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LEADERSHIP AND MANAGEMENT IN THE COLLECTION OF REVENUE IN TSHWANE

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ABSTRACT

The challenge of not collecting enough revenue has its origin from the apartheid regime. Today municipalities still face the same challenges without any solution. Unemployment, poverty, inaccurate billing and illegal electricity connections all pose a challenge in the local government of South Africa. The issue is that the municipalities have been following the same pattern of doing things without solving any of the problems that affect its performance. Perhaps it's time for change? Leadership and Management are two separate concepts but they complement each other. The research suggests that for any organization to succeed there must be equal contribution from leadership and management. Municipalities operate in a dynamic environment where demand of services is high. Municipality therefore cannot adapt the same processes and expect different results. There is a need for change and balancing leadership and management will initiate that change. The balance of leadership and management begins within the municipality, where management works hand-in-hand with leadership.

The municipality is dependent on the municipal revenue it receives from taxpayers. The research reveals that the ratepayers are dissatisfied with the quality of service they receive. The municipality is not motivating the communities to continue paying. Public confidence in the municipality has declined. This calls for a need for leadership to motivate communities to continue paying. The main purpose of the study is to therefore investigate the impact of balancing leadership and management in City of Tshwane. The theoretical and empirical data was analyzed to answer the questions that this study asks. The results show that there is imbalance of leadership and management in City of Tshwane. Within the municipality management is over-managing and under-leading. This demotivates the employees at City of Tshwane and ultimately production will decrease. The research suggests that in order for production to increase and municipality to improve its performance, there needs to be leadership that goes beyond managerial position.

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1 INTRODUCTION TO THE RESEARCH

1.1 INTRODUCTION

The purpose of this research is to understand the impact of balancing leadership and management in the collection of municipal revenue for the City of Tshwane Metropolitan Municipality. This study will commence with defining appropriate concepts before proceeding with the main discussions. Management is defined as the "process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims" (Koontz & Weihrich, 1993, p. 4). From this definition, it can be deduced that management is about getting people to work together to achieve objectives. Leadership, on the other hand, is defined as a presentation by a leader of some "*identifiable goal, vision or future state that people can desire; and the generation of willingness within those people to follow the leader along a socially responsible and mutually beneficial course of action, towards a goal"* (Luthuli, 2009, p. 461). The definitions provided make a distinction between leader and leadership. A leader can be described as the head of a group who has a certain skill; typically, this would be the ability to use power and the ability to inspire others (Koontz & Weihrich, 1993). Leadership can therefore be viewed as not merely getting people to work together to achieve objectives, but rather about motivating them to accomplish these objectives.

The municipal heads are entrusted with the responsibility of managing and leading an organization. Although leadership and management differ, they are nonetheless inter-related. For example, an individual can be a manager but not a leader and *vice versa*. They are both, however, necessary for the success of an organization. The challenge is combining both strong management and strong leadership (Kotter, 1999). Municipalities are operating in an environment where finances are constrained and the demand for services is high. Strong leadership and management are required to

respond to problems such as scarce resources, poor quality of services, lack of finances, increased demands for services and poor economic growth. Over and above the identified challenges, municipalities themselves are not receiving adequate funds from inter-governmental transfers. As a result of constrained economic growth, these transfers have reduced over time, compelling the municipalities to make use of their own revenue (Mihaly & Vitkonic, 2014). There is thus a need to establish the extent to which balancing leadership and management in the municipality will assist in resolving these challenges. An important element to consider is financial management. The authors refer to budgeting as a method for a municipality to prioritize plans for the year while taking into account the necessary resources required for the realization of these planned expenditures. They further discuss some of the best budgeting approaches practised internationally, and the shortcomings and challenges in implementing them (Mihaly & Vitkonic, 2014). Participatory budgeting is recognized as one of the best forms of budgeting. Members of the community identify the local needs and present their findings to local government for inclusion in the budget. An example of this was the participatory planning in Kerala in India, citizens developed a campaign to determine their own needs and present these to local government. Based on the identified needs, local government prepared their annual budget. This improved service delivery and the elected leaders thereby became more accountable (Mihaly & Vitkonic, 2014). The challenge with this process is inefficiency and time consumption as some of the plans may end up being unachievable. Nonetheless, this form of budget has achieved significant progress and can therefore be considered by municipalities. Despite international models of good practice being available, local government in South Africa continues to encounter financial challenges.

Municipal budgets in most developing countries deal with only revenue and expenditure for governmental core functions and do not consider additional revenue and expenditure incurred by municipalities for services they provide, such as the cost of private companies organized by the municipality to supply water. Another challenge is the budget allocated by central government that

does not include all local government plans and budgets (Mihaly & Vitkonic, 2014).

It is clear from the above that municipalities are under pressure to promote increased accountability and the need to achieve more outcomes with fewer resources. In some important respects, local government functions like a business. It provides services to its customers, the citizens, and in turn citizens pay for these services. These services include water, electricity and general maintenance of the city. Some of these services are not sold to the citizens and are financed through rates on property and various taxes, including street lighting, recreational amenities such as parks, free parking and street cleaning. The most common sources of revenue across countries include property taxes, user charges and intergovernmental transfers. Large cities like metropolitan areas need to spend more and therefore need to collect more municipal revenue through the aforementioned services (Mihaly & Vitkonic, 2014).

One of the exceptions to this is Brazil where the municipal revenue collected correlates to the size of the city. This is rare, especially in developing countries, where the collection of municipal revenue is much less in relation to the size of the city. The authors refer to a survey undertaken in Tanzania to understand why local government is unable to collect much tax from its citizens. The results show that citizens do not trust that their money will be put to good use and they believe that the municipal rates are too high (Mihaly & Vitkonic, 2014).

Windhoek as the capital city of Namibia is one example of how maintaining infrastructure in a city, in particular for water and electricity, could improve service delivery for citizens by eliminating unnecessary expenditure. The Windhoek experience highlights the need for developing maintenance policies (Editorial, 2008). The research also highlights an interesting fact about the various ways in which services are charged out in different countries. For example, in the city of Maputo in Mozambique, a local water company charges for the sanitation and some non-governmental organizations collect the

service fees. Not only has the municipality decentralised some of its functions, there has been success in increasing revenue collection. Some of the incentives include increasing tax on properties and user fees for certain services. In Malawi a large number of citizens do not pay their property rates and government does not charge for the collection of sewage waste. This limits the country's capacity to collect revenue. In Lesotho, similar to South Africa, there is the challenge of widespread non-payment due to the inadequate billing system. The major problem confronting South African municipalities is the poor collection of own revenue, especially in rural-based municipalities as a result of high unemployment and poor households. This can be attributed to the previous apartheid system, which ensured that resources were largely directed to the support of white communities. Although there have been changes brought about through the new democratic system with the establishment of the Constitution of the Republic of South Africa, this new approach seeks to empower municipalities to impose fees on services provided to the communities. Collection of revenue still remains a challenge for municipalities in South Africa (Manyaka, 2014). This study therefore seeks to determine how balancing leadership and management impacts on the collection of revenue in the City of Tshwane Metropolitan Municipality.

1.2 BACKGROUND

The City of Tshwane Metropolitan Municipality is one of the largest metropolitan municipalities in the country. It is situated in Gauteng Province and includes Pretoria as one of the three capital cities of South Africa. The Municipality has merged with Metsweding District as a result of strategies undertaken to reduce the number of municipalities in Gauteng by 2016. Pretoria has the second highest number of embassies in the world after Washington DC. The Union Buildings house the administrative hub of the country and are the setting for the presidential inaugurations. Its rich history is reflected in the museums, monuments and historical buildings (Media Yes, 2015).

The City of Tshwane has expanded strongly when compared with other metropolitan cities as it currently has the second highest GDP per capita. Despite this high contribution to GDP with the lowest unemployment rates in the national context, in relation to international norms the situation remains challenging. Due to large disparities in terms of income and access to services, the City is required to mitigate such challenges (City of Tshwane, 2015).

Most of these disparities can be attributed to the previous apartheid system that resulted in some of the problems that the local government faces today. In order to understand the importance of South African local government, one needs to examine local government during the apartheid era. The South African local government was categorized by a system that consisted of race-based municipal authorities. As such, white areas were governed by White Local Authorities and black areas by Black Local Authorities. The whites reaped most of the benefits like better services and political representation, while little attention was given to the black communities, resulting in poor services and denied political representation (Nyalunga, 2006).

The consequence was that the different racial groups (whites, coloureds, Indians and blacks) had their own version of local government. This meant unequal access to services such as water, electricity, sanitation and housing (Nyalunga, 2006). When the ANC took power in 1994, its main objective was to reduce inequality of the past (Hoffman, 2007; Nnadozie, 2013). The party further created three spheres of government, namely national, provincial and local. Local government consists of 278 municipalities, comprising metropolitan, district and local municipalities (Government, 2016). Despite the progress made by government to eradicate the injustices of the past, citizens remain dissatisfied with the service provided by local government and this has fuelled protests from communities (Nnadozie, 2013). Gqamane (2013) found that access to service goes hand-in-hand with affordability. The service infrastructure might be in place but if it is unaffordable then it remains beyond the reach of many citizens. This, he says, must be factored in by municipalities when considering the best service delivery options. Statistics reveal that there

has been a decline in employment in South Africa since 2008 and this directly impacts on the ability of households to pay for municipal services (National Treasury, 2011). Illegal electricity connections also pose a threat to the municipality's ability to collect revenue. The electricity purchased by municipality is lost due to illegal connections. Again, this highlights the correlation between unemployment and non-payment for municipal services. These losses mean the money owed by citizens continues to increase and to recover it, the municipality will need to increase the cost of electricity as revenue from rates and services forms a significant part of the revenue basket (City of Tshwane, 2015). The provision of services will therefore be dependent on whether citizens pay for them. The leaders and managers of City of Tshwane have a huge task of managing the challenges of non-payment of municipal services. The biggest challenge lies in integrating those previously disadvantaged communities into municipal boundaries. Solutions include increasing revenue, providing employment opportunities or reducing expenditure. Perhaps it can simply mean balancing leadership and management in the municipality to be able to change the compliance picture. Whatever the solution is, ultimately management makes a decision.

1.3 PROBLEM STATEMENT

There is extensive literature on municipal finance, leadership and management and service delivery. Much of it relates to challenges in the collection of revenue and leadership in the public sector. However, there seems to be a lack of understanding of how balancing leadership and management influence the process of collecting municipal revenue. The literature states that balancing the two aspects in any organization will improve its performance (Kotter, 2001).

The City of Tshwane's financial statements reveal poor performance in the collection of revenue. The municipality does not collect enough revenue, as evidenced by the extent of the outstanding debts owed by the citizens. The consolidated annual financial statements for 2014 reveal consumer debt

outstanding for more than a year of R7, 356,457. The municipality remains unable to recoup this debt (City of Tshwane, 2014).

The 2013 financial report reveals the same pattern as debt outstanding for more than a year amounts to R6, 706,900**.** For 2011 and 2010, the municipal debt owed by citizens for more than three months was R4,688,870 and R4,219,009 respectively (City of Tshwane, 2011; City of Tshwane 2010).

It is clear from the above figures that the Municipality is not optimizing its collection of revenue for the City and this will impact on its ability to deliver services. Management is confronted with the reality of having to provide more but with reduced revenue. Although leaders are different from managers, literature indicates that it is important to recognize that the two complement each other. The study seeks to understand how balancing the two concepts impact on the municipality's ability to collect municipal revenue from the citizens. Management and leadership need to be able to influence the staff to ensure adequate performance in relation to revenue collection. It also needs to influence the public to encourage their willingness to pay for the services provided by the Municipality. The balance of leadership and management improves the performance of any organization. If this is indeed the case, then the presence of leadership and management in the Municipality should be able to address a part of the problem of collecting municipal revenue, being mindful of the fact that the majority of the problem is still influenced by other factors such as high unemployment, non-payment of services and illegal electricity connections as highlighted previously. This study seeks to investigate how balancing management and leadership in the City of Tshwane influences its ability to collect municipal revenue using Kotter's Model as reference.

1.4 PURPOSE STATEMENT

The main purpose of this study was to investigate the impact of balancing leadership and management in the collection of municipal revenue for City of Tshwane. The following were addressed:

- Explaining the difference between leadership and management.
- Examining the literature pertaining to leadership, management, local government and municipal revenue.
- Explaining the research methodology that will be adopted for the study.
- Presenting the findings on the application of leadership and management in the cause of collecting municipal revenue.
- Interpreting and analysing the findings on the application of leadership and management in the revenue collection process.
- Recommending strategies for consideration in the application of leadership and management in the course of collecting municipal revenue.

1.5 RESEARCH QUESTIONS

The following research questions were addressed in the study:

- What are the factors influencing leadership and management in the collection of municipal revenue?
- What are the leadership and management trends in local government and government as a whole?
- What is the research methodology that will be adopted for this study?
- What are the findings in the application of leadership and management in the collection of revenue?
- How are these findings interpreted and analysed?
- What are the leadership and management strategies for consideration in the application of leadership and management in the cause of collecting municipal revenue?

1.6 STRUCTURE OF THE RESEARCH REPORT

The structure of the report comprises five chapters as explained below.

Chapter 2: Literature Review

This section considers the studies and research undertaking by various academics in their attempt to understand leadership, management and local government. The research intends to reveal the disparities in leadership and management in an organization and how this can have a potential impact on services provided by the South African local government structures. The chapter is divided into theoretical and conceptual frameworks. The theoretical framework is concerned with the theories of management and leadership, while the conceptual framework attempts to combine leadership and management theories.

Chapter 3: Research Methodology

A qualitative research methodology was used in the form of face-to-face interviews to understand managers' and subordinates' experiences and perceptions in the revenue section of the Tshwane Municipality. The ratepayers were interviewed to understand their experiences regarding revenue collected by the Municipality. Results are grouped to identify the emerging themes.

Chapter 4: Presentation and Analysis of Findings

This chapter comprises the greater part of the research report. It records the respondents' views, perceptions and experiences in relation to the study. These will further be analysed to determine the themes.

Chapter 5: Recommendations and Conclusions

This chapter reflects the overall findings and the recommendations in relation to the findings.

2 LITERATURE REVIEW

2.1 INTRODUCTION

This section commences by explaining the meaning of literature review. According to Neuman (2011, p. 124), the purpose of literature review is to "*demonstrate familiarity with a body of knowledge and establish credibility".* He further states that a *"review tells a reader that the researcher knows the research in an area and knows the major issues"* (Neuman, 2011, p. 124). For this study the researcher will analyse prior research on local government, leadership and management and municipal revenue and link it to the topic in order to expand the body of knowledge.

This section considers the research undertaken by different academics in attempting to understand leadership and management in an organization. The literature also focuses on research pertaining to local government and municipal revenue. An extensive and compelling body of literature suggests that municipalities have encountered severe financial problems which have a detrimental effect on service delivery.

Furthermore, leadership and management theories are explored. This part of the research examines the nature of leadership and management and the meaning of being a leader and a manager in an organization. It then compares leadership and management styles, and explores how to achieve the balance in leadership and management. The literature review examines the themes in relation to the collection of municipal revenue in the municipality. The researcher observes a trend in poor collection of municipal revenue, which consequently impacts on service delivery. There are also mounting concerns regarding service delivery protests as a reflection of communities' dissatisfaction with local government services. The research further refers to recent newspaper reports to highlight the issues concerning municipal revenue and service delivery.

2.2 THEORETICAL FRAMEWORK

The purpose of this section is to analyse the theoretical frameworks and conceptual framework with reference to the study by drawing on theories of leadership and management.

2.2.1 Functions of Managers

Koontz (1993) identifies managing as one of the most important human activities as it co-ordinates individual efforts. He further identifies five important managerial functions as explained below.

2.2.1.1 Planning

Koontz and Weihrich (1993, p. 20) suggest that *"planning involves selecting missions and objectives and the actions to achieve them; it requires decision making, that is, choosing future courses of action from among alternatives"*. Furthermore, it is not possible to control the performance of an individual without having a proper plan. Management and leadership in the Municipality are confronted with the need to make difficult decisions regarding service delivery. It is only when the planning process is complete that a decision may be implemented. The need for revenue and its influence on service delivery cannot be ignored. Municipalities must have a spending plan or budget in place to meet the needs of the community. This makes budgeting vital as it guides the management of public finances and requires greater financial accountability. Fourie and Mazibuko (2013) support the concept of planning, especially when dealing with municipal finance in the Municipality. They state that for a municipality to achieve a clean audit, there should be sound municipal financial management. Municipal managers, mayors, chief financial officers and councillors are expected to play an important role in the sound financial management of their municipality and promote compliance and sound fiscal management. For a municipality to deliver services, the municipal budget must be aligned with the needs of the community (Fourie & Mazibuko, 2013). Furthermore, to achieve sound financial management there must be

commitment to the process of improving the financial affairs of a municipality (Niekerk, 2012). The plan can be drafted in the form of legislation but the challenge is that government institutions do not always comply with legislation (Roman & Esau, 2012; Niekerk, 2012; Fourie & Mazibuko, 2013). In the local government space, legislation refers to the 1996 Constitution of the Republic of South Africa (which stipulates the need to provide municipality with income generating powers), the Municipal Systems Act 32 of 2000 (which provides for matters emanating from the Constitution and regulates collection of municipal revenue) and the Municipal Finance Management Act 56 of 2003 (which establishes norms and standards to secure sound financial management) (Fourie & Mazibuko, 2013). Non-compliance with this legislation results in increasing consumer debts, unpaid creditors and unauthorized fruitless expenditure (Fourie & Mazibuko, 2013).

Local government has revealed several deficiencies over the years which relate to non-compliance with the Municipal Finance Management Act. These contraventions relate to payments made after the prescribed period of 30 days, the planned objectives in terms of the City's scorecard that were not reported on in the annual performance review, and budget that is more than the approved budget and contravening limits as stated in the Act (National Treasury, 2012). These deficiencies highlighted question the ability of the leaders to monitor and supervise the compliance of the Municipality with the relevant legislation. This indicates that planning can present a disadvantage as planned objectives can prove to be inexact due to uncertainty about the future. While planning is necessary for any organization to function, it must be balanced with leadership. In this case, planning is concentrated on management and therefore this concept will not be explored further.

