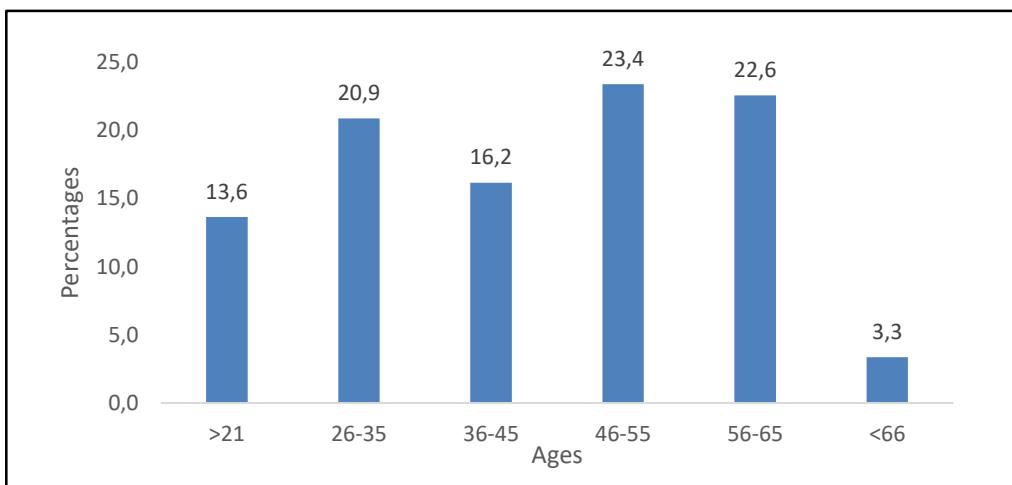
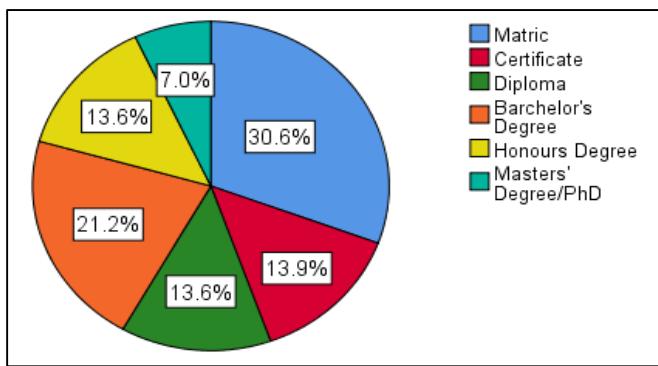


Figure 5.2 indicates that the largest group more of the household owners (23.4%) who participated in this study are between 46 and 55 years (23%). This was followed by respondents within the age range of 56-65 (22.6%), 26-35 (20%) years, and 36-45 years. Respondents within the age limit of 21 or less (14%) and 66 and above (3%) were the minority in this study. Of interest to note is that those who participated in this survey are between 26 to 65 years of age (83.1%).

5.2.2.3 Education

This question sought to identify the academic status of respondents as this could have an impact on their level of knowledge about payment culture. The responses received are summarized in Figure 5.3.

Figure 5.3: Respondents' educational status



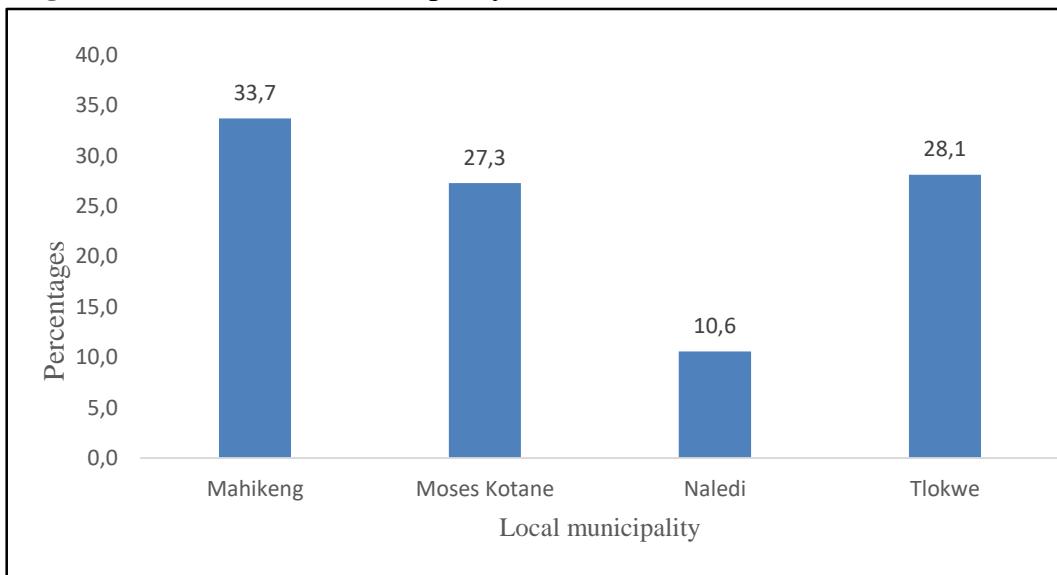
With regard to the respondents' academic background, it is observed that more respondents have matric (30.6%) as their highest qualification. This was followed by respondents with a Bachelor's degree (21.2%), of diploma (13.6%) and an Honours degree (13.6%). Respondents with Master's or a PhD degree (7%) are the minority groups of respondents.

5.2.2.4 Municipality

Respondents were asked to indicate the municipality of residence and their responses are captured in Figure 5.4.

More of the respondents in this study reside in the Mahikeng local municipality (33.7%) than any one of the other municipalities. According to the Local Municipality Handbook (2017), a larger number of residents live in Mahikeng. Another factor that would have attracted a higher number of respondents is that the researcher lives in Mahikeng which made the administration of more questionnaires easier than any other municipality. This was followed by Tlokwe (28.1%), Moses Kotane (27.3%) and Naledi (10.6%) respectively.

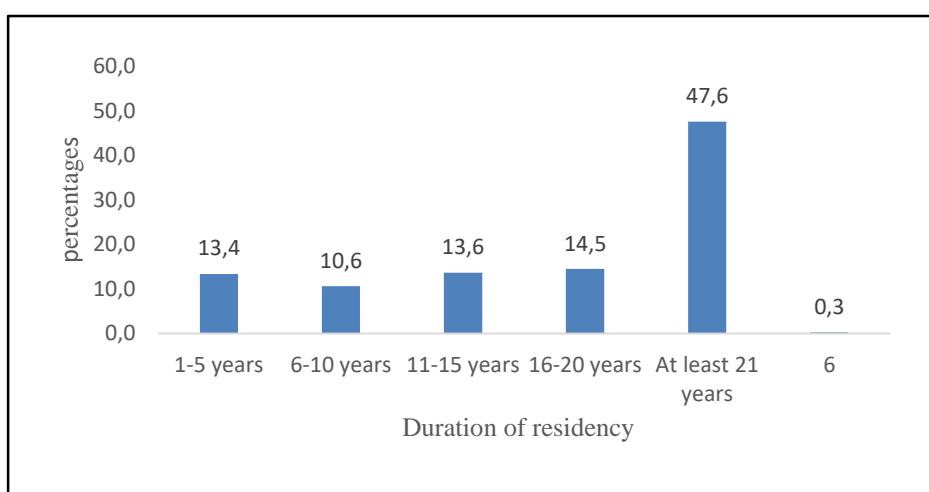
Figure 5.4 Residents' municipality of residence



5.2.2.5 Duration of residency

It was further sought to determine how long residents have been residing in the municipal areas and their responses are presented in year order in Figure 5.5.

Figure 5.5: Duration of residency



According to Figure 5.5, it could be observed that the majority of the respondents have lived for more than 21 years (47.6%) in their municipalities. The respondents are thus regarded as knowledgeable about their local municipalities and qualified to respond to the questions included in the research instrument.

5.2.2.6 Payment ability

Respondents were asked to indicate how often they pay their municipal services. Due to the intensifying debt accrual in local municipalities in the North West province as identified in the problem statement of this study, this item was asked in order to obtain an indication if residents pay their municipal services in their various municipalities and their responses are summarised in Figure 5.6.

Figure 5.6: Residents' payment ability

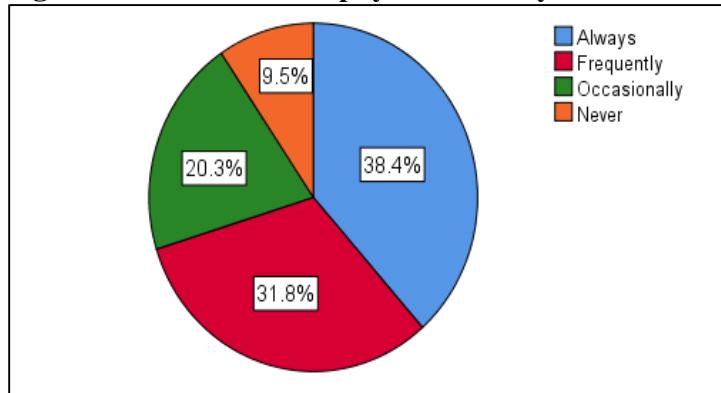


Figure 5.6 portrays that more of the residents always pay for their municipal services and frequently (70.2%). This may be due to the measures applied by the municipality to collect payment for services or it could be citizens who choose to be responsible or law abiding. It is alarming that 29.8% of the respondents are defaulters in the payment for municipal services. These residents directly form part of those causing high consumer debt crisis in the North West province.

5.2.2.7 Household monthly income

The study further sought to understand the household income of the respondents as this could have a direct impact on their ability to pay for municipal services. Their responses are captured in Figure 5.7.

Figure 5.7 Respondents household monthly income

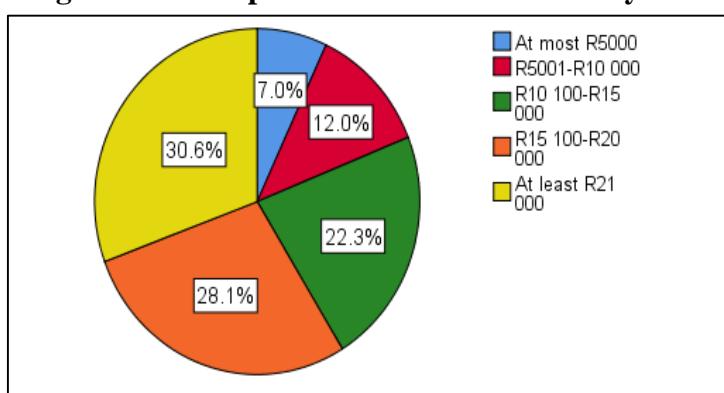


Table 5.7 indicates that 81% of respondents earn from R10000 to R21 000. The result further indicates that 19% of the residents earns below R10000. This result indicates that more respondents are capable of paying their municipal services and as such, are not considered as indigent residents.

5.2.2.8 Service amount

This question was included to identify how much residents pay for their municipality services and their responses are summarized in Figure 5.8.

Figure 5.8 Residents' service payment amount

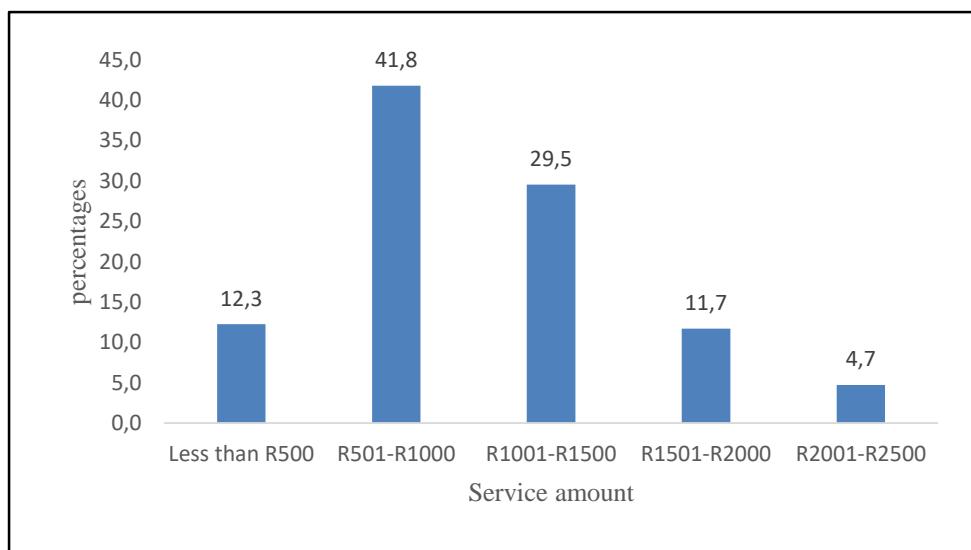


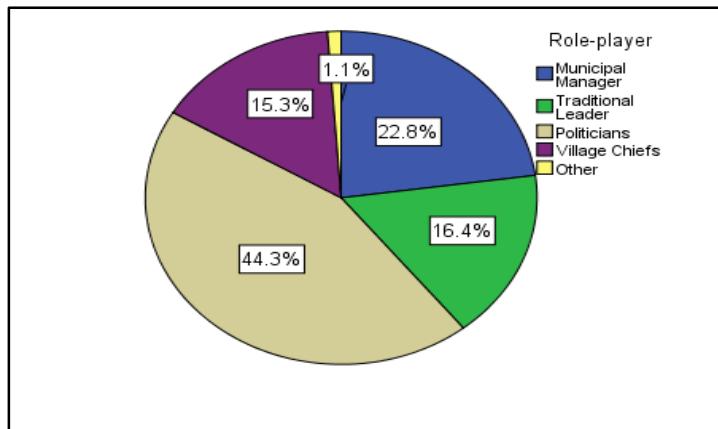
Table 5.8 portrays that most residents are billed between R501 and R1000 (41.8%) on a monthly basis for services rendered. This indicates that the municipal services are fairly affordable when compared to monthly income responses of the respondents in Figure 5.7 where most respondents indicate that they earn from R15 100-R21 000 per month and therefore afford always and/or frequently to pay their municipal bills.

5.2.2.9 Role-player in my area

This item was included to identify the role-players in the municipality. The responses obtained are summarized in Figure 5.9.

Figure 5.9 portrays that politicians, municipal manager, politicians and village chiefs are recognised as role-players in the municipalities. Others in this section who made a small percentage may be other influential people in the communities such as religious leaders and traditional title holders.

Figure 5.9 Role-player in my area



5.2.2.10 Highest role-player in my area

This item was aimed at identifying the role players in the municipality, the responses obtained from the respondents are summarized in Figure 5.10

Figure 5.10 Identified highest role-player in my area

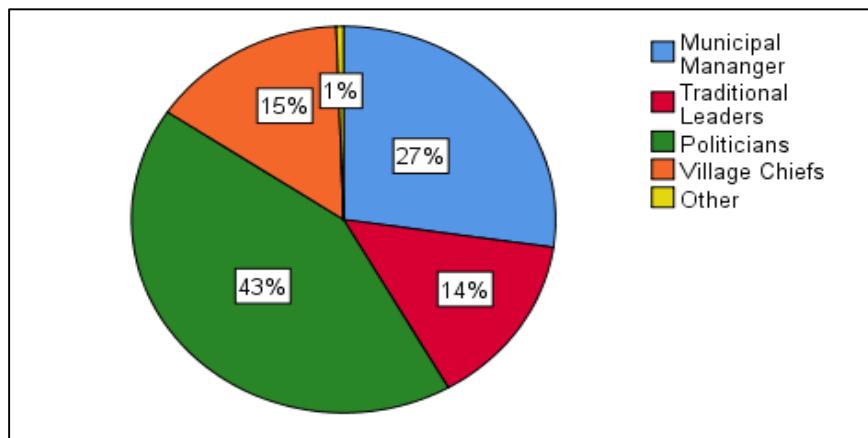


Figure 5.10 depicts that the most important role-player identified by the respondents are politicians (43%). This depicts that politicians and municipal managers are identified as dignitaries who could make a substantial contribution towards creating a payment culture and turn around the heavy municipal debt.

5.2.2.11 Views on connectivity

This section sought to understand the various means adopted by municipal role-players to establish contact with residents and the various means adopted by the residents to pay their municipal bills. The responses obtained are presented in Table 5.1.

Table 5.1 General views on connectivity

Views measured	Yes (%)	No (%)
Mobile phone	90	10
Email	88	12
Mobile phone with Internet	83	17
Access to nearby ATM	75	25
Access to social media account	71	29
Private postal mail box	54	46
Desk tops with internet	46	54

According to Table 5.1, most respondents indicated that they have access to mobile phones, emails contacts, mobile phones with Internet, access to nearby ATM, access to social media account and access to postal mail box. Only a few respondents indicated that they don't have access to desktops with internet. This section concludes that all the items listed in Table 5.1 (except desktops with internet) could be adopted by the municipalities to communicate with the residents, as well as collect payments from the residents.

This section presented the biographical information of the respondents gathered in the quantitative component; it could be observed from the responses that the residents are knowledgeable about the payment for municipal services in their various municipalities and could give reliable responses. The focus of the subsequent discussion elaborates views on research questions.

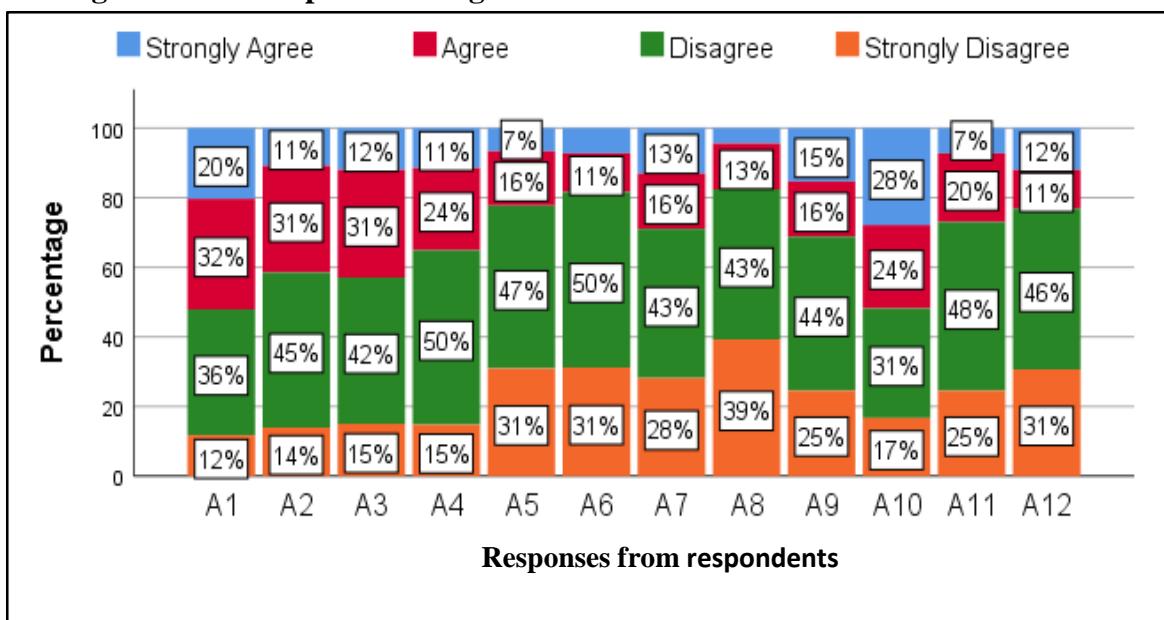
5.2.3 Views on research questions in quantitative research

This section presents the responses obtained from residents in the municipal areas concerning their understanding of agreement or disagreement with the factors identified in Figure 1.2 affecting the payment culture for municipal services. According to section 4.7.4.1.1, there are ten constructs measured by this study. These constructs are: legislation, social influence, deterrence, fiscal exchange, payment understanding/awareness, budget transparency, service administration, traditional leadership, communication dynamics, and immerging sustaining innovation. The next discussion provides the results obtained from the respondents concerning their views on legislation.

5.2.3.1 Views on legislation

The respondents in this study were asked to indicate their understanding of legislation guiding the payment for municipal services. This construct was included to investigate how residents understand the content of legislation and to establish how municipal role-players apply the content of law to enhance the payment for municipal services. The measurements used to capture the responses of the respondents range from strongly agree (SA) to strongly disagree (SD). Figure 5.11 presents the views of the respondents on legislation.

Figure 5.11 Responses on legislation



Note:

- A1=I understand the contents of all the legislation guiding the payment for municipal services.
- A2=The content of the municipal payment agreement was fully explained to me before I signed the agreement.
- A3=At the beginning of my contract, I was made aware of the amount that I would be paying for municipal services on monthly basis.
- A4=At the beginning of my contract I was made aware that my service payment will be annually increased
- A5=I am satisfied with the amount charged for service consumption, it is affordable.
- A6=I understand why my bills keep on increasing every now and then.
- A7=I am aware of the measures that may be taken by the municipality to recover the outstanding debt.

A8=The municipalities involve us in decision making.

A9=The Municipality sends debt collection agents to enforce payment.

A10=Residents that do not pay for services are not prosecuted accordingly.

A11=The municipality implements credit control and debt management policies.

A12=The municipality considers the poor and jobless people who cannot afford to pay for municipal services.

Following is a discussion of the results as presented in Figure 5.11. For the positives, responses from statement A1 (52%) indicate respondents' agreement that they understand the content of the legislation guiding the payment for municipal services. Also there is an agreement in statement A10 (52%) which signifies that municipalities enforce payment compliance. Regarding A3 (43%), A2 (42%), responses indicate that the municipalities make efforts to induce the residents to be legally committed with the municipal contract. The percentages obtained in these items indicate that the residents are not actually engaged and committed by the municipalities to pay their municipal services. In this case, actual commitment and community engagement is required to get them devoted to pay municipal services.

For the negatives, responses obtained in A8 (82%), A6 (81%) and A5 (78%) indicates the inability for the municipalities to involve residents in decision making and to educate them on matters related to billing. The results further show in A12 (77%), A11(73), A7 (71%) that municipalities do not effectively implement the indigent policy, credit control and debt management policies, as well as implement payment enforcement. Figure 5.12 presents the summary of views on legislation.

Figure 5.12 Aggregate responses on legislation

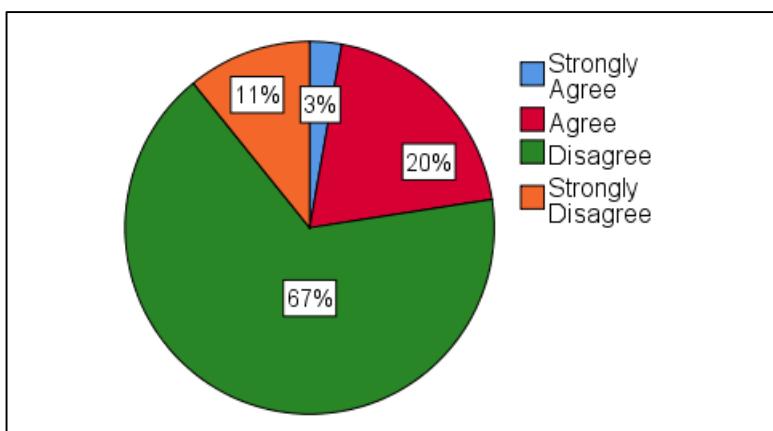
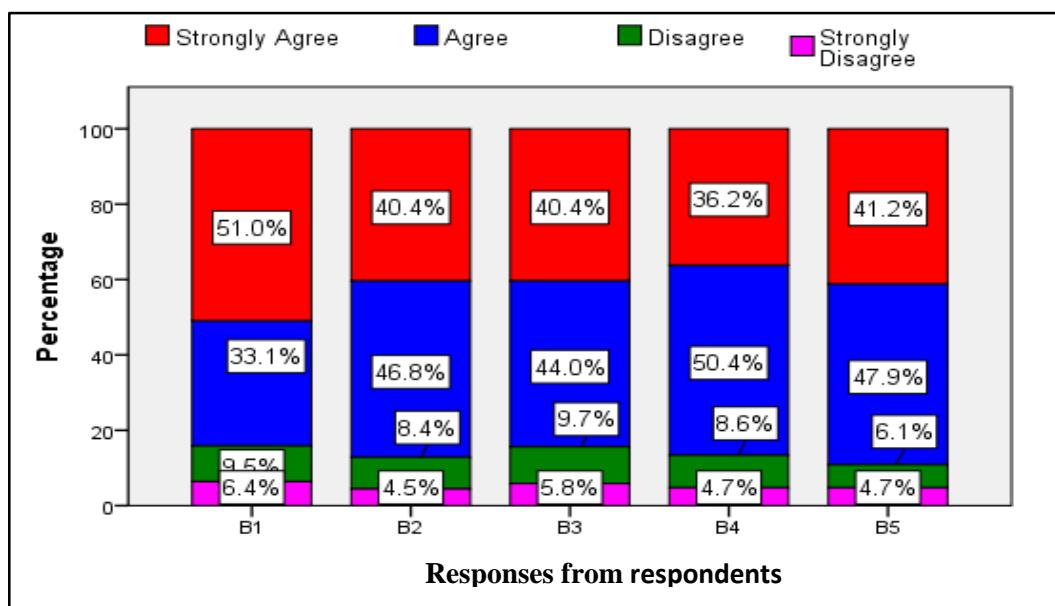


Figure 5.12 portrays that 78% of the respondents disagree with all the variables used for measuring legislation and only 23% of the respondents agreed.

5.2.3.2 Views on social influence

The respondents were asked to indicate their perception of social influence. This question intended to investigate if there are negative factors that influence the residents to default in paying municipal services. The measurements used to record the responses of the respondents ranges from strongly agree (SA) to Strongly disagree (SD). Figure 5.13 presents the views of the respondents on social influence.

Figure 5.13 Responses on social influence



Note:

B1=I know of other people who consume municipal services but do not pay for it.

B2=I am discouraged by the neighbourhood due to poor service provided by the municipality.

B3=I am discouraged by politicians to pay for municipal service.

B4=Municipality does not treat the residents as the same in the payment for services, some people are favoured.

B5=I notice that many residents do not pay their accounts and nothing is done to make them pay.

This discussion comments on the results in Figure 5.13. According to the positive findings, responses from items B5 (89.1%), B2 (87.2), B4 (86.6%), and B1(84.1%), there is an indication that the municipalities do not enforce payment compliance in a just fashion. There is also an

indication that some residents are left out in the payment enforcement implementation, including the inability to provide equitable services by the municipalities. This could be a source of demotivation to pay for municipal services if residents discover through social interaction that their neighbours do not pay municipal services and no reasonable measure has been applied to make them pay. For statement B3 (84.4%), the findings show that residents agree that they are discouraged to pay for municipal services by the politicians. This justifiably indicate that there is lack of collaboration between municipal role-players and politicians.

In the negative findings, the responses from items B1 (15.9%), B3 (15.5%), B4 (13.3%) and B2 (12.9%) indicate that few respondents disagreed that they are discouraged to pay municipal services due to poor enforcement by the municipality, political discouragement, unfair and poor service provision by the municipalities. This signifies that only a small percentage of the citizens pay their municipal services regardless of social discouragements by the neighbourhood. Figure 5.14 presents the summary of views on social influence

Figure 5.14 Summary of views on social influence

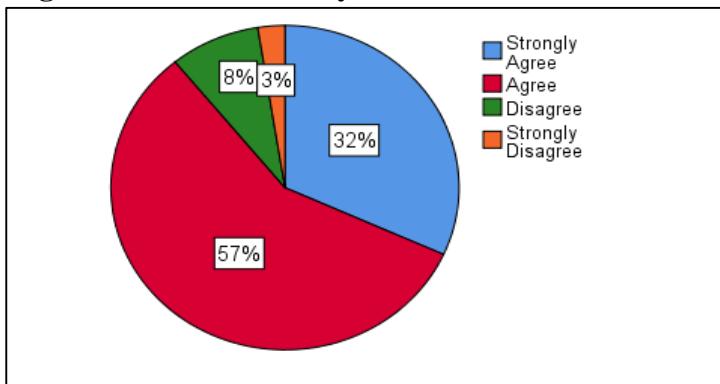
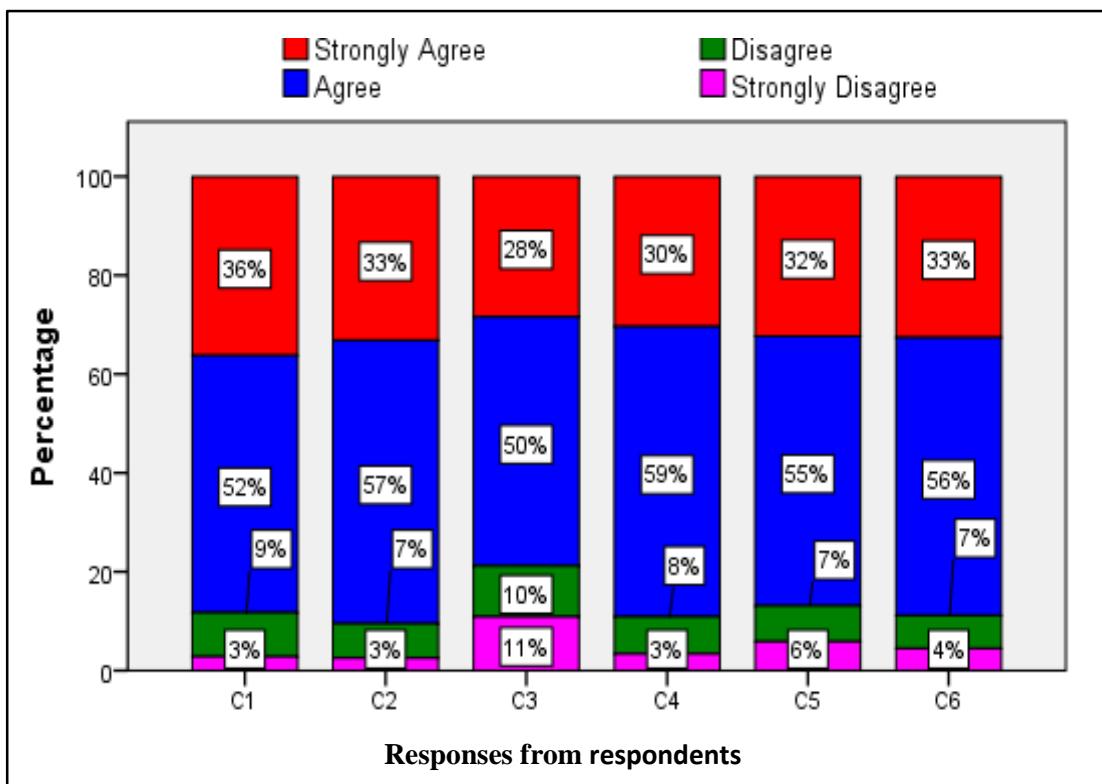


Figure 5.14 portrays that most respondents (89%) agree with all the variables measuring social influence. Only 11% of the respondents are in disagreement.

5.2.3.3 Views on deterrence

Deterrence messages serve as forceful messages used to threaten residents to pay for their services. This section was included in this study to understand how municipal role-players apply the content of deterrence messages and to know if deterrence messages can influence residents' payment culture for municipal services. The measurements used to establish the responses from the respondents range from strongly agree (SA) to Strongly disagree (SD). Figure 5.15 presents respondents' views on deterrence.

Figure 5.15 Respondents' views on deterrence



Note:

C1=Including my debts in the account motivates me to pay.

C2=Receiving warning messages from the municipality motivate me to pay my account.

C3=Receiving threatening messages motivates me to pay my account.

C4=Receiving appeals to pay account from the municipality motivates me to pay.

C5=Having the fear of being caught by the municipal debt collecting agencies motivates me to pay my account.

