

IMPROVING MUNICIPAL BILLING SYSTEM AND REVENUE-GENERATING STRATEGY: CHIVI RURAL DISTRICT COUNCIL CASE STUDY

Bright MUPEDZI¹, Magret OLAREWAJU², Masibulele PHESA³

^{1,3}University of Kwazulu-Natal, Durban, South Africa

²Coventry University, United Kingdom

Corresponding author: Bright Mupedzi

E-mail: brightmupedzi@gmail.com

Volume: 4
Number: 5
Page: 1436 - 1453

Article History:

Received: 2023-08-18

Revised: 2023-09-01

Accepted: 2023-09-16

Abstract:

Municipalities, in general, need help in their revenue generation. However, this problem is most severe among rural district councils as they tend to have relatively more minor revenue bases, a culture of non-payment on the part of ratepayers, poor service delivery, inefficient billing systems, poor planning, and poor debtor management. As a result, rural district councils in Zimbabwe, including the Chivi Rural District Council (CRDC), face self-sustainability concerns due to financial difficulties. There is overwhelming evidence in research to support the notion that adequately planned billing systems positively impact revenue generation among municipalities. On the other hand, poorly planned billing systems will lead to financial difficulties. A case study approach is designed. Secondary data was gathered in addition to primary data collected through questionnaires with CRDC employees and ratepayers. Secondary data was collected through existing CRDC and government reports, documents, and the relevant Acts of Parliament. This found that customers had neutral perceptions of the service quality subconstructs of assurance, reliability, empathy, and tangibles at the CRDC. Further, customers had high neutrality and almost negative perceptions of the service quality construct of responsiveness. A statistically significant neutral relationship was found between assurance, reliability, responsiveness, empathy, and tangibles with overall customer satisfaction. Reliability had the most decisive influence on customer satisfaction, followed by tangibles, responsiveness, empathy, and assurance. From a practical perspective, the study recommends better ways of revenue collection for the municipality. Further, the study adds to the debate in the literature on Pecking Order Theory.

Keywords: Municipal billing, revenue-generating strategy, Government revenue, Service delivery

Cite this as: MUPEDZI, B., OLAWERAJU, M. (2023). "Improving Municipal Billing System And Revenue Generating Strategy: Chivi Rural District Council Case Study." International Journal of Environmental, Sustainability, and Social Science, 4 (5), 1436 - 1453.



INTRODUCTION

Governments require adequate financial resources to execute their mandate and obligations, including service delivery to the public (Chatiza & Chakaipa, 2010).

On the other hand, a government's only revenue source is levying various taxes (Education Training Unit, 2021). Without revenue, governments become paralyzed (Oyugi, 2000). They will need help to provide the required service delivery. Without efficient service delivery, ratepayers also become hesitant to pay taxes and levies, negatively affecting a government's ability to provide services (Gumbo, 2013; Chatiza & Chakaipa, 2010). Thus, governments should create efficient billing and revenue-collecting mechanisms to stop this vicious cycle. The government in Zimbabwe is divided into three tiers, local, provincial, and national, as shown in Figure 1 below (Mazibuko, 2014).

The Chivi Rural District Council (CRDC), which administers and serves the interests of a catchment area of nearly 200,000 people, is 1(one) of 60 (sixty) rural district governances in Zimbabwe (Chatiza & Chakaipa, 2010; Government of Zimbabwe, 1995). According to CRDC's mission statement, success is defined as delivering services that enhance the quality of life for everyone (Chivi et al., 2019). The above issues might be due to the CRDC's many revenue sources; the Council only receives about 20 percent of the total revenue from these sources. The revenue sources form the debtors' section of the Council. The earnings from these revenue sources determine the service delivery level to the CRDC inhabitants (Al-Mwalla, 2012). If debtors choose not to pay their bills, the CRDC cannot generate sufficient revenue to meet its objectives, and its established purpose will be defeated (Richard & Mori, 2018). A research study needs to be performed to develop solutions to what is troubling CRDC's billing system. This will also see recommendations being made to enhance its revenue generation and thus obtain funding to achieve its intended goals.

The local Council raises revenue through various charges such as rents, rates, license fees, property or land sales, taxes, and service charges (Chivi et al., 2019); additionally, the central government lends its support. CRDC Finance Department, conversely, expressed concern about the severe financial constraints that the Council is experiencing. It is believed that revenue projections consistently overestimate actual revenue, and this indicates that there is always a budget deficit. CRDC had revenue shortfalls in 2019 compared to projected revenue (Chivi et al., 2019). Due to shortfalls in levies, rent, and rates, as well as land and property sales, there were significant budgetary shortfalls. Many people disapproved that they could not afford to pay the development levy.

Two significant sources of funding or revenue generation, namely, inter-governmental transfers and own revenue generation (Mandondo, 2000; Manyaka, 2014). Inter-

Government transfers refer to the funding local authorities receive from the central or national government or other government departments (Oyugi, 2000).

Local governments, like any organization, require positive cashflows in order for them to function correctly. These local governments or district councils depend on revenue from ratepayers to provide much-needed services in the area (Manyaka, 2014). In Zimbabwe, local governments have been experiencing a decline in remittances from the national government and are increasingly depending on their funding sources. Because of this, local governments have been experiencing revenue generation challenges. CRDC is currently experiencing revenue collection challenges. In the last five years, revenue has declined to about 20 percent from 70 percent (Chivi et al., 2019). According to assumptions, the revenue decrease has been attributed to a less-than-optimal billing management system. In this case, invoice processing and posting delays, lax policies for enforcing invoice payments, late payments, and poor debt management are all characteristics of the situation. From the apparent problem, the research question is derived: *How can the billing management system be improved to enhance revenue generation at CRDC?* Further, sub-research questions are derived:

- i. What are the sources of own revenue at CRDC?
- ii. How are the CRDC sources of revenues accounted for in the existing billing system?
- iii. To what extent is the billing regime at CRDC accurate?
- iv. How effective is the debtors' management policy on revenue generation at CRDC?
- iv. How do ratepayers perceive the quality-of-service delivery, including the correctness of billing from CRDC?

The study's primary purpose of examining the current revenue management system at CRDC to propose strategies for enhancing its billing system. Secondly to:

- v. Analyze the revenue types

- vi. Analyze how the various revenue source affects the billing system.
- viii. Analyze the effects of relevant legislation on the billing management system.
- vii. Find out how much the current billing system can allocate and account for bills to correct ratepayers for services provided.
- viii. Establish ratepayers' perceptions of the billing and debtors' management system.

