

**LOCAL POLITICAL LEADERSHIP AND UTILIZATION OF
LOCAL GOVERNMENT REVENUE IN TANZANIA: A CASE
STUDY OF IRINGA MUNICIPAL COUNCIL**

By

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A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree
of Master of Public Administration of The University of Dodoma

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CERTIFICATION

The undersigned certifies that he has read and hereby recommended for acceptance by the University of Dodoma a dissertation entitled, *Local Political leadership and Utilization of Local Government Revenue in Tanzania, a Case Study of Iringa Municipal Council*, in partial fulfillment of the requirements for the degree of Master of Public Administration of The University of Dodoma

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I should, however add that the remaining mistakes and omissions are solely my own.

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DEDICATION

This dissertation is dedicated to my lovely mother Taus Salum and Uncle Marcus Kiwuyo. I also dedicate this dissertation to my friends and relatives, Gladd Mwajombe, Anneth Kezilahabi, Jane Bernard, Samson Akyoo and Evod Kiwuyo for their moral and material support which they gave me throughout my studies. They have constructively contributed to whatever level of academic excellence I have attained in my studies.

ABSTRACT

This study investigated the Impact of local Political leadership on the utilization of local government revenue in Tanzania, with special focus on Iringa Municipal Council. The study examines the problems encountered in local leadership and utilization such as; transparency and lack of accountability of the local political leaders, ineffective financial controlling measures, misappropriation, and embezzlement of local government funds. The research is a survey research while a simple random and stratified random sampling technique was used for the case of probability sampling and purposive sampling for non probability. The researcher made use of primary and secondary method of data collection. The total population of the study was 151345 while Taro Yamane's formula was used to determine the sample size of 100.

It was observed that, local government had always funds that were mismanaged, which were caused by the local political leaders and heads of departments, because of much corruption which existed in all local authorities in Tanzania. There is also, poor awareness of local people who are the tax payers, and the internal auditors about their part in ensuring efficient and effective management of local government revenue/income.

Therefore, it is recommended that the revenues of the local government should be handled by honest and accountable personnel, those who possess sound knowledge in revenue generation and utilization. The corrupt local political leaders and other heads of departments must be prosecuted to court to enhance the development of the local government and improvement of delivery of services to the local people.

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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|----------|---|
| DC | District Commissioner |
| DO | District Officers |
| GOVT | Government of Tanzania |
| IRM | Iringa Municipal Council |
| LAAC | Local Authority Account Committee |
| LGA | Local Government Authority |
| LGAs | Local Government Authorities |
| LGFA | Local Government Financial Act |
| LGs | Local Governments |
| LPP | Least Preferred Partner |
| MD | Municipal Director |
| MEOs | Mtaa Executive Officers |
| MT | Municipal Treasure |
| NAs | Native Authorities |
| PCs | Provincial Commissioners' |
| PMO | Prime Ministers Offices |
| PMO-RALG | Prime minister Office Regional Administration and Local Government |
| SPSS | Statistical Packages for Social Sciences' |
| URT | United Republic Of Tanzania |
| VEOs | Village Executive Officers |
| WEOs | Wards Executive Officers |

CHAPTER ONE

1.1 Introduction

This chapter presents on background to the study, statement of research problem, research objectives, research questions and significance of the study.

1.2 Background to the Study

Local governments were recognized in Tanzania over 100 years ago. Periods covered include the pre-colonial period, the colonial era, the period after independence up to 1972 the period between 1972 up to 1984 and the period between 1984 and 1998. The ongoing local government reform process dominates the period after 1998. Before the colonial era and during the initial period of the colonial era, local communities were organized around chiefs in chiefdoms. Councilor elders were closer advisors of the chiefs. For example, Chagga chief was called MANGI, the Hehe chief was called MTWA and the Nyamwezi chief was called MTEMI. Besides these advisors, the chiefs had lieutenants who were known as sub-chiefs (PORALG, 2014)

Under the sub-chiefs, there were headmen, in geographical terms, chiefdoms were more or less equivalent to the current administrative units known as divisions, sub chiefdoms were equivalent to the present day wards and headmen had a couple of villages to control. There were no districts or regions except tribal boundaries. When the Germans colonized the country, they set in clear provincial district and chiefdom boundaries. They abolished the chiefdoms and established the post of the District Commissioner (DC). But during the British colonialism in Tanganyika (now Tanzania Mainland) in 1918, a different approach was adopted whereby in urban areas, but they enacted the township ordinance (Cap.101) in 1920. Subsequently,

urban and rural local governments were established, and the district commissioner (DC) was retained. In the year 1926, foundation for an organized local government system was laid down and following the establishment of Native Authorities (NAs) by enacting the Native Authorities Ordinance (Cap 72). But in the year 1928 the colonial administration introduced provincial commissioners (PCs) both the DCs and PCs were trained and experienced administrators who were assisted by District Officers (DO) (ibid)

After World War II, the colonial administration set in motion a deep change in local governance, as a result the government passed the Municipalities Ordinance (Cap 105) in 1947 to replace cap 101, in the year (1948), where by Dar es Salaam Municipal Council was established. A few years later (1953) Local Government Ordinance (cap 333) was enacted to introduce the structure of local government governance that lasted up to 1972. Both of these ordinances aimed at establishing self governing and democratic Local Governments Authorities throughout the country. A major feature of the local government authorities at that time was that they were not only closely related to the level of funds available but also reflected the felt needs of their residents (ibid)

In the year 1961 after independence new central government abolished the old Native Authorities (NAs) and created an entirely new structure of councils covering the whole country, and in the year 1972 the government abolished local governments. However the Central government reintroduced local Governments in 1982 (Interim Provision) Act of 1978, local government elections were held in 1983 and the establishment of functioning councils took place in 1984.

In 1983 the government proposed that the local government act should be enshrined in the Union Constitution, where in 1993 the one- party political system was abandoned and replaced by multiparty system of government, and the first multiparty election took place in 1995.

The Local Government Reform Programmed (LGRP) was formulated and implemented by the government in order to address the problems which constrained the performance of the local government authorities. Through these reforms, the government intended to strengthen local authorities and transform them to be effective instruments of social and economic development at the local level. This has been addressed by the government in a Local Government Reform Policy Paper (PMO-RALG, 1998). The main goal (long-term) of LGRP is to contribute to the government's efforts of reducing the proportion of Tanzanians living in poverty and improve quality, access and equitable delivery of public services, particularly to the poor (Mmari, 2005).

The aim of local government reform are as follows: participation of people in government, at local level and elect their leaders and thus bringing public services under the control of people, giving Councils powers (Political devolution) over all local affairs, determining the appropriate and cost effective organizational structures for local government authorities, improving financial and political accountability, securing finances for better public services, creating a new local government administration answerable to local councils and to local needs, de-linking local administrative leaders from their former ministries, creating new central -local relations based not on orders but on legislation and dialogue, to create good

governance based on political and financial accountability, democratic procedures and public participation.

The local government reforms can be classified into two types, systemic and non-systemic reform while systemic reforms address the issues of fiscal decentralization, legal harmonization and human resources autonomy, non-systemic ones address the issues of governance, restructuring, PORALG/RS Capacity building and Programmed Coordination(Mmari, 2005).

In November, 2013 the ministry of local government carried out a study to find out the percentage of revenue that was collected by local government authorities in Tanzania. It was found out that they only collected 3-5 percent of all public sector revenues (PMO-RALG, 2006). A sound revenue system is essential and serves as a crucial tool for the successful running of local government (Oluwu and Wunsch 2003). The council administrations on their part complain of inadequate financial resources to meet the numerous responsibilities yearning sources of revenue in Iringa Municipal Council. The sources of revenue for municipal government have a tendency to vary from one country to another but generally include taxes, user fees, and intergovernmental transfers (Tibaijuka, 2009).

Source of Government Revenue in Tanzania

Local taxes: This is the main source of revenue for local governments where the choice about tax rates to fund local services is made by local representatives. Local taxes includes; property tax (on land or building) , tax on transfer of immovable property, tax on motor vehicles, local sales tax, tax on local business and services, tax on electricity consumption, tax on non motorized vehicles, tax on tourism hotels,

restaurants and entertainments, tolls on roads, bridges and many other of the same nature (Tibaijuka, 2009).

Charges: Normally these are charges imposed for services provided. In this case services are provided directly and exclusively to the payers; these includes charges for public works, public utilities like waste collection, drainage sewage, water supply, charges for markets, rents of market stalls, charges for the use of bus stations and tax parks (ibid).

Fees for permits and licenses: The prime purpose is to regulate the activity rather than to raise revenue. The following were the fees related to permits and licenses; fees for approval of building plans, fees for manufacture and re-erection of buildings, fees for fair, agricultural shows, cattle fairs, industrial exhibitions, tournaments and other public events, fees for licensing of business, professions and vocations, fees for other licenses or permits and penalties or fines for violation, fees for advertisements, fees on sales of animals in cattle markets, fees for registration and certification of births, marriages, and deaths as well as fees in respects of education and health facilities established or maintained by local government.

Profits from local enterprises: This is associated with local government ownership of enterprises whereby any profit obtained from that enterprises would accrue to local government. This form is common in China and it includes surpluses from local commercial enterprises and interest on Bank deposits (ibid).

Central government revenue sharing: these are shares of taxes (and other revenue) collected by central government and allocated (part or whole) to local government. These shares are based on their origin or by formula (where they were collected).

Intergovernmental grants: These are of various types to finance some of the costs of local government services as well as equalizing resources between local governments (Tibajuka, 2009).

Borrowing: This is for financing capital expenditure from various sources such as from banks, government, donors, bonds (ibid).

In 1955 Iringa became a township authority (Iringa Township Authority). Iringa town became a Municipal Council in 1988 and its first mayor was elected. Iringa it lies between 7° south of equator and between longitudes 35° East of the Greenwich Meridian. The altitude is between 1,560 and 2000 meters above sea level, the Municipality covers an area of 176.987 square kms round bordered by Iringa district except for Kilolo district to the South East (Iringa municipal director 2016).

The amount of revenue collected in Iringa municipal council in the past three years consecutively is shown below.