2.2.1.2 Organizing

Koontz (1993, p. 20) defines organizing as "*that part of managing that involves establishing an intentional structure of roles for people to fill in an*

organization". He further explains that an organizational structure provides guidelines for employees and defines the tasks for which they are responsible. This is different in an informal organization, which does not require a formal structure, and where the structure can be organized spontaneously. For an organization to function properly and efficiently, people must be organized in order to accomplish the objectives of the organization (Koontz & Weihrich, 1993). Ntonzima (2011) agrees that the existence of financial controls will improve financial management in local government. He further states, in support of the theory, that people make things happen in Government. The competent people with the right attitudes will enhance the control environment and provide more reliable information. Another important aspect in organizing is establishing a structure in an organization. Venter (2013) emphasises the importance of developing successful local economic development (LED) chains. The author further defines LED as the process by which relevant stakeholders within a defined geographical area work together in partnership to stimulate economic development, thereby improving quality of life for the individuals in that specific area. Local government as the sphere closest to the people should ensure that LED units are in place to promote development (Venter, 2013). This unit exists to mobilize communities and external stakeholders to encourage local investments. The LED unit must be structured in such a way that it allows for close co-operation with other directorates in the municipality to ensure alignment of efforts (Venter, 2013). Venter (2013) referred to the Fezile Dabi District, observing that there is a challenge with the LED units as some are non-existent or not fully operational. This highlights the importance of having adequate local leadership to co-ordinate and facilitate LED within a municipality. An organizational structure may exist to promote a particular objective but ultimately a competent manager is required for the success of that structure.

This theory fails to consider the concept of change. Jarbandhan (2012) argues that if public managers do not plan for change, they could fail to deliver services. Furthermore, change can also be as a result of new legislation, and it can be spurred by public protest over lack of services or the municipality contracting a new service provider. All these changes must be evaluated

against the cost of an intended change and the capacity to implement the change. Jarbandhan (2012, p. 50) further states that for managers to manage change effectively they should be able to "*translate an intention into reality and sustain it".* It is important to have a structure to guide the organization. However, if this is done in the absence of leadership, it is unlikely to be effective.

2.2.1.3 Staffing

Like organizing, staffing deals with the proactive establishment of roles and positions. Managers are obtained through recruitment, selection, placement and promotion (Koontz & Weihrich, 1993, p. 377). This is a human resource management process as it identifies the number of people required by the organization and their attributes (skills, knowledge, experience and abilities) that are necessary to meet the position requirements. In South Africa, labour laws ensure that such processes do not unfairly discriminate against any individual or group, and further seek to achieve equitable representation of employees from designated groups. This is evident in local government as increasing numbers of women are given positions as councillors in the interest of promoting gender equality (Dijk, 2012). Government's intervention around the labour force is undertaken at a relatively high level. Ferreira (2012) explains that political, social and economic factors determine the involvement of Government in labour processes and that through the Labour Relations Act, the Basic Conditions of Employment Act, the Employment Equity Act and the Unemployment Insurance Act, Government sets the minimum terms and conditions of employment.

It is undeniable that the use of corrupt or non-compliant practices in the appointment of individuals affects the integrity of government in labour processes. The success of an organization depends on the competency of the workforce, and challenges as identified by Thebe and Van der Waldt (2014) could compromise the staffing processes, specifically recruitment and selection. These challenges range from lack of standardised procedures to ensure compliance with statutory requirements as it relates to recruitment and

selection, not applying the principles of selection and recruitment consistently, interviewers who are not properly trained, and high costs associated with incorrect recruitment and selection (Thebe & Van der Walt, 2014). Although this study was based on the Department of Justice and Constitutional Development, it will be used in the context of a local government. Having the right people in local government and being able to minimize political interference in the staffing process is important. However, without proper leadership supporting this process, it will not yield success.

2.2.1.4 Leading

Koontz (1993, p. 21) defines leading as "*influencing people so that they will contribute to organization and group goals*". The author further suggests that important challenges arise from people's desires, behaviours and attitudes, both as individuals and in groups. Effective managers also need to be effective leaders. Managers accomplish little if they do not know how to lead people (Koontz & Weihrich, 1993). Sing (2012) emphasizes the importance of leadership from public servants, and reiterates the fact that public servants should both lead and manage. The author further makes reference to the National Development Plan: Vision for 2030 (NDP), which states that leadership must be "*devoted and dedicated, capable and committed, self-sacrificial and not self-serving***"** (Sing, 2012, p. 10)**.** Extensive literature, including that by Louw (2013), advocates for transformational leadership to lead an organization successfully. The authors explain that transformational leadership rather than transactional leadership challenges the current order of things and involves employees in fostering change in an organization. The end goal for a transformation leader is to develop followers into leaders. Transactional leadership, on the other hand, is about managing and assisting an institution to achieve its current objectives. Transactional leadership can therefore be seen as capable of only managing while transformational leadership can be seen as capable of also leading. Although this theory supports the balance of leadership and management in an organization, being a good leader does not necessary mean that one is required to be a good

manager as well. There may be exceptional leaders who cannot manage but their leadership skills can still be useful in the organization.

2.2.1.5 Controlling

Controlling is the process of confirming whether everything occurred in accordance with the approved plans. It is thus logical that planning precedes controlling. It is not possible to control without having proper plans. Every policy, procedure and budget set in the planning phase is a standard by which actual performance is measured (Koontz & Weihrich, 1993). Mello and Makamu (2014) support this theory by stating that when performance is managed in an open and objective manner, public institutions are able to satisfy the needs of the citizens. However, the major challenge encountered by Mello and Makamu (2014) and Munzhedzi and Phago (2014) is the lack of understanding performance management systems for both supervisors and employees, since a high rating may incorrectly be translated as supervisors understanding the performance management system while low ratings translate into a supervisor's lack of understanding the performance management system. One of the controlling measures is ensuring that public representatives are accountable for their performance. Although accountability has been reinforced by various institutions such as the Auditor General and Parliament's Standing Committee on Public Accounts (Scopa), public representatives fail to adhere to the principles set out in these institutions (Maphunye, 2014), therefore not acting in the interest of the public. It can be deduced that having controlling measures in the organization does not guarantee success as people involved may not understand the process and this may compromise the results. Alternatively, choosing not to adhere to the principles will have a negative impact on the ability of the organization to perform its function. Controlling will not be adopted as the main theme of the study as it is still concentrated in management, and leadership is not considered.

2.2.1.6 Co-ordination: the essence of managing

The last function to be considered under theories of management is co-ordination. Although it is regarded as a separate function of the manager, it is important that managers co-ordinate individual goals to contribute to organizational goals (Koontz & Weihrich, 1993).

The above functions can be viewed as a process, where each function relies on the next. These are the core activities that define the role of a manager in any organization, including a municipality. However, management goes beyond the mere setting of organizational objectives, assigning tasks to employees and maximizing efficiency. It also relates to conserving skills, expanding on current abilities and inspiring results. In local government, managers need to realize the value of individuals in the collection of revenue. Managers should inspire those employees collecting revenue to be able to maximize collection. Citizens that are contributing to the revenue must be motivated to contribute more.

2.2.2 Leadership theories

The theories of leadership will be explored in this section. As mentioned, the terms “management” and “leadership” are two different concepts and should be treated as such. There may be a leader who cannot manage and there may be a manager who cannot lead. The ability to lead is shown as one of the keys to being an effective manager. The art of leadership is defined as the ability to influence people so that they will strive willingly and enthusiastically for the achievement of organizational goals (Koontz & Weihrich, 1993). The theories of leadership are explained next.

2.2.2.1 McGregor’s Theory X and Y

The nature of people has been expressed in two sets of assumptions known as “Theory X” and “Theory Y”. Managers require some consideration as to how they view human nature and this ultimately affects how they manage

(Koontz & Weihrich, 1993). According to Koontz and Weihrich (1993), Theory X states that human beings dislike work and will avoid it if they can, and because of this characteristic, they should be controlled and threatened in order to perform. Human beings prefer to be directed, will avoid responsibility, have little ambition and require security.

Theory Y assumes that work is viewed as an effortless exercise, people exercise self-direction and self-control and there is no need for threats to exert pressure towards producing results. People's commitment is in proportion with the rewards they receive for achievement. Average human beings learn not only how to accept responsibility but also to seek it. People in the organization have the free will to come up with solutions for organizational problems and their intellectual potential is limited due to technology (Koontz & Weihrich, 1993).

These theories describe general patterns and will need to be tested against reality. In any organization, there may be the combination of the two, as seen in the micro-managers (Theory X) and managers who believe in employee development (Theory Y) (Koontz & Weihrich, 1993). Since this is purely based on managers' assumptions, it requires testing, and using these theories does not guarantee organizational success. Matshabaphala (2014) suggests that there are public servants who present attributes of both Theory Y and Theory X. There are two types of people – those who generally do not like doing their work and those who take responsibility in the public service. Dambe and Moorad (2008) further describe this leadership style as being outdated, where leaders control everything in an organization. They suggest that a paradigm shift from power to empowerment is required. With empowerment, leaders believe in the sharing of power and they are more accountable to their followers (Dambe & Moorad, 2008). Although this theory supports leadership in an organization, it will not be used in the study as it is not balanced by management.

2.2.2.2 Styles Based on the Use of Authority

According to this theory, leaders are seen as applying the following leadership styles (Koontz & Weihrich, 1993):

- Autocratic: This leader has total authority and control over decision-making in the organization. They may occasionally listen to their followers but they make the final decisions. This might have a negative impact on subordinates and they may begin to resist authority.
- Democratic or Participative: The subordinates take a more participative role in decision-making. These leaders support their subordinates in accomplishing their duties. This can increase the morale of the subordinates, but allowing for different opinions may delay decision-making.
- Free-Rein or *laissez-faire*: The subordinates function on their own and the leader has limited control over subordinates. Subordinates are given the opportunity to express their opinions but without a leader this could potentially contribute to disorder in the organization.

Maseti and Gumede (2011) do not support the autocratic leadership style, as they view it as outdated. The leader has complete control and power. This leader never consults subordinates and subordinates are expected to obey without opposing. An example of this was seen during the apartheid regime where leaders opted for autocratic leadership to manage any form of resistance (Maseti & Gumede, 2011). Mafunisa (2013) encourages the concept of participation through making subordinates more involved and informing them about decisions. Once public servants are clear about what is expected of them, they are likely to increase their commitment to improving productivity. Building trust in local government activities is thus an important component (Mafunisa, 2013; Kroukamp, 2008; Kroukamp, 2007). This relates not only to subordinates but also communities that rely on local government for needed services. Citizens' decision to pay for municipal services is

determined by whether local government is trustworthy (Fjeldstad, 2004). Trust can only be strengthened through improved performance (Miles, 1994) by local government. This theory will not be explored further in the study as it does not incorporate management.

2.2.2.3 Likert's Four Systems of Leadership

This theory appeals to human motivation and encourages subordinates to work together as a unit. It further suggests four systems of leadership (Koontz & Weihrich, 1993) as explained below.

- System 1 – Management is described as being "*exploitive-authoritative*" (Koontz & Weihrich, 1993, p. 497). Koontz (1993) further explains that managers are highly autocratic and enforce fear for employees to perform. This is usually when management wants to increase production but this lowers the morale of employees.

- System 2 − Management is called "*benevolent-authoritative*" (Koontz & Weihrich, 1993, p. 497). There is some degree of trust in subordinates and decision-making is expanded to employees (Koontz & Weihrich, 1993). Although employees are given more responsibility compared to System 1, subordinates will not completely trust management as decision-making is still undertaken at the top level.

- System 3 − Management is referred to as "*consultative"* (Koontz & Weihrich, 1993, p. 497). Subordinates are given freedom to make decisions and their opinions are considered. They are therefore more willing to accept decisions because of their involvement. However, management still has control over broad policy and general decisions (Koontz & Weihrich, 1993).

- System 4 – This is the *"participative-group*" which Koontz (1993, p. 497) argues is the most participative form of management. The managers

have complete trust in subordinates, such that group participation is fostered to set organizational goals. Employees are satisfied and production increases. However, this type of approach was only applied in small groups and might differ if applied in the organization as a whole (Koontz & Weihrich, 1993).

One of the leadership competencies required in local government is that of encouraging others to share their opinions and ideas while promoting the common goal of maximizing services to the public (Kroukamp, 2007). Although this supports System 4 in terms of maximizing production, it might benefit a profit-driven organization. Since public institutions are not profit-driven the leadership characteristics will be different to those of another institution. Leadership behaviour therefore depends on the characteristics of the institution (Kotze & Venter, 2010). This theory will not be explored further in the study as it considers only leadership and not management.

2.2.2.4 The Managerial Grid

According to Koontz and Weihrich (1993), the managerial grid is in place when managers have concern for both production and people. The concern for production is when a leader emphasizes the importance of achieving high production when performing tasks. The concern for people is when a leader considers the needs of employees when performing tasks. There are four extremes that exist with this type of leadership style. These are explained next.

- Impoverished Management: This leader has no regard for their job or for motivating employees to perform (Koontz & Weihrich, 1993). The leader will be ineffective.
- Team Managers: Leaders in this extreme display the highest dedication to both people and production (Koontz & Weihrich, 1993). This can be viewed as the best leadership style.
- Country Club Management: This leader is mostly concerned about the needs of the employees and has little interest in production

(Koontz & Weihrich, 1993). Production is most likely to suffer as employees are relaxed about performance.

- Autocratic Task Manager: This leader is mostly concerned about production and efficiency in the workplace. They have little or no regard for employees (Koontz & Weihrich, 1993).

There is extensive literature on the need for strategic leadership in the public sector (Naidoo, 2009; Koma, 2010; Matshabaphala, 2007; Mothae & Sindane, 2007). Naidoo (2009) argues that it is impossible for managers to adopt a single leadership approach as it operates in a complex and highly demanding public service environment; the above approaches might thus not be suitable for a government institution. The author further suggests that organizations must be led by visionary leaders who are supported by management to improve performance. In support of Koontz and Wehrich (1993) that the "Team Managers" are the best leadership style, Matshabaphala (2007) states that there are those leaders who bring positive energy to the workplace and the public prefers to be serviced by them as they make a concerted effort to provide quality services. He further states that there is the opposite – those who bring negative attitudes to work and, in the process, ignore the good policies put in place. The author suggests that leadership can be instilled at work and communities. This does not mean giving the community the centre stage in terms of leadership as that may result in disorder but rather creating the right environment for them to act. Although the managerial grid offers the best leadership style, it tends to ignore the external environment, which is the community in the context of local government. This leadership style will not be explored further in the study as it concentrates on leadership with a limited focus on management.

2.2.2.5 Leadership as a Continuum

This approach argues that the style of leadership should be dependent on three factors, namely the leader, the followers and the situation (Koontz & Weihrich, 1993). The forces influencing the behaviour of a leader can be personality, confidence in subordinates, leadership inclination and feelings of

security in uncertain situations (Koontz & Weihrich, 1993). The forces in subordinates include readiness to assume responsibility, knowledge and experience to deal with problems and tolerance for ambiguity (Koontz & Weihrich, 1993). Lastly, forces in the situation are the type of organization, group effectiveness, nature of the problem and pressure of time (Koontz & Weihrich, 1993).

In relation to the theory, Nkuna (2007) states that leaders are people with confidence in their own decisions and are able to decide on the right plan of action. The same attributes can be found in subordinates, where they have a strong desire to be on their own and therefore assume responsibility. The author further makes an example of a situational factor, referring to a service delivery programme. The less structured a programme is the more it allows room for creativity in the organization (Nkuna, 2007). The opposite can also occur, according to Schwella (2013), who refers to bad public leadership as leaders and followers who lack the will and skill to deal with leadership challenges, are unwilling to explore new ideas and lack self-control. Sing (2012) differs with this theory as he states that situation should never impact leadership. A "*Servant Leader*", as he describes it, should be able to perform in any situation whether good or bad. The leader must always bear in mind that they are here to serve and not to be served.

2.2.2.6 Summary of Theoretical Framework

This section has explored the different theories of management and leadership. Although these two concepts are used interchangeably as there might be overlap in the skills they require, they are, however, distinct. Management is seen as a set of processes such as planning, organizing, staffing, leading and controlling that are necessary for the operation of the organization. This is basically concerned with production. Leadership, on the other hand, seeks to align people with the objective of the organization by motivating and inspiring them to perform. Local government operates in a constantly changing environment and factors contributing to such change

include politics, economy, employment, demographics and climate. For example, if the majority of people in a specific community are unemployed, they will be unable to pay for municipal services and therefore contribute to a reduction in the revenue collection of the municipality. Therefore, having a management style alone will not be ideal, as it seeks to do things in a prescribed way and continue in the same pattern. Leadership may be seen as the better option as it encourages change and inspires people to adapt to change. It is important, however, to realize that as a leader there remains a need for management. The theories explained above are seen as extremes. On one hand, managers are controlling employees and sometimes use force to make employees adhere to their authority. On the other hand, employees have a high level of autonomy and managers have less control. These theories may seem unrealistic, as the different factors affecting the organization and people are not considered. A common factor about the above leadership styles is that all authority is placed in the hands of the leader and employees must perform in accordance with orders without any opposition (leaders will often use force). The other extreme is that employees are allowed to do as they wish and leaders take little initiative in managing the functions of the organization. Although some of the theories still exist in organizations, some authors describe them as outdated and call for new leadership styles. This new leadership focuses more on the needs of the people and the organization it is leading. The type of leadership style depends on the needs of the people and the challenges facing the organization.

The biggest challenge experienced by local government is the ongoing service protests about service delivery, together with self-serving and corrupt municipal leaders (Alexander, 2010). There is a need for change to respond to these challenges and this begins with change in leadership. The managerial grid, and specifically the team management concept, might be considered as it ensures both a high level of production (management) and motivation of people (leadership). This fails to consider the external environmental that might affect the production and people. As previously discussed, the external environment is crucial in local government as it is required to develop

communities for business purposes. The above theories will not be used as a basis for the study as they fail to balance leadership and management.

2.3 CONCEPTUAL FRAMEWORK

2.3.1 Kotter's Model

The conceptual framework will be based on the study by Kotter (1999) entitled "*What Leaders Really Do*". This will inform and support the research. Kotter (1999) states that leadership and management complement one another and should not be used as replacements. He states that leaders are not people with rare personalities, as described in other studies, but leaders can be made in any organization. Bearing in mind that not everyone can be a leader; some people may be strong managers but have weak leadership skills. Yet, other people may be strong leaders and have limited management capacity. Both these kinds of people add value to the organization and can be used for the organization's success.

Management involves organizing and bringing a degree of consistency into how things are done in an organization. Leadership, on the other, hand is about bringing change to the organization and ensuring that people are aligned to that change. There needs to be a balance of both for an organization to succeed (Kotter, 1999). In support of Kotter's theory, Nkwana (2014) states that public managers perform dual functions: they have to manage and lead (Nkwana, 2014, p. 86). He further states that public managers are confronted with a variety of challenges, ranging from financial issues, community demands, labour unrest to political pressures. The community refers to the citizens that pay for municipal services. Through service delivery protests they express their frustrations for demands that are not met. Based on this, the Kotter's Model will be used externally to understand the citizens' view on the leadership and management of City of Tshwane in relation to the collection of municipal revenue. This influences their decision regarding payment of municipal services. The Municipality

therefore does not have the luxury of being able to focus on one issue. A leader looks beyond the challenges and responds to the needs of the people. A leader must accommodate these challenges and be able to transform an organization to respond to these challenges. Tshikwatamba (2005) also supports Kotter's theory by stating that strong management and leadership are necessary for organizational effectiveness. Leaders must have the qualities and management must have the skill; this combined will bring success to an organization. Kotter (1999) states that organizations need to encourage managers and leaders to work together and not to view them separately. There needs to be an equal contribution from both sides as change is an important aspect in an organization. Contrary to other studies, Kotter (1999) does not view leadership as a management function only but states that anyone can be taught how to lead. The organization needs to firstly identify people with leadership potential and assist them in developing their leadership skills. Nkwana (2014) attests to this as he recognises the abilities of individuals in an organization to improve the organization's performance. The existence of the aforementioned will be explored internally in the City of Tshwane by understanding the roles of managers and employees in the process of collecting revenue.

