

**THE EFFECTIVENESS OF CREDIT MANAGEMENT POLICY
IMPLEMENTATION ON RESIDENTS' ACCOUNTS IN A SEDIBENG
DISTRICT MUNICIPALITY**

by

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**VAAL UNIVERSITY
OF TECHNOLOGY**

Inspiring thought. Shaping talent.

**Dissertation submitted for the requirements of the degree
MASTER OF MANAGEMENT IN MANAGEMENT ACCOUNTING**

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**At the
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THE EFFECTIVENESS OF CREDIT MANAGEMENT POLICY IMPLEMENTATION ON RESIDENTS' ACCOUNTS IN A SEDIBENG DISTRICT MUNICIPALITY

I declare that this dissertation is my own work/investigation, except otherwise stated, and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references. I declare that I submitted the dissertation to the originality checking software and that it falls within the accepted requirements for originality. I further declare that I have not previously submitted this work, or part of it, for examination at the Vaal University of Technology for another qualification or any other higher education institution.

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PROOF OF LANGUAGE EDITING

This is to declare that I,

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Language editor and translator

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Date: December 2021

Checked and approved



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ABSTRACT

KEYWORDS: Effectiveness, credit management policy, implementation, service delivery, Sedibeng District, legislative framework, municipal credit management, municipal revenue, non-payment.

Municipal debt has been steadily rising year after year, jeopardizing the financial stability of many municipalities. There is a commonly overlooked provision within the Municipal Finance Management Act, section 64(2)(a), that states that the municipal manager must ensure that the municipality has a functional credit management and debt collection system. However, it is also the obligation of municipal residents to ensure that they pay rates and taxes for the services supplied to them in order to ensure the sustainability of service supply. Municipalities rely on revenue collection to ensure their survival and viability. Due to the importance of this sphere of government, this study investigates whether residents respond to the credit management policy of the municipality and whether it is implemented effectively. The study does so by looking at the relationship between credit management policy implementation and service delivery in the selected municipality in Sedibeng District. The study followed a quantitative research methodology, using self-administered hard copy questionnaires to collect data from 510 residents of municipality A of Sedibeng District municipality. Seven (7) different locations with the demographic of municipality A of Sedibeng District were selected to participate in the study, with a response rate of 100%. Data were statistically analysed through SPSS and testing included correlation analysis, factor analysis, frequency counting and ANOVA testing.

The data collected revealed that there is a lack of credit management policy implementation and enforcement when it comes to non-payment of municipal outstanding accounts. According to the quantitative findings, residents have a negative attitude towards the credit management policy. However, the findings also showed that there are factors that influence responsiveness such as poverty, (un)employment and educational level. The findings also revealed a significant relationship between credit management policy and service delivery. Failure to pay municipal debts results in poor service delivery by municipalities. because they lack the financial stability necessary to provide a sustainable service supply. In turn, poor service delivery results in residents refusing to pay municipal debts because they are unwilling to pay for poor services.

Recommendations such as continuous review of critical debt recovery policies, rebates and discount granted to residents, the introduction of advanced technical systems, quality service delivery, employee training and development and the like will assist municipalities to improve the effectiveness of their credit management policy implementation. The limitations to of study entails difficulty in obtaining municipal ethical clearance, because municipal officers are concerned about confidentiality. Furthermore, there were the COVID-19 regulations posed by the South African government to curb the spread of COVID-19 which also had an impact in collecting data from participants. The findings may not be generalised to a larger population of all South African municipalities.

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LIST OF ABBREVIATIONS

CFO	Chief Financial Officer
DOP	Debt Accounts Plan
EFA	Exploratory Factor Analysis
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
n	Number of observations
N	Total sum of participants
OED	Oxford Education Dictionary
p	Two-Tail Significance
Par.	Paragraph
PFM	Public Financial Management
PTO	Permission to Occupy
r	Pearson Correlation
RSA	Republic of South Africa
SALGA	South African Local Government Association
SD	Significant Difference
SDF	Spatial Development Framework
SDM	Sedibeng District Municipality
SPSS	Statistical Package for the Social Science
WCM	Working Capital Management

CHAPTER 1:

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Prior to 1994, South Africa had distinctive administrations whereby funds had been divided geographically based on racial groups (Mphasane 2012:1). The White communities had more privileges and better developments compared to other previously disadvantaged races such as Black, Coloured and Indians. There were other government administrations that had racial segregation such as the Transvaal Provincial Administration.

The policy framework for municipal finance in South Africa entails legislation and policy documents that contain government's objectives with regards to financial management and administration in municipalities (Manyaka 2014:129). Municipalities ought to be, to a great extent, self-financing. This implies that the greater part of their assets should be raised from claim income sources, for example, taxes and service charges. This standard is a significant component of any vote-based local government framework, which guarantees that municipalities are receptive to the requirements of the inhabitants and the occupants additionally assume the liability of paying for such administrations (Kanyane 2011:937).

The obligation load, and specifically the expansion in sums owed to municipalities for services rendered (for example, water and power sold) and rates and taxes, is achieving unprecedented levels in South Africa. The culture of non-payment for services rendered by municipalities is not a new development and has, in fact, developed since the 1980s (Lubbe & Rossouw 2005:784). The challenge is the continuous non-payment and responsiveness to credit management policy implementation on residents' accounts, which are long overdue and consequent legal measures to enforce the fulfilment of their obligations. What led to poor revenue collection and credit granting on residents' accounts? Why are residents not responsive to credit management policy implementation? For any municipality to grow, create and, in the long run, render quality administration, it needs a workforce be outfitted with aptitudes to help them run the public office (Molaoa 2011:2) – and it needs paying residents.

1.2 BACKGROUND OF THE STUDY

The local government level that is involved in the development of its community is considered as the government that is closest to its citizens. This means that there should be effective operations in the intergovernmental spheres and a well-planned administration (Mphasane

2012:2). The White Paper on Local Government (1998) acknowledges, regarding credit score control, that the long-term economic viability of a municipality relies on the municipality to gather its debt (Du Plessis 2016:24); therefore, a credit score control mechanism needs to be established. The White Paper on Local Government touches on the fundamentals of income management, which is additionally referred to as the price chain (Du Plessis 2016:24). Notable highlights in the White Paper on Local Government are:

- the ability to quantify utilisation of clients precisely;
- sending of month-to-month charges, which necessitate that data of clients must be kept updated;
- requirements to guarantee that there is help for poor families who cannot bear the cost of the full expense of supply; and
- the need for regions to take solid measures to manage those family units who can pay for administrations yet are not doing so (Republic of South Africa 1998:19).

The White paper on Local Government, likewise, recognises the significance of electricity as a proportion of credit control (Republic of South Africa 1998). It is significant that local authorities hold the ability to cut off power to buyers as a credit control measure and revisions to the Electricity Act (41 of 1987) will be proclaimed in such a manner (Du Plessis 2016:24).

The Municipal System Act (32 of 2000) requires a municipality to gather all cash due and payable to it and in this manner a municipality must embrace, keep up and execute a credit control and obligation accumulation strategy (Republic of South Africa 2000:65-66). A municipality is empowered with the aid of the Act to levy and get better fees, prices or tariffs in respect of any feature or service of the municipality and to recover expenses on any exceptional amount issue to the provisions of the National Credit Act (Republic of South Africa 2000:65-66). The Act further outlines the standard in place for municipal cash control and debt collection procedures (Republic of South Africa 2000:65-66).

The municipal manager, as the accounting officer, needs to ensure that the municipality implements a credit control and debt collection policy (Republic of South Africa 2003:60). As an accounting officer, the municipal manager is also responsible for the administration of the income of the municipality and has the responsibility of taking steps to ensure that the municipality has income series systems in accordance with Section 95 of the Municipal Systems Act and the municipality's Credit Control and Debt Collection policy (Republic of South Africa 2003:61). Furthermore, the municipality should charge interest on arrears, except

where the council has granted exemptions in accordance with its budget-related policies (Republic of South Africa 2003:60-61).

1.2.1 The implementation of credit and debt collection policy

Political authorities tend to protect each other when they failed to carry their responsibilities (civic chairman and councilors); and so do city authorities (Laubscher 2012:69). The Municipal Financial Management Act (56 of 2003) requires a significant commitment in supporting local authorities to focus on their duties and to perform their tasks without political obstruction. It can, likewise, contribute to help a region to execute its credit control and obligation accumulation strategies more viably and proficiently (Laubscher 2012:69).

1.2.2 Municipal service delivery and finance irregular expenditure

A running budget normally contains the daily bills of a municipality for items such as salaries, wages, benefits, electricity, water, maintenance of constructions and infrastructure (Mazibuko & Fourie 2013:135). According to Gordhan (2011), government's guarantee to improve administration conveyance desperately needs modernisation and change running over open organisation capacities and framework. The Department of National Treasury (2018:4) states that

“[e]xpenditure incurred with the aid of a municipality or municipal entity in contravention of, or that is no longer in accordance with, a requirement of the MFMA and which has now not been condoned in phrases of section 170 or Expenditure incurred through a municipality or municipal entity in contravention of or that is not in accordance with, a requirement of the Municipal Systems Act (32 of 2000) and which has no longer been condoned in terms of that Act”.

1.2.3 Internal control systems

According to Erasmus and Coetzee (2018:98), internal control is a process affected by an entity's board of administrators, administration and different personnel. It is designed to supply realistic assurance regarding the fulfilment of goals relating to operations, reporting and compliance. A well-overseen inside control framework must show certain qualities that are a sign of the adequacy of the framework (Meyer 2013:43). It helps an organisation accomplish its objectives by way of bringing a systematic disciplined approach to consider and enhance the effectiveness of hazard management and governance processes (Scholtz 2014:34).

1.2.4 Budgetary control

Budgetary control can be described as a plan to manage and control operations and responsibilities of public managers (Meyer 2013:42). The municipality, in getting ready its

budget, has to be compelled to produce a budget that is geared toward the delivery of effective service to the community. Problems like non-payment for services, corruption, wasteful expenditure and expenditure that do not replicate the fundamental wants of the community, have been the most pressing problem within South African municipalities (Imuezerua 2014:127-133). Implementation of the budget limits ought to be done as per the standards of the local government (Madue & Mahwai 2008:365). Table 1.1 illustrates the income per month of very low incomes for the district under study; it is presented in South African currency.

Table 1.1: Residents' income categories

Monthly income in (ZAR)	MALE	FEMALE	TOTAL
No income	23 080	64 606	87 686
1 - 400	57 571	60 315	117 886
401 - 800	12 726	14 519	27 245
801 – 1600	43 086	52 125	95 211
1600 – 3200	36 144	25 378	61 522
3201 – 6400	31 048	17 138	48 186
6401 – 12800	26 027	16 585	42 612
12801 – 25600	18 372	9 933	28 305
25601 – 51200	7 088	2 721	9 809
51201 – 102400	1 895	512	2 407
102401 – 204800	587	339	926
204801 or more	440	190	630
Unspecified	33 724	35 410	69 134
Total	299 450	305 301	604 296

Source: Sedibeng District Municipality (2017)

The above table shows that 54 percent of the financially dynamic populace either do not get a salary or are paid less than R1600 per month. Furthermore, 11.4 percent of the above dynamic populace is portrayed as unknown, which for the most part implies that these individuals are fundamentally are located within the casual segment of the economy (SDM 2017).

1.3 PROBLEM STATEMENT

The municipal debt has been increasing considerably each year, threatening the monetary viability of many municipalities (De Lange 2017:20). According to Kapp (2006:6), there is a provision typically forgotten within the Municipal Finance Management Act section 64(2)(a) that determines that the municipal manager should make sure that the municipality encompasses a productive credit management and debt assortment system. Laubscher (2012) propounds that if the system does not comply with the stipulations in section 7, it fails the provisions of section 64(2) (a). The need to gather arrear debts cannot be overemphasised. If municipalities fail to manage their own funds, they will be in a situation where they are unable to render services to community members and depend on subsidies from the provincial level (Laubscher 2012:69).

Local government at present lacks a detailed understanding of the means of customer service and its implications, and thus require more know-how about ‘how’ to improve public services. The public sector in most developing countries do not have a proper performance measure of the service they supply. According to Campbell and Drewes (2019:99), one neighbourhood accused the municipality of not having sound economic structures in place and of no longer issuing invoices. These accusations have been verified by other interviewees who affirmed that the municipality failed to gather revenue because of the lack of integral structures and an inadequate human resource capacity (Campbell & Drewes 2019:99).

1.4 RESEARCH QUESTIONS

This research strives to answer three research questions:

- Do residents understand and respond to the credit management policy of a Sedibeng District Municipality?
- Which factors affect the responsiveness of residents to the credit management policy of a Sedibeng District Municipality?
- Does an understanding of, and responsiveness to the credit management policy affect customer service delivery?

1.5 OBJECTIVES OF THE STUDY

1.5.1 Primary objective

The primary objective of the study is to determine whether the selected municipality is effectively implementing credit management policy from the customers’ perspective.

1.5.1.1 Theoretical objectives

The theoretical research objectives are:

- To provide a theoretical exposition of the term ‘credit policy implementation’.
- To present a literature review that explores the notion of a credit management policy in terms of local government.
- To recommend certain guidelines for credit policy implementation to manage residents’ accounts.
- To present an appropriate research methodology and design to answer the research questions.

1.5.1.2 Empirical objectives

The empirical research objectives are:

- To determine whether residents understand the credit management policy of the municipality;
- To determine whether residents respond to the credit management policy of the municipality;
- To identify factors that affect the residents’ responsiveness to the credit management policy of the municipality;
- To explore whether the credit management policy of the municipality is implemented effectively;
- To obtain an understanding of the attitude residents have towards the credit management policy of the municipality;
- To explore the level of customer satisfaction residents experience, relating to service delivery and resource deployment.
- To test if there is a relationship between credit management and service delivery of the municipality

1.6 RESEARCH METHODOLOGY

The study followed a quantitative research methods/ strategies. According to Choy (2014), the quantitative research approach has two noteworthy points of interest. Initially, it can be controlled and assessed rapidly. Quantitative content analysis research entails a method wherein selections about research design offer the link among conceptualization and information evaluation (Riff, Lacy, Fico & Watson 2019:33). Secondly, numerical information obtained from this methodology encourages examination of associations or clusters, and allows

for sound understanding of the degree of contradictions between respondents (Bryman & Cramer 2019).

As indicated by Creswell, Ebersohn, Ferreira, Ivankova, Jansen, Nieuwenhuis, Pietersen and Clark (2016:41), in quantitative research, it is fundamental to clarify in basic terms the factual techniques that will be used to examine the exploration question. The presented investigation included various procedures to accumulate data, which include the literature review and empirical study.

1.6.1 Literature review

A literature review is a method of collecting and synthesizing previous research that is more or less systematic (Snyder 2019:333). The present literature was compiled from various sources such as government publications, published legislature, published credit policy documents, published journals, SDM documents, published news articles and Internet sources.

1.6.2 Empirical study

When examining quantitative information, regardless of whether gathered through survey, experimental design or group design, one tends to see it as breaking down content (du Plooy-Cilliers, Davis & Bezuidenhout 2014:230). It is fundamental to point out that transformation and smart governance are ruled by policies and legislations (Goba 2014:9).

Participants for the present study were residents who reside within the Sedibeng district and were selected from one local municipality within Sedibeng District. The selected municipality will be referred to as “municipality A of Sedibeng District”. Questionnaires were distributed to residents to answer them as per the guideline of the research methodology used in the study.

1.7 RESEARCH APPROACH

1.7.1 Target population

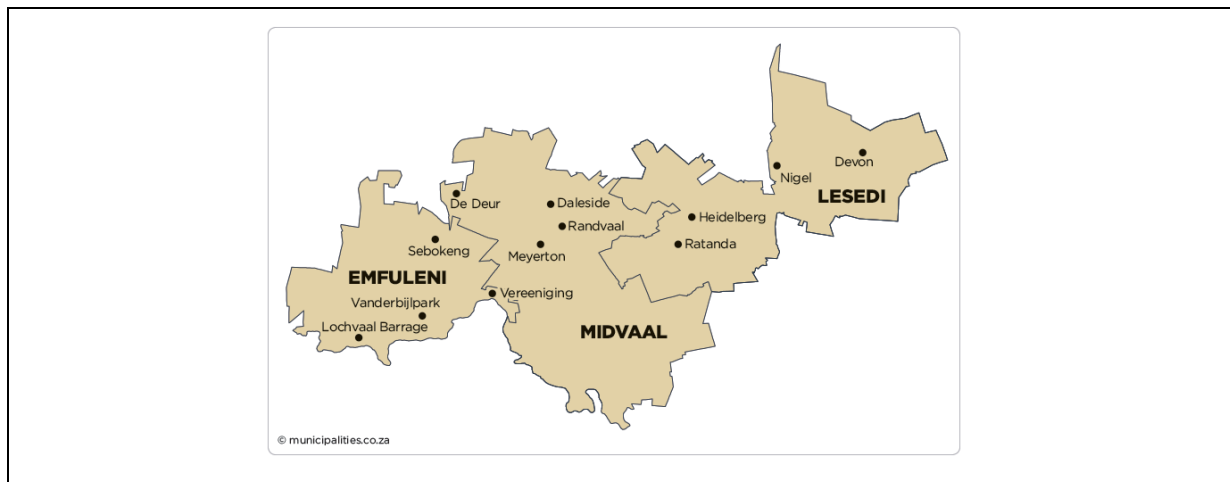
Sedibeng District is situated on the southern limit of Gauteng neighbouring the Vaal River, which is the border between the Gauteng and the Free State provinces. The geographic location of Sedibeng is inside the Gauteng province. The Sedibeng District comprises of three nearby regions, namely Lesedi in the east, Midvaal (which reaches from the Vaal Dam in the south to the limits of Ekurhuleni and Johannesburg Metropolitan Municipalities in the north) and Emfuleni Local Municipality in the southwest of the district (SMD 2017:9). The target population is the Sedibeng district population who lives within the selected local municipality.

The local municipality that issued a letter to approve that the study can be conducted within its local boundaries has a raised concern over disclosing its name because of political and other

reasons. It was suggested that the study should not state which of the three local municipalities of Sedibeng District was used for population purposes, and therefore the municipality is referred to as Municipality A of Sedibeng District.

Figure 1.1 provides the geographical illustration and demarcation of SDM.

Figure 1.1: Geographic location of SDM



Source: www.municipalities.co.za

The municipality covers the area formerly known as the Vaal Triangle, which is the only area in the province that is situated on the banks of the Vaal River and Vaal Dam. The municipality is located along the scenic Vaal, Klip, and Suikerbos Rivers, a short distance from Johannesburg. It includes the historic townships of Evaton, Sebokeng, Boipatong, Bophelong, Sharpeville, and Ratanda, as well as the Emfuleni, Lesedi, and Midvaal Local Municipalities (Municipalities of South Africa 2021).

1.7.2 Sampling method

Sampling is a process (procedure or device) used to systematically select from a predefined population, a relatively smaller number of representatives or individuals (a subset) for observation or experimentation as subjects (data source) in accordance with the objectives of their study sampling (Sharma 2017:749)

1.7.3 Probability sampling

According to Showkat and Parveen (2017:1), each sample has an equal chance of being chosen in probability sampling. A probability sample, in other words, is one in which each element of the population has a known non-zero probability of selection. Likelihood inspecting alludes to whether every unit (regardless of whether an individual or social antiquity) in the populace has an equivalent chance to be a piece of the sample (Du Plooy-Cilliers *et al.* 2014:136).

1.7.4 Non-probability sampling

In non-probability sampling, randomisation is not significant in choosing an example from the number of inhabitants of interest. Abstract techniques are utilised to choose, which components are incorporated into the example. Therefore, non-probability sampling is where the examples are accumulated in a procedure that does not give every one of the members or units in the populace equivalent odds of being incorporated (Etikan, Musa & Alkassim 2016). Non-probability sampling techniques include convenient sampling, quota sampling, self-selection sampling, snowball sampling and purposive sampling. However, in this chapter, only purposive sampling is discussed as a sampling method of choice.

1.7.4.1 Purposive sampling

Judgement/purposive sampling is one of the non-probability sampling techniques (Sarstedt, Bengart, Shaltoni & Lehmann 2018:660). Judgement sampling, also known as purposive sampling, is the most widely recognised sampling procedure. With this type of sampling, the scholar effectively chooses the most profitable example to respond to the question under study. This can include building up a structure of the factors that may impact a person's commitment (Marshall 1996). A criterion that resident participants need to comply with needs to be designed. For the purpose of this study, judgmental/purposive sampling was used.

1.7.5 Sampling size

Sample size is defined as the quantity of subjects chosen for the investigation whose qualities represent the objective populace from which adequate exact answers can be acquired (Maseko 2018:21). The sample of the present study comprises the residents of the Sedibeng District within the geographical limits of Municipal A of the district. The sample size is selected based on the criteria designed and has been used by other researchers in their studies.

1.8 DATA COLLECTION

Data collection entails collecting data on factors of interest in a methodical style that empowers one to address expressed research questions, test speculations, and assess results (Kabir 2016). Although first-hand data is desirable because it is likely to be reliable and transparent regarding the phenomena studied, it is also likely to be the result of considerable effort, be costly to obtain or gather, and may be limited in scope (Martins, da Cunha, & Serra 2018:2). Primary data is more scientific, expensive and precise; it shows the data in depth and is useful when there is no secondary data (Raj 2020:115). Among the most common data collection methods are observation, interview, questionnaire, schedule, projective techniques, and so forth.

In order to collect data from residents in the present study, structured questionnaires were used. The questionnaires were self-administered to receive a swift response. The questionnaires were divided into four sections. Section A comprised demographic questions such as gender, age group, mother tongue and others. Section B comprised of questions regarding resident credit management policies implemented by the local municipality with reference to outstanding residents accounts. Section C contained questions about the residents' responsiveness to the credit management policy. Section D focused on questions pertaining to the relationship between the credit management policy and customer service.

1.9 DATA ANALYSIS

According to Creswell et al. (2016:262), "SPSS 27.0 for Windows is be utilised to break down the information on recurrence disseminations, exploratory factor analysis, information size, linking investigation, perform assessment and lastly analysis of variance (ANOVA)". In particular, ANOVA tests whether the gatherings have distinctive normal scores (Maree 2007:229). In this study, the following analysis were performed: factor analysis, correlation analysis, and ANOVA tests.

1.10 SCOPE OF THE STUDY

The study is located in the discipline of financial management. The topics in financial management that are covered this study are current asset management, short-term financing and working capital. Financial management does not present itself in a vacuum; it happens within the context of a particular national and international economy (Correia 2015:2). Financial management requires the application of principles of higher rational processes in both finance and public administration (Correia 2015:11).

1.11 ETHICAL CONSIDERATIONS

Jacob (2019:78) propounds that research ethics aims essentially about protecting the well-being of researchers and extending such concerns to areas like scientific misconduct and plagiarism. Ethics in research is a rich field of study, and researchers are constantly reporting on unique and emerging research experiences and understanding – which equates them with a regulatory paradigm in practice (Cascio & Racine 2018:172). Ethical considerations are important in the present study, because people were involved. Permission to conduct the study was requested. Participation to the study was on a voluntary basis and consent was requested from every participant. The study-maintained research respectability by avoiding confusion and treating respondents with respect (Maseko 2018:24).

1.12 CHAPTER LAYOUT

This section gives a summary/synopsis of the chapters of the study.

Chapter 1: Introduction and background of the research

The first chapter presents the background of the study. It set out the research questions and research objectives, and presents definitions of the research approach used in terms of the target population, sampling method, data collection and data analysis. Lastly, it outlines the ethical principles of the research.

Chapter 2: Literature review

The second chapter contains the relevant literature review, an analysis of credit management policy implementation in Sedibeng District Municipality, and an analysis of past research on credit policies in local government. The chapter addresses the theoretical research objectives of the study.

Chapter 3: Research methodology and design

The third chapter deliberates on the research design and methods used in the study; the identification of an applicable research design, and an in-depth discussion of the methodology. It includes an analysis of the target population, sampling, data collection and data analysis methods.

Chapter 4: Empirical findings

The fourth chapter provides the empirical findings of the quantitative research. This part answers the fundamental research questions. The empirical objectives of the study are addressed in this chapter through performance of statistical analysis and interpretation of the findings.

Chapter 5: Conclusions and recommendations

The final chapter presents the conclusion of how the research questions are answered and how the research objectives are addressed noting both theoretical and empirical objectives. The chapter makes recommendations on the credit management policy implementation in Sedibeng District Municipality based on the findings of the research.

1.13 CHAPTER SUMMARY

This chapter introduced the topic of this study and gave background of the study, the problem statement, research questions to be addressed by the study, the research objectives, a brief discussion on the methodology, the research approach, the data collection style, data analysis, the scope of the study, and a short discussion on ethical considerations relevant to the study were made. These were followed by the chapter layout.

CHAPTER 2:

LITERATURE REVIEW

2.1 INTRODUCTION

The purpose of this chapter is to explore the concept of credit management policy in terms of the local government. This chapter fulfils the theoretical objectives of the study, namely to provide a theoretical exposition of the term credit policy implementation; and to design a conceptual framework wherein the study can be executed. The theoretical support is derived from (1) the portfolio theory of account receivables, (2) credit management and working capital management and (3) public expenditure theory. The chapter further outlines the legislative framework of local government. Of importance is that local government redefined spheres of government and to this end, an overview of related topics such as policies, the spatial development framework of Sedibeng District, municipal sources of revenue, service delivery, functions of selected municipal executives, municipal financial viability and institutions that assist in shaping local government policies are addresses. This chapter commences with the development of a literature framework.

2.2 THEORETICAL FRAMEWORK

According to the OED (2018, 10:829), the meaning of theoretical is "conceptual, linked to, based on or consisting of theory, and often not fact-observing." The theoretical and conceptual framework explains the path to research, and it is rooted in theorical structures (Adom, Adu-Gyamfi, Agyekum, Abass Abass, Kissi & Osei-poku 2016:156). The overall objective of both frameworks is to increase the relevance of research findings, making them acceptable to research theoretical structures. The objective of a conceptual framework is to classify and describe concepts that affect their study and map relationships. Qualitative researchers incorporate the relevant theory and empirical research, thus helping to flesh out a conceptual framework and to 'see where there is overlap, contradiction, refinement and qualifications' between findings and extant literature (Rocco & Plakhotnik 2009:122).

2.2.1 Working capital management

Du Toit, Erasmus, Kotze, Ngwenya and Viviers (2010:391) define assets (debtors, inventory, bank etc) and liabilities (creditors, short-term loans, accrued expenses etc.) as working capital that a company uses for its day-to-day activities. These assets and liabilities are continually transformed in the normal business process from one form to the next. Also, these assets and

liabilities are known as short-term management of capital. The capital structure and management of working capital are two areas widely debated by academics in terms of the profitability of companies (Lazaridis & Tryfonidis 2006:26). Managing working capital involves optimizing the cash, receivables, stocks and payables of the company that helps to maximize the profitability of the company (Kaur & Singh 2013:197). Companies in uncertain markets need to maintain a reasonable level of cash to cover running expenses while reducing the cost of holding cash (Temtime 2016:60). Gill and Biger (2013:116) state that adequate lending policies allow companies to attract customers and increase profitability. Working Capital Management (WCM) is an important financial strategy for companies as it directly impacts the company's profitability. This is true in particular for production companies, where most assets consist of current assets, especially inventories and trade receivables. Working capital management efficiency is essential (Ponsian, Chrispina, Tago, and Mkiibi 2014:347).