Table 1: Amount of Revenue Collected in Iringa Municipal Council from 2013/2016

| Year | Amount collected |
|-------------|-------------------------|
| 2013/2014 | Tshs.3,104,433,587 |
| 2014/2015 | Tshs.3,344,443,084 |
| 2015/2016 | Tshs.3,504,422,094 |

Source: Iringa Municipal Council, 2016

But on the other hand Iringa Municipal Council plans to raise the revenue collection from 3.5bn/- to 7bn/- in the next financial year 2016/2017(The guardian 2016).

The expenditure of local government revenue will depend on the budget. The amount of revenues collected were mainly used to finance operational costs, in particular salaries for the lower cadre of local government employees and sitting allowances for councilors (PMO-RALG, 2008). The revenues from other donors and the central government were mainly used to develop projects, like, maintenance of municipal road, building bus stand, bridges and market construction, maintenance of primary schools and building health Center (PMO-RALG, 2008).

Adedeji (1979) argued that the success or failure and the effectiveness or ineffectiveness of local government depends on the financial resources available to the individual local government and the way these resources are utilized. It is therefore against this background that this research work is being undertaken with a view to discovering the problems of effective management of revenue available to local government particularly to Iringa municipal council.

1.3 Statement of the Problem

There is mismanagement of public funds in various authorities and other government bodies, which has resulted in inadequacy of meaningful services, in form of provision of basic amenities, constructions and maintenance of roads, creation of employment opportunities for the citizens and refuses collection. Without effective management of funds, a local government council will not only be incapable of serving the people but will undoubtedly collapse.

During the financial year 2009/2010, 34 councils out of 134 audited was effected to payments amounting to shs 2,830,338,208 where supporting payments vouchers were not available for auditing purpose, which resulted to the scope limitation of auditing process. The payments made without proper supporting documents

(improper voucher expenditure) were noted in 71 councils with the total amount of shs 5,515,453,908. The payments made to retired, absconded and terminated employees amounting to shs 583,221,297 were noted in 38 councils. (CAG, 2010)

The special audits conducted in Rombo, Kilosa, Rorya, Tarime district council and Sumbawanga municipal council discovered that diesel and petrol worth shs 64,581,030 in Rombo district council was ordered, paid for and issued to council motor vehicles without evidence of motor vehicle log book in supporting of such transaction. Drivers of the respective motor vehicles alleged issued to have been with the fuel confirmed to have not received the fuel (ibid). The cash amounting to shs 7,380,000, realized from allocation of building plot at holili, Town in Rombo district council was not accounted for in the council books (ibid).

In the year 2011 the parliamentary local authority accounts committee (LAAC) visited Mwanga, Rombo, Same and Moshi rural districts in Kilimanjaro region. They found out that there was misuse of funds in the local government. The funds which were mismanaged were from the central government as well as their own resources. For example it was found that in 2011, 600 Million Tanzania shillings were used for seminars only (Peter, 2011).

According to the report of the controller and Auditor General (Mussa, 2016) there was misuse of public funds in various authorities and other government bodies. The report further revealed weaknesses in public finance management, both in the central and local government authorities. According to the report 2.7bn Tshs, were disbursed to 74 district council for payment of salaries to workers who never existed while 721ml Tshs, were also disbursed as part of statutory deductions. Therefore this study

is designed to fill in the gap of information obtained whether the local political leadership facilitates or hinders management of funds in the local government.

1.4 Research Objective

1.4.1 General Objective

The central focus of the study was to investigate the contribution of local political leadership towards the efficient management of local government finance in Tanzania.

1.4.2 The Specific Objectives

- i. To identify how local political leaders motivate followers/staff to ensure efficient management of local government funds
- ii. To examine how local political leaders facilitate system of financial control in the local government
- iii. To identify the oversight provided by the local political leaders over the use of resources available in local government.

1.5 Research Questions

The specific questions for the study were as follows;

- i. How do the local political leaders motivate the follower's/staffs to ensure the efficient management of local government funds?
- ii. To what extent do the local political leaders facilitate system of financial control in the local government?
- iii. What are the oversights provided by the local political leaders over the use of resources available in local government?

1.6 Significance of the Study

The significance of any human endeavor is measured by its relevance in solving human problems. Therefore, the significance of the study was measured by its relevance in solving the problem of mismanagement of funds to local governments in Tanzania. The research is beneficial to the local government administrators in Tanzania but it is most useful to Iringa local government administration, as it exposes to them potential management of revenue internally.

The study will help the council to strengthen its financial bases as this study would highlight some identified challenges hampering to the management of funds in the council. It will also be useful to the indigenous of Iringa local government to cooperate with local council administrators to enable them to build a viable local government by managing funds. Also other municipal council will benefit through this study.

CHAPER TWO

LITERATURE REVIEW

2.0 Introduction

This section reviews various theories and concepts that were related to the study. It further reviews empirical findings that have been done in various settings. These reviews were used to bench mark the study with respect to the objectives designed. In addition to that the conceptual frameworks have been designed with the number of factors to simplify the understanding of the gap in diagrammatic form.

2.1 Definition of Key Terms

This part includes the definition of key terms and concept that will be used in this study.

2.1.1 Local Government

Local government has been defined in many different ways to mean the same thing. Max, (1991) defines local government as a sub-national, semi autonomous level of government discharging its functions in a specified area within a nation. In Maxs words, this is the level of government that is the closest to people and therefore responsible for serving the political and material needs of people and communities at a specific local area. Such area could be a rural setting, a village, a town or a suburb in the city depending on its size.

According to Warioba, (1999) local government is the part of a country operating on a local level, functioning through a representative organ known as the council established by law to exercise specific powers within a defined area of jurisdiction.

So, it is to say that local government is the government which is formed at the grass root level in order to assist the central government in the matters of administration

and other activities. It has power and authority over village, ward, district, municipal or city i.e. urban areas of the country. This is an executive organ created and charged with responsibilities to administer a local area.

2.1.2 Financial Management

Financial management refers to the financial activities undertaken by stakeholders such as the municipal council and the municipal account committee in order to achieve a common objective for the school (Bisschoff 1997:137).

2.1.3 Leadership

One of the foremost scholars of leadership, Barnard Bass, has described leadership as a universal phenomenon (1990b:4). He defines leadership as an interaction between two or more members of the group that often involves a structuring or restructuring of the situation and the perceptions of the members.

2.1.4 Mismanagement of Funds

Mismanagement of funds refers to instances where a person fails to observe laws or guidelines when handling finances for another person or organization. Most mismanagement lawsuits involve some form of negligence or neglect on the account of the liable party.

2.1.5 Municipal Finance

According to Tibaijuka (2009), municipal finance refers to the revenue and expenditure decisions of municipal governments. It covers the sources of revenue that are used by municipal government taxes (property, income, sales, and exercise taxes) user fees and intergovernmental transfers.

2.1.6. Revenue

Refer to the amount of money that is brought into a company by its business activities. In the case of government revenue is the money received from taxation, fees, fines, inter-governmental grants or transfers, securities sales, mineral rights and resource rights, as well as any sales that are made (www.investopedia.com).

2.2 Theoretical Literature Review.

Most of the Organizations have been with humanity more than two centuries but despite the perceived influence of leadership on organizational performance, empirical research into leadership only commenced in the 1900s. But during the generation of interest in the concept of leadership, the body of knowledge has been growing fast with some over 350 definitions on the subject matter (Hamidifar, 2009). To offer a comprehensive definition which encapsulates all leadership attributes would be very difficult (Bass,1985), but the basic system of belief of leadership was about influencing relationships among leaders and followers/staff which can generate effective behavior toward achieving goals and objectives within the organization or institutions (Bennis *et al*, 1985).

Leadership must have the ability of influencing subordinates in terms of motivating them within the group for the case of achieving the specific target and cooperation so as to achieve its objectives to the organizations or institutions (yukl, 1994). Fry (2003) is of view that leadership is a strategic process of offering inspiration to enhance the employee's potential for growth and development by the leader. Northouse (2004) asserts that leadership is where any individual influences a group of people to achieve common goals and objectives of the organizations.

The contribution by these researchers to the concept of leadership points to the fact that leadership is a positive but persuasive (influential) action which generates inspiration among followers/staff and directs effort towards accomplishing specified individual, team, and organizational objectives. Leadership is essential; it is needed in business, political, educational, and social organizations for the attainment of goals and objectives (Bennis *et al*, 1985).

Leadership Style Theories

Several views have been expressed on leadership but most leadership theorists agree that the traits, style, and contingency theories dominate the leadership literature (Muller *et al*, 2005). The leadership style movement started in 1945 at the Ohio State University. Significantly, the “Consideration” and “Initiating Structure” study stood out from these early contributions which provided the basic dimensions of leadership behaviour in formal organizations. Consequently, contributors like Kahn, Likert, Katz, and Maccoby also expanded the works of their predecessors by basically analyzing the relationship between supervisory behaviour and employee productivity and satisfaction in 1947 at the University of Michigan.

Their studies identified two styles of leadership - Employee Centered (EC) and Production Centered (PC) leadership. EC leaders focus more on employee goals and satisfaction and less time in performing similar task assigned to employees. It is also disinterested in punishing employees when they go wrong. On the other hand, PC leaders are interested in output therefore spend more time in actual supervisory work related to production and less attention on supervisory activities like planning.

2.2.1. Democratic Leadership Style

Mullins (1999) viewed that democratic leadership style focuses more on people and there is greater interaction within the group. The leadership functions are shared with members of the group and the leader is part of the team and decision among the group is much considered (Mullins, 1999). Similarly, Luther (1996) and Wilson et al. (1994) concurred that the principles of democratic leadership is friendliness, helpfulness, and the encouragement of participation. In the same vein, McGregor (1960) described this leadership style as benevolent, participation, and believing in people.

He equated democratic leader to the Theory Y manager which is associated with increased follower productivity, satisfaction, involvement, and commitment (Hackman *et al*, 2007). The philosophical assumption underlying democratic leadership style is that naturally all people are trustworthy, self-motivated, like responsibility and challenging work and so encourages organizational conditions to foster teamwork, high performance and satisfaction (Warrick, 1981). The emphasis of this leadership style is on the performance and people and these types of leadership was much practiced in developed countries like UK and USA because most of the people were committed in performing duties and were accountable and transparent.