Latib (2014) highlights the challenge of public managers who are implementing change in an organization. He states that being a public servant means that work must be undertaken within prescribed rules, regulations and procedures, thereby limiting the possibilities of change. The concept of leadership therefore has no relevance in the public sector. Although this might be the case, it is still important to investigate the existence of the two concepts, namely leadership and management, as government is not rigidly structured and there is some degree of flexibility. For example, management is required to be innovative in developing strategic plans and that require elements of leadership. As previously specified in the problem statement, municipalities, specifically the City of Tshwane Metropolitan Municipality, are not collecting enough revenue, and it will be important to understand how the balance of leadership and management in the City of Tshwane impacts on the ability to collect municipal revenue using Kotter's Model as reference.

Furthermore, the literature indicates the importance of leadership in an organization to improve service delivery.

2.3.2 Rationale for the Theory

With the previous leadership and management styles, the skill resides with a particular individual. The reality is that it is not one person that runs the organization. For an organization to be successful, a collaborative effort within the organization is required. Kotter's Model emphasises the importance of encouraging employees to develop the necessary qualities to lead. He further explains that leadership can come from beyond the managerial role and can reside with employees in an organization that is receptive to change and can adapt easily. Kotter's Model does not entirely disregard the management and leadership theories as identified previously, as he notes that is it important for managers to promote stability in an organization. This can be done through planning, budgeting, organizing and staffing. He also refers to leaders that prepare for change by motivating and inspiring people to move towards that change. By adapting this theory, the organization can never be "over-managed" or "over-led" as the roles are shifted in the organization to those who have the capability.

The rationale for this theory also confirms the gap in the literature. Current literature shows that the Municipality still experiences the same problem of poor revenue collection. This has a direct effect on service delivery as limited funds mean that the Municipality is unable to discharge their functions (Reddy, 2016). What is also linked to the poor performance of local government is the shortage of skills. The literature states that employees' skills are crucial to the effective achievement of organizations' objectives (Ramutsheli & Rensburg, 2015). Managers also lack the skills required to achieve municipal objectives and the main contributor to this problem is the fact that senior local government appointments are more politically based than skills-based (Ramutsheli & Rensburg, 2015).

Magoro (2016) refers to implementing a performance management system that will improve the performance of local government. He further states that the performance management system will assist municipal managers in

identifying the mission of the Municipality. Once they understand the mission of the Municipality, they will be able to align their individual departments with the mission of the municipality and improve relations with communities. What can be deduced from the literature is that there is a link between managerial capacity and municipal performance. The literature, however, fails to make a distinction between leadership and management in local goverment. Furthermore, it fails to recognize that the imbalance between leadership and management can impact on the poor revenue collection of the Municipality.

2.3.3 Conclusion

The literature compared leadership and management in the organization. In summary, managers are concerned with the day-to-day activities of the organization. The managers plan and organize resources for a short period. They are focused on yearly targets. The leader has similar attributes. They are, however, more focused on long-term plans. The leader directs the people towards the vision of the organization and must think more strategically. The importance of having leadership and management skills lies with the fact that managers must do more with less and also manage change in the organization. The literature further states that leadership and management do not have to reside with one person but that an organization can have leaders and managers at different levels. The significance lies in the fact that the organization can combine both leadership and management skills in improving service delivery. This will be investigated in the context of collecting revenue in the municipality.

3 RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY OVERVIEW

It is important for a researcher to determine the details necessary to obtain the information, and to also inform the reader on how the research will be done. One needs to identify the type of study that is best to answer the questions asked. Kothari (2004) makes a distinction between research methods and research methodology. "*Research methods can be understood as all those methods used for conducting research*" (Kothari, 2004, p. 7). In other words, it is what the researcher actually does in order to collect data and perform the investigation. Research methodology, on the other hand, is much broader as it is concerned with the logic behind the research method, with why certain research methods were applicable and others not. These different research methods can then be grouped to make a coherent picture (Kothari, 2004).

To assist in the grouping of the different research methods, there are two research methodologies that exist in social sciences, namely quantitative and qualitative methodologies (Wagner, 2012). Qualitative study attempts to describe a particular situation, problem or event (Kumar, 2011). It provides insight to the problem by uncovering the trends in people's opinions and thoughts. It normally uses structured techniques, which include group or individual interviews, for example describing living conditions of a community (Kumar, 2011). The greatest strength of qualitative research is that it provides rich, descriptive data, and issues can be examined in detail and in depth. It enables the researcher to become the instrument through which data are collected (Wagner, 2012). With regard to interviews, the researcher is not restricted to specific questions but can guide and redirect the interview. There is thus a greater understanding of people's perceptions. However, analysing this data might be time-consuming and costly on the part of the researcher (Wagner, 2012). The data collected cannot be used beyond that particular group of participants as the data are specific to the viewpoints of that particular group. As previously mentioned, most qualitative studies are based on ideas,

assumptions and people's viewpoints. For this reason, it might be difficult to prove as the data are "intangible" (Neuman, 2014). This might also invite biases from the researcher as the research is heavily dependent on the researcher's skills. Another disadvantage is that qualitative research is sometimes not accepted in the scientific community. According to Neuman (2014), this is attributed to the difference in contextual meaning. Qualitative research draws its meaning from the surrounding context as opposed to quantitative research that rarely considers context.

Balnaves and Caputi (2001) contend that qualitative and quantitative are not independent from each other but rather interdependent in a way that numbers (quantitative) are one of the many practices that make up culture (qualitative). However, it is still important to understand the strengths and weakness of each research method. If we look at quantitative research, Wagner (2012) explains that it entails collecting information in the form of numbers, describing a social phenomenon, assessing the relationship between variables and identifying cause and effect. This means that the goal in quantitative research is to determine the relationship between independent and dependent variables to understand the cause and effect.

These variables according to Martin and Bridgmon (2012) must change. If the variables do not change, work cannot be done. The independent variable is the one that produces change while the dependent variable is influenced by the change. It is therefore apparent that independent variables are manipulated by the researcher whilst dependent variables are the resulting outcome and ultimately the one being measured (Martin & Bridgmon, 2012). The process of assigning numbers to a phenomenon limits human traits and therefore eliminates biases (Wagner, 2012). Another advantage is that the sample for quantitative research is large, allowing researchers to conduct a broad survey (Wagner, 2012). Quantitative research methods can also be seen as reliable and valid as the same procedures are prescribed. The standardized procedure can, however, be a disadvantage as the questions remain constant throughout the investigation, making it difficult to compare (Vos, 2005). Also, the author highlights the fact that the researcher is unable

to include their own impression and interpretation of the data as their role is limited to what is required to obtain data. Plans about the research procedure are normally developed before the study begins, meaning that the researcher already has pre-set answers which might not necessarily reflect how people feel about the topic (Vos, 2005).

3.2 RESEARCH DESIGN

A research design is the framework that has been created to answer research questions or problems (Kumar, 2011). The author further explains that research design gives direction to the research in terms of which research approach will be used, how information will be collected, how participants will be selected and, finally, how information will be analysed and the findings communicated (Kumar, 2011). The strength and weakness of both the research methodologies (as previously explained) have provided basis for deciding which methodology to select to best answer the research question. The researcher decided that a qualitative study will be adopted. Due to the nature of qualitative methods that expand and support the study, the research adopted an interpretative social science model.

This model entails the detailed reading or examination of a text. By doing so, the researcher is able to find meaning in the text by interpreting it (Vos, 2005). In this study, textual data were gathered on leadership, management and the collection of municipal revenue to develop a deep understanding of the concepts and of how the different parts relate to the whole (Vos, 2005). The positivism approach exists as an alternate to interpretative social science. It finds its meaning through science, which deals with known and observable facts (Vos, 2005). This can be attributed to a quantitative study. This approach will therefore not be appropriate for the study as the study seeks to understand the experiences of the participants and is not necessarily a rigid observation of facts. Furthermore, the recommendations for the study will not be based on facts alone but also on the viewpoints of the participants. The design consists of two main features, namely a literature review and twelve in-depth interviews. The twelve participants are comprised of four managers in middle

to senior management within City of Tshwane, four junior employees within City of Tshwane and four ratepayers which represent the community that is serviced by City of Tshwane.

3.2.1 Data Collection

As previously mentioned, this study was based on a qualitative methodology. The idea behind qualitative research is to purposefully identify participants or documents that will aid in the collection of data (Creswell, 2009). The author further identifies four ways of collecting data in qualitative research, namely observations, interviews, documents and audio-visual materials.

Observation – This is when a researcher observes a group of participants and takes notes to determine the meaning of what is observed. Although data collected for this research were not based on observation, the researcher did observe the nonverbal expression of feelings by participants as a way of better understanding the context and phenomenon under study (Creswell, 2009). Observations referred to in this study include – in addition to their choice of words – interviewees' body language, for instance a pause before answering a question. The weakness of this method lies in the fact that the success of the observation depends on the degree to which participants feel comfortable and trust the interviewer (Wagner, 2012). This means the interviewer might fail to obtain a true picture as the participants might change their behaviour if they are unable to trust the interviewer. In this instance, the researcher reassured the participants that their identity would not be disclosed, and that the source of the information would remain unknown and unspecified.

Documents – This method entails the review of documents such as newspapers, books and scholarly journals in order to obtain information on the study. For the purpose of this research, primary documents were used, such as Financial Statements and Annual Reports for City of Tshwane Municipality. This provided basis for the statistics to be compared and to analyse the trends and changes. Secondary documents were also used, such as books and

scholarly journals to support the study (Wagner, 2012). A combination of primary and secondary documents was used to write the full report.

However, Wagner (2012) recognizes a few impediments to collecting and analysing documents. This includes that it may be time-consuming to undertake a full inquiry, relevant material might not be available, and the data may be difficult to read and understand. In the face of the identified impediments, the researcher deems it necessary to collect and analyse documents as a way of understanding the context and comprehend all aspects of the study as written by other researchers.

Interviews – The purpose of a qualitative interview is to understand participants' point of view, analyse the meaning of their experiences and uncover their lived world (Brinkmann & Kvale, 2015). One common way of conducting an interview is face-to-face (Creswell, 2009). For the purpose of this study, face-to-face interviews were conducted, where the researcher arranged to meet the participants at a specified location. In this case, the location was City of Tshwane Municipality for the managers and junior employees. The ratepayers specified their preferred location, but it was also based in Pretoria. During the initial contact, the tone was set for the interview and identities of the interviewer and participant were disclosed. The reason for the unstructured open-ended questions (Creswell, 2009) is to understand the different experiences of the participants without imposing or limiting the field of study. Having open-ended questions means that possible answers are not suggested and participants have the flexibility of responding in their own way. As previously mentioned, a total of twelve participants were interviewed. The eight participants consisted of four senior to middle managers and four junior employees within City of Tshwane's Finance Department. The other four were ratepayers who pay for the services offered by City of Tshwane. The questions asked were intended to answer the research question of "what are the findings in the application of leadership and management in the collection of revenue?" as posed in Chapter 1. The unstructured open-ended interview was used to understand the views, perceptions and experiences of managers, junior employees and ratepayers on whether the balance of leadership and management, using Kotter's Model as reference, impacts on revenue

collection. Prior to the interview, the researcher prepared questions in relation to the topic. The questions were grouped in the following manner:

- The process of collecting municipal revenue;
- Challenges in collecting the municipal revenue;
- Junior employees' perceptions and experiences of leadership and management in City of Tshwane;
- Managers' understanding of leadership and management;
- Ratepayers' perception of the service offered by the City of Tshwane.

A formal request was made to the Municipality to conduct the research. The time and place of the interviews were determined and communicated well in advance. A voluntary consent form was provided, informing participants that they may withdraw at any time. Permission was requested to tape-record interviews and verbal consent was also obtained at the beginning of the interview (Vos, 2005). The weakness of a one-to-one interview was that participants were unwilling to share information (Vos, 2005). The researcher had to reassure the participants that information would be confidential and would not be discussed outside of the interview (Wagner, 2012).

3.2.2 Sampling Strategy and Criteria

As previously mentioned, the research method adopted for this study is a qualitative research method. One of the important aspects to consider when conducting research is the size of the population (sample). It is highly impossible to collect data from everyone in the community and for a qualitative study, only a sample is selected for the study. As explained already, qualitative research consists of rich and descriptive data; therefore, the sample size tends to be small (Wagner, 2012). This study seeks to understand and represent the experiences and actions of those being interviewed. It is therefore relevant for a particular context and cannot be replicated in a similar study (Wagner, 2012). The author explains that sampling can be either probability or non-probability sampling. Probability sampling is when participants are randomly

selected; this ensures that each member of the community has an equal chance of being selected (Wagner, 2012). It is therefore easier to make accurate predictions for the entire community (Wagner, 2012). Non-probability on, the other hand, is when participants are specifically selected, meaning that the findings cannot be generalized to the entire community (Wagner, 2012). In reference to the research, managers, junior employees within City of Tshwane and ratepayers representing the community were not randomly selected but rather specifically selected according to their availability and willingness to participate. Therefore, probability sampling was not adopted for this study. One of the common methods used in non-probability sampling is purposive sampling. This method is considered as the most useful. Participants are grouped according to preselected criteria that are relevant for the study (Wagner, 2012), for example managers and employees within the Finance Department of City of Tshwane and ratepayers that are serviced by City of Tshwane. This method of sampling was relevant to the study and therefore adopted for the purpose of the study.

3.2.3 Reliability and Validity

Researchers need to be aware of validity and reliability when conducting research. Reliability refers to the degree to which a measurement is consistent and stable in measuring what it intends to measure. This means that the same test can be performed under the same condition and the same results will be generated (Wagner, 2012). To test reliability and consistency, the participants were subject to the same interview process and most of the questions posed were similar. The fact that the questions were the same allowed the participants to raise common topics and issues. For example, during the interviews all the participants agreed that the credit control and debt collection policy provides guidelines for collection of municipal revenue and these policies are derived from the Municipal Systems Act (32 of 2000).

Validity examines the entire research design and establishes whether the researcher was able to measure what they were supposed to measure

(Wagner, 2012). Although the two concepts are separate, they are often closely inter-related. For a test to be reliable, it also needs to be valid (Wagner, 2012). The first and obvious source of reference to verify whether the study is valid had to be my professor Dr Johnny Matshabaphala, a senior lecturer within the School of Public and Development Management at Wits University. With his expertise and knowledge, he was able to guide the overall research approach to ensure that it is aligned with the purpose of the study. Another important source for validity was to refer to the people who had been interviewed and ask if their views were correctly represented. During the interview, the researcher would repeat the answers to the participants to ensure that correct information had been recorded. The people interviewed consisted of senior to middle management who have worked in the municipality for many years, the highest being 85 years' work experience in the Municipality. The researcher therefore believed the information to be true and participants would not deliberately provide incorrect information.

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3.2.4 Limitations of the Study

The study primarily deals with balancing management and leadership in the City of Tshwane and with how this impacts on the revenue collection. Interviews were conducted with management, employees and ratepayers. Furthermore, specific questions were asked regarding management of City of Tshwane and the process of collecting municipal revenue. The greatest difficulty was soliciting the interviews, as participants were reluctant to avail themselves and provide information. This is because at the time of the study there was a change of political leadership in the City of Tshwane from African National Congress (ANC) to Democratic Alliance (DA). This resulted in tension and unrest amongst the employees in the City of Tshwane. The researcher had to reassure the participants that the questions asked were not politically related. The participants only agreed to be interviewed in instances where there is no tape recorder and information was written down. The information obtained was further limited to the specific sample and therefore was not applied in a different context. The interviews were dependent on the availability of the participants. Time management was important as there is

limited time available to complete the research. The budget was also a limitation as the researcher had to consider travelling costs and instruments necessary for the research, such as stationery. The extent to which information was accessible limited the research as some information was not available. The reason for lack of information was provided.

3.2.5 Ethical Considerations

The researcher adhered to the ethical principles of conducting research. The responses from participants were treated as confidential and people consented to participate freely in the interview. The purpose of the study was clearly explained to the participants and participation was voluntary. In order to achieve transparency, transcripts were provided to the participants after the interviews.

The information gathered was analysed on the basis of themes, ideas or concepts emerging from the data (Neuman, 2011). A comparison was made between the themes emerging from the secondary data and primary data. Conclusions were drawn from the analysis of both data sets as well as the information provided by the participants.

3.2.6 Conclusion

As explained, there could be various reasons why the City of Tshwane is unable to collect enough revenue. Unemployment is one example that will affect how much the Municipality can collect as citizens may be unable to pay. For this specific study, however, the balancing of leadership and management will be analysed to understand the impact it has on revenue collection. This will assist the Municipality to recognise whether the current management or leadership approach is effective in terms of maximizing the revenue collection or whether there is a need to combine the two concepts to improve on the revenue collection. The findings will contribute to the changes required in the

Municipality. This might be the requirement to change policy or the behaviour of those in management positions. Literature highlights that balancing the two concepts in any organization will lead to improved performance. Therefore, balancing leadership and management in local government will improve its revenue collection.

Furthermore, the research methodology as described in this section was intended to allow participants to fully express their views and perceptions through semi-structured interviews, how they understand the two concepts of leadership and management and how they view the process of collecting the revenue. The emerging themes found in the subsequent analysis of data would perhaps address the main question of the study of “how balancing leadership and management impacts on collection of revenue”.

4 PRESENTATION OF FINDINGS

4.1 INTRODUCTION

This chapter presents data gathered through unstructured open-ended interviews with the sampled officials in the Finance Department of City of Tshwane and ratepayers who pay for the municipal service offered by City of Tshwane. The Finance Department within City of Tshwane manages the municipality's finances. The department does not only focus on finances but also renders a staff function in terms of budget management, remuneration and HR support services. The various focus areas within this department include debt collection, credit control, client services, and property and estate administration. The Finance Department was appropriate for the purpose of this study as it is the only department that handles the finances of the municipality. The purpose of presenting this data is to determine its consistency with the literature highlighted in Chapter 2, to make conclusions in relation to the findings of the study and to answer the question of whether balancing management and leadership impacts on the revenue collection in City of Tshwane (using Kotter's Model as reference). This chapter further differentiates between questions posed to the managers and employees of City of Tshwane and to the ratepayers representing the community. For the purpose of this study, the ratepayers refer to individuals who are serviced by City of Tshwane and who are paying for municipal services.

