



## **Establishing a Payment Culture for Municipal Services in the North West Province: A Conceptual Framework**

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### **ABSTRACT**

Payment for municipal services by residents in municipalities of the North West province is a challenging issue as consumer debt keeps on accumulating despite measures taken by the municipal role players to curb escalating accruals. The purpose of this study was to devise a conceptual framework to disclose innovative measures municipalities can consider in their endeavor to establish a responsible payment culture for the payment of municipal services. The systems, contingency and social contract theory underpins this study. This study anticipates to find how the effective application of factors such as fiscal exchange, policies and legislation, service administration and measurement, payment knowledge and education, budget transparency, social influence and deterrence messages influence the payment culture for municipal services. In addition, the study proposes that the collaboration of traditional leaders (and other influential persons or groups) and municipal role-players, and also the application of emerging innovations and communication options could contribute towards establishing a favourable payment culture. This study also suggests that municipalities should uphold the prescripts of strategic management and strategic leadership in order to be visionary, dynamic, goal oriented, transformational and tactical to manage payment culture and strategy conflict.

**Keywords:** Payment Culture, Strategic Management, Strategic Leadership, Payment Compliance

**JEL Classifications:** D83, H63

### **1. INTRODUCTION**

If South Africa succeeds in establishing a payment culture for municipal services, municipalities will then be able to advance in providing adequate services to residents. Municipalities are expected to devise administrative measures to ensure payment compliance for services from residents to enable them to achieve quality development. Mobilising adequate revenue through the payment for municipal services by residents continues to be a main concern for South African municipalities as many have not yet succeeded in establishing a payment culture amongst residents (Bird, 2015). Reasons for inadequate performance has been attributed to unemployment, a sense of entitlement of services as a dividend of democracy, political issues, and also poverty (Manyaka, 2014). Culture refers to acceptable characteristics and a shared pattern of knowledge, behaviour and understanding that are adopted by people living in a defined geographical area through the process of socialization (Zimmermann, 2015), whereas payment culture is viewed as a putative pattern of payment by residents

in a particular area (Maphologela and Ngwane, 2015). Johnston (2014) affirms that South Africa as a nation is characterized by a sheer culture of non-payment for municipal services by residents.

Improving tax administration by the local authorities has long been a matter of concern for developing countries, especially in Africa (Bird, 2015). The aim of this study is to investigate the possible factors that could contribute towards achieving payment compliance for municipal services by residents and to propose a conceptual framework that could guide the municipalities in establishing a responsible payment culture in the North West province.

#### **1.1. Motivation for the Study**

Despite clear constitutional and legislative provision for the composition, functioning and development of local municipalities in South Africa, it appears that local municipalities perform below expectation in mobilizing payment from service provision from residents who receive such services. The Financial and

Fiscal Commission, the National Treasury and other concerned departments have carried out several studies on measures to enhance municipal revenue and to address the intensifying municipal consumer debt. Various scholars (Fjeldstad and Heggstad, 2012; USAID, 2013; Thiga and Muturi, 2015; Jemaiyo and Mutai, 2016; Al-Maghrebi et al., 2016; Mascagni et al., 2017) investigated the cause of municipal consumer debt, consequences on service provision, and possible measures to turn the situation around. A number of recommendations have been proposed by these studies on how to improve the payment culture of residents to enhance municipal revenue but it appears that a breakthrough has not yet been made as per to the escalating consumer debt in South Africa.

Municipal consumer debt is an inhibiting factor that not only affects the municipal fiscal position but also do have numerous consequences for the delivery of consumer services as constitutionally mandated. The extent of municipal consumer debt of South African municipalities is quite alarming. In a report issued by the National Treasury in 2017 and as indicated by the Minister of Co-operative Governance and Traditional Affairs, it is evident that the total consumer debt for 2015/2016 financial year amount to 117 billion rand. Apparently, the accrued debts constitute to the underperformance of municipalities in the provision of services, maintenance and the upgrading of infrastructure. There is the need for municipalities and policy makers in the North West province to understand the extent of debt accruals and how to adequately manage the related challenges and risks; hence this study seeks to establish a conceptual framework that can be used in establishing a responsible payment culture for the payment of municipal services.