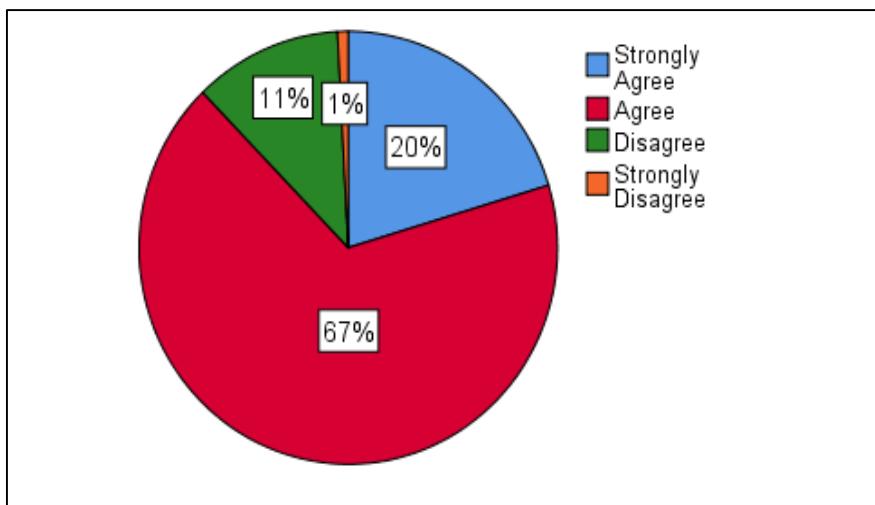
C6=I am afraid of paying an extra cost or penalty when caught in the process of avoiding payment.

Following is a discussion of the results as presented in Figure 5.15. For statements C2 (90%), C6 (89%), C4 (89%), C1 (88%), C5(87%) and C3 (78%), there is a high agreement by the municipalities that the application of deterrence concept can be effective in the local municipalities as residents concurred that receiving appeals and warning messages from the municipality motivates them to pay their bills. Furthermore, the results indicate that including debts in the bills, proper enforcement, and threatening messages could enhance the payment culture for municipal services.

For the negatives, the responses obtained indicates that few residents are in disagreement that they could be motivated to pay their bills through threats C3 (22%), reprimanding by enforcement agencies C5(13%), including debt in accounts C1(12%), appeals C4(11%), payment of extra cost on penalty C6(11%) and warning messages C6(10%). This results obtained in this section indicates that municipalities should adopt the concept of deterrence to enhance payment compliance for municipal services.

Figure 5.16 presents the summary of views on deterrence.

Figure 5.16 Summary of views on deterrence

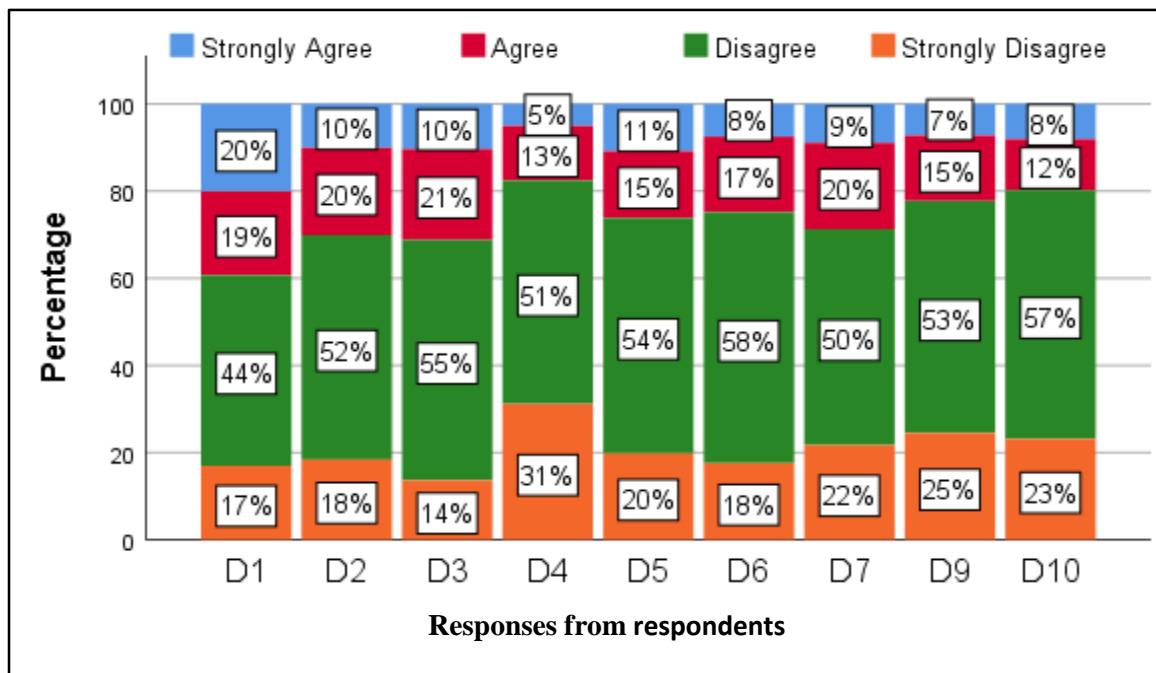


The findings obtained in Figure 5.16 indicate that most respondents (87%) are in agreement with all the variables used to measure deterrence. Only 13% of the respondents disagreed.

5.2.3.4 Views on fiscal exchange

According to the literature gathered in this study, adequate service provision influences residents to pay for their municipal services. This construct was included in this study to understand the level of service provision by the various local municipalities and to understand if fiscal exchange can enhance the payment culture of residents. The measurements used to elicit the responses from the respondents range from strongly agree (SA) to Strongly disagree (SD). Figure 5.17 presents the respondents view on fiscal exchange.

Figure 5.17 **Respondents' views on fiscal exchange**



Note:

D1=The municipality should provide free services to all residents.

D2=Services provided by the municipality matches the amount I pay.

D3=The health and education sector is considered by the government.

D4=Municipality provides adequate services to us.

D5=The municipality provides the same service to all residents, they are impartial.

D6=I am motivated to pay due to the nature of government expenditure.

D7=The payment system is just.

D8=*Government officials steal our public money (Removed from the analysis. See Section 5.2.4.2.)*

D9=Role-players assess our satisfaction with the service provided.

D10=The budgets are allocated to projects related to the less privileged.

This discussion covers the results presented in Figure 5.17. According to the responses obtained in this section, most respondents disagreed to the variables used to measure fiscal exchange. However, in item D1 (39%), few respondents believed in free service provision by the municipalities. This finding is considered a serious threat to the payment for municipal services if residents believe in free service provision. The municipalities should hence, continue to communicate with the residents and educate them on the importance of payment compliance. In

items D3 (31%) and D2 (30%), few respondents indicated that education sector is considered by the government, as well as a fair practice of service provision by the municipalities.

According to the negative responses, there is an indication in item D4 (82%) that the municipalities have failed to provide adequate services to the residents which is a serious impediment towards achieving payment compliance. In D10 (80%) the responses indicate the inability of the municipalities to allocate budgets towards the less privileged or the indigents. This could also be a source of demotivation as indigents feel neglected by the government. In item D9 (78%), it was deduced that the municipalities have failed to assess the level of satisfaction of consumers as intervals. This indicates inept performance by the municipalities, the consumers feel abandoned. In items D6 (75%), D5 (74%) and D7 (72%) there is an indication that municipalities do not obtain the consent of the residents before deciding their budgets, also it could be perused from the findings that there exit an act of nepotism in the service provision and dissatisfaction with the system of municipal governance. This could be the measures adopted in communicating with the residents, the billing system or the method of payment enforcement by the municipalities. Figure 5.18 provides the summary of views on fiscal exchange.

Figure 5.18 Summary of views on fiscal exchange

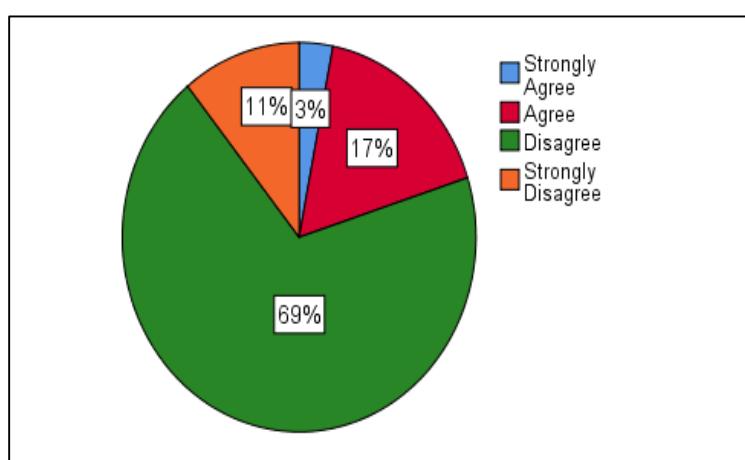


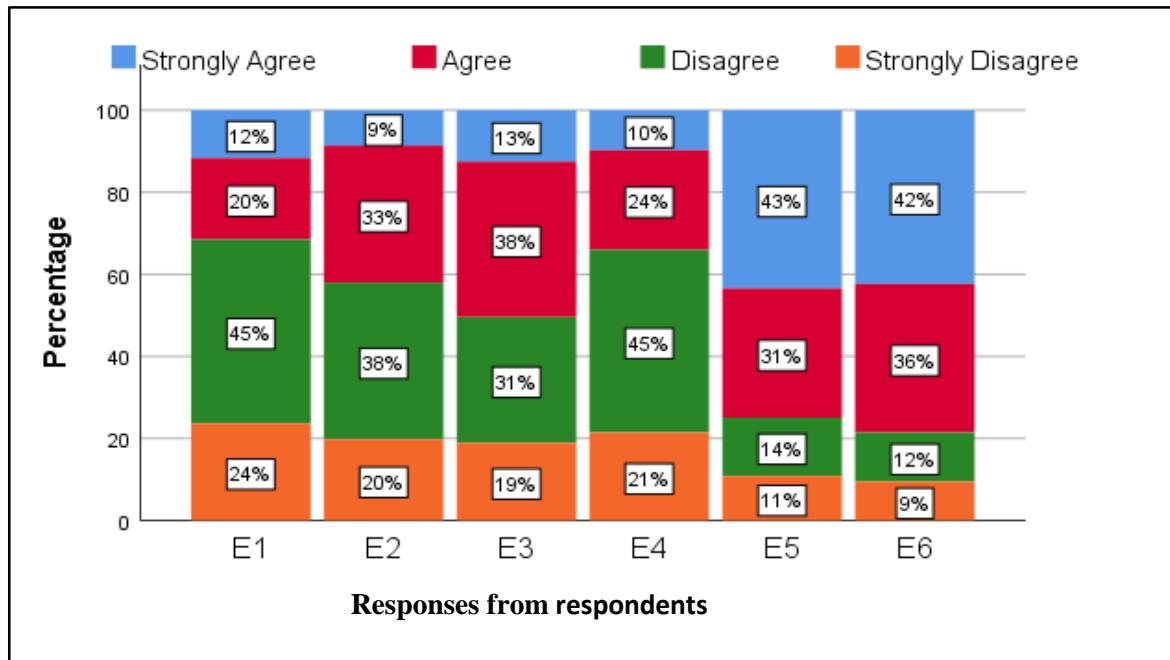
Figure 5.18 indicates that most respondents (80%) are in disagreement with all the variables used to measure fiscal exchange. Few respondents (20%) agreed on the items measured.

5.2.3.5 Views on payment education/awareness

Payment education or awareness is a means adopted by the municipality role-players to educate or to create awareness to the residents in order to enhance their payment culture. This construct

was included to investigate if payment education/awareness could enhance payment compliance and to know if the municipal role-players are effectively educating the residents on matters related to the payment for municipal services. The measurements used to record the responses of the respondents range from strongly agree (SA) to strongly disagree (SD). Figure 5.19 present respondents' views on fiscal exchange.

Figure 5.19 Respondents' views on payment education/awareness



Note:

E1=The municipality educates me about the importance of paying for services received.

E2=The municipality makes me aware of the time and when I need to pay for my services.

E3=The municipality informs me about how much I owe them.

E4=The municipality encourages me to pay for my services.

E5=Having payment knowledge helps me to clear the suspicion on corruption.

E6=Payment awareness or education motivates me to pay my accounts.

This section presents the results in Figure 5.19. According to the positive findings, the respondents agreed with item E6 (78%) that payment education motivates them to pay their municipal services, also in item E5 (75%), most respondents agreed that payment knowledge helps residents to clear suspicion on corruption. These findings suggest that the role-players should put more effort in

educating residents on payment matters in order to enhance payment compliance and to build a cohesive relationship with the residents.

In the negative findings, responses in item E1 (69%) indicate that the municipalities do not educate residents on the importance of paying their municipal services, this also reflect in the responses obtained in item E4 (66%) where most residents disagreed that municipalities encourages them to pay for their municipal services. Also most respondents disagreed in item E2 (58%) that municipalities make them aware of the actual time to pay municipal services. These findings show that payment culture could be enhanced through payment education, however, it could be deduced that municipalities do not effectively educate the residents on matters related to payment for municipal services. Figure 5.20 presents the summary of views on payment awareness.

Figure 5.20 Summary of views on payment education

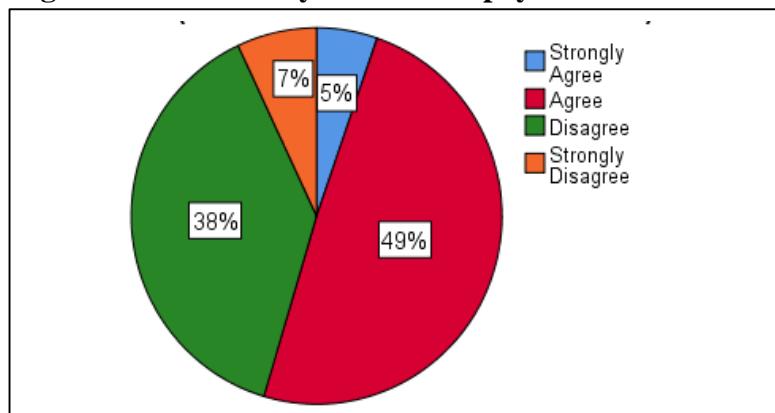
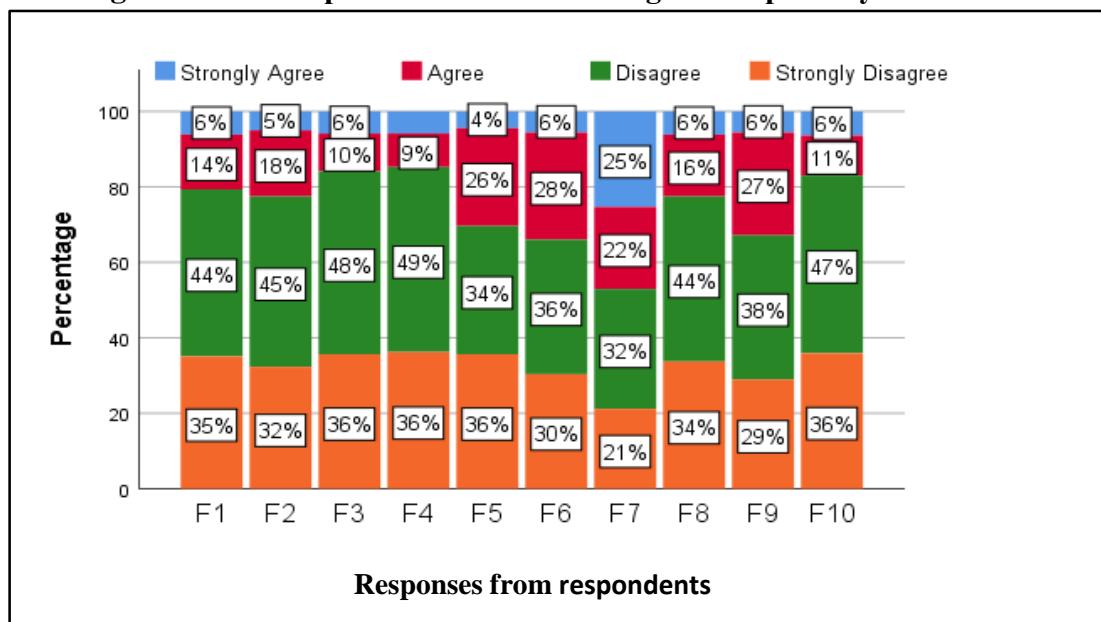


Figure 5.20 indicates that most respondents (54%) are in agreement with all the variables used to measure payment education.

5.2.3.6 Views on budget transparency

Budget transparency is a means adopted by municipal role-players to communicate the budget of the municipality to promote transparency in spending public funds to avoid suspicion of looting. This construct was included in this study to establish if the municipal role-players decide the budget of the municipality with the residents and if they send the budgets to them after deciding on the projects to adopt. The measurements used to record the responses of the respondents range from strongly agree (SA) to Strongly disagree (SD). Figure 5.21 outlines the respondents' views on budget transparency.

Figure 5.21 Respondents' views on budget transparency



Note:

F1=There is accountability of public funds.

F2=I am aware of how our public money is allocated during the budgets.

F3=Municipal budgets are discussed with residents.

F4=We make contributions on how our money will be spent during the budget.

F5=I am aware of the nature of the projects for which our money will be used.

F6=There has been the publication of budgets.

F7=There is the suspicion that the role-players are looting our public money.

F8=We have trust in the municipal role-players.

F9=The budget is disseminated to us at intervals.

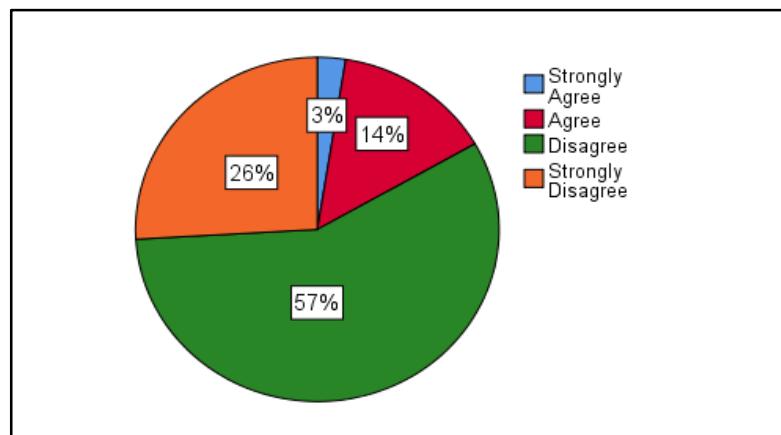
F10=The municipality presents budgets on time.

This section presents the interpretations of the in Figure 5.21. In the positive finding, respondents agreed (47%) that they have trust in the municipal role-players. It could be deduced that respondents have almost lost their confidence in the municipal role-players due to the suspicion that municipal officers loot public funds. More so, this can be attributed to their failure to disseminate the municipal budgets timeously and at regular intervals. This finding indicate that the role-players should endeavour to collaborate with the residents to salvage their trust.

In item F4 (85%) most respondents disagreed that they make contributions on how money is allocated in the budget. There is also a similar finding in item F3 (84%) where most respondents disagreed that budgets are discussed with them. It could be deduced from the findings in items F4 and F3 that there is a lack of effective collaboration between the role-players and the residents. There is an evident lack of effective collaboration with the residents reflected in item F10 where most respondents disagreed that municipalities presents their budgets on time. Municipalities could redeem their image by complete collaboration with the residents in the decision making process with regard to budget allocation and implementation.

Figure 5.22 presents the summary of views on budget transparency.

Figure 5.22 Summary of views on budget transparency

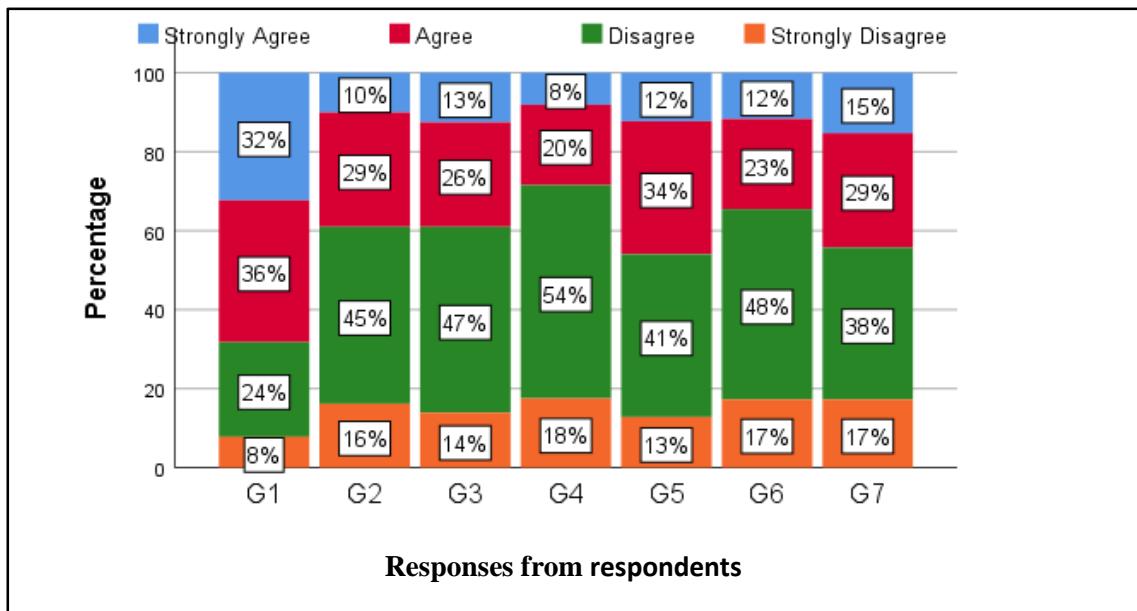


Most respondents disagreed (83%) with the variables used to measure budget transparency in Figure 5.22. Few respondents (17%) agreed on the items measured.

5.2.3.7 Views on service administration

Service administration implies measures that are applied by the municipal role-players to mobilise payment for municipal services from residents. This construct was included in this empirical study to investigate the effectiveness of measures adopted by the selected local municipalities to mobilise service payments from the residents. The measurements used to record the responses of the respondents range from strongly agree (SA) to strongly disagree. Figure 5.23 present respondents' views on service administration.

Figure 5.23 Respondents' views on service administration



Note:

G1=All residents in my area are registered as service users.

G2=Our accounts are sufficiently evaluated, there are never errors in the accounts.

G3=My municipality monitors and encourages voluntary compliance by sending accounts consistently.

G4=The municipality conducts effective auditing of payments.

G5=I am notified to pay on time.

G6=There is a proper channel to report queries and disputes with the municipality.

G7=The payment procedures are simplified for us to pay through various means

This section covers all the responses obtained in Figure 5.23.

According to the responses gathered in item G1 (68%), it could be observed that the municipalities are conducting adequate registration of residents but the responses in G4 (72%), G6 (65%) depicts that matters related to updating of accounts and auditing are not effectively conducted. More so, in items G2 (61%) and G3 (61%) most respondents indicated that auditing and payment notification is not done efficiently. This indicts the municipalities to upgrade their customer service measures, ensure that payment procedures are simplified in order to enhance payment compliance.

Figure 5.24 presents the summary of views on service administration.

Figure 5.24 Summary of views on service administration

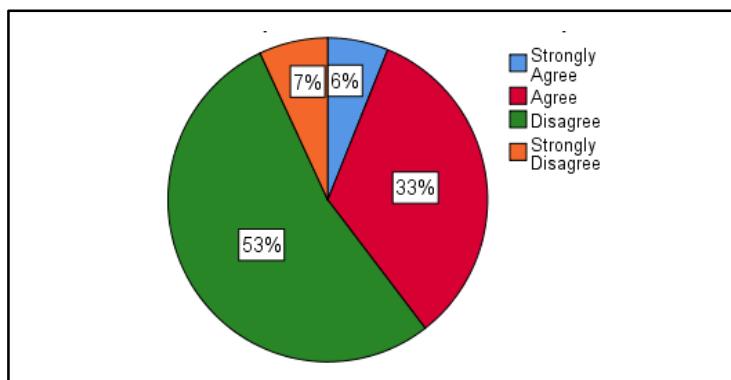
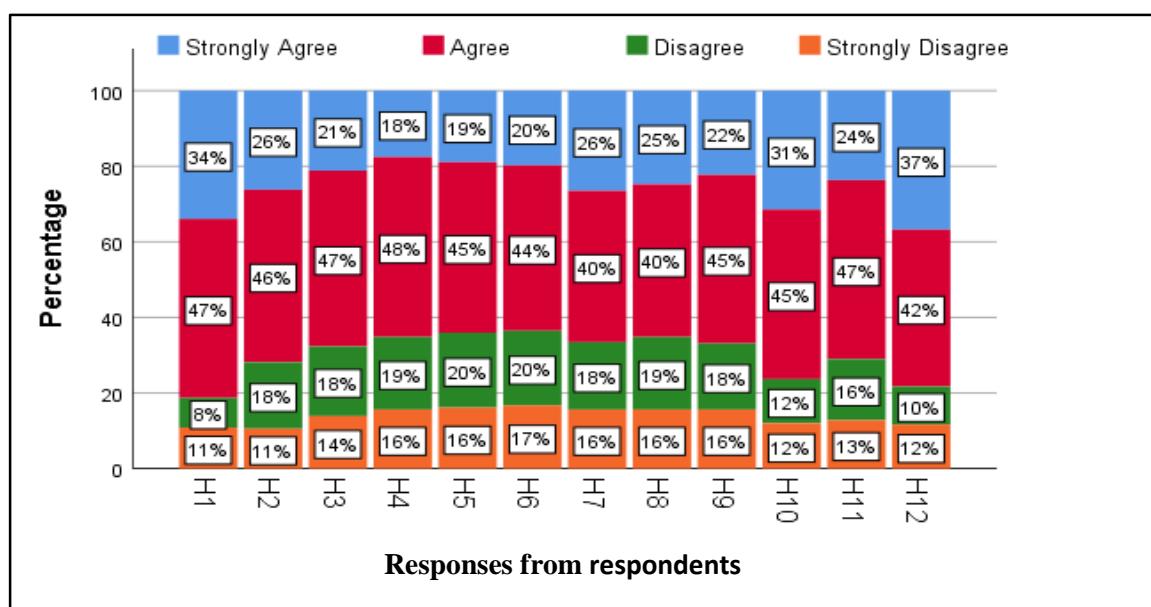


Figure 5.24 shows that most respondents disagreed (60%) on all the variables used to measure service administration. Only 40% of the respondents agreed.

5.2.3.8 Views on traditional leadership

Traditional leadership involves the indirect way of administration through traditional leaders, village chiefs, influential citizens and or councillors. This construct was added in this study to investigate the effectiveness of collaborations of traditional leaders and others in the administration of service payment in the local municipalities. The measurements used to record the responses of the respondents range from strongly agree (SA), to strongly disagree (SD) are grouped together as Agree, and disagree (D) and strongly disagree (SD) are grouped together as disagree. Figure 5.25 presents views on service administration.

Figure 5.25 Respondents' views on traditional leadership



Note:

H1=Legislation supports the institution of traditional leadership.

H2=Traditional leadership have an influence on our decisions.

H3=Traditional leadership determines the sharing of resources in my community.

H4=Our traditional leader summons us from time to time through local chiefs.

H5=Our traditional leader is educated; he has interest in developmental issues.

H6=Traditional leaders/chiefs inform us about the current situation of the province.

H7=Traditional leadership promotes tourism, safety and security, health services, housing projects, justice, social development etc. in my community.

H8=Traditional leadership bring politics to the grass-root level.

H9=Traditional leadership close the communication gap between the municipality and the community.

H10=Collaboration of traditional leaders/chiefs and the municipality can help change the payment culture of residents.

H11>All the residents are subject to the declarations of our traditional leaders/chiefs.

H12=Councillors have much influence on our decisions.

This section covers all the responses obtained in Figure 5.25. In the negative responses, item H6 (37%) show residents' disagreement that traditional leaders inform them about the current situation of the province. Also the findings in item H5 (36%) portray respondents' disagreement that traditional leaders are educated and have interest in developmental issues. The negative findings in this section portray that only few percentage of the respondents are in disagreement that traditional leadership can help in establishing a responsible payment culture.

With regard to the positive findings, most respondents affirmed in item H1 (81%) that the legislation supports the institution of traditional leadership. This might be a good reason for showing loyalty for the traditional leaders. This could be observed in item H12 (79%) where the findings indicate respondents' agreement that councillors have much influence on residents' decisions. Item H11 (771%) depicts respondents agreement to be subject to the decisions of the traditional leaders. It could be deduced from these findings that the traditional leaders, as well as councillors, are influential role-players who can help achieve a responsible payment culture for municipal services. The responses obtained in H5, H6, H7, and H8 affirm that traditional leaders in the various local municipalities are educated and collaborate with the residents by

disseminating information to the residents, ensuring that the basic services are delivered to the residents and discuss politics. Other responses depict that the traditional leadership or councillors could be used to close the gap between the municipalities and the residents.

Figure 5.26 presents the summary of views on traditional leadership.

Figure 5.26 Summary of views on traditional leadership

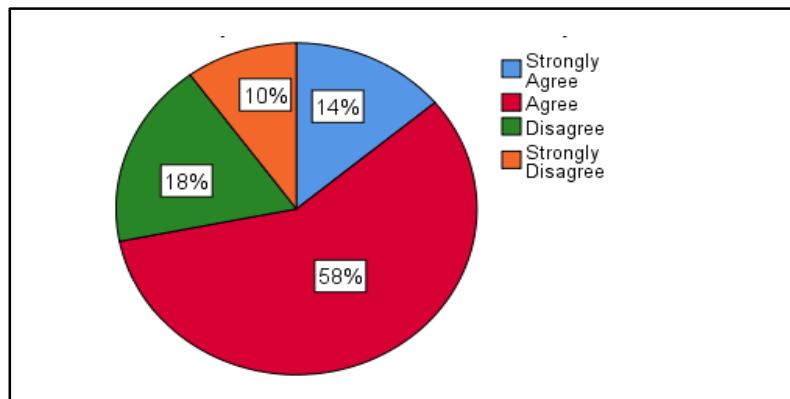


Figure 5.26 depicts that most respondents agreed (72%) to all the variables used to measure traditional leadership. Only 28% of the respondents disagreed.

5.2.3.9 Views on communication

Communication refers to a process whereby messages are sent to the target audience through specified channels. This construct was added to know the measures adopted by the municipal role-players to send and receive messages from the residents. The measurements adopted to capture the responses of the residents are yes and no. Figure 5.27 presents the respondents' views on communication means for payment awareness.

Figure 5.27 Means of payment awareness

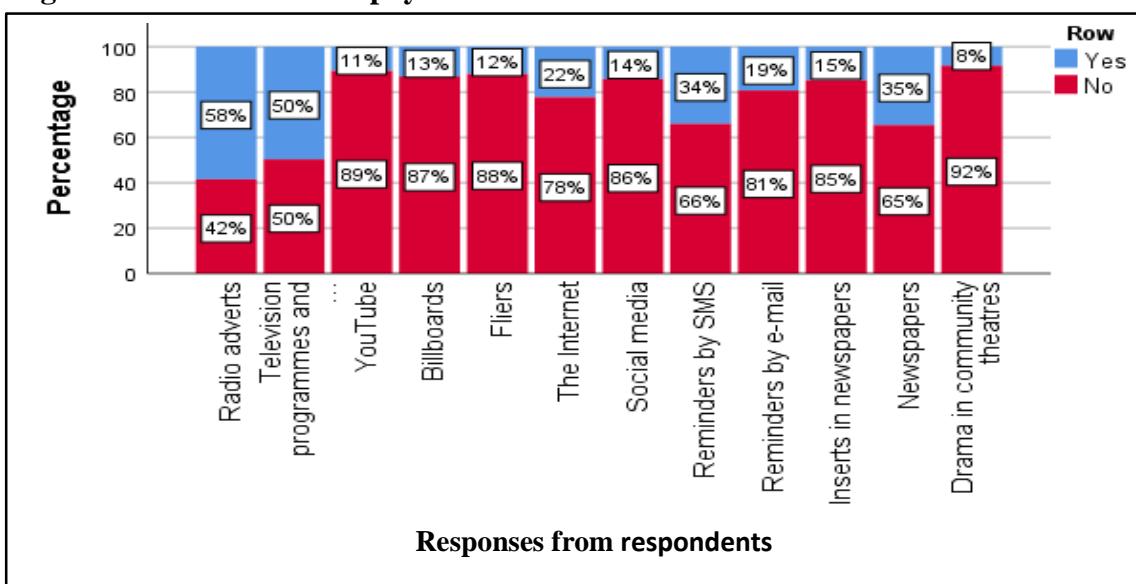


Figure 5.27 shows that most respondents disagreed on the items used to measure the effectiveness of municipal communication in Figure 5.27. According to the findings, the communication media mainly used to create awareness are radio adverts (58%) and television programmes and adverts (50%). The application of newspapers (35%) and reminders by SMS (34%) to disseminate information seems to be gaining momentum. More of the respondents affirmed that other media such as YouTube, billboards, fliers, the Internet, social media, reminders by SMS, reminders by e-mail, inserts in newspapers, newspapers and drama in community theatres have not been adequately applied. The responses in Figure 5.27 portrays that the municipalities do not adequately create awareness on payment information through the emerging communication options, they only depend on radio adverts and television programmes and adverts which do not yield effective results.