A comprehensive WCM measure is used for the cash translation cycle. The cash conversion round is simply [number of days of accounts due + number of days of stock, number of days of payable accounts] (Deloof 2003:576). The difference between these policies is explained by Maseko (2018: 30), namely that an organization that increases investment in operating capital management, decreases both its profitability and its risk. This approach is known as the Conservative Investment Policies. On the other hand, an aggressive investment policy can be achieved with a reduction in the management of work capital and an increase in profits, risks and liquidity ratio (Maseko 2018:30).

2.2.2 Portfolio theory of accounts receivable

Ngugi, Gakure and Gekara (2017:26) state that accounts receivables are amounts owed to a company by its customers. Accounts receivable risk management is an organized approach for managing uncertainties via risk assessment, developing risk management policies and risk alleviation using management resources (Maseko 2018:28). Namusonge, Lyani and Sakwa (2016:34) suggest that the assessment of the risk portfolio of receivable accounts should include the identification of criminal customers, the supervision and control of receivable accounts, in order to increase optimum cash flow. Ahmed (2018) explains that the organization's credit policy affects its management quality, assets, cash and income, dependent on the efficiency and extent to which policies are constructed. An ideal policy for credit management should therefore adjust aptly to credit standards, credit conditions and collection efforts so that the benefits of the lending outweigh the costs (Kimondo 2013:2).

2.2.3 Credit (accounts receivable) management

Wang (2018:544) explains that accounts receivables refer to accounts that a company has the right to receive, because a product or service has been delivered in regular business operations. Nwude and Agbo (2018: 6650) posit that accounts receivable constitute one of the most important working capital components. Efficient receivables management helps one to increase the size of business activities by increasing overall sales and thereby increasing fund recycling and increasing income generation (Nwude & Agbo 2018:6650).

Obura Kabiru and Ocharo (2019:21) and Liu (2017:284) state that an account old ageing plan is are accounts of clients that make up the overall balance of account receivables normally set up at the end of each month. At that time, the account receivables are listed. Analysing the ageing schedule for one's account recipients can help to identify the source of possible cash flow problems. The financial management principle calls for sufficient current assets to cover current liabilities. The management of account receivables as part of current assets is therefore crucial for organizations' prosperity (Richard & Kabala 2020:55)

2.2.4 Public Expenditure Theory

Efficient resource allocation can be achieved by lowering costs and thus public spending, improving the quality of state-provided goods and services, and improving transparency. The effectiveness of accounts receivable management can have an impact on budget projections and, as a result, the quality of public services provided by state agencies (Bello 2020:531). A fundamental element in public economics is the theory of optimal public spending developed by Samuelson in 1954. This theory shows that the marginal rate of substitution for public and private consumption should be equal to its marginal rate of transformation (Michaillat & Saez 2019:1301). Imana (2017:1) states that government spending is an economic growth instrument used to boost economic growth, to build human capital and welfare services for everyone. Public sector functions are not single-functions, but involve a variety of sub-functions including public income spending distribution determinants and growth stabilization (Aggarwal 2017:122). However, the focus here is on the role of the public sector in the provision of an interaction between demand and supply factors, while stable public satisfaction, is considered to be the main government expense. Odo Igberi Udude and Chukwu (2016:1) explain that public spending has not been steady over several years in developing economies. It is often found that the relative trend in public spending in emerging economies needs to be assessed and each sector's potential inputs for economic increase evaluated, as this will boost allotment effectiveness. Sekiguchi (2019:2) states that the efficiency must be assessed;

however one should also look at how the local governments have improved their spending efficiency.

2.3 LOCAL GOVERNMENT REDEFINED: A SPHERE OF GOVERNMENT

According to Greffrath and Van der Walldt (2016:139), the 1990s were a period of significant change and development in South African politics and government. In 1994, the first democratic and non-racial elections were held, ushering in a new political era. Two years later, in 1996, the Republic's final Constitution was promulgated, which declared local government to be a fully independent and autonomous sphere of government, among other progressive changes (Dlamini & Reddy 2018:5). The Constitution of the Republic of South Africa, according to Ntsebeza (2004), establishes three distinct, interdependent, and interrelated spheres of government, namely national, provincial, and local government. The basic framework of the devolved system of government is cooperative governance. It is based on the notion that if the three spheres work together or act in concert, they are more likely to solve problems than if they work separately or in competition (Malan 2005:226). Municipalities make up the local sphere of government. Section 41(1) (b) and (c) of the Constitution (1996) refers to the term "sphere" rather than "tier" of government. The sphere concept aims to emphasize the new relationship of cooperation between government levels (Mphasane 2012:10).

The Local Government Municipal Systems Act of 2000, the Local Government Municipal Finance Management Act of 2003, the Local Government Municipal Structures Act of 1998, and the Intergovernmental Relations Act of 2005 are all based on the 1997 "Organised Local Government Act" (Govender and Reddy 2019:87). These pieces of legislation, as well as the South African Constitution, define the roles and responsibilities of local government (Abrahams 2018:132). The role and priorities of the third sphere of government have been transformed as a result of the fact that local government is the primary conduit for responding to basic local needs (Reddy 2018:716). Local government, according to Masuku and Jili (2019:5), must serve two purposes: providing services to citizens and representing citizens in determining specific public needs and how these local needs should be met. As a result, local governments must ensure that their structures and administration, including planning and budgeting processes, prioritize basic local development needs such as public health, infrastructure development, and roads, as well as recreation and parks. Participation of local governments in poverty reduction programs and low-cost housing projects for previously disadvantaged communities is also critical (Dlamini & Reddy 2018:5).

2.3.1 Intergovernmental relations

According to Ile (2007:17), "intergovernmental relations" refers to relationships between central, regional, and local governments (as well as governments within a single sphere) that facilitate the achievement of common goals through cooperation. Finally, Coetzee (2010:87) provides a definition of intergovernmental relations as a collection of formal and informal processes, channels, structures, and institutional arrangements that enable bi- and multi-lateral integration between government spheres. The hub around which governance revolves are intergovernmental relations (Emmanuel & Ojakorotu 2019:12). As a result, multi-level governance encompasses not only negotiated relationships between institutions at various institutional levels, but also a vertical "layering" of governance processes at these various levels (Tun, Lowatcharin, Crumpton & Kamnuansilpa, 2020:3). The important point here is that, while we tend to think of these institutional levels as vertically ordered, institutional relationships can occur directly between, say, the transnational and regional levels, bypassing the state level (Peters & Pierre 2001). Some of the root causes of municipal service delivery problems in South Africa are a lack of intergovernmental relations support and oversight. Municipalities are failing due to a lack of effective support from both the national and provincial government spheres, resulting in weak oversight and a lack of promotion of cooperative government and intergovernmental relations (Ubisi Khumalo & Nealer 2019: 13356). According to Gaoretelelwe (2017:239), these challenges have arisen as a result of a lack of integrated strategic planning across government spheres. While South Africa has made significant progress in terms of service delivery since 1994, Intergovernmental Relations has been identified as one of the impediments to the country's full realization of efficient and effective service delivery (Mofolo 2016:239).

2.3.2 Challenges and opportunities for strengthening intergovernmental relations

Quality leadership is critical in South Africa, as it is in all countries, because the public sector faces a variety of challenges, including issues of motivation, ethics, systemic challenges, and capacity constraints (Zulu 2014:56). One of the objects of local government, according to Section 152(1) (b) of the Constitution (1996), is to provide sustainable services to the communities that they are established to serve. However, the government has acknowledged that delivering basic services in an efficient and effective manner has been difficult in some areas of local government. As stated in section 154(1) of the Constitution, local governments can achieve this with the help of higher governments (Makoti 2017:2).

2.4 KEY ROLE PLAYERS IN THE MUNICIPAL ADMINISTRATION

The MFMA, along with the Municipal Structures Act (Act 117 of 1998) and the Municipal Systems Act (Act 32 of 2000), clarifies councillors' and municipal officials' roles and responsibilities. For the purpose of this study the following role players functions are discussed, municipal council, executive mayor/committee, councillor, municipal manager and the chief financial officer as parties who form part in implementation and creating credit policies in local government.

2.4.1 Municipal council

The municipal council is recognized as the highest authority in the municipality by the MFMA, and the council's power is bolstered by significant vested approval and oversight powers. Residents are served by the municipal council, which is accountable to them as well as other stakeholders such as businesses, customers, and users of municipal services. The municipal council delegates executive authority to the executive mayor or executive committee, but it retains legislative authority, including the ability to approve policies and budgets, as well as the ability to monitor the mayor's implementation of policies, budgets, and bylaws (Mazibuko 2014:103).

2.4.2 Executive Mayor or Executive Committee

The executive mayor or committee, as the council's executive authority, is responsible for providing political guidance on the municipality's policy, budget, and financial affairs, as well as ensuring that the municipality complies with its legal obligations. Without interfering with the municipality's day-to-day operations, the mayor should monitor and oversee the municipal manager and senior managers to ensure that they are performing their duties properly. The mayor remains responsible to the council for proposing and formulating policies, as well as overseeing their implementation by the administration (Nzo 2019:92-94).

2.4.3 Councillors

Councillors serve as a vital political link between the executive mayor or executive committee and the general public. As a result, councillors can help with the consultative processes outlined in both the MFMA and the Municipal Systems Act, especially when it comes to budgets, IDPs, budget-related policies, service tariff setting, indigent policies, long-term borrowing, and contracts (National Treasury 2019:8).

In terms of the Municipal Structures Act (117/1998), councillors are responsible for ensuring the implementation of effective operational and financial policies and procedures, including

the municipal billing system and revenue collection. The council is required to perform the following financial management tasks in order to fulfil its oversight functions: approving annual budgets, related policies on revenue and indigents, community reviews, reviewing budgets and their performance, reviewing audit reports, taking responsibility for incurring debt and determining security over debts, and so on.

2.4.4 Municipal manager (accounting officer)

The municipal manager plays an important role as the municipal administrator who is also the municipal accounting officer. In addition to the regular management responsibilities of the municipal manager as administrative head, fiduciary and other responsibilities are expected from this position. The municipal director is responsible for carrying out the approved policy of the Council and achieving the objectives set by the Mayor. Thus, this position should provide for the effective management of assets and liabilities; it should implement efficient risk management and control systems; and develop and present the delivery and execution plan for the budget (National Treasury 2019:11)

In his/her capacity as an accounting officer, the municipal manager is responsible for the municipality's financial management, and ultimately for the proper maintenance and implementation of all the financial systems. The MFMA expects the municipal officer to share these duties with other senior management, and the Act recommends a senior management structure to this end (Libate 2019:26).

2.4.5 Chief financial officer (CFO)

The CFO has administrative responsibility for the budget and the treasury of the MFMA pursuant to Section 81(1) (a). In the fields ranging from budget preparedness through financial reporting to developments and maintaining of internal control policies and procedures, the CFO has an essential role in helping the accounting officer fulfil its financial management responsibilities. As regards the MFMA, the CFO, together with other department heads (and responsible for major service delivery budget programs or votes such as water and electricity), is expected to participate in the Top Management Team reporting to the city manager (Libate 2019:26-27).

Section 64 of the MFMA specifies the minimum contents of these policies for credits and debt collections to be adopted in the municipality. It is important to ensure that reliable billing data can be obtained from the chief financial officer if a sound credit control policy is implemented (Mazibuko 2013:109).

2.5 LEGISLATIVE, POLICY AND BY-LAWS FRAMEWORK

Legislation was passed to guide the creation of metropolitan, district, and local municipalities, as well as their functions (Hungwe 2017:21). According to Moses (2018:11), by-laws can be defined as legislation passed by a municipality's council that binds the persons to whom it applies in the municipality. By-laws and policies are examples of executive policy made by a legislative institution such as a municipal council (Martin 2020:11). The municipal-related legislation that has a direct impact on municipalities' revenue and debt collection operations is discussed.

Where necessary and applicable, legislation is quoted in the original format for interpretation purposes.

2.5.1 Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)

The Constitution of the Republic of South Africa 1996 in Chapter 1 states that the Constitution "is the Republic's supreme law; law or inconsistent conduct is invalid and must meet its obligations" (Republic of South Africa 1996:3). With respect to public financial management the Constitution deals with provincial national oversight (Section 100), municipal provincial oversight (Section 139), municipal internal processes (Section 160.2) and municipality developments (Section 153). The Constitution ensures that local societies have democracy and responsibility by ensuring that fair processes and the delivery of services are carried out as mandated. These include the sustainable delivery of services, as well as social and economic development, as required (RSA 1996).

2.5.2 White paper on local government 1998

The White Paper on Local Government (1998) identifies six areas essential to local governance transformation, such as developing, local, cooperative, institutional, administrative, policy systems and financing. The finance section concluded by discussing municipal budgeting, accounting, financial reporting and management systems including generally accepted accounting practices, reserve and capital accounting, as well as internal and external reporting, according to the White Paper on the Local Government (1998:11). It emphasizes the need for accurate financial information to facilitate sound financial management, investment in the private sector and community participation in municipal budgeting systems (Republic of South Africa 1998). Many municipalities fail audit due to not being able to provide accurate financial information (Sibanda 2017:330)

2.5.3 Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

The Municipal Finance Management Act, 56 of 2003 aims to set standards that provide transparency, accountability, and the correct management of revenue, expenditure, assets and liabilities. Municipal Finance Management Act, Chapter 2 [Supervision of Local Government Finance Management], specifies the national and provincial treasury authorities over local government financial resources to promote good budgeting and fiscal administration in connection with Intergovernmental Fiscal Relations Act 97 of 1997, the Annual Revenue Division Act, and the Public Finance Management Act. The Accounting Officer responsible to the municipal council is provided in Chapter 3 [Municipal Revenue], Section 10, for the administration of all municipal bank accounts by the accounting officer. Chapter 5, Sections 34 and 35 of the Act to increase local government's capacity for an effective implementation of financial management, Municipal Finance Management Act.

Chapter 6 of the Municipal Finance Management Act, Sections 45 and 46 lays down conditions under which municipalities can incur long-term and short-term debt, and the time for reclaiming such short-term debt. Chapter 7 of the [Mayors' responsibilities] Municipal finance management legislation Section 52 outlines the majors' role as financial monitoring and assessment. Municipal Finance Management Act, Chapter 8 [Municipal Top Officials Responsibilities], Section 60 identifies a municipal accounting officer as the municipal manager.

Section 111 of the Chapter 11 of the Municipal Finance Management Act obliges each municipality to adopt a supply chains management policy on bidding and regulating the supply chain. Section 112 dismisses the municipality from its normal bidding process to consider unsolicited offers. Section 112 provides that, when a tender other than the one recommended has been approved but not applied in the event of the action to correct the irregularities, the Auditor – General, National and Provincial treasuries shall be notified in writing.

Chapter 14 [General Treasury Matters] of the Municipal Finance Management Act, section 163 disallows municipalities from liabilities or risk payable in foreign currencies to carry out their assignment of constitutional powers and functions outside the Republic's borders. Section 165 therefore states that an audit unit shall be available for each municipality. Any misconduct shall be investigated and disciplinary proceedings against the responsible official shall be initiated if necessary.

2.5.5 Municipal Structure Act, 1998 (Act No. 117 of 1998)

The main aim of the Municipal Structure Act, 117 of 1998 is to provide municipalities with information on their types and categories. It also includes guidelines for the differentiation of functions and competences within and between categories and for the regulation of internal systems and structures. Section 12 provides for the Demarcation Act to establish a municipality in each municipal area. Section 18 [Municipal Council] Act on Municipal Structures, Chapter 3, sets up a municipal board within each municipality. Section 83(3) calls on district municipalities to provide sustainable development throughout their jurisdictions. Municipal structural law Chapter 5 [Municipal Power of the Communes]. The act established that three categories of municipalities exist:

- Category A

A Category A municipality refers to a municipality with sole and legislative authority within its specific area. In such a municipal area, there is only one municipal council.

- Category B

A Category B municipality refers to municipalities that, in their area, share the municipal executive and legislative powers with a municipality of Category C in their area.

- Category C

Category C means municipalities that have municipal legislative and executive authorities in an area but have several municipalities, i.e., a municipality of district.

2.5.6 Municipal Property Rates Act, 2004 (Act No. 6 of 2004)

The Municipal Property Act, 6 of 2004 governs the power of the municipality to impose property rates; to remove certain properties from the national interest rating; to provide municipalities with the implementation, by its rating policies, of a transparent and just system of exemption, discount and discount; to provide for fair and fair valuation. Chapter 1 [Rate Capacity] Paragraphs 2(1) and 2(a) A city or municipality may charge property rates in the area thereof. A district town cannot charge a rate on property other than on property in the municipality's district management area. Section 3 also states that a policy on the levying of rates of taxable property within a municipality shall be adopted by the council of a municipality in conformity with this Act.

2.5.7 Municipal Systems Act, 2000 (Act No. 32 of 2000)

The Municipal Systems Act, 32 of 2000 provides a framework for local governments to foster participatory democracy, development planning, management of performance, successful use of resources and organizational change. Section 16(1) of Chapter 4 of the Municipal Systems Act requires municipal governments to improve the participation of their members. The Act also obliges the municipality to communicate and to inform on governance, management and development transparency. They must inform and enable the public to participate in their meetings via public announcements and journals.

The Municipal Systems Act, Chapter 5, Article 23(1), requires municipal development planning to achieve local development governance goals. The Law of Municipal Systems, Chapter six of Section 38 [Performance Management] requires the municipal authorities, in line with the objectives set out in the integrated development plan, to establish the municipal performance management system.

The Municipal systems Act Chapter 7, Sections 50 and 67, establishes the need for capacities to be built in line with the objectives set out in the 1998 Skills Development Act 81 and provides equal employment opportunities for various groups meeting the goals set out in the 1998 Employment Equity Act 55. The Act sets out the need for capacity-building. The Law on Municipal Systems, Chapter 8, Articles 74 and 75, stipulate that municipalities are responsible for providing basic services to community members. Chapters 9, section 95 and 96 of the Act on Municipal Systems obliges municipalities to establish a system of management of customer relationships towards enhanced customer-to-municipality relations.

2.5.8 Electricity Regulation Act, 2006 (Act No. 4 of 2006)

The Electricity Regulation Act, 4 of 2006 ensures that the Electricity Control Board remains in place; this pertains to the way in which electricity is controlled, generated, and supplied, and matters related to it. Section 15(1) provides, except in cases where any under tracer has legally obtained a right of supply within that area or part thereof, whether licensed, agreed to by the local authority or otherwise, that the sale and supplied of electricity within the area of competence of a community authority shall be subject to such controls.

2.5.9 Water Services Act, 1997 (Act No. 108 of 1997)

The Water Service Act, 108 of 1997 provides water and sanitation regulations, regulating the performance of municipalities within their executive authority, for drinking water systems and domestic waste and sewer disposal systems. Chapter 1 [Domestic household water tariffs] section 10(1) states, in order to subsidize the supply of household water above the free, basic water level, a water transfers and granting service authority shall not be used.

2.5.10 National Credit Act, 2005 (Act No. 34 of 2005)

The National Credit Act, 34 of 2005 provides for a fair and non-discriminatory market for access to consumer credit and, to this end, provides for general consumer credit regulation and improved consumer information standards. The definition of credit, in Chapter 1 [Interpretation, Purpose and Application of Act], is that of a deferral or a pledge to defer payment due to the individual. The service charge is also defined as a fee that a lender may periodically charge for the administration of a loan agreement routine. Chapter 5 [Agreements on Consumer Credit] Article 108. (1) A credit provider shall offer regular accounts statements according to this section to each consumer.

2.5.11 Conceptualisation of Public Policy and By-laws

Public policy is a guideline for action and concerns a broader framework involving the operation in various programmes, projects and activities of a philosophy, principle and decision (Khan & Khandaker 2016:539). In South Africa, through well-thought-out plans, the Government implements all programmes, in the form of public policy (Kim & Darnall 2016:327). Chuta (2010:18) defines government policy as a policy of governance players, although NGO actors, such as stakeholders, can also influence policy development and formulation. More importantly, these authors concur that public policies are intended or aimed rather than a random measure, and that they include a series of joint policy decisions, not one-on-one decisions, by politicians and/or officials.

As Tivavone (2018:26) points out, municipalities are responsible for drafting and approving policies and by-laws governing income generation and debt recovery in relation to local municipal revenue collection. The Credit Control and Debt Collection Policy, Indigent management policies and tariff policies are included in those policies and under legislation.

2.5.12 Credit control and debt collection policy

The implementation of credit control and debt collection policies is in line with the indigent policy in place within Sedibeng District's three local communes and other applicable laws, such as the Tariff Policy and the Municipal Council Policy (Tivavone 2018:26). Credit monitoring is vital, since revenues from homes, businesses and industries for services rendered and real estate tax revenues are the main sources of revenue for any municipality (Sedibeng District Municipality 2015). However, as a result of increased costs on the one hand, and lower levels of payments for services provided on the other, many municipalities are facing major budgetary constraints (Enwereji & Uwizeyimana 2020:333-334).

2.5.13 Indigent management policy

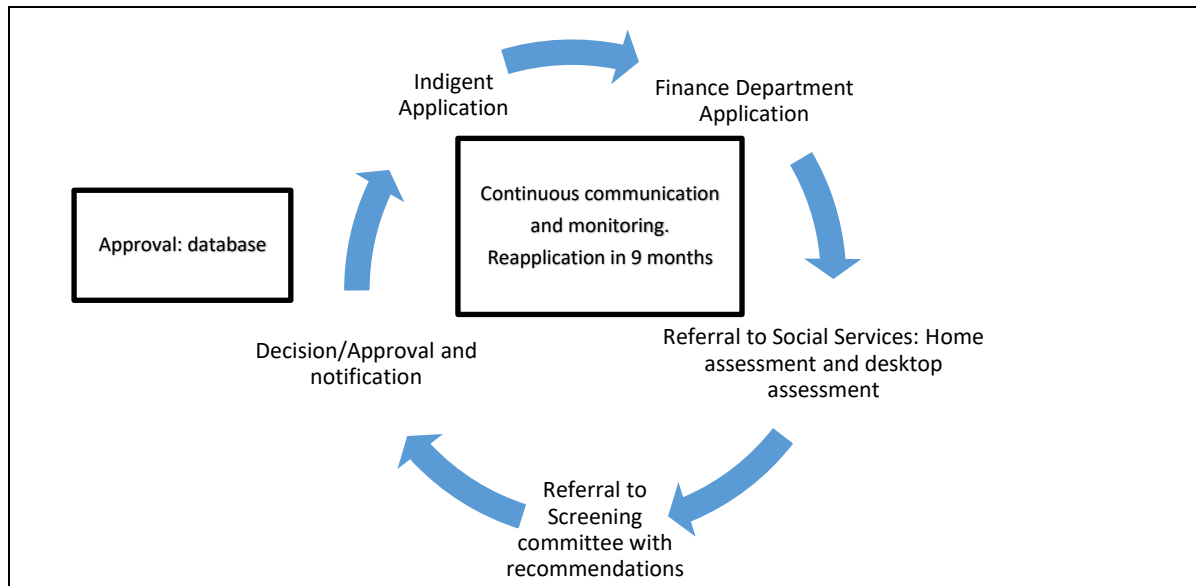
Sedibeng District Municipality (2015:1) defines indigents as persons whose financial contribution to basic services, regardless of how small the quantities appear to be, is unable to make a certain number of factors. Municipalities have a mandate to develop indigent policies relevant to the municipal's specific necessities and financial situation, which must comply with national standards and standards (Department of Corporate Governance and Traditional Affairs 2016). In its debt collection and credit control policy, municipalities must provide indigent debtors with provisions in line with rates, tariff policies and the national indigent policy (Republic of South Africa 2000).

Jacobs (2019:24) explains that the debt collection efforts of indigents are unsuccessful and wasteful of financial resources. Priority should be reopened in order to ensure that only qualifying debtors are subsidized by a clear framework and evaluation criteria. This process must be correctly communicated, and the municipality must be able to effectively and efficiently to handle and process the new requests (Jacobs 2019:25). Individuals from a household that earns less than the R3 500,00 shall qualify as indigents. Pensioners, unemployed people, families with children and students are examples. The municipality will align the level of income for homeless households to that for ownership of RDP properties, as defined by the Department of Human Settlement. The current amount is R3 500,00 per household equivalent (Midvaal Local Municipality 2015:7). Documents required to apply for indigent status include:

- Evidence of gross income not exceeding R3 500,00 per household per month.
- The registered owner of a property or proof of accountability for a child-headed household when the property is registered in the name of the deceased parent/s must be supplied by the applicant.
- Valid identity reproduction.

- In the case of a pensioner, the pension certificate or card.
- Municipality account.
- Application form duly filled in.

Figure 2.1: Indigent processes



Source: Midvaal Local Municipality Indigent Policy (2015)

2.5.14 Tariff policy

Tariffs and fees are the same charges charged by the council to owners and consumers using municipal services to ensure that the services concerned are supported sustainably (Department of Corporate Governance and Traditional Affairs 2014). The tariff policy is a transparent and codified internal control system designed to promote its main District Objectives, ensuring that the district municipality's cash flow is sustainable while not compromising its local guidance. It aims to serve the various stakeholders effectively and in accordance with the approved budget and financial policies of the District of Sedibeng municipality with their interactions with Sedibeng (Sedibeng District Municipality 2015:4). In order for applicability to meet the financial challenges of municipalities and to meet the expenditure needs, the proposed tariff policies and increases should constantly be reviewed (Jacobs 2019:88).

2.5.15 Public Policy Implementation

The implementation of policy is defined as 'what happens between the government's apparent intention to do or stop doing anything and its ultimate impact in the world of action,' according to Pölzl and Treib (2017:115). Policies are articulated and implemented through different forms and mechanisms, including the principles, policy statements, laws and regulations such as those

relates to Environmental Impact Assessment (EIA), as expressed in Green and White Papers (Rossouw & Wiseman 2012). To implement policies, funding must be granted, staff assigned, and procedures drawn up for a often abstract policy 'work' on the ground, among others important tasks (Howlett 2019:406).

The decision on a specific action course and the adoption of a programme does not guarantee that action on the ground strictly meets the goals and objectives of policy-makers (Pülzl & Treib 2017:130). The stage at which responsible bodies and organizations begin applying or implementing a policy is known as implementation. It is believed that sound policies will produce improved results; but their success depends, inter alia, on a designated agency's willingness and skill in implementing them properly (Woolcock 2018:14). Policies can be evaluated on three criteria: efficiency, effectiveness and suitability, and if they gain social support, they will be more likely to succeed. The effectiveness of sustainable policies can be measured in tracking environmental changes since they are applied (Howes, Wortley, Potts, Dedekorkut-Howes, Serrao-Neumann, Davidson, Smith & Nunn 2017:1).

2.6 MUNICIPAL SOURCES OF REVENUE

Local government bodies are expected to generate enough revenue to provide infrastructure and public services as part of their duty to facilitate local development in their jurisdictions. Taxes (property, income, sales, and excise taxes), user fees, and intergovernmental transfers are all sources of revenue for local governments, as are ways of financing infrastructure through operating revenues and borrowing, as well as charges on developers and public-private partnerships (PPP) (Brown, Ofosuene & Akenten 2019:2).