Based on the theoretical explanation of democratic leadership style, the researchers find that planning within a democratic leadership system is accomplished with heavy employee's involvement with objectives that are transparently and clearly established with its accompanying performance targets. Decision-making in a democratic system is decentralized and flexible with clearly defined responsibilities

and an open participatory work environment. Punishments as a form of warning were the last option and high performance is recognized and rewarded which can lead more achievements' of goals and objectives within the organizations hence productivity can be in the high quality and quantity so as to meet the demand of the society . Conflicts are openly confronted by addressing the causative factors and not personalities (McGregor, 1960).

Democratic leadership style results in high employee productivity, satisfaction, cooperation, and commitment. It reduces the need for controls and formal rules and procedures which result in low employee absenteeism and turnover. The leadership style develops competent and committed employees who are willing to give their best, think for themselves, communicate openly, and seek responsibility (Bass *et al*, 1990). With all the positive attributes associated with democratic leadership style, decision-making becomes over-stretched since opinions and lengthy debates play a key part in the process (Denhardt *et al*, 2003).

2.2.2 Laissez Faire Leadership Style

The main emphasis of this leadership style is neither on performance nor people. The philosophical assumption is that naturally human beings are unpredictable and uncontrollable and trying to understand people is a waste of time and energy. On this hypothesis, the leader tries to maintain a low profile, respects all constituencies within the organization, tries not to create waves of disturbance, and relies on the few available loyalists to get the job done. Laissez-faire leader lives and work with whatever structure put in place without any suggestions or criticisms (Kasper, 2002).

Goals and objectives are established only when necessary and required because they assume each and everything goes okay. The leader is not control-frisk and he or she

shuns decision-making as much as possible and would like to avoid communication but communicates only when needed (Green, 1994). Thus, the business of employee's development is not a concern to the laissez faire leader who believes that employees can take care of themselves.

2.2.3 Authoritarian Leadership Style

An authoritarian leadership style is being used when a leader dictates policies and procedures, decides what goals are to be achieved without any meaningful participation of the subordinates. This leadership style for the case of developing countries like Tanzania must be applied in order the things to go in the straight line because most of people in Tanzania are too lazy. Autocratic Leadership Style (ALS) places more emphasis on performance and low emphasis on people. The focus of power is with the leader and all interactions within the group move towards the leader (Mullins, 1999).

The leader unilaterally exercises all decision-making authority by determining policies, procedures for achieving goals, work task, relationships, control of reward, and punishment (ibid). The basic assumption underlying autocratic leadership style is based on the premise that, people are naturally lazy for the case of most of developing countries like Tanzania. Irresponsibility, and untrustworthy and leaving the functions of planning, organizing, and controlling to subordinates would yield ineffective results, and therefore, such functions should be accomplished by the leader without the involvement of people. McGregor (1960) described the autocratic leader as the Theory X manager with the same set of theoretical assumptions as Taylor's scientific management and Schein's (1988) rational-economic model. Furthermore, Likert's (1961) four management systems, characterized autocratic

leadership style system as an exploitative-authoritative system where power and direction come from the top downwards, where threats and punishments are employed, and where communication is poor and team-work is non-existent (Cole, 2004).

Tannenbaum and Schmidt (1957) described an autocratic leadership style on a continuum and opined that autocratic leaders make decisions and announce them, without inviting suggestions from subordinates. Warrick (1981) concurs with the above idea that autocratic leader relies heavily on authority, control, power, manipulation and hard work to get the job done. In the autocratic leadership system, formal centralized structures, procedures, processes and mechanisms were clearly defined and are enforced to ensure that subordinates do their jobs efficiently within the rules.

Punishments are often applied when mistakes are made and sanctions are in the form of maintenance attention or good assignment or making people feel guilty. Motivation under this leadership style is by the means of economic incentives which are extrinsic in nature and based on performance. Development within an autocratic system comes from hard work and rarely does delegation of authority practiced. Most theorists have identified autocratic leaders with authoritarian leaders simply because research has proven that there is a strong positive correlation between autocratic leadership style and authoritarianism (Bass *et al*, 2007). Authoritarian leaders depend on their power as weapon for coercion.

Although ALS is characterized with high productivity it often results in counter resistance of opposition which restricts output. The increase in productivity happens when the leader is present and the leadership style improves worker performance in

relatively simple tasks (Gustainis, 2004).Warrick (1981) opine that ALS breeds hostile attitude, conflicts, distorts and guards communication, high turnover, absenteeism, low productivity, and affects work quality.

The style also breeds yes-men who lack creativity and innovation and all they know is the adherence to rules, procedures, red-tape, and status seeking symbols and often afraid of taking responsibility because by doing so they risk committing punishable mistakes that would lead to demotion. In developing countries because of laziness of people, we must adapt authoritarian leadership style which can lead to decrease of corruption and increase transparency and accountability of people to the country which can lead development of the national and improvement of services delivery by the public sectors to the society.

2.2.4 Empirical Literature Review.

The utilization of revenue has been a problem in many local governments in the world. However a study done in Nnewi Nigeria seems to have some challenges in the area. Local government has improved revenue from 1976 up to date, particularly Nnewi North local government. This was achieved through increased revenue accruing to local government. However the local government still suffers some problems in its effective revenue utilization. According to the annual report (2010 – 2014) of Nnewi North local government of Nigeria, the estimated revenue of the local government was N 1,288,537,000; actual revenue was N786, 213,580 and the total recurrent expenditure was N253, 375,359 according to this report it helps to determine if local government revenue were utilized effectively. The income and expenditure of the local government can be a good technique if it is fully utilized.

The study conducted by Olawale (2013) posited that another problem which account for effective revenue utilization is corruption. There was existence of high levels of corruption, for example the grand corruption mostly of African countries with their local government system were affected by these kinds of corruption. However the study done discovered that leaders in most of the local governments were corrupt.

Most of the local government in Africa get grants from different donors, and revenue were there to carry out their functions and development of different projects within their areas but because corruption had become something very common in some cases, for example in Tanzania most of the local government has public outcry on the payment of salary to the ghost workers, so this was total corruption of the leadership within the local government (CAG, 2016).

It is unfortunate to be observed that several local governments were dissolved between 1985 and 2014. And in more than half of the local government in Tanzania were affected on the grounds of official corruption which resulted into mismanagement of public funds.

A study conducted by Achikanu (2010), noted that 99% of local government areas are known for farming as their major occupation; Thought it's not only means they earn a living, the local government has failed to construct good roads, farm inputs, improved seeds and conducts seminars through extension workers from their annual budget (2010 – 2014). It is believed that budget was made for the local government to construct infrastructure for transportation of their farm produce, especially the central road between Otolu, Uruagu and Umudim. Another problem that affects utilization of local government revenue is leadership problem.

The study done by Odofia (2011) shows unsuccessful progress in the local government, the reason for why most of the local governments today are not successful is due to behavior of local government as well as their sub-ordinates working under them. Leadership most often seems to be based on party patronage rather than creditability. They are ready to pocket the fund meant for developments, these people have no clear agenda for the local government rather initiate spirit projects and draw off public funds into private bank accounts.

The local people; as a result suffer from these inadequacies. A study done by Nwankwo (2013), discover that rational led to creation of local government to meet the uncharacteristic needs of the people at the grassroots. The resulting effect of the problems of revenue utilization is that some local governments end up in financial crises and are unable to deal with the challenges of services delivery and mobilization of both human and material resources required for the functioning and meaningful development of the local government areas. In Tanzania most of the local government steel suffers; this can create some questions to the local people why local governments are created.

2.2.5 Research Gap

The empirical review of above studies indicate that many researchers have been conducted on the revenue collection and corruption of leaders but few have been done on the contribution local political leaders towards efficient management of funds in the local government authorities. However, few research studies have been done on contribution of local political leaders towards efficient management of funds in Tanzania local government. Efficient management of funds is serious issue in Tanzania from central to local government which hinders the effectiveness

utilization of funds available in local authorities. So from this study the findings obtained will fill the research gap.

2.2.6 Conceptual Framework

The conceptual framework is developed from authoritarian leadership style specifically to demonstrate the interaction and relationship between the variables, namely independent, intervening and dependent variable. The below frame work shows that the independent variable is affecting the dependent variable directly. All independent, intervening and dependent variables have particular objectives they obtain. In the process of attaining those objectives, the dependent variable is affected by independent variable and intervening variable, which leads to unexpected results of dependent variable. The variables can be explained as follows.

Centralized structure is a setup in which most power and critical decision making responsibilities are concentrated with a few key leaders. A centralized organization often houses its primary decision makers or executives in a central headquarters with offices and meeting areas for leaders to discuss the matters. With fewer people involved in discussion and deciding on strategy and action of an organization or institution for attaining its goals and objectives, it reacts more quickly to a dynamic place (Athey *et al*, 1994).

Leaders can get information and efficiently discuss pros and cons of decisions in a small group, this makes the communication and decision making process much more efficient than in the decentralized structures in which many local managers must participate in the process of decision making. Once decisions are made, top managers send out directives to lower levels for implementation as directed as much as possible (ibid).

Policy and procedures, policy are principles, rules and guidelines formulated or adopted by an organizations or institutions to reach its long- term goals and objectives and typically published in a booklets or other form that is widely accessible. Policies and procedures are designed to influence and determine all major decision and actions, and all activities take place within the boundaries set by them(Safe work Australia,2010).

Procedures are the specific methods employed to express policies in action in day-to-day operations of organizations or institutions for attaining it goals and objectives which are supposed to implement within the specific period of time. Together, policies and procedures ensure that a point of view held by the governing body of an organization is translated into steps that results in an outcome compatible with that view, leader dictates policies and procedures decides what goals are to be achieved without any meaningful participation by the subordinates and this leadership style for the case of developing countries like Tanzania we must apply this in order the things to go in the straight line because most of people in Tanzania are too lazy and corrupt(ibid) .