The study progressed by asking the residents the measures they receive their bills from the municipality. Their responses are summarised in Figure 5.28.

Figure 5.28 Respondents' means of receiving bills

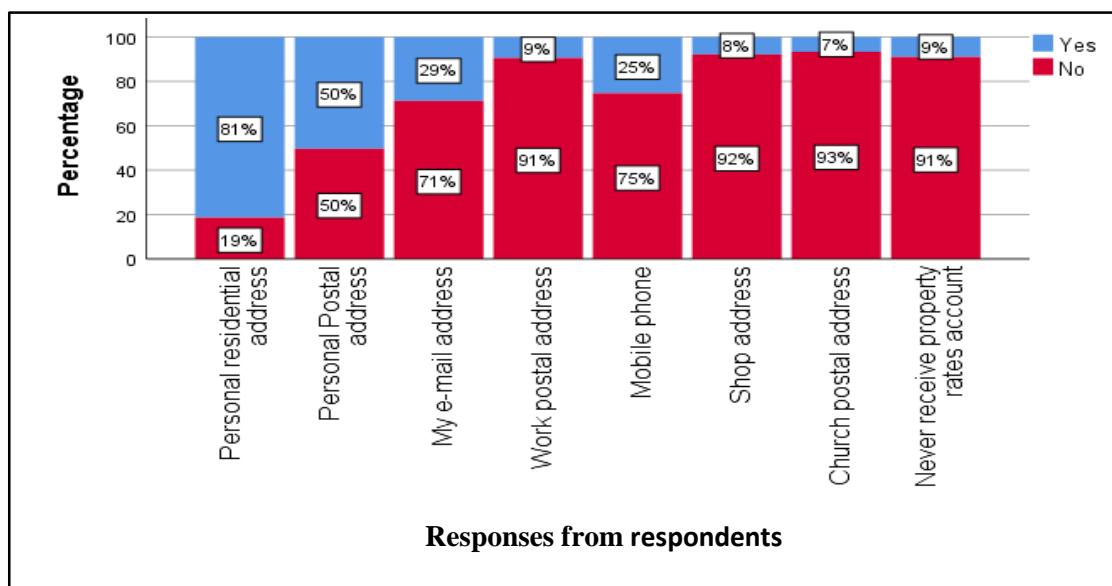


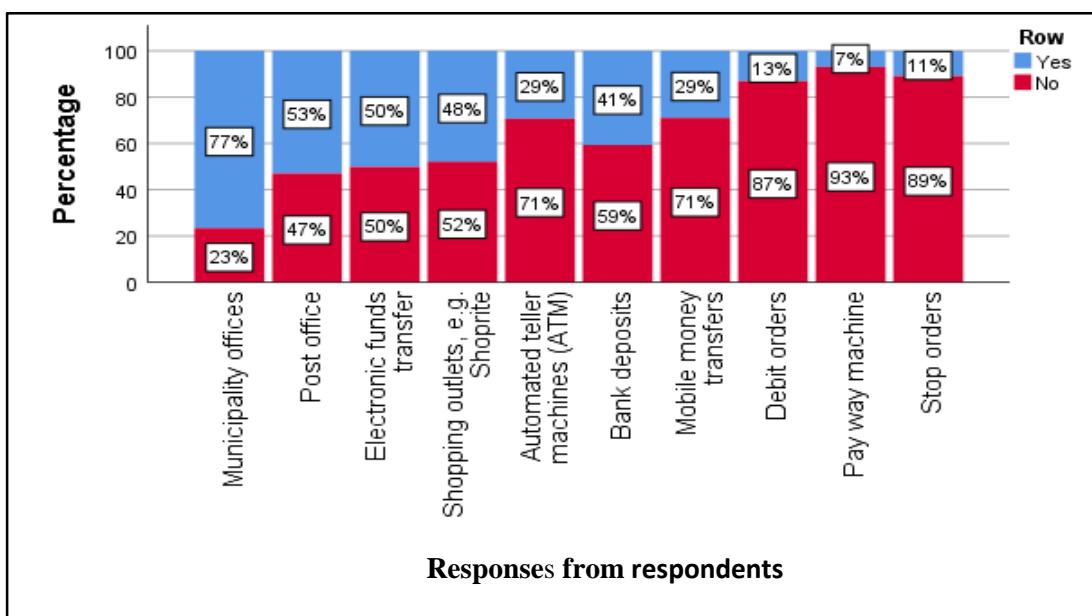
Figure 5.28 also portray that most of the items used to measure communication with regard to receiving of bills are not adequately applied by the municipal role-players. The responses depicts that municipalities mostly send bills through the respondents' personal residential address (81%) and personal postal address. It is obvious that municipalities have not fully adapted the use of e-

mail addresses (29%) to send payment information and mobile phones (25%). The inability to adopt the emerging technology to send bills to the residents might be one of the causes for payment default for municipal services.

5.2.3.10 Views on innovation

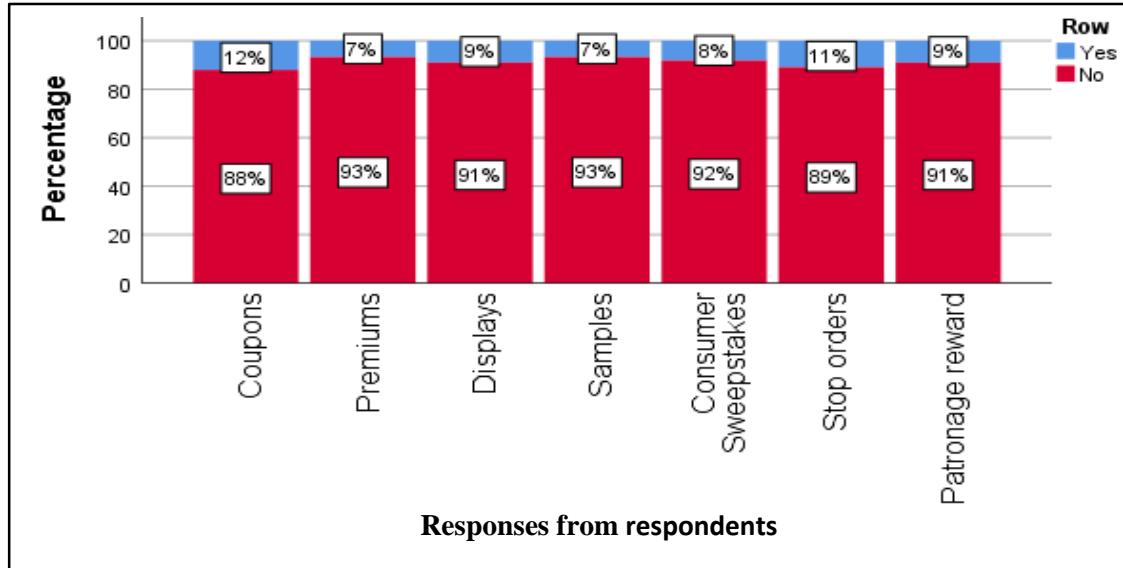
Innovation refers to a process by which new things are created. This construct was included to know the measures municipal-role players could adopt to collect service payments for municipal services from the residents. The measurements adapted to capture the responses of the residents are yes and no. Figure 5.29 presents the respondents' views on innovation.

Figure 5.29 Payment options



The responses obtained in Figure 5.29 depicts that more respondents agreed that they mostly pay for their municipal services through municipal offices (77%), post offices (53%) and electronic funds transfer (50%). Other means identified are shopping outlets (48%), bank deposits (41%) and ATM (29%) and Mobile money transfer (29%). According to the responses, debit orders, stop orders and payway machines have not been effectively deployed as means of collecting revenue. The study further the promotional tools used by the municipal role-players in promoting service payment. Their responses are captured in Figure 5.30.

Figure 5.30 Promotional tools used to enhance service payment



According to the responses obtained in Figure 5.30, municipalities have not adequately considered the application of sales promotional tools to market their services and to increase payment for services. Promotional tools such as coupons, premiums, displays, samples, consumer sweepstakes, stop orders and patronage reward have not been effectively adopted.

This section presents the results obtained from the constructs of the quantitative research instrument and it was gathered that municipalities do not effectively implement adequate management techniques to improve the payment for municipal services. The subsequent discussion expounds on the inferential statistics of the study.

5.2.4 Quantitative of inferential statistics

In computing inferential statistics, a prediction is made about a population based on a sample taken from the population in question. Inferential statistics establish associations between or among variables. This section presents the results obtained in the inferential statistics of this study. The correlation analysis, chi-square test of independence and the structural equation model are presented in this section.

5.2.4.1 Reliability of the measuring instrument

The reliability of a research measuring instrument is the capacity of the instrument to measure what it is supposed to measure each time it is used (Pallant, 2011). Reliability in this study used Cronbach's alpha (α) reliability coefficient to measure reliability of the questionnaire and the results obtained are outlined in Table 5.2. The numerical value of Cronbach's alpha (α) reliability coefficient ranges from 0 to 1 where high value (close to 1) indicates a good internal consistency

of the items in the scale (Kimberlin & Winstertein, 2008). The Cronbach's alpha coefficients in Table 5.2 are more than 0.7 or close to 1 thus suggesting that all the constructs measured have relatively high internal consistency.

Table 5.2 Reliability analysis

CONSTRUCT	Cronbach's Alpha	No. of Items
Legislation	0.866	12
Social Influence	0.86	5
Deterrence	0.836	6
Fiscal Exchange	0.811	10
Payment Education/Awareness	0.784	6
Budget Transparency	0.899	10
Service Administration	0.849	7
Traditional Leadership/ Councillors	0.953	12

The subsequent section presents the construct validity analysis using confirmatory factor analysis.

5.2.4.2. Construct validity analysis using confirmatory factor analysis

Construct validity confirms the reliability of all the variables measured in a particular construct. In this study, a construct validity analysis test was applied to all the sections of the questionnaire and the results are presented in Table 5.3.

Table 5.3 Construct validity analysis

Standardized Results for PATH List							
Path		Parameter	Estimate	Standard Error	t Value	Pr > t	
D	==>	D8	_Parm31	0.09812	0.05641	1.7393	0.0820

Table 5.3 shows that item D8 (Government officials steal our public money) is insignificant in describing Fiscal Exchange (p -value >0.05), hence this item is excluded from the analysis. This was based on the fact that fiscal exchange in this study tried to examine the nature of service delivery to the residents and did not intend to probe the nature of expenditure of the municipalities.

5.2.4.3 Relationship between payment behaviour and independent variables

A Chi-square test of independence was computed to investigate the relationship existing between payment behaviour and independent variables such as legalisation, social influence, deterrence, fiscal exchange, payment education/awareness, budget transparency, traditional leadership, communication dynamics, and sustaining innovation. The Chi-squared test was applied to test the independence of association between specific categorical variables. It measures the extent to which observed frequencies differ from the expected. There is a significant relationship between the two categories if the probability value (p-value) is less than or equal to a 0.05 level of significance. If the difference is small (less than 0.05), the null hypothesis (H_0) is accepted and the alternative hypothesis (H_a) is rejected. As stated in Section 1.7 of this study, the following hypotheses were adopted.

H_0 : There are no significant relationships between policies and legislation, service administration, payment education/awareness, deterrence, budget transparency, fiscal exchange, social influence, traditional leadership, communication dynamics and emerging sustaining innovation and the payment culture for municipal services. Table 5.4 presents the result of the Chi-square test.

All p-values obtained from the statistical results in Table 5.4 are less than the 0.05 level of significance (p-value <0.05) and the closest being 0.042 for budget transparency. Therefore, the null hypothesis is rejected meaning that there is 0% chance of getting results by random chance. This implies that the alternate hypothesis is accepted.

H_a : There are significant relationships between policies and legislation, service administration, payment education/awareness, deterrence, budget transparency, fiscal exchange, social influence, traditional leadership, innovation and improved communication and the payment culture for municipal services.

This implies that there is a significant association between payment behaviour and legislation, service administration, payment education/awareness, deterrence, budget transparency, fiscal exchange, social influence, traditional leadership, innovation and improved communication and the payment culture for municipal services. Positive correlations imply that residents who have been paying rates for a long time tend to agree with the listed items and vice versa.

Table 5.4: Payment behaviour and independent variables

Association between payment culture and:	Statistics	Value	df	Asymptotic Significance (2-sided)
Legislation	Likelihood Ratio	27.642**	9	0.001
Social influence	Likelihood Ratio	18.032**	9	0.031
Deterrence	Likelihood Ratio	38.074**	9	0.002
Fiscal exchange	Likelihood Ratio	50.024**	9	0.000
Payment education/ awareness	Pearson Chi-Square	29.042**	9	0.012
Budget transparency	Likelihood Ratio	17.464*	9	0.042
Service administration	Pearson Chi-Square	18.529*	9	0.030
Traditional leadership	Pearson Chi-Square	28.077**	9	0.001
Communication dynamics	Pearson Chi-Square	24.055**	9	0.001
Emerging sustaining innovation	Pearson Chi-Square	21.033**	9	0.011

5.2.4.4 Relationship between payment behaviour and biographic variables

A computation was made to understand the relationship existing between payment culture and the biographic variables used for the purpose of this study. The results of the analysis are presented in Table 5.5.

Table 5.5 Payment behaviour and biographic variables

Association between payment behaviour and:	Statistic	Value	df	Asymptotic Significance (2-sided)
Gender	Pearson Chi-Square	2.563	3	0.464
Age	Likelihood Ratio	36.267**	15	0.002
Education	Pearson Chi-Square	20.176	15	0.165
Municipality	Pearson Chi-Square	51.725**	9	0.000
Duration	Pearson Chi-Square	50.552**	12	0.000
Amount	Pearson Chi-Square	113.278**	12	0.000
Role-player	Pearson Chi-Square	24.137*	12	0.019
Highest role-player	Likelihood Ratio	34.297**	12	0.001
Account	Pearson Chi-Square	7.063	3	0.070
Email	Pearson Chi-Square	8.185*	3	0.042
Postal box	Pearson Chi-Square	5.95	3	0.114
Mobile phone	Pearson Chi-Square	2.991	3	0.393
Internet	Pearson Chi-Square	5.697	3	0.127
Social media	Pearson Chi-Square	6.3	3	0.098
Desktop connection	Pearson Chi-Square	8.596*	3	0.035
ATM access	Pearson Chi-Square	10.121*	3	0.018

Table 5.5 shows that there is a significant association where the (p-value<0.05) between payment behaviour and the following biographical variables: age, municipality, duration, amount, role-player, highest role-player, email, desktop connection and ATM access.

5.2.4.5 Relationship between payment behaviour and communication dynamics: Awareness Channels

An analysis was made to establish the relationship existing between payment behaviour and communication channels and the results thereof are presented in Table 5.6.

Table 5.6 Payment behaviour and communication dynamics: awareness channels

Association Between Payment Behaviour and:	Statistic	Value	df	Asymptotic Significance (2-sided)
Radio adverts(Awareness)	Pearson Chi-Square	9.474*	3	0.024
Television programmes and adverts(Awareness)	Pearson Chi-Square	5.93	3	0.115
YouTube(Awareness)	Pearson Chi-Square	19.894**	3	0.000
Billboards(Awareness)	Pearson Chi-Square	17.913**	3	0.000
Fliers(Awareness)	Pearson Chi-Square	18.174**	3	0.000
The Internet(Awareness)	Pearson Chi-Square	9.574*	3	0.023
Social media(Awareness)	Pearson Chi-Square	13.736**	3	0.003
Reminders by SMS(Awareness)	Pearson Chi-Square	0.614	3	0.893
Reminders by e-mail(Awareness)	Pearson Chi-Square	5.281	3	0.152
Inserts in newspapers(Awareness)	Pearson Chi-Square	12.802**	3	0.005
Newspapers(Awareness)	Pearson Chi-Square	4.095	3	0.251
Drama in community theatres(Awareness)	Pearson Chi-Square	18.74**	3	0.000

Table 5.6 shows that there is a significant association between payment behaviour and most of the communication awareness channels except television programmes and adverts, reminders by SMS, reminders by e-mail and also newspapers.

5.2.4.6 Relationship between payment behaviour and communication dynamics: receipt of bills

Further computation was undertaken to test if there is a relationship existing between payment behaviour and communication dynamics with regards to receiving of bills. Table 5.7 presents the results obtained from the test.

Table 5.7 Payment behaviour and communication dynamics: receipt of bills

Association Between Payment Behaviour and:	Statistic	Value	df	Asymptotic Significance (2-sided)
Personal residential address-Receipt of Bills	Pearson Chi-Square	13.625**	3	0.003
Personal Postal address-Receipt of Bills	Pearson Chi-Square	5.961	3	0.114
My e-mail address-Receipt of Bills	Pearson Chi-Square	2.702	3	0.440
Work postal address-Receipt of Bills	Pearson Chi-Square	2.335	3	0.506
Mobile phone-Receipt of Bills	Pearson Chi-Square	1.651	3	0.648
Shop address-Receipt of Bills	Pearson Chi-Square	7.823*	3	0.049
Church postal address-Receipt of Bills	Pearson Chi-Square	12.528**	3	0.006
Never receive property rates account-Receipt of Bills	Pearson Chi-Square	6.528	3	0.089

Table 5.7 shows that payment behaviour is associated with the receipt of bills at a personal residential address, a shop address, and/or a church postal address because the p-value is less than 0.05 for all of these cases.

5.2.4.7 Relationship between payment behaviour and sustaining innovation: payment channels
A statistical test was conducted to determine if there is a relationship between payment behaviour and emerging sustaining innovation with regards to payment channels and the results obtained are presented in Table 5.8.

Table 5.8 shows that there is a significant association between payment behaviour and the use of the following payment channels: municipality offices, mobile money transfers, payway machine, and stop orders because the p-value is less than 0.05 for all of these cases.

Table 5.8 Payment behaviour and sustaining innovation: payment channels

Association between payment behaviour and:	Statistic	Value	df	Asymptotic Significance (2-sided)
Municipality offices-Payment Channels	Pearson Chi-Square	19.981**	3	0.000
Post office-Payment Channels	Pearson Chi-Square	5.387	3	0.146
Electronic funds transfer-Payment Channels	Pearson Chi-Square	1.984	3	0.576
Shopping outlets, e.g. Shoprite-Payment Channels	Pearson Chi-Square	5.203	3	0.158
Automated teller machines (ATM)-Payment Channels	Pearson Chi-Square	1.287	3	0.732
Bank deposits-Payment Channels	Pearson Chi-Square	3.833	3	0.280
Mobile money transfers-Payment Channels	Pearson Chi-Square	10.32*	3	0.016
Debit orders-Payment Channels	Pearson Chi-Square	2.628	3	0.453
Payway machine-Payment Channels	Pearson Chi-Square	47.057**	3	0.000
Stop orders-Payment Channels	Pearson Chi-Square	33.478**	3	0.000

5.2.4.8 Relationship between payment behaviour and emerging sustaining innovation: promotion of municipal services

The study further examined the relationship between payment behaviour and sustaining innovation with regards the promotion of municipal services and the results obtained are presented in Table 5.9.

Table 5.9 Payment behaviour and sustaining innovation: promotion of municipal services

Association Between Payment Behaviour and:	Statistic	Value	df	Asymptotic Significance (2-sided)
Coupons (Promotion of Municipal services)	Pearson Chi-Square	39.628**	3	0.000
Premiums (Promotion of Municipal services)	Pearson Chi-Square	2.91	3	0.406
Displays (Promotion of Municipal services)	Pearson Chi-Square	23.173**	3	0.000
Samples (Promotion of Municipal services)	Pearson Chi-Square	17.91**	3	0.000
Consumer Sweepstakes (Promotion of Municipal services)	Pearson Chi-Square	16.511**	3	0.001
Stop orders (Promotion of Municipal services)	Pearson Chi-Square	11.181*	3	0.011
Patronage reward (Promotion of Municipal services)	Pearson Chi-Square	12.898**	3	0.005
Road Walks (Promotion of Municipal services)	Pearson Chi-Square	9.715*	3	0.021

Table 5.9 shows that payment behaviour is associated with all promotion tools except Premiums.

5.2.5 One-way ANOVA

One-way analysis of variance, one-way ANOVA, is used to determine whether there are any statistically significant differences between the means of two or more independent groups. The ANOVA test is used to examine the equality of means across multiple groups. In this study, the Kruskal-Wallis H test was applied for both continuous and ordinal-level dependent variables. The Kruskal-Wallis H test (also called the ‘one-way ANOVA on ranks’) is a rank-based nonparametric test used to determine if there are statistically significant differences between two or more groups

of an independent variable on a continuous or ordinal dependent variable. This test was conducted to understand the responses of the respondents on each construct in each selected local municipality.

Table 5.10 presents the results of Kruskal-Wallis H test on all the constructs.

Table 5.10 Kruskal-Wallis H test

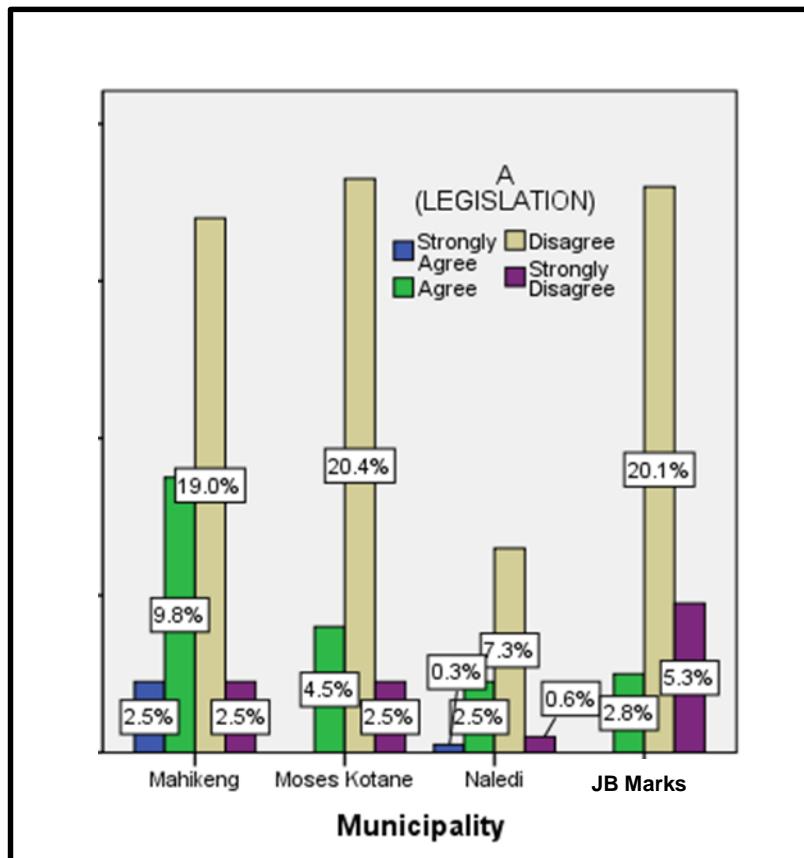
TEST STATISTICS									
STATISTICS	LEGISLATION	SOCIAL INFLUENCE	DETERRENCE	FISCAL EXCHANGE	PAYMENT EDUCATION	BUDGET TRANSPARENCY	SERVICE ADMINISTRATION	TRADITIONAL LEADERSHIP	PAYMENT BEHAVIOUR
Chi-Square	22.208	40.095	37.066	6.318	2.003	5.095	8.416	65.823	8.395
df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.000	.000	.000	.097	.572	.165	.038	.000	.039

The Kruskal Wallis H test presented in Table 5.10 shows that the responses on legislation, social influence, deterrence, service administration, traditional leadership and payment behaviour differ significantly across the municipalities (p -values < 0.05). Responses to all the other factors in the table above do not differ significantly across the municipalities (p -values > 0.05). The responses to the factors with significant differences presented are further dealt with below.

5.2.5.1 Kruskal Wallis H test on Legislation

The Kruskal Wallis H test was applied to investigate how the respondents reacted to the variables used to measure legislation in all the four local municipalities investigated and their responses are presented in Figure 5.31. An attempt was made to present the positive responses (agree, strongly agree) and negative responses (disagree, strongly disagree) to provide a comprehensive view of the responses.

Figure 5.31: ANOVA test on legislation



Note: All the percentages of all variances total 100%

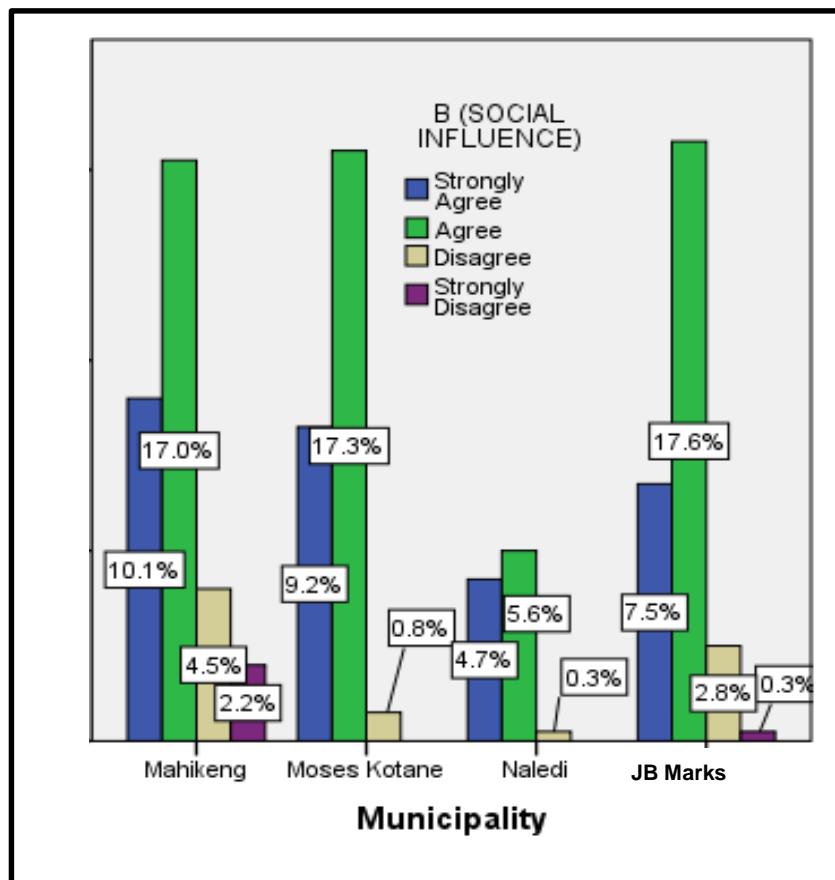
As indicated in Figure 5.31, the inclination of the responses show that more respondents from Mahikeng municipality are positively inclined (12.3%) towards the variables used to measure legislation than any other of the municipalities. Furthermore, it is observed that more respondents from the JB Marks local municipality are negatively inclined (25.6%) to the variables used to measure legislation. Comparing the results obtained in JB Marks with those from Mahikeng Municipality, there is a difference of (13.3%) indicating that municipal role-players in the Mahikeng local municipality do educate residents on the content of legislation guiding the payment for municipal services more than JB Marks municipality. The subsequent discussion presents Kruskal Wallis H test on social influence.

5.2.5.2 Kruskal Wallis H test on Social Influence

The Kruskal Wallis H test was conducted to determine if there is any disparity amongst the respondents in terms of social influence in the four local municipalities and the results are presented in Figure 5.32. In this section, the positive responses (agree, strongly agree) and

negative responses (disagree, strongly disagree) were grouped together in order to provide a comprehensive view of the responses.

Figure 5.32 ANOVA test on social influence



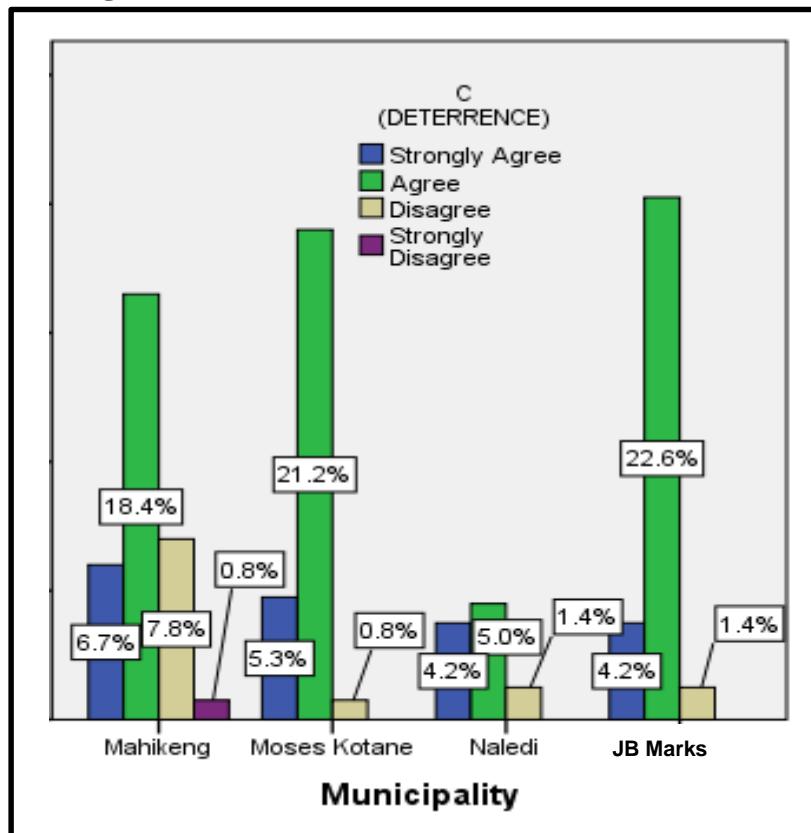
Note: All the percentages of all variances total 100%

The findings in Figure 5.32 indicate that more respondents in the Mahikeng local municipality (27.1%) and Moses Kotane (26.5) are positively inclined to the variables used to measure social influence than any other municipality. However respondents in the Mahikeng local municipality (6.7%) and JB Marks local municipality (3.1%) tend to be negatively inclined to variables used to measure social influence. The finding in this section indicates that residents in Mahikeng and Moses Kotane local municipalities socially interact in their neighbourhood more than any other municipality. Also it could be deduced that residents in Mahikeng and JB Marks do not believe in political discouragement and other variables used to measure social influence. The subsequent discussion presents Kruskal Wallis H test on deterrence.

5.2.5.3 Kruskal Wallis H test on deterrence

Kruskal Wallis H test was used to determine respondents' responses on deterrence in the four local municipalities and the results are presented in Figure 5.33. This section presented both the positive responses (agree, strongly agree) and negative responses (disagree, strongly disagree) to provide a comprehensive view of the respondents' views on deterrence.