2.6.1 Property rates

Municipal property rates are based on the market value of immovable property, such as land and buildings, and are calculated in Rand (ZAR) (Department of Corporate Governance and Traditional Affairs 2016). All owners of immovable property are responsible for paying rates. As a result, the definition of property includes all property owners, including commercial, residential (homes), agriculture, government, and so on. Permission to occupy (PTO) rights, which are commonly found in communal areas, are also included in the definition of property. Because unit owners in sectional title schemes can no longer rate the body corporate, municipalities must ensure that they are registered with them (Republic of South Africa 2004).

2.6.2 Levies and service charge

Mazibuko (2013:133) explains that levies and user charges are directly influenced by the municipal billing system as they relate to metering data input into the system, and that the data should be free of errors, inaccuracies, and incorrectness so that when bills for services rendered are issued to the customer, there are no complaints or protests against such bills. According to Schreiner and Hassan (2011:39), user fees accounts form part of a significant portion of municipal revenues, especially in developed economies. Despite their widespread use, their yield in developing countries has typically been lower than the operating and amortization costs of infrastructure systems, as many governments have set rates below their economic level to help the poor.

User fee pricing is a matter of public policy, because it is a key factor in determining the financial viability of urban services. A municipality is expected to charge for the services it provides to specific, identifiable customers who benefit individually from those services. Water, electricity, sanitation, planning and building permits, and the leasing of municipal facilities are all examples of these services (Pieters 2015:21).

2.6.3 Conditional grant

The Department of National Treasury (2011a:55-56) indicates that direct conditional subsidies are transfers that municipalities may spend for specific purposes only as provided under the conditional subsidy framework. These grants are, collectively, nearly as valuable as fair share transfers. The main conditional grant is the municipal infrastructure grant (MIG), which funds municipal infrastructure mainly to expand the access of poor households to water and sanitation.

2.6.4 Unconditional grant

In the vertical division of nationally collected revenues, according to the Department of National Treasury (2011a:43), the pool of funds to be transferred to the local administration as unconditional subsidies has been established. This transfer aims to balance the unequal distribution of the government's and municipal authorities' fiscal capacity.

2.6.5 Municipal borrowing

Municipalities in South Africa have the constitutional responsibility to ensure that services that are key both for economic growth and social equity, including electricity, water and sanitation, roads and waste disposal, are delivered and managed (Department of National Treasury 2017). They are also responsible for community institutions (for example, sports fields) and, to a

limited degree, social services (for example, health clinics) (Department of National Treasury 2017). Additional funding may therefore be needed to finance other projects. Pieters (2015:23) states that municipalities can borrow financial market funds to finance a portion of their capital's economic infrastructure.

Because the national government does not guarantee municipal borrowing, municipal borrowing capacity depends on sound financial governance, good own income management and infrastructure choice. If municipalities wish to incur long-term debt via the issuer of municipal indebtedness instruments, they must be rated by independent credit rating institutions (Department of National Treasury 2018).

2.7 REVENUE MANAGEMENT PRINCIPLE

Nkabane (2016:32) indicates that the most important policy principles which municipalities should heed when drawing up tariff policies are payment in proportion to the sum consumed, payment for service costs in full, affordability, payment capability, fairness and transparency, local setting of tariff levels, consistent enforcement of tariffs, ensuring the competitiveness of local economies. Mazibuko and Fourie (2013:131) indicate that municipal revenue originates from local government rates and taxes, which are regarded as fees paid for municipal water and sanitation as well as other services. To build a sound model of revenue management, the local government has to review these principles, but local government authorities have paid little attention to this (Matovu 2018:17).

2.7.1 Cash management and revenue collection

Revenue collection is one of the key components on which the government relies heavily in order to improve the development of its social services, because it determines how much money is available for spending (Mbufu 2013:24). Local governments have the authority to collect and develop their own revenues for the purposes of growth and service provision. Apart from providing official incomes, each council must seek out economic opportunities to boost its revenue. Local taxes, development levy, property tax, house rent for council buildings, fines, fees, licenses, and grants from the federal government are among the most important sources of revenue for local governments (Edwin 2019:12).

In essence, revenue collected from various taxes, fees, conditional and unconditional grants from the government, donor funds, equalization funds, fees, fines, and penalties all have a significant impact on service delivery in District Local Government (Mbufu 2013:24). However, revenue collection is not always as precise as it appears. It may be that a

municipality's revenue collection pattern is found to be inefficient (Imuezerua 2014:133). The inability to collect outstanding debt, lack of financial management skills, and the inability to pay creditors are all possible contributing factors towards South African municipalities' financial problems, according to Bruwer and Rossouw (2019:51).

2.7.2 Public financial management and revenue collection

Cook (2018) defines public financial management as an umbrella term that encompasses information, processes, and rules that support both fiscal policymaking and the instruments used to implement it across the traditional divisions of fiscal administration. Cook (2018:10) continues that PFM also includes the political, social, and economic implications of financial management procedures and practices in local governments. The author (2018) emphasizes the importance of good public financial management practices for decentralization reform to yield long-term benefits. To provide residents with the services they require, administrators must oversee debt collections, debt control, and debt recovery. These responsibilities can be met through a policy standardization process, debt book analysis, debtor profiling, and indigent assistance (Enwereji & Kadama 2018:279). Therefore, to achieve quality public financial management, relevant skills are required. Many public administration careers require financial management skills. Financial management competence can be argued to be the most fundamental of all skills; indeed, nearly every problem that governments face and their solutions boil down to how to manage fiscal resources (Thom 2019:93-94).

2.8 CRUCIAL ELEMENTS TO CONSIDER IN THE DESIGN OF DEBT COLLECTION TECHNIQUES.

Debt collection systems are critical to an organization's long-term survival. Unpaid invoices and unpaid credits are, unfortunately, becoming more common in the current global recessionary climate (Onar, Oztaysi & Kahraman 2018:1845). Billing, quality of services, and communication are discussed as critical elements to consider in this study.

2.8.1 Billing

Proper accounting and pricing improve the stability of income (Wichman 2017:17). According to Namaliya (2017:6) and Wichman, Tylor and Von Haefen (2017), municipalities are not allowed to lose revenue by not implementing a proper billing system, by not implementing a strong tariff structure or by not collecting income from the water produced and sold. Namaliya (2017:6) argues that the effective measurement, billing and collection of revenues could improve public water utilities' revenues generation. Below, I indicate how the structures of tax, billing, metering and unlawful links influence revenue in this subcomponent.

2.8.2 Quality of services

Service delivery concerns the provision by a government or government agency of a product or service to a community which that community has been promised or is expected to provide (Crous 2002:18). The government introduced a new approach to the local government to improve the quality and efficiency of services in communities before, 1994 and seeks to overcome the poor planning of the previous dispensation (Imuezerua and Chinomona 2015:361). Tivavone (2018) and Nkabane (2016) maintain that residents require consistent quality and service delivery, and they can easily stop making payments when it has been compromised.

2.8.3 Communication

Nkabane (2016) suggests that local government revenue can be improved and sustained by better communication with consumers. Enwereji and Kadama (2018:279) add that customer psychology needs to be assessed by administrators, effective communications; escalation, early-warning signals, deal with hard debtors, and customer goodwill monitor. Enwereji and Kadama (2018) outline that these strategies are considered necessary to ensure good relations with customers. In determining the customer psychology, debt managers must determine the debtors' attitude.

2.9 FUNDAMENTAL PRINCIPLE OF CREDIT MANAGEMENT

Credit refers to the faith of a borrower (debtor) in a creditor, usually in money, goods, or securities to a debtor (Emenyonu, Maduiké, Ejike, Oshaji & Eyo 2018:89). Credit management can be considered as a written guideline which lays down the terms of credit delivery, customer qualification criteria, collection procedure and customer delinquency action (Ayunku & Uzochukwu 2020:33). Practices of credit management influence potential credit defaults, a critical feature because high debt rates lead to lower cash flows, lower levels of liquidity, financial distress and lower lending rates (Muturi & Rotich 2016:1). Any kind of debt can be deferred, and it is therefore extremely important for the institution to assess, along with the principal source, the secondary and tertiary payment methods. The institution should therefore take into account the security value and the conditions for value depreciation, establish and document debt terms and conditions, and ensure an effective evaluation (Ahammad 2018:2).

Van Niekerk, Chetty and Olivier (2016:83) argue that the government will continue to suffer major and potentially unsustainable losses due to residents' failure to pay in future if the non-payment problem continues. The authors (2016:84) further explain that there are various possible grounds for municipal consumer debt, including inaccurate billing, weak credit check

measures, and a lack of customer service mechanisms; all these contribute to non-payment performance by municipalities.

2.10 CREDIT MANAGEMENT POLICY

Maseko (2018:69) as well as Fujo and Ali (2016:448) state that an organization's credit management policy refers to various procedures for collecting debts once it is due. Credit management consists of setting up formal legitimate policies and procedures which will ensure that credit to appropriate authorities, credit to the appropriate person, credit for productivity or economically and technically viable enterprises, credit is granted for the appropriated size, credit is recoverable and there is adequate management flux of credit management (Adjei 2015). Credit management policy choices and practices have significant implications for corporate value given major account investment by most major companies (Khan 2019:16). The objective of a management policy is therefore to promote efficient practices in fiscal management and proper control over accounts receivable in the organization (Maseko 2018:70).

Mot, Masinde, Mugenda, and Sindani (2012:99) conclude that a credit policy involves the choice of organisation, credit management internalisation or market credit. Mot, Masinde, Mugenda, and Sindani (2012:100) further note that the policy drive towards focus on business strength or non-core contracting activities has forced many companies, including financial intermediaries like factors, lending insurers and debt collectors, to re-evaluate the role of credit management, including the extent to which loans should be contracted out to financial mediators. Khan (2019:16) emphasizes that credit management's overall success depends on credit policy, credit procedure, surveillance, maintenance and debt follow-up and the advancement process.

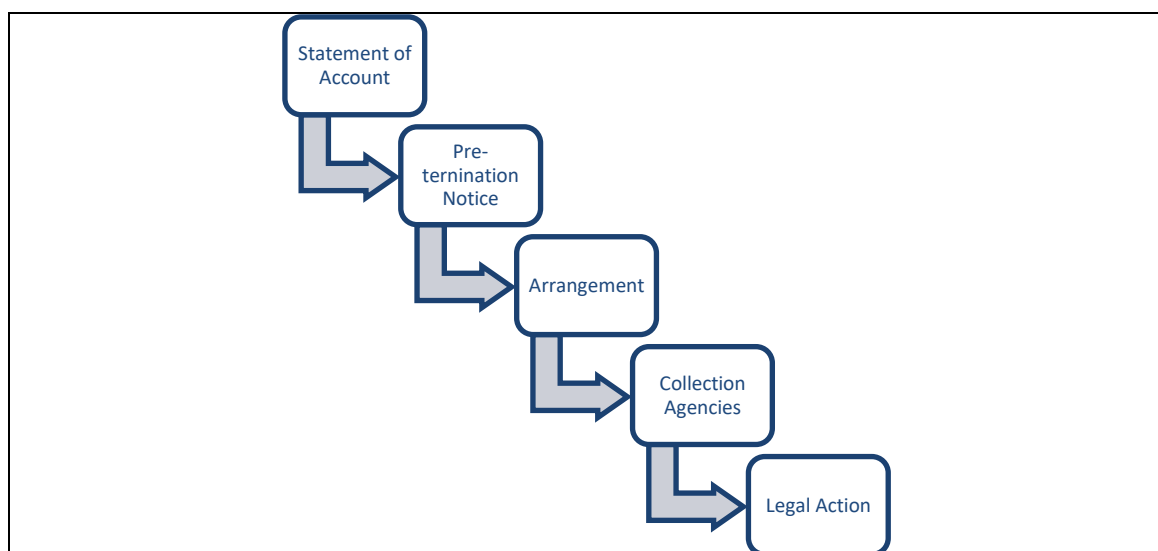
2.11 CREDIT MANAGEMENT CYCLE

The credit management cycle represents average collection time and an ideal cycle means that credit standards are effective. These standards help institutions to assess their credit management policies' effectiveness (Kumaraswamy 2016:1136). Osinowo (2018:90) states that the accounts receivable cycle refers to the average number of days a company takes to receive customers' amounts. The broader operating cycle begins with the receipt by the company of the purchase order and ends with the receipt of the payment. The debt collection process starts by sending invoices in the correct and timely manner. An invoice provides the terms and conditions of the credit transaction that takes place for both managers and customers. In addition, an invoice gives the customers the amount and date to pay the debt. It is essential to send invoices quickly so that the outstanding accounts are paid swiftly (Maseko 2018:70).

For example, the payment date must be displayed on the account and every month should be the 25th (Sedibeng District Municipality 2015). Debt recovery strategies include sending regular account statements as remaining accounts, sending computer messages, personal mail or phone calls.

The structure and presentation of debt collection instruments is based on council resolutions in municipalities. For example, accounts in this respect have to be prepared in accordance with council resolutions and should be posted as soon as possible to consumers.

Figure 2.2: Credit management cycle



Source: Author

2.11.1 Statement of account

The City of Ekurhuleni (2019) issued a formal notification by way of account statement to persons responsible for payment, indicating a net accumulated balance, of amounts levied for fees, charges, charges for properties and any municipal taxes and services, fees, penalties and duties shall be provided. The municipality of Sedibeng District (2015) says that it seems clear that people charged for rates, water or waste should receive accounts that reflect their actual obligations. However, there is not enough backing in many municipalities to achieve this. For instance, an accurate tax bill depends on an evaluation which truly reflects the market value of the property by accounting for the legal owner. And a reliable and regular measuring program should monitor the use of water and electricity that is not prepaid. Quality controls are necessary, which could include rotary meter readers in various areas, ensure that readings are made on the same day every month and check for differences in properties. The account must be printed on a standard form which must contain the following details:

- Consumer name
- Consumer account number
- Consumer postal address
- Residence/Erf details to where the service(s) have been supplied
- All details of services that have been supplied i.e. electricity, water, rates, refuses removal, etc.
- Any outstanding balance from the previous month
- Any reconnection/disconnection charges that may have been charged
- Any interest or fines that may have accrued
- The rates component should be according to Section 27 of the Property Rates Act

2.11.2 Pre-termination notice

If the balance shows an overdue amount on a customer's latest account, the credit control measures have been planned as long as the account is overdue for 30 days. The customer will receive a final letter of request and must be paid by the due date to avoid a cut off from the account. When customers do not reply to the request letter, they shall cut off their services. In this case, customers must pay the full remaining amount, plus a reconnection fee, prior to reinstatement of service. The Law states that a municipality should give a written notice of

cessation of supply of electricity and water to its customer and to the owner of the property (if the person using the services at the property is not the owner) at least 14 days (Midvaal Local Municipality 2021).

2.11.3 Arrangement

'Arrangement' refers to a written agreement between the municipality and the customer in which specific parameters for repayment have been agreed upon. This arrangement does not provide for a credit facility provided for in Section 8(3) of the National Credit Act but shall be considered as a by-credit as provided for in Section 4(6)(b) of the National Credit Act in accordance with Section 5(2) and (3) thereof (Midvaal Local Municipality 2018). In this case the debtor/customer has negotiated a payment plan with the municipality for all outstanding debt and future debt. The city can offer more than one payment arrangement at its sole discretion. In most cases, the total debt in such accounts is re-allocated to current charges (City of Johannesburg 2019).

One can either pay the full sum immediately, or one may make a payment arrangement plan with the municipality, if one has received a bill or a notice that one has missed payment on the due date on one's account. One can pay the balance of the account in scheduled payments in a payment plan to avoid additional collection. Customers who are suddenly unable to pay their municipal ssbills on a monthly basis are encouraged to sign the Debt Accounts Plan (DOP) and agree on a payment arrangement plan to pay a certain amount they can afford. The applicant must admit the debt owed and arrange with the municipality to pay the outstanding sums in instalments. The payment scheme is designed to help the customer make minimum payment amounts in the form of instalments and not become a debt trap. In order to determine the affordability of their outstanding debt, a client should also be helped to complete lifestyle assessments (City of Johannesburg 2019).

2.11.4 Collection agencies

A debt collection agency can be assigned by the creditor for debt collection purposes. A debt collection agency is a company licensed to operate debt collection. The main function of a debt collection agency is to encourage the debtor to pay (Jalonen & Takala 2018:14). The use of collection agencies means that the organization outsources credit collection responsibility to a third party. The organization can do this if it is unable to reach the client or if it has no capacity, and it is also a means of encouraging the customer to pay (Maseko 2018:74). A collection agency also guarantees the holder of the claim a minimum average collection rate. The original creditor has agreed on a minimum average collection rate (Kriebel & Yam 2019:4). Storms and

Verschraegen (2019:1389) add that most debtors are not willing to pay or unable to pay. These authors see it as the task of the collector to shift the readiness of the debtor to pay from "red" to "green." Collecting agencies are restricted to what is known as a 'friendly collection' when they convince debtors to pay.

The consumer lending sector is one of the most information technology-intensive industries according to Drozd and Serrano-Padial (2017:897). Few, if any IT use is not involved in any aspect of consumer lending. Maseko (2018) confirms that there is a model that provides an automated system and method of estimating the likelihood of debt collection. The system uses predictive models for assessing individual accounts of debt holders and foresees the amount collected from individual account accounts based on the learned relation between the known variables. Drozd and Serrano-Padial (2017:898) focus on an IT model that alleviates information irregularities and enables lenders to concentrate collecting effort on criminally paying borrowers. This model offers enhanced indication accuracy and it is believed that IT was used to successfully identify consumers who are more likely to repay following debt collection.

2.11.5 Legal action

A creditor with an enforceable title, typically in the form of a court decision, may appeal the judge who may then take executive action to force the debtor to comply with the duty specified in the enforceable title. This may take various forms; however, the majority of judicial officers work by attaching property of the debtor as furniture and vehicles or sequestering part of his earnings (Storms and Verschraegen 2019:1385).

Hamilton (2016) recognizes that organizations should not allow dramatic increases in receivables; continued review and prompt action must be taken. In case of default signs, various strategies, including the transmission of invoices or the hiring of lawyers for payment implementation, must quickly solve the problem.

2.12 MUNICIPAL SERVICE DELIVERY

Madumo (2017:33) defines service delivery as the end product of a number of government budget policies and actions. The author (2017) adds that the provision of services refers to public policies and law-enacted collective goods and services that the Government offers or is expected to provide to its inhabitants. Mokaean, Moloi and Oksiutycz-Munyawiri (2017:382) argue that the local government in South Africa has been criticized overall for its poor service supplies, which led to service protests in every part of the country, especially among previously

disadvantaged communities. The challenge that has crippled the most municipalities was fraud, corruption, mismanage public funds and general incompetence by municipal managers and their subordinates.

Moreover, in South Africa, Masuko and Jili (2019) say that financial irregularities, corruption and maladministration often have a bearing on service delivery. The high degree of inefficiency and incompetence of local government are responsible for the violent service protests. Ndevu and Muller (2017:13) propound that local government is the government's closest sphere, and has a major social role in providing the community with basic services. Kolisang (2019:47) suggests that the provision of services is extended especially to the needy and unemployed as part of the poverty reduction strategies for many communities. The government must improve the efficiency of government bureaucracy by establishing effective intergovernmental relations in order to deal with its challenges. This process involves restoring officials within the three government spheres and across departments to work together for a society free of poverty, unemployment and hunger.

"Service delivery should be designed around the needs of end users, not departmental bureaucracies or the convenience of delivery institutions," says Majikijela (2007:12). Since the government of South Africa promotes citizen participation in all its activities, in particular in local government, this principle means that if municipalities were to provide services to their constituencies, such services should be focused on local people's needs, not on the needs of municipal officials (municipality). This means that the services provided by municipalities should reflect the challenges that the municipality faces on a local level.

2.12.1 Accessibility of services

The White Paper on Local Government (1998) mandates municipalities to ensure that every citizen has access to basic services, irrespective of race or sexual orientation. Councillors should strive to ensure access to basic services for all citizens through their functions of governance by ensures that imbalances are adequately identified and addressed. The new infrastructure can be developed or existing infrastructures in the wards upgraded. The resolutions adopted by the councillors to improve the supply of basic services often fall short of the finances in terms of the municipality's capital budget. The Municipal Infrastructure Grant (MIG) supports municipalities in the finance of large-scale, low-income household connection infrastructure. MIG extends service access to disadvantaged communities (Kolisang 2019:48).

2.12.2 Affordability of services

According to Solomons (2016:63), local governments must ensure sustainable service delivery, which means providing services in such a way that consumers can afford them, and suppliers can continue to provide them within their own means. According to the White Paper on Local Government (1998), municipal services can be made more affordable by:

- Establishing tariffs that strike a balance between the economic viability of continued service provision and the ability of the poor to access services;
- Choosing the right service levels; and
- Subsidies for the poor and the wealthy, as well as for residential and commercial uses

2.12.3 Quality of products and services

Quality of services is difficult to define, according to the White Paper on Local Government (1998), but it includes attributes like suitability for purpose, timeliness, convenience, safety, continuity, and responsiveness to service users. It also entails a professional and respectful relationship between service providers and customers. According to Kolisang (2019:49), in order to provide high quality services, management must be focused on quality, and customer satisfaction is the driving force behind quality. Councillors should pay close attention to the quality of services provided to their wards, especially in light of the violent service delivery protests in local municipalities.

2.12.4 Accountability for services

The concept of accountability is based on a relationship in which one party is responsible for the actions of the other. In the context of service delivery, this means that a doctor or teacher feels obligated to provide high-quality care and, at the very least, adheres to the terms of an explicit or implicit set of commitments to the patient or student (Rabie, Towfighian, Clark & Cammett 2017:8-9). The White Paper on Local Government (1998) states that regardless of the delivery mechanism used, municipal councils are responsible for ensuring the provision of high-quality, affordable, and accessible services.

2.12.5 Integrated development and services

Local government oversees the development process in municipalities, as well as municipal planning, according to sections 152 and 153 of the constitution (1996). The constitutional mandate to link its management, budgeting, and planning functions to its goals lays out the goals of municipal integrated development planning clearly:

- To ensure that services are provided in a long-term manner;

- To promote social and economic development;
- To promote a safe and healthy environment;
- To prioritize community needs; and
- To encourage community participation,

The democratic local government system in South Africa is based on the development concept that all service delivery sectors must be coordinated through integrated development planning processes (Mathebula, Nkuna, & Sebola 2016:71). The Integrated Development Plan reflects Council's vision for the municipality's long-term development, with a focus on critical developmental issues and internal transformation needs and is reviewed annually. However, the plan's main thrust will be the country's strategic focus for a long time. It is a five-year strategic tool for addressing and measuring the District Municipal Area's level of service delivery (Sedibeng District Municipality IDP 2019).

2.12.6 Sustainability of services

The three pillars of sustainable development – financial performance, social performance and environmental results – integrate sustainability as an approach with the aim of gaining a competitive advantage in the market (Ozbekler and Ozturkoglu 2019:1505). The White Paper on Local Government (1998) adds that the continued delivery of services depends on sustainable finance and organisation.

2.12.7 Value for money

The public sector's value is both a matter of input costs as well as of output quality and value. This principle requires the best use to ensure universal access and sustainable basic services through public resources (Kolisang 2019:48). Solomons (2016:27-28) argues that the provision of public services is economically and efficiently needed to give citizens the best value for money. In the light of the present scarcity of resources, demand for services is growing. Therefore, every effort should be made to extend services through the use of economic delivery strategies.

2.12.8 Ensuring and promoting competitiveness of local commerce and industry

The White Paper on Local Government (1998) states that the job generation and the competitive nature of commerce should not influence service costs to subsidize domestic users; and it should not influence trade and industry generation and competitiveness. In order to ensure that investors are fully aware of local business costs, greater transparency is needed.

2.12.9 Promoting local democracy

Diedericks and Seithloho (2018:2) propound that local democracy entails a political system in which the eligible people in a state are actively involved; not only in determining the kind of people who govern them, but also in contributing actively to shaping the government's policy results. Lemanski (2017:2) notes the Integrated Development Plans (IDPs) flagship is part of a process whereby the city and its residents come together to agree the priority areas of the city for the five-year budget. Lemanski (2017:3) further outlines the establishment, in 2000, of a neighbourhood ward committee scheme to offer localized space to the citizens and the State (via councillors), in order to communicate issues relating to their local area, and to which sub-councils and municipal structures can be channelled.

2.13 ASSESSING FINANCIAL VIABILITY OF A MUNICIPALITY

Lace and Koleda (2012:102) explain that assessing the financial viability level of a corporation in most sources is limited to analysing certain quantitative and qualitative financial indicators. The analysis of financial and economic literature allowed the frequency of use of such indicators to be determined. The most frequently used indicators were the debt-to-equity ratio; equity-financed working capital; solvency ratio; the equity-to-equity ratio. Tivavone (2018:16) states that an organization such as a municipality has a multi-dimensional concept of evaluation of the financial viability. The simplest method of evaluating, however, is to be able to generate sufficient cash to pay off its debts, and to be prosperous and profitable for non-profit organisations. This refers both to requirements for short and long-term cash flows. Resources are generated by the ability of an organization to create, deliver and supply products, services or programs that are useful for clients, recipients.

2.14 MUNICIPAL FINANCIAL VIABILITY AND CONSUMER DEBTS CONCEPTS

Tivavone (2018:16) defines financial viability as an unstructured concept encapsulating several particular aspects. The idea of capacity is at the core of the matter regarding financial systems and financial management. Only if the questions of transformation from the pre-2000 system of local government towards the developmental are to be taken into account, can financial viability in local government be understood. Financial viability, according to Koleda and Oganisjana (2015:196), is an economic condition of a business that creates the conditions for a stable, favourable income-to-expenditure ratio, efficient resource utilization, and a steady reproduction process under the active influence of internal and external factors.

Financial viability is an organization's capacity to keep inflows of financial resources higher than outflows, according to Tivavone (2018:15).

An increasingly important aspect in assessing the overall performance of an organization is to assess the financial situation of an organization. This approach can be applied in municipal situations where a municipality generates revenue and must be able to pay for costs. In the context of local government service provision, Moloto and Lethoko (2018:750) claim that financial viability is crucial, because municipalities are funded significantly through their own resources. The low collection levels and unfavourable socio-economic conditions of households, however, undermine the capacity of municipalities to provide services with the financial resources available. Failure to meet expenditure demands can lead to poor service quality, given that the municipality tries to balance the available financial resources with service consumers' needs (Moloto & Lethoko 2018:750).

2.15 THE POLITICAL CONTEXT OF MUNICIPAL DEBT RECOVERY

Tivavone (2018:18) highlights the different policy challenges encountered by local governments in debt management and service financial allocations. Politicizing development, for example, is a problem where individual interests override a situation which in South Africa has destroyed many rural communities. According to Reddy (2016:2), municipalities' organizational structure consists of technocrats and politicians whose final decisions on resource allocation are taken by politicians in the council in the form of a budget. Politicians are nevertheless voted and elected, and their careers are heavily dependent on the electorate. Consequently, most politicians (the councillors and mayor), due to the fear of protests and the residency backlash, tend to neglect to put pressure on the consumers to pay for rates and taxes to signal their failure to keep up with their promise (Mvella 2018:75). This is a great challenge for generating revenue, because it is embedded in complex situations that require objective rather than subjective mechanisms to solve them (Ndebele & Lavhelani 2017:352).