Theoretical review. According to the Pecking Order Theory, firms have a preference for the cash they utilize to fund their enterprises, according to the cost of the funds (Allen, 2006). In other words, internal sources are preferred to external sources. The company prefers short-term over long-term debt and debt over equity because of the informational gaps between the company and potential investors. Rather than issuing new securities, corporations might use retained earnings to promote investment possibilities (Allen, 2006). Accordingly, issuing equity gets more expensive when the difference between insiders and outsiders grows larger (Chen et al., 2011). In order to avoid under-priced securities, companies with a high degree of information asymmetry should consider issuing debt. The stock price of a company drops when the company's capital structure is reduced by events such as new stock issues. Within local governments, the Pecking Order Theory encourages rural district councils to raise their funds, which is cheaper and more sustainable in the long run.

Empirical evidence. Chivi Rural District Council is part of 60 rural district councils that administer and serve the interests of a catchment area of nearly 200,000 people (Chatiza & Chakaipa, 2010; Government of Zimbabwe, 1995). For CRDC, success is providing services that improve everyone's quality of life (Chivi et al., 2019). The Council makes a difference in this area by enhancing health care, transportation, and water infrastructure and boosting education, business possibilities, and resource sustainability (Mushuku et al., 2012). In the instance of the CRDC, this has not been the case due to its inability to meet the needs of the local population (Chitsika, 2016). Its main bottleneck has been on billing and management of debtors, thus generating revenue (Richard & Mori, 2018). This is through various charges such as rent, rates, license fees, property or land sales, taxes, and service charges (Chivi et al., 2019). In addition, it has the support of the national government.

In contrast, the Finance Department of the CRDC raised concerns about the severe financial shortfall within the recent few years that the Council is currently facing. It is claimed that revenue predictions continuously overestimate actual receipts, indicating that the government is always running a deficit in its budget. Revenue deficits were experienced by the CRDC in 2019 compared to planned revenue (Chivi et al., 2019). There were severe financial deficiencies because of shortfalls in levies, rent, and rates, as well as land and property sales, among other things. Many people believed they could not afford to pay the development levy and, as a result, were opposed to the idea of being forced to do so. The Council obtains approximately 20 percent of the total revenue from all sources while having many revenue sources. The debtors' part of the Council comprises the sources of revenue. The degree of service delivery to the residents of the CRDC is determined by the amount of money earned from these sources of revenue (Al-Mwalla, 2012). As a result of debtors' refusal to pay their bills, the CRDC will be unable to earn sufficient revenue to accomplish its objectives, and the reason for which it was founded will be defeated (Mbula et al., 2016; Olouch, 2016; Richard & Mori, 2018).

Local governments and revenue generation. To execute their mandate and service delivery obligations to the public, local authorities require financial resources to be sustainable (Mazibuko, 2013). Revenue is the money that the government generates to fund its operations (Adejoh & Sule, 2013). In other words, it is the total amount of money that the government generates to cover its annual expenses. Internal or external revenue generation is possible. If local authorities cannot

establish tax rates, they will likely have little influence on mobilizing revenue and financial independence (Panara, 2013). Thus, the Constitution's recognition of local taxing authorities and fiscal autonomy is a critical indicator of local self-reliance (Eaton & Schroeder, 2010). Additionally, given the discrepancies that frequently characterize the majority of jurisdictions, it is critical to build an intergovernmental tax structure that complements local resource-raising initiatives (Chigwata & de Visser, 2018).

Revenue inflows into rural development communities are even lower than in urban areas (Chigwata, 2016). Local councils have road construction equipment and healthcare cash inflows (de Visser et al., 2010). They were primarily funded through the land development levy or unit tax (Chakaipa, 2010). However, to collect money efficiently, it is necessary to maintain the current registers of landowners and miners and calculate the units and their value. In commercial farming areas, the land reform program has altered landownership. Many RDCs have been unable to maintain changes in registers and units by a new landowner (de Visser et al., 2010). Councils fail to bill many new farmers, resulting in a decline in the money they collect (de Visser et al., 2010). RDC Act [29:13] authorizes activities aimed at increasing revenue by different service fees imposed by a council for the provision of any services and amenities and to introduce an extra fee on real estate within their competence to provide the services, facilities, and equipment incurred by the Council (Coutinho, 2010). Regarding property owners in rural areas within the council area, owners of rural land sites in that area, or licensed dealers who operate on that land, Section 96 [Chapter 29:17] provides a land development levy and an all-persons levy.

Own-source revenue generation. Mazibuko (2013) stipulates that these should be sufficient funds to finance services produced locally that primarily benefit residents by at least better-off local governments. Property taxes account for nearly 30% of local government revenue (The Tax Policy Center, 2020). This was the primary source of revenue for municipalities. Other taxes include income, hotel, and business license taxes (2 percent). Charges and other fees that municipal or county governments collect, such as water, sewerage, and parking meter fees, only constitute 23 percent of local general revenue.

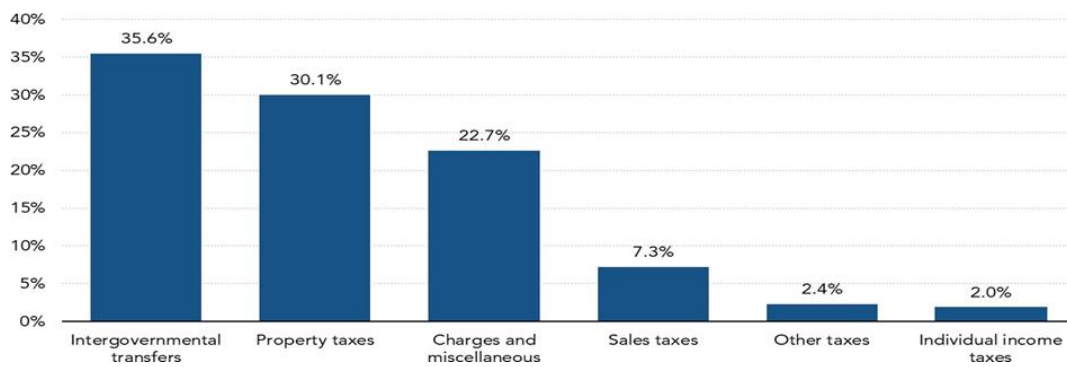
Taxes and user fees collected by local governments in Zimbabwe also help them raise money for their operations and grants from the national government (Chigwata & de Visser, 2018). As the Constitution recognizes, a local government's ability to carry out its duties effectively depends on its financial resources. Other sectoral statutes allow local governments to impose user fees, levies, property taxes, licensing fees, and the authority to lease or sell land or buildings (Chigwata & de Visser, 2018). Salaries, water, chemicals, repairs, and electricity mainly drive spending. Service delivery includes revenue from water distribution, garbage collection, sewer and effluent clearance, and health services supplied at various council-run hospitals and clinics (Coutinho, 2010). Another form is license fees which apply to various facilities, including flea markets, bus stations, schools, caravan parks, cemeteries and crematories, parks, swimming pools, and street parking. The general need for adequate fees for the setting and enforcing of Council regulations governing the usage of council facilities, for example, parks and caravan parks (de Visser et al., 2010). Consequently, local governments cannot maximize revenues from these sources.