## 1.2. Development of Non-payment Culture for Municipal Services

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

Furthermore, rent and rates boycotts were in the form of protests which later emerged as a culture of non-payment in black dominated areas (Fjeldstad, 2004). As a matter of fact, the culture

of non-payment in black communities had become deep-rooted in the perceptions of citizens so that when democratic governance emerged in 1995/1996, it then became difficult or almost impossible for citizens to change their attitude towards the payment for municipal services to conform to their obligations as required by the constitution. It is to be noted that non-payment was further intensified by poverty that engrossed mostly black residents, also the inability to provide adequate services and improve the living conditions of residents as promised by the former political dispensation (Sithole and Mathonsi, 2015).

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

## 1.3. Collection of Payment for Service Provision in the North West Province

The Constitution of the Republic of South Africa (1996), Section (152) (2) grants municipalities the legitimate power of self-revenue generation. Local and district municipalities need adequate funds to finance their operations and projects and to fulfil their traditional obligations to their indebted citizens (National Treasury, 2017). However, the collection of own revenue remains a critical issue for municipalities who need to achieve effective payment compliance.

Manyaka (2014) affirms that municipalities struggle to raise revenue to perform their duties despite the judicial precedents that guide municipal revenue collection. This obligation remains the function of municipal role-players to source adequate funds to run the affairs of the municipality. The Municipal Financial Management Act (56 of 2003), Section (64) (1) posit that the municipal financial accountant is responsible for the management of municipal revenue. Also, Section (64) (2) of the same Act states the duties of the municipal accountant as follows:

- A collection of municipal revenue to conform to Section 95 of the Municipal System Act (32 of 2000) and other debt collection policies guiding the municipality.
- Calculating and reporting the municipal revenue on a monthly basis.
- Ensure that surcharges and interests are charged for municipal payment arrears or debts except where there is an indication by the municipality for exemption.
- Ensure that the revenue collected by the municipality and or other revenue collecting agents are being reconciled on a weekly basis.
- Ensure that the revenue collected by the municipality is calculated and presented every month.
- Ensure that the revenue collected from each section of revenue target is being paid into the municipal working account.
- Ensure the maintenance of municipal information system and

accounting, recognizing revenue when it is earned, accounts for receipt of revenue, and accounts for debtors.

- It is the sole responsibility of the municipality to collect payment for their services rendered to the residents despite a non-complying culture amongst residents.

#### 1.4. Payment for Service Provision by Residents in the North West Province

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

The household statistics of the four district municipalities and a summary of payments for municipal services of one local municipality were obtained to establish the level of payment compliance by residents. Furthermore, 7 years consumer debt financial statements were scrutinized to establish the escalating debt accrual in the payment for municipal services in South Africa. The intention was to obtain the financial statements from all the four district municipalities but only the information of only one district municipality could be obtained to substantiate the purpose of this study. Excerpts from these documents are presented in Table 1.

Table 1 present data on annual levies, annual collections, annual debts and cumulative accruals in the payment of municipal services in municipality A and this information was obtained from the financial department of the municipality. As indicated in Table 1, it is observable that the annual collections are lower than the levies charged and this indicate that there is a gap between the rates and taxes levied and payments received for services (collections).

#### 1.5. Problem Statement

The payment of municipal services by residents in Mahikeng municipality has for the period 2010-2016 deteriorated to such an extent that 7 years' cumulative accruals amount to over a billion rand in 2016, as indicated in Table 1. It is ostensible that the initiatives implemented do not yield results enabling municipalities to halt the escalating debt accrual. Manyaka (2014) posit that the inability of municipalities to achieve payment compliance through the payment of municipal service has contributed to a gap in pursuance to the service provision motive of municipalities. It is, therefore, deemed necessary to investigate the payment practices of residents; examine the variables that influence payment default, and then to devise a framework that can be used to cultivate a

sustainable payment culture in an endeavor to provide possible solutions to arrest the deteriorating situation in the payment for municipal services, not only in the North West province but throughout South Africa. The problem of this study is that outstanding debt accrual is increasing due to the non-payment culture of residents, unless this is resolved, the persistent high consumer debt in the North West province will not be unraveled.

#### 1.6. Research Objectives

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

- To review related literature and determine the key enablers of a successful payment culture.
- To devise a conceptual framework to establish a supportable payment culture amongst residents for the payment of municipal services.
- To make recommendations based on the framework to policy makers and municipalities on how to reduce municipal consumer debt by establishing a payment culture.