2.16 INSTITUTIONS THAT ASSIST IN SHAPING THE LOCAL GOVERNMENTS CREDIT MANAGEMENT

Farkas (2019:71) defines an institution as "cultural norms or rules that influence the actions of acting individuals or organizations." Indirectly, government institutions can affect economic performance at the city level (Rodriguez-Pose & Zhang 2019:637). Role-players such as the National Treasury, the South African Local Government Association, and the Finance and Fiscal Commission, have a significant impact on how municipalities manage their budgets, revenues, and expenditures, as well as credit management.

2.16.1 Role of SALGA

The South African Local Government Association (SALGA) is the constitutionally mandated body in charge of local government oversight in South Africa. SALGA serves two key strategic roles within the government system: as a protector, vigorously enforcing local government rights; and as a constructive disruptor, constructively disrupting areas of existing systems that make it impossible for local government to fulfil its mandate (SALGA 2020). In local government, its role also entails effective revenue and expenditure management. It also works to improve local government financial management. Finally, it assists municipalities with the Auditor General's requirements, billing, revision of the municipal fiscal model, and debtor reduction (SALGA 2011:2).

2.16.2 Role of National Treasury

On local government level, the National Treasury assists municipalities with the development of legislation and legislative compliance, intervenes when legislative, executive, or financial obligations are not met, supports and strengthens municipal capacity, monitors and supports local government, and regulates municipal performance in terms of the functions listed in Schedule 4 and 5 of the Constitution (National Treasury 2017:746). According to the National Treasury (2019:62), local government generates roughly 70% of its own revenue, but could generate more if municipalities improved revenue collection. In 2017/18, nearly half of all municipalities received less than 80% of their billed revenue.

2.16.3 Role of the Finance and Fiscal Commission

The purpose of the Financial Fiscal Commission is to advise and make recommendations on financial and fiscal matters to parliament, provincial legislatures, and local governments. Its main responsibility is to ensure that an effective, equitable, and long-term intergovernmental fiscal relationship is established and maintained in South Africa (Financial and Fiscal Commission 2021:1). Several studies on measures to increase municipal revenue and address the growing municipal consumer debt have been conducted by the Financial and Fiscal Commission, the National Treasury, and other concerned departments (Enwereji & Potgieter 2018:228). The Commission therefore recommends that:

- To improve revenue collection, Eskom and municipalities' credit control systems must be aligned through a Memorandum of Understanding and the pooling of resources to obtain property valuers for municipalities;
- To the list of supplementary allowable local government taxes, development charges, tourism levies, fire service levies, and land value capture mechanisms must be added. The

is because of the urban-rural divide, and so revenue transfers to rural areas should be increased;

- Technical assistance should prioritize new systems, innovative business process redesign, and change management based on an assessment of a municipality's specific needs; and
- The concept of city-region development can teach us a lot about how to deliver inclusive development services, particularly in terms of legal provisions and institutional setup.

2.17 CHAPTER SUMMARY

This chapter commenced by observing the theoretical framework that the study is based on, as well as exploring the legislative framework of local government that affects credit management policy implementation or revenue collection policies. The chapter further presented a survey of revenue principles and credit management from the municipal service fees and other consumer fees perspective. The local government as a redefined sphere of government was discussed. The role-players in municipal administration that are charged with developing and implementing the credit management policies on residents' accounts their functions were explored, and municipal sources of revenue were noted.

This chapter further discussed the municipal financial viability, debt collection processes and the cultures on non-payment in local government. The institutions that assist in shaping the policy position of local government were perused. The political context of debt recovery (given that local government is a space where politics plays an important role in its administration and governance) was highlighted. Lastly, the services delivery element was explained. In Chapter 3 that follows, the research design and methodology used to gather data for this study are presented.

CHAPTER 3:

RESEARCH METHODOLOGY AND DESIGN

3.1 INTRODUCTION

According to Kumar (2019:3), research is an important part of sound professional practice in many fields, and it significantly influences the practice, processes and results in such fields. Accounting practice deals with problem-solving, investigating relationships and creating a body of expertise (Smith 2019:2). The choice of research approach is dictated by a combination of many factors – for example, whether the researcher assumes that there is some hidden 'reality' that needs to be uncovered, or whether the research goal is to explore and unpick the various viewpoints of people in natural field settings (Gray 2019:26). Therefore, a research approach should only be chosen if it can provide appropriate explanations for the question being investigated (Layder 2012:6).

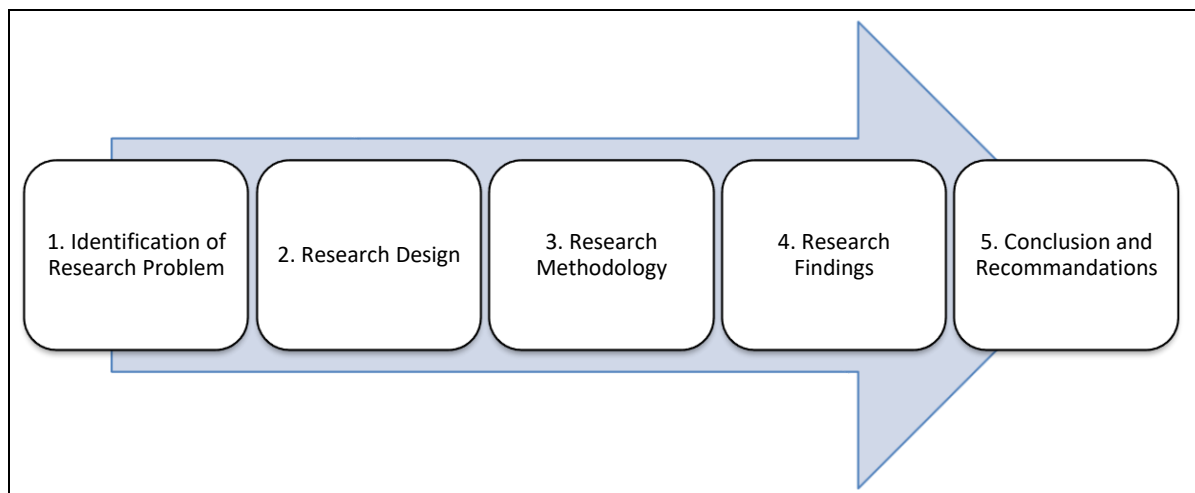
This chapter presents a description of methods and procedures used in carrying out the empirical analysis. It demonstrates the study's research questions, research design and the methods used for statistical analysis. There is consideration regarding how the participating target population and sample was drawn. Furthermore, method of data gathering and analysis is discussed. This chapter also explains who designed and administered the data collection process. The reliability and validity of the study are perused in this chapter, and finally, ethical issues related to the research are considered. The chapter starts with an explanation of how the cycle of study unfolds.

3.2 THE RESEARCH PROCESS

Research is a sequence of steps that are used to gather and analyse information to enhance our understanding of a topic or issue (Edmonds & Kennedy 2010:4). Furthermore, research is a pedagogical action that should be used in a technical sense. Research includes identifying and redefining problems, formulating hypotheses or suggesting solutions; gathering, organizing and analysing data; making assumptions and drawing conclusions; and finally checking the conclusions carefully to decide whether they match the formulating hypothesis (Mishra & Alok 2017:1). Walliman (2017:7) describes research as a term that is used liberally for any type of investigation aimed at uncovering interesting or new facts. According to Gregory (2019:734), research is an organized and systematic way to find answers to questions, systematic because it follows a certain set of procedures and steps. There are certain steps that are executed during

the research process to obtain the most accurate results (Gregory 2019:734). Clark, Foster, Sloan and Bryman (2021:4) add that research can be seen as a series of interconnected activities that move from start to finish. Research can be divided into four phases. And according to Robbetze (2015:78), these phases consist of: identifying the research problem, formulating the research design and determining the methods of the study to be applied and reporting the results. Figure 3.1 demonstrates these phases. The figure below is discussed in detail, in paragraphs 3.3 to 3.5.

Figure 3.1: Illustration of research phases



Source: Adapted from Robbetze (2015:78)

3.3 PHASE 1: THE RESEARCH PROBLEM

Planning a research project usually means turning a vague interest in a problem area or a vague curiosity about an aspect into a concrete, investigable question. A research problem may be focused on a question, an unresolved dispute, and a knowledge gap or unnecessary need within the subject chosen (De Wet 2017:16). In order to identify and formulate a problem suitable for a research project, knowledge of current issues in the subject, an inquisitive and questioning mind and an ability to express oneself clearly, are needed (Walliman 2017:32).

In this study, the problem was identified in Chapter 1. The problem was outlined in the form of questions. These questions were formulated as follows:

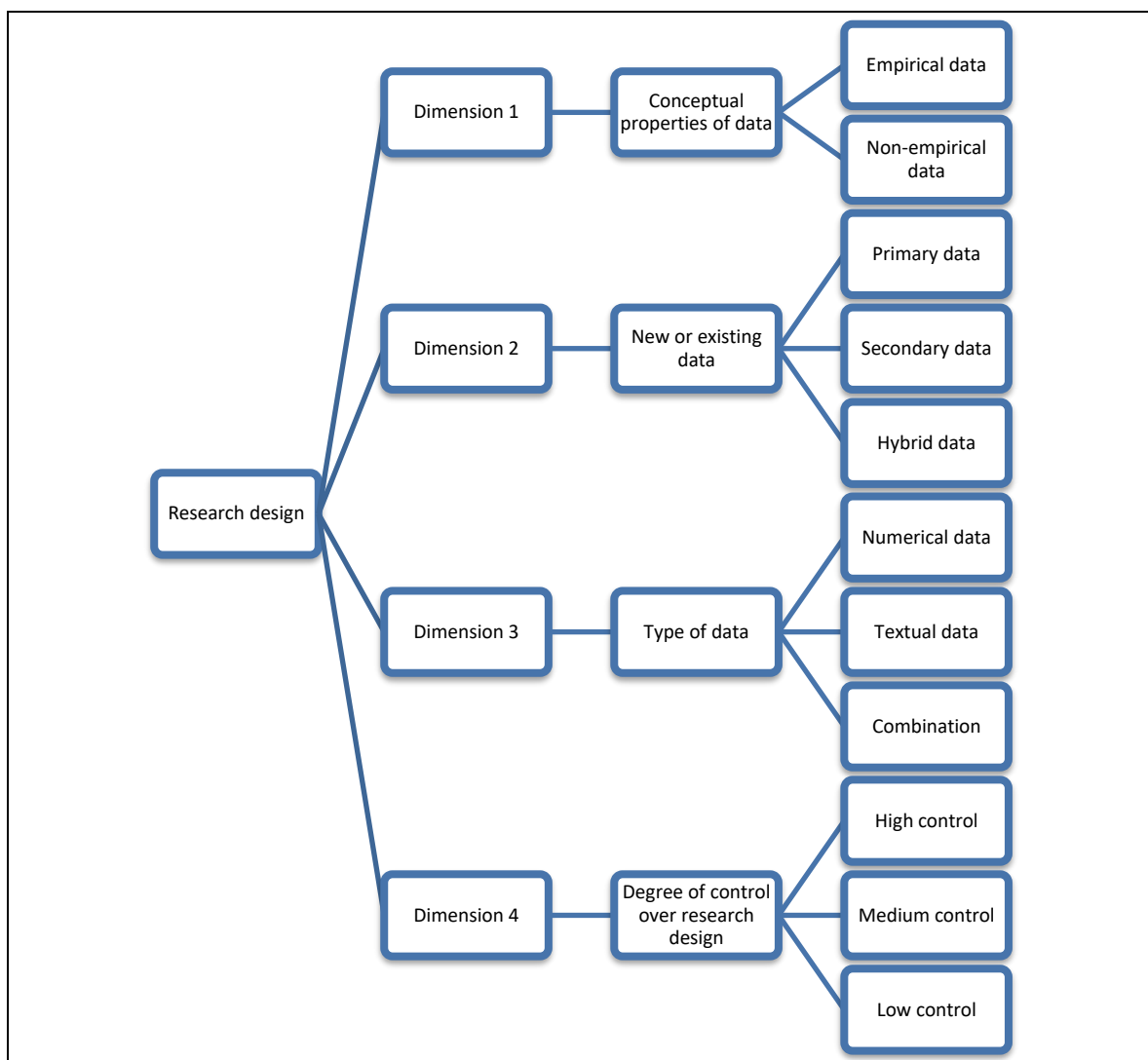
- How effective is the credit management policy implementation in municipalities in Sedibeng District on residents' accounts?' This question sets out to investigate that why are residents of Sedibeng not responsive to the credit management policy; and

- Is there a relationship between credit management and service delivery? This question investigates whether poor service delivery might lead to non-payment or complains to the credit management policy implementation of the municipalities in the district.

3.4 PHASE 2: RESEARCH DESIGN

According to De Wet (2017:15), a research design is the science and art of preparing methods for performing studies in order to achieve the most relevant results. When designing a research study, a collection of guidelines for gathering and analysing evidence is drawn up. Hammond and Wellington (2013:131) posit that a research design outlines how the research will be conducted. A research design can be illustrated by four dimensions as per Mouton (2011:78). The dimensions are illustrated as follows:

Figure 3.2 The dimensions of research design



Source: Adapted from Mouton (2011:146)

From Figure 3.2 it can be derived that four different dimension of research design can be identified. These dimensions are analysed in paragraphs 3.4.1 to 3.4.4 below.

3.4.1 Dimension 1

Dimension 1 investigates the research's conceptual properties and shows whether an analysis is of an empirical or non-empirical nature. Merriam Webster Online Dictionary (2015b) defines “empirical” as the principles and procedures for the systematic pursuit of knowledge that includes the identification and formulation of a problem, the collection of data through observation and experimentation, and to formulate and test hypotheses. Zarkasyi, Arroisi, Syam'un Salim and Taqiyuddin (2019:116) indicate that non-empirical is referred to only as a concept that is not going to materialize in the perceived empirical reality. It can be concluded that this type of research is entirely theory-driven.

The study applied empirical data collection. The process of collecting data through questionnaires is a tool that addresses the empirical component of the study.

3.4.2 Dimension 2

Dimension 2 is concerned with whether necessary data already exists or whether the collection of data is needed. There are various methods used in research to collect information that all fall into two categories: primary and secondary data. Ajayi (2017:2) states that primary data is collected by the researcher for the first time while secondary data is previously collected by the research agencies and organizations.

Primary data were collected for the purpose of this study. The data were collected through questionnaires, on the basis that the information was collected for the first time by the researcher.

3.4.3 Dimension 3

The objective of dimension 3 is to decide whether the data is textual or numerical in nature. Again, in a study the researcher may choose to apply a combination of textual and numerical data. According to Benoit (2011:23), textual data refers to data made up of text or derived from text, but is not the text itself, at least in direct form. Fjørtoft and Lai (2021:3) explain that numerical data usually consists of statistical notes and visual representations such as graphs and figures (e.g., student survey scores).

The questions from the questionnaire are contextual and responses were processed by a statistician to numerical data. Both numerical and contextual were applicable to the study.

3.4.4 Dimension 4

Dimension 4 reveals the degree of influence the researcher has over a design of the study. Mouton (2011:146) notes there are three possible degrees of control: high, medium or small. Robbetze (2015:81) adds that monitoring of an analysis by the researcher is affected by the existence of variables being studied.

The degree of control of the researcher is medium in the present study, because through questionnaire the researcher chooses what to ask, but cannot influence the outcomes or responses of the participants

3.5 PHASE 3: RESEARCH METHODOLOGY

Daniel, Kumar and Omar (2018:221) define research methodology as 'a strategy, plan of actions, process or design, linking the selection and use of methods to the desired outcomes.' Research methodologies are essential to describe ways in which a researcher should go about conducting a study and answering questions about their work. According to the research methodology of Semenya (2018:32), the unified group of methods is used to provide data and findings that represent the research problem, and are tailored to the purposes of the research.

A research methodology provides principles to organize, plan, design and conduct good research (Haradhan 2017:4). Hence, it is the science and theory behind all research. A research methodology is a way to approach the study problem systematically. This can be understood as a method of understanding how work is conducted scientifically. Murshed and Zhang (2016:438) clarify that research methodology reflects the common values within a group of researchers. This illuminates the way respondents are interviewed, questions are answered, and methods are used to obtain insights. In this phase the types of research, target population, sampling, questionnaire development, data preparation process, statistical analysis, reliability and validity assessment, ethical considerations need to be clarified.

3.5.1 Types of research

There are various types of research however the following were discussed for the purpose of the study. These are as follows:

3.5.1.1 Causal research

Causal research is frequently characterized by a preoccupation with "causal identification" and a precise definition of counterfactual comparisons (some might call it an obsession) (Samii 2016:941). According to Abenavoli, Rojas, Unterman, Cappella, Wallack and Morris (2021:92), causal research is useful for revealing the essential relationship between things, and

identifying causal relationships is necessary for making effective management recommendations. The goal of causal inference is to find a so-called causal effect. Miller (2020:2) adds that the purpose of causal research is to show that a programme, intervention, or policy change is effective in achieving one or more desired outcomes. For example: What would have happened if the same people did not enter the programme at the same time?

Causative research studies with an unbiased comparison group provide a credible simulation of the counterfactual. There are two main types of causal inference. The first type of researcher has in mind (implicitly or explicitly) a causal effect that operates like a natural law, everywhere and at all times—or at least in a very general way (or with negligent variation across units) (Kohler, Kreuter & Stuart 2019:152). The first step toward simplifying casual research is to gain a better understanding of the five conditions that must be met in order to make casual interference (a fancy way of saying "linking cause and effect"). These are the following conditions: causal relativity, casual manipulation, causal relativity, temporally ordering, eliminating alternate explanations, and true experimental design (Pribeš 2018:145-147). Despite the fact that these population studies frequently mention looking for determinants or factors of a phenomenon, they are frequently looking for cause-and-effect relationships (Wunsch & Gourbin 2020:1).

3.5.1.2 Descriptive and analytical

This type of research is also known as case–research and descriptive research. It involves studying a particular situation to determine whether it could lead to general theories that support an existing theory in a specific situation (Igwenagu 2016:6). The aim of a descriptive study is according to give an idea of a phenomenon as it naturally happens (Gray 2019:32). For example, exploring the level and the nature of criminality among 16–21-year-olds may be simply descriptive. It can, however, also include a standard study comparing the data to certain standards (e.g., comparing the consumption of drugs to legal drug classification standards in order to measure the seriousness of crime). Data are collected from descriptive research that shows the relationships and helps to describe the world (Office of Research Integrity 2014).

This type of research usually concerns itself with causal relationships, such as why and how the trade balance of South Africa is moving over time (Christensen 2011). Murshed and Zhang (2016: 438) add that the researchers must use already available facts or information to evaluate the material critically. For the present study, descriptive research was undertaken to study a general phenomenon among sampled participants.

3.5.1.3 Applied and fundamental

Applied research is about resolving a practical problem for a particular individual, company or business organization, such as how to abolish hate criminality, how to market a product and what causes increased poverty (Mishra & Alok 2017:3). Applied research is initially carried out in order to acquire new knowledge, according to London's Global University (2015). However, it is mainly aimed at a particular practical objective.

The overview and wording of a theory are primarily a matter of fundamental research. This is a pure basic research type, for example, in which the influence of stress is determined by the frequency of academic cheating or by the influence of the brain on the consumption of caffeine (Mishra & Alok 2017:3). Kumar (2011:10) adds that it involves testing intellectually challenging theories and hypotheses.

3.5.1.4 Quantitative and qualitative

The focus of quantitative research is on how much or how many of a specific feature or item is. The great advantage of quantitative research is that by using a relatively simple index it is possible to compare relatively large amounts of things / people (Litosseliti 2010:52). Edmonds and Kennedy, (2012:129) explain that quantitative research is characterized by information in the form of numbers and the data collection, the collection of results, which measures the different characteristics of individuals and organizations. A quantitative approach is used when starting with a theory (or hypothesis) and testing that hypothesis for confirmation or disconfirmation.

Qualitative research is about structures and patterns, and how things are (Litosseliti 2010:52). Qualitative research is based on the constructivist philosophy which assumes that reality is an interactive, multi-layered, shared social experience interpreted by individuals. It is about understanding phenomena from the viewpoints of the participants. A qualitative researcher believes that the settings in which they happen strongly influence human actions (Rangongo 2011:64). The basic advantage of qualitative research, which is also its fundamental difference to quantitative research, is that it provides a thorough description and analysis of a research topic without reducing the scope of the research and the nature of the participants' replies (Langos 2014:4). Table 3.1 provides a detailed demonstration of differences in this regard.

Table 3.1: Features of Quantitative & Qualitative Research

Quantitative Research	Qualitative research
The aim is to classify features, count them, and construct statistical models in an attempt to explain what is observed.	The aim is a complete, detailed description.
Researcher knows clearly in advance what he/she is looking for.	Researcher may only know roughly in advance what he/she is looking for.
Recommended during latter phases of research projects.	Recommended during earlier phases of research projects.
All aspects of the study are carefully designed before data is collected.	The design emerges as the study unfolds.
Researcher uses tools, such as questionnaires or equipment to collect numerical data.	Researcher is the data gathering instrument.
Data is in the form of numbers and statistics.	Data is in the form of words, pictures or objects
Objective: seeks precise measurement & analysis of target concepts, e.g., uses surveys, questionnaires etc.	Subjective – individuals' interpretation of events is important, e.g., uses participant observation, in-depth interviews etc.
Quantitative data is more efficient, able to test hypotheses, but may miss contextual detail.	Qualitative data is more 'dense', time consuming, and less able to be generalized.
Researcher tends to remain objectively separated from the subject matter.	Researcher tends to become subjectively immersed in the subject matter.

Source: Langos (2014:37)

Once the researcher has determined the type of research which applies to the problem, other factors such as the target population and sampling method can be explored.

3.5.2 Target population

A target population is obtained from the entire population, which can be explained as a specific group of individuals or objects for which questions can be asked or observations made to obtain

information (Koloko 2018:52). Berndt (2020:1) adds that the population is the entire set of individuals, events, or objects that display behaviours and/or possess the researcher's interesting characteristics. The target population of the present study is made up of the residents of one selected local municipality of Sedibeng District. The chosen municipality is referred as municipality A of Sedibeng District refer to Chapter 1. The participants must be residents with an obligation to pay municipal service fees.

Table 3.2 Municipal A population size and housing dynamics

	2016	2011
Population	733445	721663
Age structure		
Population under 15	25.7%	25.6%
Population between 15 to 64	68.2%	69.5%
Population above 65	6.0%	4.9%
Household dynamics		
Households	253 488	220 135
Average household size	2.9	3.1
Female-headed households	37.8%	36.3%
Formal dwellings	87.0%	85.3%
Housing owned	65.7%	48.8%

Source: Municipalities of South Africa (2021)

It should be noted that population data more recent than 2016, has not been made available by the selected municipality. Thus, 2016 data were used for sampling purposes.

3.5.3 Sample and sampling procedures

Thompson (2012:1) explains that a sample is a subset of a population chosen to determine whether or not something can be estimated for the entire population. Samples are the most feasible, if not the only, choice for researchers, when the population of interest is very broad and geographically dispersed, e.g., in the case of a presidential election national electoral

studies (Lu 2018:1536). De Jager (2017:24) indicates that usually a sample of population should be selected when it is impossible and non-efficient to collect data from each individual in a given population.

When carrying out research using samples, one critical consideration is to identify the attributes making a population ideal for study properly. The investigator is then expected to choose participants in research who have such attributes. Once population characteristics have been identified, the researchers must determine whether a probability sample is necessary or not (Lu 2018:1537). Sampling methods are divided into two major categories: non-probability and probability sampling methods (Elfil & Negida 2017:1).

According to Elfil and Negida (2017:1), probability sampling processes provide the same opportunities for selecting all subjects in the target population. In probability sampling techniques, it is possible to calculate the probability of any sample, as stated by Etikan, Alkassim and Abubakar (2016:55). It is scientific, and each element has the same chance to be chosen. Simple, random, systematic sample layered random sample and cluster samples are examples of probability samples, (Wilson 2016:70).

Non-probability sampling methods, according to Elfil and Negida (2017:1), refer to where the sample population is selected in a non-systematic process that does not guarantee equal chances for each subject in the target population. Vehovar, Toepoel, and Steinmetz: (2016:327) define non-probability sampling as a deviation from the principles of probability sampling. This usually means that units with unknown probabilities are included, or that some of those probabilities are known to be zero. Wilson (2016:70) adds that there are different types of nonprobability samples: accidental (or convenient) sampling, quota sampling, snowball sample, purposive sample and so forth.

a. Convenient sampling

Convenient sampling refers to a sample that is made up of people who can easily access the survey. Here should be included samples of volunteer subjects. It is used in many sciences and shows little concern for its participants' representativeness (Vehovar, Toepoel & Steinmetz 2016:1).

b. Quota sampling

Quota sampling is a non-probability sampling method in which the number of people in the sample matches the proportions of people in the entire population of interest (Lamm & Lamm 2019:55).

c. Snowball sampling

Existing participants recruit new participants from others they know as part of a recruitment strategy. For hard-to-recruit populations, this strategy is often used (Berndt 2020:226).

d. Self-selection sampling

Researchers establish required inclusion/exclusion criteria, and participants choose to participate based on their own free will (Berndt 2020:226).

e. Purposive sampling

Purposive sampling is also referred to as judgmental, selective or subjective samples. These reflect a group of sampling techniques based on the researcher's judgment on the selection of units (Sharma 2017:751).

For the purpose of this study, non-probability sampling in a form of purposive/judgemental sampling was used. Rana and Saha (2018:86) describe judgemental sampling as a sampling method where units are chosen based on personal knowledge and judgment. Purpose-based or judgemental sampling is a strategy in which specific settings are deliberately selected for information which cannot be obtained by other decisions (Taherdoost 2016:23). This involves the identification and selection of people or groups of people who are competent and knowledgeable about a phenomenon of interest (Etikan, Musa & Alkassim 2016:3).

For example, for the purpose of this study, only those charged by the municipality to pay service fees participated in the study. These included owners of properties and owners of businesses within the chosen local municipality in Sedibeng District who are charged service fees by the municipality. When selecting the seven locations, the researcher was purposive and

selected them based on three categories namely, Central Business District (CBD), New development townships and Old townships. The income, education and employment status in these locations also played a role in judgemental sampling decision made in this study.

The sample size was determined by using a sampling calculator.