Alternatively, taxes are used, a government-imposed compulsory levy on goods, services, income, and wealth. It ensures a predictable revenue source for government expenditures (Udeh, 2008). Some regard it as a primary source of revenue for any government (Javed et al., 2018). This is how the government generates additional revenue. It is funded through personal and corporate income. Direct or indirect taxation is possible. Fines are also another revenue generation which is imposed as bylaws violations, including unapproved development, illegal parking, and

environmental damage are all susceptible to these fines, which are assessed quarterly by the Council (de Visser et al., 2010; Coutinho, 2010). However, frequently wasteful and ineffectual systems are implemented to enforce council bylaws and maximize fines and penalties collection. Municipal Traffic Laws Enforcement Act [29:10] is routinely violated due to councils' incapacity to monitor streetcar parks, resulting in significant revenue losses.

Another form of revenue generation is property rates, charges on property owners instead of property taxes (Coutinho, 2010). Landowners will likely bear the brunt of that portion of the tax levied on land. To the extent that landowners are wealthy, the property tax is progressive. Some fees are also generated from plan approval and development fees. Plan, approval, and development. Municipality also has other revenue-generating projects such as running beer halls, making beer, agricultural activities, and making bricks to generate extra. These projects frequently fall short of expectations and are subsidized by other council operations, in some cases, rather than serving as a source of revenue for councils (de Visser et al., 2010).

Other notable revenue generation includes leasing and sale of land, rentals of council properties, proceeds from natural resources, and interest from investment; several revenue streams for rural district councils have been discussed in the preceding sections. Several authors indicate that the proportion of revenue received by local governments is increasing (USAID, 2005; Mazibuko, 2013, Tax Policy Center, 2020). Intergovernmental transfers account for approximately 36% of revenue for local governments, according to the Tax Policy Center (2020). The remaining 64% comes from internal sources of revenue such as taxes, fees, and fines. Local government general revenue is broken down into categories in Figure 6.



Source: Tax Policy Center (2020)

Figure 1. Generalized Breakdown of Local Government Revenue Structure

Municipality billing. Municipal billing means invoicing on a municipal account to a resident whose payment includes various fees, taxes, fines, or other charges related to obligations to property tax, water, sewer, or other utilities (Nelson et al., 2006). This definition is consistent with USAID (2005), which proposes a municipal (or local authority) billing model.

According to Mazibuko (2013), the billing cycle is the period during which a bill for a specific account is generated. The rationale for accurate billing needs, the essential components of municipal billing systems, and the integrity of billing, including preventative or investigative controls, billing procedures and cycles, formats, customer use, tariffs, and services, all play a critical role in the system (USAID, 2005). When billing information is entered incorrectly, or the procedures above are not followed, the billing system will be incorrect, undermining public confidence (Mazibuko, 2013). The Council must bill its customers regularly to generate more income.

Financial systems and billing process. Financial systems include the processes and procedures used to manage cash inflows and outflows. To manage municipal financial systems, some basic information needs to be in place:

- Database of Ratepayers: This database includes a list of all ratepayers that contains all their contact details and billable services.
- Accounting System: an adaptive and reliable accounting system that can track cash inflows and outflows and generate invoices for ratepayers. The accounting package should operate efficient billing and receivables management (Damodaran, 2012; Madishetti & Kibona, 2013; Kakeeto, 2016).
- Invoicing: an efficient process of timely delivering invoices to customers of ratepayers. This includes having an efficient logistical support framework for messengers or delivery vehicles. E-mail addresses can also be used to communicate and deliver invoices.
- Collections and Debtor Management System: This refers to a portfolio of receivables that are appropriately managed (Al-Mwalla, 2012; Mbula et al., 2016; Richard & Kabala, 2020). In other words, it is a procedure to ensure all debts are paid when necessary to increase the revenue the Council receives (Gul et al., 2013; Ross, 2013; Nandiri, 2016; Olouch, 2016). Debt management must be adequately managed if any council is to prosper in revenue generation (Kakeeto et al., 2016). This is in line with what Pedzisai and Tsvere (2013) cited as possible reasons for non-payment, that is, poor internal administrative procedures.

To increase the integrity of municipal billing, control mechanisms are used to reduce or eliminate the risk of errors, such as preventative controls and detective controls (Mazibuko, 2013).

Research gap. Local governments face many challenges, ranging from corruption and embezzlement to insufficient funding, mismanagement of funds, and ineffective leadership. According to Adejoh and Sule (2013), the state government has historically deducted a certain percentage of the statutory allocation, causing local governments to underperform. Other challenges include (i) infrastructure that is in a state of disrepair, (ii) inaccessibility of social services to rural residents, and (iii) underdeveloped local communities.

Mazibuko (2013) asserts that these challenges are universal regarding government revenue management. These concerns include revenue collection incentives, insufficient credit control, inadequate indigent management, and a need for revenue enhancement measures. These include inefficient revenue-receiving processing and deposit, incorrect bills, a lack of incentives to pursue collections, and inadequate enforcement of revenue regulations. There needs to be a study that focuses on improving revenue-generating strategies. Through empirical research, this study sheds light on the literature. It concludes by arguing that only when sufficient investment is made in the local economies of predominantly rural municipalities will it be easier to improve their financial viability through effective revenue generation.

METHODS

This study uses a case study strategy to comprehend human beings in a social context by examining the actions of a single group, community, or event. As a result, the case study is Chivi Rural District Council. Mono methods are used to conduct this study, which is the collection of data in more than one method. A quantitative approach is used, and numerical data represents statistical results (Bryman, 2006). Data was collected by self-completion questionnaires using cross-sectional data between 2018 and 2021.

All 46 employees were considered, and 3460 ratepayers. Accordingly, CRDC employees and ratepayers comprise the study population, consistent with studies (Babbie & Mouton, 2009; Cooper

& Schindler, 2011). The combined population is approximately 3 506. Stratified sampling was used to choose participants for the study. Various sources were used, such as CRDC staff and ratepayers with different types of ratepayers, namely farmers, miners, vendors, flea marketers, and businesses, to mention a few. The study sample consisted of n=300 ratepayers and n=27 CRDC employees. Data was collected using two questionnaires; Section A of the questionnaire comprised demographic information, whereas Section B contained the views of ratepayers/employees of the CRDC.

Responses to the questionnaire ranged from (1) = Strongly Agree; (2) = Agree; (3)= Neutral; (4) = Disagree; (5) = Strongly Disagree.