## 2. THEORETICAL FOUNDATION AND LITERATURE REVIEW

The theories that were selected to underpin this study are the systems theory, the contingency theory and the social contract theory. These theories were selected because they address and provide solutions to the management issues facing the optimal performance of organizations (municipalities). The literature review will discuss the importance of strategic management and the desired qualities of a strategic leader in the administration of factors needed to establish a payment culture for residents in the payment of municipal services.

### 2.1. Systems Theory

Systems theorists view a system as units of interacting parts that function as a whole to achieve agreed objectives (Hellriegel et al., 2008; Lussier, 2009). It is considered that the inability of one interacting part to function effectively will invariably affect the effectiveness of the whole system. It, therefore, entails that every unit should interact with the external environment thereby converting input into output and receives feedback from the external environment. Systems theorists emphasize the need for different departments to have extensive knowledge of their visions, developmental programmes, knowledge of their environment, management of their relationships with the external environment, adapting to existing conditions, and also courage in handling difficult times (Mele et al., 2010). The systems theory posits that there is a need for effective communication between an organization (municipality in this case) and consumers (residents in this case) who enhance effective payment compliance and efficient service delivery (USAID, 2005). Municipalities should adopt the objects of this theory and thereby ensuring that all the unit function efficiently, co-operate effectively, relate with the external environment, and ensure efficient service delivery to achieve the objectives of a municipality.

### 2.2. Contingency Theory

The contingency theory of leadership posits that management should use diverse approaches to resolving issues that may arise

**Table 1: Summary of 7 years' municipal service payment and property rates by the residents of Municipality A (ZAR)**

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

Source: Mahikeng Municipality Finance Department (2017)

in the work environment (Flynn et al., 2009; Sauser et al., 2009). It further posits that managers should make decisions based on the present need of the surrounding environment. In this regard, it is important to note that differing situations may require different problem resolving mechanisms. Municipalities need to scan the external environment in order to identify suitable problem resolving mechanisms to apply. Local municipalities ought to adopt the contingency approach in the administration of municipal account payments. Management needs to communicate adequately with residents to articulate residents' needs, then identify opinions and matters arising in the payment of accounts, and then resort to devising strategies to resolve issues which ideally should enhance payment compliance. The contingency model of leadership portrays that management should combine diverse leadership approaches and situational controls to achieve performance.

### 2.3. Social Contract Theory

The social contract theory posits that citizens' morals and political responsibilities are dependent upon a contract or agreement amongst them to reform the culture in which they live (Berdufi, 2015). Morality, in this case, is the embodiment of rules, prevailing how citizens should treat one another, which rational people will accept in order to receive mutual benefits on the condition that others obey those rules as well (Nbeta, 2012). The study of Nbeta (2012) indicates that Thomas Hobbes and Jean Jacques Rousseau spearheaded the social contract theory in the quest to establish a civil society and to theorise a framework to balance the authority the leaders (government) and the obligations of subordinates (citizens) based on the belief that they are parties to agreement. Also, this theory established the existence of state the of nature, moral rules and the enforceability of rules as Jean Jacques Rousseau asserts that "no one is above rules" in order to prevent the ruling class in making bad rules. The social contract is deliberated to be amongst the most revolutionary theories which improved the functionality of society, also protect and offer citizens a more secure life and property (Berdufi, 2015). It continues to be important in political spheres because it is the basis for the creation of a civil society where leadership and subordination exist, as well as the framing of government legitimacy.

## 3. STRATEGIC MANAGEMENT OF PAYMENT CULTURE

Strategic management refers to a management process by which future goals of change are determined and current decisions to actualize a specific objective are determined (Jofre, 2011). It is also an art and science of formulating, implementing, analyzing and evaluating cross-functional decisions that enable an organization to achieve

its objectives (Anna, 2015). Strategic leadership is a system where leaders utilize all their knowledge and enthusiasm to provide direction to organizations in order to attain stated objectives (Hills et al., 2017). In the view of Louw and Venter (2012), strategic leadership focuses on exercising the responsibilities of middle management in providing a tactical and operational level of management. Louw and Venter (2012) maintain that a strategic leader understands the nature of the internal and external environment thereby creating desired change within the organizational system to stabilize the functionality of an organization. Furthermore, Hitt et al. (2017) describe a strategic leader as a person who assesses the environment, maintain flexibility and empower subordinates to effect a strategic change in the organization. With regard to the continuous change in the internal and external environment, a strategic leader strives to manage change through others (employees) to attain organizational goals.