- Where a population size was determined as follows: Households' number is multiplied by the percentage of formal settlement which equal the population size ($253488 \times 87\%$) = 220535 refer to table 3.2.
- The confidence interval is at 0.05.
- The proportion of 0.5

The sample size is determined to be 510 The proportional allocation of questions was done by looking at the population size of each location and also being considerate of the fact that we are looking for only those charged by the municipality to pay service fees. From the above selected sample size, seven (7) locations were created and all location got proportional allocation of questionnaires. The locations were designed as follows:

Table 3.3: Locations

	Population size	Sample size (equal allocation)
Location 1	33724	78
Location 2	32859	76
Location 3	27670	64
Location 4	33291	77
Location 5	29832	69
Location 6	33723	78
Location 7	29400	68
Total	220500	510

Source: Author

The questionnaire we collected to reach the saturation rate of 510 and the researcher did not continue distributing more. Of which it shall be taken into note that 700 households were visited however only the 510 agreed to participate and questionnaires were given to only those

that agreed to participate which were a total of 510 participants. After completion of the questionnaire the researcher would take the copy with him/her. No questionnaires were left with participants.

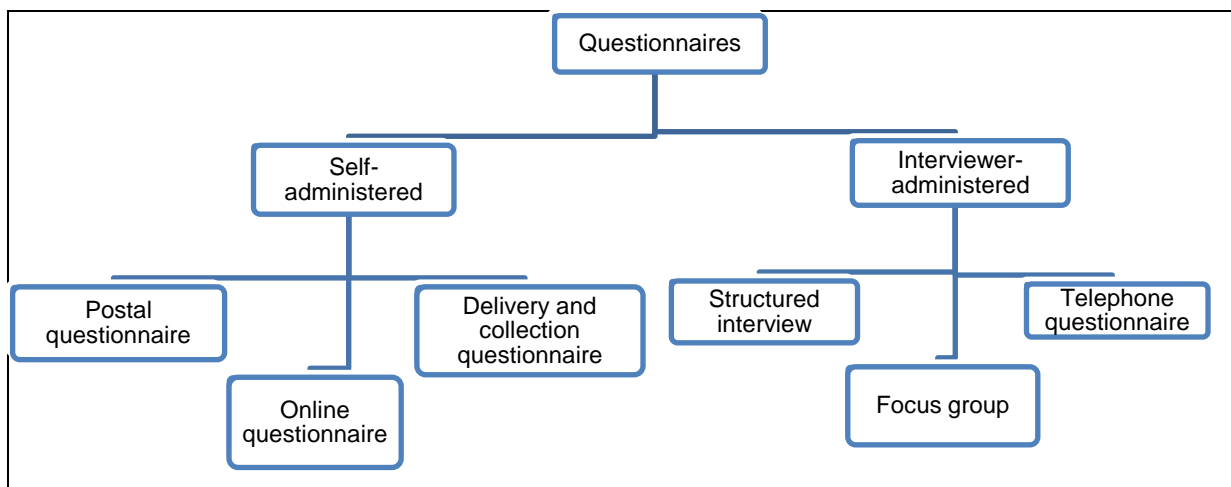
In the next paragraph the questionnaire development process is discussed.

3.5.4 Questionnaire development

Questionnaires refer to a well-structured and administered questions that sick to get ones understanding about a situation or an event (Brace 2018:7). A questionnaire can be structured (closed-ended) by requiring the respondent to select an answer from a set of predetermined replies or unstructured (open-ended) questions formatted in order for respondents to respond in their own language (McDaniel & Gates 2013:246).The contents of a questionnaire must consider one’s wider research, as well as one’s critical examination and understanding of the relevant processes, concepts, and relationships (McGuirk & O'Neill 2016:4).

According to Basgoz, Tasci, Yildiz, Acikel, Kabul and Saglam (2017:79), there two types of questions, namely self-administered and interviewer-administered questionnaires.

Figure 3.3: Self-administer and interviewer-administered questionnaires



Source: Hox and Kef (2003:223)

Only self-administered questionnaires for the purpose of the study are discussed. De Leeuw reports Hox and Kef (2003:223-224) and Gerich (2007: 985) state that questionnaires are self-administered when they are received by the respondent and completed by a responded with without the interviewer having direct involvement in respondents responds. The respondent is the "loco of control" in self-administered processes and determines how the sequence of questions and answers is to be paced. When a questionnaire has been completed, the respondent has control and may choose to pause, read a question or consider a reply (De Leeuw 2018:57).

For the purpose of the study, a structured questionnaire was used. A four-point Likert-type scale was used (strongly disagree through to strongly agree), from section B to D on the questionnaires. The questionnaires were hand delivered to the residents within the Sedibeng District (municipality A; refer to Chapter 1 on confidentiality of the municipality).

The questionnaires were designed to address the research objectives outlined in Chapter 1. The closed ended questions were use on the questionnaire with the following categories: Biographical details, the effectiveness of municipal credit management, Responsiveness to credit management policy and relationship between credit management policy and customer service. The questionnaire is structured in four sections (A-D):

Section A: Biographical Details

This section set out to obtain biological information of participants. The questions used within the section are close-ended questions that allowed the participants to answer based on the options given by the research.

Section B: Understanding of the effectiveness of municipal credit management

This section aimed to obtain an understanding of the effectiveness of municipal credit management. The questions were designed with a Likert scale that required the participants or residents of Sedibeng to respond to the statement by ticking within a range of (strongly disagree through to strongly agree).

Section C: Responsiveness to credit management policy

This section set out to establish the responsiveness to credit management policy by residents of Sedibeng or participant. The questions were designed with a Likert scale that required the participants or residents of Sedibeng to respond to the statement by ticking within a range of (strongly disagree through to strongly agree).

Section D: The relationship between credit management policy and customer service

This section aimed to establish if there is a relationship between the two variables, namely credit management policy and customer service. The questions were designed using a Likert scale that required the participants or residents of Sedibeng to respond to the statement by ticking within a range of (strongly disagree through to strongly agree).

In order to identify and solve possible problems (Malhotra 2010:354), pretesting is used. Pretesting refers to testing the questionnaire on the basis of a small sample of respondents. According to Avella (2016:317), if large panels involve multiple professional groups of very

diverse members, the "testing" process on behalf of the researcher could be to the advantage. In case the author is planning a self-designed survey instrument, a pilot test might also be advantageous. According to Zvapano (2017:72), pretesting the questionnaire on a small number of people is common practice before it is being used in earnest. Babbie (2013:242) adds that regardless of how data collection device is designed by researchers, there is always the possibility that an error may occur. It is therefore important before an actual distribution for a researcher to pre-test questionnaires. The questionnaire is attached as Appendix A.

3.5.5 Data preparation process

Before data is sent to a statistician, questions need to be edited and coded for data analysis. The next section deals with editing and coding.

3.5.5.1 Data editing

Editing entails a questionnaire review with the goal of increasing accuracy and accuracy. Questionnaires are designed to identify unreadable, incomplete, inconsistent or ambiguous answers. If poorly recorded, answers may be unreadable. In questionnaires with many unstructured questions, this is particularly common (Malhotra 2010:453). The editing process enables researchers on each questionnaire to detect errors and omissions (Brown, Suter & Churchill Jr 2018:241).

3.5.5.2 Data coding

Coding can be distinguished from editing, which means that numerical scores or symbols can be assigned to previously edited data. Careful editing facilitates coding. Codes are designed to be the significance of the data (Babbie & Mouton 2012:640). The assignment of numerical symbols enables data from questionnaires or interview forms to be transferred to computers. Brown *et al.* (2018:241) add that coding is a technical process by which the participant's response to a specific question is assigned the number scoring or a character symbol (code).

3.5.5.3 Data capturing

Hair, Black, Babin and Anderson (2013:252) note that collection involves the process of the data transfer from the questionnaires in an acceptable format into a computer. When the information collected is captured in an Excel spreadsheet, it is called raw data.

3.5.5.4 Data processing

Data processing is defined by the Oxford Advance Learner Dictionary (2020) as a series of actions that a computer performs on data to generate an output. In the processing of data, various methods can be applied. Upon completion of the procedure, all the collected data are

checked for results, as was the case in the present study. The questionnaire was sorted, edited, classified and coded by the researcher. A statistical analysis instrument known as SPSS was used.

3.6 STATISTICAL ANALYSIS

Statistical analyses are mathematical procedures for organizing and analysing data after it has been entered into a computer (Stangor 2007:326). All quantitative research relies on statistical analysis. When the actual process is highly complex or unknown in its true form, statistical analysis is also a very useful tool for obtaining approximate solutions (Kalla 2011:1). Selected data analysis methods are discussed below.

3.6.1 Frequency distribution

A frequency distribution is a tool used to count the number of responses provided by the participants, according to Hair *et al.* (2013:170). Frequencies are used in marketing research for several reasons. Frequencies primarily help to determine the degree of non-response on each variable in the study by identifying potential missing values. Frequencies can be expressed in a variety of ways, but researchers must always consider clarity, simplicity, space efficiency, variable order, appearance, accuracy, and objectivity when doing so. The researcher can distinguish between the variables' similarities and differences (Babbie & Mouton 2012:255). In this study, frequency distribution was performed on the participants' demographic information and interpreted through charts and graphs as shown in Chapter 4.

3.6.2 Descriptive statistics

Descriptive analyses characterize the world or phenomenon, according to Loeb, Dynarski, McFarland, Morris, Reardon and Reber (2017:1), that answers the questions of who, what, where, when and how far. Descriptive statistics are just what they say — analyses to summarize, describe and present data in ways that facilitate their comprehension (Conner & Johnson 2017:52). Yunus and Tambi (2013:59-60) suggest the possibility of a researcher describing a phenomenon of interest quantitatively using descriptive statistics. The frequency of data and their measurement are the statistical summaries widely utilized in descriptive analyses.

Descriptive analysis requires a number of statistical techniques. These include frequency distribution, location measures (mean, median, and mode), and measures of dispersion (standard deviation, range and variance, skewness and kurtosis). For the purpose of this study,

descriptive analysis was performed on the measuring instruments where means and standard deviations are interpreted in Chapter 4.

3.6.3 Correlation analysis

Correlation, also called an analysis of correlations, is a term used to refer to the combination or relation of two or more quantitative variables. This analysis is based essentially on the assumption that the quantitative variables are directly linear (Gogtay & Thatte 2017:78). According to Obilor and Amadi (2018:19), a Pearson correlation tries to draw a line of best fit through the data of two variables, and the Pearson correlation coefficient, r , indicates how far these data points are from this line of best fit. Pearson's r is the most commonly reported correlation coefficient, and it is calculated by a parametric test that requires normally distributed continuous variables (Akoglu 2018:92). For the purpose of this study, Pearson's correlation coefficients were used to calculate correlations to determine the strength and direction of relationships between constructs. Credit management policy and services delivery, effectiveness of credit management policy and responsiveness to credit management were salient points. These are discussed in more detail in Chapter 4.

3.6.4 Factor analysis

Factor analysis condenses a large number of variables into a smaller set of variables and provides evidence of construct validity of self-reporting scales (Lloret, Ferreres, Hernández & Tomás 2017:417). Exploratory factor analysis (EFA) is a multivariate statistical method that aims to find the fewest number of hypothetical constructs (also known as factors, dimensions, latent variables, synthetic variables, or internal attributes) that can adequately explain the covariation observed among a set of measured variables (also known as observed variables, manifest variables, effect indicators, reflective indicators, or surface attributes) (Watkins 2018:220). This technique was used in this study to summarize the number of variables on the scale and group them into sets of variables. Refer to Chapter 4 for the analysis.

3.6.5 Analysis of variance (ANOVA)

The analysis of variance (ANOVA) is a statistical tool for determining the differences between group means (Wang, Huang, Fan & Li 2020:3203). According to Judd, McClelland and Ryan (2017:168), if a numerical variable is divided into three or more different groups using a descriptive variable, the probability of these groups being different, occurring by chance alone, can be measured using one-way analysis of variance. If statistically significant differences are discovered, a post-hoc test is performed to determine which specific groups differed significantly from the others. This is done to maintain the integrity of the results and boost their

confidence. For this study, it was performed to determine the significant difference between groups (details are presented in Chapter 4).

3.7 RELIABILITY AND VALIDITY ASSESSMENT

3.7.1 Reliability

Reliability refers to the degree of interconnectedness or internal consistency between all other items at the same scale. This also refers to the consistence in a similar situation and population among a large number of administration bodies of an instrument (Corwin, Runyon, Robinson & Dolan 2015:3). Pruzan (2016:132) adds that reliability generally refers to the consistency of the measurement, i.e., the consistent stable results achieved by repeated measurements of the same object / phenomena. Consistency for internal validity is necessary, but it is not enough. Haradhan (2017:10) explains that he shows the extent of its bias (error-free) and thus provides consistent cross-term measurement over the various instruments' items (the scores observed). Salkind (2012:348) adds that complete reliability is difficult to achieve and suggests some ways to increase reliability, including:

- Clear design of all research
- Improved measurement level
- Pre-testing and pilot study
- Unclear removal of items
- The standardization of the test conditions.

For the purpose of this study, the Cronbach's Alpha was used to determine the reliability of the study.

3.7.2 Validity of the study

The principle of validity is "measuring what should be measured" (Taherdoost 2016:28). Validity is concerned with whether the research strategy will achieve the research goals and objectives, according to Mkubukeli and Tengeh (2015:20). Haradhan (2017:14) outlines the validity of a research instrument as evaluating the measurement measures of the instrument. To the extent that the results are true, research tools (questionnaires) are necessary to correctly measure concepts under consideration.

Validity of content means "the extent to which the objects in a device reflect the universe of content to which the device will be generalized" (Taherdoost 2016:30). The extent to which a research instrument accurately measures all aspects of a construct is referred to as content validity (Heale & Twycross 2015:66). First, a thorough literature review was carried out to

ensure that the tool relates to the past studies to ensure the validity of the content. Previous studies on the construction of the research instrument were consulted subsequently.

As a parameter commonly used in sociology, psychology and other compartmental science, convergent validity refers to the degree of the degree to which two theoretically associated construction measures are actually associated (Taherdoost 2016:31). Validity was performed in the study and further discussed in Chapter 4.

3.8 ETHICAL CONSIDERATIONS

The key elements in ethical research involving human participants should be considered with great care (Fleming & Zegwaard 2018:209). A study's potential benefits and risks must be related reasonably to one another by the ethical principle of benevolence. Thus, research participants need to be protected from known inferior interventions and benefit (if possible) from interventions and the risks to participants should be reduced and reasonable in general with respect to the potential benefits (World Health Organization 2019:4).

3.8.1 Permission to conduct research

Fleming and Zegwaard (2018:210) note that before the data collection from human participants starts, it is important that approval is gained, because human research ethics committees cannot grant approval after the data collection is started. . The process of seeking permission for the study and distribution of the questionnaire was conducted and all the relevant departments and institutions gave authorisation. The Vaal University of Technology issued an ethical clearance to conduct the study and the Municipality A of Sedibeng District issued an approval letter permitting the research to conduct the study within the local municipality. The letter is attached as Appendix B.

3.8.2 Informed consent

After being informed of the potential risks and benefit of their participation, all research respondents must voluntarily and formally consent to participating in research. One must always be able to withdraw from research (Clark-Kazak 2020:12). A copy of consent form was attached to the questionnaires for all the participants to agree and acknowledge that they were participating voluntarily in the study, and no monetary or non-monetary benefits were awarded to them for participation. The consent form also stated that the study is only for academic purposes.

3.8.3 Confidentiality

Researchers have the obligation to protect information about respondents and do not disclose any anonymous identification features, particularly in small sample size (Clark-Kazak 2020:13). There must be a guarantee that confidentiality is maintained for all participants. The participants' personal identities were not be required in the present study, and it will not be disclosed in the study. The selected local municipality within the Sedibeng District is not disclosed to protect the identity of the municipality. The municipality where data was collected is referred as municipality A of Sedibeng District. For more details, refer to Chapter 1 paragraph 1.7.1.

The preceding paragraphs addressed phase 1 to phase 3 (Figure 3.1). Section 3.9 hereafter briefly overviews phases 4 and 5.

3.9 PHASE 4 AND PHASE 5: RESEARCH FINDINGS AND CONCLUSIONS

Phase 4 of this study entails the research findings which are discussed in Chapter 4. This phase looked at the reliability of the measuring instruments, frequency distribution of the sample, and other statistical analysis performed. The last one is Phase 5: conclusion and recommendations. It draws conclusion on the theoretical and empirical objectives of the study and how the study addressed them. This is covered in Chapter 5 of the study.

3.10 CHAPTER SUMMARY

This chapter explored the on the five phases of the research process, namely the research problem, research design, research methodology, research findings and conclusion. The research dimensions were explained as a way of exploring the research design. The chapter perused the quantitative research approach as a method used for this study. Also, the target population and the issue of selecting the target population carefully were noted. In this study, the target population is residents of Municipality A of Sedibeng district. The sampling method, which is purposive sampling, and the type of questionnaires used to collect data were explained. The chapter noted that the questionnaire used self-administered questions. Data analyses testing such as descriptive analysis, exploratory factor analysis, correlation testing and ANOVA test were perused. Finally the chapter covered the reliability and validity assessment of the study and the ethical issues in the study. In Chapter 4 that follows, the research findings of the study are presented and analysed.

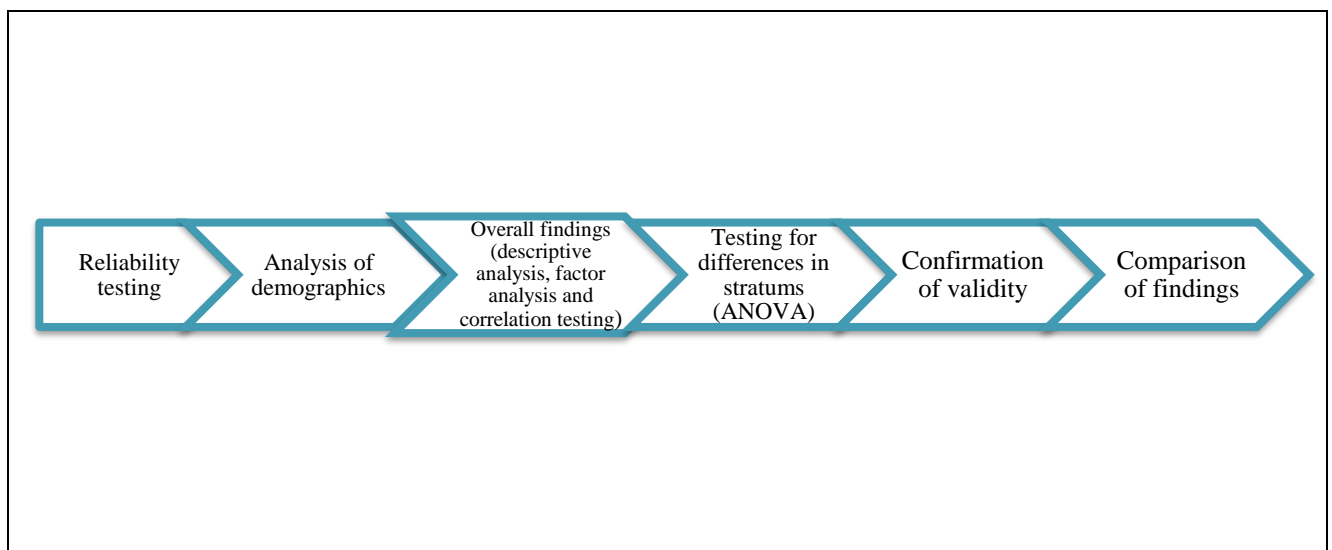
CHAPTER 4: EMPIRICAL FINDINGS

4.1 INTRODUCTION

The purpose of this chapter is to address the effectiveness of the credit management policy implementation and the effectiveness of credit management on residents' accounts by testing the responsiveness of residents and the relationship between credit management policy and service delivery. These relate to the empirical objectives stated in Chapter 1, par 1.5.1.2. The findings and empirical analysis drawn from the quantitative data are presented in this chapter. As a result, the focus of this chapter is on answering the underlying research questions that are central to this research.

The quantitative data was gathered through the distribution of questionnaires, the responses of which were then entered into Microsoft Excel for Windows. For the purpose of analysis, the Excel data was exported to the Statistical Package for the Social Science (SPSS), version 27.0. This chapter covers the following topics: frequency distribution to familiarize oneself with the data, factor analysis (to group the questions in the questionnaire into manageable groups (factors)/constructs), descriptive statistics to explain the factors, correlations to establish a relationship between factors, exploratory factor analysis to investigate the association between factors, and analysis of means through ANOVA.

Figure 4.1: Flow of data presentation



Source: Author

Figure 4.1. illustrates the flow of data presentation of this chapter, starting with reliability statistics, analysis of demographics, overall finding (through descriptive analysis, exploratory factor analysis, correlation testing), testing for differences through ANOVA, confirmation of validity and comparison of findings to findings of similar previous research. In par. 4.2, hereafter, the results of the empirical are commenced through the presentation of reliability statistics.

4.2 RELIABILITY STATISTICS

Cronbach's alpha coefficient (α) was used to check the internal consistency of the research measures. Cronbach alpha values were calculated for each construct (municipal credit management, credit management policy and customer service) as well as the overall reliability of the scale used. A reliability benchmark value of 0.700 and above, according to Nunnally (1978:246), should be considered acceptable. For the purpose of this study, it was important that one first determines whether the measuring instruments were reliable before continuing with analysis of the findings.

Table 4.1: Cronbach's alpha coefficient

Scales	No. of items	Cronbach's Alpha
Section B: Effectiveness of municipal credit management	10	0.870
Section C: Responsiveness to credit management policy	14	0.876
Section D: Relationship between credit management policy and customer service	18	0.959

Source: Author

Taber (2018:1278) suggests that a Cronbach's alpha value of 0.7 or higher indicates satisfactory reliability. Cronbach's alpha coefficients range from 0.870 to 0.959 in Table 4.1. This indicates that all Cronbach's alpha values exceeded the literature-recommended threshold of 0.7 (Vaske, Beaman & Sponarski 2017:165), indicating that the measures used in this study are reliable. As presented in Table 4.1. Section B has a Cronbach's alpha of 0.870, Section C is 0.876 and Section C with 0.959. This indicates that there is a satisfactory reliability on these factors.

4.3 DESCRIPTION OF THE SAMPLE

For the purpose of this study, 510 questionnaires were distributed to seven (7) different areas of the identified sample of residents of Sedibeng District under the selected municipality A of the District. Out of the questionnaires distributed, 510 respondents were found that resulted in 100% response rate. As stated in Chapter 3, the respondents were grouped in locations, namely location 1, 2, 3, 4, 5, 6, and 7. Each location had a proportional allocation of questionnaires. Location 1 with (n=78), Location 2 with (n=76), Location 3 with (n=64), Location 4 with (n=77), Location 5 with (n=69), Location 6 with (n=78) and Location 7 with (n=68) number of respondents that totals N=510. With the following valid percentages per stratum: Location 1 = 15.3%, Stratum 2 = 14.9%, Location 3 = 12.5%, Location 4 = 15.1%, Location 5 = 13.5%, Location 6 = 15.3%, and Locations 7 = 13.3%, therefore, found this sample size of the data adequate (100% response rate) to perform the required statistical analysis. The results are presented as per the percentages of valid responses, noting that it excludes missing figures.

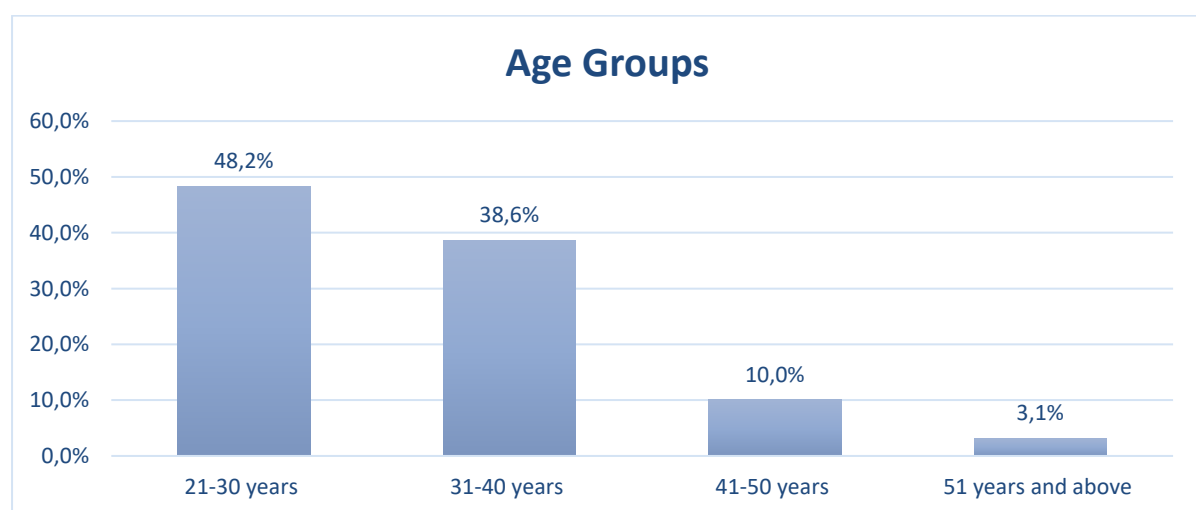
4.4 FREQUENCY DISTRIBUTIONS OF DEMOGRAPHIC INFORMATION

The first section of the questionnaire, which is Section A, requested from participants the following biographic information: 1. Age distribution, 2. Home language, 3. Gender, 4. Educational qualifications, 5. Employment status and 6. Gross personal income per month. Each of the above characteristics is discussed in paragraphs hereafter.

4.4.1 Age distribution

The age categories of the participants are reported in Figure 4.2

Figure 4.2: Age groups



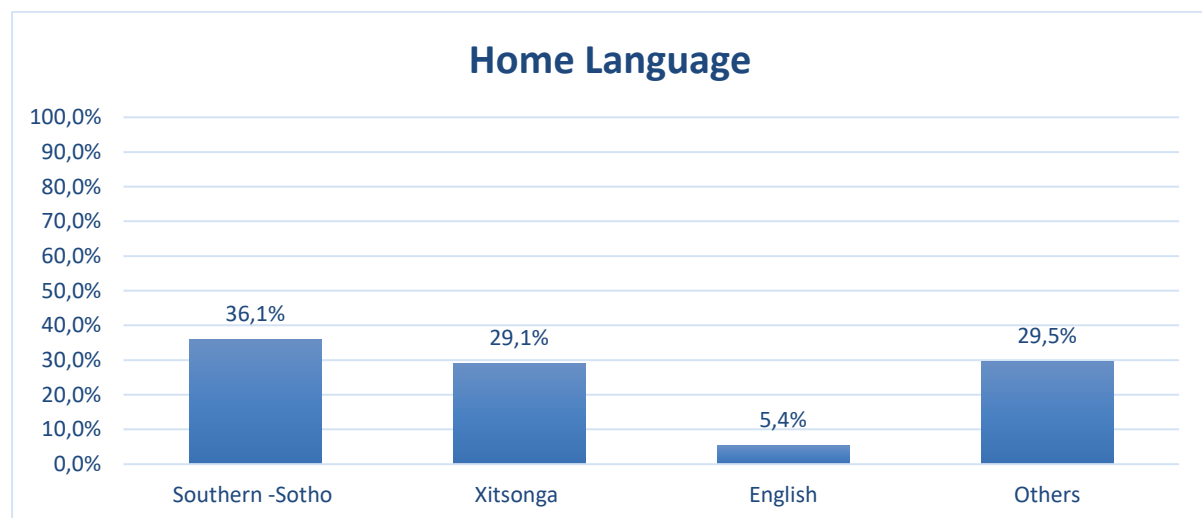
Source: Author

The age categories of participants are reported in Figure 4.2 The results are as follows: the participants between 21 to 30 years were (n= 245; 48.2%), followed by those that are between 31 to 40 years (n= 196; 38.6%), those between 41 to 50 years (n= 51; 10%), and lastly those that are 51 years and above (n= 16; 3.1%). The total response for this question was 508 out of the 510 completed questionnaires with and exclusion of 2 questionnaires.