As previously mentioned, some of the questions posed were similar for various participants to determine the underlining themes, while others were different to get a sense of the unique perceptions and experiences of the participants. Perhaps what is also important in this chapter is the different views of the managers regarding what they understand as leadership and management. Added to these are the different opinions of employees regarding the leadership and management style in the Finance Department at City of Tshwane. The data gathered through unstructured open-ended interviews are

presented in graphs. Wagner (2012, p. 184) posits that "*displaying data graphically enables the researcher to understand complex data in a simpler and more meaningful manner*". The presentation of data starts with an analysis of the biographical profile of the participants. This assists in determining whether the participants are qualified to provide the information required for the purpose of the study. The findings reveal that the participants were qualified to provide the relevant data required to answer the questions posed. Following the biographical data are the perceptions and experiences of sampled Tshwane officials on collection of revenue and leadership and management in the Finance Department of City of Tshwane. The sampled ratepayers' perceptions of and experiences with the collection of revenue, and leadership and management in the City of Tshwane were investigated and findings were made.

4.2 PROFILE OF THE RESPONDENTS (BIOGRAPHICAL)

The researcher conducted interviews with twelve participants. From the twelve, four participants were middle to senior managers within the Finance Department of City of Tshwane. Another four were junior employees within City of Tshwane's Finance Department and the last four were ratepayers who were serviced by City of Tshwane.

The eight participants are from different sections that form the Finance Department. These sections include Debt Collection, Credit Control, Property Rates and Estates.

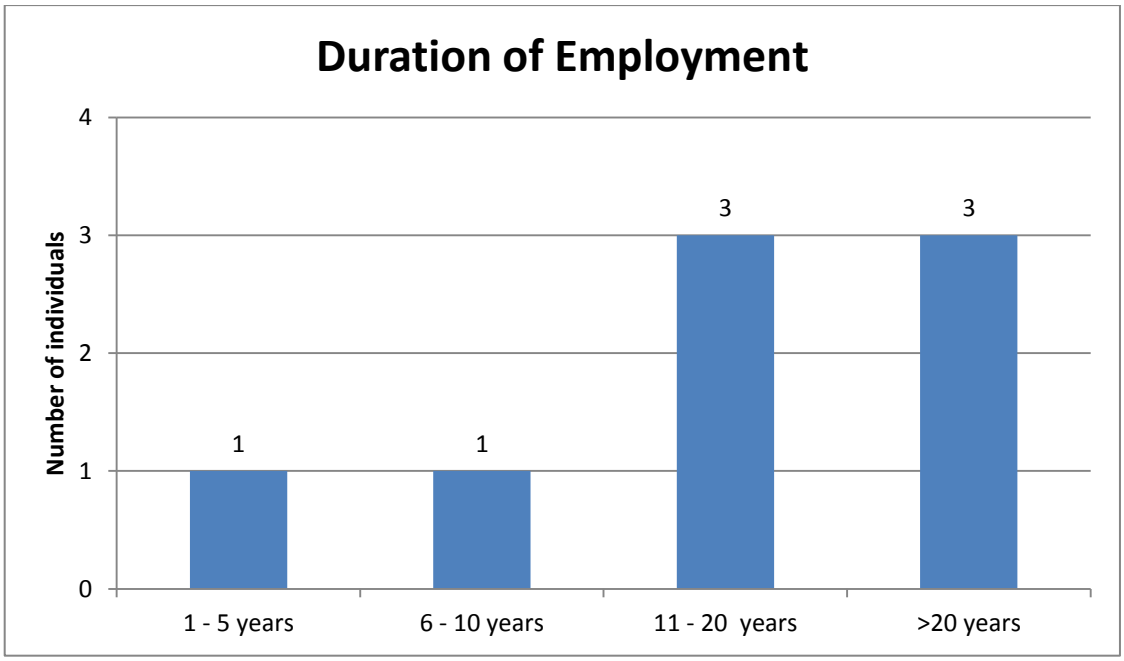


Figure 4.1: Sample Distribution (Employment)

The researcher interviewed eight participants from the Finance Department of City of Tshwane. Respondents were asked to state the number of years they have been in the service within the Finance Department in City of Tshwane. Out of the eight interviewed, one respondent had worked for less than five years, another respondent had worked for eight years, three had worked for more than ten years but less than twenty years and the last three respondents had worked for more than twenty years. This suggests that the majority of the participants had been in service for a long time and should be able to provide reliable information. Figure 4.1 offers a representation of this sample distribution.

The sample below (Figure 4.2) is made up of four ratepayers that were interviewed. The respondents were asked to indicate how long they had been serviced by City of Tshwane. Of the four participants that were interviewed, one respondent indicated that they had been serviced by City of Tshwane for less than ten years; two had been serviced for eleven to twenty years, and one for more than twenty years. This also suggests that most of the participants had been serviced by City of Tshwane for a long time and should therefore have experience in the process of collecting municipal revenue, and should have perception and experience of leadership at City of Tshwane.

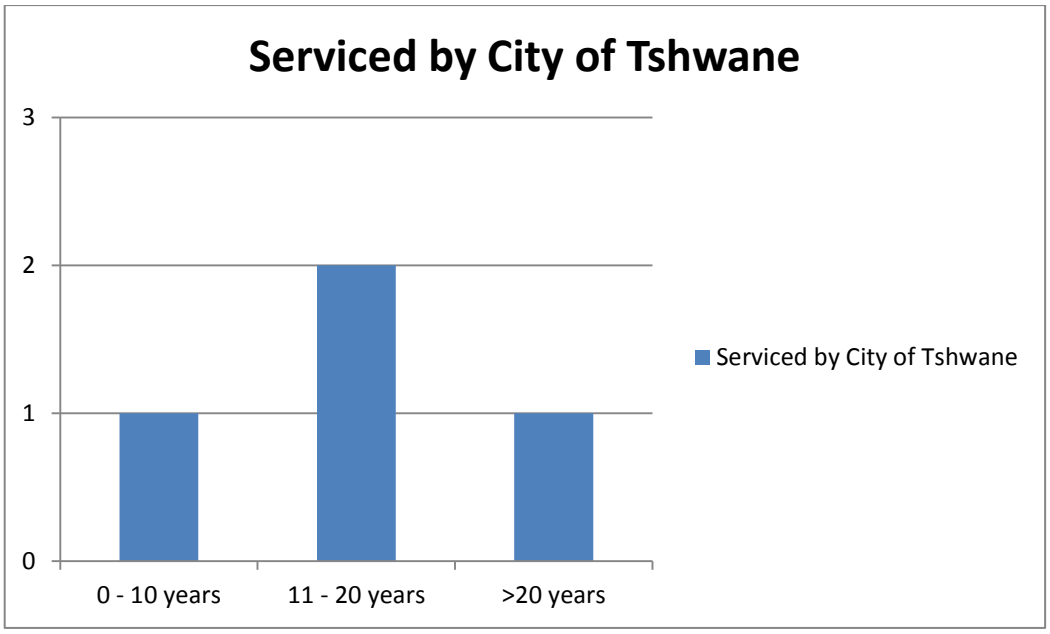


Figure 4.2: Sample Distribution (Serviced by City of Tshwane)

4.3 THE SITUATION

The current situation indicates that City of Tshwane Municipality is still facing the challenge of not collecting enough municipal revenue. Every month, the municipality sends out statements to all residents, charging for electricity and water, waste removal and property rates. To ensure that this process is properly managed, policies such as the credit control and debt collection policy are adopted and maintained by the Municipality. Despite efforts from the Municipality to collect revenue, there is still poor debt collection. Could the lack of the right skill be the reason for the Municipality's regression? The managers found it difficult to respond to the question of whether they see themselves as leaders or managers. This was worrisome because they cannot influence the performance of their employees if they have not properly identified their abilities as managers. Revenue collection represents the face of the Municipality as such that ratepayers (which represent community) must be provided with efficient and effective service. If ratepayers are dissatisfied with the performance of the Municipality, specifically revenue collection, they will express their discontent with the Municipality. The fact that all the ratepayers interviewed have never met their councillors is of great concern.

4.4 INTERVIEWS WITH GOVERNMENT OFFICIALS

This section seeks to establish the knowledge and perceptions of the respondents regarding collection of revenue in City of Tshwane. It also establishes the knowledge of respondents regarding how leadership and management are carried out in the Municipality. The section is further divided into two subsections, namely Management at City of Tshwane and Employees at City of Tshwane. The answers provided by management and employees at City of Tshwane are highlighted under various themes as essential elements for the purpose of the study. The common themes that emerged from the participants are grouped together to demonstrate a trend. Although the respondents were required to provide descriptive data and motivate their choice of answers, some could only provide one-word answers and did not elaborate further. In such instances, the researcher provided her own conclusion.

4.4.1 Managers at City of Tshwane

This section reviews and reflects on the responses provided by the managers at City of Tshwane. The questions that are common for both the managers and employees are grouped together and the responses provided. As previously mentioned, four middle to senior managers were interviewed and the answers provided were categorized under various themes.

4.4.1.1 Leadership, Management and Municipal Revenue

In order to answer the research question of "*which factors influence leadership and management in the collection of municipal revenue?",* it was important for participants to provide their understanding of the terms leadership,

management and municipal revenue. All the managers interviewed were challenged by the question regarding explaining the terms leadership and management, as they could not give immediate answers. The researcher further observed that there was a certain pause before respondents could answer this question. Managers 3 and 4 had similar responses. Manager 3 stated that leadership and management differ; when you lead, you are responsible for setting goals, strategies and vision for your team. The manager went on to further explain that managing is about laying the steps required to achieve the vision. For example, a leader communicates that a certain amount of revenue must be collected. The manager will manage the process to able to achieve the amount that needs to be collected.

Manager 4 stated that leadership is leading by example. It is about developing and inspiring people to do certain things. A leader is charismatic, influential, creative and innovative. Management was described as powers inherited by virtue of one's position. The manager further explained that the manager administrates and uses systems and structures which have been put in place to ensure that the work is done.

Manager 1 had a slightly different perspective as he described leadership as being political, saying "*it normally refers to the specific party that is ruling*". However, he also had similar views to that of Manager 3 and Manager 4 by describing leaders as people who formulate objectives and are visionaries and that managers are people who implement and manage what was formulated by the leader. He went on to further explain that managers advise leaders on whether formulated objectives are realistic or not. Managers write reports, manage projects and provide services. Manager 1 was also of the opinion that leaders depend on managers. As much as leaders formulate, managers make the ultimate decision of whether something can be implemented or not.

Manager 2 got their response off the internet. Leadership and management were described as follows:

"Leadership is setting a new direction or vision for a group that they follow. *Management controls or directs people/resources in a group according to principles or values that have been established."*

In this regard, the researcher concluded that Manager 2 either did not know the meaning of the two terms and therefore got the definition from the internet, or they were eager to finish the interview and therefore put less effort into it.

Based on the responses, it can be deduced that managers at City of Tshwane are familiar with the terms leadership and management. If this is the case, then the managers should also be able to confirm whether they see themselves as managers, leaders or both.

The managers were asked whether they viewed themselves as leaders, managers or both. The sample below (Figure 4.3) indicates that out of the four managers interviewed, no manager viewed themself as a leader; only one manager stated that they viewed themself as a manager, since a leader is more political, as is the case with a ruling party. Three managers viewed themselves as both managers and leaders. Manager 4 motivated her answer by stating that she does not only give instructions like managers do but her employees know that she has an "*open door policy*". Her subordinates can approach her freely if they have any grievances or complaints. Manager 3 explained that she views herself as both a leader and manager because she does not only set the goals for her team but also ensures that they achieve those goals. In her opinion, she feels that leadership can make or break you. If you fail as a leader, you will probably fail as a manager.

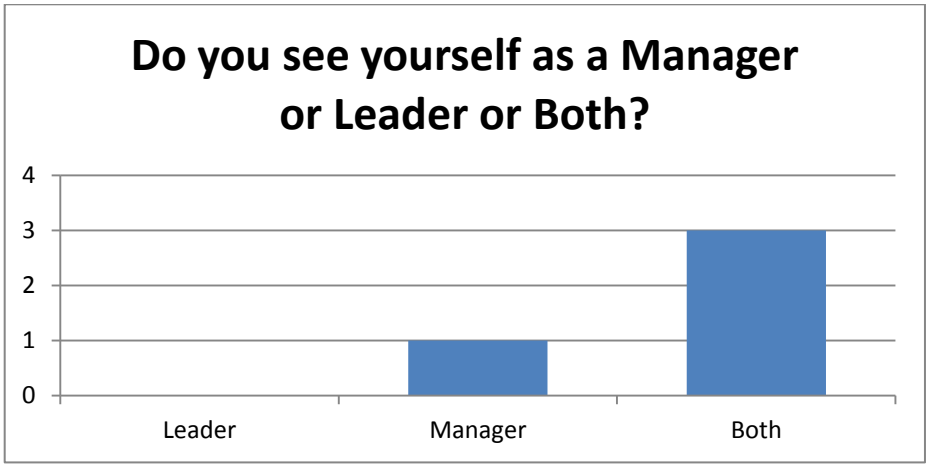


Figure 4.3 Leader or Manager or Both

This was a common question for both managers and employees. Both groups were asked to define the term "municipal revenue". All the managers and

employees provided similar definitions in that they all agreed that municipal revenue is money received from the public for services rendered by the Municipality. The services rendered include water, electricity, property rates and sanitation. Manager 1 contended that the term “municipal revenue” is sometimes used loosely to refer to the money that is received by the municipality from national government, while it is in fact a source of income for the Municipality received from rendering services to the public. Manager 3 explained that, unlike the private sector, the public sector is not in a business of making profit; these services are not sold but are provided to the public.

4.1.1.2 Process of Collecting of Municipal Revenue

Koontz and Weihrich (1993) highlighted the importance of having a policy in an organization. They described it as a standard by which actual performance is measured. This means that it provides guidance on how to perform a task or operation in an organization. In the context of the study, policy provides guidance on how revenue must be collected by City of Tshwane. All the participants, including employees in City of Tshwane, were asked to mention the policies that guide their work and how these policies impact on revenue collection. Most of them agreed that they are guided by the credit control and debt collection policy derived from the Municipal Systems Acts of 2000. Manager 1 indicated that the policy is very clear and it empowers the Municipality. He further explained that the process of collecting municipal revenue differs from country to country. The same South African processes cannot be used in another country as they are specifically designed for a particular environment. Manager 3 noted that the work done is informed by the policy. Employee 1 also agreed with the managers by stating that the policy is clear and self-explanatory. He further stated that “*if a customer has doubt on the implementation, they can be referred to the policy”*. He strongly believes, however, that the policy fails to cater for sole bread winners, people who are in the middle class (salary). These are people who have responsibilities, such as

taking children to school. Although affordability is in place, it still requires that arrangements for payment be made. Employee 3 felt that if policy is not implemented correctly, debtors can sue the municipality. This means that the municipality will not be able to collect revenue if the policy is not implemented correctly. Employee 4 noted that the Batho Pele policy and Credit Control policy tend to clash. The Batho Pele policy is a government policy that defines the objectives of government and gives prominence to South African citizens by stating that the people must come first. The Credit Control policy, however, states that 60 per cent of the debt must be collected from the customers, which many people may not be able to afford. Manager 2 and Employee 2 could not answer the question; they both referred the researcher to their colleagues who should know the answers.

Now that the participants had explained which policy affects the work they do, the researcher requested them to explain the process of collecting municipal revenue in relation to the policy. The researcher noted that City of Tshwane compiled certain policies which were in terms of Section 96 of the Municipal Systems Act (32 of 2000), which deals with the fiscal issues of the municipalities. One of the policies compiled by City of Tshwane includes the collection policy: arrear debtor accounts (City of Tshwane, 2017). The policy includes some of the important measures or steps taken to collect revenue. This policy was specifically created to deal with the issue of non-payment of debt by ratepayers in the collection of municipal revenue.

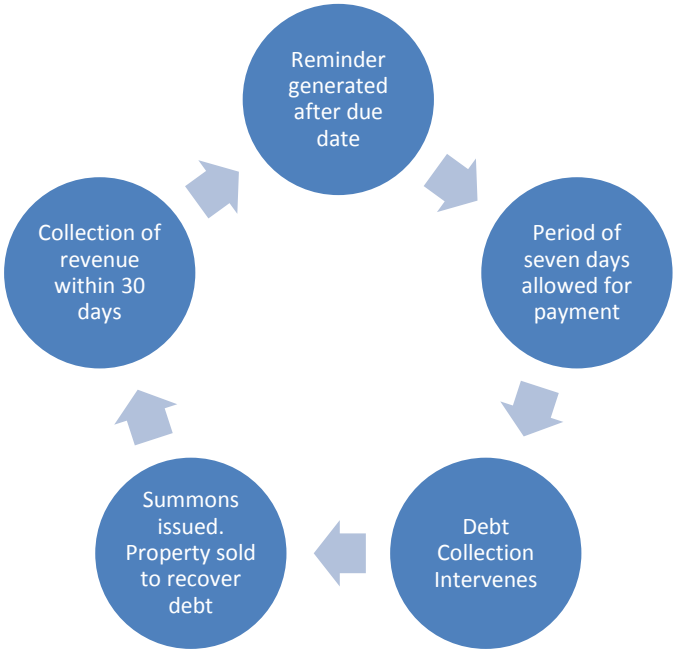


Figure 4.4 Process of Collecting (City of Tshwane,2017)

The diagram in Figure 4.1 shows the steps for collecting municipal revenue as highlighted in the collection policy (City of Tshwane, 2017). Furthermore, the collection policy states that collection of revenue will be realized within and not exceeding 30 days. If there are no payments or arrangements for payment, a reminder is generated after the due date (date indicated on the account statement) and the reminder clearly states that a period of seven days is allowed for payment or payment arrangements (City of Tshwane, 2017). Where the ratepayer fails to make arrangements or payments after seven days, electricity will be discontinued and water restricted. The debt collection process kicks in when ratepayers fail to comply in terms of the above or the debt is older than 90 days (City of Tshwane, 2017). The Debt Collection Department will issue summons within ten days. If the ratepayer fails to comply again, the property of the ratepayer will be sold to recover the debt or the ratepayer will be evicted in the case of arrears of rent (City of Tshwane, 2017).

Responses by Manager 1 and Manager 3 highlighted what is contained in the collection policy in terms of two processes that exist, namely credit control and debt collection. Manager 1 summarized the two processes by stating that

credit control is the process used to collect water, electricity and sanitation. Municipality issues a notice; if there is no response, Municipality disconnects the services. The Municipality only connects the services when payment arrangements have been made. He further explained that debt collection is a legal route as it involves the issuing of summons. The Municipality attaches property to sell so that debt can be recovered.