Figure 5.33 ANOVA test on deterrence



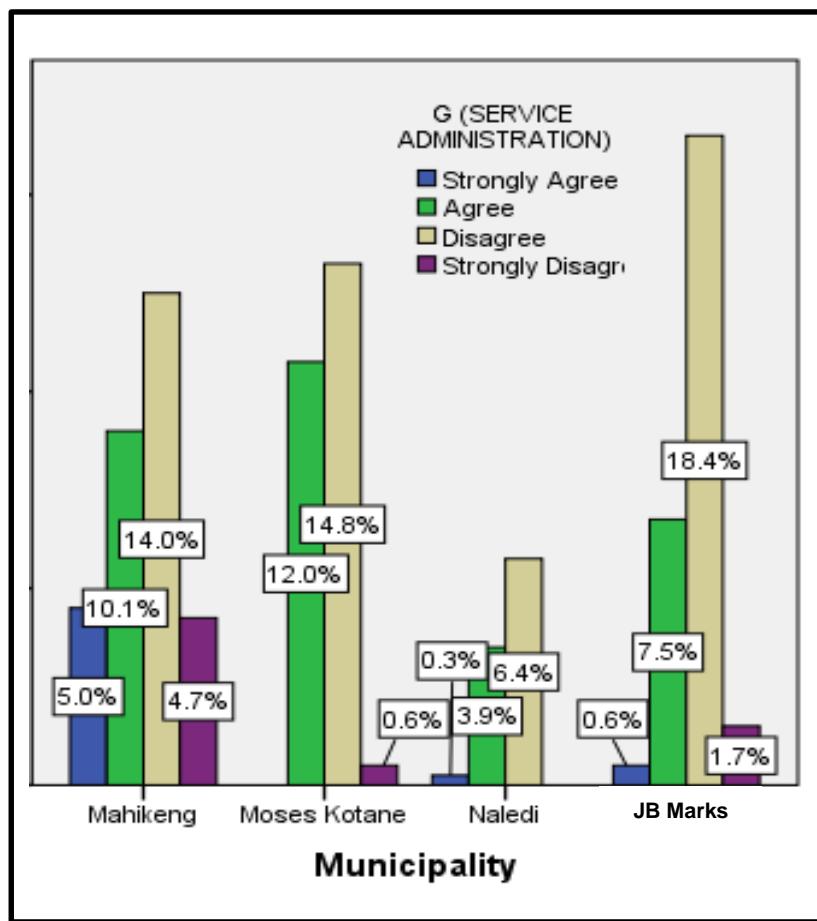
Note: All the percentages of all variances total 100%

According to Figure 5.33, more respondents from JB Marks (26.8%) and Moses Kotane (26.5%) local municipalities are positively inclined to the variables used to measure deterrence. Also, more respondents from Mahikeng (8.6%) are negatively inclined to all the variables used to measure deterrence. The findings in this section indicate that the objects of deterrence are applied by the municipal role-players in JB Marks and Moses Kotane municipalities more than the role-players in Mahikeng local municipality and Naledi. Due to the level of agreement to the factors used to measure deterrence by residents of JB Marks and Moses Kotane, the application of deterrence concept could yield effective results in these municipalities, specifically in persuading residents to adopt a culture of paying for municipal services rendered. The next discussion interprets the Kruskal Wallis H test on service administration.

5.2.5.4 Kruskal Wallis H test on service administration

Kruskal Wallis H test was conducted to understand the degree of agreement of respondents' responses on service administration in the four local municipalities and their responses are presented in Figure 5.34. In this section, both the positive responses (agree, strongly agree) and negative responses (disagree, strongly disagree) were grouped together in order to provide a comprehensive view of the responses.

Figure 5.34 ANOVA test on service administration



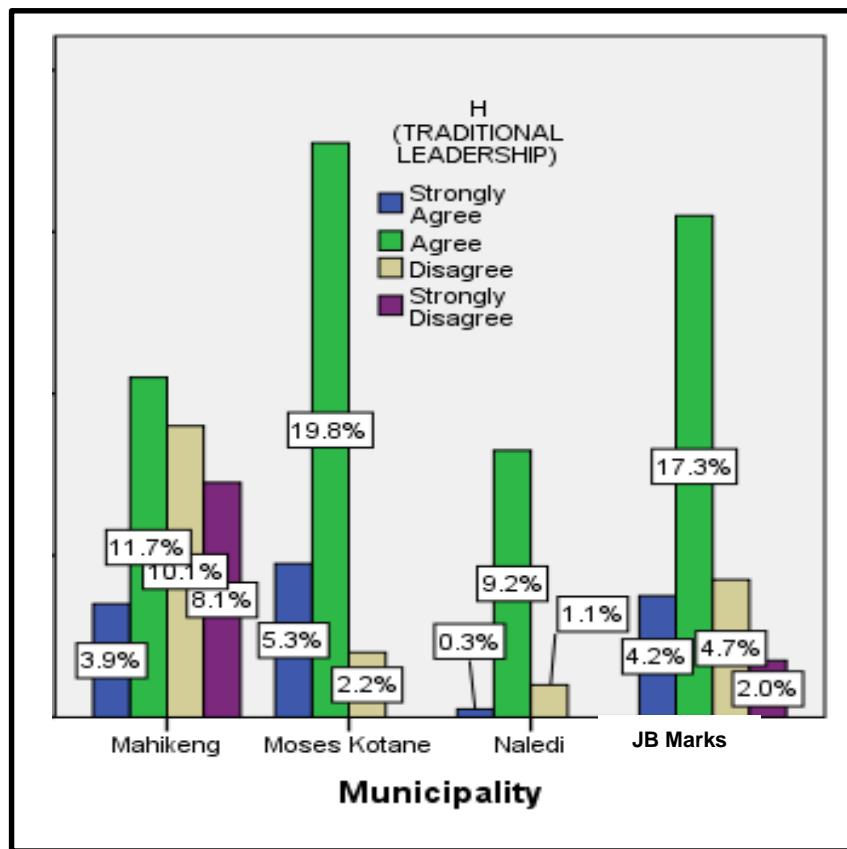
Note: All the percentages of all variances total 100%

Figure 5.34 portrays that more respondents from Mahikeng (15.1%) and Moses Kotane (12.0%) municipalities are positively inclined to all the variables used to measure service administration whereas more respondents from JB Marks (20.1%) are negatively inclined on the variables used to measure service administration. The agreement by the respondents indicates that the municipal role-players in Mahikeng and Moses Kotane do facilitate voluntary payment compliance in these municipalities; hence more effort is required in JB Marks and Naledi to facilitate voluntary payment compliance. Having presented the findings of Kruskal Wallis H test on service administration, the next discussion presents Kruskal Wallis H test on traditional leadership.

5.2.5.5 Kruskal Wallis H test on traditional leadership

Kruskal Wallis H test was computed to understand the disparity of responses from respondents on traditional leadership in the four local municipalities and the results are presented in Figure 5.35. This section grouped the positive responses as agree and strongly agree, and negative responses as disagree and strongly disagree to provide a comprehensive view of the responses

Figure 5.35 ANOVA test on traditional leadership



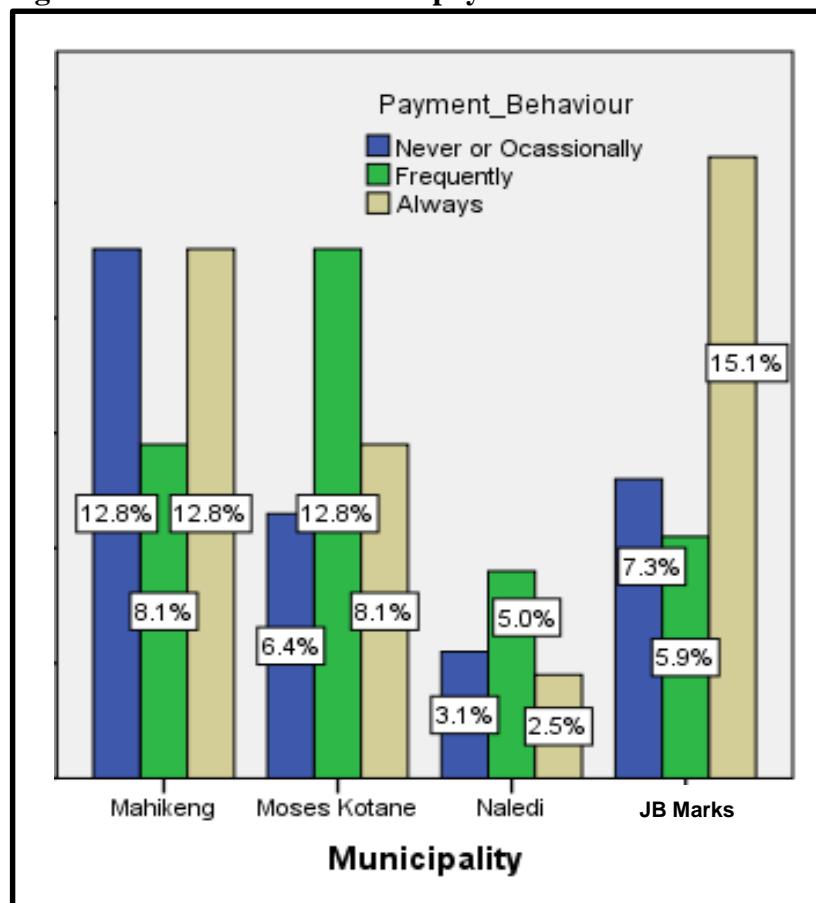
Note: All the percentages of all variances total 100%

According to the results presented in Figure 5.35, more respondents from Moses Kotane (25.1%) and JB Marks (21.5%) are positively inclined to the variables used to measure traditional leadership in the study whereas more residents in Mahikeng (18.2%) are negatively inclined to the variables used in measuring the impact of traditional leadership. The findings in this section indicate that traditional leadership is likely to be more successful in Moses Kotane and JB Marks local municipalities than any other municipality measured. Traditional leadership should be encouraged in Mahikeng and Naledi respectively in an endeavour to enhance a responsible payment culture. The subsequent discussion expounds on Kruskal Wallis H test on payment behaviour.

5.2.5.6 Kruskal Wallis H test on payment behaviour

Kruskal Wallis H test was applied to investigate how the respondents react to the variables used to measure payment behaviour in the four local municipalities and their responses were presented in Figure 5.36. This section presented both the positive responses (agree, strongly agree) and negative responses (disagree, strongly disagree) to provide a comprehensive view of the respondents' views on deterrence

Figure 5.36 ANOVA test on payment behaviour



The responses obtained in Figure 5.36 portrays that more respondents from JB Marks (21%), Mahikeng (20.9%) and Moses Kotane (20.9) are positively inclined to the payment for municipal services constituting almost 63% of the total payment compliance. Also, more residents in Mafikeng (12.8%) are negatively inclined to voluntary payment compliance, others such as JB Marks (7.3%), Moses Kotane (6.4%), and Naledi (3.1%) are involved in payment default for municipal services constituting to 29.6% default. This findings obtained in this section indicates that municipal role-players should facilitate voluntary compliance in all the local municipalities through collaboration, payment enforcement, communication, traditional leadership, emerging

innovation and equitable service provision to enhance payment compliance. The next discussion focuses on the structural equation model for payment culture.

5.2.6 Structural Equation Model (SEM) for payment culture

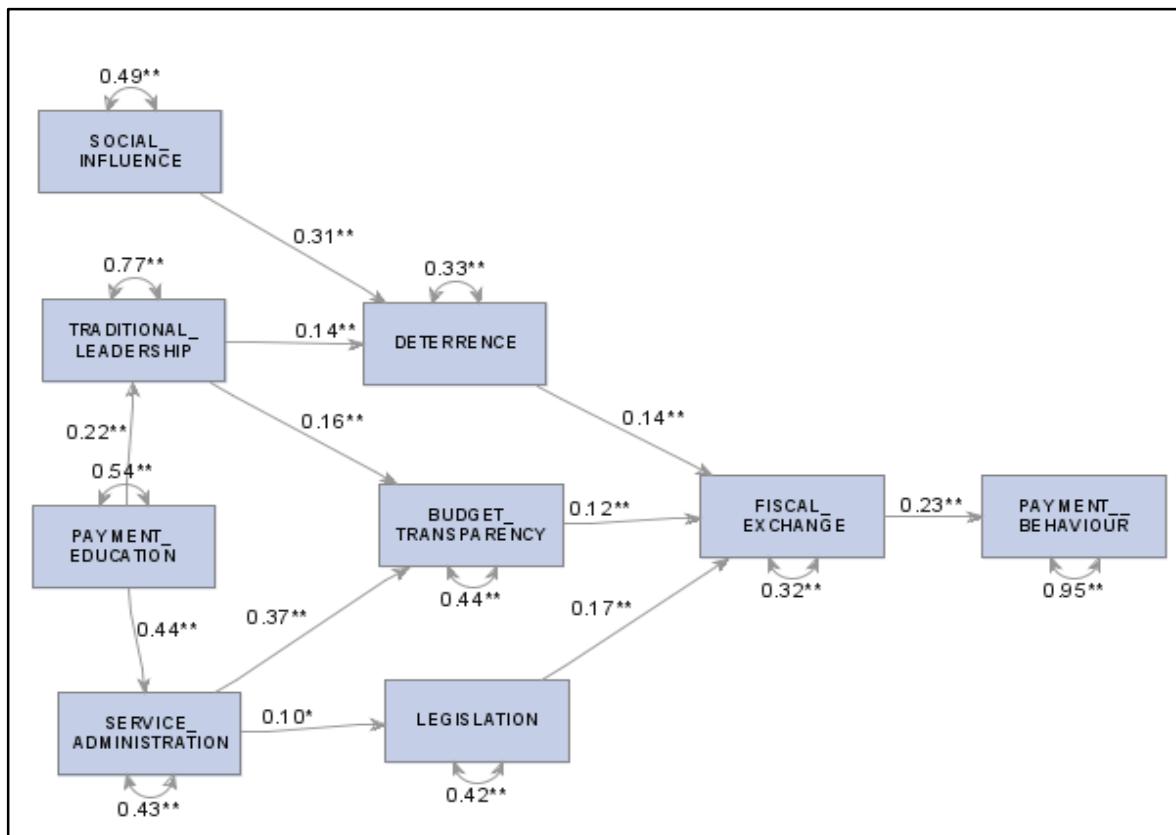
A Structural Equation Model emphasises the degree of association between the dependent variables and independent variables. This statistical test was conducted to examine the association between payment behaviour and legislation, social influence, deterrence, fiscal exchange, payment education, budget transparency, service administration, and traditional leadership. The following Structural Equation Model (SEM) was developed based on the statistical relationships between the respective variables. The first output evaluates the fit of the model and Table 5.10 presents the fit summary analysis.

Table 5.11 Fit summary analysis

FIT SUMMARY	
Standardized RMR (SRMR)	0.0597
Goodness of Fit Index (GFI)	0.9674
RMSEA Estimate	0.0658
Comparative Fit Index (CFI)	0.8608

The following Structural Equation Model (SEM) was developed based on the statistical relationships between the respective variables. The first output evaluates the fit of the model. The fit indices are interpreted based on the benchmarks recommended by Van de Schoot et al. (2012) and Hooper et al. (2008). All relationships are statistically significant at 1% or 5%, and are all positive. The strength of the correlations may be interpreted as follows: $r = 0$ implies that there is no correlation, $0 < r < 0.3$ indicate a weak correlation, $0.3 \leq r < 0.5$ shows moderate correlation and $r \geq 0.5$ indicate a strong correlation (Weinberg & Abramowitz, 2016). The results show that the CFI (Comparative Fit Index) is greater than the recommended lower benchmark of 0.95, and the GFI is close to the recommended benchmark of 0.9, therefore indicating that the model fits the data reasonably well. Also, the RMSEA (Root Mean Square Error of Approximation) as well as the SRMR (Standardized Root Mean Residual) are less than the upper cut-off point of 0.08 which also indicate that the model fits the data well. Figure 5.37 presents the quantitative fit model.

Figure 5.37 Quantitative fit model



The SEM shows that only fiscal exchange has a direct and positive relationship with a person's payment behaviour. Other variables do not have a direct relationship with the dependent variable, but are related to it through other independent variables. All the variables measured are positively related to payment behaviour which depicts that these items could be utilised to influence payment culture for municipal services.

5.3 PRESENTATION OF QUALITATIVE RESULTS

In the qualitative component of this study, data was collected from respondents using semi-structured interviews. The respondents consisted of six municipal role-players, five councillors, and two traditional leaders, making a total of thirteen respondents. These respondents were selected purposively in order to collect comprehensive information due to their vast knowledge in municipal matters. A response rate of 72% was attained. Although the intention was to interview more respondents, time constraints and the inability to get hold of municipal role-players limited the quest. On the aspect of the Councillors, a saturation point was attained and there was no reason for including more respondents. All the interviews were recorded together with field notes and were transcribed into comprehensible text. Afterwards, Atlas-ti (Version 8.0)

was used to arrange data into meaningful sections to represent the responses from the respondents according to each research question. The responses obtained for each research question is represented in a diagram.

5.3.1 Biographical information of the respondents

This section presents the biographical information of all the respondents who participated in the qualitative component.

5.3.1.1 Gender of the respondents

In this study, a total of thirteen respondents were interviewed. Six municipal role-players participated and consisted of two municipal managers, three municipal accountants, one internal auditor and one Information Communication Technology specialist. These role-players were included in this study to obtain a deeper understanding of how they collaborate with the councillors, traditional leaders and others in enhancing a responsible payment culture.

In addition to the above, a total of five councillors participated in this study. Councillors were included to obtain information on their understanding of the high consumer debt and the effect of their collaboration with municipal role-players to curb the high consumer debt. Councillors serve as a vital link between the municipality and residents and this study endeavoured to investigate the measures adopted to influence residents to pay for municipal services.

Lastly, two traditional leaders were interviewed for the purpose of this study. The reason for including traditional leaders in this study was to acquire their perception on the high consumer debt in municipalities and the extent of their collaboration with municipal-role players in an effort to enhance an acceptable payment culture for municipal services.

The gender of the qualitative respondents in this study is summarised in Figure 5.38.

Figure 5.38 Gender of the respondents

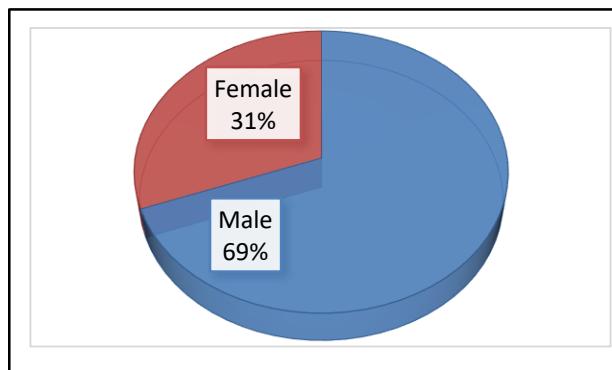
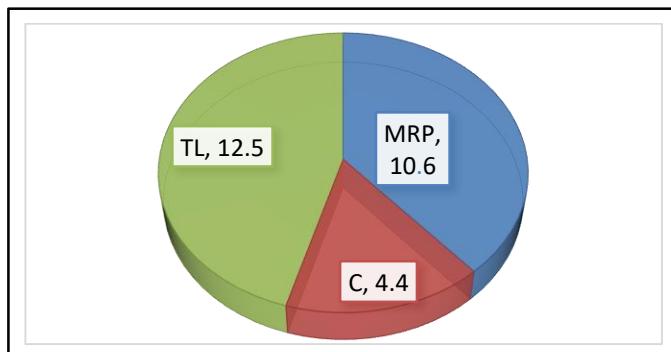


Figure 5.38 depicts that more males (69%) participated in the qualitative component of this study than females (31%) and this also reflects in the gender comparison in higher levels of management in South Africa.

5.3.1.2 Average years of experience of the respondents

The respondents were requested to indicate their years of experience and their average years of experience is indicated in Figure 5.39

Figure 5.39 Respondents' average years of experience



Key: MRP (Municipal role-players), C (Councillors) and TL (Traditional Leaders).

Figure 5.39 portrays that the average experience of municipal role-players is 12.5 years, for councillors it is 4.4 years and for traditional leaders it is 10.6 years. This depicts that traditional leaders have outstanding experience of leadership and are thus considered capable to handle consumer debt in their various municipalities.

5.3.2 Views on research questions in the qualitative research

The purpose of conducting this component was to investigate if the effective application of legislation, social influence, deterrence, fiscal exchange, payment education, budget transparency, service administration, traditional leaders/other, communication dynamics and emerging sustaining innovation could enhance payment compliance for municipal services. Furthermore,

pseudonyms were given to all the respondents to maintain anonymity in the study. Table 5.12 presents the pseudonyms of the respondents and Table 5.12 presents the interview participation schedule.

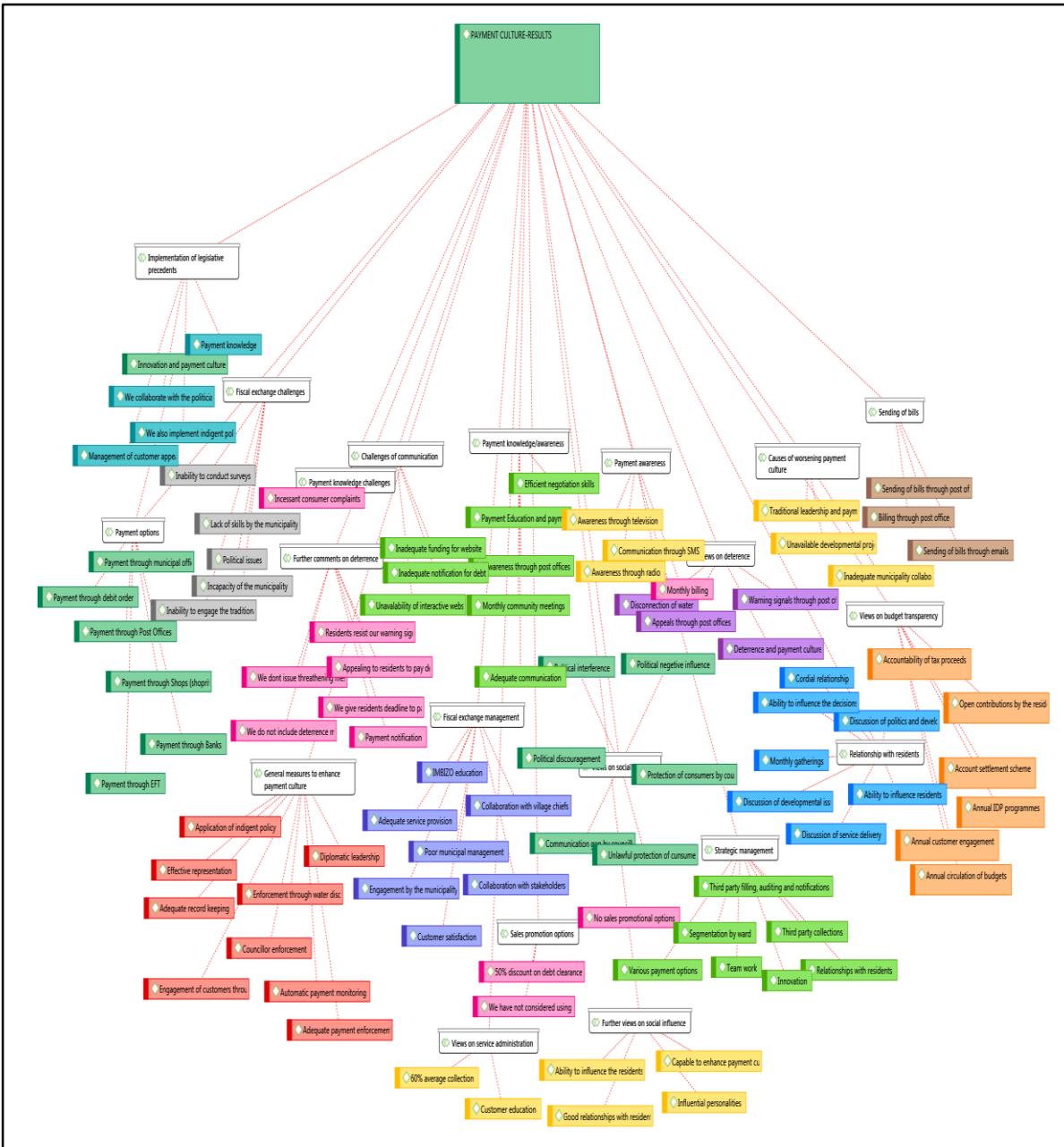
Table 5.12 Respondents' Pseudo names

Respondents	Pseudo names
Municipal Manager	M1
Municipal Manager	M2
Internal Auditor	M3
Accountant 2	M4
Accountant 3	M5
ICT Specialist	M6
Councillor	C1
Councillor	C2
Councillor	C3
Councillor	C4
Councillor	C5
Traditional leader	T1
Traditional leader	T2

Table 5.12 demonstrates that there are thirteen respondents in this study. References is made to each pseudonym for each excerpt highlighted in the presentation phase.

The responses from all the respondents are summarised in the general Atlas-ti output presented in Figure 5.40. The study further presents each theme generated from each research question for the sake of clarity.

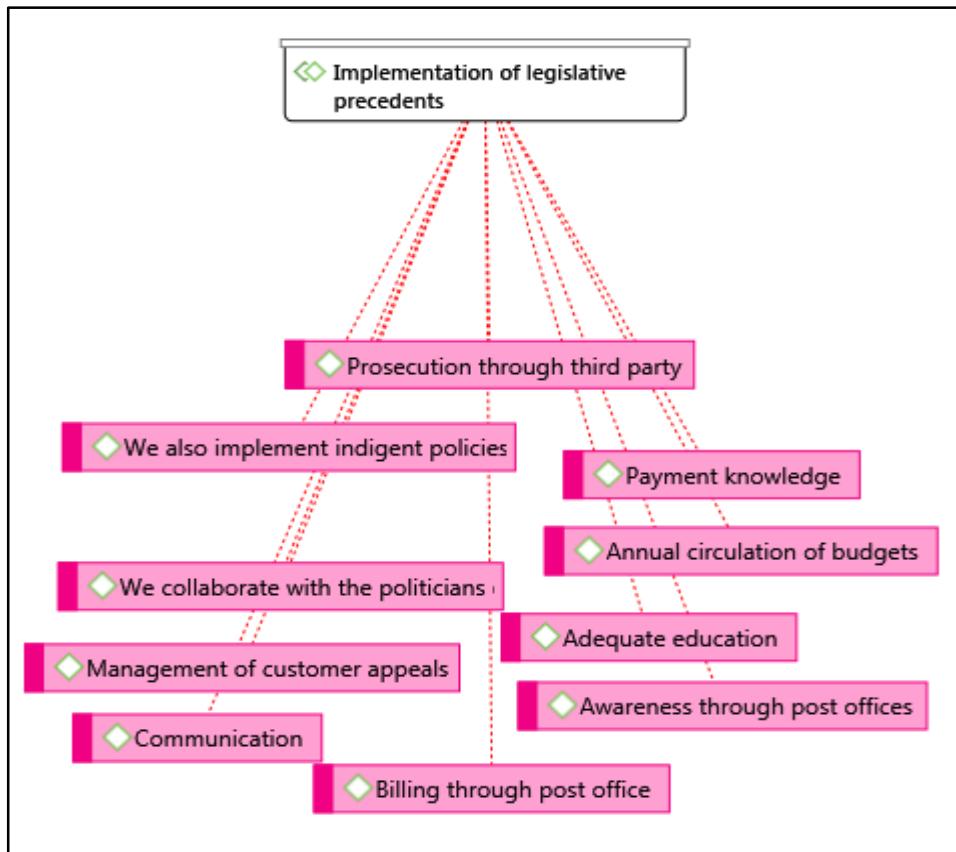
Figure 5.40 General output of qualitative analysis



5.3.2.1 Respondents' views on legislation

The respondents involved in this section are M1, M2, M3, M4 and M5; Respondent M6 and other respondents were not. This section examines if the implementation of policies guiding the payment for municipal services can enhance the payment culture. The respondents were asked the measures they adopt in implementing the contents of South African legislation guiding the payment for municipal services. The responses of the respondents are captured in Figure 5.41.

Figure 5.41 Views on legislation



According to Figure 5.41, respondent M1, M2, M3, M4 and M5 indicated that they are doing their best to ensure that the contents of all the legislative edicts guiding the payment for municipal services are enforced. However, further inquiry was made to know the particular legislative precedents enforced and their responses are presented below:

Respondent M2 and M3 indicated that they communicate with residents and circulate the budgets annually. Respondents M1, M4 and M5 highlighted that they educate residents on payment matters, make them aware to pay their municipal services through post offices and implement indigent policies. All the respondents further affirm that they send monthly bills through the post which include the outstanding debts and the current bill, prosecute defaulters through a third party, manage customer appeals, and collaborate with politicians. Some excerpts from respondent M2 are captured verbatim in the following:

'According to the trends, residents are not paying their fines. We were previously prosecuting them but we have resorted in contracting an external debt collecting agency who takes care of the enforcement but they just started newly. We also implement indigent policies but residents do not'

come to the municipality for an upgrade while councilors do not present such matters the way it should be done'.

Respondent M3 added:

'We do not really prosecute them but we enforce payment through water restrictions, though we are being attacked politically as the politicians tell them not to pay for their services. We don't implement credit control policies here.'

These responses clearly show that municipal role-players do not address all the matters regarding the indigent records as should be. Minimal action is taken to enforce residents to pay for their services. Also it emerged that there is a lack of collaboration between municipal role-players and politicians (councilors).

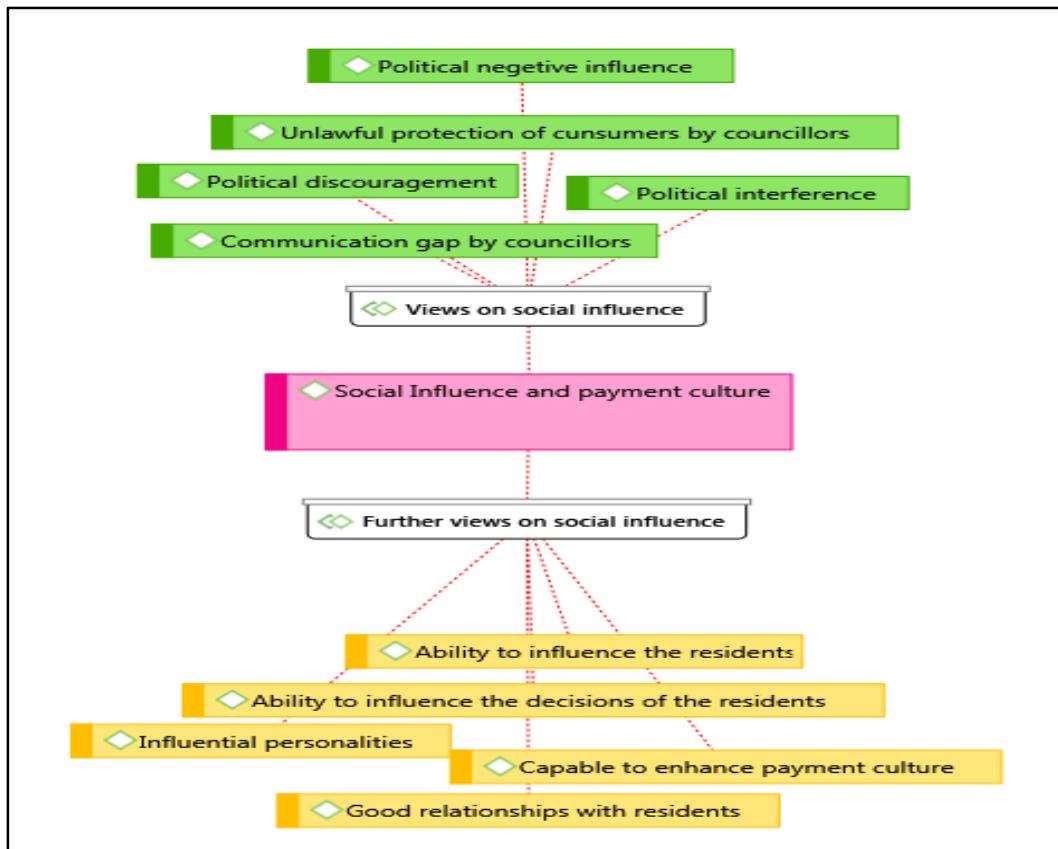
The subsequent section discusses the responses obtained from the respondents on social influence.