Table 1. Questionnaire Response Scale

Section	Sub-scale	Measurement	Source
A	Demographics	Multiple Likert scale (1= Strongly AGREE; 5 = strongly disagree)	Developed for this study
B	Service Quality		Yeet et al (2008), Coutinho (2010), mazibuko (2013)

A questionnaire underwent a pilot test where all the steps were tested before any data was collected for the study. A sample of n = 10 was taken from the target population to determine the readability of the questionnaire. The sample of ten participants was within immediate reach of the research, whether through work colleagues, peers, or relatives. The pilot study being conducted this way allowed the researcher to assess any downfalls that could be experienced and how to better the data collection process. Minor adjustments were made based on the collated feedback from the pilot study. Furthermore, the adjustments made were two grammatical errors and a more concise clarification of terms.

This study adopts a replication and extension strategy to champion empirical generalizations, which aids in discovering scope and boundaries (Hubbard & Lindsay, 2007). For validity, the level of validity, which in this study means measuring switching behavior, this study adapted questionnaires from past studies (c.f. Ajzen, 2002; Farah, 2017 & Li et al., 2020). In addition, factor analysis was used to test convergent and discriminant validity (Cooper & Schindler, 2011). To ensure reliability, careful and concise wording on the instrument was used by canceling out any ambiguity and possible chance of bias entering the study. Further, Cronbach's alpha was done before processing any other statistical measurements. Data was analyzed using descriptive and inferential analysis. Statistical Package for Social Scientists (SPSS) was used. Descriptive statistics was used to describe the sample. Inferential statistics was used to test relationships among variables. In summary, the research onion approach was used as suggested by Saunders et al. (2007). The next section presents the results, followed by a discussion and conclusion:

RESULT AND DISCUSSION

The data analysis emanates from the sample's biographic profile, leading to CRDC ratepayers' and employees' perceptions of service quality. Various statistical analyses were performed since statistical analysis was used to analyze the data. As a result, the background and biographical description of the sample are presented in the next section. Next, details of ratepayers as well those of the employees are provided.

Background information on all respondents. The researcher obtained 27 questionnaires from CRDC employees, each thoughtfully completed, resulting in a reasonable response rate. The respondents were two managers, five supervisors, six cashiers, and seven revenue and debtor clerks. Additionally, the researcher obtained 300 responses from ratepayers, a response rate of 100%.

Biographical profile of the sample. The study sample consisted of two sub-groups, namely CRDC ratepayers and employees. The biographical profile of these sample subgroups will be presented separately: the CRDC employees and CRDC ratepayers.

CRDC ratepayers. The CRDC ratepayers sample comprised 300 respondents. The following demographic profile is presented: age, Gender, level of education, occupation, and the type of ratepayer the customer is. Age was categorized into youth and elderly ranging from the age of 26 - 55+ years. Table 5 presents this information. More female (52 percent) respondents participated in the study. Regarding the nature of ratepayers, farmers and vendors were the largest groups of ratepayers to participate in the study.

Table 2. Biographical profile of CRDC Ratepayers (n = 300)

Demographic characteristics		Frequency	Percentage
Age	Youth	150	50
	Elderly	150	50
	Male	143	47.7
Gender	Female	155	52.3
	Did not indicate	2	0.0
	High school	140	46.7
Education level	College/ university	71	23.7
	Diploma	43	14.3
	Degree	38	12.7
	Masters	5	1.72.
	Doctorate	1	0.33
	Standard 5	1	0.33
	No education	1	0.33
Type of ratepayer*	Landlord	16	5.4
	Business owner	21	7.1
	Vendor	136	45.9
	Vehicle owner	15	5.1
	Flea-Market	56	18.9
	Farmer	191	64.5
	Miner	141	47.6
	Student	19	6.4

Source: Own presentation

*The dominant category of ratepayers is indicated as an individual may represent various forms of ratepayers

Various crosstabulations of the demographic variables were conducted to gain a detailed understanding of the sample. These are presented next.

Table 3. Ratepayers age vs. Gender

Age	Gender						Combined Sample	
	Male		Female		Prefer not to say		Frequency	%
	Frequency	%	Frequency	%	Frequency	%		
Youth	108	75.5	42	27.1	0	0	150	50
Elderly	35	24.5	113	72.9	2	100	150	50
Total	143	100	155	100	2	100	300	100

The findings indicate that 75.5% of the sampled respondents were within the age group of youths in the male category, and 72.9% were within the elderly female population. The lowest age

group was elderly males, with 24.5%. Thus, based on the tabulated data, the study sample was gender-balanced, removing the possibility of biased responses even though male respondents outnumbered female respondents.

Table 4. Ratepayers' Gender vs. education level

Education Level	Gender						Combined Sample	
	Male		Female		Prefer not to say			
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
High School	77	49.7	63	44.1	0	0	140	46.7
College or Varsity	46	29.7	24	16.8	1	50	71	23.7
Diploma	10	6.5	32	22.4	1	50	43	14.3
Degree	8	5.2	30	20.1	0	0	38	12.7
Masters	1	0.65	4	2.8	0	0	5	1.72
Doctorate	1	0.65	0	0	0	0	1	0.33
Standard 5	0	0	1	0.67	0	0	1	0.33
No education	0	0	1	0.67	0	0	1	0.33
Total	155	100	143	100	2	100	300	100

Table 4: shows that most ratepayers are high school attendees, with a population rate of 46.7%, and are primarily males. The least reported are respondents with a doctorate, standard 5, and no education, with a size of 0.33%. Based on the collected data, the sample was sufficiently educated to deliver well-reasoned responses to the questions.

Table 5. Type of Ratepayers vs. Occupation

Types of Ratepayers	Occupation						Combined Sample	
	Unemployed/Entrepreneur		Employed		Student			
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Landlord	4	2.2	12	11.7	0	0	16	5.4
Business owner	8	4.4	13	12.6	0	0	21	7.1
Vendor	68	37.6	68	66	0	0	136	45.9
Vehicle owner	6	3.3	9	8.7	0	0	15	5.1
Flea-Market	47	25.9	9	8.7	0	0	56	18.9
Farmer	130	71.8	60	58.3	1	8.3	191	64.5
Miner	91	50.3	50	48.5	0	0	141	47.6
Student	6	3.3	2	1.9	11	91.7	19	6.4
Shop Owner	7	3.9	8	7.8	0	0	15	5.1
Total	181	100	103	100	12	100	296	100

In terms of types of ratepayers, 64.5% of the respondents are farmers and entrepreneurs, and the most minor recorded are shop owners and vehicle owners, with a population of 5.1%, 5.4% are landlords, 6.4 % are students, 18.9% are flea market owners, 46% are vendors, and 47.6% are miners. Thus, based on the tabled data, the study sample was of an economically active population, thus eliminating any associated bias.

CRDC employees. The CRDC employees sample consisted of age, Gender, level of education, employee term working at CRDC, and employee position within CRDC. Age was classified into five categories that are 18 to 25 years, 26 to 35 years, 36 to 45 years, 46 to 55 years, and 55+ years age groups. Gender was categorized into male and female. A depiction of respondents' biographical profiles is provided in Table 6.