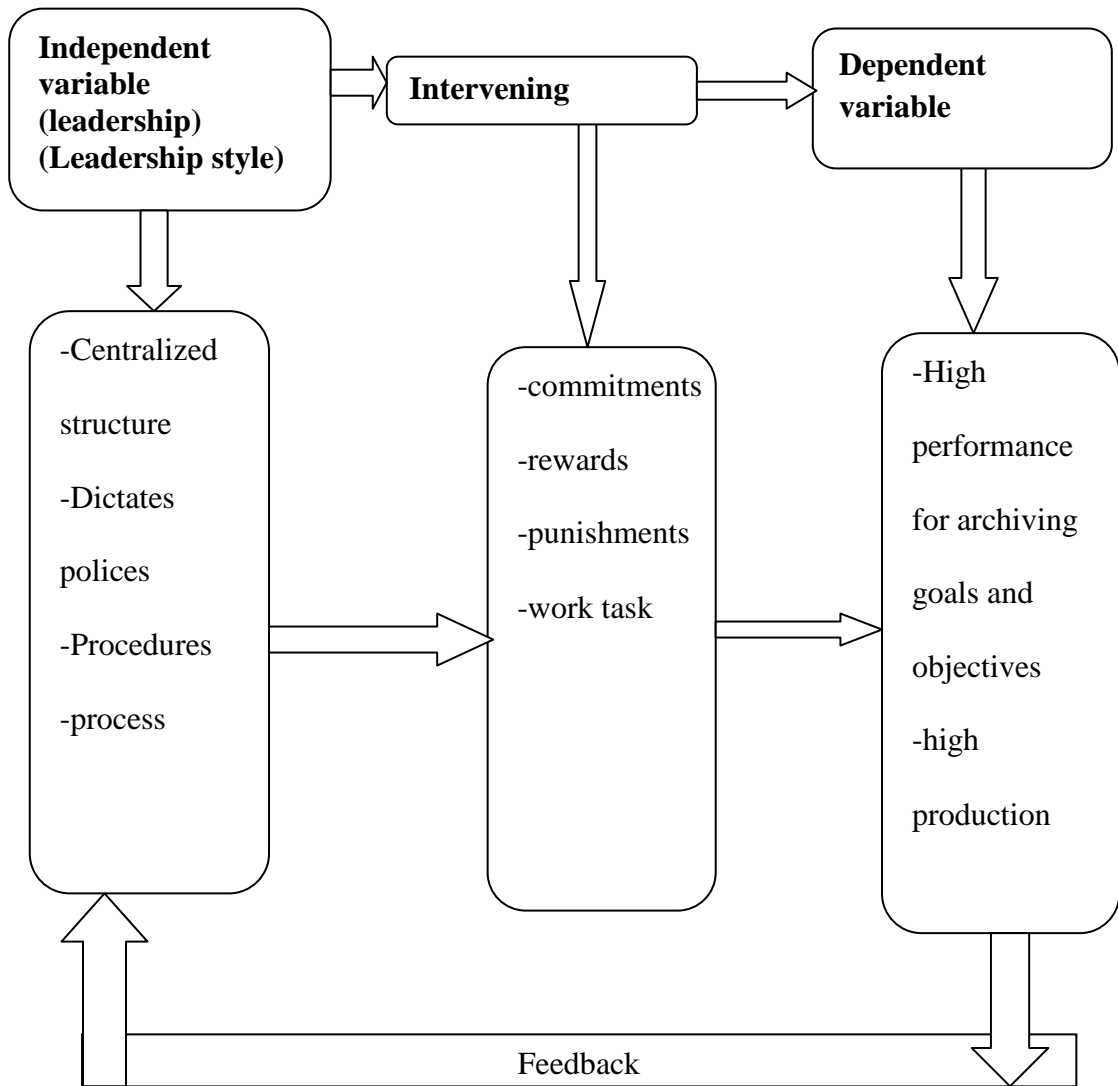
Commitment a willingness to give your time and energy to something that you believe in, or promise or organizations or institutions decision to do something's (By Paul C.Gorski for Edchache). So for the case of most of developing countries people are not committed therefore we must apply leadership which is authoritarian style will lead everyone to be committed because of the fear that he/she will be chase out of the working stations if she/she will not obey the rule of the organization or institution concerned for attaining it goals and objectives, this results efficient performance of the organization (dependent variable).

Rewards is something that is given in the return for good or evil done or received or that is offered or given for some services, so the rewards can be used to motivate for those people who performed well in the organizations or institutions(Luthans,2008). So this affects directly the dependent variable which can lead efficient utilization of local government revenue.

Punishment is the act of suffering, pain, or loss that serves as retribution or a penalty inflicted on an offender through judicial procedure. Therefore for those people who are working in the local government must be punished if they misuse the public funds for their own benefits (Luthans, 2008). The good example is the President of United Republic of Tanzania, Dr. John Pombe Joseph Magufuli who punishes those workers who misuse the public funds for their own benefits rather than for the public benefits.

The framework below shows the independent, intervening and dependent variable, which directly affecting the dependent variable leading to the high performance for achieving goals and objectives of organizations or institutions, hence leads efficient utilization of local government revenues.

Figure 1: Conceptual Framework



Source: Researcher source, 2016.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

It includes the whole plan of research that is research design, data collection, data analysis and interpretation of each items and reliability and validity of the study.

3.2 Research Design

According to Kerlinger (1964:275) research design refers to the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and control variance. On other hand Zikmund (2003:65) is of the opinion that research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It is a framework or blue print that plans the action for research project. It is important because every research proposal needs a blue print for planning the action.

The cross-sectional research design was adopted as it was considered to be favorable because of time limitation and resources for data collection. This is a quantitative research design approach and is stated to be relevant, effective and most appropriate when one seeks to understand the best predictors of outcomes (Kothari, 2004). Similarly, the design is cost-effective, and complete sets of new respondents were continually selected steady level of reliability for each successive sample when under stable sampling conditions.

With cross section design observed trip information is representative of the population at single period in time. Therefore, thus ensuring a, since this study sought to assess determinants leading to the local leadership and utilization of local government revenue, the cross sectional survey approach was relevant for the study.

Research method has to do with methods adopted by the researcher to collect data, which were relevant to the problem under consideration. In this study, survey, observation and interview method have been used for data collection.

3.3 Area of Study

Osundu (2004) said that area of study refers to the geographical location covered by the study which is usually stated in terms of the country, state, and education, political or administrative zone. The study was conducted in Iringa municipal council as suitable location for the study due to the problems of funds management. Iringa local government was chosen due to its serious challenges of local leadership and efficient management of revenues in Tanzania.

3.4 Target Population

A target population is a researchers population of interests in which he or she would like the results of the research to be generalized (Gay, 1981). The target population of the study involved the wide range of own revenue stakeholders in the area of study. These were mainly Councilors, Mtaa Executive Officers (MEOs), Ward Executive Officers (WEOs), Local people, Municipal Officials especially Municipal Director (MD), Municipal Treasurer (MT), Revenue Accountants as well as some of the heads of departments.

3.5 Sampling and Sampling Procedures.

Probability sampling was applied in research to enable the study to investigate the sample from the entire population. The sampling techniques refer to the procedures that a researcher uses in obtaining the sample based on the study Cohen (2000). The researcher employed both probability and non-probability sampling methods. This is because the targeted population size was large and time was limited, hence only

representative sample whose characteristics matched with that of the population was included in the sample.

In probability sampling two methods were employed, simple random sampling and stratified random sampling. According to McNabb (2002) simple random sampling refers to the sample units (people, unit, parts, group, homes, cities, tribe, companies, etc) that were selected randomly and all had equal chance of being selected. This helps the researcher to apply inferential statistics to the data and provides equal opportunity of selecting for each element of the population. It gives a member of the population equal chance to be selected as a member of the sample. Stratified random sampling involves dividing the population into homogenous subgroup and then taking a sample randomly in each group (Kombo *et al*, 2006).

The procedure was used to get the respondents since it ensures that certain subgroups in the population are represented in a sample in proportion to their number in the given population. Purposive sampling as the part of non-probability sampling however refers to select that member of the population that has defined characteristics (Haslam and Garty 2003). Kothari (2004) points out that purposive sampling is a deliberate selection of particular units of the universe so as to constitute a sample that represent the universe. This was used to select the respondents due to their responsibility and position in dealing with financial in local government; these include local people, councilors, MEOs, and WEOs.

3.5.1 Sample Size.

The sample size in this study was undertaken by using the formula $n=N/1+N (e^2)$ quoted from Yamane (1967) by Kothari (2004). Yamane provides simplified formula for calculating sample size and a table that contains estimated population size and required sample size each population size. For example according to the 2012 census, the population of Iringa urban district was 151,343, using this formula it is easy to calculate a required sample size if the population size is known.

The formula is $n=N/1+N (e^2)$. Where by

N= Total population

e= precision level (error detected) 1-10%

n= Sample size to be included in the study

1 constant

Table 2: Shows Distribution of Sample

| Sample size inquire | Sample | Percentage of sample (%) |
|------------------------|------------|--------------------------|
| Mayor | 1 | 1 |
| Councilors | 10 | 10 |
| Municipal Director | 1 | 1 |
| Municipal Treasurer | 1 | 1 |
| Revenue accountant | 1 | 1 |
| Head of Department | 5 | 5 |
| Ward executive officer | 11 | 11 |
| Mtaa executive officer | 10 | 10 |
| Local people | 60 | 60 |
| Total | 100 | 100 |

Therefore, using Yamane formula to calculate a sample for a total population of 151345

From the study area will be

$$n = \frac{N}{1 + N(e^2)} \dots \dots \dots (1)$$

$$n = \frac{151345}{1 + 151345(0.1^2)} \dots \dots \dots (1)$$

$$n = \frac{151345}{1 + 151345(0.1^2)} = 99.933$$

$$n = 100$$

Therefore, the sample size in this study was 100 respondents: whereby 10 Councilors sampled from 18 wards, 60 were local people sampled from 10 selected wards, Mayor, and 6 were municipal employees sampled from 1500 employees. These include; Municipal Director (MD), Municipal Treasurer (MT), Revenue Accountants, 10 Ward Executive Officers (WEOs), 10 Mtaa Executive Officers (MEOs) and 4 respondents from different heads of departments.

3.6 Types of Data

There are two main types of data for every study or research namely, primary data and secondary data.