4.4.2 Home language

The home languages of the participants are reported in Figure 4.3

Figure 4.3: Home languages



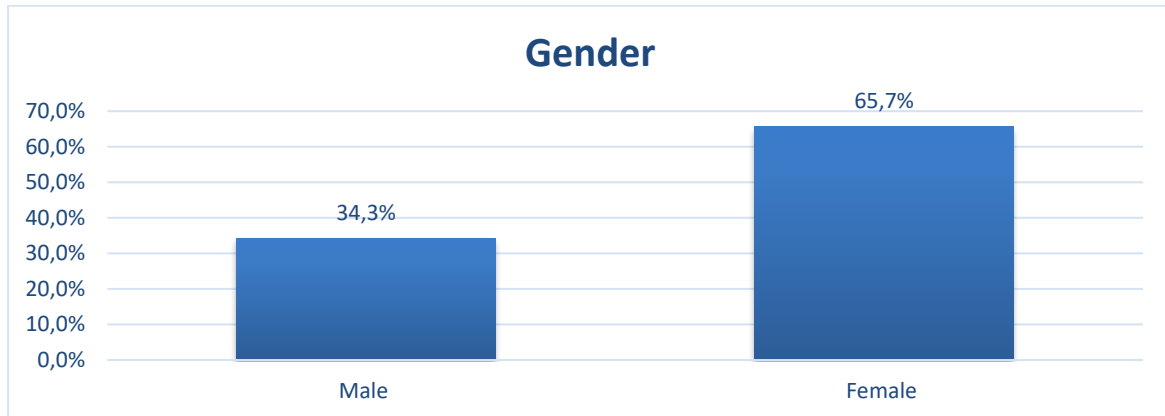
Source: Author

The vernaculars of the participants are reported in Figure 4.3. The majority of the participants indicated that their native language is Southern-Sotho at (n= 181; 36.1%) followed by other languages at (n=148; 29.5%), then followed by individuals who spoke Xitsonga at (n= 146; 29.1%), and lastly by English at (n= 27; 5.4%). The total response for this question was 502 out of the 510 completed questionnaires with and exclusion of 8 questionnaires.

4.4.3 Gender distribution

The gender distribution of the participants is reported in Figure 4.4

Figure 4.4: Gender distribution



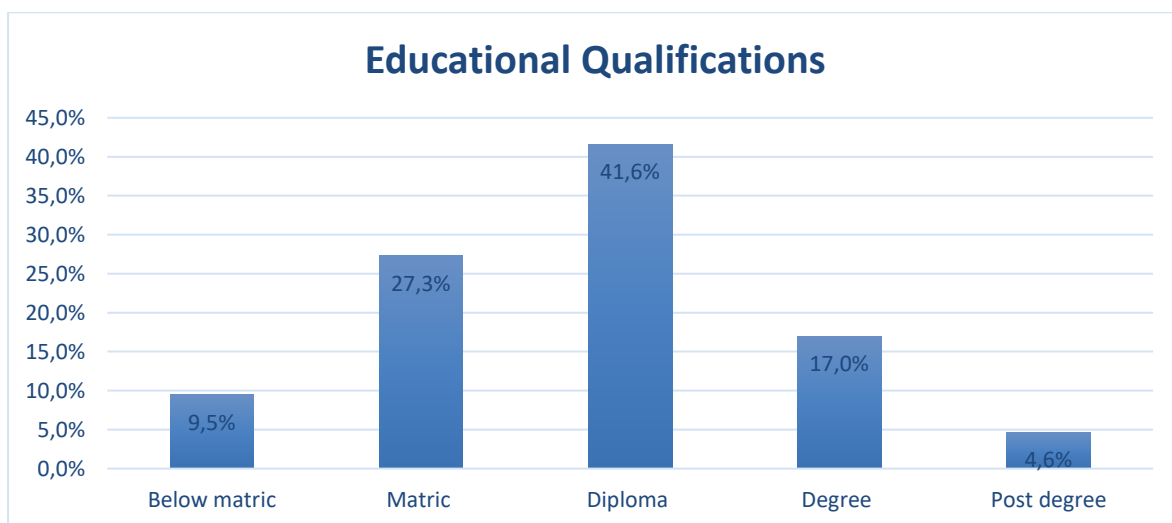
Source: Author

The gender distribution of the participants presented in Figure 4.4 It shows that the majority of the participants to the study are females with a wide range of (n= 320; 65.7%) and males with a range of (n= 167; 34.3%). This shows that the majority of the participants who were available to participate in the study were females. The total response for this question was 487 out of the 510 completed questionnaires with an exclusion of 23 answers.

4.4.4 Highest level of education

The highest level of education of the participants is reported in Figure 4.5.

Figure 4.5: Educational level



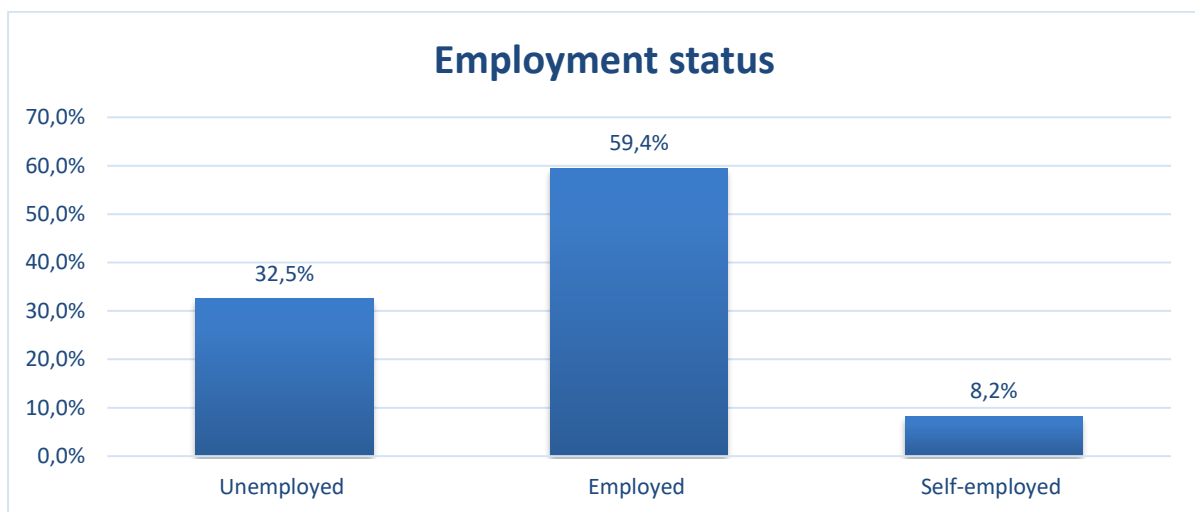
Source: Author

The highest qualifications of the participants are reported in Figure 4.5. The majority of the participants who took part in this study were in possession of diplomas (n= 206; 41.6%), followed by matric (n= 135; 27.3%), degree holders at (n= 84; 17.0%), below matric (n=47; 9.5%) and the ones with post-degree qualifications (n= 23; 4.6%). The total response for this question was 495 out of the 510 completed questionnaires with the exclusion of 15 responses.

4.4.5 Employment status

The employment status of the participants is reported in Figure 4.6

Figure 4.6: Employment status



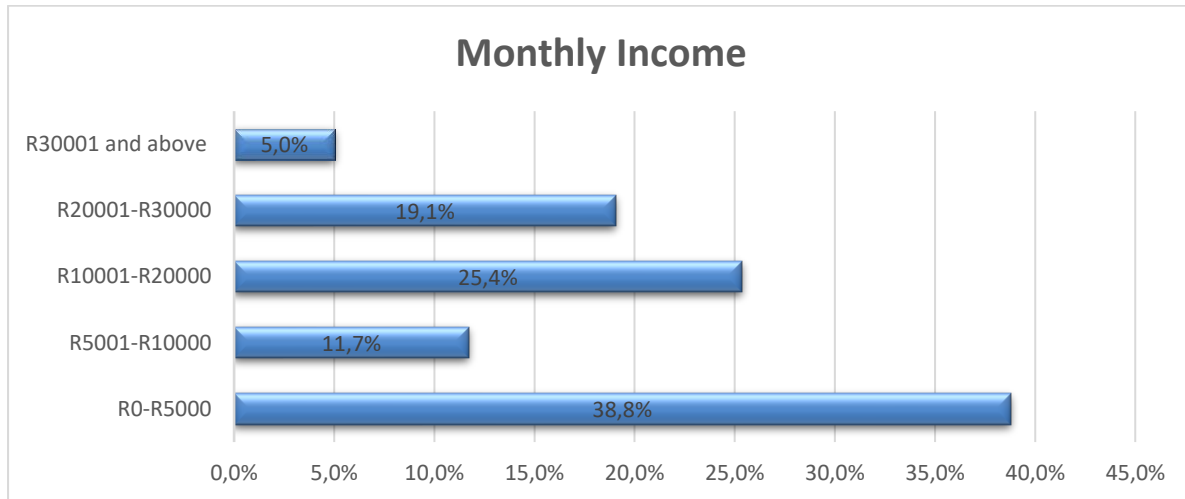
Source: Author

The employment status of the participants is reported in Figure 4.6. The results show that the participants who are employed in this study are (n=298; 59.4%), follow by the unemployed at (n= 163; 32.5%) and those who are self-employed at (n=41; 8.2%). The above shows that a greater number of the participants who were available to participate in the study are unemployed. The total response for this question was 502 out of the 510 completed questionnaires with the exclusion of 8 questionnaires.

4.4.6 Monthly income

The monthly income of the participants is reported in Figure 4.7

Figure 4.7: Monthly income



Source: Author

As presented in Figure 4.7, the participants who earn a monthly income from R0 – R5000 are in the majority with (n= 185; 38.8%), followed by those that earn from R10001 –R20000 at (n= 121; 25.4%), then those that earn from R20001 – R30000 at (n=91; 19.1%), followed by the ones from R5001 – R10000 at (n= 56; 11.7%) and lastly those that earn from R30001 and above at (n=24; 5.0%). The total response for this question was 477 out of the 510 completed questionnaires with an exclusion of 33 responses.

4.5 DESCRIPTIVE ANALYSIS

Researchers can use descriptive statistics to summarize and describe the basic characteristics of large sets of data received from a sample of people. Descriptive statistics typically include measures of central tendency, dispersion, and shape (Mishra, Pandey, Singh, Gupta, Sahu & Keshri 2019:68). Furthermore, the scaled responses were measured using a four-point Likert scale for Section B to D, with 1 indicating strong disagreement and 4 indicating strong agreement. For this study, mean values were used as measures of central tendency. As a result, higher mean values are preferred in this study because they are linked to scale agreement.

Table 4.2: Descriptive analysis results for the measuring instrument (Section B, C and D)

	N	Mean	Minimum	Maximum	Std. Deviation
Section B: Effectiveness of municipal credit management	510	2.702	1.0	4.0	.5579
Section C: Responsiveness to credit management policy	510	2.525	1.0	4.0	.5079
Section D: The relationship between credit management policy and customer service	510	2.101	1.0	4.0	.5936
Valid N (listwise)	510				

Source: Author

Table 4.2 reports that the effectiveness of municipal credit management overall scale (Section B) had the highest mean score of 2.702, followed by the responsiveness to credit management policy overall scale (Section C), which had a mean rating of 2.525. The relationship between credit management policy and customer service scale (Section D), had the lowest mean rating of 2.101.

The standard deviation is frequently associated with the mean because it is a measure designed to resolve the average distance of interpretations from the measurement of the arithmetic mean interpretation. The relationship between credit management policy and customer service scale had the highest standard deviation (.5936), followed by the effectiveness of municipal credit management scale (.5579), and responsiveness to credit management policy had a standard deviation of (.5079) As a result, there was a greater degree of variation in responsiveness and responsiveness.

4.6 EXPLORATORY FACTOR ANALYSIS (EFA)

Factor analysis is a set of procedures for describing the relationships between variables in terms of more fundamental objects known as factors (Samuels 2017:1). Exploratory factor analysis is a statistical system that is used to measure things that cannot be directly measured by forming fundamental measurements (known as latent variables) without determining how well the results

fit a specific model (Watkins 2018:220). The questionnaires contain a number of questions of which not all can be analysed. Therefore, in this case, EFA was used to reduce the number of variables to a smaller number of dimensions called factors, which explains what the original set of variables have in common. Specifically, Bartlett's sphericity tests were used. To determine whether the data were suitable for factor analysis, the Kaiser-Meyer-Olkin (KMO) test was performed. The KMO test is a tool for determining whether or not data are suitable for factor analysis (Shrestha 2021:6).

Table 4.3: The KMO measure and the Bartlett test results

CONSTRUCTS	KMO MEASURE	BARTLETT'S TEST		
		Appropriate Chi-square	Degrees of freedom	Significance level
Effectiveness of municipal credit management	0.804	2929.259	45	0.000
Responsiveness to credit management policy	0.845	3590.939	91	0.000
Relationship between credit management policy and customer service	0.938	9551.740	153	0.000

Source: Author

The results of the KMO measure and the Bartlett test are summarized in Table 4.3. The effectiveness of municipal credit management was addressed in Section B, responsiveness to credit management policy addressed in Section C, and the relationship between credit management policy and customer service was addressed in Section D. The sampling adequacy of the municipal credit management processes, credit management policy and credit management policy and customer services measures were 0.804, 0.845 and 0.938, respectively, according to the KMO test. All of these KMO indicators were greater than 0.6, indicating that the data collected for this study are suitable for other EFA procedures (Kaiser, 1974:35).

Table 4.3 indicates that the Bartlett's test of sphericity results for the various scales revealed significant chi-squares of 2929.259 (df= 45) for effectiveness of municipal credit management, 3590.939 (df= 91) for responsiveness to credit management police, and 9551.740 (df= 153) for

relationship between credit management policy and customer service. All of these values were statistically significant at $p=0.000$; 0.05 , implying that factor analysis is appropriate for the data set. The sample is considered adequate if Bartlett's test was significant at ($P < 0.001$) (Goni, Naing, Hasan, Wan-Arfah, Deris, Arifin, Hussin, Abdulrahman, Baaba & Arshad 2020:3). It is clear from the above that the Bartlett's sphericity test is significant at $p<0.000$, implying that the data are not an identity matrix with zero correlations. The test yielded a chi square value of (χ^2) and a KMO sampling adequacy measure of (>0.50).

4.6.1 Procedure for extracting factors

EFA is used to investigate and model correlative relationships between manifest variables using one or more latent variables. A causal link between latent variable(s) and manifest indicators is assumed in the common factor model (Goretzko Pham & Bühner, M., 2021:3510). Only items from Sections B to D were used in the factor analysis, as Section A contained items about demographic information. Eigenvalues (latent root criterion) greater than 1 may be used by a researcher (Treiblmaier & Filzmoser 2010:205). Therefore, to determine the number of factors in each section, with eigenvalues of equal to or greater than one was used.

The scree test involves looking for breaks or discontinuities in a plot of the eigenvalues. The theory behind this test is that a few major factors account for the majority of variance, resulting in a steep "cliff" as these factors are identified first, followed by a shallow "scree" describing the small and consistent variance accounted for by the numerous minor factors (Hayton, Allen and Scarpello 2004:193). The scree test was also used as a graphical strategy to figure out how many components to keep. The scree plots are attached as Appendix C to the study.

For the purpose of this study the Exploratory Factor Analysis was not further performed on correlation analysis and AVONA because the researcher did not want to go outside the scope of the empirical objectives.

In Section B, two factors were identified, in Section C three factors were pinpointed, and in Section D three factors were picked up. In all the three sections, factor analysis was performed.

Table 4.4: Factor analysis of the effectiveness of municipal credit management

Section B: Understanding of the effectiveness of municipal credit management			
		Factor 1	Factor 2
	Understanding municipal credit management		

Section B: Understanding of the effectiveness of municipal credit management			
		Factor 1	Factor 2
B7	I am well informed on how to pay my municipal bills	0.693	
B8	I know how to submit my complaints to the municipal council.	0.813	
B9	I am well informed on what standard of service I can expect from the municipal council.	0.917	
B10	I am well informed on how well the municipality is performing financially	0.817	
	Implementation of municipal credit management		
B3	In my opinion, the current credit management policy of my municipality has failed to deal with municipal debt collection.		0.890
B4	In my view, there is limited commitment from municipal councillors to implement the credit management policy effectively.		0.879
B5	The municipality does not have the managerial and administrative capacity to implement the credit management policy.		0.854
B6	Existing legislations (Acts, Ordinances, By-laws) need to be amended to ensure effective and efficient implementation of debt collection measures.		0.715
Eigenvalue		4.660	1.875
% of variance explained		46.600	18.747
Cumulative variance explained		46.600	65.346

Source: Author

Understanding municipal credit management (factor 1): This factor consisted of four items with an eigenvalue of (4.660) and a percentage of variance explained by factor 1 is 46.600 percent.

These items covered by this factor can assist in determining whether residents understand the municipal billing and the credit management in the municipality. Questions B7, B8, B9 and B10 best reflected the potential to measure the understanding of credit management. Therefore, the study will look at the findings of the four selected questions. A frequency table is used to interpret the understanding of participants and how they responded to each question.

Frequency Table 4.4.1:

	B7		B8		B9		B10	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	28	5.5	35	6.4	31	6.1	56	11.0
Disagree	113	22.2	91	17.8	109	21.4	127	24.9
Agree	267	52.4	341	66.9	289	56.7	272	53.3
Strongly agree	102	20.0	43	8.4	81	15.9	55	10.8
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.4.1 shows that the majority of participants in terms of question *B7: I am well informed on how to pay my municipal bills*, agreed (52%), strongly agreed (20.0%) with the statement. *B8: I know how to submit my complaints to the municipal council*, agreed (66.9%) and strongly agree (8.4%). *B9: I am well informed on what standard of service I can expect from the municipal council*, agreed (56.7%) and strongly agreed (15.9%). *B10: I am well informed on how well the municipality is performing financially*, agreed (53.3%) and strongly agreed (10.8%) with this statement. From these findings, it can be suggested the participants have an understanding of municipal credit management.

Implementation of municipal credit management policy (factor 2): This factor consisted of four items with an eigenvalue of (1.875) and a percentage of variance explained of 18.747 percent. The items contained in this factor assist the researcher to determine the implementation of municipal credit management policy. Because questions B3, B4, B5, and B6 best reflected the potential to measure implementation of municipal credit management, the study focuses on the results of the four selected questions. A frequency table is used to interpret participants' understanding and how they responded to each question.

Frequency Table 4.4.2

	B3		B4		B5		B6	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	76	14.9	52	10.2	66	12.9	42	8.2
Disagree	162	31.8	156	30.6	193	37.8	103	20.2
Agree	186	36.5	225	44.1	169	33.1	258	50.6
Strongly agree	86	16.9	77	15.1	82	16.1	107	21.0
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.4.2. shows that the majority of participants with regard to question *B3: In my opinion, the current credit management policy of my municipality has failed to deal with municipal debt collection*, agreed (36.5%), strongly agreed (16.9%) with the statement. *B4: In my view, there is limited commitment from municipal councillors to implement the credit management policy effectively*, agreed (44.1%) and strongly agree (15.1%). *B5: The municipality does not have the managerial and administrative capacity to implement the credit management policy*, agreed (33.1%) and strongly agreed (16.1%). *B6: Existing legislations (Acts, Ordinances, By-laws) need to be amended to ensure effective and efficient implementation of debt collection measures*, agreed (50.6%) and strongly agreed (21.0%) with this statement. From these findings, it can be concluded that there is poor implementation of credit management in the municipality.

Table 4.5: Factor analysis for the responsiveness to credit management policy

Section C: Responsiveness to credit management policy				
		Factor 1	Factor 2	Factor 3
	Reaction to credit management policy			
C1	Do you often pay your municipal service fees?	0.792		
C2	To pay municipality service fees is a correct thing to do?	0.826		

Section C: Responsiveness to credit management policy				
		Factor 1	Factor 2	Factor 3
C3	Do you feel obliged to pay your municipality services fees?	0.817		
C13	Would you encourage other residents to pay their municipal service fees?	0.690		
C14	There's a need for service fees to be paid?	0.829		
	Attitude towards credit management			
C4	Do you feel that you pay for quality service delivery?		0.892	
C5	In the current state of affair of your municipality do you feel obligated in paying for service delivery?		0.731	
C10	Failure to pay your municipal service fees, an action is taken by the municipality to enforce payments.		0.754	
C12	The billing systems are fair for residents to comply or pay their municipal debts?		0.680	
	Residents' affordability			
C6	In my opinion the current billing system is appropriate.			0.653
C8	Does your personal income have an impact on your payment of municipal service fees?			0.675
C9	In my opinion it's easy to pay municipality service fees.			0.791

Section C: Responsiveness to credit management policy				
		Factor 1	Factor 2	Factor 3
C11	Municipality failure to act on non-payment has an influence on your payment of service fees?			0.765
Eigenvalue		5.558	2.115	1.342
% of variance explained		39.701	15.106	9.583
Cumulative variance explained		39.701	54.807	64.391

Source: Author

Reaction to credit management policy (factor 1): This factor consisted of four items with an eigenvalue of (5.558) and a percentage of variance explained of 39.701 percent. The residents can respond negatively to the credit policy due to a number of factors; one of these can be the enforcement of the policy, service delivery, accuracy of billing, affordability, the stigma of entitlement due to their historic experience and so forth. Questions C1, C2, C3, and C13 best reflected the potential to measure reaction to credit management policy, and therefore the study concentrates on the results of the four selected questions. To interpret participants' knowledge and responses to each question, a frequency table is presented below.

Frequency Table 4.5.1

	C1		C2		C3		C13	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	32	6.3	25	4.9	21	4.1	30	5.9
Disagree	74	14.5	75	14.7	105	20.6	107	21.0
Agree	324	63.5	283	55.5	271	53.1	286	56.1
Strongly agree	80	15.7	127	24.9	113	22.2	87	17.1
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.5.1 demonstrates that the vast majority of the participants concerning question *C1: Do you often pay your municipal service fees?*, agreed (63.5%), strongly agreed (15.7%) with the statement. *C2: To pay municipality service fees is a correct thing to do?*, agreed (55.5%) and strongly agree (24.9%). *C3: Do you feel obliged to pay your municipality services fees?*, agreed (53.1%) and strongly agreed (22.2%). *C13: Would you encourage other residents' to pay their municipal service fees?*, agreed (56.1%) and strongly agreed (17.1%) with this statement. The findings indicate that the participants were reactive to the credit management policy of the municipalities in the level of its implementation by the municipality.

Attitude towards credit management (factor 2): This factor consisted of four items with an eigenvalue of (2.115) and a percentage of variance explained of 15.106 percent. This factor focuses on the outcomes of the four selected questions, C4, C5, C10, and C12, because they best indicated the capacity to gauge attitude to credit management policy. A frequency table is used to interpret participants' knowledge and responses to each question.

Frequency Table 4.5.2

	C4		C5		C10		C12	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	147	28.8	73	14.3	153	30.0	66	12.9
Disagree	239	46.9	296	58.0	237	46.5	302	59.2
Agree	90	17.6	111	21.8	88	17.3	113	22.2
Strongly agree	34	6.7	30	5.9	32	6.3	29	5.7
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.5.2. depicts that majority of participants regarding question *C4: Do you feel that you pay for quality service delivery?*, - where responses were disagreed (4.6.9%), strongly disagreed (28.2%) with the statement. *C5: In the current state of affair of your municipality do you feel obligated in paying for service delivery?*, disagreed (58.0%) and strongly disagree (24.9%). *C10: Failure to pay your municipal service fees, an action is taken by the municipality to enforce payments*, agreed (46.5%) and strongly agreed (30.0%). *C12: The billing systems are*

fair for residents' to comply or pay their municipal debts?, agreed (59.2%) and strongly agreed (12.9%) with this statement. The finding suggests that the participants had a negative attitude towards the municipality's credit management policy.

Residents' affordability (factor 3): This factor consisted of four items with an eigenvalue of (1.342) and a percentage of variance explained of 9.583 percent. This section focuses on the results of the four selected questions, C6, C8, C9, and C11, because they best reflected the potential to measure residents' affordability. A frequency table is used to interpret participants' knowledge and responses to each question.

Frequency Table 4.5.3

	C6		C8		C9		C11	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	63	12.4	74	14.5	60	11.8	75	14.7
Disagree	277	54.3	248	48.6	203	39.8	201	39.4
Agree	144	28.2	122	23.9	212	41.6	156	30.6
Strongly agree	26	5.1	66	12.9	35	6.9	78	15.3
TOTAL	510	100	510	100	510	100	510	100

Source: Author

The majority of participants in Frequency Table 4.5.3. C6: *In my opinion the current billing system is appropriate*, disagreed (54.3%) and strongly disagreed (12.4) with the statement. With question C8: *Does your personal income have an impact on your payment of municipal service fees?*, the responses were disagreed (48.6%), and strongly disagreed (14.5%). Question C9: *In my opinion it's easy to pay municipality service fees*, was answered as follows: disagreed (39%) and strongly disagreed (11.8%). C11: *Municipality failure to act on non-payment has an influence on your payment of service fees?* disagreed (39.4%) and agreed (30.6%) with this statement. The findings propose that affordability can have a bearing on responsiveness to credit management.

Table 4.6: Factor analysis for the relationship between credit management policy and customer service

Section D: The relationship between credit management policy and customer service				
		Factor 1	Factor 2	Factor 3
	Customer Satisfaction			
D7	The local municipality is working to ensure improved service delivery to residents.	0.701		
D8	The local municipality has upgraded the civic centres and community halls in our area.	0.656		
D9	The local municipality is progressive.	0.625		
D10	In your last contact with the municipality, were you satisfied with finding the right person to assist you?	0.766		
D11	In your last contact with the municipality, were you satisfied with the amount of time taken to deal with your matter?	0.765		
D12	In your last contact with the municipality, were you satisfied with the final outcome of your matter?	0.825		
D13	Were you satisfied with the service you received the last time you contacted the municipality?	0.784		
D14	In your last contact with the municipality, were you satisfied with the competency of the municipal staff members?	0.798		
D15	In your last contact with the municipality, were you satisfied with the helpfulness of the municipal staff members?	0.889		
D16	I am satisfied with the opportunities for participation in local decision making provided by your municipality?	0.682		
	Implementation of service delivery			

Section D: The relationship between credit management policy and customer service				
		Factor 1	Factor 2	Factor 3
D1	The municipalities respond to customer queries and the rectification of account errors timeously.		0.793	
D2	The municipality is customer service orientated		0.698	
D3	Municipal customers have confidence in the municipal billing system.		0.823	
D4	The municipalities have a strategic plan to deal with municipal services debt.		0.794	
D5	The municipality keeps residents well informed about the services and benefits it provides.		0.630	
D6	In recent time, the municipality has made adequate provisions for you to express your views on the municipal services and financial issues that affect you?		0.623	
D9	The local municipality is progressive.		0.603	
	Resource deployment			
D17	Employees at lower levels know the mission, vision and goals of the municipality, in order to support effective customer service.			0.819
D18	Existing municipal officials should undergo regular orientation training			0.902
Eigenvalue		11.248	1.458	1.014
% of variance explained		62.489	8.099	5.635
Cumulative variance explained		62.489	70.588	76.223

Source: Author

Customer satisfaction (factor 1): This factor consisted of four items with an eigenvalue of (11.248) and a percentage of variance explained of 62.489 percent. This section focuses on the

results of questions, D10, D11, D12, and D14, because they best reflected the potential to measure customer satisfaction. A frequency table is used to interpret responses to each question.