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

In order to unravel the culture-strategy dilemma, top management is required to formulate new measures, procedures and provide support to middle management whose job specification falls under operating approaches and support. Thompson et al. (2014) identify four steps at which organizations can change a problem culture. These steps include identifying the characteristics of the present culture, postulating the line of actions to implement strategy, discussing with others to seek soluble measures, and lastly the management of culture through the introduction of laws. Figure 1 presents the solutions to resolve culture-strategy conflict.

It is observable in Figure 1 that a strategic manager resolves the strategy-culture conflict by identifying the characteristics of the

present culture that will enable the implementation of strategy while the cultural constraints that do not support the implementation of strategy are distinguished. The second step is to specify actions to implement strategy which involves the ability of managers to state precisely the actions and related behavior they would need to establish in the new culture. In the third step, managers should discuss with other employees and organizational role-players how to seek additional solutions to arrest the situation. The strategic leader should explain the characteristics of the cultural heritage of people and why it is necessary to implement new strategies. Finally, the fourth step advocates the use of forceful actions to achieve a change of culture. Strategic leaders can resort to abide with the content of legislation and legal actions to ensure that undesirable cultural practices are changed (Thompson et al., 2014).

More so, Thompson et al. (2014) posit that strategic managers should apply diverse techniques to ensure the success of strategy implementation. Other forceful actions which should be applied by organizations to achieve a change of culture include:

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

#### 4. FACTORS AFFECTING RESIDENTS’ PAYMENT CULTURE FOR MUNICIPAL SERVICES

Several scholars, Fjeldstad and Heggstad (2012), USAID (2013), Luttmner and Singhal (2014), Thiga and Muturi (2015), USAID (2016) and Mascagni et al. (2017), all explored the variables that enhance sound revenue systems and factors affecting a payment compliant attitude for services in a local municipal context. However, most of these studies are based on international countries, though the findings could be applied in a developing country such as South Africa. A meta-analysis presented in Table 2 was made from various literature and from diverse economic and socio-political backgrounds in order to identify the key factors that are responsible for creating a responsible payment culture for municipal services.

The amalgamation of constructs into a conceptual framework is to establish a payment culture amongst residents for the payment of municipal services. Based on the constructs identified- as factors affecting payment culture for municipal services, Table 2 provides a synopsis of these factors and the recommendation made by this study. According to Table 2, this study identified factors such as budget transparency, service administration and measurement, policy and legislation, social influence, deterrence, fiscal exchange and payment understanding and education as acknowledged factors that influence payment culture. This study proposes factors such as the collaboration of the traditional leaders (and or others), the application of emerging innovation and communication in influencing the payment culture of residents in South Africa.

Basing on the meta-analysis of the study, a conceptual framework (Figure 2) is proposed which will be tested in the empirical part of the study. Figure 2 depicts the factors that the study deemed responsible to influence the payment culture of the residents in South Africa. Furthermore, it is believed that the strategic leader is responsible to combine all the leadership qualities to influence the residents to comply with the payment for municipal services. Figure 2 presents the proposed conceptual framework of the study.

Following are explanations of all the dimensions included in the conceptual framework.

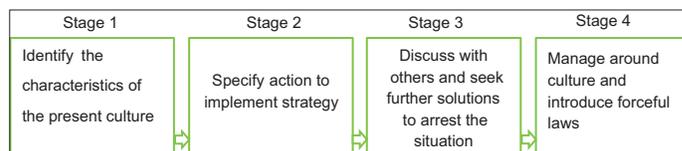
#### 4.1. Policy and Legislation

The effective management of supporting legislation for the levying of municipal services, such as the Constitution of the Republic of South Africa, the Municipal Financial Management Act, the Municipal Systems Act, the Public Financial Management Act, the Municipal Fiscal Powers and Functions Act and the Division Revenue Act is viewed as factors that could influence payment compliance. Also, attributes of tax policy, such as equity and fairness, convenience and payment, economy of collection, simplicity, neutrality, economic growth and efficiency, open process, stability, payment gap, horizontal equity and vertical equity are viewed in this study as factors that could influence payment compliance and contribute towards establishing a responsible payment culture for municipal services in South Africa.