Table 6. Biographical Profile of CRDC Employees (n = 27)

Demographic Characteristics		Frequency	Percentage
Age	26 to 35 years	3	11.1
	36 to 45 years	10	37.1
	46 to 55 years	6	22.2
	56 + years	8	29.7
Gender	Male	15	55.6
	Female	27	44.4
Education Level	High School	9	33.2
	College or Varsity	10	37.1
	Diploma	8	29.7
Employee work term	0-5 years	7	25.8
	6-9 years	10	37.1
	10+ years	10	37.1
Employee work position	Manager	2	7.4
	Supervisor	5	18.5
	General worker	20	74.1

Source: Own presentation

Various crosstabulations of the demographic variables were conducted to gain a detailed understanding of the sample. These are presented next.

Table 7. CRDC Employees' Age vs. Gender

Age	Gender				Combined Sample	
	Male		Female		Frequency	%
	Frequency	%	Frequency	%		
26 - 35 years	3	20	0	0	3	11.1
36 - 45 years	4	26.7	6	50	10	37.1
46 - 55 years	3	20	3	25	6	22.2
56 + years	5	33.3	3	25	8	29.7
Total	15	100	12	100	27	100

The findings indicate that 37.1% of the sampled respondents were within the age group 36-45 years, 29.7% were within 56+ years, 22.2% were in the 46-55 years age group, and 11.1% were 26-35 years of age. This also implies that those who responded to the survey are highly mature CRDC personnel capable of responding well to questions about their work.

Table 8. Gender vs. Education level

Education Level	Gender				Combined Sample	
	Male		Female		Frequency	%
	Frequency	%	Frequency	%		
High School	5	33.3	4	33.3	9	33.2

College or Varsity	6	40	4	33.3	10	37.1
Diploma	4	26.7	4	33.4	8	29.7
Total	15	100	12	100	27	100

Table 8 shows that most employees attended college or varsity with a population rate of 37.1% and are primarily males. The last reported are respondents with a diploma, with a size of 29.7%. Based on the collected data, the sample was sufficiently educated to provide well-reasoned responses to the questions.

Table 9. Gender vs. Employee work term

Employee work term	Gender				Combined Sample	
	Male		Female		Frequency	%
	Frequency	%	Frequency	%		
0-5 years	4	26.7	3	25	7	25.8
6-9 years	7	46.6	3	25	10	37.1
10+	4	26.7	6	50	10	37.1
Total	15	100	12	100	27	100

The table above indicates that most of the employees at CRDC have been working at the local Council for 6-10+ years, with a size of 37.1% and with a minor working term of 0-5 years. This demonstrates that the sample was of persons with experience in their respective fields who could provide sound and accurate responses to the given questionnaires.

Table 10. Gender vs. Employee Position

Employee Position	Gender				Combined Sample	
	Male		Female		Frequency	%
	Frequency	%	Frequency	%		
Manager	1	6.7	1	8.3	2	7.4
Supervisor	2	13.3	3	25	5	18.5
General worker	12	80	8	66.7	20	74.1
Total	15	100	12	100	27	100

Regarding employee positions, 74.1% were general workers, 18.5% were supervisors, and 7.4% were managers. Based on the collected data, the sample has sufficient comprehension of CRDC operations and processes and can provide well-reasoned responses to the questions posed. The following section presents the sources of funds collected.

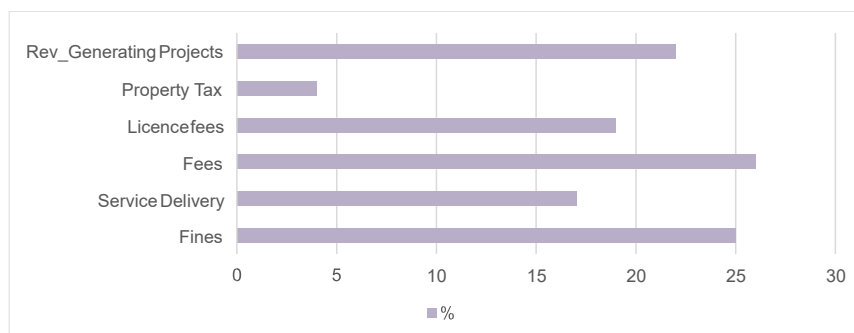
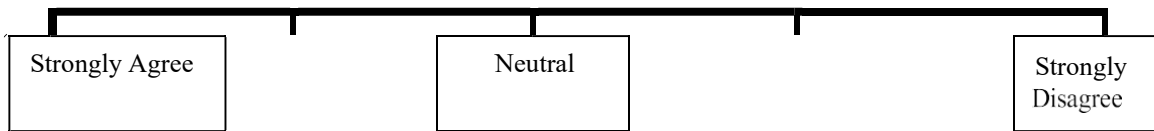


Figure 2. Sources of Funds

Figure 1 indicates the sources of funds collected by the CRDC. The findings show that most revenue comes from fees (26) on various users of council amenities, such as flea markets, bus termini, schools, cemeteries and crematoria, caravan parks, parkades and street parking, swimming pools, etc. The minor revenue source is the property tax which is only collected from 4 owners.

Descriptive analysis of constructs of service quality of CRDC. As indicated in the sections above, this study aimed to assess the perceptions of customers on service quality at the CRDC. Service quality was gauged through its subconstructs, which included tangibility, reliability, responsiveness, assurance, and empathy. Measurement of the service quality subconstructs was carried out through a five-point Likert scale (1 = Strongly Agree; 2 = Agree; 3 = Neutral; 4 = Disagree; 5 = Strongly Disagree) as represented in Figure 10. In this study, a perception scale (1.0-2.0) represents a positive perception, and (2.1-5.0) represents a negative perception. Ratepayers' perceptions of service quality at CRDC are presented in Figure 2.



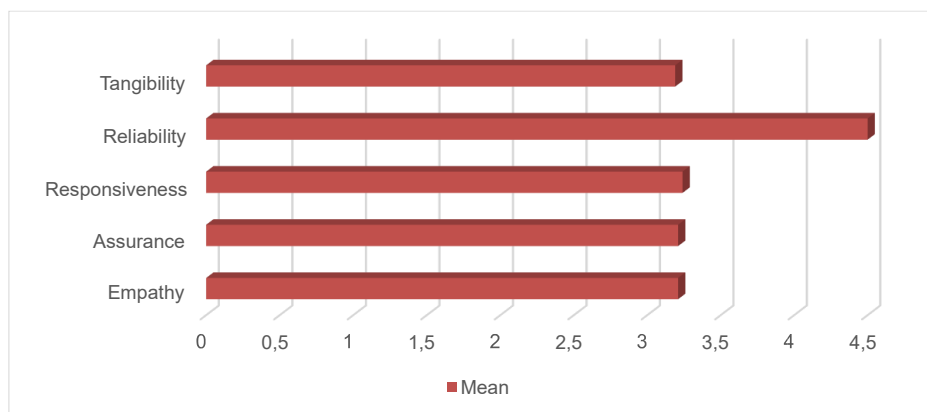
Source: Researcher's construct

Figure 3. Likert Scale

Table 11. Perceived service quality on sampled ratepayers – descriptive (n = 300)

Service Quality	Mean	Standard Deviation
SQ1 The CRDC billing system works efficiently and is always up to date	3.09	1.180
SQ2 The CRDC bills and statements are always delivered on time.	3.19	1.179
SQ3 CRDC provides bills that are accurate and fully detailed	3.21	1.169
SQ4 I trust CRDC bills	3.24	1.142
SQ5 CRDC understands its ratepayers' needs	3.21	1.142

The findings indicate that ratepayers had neutral perceptions of the service quality subconstructs, given their mean values ranging from 3.09 to 3.24. Customers' perceptions of the said five service quality subconstructs are depicted in Figure 11.