Frequency Table 4.6.1

	D10		D11		D12		D14	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	126	24.7	142	27.8	131	25.7	137	26.9
Disagree	279	54.7	266	52.2	253	49.6	287	56.3
Agree	87	17.1	80	15.7	110	21.6	67	13.1
Strongly agree	18	3.5	22	4.3	16	3.1	19	3.7
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.6.1 presents responses to the following questions: D10: *In your last contact with the municipality, were you satisfied with finding the right person to assist you?*, have disagreed (54.7%) and strongly disagreed (24.7%) with the statement. D11: *In your last contact with the municipality, were you satisfied with the amount of time taken to deal with your matter?*, disagreed (52.2%), and strongly disagreed (27.8%). D12: *In your last contact with the municipality, were you satisfied with the final outcome of your matter?*, disagreed (49.6%) and strongly disagreed (21.6%). D14: *In your last contact with the municipality, were you satisfied with the competency of the municipal staff members?* disagreed (56.3%) and strongly disagreed (26.9%) with this statement. The results propose that the participants were not satisfied with the municipal services.

Implementation of service delivery (factor 2): This factor consisted of four items with an eigenvalue of (1.458) and a percentage of variance explained of 8.099 percent. This section examines the answers to questions D1, D2, D5, and D6, because they best reflect the potential to measure implementation of service delivery. To interpret the answers to each question, a frequency table is used.

Frequency Table 4.6.2

	D1		D2		D5		D6	
Likert scale	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly disagree	104	20.4	106	20.8	163	32.0	130	25.5
Disagree	325	63.7	301	59.0	229	44.9	269	52.7
Agree	63	12.4	74	14.5	100	19.6	90	17.6
Strongly agree	18	3.5	29	5.7	18	3.5	21	4.1
TOTAL	510	100	510	100	510	100	510	100

Source: Author

Frequency Table 4.6.2 provides responses to the above questions: D1: *The municipalities respond to customer queries and the rectification of account errors timeously*, have disagreed (63.7%) and strongly disagreed (20.4%) with the statement. D2: *The municipality is customer service orientated*, disagreed (59.0%), and strongly disagreed (20.8%). D5: *The municipality keeps residents well informed about the services and benefits it provides.*, disagreed (44.9%) and strongly disagreed (32.0%). D6: *In recent time, the municipality has made adequate provisions for you to express your views on the municipal services and financial issues that affect you*, disagreed (52.7%) and strongly disagreed (25.5%) with this statement. The findings propose that there is poor implementation of service delivery in the municipality.

Resource deployment (factor 3): This factor consisted of four items with an eigenvalue of (1.014) and a percentage of variance explained of 5.635 percent. The focus is on the answers to questions D17 and D18, as they represent the most potential to measure resource deployment. A frequency table is used to interpret responses.

Frequency Table 4.6.3

	D17		D18	
Likert scale	Frequency	Percent	Frequency	Percent
Strongly disagree	42	8.2	32	6.3

	D17		D18	
Likert scale	Frequency	Percent	Frequency	Percent
Disagree	157	30.8	48	9.4
Agree	274	53.7	212	41.6
Strongly agree	37	7.3	218	42.7
TOTAL	510	100	510	100

Source: Author

Frequency Table 4.6.3 provides responses to the above questions: D17: *Employees at lower levels know the mission, vision and goals of the municipality, in order to support effective customer service*, have agreed (53.7%) and strongly agreed (7.3%) with the statement. D18: *Existing municipal officials should undergo regular orientation training*, agreed (41.6%), and strongly agreed (42.7%) with the statement. According to the participants' feedback, there is poor resource deployment in terms of human capital to implement the credit policy management and service delivery.

As the factor analysis has been concluded on in preceding sections, Section 4.7 below provides empirical findings relating to correlation analysis. This approach is in line with the sequence of analysis presented in Figure 4.1.

4.7 CORRELATION ANALYSIS

Correlations were computed using Pearson's correlation coefficients to determine the strength and direction of the relationships between constructs. The relationships between credit management policy and customer services had to be investigated in order to meet the study objectives outlined in Chapter 1. In order to determine the strength of the underlying relationship, correlation analysis was used among the mentioned constructs. According to Malhotra (2010:562), the Pearson correlation coefficient (r) can be used to assess the degree of linear relationship between the variables.

Table 4.7 displays the results of the composite correlation of the present study.

Table 4.7: Correlation analysis of the three sections

		Section B	Section C	Section D
Section B: Effectiveness of municipal credit management	Pearson correlation	1	0.516**	0.164**
	Sig. (2-tailed)		0.000	0.000
	N	510	510	510
Section C: Responsiveness to credit management policy	Pearson correlation	0.516**	1	0.460**
	Sig. (2-tailed)	0.000		0.000
	N	510	510	510
Section D: Relationship between credit management policy and customer service	Pearson correlation	0.164**	0.460**	1
	Sig. (2-tailed)	0.000	0.000	0.000
	N	510	510	510

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Author

The test was done based using a two-tailed significance ($p < 0.01$). According to Zhou, Deng, Xia and Fu (2016:209), the effect size is $r = 0.10$ - 0.29 (small effect), $r = 0.30$ - 0.49 (medium effect), and r equal to or greater than 0.50 (large effect). The strength of the relationship between the factors was determined using Choudury's (2009:4) guidelines of 0.0 to 0.1 (very weak or no relationship), 0.1 to 0.3 (weak relationship), 0.3 to 0.5 (moderate relationship), and 0.5 to 1.0 (strong relationship).

Table 4.7 shows that the Pearson correlation coefficients revealed a strong positive linear relationship between effectiveness of municipal credit management and responsiveness to credit management policy at $r = 0.516$, $p < 0.01$. This indicates that the effectiveness of credit management has influence on the responsiveness to credit management policy by residents. The relationship between responsiveness to credit management policy and relationship between credit management policy and customer service shows a moderate relationship at $r = 0.460$, $p < 0.01$.

The effectiveness of the credit management policy and the responsiveness to it by residents living under the management of the selected municipality, are closely related. From the preceding correlational findings, it is posited that residents responded to the manner in which the credit management policy is enforced. If the municipality does not enforce its policy rigorously, residents ignore their responsibilities (for example, to make payments). Since these elements are closely related, the opposite is also true. If the credit policy is enforced, people will be more responsive and meet their obligations towards the municipality. If residents are responsive to the credit policy and meet their obligations towards the municipality, there is a good probability that the municipality can improve upon their service delivery. From the findings, it seems that the effectiveness of credit management policy enforcement also indirectly affects service delivery ($r = 0,164$). It seems that the enforcement of the credit management policy is related to responsiveness, and responsiveness is related to service delivery.

In the section below (4.8), the empirical findings relating to the ANOVA test are presented. This is again in line with the presentation sequence stated in Figure 4.1.

4.8 ANOVA ANALYSIS OF DEMOGRAPHIC INFORMATION

ANOVA is a statistical procedure used to determine whether the means of two groups are equal. If there are any differences in the means of the groups, ANOVA determines the significance of the differences (Yigit & Mendes 2018:297). The goal of an ANOVA is to see if there are any significant differences in the means of three or more groups (Watkins & Gioia, 2015:105). The F ratio, also known as the F statistic, represents these differences, and a large F ratio with a probability of less than 0.05 represents a low likelihood of any difference between groups occurring by chance alone (Connelly 2021:218). The testing of differences was done on the locations identified in Chapter 3 of this study. ANOVA was used to determine whether there were any statistically significant differences between the three dimensions of demographic data (Highest Qualifications, Employment status and Monthly Income) when it comes to the three constructs, namely (Section B): Effectiveness of municipal credit management, Section C: Responsiveness to credit management policy and Section D: The relationship between credit management policy and customer service. These differences were considered significant if the P-value was less than or equal to 0.05 while the P-value greater than 0.05 was considered not to be statistically significant. Appendix contains the ANOVA and homogeneous subsets tables.

It is important to note that under the dependent variables in the tables below, Section B refers to the Effectiveness of municipal credit management, Section C refers to Responsiveness to credit

management policy, and Section D refers to the Relationship between credit management policy and customer service.

4.8.1 Employment status

The ANOVA revealed a significant difference between groups under the employment status demographic at (SD 0.000) in Section B total and (SD 0.000) in Section C total (refer to Appendix C for ANOVA tables). Therefore, a Post Hoc test was performed for the groups, as illustrated in Table 4.8.

Table 4.8: Post Hoc Tests using the Turkey HSD – Employment status

Dependent Variable	(I) Employ	(J) Employ	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Section B	Unemployed	Employed	-.2714*	.0533	.000	-.397	-.146
Section C	Unemployed	Employed	-.1645	.0489	.002	-.279	-.049
		Self-employed	-.3146	.0877	.001	-.520	-.108

*. The mean difference is significant at the 0.05 level.

Source: Author

Post-hoc Table 4.8. depicts mean differences, and the results are summarized as follows:

Section B (Effectiveness of municipal credit management): There were significant differences identified between the participants who were unemployed (mean difference -0.2714) and those who were employed. This suggests that the municipality might not be able to effectively collect their debt from those that are unemployed. Enwereji and Uwizeyimana (2020:336) confirm that unemployment is one of the major issues contributing to non-payment for municipal services in some municipalities. *Section C (Responsiveness to credit management policy):* There were significant differences identified between the participants who are unemployed (mean difference -0.1645, -0.3146) and those who are employed, self-employed respectively. This might indicate

that those who were self-employed were significantly more responsive to the municipal credit policy than those who were unemployed.

4.8.2 Monthly income

With a significance difference of (SD 0.000) in Section B total and (SD 0.008) in Section C total, the ANOVA revealed a significant difference between groups of monthly Income (for the ANOVA table, see Appendix C). As the result shown in Table 4.9., a Post Hoc test for the groups was conducted.

Table 4.9: Post Hoc Tests using the Turkey HSD – Monthly Income

Dependent Variable	(I) Income	(J) Income	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Section B	R0-R5000	R10001-R20000	-.1836*	.0616	.025	-.352	-.015
		R20001-R30000	-.3364*	.0675	.000	-.521	-.152
		R30001 and above	-.3899*	.1143	.006	-.703	-.077
	R5001-R10000	R20001-R30000	-.2543*	.0895	.038	-.499	-.009
Section C	R0-R5000	R30001 and above	-.3122	.1060	.028	-.602	-.021

*. The mean difference is significant at the 0.05 level.

Source: Author

The mean scores are shown in Table 4.9 as the results of the post-hoc tests. This suggests that there are statistically significant differences between residents from various monthly income levels. The findings are summarized as follows:

Section B (Effectiveness of municipal credit management): The score for the respondents with a monthly income between R0-R5000 (mean difference -0.1836, -0.3364, -0.3899) differed significantly when compared to the respondents with monthly income of R10001-R20000, R20001-R30000, R30001 and above. R5001-R10000 (mean difference -0.2543) and R20001-R30000. This suggests that the municipalities' credit management is less effective for those with low monthly income ranging between R0-R5000. It was also suggested that for those with a monthly income of R20001-R300000, municipal credit management appears to be effective because they can afford municipal bills. *Section C (Responsiveness to credit management policy):* The score for the respondents with a monthly income between R0-R5000 (mean difference -0.3122) differed significantly when compared to the respondents with monthly income of R30001 and above. The result suggests that those with high monthly income are more responsive to the credit management policy. Iita (2014:35) supports the above by noting that the most common reason given for non-payment appears to be the inability to pay due to poverty. Failure to pay indicates that there is a certain income level below which people are unable to pay for service delivery.

4.8.3 Highest level of education

The ANOVA showed a significant difference between groups under the highest level of education demographic at (SD 0.000) in Section B total and (SD 0.000) in Section C total (refer to Appendix C for ANOVA table). Therefore, a Post Hoc test for the groups was performed, as illustrated in Table 4.10

Table 4.10: Post Hoc Tests using the Turkey HSD – highest level of education

Dependent Variable	(I) Qual	(J) Qual	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound

Dependent Variable	(I) Qual	(J) Qual	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
Section B	Below matric	Diploma	-.4577*	.0833	.000	-.686	-.230
		Degree	-.5256*	.0939	.000	-.783	-.269
		Post degree	-.7075*	.1311	.000	-1.066	-.349
	Matric	Diploma	-.2639*	.0571	.000	-.420	-.108
		Degree	-.3317*	.0716	.000	-.528	-.136
		Post degree	-.5137*	.1162	.000	-.832	-.195
Section C	Below matric	Diploma	-.2374	.0790	.023	-.454	-.020
		Post degree	-.3574	.1245	.035	-.698	-.016
	Matric	Diploma	-.1903	.0541	.004	-.338	-.042
		Post degree	-.3103	.1103	.041	-.612	-.008

*. The mean difference is significant at the 0.05 level.

Source: Author

The post-hoc tests show that there is a statistically significant difference between residents with different education levels, as shown in Table 4.10. The findings are summarized as follows:

Section B (Effectiveness of municipal credit management): The results showed a significant difference between the respondents with Below matric (mean difference -0.4577, -0.5256, -0.7075) and those with Diploma, Degree, Post degree respectively. Matric (mean difference -0.2639, -0.3317, -0.5137) and Diploma, Degree, Post degree respectively. These results might suggest that the high the knowledge the more the understanding on credit management. *Section C (Responsiveness to credit management policy):* There were significant differences identified between the participants with Below matric (mean difference -0.2374, -0.3574) and those Diploma, Post degree respectively. Matric (mean difference -0.1903, -0.3103) and Diploma, Post degree in that order. It can be suggested that the residents with Diplomas and Post degree are more responsive to the credit management policy.

4.9 VALIDITY ANALYSIS

The survey instrument's validity was improved by incorporating content, convergent and construct validity.

4.9.1 Content validity

A literature review, in conjunction with the items on the measuring instrument for this study, was used to assess content validity. This was accomplished by reviewing studies that identified factors related to effectiveness of municipal credit management, responsiveness to credit management policy and municipal service delivery.

4.9.2 Convergent validity

Convergent validity was determined in this study using factor loadings, Cronbach's alpha values, description analysis, correlation analysis and ANOVA. The results demonstrated sufficient evidence of convergence of the study constructs, indicating convergence among the constructs. As a result, the results indicate that all items converged well on the construct they were designed to measure, confirming the presence of convergent validity.

4.9.3 Construct validity

Construct validity is concerned with determining the relationship between the concepts and the study's goals. All the factor loadings in Tables 4.3, 4.4, and 4.5 are greater than the 0.50 threshold, indicating validity for the various construct measures.

In the penultimate section of this chapter (4.10), it is explained how the findings of this chapter relate and compare to the findings of other researchers.

4.10 FINDINGS AND COMPARISON TO PREVIOUS RESEARCH

In order to establish whether the present empirical findings are comparable to those of other researchers, Table 4.11 was compiled to summarize the empirical findings of the study comparatively with previous studies that are related to this research topic.

Table 4.11: Comparisons between research outcomes

Previous study	Previous studies summary of research findings	Similarities on findings to this study
Tshamano Catherine Mavhungu (2011)	This study concluded that non-payment for municipal services is primarily due to poverty, as well as other factors such as untrustworthy consumer data, insufficient policies and procedures for collecting consumer debt, a lack of political will to support debt collection actions, a culture of non-payment, and dissatisfaction with the level of services.	Both studies found that the factors such as poverty, dissatisfaction with the level of service delivery contribute to non-payment of municipal debts.
Andre Van Schalkwyk (2012)	According to the findings of this study, non-payment is caused by a variety of factors, including poverty and unwillingness to pay for services. There is widespread dissatisfaction with the quality of the municipality's services.	Both studies agree that factors such as poverty, unwillingness to pay and dissatisfaction with the level of municipal service delivery cause non-payment.
Enwereji Prince Chukwuneme (2016)	In this study, it was discovered that residents have the means to pay rates but choose not to do so due to poor service delivery by municipalities, municipalities do not interpret municipal legislations to them, municipalities lack effective by-laws	These studies share a common finding on the lack of enforcement of credit management policy.

	and the capacity to enforce payments and punish defaulters.	
Tivavone brilliant (2018)	It is concluded that there are several constraints inhibited payment of rates and taxes, which was primarily due to a lack of economic opportunities for gainful employment, as well as poor updating of municipal policies such as tariffs. In addition to a lack of awareness campaigns, poor rate and tax collection, poor service delivery, a lack of human capital training required to facilitate debt recovery processes, and poor technologies and ICT components all contribute to municipal debt recovery being hampered.	In can be confirmed that these studies share similar findings that unemployment, poor updating of municipal policies such as credit and debt control policies, tariff policy, lack of awareness, poor services delivery, knowledge etc. contributes to the issues of non-payment and poor implementation of credit management policy.
Prince Chukwuneme Enwereji and Dominique Uwizeyimana (2020)	According to the findings of this study, one of the major causes of payment default is a lack of enforcement capacity and the inability to apply municipal credit policies. Inadequate service delivery was also mentioned.	It was found in both studies that the challenge is lack of capacity to enforce and inadequate service delivery.

Source: Researchers as listed

According to Table 4.11, the majority of previous studies' findings are consistent with the findings of this study.

4.11 CHAPTER SUMMARY

This chapter presented the quantitative data analysis findings and addressed the specific empirical objectives outlined in Chapter 1. First, the chapter explored the reliability of the measuring instruments and sample, including the participants' demographic information. Descriptive analysis was performed on the measuring instruments, exploratory factor analysis was performed on Section B: Understanding of the effectiveness of municipal credit management, Section C: Responsiveness to credit management policy, and Section D: Relationship between credit management policy and customer service of the measuring instrument. Correlation analysis was performed to test the correlation between the responsiveness to credit management policy and the customers survives. Also, the correlation between effectiveness municipal credit management and service delivery was tested. An ANOVA was performed on the demographic to establish whether there were any significant relationships that could merit exploration. Lastly, the chapter looked at the validity elements of the study by discussing different validities that were relevant to the present study.

CHAPTER 5:

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The aim of this chapter is to address the primary objective of the study, the research questions, and both theoretical and empirical research objective established in Chapter 1. A further aim is to conclude the study by recommending a number of credit policy guidelines for optimal municipal credit management policy on residents' account. Based on the study's objectives, this final chapter presents conclusions for each of the aspects that were examined. Several suggestions for future research are discussed, with an eye toward any issues raised by this research that could be addressed through future research endeavours. Furthermore, the chapter seeks to recommend strategies that can be implemented to improve the implementation of municipal credit management at Sedibeng District, based on the study's findings. This chapter commences with a review of the research.

5.2 REVIEW OF THE STUDY

The main purpose of the study was to measure the effectiveness of credit management policy implementation on residents' accounts in a Sedibeng district municipality. This was encouraged by the culture of non-payment of municipal service fees and the continuous protests for services delivery in the district. To achieve the study's objectives, the dissertation was divided into five distinct chapters, each serving a different purpose. Chapter 1 presented the context of the study as well as the history and transformation of the local government sphere and the notion of a municipal credit policy. The problem statement was discussed and in addition, the theoretical and empirical objectives of the study were formulated. Chapter 2 reflected on an extensive review of the literature related to the theoretical framework. This chapter presented the conceptual framework of a credit policy, the local government legal framework that plays a role in effectively implementing the credit management policy, local government revenue, and the service delivery element.

Chapter 3 provided an in-depth examination of the research methodology used in this study. The procedure for designing samples, data collection methods, and data preparations were discussed. The data analysis method and statistical techniques were also described. Chapter 4 dealt with presenting, analysing, and interpreting the collected data. The sample was described,

and the correlation, exploratory factor analysis and ANOVA results were presented. This chapter also included an examination of the questionnaire's dependability and validity.

5.3 RESEARCH OBJECTIVES

To ensure that the study's intended purposes were met, all research objectives had to be addressed based on the study's generated data. The theoretical and empirical objectives are revisited in the following sections to demonstrate their achievement within the framework of the study. For the purposes of this study, research objectives were classified into two categories, which are the theoretical and empirical objectives.

5.3.1 Theoretical objectives

Four theoretical objectives were identified in accordance with Chapter 1 paragraph 1.5.1.1. Each theoretical objective is examined in the following paragraphs to illustrate how the objectives have been met.

5.3.1.1 To provide a theoretical exposition of the term ‘credit policy implementation’

This theoretical objective was fulfilled in Chapter 2 of this study through the review of relevant literature. The chapter discussed the key role-players who are tasked with the role/responsibility to implement the credit policy (Section 2.4). The legislation, policy and by-laws framework that guide the implementation of the credit policy were explored in Section 2.5. The chapter also addressed the MFMA as one of the critical Acts that gives guidance of the credit policy implementation in Section 2.5.3. Furthermore, credit control and a debt collection policy were perused with a view to address the above theoretical objective in Section 2.5.12. Lastly, the political context of municipal debt recovery was explained in Section 2.15. A credit management policy guides the municipality on how to collect outstanding debts from municipal debtors. Failure to implement it effectively will mean that the municipality will find itself in a financial crisis.

5.3.1.2 To present a literature review that explores the notion of a credit management policy in terms of local government.

This theoretical objective was considered in Chapter 2 of this study. The research explored the theoretical framework within which the study can be executed. This covered the working capital management in Section 2.2.1., portfolio theory of account receivables in Section 2.2.2., credit management in Section 2.2.3., and public expenditure theory linked to credit management in Section 2.2.4. The study went on to discuss the local government as redefined sphere of government in Section 2.3. The sources of municipal revenue were indicated in Section 2.6. The revenue management principle in Section 2.7 and the fundamental principles

of credit management Section 2.9 followed. The chapter went further to look at the credit management policy as a concept in Section 2.10., assessed the financial viability of municipal in Section 2.13., municipal financial viability and consumer debt in Section 2.14, and lastly the institution that assist in shaping the local government credit policy in Section 2.14. It is the responsibility of the municipal official such as the municipal manager, chief financial officer, the council and finance department designated personnel to implement credit management effectively; however, residents are also responsible for ensuring compliance with credit or debt management.

5.3.1.3 To recommend certain guidelines for credit policy implementation to manage residents' accounts.

This theoretical objective was realised in Chapter 2 of this study. The chapter explained the crucial elements to consider in the design of debt collection techniques in Section 2.8. The research went further to explain these elements in detail under Section 2.8.1, and it touched on what one should look at when preparing municipal bill to residents (billing). Also, Section 2.8.2. addressed how quality of services impacts debt collection and how to ensure that delivery of quality services. Section 2.8.3. presented a guide on the importance and how to communicate with residents when it comes to credit management implementation (communication). Credit management cycles in Section 2.11 was also discussed.

5.3.1.4 To present an appropriate research methodology and design to answer the research questions

This theoretical objective was addressed in Chapter 3 of this study, the study investigated the research design as well as the research methodology needed to achieve empirical goals. The identification of four distinct research design dimensions served as the basis for the analysis of research design in Section 3.4., dimension 1 (Conceptual properties of data) discussed in Section 3.4.1., dimension 2 (New or existing data) Section 3.4.2., dimension 3 (Type of data) Section 3.4.3., and dimension 4 (Degree of control over research design) in Section 3.4.4. The research methodology followed in Section 3.5, and it was explained that the study used a quantitative where statistical analysis was performed. Non-probability sampling was applied in the form of purposive sampling in Section 3.5.3. In summary, it can be said that quantitative research was undertaken through descriptive research. Primary data were collected by means of a self-administered questionnaire, which was distributed by means of purposive sampling. Empirical analysis in the form of statistical interpretation was applied by means of correlation testing, factor analysis, descriptive analysis and ANOVA.

5.3.2 Empirical objectives

In accordance with Chapter 1, Section. 1.5.1.2., six empirical objectives were identified. In the paragraphs to follow, each empirical objective is analysed in order to indicate the fulfilment thereof.

5.3.2.1 To determine whether residents understand the credit management policy of the municipality

The first empirical objective formulated for this study was about determining whether resident understand the credit management policy of the municipality. This objective was achieved in chapter 4, par 4.6.1., Table 4.4 and frequency table 4.4.1. The factor analysis and frequency counting were performed to address this objective. Findings were obtained through the exploration of the statistical indicators of eigenvalue, percentage of variance explained, frequency percentage. Upon responding to question relating to their understanding of the municipal credit management policy, the four-point Likert responses from participants showed mean responses values between three (agree) and four (strongly agree). This implies that sampled residents had an understanding of the credit management policy of the municipality.

5.3.2.2 To determine whether residents respond to the credit management policy of the municipality

The second empirical objective formulated for this study set out to determine whether residents responded to the credit management policy of the municipality. This objective was addressed in Chapter 4, Section 4.5., and Table 4.2 with statistical indicators showing mean scores and standard deviation. A descriptive analysis was performed to determine the responsiveness. The four-point Likert responses from participants showed response values between three (agree) and four (moderately agree). This indicates that the residents are responsive to credit management policy to a level which the municipality enforces it. The poor implementation of credit policy means that residents will respond poorly to the credit management policy of the municipality. The correlation test/analysis in par 4.7., and Table 4.7. shows that the effectiveness of the credit management policy and the responsiveness to it, by residents

5.3.2.3 To identify factors that affect the residents' responsiveness to the credit management policy of the municipality

The third empirical objective for this study was to explore the factors that affect the residents' responsiveness to the credit management policy of the municipality. This objective was addressed in Chapter 4 by performing EFA in Section 4.6.1. and Table 4.5. factors such as reaction, attitude, affordability were identified to be significant factors that affect the

responsiveness of residents to credit management policy of the municipality. The residents showed that they react to credit management policy to a level on which the municipality implements it. The residents had a negative attitude towards the credit management policy. The majority felt that they could not afford their municipal bills. The findings suggested that these factors have influence on how the residents respond to the credit management policy of the municipality.

The study further performed one-way ANOVA to test the significance difference in demographic frequency that influence the responsiveness to credit management of the municipality. A post-hoc test on income in par 4.8.2., Table 4.9, and employment in Section 4.8.1, Table 4.8, revealed a significant difference in the income of the residents, their educational level and that there is significance difference in the employment status of the residents. The shows that people with low income will not respond the same way with people who can afford. The employed is more responsive to the credit management policy than the unemployed.

5.3.2.4 To explore whether the credit management policy of the municipality is implemented effectively

The study's fourth empirical objective was to determine whether the municipality's credit management policy was being implemented effectively. This goal was covered in Section 4.6.1 of Chapter 4 through factor analysis, and the statistical indicators for eigenvalue, percentage of variance explained, and frequency percentage are shown in the frequency table 4.4.2. Participants' four-point Likert responses had frequency percentage values ranging from two (disagree) to one (strongly disagree). This indicates that the credit management policy is not being implemented properly. The study also addressed the goal in Section 4.5, Table 4.2, which show that the residents agreed that the municipality did not implement the credit management policy effectively.