#### 4.2. Social Influence

The influence on and by residents through social interaction with their neighborhood and environment is known as social influence (Fjieldstad et al., 2012). This concept stresses that the behavior of a particular resident in the payment for municipal services is

Figure 1: Solution to culture-strategy conflict



Adapted from Thompson et al. (2014)

Figure 2: Dimensions of a payment culture for municipal services



Source: Adapted from Mascagni et al. (2017)

**Table 2: Meta-analysis of payment culture**

Author (s)	Constructs								
	Policies and legislations	Service admin	Payment understanding and education	Service rates	Deterrence	Budget transparency	Fiscal exchange	Social influence	Traditional leaders, innovation and comm
Fjeldstad and Heggstad (2012)	√	√	√						
USAID (2013)		√	√						
Luttmer and Singhal (2014)				√	√			√	
Thiga and Muturi (2015)			√	√	√				
USAID (2016)			√		√	√			
Mascagni et al. (2017)		√			√		√		
This study (2017)	√	√	√		√	√	√	√	√

influenced by social interaction with other residents who do or do not pay for services. Residents are discouraged from paying for municipal services on the discovery that other residents have been avoiding service payment without social sanction and *vice versa*. In this regard, the implementation of legal action on defaulting residents may influence the payment compliance of residents who do not pay for services. The consideration of social influence on the payment for service provision is also viewed as one of the factors, that could enable establishing a responsible payment culture.

**4.3. Deterrence**

Deterrence thought was propounded by Allingham and Sandimo in 1972. It focuses on investigating the relationship between tax and risk taking (Mascagni et al., 2017). This model states that residents make regular payments believing that the consequent penalty, when caught in the process of avoiding payment, will bring an additional cost. This invariably enhances consistent and adequate payment by residents. Strategic leaders should ensure that strategies for enforcement should be based on the economic deterrent concept as a standard for enforcement measures. The adoption of the deterrence concept is viewed as a means to establish a responsible payment culture for the payment of municipal services.

**4.4. Fiscal Exchange**

The fiscal exchange paradigm submits that residents are motivated to pay for services on the evidence that they are provided with services from the proceeds of service payment (Fjeldstad et al., 2012). This cultural relationship between residents and municipalities has its own underlying merits and demerits. Local municipalities will be able to provide services required by residents if residents pay for the services provided while residents will not receive adequate services in the event of consistent defaults. The fiscal exchange was positioned as a relation building approach to encourage mutual relationships and accountability between residents and local municipalities. Other factors such as the compliance behavior of residents towards collective decisions made in the allocation of resources, the allocation of resources in infrastructure, and the allocation of resources for the less privileged are expected to be addressed competently by municipal role players in order to establish a responsible payment culture for municipal services.

**4.5. Payment Knowledge**

Payment knowledge refers to the creating of awareness amongst residents about their obligation and relaying other payment

related information to residents (Oladipupo and Obazee, 2016). The nature of knowledge and education received by residents is an important dimension that enhances adequate understanding of the requirements of payment. Payment knowledge is a dimension needed to ensure voluntary payment compliance as residents experience a sense of belonging when payment details are known (Saad, 2014). The provision of further education towards the payment for service by residents is essential in influencing compliance behavior. Other dimensions such as payment awareness and encouragement, and the provision of enhancement and service payment literacy are viewed as possible dimensions that can influence payment culture.

**4.6. Budget Transparency**

Budget transparency is the disclosure of all relevant fiscal information in a timely and systematic manner to residents (Badun, 2009). It is a means whereby awareness is created amongst the public about a municipality’s past, present, and future fiscal activities, and about the structure and functions of municipalities that determine fiscal policies and outcomes. Other variables such as the accountability of financial budgets, the integrity of municipal budgets, inconclusiveness of budgets, trust in municipal budgets, quality of municipal budgets, and the timeliness of municipal budgets can influence payment compliance for municipal services.