5.3.2.2 Respondents' views on social influence

Social influence in this study refers to the effect of social interaction residents have with their neighbourhood and environment concerning the payment for municipal services. This item was included to obtain an understanding of the social effect in enhancing the payment culture for municipal services. The respondents involved in this component include all the respondents except respondent M6. The focus of the semi-structured interviews with the municipal role-players was to understand if the residents' ability to pay for municipal services is influenced by their interaction with neighbourhood and political role-players. Furthermore, an enquiry was made to detect if councillors, traditional leaders and others might have the capacity to influence residents' willingness to pay for their municipal services.

The responses obtained are summarised in Figure 5.42.

Figure 5.42 Views on social influence



According to Figure 5.42, respondent M1, M2, M3, and M4 indicated that social influence is a notable factor in inducing payment for municipal services. Consistent with this, most role-players indicated that there has been negative political influence which they referred to as a political discouragement or political interference. This affects residents' willingness to pay for municipal services. Respondent M5 indicated that councillors unlawfully protect their subjects from paying for municipal services.

Respondent C1, C2 and C4 agreed that social effect impacts willingness of residents to pay for their municipal services. There is also a clear indication that a communication gap exists between councillors and other role-players. Some excerpts from M2 are reproduced verbatim from the respondents:

'Social influence helps to influence the payment behavior of people, people socialise and it really affects their decisions. We have made several efforts to engage politicians on'

this issue but they are not really serious about it, they protect their people and encourage them not to pay for municipal services.

Respondent M3 further affirms:

We are ready to collaborate with politicians but they are not doing their work adequately. They do not talk to their people; they protect them; also they discourage them to pay their bills. We try to tell them to talk to their people but they don't take it serious'.

As presented in the second segment of Figure 5.42, another enquiry was made from traditional leaders and councilors to detect if they have the capacity to influence residents to pay for their municipal services. Respondents C1, C2, C3, C4, C5, T1 and T2 indicated that they are influential personalities in the municipality and confirmed that they communicate with residents, have good relationships with residents, and have the capacity to influence the decisions of residents. Excerpts from respondent T1 is as follows:

'I am well versed about the payment behaviour of our people in this municipality and the state of affairs regarding the consumer debt in this province. I think this is a political issue and not a traditional issue.

T2 added:

Residents listen to us; we can influence their decisions if we want to do that. Traditional leaders control the activities in the community and can use that opportunity to influence the decisions of the residents'.

Respondent C3 stated:

I will say that I have a very cordial relationship with my ward members as we gather at intervals to discuss issues facing the development of our ward. I have a stable and good relationship with my ward members, they are like brothers and sisters to me. We can influence the decisions of residents but we need to be engaged before we execute our constitutional mandate.'

Respondent C1 added:

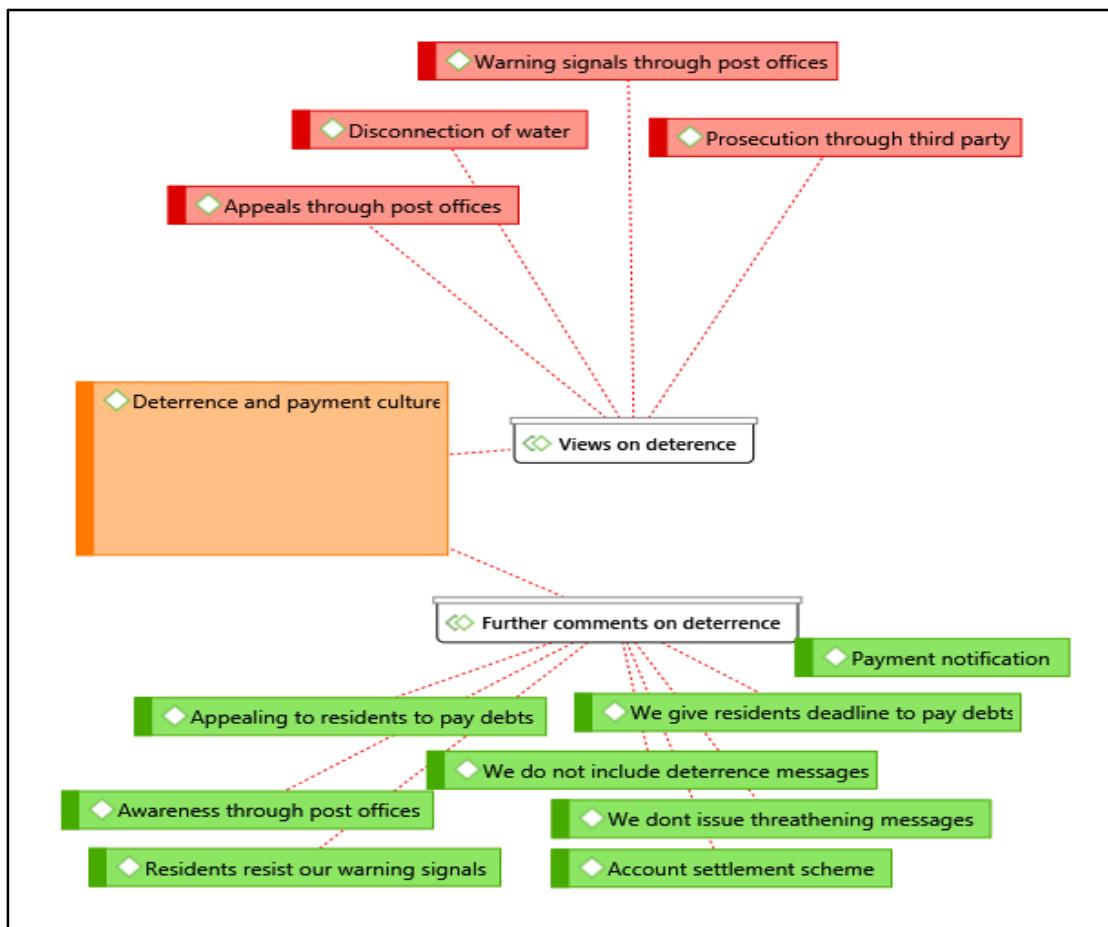
'Debts can be reduced and a good payment culture can be enhanced if the municipality can work with us by sending us to the residents, but they must assure us that they will provide quality services, the problem is quality service.'

It can be observed in Figure 5.42 that there is a lack of collaboration amongst municipal role-players, councillors and traditional leaders. Role-players apportion blame unto councillors concerning the protection of their ward members against paying for services while councillors allege that municipal role-players do not engage with them to talk to residents. The biggest indictment is in their failure to provide quality service to residents.

5.3.2.3 Respondents' views on deterrence

The deterrence concept depicts that consumers pay for their municipal services considering the consequent penalty when caught in the process of avoiding payment. This section investigates if effective implementation of the deterrence concept could enhance the payment culture for municipal services. In this section, M1, M2, M3, M4, and M5 were interviewed to understand how they deal with the concept of deterrence in the payment for municipal services. Their responses are summarised in Figure 5.43.

Figure 5.43 Views on deterrence



The results in Figure 5.43 indicate that deterrence measures adopted by the respondents include making appeals through post offices, disconnecting water, giving warning signals through post offices and prosecuting the defaulters through a third party arrangement. However, M1, M3, and M5 indicated that they do not apply these measures. Some excerpts from M2 and M4 are as follows:

'I believe that deterrence messages can help change the payment culture of residents but the little measure we apply seems ineffective. Appeals are made through post offices; we are considering making appeals through cell phones. We also give notices to disconnect water, we make appeals but it seems that threat action is the best approach, a common African wants to see action before compliance.'

Further inquiry sought to establish how the deterrence concept is handled by municipal role players. The role-players (M2 & M4) concurred that they do appeal to residents to pay their debts, they create awareness through post offices, and they also notify residents to pay their accounts, give residents deadlines to pay their bills through an account settlement scheme. However, the municipal role-players (M1, M3, & M5) indicated that they do not make use of any threatening messages in any way or whatsoever and further highlighted that residents just resist any form of appeal. An excerpt from respondent M3 is as follows:

'I agree that deterrence messages can help change the payment culture of the residents. We don't include deterrence messages in the bills because we believe that it can't work here. We make appeals to the defaulters, some of them are black-listed but they don't care.'

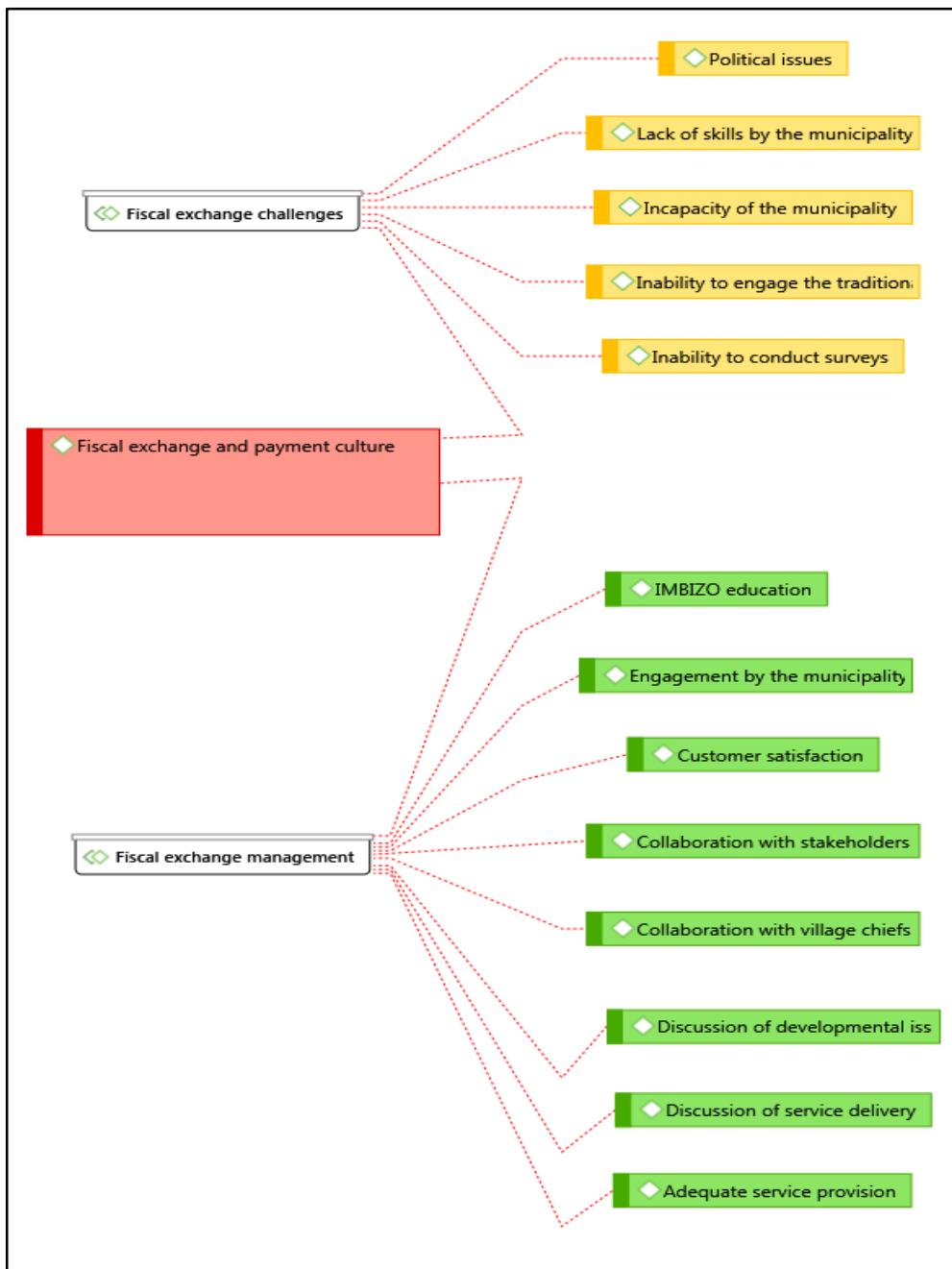
According to the findings in this section, it can be deduced that the application of the deterrence concept would, to a certain extent, enhance the payment for municipal services. The results of the processed interviews indicate that municipalities are not in favour of applying deterrent measures. The subsequent discussion explicates on respondents' views on fiscal exchange.

5.3.2.4 Respondents' views on fiscal exchange

Fiscal exchange refers to the relationship existing between residents and municipalities in the payment for municipal services (by residents) and the provision of services (by municipalities). It is believed that residents will pay for municipal services if the municipality provides adequate and quality services and will default if the services are not satisfactory. This item was included to establish if the consideration of fiscal exchange by a municipality could enhance

the payment culture for municipal services. The respondents involved in this semi-structured interviews include M1, M2, M3, M4, M5, C1, C2, C3, C4 and C5. The focus of this section was to investigate the nature of service provision by municipalities and to understand the level of satisfaction derived by consumers. The responses of the respondents are presented in Figure 5.44.

Figure 5.44 Views on fiscal exchange



Respondents M1, M2, and M3 highlighted that they provide adequate services to the residents. They also attest to discussing matters related to service delivery and development with the residents. More so, respondents M1, M2, M3, M4 and M5 indicated that they engage village

chiefs and other stakeholders with regard to consumer satisfaction, and educate residents on matters related to service provision. Some excerpts from respondent M2 is as follows:

'I agree that the level of service provision by the municipality can influence the payment culture of the residents. I don't really know about the level of service provision but I think, it is adequate, though no survey is done at the end of the year, maybe we will consider that very soon.'

Respondent M3 added:

'Residents do not know their service consumption, everything is stated in the bills. Educational programmes should be facilitated by politicians but I don't think that it is effectively done by the politicians.'

More information was obtained by asking the challenges of fiscal exchange and respondents M3 and M4 concurred that it is a political issue. However, respondents C1, C2, C3 C4 and C5 indicated that municipalities lack adequate skills and capacity to manage service provision and do not conduct regular surveys to determine the level of satisfaction with the services that they provide to consumers. Furthermore, they have not also considered engaging the traditional leaders, as well as the councillors. Further excerpts from M2 and M5 amplify the specific nuances in the respondents:

'I am aware that fiscal exchange can affect the payment for municipal services and that is the reason we make sure that we provide services to all residents, though they always complain that it is not adequate. We facilitate so many projects in this municipality, which includes educational projects and I believe that this is not why residents are defaulting. They want things for free which councillors promise them in the campaigns before they are voted into power.'

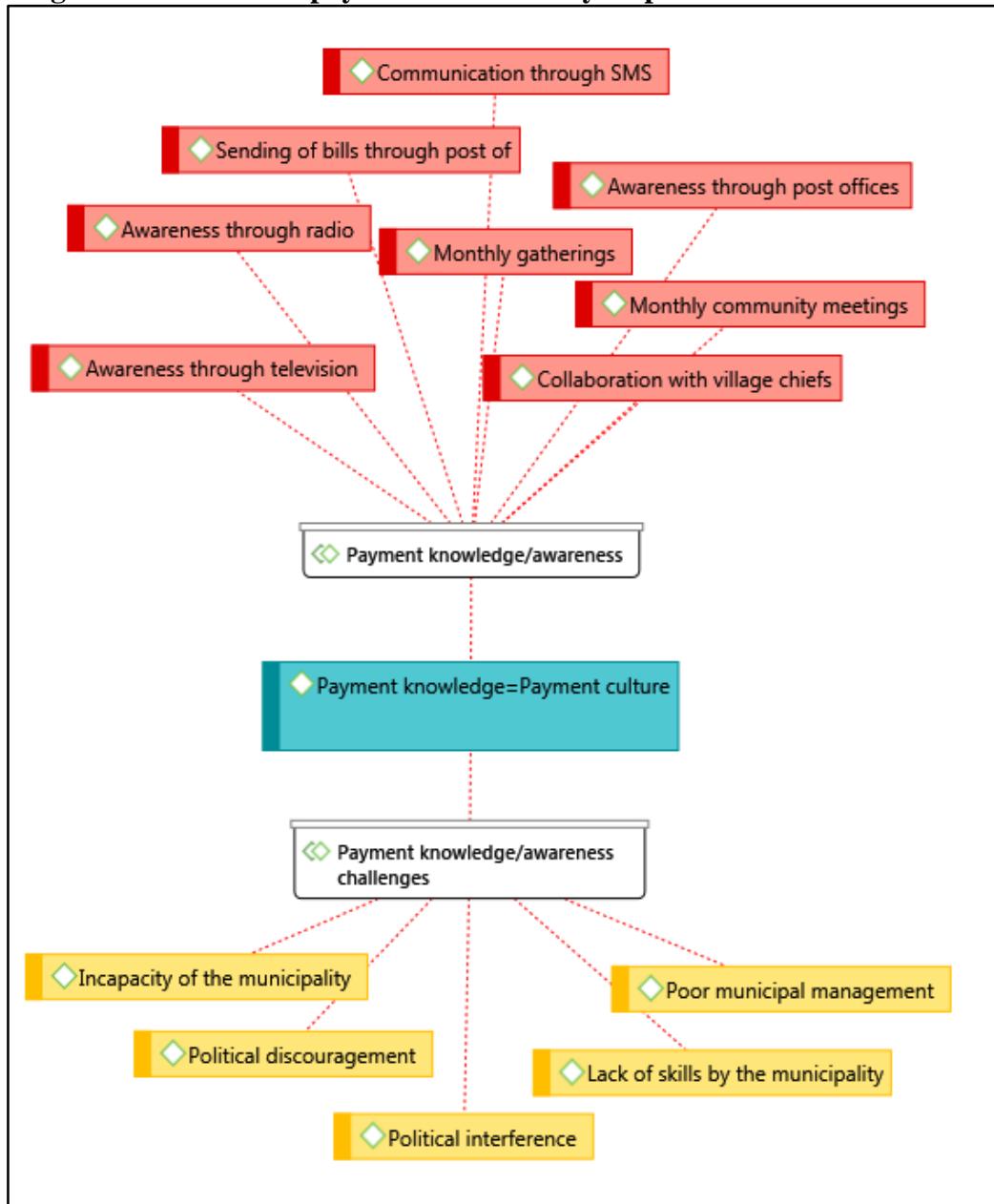
The responses indicate that effective application of fiscal exchange can influence the payment culture for municipal services. However, it emerged that role-players have almost failed to provide adequate services to residents which is the core reason for payment default. The subsequent discussion presents findings on payment education.

5.3.2.5 Respondents' views on payment education

Payment knowledge refers to the ability of a municipality to create awareness concerning residents' obligation and providing other payment-related information. This section was included in this study to acquire an understanding of payment education/awareness could

enhance the payment culture for municipal services. In this section, M1, M2, M3, M4, M5 and M6 were interviewed to understand the measures they adopt to educate residents on matters related to the payment for municipal services. The responses from the six respondents are summarised in Figure 5.45.

Figure 5.45 Views on payment education by respondents



The six respondents as illustrated in Figure 5.45 indicated that payment education/awareness is done by communicating with residents through SMS, monthly gatherings with councillors and community meetings, collaborating with village chiefs, awareness through television and radio, and sending bills through post office. An informative excerpt from M3 is as follows:

'I believe that payment knowledge can improve the ability of residents to pay for their services. We educate residents to pay for their municipal services through post offices and the annual IDP programmes. Also we send the bills to their residential addresses which clearly show the outstanding debt and the present bill. We try our best to give them necessary information they require to pay their bills but still they do not pay.'

In this section a series of discussions were undertaken and it was discovered that the challenges encountered in educating residents on matters related to the payment for municipal services include poor municipal management, political interference and discouragement, inadequate notification for debt payment and a lack of skills or incapacity of the municipality. An excerpt from M1 is as follows:

'In this municipality, we summon for IDP meetings at the end of every year but residents do not honour our invitations. We also ensure that the bills are sent to the residents every month through post offices.'

The responses indicate that effective implementation of payment education/awareness could enhance the payment culture for municipal services. It emerged that the objectives of payment education are not well-formulated and implemented. These findings also highlight that municipal role-players have a face-to-face encounter to educate residents only annually through the IDP programmes, and the excerpts from the respondents indicate that residents do not respond to the IDP meetings.

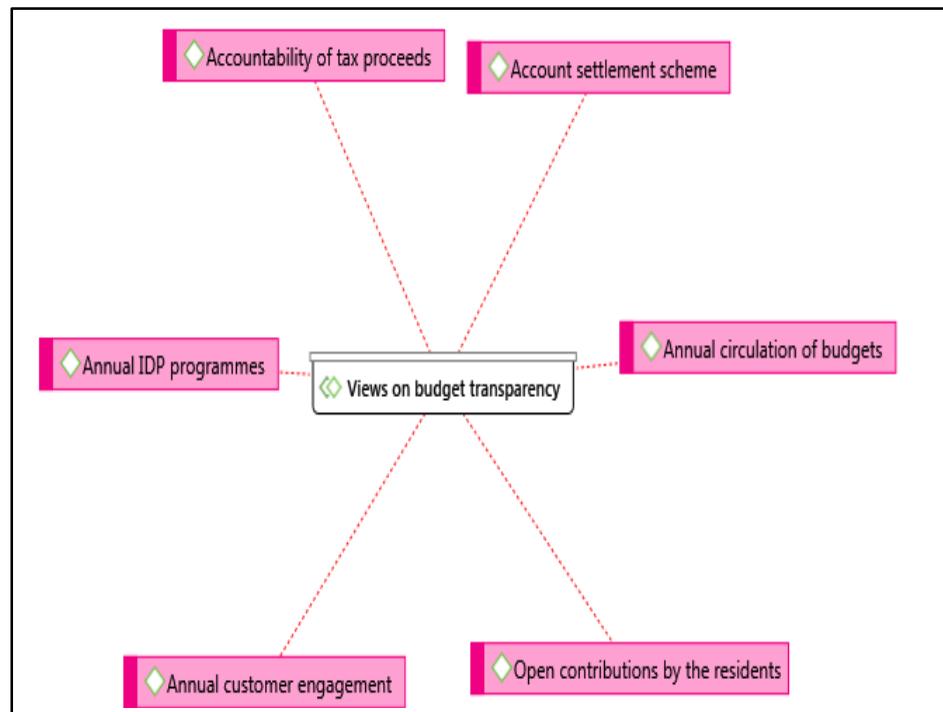
The subsequent discussion deals with the results on budget transparency.

5.3.2.6 Respondents' views on budget transparency

Budget transparency involves the ability of residents to access information on a municipality's income and expenditure over a period of time. This item was included in this study to understand if budget transparency would enhance the payment culture for municipal services. The respondents in this section includes M1, M2, M3, M4, and M5. This enquiry was driven by a desire to establish how the municipalities communicate their budgets to residents in order

to achieve transparency in the spending of public funds. The responses acquired are summarised in Figure 5.46.

Figure 5.46 Views on budget transparency



The responses as presented in Figure 5.46 indicate that they engage residents annually where they allow for free contributions regarding the budgets of the municipality. Furthermore, they also indicated that they engage residents on the IDP programme where they account for the tax proceeds and the circulation of budgets. An informative excerpts from M1 is as follows:

'Budget transparency can still help to enhance the payment for municipal services as some residents believe that we loot their funds. We disclose our budgets during our IDP programmes which can be found on our website.'

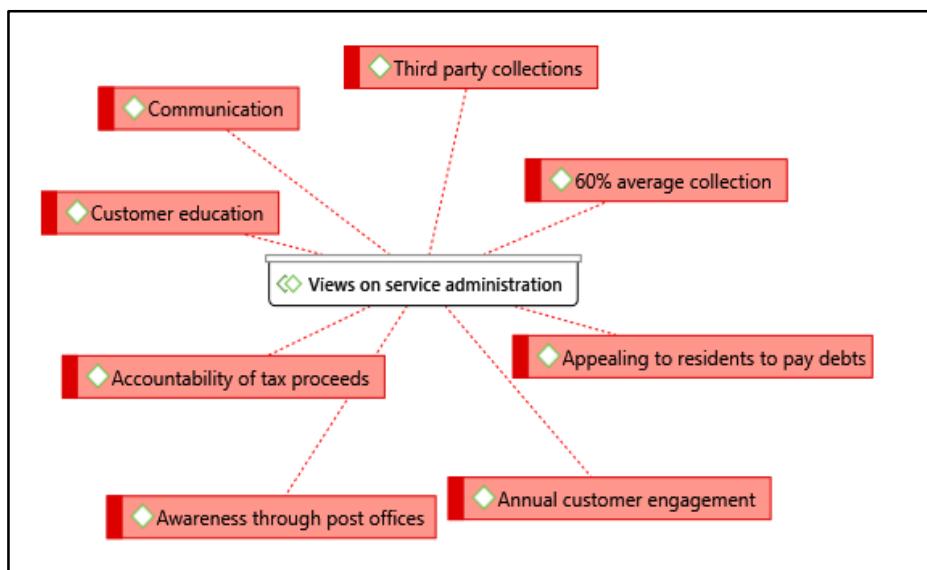
This section demonstrates that budget transparency could enhance the payment culture for municipal services, yet it was discovered that the engagement by role-players is inadequate as they engage with residents only once in a year.

The subsequent discussion presents the findings on service administration.

5.3.2.7 Respondents' views on service administration

Service administration is the totality of internal and external measures carried out in the process of service provision, including also the measures outlined to mobilise payment from service consumers. The purpose of including this section was to acquire an impression of the effectiveness of service administration within the municipality and to understand the respondents' perception of the level of satisfaction of the residents who consume the municipal services. The respondents involved in this section are M1, M2, M3, M4 and M5. Their responses are summarised in Figure 5.47.

Figure 5.47 Views on service administration



The responses as summarised in Figure 5.47, show that respondent M1 concurred that the average collections in their municipality amounts 60%, whereas other respondents do not actually disclose the amount but it was deduced that they are performing below expectation. Other service administration measures applied by municipalities to enhance the payment culture for municipal services include the creation of awareness to pay bills through post offices, annual consumer engagement, appealing to residents to pay debts, IDP programmes, consumer education, communication and also thrid party collections. An excerpts from M1 is as follows:

'We contracted the monitoring of payment to an independent body and with the analysis so far, we are collecting up to 60% payment every month which means that we are improving gradually. We try as much as we can to distribute bills to them. All the filing, payment enforcement, auditing, and notification should be done by the private firm. But

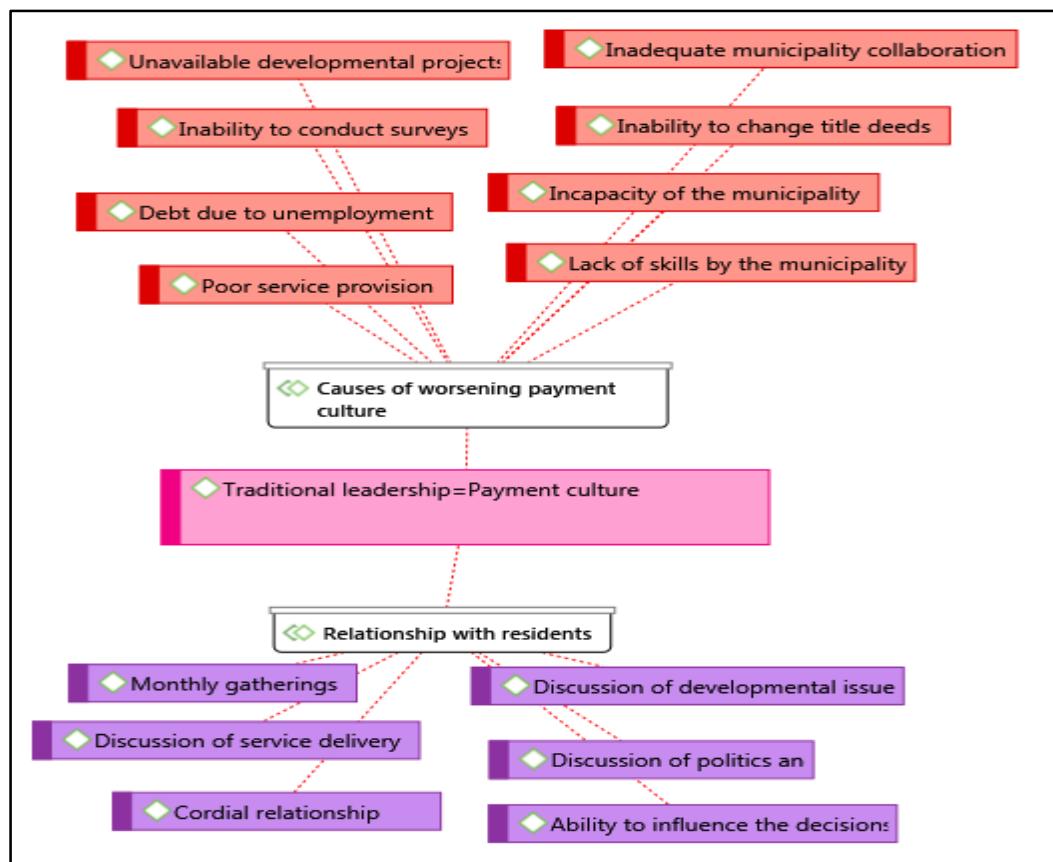
I don't know much about that. We also have appeal sections that deal in different services (water, sewerage, sanitation, etc.). We make decisions with the residents but most of them do not come when these decisions are made. I think, our payment procedures are fine.'

The findings of this section disclosed that service administration could enhance the payment culture for municipal services, hence municipalities are unable to implement this concept equitably which reflects in collecting an average of 60% payment from residents. The subsequent discussion presents the findings on traditional leadership.

5.3.2.8 Respondents' views on traditional leadership

In a South African context, traditional leadership entails the method of governing citizens in a particular place through the precepts of customary law. This section was incorporated in this study to investigate if the collaboration of traditional leaders could enhance the payment culture for municipal services. All the respondents in the qualitative component were interviewed except respondent M6. The responses from respondents are summarised in Figure 5.48

Figure 5.48 Views on traditional leadership



According to the findings presented in Figure 5.48, respondents indicated that some of the causes for worsening payment culture include inadequate municipality collaboration with

stakeholders, inability to change title deeds, incapacity of the municipality, lack of skills by the municipality, poor service provision, debt due to unemployment, inability to conduct surveys, and the unavailability of developmental projects by municipalities. Some excerpts from the respondents in this regard are presented below:

Respondent T1 and T2 said:

'All of us are quite aware that municipalities are not performing well in the entire North-West province. I may apportion the blame to the municipality management but not the councilors. The municipality management do not manage the payment for services provided in an efficient manner, they don't provide adequate services to the residents, I think, that is the cause of the escalating debt accrual.'

Respondent C2 and C3 said:

'We have been notified in this municipality some time ago regarding the payment for the municipal services. Personally I view the inability of residents to pay for services they consumed as the inability of the municipality to educate residents on matters related to the payment for services and the level of service provision. Other possible causes are a lack of knowledge to upgrade the indigent record to identify the residents who are unable to pay for their services.'

Respondent C1 and C5 added:

'The consumer debt is as a result of mismanagement from the side of the municipality management. We are ordinary messengers; we only do what we are told to do. Municipalities have not been very serious on this issue, it's a problem for us.'

Further probing enabled disclosing if there is a relationship between traditional leaders/councilors and residents. Respondent T1, T2, also C2, C3 and C5 affirmed that they do discuss politics and developmental issues and can influence the decisions of residents. Furthermore, they indicated that they have cordial relationships with residents and do hold monthly meetings where they discuss developmental issues. The municipal role-players also indicated that traditional leaders could assist or collaborate with councilors to talk to their subjects concerning payment for municipal services. Some excerpts from the respondents are captured in the following vignettes:

Respondent T1 said:

'I have an existing good relationship with the residents here. I make sure that all the residents in this community are protected and receive what is due to them from

government. I summon community meetings where we discuss problems we have in the community.'