Source: Researcher's construct

Figure 4. Ratepayers' perceptions of service quality subconstructs at CRDC

The findings provided in Figure 11 indicate that customers had a neutral perception of the service quality constructs, especially on the responsiveness of CRDC.

Table 12. Perceived Satisfaction on sampled ratepayers – descriptive (n = 300)

	Satisfaction	Mean	Standard Deviation
S1	CRDC renders good quality service	3.22	1.127
S2	CRDC provides services that are just and fair	3.23	1.162
S3	CRDC provides service on time as promised	3.19	1.163
S4	I am obligated to pay for the services provided	3.20	1.148
S5	If I do not pay my bill on time, CRDC will disconnect my services	1.74	.848

Table 12 shows the perceived Satisfaction of ratepayers. The findings indicate that the ratepayer's Satisfaction is neutral to CRDC services. The table also shows that CRDC ratepayers agree with their obligation to pay their bills on time.

Reliability and validity of the measurement instrument. The sections above presented a descriptive analysis of ratepayers' perceptions of service quality at the CRDC. This section presents findings of the validity and reliability validity of the data before an inferential analysis is carried out. A factor analysis of five items representing service quality and customer satisfaction was carried out.

Table 13. Results of validity and reliability analysis

	Factor 1: Service quality	Factor 2: Satisfaction
SQ1	.971	
SQ2	.970	
SQ3	.971	
SQ4	.972	
SQ5	.971	
SQ6	.969	
S1		.952
S2		.952
S3		.951
S4		.958
Cronbach's alpha	.975	.965

Cronbach's alpha was carried out for the reliability analysis. The findings revealed that all the subconstructs for service quality and ratepayers' Satisfaction had a 0.9 minimum threshold for reliability analysis. This section confirmed that the items and subconstructs employed in this study were reliable and valid. The following section presents correlation analysis findings.

Correlation analysis. This section presents the applicable correlation analysis for the second purpose, which is to ascertain the Impact of service quality on customer satisfaction. Correlation analyses determine the degree and direction of association between two or more factors (Saunders et al., 2012). Pearson coefficients (*r* values) and probability values (*p* values) are used to conduct correlation analysis (Malhotra, 2010). The *r* value ranges from -1 to 1, where -1 refers to a negative perfect relationship between two or more constructs, one refers to a positive perfect relationship, and 0 signifies no relationship has been found (Saunders et al., 2012). The *p*-value measures the significance of the stated results. Significant correlation results have a *p*-value that is less than 0.05. Correlation analysis results are provided below.

Table 14. Correlation Analysis of Service Quality Constructs

	1	2	3	4	5
Tangibility	1				
Responsiveness	.894	1			
Reliability	.890	.869	1		
Assurance	.808	.861	.849	1	
Empathy	.862	.840	.891	.857	1
Overall Satisfaction	.891	.903	.915	.919	.937

** $p < .01$

The findings indicate a moderate positive correlation between service quality subconstructs (assurance, reliability, empathy, and tangibility) and customer satisfaction. However, It was found that there was no correlation between responsiveness and customer satisfaction since the results were insignificant.

About objective 1. The research findings show that most revenue comes from fees (26) on various users of council amenities, such as flea markets, bus terminus, schools, cemeteries and crematoria, caravan parks, parkades, and street parking, and swimming pools, to cite a few.

The minor revenue source is the property tax which is only collected from 4 owners.

Objective 2. Zimbabwe's Constitution establishes five devolution objectives: to increase citizen participation in local government authorities' exercise of state authority and decision-making that affects them; to promote effective, transparent, democratic, accountable, and coherent governance throughout Zimbabwe; and to promote and preserve Zimbabwe's indivisibility, national unity, and peace. Another objective is recognizing that societies have an inherent right to govern themselves, pursue their objectives, and ensure a just distribution of national and local resources. To empower citizens to govern themselves effectively, they must implement an efficient billing system that ensures revenue collection.

Objective 3. The findings indicate that CRDC ratepayers are entirely aware of their obligation to make timely payments on their bills. However, the Council's failure to meet its statutory obligations and provide public services is exacerbated by a revenue collection shortfall caused by an ineffective billing system. The findings conclusively established that CRDC utilized a billing system. This was confirmed in questionnaire responses from CRDC personnel, despite their assertion that the billing system was ineffective. According to the respondents, CRDC ensured prompt payment of invoices, including imposing interest penalties on late payers and utilizing debt collectors. The latter strategies aim to streamline the CRDC's billing and revenue collection processes.

This study aimed to determine the current state of the CRDC's revenue management system to propose strategies for improving it. It was precipitated by the Council's continuing financial decline, which has left it incapable of providing adequate service to the public. The Council's performance is measured by its efficiency in delivering services to improve the quality of life for all residents within its jurisdiction. This is not the case with CRDC, as the Council needs more revenue to provide critical services to its residents. In this study, the researcher used a case study approach. Customers' perceptions of all service quality subconstructs, such as tangibles, reliability, assurance, and empathy, were, on average consistent. This finding is consistent with that of Otaibi and Yasmeen (2014), who discovered that customers needed higher perceptions of service quality in the district councils, including assurance, reliability, and tangibles. This finding contrasts with Lee et al. (2010) and Cheung and To (2010), who discovered that customers had negative perceptions of the service quality constructs of responsiveness and availability. Reliability has the most considerable Impact

on customer satisfaction compared to empathy, responsiveness, assurance, and tangibles. Musingafi (2014) and

Mafunisa (2019) concurs with this conclusion, whereas Madishetti and Kibona (2013) disagree. The current study discovered that tangibles were the second most influential factor in customer satisfaction, followed by reliability, empathy, and assurance.