3.6.1 Primary Data

Spiegel (1972) defined it as those collected first hand information from original sources that are the carriers/holders/owner of such data. Such data are usually obtained from the field through interviews, surveys, planned experiments, observations or recording of official transactions.

3.6.2 Secondary Data

They are data obtained from second hand information from published or recorded sources and were used for a purpose of the agency that initially collected from the field. It was quickly and cheaply obtained compared with primary data collected for the problem at hand. They include articles, journals, newspapers, financial records, note books etc.

3.7 Method of Data Collection

3.7.1 Primary Data Collection Methods

The methods used to collect primary data are survey methods, interviews, and observation.

I. Survey Methods

It was used to gather the qualitative and quantitative data about research population. Data on community who were local people, Councilors, Municipal Director, municipal Treasurers and Revenue Accountants using questionnaires administered by researcher.

II. Interview

The semi structured interview was held with administrator, municipal director, heads of departments and political leaders using researcher's interview guide. The tool was employed because of the nature of the respondents. It was facilitated by collecting of informed data about their feelings, and expressed opinions on research variables.

III. Observation Method

It was used to generate data on social wellbeing and physical environment of the study. Observation guide was used reflecting variables on the local leadership and

utilization of local government revenue in Iringa municipal and how efficiency of management of funds was most challenged.

3.7.2 Secondary Data Collection Method

This was data obtained from second hand from published or recorded sources and used for a purpose different from that of the agency that initially collected from the field. It was quickly and cheaply obtained compared with data collected specially for the problem at hand. They include article, journals, newspapers, note books etc.

3.8 Data Processing and Data Analysis

Data analysis is the process of collecting, sorting, organizing and structuring data. Data analysis is the processes of editing, classification and tabulating of collected raw data (Kothari 1992: 122). According to Magigi (2012) after data collection, data was coded and entered in SPSS programme. The data were cleaned to control missing data and outliers. All data obtained were analyzed using scientific calculator and computer software which is Statistical Packages for Social Sciences (SPSS) version 15.0 because was easy to present in the form of figures, photographs, tables and maps. MS-Excel computer programme was used to enter data for analysis.

This study used both quantitative and qualitative techniques in the process of analyzing data obtained from the field. Qualitative data which were collected from interview, questionnaires, and documentary subjected to content analysis and translated as well as categorized into various and sub themes based on the study. However quantitative data from questionnaire, interview and documentary were subjected to quantitative data analysis tables, percentage, frequencies and ratios be calculated and at the end, data had to be interpreted according to relevant information.

3.9 Establishing the Validity of the Instrument

Sondu (2004) defines validity as the procedure adopted in ensuring that the instrument used had measured what it was designed to measure. It is very important to establish and report one form of validity or the other for the instrument, so as to enhance the strength of the work.

In order to establish the validity of the instrument ten of the local government service commission staff was used for a pilot study. The questionnaires distribution was scored the way the researcher expected them to be scored. This showed the researcher, that the group understood the instrument for what was intended and were therefore valid.

3.9.1 Establishing the Reliability

Osondu (2004) said that reliability concerns the consistency with which an instrument measures whatever it measures. The test and retest process was used to establish the reliability of the instrument. This shows that the constructed questionnaires were distributed at intervals more than once to the same group of persons, to discover how consistence each element of the group was in the scoring of the instrument. This was shown by labeling the group from number one to ten. Corresponding to the given to the reliable sample groups and distributed after 10 days, both first and second responses were scored accurately and consistently. The researcher was satisfied that the instrument were reliable because the responses from the group at different times remained constant.

3.9.2 Ethical Issues

The research process was ensured that ethical principles of research with human Subject such as respect for person, informed consent, capacity, information, privacy, integrity, confidentiality and voluntariness were adhered to.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter deals with data presentation, analysis and discussion of the findings. The data collected were presented and analyzed in the forms of charts, tables and figures. The chapter also contains the conclusion of the findings and recommendations related to the topic of the study.

4.2 Demographic Characteristics of the Respondents

This sub-section represents demographic characteristic of the people who participated in this study. The specific variables observed include are age, and sex. Age is an important factor for analysis of the challenges of effective utilization of local government revenues in Tanzania. Also gender of respondents has the same effects on the understanding of the efficient management of the local government finance in Iringa municipal council.

4.2.1 Age of Respondents

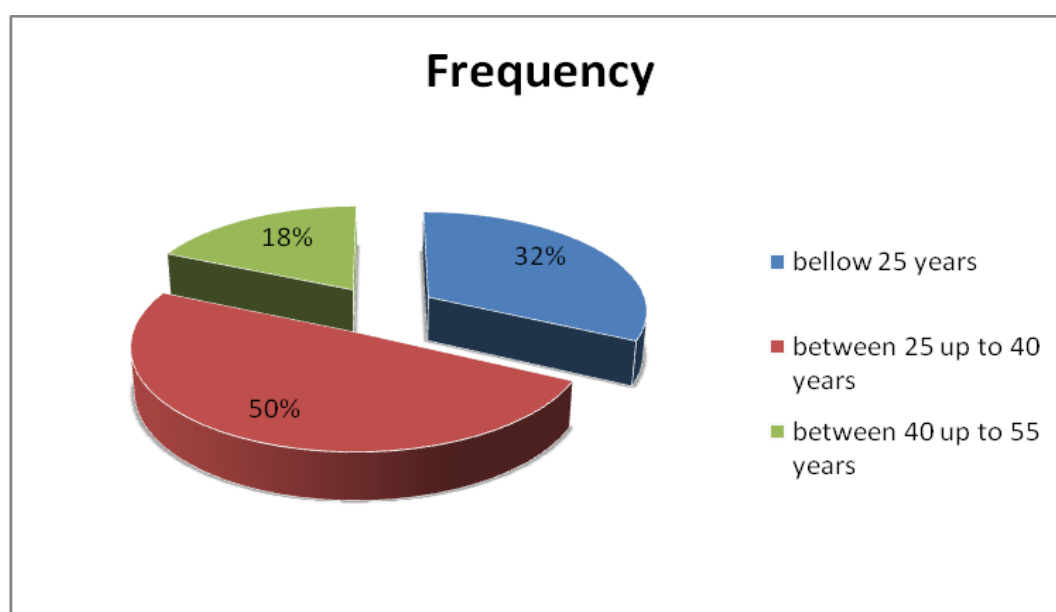
Table4.2.1: shows the distribution of respondents by using age as criterion. The result shows that most of the respondents scored 49.4% were in the category of 25 up to 40 years, 32.2% were in category age below 25 years, 18.4% were in the category of 40 up to 55years. The findings have shown that most of the respondents in the groups have some of the information on how the local political leaders facilitate the mismanagement of local government funds.

Table 4.2. 1: Age of Respondents

| | Frequency | Percent |
|---------------------------|------------------|----------------|
| Bellow 25 years | 28 | 32.2 |
| Between 25 up to 40 years | 43 | 49.4 |
| Between 40 up to 55 years | 16 | 18.4 |
| Total | 87 | 100.0 |

Source: Field Data 2016

Figure 4.2. 1: Age of Respondents



Source: Field Data: 2016

From the above figure, it is clear that the number of respondents aging between 25 up to 40 years have the highest percentage which is 50%. They were able to contribute on how the local political leaders misuse the public funds in different wards. Also, majority of 32% of the respondents, were the adults who were affected most by the mismanagement of public funds. Due to poor development of different projects like roads and other projects, and running their own projects like agricultural activities, it

is very difficult to transport the raw materials from the farm to the market because of poor roads and insufficient delivery of the health services.

The last respondents group aging between 40 up to 55 years which has the percentage of 18% was very few respondents for responding on the issue of mismanagement of public funds. They were not cooperative on the misuse of public funds caused by the local political leaders because they did not know what was going on in the local government due to lack of transparency of the local political leaders on the issue of finance.

4.2.2 Sex of Respondents

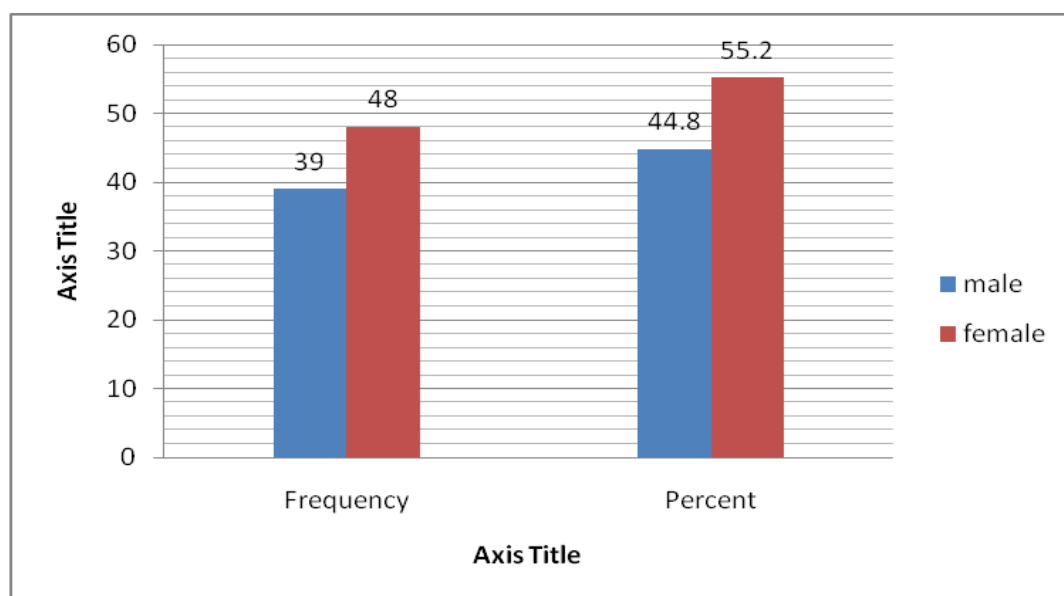
This study considered the issue of gender balance in order to attain equal representations and provides opportunity of participants to give out their views. Approached respondents include young and old men; women. This inclusion was purposely done in order to avoid gender biases. The outcomes of the survey data show that 55.2% of respondents were female while male were 44.8% by their representation as shown in table 4.2.2 and the figures. This implies that women are ready to explain on the issues of the challenges of the efficient management of local government finance, because are the once, who are more affected than the men in case of services especially health services delivery by the public which worse due to the misuse of public funds.