Manager 3 indicated that the credit control process deals with the issuing of statements (bills) for water and electricity consumed. Final demands and restriction of services are issued where consumers fail to comply. The call centre exists to remind consumers of their obligation to pay. She explained that if Municipality fails in all attempts to collect revenue, the process is then handed over to the attorneys to collect on behalf of the Municipality. She also added that debt collection within the Municipality also assists with walk-ins where customers have queries regarding their account.

Although the policy clearly states that collection of revenue must ideally be realized within a period not exceeding 30 days, Manager 4 and Employee 4 stated that the account will flag for collection after 30 days. Manager 4 stated that notice of final demand will be issued after 30 days. Employee 4, however, was of the view that the final demand letter will be issued seven days after the due date. This raised concern as different interpretations of the policy exist. Manager 4 further explained that the notice states that the client has fourteen days to make payment arrangements with Municipality or face disconnection. Employee 4 was not sure of the number of days as she stated that it could be between seven and fourteen days. Again, this does not correspond to the policy which states a period of seven days to make an arrangement for payment. They both concluded that after 90 days, the account is sent to debt collectors.

Manager 2 emphasized that she does not deal with collection of revenue as she deals with property rentals and sundry billing. Her work involves creating an account for an item and billing the specific item. The billing is not something that happens often as it is dependent on the duration of the contract for renting a property. Sundry billing that refers to fire services and ambulances does not

happen often, but only in the specific month in which the service was utilized. The collection policy states that both rental and sundry billing follow a similar process in collecting revenue. If payment is not received by Municipality, a final demand letter is issued within fourteen days. The arrangements for payments may not exceed 24 months. If there is no response from the ratepayer, the matter is handed over to the legal division for further collection action.

Employee 2 and 3 summarised the process by stating that when a ratepayer does not pay or make an arrangement, a final demand letter is issued that states that the client has seven days' grace period to make payment or arrange to pay. If there is no effort from the ratepayer to come and rectify, there will be disconnections. Employee 2 will further verify the demographics pertaining to a specific property to ensure that the Municipality communicates with the right person.

4.1.1.3 Social Economic Problems

In the literature review, Venter (2013) emphasized the importance of developing successful local economic development (LED) chains. This is the process by which relevant stakeholders within a defined geographical area work together in partnership to stimulate economic development, thereby improving quality of life for the individuals in that specific area. Local government as the sphere closest to the people should ensure that LED units are in place to promote development (Venter, 2013). This unit exists to mobilize communities and external stakeholders to encourage local investments. Through the development of LED units, a municipality will have a better understanding of some of the issues affecting the community, such as unemployment and poverty. As previously highlighted in the study, issues like unemployment and poverty will have a negative impact on municipalities' ability to collect revenue.

Under the above theme, the following questions were posed to the managers:

Has the Municipality developed a Local Economic Development (LED) plan? If so, how has it impacted on the revenue collected?

All four managers stated that their LED plan is dealt with by a different division. Manager 3 and Manager 2 stated that they are not aware of what the section is busy with currently. Manager 4 noted that she is not aware of what the section is busy with but that when the economy is low it means less money is available to pay municipal debt, thus negatively impacting on revenue collection. Manager 1 was also not aware of what the section is currently busy with but agreed that planning impacts on revenue collected, either positively or negatively. It impacts positively in a sense that if developers invest in a specific community, for example building a shopping centre, it can create jobs and therefore develop that community. He went on to explain that the Municipality can decide to give an incentive, perhaps stating that for five years the developers will not pay for water, electricity or rates. This negatively impacts on revenue collection.

Social economic problems have an impact on the LED plan. Manager 1 and Manager 2 were requested to mention some of the social economic problems impacting on revenue collection. Manager 1 explained that crime and fraud are the most problematic. When the Municipality disconnects, people can decide to reconnect illegally. Municipal employees can also accept bribes as a way of preventing disconnections in certain households. This can be as a result of poverty and unemployment as people find ways to make money. He further explained that they can bribe municipal employees to reduce consumption, which will also impact on what needs to be collected. For example, the Municipality will end up collecting R10 instead of R50 and disconnect five houses instead of ten. Manager 2 noted that although there are social economic problems, there is relief through the indigent policy and affordability committee to assist those who cannot pay. Indigent refers to the ones who are poor and cannot afford basic necessities of life such as food, shelter and water. The Municipality will assist in providing free basic services to people who cannot afford it.

Over and above the indigent policy, Manager 1 noted that Customer Services conduct a survey every year to get an indication of who can and cannot afford to pay. Those who cannot afford it are given some sort of exemption but they still need to apply to be considered. He explained that the survey is comprehensive; it is not only limited to being able to afford it but it also deals with customer satisfaction.

From the above responses, it is clear that the LED plan impacts on the revenue collected. Although this is a different section, Venter (2013) in his study recommends that the LED unit be structured in such a way that it allows for close co-operation with other directorates in the Municipality to ensure alignment of efforts.

Another question that was posed to all the managers under the above theme was: What do you think is the major problem that causes the Municipality not to collect enough revenue?

It was interesting to note that all the managers had strong beliefs in relation to the question. They took their time to express their views.

Manager 1 felt that the problems are economical; because of poverty and unemployment, people might not be able to afford the services. He strongly believed that people are highly indebted. Their expenditure is more than their income. Banks are also to blame for this problem as they grant loans without considering other loans that the person is paying for. Another factor he highlighted is that when an individual's credit profile is assessed, the municipal debt is overlooked.

Manager 2 also felt that the problem is related to affordability. Although there is an indigent policy for those who cannot afford municipal services, such as pensioners, the problem is those who might not form part of the indigent policy. These are the people who fall outside the bracket in terms of the income they are getting but are still unable to pay for the municipal debt. She referred to these people as middle class people, for example domestic workers. They can, however, apply for exemption, in which a committee still needs to decide whether or not they can afford it.

Manager 3 believes the problem is with the billing system. The billing is not only late but also incorrect. This means less revenue is collected and some revenue is delayed because of the late municipal bills. Another problem she highlighted is that most customers do not understand the account, especially those in townships and those who are not educated. They may also find it difficult to interpret the account.

Manager 4 summed it up by stating that the root cause is service delivery. The Municipality does not deliver service and when service is delivered, the standard is poor.

Manager 4 and Manager 3 were asked how they would resolve the problems of poor collection if they were in total control. The managers were stunned at this question because they believe a situation where they are in total control is unrealistic. Nonetheless, Manager 4 responded by saying that a person can never be in total control because there are laws that prescribe how individuals conduct themselves. The Constitution, for instance, gives people rights so that one person can never be in total control. Manager 3 explained that she would ensure that billing is on time, accurate and clear for everyone to understand. If the above process is followed, the Municipality will not experience any problems in the collection of revenue. No payment will simply mean people are unwilling to pay.

4.1.1.4 Incentives for Employees and Communities

The Likert's Four Systems of Leadership Theory identified in the literature review talks about motivating and encouraging subordinates to perform better (Koontz & Weihrich, 1993). One of the simplest ways for managers to encourage employees is by recognizing good performance and involving employees in projects. Extensive literature also highlights the importance of building trust in local government's citizens. The public must trust that their money is put to good use and therefore feel encouraged to pay.

Manager 3 and Manager 4 were asked how they motivate their team to collect more revenue. Manager 3 responded that she normally gives her team a day off. She believes that incentives are found mostly in the private sector and not in government. She further takes them out to lunch to "*lift their spirits*". She did, however, conclude that at the end of the day, a person must be self-motivated and know what is expected of them in terms of work and should not rely on incentives.

Manager 4 sets goals for her team; this way, they are constantly working towards a goal. Whenever a target is met, their self-esteem increases and they become more confident. When a target is not met, it can still push them to try harder. She further explained that she makes use of a system of "employee of the month". This creates competition and productivity.

Manager 1 and Manager 2 were asked what the incentives in place are to encourage communities to pay for municipal revenue. Manager 1 explained that incentives for communities can be the reversal of interest on accounts as a settlement discount. He further explained that the ratepayer can request to make a payment arrangement of up to 48 months if they cannot afford to pay the amounts. There are third-party payment facilities in place, for example paying at Pick n Pay, the post office or making an electronic transfer. This means that the ratepayer will not have to travel to make payment at the Municipality. Manager 2 emphasized that she is not in the collection section. Nonetheless, she explained that there are imbizos for mayors, where people in the revenue section are invited to assist a specific property in terms of meter readings, payment of water and electricity and connection problems. She also added that there are competitions for those who pay on time to win a car.

4.1.1.5 Visionary Leaders

Naidoo (2009) found that in order to improve organizational performance, the organization must be led by visionary leaders who are supported by management. The literature states that a leader identifies a goal, vision and

future state to which people can aspire, and directs them to that vision. All four managers were asked to mention the vision of the Municipality. None of the managers were aware of what the vision of the Municipality is. Manager 1 had to check the internet to provide the answer. The website of City of Tshwane (2017) states the vision as "*to sustainably enhance the quality of life of all people in Tshwane through developmental system of local government and by rendering efficient, effective and affordable services*".

Manager 3 stated that it had to do with maximizing revenue collection.

Another question that was posed under this theme was with regard to the managers' goals for their division for the coming three years. Manager 1 referred to strategic objectives as opposed to goals. He mentioned that one of the goals is to improve the billing system by improving the billing process. The second one is to manage debt by improving collection and, lastly, to improve customer relations. Manager 2 strongly believed that the problem has to do with sundry billings as they mostly rely on other sections like waste management to get the exact size of the waste to be able to bill correctly. In terms of her goal for the division, she would like her section to have their own weighing bridge. This equipment is used to get the exact size of the waste so that the Municipality can bill the correct amount. She explained that most of the time clients (ratepayers) will dispute the amount and state that they were overcharged as the load weighed much less. This tends to be a major problem.

Manager 3 strongly believes that the Municipality needs to get to a point where it bills on time and provides accurate billing. This will require major data cleansing.

Manager 4 stated the following as her goals for the division:

To improve the skills of employees through skills development programmes and formal training; to encourage employees to advance their formal training and education; to create better relationships with the ratepayers; to improve customer service and handle complaints with urgency and importance; and to

drastically reduce the debt owed to the Municipality by engaging more with the ratepayers and finding alternative ways for them to pay.

4.4.2 Employees at City of Tshwane

This section reviews and reflects on the responses provided by the employees within the revenue section at City of Tshwane. All the employees were provided the same set of questions to understand the common trend amongst employees. The questions that were common for both managers and employees have already been dealt with under managers and will therefore not be repeated here. One-on-one interviews were conducted with four employees in the revenue section. The answers provided are categorized under various themes for consistency. The participants were requested to provide in-depth answers but some participants provided only one-word answers. In such instances, the researcher made her own conclusions.

4.4.2.1 Inspiring Employees

The literature highlights the importance of valuing employees in the organization. It further states that being a manager goes beyond the mere setting of objectives and assigning tasks to employees. Managers need to also conserve and expand on current skills and abilities. They need to inspire their employees to perform at their best. This is important because Kotter (1999) notes that leadership is not only a management function but anyone can be taught how to lead. The organization must first identify people with leadership potential and assist them in developing their skills. For employees to be inspired in their work, they need to understand what is expected of them.

The employees were asked to indicate if they know what is expected of them in terms of collecting revenue. They all agreed that they know what is expected of them, namely maximizing revenue collection. They further provided the following explanations.

Employee 1 stated that his role is to attend to the needs of customers in arrears and to ensure that credit control policies are applied. He needs to be sensitive to the needs of customers, while also being firm in order to execute the function of collecting revenue without prejudice or favour.

Employee 2 explained that she is in the property rate section and deals with creating accounts. Before she can create an account, she must first check the correctness of the information provided for that specific property. This refers to things like ownership and stand number. She can therefore proceed to create account for specific property.

Employee 3 explained that he deals with the accounts of debtors (ratepayers who owe the Municipality) who are declared as insolvent, under administration or deceased. He further explained that in some instances property is sold to recover the debt or the debt is waived. He strongly believes that although revenue is collected, it is also lost due to the legal processes that are followed in the cause of collecting revenue. He further felt that the law protects the ratepayers and therefore the Municipality cannot prosecute offenders.

Employee 4 stated that she understands her role as a consultant in debt collection. She needs to collect revenue.

The respondents were asked to indicate whether they feel motivated by management to excel in their work of collecting revenue. The below sample (Figure 4.5) indicates that only one feels motivated by management to excel and three employees feel they are not motivated by management to excel. Employee 3 is very positive regarding the support he receives from management. He feels that he can approach his manager about anything and he has a good relationship with his manager.

Employees 1, 2 and 4 strongly believe that management does not support them. Employee 1 feels that management only gives instructions while Employee 4 feels that management is only concerned with meeting targets. Employee 4 stated that there is no system currently in place to update geographic information of a specific client (ratepayer) and this makes it difficult for her to do the work.

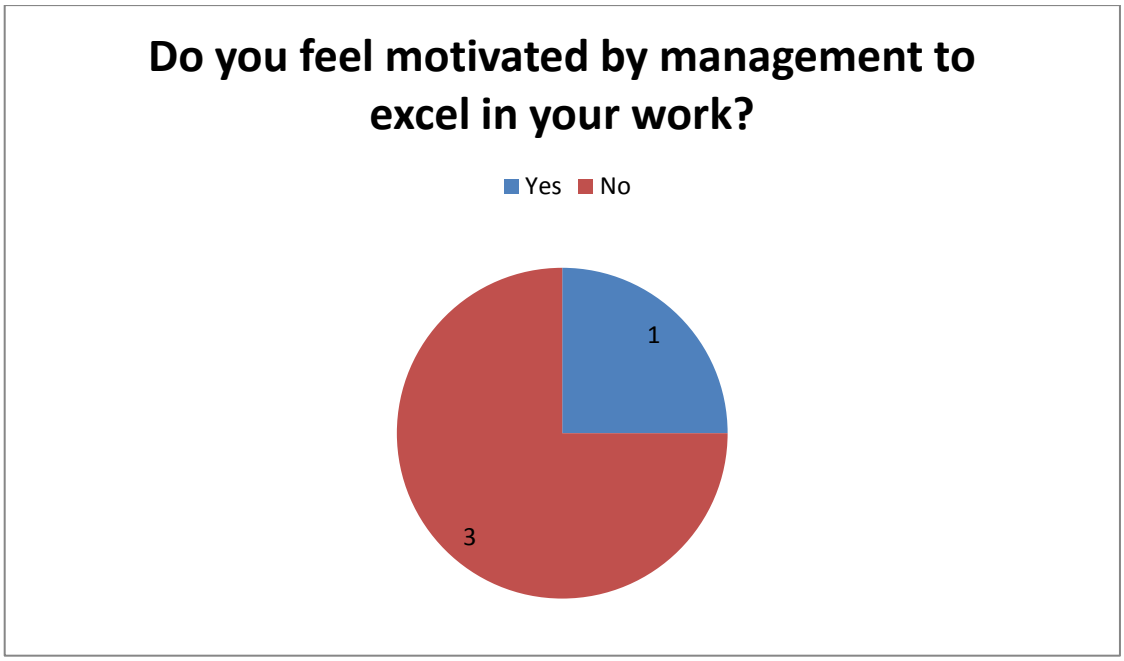


Figure 4.5 Employees feeling motivated by management to excel at their work

The respondents were asked to indicate if management has ever allowed them to lead projects. The sample below (Figure 4.6) indicates that three employees were allowed by management to lead projects and one employee has never been allowed by management to lead a project.

Employee 1 stated that he only recently started leading a new project, namely a credit control solution project. Although Employee 2 has led projects before, she contends that it becomes difficult without the necessary tools to perform the work. She also noted that the team that is assigned to that project refuses to take instructions from her, which makes her work very difficult.

Employee 3 motivated his answer by stating that he has been allowed to lead projects before. The work is a lot for his manager and they would therefore give it to Employee 3. He further stated that he is currently busy with the deceased estate project, trying to find out where it went wrong.

Employee 4 stated that she has never led a project and this, she believes, is due to the fact that management does not trust her.



Figure 4.6 Manager allowed employees to lead a project

4.4.2.2 Challenges in Collecting Revenue

Challenges in collecting revenue was a very clear theme and a concern for all the employees. All the employees were asked to explain some of the challenges they experience in the cause of collecting revenue. Employee 1 strongly believed that people who can afford to pay for municipal revenue still take advantage of the system and illegally connect when disconnection happens. Employee 2 explained that the challenge is the complaints received from clients (ratepayers) because of incorrect letters sent to them as a result of the wrong address. The statements are late, the clients are wrongly charged and the billing system makes errors in giving estimations. Employee 2 stated that she tries to minimize these challenges.

Employee 3 felt that debtors (ratepayers that owe the Municipality) are a challenge. They need to be educated on why they need to pay municipal revenue, especially those in rural communities and pensioners. Employee 4 noted quite several challenges. The first one is the insults she receives from debtors when she calls them to remind them of their obligation to pay. The

second challenge is the political parties that canvass and promise free services to the public. As a result, people expect free services and do not understand why they have to pay. She also noted that there is a lack of communication from management. The communication ends at the top and does not filter through to staff members. She further stated that management will expect revenue to be collected even when it cannot be done. Another challenge she noted is the people who stay in estates and pay their electricity and water to a third party and not to the Municipality. In such instances, the Municipality will not know where to disconnect as information regarding the meter box lies with the third party. She also highlighted the issue of demographics, where the addresses and names are incorrect. Lastly, she noted that people do not understand the processes within the Municipality.

After all the employees had noted their challenges with regard to revenue collection, they were asked what they think can be done to resolve the identified challenges. This relates to an extensive part of the literature that advocates for transformational leadership rather than transactional leadership. Transformational leadership challenges the current order of things and involves employees in fostering change in an organization. The end goal for a transformation leader is to develop followers into leaders.

Employee 1 suggested an implementation of a register for those who do not qualify for the indigent policy because of their earnings that are more than what is required to make the threshold. These people must be referred to a committee for approval other than the affordability committee. He stated that when it comes to affordability, the ratepayers must wait until debt exceeds a certain amount, for example R15000, in order for them to qualify for exemption. He argues that a debt of R15000 is a lot for people to pay even when arrangements are in place. Debt should not accumulate to such an extent. He also noted the issue regarding people who can afford to pay but are not paying. The process of acting against them should be quickened, or tamper-proof meter boxes should be installed and the budget should allow it.

Employee 2 suggested a smooth flow of information between the departments to enable timeous updates of geographic information. The Municipality usually

relies on the client (ratepayer) to come forth with the information. There is no system in place to update geographic information.