Respondent M2 affirms:

'I consider the traditional leaders as the highest role-players in the community and I also believe that they can influence the decisions of residents. We collaborate with traditional leaders during public participation programmes. They are part of the council; they play a major role in enhancing service delivery.'

Respondent C1 confirms:

'I maintain a good and cordial relationship with residents. The duties of councilors, according to the constitution, require that we educate and serve as a link between residents and the municipality. With regard to this duty, we meet every month to discuss matters related to development.'

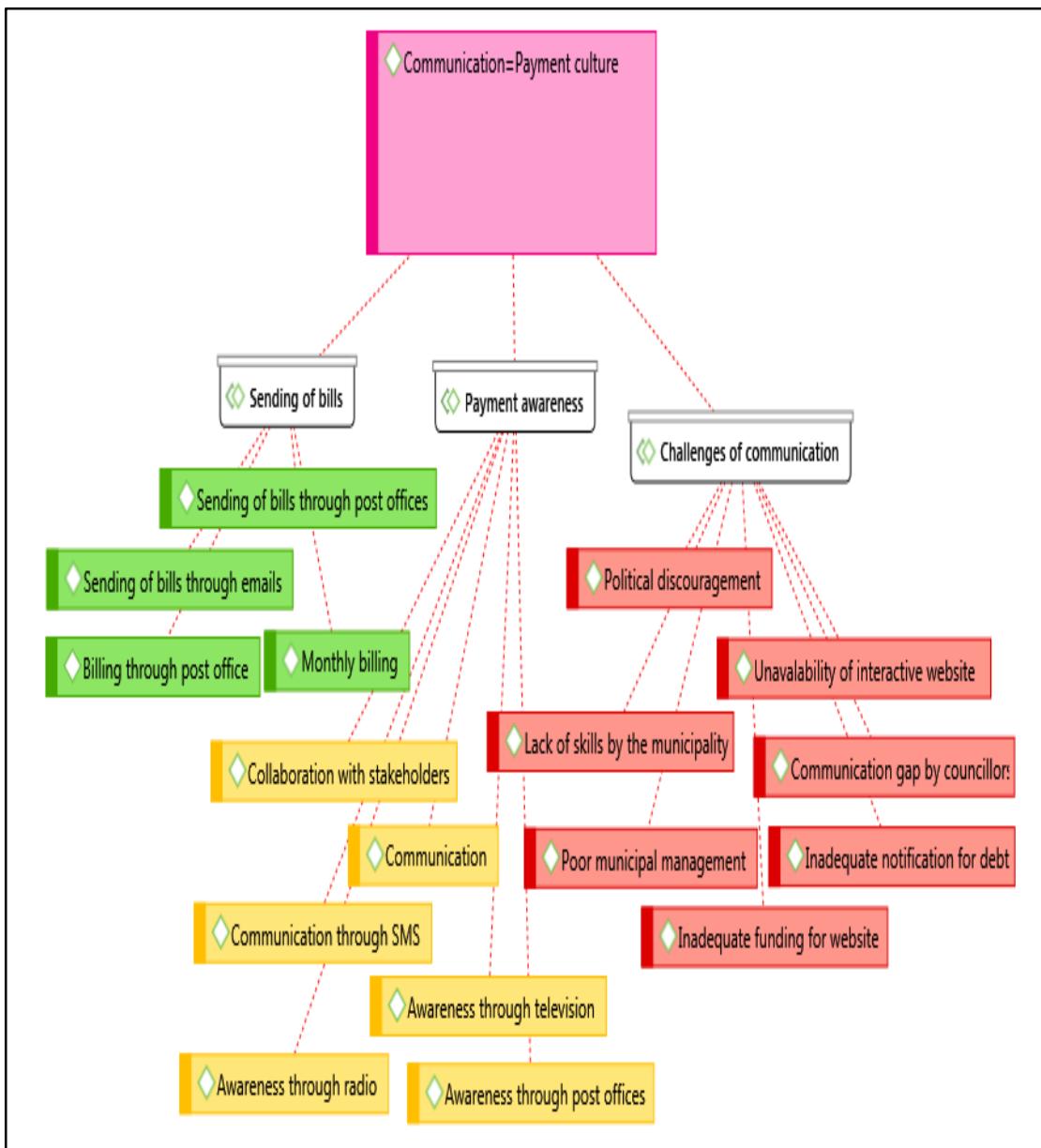
The findings presented above portray that traditional leadership could enhance the payment for municipal services but there should be adequate collaboration and representation by both traditional leaders and councillors to enhance the payment culture of residents.

The subsequent deliberation expounds on findings on communication.

5.3.2.9 Respondents' views on communication

Communication in this study refers to any measure by which the municipality disseminates information to consumers of municipal services. This item was included in this study to investigate if the application of effective communication would enhance the payment culture for municipal services. The respondents in this section include all the municipal role-players (M1-M6) and their responses are summarised in Figure 5.49.

Figure 5.49 Views on communication



Three themes emerged as indicated in Figure 5.49 and all the respondents M1, M2 and M3 professed that they mainly send bills to the consumers through post offices, respondent M4, M5 and M6 indicated that they send bills through post offices, as well as emails. Furthermore, all the respondents indicated that they communicate or create awareness through collaborations with stakeholders such as councillors and traditional leaders. Other means of awareness creation mentioned are SMS, television and through radio messages.

Probing revealed some of the challenges surrounding effective communication with residents and the respondents concurred that there are some communication gaps caused by political

discouragement by councillors, inadequate funding for interactive websites, the lack of adequate skills by municipalities, as well as poor municipal management. Some excerpts by respondents are as follows:

Respondent M2 said:

'With regards to communication, we are trying our best to send SMSs to the residents once in a while to pay their bills, we have been doing that for the past two months but some residents complain that they do not receive those messages.'

Respondent M4 confirmed:

'These methods of reaching the residents are effective but the truth is that they don't want to pay for their services. The only issue is that our website is not upgraded due to politics, but we are considering upgrading it soon.'

Respondent M6 affirmed:

'We communicate with residents through SMS, emails, and mainly post offices. Our bills are delivered through post offices but we are trying to adopt emails and through WhatsApp messages. I think, post office is still effective.'

This discussion revealed that communication as a concept could most likely influence the payment culture for municipal services but municipal role-players are yet to upgrade methods they use for communicating with residents to achieve maximum results.

The subsequent delineation expounds on the results on innovation.

5.3.2.10 Respondents' views on innovation

Innovation in this study refers to a transformational process by which new things (methods of payment and promotional tools) could be applied to enhance payment. This construct was included to obtain more information if the adoption of emerging innovation would enhance the payment culture for municipal services. This section sought to understand the methods used by residents to pay for their municipal services and the promotional tools used by municipalities to raise the rate of payment for accrued debt. The respondents interviewed for this section include the municipal role-players and the ICT specialists (M1-M6). The responses obtained from these respondents are summarised in Figure 5.50.

Figure 5.50 Views on innovation

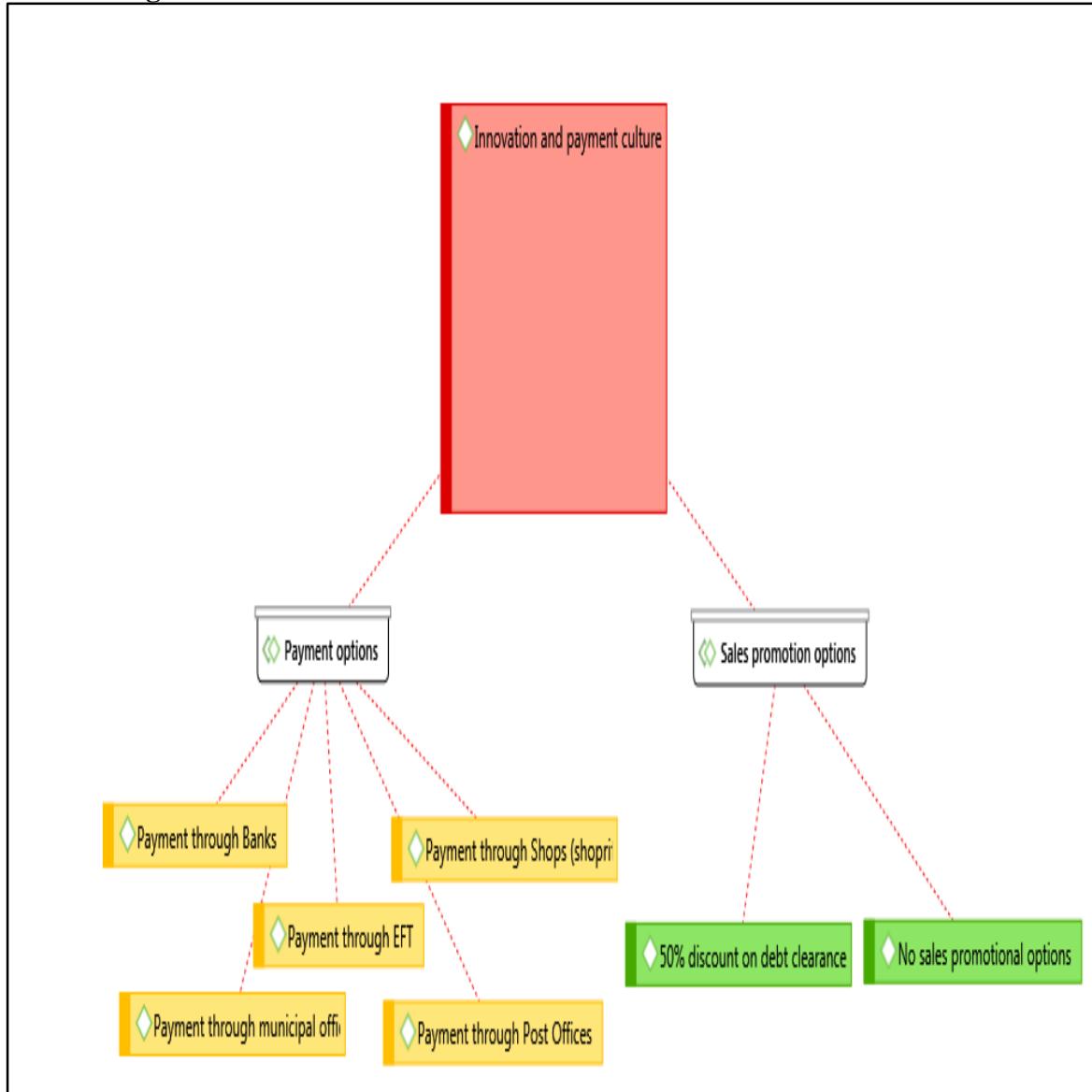


Figure 5.50 depicts that payment options adopted by municipalities to receive payment for services include post office payments, stop orders, EFT payments, municipal offices and also bank payments. It was further inquired as to know if promotional tools are utilizable to promote the payment for municipal services. Respondents indicate that they only apply discount on debt clearance. More so, they indicated that promotional tools have not been considered to enhance payment. Some excerpts from the respondents are as follows:

Respondent M1 confirms:

'Residents pay their bills at Pick 'n Pay, Shoprite, and Electronic Funds Transfer. We have not considered using sales promotional tools to enhance payment for municipal'

services, but there was a time we made a call to residents to pay off their bills and we gave a 50% discount. We will need to consider more promotional options but we will need to talk about it and present it to council first.'

Respondent M6 confirms:

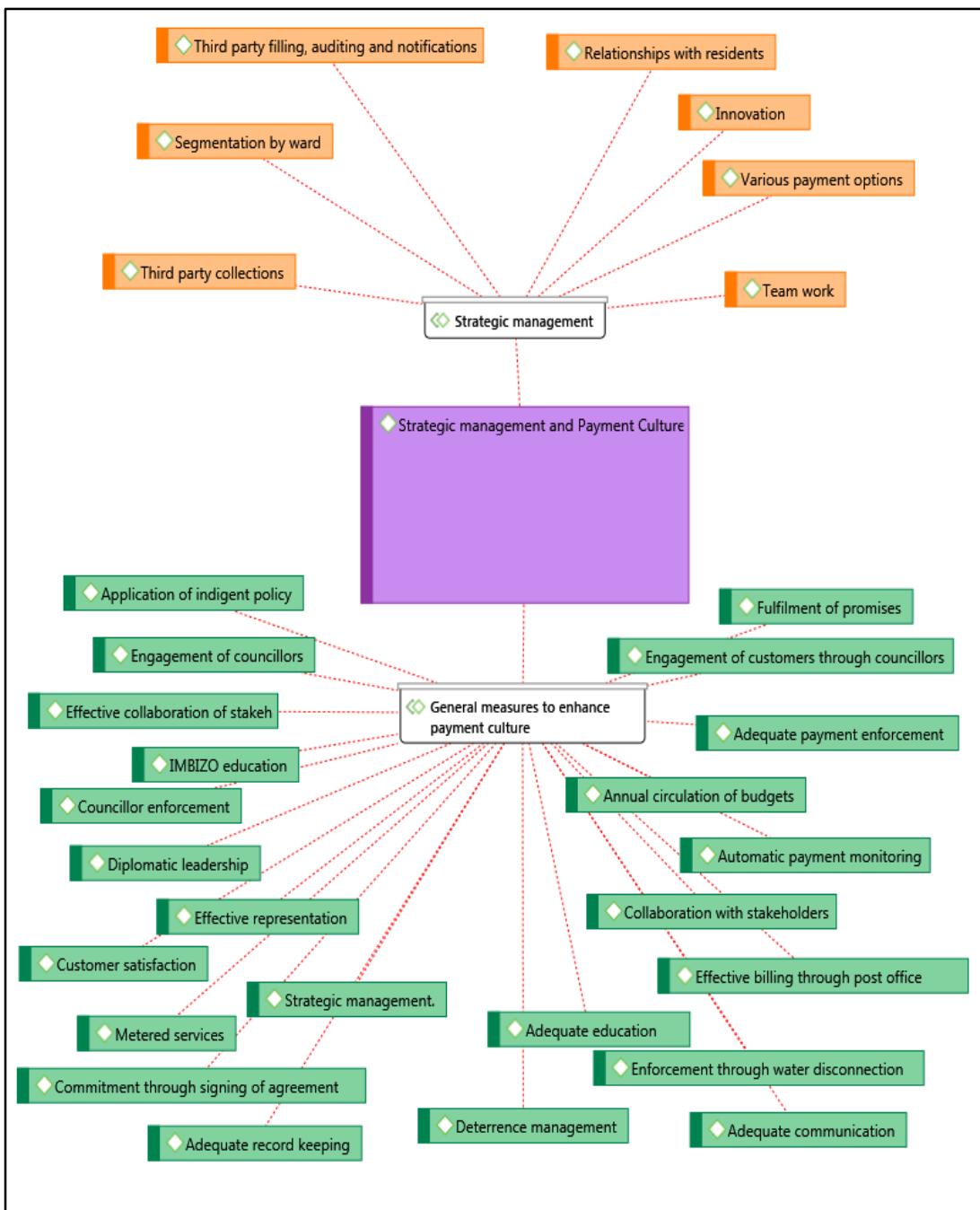
'With regard to innovation, there are so many options by which residents pay their municipal services. Such options include shop payment such as Pick n' Pay, and Shoprite, but the problem is that it doesn't reflect in the municipality account immediately, it takes up to seven days to reflect. We have good discussions on using certain promotional tools to promote the payment for services such as giving 2000 X R1.00 rand Pick n' Pay vouchers to consumers in order to promote consistent service payment, but we need to present it and implement it. The system here is slow and sluggish, something needs to be done in order to salvage this situation.'

It could be deduced that adopting the concepts of innovation would most likely enhance the payment culture for municipal services. However, it emerged that municipal role-players have not yet considered adopting emerging sustaining innovation and promotional tools as revealed by this study. The next section presents the findings on strategic management.

5.3.2.11 Respondents' views on strategic management

Strategic management refers to the tactical efforts applied by an organisation to gain a competitive advantage in the business environment. This item was included to understand the strategic management measures which municipal role-players could apply to enhance the payment culture for municipal services. All the thirteen respondents are included in this section and their responses are summarised in Figure 5.51.

Figure 5.51 Views on strategic management



As depicted in Figure 5.51, the respondents indicated that there are various strategic management options they could apply to enhance the payment culture for municipal services. These options include for example, the implementation of various payment options, strategic leadership, segmentation by ward, having good relationships with residents, third party filing, auditing and collection.

Probing was applied to uncover the best approach to enhance a responsible payment culture and the responses obtained indicated that the following should be implemented by the municipal role-players: the application of indigent policy, team work, councillor enforcement, payment education (IMBIZO education), commitment through signing agreements, effective representation, adequate record keeping, enforcement through water disconnection, collaboration with stakeholders, adequate payment enforcement, automatic payment monitoring, adequate education, engagement of consumers through consumer sections, metered servicing, annual circulation of budgets, implementation of legislative precedents, fulfilment of promises, engagement of councillors, diplomatic leadership, customer satisfaction, deterrence management, facilitation of educational programmes, adequate communication and also effective billing. Some meaningful excerpts from some of the respondents are as follows:

Respondent C1 said:

'The solution to this problem is to contact some civil organisations such as SANCO and BLO Block Meetings so that they can interfere and talk to both the residents and the municipalities.'

Respondent C2 affirms:

'This problem could be resolved by working together as a team, the greatest setback is that we are not together as we don't have a cordial relationship. Municipal administrators view us as politicians who are not faithful, they also see us as temporary workers as our tenure elapses within five years, in this regard, they don't accord respect to us. We need effective collaboration to achieve this aim. More so, there should be exchange of house title so that people can definitely take care of their responsibilities. Most house owners don't pay their debts due to the fact that the house is not in their names. People should take care of their responsibilities.'

Respondents C3 confirms:

'The only solution to this problem is to improve service delivery, the communication process and the issue of municipal corruption. The administration must come clean, they should be accountable and ensure that what is given in by the residents is given out to them. This will solve our problem.'

Respondent C4 said:

'The only viable solution is for the municipality to summon us (the traditional leaders), the councilors, other influential members of the communities, and the corporate bodies (both government and non-governmental organisations) to propose measures to enhance the payment culture for municipal services.'

Respondent C5 affirms:

'The solution to enhance the payment culture of residents is to improve service provision and hand over the payment enforcement to the councilors responsible for each ward. The councilor knows his/her subjects; he/she can know how to talk to their people in order to make them respond to their debts/service payment.'

Respondent M6 in concurrence said:

'The municipality should engage the councilors to talk to their ward members, each ward is represented by a counselor, and each municipality should hold the councilor responsible for the non-payment for services in the case of default of ward.'

Respondent M1 affirms:

'I agree that applying the objects of strategic leadership in the payment for municipal services can change the non-payment culture of residents, but, we need strong and reliable leaders from high diplomatic levels. Politicians should ensure that the promises made to residents are fulfilled when they get into power. This is the main problem we face, during elections, politicians will give residents high expectations and when they get into power they realise the resources available will not be enough to fulfil their empty promises...this is the genesis of their failure...residents will then seize to pay for their services with the view that their tax proceeds are being syphoned by the politicians.'

Respondent M2 stated:

'The objects of strategic management and leadership can actually work here but we need to change our service mission. Our customers should come first; we must make sure that they are given quality service so that they can pay for the services. Last time, the water provided to the residents are brownish in colour and this demotivates them to pay for the services consumed. We also need to keep adequate record of our

customers, upgrade our customer care section and implement automatic monitoring of service payment so that we can easily detect defaults on payment.'

Respondent M3 concluded:

I agree that applying strategic leadership in the payment for municipal services can change the non-payment culture of residents. The best option to enhance the payment for municipal services is to ensure appropriate documentation, calling up meetings with the residents, engaging private debt collectors, instituting adequate management capacity, collaborative meetings, and engaging adequately skilled workers.'

According to all the respondents, the payment culture for municipal services could be enhanced by applying strategic management measures in enhancing the payment culture for municipal services. The findings in this study confirm that there exists solution to curb the escalating high consumer debt in the South African municipalities, however, this relies on the ability of the stakeholders to collaborate and work as a system in order to achieve a unified objective.

5.4 SUMMARY

This chapter presented the results obtained in the quantitative and qualitative components of this study. The quantitative component was processed using SPSS and SAS, focused on the presentation of responses on the research questions as stated in Chapter One of this study. Firstly, the quantitative phase discussed the biographical information of the respondents followed by the sequential sections as per research instrument. A presentation of inferential statistics was made in order to accept or reject the hypotheses stated for the purpose of this study. The chapter then presented the reliability test, the associations between the dependent and independent variables before finally presenting the fit model. In the qualitative component, Atlas-ti was used to code and analyse the data collected from thirteen respondents by means of semi-structured interviews. The responses for each research question were presented separately and described accordingly. More so, excerpts from the interviews were used to support the findings of the qualitative component. The next chapter foregrounds the discussion of the results presented in this chapter.

CHAPTER SIX

STUDY OVERVIEW, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The culture of non-payment and payment default for municipal services in South African municipalities has been a contested issue as consumer debt keeps increasing without adequate administrative measures to halt the escalating accrual. The debt accrual has consequently led to poor service provision resulting in riotous protests and often culminating in vandalising of municipal, private and public property. Due to intensifying consumer debt at local municipalities, particularly in the North West province, it was deemed necessary to investigate the payment culture of residents, the factors that could influence the payment culture for municipal services, and finally, to propose a framework to establish a responsible payment culture. Numerous scholars have investigated the causes of payment default and non-payment for municipal services. Also several recommendations have been made to mitigate the challenge and menace of municipal consumer debt. However, it should be noted that no published study has to date been conducted on the North West province to investigate the factors that could influence the payment culture for municipal services, or one that proposes a framework to enhance the payment culture for municipal services.

Manyaka (2014) pinpoints that escalating consumer debt in the payment for municipal services has become the major challenge facing most municipalities as non-payment or payment default for municipal services has serious implications on the cash flow of municipalities. In order to achieve better services and accountability in municipalities, different strategies need to be put in place to improve debt management competencies that enhance payment culture. The South African National Treasury (2012) further affirmed that revenue management is an integral function in organisations, including municipalities, as it augments revenue collection and debt management. Due to the inability of municipalities to institute a reliable payment culture, it was deemed crucial to conduct this study in an endeavour to promote stability of local municipalities and to establish a responsible payment culture for municipal services.

This chapter provides a discussion of the results, the overview of this study, and lastly, conclusions and recommendations relevant to this study.

6.2 TRIANGULATION AND DISCUSSION OF RESEARCH RESULTS

This section deals with the triangulation and discussion of the results obtained from both the quantitative and qualitative sets of data. With regards the research design of this study (see section 4.5), this section deals with establishing concurrences and contradictions between both sets of the research results. Furthermore, an attempt to corroborate the findings with the literature review and the theories is justified in an endeavour to provide a comprehensive overview of the study. It should be noted that these results are presented according to the research objectives of the study. The following discussion expounds on the summary of the biographical description of the respondents.

6.2.1 Summary of biographical description of the respondents

A comparison of the biographical description of the respondents and respondents of the study, based on the results as presented in Chapter Five of this study, revealed the following details.

- More residents from Mahikeng municipality participated in this study
- Almost 30% of the respondents do not pay for their municipal services
- More residents pay R501-R1000 as municipal service fees
- The municipal role-players, councillors and traditional leaders have adequate experience on matters related to the payment of municipal services. This indicates that they have gathered adequate experience to allow them to enhance a responsible payment culture for municipal services
- More residents in the study receive at least R21000 as monthly income which signifies that they can be able to pay for municipal services
- More residents have lived for at least 21 years in their respective municipalities indicating that they are knowledgeable to attend to questions regarding the payment culture for municipal services
- The respondents indicated that the highest role-player in the municipalities are the politicians followed by the municipal managers
- Majority of the respondents have access to email accounts, private postal mail boxes, mobile phones, mobile phones with Internet, access to social media accounts and access to nearby ATM machines. Few respondents indicated that they do not have access to desktops with Internet.

This section can legitimately deduce that more respondents have lived longer in their municipalities and to a large extent have reasonable managerial experience to attend to queries

related to the payment culture for municipal services. The next discussion elaborates the objectives of this study.

6.2.2 Research question 1

This question sought to investigate if policy and legislation influence payment compliance for municipal services in the North West province.

Policy and legislation forms a basis upon which service provision, as well as payment for municipal services are managed. This construct was included to investigate if municipal administrators do apply the prescripts of South African policies and legislation in the management of municipal consumer debt, as well as service delivery. According to the findings obtained from the quantitative dataset, derived from the Chi-square test of independence (see Section 5.2.4.3) the alternate hypothesis was accepted indicating that there is a significant relationship existing between policies/legislation and payment culture. More so, the structural equation model for payment culture (see Section 5.2.9) signifies that there is a statistical relationship existing between payment behavior and legislation. This invariably depicts that the effective implementation of policy and legislation could influence payment compliance for municipal services. However, more respondents in the quantitative findings indicated that municipal role-players do not effectively implement the content of legislation in the payment for municipal services in their various local municipalities. The inability to implement the content of legislation demotivates residents from paying for their municipal services. The incapacity of municipalities to enforce legislation was evidenced in a summary of the analysis (see Figure 5.11) as more respondents (67%) disagreed on almost all the variables measuring legislation.

The qualitative dataset confirmed that the respondents agreed that the contents of legislation guiding the payment for municipal services are enforced. However, it was disclosed that the process of payment enforcement is not handled effectively as it is contracted to third parties. Water restrictions are also applied which specifically raise the ire of the residents. More so, the indigent policies are not effectively handled as respondents concurred that residents do not come to municipalities to upgrade their indigent records. Furthermore, the prosecutions of defaulting residents are not applied effectively. This, consequently, has been contributing to payment defaults for municipal services which are hindering the municipalities to enhance payment culture.

The results of the quantitative and qualitative datasets indicate that residents affirmed that the contents of legislation are not well-implemented whilst municipal role-players said that their duties are well executed. It can be deduced, according to the results, that municipal role-players fail to implement the following legislative precedents equitably as indicated by the Constitution of the Republic of South Africa Act (108 of 1996), the Municipal Systems Act (32 of 2000), and the Municipal Finance Management Act (56 of 2003):

- Explain the municipal payment agreement to residents before the residents sign it.
- Clarify how much residents would be paying for municipal services on a monthly basis.
- Explain how service payment will be annually increased.
- Ensure that the amount charged for service consumption will be affordable.
- Embark on intensive payment enforcement or sending capable debt collection agents to enforce payment.
- Prosecute defaulters accordingly.
- Implement credit control and debt management policies adequately.
- Apply indigent policies and update indigent records.

As per the systems theory, Mele *et al.* (2010) affirm that it is necessary that an organisation should understand the needs of its external environment in order to achieve set goals. In essence, there is the need for municipal role-players to co-operate and communicate effectively and to establish cordial pacts with residents to ensure that the content of legislation is applied in terms of the payment for municipal services.

6.2.3 Research question 2

This question investigates if social influence promotes payment compliance for municipal services in the North West province.

It is argued that social interaction amongst neighbours in a given place affects their behaviour. Social influence was included in this study to investigate if social interactions amongst residents do influence their social behaviour. Derivative from the quantitative results, the Chi-square test of independence, as indicated in Section 5.2.4.3 found that there is a significant relationship existing between social influence and payment behaviour. Also, the structural equation model for payment culture, presented in Section 5.2.9, indicates that there is a statistical relationship between social influence and payment culture. The findings confirmed in the quantitative results depict that social influence promotes the payment for municipal

services as 89% of the respondents responded positively towards all the variables included. However, it is deduced that there is an act of favouritism in the process of service provision; also role-players do not effectively collaborate with politicians to influence residents to pay for municipal services. These reasons may be attributed to the high consumer debt in the payment for municipal services in the North West province. This is consistent with the findings of Fjelstad *et al.* (2012) who reported that residents who do not pay for their services are socially influenced. In the case of favouritism in service provision, the study of Fellner *et al.* (2013) also affirms that service consumers are discouraged from paying for services when they discover that their neighbourhood do not pay for service consumption and that nothing is done to make them pay.

The qualitative results demonstrated that the respondents agreed that the concept of social influence can militate against payment culture for municipal services. Councilors, as well as the traditional leaders, concurred that they possess the clout to influence the decisions of their subjects. However, municipal role-players alleged that politicians discourage residents from paying for their municipal services; also politicians and traditional leaders contend that municipal role-players have not considered engaging them adequately to talk to residents. The study of Sah (1991) and Banerjee (1992) pinpoints that social relationships can mitigate default on payment obligations, suggesting therefore that role-players should consider adequate collaboration with councilors and traditional leaders.

The results obtained from both sets of data confirm that there is a lack of understanding and collaboration between municipal role-players, councilors, and traditional leaders in the quest to enhance a responsible payment culture for municipal services in the North West province. Concerning the envisaged communication gap, the Systems Theory, as indicated by Mele *et al.* (2010) and Coetzee and Van Niekerk (2012), emphasises the need for stakeholders to interact effectively in order to work in a symbiotic manner and unison to achieve a defined objective. Joyce (2017) upholds that some strategic leadership qualities of successful executives in the UK and Canada include building coalitions with people, leading people, collaboration and achieving results. The Theory of Planned Behaviour, according to Moss (2016), submits that human behaviours are governed by social pressures and personal attitudes. It is necessary for municipalities to understand the warning signals emanating from social pressures and to resolve these at the earliest so as to salvage payment compliance.

6.2.4 Research question 3

In terms of this question, an investigation was made to understand if deterrence could promote payment compliance for municipal services in the North West province.

The principle of deterrence projects that residents comply with the payment for services due to consequent costs when caught for evasion. This construct was included in this study to determine if municipal role-players are applying the concept of deterrence in the management of debt and service delivery to the residents. According to the quantitative results, the object of deterrence should be considered for enhancing payment culture for municipal services. It is deduced from the responses that respondents affirmed that they are afraid of deterrence measures. In the summary of the views on deterrence, more respondents (87%) were in agreement to all the variables on deterrence tested, indicating that deterrence messages would assist in enhancing the payment culture for municipal services. This is in concurrence with the findings of Evans (2014) and Mascagni et al. (2017) who also deduced that compliance attitudes could be influenced by deterrence messages due to the fear of being caught or the fear of paying for extra penalties on default. Furthermore, the Chi-square test of independence, presented in Section 5.2.4.3 and the structural equation model for payment culture as presented in Section 5.2.9, both affirm that there is a statistical relationship between deterrence and payment culture for municipal services.

Derivative from the qualitative results, respondents concurred that the concept of deterrence could influence payment culture for municipal services. Respondents indicated that they notify residents, make appeals, disconnect water, prosecute defaulters and issue warnings through the post office. It was further noted that municipal role-players neither use threats to influence residents to pay for their services nor do they include deterrence messages in the bills. This and other reasons may be the causes of payment default for municipal services. The empirical study by Mukama et al. (2016) pinpoints that deterrence messages such as threats, should be included in bills to influence residents to comply with the payment for services consumed. Deterrence messages as a measure was a success when applied in Rwanda due to the fact that it intrinsically motivated residents to make payments, also the study of Congdon et al. (2011) affirmed that including debt arrears and the cost of non-compliance in bills is another measure that is likely to enhance payment compliance.

There were no conflicting findings in both the quantitative and qualitative results but it could be deduced that municipal role-players do not implement the concept of deterrence effectively.

They could strengthen the deterrence concept by including threats in bills, as affirmed by Mukama *et al.* (2016). Alternatively, constant appeals could be made through mobile phones as affirmed by Ariel (2011), to get the attention of the consumers. As indicated by Madumo (2014) and Berdufi and Dushi (2015), the Social Contract Theory should be applied in this situation by reminding residents about morality, their social obligations, and the consequences of payment default.

6.2.5 Research question 4

This question strove to investigate if fiscal exchange promotes payment compliance for municipal services in the North West province.