**4.7. Service Administration**

Service administration refers to the internal and external measures carried out in the process of service provision and the mobilization of payment for municipal services (Peters, 2012) while service measurement implies the internal processes which is implemented by management to measure the effectiveness of work done by employees. The effective implementation of factors such as the collection of residents’ information, billing, collection, enforcement, customer care, appeals and performance management are viewed as factors that influence the payment culture of residents. This study postulates that effective implementation of service administration and measurement influence the culture of residents to pay for services rendered.

**5. RESEARCH GAP**

The literature reviewed for the purpose of this study propose that various dimensions/factors that could be used by municipalities but do not incorporate the collaboration of traditional leaders and

others, emerging communication and innovations in an endeavor to establish a payment culture for residents. These dimensions are considered as the research gap in establishing a responsible payment culture for municipal services. These factors identified as research gaps are expounded below.

### 5.1. Traditional Leaders and Others

Traditional leadership refers to an institution governing a particular place according to the direction of customary law (Eberbach et al., 2017). This was developed over many hundreds of years in Africa and served the people of Africa through wars, periods of slavery, famine, freedom struggles, economic and political reforms, and during the colonial and apartheid periods (Ntsebeza, 2006). This study points out that the collaboration of municipal role-players and traditional leaders (and others) could yield desirable result in influencing residents' payment culture for municipal services. As noted in the legislative frameworks governing the roles of South African traditional leaders, the relationship between traditional leaders and councillors and capacity building for traditional leaders support municipal service delivery and could just as well influence the payment culture for municipal services. This factor is viewed as a possible factor that could enable establishing a positive payment culture for municipal services. However, this factor is not or has not been included in any existing framework or model for establishing a responsible payment culture in South Africa or elsewhere. Hence this study adopts this factor as one of the research gaps and if adopted by the municipal role-players, it is expected that consistent payment defaulting and the culture of non-payment for municipal services could be changed.

### 5.2. Emerging Communication

Communication, according to Sauer (2014) is a process of passing the right message to target persons using the right channels at the right time, Valentzas and Broni (2011) indicate that communication is the set of procedures involved in passing information from a sender to a receiver and from a receiver to a sender through a designated medium. This study views the effect of using improved communication measures, such as the use of mobile phones for sending reminders, account balances and deterrence messages to residents, as a motivation for the payment of services. Also, the effects of other emerging electronic media such as the internet, social media, e-mail, television, Facebook, Twitter and others in facilitating payment communication is viewed as a means of establishing a payment culture.

### 5.3. Innovation

Innovation refers to the process by which an organization applies better solutions to create new things (Atkinson, 2013). Stowe and Grider (2014) aver that the greatest task of a manager is to predict and understand challenging problems clearly and resolve it efficiently. In this context, Horth and Bunchner (2014) maintain that incremental and breakthrough innovation remains an outstanding challenge to managers. Therefore, it is essential that the business environment should be studied intensely as well as introducing new ideologies to get things done in the most appropriate way. Innovation such as the use of Prepaid, Automatic Teller Machines, Electric Funds Transfer, Mobile Money Transfer, Debit Orders, and Stop Orders to facilitate payment are viewed by this study as a means to establish a good payment culture.

## 6. SIGNIFICANCE OF THE STUDY

This study explored the payment practices of residents as well as investigating the enabling and preventative factors influencing the payment of municipal services. The study explored diverse measures which municipal role-players can adopt to handle municipal debt, as well as mobilize adequate revenue for the municipality. A conceptual framework was generated and can serve as recommendation for district municipalities to establish a responsible payment culture for the payment of municipal services.

## 7. CONCLUSION

The payment for municipal services by residents has been a contentious issue in the South African context. It has been noted that municipalities do implement measures to arrest the situation which affect the obligations of municipalities in providing adequate services to increasingly indebted residents. However, these measures do not yield anticipated results and discovering new influences and contributions towards an innovative framework is desperately needed.

This study has proposed a conceptual framework that could serve as a guide for municipalities to establish a payment culture for municipal services. Municipalities should experiment with these factors by adopting the prescripts of strategic management, the systems theory, the contingency and the social contract theory to change the culture of non-payment for municipal services. Future work will look at operationalizing the framework by collecting empirical evidence to support the findings obtained from literature so that the framework could be presented to municipalities for coordination to activate a payment culture for municipal services in South Africa.

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