Employees 3 and 4 suggested that the Municipality educate the ratepayers on their obligation to pay for municipal services. Employee 3 further suggested that the Municipality attach an annexure to the accounts sent out, explaining the importance of paying for water and electricity. Employee 4 feels that councillors must call for imbizos to educate people about their need to pay for services and not to expect free services. Payment arrangements must also be communicated to communities. Another suggestion was that the SAP system that is used by Municipality could be connected to the Department of Home Affairs to be able to assist with the update of demographic information and therefore trace those who owe municipal revenue. She again highlighted the issue of a third party servicing the people who stay in estates and that the Municipality is unable to access their meter number.

The literature also highlights the importance of individual abilities in an organization to improve the organization's performance. Since the employees have recognized how they might improve performance in the Municipality, it is important that management assist them in fostering that change in the Municipality. Hence the need for the next question, namely "how can management assist in resolving these challenges?"

Employee 1 felt that management needs to budget for the meter boxes and respond to the needs and complaints of the consumers. Management also needs to respond to the reports from technicians.

Employee 2 suggested that management create a uniform policy that will be applied across the different sections. The different policies contradict the work that is done, for example one policy will state that Municipality must not collect debt that incurred prior to 2013 and another policy states that Municipality must collect this debt. This clearly shows that there is no standard procedure. She lastly added that the right managers must be hired.

Employee 3 is of the view that management can show support by advocating for the inclusion of an annexure on the monthly invoice.

Employee 4 strongly believes that management needs to support people on the ground, which are the employees. They need to visit the workstations and see what the employees experience on a daily basis. She explained that management needs to listen to the suggestions of the employees as they have a better understanding of operational work. She felt that management is more concerned with meeting targets in terms of collecting revenue than with caring about the needs of the staff. She also complained about the working environment and stated that there is not much ventilation in the offices and not enough space for everyone.

4.5 INTERVIEWS WITH THE COMMUNITY (RATEPAYERS)

Four ratepayers were interviewed and they are all based in Pretoria. Although the ratepayers make use of other municipal services such as refuse removal, water and property rates, electricity seems to be the most significant service for communities. The questions were classified according to those that receive their statements from the Municipality and those that make use of the prepaid system. Furthermore, out of the four ratepayers that were interviewed, two represented the suburbs and two represented the township. Ratepayer 1 and Ratepayer 2 represent the suburb (Pretoria East and North) and Ratepayer 3 and Ratepayer 4 represent the township (Mamelodi and Soshanguve). The reason for the differentiation is to understand the unique experiences and perceptions of individuals. Furthermore, the answers provided are categorized into various themes to understand the emerging themes.

4.5.1 Dissatisfaction with the Quality of Services

The ratepayers were asked to indicate how often they pay for services and on the accuracy of their invoices. Out of the four ratepayers who were interviewed, three feel that their statements are too high and only one (Taxpayer 2) indicated that his bill is accurate every month. However, he

mentioned that he had experienced an issue a long time ago with water usage that was too high but that it was fixed immediately. Taxpayer 1 complained that the amounts are estimates; this compromises the accuracy. He further stated that he always queries when the amounts are too high. He made an example of an instance when his bill increased to R15000. This surprised him because he normally pays between R4000 and R5000 every month. He therefore queried this with the Municipality.

Taxpayers 3 and 4 use the prepaid system to buy electricity and receive statements from Municipality to pay for water, property rates, refuse removal and sanitation. Electricity seems to be the biggest issue. Taxpayers 3 and 4 complained that the electricity is too expensive. Taxpayer 3 buys electricity to the value of R400 every month. She feels this is too expensive and she cannot afford this amount. Taxpayer 4 buys electricity to the value R800 every month (which excludes other municipal services she pays for) and she feels this does not match the usage. Based on the response, there are two issues that emerge. Firstly, the statement is sometimes inaccurate, as amounts are too high. Secondly, for prepaid users the cost of electricity is too high as it sometimes does not match the usage.

The ratepayers were further asked to indicate if there were issues regarding the municipal services and how they together with the municipality resolved those issues.

On the issue regarding an inaccurate bill, Ratepayer 1 visited the Municipality for assistance before the payment due date. The Municipality indicated that they would send an inspector to examine the problem. However, they failed to visit. When he went for a second time to do a follow-up, he found that there were no notes captured on the system to follow-up. Ratepayer 1 had to report the same issue again. He was advised to visit the Municipality for a third time once the inspectors had scrutinised the readings. On the third visit, they recalculated and the account was reduced. In this case, the Municipality assisted the ratepayer by recalculating and inspecting the place, even though only after numerous engagements.

Ratepayer 2 stated that he had an issue with an overcharging of water usage. Although he complained about the long queue while waiting for assistance, his issue was resolved on the same day. It was a matter of fixing a faulty meter reading.

Ratepayer 3 stated that she had a problem with the main switch on the meter box as it would continuously switch off. The problem was reported in February 2013 but Municipality fixed it only in August.

Ratepayer 4 stated that she is still experiencing a problem that the readings on the meter sometimes disappear. She reported the problem last year but it has not been resolved yet.

Based on the responses, it is clear that respondents' main issues are inaccurate bills and electricity being too expensive. It can also be concluded that Municipality is not always quick to respond to issues, but somehow acts swiftly when reconnecting and disconnecting electricity in instances where taxpayers failed to pay on time. Ratepayer 1 indicated that it takes the Municipality 30 days to disconnect upon failure to pay on time. Ratepayer 2 indicated that they have never been in such a situation. Ratepayer 3 stated that disconnection was due to load shedding. She feels illegal electricity connections are contributing to load shedding in the area. Too many people are trying to use a network that is designed for one household.

Ratepayer 4 indicated that the disconnection was not as a result of failure to pay on time. The Municipality overcharged her for rates and water. In that month, she could therefore not buy electricity. It was only after she had made payment arrangements that she able to afford buying electricity.

Lastly, the ratepayers were asked to indicate whether they would ever stop paying for municipal services. The sample below (Figure 4.7) indicates that out of the four ratepayers interviewed, three indicated they will stop paying and only one indicated that he will never stop paying.

Ratepayer 2 stated that he will never stop paying as he feels it is the right thing to do.

Ratepayers 1, 3 and 4 indicated that if they had a choice, they would stop paying for municipal services. Ratepayer 1 stated that he does not see why he should pay for rates and taxes because the Municipality has never built a house for him. He indicated that that these rates and taxes increase every year.

Ratepayer 3 feels that other communities are not paying and still receiving services for free; she does not understand why she has to pay.

Ratepayer 4 indicated that she would want to save her money. She made an example of the poor that receive free services. She further added that she would also like to be part of them.



Figure 4.7 Payment of Municipal Services

Based on the responses, it can be concluded that the ratepayers do not see the importance of paying for municipal services. This can be due to the poor service they receive from Municipality or the fact that the Municipality has never provided information regarding the importance of paying. Ratepayers were asked to indicate why they are paying for municipal services and if the Municipality communicated the importance of paying. All the ratepayers who were interviewed indicated that Municipality has never explained why they need to pay for municipal services.

Ratepayer 1 feels that he is forced to pay and would otherwise not pay. Ratepayer 2 was optimistic about the fact that he has to pay. He continued to state that it makes life easier. Municipality pays for water and electricity and therefore people should also pay.

Ratepayer 3 indicated that she thinks she is paying so that government can be able to assist those that are poor and unemployed. The money she pays also helps to provide proper roads and sanitation, although this is not visible.

Ratepayer 4 was of the view that since the Municipality has to outsource electricity from Eskom, it must collect money to be able to repay Eskom for the supply of electricity.

The ratepayers' perception regarding their community also influences their decision to stop paying or not. It is hard to stay encouraged to pay if you see that your community does not pay. The ratepayers were asked to indicate whether they think their surrounding community is paying or not. Ratepayer 1 was convinced that his community pays as it will become obvious if they do not pay and the Municipality will disconnect immediately. He complained about the poor service his community receives from Municipality, for example potholes, visibility of police, bad communication from councillors to the community, lack of developing programmes, shortage of public schools and scarcity of public transport.

Ratepayer 2 also indicated that his community is paying, as the culture of paying has been embedded in the community. He feels that this might be different from the township.

Ratepayer 3 feels that people in his community are connecting electricity illegally. She explained that a transformer recently caught fire because of too many people connecting to one network.

Ratepayer 4 indicated that she is sure that her community pays. They have regular meetings to discuss some of the complaints regarding municipal services and advise each other regarding issues pertaining to municipal services.

4.5.2 Payment made Easy

During the interviews, the officials at City of Tshwane mentioned that one of ways they make payment easier for ratepayers is by encouraging them to pay via the third party. The ratepayers were asked to indicate whether they make use of the third party payment method when paying for municipal services and purchasing electricity. They all indicated that they make use of the third party payment method as it is much more convenient for them.

Ratepayer 1 indicated that he placed a stop order with the bank to pay directly to the Municipality. He also requests the bank to pay if there is a difference in the amount.

Ratepayer 2 and 4 indicated that they make use of EFT and that it is very convenient for them.

Ratepayer 4 mentioned that they purchase electricity from the third party in the community by merely providing their meter number. Based on the responses, it would seem that the ratepayers are making use of the third party payment system.

Prepaid electricity is also seen as a way of making payment easier as it eliminates the possibility of a surprisingly huge bill at month end. Figure 4.8 indicates that three ratepayers prefer the prepaid system as opposed to receiving monthly statements. Only one ratepayer prefers receiving a monthly statement. Ratepayer 1 agreed that although he currently receives a monthly bill, he prefers a prepaid system. He stated that the advantage of using prepaid is that you can control your consumption. He further stated that he did apply for a prepaid meter but was told that he needs to pay a deposit of R2200 and instalment would take three to six months. He argued that a deposit should not be required as such services should be free of charge. Ratepayer 2 was content with receiving monthly statements.

Ratepayers 3 and 4 both indicated that they are using the prepaid system and they would not want to receive monthly statements. Ratepayer 3 indicated that she prefers the prepaid system as she heard that monthly statements are not received on time. Ratepayer 4 feels that she does not understand the process of receiving monthly statements. Furthermore, she feels she will not be able to control her consumption.

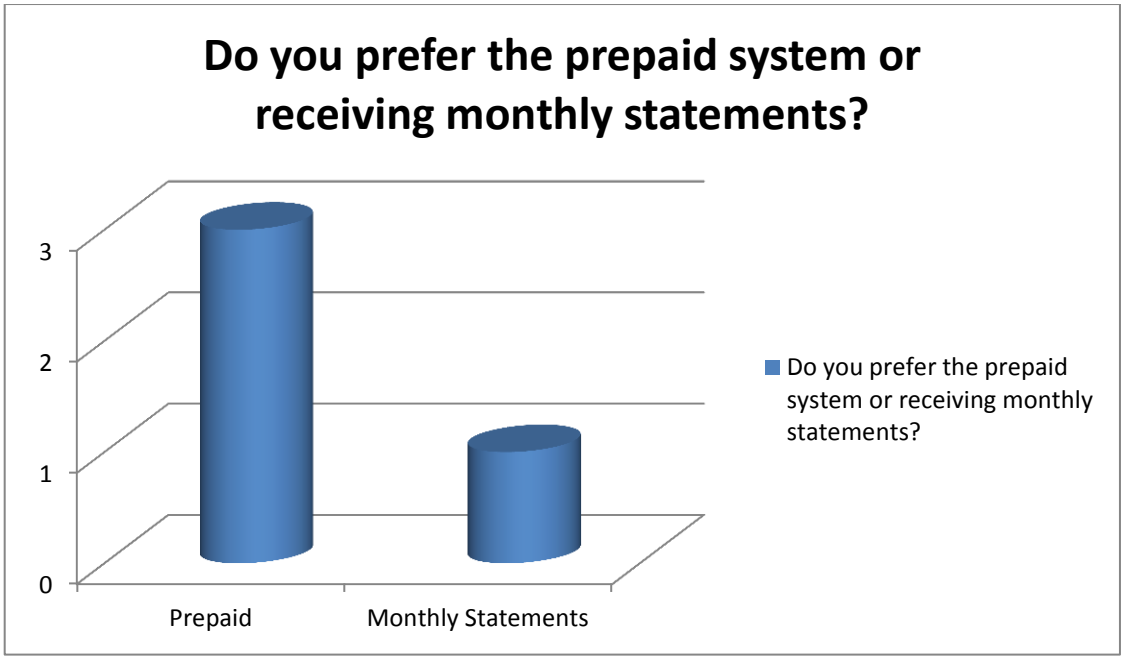


Figure 4.8 Prepaid system or Monthly Statements

During the interviews, the officials at City of Tshwane discussed the ability of the middle class to afford payment. The middle class refers to those who cannot afford to pay for municipal services but also cannot apply for exemption as they fall outside the required bracket. The ratepayers were asked to indicate whether they could afford to pay for the municipal services every month and if they have ever made arrangements to pay. Ratepayer 1 indicated that he has never made arrangements to pay. He explained that an arrangement does not exempt you from paying the debts of the preceding months. If an arrangement is made for one month, payment for the following month is still expected. This means that he will need to make arrangements every month. He therefore does not see the point of making payment arrangements. He continued to explain that while his debt is between R4000

and R5000 per month, he can afford to pay. He will not be able to pay anything more.

Ratepayer 2 indicated that he has never made arrangements as he could afford to pay his debt.

Ratepayer 3 referred to instances where she could not buy electricity for the month. She would then buy less electricity and reduce her consumption.

Ratepayer 4 explained that she would skip a month by not paying for water and rates and then continue paying the following month. She does not inform the Municipality of the decision to stop paying for that month.

4.5.3 Visibility of Management

Officials at Tshwane mentioned that the Municipality holds imbizo as a way of bringing Government closer to the people. Through this, the people get to interact with municipal leadership regarding their concerns. Visibility of management in communities is important as it shows that management is actively involved. The ratepayers were asked to indicate whether the mayor has ever visited the communities or if they participated in imbizos. It was concerning to note that all the ratepayers indicated they have never been visited by the mayor or councillor. They also indicated that they do not know of any imbizos. Ratepayer 1 mentioned that neither the mayor nor the councillor has ever visited his area. He further suggested that they distribute pamphlets door-to-door to invite people. Ratepayer 2 stated that he would appreciate it if the mayor or councillor visited his community. Ratepayer 3 indicated that she wants the mayor or councillor to visit so they can assist with their complaints.

Ratepayer 4 indicated that she has never met the mayor or councillor. She refers to an incident when a house burnt down in her community and councillor did not come.

4.5.4 How can City of Tshwane improve its Service Offering?

Municipality cannot function without the active participation of citizens to whom it provides essential services. The ratepayers were asked to advise the Municipality and indicate how it can improve its service offering.

"*I will be encouraged to pay if the Municipality can patch the potholes, do regular inspections with regard to the state of roads, educate communities about municipal services and also improve public transport system."* (Ratepayer 1)

"*Municipality must respond to calls of assistance much quicker." (Ratepayer* 2)

"*They must find people that are connecting electricity illegally. Municipality must also visit communities to hear their issues and see who can't afford and who is unemployed. Electricity becomes too expensive. That's why people connect illegally.*" (Ratepayer 3)

"They don't adhere to their turnaround times in responding to matters. They must be quick to respond to issues. I am not happy about their call centre. You can be on hold for more than an hour without getting a response. What happens if you don't have airtime? I know of arrears where there are illegal electricity connections. In such areas electricity is connected from those that are paying for electricity. I wish Municipality can get agents and physically confirm if people are paying or not." (Ratepayer 4)

4.6 EXAMINATION OF RECORD FOR CROSS-VALIDATION

Most of the respondents were sent a copy containing the questions that were asked during the interview and the responses that were provided. The respondents were given three days to respond and they were also advised that if they do not reply, it will be assumed that they were satisfied with how their answers were presented and interpreted. Only one official from City of Tshwane replied to say that she was satisfied with the way her answers were

presented. The ratepayers were given the opportunity during the interview to verify the answers they provided as some did not have an email address. Also, some of the answers were recited by the researcher to ensure correct representation.

4.7 CONCLUSION

This chapter presents the findings in relation to the research question that was asked, namely “what are the findings in the application of leadership and management in the collection of revenue?” The data were gathered through in-depth one-on-one interviews and further presented through graphs for easy interpretation and reference. The presentation has attempted to faithfully record respondents’ perception of their world, through their eyes, whilst the researcher has tried to make sense of it. The data presented are further analysed and interpreted in Chapter 5 to determine its meaning.

5. INTERPRETATION AND ANALYSIS OF FINDINGS

5.1 INTRODUCTION

This chapter interprets and analyses the findings arising from the unstructured open-ended interviews in relation to the research question of “how are these findings analysed and interpreted?” The data in Chapter 4 are analysed and interpreted to make findings. Furthermore, the results in this chapter will assist in making recommendations for Chapter 6. The reason for the analysis and interpretation of data is to compare the consistency of the data with the theoretical data used in Chapter 2. Analysing the data presented attempts to understand the importance of balancing leadership and management in the case of collecting municipal revenue. Furthermore, the results will be grouped with the literature review previously outlined to ensure validity of the study.

5.2 PROBLEM

The City of Tshwane’s financial statements reveal poor performance in the collection of revenue. The Municipality does not collect enough revenue, as evidenced by the extent of the outstanding debts owed by the citizens. The consolidated annual financial statements reveal outstanding consumer debt that the Municipality is unable to recoup. Improvement in the collection of revenue can have the potential to bring immediate enhancement to the revenue base of City of Tshwane. This improvement is based on several factors but one that is important for the study is leadership and management. Although leaders are different from managers, literature indicates that it is important to recognize that the two complement each other.

Management and leadership play a pivotal role in the structure that deals with revenue collection. It should be able to influence the staff to ensure adequate performance in relation to revenue collection. It also needs to influence the

public to encourage their willingness to pay for the services provided by the Municipality. The literature reveals that the balance of leadership and management improves the performance of an organization. This means that without a proper balance of the two, it might be difficult for the Municipality to improve its collection of revenue. One should bear in mind that the problem of poor revenue collection is influenced by other factors such as unemployment, non-payment of services, poverty and illegal electricity connections. However, for the purpose of the study, the influence of the aforementioned factors will not be investigated. The study is focused on those who are willing to pay and need to be motivated to continue paying. These groups of people are very important to the Municipality. If the Municipality does not continuously motivate them, they may stop paying for municipal services in the long run. If the Municipality cannot motivate this specific group of people to continue paying, the problem of poor revenue collection will become far worse. The only factor the study seeks to investigate is the impact of balancing leadership and management in revenue collection.

5.3 CONCEPTUAL FRAMEWORK

The conceptual framework is based on Kotter's Model, which states that both managers and leaders add value to the organization and can be used for the organization's success (Kotter, 1999). Kotter (1999) further suggests that many people in the organization can be leaders; it is therefore the duty of managers to guide these people. In his study, he also found that in many organizations managers and leaders are not allowed to work together. Without equal contribution of both skills, the change that is necessary for any organization will not be accepted by managers as they are unable to manage both the "human" side and organizational duties.