The fiscal exchange paradigm explains the motivation gained by residents to pay for services when adequate services are provided by government. Due to the continuous increase in consumer debt in the North West province, this construct was added to this study to investigate if municipalities do provide adequate services to their residents. According to the quantitative results, it was deduced that the object of fiscal exchange does enhance payment culture for municipal services. The Chi-square test of independence indicated in Section 5.2.4.3 and the structural equation model for payment culture as presented in Section 5.2.9, both affirm that there is a significant statistical relationship between fiscal exchange and payment culture. In the structural equation model, it is observed that fiscal exchange is the only variable which is situated directly opposite to payment behaviour and this depicts that the objects of fiscal exchange should be held in high esteem by municipalities as it is deemed the greatest factor that could enhance payment culture. It is deduced from the findings that consumers are dissatisfied due to the nature of municipal administration and the inability of municipalities to provide adequate services to residents. This is clearly observed in Figure 5.18 as more respondents (80%) disagreed with all the variables included. The studies of Coolidge (2012) and Ali *et al.* (2013) posit that the relationship existing between municipalities and residents is a mutual relationship and that residents will pay for their services if municipalities provide adequate services to them. Also, Fjeldstad and Semboja (2001) and D'Arcy (2011) concurred that service consumers are invariably motivated to pay for services relative to the level of service provision by municipalities as in this case.

The qualitative results indicated that the respondents affirmed that the concept of fiscal exchange could enhance payment culture for municipal services. Respondents indicated that they do provide adequate services to residents although some of them could not justify the level

of services provided to residents. Further enquiry confirmed that municipalities neither involve councillors nor traditional leaders to request residents about the nature of services provided nor do they conduct surveys at intervals to ascertain the level of consumer satisfaction.

Regarding the findings from both the quantitative and qualitative sets of data, it is inferred that there exists a contradiction between municipalities and residents. Municipalities assume that the level of service provision is equitable while residents maintain that municipalities perform below expectations. In this instance, the objects of environmental analysis as acknowledged by Joffre (2011) and Shaw and Maythorne (2013) should be applied by municipalities to ensure that the environment is properly assessed to support the decision-making process. Furthermore, environmental scanning, environmental monitoring, environmental forecasting and environmental assessment should be applied by municipalities in order to understand the basic needs of consumers in order to achieve adequate service provision as constitutionally mandated.

6.2.6 Research question 5

This section investigated if payment education/awareness enhances payment compliance for municipal services in the North West province.

Payment education provides awareness to residents indicating when payment is due, the total amount due for payment, outstanding debts due for payment, as well as other general information needed to motivate residents to pay for their municipal services. Payment education/awareness can also inform residents on the need to always pay for municipal services. This construct was added in order to establish if municipal role-players educate and inform residents to pay for their services. The findings obtained from the quantitative data affirm that the effective application of payment education could enhance payment compliance for municipal services. The Chi-square test of independence and the structural equation model, as presented in Sections 5.63 and 5.6.9 respectively, shows that there is a statistical relationship between payment education and responsible payment culture. The findings in this section (see items E5 & E6) affirm that the application of payment education could enhance payment compliance. However, the findings further indicate that municipal role-players do no educate residents adequately to understand the importance of paying for municipal services. In the summary of the views on payment education, more respondents (54%) agreed on all the variables included, indicating an inability in municipalities to educate or create awareness on payment for services. The study of Hasseldine *et al.* (2009) is validated by Jemaiyo and Mutai

(2016) and both indicate that the level of education gained by residents is the underlying motivation for payment compliance.

The qualitative results indicated that respondents perceive that payment education does influence payment compliance for municipal services. It is deduced from the findings that municipal role-players and ICT specialists prefer the post office as their main source of disseminating information to residents. Municipalities also do hold annual IDP meetings and engage councilors and village chiefs as another means to educate residents on payment compliance. With regard to the research findings, it is inferred that role-players and ICT specialists have not yet considered the adoption of SMSs, emails, and monthly/bimonthly meetings with residents to facilitate payment education in an endeavour to enhance a responsible payment culture. The inability to facilitate effective payment education by municipalities may be the reason for the escalating consumer debt in the North West province. This is consistent with the findings of Mahmood (2012), Saad (2014) and Kamil (2015) who all indicate that the nature of education received by residents is responsible for influencing patterns of payment for services rendered by the municipality.

The findings in both the quantitative and qualitative datasets affirm that payment education/awareness could enhance payment compliance. Furthermore, municipalities should consider creating awareness through various information/communication sources to ensure that residents do understand the reasons for paying their municipal services. Alstadsæter and Jacob (2013) and Sumartaya and Hafidiah (2014) emphasised the importance of payment education/awareness and confirmed that it has a positive impact on payment compliance. The study of Mahmood (2012) sustains that the only effective way to enhance payment compliance is by educating the residents. The empirical studies conducted by Misch *et al.* (2011) proves that organisations who have greater knowledge about rates system comply positively to tax payment more than organisations that have poor knowledge about rates system. This justifies the observation that municipalities should educate residents on payment information in order to achieve payment compliance for municipal services.

6.2.7 Research question 6

This question assessed if budget transparency enhances payment compliance for municipal services.

Budget transparency involves the choice of residents to examine municipal budgets at intervals to understand how public finances are utilised. It is believed that budget transparency has an

intrinsic motivation on residents' payment compliance. This construct was included in this study to assess if municipal role-players make available municipal budgets at intervals in order to create awareness on how municipal finances are handled. The findings of the quantitative dataset indicate that effective application of budget transparency could enhance payment culture for municipal services. The Chi-square test of independence, in Section 5.2.4.3 and the structural equation model for payment culture presented in Section 5.2.9, sustains that there is a significant relationship between budget transparency and payment compliance. This study, however, discovered that municipal role-players do not involve or collaborate effectively with residents in facilitating accountability of public funds. It was further deduced that residents have lost their confidence in municipalities as residents perceive municipal role-players as looting public funds which seems to be a cause for payment default. With regard to this finding, the study of Siahaan (2013) established that the correlation between budget transparency and payment compliance is significantly positive. Also, it is observed in the summary of findings that more respondents (83%) disagreed with the set of variables included and suggesting that municipalities do not effectively facilitate budget transparency.

Respondents confirmed in the qualitative results that budget transparency can enhance payment compliance and the role-players affirmed that residents have lost confidence in them due to the suspicion of public funds being looted. More so, it is deduced that the role-players only facilitate budget transparency annually and through IDP meetings and this might be a cause of payment default for municipal services. Alton (2014) and Al-Maghrebi (2016) affirm that budget transparency reflects the income and expenditure of a municipality and this enhances accountability, improving public knowledge and facilitates payment compliance. An empirical study by Grimmelikhuijsen and Meijer (2012) and Kim and Lee (2012) confirmed that budget transparency is an influence on trust and that budget transparency is positively associated with individuals' trust in governance and payment compliance.

The findings in both quantitative and qualitative results depict that budget transparency could enhance payment compliance for municipal services. However, municipal role-players in all the local municipalities do not effectively disseminate information about the income and expenditure to residents in order to clear the residents' suspicion on looting. Alton (2014) advocates extensive communication with the residents to ensure budget transparency and to induce payment compliance.

6.2.8 Research question 7

This question investigated if effective service administration promotes payment compliance for municipal services in the North West province.

Service administration refers to municipal role-players facilitating voluntary payment compliance through the collection of residents' information, billing, collection, enforcement, customer care and appeals. This construct was added to examine if municipalities do apply the prescripts of services administration in an endeavour to enhance an effective payment culture. The responses obtained indicate that the effective application of service administration could enhance payment compliance for municipal services. This is evidenced by the Chi-square test of independence in Section 5.2.4.3 and the structural equation model for payment culture as per Section 5.2.9 where the relationship between service administration and payment culture is calculated as statistically significant. However, residents indicated that voluntary compliance is not facilitated due to municipalities not monitoring and encouraging compliance. More so, customer care, auditing and payment notification were found to be lacking. This is also reflected in the summary of the views where more respondents (60%) affirmed on all the variables included for service administration. Role-players not facilitating voluntary compliance has resulted to high consumer debts. This finding is consistent with the study of Manyaka (2014) where it was disclosed that facilitating voluntary compliance enhances responsible payment behaviour.

The respondents in the qualitative component concurred that effective service administration can enhance payment compliance for municipal services. The findings from this section indicate that municipal role-players do not implement the objects of services administration such as constant awareness creation/education through mobile devices, customer engagement, sending bills through mobile devices, consistent payment enforcement, profiling of defaulting consumers and prosecution. Role-players not facilitating service administration adequately is reflected in the average collection of 60%. The USAID (2013) IT support framework for tax administration pinpoints that administrators should ensure that the registration of taxpayers, payment processing, accounting, auditing, collecting and objections and appeals should be done equitably to encourage payment compliance. Also, Figure 3.8 indicates the risk differentiation compliance framework by Powell (2016), where attitude to compliance is expedited with a consequent compliance approach.

The findings obtained from the quantitative and qualitative datasets affirm that service administration enhances payment compliance for municipal services. Hence, municipal role-players should effectively facilitate the objects of service administration in order to enhance a responsible payment culture for municipal services in the North West province. The Contingency Theory of Leadership, as indicated by Miller and Greenwood (2010) should be applied by role-players to ensure that different problem solving mechanisms are applied in different situations, and then combine leadership skills to ensure that organisational goals are actualised.

6.3 CONTRIBUTIONS TO THE BODY OF KNOWLEDGE

The research questions of this study as stated in Chapter One include examining literature and identifying the key enablers of a successful payment culture. As a matter of fact, an extensive literature search was conducted and the key enablers of a successful payment culture were established and these include: policy and legislation, social influence, deterrence, fiscal exchange, payment education/awareness, budget transparency, and also service administration (See Table 1.3). Additional factors were added and these are: collaboration of municipal role-players and traditional leadership, councillors, the adoption of communication dynamics and emerging sustaining innovation to enhance payment culture for municipal services. These factors constituted the eighth research question and were also tested empirically. This objective as the contribution of this study and it is subsequently discussed.

6.3.1 Traditional leadership

Due to the general axiom ‘In unity, there is strength’ there was the need to investigate the essence of collaboration between municipal role-players and traditional leadership. The motive of adding this factor was embedded in the need to establish if the municipal role-players do collaborate with traditional leaders, councilors and others in promoting the payment for municipal services. Derivative from the quantitative results, it was detected that collaboration between traditional leaders, councilors or other influential persons and municipal role-players can enhance payment compliance for municipal services. The Chi-square test of independence in Section 5.2.4.3, and the structural equation model for payment culture in Section 5.2.9, affirms that there is a significant statistical relationship between traditional leadership and payment culture. The quantitative results also confirm that there is an understanding of legislation supporting traditional leadership. More so, there is an affirmation that traditional leaders are held responsible for local administration and for sharing resources in their communities. Lastly, the research results show that residents agree that both traditional leaders

(71%) and councilors (79%) can influence their decisions and this is reflected in the summary of the views where many respondents (72%) agreed to all the variables used to factor in traditional leadership into the payment patterns and culture of the residents.

The qualitative results indicated that it can be deduced that traditional leadership could enhance payment compliance for municipal services. This could only be done through the collaboration of municipal role-players, councilors, traditional leaders and other influential persons. It was also revealed that both traditional leaders and councilors do have the capacity to influence the decisions of their subjects, though a major finding in this regard highlights that municipal role-players do not, unfortunately, engage traditional leaders to encourage their subjects to pay their municipal services.

The qualitative and quantitative results are in concurrence with the findings of Ntsebeza (2003), Khunou (2009) and George and Binza (2011) who reported that traditional leaders are viewed as the apex of authority in local communities in South Africa. Also, the Traditional Leadership and Governance Framework Act (41 of 2003) stipulates that traditional leaders are vested with the authority of promoting culture, environmental activities and tourism, government communication and information service, health services, home affairs, housing and the promotion of justice amongst citizens. Mawere and Mayekiso (2014) emphasised that there is a dire need to engage traditional leaders to resolve certain issues regarding residents due to their presence and ability to institute grass-root governance. In the same direction, Mileham (2009) pinpointed that councillors should be engaged by municipalities as they serve as a direct link between residents and municipalities.

The findings in this section contribute to the body of knowledge which justifies the inclusion of traditional leaders and councillors as major stakeholders in an endeavour to enhance a responsible payment culture. Municipalities should ensure that they collaborate with traditional leaders and councillors to engage with their community/ward members to pay for municipal services and their accumulated debts.

6.3.2 Communication dynamics

Communication dynamics, according to Valentzas and Broni (2011) and Wells (2011), include all effective measures by which mutually understood information is exchanged between two or more parties. Also, Leonard (2018) affirms that communication enables keeping two or more persons together, removes doubts and increases understanding. Communication dynamics was factored into this study to examine if it a possible means by which municipalities could

exchange information with residents. The results obtained from the quantitative datasets support that there is a significant relationship between payment compliance and communication dynamics. The Chi-square test of independence, in Section 5.2.4.3 and the structural equation model for payment culture presented in Section 5.2.9 confirms that there is a significant relationship between communication dynamics and payment compliance. Furthermore, almost all the variables included in the quantitative study show that payment behaviour is associated with communication dynamics. However, respondents stated that municipalities mostly use radio advertisements and television programs to create awareness on payment information. With regards receiving of bills, respondents indicated that municipalities send bills mostly to their residential and/or postal addresses.

The qualitative results highlighted that the role-players have not considered improving interactive websites; the use of social media to disseminate information, the collaboration with councilors to facilitate payment for services, nor the use of SMSs to send messages and reminders. The study of USAID (2005) affirms that organisations should further consider other communication dynamics such as YouTube, social media, electronic media, electronic billboards and the Internet in order to successfully disseminate information to a target audience. Also, the benchmark on communication dynamics and sustaining innovation, as presented in Section 3.15, depicts that municipalities who adopted full IT options such as upgrading customer care section and call centers, email reminders, and SMS reminders improved their debt collection. Jamela (2016) and Leonard (2018) upholds that the application of communication dynamics can enhance understanding, clarification of emotional signals, building good relationships, managing diversity, building stronger teams and propping up the morale of the stakeholders.

The findings in this section serve as a contribution of this study to the existing body of knowledge. Local municipalities in the North West province should include emerging communication dynamics as one of the vital factors to enhance payment compliance in an attempt to establish a sustainable payment culture.

6.3.3 Emerging sustaining innovation

Innovation refers to a process by which new things are created (Atkinson, 2013). Emerging innovation in this case refers to sustaining innovation which municipalities can adopt to generate payment from residents (payment options), as well as marketing their services (sales promotional tools). The quantitative dataset related to innovation shows that there is agreement

amongst the respondents that the implementation of emerging innovation options would notably enhance the payment culture for municipal services. This was validated by the Chi-square test of independence in Section 5.2.4.3, as well as the structural equation model for payment culture as presented in Section 5.2.9. Also, Table 5.8 shows that there is a significant relationship between payment culture and almost all the variables included to measure this construct. However, respondents affirmed that there are several options provided by municipalities to pay for municipal services which are considered as effective. It is deduced in another vital finding that municipalities do not utilize sales promotional tools in marketing municipal services. Not succeeding in mobilizing adequate payment from residents could be attributed to municipalities not utilizing sales promotion options.

The results of qualitative datasets revealed that municipalities facilitate payment through various means and this was indicated as being on an acceptable standard. However, municipalities do not implement adequate promotional tools, as indicated in Section 5.9.10, and this concurs with the findings of the quantitative results. The benchmark for communication dynamics and emerging sustaining innovation provided by USAID (2013) indicated that Bosnia and Herzegovina improved payment compliance through special campaigns and promotions. The study of Horth and Bunchner (2014) pinpoints that organisations should embrace the prescripts of innovation to alleviate challenging issues that could retard productivity. Sustaining innovation enhances the opportunity to engage in new partnerships, increases turnover and customer satisfaction. This weak view on enabling factors, inadequate knowledge, inability to use research results and weakness in leadership were identified by Bason *et al.* (2013) as barriers to innovation and all these should be addressed by municipalities to establish a responsible payment culture for municipal services.

The adoption of emerging sustaining innovation is a major finding in this study and considered as a contribution to the existing body of knowledge. Local municipalities in the North West province should adopt sales promotional options as a sustaining innovation to enhance payment compliance in an endeavour to establish a sustainable payment culture for municipal services.

6.3.4 Strategic management

Strategic management, according to Thompson *et al.* (2014), is a management practice which organisations (municipalities in this case) adopt to address the challenges occurring from both internal and external environments. Consistent with this, Hill *et al.* (2017) maintain that the progress achieved by any organisation depends on the effort of applying the concepts of

strategic management. This construct was considered a management issue and was included only in the qualitative component because only the role-players in municipalities and communities were included in this component. This construct was included in this study to investigate if municipal role-players do apply the prescripts of strategic management in an endeavor to enhance a sustainable payment culture. Additional inquiry was made to understand the best possible strategic management approach to adopt for handling municipal debt. All the respondents accepted that the objects of strategic management could enhance payment for municipal services. The respondents further highlighted that they need diplomatic leaders, as well as strategic leaders who can provide efficient service to residents and handle consumer debts competently. This conforms to the statement of Anna (2015) who regards strategic leaders as people who determine future goals by implementing defined objectives. Consistent with this, Rothaermel (2013) and Joyce (2017) affirm that strategic management deals with the ability to achieve success through the combination of varying creative activities. This was established in the Contingency Theory of Leadership where Schoech (2006) affirms that management should interact with the external and internal environmental factors to achieve the objectives of an organisation.

The respondents in the qualitative component of this study further indicated that there is need to ensure consumer satisfaction in the delivery of municipal services. Other highlighted factors include councilor enforcement, automatic monitoring, effective payment enforcement, payment education and the engagement of non-governmental bodies in facilitating payment compliance. Strategic management practice, according to Thompson *et al.* (2014), involves the ability of management to transform an organisation (a municipality in this case) to cope with the challenges in the environment. Organisational strategy should stipulate the actions that should be taken by each functional department and/or operating section. The factors highlighted by the respondents entail that municipal role-players should accommodate environmental change, think creatively and devise measures to sustain municipalities towards strategic development, change and transformation. Most importantly, municipalities should strive to understand the internal and external environments and be cognisant of the needs of consumers (residents), trends, cultures, customs and threats to devise measures to address all of these.

6.3.5 Contribution of the theoretical background

This study investigated applicable theories by scholars in management thought in an endeavour to find solutions to the challenge of enhancing payment culture for municipal services in the

North West province. The Systems Theory is proposed to enable municipalities to ensure that all their units function in unison, communicate effectively with the internal and external environment for equitable service delivery, as well as payment compliance. The Contingency Theory of leadership is proposed to enable municipalities to adopt the best management approaches to resolve issues that may arise in their work environment. The Decision-making Theory provides the logical steps in making decisions and admonishes municipalities to think rationally when faced with risk and uncertainty in order to select the best alternative amongst options. The Theory of Planned Behaviour was also proposed for its solid position with regards the fact that human behavior is deliberate and planned; therefore, municipalities should strive to understand early warning signals from residents defaulting on payments then devise measures to salvage the situation. The Agency Theory is proposed to ensure that municipalities (agents) build an upright relationship with residents (principals) and ensure that promises agreed upon are delivered to avoid mistrust and conflict. The Agency Theory insists that there should be competent leadership and information transparency in municipalities to ensure perfect strategic decisions. Lastly, the Social Contract Theory emphasises the need for citizens (municipal role-players and the residents) to be morally guided in order to accept their obligations. This theory encourages municipalities to make impartial laws and residents to accept their obligations in good faith towards payment compliance.

The theoretical background further emphasises the need for municipalities to adopt strategic management and philosophy to ensure they achieve equitable service delivery with regard to the challenges in their internal and external environments. Thompson *et al.* (2014), Joyce (2017), Hill *et al.* (2017), and Hitt *et al.* (2017) expressed that strategic management identifies the goals of an organisation, specifies direction to achieve the stated objectives, incorporates ideas into practice, applies creativity and evaluates tactical execution measures to achieve specific objectives. Several strategic implementation frameworks were explored in this study which municipalities should consider for them to achieve adequate service delivery and enhance payment compliance. The SWOT analysis and Spence's Framework for Strategy Execution specifically was proposed to municipal role-players. This SWOT analysis enables role-players to understand their strengths, weaknesses, opportunities and threats and adjust to the internal and external threats that could impede the success of a municipality. Furthermore, the Spence's Framework for Strategy Execution facilitates refining the operations of municipalities with regard to new operation designs and structural control systems which all contribute towards enhancing payment culture.

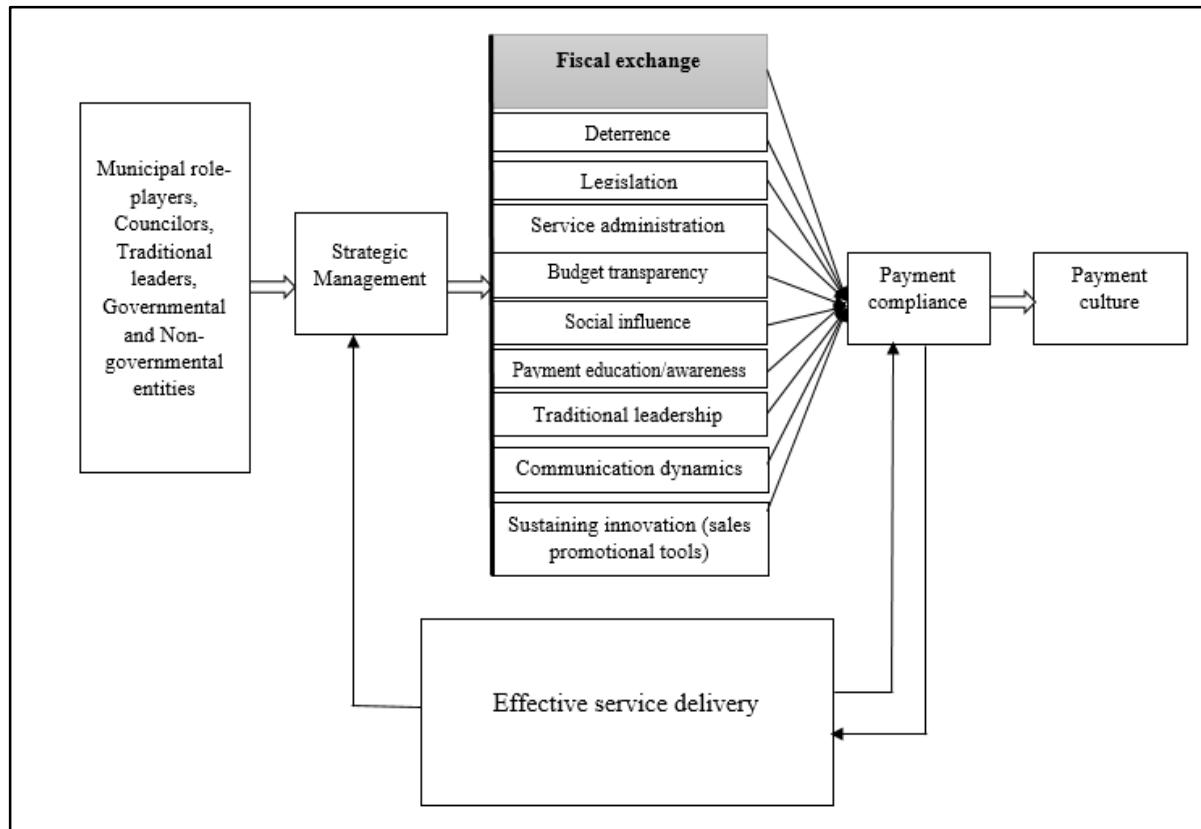
Strategic leadership was noted as being a good quality of municipal role-players; in addition, they are expected to be, visionary, eloquent, consistent, innovative, intelligent, tactical and transformational. These tasks and roles of municipal role-players should incorporate defining organisational direction, managing organisational resources, upholding ethical practices and balancing organisational control. This study further affirmed that municipalities need to consider the culture of residents before implementing strategy. This calls for flexibility, decentralising operations to build a culture of decision-making autonomy in such a way that municipal employees can reach out to residents to understand their perceptions about services rendered and subsequently take corrective measures. In managing strategy-culture relationships, this study affirmed that role-players should align their direction and performance strategy with the present culture. In order to enhance a responsible payment culture, municipal role-players are advised to identify the characteristics of the present culture, specify action to implement strategy, discuss with others to seek further solutions to alleviate the situation, and then to rally around culture to introduce forceful law.

This study reviewed several scholarly literature to detect the main causes of payment default and non-payment for municipal services and the following emerged: inadequate service provision, poverty, unemployment, mismanagement of public funds, and also a culture of entitlement and decision-making issues. Further investigation was made to explore any other factors which could enhance the payment culture for municipal services. The following were identified: policies and legislation, social influences, deterrence, fiscal exchange, payment education/awareness, budget transparency and service administration. Added to the list were traditional leadership, application of communication dynamics and emerging sustaining innovation as collateral factors that could enhance payment culture for municipal services in an African setting, specifically in the North West province.

6.4 PAYMENT CULTURE FRAMEWORK

Payment culture, as indicated in Chapter one of this study, refers to an acceptable way of payment in a given geographical location. The study of Bird (2015) affirms that South Africa, especially the North West province, has been battling for a number of years with the development of a sound payment culture for municipal services. As indicated in Section 1.8, a payment culture framework is proposed in this study to the municipal role-players and other policy makers to enhance a reputable payment culture for municipal services as the end goal of this study. The payment culture framework as presented in Figure 6.1 incorporates the empirical findings from both the quantitative and the qualitative datasets.

Figure 6.1 A payment culture framework for municipal services



The payment culture framework presented in Figure 6.1 is the main contribution of this study which indicates that there should be collaboration between municipal role-players, councillors, traditional leaders, governmental and non-governmental entities in an endeavour to achieve a payment culture for municipal services. The framework further portrays that these persons, agents and entities should adopt the prescripts of strategic management to manage the factors identified as influencing payment compliance: fiscal exchange, policy and legislation, social influence, deterrence, payment education/awareness, budget transparency, service administration, traditional leadership, communication dynamics and sustaining innovation to achieve payment compliance. However, it was discovered in the empirical studies that fiscal exchange is the main factor that could be applied by the role-players to achieve effective payment compliance. In combination, the application of all these factors are anticipated to finally enhance a responsible payment culture.

The framework shows that payment compliance induces service delivery indicating that when residents pay their municipal services equitably then municipal role-players deliver services effectively. Consistent with this, the framework further indicates that effective service delivery could invariably motivate residents to pay for their municipal services. Finally, it is

recommended in the framework that management should always refer to the prescripts of strategic management in order to revisit their transformational strategies due to change in the internal and external environments in an endeavour to stabilise a responsible payment culture for municipal services.

Having presented the payment culture framework for municipal services, the subsequent discussion derives the recommendations emanating from the study.

6.5 RECOMMENDATIONS

This study makes recommendations to municipal role-players, councillors, traditional leaders, residents and policy makers.

6.5.1 Summary of recommendation to municipal role-players

The following recommendations are made to municipal role-players who need to ensure payment compliance and effective service delivery:

- Municipal role-players should obtain the commitment of residents by giving them agreement forms related to the payment for municipal services to sign in order to be legally binding in a contractual relationship to pay for their municipal services.
- There should be a concrete agreement between the municipality and residents on how the municipal services should be increased or an explanation on how surcharges are added.
- Municipalities should include deterrence or ‘threatening’ messages to influence residents to pay their bills.
- Appeals to pay debts should be made consistently to residents to induce compliance.
- Municipalities should endeavour to provide adequate municipal services to residents.
- In the service provision obligation, the health and educational sector should be given reasonable consideration.
- Municipal role-players should collaborate effectively with residents; IDP meetings should be scheduled at regular intervals throughout a year and should not be only an annual event.
- Municipal role-players should collaborate in a mutual manner with councillors to educate and mobilise payments from residents.
- Indigent records should be updated by municipalities to identify residents who should be added as indigent.

- The level of governance should be upgraded with regard to uniformed service provision, billing and payment enforcement.
- Municipal role-players should consistently educate residents on matters related to payment.
- Municipal budgets should be communicated to residents; also, residents should be allowed to make contributions during the budget process.
- In order to project a clean image, role-players should disseminate municipal budgets at regular intervals in order to dismiss the suspicion of looting of public funds.
- The registration of residents, evaluation and monitoring of accounts, auditing and customer care should be implemented effectively to induce voluntary compliance.
- Municipal role-players should collaborate with traditional leaders and councillors to ensure that residents are engaged in enhancing a responsible payment culture.
- Apart from using television and radio advertisements to reach residents, municipal role-players should adapt other measures such as YouTube, billboards, fliers, Internet, social media, reminders by SMS and email, inserts in newspapers, newspapers, and drama in theatre to create awareness for the payment of service provision.
- In sending bills, municipal role-players should also consider email addresses and mobile phones as almost all residents in the study indicated that they own such gadgets and facilities.
- Other means of payment, such as EFT, ATM payments, debit and stop orders, should be encouraged to ease queuing stress at municipal offices.
- Municipal role-players should introduce promotional tools such as coupons, premiums, displays, samples, consumer sweepstakes, shop orders and patronage rewards to induce residents to pay for their municipal services.

Having highlighted the recommendations for municipal-role players, the subsequent section provides recommendations directed at councillors.

6.5.2 Summary of recommendations to councillors

The following recommendations are made to councillors who should ensure effective collaboration in an endeavour to achieve payment compliance:

- Politicians should not make empty promises to the residents so that residents do not unrealistic expectations.

- Councillors should collaborate with municipal role-players to ensure that the payment culture is enhanced.
- All complaints received from residents should be reported to the municipality immediately.
- Councillors should motivate residents to pay for their municipal services rather than making derogatory statements about municipal role-players.
- Indigent records should be compiled by councillors representing each ward so that municipalities know who should be considered indigent.
- Change of title deeds should be initiated by residents so that properties bear the names of the owners.
- Councillors should collaborate with traditional leaders, village chiefs, SANCO, governmental and non-governmental organisations to ensure that a responsible payment culture is inculcated.

The above section provided the recommendations to councillors who should contribute towards buttressing a payment culture. The next section expatiates on the recommendations aimed at traditional leaders.

6.5.3 Summary of recommendations to the traditional leaders

The following recommendations are made to traditional leaders as role-players in the endeavour to achieve payment compliance:

- Residents should be equitably engaged to understand the impact of their dereliction of payment for their municipal services.
- Traditional leaders should engage residents at regular intervals and encourage them to pay for services and to highlight the programmes and new policy dimensions of the municipality.
- Traditional leaders should collaborate effectively with municipal role-players to ensure that they enhance a responsible payment culture.

Having highlighted the recommendations to traditional leaders, the subsequent section expounds on recommendations directed at residents.

6.5.4 Summary of recommendations to residents

The following recommendations are made to residents in order to achieve payment compliance:

- Residents should attend annual IDP meetings and contribute towards the decision-making process and policy amendments to ensure that they are part of the council.
- Indigent records must be upgraded to ascertain that all unemployed residents are recorded as indigent in the municipality database.
- Residents should report favouritism in municipal service provision.
- Residents should accept their obligations in good faith to be law abiding and to pay for their services rather than be discouraged by external influences.
- Residents should respond to the appeals from municipalities to pay their accrued debts.
- Residents should report dissatisfaction with service delivery to the municipality rather than withhold payment.
- Residents should collaborate with role-players, councillors, traditional leaders and they should also report concerns that could inhibit the payment for services.

This section highlighted the recommendations to residents and the subsequent section expounds on recommendations aimed at policy makers.

6.5.5 Summary of recommendations to policy makers

Policy makers should ensure that:

- There is a comprehensive stakeholder audit in the municipality to ensure transparency in the municipal system.
- There is stakeholder engagement which should be aligned to municipal strategy.
- Municipalities should prioritise stakeholder concerns.
- The deployment of municipal role-players should be merit-based and not politically induced.
- Municipal implementation of programmes ought to be monitored by existing legislative frameworks.
- Municipalities should uphold transparency and accountability while oversight should be held in a high esteem.
- There should be consistent and active results-based monitoring and an evaluation system for municipal role-players.
- Regular reporting back to local communities is encouraged.