CONCLUSION

In summary, customers had an average agree (neutral) perception of all service quality subconstructs related to the CRDC. It was also found that customers had more neutral perceptions of the service quality constructs of responsiveness. A statistically significant neutral relationship was revealed between assurance, reliability, responsiveness, empathy, and tangibles about overall customer satisfaction. Reliability was further found to have the most decisive influence on customer satisfaction, followed by tangibility, empathy assurance, and responsiveness. Like any other study, this study suffered from limitations, this study used the quantitative research methodology, and questionnaires were used. This means Questionnaires do not permit research respondents to provide answers in their own words, which could be significant in obtaining a thorough understanding of the existing problem. Further, a case study approach was used, meaning the data collection was carried out quickly and on google docs due to the Covid-19 pandemic. Consequently, possible changes in respondents' perceptions, usually during a prolonged period, could not be captured. Since this study used the SERVQUAL model to provide an angle into which service quality and ratepayers' Satisfaction can be evaluated, the constructs of the study were limited to empathy, responsiveness, reliability, assurance, and tangibles.

We suggest that future researchers focus on a qualitative approach in light of this study's quantitative focus, which allows respondents to express themselves in their own words. Further, the longitudinal research method could assist. Other theoretical frameworks, such as the Catalytic Switching Model and the Model of Consumers Service Switching Behavior, could be used to understand better the COVID-19 pandemic's effect on consumers' switching behavior over time. We recommend that the Council establish credit limits for its ratepayers, which should always be used as a guideline when a client wishes to exceed the limit. This could ensure that the Council keeps itself from exposing itself to income loss by providing additional credit to defaulters. Credit should not be extended to ratepayers who have exceeded their credit limit, as additional credit would exacerbate the Council's financial predicament.

Further, the invoicing must be completed promptly so the Council can track each and know the amount of money owed at any given time. It must take invoicing seriously, as debt collection is only possible with a raised invoice. The researcher recommends that CRDC discontinue postal delivery of bills in favor of hand delivery or electronic mail. This ensures that ratepayers receive the Council's invoices. This eliminates instances in which ratepayers claim not to have received bills.

REFERENCES

Edogbanya, A., Sule, J. G., & Sule, G. (2013). Revenue Generation: Its Impact on Government Developmental Effort (A Study of Selected Local Council in Kogi East Senatorial District). *Global Journal of Management and Business Research Administration and Management*, 13(4), 13-26.

- Akaranga, S. I., & Makau, B. K. (2016). Ethical considerations and their applications to research: A case of the University of Nairobi. *Journal of educational policy and entrepreneurial research*, 3(12), 1-9.
- Al-Mwalla, M. (2012). The Impact of Working Capital Management Policies on firm's Profitability and Value: The case of Jordan. *International Research Journal of Finance and Economics*, 85(4), 1450-2887.
- Atrill, P., McLaney, E., & Harvey, D. (2014). *Accounting: An Introduction*, 6/E (Vol. 6). Pearson Higher Education AU.
- Babbie, E., & Mouton, J. (2006). *The practice of social research* (10th ed.). Cape Town: Oxford University Press.
- Bahl, R., Smoke, P., & Solomon, D. (2003). *Restructuring Local Government Finance in Developing Countries: Lessons from South Africa* (R. et al. Eds.). Cheltenham, UK: Edward Elgar.
- Bryman, A., Bell, E., Hirschsohn, P., Santos, A. D., Toit, J., Wagner, C., Aardt, I., & Masenge, A. (2016). *Research Methodology*. Oxford University Press.
- Chakaipa, S. (2010). *Local Government Institutions and Elections In D. V. J, S. N, & M. N (Eds.), Local government reform in Zimbabwe: A policy dialogue* (pp. 31-70). Cape Town: Community Law Centre.
- Chatiza, K., & Chakaipa, S. (2010). Can local government steer socio-economic transformation in Zimbabwe? *Local government reform in Zimbabwe*, 1.
- Chen, L. J., & Chen, S. Y. (2011). How the pecking-order theory explains capital structure. *Journal of International Management Studies*, 6(3), 92-100.
- Chigwata, T. (2016). The role of traditional leaders in Zimbabwe: Are they still relevant? *Law, democracy & development*, 20(1), 69-90. <https://doi.org/10.4314/ldd.v20i1.4>
- Chigwata, T. C. (2017). Fiscal Decentralization: Constraints to revenue-raising by local government in Zimbabwe. In *Handbook of Research on Sub-National Governance and Development* (pp. 218-240). IGI Global. <https://doi.org/10.4018/978-1-5225-1645-3.ch010>
- Chigwata, T. C., & De Visser, J. (2018). Local government in the 2013 constitution of Zimbabwe: Defining the boundaries of local autonomy. *Hague Journal on the Rule of Law*, 10(1), 165-185. <https://doi.org/10.1007/s40803-017-0063-0>
- Chivi Rural District Council. (2019, December). 2019 Annual Report. CRDC Finance Department.
- Coutinho, B. (2010). *Sources of local government financing*. In J. D. Visser, N. Steytler, & N. Machingauta (Eds.), *Local Government Reform in Zimbabwe: A policy dialogue*. Cape Town: Creda Communications.
- Damodaran, A. (2012). *Investment valuation: Tools and techniques for determining the value of any asset* (Vol. 666). John Wiley & Sons.
- de Visser, J., Steytler, N., & Machingauta, N. (2010). *Local government reform in Zimbabwe: A policy dialogue*. Community Law Centre, University Western Cape.
- Eaton, K., & Schroeder, L. (2010). *Measuring Decentralization*. In E. K, C. E, & S. P (Eds.), *Making decentralization work: democracy, development, and security* (pp. 167-190): Lynne Reiner Publishers, Boulder. <https://doi.org/10.1515/9781626373822-008>
- Education Training Unit (2021). *Municipal Service Delivery*. [Online]. Available at: <https://www.etu.org.za/toolbox/docs/localgov/munservice.html>.
- Education Training Unit. (2021). *Municipal Service Delivery*.
- Gamze, V., Ahmet, G. S and Emin, H. C (2012). "Effects of Working Capital Management on Firm's Performance: Evidence from Turkey" *International Journal of Economics and Financial Issues*, 2(4), 488-495.