Kotter's Model is used in the context of City of Tshwane in relation to its poor revenue collection. Kotter (1999) found that for an organization to be successful, it requires a collaborative effort of leaders and managers within the organization. Managers mainly deal with planning, organizing, executing and

reporting. Leaders, on the other hand, produce change in an organization. Change is about creative thinking and it forms the vision of the organization. Kotter's Model emphasizes that leadership goes beyond a managerial role and can reside with employees. What this means for City of Tshwane is that to improve its revenue collection, there needs to be a balance of leadership and management. The interviews with officials at City of Tshwane were conducted to investigate whether there is a balance in leadership and management using Kotter's Model as reference. The ratepayers were interviewed to investigate externally the impact of balancing leadership and management in the collection of municipal revenue at City of Tshwane, also using Kotter's Model as reference.

5.3.1 Government Officials and Ratepayers

5.3.1.1 Imbalance of Management and Leadership

The themes that emerged when interpreting and analyzing the data are discussed next. Different themes highlight the need for management intervention and some highlight the need for leadership intervention. Ultimately, these need to balance for the Municipality to improve its performance. The study finds that there is an imbalance of management and leadership in the collection of revenue at City of Tshwane. This study does not look at those who are deliberately not paying for municipal services but is instead concerned with motivating those who are paying. If Municipality does not cater for this specific group of people, it will result in escalation of debtors.

5.3.1.1.2 Over-managed and Under-led

This seems to be the underlining theme as the responses indicate that there is an imbalance between management and leadership at City of Tshwane. The first question regarding the meaning of leadership and management was undoubtedly a tricky question for all the managers. The intention of the first question was to determine managers' understanding of the terms, as this sets the tone for the entire study. Most of the respondents could provide insight and had a general understanding of these terms, all except for one manager who showed lack of interest and decided to read the meanings from the internet.

What was interesting in their response is that they view the terms “leadership” and “management” as separate. The literature highlights the difference between the two terms as people often use them synonymously. They are not the same thing, but they do complement each other.

The majority of the respondents seem to understand the terms “leadership” and “management”. To prove that they understood, they were further required to identify themselves as managers, leaders or both. Three out of the four managers interviewed could confidently state that they are both managers and leaders. This means that they have dual roles that they perform. One side is focused on the planning, budgeting, organizing, controlling and coordinating, while the other role is change-driven and focused on motivating, inspiring, listening and encouraging employees. According to Kotter’s Model, it would be difficult for one person to manage the human side (which deals with change) and organizational duties. In such cases, one skill always dominates the other, leading to a concept of being over-managed and under-led and vice versa. One manager did, however, point out that he sees himself as a manager as leadership has more to deal with ruling a political party. He seems to be the only manager that has properly identified his skill. However, his definition of leadership might not be entirely true, as he views leadership as the ruling party. Leadership also exists in the organization.

The managers set targets that leaders need to motivate and inspire the team to meet the targets. Therefore, management cannot advise leadership on how achievable the set targets are (as pointed out by Manager 1 during interview). In fact, it is the other way around; leadership interacts more with the people and should therefore be able to advise managers on how realistic the set targets are. It appears that the majority of the managers in the Finance Department have not properly identified their skill. This is quite worrying as it means that they will not be able to perform in line with their qualities and capabilities. This was also confirmed by the employees, as they were asked if they feel motivated by management to excel in their work. When employees are motivated, it means that they are productive and this will help the Municipality to achieve its goal which, in this context, is maximizing revenue collection. It was observed that there is a degree of frustration from employees

regarding lack of support from management. However, they all agreed that they know what is expected from them in terms of work. According to the literature, when an employee knows what is expected, their productivity is likely to increase. They indicated that management is only concerned with productivity. What is inferred here is that management lacks leadership as they seem more concerned with productivity than with inspiring people. This is worrisome as they might find themselves in what Koontz and Weihrich (1993) describe as “Autocratic Leadership”. This leader is mostly concerned with production and efficiency in the workplace. They have little or no regard for employees. The literature states that leadership is not merely getting people to work together to achieve objectives, but it is about motivating them to achieve these objectives (Koontz & Weihrich, 1993). Two of the four managers interviewed were asked to indicate how they inspire their team to collect more revenue. One manager sets targets for her team as a way of inspiring them. This again highlights the fact that management is more concerned with production than with the people. The second manager gives her team a day off but concluded that employees need to be self-motivated. Kotter (1999) believes that leadership is not about having a rare personality but that anyone can be taught how to lead. Similarly, the managers at City of Tshwane do not need to possess a rare personality in order to inspire their team. They need to find a behavioural skill they possess that can inspire their team. Managers need to realize that motivating their employees will lead to increased production.

On the question of whether employees have been allowed by management to lead particular projects, the majority of the respondents indicated that they have led projects and only one respondent has never been allowed to lead a project. The fact that managers allow employees to lead projects makes them feel more involved and enthusiastic about their work. Perhaps another advantage in allowing employees to lead projects is growth and development. One employee complained that a team she was leading refused to take instructions from her. The reality is that being a leader does not mean that people will always feel inspired and motivated by you. Another aspect is that not everyone can be a leader but management must identify those with

potential (Kotter, 1999). With that being said, managers play a crucial role in providing support and guidance to the specific leaders of the projects. Managers need to recognize the importance of allowing employees to lead as it helps them to gain confidence to lead even outside of the organization. The external environment is equally important as it influences the performance of the Municipality. The emphasis here is that managers need to recognize the special skill set that employees possess by allowing them to lead projects; as Kotter (1999) mentions, leadership goes beyond a managerial position.

The literature suggests that organizations must be led by visionary leaders who are supported by management to improve performance. The managers were asked to explain the vision of the Municipality. The vision is supposed to guide the activities of the Municipality. The fact that they referred to the internet concludes that the vision is not something that is “alive” in the Municipality. The vision statement states that “*effective, efficient and affordable services*” must be provided. The responses from managers at City of Tshwane regarding the goals for their division indicate that the Municipality is nowhere near fulfilling its vision. Since their goals are that the billing be on time and accurate, the Municipality has not reached a point where services provided are effective and efficient. It is therefore important that management translate these goals into effective implementation. Management and leadership must work together to achieve this.

Another factor that shows that there is a lack of leadership within the Finance Department pertains to the visibility of management in the communities. The ratepayers were asked to indicate whether the mayor or councillor has ever visited them, and they were all quick to indicate that neither has. Some of them do not even know who their councillor is. This is very worrying as the literature indicates that local government is the sphere closest to people and should therefore continuously engage with the communities. The mayor and councillor serve as the interface between the citizens and the Municipality. This engagement does not apply only when there is a crisis, as Ratepayer 4 indicated that she expected the councillor to visit when a house burnt down, but also to regular visits to find out if communities are satisfied with the service and how the Municipality can improve. The leadership that goes beyond a

managerial position is again highlighted. It does not have to be the mayor that always visits the communities; managers can equip employees in the revenue section to be able to go out and visit the communities. However, Manager 2 indicated that there is an imbizo aimed at bringing the Municipality closer to the people. This, however, does not transpire to the communities and shows that there needs to be balance of leadership and management. The leaders will interact with the people regarding any concerns with municipal services. This will also afford the community an opportunity to raise their concerns with the municipal leadership. The leaders can in turn inform the managers, who influence the design and implementation of policies.

5.3.1.1.3 Mismatch in Policy

The officials were requested to explain the process of collecting municipal revenue and identify the policy that affects collection of municipal revenue. They were first required to explain the definition of “municipal revenue” as it speaks to the work they do. The Municipality cannot operate without municipal revenue. The study finds that all managers and employees could clearly articulate what municipal revenue means. Municipal revenue as the main source of revenue contributes to the success of the Municipality. This suggests that all the officials know the importance of municipal revenue; this puts therefore them in a position where they can make better work decisions. What is also positive is that they could all identify the Municipal Finance Management Act as the legislation that impacts on the work they do. They could further identify the policies emanating from this legislation, namely the credit control and debtor collection policies. However, there seems to be a mismatch between what is required in the policy and what is actually practised. The policy states that collection of debt will be ideally realized within a period not exceeding 30 days. The word “ideally” means it is preferred that debt be realized within 30 days but it is not an obligation. This explains why officials at City of Tshwane indicated that debt is collected after 30 days. Perhaps there needs to be a change in policy. If the preferred way of collecting debt (as indicated in the policy) is not realistic in practice, then it should not be a requirement in the policy. Employee 2 indicated that the different policies contradict the work that is done. For example, one policy states that debt

incurred prior 2013 must be collected, while another policy states the opposite. This has serious implications. Literature indicates that management has control over policy. Managers and leaders therefore need to consider changing requirements in the policy when conducting plans for the Municipality so it does not contradict the work done.

5.3.1.1.4 Inability to afford payment by Middle Class

This was undoubtedly the major theme. All officials at City of Tshwane indicated that the reason that Municipality is not collecting enough municipal revenue is because people are unable to afford to pay for municipal services. Manager 1 explained that people are unable to afford paying for municipal services because they are highly indebted. Their expenditure is more than their income. Employee 1 and Manager 2 stated that the people who cannot afford to pay do not qualify for indigent policy as their earnings are more than what is required to make the threshold. Manager 2 indicated that the people who cannot afford to pay can apply for exemption. The Municipality will only approve this once a thorough investigation has been conducted to determine whether or not a person can afford to pay. However, Employee 1 indicated that before a person can apply for exemption, their debt must exceed an amount of R15000. However, debt of R15000 is a lot for one person even when arrangements are in place. Debt should not accumulate to such an extent.

Over and above the indigent and affordability policy, Manager 1 indicated that there are surveys conducted to determine who can afford to pay. The inability to afford to pay also emerged during the interviews with ratepayers. Ratepayer 1 stated that he could only afford to pay amounts between R4000 and R5000 every month. He further stated that even if he cannot afford to pay, he does not see the point of making arrangements. He explained that even if he makes an arrangement for one month, he will still be required to pay the full amount the following month. Ratepayer 3 indicated that for the months where she cannot buy enough electricity, she would borrow money and buy less electricity. Ratepayer 4 indicated that she would skip a month of not paying for municipal services and only pay the following month. To resolve the issue of

the middle-class ratepayers' inability to pay, Employee 1 suggests that the Municipality develop a separate committee to deal with this specific group of people. He also feels that management must be responsive to the needs and complaints of the consumers and the reports from technicians.

In view of the above, it is clear that the Municipality does not cater for the middle-class people who cannot afford to pay for municipal services. The indigent policy that is in place caters for those that who are unable to pay because of their impoverished state of living, for example pensioners. The affordability committee caters for those who cannot afford payment, yet certain conditions must be met, for example the debt owed must be R15000. In this case, the ratepayer still has to make an arrangement to pay while the debt for the next month remains outstanding. The ratepayer finds themself in a situation where they have to make an arrangement for every month and this is not sustainable. The first thing the management must do is disaggregate those who fall in the middle class and cannot afford to pay from those who are able to pay. This will assist in policy formulation. Management can refine the surveys already conducted for affordability to include information regarding affordability for the middle class. To expand on these surveys, management can also equip the employees to visit communities to determine those who are classified as middle class and cannot afford to pay their accounts. Management can also create committees, as Employee 1 suggested, that will deal specifically with the middle-class people who cannot afford to pay. The employees who interact with the ratepayers will be able to judge which ratepayer falls in the middle-class category and is unable to afford payment. This can be communicated to management. This can only succeed if management works hand-in-hand with leadership.

Perhaps what is also important in determining who can afford to pay for municipal services among the middle class is close cooperation between the Finance Department and the LED unit. The literature observed that there is a challenge in coordinating LED units with other directorates within the municipality. The managers at City of Tshwane were requested to indicate whether LED has been developed. They all indicated that it is a different section that deals with LED and they are not aware of any plans in place. They

could, however, agree that the social economic problems like unemployment and poverty impact on the revenue collection. LED has been developed to promote economic growth as social economic problems impact on the growth of the economy. This clearly shows that there must be partnership between the LED unit and the Finance Department in City of Tshwane. The literature states that adequate leadership is required to co-ordinate and facilitate the LED within a municipality. Without a plan in place by management to coordinate the work done between the LED unit and the Finance Department, leadership will not succeed in facilitating this process.

5.3.1.1.5 Inaccurate Billing System

An inaccurate billing system was highlighted as one of the major problems impacting on revenue collection. The literature states that leadership looks beyond the problem and finds ways to improve. There have been numerous studies that highlight the problem of inaccurate and late bills. The officials at City of Tshwane could also confirm that there is a problem with the billing system. It provides inaccurate readings and ratepayers receive their statements late. The ratepayers could also confirm this. Ratepayers 1, 2 and 4 indicated that they once queried their accounts as their bills were too high, only to find that the Municipality billed inaccurately for the service. The situation was so bad that Ratepayer 4 could not buy electricity because the money was used to pay for the rates and water that was overcharged. The fact that officials at City of Tshwane are aware of the problem of inaccurate billing system does not translate into effective implementation. Responses show that the Municipality delays in resolving the problem of inaccurate billing. Ratepayer 4 had to wait three months for her issue to be resolved. This is unfair to the ratepayers who are compliant. Managers need to develop a sound municipal billing system. There needs to be enforcement policies that compel officials at City of Tshwane to adhere to turnaround times when dealing with inaccurate billing. Leadership cannot motivate citizens to pay their bills on time while the issue of inaccurate billing remains unresolved. Employee 2 correctly stated that management must ensure that there is a smooth flow of geographic information across the different sections within the Municipality. Management can consider requesting assistance from

Department of Home Affairs in providing up-to-date demographic information of ratepayers. Employee 4 suggested that the system used by Department of Home Affairs can be aligned to the SAP system used by the municipality. Management can also consider allowing employees to run projects within the Municipality that will update the particulars of the ratepayers. Management needs to listen to the points raised by employees. Not all of them can be implemented but are worth considering. This project can be delegated to the leaders who will oversee the entire project.

5.3.1.1.5 Educating the Ratepayers

The study finds that the issue of not collecting enough revenue is not due to ratepayers' unwillingness to pay but it is related to a lack of education. Employee 3 and 4 stated that the greatest difficulty they encountered when collecting revenue is the lack of education amongst the ratepayers. Ratepayers do not understand why they are paying for municipal services. Employee 4 highlighted the fact that political parties, when canvassing for votes, promise free basic services. The ratepayers were asked to indicate why they are paying for municipal services and if the Municipality has ever explained the importance of paying. Ratepayers 3 and 4 indicated that they are paying so that Municipality can provide them with basic service. This is general knowledge as Municipality has never explained the importance of paying.

Ratepayer 1 indicated that he does not see why he should pay and the Municipality has never explained the importance of paying. It is disturbing that the ratepayers have been paying for municipal services for so long and not even once has the Municipality explained the importance of paying. They pay because it is the right thing to do. Perhaps they are also afraid that the Municipality will disconnect services if they do not pay. This shows that management has not fully grasped the needs of the ratepayers. They seem to be satisfied that they are receiving money from the ratepayers but they do not care to explain to them the importance of their payment. Employee 3 feels management can assist by supporting the idea of an annexure attached to the bill. The annexure will explain to the ratepayer the importance of paying. Employee 4 suggests that municipality call for imbizos to educate people

about the need to pay for municipal services. Leadership as the component that deals with the human side must motivate ratepayers by explaining to them why they need to pay. There needs to be new and innovative ways of educating the communities, such as visiting the communities or advertising on television and radio to explain the importance of paying. This will ensure that those who are not paying can be encouraged to start paying.

5.3.1.1.6 Discouraged to Pay

The responses reveal that ratepayers are dissatisfied with the service they receive from City of Tshwane and therefore feel discouraged to pay. When asked to indicate whether they will stop paying for municipal services, the majority responded by stating that if they had a choice they would stop paying for municipal services. This shows that there is nothing that the municipality is doing to ensure continued compliance of these ratepayers. If such attitudes of discouragement continue, it will mean that the Municipality will be unable to deliver services as it is dependent on the municipal revenue.

Ratepayers' perception of their community also influences their decision to pay or not. Ratepayers were asked to indicate whether they think their communities are paying for the municipal services or not. Most of them indicated that their communities are paying. Ratepayer 1 indicated that it becomes obvious when you do not pay as the Municipality is quick to disconnect. He mentioned the problem of poor service delivery that affects the community. This shows that the Municipality has not met the expectation of providing good services to the community. This means that ratepayers may be less inclined to comply. Ratepayer 2 referred to a culture of paying. He went on to state that his community pays because of the culture that has been embedded. Ratepayer 3 indicated that people in her community are connecting electricity illegally. The literature highlights that the problem of illegal electricity connections has been ongoing. Management and leadership need to speed up the process of acting against those who illegally connect electricity. The more people are observing that there is a large population that connects electricity illegally and without being prosecuted, the more the compliance of those who are paying is likely to deteriorate. Ratepayer 4 indicated that her community is paying for municipal services. She realized

this through meetings where they normally discuss issues pertaining to municipal services. The lack of visibility of management at City of Tshwane has resulted in communities' conducting their own meetings to be able to assist each other.

The ratepayers were requested to indicate how Municipality has assisted in resolving their issues. The issues they indicated vary from inaccurate billing to faulty meter boxes. Although Municipality assists in resolving matters, the problem is the delay in resolving them. This compromises the integrity of the Municipality. Management needs to be swift in handling the complaints of the ratepayers. As previously mentioned, management must ensure that employees assisting the taxpayers adhere to the turnaround times. One way for Municipality to eliminate the problem of huge debts is by installing prepaid meters. This is also convenient for taxpayers as it eliminates the surprise of a huge bill at month-end. Ratepayers 3 and 4 confirmed that the prepaid system is convenient for them as opposed to receiving monthly bills. Ratepayer 1 knows about the advantage of using a prepaid system and has been in desperate need of this system. Municipality advised that he needs to pay a deposit of R2200 and installation of the prepaid meter box would take three to six months. He argued that a deposit should not be required as such services should be free of charge. The ratepayer was discouraged and gave up on his plea of having a prepaid meter installed. Perhaps what he needs is someone who can explain to him the process of installing a prepaid system and probably encourage him to support the initiative. Management can start by installing the prepaid meters as a way of dealing with the non-compliance of ratepayers. The ratepayers seem to understand the advantage of using the system but might not understand the process that goes with installing the prepaid system. This is where leaders need to come in and explain some of the processes that exist within the Municipality and motivate ratepayers to support the initiative.

One of the skills that characterize a leader is the ability to listen to others. This study offered an opportunity to ratepayers to advise the Municipality on some of the ways they can improve their services. Who can be in a better position to advise the Municipality than the people receiving the service from the

Municipality? Ratepayer 2 and 4 feel that the Municipality needs to respond to their issues much quicker. Reference was made to the call centre, where a ratepayer can be on hold for more than an hour. These are the people who want to comply but Municipality is not making it easier for them. The issue of illegal electricity connections was again highlighted. This might demoralize those who are willing to pay as non-payment still results in receiving the same service. Ratepayer 1 feels that the Municipality needs to educate the communities about municipal service and improve service delivery so that he will be encouraged to pay.