Table 4.2. 2: Gender of Respondents

| | Frequency | Percent |
|--------------|------------------|----------------|
| Male | 39 | 44.8 |
| Female | 48 | 55.2 |
| Total | 87 | 100.0 |

Source: Field Data 2016.

Figure 4.2. 2: Show the Gender of Respondents



Source: Field Data 2016

4.3 To Identify How the Local Political Leaders Motivate the Follower/Staff to Ensure Efficient Management of Local Government Finance.

Effectively motivating staff has long been one of management most important and challenging duty. Motivation refers to the psychological process that stimulate pleasure and determination of voluntary actions aimed at achieving some goals and objectives of the concerned institutions or organizations. The manager uses a wide range of techniques to keep their staff motivated and happy for their better performance. Therefore, it is essential for the managers to understand the

psychological process involved in motivation so that they can effectively direct staff towards organizational goals (Maslow 1943).

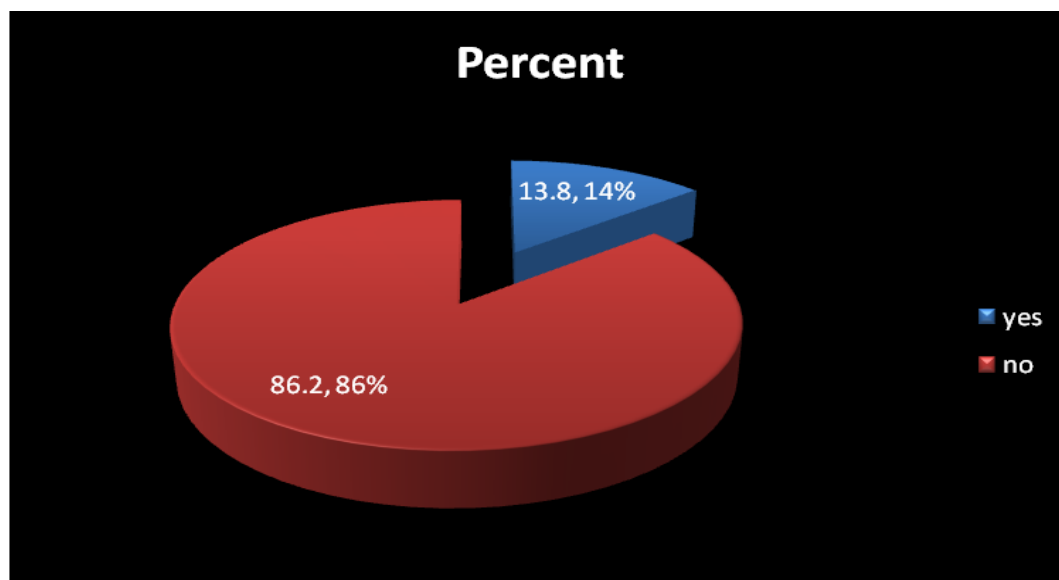
In identification of how the local political leaders motivate their followers/staff so as to ensure the efficient management of local government funds, most of the respondents about 86.2% responded that the local political leaders do not motivate their staff for efficient management of local government funds and other grants, and they said that local political leaders are the ones who cause mismanagements of local government funds and other grants in Tanzania local governments because they are the most corrupt, not accountable and transparency. About 13.8% of the respondents responded that the local political leaders motivate the staff for efficient management of local government funds.

Table 4.3: How local Political Leaders Motivate Follower/Staff to Ensure Efficient Management of Local Funds

| | Frequency | Percent |
|--------------|------------------|----------------|
| Yes | 12 | 13.8 |
| No | 75 | 86.2 |
| Total | 87 | 100.0 |

Source: Field data 2016

Figure 4.3: The Pie Chart Shows How the Local Political Leaders Motivate the Follower/Staff to Ensure Efficient Management of Local Government Funds.



The above table and chart represent the total respondents who responded that the local political leaders do not provide any motivation to the followers/ staff for efficient management of local government finance and others said that they do motivate. About 13.8% of the respondents responded that the local political leaders do motivate the followers/ staff for the efficient management of local government funds. But also about 86.2% of the respondents responded that the local political leaders do not motivate the staff for the efficient management of local government funds. They gave some reasons that most of the local political leaders themselves are corrupt, not accountable and transparent therefore, they are the source of problems in the Tanzanian local government.

In order for the staff to be motivated for the efficient management of local government in Iringa municipal Council and other councils in Tanzania, the local political leaders must have some ethics on the issue of management of funds through

their different committees. The government must also have some strict laws for those local political leaders who will be caught on the issues of corruption and misuse of public funds for their own benefits by prosecuting them to the court.

Plate 4 Shows the Toilet of Kihesa Secondary School which was Constructed since 2009 up to Date 2016 and not yet completed.



Source: Researcher Photograph from the field at Kihesa Secondary School 2016.

Plate 4.1: Below is the School House of Kihesa Secondary School Constructed since 2010 up to date and not yet completed.



Source: researcher photograph from the field 2016.

Plate 4.2: Shows the Ward Market at Ngome Mtaa Constructed since 2009 up to date and not Completed.



Source: Researcher Field Data 2016.

4.4 To Examine how the Local Political Leaders Facilitate the System of Financial Control in Tanzania Local Governments.

An effective system of internal financial control provides a level of assurance that financial information is reliable and the local government is meeting fulfillment of what with applicable regulations and internal procedures. Achieving regulatory compliance should be viewed as the fundamental goal of effective internal financial control system with further enhancement being ongoing as part of an overall risk management process. Developing the appropriate internal control to minimize the risk, fraud or error to an acceptable level is achieving through a sound understanding of both the legislative framework and risk management practice.

4.4.1 Responsibility for Internal Financial Control

The chief Executive officer (CEO) is required to prepare and present the annual financial report in accordance with the local government Act of the 1995 and the local government financial management Regulations of the 1996. The report must also comply with Australian Accounting standard (including the Australian Accounting Interpretations) and be free from material misstatement is the development of an effective system of internal control.

The overall responsibility for developing these control system rests with the chief executive officer (CEO) and is set out in the local government (Financial management) Regulations of the 1996. Efficient systems and procedures are to be established by the chief executive officer(CEO) of local government for the purpose of proper collection of all money owing to the local government, safe custody and security of all money collected or held by the local government, proper maintenance and security of the financial records of the local government(whether maintained in written form, or electronically or any other means processes),to ensure proper accounting for municipal, and for maintenance of payroll, stock control and cost records.

4.4.2 Audits and Internal Financial Control.

An important part of providing assurance to the council on the fair presentation of the annual financial report is the performance of an independent external audit. The external auditors are required to be appointed by each local government from time to time on the recommendation of the audit committee. The audit requirement is addressed under part 7 of the local government authorities (LGA) and the local government (Audit) Regulation of the 1996. The main requirement was, each local

government has to establish an audit committee consisting of three or more persons and members of the committee have to be appointed by an absolute majority decision of the council, an employee is not suppose to be a member, a decision of the committee is to be made by the majority.

4.4.3 Problems of Financial Control

The system of financial control which is essential for the economics of Tanzania should as improves the efficiency of formation of financial resources and their allocation, distribution and use. Financial control system is one of the important functions of the government as an instrument of implementation of financial policies; ensure the formation and effective use of financial resources of the public for achieving its objectives in the field of finance. Most of the respondents about 73.6% responded that the system of financial control is available in the Tanzanian local government but because the members of the financial committee are the political leaders who are corrupt, not accountable and transparent do not facilitate the system to operate well which results into mismanagement of local government funds. Also pointed out that because of the lack of technical and professional skills of the most local political leaders, the system cannot operate as the way it supposed to operate so as to facilitate efficient management of local government funds.

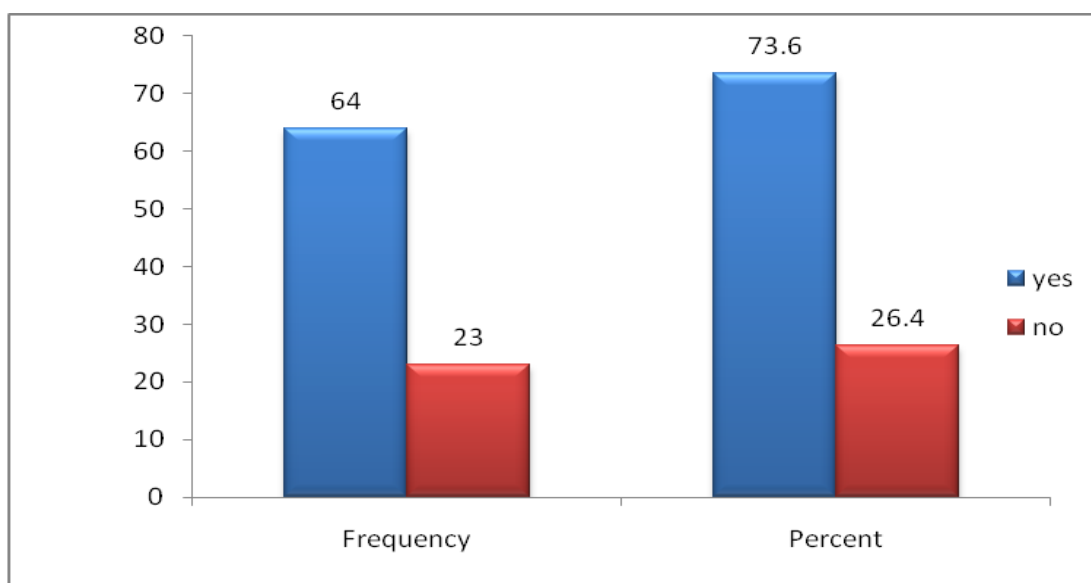
About 26.4% of the respondents are not aware with the system of financial control if it exists in Tanzania local government, and they provide some of their reasons that if there was financial control system in the local government there would be no outcry of mismanagement of funds in the central government and different local governments in Tanzania.