6.5.6 Recommendations for future research

This study investigated the factors that could enhance payment compliance for municipal services, as well as proposing a payment culture framework for municipal services. This study identified a lack of effective managerial capacity as one of the major factors that is causing the rise in consumer debts in South Africa. There is also a lack of collaboration among stakeholders in municipalities. With regard to these findings, it is recommended that another study should examine the managerial capacity of municipalities and the strategies they adopt in collaborating with all the stakeholders in the community. The researcher further proposes that periodic research studies on governance and skills impact on municipal service delivery could be conducted in future. Furthermore, a research should be conducted to understand the capacity of the municipal monitoring team and the customer care service to understand if the municipalities possess the required capacity to manage debt.

6.6 LIMITATIONS

This study was limited to only the North West province, and the findings may not be practically generalizable due to the differences in the cultures of residents and management capabilities of municipalities in other municipalities/provinces of South Africa. This study only investigated the payment practices of residents that live in the municipal areas and did not include residents outside municipal areas or in tribal areas. The study collected data from residents, councillors, traditional leaders and municipal role-players who are actually involved with the administration of municipal services.

In the process of this study, it was difficult to secure appointments with the respondents of this study in the qualitative component. Municipal role-players were busy honouring appointments which limited the number of respondents as explained in research methodology. Councillors and traditional leaders also have very busy schedules which caused constant rescheduling of appointments and extended the period of data collection with significant financial implications.

6.7 CONCLUSION

This study investigated factors that influence payment culture for municipal services in the North West province of South Africa. This was motivated by constant riotous protests by residents, the mismanagement of fiscal resources by municipalities, poor municipal performance, and a lack of stakeholder engagement between municipalities and residents or other role-players in the communities. The foremost aim of the study was to create a framework that could serve as a guide for municipalities which could be used in their endeavour to create

a responsible payment culture. Furthermore, this study investigated the causes of payment default, non-payment of municipal services and the measures which municipal role-players could adopt for administration of their municipalities.

This study adopted a mixed method research approach incorporating both quantitative and qualitative principles. A total of four local municipalities were selected from four district municipalities and were involved in this study. The respondents of this study include residents living in the municipal areas, municipal role-players (municipal managers, accountants, ICT manager), councillors and traditional leaders. The findings indicate that policies and legislation, social influence, deterrence, fiscal exchange, payment education/awareness, budget transparency, service administration, adoption of communication dynamics and emerging sustaining innovation most likely all influence payment compliance for municipal services, as well as enhancing a reputable payment culture. However, it was deduced that these factors are currently not effectively implemented by municipal role-players and this is reflected in the payment default and non-payment for municipal services by residents.

It was also identified that fiscal exchange is a prime motivator to enhance payment compliance. Residents indicated their utmost dismay towards the nature of service provision by municipalities, thus highlighting how this has an effect on their payment patterns. More so, the study deduced that there is political interference which negatively influences residents to default in the payment for municipal services. This challenge has created superfluous bureaucratic mishaps within the municipal context resulting in an unsavoury contest between administrative and political directives.

Furthermore, strategic management and strategic leadership are lacking in municipal administration. This is evidenced in the inability of municipal role-players to collaborate effectively with all stakeholders in the community in order to achieve a sustainable payment culture. It was observed that municipalities lack vision and need to improve their managerial competence and strategies in order to achieve their stipulated objectives. There are also technological barriers as municipalities have not adopted communication dynamics and emerging sustaining innovations to communicating with residents and to collect service payment respectively. This and other reasons have plagued the responsible payment culture.

This study established a link between municipal role players and others, strategic management, factors influencing payment compliance, payment compliance, payment culture and effective service delivery. However, to enhance an effective payment culture, municipalities should

effectively facilitate the factors affecting payment compliance. This study also highlighted that collaboration amongst all stakeholders is a key to resolving the contradictions between municipal administration and the political cabal. In an endeavour to achieve a required payment culture, this study finally submits that municipalities should ensure equitable service delivery to residents, collaborate with all stakeholders, and deploy payment enforcement measures effectively. This would put to an end to the non-payment culture and payment default identified in this study, as well as the incessant riotous protests for poor service delivery. As noted in Chapter One of this study, if South Africa succeeds in enhancing a payment culture for municipal services, municipalities would then be able to advance to providing adequate services to residents.

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ANNEXURE A: RESIDENT SURVEY



Dear Participant

My name is Prince Chukwuneme Enwereji, a PhD student at the North-West University. I am conducting a study titled '**A payment culture framework for municipal services in the North West province**'. I wish to invite you to participate in this study by completing the attached questionnaire. The questionnaire will require approximately 15 to 20 minutes to be completed.

Should you agree to take part in the study, please note that your participation will be voluntary and you may withdraw as you wish. I would also like to assure you that your identity will be kept confidential and your responses will not be used against you. Should you wish to have the result of this study, please feel free to contact me.

Thank you for your assistance.

Yours sincerely

Prince Chukwuneme Enwereji

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Cell: 0619703177

SECTION 1

Please answer the questions below or select the response with which you agree with by placing a cross (X) in the relevant box for each question/statement.

Example:

	Yes	No
I live in Mahikeng	X	

BIOGRAPHIC DATA

1

1.1	Gender	Male				
		Female				
1.2	Please indicate your current age group in years			1.3	Indicate your level of education	
	25 or less				Matric	
	26-35				Certificate	
	36-45				Diploma	
	45-55				Bachelor's Degree	
	56-65				Honours Degree	
	66 and above				Master's Degree/PhD	
1.4	Please indicate the local municipality where you reside?			1.5	How long have you been residing in this municipality?	
	Mahikeng				1-5 years	
	Moses Kotane				6-10 years	
	Naledi				11-15 years	
	Tlokwe				16-20 years	
	Others				Above 20 years	
1.6	How often do you pay for your services			1.7	What is your household monthly income in Rands?	
	Never				Less than R5000	
	Occasionally				R5001-R10 000	
	Frequently				R10 001 -R15 000	
	Always				R15 001 - R20 000	
					Above R20 000	
1.8	Please indicate the amount you pay to the municipality on municipal services rates per month			1.9	Who do you consider as a role-player in your area? (You can select more than one)	
	Less than R500				Municipal manager	
	R501-1000				Traditional leaders	
	R1501-R2000				Politicians	
	R2001-R2500				Village chiefs	
	Above R2500				Other, specify	
1.10	The role-player with the highest authority to me is.....			1.11	What type of bank account do you have?	
	Municipal manager				Savings	
	Traditional leaders				Transaction cheque	
	Politicians				Other, specify	

	Village chiefs				
	Other, specify				
1.12	Please respond to the following		Yes	No	
	I have an email account				
	I have a private postal mail box				
	I have a mobile phone				
	I have an internet access via cell phone				
	I have a social media account				
	I only have access to desktops that are connected to the internet				
	I have access to a nearby ATM				

SECTION 2

Please indicate your level of agreement with the following statements by marking your response with an 'X' (Please respond to all the questions).

SA (Strongly agree), A (Agree), D (Disagree), SD (Strongly disagree).

SECTION A

	LEGISLATION	SA	A	D	SD
A1	I understand the contents of all the legislation guiding the payment for municipal services.				
A2	The content of the municipal payment agreement was fully explained to me before I signed the agreement.				
A3	At the beginning of my contract, I was made aware of the amount that I would be paying for municipal services on monthly basis.				
A4	At the beginning of my contract I was made aware that my service payment will be annually increased				
A5	I am satisfied with the amount charged for service consumption, it is affordable.				
A6	I understand why my bills keep on increasing every now and then.				
A7	I am aware of the measures that may be taken by the municipality to recover the outstanding debt.				
A8	The municipalities involves us in decision making.				
A9	The Municipality sends debt collection agents to enforce payment.				
A10	Residents that do not pay for services are not prosecuted accordingly.				
A11	The municipality implements credit control and debt management policies.				
A12	The municipality considers the poor and jobless people who cannot afford to pay for municipal services.				

SECTION B

	SOCIAL INFLUENCE	SA	A	D	SD
B1	I know of other people who consume municipal services but do not pay for it.				
B2	I am discouraged by the neighbourhood due to poor service provided by the municipality.				
B3	I am discouraged by politicians to pay for municipal service.				
B4	Municipality does not treat the residents as the same in the payment for services, some people are favoured.				
B5	I notice that many residents do not pay their accounts and nothing is done to make them pay.				

SECTION C

	DETERRENCE	SA	A	D	SD
C1	Including my debts in the account motivates me to pay.				
C2	Receiving warning messages from the municipality motivate me to pay my account.				
C3	Receiving threatening messages motivates me to pay my account.				
C4	Receiving appeals to pay account from the municipality motivates me to pay.				
C5	Having the fear of being caught by the municipal debt collecting agencies motivates me to pay my account.				
C6	I am afraid of paying an extra cost or penalty when caught in the process of avoiding payment.				

SECTION D

	FISCAL EXCHANGE	SA	A	D	SD
D1	The municipality should provide free services to all residents.				
D2	Services provided by the municipality matches the amount I pay.				
D3	The health and education sector is considered by the government.				
D4	Municipality provides adequate services to us.				
D5	The municipality provides the same service to all residents, they are impartial.				
D6	I am motivated to pay due to the nature of government expenditure.				
D7	The payment system is just.				
D8	Government officials steal our public money.				
D9	Role-players assess our satisfaction with the service provided.				
D10	The budgets are allocated to projects related to the less privileged.				

SECTION E

	PAYMENT EDUCATION/AWARENESS	SA	A	D	SD
E1	The municipality educates me about the importance of paying for services received.				
E2	The municipality makes me aware of the time and when I need to pay for my services.				
E3	The municipality informs me about how much I owe them.				
E4	The municipality encourages me to pay for my services.				
E5	Having payment knowledge helps me to clear the suspicion on corruption.				
E6	Payment awareness or education motivates me to pay my accounts.				

SECTION F

	BUDGET TRANSPARENCY	SA	A	D	SD
F1	There is accountability of public funds.				
F2	I am aware of how our public money is allocated during the budgets.				
F3	Municipal budgets are discussed with residents.				
F4	We make contributions on how our money will be spent during the budget.				
F5	I am aware of the nature of the projects for which our money will be used.				
F6	There has been the publication of budgets.				
F7	There is the suspicion that the role-players are looting our public money.				
F8	We have trust in the municipal role-players.				
F9	The budget is disseminated to us at intervals.				
F10	The municipality presents budgets on time.				

SECTION G

	SERVICE ADMINISTRATION	SA	A	D	SD
G1	All residents in my area are registered as service users.				
G2	Our accounts are sufficiently evaluated, there are never errors in the accounts.				
G3	My municipality monitors and encourages voluntary compliance by sending accounts consistently.				
G4	The municipality conducts effective auditing of payments.				
G5	I am notified to pay on time.				
G6	There is a proper channel to report queries and disputes with the municipality.				
G7	The payment procedures are simplified for us to pay through various means.				

SECTION H

	TRADITIONAL LEADERSHIP	SA	A	D	SD
H1	Legislation supports the institution of traditional leadership.				
H2	Traditional leadership have an influence on our decisions.				
H3	Traditional leadership determines the sharing of resources in my community.				
H4	Our traditional leader summons us from time to time through local chiefs.				
H5	Our traditional leader is educated, he has interest in developmental issues.				
H6	Traditional leaders/chiefs inform us about the current situation of the province.				
H7	Traditional leadership promotes tourism, safety and security, health services, housing projects, justice, social development etc. in my community.				
H8	Traditional leadership bring politics to the grass-root level.				
H9	Traditional leadership close the communication gap between the municipality and the community.				
H10	Collaboration of traditional leaders/chiefs and the municipality can help change the payment culture of residents.				
H11	All the residents are subject to the declarations of our traditional leaders/chiefs.				
H12	Councillors have much influence on our decisions.				

- (I) The municipality makes me aware of the need to pay and be up to date to make payment through/at....**

	COMMUNICATION	Yes	No
I1	Radio adverts		
I2	Television programmes and adverts		
I3	YouTube		
I4	Billboards		
I5	Fliers		
I6	The Internet		
I7	Social media		
I8	Reminders by SMS		
I9	Reminders by e-mail		
I10	Inserts in newspapers		
I11	Newspapers		
I12	Drama in community theatres		

(J) I receive my bills through the following options

	COMMUNICATION	Yes	No
J1	Personal residential address		
J2	Personal Postal address		
J3	My e-mail address		
J4	Work postal address		
J5	Mobile phone		
J6	Shop address		
J7	Church postal address		
J8	Never receive property rates account		

(K) I pay my municipal account through.....

	INNOVATION	Yes	No
K1	Municipality offices		
K2	Post office		
K3	Electronic funds transfer		
K4	Shopping outlets, e.g. Shoprite		
K5	Automated teller machines (ATM)		
K6	Bank deposits		
K7	Mobile money transfers		
K8	Debit orders		
K9	Payway machine		
K10	Stop orders		

(L) The following sales promotional tools are used to promote the payment for

	INNOVATION	Yes	No
L1	Coupons		
L2	Premiums		
L3	Displays		
L4	Samples		
L5	Consumer Sweepstakes		
L6	Stop orders		
L7	Patronage reward		
L8	Road walks		

Thank you for your thoughtful responses.

ANNEXURE B: INTERVIEW GUIDE FOR MUNICIPAL ROLE-PLAYERS



(MUNICIPAL MANAGER, ACCOUNTANT AND INTERNAL AUDITOR)

These face-to-face interviews are aimed at gaining insight and knowledge on how to enhance the payment culture for municipal services in the North West province. The main aim of this study is to find solutions to unravel the intensifying debt accruals in the payment for municipal services in the various municipalities of the North West province. This interview allows individual participants some freedom to talk about what is of interest or importance to them. The interviewer controls the pace of the interview by treating the interview questions in a standardised and straightforward manner. The same set of questions will be used for all interviews and these will be asked in the same order or sequence.

Participants: The participants selected to participate in this study include: The municipal manager, internal auditor, and the accountant.

Role players in the municipality management have been selected in the study in order to gain insights on how the management of payment for municipal services is handled. The Municipal manager and the accountant will be interviewed majorly to understand how the general management in the payment for municipal services is done and the internal auditor will be interviewed to understand how issues related to auditing, financial information and budget transparency is handled.

Resources required

A suitable venue would be required for conducting the in-depth interviews. Ideally the venue should be on the premises of the organisations involved or alternatively, a suitable place close to the organisation will be selected. The researcher will be conducting the in-depth interviews with the participants. A notepad and audio recorder will be used during the interview session with prior approval of the participant.

Introduction Phase

Good day, my name is Prince Chukwuneme Enwereji, a PhD research student from the North-West University, Mafikeng Campus. This face-to-face interview is aimed at gaining your insight on the residents' attitude towards the payment for municipal services as it was noted by the Auditor general's report that the North West province is one of the worst provinces with the highest municipal consumer debt. This interview, however, is not meant to probe your job specification but to find solutions on how to enhance the payment for municipal services so that the municipalities in the North West province can improve in service delivery mandate. This interview will only last for 20 minutes and your concise and unbiased responses will be appreciated. Any information provided in this exercise is considered confidential, it will not be used against you in any way. More so, participation is only voluntary, you may withdraw at any point in time, also the results of this study will be open for scrutiny, you may request a copy of the results if you wish.

Please note that this interview is recorded to ensure that your comments and contributions are adequately captured for processing purposes. However, your name will not be attached to any comments, views presented and/or perceptions expressed. Do you have any questions in this regard before we continue?

Interview Phase

[Ensuring that adequate notes are taken and the tape recorder is recording correctly.]

Demographic data

1. What is your current position in the organisation?
2. How long have you been in this position?

[Explain any previous experience related to your current position?]

I will like to ask questions on how the Legislation guiding the payment for municipal services are administered

- (i) Do you educate the residents on the legislation guiding the payment for municipal services?
- (ii) If yes, do you commit them by giving them an agreement form to sign?
- (iii) Do you tell them how much they will be paying, how bills will be calculated and how increments will be made?
- (iv) Do you educate them on enforcement measures?
- (v) If yes, do you prosecute them?
- (vi) Do they pay their fines?
- (vii) Do you implement credit control policies and indigent policies?
- (viii) Do you make collective decisions on payment with the residents?

- (ix) If yes, during the meetings, do you make an account on the total collections for the year?
- (x) If no, don't you think that the residents will suspect you of looting their public funds?

The next question is about Social Influence. I will like to know your understanding on social influence and how it affects residents' perception on payment practices

- (i) Do you believe that the interaction amongst the residents living in a particular place affects their payment culture?
- (ii) Do you ensure that every registered resident pay for municipal services and get equal sanction on default?
- (iii) Do they receive the same proportion of bills?
- (iv) Do you collaborate with politicians?
- (v) If yes, do they help you to convince the residents to pay for their services?
- (vi) Do you think that the politicians discourage residents to pay for their services?
- (vii) If yes, what have you done to solve the problem?

The next question is on the concept of Deterrence. I wish to know how the concept of deterrence is managed to make the residents pay for their municipal services

- (i) Do you believe that deterrence messages can help to change the payment culture of the residents?
- (ii) Do you include deterrence messages in the bills sent to residents?
- (iii) If yes, what kind of deterrent messages do you include?
- (iv) Do you give warning signals to the residents?
- (v) If yes, what kind of warning signal do you give?
- (vi) Do you give threats or make appeals to the residents in order to pay their debts?
- (vii) If yes, what channels do you adopt and what are the contents of the message?

The next question is on a Fiscal exchange, I wish to know how residents' perception on the service provision and the balance between the payment for such services

- (i) Do you believe that the level of service provision by the municipality can influence the payment culture of the residents?
- (ii) What is the nature of service provision by your municipality, is it adequate?
- (iii) Are services provided to all registered residents?
- (iv) Can residents access the rate of their service consumption?
- (v) Do your municipality facilitate educational programmes or engage in helping the less privilege?
- (vi) Do you match the payment with consumption?

- (vii) Do you conduct surveys from time to time to know the level of satisfaction of the residents with regard to service provision?

The next question is on Payment knowledge. I wish to know if the payment knowledge promotes the residents' attitude to pay for their municipal services

- (i) Do you believe that payment knowledge and awareness can influence the payment culture of the residents?
- (ii) Do you educate residents on the importance of paying their bills?
- (iii) Do you inform them when their payments are due?
- (iv) Do you encourage them to make payments?
- (v) Do you tell them the details of their payment and debts?

The next question is on Budget transparency; I wish to know if budget transparency can help promote residents' payment compliance

- (i) Do you believe that disclosing municipal budgets can influence the payment culture of the residents?
- (ii) Do you disclose your budgets and discuss it with the residents?
- (iii) Do you send the municipal expenditure at intervals to the residents?
- (iv) Do you allow residents to make a contribution?
- (v) Do you conclude your budgets on time?

The next question is on Service administration; I want to know if proper service administration promotes payment compliance

- (i) Do you facilitate voluntary payment?
- (ii) If yes, how do you do it?
- (iii) How do you evaluate your bills and which package do you use?
- (iv) How do you monitor and encourage voluntary compliance?
- (v) Are the residents complying as expected and how do you enforce compliance?
- (vi) Do you embark on the adequate filing of residents' payment history?
- (vii) If yes, which package do you adopt?
- (viii) How and at what intervals do you audit residents' payment records?
- (ix) How and when do you notify residents to pay for their services?
- (x) How do you handle appeals from residents?
- (xi) Do you make decisions on matters related to bills together with the residents?
- (xii) How is your payment procedure? Is it simple or complex?

The next question is about Traditional leadership, I want to know if you actually collaborate with the traditional leaders in issues regarding the poor payment compliance of residents and it will help promote payment compliance

- (i) Do you consider traditional leaders as one of the role-players in this municipality?
- (ii) Do you agree that traditional leaders have a lot of influence in making decisions for their subjects?
- (iii) How do you collaborate with the traditional leaders?
- (iv) Have you delegated them to talk to their subjects with regard to the deteriorating debt accrual?
- (v) If yes, what was the outcome?
- (vi) Do you involve traditional leaders in political issues?
- (vii) If yes, what are the kind of political issues matters have you involved the traditional leaders?

The next question is on Communication; I will like to know how you communicate with the residents on matters related to the payment for their services

- (i) Which method/methods do you adapt to communicate with the residents to pay for their municipal services?
- (ii) Which method/methods do you adopt in sending the bills?
- (iii) Are these methods really effective?
- (iv) When will you upgrade these methods?

The next question is on Innovation; I will like to know the emerging innovation options which the municipality have adopted in promoting payment for municipal services.

- (i) What are the payment options available for residents to pay for their services?
- (ii) Have you considered adopting some sales promotional tools to influence the residents to pay for their services?
- (iii) If yes, are these options effective?
- (iv) If no, when will you upgrade the methods of payment and when will you start adopting the sales promotional tools?

The last question is on strategic management. I will like to ask you if you apply the objects of strategic management and leadership

- i) Do you agree that applying strategic leadership in the payment for municipal services can change the non-payment culture for residents?
- ii) If yes, what do you think that it is the best solution that can help resolve the continuous municipal debt crisis?

THANK YOU FOR YOUR THOUGHTFUL RESPONSES...I APPRECIATE.

ANNEXURE C: INTERVIEW GUIDE FOR COUNCILLORS AND TRADITIONAL LEADERS



INTERVIEW GUIDE FOR COUNCILLORS AND TRADITIONAL LEADERS

These face-to-face interviews are aimed at gaining insight and knowledge on how to enhance the payment culture for municipal services in the North West province. The main aim of this study is to find solutions to unravel the intensifying debt accruals in the payment for municipal services in the various municipalities of the North West province. The main focus of this interview is to understand the level of collaboration between the municipal role-players, councillors and the traditional leaders in enhancing the payment behaviour of the residents in the payment for municipal services. This interview allows individual participants some freedom to talk about what is of interest or importance to them. The interviewer controls the pace of the interview by treating the interview questions in a standardised and straightforward manner. The same set of questions will be used for all interviews and these will be asked in the same order or sequence.

Participants: The participants selected to participate in this study include the councillors and the traditional leaders in the selected local municipalities.

Councillors and traditional leaders in the municipalities have been selected in the study in order to gain insights on how the municipality collaborates with them in order to know how they enhance the payment for municipal services. Also, the interview will make an inquiry in order to know the contributions of the councillors in the view to enhance the payment culture for municipal services.

Resources required

A suitable venue would be required for conducting the in-depth interviews. Ideally the venue should be on the municipal council in the various selected municipalities. A notepad and audio recorder will be used during the interview session with prior approval of the participant.

Introduction Phase

Good day, my name is Prince Chukwuneme Enwereji, a PhD research student from the North-West University, Mafikeng Campus. This face-to-face interview is aimed at gaining your insight on the residents' attitude towards the payment for municipal services as it was noted by the Auditor general's report that the North West province is one of the worst provinces with the highest municipal consumer debt. This interview is structured to know the extent of your collaborations with the municipality in enhancing the residents' payment culture in the payment for municipal services. This is to ensure that municipalities in the North West province will improve in service delivery mandate. This interview will only last for 20 minutes and your concise and unbiased responses will be appreciated. Any information provided in this exercise is considered confidential, it will not be used against you in any way. More so, participation is only voluntary as you may withdraw at any point in time, also the results of this study will be open for scrutiny, and you may request a copy of the results if you wish.

Please note that this interview is recorded to ensure that your comments and contributions are adequately captured for processing purposes. However, your name will not be attached to any comments, views presented and/or perceptions expressed. Do you have any questions in this regard before we continue?

Interview Phase

[Ensuring that adequate notes are taken and the tape recorder is recording correctly.]

Demographic data

1. What is your current position in the organisation?
2. How long have you been in this position?

[Explain any previous experience related to your current position?]

- (i) Do you have a forum to summon the community members?
- (ii) What kind of matters do you discuss with them?
- (iii) I am aware that you facilitate social development programmes, do you also engage in political issues?
- (iv) Do you have meetings with the municipality on developmental issues?
- (v) Have you ever collaborated with the municipality on matters related to residents' wellbeing?
- (vi) Have the municipality approached you on matters regarding the payment culture of the residents?
- (vii) If yes, how did you handle it?
- (viii) Did the residents respond?
- (ix) Do you think that the residents are subject to your decisions?
- (x) Do you know that the constitution enables you to guide the conducts of your subjects?
- (xi) Do you know that some legislation empowers you to collaborate with the municipal role-players to ensure equitable service delivery?

- (xii) Do you think that you can influence residents to take some decisions which they couldn't have taken by themselves?
- (xiii) Do you think that your collaboration with the municipality can help to enhance the payment culture of the residents?
- (xiv) If yes, what measures do you think that will be adopted by the municipality, through collaborating with you, to enhance the payment culture of residents in the payment for municipal services? (Strategic management)

THANK YOU FOR YOUR THOUGHTFUL RESPONSES...I APPRECIATE.

ANNEXURE D: INTERVIEW GUIDE FOR ICT SPECIALISTS



These face-to-face interviews are aimed at gaining insight and knowledge on how to enhance the payment culture for municipal services in the North West province. The main aim of this study is to find solutions to unravel the intensifying debt accruals in the payment for municipal services in the various municipalities of the North West province. This interview allows individual participants some freedom to talk about what is of interest or importance to them. The interviewer controls the pace of the interview by treating the interview questions in a standardised and straightforward manner. The same set of questions will be used for all interviews and these will be asked in the same order or sequence.

Participants: The participants selected to participate in this study is the ICT specialist.

ICT specialists have been selected in the study in order to gain insights on how they generally communicate with the residents in order to educate them and to inform them to pay their municipal services. Further enquiry was made to know the strategic management measures to enhance the payment culture for municipal services.

Resources required

A suitable venue would be required for conducting the in-depth interviews. Ideally the venue should be on the premises of the organisations involved or alternatively, a suitable place close to the organisation will be selected. The researcher will be conducting the in-depth interviews with the participants. A notepad and audio recorder will be used during the interview session with prior approval of the participant

Introduction Phase

Good day, my name is Prince Chukwuneme Enwereji, a PhD research student from the North-West University, Mafikeng Campus. This face-to-face interview is aimed at gaining your insight on the residents' attitude towards the payment for municipal services as it was noted by the Auditor general's report that the North West province is one of the worst provinces with the highest municipal consumer debt. This interview, however, is not meant to probe your job specification but to find solutions on how to enhance the payment for municipal services so that the municipalities in the North West province can improve in service delivery mandate. This interview will only last for 20 minutes and your concise and unbiased responses will be appreciated. Any information provided in this exercise is considered confidential, it will not be used against you in any way. More so, participation is only voluntary, you may withdraw at any point in time, also the results of this study will be open for scrutiny, you may request a copy of the results if you wish.

Please note that this interview is recorded to ensure that your comments and contributions are adequately captured for processing purposes. However, your name will not be attached to any comments, views presented and/or perceptions expressed. Do you have any questions in this regard before we continue?

Interview Phase

[Ensuring that adequate notes are taken and the tape recorder is recording correctly.]

Demographic data

3. What is your current position in the organisation?
4. How long have you been in this position?

[Explain any previous experience related to your current position?]

The first discussion is on payment knowledge. I wish to know if the payment knowledge promotes the residents' attitude to pay for their municipal services

- (i) Do you believe that payment knowledge and awareness can influence the payment culture of the residents?
- (ii) Do you educate residents on the importance of paying their bills?
- (iii) Do you inform them when their payments are due?
- (iv) Do you encourage them to make payments?
- (v) Do you tell them the details of their payment and debts?

The next question is on communication dynamics; I will like to know how you communicate with the residents on matters related to the payment for their services

- (i) Which method/methods do you adapt to communicate with the residents to pay for their municipal services?
- (ii) Which method/methods do you adopt in sending the bills?
- (iii) Are these methods really effective?
- (iv) When will you upgrade these methods?

The next discussion is on emerging sustaining innovation; I will like to know the emerging innovation options which the municipality have adopted in promoting payment for municipal services.

- (i) What are the payment options available for residents to pay for their services?
- (ii) Have you considered adopting some sales promotional tools to influence the residents to pay for their services?
- (iii) If yes, are these options effective?
- (iv) If no, when will you upgrade the methods of payment and when will you start adopting the sales promotional tools?

The last question is on strategic management. I will like to ask you if you apply the objects of strategic management and leadership

- i) Do you agree that applying strategic leadership in the payment for municipal services can change the non-payment culture for residents?
- ii) If yes, what do you think that it is the best solution that can help resolve the continuous municipal debt crisis?

THANK YOU FOR YOUR THOUGHTFUL RESPONSES...I APPRECIATE.

ANNEXURE E: SAMPLE SIZE CALCULATOR

Required Sample Size[†]

Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

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ANNEXURE F: ENGLISH EDITING CERTIFICATE



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Date: 15th November, 2018

TO WHOM IT MAY CONCERN

CERTIFICATE OF EDITING

I, **Muchativugwa Liberty Hove**, confirm and certify that I have read and edited the entire dissertation, **A PAYMENT CULTURE FRAMEWORK FOR MUNICIPAL SERVICES IN THE NORTH WEST PROVINCE** by **Prince C Enwereji**, student number **25738437** and ORCID <http://orcid.org/0000-0002-8129-0825>, submitted in fulfillment of the requirements for the degree **PhD in Business Management at the North-West University**.

Prince C Enwereji was supervised by **Professor Marius Potgieter** of the North-West University.

I hold a PhD in English Language and Literature in English and am qualified to edit such a thesis for cohesion and coherence. The views expressed herein, however, remain those of the researcher/s.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dr M.L.Hove'.

Dr M.L.Hove (PhD, MA, PGDE, PGCE, BA Honours – English)



ANNEXURE G: PLAGIARISM DECLARATION



FEMS Plagiarism Declaration Form

I, Prof M Potgieter (NWU: 23615249), the Doctoral Supervisor of Prince Enwereji (NWU: 16513207), who is the author of the thesis titled:

A PAYMENT CULTURE FRAMEWORK FOR MUNICIPAL SERVICES

IN THE NORTH WEST PROVINCE

hereby declares that the abovementioned document was checked via Turn-It-In for plagiarism and that it was found that the similarity index for the thesis is only 8% and this is due to literature referencing.

A handwritten signature in black ink, appearing to read 'Prof M Potgieter'.

Leader /Promoter/Supervisor

23/11/2018

Date

A handwritten signature in black ink, appearing to read 'Prince Enwereji'.

Student

23-11-2018

Date

ANNEXURE H: TURNITIN CERTIFICATE

A PAYMENT CULTURE FRAMEWORK FOR MUNICIPAL SERVICES IN THE NORTH WEST PROVINCE

ORIGINALITY REPORT

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SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

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ANNEXURE I: ETHICAL CLEARANCE



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Tel: 018 299-1111/2222
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Web: <http://www.nwu.ac.za>

Research Ethics Regulatory Committee
Tel: 018 299-4849
Email: nkosinathi.machine@nwu.ac.za

29 January 2019

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the Economic and Management Sciences Research Ethics Committee (EMS-REC) on 29/01/2019, the Economic and Management Sciences Research Ethics Committee hereby approves your study as indicated below. This implies that the North-West University Research Ethics Regulatory Committee (NWU-RERC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: A framework to establish a payment culture for municipal services in the North West province.															
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof M Potgieter															
Student: PC Enwereji															
Ethics number:	N	W	U	-	0	0	1	3	8	-	1	9	-	A	4
	Institution	Study Number	Year	Status											
	Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation														
Application Type:															
Commencement date:	29/01/2019														
Expiry date:	28/01/2020														
Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.															

Special in process conditions of the research for approval (if applicable):

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- The study leader/supervisor (principal investigator)/researcher must report in the prescribed format to the EMS-REC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.
- The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.
- Annually a number of studies may be randomly selected for an external audit.
- The date of approval indicates the first date that the study may be started.
- In the interest of ethical responsibility, the NWU-RERC and EMS-REC reserves the right to:
 - request access to any information or data at any time during the course or after completion of the study;
 - to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;
 - withdraw or postpone approval if:
 - any unethical principles or practices of the study are revealed or suspected;