5.4 CONCLUSION

The purpose of this research was to investigate the impact of balancing leadership and management in the collection of revenue. Data were collected through unstructured open-ended interviews with the officials at City of Tshwane and ratepayers. The data collected show that there is an imbalance between management and leadership in the collection of revenue. Employees' perception is that management is somehow removed and distant to the needs of the employees. This is not only evident internally but externally as well. The ratepayers are not inspired to continue paying for municipal services. The employees seem to prefer to be inspired and led, rather than managed. However, literature states that balance must be achieved between management and leadership. The existence of only leadership might mean that officials are engaged in endless talks with no implementation of decisions. The problems of illegal electricity connections, an inaccurate billing system and poor service delivery are highlighted as they influence the collection of revenue. What is not known is the impact of balancing management and leadership in the collection of revenue. Management has to do with the planning, organizing, staffing and controlling. Leadership focuses on inspiring, motivating and bringing change to an organization. The two concepts are separate but complement each other. The study has highlighted various themes where both management skill and leadership skill are required. Both

skills can be possessed by different individuals in the Municipality but need to come together for the success of the Municipality. The study also found that there is mismatch in policy. What is stated in the policy is not what is actually practised. This calls for effective management as there must be alignment between what is in the policy and what is performed. Another finding is the inability to afford payment by the middle class. This influences the collection of revenue; officials at City of Tshwane are clearly aware of this problem. There has not been a plan formulated to deal with this specific group of people. Firstly, the Municipality will need to develop a database for this specific group of people. The only way that Municipality can develop this database is through engaging the taxpayers and differentiating between those who can afford and those who cannot afford to pay. Once it has an idea of the taxpayer's abilities, it can draft policies and plans to cater for their needs. Educating the taxpayers is also a crucial step in collecting revenue. Once taxpayers are educated on the need to pay for municipal service, they will be encouraged to pay.

The solution to Municipality's problem of not collecting enough municipal revenue lies with the officials at the Municipality. Managers need not look further for solutions but their employees can provide solutions. Management need to develop their own employees to be leaders to be able to deal with the problem of revenue collection. This bears in mind that the challenge of revenue collection is much wider and includes unemployment, illegal electricity connections, poverty and inaccurate billing system. The study looks at the aspect of balancing leadership and management in City of Tshwane. The findings are that there is an imbalance between leadership and management at City of Tshwane. The study suggests ways in which the Municipality can balance leadership and management. This, according to Kotter (1999), will assist Municipality to succeed. The problem can be tackled internally by simply motivating employees to excel at their work of collecting revenue. The literature states that production will increase when employees are motivated. They will become willing to put in extra hours and even take work home. It can also be dealt with externally by inspiring ratepayers to continue paying for the municipal services. This can be viewed as a radical approach as it seeks to move away from the traditional way of doing things. Leadership is about

bringing change to the current order of things. Perhaps it is time that management try a different approach and see if it will yield results.

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

This final chapter of the study will look at the conclusions and recommendations. The recommendations can be considered by City of Tshwane and other municipalities as a way of improving revenue collection based on the findings.

6.2 PURPOSE STATEMENT

The main purpose of the study was to investigate the impact of balancing leadership and management in the collection of revenue at City of Tshwane. The study further presented the findings and interpreted these findings. The study also gave recommendations and strategies for balancing leadership and management in the collection of revenue.

Poor revenue collection remains the biggest challenge for all the municipalities in South Africa. The study shows that the Municipality is aware of the problems that cause poor revenue collection, namely poverty, unemployment, illegal electricity connections and inaccurate billing systems. Although the Municipality is aware of these problems, there have not been any concrete solutions in relation to these problems. The problems still persist and they impact on revenue collection. These issues are too vast for Municipality to handle as there might be a problem of capacity. Perhaps it is time for change. The study therefore seeks to propose that perhaps Municipality should look at balancing leadership and management internally and externally as a way of improving revenue collection. This can be done if management intervenes in some of the issues that contribute to revenue collection. Leadership can intervene on the human side of motivating employees. Leaders can be

developed amongst the employees with the support of management. Since management requires a degree of leadership, it is essential for them listen to the concerns of their employees. Employees who are motivated and inspired are likely to improve on their performance. Allowing employees to lead projects within the Municipality and outside of the Municipality can increase their job satisfaction as managers show that they trust the employees. The same employees can be equipped to inspire and motivate the ratepayers. This shows that the Municipality cares for the people. Visiting the communities to assist in municipal-related issues builds confidence amongst the ratepayers. A firmer approach might be used for those who are deliberately not paying for municipal services. This study, however, is concerned with those that are willing to comply. Change is perhaps what the Municipality requires to improve its revenue collection. Allowing leadership and management to work together stimulates the change that the Municipality requires.

6.3 LITERATURE REVIEW – SUMMARY

The literature review explored the different theories of management and leadership. Although these two concepts are used interchangeably, as there might be an overlap in the skills they require, they are in fact distinct. Management is seen as a set of processes, such as planning, organizing, staffing, leading and controlling, which are necessary for the operation of the organization. This is basically concerned with production. Leadership, on the other hand, seeks to align people with the objective of the organization by motivating and inspiring them to perform. Local government operates in a constantly changing environment and factors contributing to such change are politics, economy, employment, demographics and climate. Therefore, having a management style alone will not be ideal as it seeks to do things in a prescribed way and continues in the same pattern. Leadership may be seen as the better option as it encourages change and inspires people to adapt to change. It is important, however, to realize that a leader still has a need for management. The literature also highlights the challenges that Municipality faces today, namely illegal electricity connections, poverty and unemployment,

which contribute to poor revenue collections. Although the impact of these on revenue collection is not analyzed, they negatively affect the performance of the Municipality. Can the balance of leadership and management be the answer to the problems identified? The conceptual framework that is based on Kotter's Model states that both managers and leaders add value to the organization and can be used for the organization's success (Kotter, 1999). Kotter found that in many organizations, managers and leaders are not allowed to work together. Without equal contribution of both skills, change, which is necessary for any organization, will not be accepted by managers as they are unable to manage both the "human" side and their organizational duties. For an organization to be successful, it requires a collaborative effort of leaders and managers within the organization. Kotter's Model emphasizes that leadership goes beyond a managerial role and can reside with employees. What this means for City of Tshwane is that to improve its revenue collection, there needs to be a balance between leadership and management.

6.3 RESEARCH METHODOLOGY

Research methodology pertains to the logic behind the specific methods chosen for conducting research. There are two types that exist in social sciences, namely qualitative and quantitative. For the purposes of the study, a qualitative method was adopted as it attempts to describe a particular situation, problem or event. The greatest strength of qualitative data is that it provides rich descriptive data. A combination of primary and secondary documents was used to write up the full report. Unstructured open-ended one-on-one interviews were conducted with officials at City of Tshwane and the ratepayers who pay for the municipal services. The reason for this was to understand the different perceptions and experiences of the participants without imposing on the field of study. Participants were selected using non-probability sampling. This means that specific individuals are selected. These were managers and junior employees within the Finance Department at City of Tshwane and also ratepayers currently paying for the municipal service.

Quantitative research methodology was not used as it is a process where numbers are assigned to a phenomenon, therefore limiting human traits.

6.4 PRESENTATION OF FINDINGS

The purpose of the research was to investigate the impact of balancing leadership and management in the collection of revenue at City of Tshwane. Data were collected by conducting one-on-one interviews with officials at City of Tshwane and ratepayers who pay for municipal services. The data were illustrated in bar graphs and pie charts. The graphs illustrated the profile of the respondents and the responses they provided for certain questions. The data collected showed that the officials at City of Tshwane have been working in the Finance Department for a long time. They were therefore in a position to provide meaningful information. The responses from the ratepayers also indicated that the ratepayers have been serviced by the Municipality for a long time. The officials could correctly explain the process of collecting municipal revenue. However, there seems to be a mismatch in what is practised and what is in the policy. The policy states that collection of revenue must be ideally realized within 30 days. Officials at City of Tshwane state that they collect revenue after 30 days. The responses from officials also indicate that the work done in the LED unit impact on revenue collection. However, there is no aligning of efforts between the LED unit and the Finance Department.

What was also raised is the ability to afford to pay by the middle class. These are people who are unable to afford to pay for municipal services and are not catered for by the Municipality. The responses also show that there is a problem of an inaccurate billing system. The officials at City of Tshwane feel that Municipality must improve on its billing system. However, managers indicated that they encourage employees and ratepayers as a way of improving revenue collection. Employees indicated that they do not feel motivated by management to excel at their work. Ratepayers indicated that, given the opportunity, they would stop paying for municipal services. This shows that they are not motivated to pay for municipal services.

6.5 INTERPRETATION AND ANALYSIS OF FINDINGS

The data collected show that there is an imbalance between management and leadership in the collection of revenue. Employees' perception is that management is somehow removed and distant to the needs of the employees. This is not only evident internally but externally as well. The ratepayers are not inspired to continue paying for municipal services. The literature states that balance must be achieved between management and leadership. The problems of illegal electricity connections, inaccurate billing systems and poor service delivery are highlighted as they influence the collection of revenue. What is not known is the impact of balancing management and leadership in the collection of revenue. Kotter (1999) states that different individuals within the organization can possess both these skills. Management need to develop their own employees to be leaders to be able to deal with the problem of revenue collection. This bears in mind that the challenge of revenue collection is much wider and includes unemployment, illegal electricity connections, poverty and an inaccurate billing system. The study looks at the aspect of balancing leadership and management in City of Tshwane. The findings are that there is an imbalance between leadership and management at City of Tshwane. The study suggests ways in which the Municipality can balance leadership and management. This, according to Kotter (1999), will assist the Municipality to succeed. The problem can be tackled internally by simply motivating employees, which according to the literature increases production. It can also be dealt with externally by inspiring ratepayers to continue paying for the municipal services.

6.6 RECOMMENDATIONS

The following are the recommendations that the Municipality can consider in order to deal with part of the problem of poor revenue collection. The recommendations are as follows:

- Currently, the managers within the Finance Department at City of Tshwane are over-managing and under-leading. There must be a balance between leadership and management. Leadership goes beyond managerial position. Employees can be developed to become leaders.
- One of the ways of increasing production is by motivating employees. When employees are motivated, they are even prepared to stay at work for longer hours.
- Managers at City of Tshwane do not need to possess a rare personality in order to inspire their team. They must find a behavioural skill they possess that can inspire the team.
- Allowing employees to lead projects is a way of developing their leadership skills. Management must identify those with leadership potential.
- The vision of the municipality must be “alive” in order to direct and guide the work they do.
- The imbizos aimed at bringing Municipality closer to the people must be visible. Management must equip employees in the Finance Department to visit the communities.
- Management must ensure that what is stated in the policy is actually practised and that standard procedure is adapted.
- Management must formulate a policy that will accommodate people in the middle class who cannot afford to pay for services.
- Managers equip employees to lead projects. One project could pertain to the middle-class people who cannot afford to pay for municipal services. The second project can be regarding updating the particulars of ratepayers to ensure that correct details are reflected. The

Municipality can also work with the Department of Home Affairs to get an update of demographic information.

- Ratepayers should be educated on the importance of paying by creating advertisements on television and radio that promote compliance.
- Management must adhere to turnaround times when resolving issues and also speed up the process of prosecuting those that connect electricity illegally.

6.7 UNIT OF ANALYSIS – GLOBAL

Local government in South Africa continues to encounter challenges in collecting revenue. Perhaps the approach of balancing management and leadership in the collection of revenue can be adapted by these municipalities as a way of improving revenue collection. Without change, municipalities will not be able to respond to the needs of the people. The major problem confronting South African municipalities is the poor collection of revenue, especially in rural-based municipalities as a result of high unemployment and poor households.

Globally, the picture of local government seems somewhat different. In Brazil, the municipal revenue collected correlates with the size of the city (Mihaly & Vitkonic, 2014). In Colombia, revenue increased due to the fact that the municipality updated its property tax base (Mihaly & Vitkonic, 2014). Maputo has also shown success in increasing own revenue through management reforms supported by the World Bank (Mihaly & Vitkonic, 2014). This applied to South African municipalities presents a different picture as the process adopted in other countries might not work in South Africa.

The South African municipalities are required to consider balancing leadership and management as a way to improve their performance. The needs of the ratepayers change and grow, requiring a new type of services. Managers must also recognize the importance of motivating their employees. The problem of poor revenue collection has been ongoing. Perhaps it is time that the South

African municipalities tried a different approach of balancing leadership and management.

6.8 CONCLUSION

This chapter concludes the study on the impact of balancing leadership and management in the collection of revenue in City of Tshwane. The study found that there is an imbalance between leadership and management. This was discussed in Chapter 5 to answer the research question of the study. The findings on the literature review support the analysis and interpretation of data presented in Chapter 5. The results indicate that leadership and management must be balanced in the collection of revenue. The study further formulates recommendations based on the results.

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APPENDICES

Data Collection Instrument

Interview Schedule: Semi-structured interviews with management and subordinates in the revenue section in the City of Tshwane. Excluding City Manager who is at the Office of The City Manager in the Municipality

- The researcher introduced herself to respondents and explained the purpose of the research and took them through the signing of the consent form.

Discussion:

Questions for Management 1 and Manager 2

1. What is your role in the municipality?
2. How long have you worked in the section?
3. What do you understand by the term “municipal revenue”?
4. What do you understand by term leadership and management? Do you see yourself as a leader or a manager?
5. Describe the process of collecting municipal revenue?
6. Has the municipality developed Local Economic Development Plan (LED)
7. Which legislation influences the process of collecting municipal revenue? Does it provide clear policy guidelines
8. What do you think is the major problem that causes municipality not to collect enough revenue?
9. Has the municipality ever conducted survey to get an indication who can afford and who cannot afford to pay revenue
10. Has the social economic problems impacted on the revenue collected?

11. What are the activities in place to encourage communities to pay revenue?
12. What is the vision of the municipality?
13. What are your goals for this division for the next three years?

Questions for Management 3 and Manager 4

1. What is your role in the municipality?
2. How long have you worked in the section?
3. What do you understand by the term “municipal revenue”?
4. What do you understand by term leadership and management? Do you see yourself as a leader or a manager?
5. Describe the process of collecting municipal revenue
6. Has the municipality developed a Local Economic Development plan (LED)?
7. Which legislation influences the process of collecting municipal revenue? Does it provide clear policy guidelines and procedures?
8. What do you think is the major problem that causes municipality not to collect enough revenue?
9. Has the social economic problems impacted on the revenue collected?
10. With regards to poor revenue collection. If you were in total control how will you resolve the problem of poor collection?
11. How do you motivate your team to collect more revenue?
12. What is the vision of the municipality?
13. What are your goals for this division for the next three years?

Questions for Employees 1, 2, 3 and 4

1. What is your role in the municipality?
2. How long have you worked in the section?
3. What do you understand by the term “municipal revenue”?
4. Do you understand what is expected of you in terms of revenue collection?

5. Describe the process of collecting municipal revenue in the municipality and how you fit in this process?
6. Explain the different policies that impact on the revenue collection?
7. How do these policies affect the way you do the work? Advantages and Disadvantages
8. What are some of the challenges you experience in the cause of collecting revenue?
9. What do you think you can do to resolve these challenges?
10. How do you think management can assist in resolving these challenges?
11. Do you feel motivated by management to excel in your work of collecting revenue?
12. Has your manager ever allowed you to lead or manage a particular project in the section?

Questions for Rate Payers Receiving Monthly Statement

1. Where do you stay
2. How long have you been serviced by City of Tshwane and which services does the municipality provide to you?
3. How often do you pay for these services and how accurate is your monthly bill?
4. As you currently receiving the monthly statement, would you prefer to use the prepaid system for electricity?
5. In case where there is an issue with you monthly bill, how did you resolve the issues? how did the municipality assist in resolving them?
6. How do you pay the bill after receiving it? Do you make use of the 3rd party payment?
7. Why do you pay for municipal services? Has the municipality ever explained the importance of paying for services?
8. Will you ever stop paying for municipal services if you could? Why and why not?
9. Have you ever made arrangements to with municipality in instances where you couldn't afford to pay the full amount?

10. How long does it take municipality to disconnect after failure to pay on time?
11. How long does it take municipality to reconnect after settling the bill?
12. Has the mayor ever visited your community to assist in some of the challenges you experience with the municipality?
13. What's your perception regarding your community? Are they paying for municipal services?
14. How can municipality improve its service offering?

Questions for Rate Payers Receiving Monthly Statement and using prepaid system

1. Where do you stay?
2. How long have you been serviced by City of Tshwane and which services does the municipality provide to you?
3. How often do you pay for these services and does the amount you pay correlate with the usage?
4. As you currently using prepaid electricity, would you prefer to receive monthly statement instead?
5. In case where there was an issue with any of the municipal services how did you resolve the issue? How did the municipality assist in resolving
6. How do you buy your prepaid electricity? Are you using the 3rd party payment options?
7. Why do you pay for municipal services? Has the municipality ever explained why you need to pay for services?
8. Will you ever stop paying for municipal services? Why and why not?
9. In instances where you couldn't afford to pay for municipal services, what did you do?
10. Has the municipality ever disconnected the services even when you paid?
11. How long does it take municipality to reconnect after disconnection?
12. Has the mayor ever visited your community or have you participated in an Imbizo held by the municipality?

13. What's your perception regarding your community? Are they paying for municipal services?
14. How can municipality improve its service offering?

Profile of the researcher and declaration of research interest

My name is Thabile Jumba. I am registered for a Master's degree in Management in Public and Development Management at the University of the Witwatersrand.

Invitation to Participate

You are invited to take part in a study about the leadership and management in the collection of revenue for City of Tshwane. In this study you will be asked to take part in an interview in order for the researcher to find out about your perceptions, experiences and opinions about the topic. The interview is expected to last for 1 hour 30 minutes. Note taking and recordings will be done during the interview by the researcher.

The rights of participants

- Your participation is voluntary and you are also free to stop participating in the study at any point that you wish to do so.
- You have a right to stop the interviewer should you seek clarity on a specific matter
- You have a right not to answer questions that you feel are not appropriate

Confidentiality

The identity of participants will be protected. Personal information about participants will be omitted. The information provided will only be accessible to people from the University of the Witwatersrand that are working on this research and they are required to keep the information confidential.

Risks and Benefits

There are no known risks for you in this study. There are also no immediate benefits but this research study could uncover information that the municipality could use to change certain approaches and even policy affecting revenue collection in order to improve the service it provides.

Section to be signed by participant:

I hereby agree that I give my consent to participate in the study and that I understand what the study involves and what is expected of me.

…… ……

Signature of participant Date