Table 4.4.3: The System of Financial Control in Local Government

| | Frequency | Percent |
|--------------|------------------|----------------|
| Yes | 64 | 73.6 |
| No | 23 | 26.4 |
| Total | 87 | 100.0 |

Source: Field Data 2016

Figure 4.4.3: The Histogram Shows the System of Financial Control in Local Government.



Source: Field Data 2016

The data presented above shows the majority of the respondents who responded that the system of financial control is available in local government about 73.6% of the respondents said that the system operates to all local government in Tanzania.

The histogram above also shows the highest rectangular which represents the total number of respondents who is agreed that the system is there, but they came with some reasons why the system is operating and still there are mismanagement of

public funds in different government bodies and other local government, and discovered that local political leaders are corrupt for their committees especially financial committees, lack of transparency and accountability of the local political leaders, lack of qualified local political leaders to the management of books of the local government. The function of financial system in the local government is to make auditing so as to facilitate the use of money to the intended projects like, health services delivery, maintenance of municipal roads and other projects. Financial control system can also reduce corruption to some of the local political leaders in the local government, if it operates in the proper way.

And also some of the respondents about 26.4% were not aware if the system was there or not, and also the histogram indicates the lowest rectangular which shows that the respondents disagree that there is no financial control system in Tanzania local government and they gave their reasons. They said that if the system of financial control was operating in Tanzania local government there would be no reasons to cry about the mismanagement of funds in local government. Therefore the system is dead. Through the observation methods it shows that most of the local people in Tanzania local government do not understand if there is a system of financial control in the local government and its functions or roles.

4.5 The Oversight Provided by the Local Political Leaders over the Use of Resources Available in Local Government

An in – depth literature review was done to examine the role of elected local political leaders in planning, overseeing services delivery and involvement in financial management processes in the local governments. An in depth literature review was done in different documents as listed below.

The local government ACT 1997 (and amendments Procurement and Disposal of Public Assets 2003, the public finance and accountability Regulation 2003), Constitution of the Republic of Uganda 1995, harmonized participation planning guide for high and lower local governments, guide for local government financial management 2004, fiscal decentralization in Uganda 2000, national services delivery survey reports, local government development programmed (LGDP) implementation guidelines, local government by laws and internal audit reports, Report of annual Assessment of minimum conditions and performance measures for local governments, Joint Annual Review of decentralization Reports, relevant research reports and journal articles on the country decentralization programmed.

The focus of the literature review has been used to characterize and assess the current decentralization frame work and accountability system in Tanzania as well as factors enhancing responsiveness of local political leaders and local government to executive's citizens, poor and vulnerable in particular.

In the local authorities, at council level, the representative makes decision through the full council which is the highest legal organ for making decision that is to be implemented by the bureaucrats. The full council meets at least every quarter of the year. The full council is supported by a number of committees. This includes finance and planning committee, economic, work and environment committee and social services committee.

The membership of these committees is from the list of local political leaders. All issues tabled in the full council are scrutinized first by the committees. These organs face some challenges in performing their oversight role. Some of problems include time space for doing their work properly. According to Mushi and Melyoki (2005)

there are cases in which papers for the meeting are distributed to the members during the meeting or day before the meeting which makes it difficult to read them and contributes meaning to the oversight discussions.

The reason given is the lack of resources to access the representatives in their wards/localities. For example the councilor is unable to provide transport to councilors when she or he comes to attend the meeting. Another major problem is the issue of capacity of these local political leaders to handle technical issues. There are very few of such representatives who can read financial reports and interpret them correctly and use them to influence decision.

Financial information provided in professional format which cannot be understood by any local political leaders.

For example publication of balance sheets and revenue and expenditure statement in format prescribed by international financial report in standard form may cause problems to non- financial experts. The other problem is that of language used in the reported information. If information posted on notes board at the council board or village level is in English, then it is unlikely that majority of the representatives would not be able to read it. The problems of assessing information that was used for discharging oversight responsibilities. The problem is compounded further by the lack of the skills on the part of representatives. Low analytical skills hamper the use of such information. The PEFAR 2006 report found some situation on the countries.

This study was conducted to see the oversights provided by the local political leaders over the use of resources available in Iringa municipal council. The local political leaders through their different committees were providing the oversights, because the

full council is supported by a number of committees. This includes finance and planning committee, economic, work and environment committee and social services committee. The members of these committees are from the list of local political leaders. Most of the respondents about 89.7% responded that there is local political leader's oversight over the resources available in local government and about 10.3% said that there is no local political leader's oversight to the available resources in their local government.

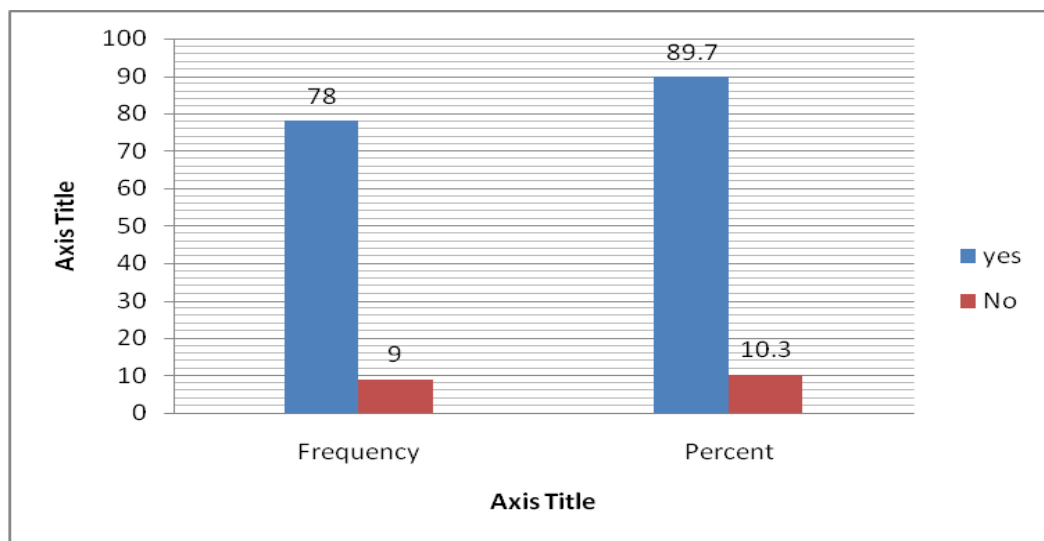
89.7% agreed that there is local political leaders oversights to the management of finance of the local government and still there is mismanagement of finance in the local government due corruption of some local political leaders in the municipal council. Another major problem is the issue of capacity of these local political leaders to handle technical issues and lack of transparency and accountability.

Table 4.4.4: Shows the Oversights of Local Political Leaders to the Available Resources.

| | Frequency | Percent |
|--------------|------------------|----------------|
| Yes | 78 | 89.7 |
| No | 9 | 10.3 |
| Total | 87 | 100.0 |

Source: Field Data 2016.

Figure 4.5: The Oversight of the Local Political Leadership to Available Resources



Source: field Data2016.

Furthermore the above table and figures indicate the frequencies of respondents and percentages for their understanding about how the local political leaders do oversights to various resources available in Iringa municipal council.

About 89.7% of the respondents responded that the local political leaders do oversights to various resources found to the local government, and still there is mismanagement of local government funds. Therefore, they indicate some of the reasons which cause the mismanagement of funds, which are most of local political leaders being corrupt and lack of professional skills of issues on finance. And about 10.3% of the respondents responded that there is no oversight of the local political leaders through their different committees that is why there is mismanagement of funds in different government bodies and local government.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion, recommendations and area for further research revealed from the findings obtained in this study. The study aims to determine the contribution of local political leadership towards the efficient management of local government funds in Tanzania.

5.2 Summary of the Findings

The result from the respondents concerning the motivation of the local political leadership to the followers/staff to ensure efficient management of the local government funds is that the local political leaders are the most corrupt people therefore; the one who is corrupt cannot motivate the other people to enhance or utilize well the resources available in the local government. Some of the respondents also comment that the issue for the local political leaders to motivate the follower/staff to ensure the management of local government funds is too difficult because the local political leaders are the ones who are mostly corrupt during the election. Therefore when they won they want to payback all the money which they used during the election. The issue of transparency and accountability of the local political leaders on the financial resources is another major problem to the followers/staff which hinder the management of revenues in the most local government in Tanzania.

Hence most of the respondents recommend that the local political leaders do not motivate the followers/staff for ensuring efficient management of local government finance, but very few respondents who recommended that the local political leaders

do motivate the followers/staff for ensuring the management of local government funds.

Therefore in order the local political leaders to motivate the follower/staff to ensure the efficient management of local government funds, themselves must be corrupt free, transparent and accountable to the different committees of the local government. Therefore it will be very easy to motivate the follower/staff for ensuring the efficient management of local government funds in Iringa municipal council and other local government in Tanzania in general, because this is the serious problem in all of the local government that is why there is an outcry of ghost workers, students in high learning institutions and also for secondary and primary schools in all central and local government.

Financial control system is one of the important functions of the local government as an instrument of implementation of the financial policies; ensure the formation and effective use of financial resources of the public for achieving its goals and objectives in the field of finance. The respondents responded that the system of the financial control in the local government is very essential organ for ensuring the control of all transactions of the inflow and outflow of all money in the local government.

The respondents show also that the financial control system is available to the local government but due to the reasons that most of the members of the financial committee are the local political leaders who are corrupt, not accountable and transparent they do not facilitate the system to operate as it was suppose to operate, as the result there is an outcry of mismanagement of local government funds in all of the local government in Tanzania. Some of the respondents are not aware about the

system of the financial control if it was there or not because the problem of misuse of government funds is still a problem in all over the country.

In order the system of the financial control to operate as it was to operate suppose to eradicate the outcry of mismanagement of public funds, the local political leaders must obey the leaders ethics, be free from the corruption, and they must be transparent and accountable to their different committees, so as to facilitate well the system of financial control in the local government which can result to operate as it was suppose to operate hence will result to efficiency of the system and the eradication of mismanagement of the public funds which can accelerate development of the nation.