5.3.2.5 To obtain an understanding of the attitude residents have towards the credit management policy of the municipality

The study's fourth empirical objective was to establish residents' attitudes toward the municipality's credit management. This goal was met through factor analysis in Section 4.6.1/ The statistical indicators for eigenvalue, percentage of variance explained, and frequency percentage are shown in Table 4.5 and Frequency Table 4.5.2. Participants' four-point Likert responses revealed frequency percentage dominant response values ranging from one

(disagree) to two (strongly disagree). This indicates that residents were dissatisfied with the municipality's credit management policy.

5.3.2.6 To explore the level of customer satisfaction residents experience, relating to service delivery and resource deployment

The fifth empirical objective for this study was formulated to explore the level of customer satisfaction that residents experience relating to service delivery and resource deployment. The objective was addressed in Chapter 4, Section 4.6.1, Table 4.6 and Frequency Table 4.6.1, 4.6.2, 4.6.3., The four-point Likert responses from participants showed frequency percentage dominant response values between one (disagree) and two (strongly disagree) for customer satisfaction. It further showed that residents strongly suggested that there is poor services delivery. Lastly, respondents indicated that there is limited or poor resource deployment of human capital, which suggests that the municipalities might not have capacity to deliver services because of poor or limited human resources.

5.3.2.7 To test if there is a relationship between credit management and service delivery of the municipality

The sixth empirical objective for this study focused on establishing whether there is a relationship between credit management and service delivery of the municipality. This research objective was covered in Chapter 4, Section 4.5. A correlation test determined that there was a significant positive relationship between credit management and service delivery. Thus, the better the credit management, the better the service delivery

5.4 FULFILMENT OF PRIMARY OBJECTIVE

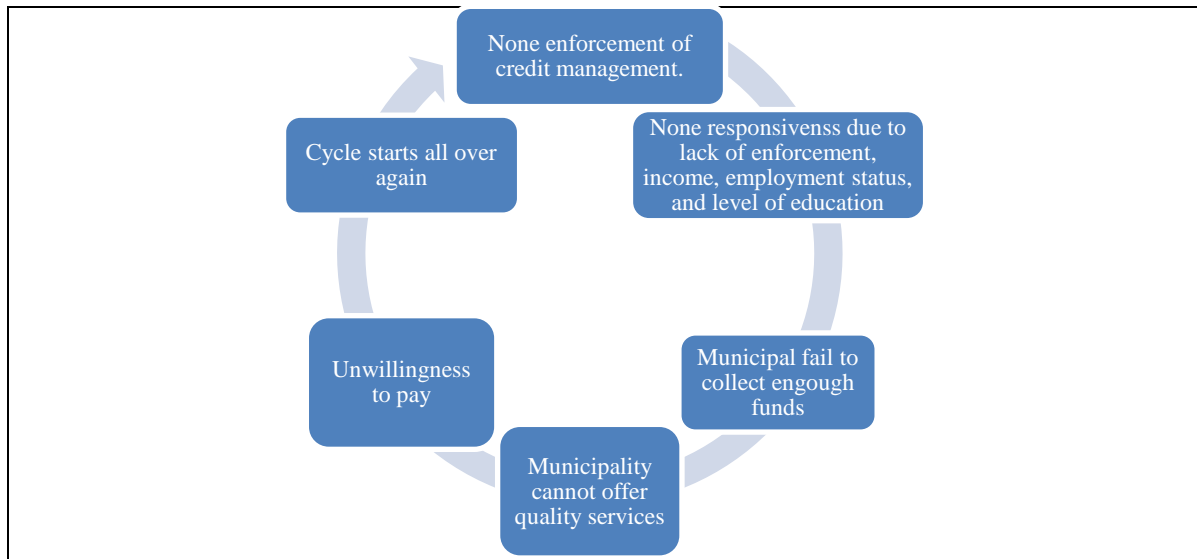
The primary objective was identified in Chapter 1 Section 1.5.1. The primary objective is examined in the following paragraph to explain how it was met.

5.4.1 To determine whether the selected municipality is implementing credit management policy effectively from the customers' perspective.

In order to address the primary objective, the two research objectives, namely theoretical and empirical, have to be addressed. It is concluded that the municipalities fail to implement credit management policy effectively from the customers' perspective. To explore this notion, the study considered a number of findings, such as the municipality does not enforce credit management, residents do not respond due to lack of enforcement, income, employment status and level of education, municipality does not collect enough funds, municipality cannot offer quality services, residents feel justified not to pay, again for they don't receive proper services

and the cycle starts all over again. The figure below illustrates the overall finding of the study in the form of a cycle.

Figure 5.1: Overall findings of the study



Source: Author

Figure 5.1 shows that the municipality does not enforce credit management; therefore, this results in residents not responding to credit management due to lack of enforcement, lack of income, employment status and their level of education. Together, these lead to the municipality not being able to collect sufficient funds. This means that municipalities fail to provide quality services. Once they can provide quality services, the residents feel justified not to pay for municipal services. This cycle starts over again on reoccurs if the municipality does not change the above.

5.5 RESEARCH QUESTIONS

The following research questions can be answered as follows:

Do residents understand and respond to the credit management policy of a Sedibeng District Municipality?

- From the finding in Chapter 4, it was determined that residents did have an understanding of credit management policy. However, they responded negatively to the way that the municipality enforce/implements the credit management policy . Thus, the municipality fails to enforce the credit management policy, therefore the residents are negative or unresponsive to it .

Which factors affect the responsiveness of residents to the credit management policy of a Sedibeng District Municipality?

- There are factors that affect the responsiveness to credit management policy. These factors were the residents' reaction, attitude, and affordability. These were addressed through the performance of factor analysis. The study also showed the significance of the residents' income, employment status and their level of education regarding their responsiveness to the credit management policy.

Does an understanding of, and responsiveness to the credit management policy affect customer service delivery?

- The study has shown that there is a significant correlation between these factors, meaning that as soon as there is an understanding of, and responsiveness to the credit management policy, customer service delivery will be affected positively. This suggests that there is a cycle which depends on two factors: understanding and responsiveness. otherwise the municipality will not be able to collect enough funds to render services.

5.6 STUDY LIMITATIONS AND IMPLICATIONS FOR FUTURE RESEARCH

Even though the study provided pertinent and in-depth insights into the effectiveness of credit management policy implementation on residents' accounts in a Sedibeng district municipality, it is not without limitations. The study's limitations and implications can be stated as follows:

- The findings may not be generalised to the larger population of all South African municipalities.
- The study was conducted in a purposively selected municipality of Sedibeng District, namely Municipality A.
- Obtaining ethical clearance from municipalities will be a challenge because municipalities concerned about confidentiality and the sensitiveness of the topic. It is unfortunate that the exact municipal name could not be mentioned in this research.
- The study was conducted during the COVID-19 pandemic and questionnaires could not be easily distributed because of social distancing regulations and other government regulations that were in place to curb the spread of COVID-19. Under non-pandemic circumstances, more responses could have been collected.

5.7 RECOMMENDATIONS BASED ON THE FINDINGS

This section contains recommendations aimed at helping municipalities to effectively implement their credit management policy and improve their service delivery. To achieve this, the following should be done by the municipality:

- **Review of critical debt recovery policies (indigent and general tariff policy)**

Policies and strategies for municipalities should be reviewed more frequently than they are now. There are changes that occur within the municipality; therefore, in order to move with the significant changes that promote rate and tax payment the municipality to continuously review the tariffs and indigent policies. The indigent application and requirements should be reviewed annually to meet the communities and municipalities financial needs. This should ensure that it caters for the poor, orphans or child headed homes, pensioner with no other income but social grant and the unemployed who live below the poverty rate. This should be done with continuous research on the inflation rate and the state of the economy of the country. The credit control and debt collection policies, as well as the tariff policy, should be tailored to the community's service delivery needs considering changes and the municipality's top priorities. This means the municipality must update all financial viability strategies and policies.

- **Rebates and discounts**

All the residents who continuously pay their accounts on time should receive discounts on monthly basis. The residents who pay continuously without defaulting payments or settling their outstanding debts as per the municipalities credit agreement should get rebates at the end of the year. This can be done by giving 50% off on their monthly rates and taxes for only one month of their choice on the next financial year if they performed as stipulated in the current financial year. This will best encourage residents to closely monitor their accounts and want to comply with the municipal credit requirement policy and other policies. It will further push them to query more often on their account to ensure compliance.

- **Introduce advance automated technical systems (metering, billing and payment)**

Introduce automated metering systems that will report what is recorded by metering personnel directly to the municipality. This will allow the municipality to have accurate billing and easily reconcile meter accounts. Adopt systems such as SAP systems for accounts receivables. The system will also allow the credit control and debt collection unit to keep track of municipal services consumer debtors, their addresses, payment plans, and other information that will aid in debt collection. It will also assist in financial reporting and reconciliation.

Furthermore, to make bill payment easier, municipalities should promote effective payment options such as EFT, debit orders, stop orders, and mobile transfers. Residents should be able to make payments online from a variety of locations which should be promoted on municipal websites.

- **Quality service delivery**

The municipality needs to urgently improve on the quality of services to ensure that consumers' willingness to pay for services is addressed. This can be done through refurbishment of roads and infrastructure, basic services i.e., drainage systems, water supply, electricity supply, streets lights, safety and security, human settlement, employment etc.

- **Employees training and development**

Municipalities should be encouraged to mentor young and newly hired employees in order to transfer their valuable skills and operational knowledge to municipal service management. It would be beneficial to offer current employees incentives in the form of tailored professional development training programs in order for them to maintain and improve their current level of commitment to their daily duties and responsibilities. Continuous training for all junior and senior employees to have a better understating of the municipal system and improve customer services would be a plus. Also, the municipality should recruit young professional for skills transfer and permanent absorption.

- **Community awareness programs**

To deal with the prevailing negative attitude, the municipality needs to launch an educational and awareness campaign among the communities it serves. Communities must be convinced that it is everyone's responsibility, not just the government's, to contribute to the provision of services.

5.8 SUGGESTION FOR FURTHER RESEARCH STUDIES

The following research areas have been identified for further investigation:

- Do a comparative study focused on category A municipalities (Metro municipalities) to gain insights into responses of a larger population and explore different factors.
- Other studies can also investigate effectiveness of credit management policy implementation by examining municipality-internal factors.
- One can also examine the relationship between levies collected and service delivery in selected South African municipalities.

5.9 CHAPTER SUMMARY AND CLOSING REMARKS

This chapter drew conclusions based on the four theoretical objectives, namely to provide a theoretical exposition of the term ‘credit policy implementation’, a literature review to explore the concept of credit management policy in terms of the local government, to recommend certain guidelines for credit policy implementation to manage residents’ accounts and to present an appropriate research methodology and design to answer the research questions. The chapter presented conclusions on the empirical objectives such as to determine whether residents understand the credit management policy of the municipality, to determine whether residents respond to the credit management policy of the municipality, to explore whether the credit management policy of the municipality is implemented effectively and so forth. The study addressed the primary objective of whether the selected municipality is effectively implementing credit management policy from a customer’s perspective. This chapter further address how to answer the three-research question of this study. Recommendations such as often review of municipal policies, quality services, introduction of automated technologies, employees training and development, rebates and discounts and community awareness programmes were made. Limitations and implications of the study were noted, and lastly, suggestions for future research studies were made.

It was found that the sampled municipality has not met its responsibility of credit management and service delivery. However, study recommended that it continuously review their critical debt recovery policies, give residents rebates and discounts, introduce advance automated technical systems, improve the quality service delivery, provide employees training and development; and lastly, organise community awareness programmes to teach residents about credit management policy. The municipality cannot be judged by its successes; it should be judged by how many times it has failed to implement its credit management policy and how its service delivery goes.

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APPENDIX A



Mr. Walker Masungini

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Dear Participant

You are invited to participate in an academic research study conducted by Walker Masungini, a Master's student in Management Accounting from the Accountancy department at the VAAL University of Technology. The purpose of the study is to investigate the effectiveness of credit management policy implementation on residents' accounts in Sedibeng district.

Please note the following:

- The answers you give will be treated strictly confidential and you will not be identified in person in any of the answers you give.
- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questionnaire as completely and honestly as possible. The questionnaire should take approximately 10 – 15 minutes to complete.
- The results of the study will be used for academic purposes only
- Responses will merely be outlined in the form of statistical data in the analysis.

Thank you for your important contribution!

Researcher

Supervisor

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Section A: Biographical Details

Please answer the following questions by placing a cross (X) in the appropriate box.

1. Age group (in years)

1.	21-30	2.	31-40	3.	41-50	4.	51 and above
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2. Home language

1.	Southern -Sotho	2.	Xitsonga	3.	English	4.	Others
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3. Sex

1.	Male	2.	Female
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4. Highest educational qualifications

1.	Below matric	2.	Matric	3.	Diploma	4.	Degree	5.	Post degree
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5. Employment status

1.	Unemployed	
2.	Employed	
3.	Self-employed	

7. Gross personal income per month

1.	R0-R5000	2.	R5001- R10000	3.	R10001- R20000	4.	R20001- R30000	5.	R30001 and above
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Section B: Understanding of the effectiveness of municipal credit management

Please indicate the extent to which you agree or disagree with the following statements. Place a cross (X) in the appropriate box.

		Strongly disagree	Disagree	Agree	Strongly agree
B1	All stakeholders (civics, political parties, trade unions, councillors, residents' and officials) should contribute to the design of a credit management policy of your municipality.	1	2	3	4
B2	In my view, the current credit management policy is implemented appropriately by my municipality.	1	2	3	4

		Strongly disagree	Disagree	Agree	Strongly agree
B3	In my opinion, the current credit management policy of my municipality has failed to deal with municipal debt collection.	1	2	3	4
B4	In my view, there is limited commitment from municipal councillors to implement the credit management policy effectively.	1	2	3	4
B5	The municipality does not have the managerial and administrative capacity to implement the credit management policy.	1	2	3	4
B6	Existing legislations (Acts, Ordinances, By-laws) need to be amended to ensure effective and efficient implementation of debt collection measures.	1	2	3	4
B7	I am well informed on how to pay my municipal bills	1	2	3	4
B8	I know how to submit my complaints to the municipal council.	1	2	3	4
B9	I am well informed on what standard of service I can expect from the municipal council.	1	2	3	4
B10	I am well informed on how well the municipality is performing financially.	1	2	3	4

Section C: Responsiveness to credit management policy

Please indicate the extent to which you agree or disagree with the following statements. Place a cross (X) in the appropriate box.

		Strongly disagree	Disagree	Agree	Strongly agree
C1	Do you often pay your municipal service fees?	1	2	3	4
C2	To pay municipality service fees is a correct thing to do?	1	2	3	4
C3	Do you feel obliged to pay your municipality services fees?	1	2	3	4
C4	Do you feel that you pay for quality service delivery?	1	2	3	4
C5	In the current state of affair of your municipality do you feel obligated in paying for service delivery?	1	2	3	4

		Strongly disagree	Disagree	Agree	Strongly agree
C6	In my opinion the current billing system is appropriate.	1	2	3	4
C7	In my opinion not paying your municipal service fees has an impact on service delivery.	1	2	3	4
C8	Does your personal income have an impact on your payment of municipal service fees?	1	2	3	4
C9	In my opinion it's easy to pay municipality service fees.	1	2	3	4
C10	Failure to pay your municipal service fees, an action is taken by the municipality to enforce payments.	1	2	3	4
C11	Municipality failure to act on non-payment has an influence on your payment of service fees?	1	2	3	4
C12	The billing systems are fair for residents to comply or pay their municipal debts?	1	2	3	4
C13	Would you encourage other residents to pay their municipal service fees?	1	2	3	4
C14	There's a need for service fees to be paid?	1	2	3	4

Section D: The relationship between credit management policy and customer service

Please indicate the extent to which you agree or disagree with the following statements. Place a cross (X) in the appropriate box.

		Strongly disagree	Disagree	Agree	Strongly agree
D1	The municipalities respond to customer queries and the rectification of account errors timeously.	1	2	3	4
D2	The municipality is customer service orientated	1	2	3	4
D3	Municipal customers have confidence in the municipal billing system.	1	2	3	4
D4	The municipalities have a strategic plan to deal with municipal services debt.	1	2	3	4

		Strongly disagree	Disagree	Agree	Strongly agree
D5	The municipality keeps residents well informed about the services and benefits it provides.	1	2	3	4
D6	In recent time, the municipality has made adequate provisions for you to express your views on the municipal services and financial issues that affect you?	1	2	3	4
D7	The local municipality is working to ensure improved service delivery to residents.	1	2	3	4
D8	The local municipality has upgraded the civic centres and community halls in our area.	1	2	3	4
D9	The local municipality is progressive.	1	2	3	4
D10	In your last contact with the municipality, were you with satisfied with finding the right person to assist you?	1	2	3	4
D11	In your last contact with the municipality, were you satisfied with the amount of time taken to deal with your matter?	1	2	3	4
D12	In your last contact with the municipality, were you satisfied with the final outcome of your matter?	1	2	3	4
D13	Were you satisfied with the service you received the last time you contacted the municipality?	1	2	3	4
D14	In your last contact with the municipality, were you satisfied with the competency of the municipal staff members?	1	2	3	4
D15	In your last contact with the municipality, were you satisfied with the helpfulness of the municipal staff members?	1	2	3	4
D16	I am satisfied with the opportunities for participation in local decision making provided by your municipality?	1	2	3	4
D17	Employees at lower levels know the mission, vision and goals of the municipality, in order to support effective customer service.	1	2	3	4
D18	Existing municipal officials should undergo regular orientation training	1	2	3	4

APPENDIX B

ETHICAL CLARANCE



RESEARCHER: Mr AW Masungini

SUPERVISOR: Dr GJ Maseko

PROJECT TITLE: The effectiveness of credit management policy implementation on residents' accounts in Sedibeng district municipality

Decision: Approved

Ethics Reference Number:
FRECMS-17062020-039
214072827

Dear Mr AW Masungini

Thank you for submitting the above-mentioned masters' project for ethical consideration. The application was detailed and provided useful information. You may commence with your data collection. This clearance is valid for three years from the date of this letter.

Please also note the following:

[The Ethics Reference number, as stated above, should be used in all correspondence regarding this research project.

As the primary researcher you undertake to:

- Only follow the procedures for which approval has been given.
- Inform the Faculty Research Ethics Committee (FREC) of any significant deviations that may occur in the research project which directly influences what has been approved.
- Report any adverse events that might occur, within 14 days of the event, to the FREC. (Refer to the Ethical Guidelines as to what procedure you will need to follow in such an event).
- Submit annual progress reports to the FREC.

Inform the FREC once the research project has reached completion and the findings have entered the public domain]

The FREC would like to take this opportunity to wish you well with your research project.

Kind Regards

A handwritten signature in blue ink, appearing to read 'Dr FE Mahomed', is written over a horizontal line.

Dr FE Mahomed

Faculty Research Ethics Committee Chair

Faculty of Management Sciences

PERMISSION TO CONDUCT THE STUDY

**Office of the Executive Director:
Shared Services
Learning & Development**

Tel: +27 16 950-5444

Fax: +27 16 950-5243

E-mail: [REDACTED]

Email: [REDACTED]

Cell: 0842397291

P.O. Box 3

Vanderbijlpark, 1900
[REDACTED]

Date: 27 July 2021

Ref: [REDACTED]

File: 10/11/1

To whom it may concern

RE: Confirmation of Research Approval viz. Mr. Walker Masungini

This serves to confirm that Mr. Walker Masungini sought and was granted permission by [REDACTED] to conduct a research titled “The effectiveness of credit management policy implementation on resident’s accounts in local municipalities of Sedibeng District.”

[REDACTED] is granting research access to its premises and relevant Department(s) to Mr. Walker Masungini and his associates for that purpose only. This research access will terminate immediately upon the completion of the research period as stipulated.

Mr. Walker Masungini will also abide by the rules and regulations that govern all [REDACTED] employees whilst on the premises or various residential areas. This includes any confidentiality obligations that may be required to be observed in publication of the dissertation.

Breach of any such prescripts will result in immediate termination of the research access and any concomitant mitigating steps may be taken where necessary.

■ And Sedibeng District would also welcome a copy of the completed dissertation as a *quid pro quo* if possible.

■ And Sedibeng Region wishes Mr. Masungini well in her research endeavour.

~~pproved/Not Approved~~

A handwritten signature in black ink, appearing to be 'Masungini', written over a horizontal line.

27/07/2021

Manager – Learning & Development

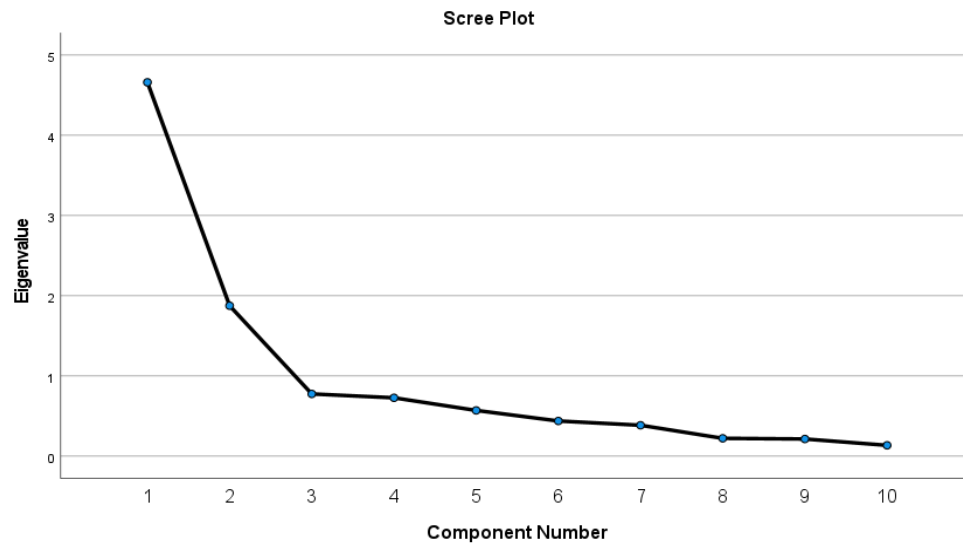
DATE

■

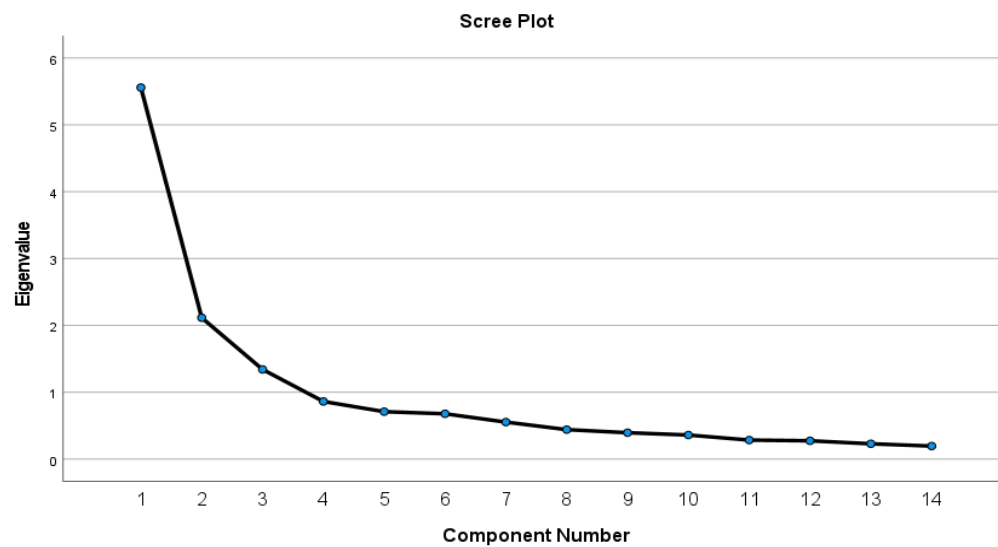
APPENDIX C

SCREE PLOTS

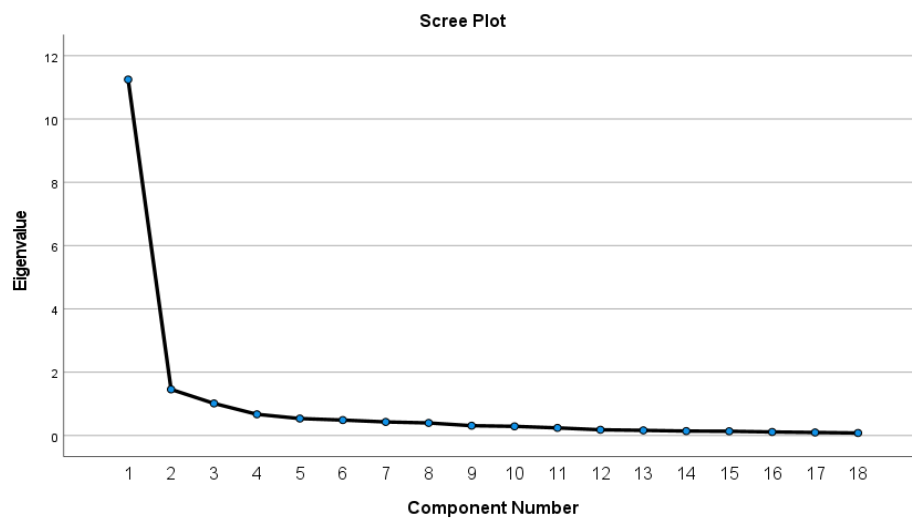
Section B Factors



Section C Factors



Section D Factors



ANOVA TABLES

ANOVA Table: Educational Level

ANOVA

		Sum	of			
		Squares	df	Mean Square	F	Sig.
B_Tot	Between Groups	16.852	4	4.213	15.870	.000
	Within Groups	130.078	490	.265		
	Total	146.929	494			
C_Tot	Between Groups	5.097	4	1.274	5.323	.000
	Within Groups	117.294	490	.239		
	Total	122.391	494			
D_Tot	Between Groups	.474	4	.119	.344	.848
	Within Groups	168.780	490	.344		
	Total	169.254	494			

ANOVA Table: Employment status

ANOVA

		Sum Squares	of df	Mean Square	F	Sig.
B_Tot	Between Groups	7.760	2	3.880	12.979	.000
	Within Groups	149.180	499	.299		
	Total	156.940	501			
C_Tot	Between Groups	4.485	2	2.243	8.897	.000
	Within Groups	125.768	499	.252		
	Total	130.254	501			
D_Tot	Between Groups	1.825	2	.912	2.646	.072
	Within Groups	172.029	499	.345		
	Total	173.854	501			

ANOVA Table: Income

ANOVA

		Sum Squares	of df	Mean Square	F	Sig.
B_Tot	Between Groups	9.053	4	2.263	8.153	.000
	Within Groups	131.033	472	.278		
	Total	140.086	476			
C_Tot	Between Groups	3.344	4	.836	3.501	.008
	Within Groups	112.683	472	.239		
	Total	116.026	476			
D_Tot	Between Groups	1.573	4	.393	1.163	.326

Within Groups	159.562	472	.338		
Total	161.135	476			