- Government of Zimbabwe. (2004). Revitalisation of Local Authorities.
- Gul, S., Khan, M. B., Rahman, S. U., Khan, M. T., Khan, M., Khan, W (2013). "Working Capital Management and Performance of SME Sector." *European Journal of Business and Management*, 5(1), 60 – 68
- Gumbo, T. (2013). *On ideology change and spatial and structural linkages between formal and informal economic sectors in Zimbabwean cities (1981-2010)* (Doctoral dissertation, Stellenbosch: Stellenbosch University).
- Howorth, C., & Westhead, P. (2003). The focus of working capital management in UK small firms. *Management accounting research*, 14(2), 94–111. [https://doi.org/10.1016/S1044-5005\(03\)00022-2](https://doi.org/10.1016/S1044-5005(03)00022-2)
- Javed, N., Saqib, E., Razaq, A., & Saeed, U. (2018). 3.16-Revamping Urban Immovable Property Tax System by Using GIS and MIS: A Case Study of Reforming Urban Taxation Systems Using Spatial Tools and Technology, Editor (s): Bo Huang, *Comprehensive Geographic Information Systems*, 272-296. <https://doi.org/10.1016/B978-0-12-409548-9.09691-3>
- Kakeeto, F., Timbirimu, M., Kiizah, P., & Olutayo, K. O. (2016). Accounts Receivable Management and Organizational Profitability as a Function of Employee Perception in Gumutindo Coffee Cooperative Enterprise Limited (GCCE), Mbale District Uganda.
- Kwame, N. (2014). Working Capital Management Practices of Small and Medium Enterprises in the Western Region. A Survey of Selected SMEs in the Sekondi- Takoradi Metropolis.
- Madishetti, S., & Kibona, D. (2013). Impact of receivables and payables management on the profitability of SMEs in Tanzania. *Journal of Economics and Management*, 2(3), 9–21.
- MJ Mafunisa Consulting-LGSETA, M. M. C. L. (2019). Comparative Analysis of Municipal Billing System on revenue collection in SA Municipalities. *CIGFARO Journal (Chartered Institute of Government Finance Audit and Risk Officers)*, 20(2), 18-21.
- Makumbe, J. M. (1998). *Democracy and development in Zimbabwe: Constraints of Decentralization*. Sapes Books.
- Mandondo, A. (2000). Situating Zimbabwe's natural resource governance systems in history.
- Manyaka, R. K. (2014). Collection of municipal own revenue in South Africa: Challenges and prospects. *Journal of Public Administration*, 49(1), 127-139.
- Martinez-Sola, C., García-Teruel, P. J., & Martínez-Solano, P. (2014). Trade credit and SME profitability. *Small Business Economics*, 42(3), 561-577. <https://doi.org/10.1007/s11187-013-9491-y>
- Masoud, D. M., & Mbega, S. (2013). An Exploratory Study of SMES' Working Capital Management Practices in Dar es Salaam Tanzania.
- Mazibuko, G. P. (2013). The Impact of the municipal billing system on revenue collection in selected South African cities. University of Pretoria, Pretoria.
- Mbula, K. J., Memba, S. F., & Njeru, A. (2016). Effect of Accounts Receivable on Financial Performance of Firms Funded by Government Venture Capital in Kenya. *Journal of Economics and Finance*, 7(1), 62-69.
- Mbula, K. J., Memba, S. F., and Njeru, A (2016). "Effect of Accounts Receivable on Financial Performance of Firms Funded by Government Venture Capital in Kenya ." *Journal of Economics and Finance*, 7(1), 62-69.
- Mushamba, S. (2010). The powers and functions of local government authorities. In De Visser J, S. N, & M. N (Eds.), *Local government reform in Zimbabwe: A policy dialogue* (pp. 101–138). Cape Town: Community Law Centre: Bellville Musingafi, M. (2014). Local governance and

- service delivery in Zimbabwean local authorities: The case of Harare and Masvingo Urban Municipalities. *International Journal of Public Policy and Administration Research*, 1(3), 94–107.
- Muzamani, J.T. (2000). Essentials of financial management, University of Zimbabwe publications.
- Mwalla, M (2012). The Impact of Working Capital Management Policies on Firm Profitability and Value: *The Case of Jordan International Research Journal of Finance*, 85: 1-9
- Olouch, J. O (2016). "The Impact of Cash Management Practices on Performance of SMEs: A Survey of SMEs in Eldoret Central Business District." *Journal of Economics & Finance*. 7(6), 01–07.
- Oyugi, W. O. (2000). Decentralization for good governance and development: concepts and issues. *Regional Development Dialogue*, 21(1), 3–25.
- Otaibi, N. M., & Yasmeen, K. (2014). An overview of customer loyalty, perceived service quality and customer satisfaction: Brief on Saudi grocery stores. *Journal of Entrepreneurship and Business Innovation*, 1(1), 79-122. <https://doi.org/10.5296/jebi.v1i1.6657>
- Panara, C. (2013). Conclusion: The contribution of local self-government to constitutionalism in the member states and the EU's multilayered system of governance. In *Local Government in Europe* (pp. 369–413). Routledge. <https://doi.org/10.4324/9780203766729>
- Panara, C., & Varney, M. R. (Eds.). (2013). *Local government in Europe: The 'Fourth Level' in the EU multilayered system of governance*. London: Routledge. <https://doi.org/10.4324/9780203766729>
- Pedzisai, C., and Tsvere, M. (2013). Debtors Management in Gokwe East Cluster Day Secondary Schools, Gokwe, Zimbabwe. *Journal of Education and Practice*, 4(23), 104-109.
- Rahi, S. (2017). Research design and methods: A systematic review of research paradigms, sampling issues, and instruments development. *International Journal of Economics & Management Sciences*, 6(2), 1–5. <https://doi.org/10.4172/2162-6359.1000403>
- Rahman, M. S. (2020). The advantages and disadvantages of using qualitative and quantitative approaches and methods in language “testing and assessment” research: A literature review.
- Randall, H. (1996). *Advanced level accounting*. DP Publications.
- Richard, E. M., & Mori, N. (2018). Effect of Debtors on Performance of Small and Medium Enterprises. *ORSEA JOURNAL*, 8(1).
- Ross, L., (2013). Creating a good public policy to support high growth SMEs: Glasgow, Scotland, UK: Colin Mason Hunter Centre for the Entrepreneurship University of Strathclyde. Rural District Council Act [Chapter 29:17].
- Saunders, M., Lewis, P., & Thornhill, A.(2007). Research methods. *Business Students 4th edition Pearson Education Limited, England*, 6(3), 1–268.
- Taskinsoy, J. (2019). The Transition from Barter Trade to Impediments of the Dollar System: One Nation, One Currency, One Monopoly. *One Currency, One Monopoly* (March 6, 2019). <https://doi.org/10.2139/ssrn.3348119>
- Tavakol, M., & Dennick, R. (2011). Making sense of Cronbach's alpha. *International journal of medical education*, 2, 53. <https://doi.org/10.5116/ijme.4dfb.8dfd>
- The Tax Policy Center. (2020). *Tax Policy Center Briefing Book: A citizen's guide to the fascinating elements of the federal tax system*. USA: UrbanBrookings Tax Policy Center.
- Urban District Council Act [Chapter 29:13].
- USAID. (2005). A Guide to Enhancing Municipal Revenue. Municipal Infrastructure Investment Unit, USAID.
- UKEssays. (November 2018). The Five Dimensions of Service Quality. Retrieved from <https://www.ukessays.com/essays/marketing/the-fivedimensions-of-service-quality-measured-marketing-essay.php?vref=1>
- Yin, R. (2018). *Case Study Research: Design and Methods 2nd edition*. London: Sage