However the research conducted on the oversights provided by the local political leaders on the use of resources available in Iringa municipal council, reveals that the local political leaders do oversights on the resources which were available in Iringa municipal council. Municipal council has different committees which includes, finance and planning committee, work and environment committees, and social services committees and other committees. The members of all of these committees are the councilors (local political leaders) through these committees they oversight all the resources available in Iringa municipal council.

The study reveals' that the problem here is the corruption of the local political leaders, and also most of the political leaders are not transparent and accountable which result to the increase of misuse of public funds in Iringa municipal council and other local government in Tanzania in general. In case of corruption of the local political leaders, the respondents said that it was the serious problem in most of the local government without taking the serious measures. In order to eradicate it, it will

take long time and the local government will not move forward as the result it can cause the collapse of the local government because without money the local government can't exist.

Therefore the oversight provided by the local political leaders to ensure the efficient management of local government funds in order to operate efficient and stop the mismanagement of local government finance, the local political leaders who are in finance and planning committees must have the knowledge of finance, transparency and accountability, ethics of leaders and also they must be corrupt free which can result to the management of funds in Iringa municipal council. In case of corruption, the Warioba report (2005) mapped the problems and magnitudes of corruption in Tanzania and drew the conclusion that corruption has permeated in all sectors and is therefore a serious issue that deserves special attention for its crippling effects on the economy, social fabric and the political legitimacy. Therefore if the local political leaders will not obey the conditions above must be prosecuted strictly to the court.

5.3 Conclusion

Based on the findings of the study on the contribution of local political leadership towards efficient management of local government funds in Tanzania, a number of challenges have been identified.

The high rate of corruption among the local political leaders and other senior workers in Tanzania is a major problem. Corruption has permeated in all sectors of the government and, therefore, a serious issue that deserves special attention for crippling effects on the economy, social fabric and the political legitimacy. The local political leaders were abusing their offices.

The lack of transparency and accountability among the local political leaders and heads of departments from the municipal council and the government bodies has become common. Most of the local political leaders and the heads of the departments are lacking transparency and accountability which has caused the misuse of public funds in their own interest rather than the public interest.

There is lack of qualified local political leaders to manage the accounts of the local government and other technical areas. This has been caused by the Constitution of the United Republic of Tanzania, which was written in 1977 and requires a political leader to know only how to read and write rather than high level of education. Hence political leaders lack ability to handle technical issues regarding finance, and ledgers of the local government.

The system of financial control, and the system of controlling the financial transactions of which is used in the local government and the central government in curbing the misuse of public funds are very important. Without financial control this leads to high misuse of public funds for the benefit of few people rather than the benefit of all people in the country. The day- to- day auditing of the local government and central government will minimize the misuse of funds in local government. In the local government and central government the internal auditors must ensure that there is no misuse of the public funds.

Also accounts were not properly kept and dues meant for the local authorities were not accounted for properly. The situation was worsened by most of local government leaders who saw local government as extension of their political and administration domain. Lack of the requisite financial autonomy that is desirable and necessary for effective management of financial resources available in the municipal council was

an issue. The lack of qualified staff to operate financial system is another problem. The internal control auditors and the external auditors must make sure that they control all things which relate to money in order to manage well public funds.

5.4 Recommendations

There is a need for comprehensive intervention to stop the mismanagement of public funds in the government bodies and local government. For local government to utilize their revenue effectively there are some steps needed to be adopted or taken into consideration in the various local councils. There is a need for accountability of the local political leaders within the local government.

Accountability as the ineluctable quest for control means, government revenue is often more constant in avoiding working outcome than in achieving the best. Accountability is a form of quality control of the local government. It avoids the bad but forego the good. It is a price worth paying to avoid the great evil of mismanagement of local government fund and non-governance, but always ensuring at all cost that local government discharges her duties.

Accountability of local political leader's ,auditors, internal, external and auditor general, the council of the local government will go a long way in solving the problem of revenue utilization in the local government. It is the individual and joint responsibilities to alert the audit committee before irregular and illegal payments are made. Failure to do so will make them liable to appropriate punishment as provided under guidelines. Iringa municipal council should take accountability measures or control in all various departments especially in the treasury department, hence effective utilization of revenue will come in place.

Another way forward to the problem of effective revenue utilization is the financial and budgetary control. The financial control system is based on the old command that he who plays the piper dictates the tune. The money used by the local government is supplied by central government and their own revenue sources and other grants from different donors. It is also proper for them to know how the money is being used. The provisions have brought to question the whole philosophy of the government as a third tier of government in Tanzania.

Budgetary control is a very solid foundation for the control of all financial matters of the local government. The budget contains and consists of all the envisaged revenue and expenditure of local government in a financial year. The treasurer, the secretary and the mayor of Iringa with the finance and appropriation committee of the council are responsible for controlling the budget. The treasurer ensures that each payment is covered by a voucher daily, signed by the secretary of the municipal council.

The principle of checks and balances is another measurement by which local government revenue can be utilized as stated by Axon and Jefferson (2012). Thus principle of checks and balances mean that power should be used to check power. "This is because power corrupts and absolute power corrupts absolutely." That each of the committees of the local government, should act as a watch dog over the other. In essence, that should watch and control the local government from initiating bad policy or embezzlement of funds.

The budget of the local government which contains the estimate made for the year, must pass through the ministry of finance and planning and budget to the legislature, and must be approved by the legislature. The central government can control the

local government through the appointment of the auditor-general of the local government.

According to Ofoeze (2011), eradication of corruption in the local government as well as corrupt free personnel or officer in the local government will ensure effective management of local government revenue. Achebe (1993) in his book, “The trouble with Nigerian local government” as put it, *Corruption has passed the alarming stage and has entered the fatal stage and Nigeria local government will die if it keeps pretending that it is only slightly indisposed.*

The local governments must allow the virtues of democracy such as equity, equality, liberty, popular participation, accountability, transparency, plurality of policy option for the efficient management of funds in the local government.

There is a need for the directors of finance of the local government to be corrupt free because they are chief accountants in a way the guardian of local government funds; he is the chief financial adviser to the chairman of the local government, thus ensuring that the financial policies of the local government are kept within bounds and limits.

Okereke (2012) would note that corruption is not tender in the local government but among the personnel and other local political leaders who operate in local government although corruption cannot be completely eradicated in the local government councils but should be minimized in a very high rate. The way of improving the financial control system needs more advanced technology, more supervision and monitoring, and very strictly law for those who will be caught for corruption and misuse of public funds for their own interest.

5.5 Areas for Further Studies

Since the study was limited to Iringa urban municipality, there is a need for similar studies to be done in other areas of Tanzania. This may lead to the corroboration of the findings and will enable generalization for the whole country. It can provide some solutions of efficient management of local government finance in Tanzania, hence the money can be used for the development of different projects i.e., roads building, hospitals, schools, universities and other areas which needs money. More research is needed in order to understand different challenges associated to the effective utilization of local government revenues in Tanzania.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

(To be distributed to the officials of Iringa Municipal Council).

Dear respondents,

I am student of Master degree in Public Administration (MPA) from the University of Dodoma Tanzania. I kindly am requesting you to give your opinion on how local council leadership contributes to the mismanagement of funds in this council. The main objective of this study is to find out the contribution of local council leadership towards the efficient utilization of local government revenues in Tanzania. Your information will enable me to compile my research report which is important part for the completion of my Master degree. However the research will help to improve effective allocation of funds of local government in Tanzania. Please fill in the blanks or tick in boxes provided and for the open ended questions please record answers in the space provided. If the space provided is not sufficient you can use another sheet and number it to correspond with the number of the questionnaire.

1.0 Personal Characteristics and General Information.

Instructions: Choose and fill an appropriate answer wherever required.

1.1.1. Gender (1) Male (2) Female ()

1.1.2. Age

(1) Bellow 25 years

(2) Between 25 and 40 years ()

(3) Between 40 and 55 years

(4) Above 55 years 57

2.0. Oversights Provided by the Local Political Leaders over the Use of Resources Available in Local Government.

2.1.1. Do you know any oversight provided by the local political leaders over the use of resources available in local government?

(1) Yes (2) No ()

2.1.2. If the answer is yes, identify them.

(a).....

(b).....

(c).....

(d).....

(e).....

(f).....

2.1.3. If the answer is no, why?

(a).....

(b).....

2.1.4. Do you think that this oversight provided by the local political leaders for the management of own sources of revenue and other grants in the municipal is sufficient? (1) Yes (2) No ().

3.0. Ways in Which Local Political Leaders Motivate Followers/Staff to Ensure Efficient Management of Local Government Finance in Tanzania.

3.1.1 Do you think the local political leaders motivate follower/staff to ensure efficient management of local government funds?

(1) Yes () No. ()

3.1.2 If the answer is no how do they motivate?

(a).....

(b).....

(c).....

3.1.3 What do you think are the main purposes of efficient management of funds in municipal council?

(a).....

(b).....

(c).....

3.1.4. Do you think efficient management of local government funds is important?

(1) Yes (2) No. ()

3.1.5. If yes, why is it important?

(a).....

(b).....

(c).....

(d).....

3.1.6. What should be done to improve efficient management of funds in your council?

(a).....

(b).....

(c).....

(d).....

4.0. The System of the Financial Control in the Local Government

4.1.1. Does the system of financial control exist in the local government?

(1) Yes (2) no

5.1.2. If the answer is yes how does it operate?

(a).....

(b).....

(c).....

4.1.3. What do you think are the main purposes of the system of financial control in the local government?

(a).....

(b).....

(c).....

(d).....

4.14. Do you think to have financial control system in the local government is important?

(1) Yes (2) no

4.1.5. If is yes why is it important?

(a).....

(b).....

(c).....

(d).....

4.1.6. What should be done to improve the system of financial control in the local government?

(a).....

(b).....

(c).....

(d).....

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APPENDIX I1 INTERVIEW CHECKLIST

(To be answered by Mayor, Municipal Director and Municipal Treasurer).

1. What are the own source of revenues that exist in your Municipal?
2. Do the local political leaders organize staff/follower to ensure efficient management of local government funds?
3. What are the oversights provided by the local political leaders over the use of resources available in local government?
4. In what ways does the Municipal Council spend its revenues?
5. Do you think the municipal council spending over revenue is suitable?
6. What should be done to improve efficient management of funds in your council?
7. How does the system of financial control operate in the local government?